



# Financial Report - Fiscal year 2007

Groupe Steria SCA



# FINANCIAL REPORT

## FISCAL YEAR 2007

### GROUPE STERIA SCA

*Partnership limited by shares under French law, with a capital of €28,301,009*  
*Head Office: 12 rue Paul Dautier*  
*78140 VELIZY VILLACOUBLAY*  
*344 110 655 RCS Versailles*



The French *Document de Référence* (hereinafter the "Reference Document" or "Financial Report" for the purposes hereof) was filed with the *Autorité des Marchés Financiers* (the French financial markets authority, also referred to as the "AMF") on 19 May 2008, pursuant to Article 212-13 of the AMF general regulations. It may be used to support any financial transaction if it is supplemented by a prospectus approved by the *Autorité des Marchés Financiers*.

Pursuant to Article 28 of European Commission Regulation (EC) no. 809/2004, the following information is incorporated by reference in the Reference Document:

- the activity report, the parent company financial statements, the statutory auditors' report, the consolidated financial statements, the statutory auditors' report on the consolidated financial statements and the statutory auditors' report on agreements referred to in Article L. 226-10 of the *Code de Commerce* (the French commercial code) and entered into by Groupe Steria SCA in fiscal year 2005 as presented on pages 28 to 102 (inclusive) of the Reference Document filed with the *Autorité des Marchés Financiers* on 21/04/2006 under the number D.06-0310

- the activity report, parent company financial statements, the statutory auditors' report, the consolidated financial statements, the statutory auditors' report on the consolidated financial statements and the statutory auditors' report on agreements referred to in Article L. 226-10 of the *Code de Commerce* and entered into by Groupe Steria SCA in fiscal year 2006 as presented on pages 28 to 105 (inclusive) of the Reference Document filed with the *Commission des Opérations de Bourse* (the French securities and exchange commission) on 18/04/2007 under the number D.07-0355

No other information contained in the aforementioned Reference Documents is incorporated by reference in this Reference Document as irrelevant to or not covered by this Reference Document

The aforementioned Reference Documents may be consulted via the AMF website ([www.amf-france.org](http://www.amf-france.org)) or via the issuer's website ([www.steria.com](http://www.steria.com)).

This document is a free translation into English of the French Reference Document and is provided solely for the convenience of English speaking readers.

## Group Profile and key figures for the last three financial years

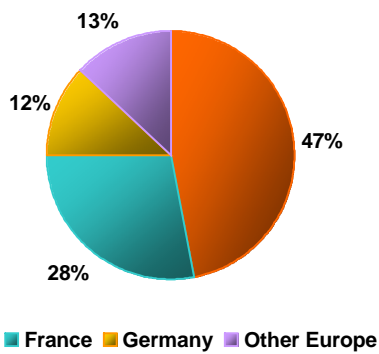
In millions of euros	2005	2006	2007 <sup>(1)</sup>
Revenue	1,174.9	1,262.0	1,416.2
Operating margin <sup>(3)</sup>	65.5	89.6	103.6
Return on sales (%)	5.6%	7.1%	7.3%
Net earnings	38.5	54.9	50.2
%rev	3.3%	4.3%	3.5%
Attributable net earnings	38.3	54.3	50.0
%rev	3.3%	4.3%	3.5%
Attributable underlying net earnings	81.1	61.1	61.1
Diluted underlying earnings per share	2.52	2.96	2.80
Average workforce (FTE)	8,962	9,940	10,698 <sup>(2)</sup>

(1) Xansa consolidated by the equity method between 01/08/2007 and 16/10/2007 for the stake held by Steria during this period (25.4%) and fully consolidated between 17/10/2007 and 31/12/2007.

(2) Average workforce excluding Xansa. The average workforce in 2007 of Xansa companies was 8,094 people.

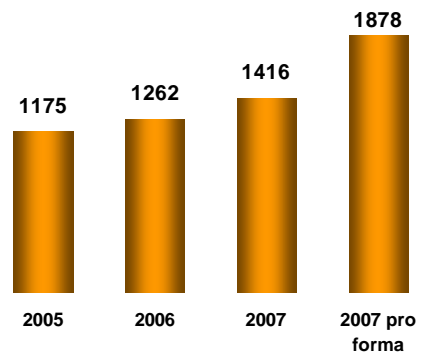
(3) Before amortization of intangible assets arising from business combinations

## Group Profile and 2007 Key Figures

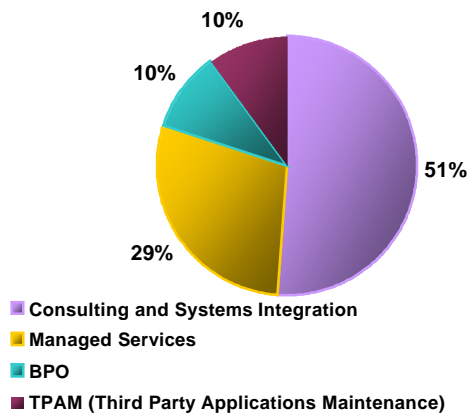


Revenue by country (pro forma 2007)<sup>1</sup>

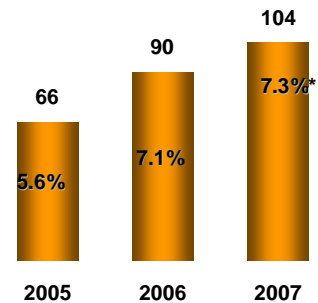
Revenue (in millions of euros)



Operating margin (in millions of euros and as a percentage of revenue)

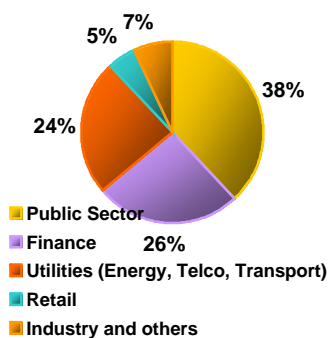


Revenue by core business (pro forma 2007)<sup>1</sup>

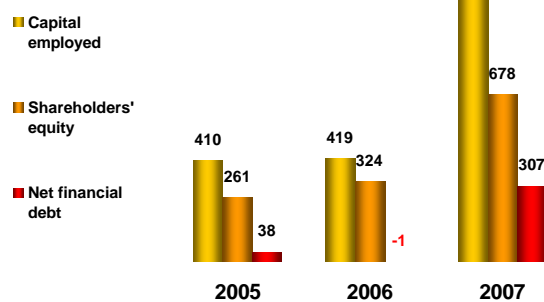


\* Before amortization of intangible assets arising from business combinations

Balance sheet (in millions of euros)



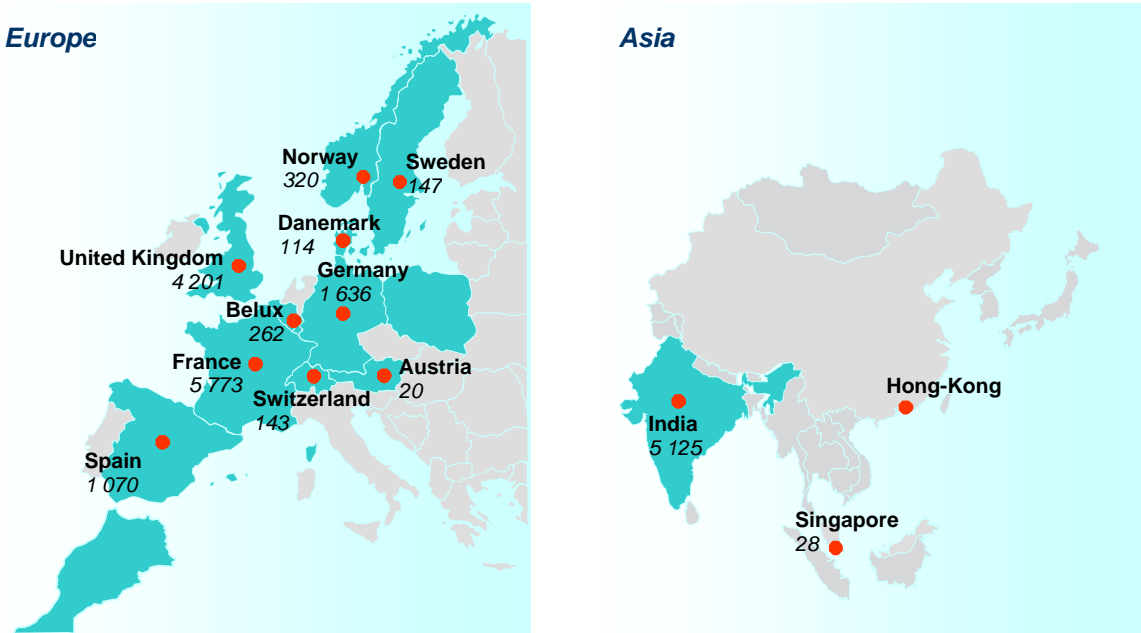
Breakdown of pro forma revenue by sector of activity (pro forma 2007)<sup>1</sup>



Year	2005	2006	2007
Net debt/shareholders' equity ratio	15%	0%	45%

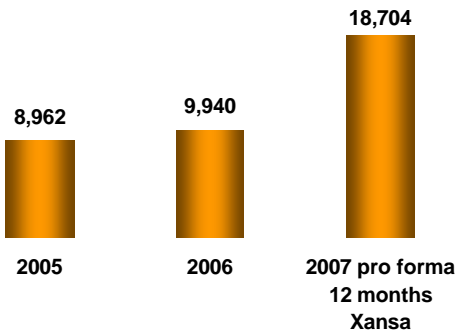
<sup>1</sup> Pro forma revenue including 12 months of Xansa

**Group's Sites and Workforce at 31/12/07 - Full-Time Positions**

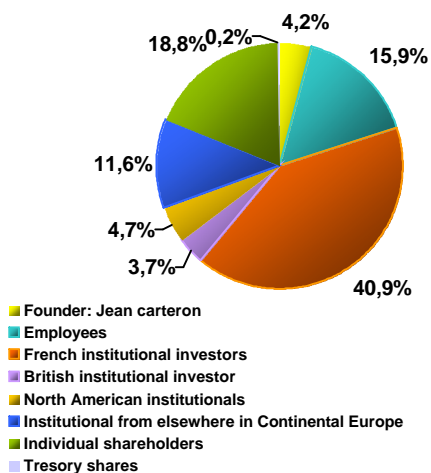


<b>Group workforce: 18,839</b>	<b>Sites: 16</b>
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**Average workforce – Full-Time Positions**

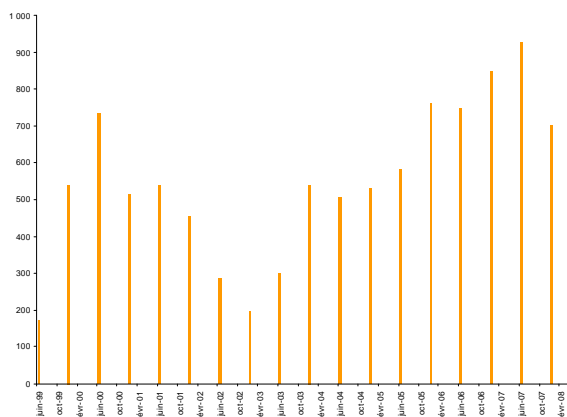


Capital information and changes in share price

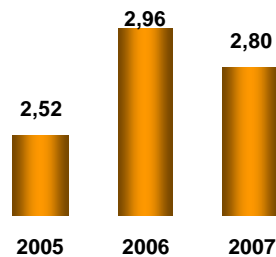
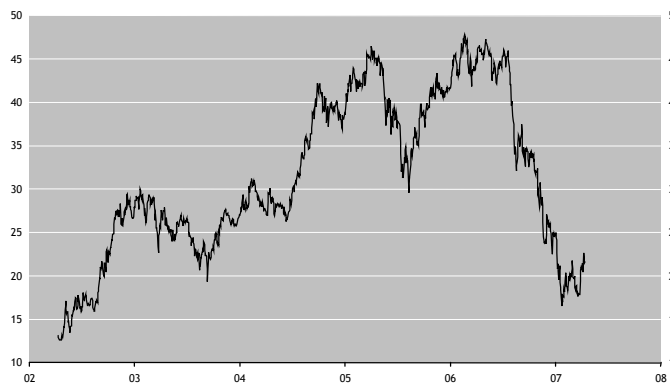


Distribution of capital at 28/02/2008

Market capitalisation since 1999 (in millions of euros)



Changes in underlying net earnings per share (in euros)



Changes in share price at 10/04/08 (in euros)

## Corporate Governance

Governance	Financial information schedule 2008
<b>General Manager:</b>	15 February 2008 (before 9am) Q4 2007 revenue
<ul style="list-style-type: none"><li>François Enaud</li></ul>	25 March 2008 (after 5:30pm) 2007 annual results
<b>Supervisory Board:</b>	26 March 2008 at 2:30pm SFAF meeting
<ul style="list-style-type: none"><li>Jacques Bentz <i>Chairman of the Board since 01/02/2007, Manager of Tecnet Participations</i></li></ul>	15 May 2008 (before 9am) Q1 2008 revenue
<ul style="list-style-type: none"><li>Eric Hayat <i>Vice Chairman of the Board, Director of Syntec Informatique</i></li></ul>	6 June 2008 At 2:00 General Meeting
<ul style="list-style-type: none"><li>Patrick Boissier <i>Chairman and CEO Chantiers de l'Atlantique</i></li></ul>	14 August 2008 (before 9am) Q2 2008 revenue
<ul style="list-style-type: none"><li>Séverin Cabannes <i>Member of the Société Générale Executive Committee - Director of Group Resources at Société Générale</i></li></ul>	29 August 2008 (after 5:30pm) 2008 half-yearly results
<ul style="list-style-type: none"><li>Elie Cohen <i>Director of Research at CNRS, Sciences PO-CAE</i></li></ul>	1 September 2008 at 11:30am SFAF meeting
<ul style="list-style-type: none"><li>Pierre-Henri Gourgeon <i>Executive CEO of Groupe Air France</i></li></ul>	14 November 2008 (before 9am) Q3 2008 revenue
<ul style="list-style-type: none"><li>Charles Paris de Bollardière <i>Treasurer of the Total group</i></li></ul>	
<ul style="list-style-type: none"><li>Jacques Lafay <i>Chairman of the Steria FCPE (mutual fund)</i></li></ul>	
<b>General partner:</b>	
<ul style="list-style-type: none"><li>Soderi SAS <i>Representing the Group's employee shareholding</i></li></ul>	
<b>Statutory auditors:</b>	
<ul style="list-style-type: none"><li>PIMPANEAU &amp; ASSOCIES NEXIA INTERNATIONAL 23, rue Paul Valéry 75116 Paris SAS with a capital of €120,000  <i>Statutory Auditors</i> <i>Member of the compagnie régionale de Paris</i></li></ul>	
<ul style="list-style-type: none"><li>ERNST &amp; YOUNG et Autres 41, rue Ybry 92576 Neuilly-sur-Seine Cedex SAS with variable capital  <i>Statutory Auditors</i> <i>Member of the compagnie régionale de Versailles</i></li></ul>	

## Message from François Enaud, General Manager

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### What were the major events of the 2007 financial year?

*In the context of a rapidly changing IT services market, 2007 was a year of major transformation for Steria with a focus on building our company's future.*

*This transformation can be seen in the overhaul and standardization of our offers based on an added-value portfolio for our customers, in the acceleration of our industrialization process with the opening of two "nearshore" centres in Poland and Morocco and, finally, in what constitutes the major event of this financial year, the acquisition of Xansa.*

*With a current revenue of nearly two billion euros, 19,000 employees, a strong position as number 10 in IT services in Europe and a N° 9 ranking in the United Kingdom, 5,000 employees in India, two "nearshore" centres in Poland and Morocco, a strengthened portfolio of value-added offers and its position as leader on the promising "Business Process Outsourcing" market in Europe, Steria has a number of assets with which to successfully face the future.*

*The 2007 financial year was also an opportunity for Steria to demonstrate the efficacy of its economic model. Indeed, our operating margin rose for the fifth consecutive year to reach 7.3%<sup>1</sup>, with an increase in margin in all of our geographical areas. Moreover, our operating cash flow more than doubled over the course of the year.*

*Admittedly, our share price development in 2007 was not satisfactory. Our share suffered from a market context which was difficult overall, especially for IT sector shares and for most medium-sized quoted companies. This context was accentuated for Steria until the financing of the Xansa acquisition was finalized. On the other hand, the Steria share has been performing similarly to those of its main competitors.*

*It is important to emphasise that, despite a particularly difficult context on the financial markets in the second half of 2007, Steria successfully refinanced the purchase of Xansa by raising more than 350 million euros in shareholders' equity. These operations allowed Steria to report a particularly healthy and solid financial situation as of 31 December 2007, with €678 million in shareholders' equity, a net financial debt to shareholders' equity ration limited to 45% and "bank covenants" respected across the board.*

### How does the Xansa acquisition fit into your strategic plan?

*Steria's strategy is based on three main objectives :*

- *size, with visibility and eligibility guaranteeing us direct access to our key customers,*
- *specialization in a limited number of business sectors so as to bring our customers difference and added value,*
- *social innovation through an original corporate culture and governance, so as to develop a high level of attractiveness and commitment from our current and future employees.*

*Xansa was the ideal response to each of these strategic objectives.*

*First and foremost, this acquisition has allowed our Group to increase in size by more than 40% and approach the 2 billion euro mark in revenue, while securing a firm position among the top 10 IT services providers in Europe.*

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<sup>1</sup> Before amortisation of identified intangible assets arising from business combination

*Additionally, this operation has strengthened our sector-based specialization, with 88% of our revenue coming from three sectors of activity: public services, financial services and major service providers (telecommunications, Energy, Transportation)*

*Finally, there are strong cultural similarities between Steria and Xansa, as much in their founding values as in both groups' entrepreneurial philosophy, which is based on strong employee shareholding.*

### **What are the major contributions of this acquisition?**

*This acquisition has allowed us to meet three of our Group's major challenges: the desire to possess a significant "offshore" platform in India to complete our industrialization policy, the need to strengthen our presence on the British market, and the desire to become a European leader in "Business Process Outsourcing."*

*Firstly, with Xansa, Steria has acquired an industrial production model which has been put to the test for more than 10 years and is among the most advanced in Europe's IT sector. With more than 5,000 employees in India, its organization is totally integrated between onshore and offshore resources, allowing Steria to offer its customers customised, flexible services in line with our "multi-sourcing" strategy.*

*Secondly, this operation has completely transformed the profile of our activities in the United Kingdom by tripling our size there with nearly €900 million in revenue, a n° 9 ranking on the IT services market and n° 4 in the public services segment, by offering our customers a wider range of services, from infrastructure management to applications development, thanks to the total complementarity of our activities.*

*Finally, Xansa brings us the "business building block" of "Business Process Outsourcing," in which it occupies a very strong position in Europe. This activity fits in as a perfect complement to our offers relating to the transformation of our customers' business processes and offers particularly solid prospects for growth with the prospect of deployment in continental Europe.*

### **How do you see Steria's future?**

*I believe that the changes that have been taking place over the past few years and the major transformation brought about by the Xansa acquisition make Steria one of the European IT service providers with one of the best-fit profiles to face the future.*

*The existence of a strong "nearshore" and "offshore" component, our focus on a limited number of sectors with a constant striving for added value through the capacity to transform our customers' business processes, as well as "Business Process Outsourcing," are unquestionable assets on a rapidly changing European market.*

*These assets should keep Steria in line with the objectives of our 2010 plan by reaching an average organic growth above that of the market while maintaining the continuous increase of our operating margin.*

*Since it was first listed on the stock market, Steria has increased its revenue by a factor of 8 and its profit per share by nearly 30% per year on average. I have confidence in its continued development and success.*

François Enaud  
General Manager

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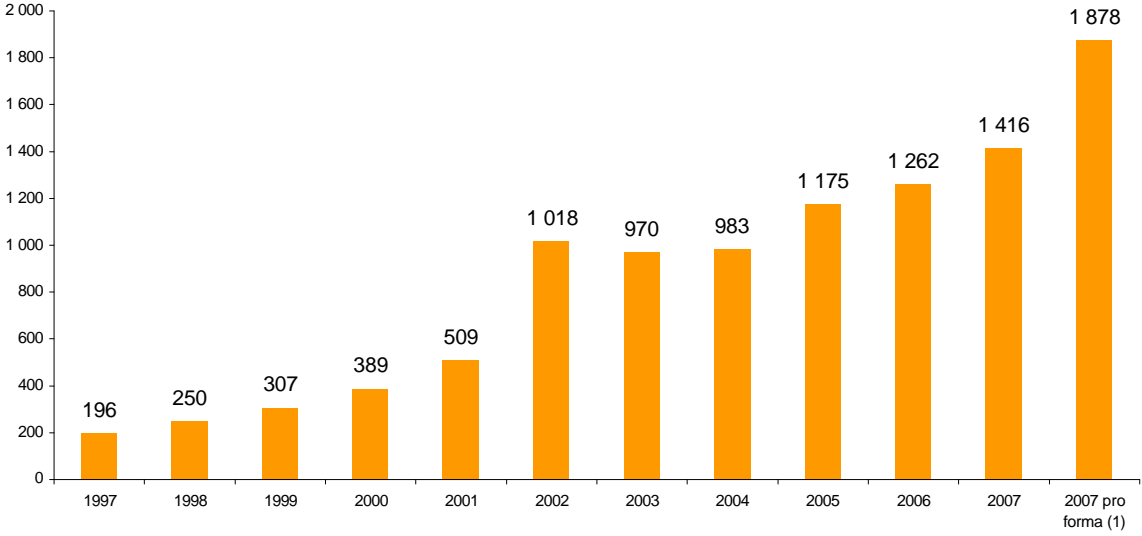
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# 1 Presentation of the Group and its Activities

## ■ 1.1 Historical Highlights

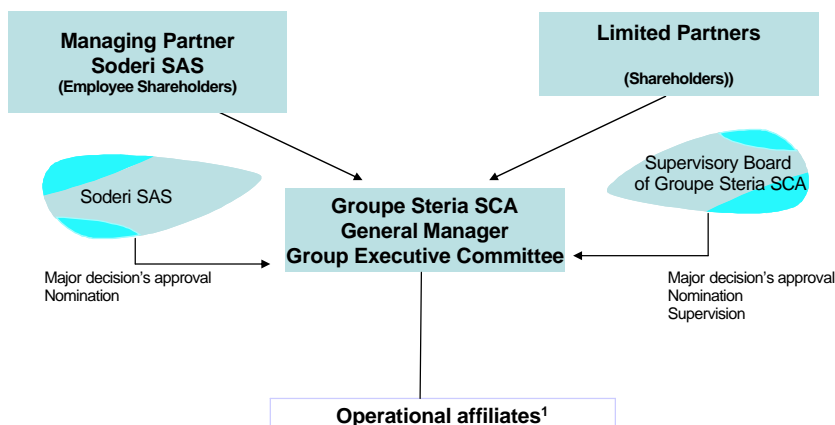
- 1969** Steria founded by Jean Carteron: IT service provider specialising in key account contracts.
- 1973** Automation contract signed with Agence France Presse.
- 1978** Steria begins to achieve international scope: subsidiary created in Switzerland.
- 1981** Hired as prime contractor for Télétel 3V project, marking the launch of Minitel services in France.
- 1986** Signature of the largest export contract ever awarded to a French IT services provider: computerisation of the Saudi Arabia Central Bank.
- 1987** Steria strengthens its strategic positioning in systems integration and managed services. Large-scale projects carried out, such as automatic train operation for Line A of the Paris RER.
- 1990-1993** Subsidiaries created and offices opened in Germany, Spain and Saudi Arabia.  
Information system developed for Jakarta airport.
- 1994** Steria wins major contracts with various key account customers, such as the development of a management system for the *Centrale des Règlements Interbancaires*.
- 1998** François Enaud appointed Chairman and CEO of the Group.
- 1999** Listed on the *Marché* of the Paris Stock Exchange.
- 2000** Acquisitions of TECSI and Groupe EQIP.  
Acquisition of Expérian's managed services activity.
- 2001** Acquisition of Bull's core service activities in Europe (Integris): United Kingdom, Germany, Denmark, Norway, Sweden, Belgium, Luxembourg, Switzerland and Spain.
- 2002** Group General Management: Séverin Cabannes joins the group in June 2002 as Deputy CEO. He is appointed Joint CEO on 11 June 2003 following the Steria SA Board of Directors' decision.
- 2003** The corporate savings plan is opened to the group's European employees.
- 2005** Acquisition of Mummert Consulting in Germany (effective 1 January 2005).  
Steria wins the OMNI (Offender Management National Infrastructure) contract in the United Kingdom for €365 million over 10 years.
- 2006** The 10,000<sup>th</sup> employee joins the Group.  
Orange Business Services/Syntec Informatique Trophées de l'Innovation: Steria wins the "Mobility Solutions, New Technology Solutions" award.  
Steria is named best NICT employer in Scandinavia.
- 2007** The Articles of Association are modified to implement a particularly innovative "participative governance" structure.  
Steria signs the "Chorus" contract with the French Ministry of Finance, the biggest SAP project in France.  
Two "nearshore" centres are opened in Poland and Morocco.  
Xansa is acquired on 17 October 2007, increasing the Group's revenue to nearly €1.9 billion and doubling its workforce to nearly 19,000 people, including 5,000 in India.

**Steria's revenue since 1997**



(1) Pro forma revenue including 12 months of Xansa

## ■ 1.2 The Group Governance System



<sup>1</sup> Reference is made to the legal organization chart hereafter

### **Governance principle**

Groupe Steria has set up a particularly innovative and unique governance system designed to help the company distinguish itself from the competition, develop and enhance its appeal. This governance system uses the legal structure of a partnership limited by shares under French law (SCA) in an original way. Unlike the usual partnerships limited by shares, it does not seek to protect a founder or management in that:

- the General Partner is unique and only represents the community of employee shareholders,
- the General Manager and the General Partner are two different people, with the former reporting to the latter,
- the aim is to involve employee shareholders in the governance of the company in order to boost their entrepreneurial spirit and commitment.

Such a governance system is a major competitive advantage in a service activity where the company's main asset is its human dimension. It encourages the involvement and commitment of employees as well as being a significant asset to the Group's appeal in a highly competitive labour market.

It enables the Group to offer existing and future employees to become implicated in a project that goes far beyond their job at the company. Such a project involves an entrepreneurial dimension that encourages employees, if they are shareholders, to participate in defining and implementing the Group's strategy.

## **The General Manager**

The General Manager is responsible for directing and acting in the best interest of the Company, within the confines of its corporate purpose and in compliance with the powers granted by law and/or by the Articles of Association of the Company to the Supervisory Board, the General Meetings of Shareholders and the General Partner.

François Enaud is responsible for managing the Group.

## **The Group Executive Committee**

The General Manager is assisted by the Executive Committee, which is chaired by the General Manager.

- François Enaud  
*General Manager of Groupe Steria SCA*
- Mukesh Aghi  
*CEO India – Group “Business Process Outsourcing” Manager*
- Valérie Hughes-Daeth  
*Group Human Resources Director*
- Laurent Lemaire  
*Group Chief Financial Officer*
- François Mazon  
*Vice-Chairman and CEO, France & Asia – Morocco*
- Jürgen Sponnagel  
*Vice-Chairman, CEO, Central Europe*
- John Torrie  
*Vice-Chairman and CEO, United Kingdom - India*
- Olivier Vallet  
*Operations Director*

## **The Supervisory Board**

The Supervisory Board exercises continuous control over the management of the Company on behalf of its shareholders. Its members are as follows:

- Jacques Bentz  
*Chairman of the Board since 01/02/2007,  
Manager of Tecnet Participations*
- Eric Hayat  
*Vice-Chairman of the Board  
Director of Syntec Informatique*
- Patrick Boissier  
*CEO of Cegelec*
- Séverin Cabannes  
*Member of the Société Générale Executive Committee  
Director of Group Resources at the Société Générale*
- Elie Cohen  
*Director of Research at CNRS, Sciences-PO-CAE*
- Pierre-Henri Gourgeon  
*Executive CEO of Groupe Air France*
- Charles Paris de Bollardière  
*Treasurer of the Total group*
- Jacques Lafay  
*Chairman of the Steria FCPE (mutual fund)*
- Jean Carteron  
*Honorary Chairman of the Supervisory Board*

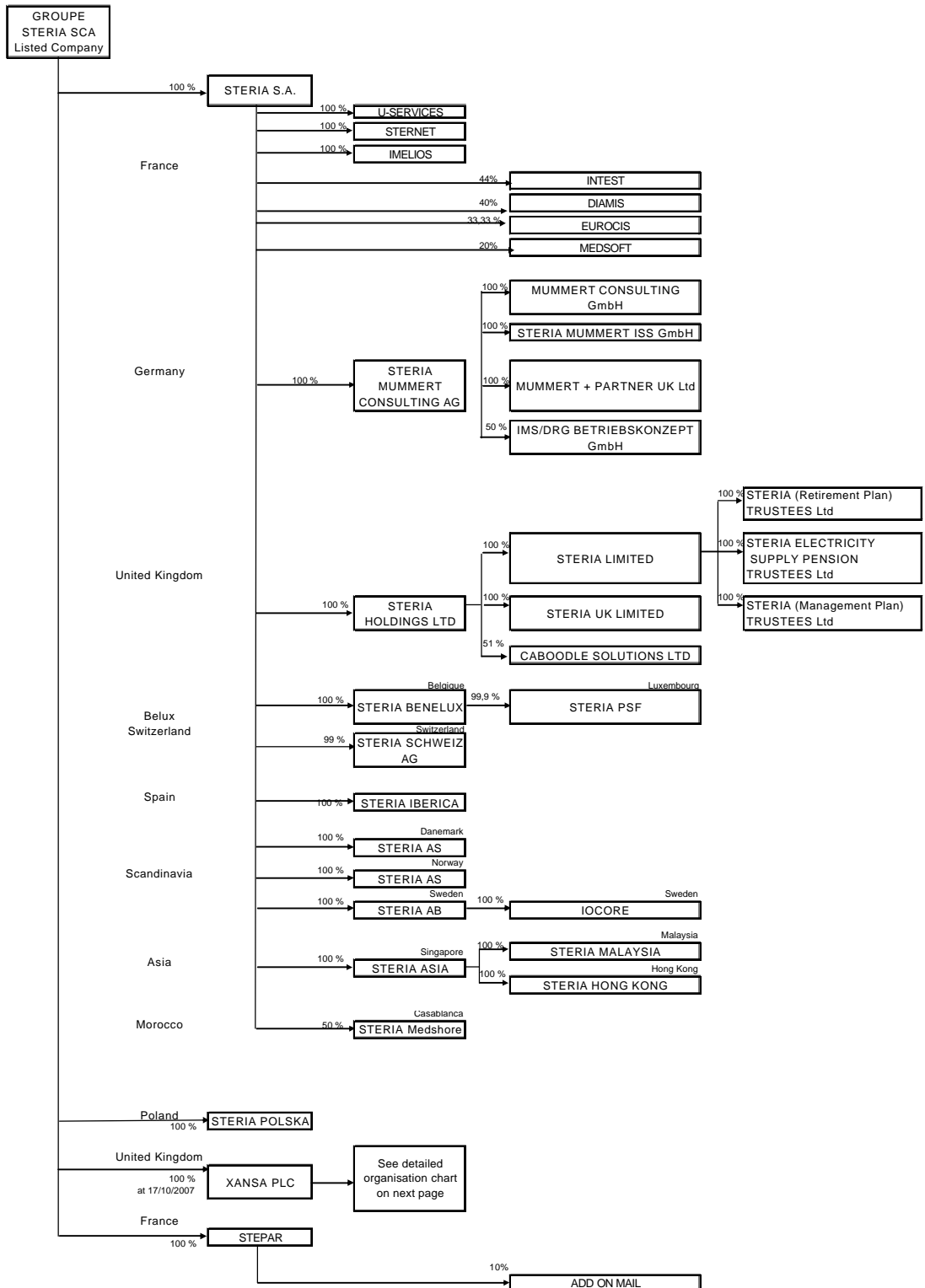
There are different Committees within the Supervisory Board: Strategic Committee, Audit Committee, Remuneration and Appointments Committee. More information is provided in Part 4 “Corporate Governance” of this document.

## **The Managing Partner (Soderi SAS)**

**Soderi is “SAS” company with variable capital owned by Groupe Steria’s employee shareholders.** Soderi SAS is managed by a Board of Directors with 15 members (at present) who are elected by the Soderi General Meeting, i.e. the General Meeting of the company representing Steria’s employee shareholders. The Board of Directors elects one of its members as Chairman to represent the Board. **Yves Rouilly was appointed Chairman of Soderi on 1 February 2007.**

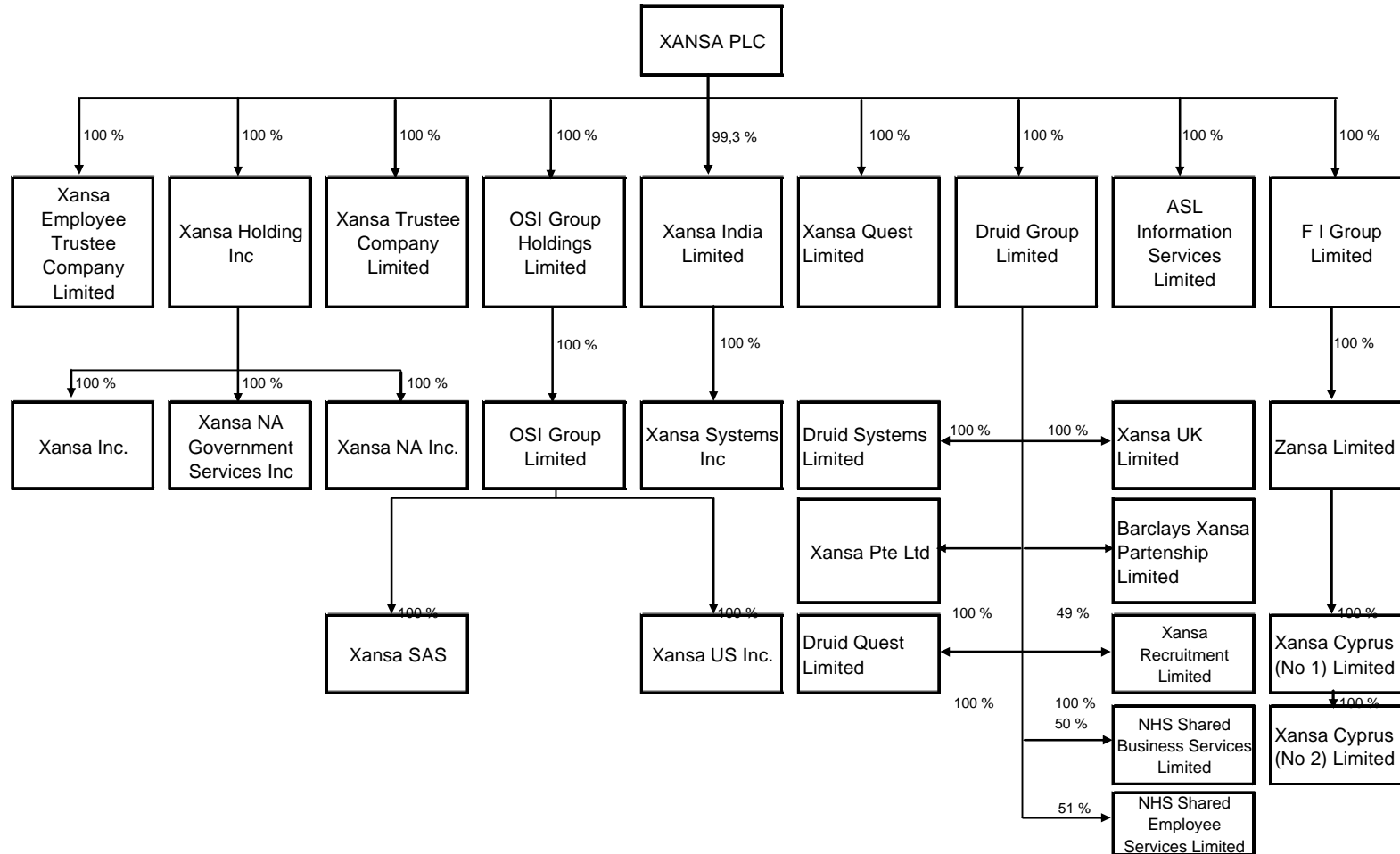
The Group Governance system is detailed in Part 4 of this financial report.

**Groupe Steria legal organisation chart following the acquisition of Xansa (30 April 2008)**



Central Europe geographic unit: Germany, Austria, Belux and Switzerland  
 Southern Europe geographic unit: France and Asia  
 Northern Europe geographic unit: United Kingdom and Scandinavia

**Xansa group organisation chart (31 March 2008)**



The Group's main sites are as follows:

- France: 46, rue Camille Desmoulins – 92130 Issy-les-Moulineaux  
12, rue Paul Dautier – 78140 Vélizy-Villacoublay
- United Kingdom: Three Cherry Trees Lane, Hemel Hempstead – Hertfordshire - HP2 7AH  
Holborn Centre, 120 Holborn, London, EC1N 2TD
- Germany: Hans-Henny-Jahnn-Weg 29 – 22085 Hamburg

### **Parent-Subsidiary Relationships**

At the present time Groupe Steria SCA does not have its own operational activity. The group's operational activities are carried out by French and foreign subsidiaries.

Groupe Steria SCA owns 100% of Steria Polska, Xansa Plc and Steria SA, which in turn fully owns the European subsidiaries (except for Xansa Plc) that trade in the Group's core business sectors.

Groupe Steria SCA also owns 100% of Stepar, whose purpose is to hold minority stakes or subsidiaries whose businesses do not fall within the scope of the Steria core business.

In October 2007, the Group's Corporate functions were transferred from Steria SA to Groupe Steria SCA. This entity groups together the functional departments: Communications, Strategy, Marketing, Risk Control and Audit, Human Resources, Information Systems, Finance and Legal. To ensure efficiency, Groupe Steria SCA also provides certain centralised services to subsidiaries for which they are invoiced.

Groupe Steria SA also manages the negotiation, conclusion of contracts and monitoring of insurance (Master policy) on behalf of the Group for which it invoices the subsidiaries.

At 31 December 2007, Groupe Steria SCA had 63 employees.

No other specific agreements exist between Groupe Steria SCA and the rest of the Group apart from those mentioned in the statutory auditors' special report in Section 3.

## ■ 1.3 Markets - Positioning

The European IT Services market was worth €132.7 billion in 2006<sup>2</sup> (excluding the sale of IT hardware, software packages and maintenance services).

This market presents three main characteristics:

- Three countries (the UK, Germany and France) generate 64% of expenditure in Europe<sup>1</sup>. Steria conducts 87% of its business in these three countries (based on 2007 pro forma revenue).
- The managed services business (including Business Process Outsourcing) represents nearly half of expenditure<sup>1</sup>. Steria also generates half its revenue from this business.
- Finally, the sectors requiring the most IT services are banks and insurance companies, and public authorities. Steria generates 64% of its revenue in these two sectors, which together account for 41% of expenditure in Europe.

The IT services market has changed significantly and matured since the beginning of the millennium. This change has been characterised by an increasingly marked positioning of IT activities as a driver for company performance. This has led customers to adapt their operating procedures by increasingly focusing their investments on added value for business processes and by adopting a more rigorous approach to supplier selection based on their ability to provide value-added solutions.

Customers' requirements are today centred around three main areas:

- service excellence,
- the contribution of the IT service to their operational and economic challenges in order to align their information system with the company's strategic challenges,
- continuous improvement of productivity.

Service excellence depends not only on the service provider's geographic coverage and array of skills, but also on the quality and secure nature of the services provided and its ability to commit to measurable service levels based on precise performance indicators.

In order to offer value-added solutions that improve and transform business processes, IT service providers need increasingly sophisticated knowledge of their customer's business processes. Possessing this knowledge is a distinguishing feature among providers and continues to be increasingly important in the eyes of customers and for their selection criteria.

Productivity gains depend on the efforts made by the IT services provider to industrialise its services: standardising development and maintenance processes, standardising its tools, using global sourcing and generating economies of scale.

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<sup>2</sup> Source: Gartner Report April 2007

## Changes to the Group's Positioning through the acquisition of Xansa

- A highly strategic acquisition

The acquisition of Xansa has greatly strengthened Steria's position while fitting in perfectly with the latter's three main strategic objectives: size, focus and social innovation.

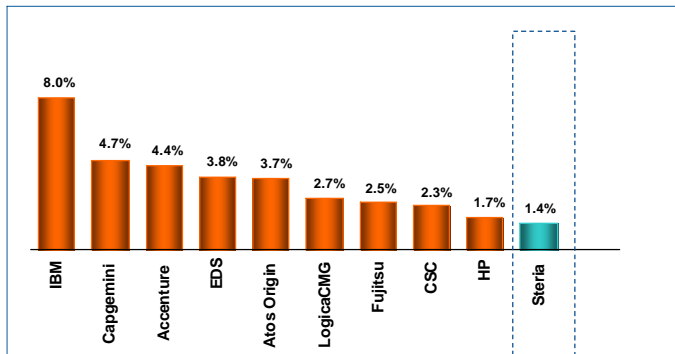
Following two previous major strategic acquisitions (Integris in 2002 and Mummert in 2005), Groupe Steria's acquisition of Xansa, announced on 30 July 2007 and effective from 17 October 2007, gives new momentum to the implementation of group strategy. This acquisition provides the Group with three key assets: a position as a key player in the United Kingdom offering a wide range of services, a fully-integrated offshore industrial model involving 5,000 people in India and 10 years of experience and sound Business Process Outsourcing expertise. This sector is highly complementary to the Group's activities and presents an attractive growth prospect.

- Enhanced Group visibility

By acquiring Xansa, the Group comfortably maintains its ranking among the top ten IT services companies in Europe.

With 2007 pro forma revenue of €1.88 billion<sup>3</sup>, the new Group can enjoy much wider visibility and effectively becomes a key European player serving the entire IT services value chain (Consulting, Systems Integration, Managed Services and Business Process Outsourcing). Furthermore, with this acquisition, the Group is poised to get close to its planned objective of €2bn in revenue in 2008.

European Top 10 IT Services Companies % Market Share



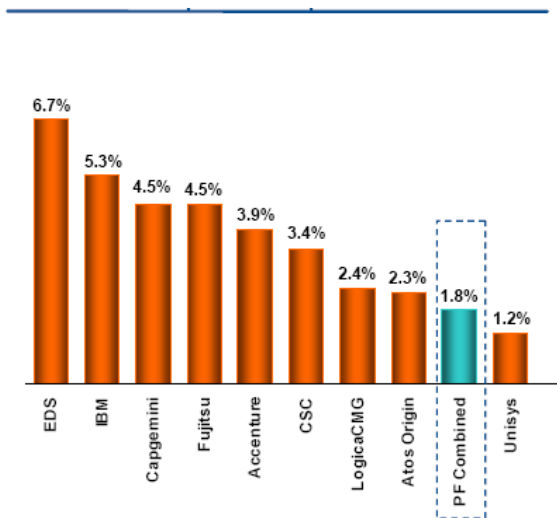
Source: Gartner. Top 10 analysis based on Gartner database as at April 2007 (professional services revenues only). Includes end to end service providers only and excludes captive IT services companies.

The acquisition of Xansa is also an opportunity for Steria to become a key player among the top ten IT services companies<sup>4</sup> in the UK, the largest market in Europe, in which the new group now generates about 47% of its revenue. By acquiring Xansa, the Group has become one of the four leading IT services providers of the British government with revenue of nearly €400 million.

<sup>3</sup> 2007 pro forma revenue including 12 months Xansa

<sup>4</sup> Source: Gartner April 2007

### UK Top IT services Companies % Market shares

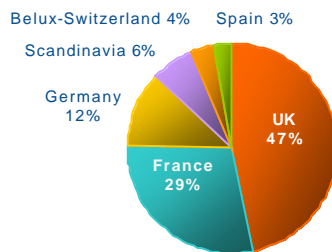


Source: Top 10 analysis - Gartner Report April 2007 (only revenue from professional services. Only includes global services providers and not captive services companies).

As a result of this operation, Steria generates over 85% of its revenue in the three European countries which account for nearly two-thirds of the European IT services market<sup>5</sup> (the United Kingdom, Germany and France) and is a key player alongside the market leaders in each country.

The Group should now be in a strong position when responding to European calls for tenders.

### Combined Geographical Presence



2007 pro forma revenue including 12 months Xansa

- Improved leadership and added value for Group offers

The Xansa acquisition is likely to give momentum to the implementation of Groupe Steria's strategic plan based on developing its wide-ranging skills in transforming its customers' business processes to align their information system with their economic challenges, and once transformed, effectively managing these business processes on an industrialised level.

Xansa's activities offer the Group the opportunity to boost its Business Transformation and Business Operations solutions, based on Xansa's acknowledged expertise and a best-in-class portfolio of customers, also providing key opportunities for cross-selling between the two customer bases.

<sup>5</sup> Source: Gartner April 2007

The Group's ability to manage its customers' business processes has been considerably strengthened, particularly thanks to the Business Process Outsourcing offer which represented 30% of Xansa's revenue at the end of 2007. Xansa has secured the position of key player in the BPO sector in the UK, with renowned customers, both concerning horizontal processes such as Finance and HR and more specialised vertical business processes. The plan is to gradually roll this BPO offer out to all the Group's geographic sites.

Prior to acquiring Xansa, the Group's industrial model was based on service centres that specialised in infrastructure management and application development. Most of these centres were located in France, Morocco, Spain and Poland. The acquisition of Xansa, which has a state-of-the-art platform of over 5,000 people in India, will enable the Group to embark on a major new phase in its industrialisation process. The Group will thus have a totally-integrated global delivery model, benefiting from Xansa's experience of over ten years in India and including onshore, nearshore and offshore services. This model will be gradually tested and rolled out in the different countries. Economies of scale and productivity gains generated by this model should notably help to improve Group profitability.

- A more distinctive signature and style

Groupe Steria and Xansa share similar corporate cultures, based around entrepreneurial spirit, innovation, proximity to customers and quality of service. They have both made their employees' long-established involvement in company life and decisions a highly differentiating factor for success.

At 28 February 2008, Steria and Xansa's employees together held approximately 15.9% of the company's capital within the scope of a Governance system allowing them to actively participate in the company's strategic thinking and decisions.

## ■ 1.4 *Steria Group Core Businesses – Investment and Innovation*

### 1.4.1 Core Businesses

Information systems are perceived by private companies and public authorities as one of the most important factors for optimising performance, winning market share, managing regulatory compliance and limiting risk. IT infrastructure and applications are a major asset for helping companies and governments to anticipate the transformations they need to make to keep abreast of a fast-paced, changing environment.

Groupe Steria's aim is to provide large businesses and public authorities with solutions which allow them to keep up in a fast-changing economic and regulatory environment. Operating in 16 countries and boasting over 18,000 employees at the end of December 2007, Groupe Steria meets such demands not only by offering its customers business process transformation services (IT consulting, core business consulting, systems integration) but also by being able to take on the management of these business processes (managed services, Business Process Outsourcing).

#### **Consulting & Systems Integration**

To improve its customers' day-to-day operations, Groupe Steria draws firstly on core business expertise that has been developed across Europe for a certain number of activity sectors in which the Company specialises. These packaged, vertical offers are available for the public sector, finance, telecommunications, utilities and transport. Transforming customer business processes may also require more technological competencies that the Company has organised into horizontal packages in which innovation is an important factor (Data Quality Management, Test to Market, CRM, Business Process Management and Security, etc.).

Consultants help customers to make choices concerning their information systems in terms of defining needs, systems architecture or implementing optimum solutions for organising and transforming their major functions (finance, human resources, purchasing) and their business processes. The consultants and experts deployed on these missions are experienced professionals with extensive knowledge of the specific features of the sectors in which they work. They are involved in drawing up Groupe Steria's "leading offers" and are part of operational units whose goal is to foster synergies between consulting and development activities.

Systems integration involves the design and development of a complete system by the prime contractor, incorporating specific developments and heterogeneous elements from different vendors. This service therefore includes the selection of the software packages, the configuration and integration of these software packages, the development of "modules" for specific programs, the development of interfaces with existing customer applications, and finally, the optimisation of the customer's information system in its new configuration.

At 31 December 2007, consulting and systems integration activities represented 51% of the Group's pro forma revenue (including 12 months Xansa).

## **Managed services**

At the end of December 2007, managed services activities represented 29% of the Group's pro forma revenue (including 12 months Xansa).

Steria operates all or part of the IT infrastructure, delivering services such as:

- the service desk: technical and business support to users or customer help desks,
- supervision of system and network infrastructures,
- administration and operation of system and network infrastructures,
- infrastructure hosting at tier-4 data centres and continuity plans for related services.

## ***Business Process Outsourcing***

By acquiring Xansa, the Group has considerably widened its scope for transforming and operating its customers' business processes, specifically through its Business Process Outsourcing offer which represented 30% of Xansa's revenue at the end of December 2007. Xansa has established itself as a key player in the Business Process Outsourcing field in the UK.

Business Process Outsourcing involves taking over the operation of one of the company's functions as a whole. Steria operates in three main areas:

- Finance & Administration (F&A) functions, a field in which Xansa was ranked 7<sup>th</sup> largest global player by Gartner,
- Human Resources functions, particularly involving personnel administration,
- Specialised business processes, such as management of bank card fraud detection for financial institutions or the management of loyalty cards for retailers.

At the end of December 2007, Business Process Outsourcing activities accounted for 10% of the Group's pro forma revenue (including 12 months Xansa).

## **Organising production**

In order to offer its customers the best value for money and ensure that they gain a significant return on investment, Groupe Steria set up a Global Delivery Unit to coordinate all production platforms. The platforms combine highly secure production centres, shared third-party applications maintenance and acceptance activities and user helpdesks. These pooled service centres share tools and processes to deliver standardised service levels all over the world.

Production organisation is also based on a proximity principle tailored to the requirements of each customer. The Group runs a number of pooled service centres:

- for technical support (in Roanne in France, Warrington in the UK, Noida in India and Katowice in Poland);
- for infrastructure administration (in Louvain in Belgium, Copenhagen in Denmark, Nanterre and Sophia-Antipolis in France, Madrid in Spain, Oslo in Norway, London in the UK, Stockholm in Sweden and Noida in India);
- for systems integration (Vélizy, France) and other centres in Germany, Austria, Spain, Scandinavia and Switzerland.

Groupe Steria's service centres are interconnected, ensuring redundancy in terms of service production and combining onshore (Western Europe), offshore and nearshore (India and Poland) production.

Steria's Global Delivery Model provides managed services solutions which combine an industrial approach to production and selective sourcing with the possibility of providing some or all of the services from offshore (India) and nearshore (Poland) centres.

The Group's development teams work in compliance with the latest quality standards: CMMi for project management and quality assurance of IT development. Our objective is to achieve level-5 appraisal for our application design, correction and update processes.

In 2005, Steria set up a CMMI2-certified, 3<sup>rd</sup> generation Third-Party Applications Maintenance service centre in Nantes, France.

### Breakdown of revenue by core business

	2005		2006		2007	
	€m	% rev	€m	% rev	€m	% rev
Systems integration*	687	58	725	57%	756,817	53%
Managed services	488	42	537	43%	550,076	39%
Xansa					110,246	8%
<b>TOTAL</b>	<b>1,175</b>	<b>100</b>	<b>1,262</b>	<b>100%</b>	<b>1,416,164</b>	<b>100%</b>

\* including TPAM (third-party applications maintenance) and consulting

### Breakdown of revenue by geographic area (financial year 2007)

(in thousands of euros)	France	United Kingdom	Germany	Rest of Europe	Xansa	Total Group
Revenue	534,345	304,854	227,741	238,978	110,246	1,416,164
% of revenue	38%	21%	16%	17%	8%	100%

Revenue for 2006 stood at €1,254,662k based on 2007 average exchange rates and accounting methods. Revenue for 2007 on a constant exchange rate and accounting method basis thus reported an increase of 4.2% on 2006.

### Breakdown of revenue by sector

	2005		2006		2007	
	€m	% rev	€m	% rev	€m	% rev
Banking & Insurance	307	26	309	24%	308	22
Telecommunications	129	11	133	11%	136	10
Public Sector	432	37	483	38%	513	36
Manufacturing, Utilities & Transport	307	26	337	27%	349	25
Xansa (17/10/2007 to 31/12/2007)					110	8
<b>TOTAL</b>	<b>1,175</b>	<b>100</b>	<b>1,262</b>	<b>100%</b>	<b>1,416</b>	<b>100</b>

### Customers

Steria's twenty largest customers represent approximately 40% of revenue; however, no customer alone represents more than 5% of revenue.

Steria pursues an active partnership policy both with leading software publishers and with customers, industrial players or even other IT services providers, sometimes within dedicated structures. Steria also maintains relationships with a network of specialised companies that participate on a subcontracting basis in projects managed by Steria. Subcontracting is used for both systems integration and managed services projects.

### 1.4.2 Investment and Innovation

#### **Investment**

The main investments made by Group companies, excluding acquisitions, included IT equipment, licenses and office furniture and equipment (see Note 4.3 in the notes to the consolidated financial statements).

The company's policy is to privilege rating office space and production sites.

The building that houses the corporate head office in Vélizy-Villacoublay is leased from UNICOMI and contains a purchase clause. This contract was signed in June 1990 for a 20-year period, for an initial investment value of €20 million, covering a total surface area of around 8,000m<sup>2</sup>. The net value of this building at 31 December 2007 was €15 million.

The Group also owns buildings and land in India from Xansa worth a net value of €26 million at 31 December 2007.

#### **Main investments over the last three fiscal years**

Groupe Steria made the following industrial investments in the last three fiscal years:

Industrial investment expenditure as a % of annual revenue

2007 (*)	2.1%
2006	2.0%
2005	1.5%

\*Steria figures for the period January 1<sup>st</sup> – December 31<sup>st</sup>, Xansa figures for the period October 17<sup>th</sup> - December 31<sup>st</sup>

These amounts include investments in production capacity, investments to industrialise the Group, investment in internal IT tools and equipment and investments for customers in connection with specific contracts.

## **Innovation**

Innovation has been central to Steria's strategy for several years. It maximises added value for customers, makes the company stand out from its competitors and increases profitability.

In practical terms, it involves providing increasingly tailored responses to customers' requirements and integrating innovative technological solutions which are developed either externally or internally.

To maximise its chances of success and to optimise economic parameters, the Group has a structured approach based on:

- active and constant monitoring of new customer needs;
- a proactive approach for identifying emerging technologies and future key technological partners upstream;
- the existence of internal exchange networks and knowledge capitalisation tools;
- an internal coordination system through organising an annual innovation competition for the different operational entities;
- a process for approving and disseminating major innovations throughout the different countries in which the Group is based.

## ■ 1.5 Corporate Social Responsibility (CSR)

Steria was founded in 1969 by Jean Carteron as a social project in which employee shareholding was combined with a culture of innovation, entrepreneurial spirit and solidarity. From the outset, Steria's culture has been rooted in a responsible and humanistic approach. Today this is represented by five values which are the lifeblood of the Group in its relationships with its stakeholders: simplicity, creativity, independence, respect and openness.

Steria is committed to ensuring the open and fair implementation of globalisation, prompting it to join the international initiative launched by United Nations Secretary-General Kofi Annan by signing the Global Compact involving companies and civil society groups. It is based on universal principles relating to human rights, labour standards, anti-corruption and the environment.

*For further information visit [www.unglobalcompact.org](http://www.unglobalcompact.org)*

### 1.5.1 Drawing up a Corporate Social Responsibility (CSR) policy

In 2006, Steria set up a Corporate Social Responsibility network made up of representatives from the Steria-Institut de France Foundation and the Group's different functional departments. The aim was to structure its CSR policy and coordinate and ensure the consistency of numerous initiatives developed by its subsidiaries in this field.

In 2007, the network defined four areas of action. In some of these areas, such as employee participation in corporate governance, Steria's long-standing initiatives are universally recognised. In other areas, it is committed to implementing pro-active action plans for achieving the best standards in the profession.

Steria also set up a CSR Advisory Committee of experts outside the company (associations, public authorities, private businesses) and employees from operational entities. Its aim is to anticipate and identify best practices by looking to the outside world, best practices that will help Steria remain a leader in its sectors. The Committee is also responsible for ensuring that the action plan is carried out correctly and that initiatives are implemented efficiently.

### 1.5.2 Steria's four Corporate Social Responsibility areas

The Group has opted for an approach structured around 4 main areas, the key components of which are listed below.

#### **Economic responsibility:**

- Shareholders: governance, transparency, information
- Customers: ethics, solutions and tailored services
- Suppliers: sustainable development in outsourcing contracts
- Local players: integration, employer's and investor's responsibility
- Government: compliance with local and international regulations, anti-corruption measures

#### **Social responsibility:**

- Respect of human rights and labour law
- Equal opportunities, anti-discrimination
- Social dialogue/keeping employees informed
- Working conditions (health and safety)
- Career progression (training, acquisition of skills, mobility, development)

**Responsibility to the community:**

- Employment of disadvantaged people
- Helping NGOs and general-interest groups
- Aiding the economic development of communities
- Adapting products and services to disadvantaged people's needs

**Environmental responsibility:**

- Environmental impact (CO2 emissions, etc.) and management of natural resources
- Waste treatment and recycling
- Environmental certification (ISO, etc.)

### 1.5.3 Examples of accomplishments

**Economic responsibility**

For a listed company, Groupe Steria has a particularly innovative governance model in which employees play a major role in the company. Indeed, Steria's General Manager reports to two committees: the Supervisory Board (representing Limited Partners) and Soderi (General Partner), which is made up of employee shareholders. Through Soderi, the employee shareholders are able to debate, approve or reject the strategic directions proposed by the General Manager covering such areas as growth policy, product development and acquisition plans. Every two years, the employee shareholders elect their representatives to the Soderi Board. This model of participative governance has two aims: firstly, entrepreneurship, whereby the employees are involved in strategic decision-making, and secondly, a more acquisitive aim, whereby the employees benefit from their company's growth by means of its share performance.

In 2007, the Soderi Board of Directors changed half of its members with the election of 9 German, British and French representatives.

Following approval by the General Meeting of Steria shareholders, a capital increase reserved for employees was also carried out on 27 August 2007. More than 400,000 shares were subscribed for on this occasion and more than 800 new employees became shareholders.

Instigated by the General Management, employee shareholding is set to be extended in 2008 to British and Indian employees of Xansa, which was acquired in 2007. At 1 March 2008, 15.9% of Steria's capital was held, directly or indirectly, by employees.

To support its role as responsible economic player, the group became a member of the UN Global Compact, which was created to bring companies together to advance ten universal principles in the areas of human rights, labour standards, the environment and anti-corruption. Steria has also drawn up an ethical charter defining guiding principles in this area.

**Social responsibility**

Steria supports cultural, ethnic and social diversity by means of its recruitment and career management policy due to its conviction that multiculturalism is a source of wealth and creativity for the company and its employees. Steria is committed to promoting equal rights and opportunities as well as social dialogue.

- In France:

The Group is signatory to the Diversity Charter set up by the Institut Montaigne and is committed to applying the "framework for acting and reporting" proposed by HALDE (French high authority to combat discrimination and promote equality).

In December 2007, Steria and Agefiph (fund for the professional integration of people with disabilities) signed a partnership agreement for the integration, training and retention of employees with disabilities.

Actions will also be implemented to train people with disabilities in IT with a view to them working at Steria.

The Steria-Institut de France Foundation supports six disability-related projects, covering motor, neurological, mental and visual impairment.

- In the United Kingdom:

Steria has drawn up an Equal Opportunity Charter and included a diversity awareness element in its new recruit training and induction programmes.

- In Norway:

Steria is striving to improve gender equality among its staff and is working with universities to encourage women to take up IT studies.

### **Responsibility to communities**

Steria enables its employees to become involved in charitable projects, because it promotes pride team spirit and an outward-looking approach. The gains made in terms of skills and human experience are valuable for the company, its employees, its customers and the charities supported.

Through Steria's Foundation, sheltered by the Institut de France, and the different community programmes carried out by its subsidiaries in Europe and Asia, people in need can benefit from the technological expertise and human approach of Steria's employees.

Examples of some of the projects led by the Steria – Institut de France Foundation:

The Steria Foundation provides financial and logistics support to community projects and the held of Steria Volunteers. The Foundation was created in 2001 due to Steria's desire to share its information technology skills and use them to help people in need. It supports educational projects and the development of innovative solutions to improve the lives of disadvantaged persons and encourages initiatives set up by social entrepreneurs. In 2007, the Foundation supported eight charities and put around fifty volunteers to work.

The Steria – Institut de France Foundation Grant was set up to enable business and engineering students to get involved in community projects that meet the Foundation's objectives, all as part of their studies. In 2007, the foundation awarded two grants: one to ESSEC business school for its multimedia library project for young long-stay patients in Margency hospital in the Val d'Oise region, and the second to EFREI engineering school for its IT training programme for pupils and teachers in four schools in Burkina Faso.

#### Digital Gateways in Cambodia

The Foundation and Steria France continue to support the *Digital Bridges NGO* (Non Governmental Organisation) which two years ago set up the Centre for Information Systems Training (CIST) in Phnom-Penh to train disadvantaged young people to become systems engineers during two years. In 2007, six Steria volunteers went to Cambodia to help local staff to secure the centre's infrastructure. In 2008, four volunteers will go on both technical and pedagogical missions. The project has garnered much enthusiasm among Steria France teams. A book and a travelling photography exhibition were created to share with customers and employees this experience.

[www.passerellesnumeriques.org](http://www.passerellesnumeriques.org)

#### The Blind or Amblyopic Academics Group (GIAA)

The Foundation helped the GIAA to overhaul its website to improve ergonomics and accessibility to visually-impaired people, at the same time as providing a catalogue of talking books in international DAISY format. The GIAA team, which received advice from a volunteer sponsor from Steria, can now administrate and update content independently. The number of hits has tripled since the new site went live.

[www.giaa.org](http://www.giaa.org)

Examples of projects led by the subsidiaries:

In Germany, Steria Mummert Consulting has forged a partnership with an institute that cares for seriously ill children to enable them to communicate with their families using IT equipment financed by Steria.

In Germany two consultants worked with the Mascheski Foundation on a feasibility study concerning the creation of an alarm system for child protection.

In Spain, Steria signed an outsourcing contract with the Once Foundation, which works with visually-impaired people, to provide corporate gifts and access to recruitment services.

In Belgium, Steria supports Toemeka, a socio-cultural training organisation promoting access to electronic voting for disabled people.

In the United Kingdom, Steria works with the charity Hope for Children which helps visually-impaired children in Sri Lanka.

Steria is part of the 1% Club in the UK and India: operational directors are authorized to spend up to 1% of their pre-tax profits to support these two countries' investments in solidarity actions. In 2007, this sum amounted to €193,672.

In addition, each year a "Do More Day" event is organized to heighten awareness among staff and customers as to Steria's solidarity actions and to encourage them to get involved. This action day is not only for fund gathering but also boosts the community of volunteers around citizen projects.

In Norway, Steria supports UNICEF's "Schools for Africa" programme which provides schooling to 4 million children in 6 of Africa's poorest countries. UNICEF helps governments and local authorities to build and maintain their schools and Steria donates €0.12 per billable hour to UNICEF.

In India, Steria intends to pursue Xansa's educational projects. Xansa has invested in computer and science labs, libraries in schools and orphanages and food aid so that the poorest children receive a quality education. Training is also offered to teachers.

## **Environmental responsibility**

The Steria group is committed to adopting a responsible and pro-active approach in order to meet environmental challenges. The company's aim is to comply with more ambitious standards than those set by current regulatory frameworks in the countries in which it operates.

The Group supports initiatives designed to reduce the environmental impact of its internal activities (recycling IT equipment, paper and consumables, promoting videoconferencing, remote working and the purchase of energy-efficient equipment, etc.).

It also actively promotes environmentally-friendly offers to its customers: electronic document management, energy-efficient infrastructures (server consolidation and virtualisation), tools for remote working and specific technological solutions and applications allowing customers to control their environmental impact more effectively (optimised management of vehicle fleets, management of airport noise pollution, etc.).

## ■ 1.6 The Corporate Mission Statement

Right from the start, Steria's culture has been based on a corporate mission statement with a major emphasis on human values and on a model of participative governance backed by a strong employee shareholding base.

The corporate mission statement and participative governance have undergone certain adaptations due to the Group's significant growth and changes in the environment. However, they have remained firmly rooted in the founding principles, making them a key factor for differentiation and success for the Group.

### 1.6.1 Five Core Values: the Basis for Steria's Success

In 2001 Steria adopted five core values: simplicity, creativity, independence, respect and openness. The Group's relationships with its various stakeholders – employees, customers and shareholders – are based on these values.

- simplicity: part of our ambition is to be a source of progress and success for our customers by making their complex projects as simple as possible. This simplicity is also expressed on a daily basis via the inter-personal relationships conducted within the company;
- creativity: our innovative solutions are inspired by the entrepreneurial spirit we encourage among our staff and our proven expertise in IT;
- independence: Steria's independence lies in the freedom to make the best strategic decisions in a sustainable context. This enables us to serve the interests of our customers, shareholders and employees more efficiently;
- respect: the ambition of our Human Resources policy is to be a source of opportunity, in order to stimulate individual accomplishments, the exchange of ideas and cooperation;
- openness: we are open to the world, receptive to new talent and new ideas and eager to bring people and IT closer together.

### 1.6.2 Participative Governance

When it was founded in 1969, Steria set up an original system of governance involving employee shareholders and based on the core values of Respect, Openness and Independence.

Employee shareholding translates the management's desire to encourage the employees to develop their entrepreneurial spirit and to adopt and get involved in the corporate mission. Such a system of governance is proof of a high level of commitment and motivation from employees, which is a key element in a services company.

Today, the Group's main shareholder is its employees, who hold a 15.9% stake (excluding the founder but including retired employees and the Xansa trust 4.95%).

In addition to the values it represents, employee shareholding enables all Steria employees to take part in the company's strategic decisions and to benefit from our Group's growth. It therefore has two purposes:

- entrepreneurship (participation in the corporate mission and strategic decisions);
- acquisition of assets (benefit from the company's growth via the share performance).

Steria has given this governance concrete shape by bringing together the community of employee shareholders within Soderi, the parent holding company general partner and the linchpin of participative governance.

As Steria shareholders, employees have the right to join Soderi and buy a number of Soderi shares equal to the number of Steria shares they hold. In this way they become active employee shareholders.

Soderi's Board of Directors, which represents the employee shareholders, is consulted about all the company's strategic directions and decisions. For example, it played a part in the decision to acquire Xansa in 2007. Half of the board was replaced in 2007 with the election of 9 representatives including from Germany, the UK and France. 18 people had put themselves forward.

In 2007, Soderi also decided to boost internal communications with employee shareholders. As an example, the Board of Directors seized the opportunity of the Soderi general meeting to host an internal communications event, inviting a conference speaker to inform employee shareholders about the challenges of Steria governance. Furthermore, a quarterly letter on the intranet was launched to provide information but also to disseminate economic knowledge to employee shareholders.

In 2007, a new Group Savings Plan campaign was launched with the aim of significantly increasing employee shareholder numbers and strengthening Soderi's European base in line with the development of the group. The plan was set up with classic and leverage effect options and was offered to all Steria's European subsidiaries for the first time. Over 800 new subscribers joined the Savings Plan, bringing numbers up to around 3,500, and 88% of the 550,000 shares on offer were subscribed.

■ **1.7 Human Resources: The Collective and Individual Growth Enabler in an International Environment**

<b>WORKFORCE<sup>6</sup> at 31 December 2007 excluding Xansa</b>					
GROUP	FRANCE	GERMANY	UNITED KINGDOM	OTHER EUROPE	HEAD OFFICE
10,834	5,739	1,656	1,321	2,056	62

<b>WORKFORCE<sup>7</sup> at 31 December 2007 including Xansa</b>						
GROUP	FRANCE	GERMANY	UNITED KINGDOM	INDIA	OTHER EUROPE	HEAD OFFICE
18,839	5,739	1,656	4,201	5,125	2,056	62

The human resources policy is designed to make Steria an exemplary employer by pursuing the following goals:

- to be a high-performance and innovative company,
- to foster a working environment based on trust, communication and high-quality interpersonal relationships,
- to make employee shareholding and participative governance a success driver.

In 2007's particularly dynamic IT labour market, Steria drew on what makes it different to continue to attract the best external talent and actively continued to implement its in-house talent development and detection action plans.

In 2007, the Human Resources policy was particularly focused on developing Steria's human capital, with the implementation of 4 programs:

- standing out from the competition: "Steria Unique"
- progress: "Steria Up"
- training: "Steria Academy"
- resource management: "Steria Best".

<sup>6</sup> FTE (full-time equivalent): workforce taking into account the percentage of activity of part-time employees, e.g. an employee working 80% of the week is counted as 0.8 FTE.

<sup>7</sup> FTE (full-time equivalent): workforce taking into account the percentage of activity of part-time employees, e.g. an employee working 80% of the week is counted as 0.8 FTE.

### 1.7.1 “Steria Unique” – Standing out from the crowd

The aim of “Steria Unique” is to ensure the overall consistency of the Group, based around the need for “One Steria”, by identifying elements that can be shared at the same time as respecting the differences between countries in terms of type of activities.

#### 1.7.1.1 “Co-ownership and Co-entrepreneurship”

Steria promotes its original governance model which combines co-ownership of the company (with employee shareholding extended to the whole Group) and co-entrepreneurship. The Company’s employee shareholders become Soderi shareholders and participate in Group governance. They are involved in the Group’s strategic decisions through their appointed representatives.

In 2007, a new Group Savings Plan campaign was launched with the aim of significantly increasing employee shareholder numbers and strengthening Soderi’s European base in line with the development of the group. The plan was set up with classic and leverage effect options and was offered to all European subsidiaries for the first time. Over 800 new subscribers joined the Savings Plan.

#### 1.7.1.2 “Stereo” opinion survey

Steria gives all its employees a voice through an in-house opinion survey called “Stereo”, which is conducted every two years by an external service provider. Results per team are examined by managers and improvement actions are implemented.

The 2007 Stereo had a participation rate of 74% and a slightly improved overall score.

#### 1.7.1.3 “European Work Council”

The European Work Council has 13 members from 9 different countries. Its role is to guarantee employees’ information and consultation rights and to encourage constructive transnational dialogue, particularly concerning economic, financial, commercial and organisational developments in the group.

The Council met several times in 2007, particularly to discuss the integration of Xansa.

#### 1.7.1.4 Developing Corporate Social Responsibility (CSR)

Corporate Social Responsibility is a key differentiating factor for Steria. The company carries out numerous actions aimed at increasingly integrating CSR into the company’s day-to-day activities, both internally and with its commercial relationships.

Details of the actions carried out are provided in section 1.5.

### 1.7.2 “Steria Up” – Progress

“Steria Up” is Steria’s progress driver. It is made up of the company’s most talented individuals who are networked and work together to define and implement the Group’s aim. “Steria Up” also recognises talented individuals with an appropriate remuneration policy.

#### 1.7.2.1 Talent management

Detecting and developing talent from inside the company is now more important than ever due to the “talent war” which intensified in 2007 and which is making applicants an increasingly scarce commodity.

The individual performance and development review is the cornerstone of this approach, enabling employees to obtain line management feedback on their performance over the past year. They are also a channel for expressing aspirations in terms of career advancement and for defining a personalised training and development plan. The individual performance review rate is measured each year and was 79% in 2007.

Career paths by job family (management, sales, pre-sales, project management, technical, consulting, support functions) are defined, thus creating a common directory of functions within the Group.

Every year, Steria's managers get together to assess the skills and potential of each employee at Company Resource Evaluation and Development Committee (CEDRE) meetings.

These meetings enable the Group to plan for the future, identify its strengths and weaknesses, ensure that every person's role is adapted to his or her competencies, obtain an overall vision of the human resources potential of the company, evaluate the employability of each member of the organisation, identify possible candidates for mobility, decide on new assignments at management level and determine the direction the recruitment and training plan will take in the coming year.

#### 1.7.2.2 Networked talent

In line with "One Steria", the Group networks its most talented individuals through combining the hands-on approach (decentralisation principle) with overall Group consistency (Steria Unique).

There are three international management networks:

- the "Group Management Board" brings together the Group's country and functional managers. It met four times in 2007 to discuss subjects such as human resources policy, European key accounts and innovation;
- "Move Ahead" is made up of a hundred or so managers selected by the EXCOM to represent Steria's community of entrepreneurs. They help to draw up the Group's strategic vision and represent the company's values, as well as boosting communications and contributing to synergies and networking within the group. The "Move Ahead" group meets twice a year;
- the "Group Management Network" includes all Steria managers (around 400 people), profit centre and support function managers. They are the communication vector to teams in the field.

In addition to its personalised approach to talent (the CEDRE) and its management networks, Steria also develops networks based around its offers (European sales network) and its consultants (European consulting network) which help to strengthen the leadership of its communities of experts.

#### 1.7.2.3 Recognition of talent through the remuneration policy

The remuneration policy recognises talent by rewarding both individual and collective performance. It is characterised by:

##### Competitiveness with regard to the market:

Steria offers competitive salaries corresponding to the position held and the skills implemented. To be in line with the market, Steria takes part every year in surveys designed to measure its position in relation to its closest competitors.

##### Performance recognition through variable remuneration:

For managers, salespeople, most consultants and project leaders, as well as for certain functional roles, variable remuneration is a natural tool for recognition and compensation.

Part of their salaries is based on achieving annual individual and collective objectives. The corresponding objectives are set by line management and reviewed annually. Quantitative objectives are based on budget figures and are all measurable.

Objectives for operational managers are set in line with the company's general orientations in terms of growth, profitability and cash, as well as with its transformation programmes.

2008 objectives for Executive Committee members can be broken down as follows: 40% on Group performance (revenue and profitability), 60% on personal objectives set by the general manager and approved by the remuneration committee.

For the other operational managers, the objectives have a collective performance element (revenue and profitability of the entity to which they belong) and a personal objectives element (revenue, profitability, cash and transformation programmes of the entity to which they belong).

The variable remuneration system is reviewed each year after taking into account the feedback from the field and the challenges of the coming year. A lot of effort is put into ensuring that the system guarantees a direct relationship between performance and the variable remuneration paid.

#### Individuality:

Pay increases are based on individual or collective (team) performance, taking into account the position of the employee within his or her salary band.

Fixed and variable pay increase policies are approved annually at Group level then applied by country to take into account the collective measures in certain countries.

Collective negotiations are carried out with employee representation bodies in those countries whose law provides for these circumstances.

#### Associating Employees with Results:

Profit-sharing agreements differ from country to country according to local legislation.

#### Associating Employees with Creating Value for the Company:

Employees are given the option to become shareholders in Steria by subscribing to the Group Savings Plan and to capital increases reserved for employees.

#### Communication and Transparency:

Employee compensation does not depend solely on direct remuneration but also on certain benefits, social or otherwise (pension, medical insurance, paid leave, etc.). All French employees received a personalised social review in 2007 providing them with the full details of their compensation packages.

### 1.7.3 “Steria Academy” – Training

Training investment increased significantly in 2007.

Steria's training programmes are composed of two-thirds technical training relating to customer needs and technology developments and one-third management development training (leadership and communication, sales, performance management, team management, project management, customer business knowledge, etc.).

E-learning is playing an increasing part in this training.

The following table lists the total number of days of training (excluding contract training) provided to employees and the related cost (excluding internal costs):

TRAINING	2005	2006	2007
Number of days	15,642	20,457	33,174
Cost	€7,625K	€7,311K	€10,852K

The purpose of the “Steria Academy”, the Group's management school, is to develop managers' skills and enhance their ability to work on major international projects in a networked fashion. The management school's main programmes were reviewed in 2007 and are composed of the following elements:

#### 1.7.3.1 “Driving for Excellence”

This programme is aimed at the Group's “profit centre” managers (130 people). It is designed to build up the skills of this community of managers and enhance their leadership abilities by having them work on the individual and collective performance and development of their teams, and by helping them to bring their employees together through a network.

It includes three two-day development modules, designed and coordinated by Head Office teams and delivered locally in partnership with the Oxford Group:

- Strategy and performance management;
- Leadership and team management;
- "Business excellence" sales development.

#### 1.7.3.2 "Leadership in Motion"

This programme targets high-potential employees and is designed to encourage the development of talented European leaders, the future "top managers" in the Group. Designed in partnership with "The Danish Institute – MANNIZ", the course is divided into modules on personal leadership, strategy and innovation, Steria markets and customers and change management. Moreover, each of the participants benefits from a 360-degree assessment of his or her personal leadership skills at the beginning and end of the course so as to measure their individual progress in this area.

The programme involved high-flyers working on projects related to Group strategy. At the end of the programme they presented the Group Executive Committee with proposals for strategic projects such as the SPI (Steria Project Institute) in France for training project leaders, Consulting in Germany and the Sales Academy at Xansa in the United Kingdom.

#### 1.7.3.3 "Move Ahead"

This programme concerns the hundred or so managers selected by the Executive Committee who play a key role in the Group's development. The goal of these sessions is to give the Group's key contributors a clear and shared vision of strategy and managerial practices and to develop synergies and best practices throughout the company.

#### 1.7.3.4 "Steria Ambassadors"

Set up in 2005, this programme was rolled out to over 3,000 employees at the end of 2007. Open to all employees, its aim is to enable everyone to present Steria, its strategy, core businesses and offers to customers and other external players.

It enables participants to fully adopt Group strategy and understand what sets Steria apart from its competitors and aims to make all employees ambassadors for the Group on a daily basis.

### 1.7.4 "Steria Best" – Resource management

"Steria Best" has five objectives:

- 1) to ensure the internal mobility of talented individuals,
- 2) to enable them to see their development,
- 3) to have the best resources and best skills at the right time,
- 4) to step up recruitment in a particularly competitive employment market,
- 5) to reduce unwanted resignations.

#### Recruitment and integration

The success and organic growth of Steria are dependent on its capacity to attract and promote the most talented individuals. Once their skills and expertise have been assessed, the Group makes every effort to select the people who cultivate its values of respect, simplicity, creativity and openness to others. The recruitment policy is focused on hiring:

- Young graduates via partnerships with top schools and universities in the countries served by the group
- Experts and consultants with extensive knowledge of our customers' businesses
- Information system architects

In 2007, Steria recruited 2,664 people externally (34% of whom were newly qualified), broken down as follows:

- 1,184 in France,
- 514 in Germany,
- 302 in the United Kingdom (excluding Xansa),
- 665 in other countries.

Steria pays particular attention to the integration of new recruits through special induction days designed to help them to find out more about the company and its strategy and to meet the managers.

Steria also focuses on informing, integrating, developing and managing IT teams taken over in the scope of outsourcing projects.

In France, operations involving personnel transfer are carried out in strict accordance with the Steria Employee Outsourcing Charter. Steria goes above and beyond its legal obligations to commit to 24 specific points covering the outsourcing operation from start to finish: personalised skill reviews, regular updates on project progress during the transition phase and integration reviews within six months of the personnel transfer operation. Finally, each transferred employee is offered the opportunity to participate in the group's employee shareholding programme, as well as in its development and professional training schemes.

In the United Kingdom, Steria is continuing its programme based on the good conduct charter, known as "Managing Change in the 21<sup>st</sup> Century", which incorporates similar commitments.

#### Managing resources, mobility and career development

In 2007, following its purchase of Xansa, Steria reorganised its different job families. This resulted in the definition of 11 Group-wide job families.

Furthermore, France, in accordance with the legislation in force, developed a skills planning system applicable from 2008.

#### Other key figures

	Excluding XANSA			Including XANSA 2007
	2005	2006	2007	
Change in turnover rate (*)	11%	13.8%	16.61%	18.6%

(\*) Staff turnover is calculated as follows: the sum of resignations/retirements of employees on permanent or fixed-term contracts over the year divided by the total workforce on 31 December of the previous year.

	Excluding XANSA			Including XANSA 2007
	2005	2006	2007	
Change in average employee age	37 years	36.8 years	37 years	36 years

## ■ 1.8. Risk factors

### 1.8.1 Market Risks

The Group pays close attention to managing its risks. It has a structured process for identifying and overseeing corrective measures, both at headquarters and in the operating units in different countries.

This process falls under the overall responsibility of the Group's Finance Department, which in turn relies on business experts for aspects related to managing major projects and issues with high technological content. This process calls for a monthly review of various risks and action plans of operating units as well as a Group report that is submitted to the General Management.

The Group's financial organisation also centrally manages all of its liquidity, foreign exchange, interest rate and counterparty risks.

Each zone where operations are located has a local financial department; finance directors in each of these zones report functionally to the Group Finance Director.

A regular review of the various financial and operational risks is conducted by the Audit Committee.

The main market risks the Group is exposed are described below.

#### 1.8.1.1 Liquidity risks

##### Hedging policy

The overall policy aims to secure and optimise the Group's liquidity. Each external financing decision is centralised at the Group level under the responsibility of the Corporate Finance Department.

A review of cash flow and available credit lines is conducted monthly with the Group Finance Director and during each Audit Committee meeting.

##### Financing Structure

The line of credit existing at 31 December 2006 of €250 million, was cancelled and repaid in full when a new loan agreement was signed in 2007.

As part of the acquisition of Xansa, the company entered into a multi-currency loan agreement on 29 July 2007, amounting to approximately €1 billion, with a major bank for a period of five years. This multi-currency loan was syndicated thereafter with a group of banks.

The refinancing operations in the fourth quarter of 2007 were successful - the issue of convertible bonds and this capital increase, totalling €352 million, allowed the company to repay in full the bridging loan (facility B1 of €340 million of the new syndicated loan) in December 2007.

The breakdown of **credit facilities** at 31 December 2007 is detailed below:

	Amount		Drawn down at 31 Dec. 2007		% Drawn down at 31 Dec. 2007	Maturity	Rate** at 31 Dec. 2007
	In €M	In £M	In €M	In £M			
<b>Syndicated loan</b>							
Facility A1 A	274		274		100%	Amortisable 2012	5.69%
Facility A1 B		46		46	100%	Amortisable 2012	7.20%
Facility A2		54		54	100%	Amortisable 2012	7.20%
Facility B2	11		11		100%	2008	5.39%
Facility C	53		0		0%	2012	N/A
Revolving Facility	200			16	11%	2012	7.20%
<b>Other</b>		2		2	100%	Amortisable 2009	6.53%
<b>Overdraft</b>	46		7		16%	N/A	4.24%
<b>Total by currency</b>	584	102	292	118			
<b>Total in euros (€)*</b>	<b>724</b>		<b>454</b>		63%		6.18%

\* Rate at 31 Dec. 2007: 1 EUR = 0.73335 GBP

\*\* Rate: rate of credit facility drawn down = interbank rate of the currency drawn down + fixed margin

The interest rate on the syndicated loan is equal to the interbank rate of the currency in question at the time it is drawn down, plus a margin which is fixed for a period of six months depending on the leverage ratio.

#### Banking Covenants

The credit agreement includes a commitment that the company respect two financial ratios, calculated half-yearly on the basis of the published consolidated financial statements, on a rolling 12-month basis.

The first financial ratio, called the **leverage ratio**, represents **net financial debt to EBITDA** and shall not—on the date of calculation—exceed the following:

December 2007	2.75
June 2008	2.75
December 2008 to December 2012	2.25

Net financial debt refers to the entire consolidated debt and similar borrowings (excluding inter-company debts), plus pension fund deficits net of tax, less cash and cash equivalents.

EBITDA is the consolidated operating margin before current depreciation and amortisation charges and provisions.

For the periods ended 31 December 2007 and 30 June 2008, the EBITDA taken into consideration for the calculation of such ratios will be pro forma EBITDA, including the EBITDA of Xansa and its subsidiaries for the relevant periods.

At 31 December 2007 the ratio of net debt to EBITDA is largely respected and is calculated as follows:

Net financial debt (including pension obligations)	
Borrowings and short-term debt (less than 1 year)	€66.2 M
Borrowings and long-term debt (more than 1 year)	€387.8 M
Cash & cash equivalents	€ (147.2) M
Pension obligations	€ 68.5 M
DTC on pension obligations	€ (14.5) M
Total net debt	€360.9 M
EBITDA	
Steria (excluding Xansa companies)	€123.8 M
Xansa 12 months pro forma	€47.2 M
Total pro forma EBITDA	€ 171.0 M€
<b>Ratio of net debt to EBITDA</b>	<b>2.11</b>

The second financial ratio, referred to as the **interest coverage ratio**, represents the ratio of **EBIT to the net cost of financial debt** and shall not—on each date of calculation—fall below the following:

December 2007	3.75
June 2008	3.75
December 2008	3.75
June 2009 to December 2012	5.00

EBIT is the consolidated operating margin, before amortisation of intangible assets that are identified when the companies are acquired.

The net cost of financial debt is published in the consolidated half-yearly and annual financial statements.

At 31 December 2007 the ratio of EBIT to the net cost of financial debt is largely respected and is calculated as follows:

EBIT	
Steria (excluding Xansa companies)	€94.5 M
Xansa 12 months pro forma	€34.0 M
Total pro forma EBIT	€128.5 M

Cost of net financial debt

Steria (excluding Xansa companies)	€11.6 M
Xansa pro forma	€5.1 M
Total pro forma net cost of financial debt	€16.7 M

**Ratio of EBIT to net cost of financial debt** **7.69**

In addition to the financial commitments described above, the credit agreement also stipulates a number of cases where the loan must be repaid early, in whole or in part as appropriate:

- Mandatory early repayment in full in the event the ownership of the company changes, or if all or a substantial number of the company's assets are sold
- Mandatory early repayment of bridging loans using the proceeds of a capital increase (excluding the capital increase related to the conversion of the subordinated convertible bonds)
- Beyond a specified threshold, repayment using proceeds from asset sales
- Beyond a specified threshold, repayment of a sum equal to each new borrowing subscribed by the company

Lastly, in order to guarantee its obligations under the credit agreement, the company has granted the lending banks a pledge over the shares of Xansa acquired by the company so long as the leverage ratio is higher than 2.0.

Schedule of debt repayment:

In millions of euros	2008	2009	2010	2011	2012	More than 5 years	Total
Fixed rate debt	0	0	0	0	0	0	0
Variable-rate debt	64	51	61	72	206	0	454
Total	64	51	61	72	206	0	454

At 31 December 2007 the breakdown of the Group's **net debt** was as follows:

<b>Net financial debt at 31 December 2007</b>				
<i>In millions of euros</i>	Less than 1 year	1 to 5 years	More than 5 years	<b>Total</b>
Financial liabilities <i>(Borrowings and long-term debt – note N4.11)</i>	66	388	-	<b>454</b>
Financial assets <i>(Cash and cash equivalents - note N4-10)</i>	(147)	-	-	<b>(147)</b>
<b>Net financial debt</b>	<b>(81)</b>	<b>388</b>	-	<b>307</b>

Financial assets include cash and short-term investments: their net book value is equal to their market value at 31 December 2007.

### 1.8.1.2 Interest rate risks

#### Hedging policy

The Group's objective is to hedge against interest rate fluctuations by swapping part of the variable rate financial debt for fixed rate debt.

Derivatives that are authorised to hedge debt include swap contracts with major financial institutions. These contracts are managed by the Group's Treasury Department.

All of the Group's rate hedges were conducted through the parent company (Groupe Steria SCA).

#### Situation at 31 December 2007

The Group has entered into several interest rate swaps (rate swaps and collar swaps), details of which are presented below:

<i>Interest rate derivatives In millions of euros</i>	Nominal	Rate received (variable)	Average rate paid (fixed)	MTM*
Collar swaps	300	Euribor 3 months	4.21%	3.8
<b>Assets</b>	<b>300</b>			<b>3.8</b>
Swaps	109	Libor GBP 3 months	5.6950%	-0.4
<b>Liabilities</b>	<b>109</b>			<b>-0.4</b>

\* Mark-to-market: market value

With respect to existing interest rate hedges, the gross financial debt subject to interest rate risk at 31 December 2007 amounted to €454 million.

At constant debt and foreign exchange levels compared to 31 December 2007 and after taking into account the portfolio's interest rate derivatives at that date, a 100 basis point increase of variable rates would increase the annual financial charges by €0.5 million.

### 1.8.1.3 Exchange rate risks

The Group is exposed to two major categories of risks related to exchange rate movements. First is a translation risk in the various financial statements of the Group's consolidated accounts for activities carried out in countries whose functional currency is different from the Euro. Secondly, the transactional risk related to operational flows from purchases or sales of services in currencies that are different from the currency of the country where the service is accounted for.

#### Hedging policy

As part of its overall policy on risk management, Groupe Steria systematically hedges against commercial risks that may have a material impact at the Group level. These commercial risks mainly arise from intra-group services between countries with different functional currencies. While this only represents a small fraction of the Group's activity, some non-Group export contracts are invoiced in a currency other than the functional currency of the country providing the service.

Steria has entered into and continues to negotiate contracts to hedge its exposure to exchange rate risks by buying and selling currency futures. The maturities of underlying assets for these foreign exchange contracts generally do not exceed six months. To this day, the company does not hedge foreign exchange using derivative options.

Derivatives are recorded at fair value on the balance sheet and changes in fair value are recorded in the P&L (mark -to-market accounting).

Gains/losses on foreign exchange resulting from the revaluation of these hedges at year-end are recorded in the income statement under the item Financial Profit/(Loss); the corresponding entry for this gain/loss is recorded under the customer/supplier item (£1.6 million at 31 December 2007).

The market value of a forward exchange contract or currency swap is equal to the difference between the initial value of these contracts at the initial future exchange rate and the future value of these same contracts at the close.

Situation at 31 December 2007

The United Kingdom generated approximately 47% of all Groupe Steria and Xansa pro forma revenue for FY 2007. Variations in the Euro-sterling exchange rate could significantly impact revenue, operating income and the Group's financial situation due to the translation effects in the Group's consolidated financial statements.

The structure of the Group's debt, part of which is contracted in sterling, is a natural hedge, although partial, against translation risks on the net situation which appears on the balance sheet.

At 31 December 2007, the breakdown by type and currency of the Group's gross financial debt is as follows:

<i>In millions of euros</i>	Currency of origin			<b>Total</b>
	<b>Euros</b>	<b>GBP</b>	<b>Other</b>	
Bank borrowings	251	140	0	<b>391</b>
Short-term bank borrowings	34	21	0	<b>55</b>
Loans and interest related to finance leasing	5	2	0	<b>7</b>
Short-term bank facilities	7	0	0	<b>7</b>
Other	-6	0	0	<b>-6</b>
<b>Gross financial debt</b>	<b>291</b>	<b>163</b>	<b>0</b>	<b>454</b>

In addition, the significant size of production activities in India has created a transactional exchange risk related to rebilling services in euros and sterling in different Group countries. This risk is managed locally under the supervision of the Group.

#### 1.8.1.4 Counterparty risks

All currency and interest rate hedges (see above) are entered into with major banking institutions. Banking counterparty risks are thus considered negligible.

Financial investments are essentially in monetary vehicles managed by major financial institutions. They are subject to approval by the Group and respect the prudent principles defined by the Group. Consequently, these short-term investments do not expose the Group to significant counterparty risks.

#### 1.8.1.5 - Shares/Investments

##### Investments

Short-term investment securities at 31 December 2007 were as follows:

<i>In millions of euros</i>	Short-term investments	Liquidity contract cash advance	Total short-term investment securities
Assets value	37,4	0,6	38,0
Off-balance sheet	-		-
Net global value	37,4	0,6	38,0

Short-term investments essentially consist of overnight money market investments.

At constant exchange levels compared to 31 December 2007 and taking into account the portfolio's short-term investments at that date, a 100 basis point decrease of variable rates would cause annual financial income to fall by €0.4 million.

##### Treasury shares

Treasury shares, regardless of their usage, are deducted from the shareholders' equity under IFRS to the amount of €36.1 million.

Their market value at 31 December 2007 was €36.6 million, calculated using the last quoted share price at the close.

### 1.8.2 Risk related to redemption commitments to minority shareholders

Given that the Group has made no redemption commitments to its minority shareholders, it currently bears no such risk.

### 1.8.3 Legal Risks

The Group's Legal Department is in charge of controlling legal risk and comprises:

- A Group Legal Department
- A Legal Department in countries with major sites. In the absence of a local department, local managers contact the Group Legal Department for assistance.

The Group Legal Department is in charge of the following:

#### Legal Disputes

Given its size and level of sales, the Group can be considered to have a low level of litigation and disputes. To a large extent, this is a result of the quality of the work but also the internal control processes it has put in place for the management of proposals and contracts, and individualised tracking of operations designed to monitor operational risks.

A certain number of disputes and proceedings have been identified and are constantly reviewed, in particular, on a monthly basis, by the Risk Committee, with the operations, legal, financial and human resources departments in attendance.

The potential consequences of litigation are either covered by insurance policies or provisioned adequately on the basis of a risk analysis carried out by the operations, financial and legal departments.

To the Company's knowledge, there are no disputes, arbitration proceedings or exceptional facts likely to have or have had during the last 12 months, a significant impact on the financial position, earnings, business or assets of the company or group.

Disputes are managed at Group level (less than ten outstanding litigation cases at present) and covered by a civil liability insurance policy or by a financial provision. Legal disputes linked to human resources are managed by the Human Resources Department.

There are no other outstanding or impending government, legal or arbitration proceedings, including proceedings which the company is aware of, that is likely to have or have had during the last 12 months a materially adverse effect on the financial position or earnings of the company and/or the Group.

An internal directive stipulates that all disputes be handled by the Group Legal Department, which should immediately be informed of any summons or legal procedure. This enables the insurance companies to be brought in immediately and a legal representative if necessary.

The assessment of risks is carried out based on an analysis by the operating department in question, the risk department, the finance department and the legal department. Provisions are recorded following this joint analysis of the genuine risk undertaken in accordance with current accounting practices.

Major risks are reviewed on a monthly basis by the Group Risk Committee.

### Legal Watch

A legal watch has been organised by the various Legal Departments to keep abreast of legal events and changes to regulations to be applied within the Group, such as updating standard agreements, contractual principles and directives.

### Insurance

This point is covered in section 1.8.7 below.

### Trademarks & Patents

Trademark protection is centralised at the head office and managed by the Group Legal Department. The Group currently owns 227 trademarks, which are monitored and managed by the Group Legal Department. Given the Group's business and copyright regulations, no patents have been filed.

### Company Law and Follow-up

The Group Legal Department acts as the corporate secretary (General Meetings, Board Meetings, posting financial statements, registrations, mandates, etc.) for the Group's holding companies. The local Legal and/or Finance Departments act as corporate secretaries for the other European subsidiaries and the Group Legal Department consolidates the information that is submitted. It also tracks and ensures compliance with current financial market regulations, directors' and officers' liability, etc.

Holdings (companies in which Steria has a minority interest) are managed by the partners and majority shareholders. Steria actively monitors the performance of these holdings through regular contacts as well as it does its rights and their compliance with agreements, even though it does not have a controlling interest.

### Contracts

Groupe Steria has set up a process for approving its contracts both when proposals are submitted to the customer and when the customer signs. This process includes specific procedures involving reviews and approvals by functional teams at headquarters and by the General Management for important transactions at the Group level.

Contracts are managed and signed by the various operational entities in question, depending on the level of authority delegated to them. This involves standard contracts drawn up by the Legal Department or assistance from the Legal Department and other functional departments pursuant to the delegation rules.

Group managers receive legal and contractual awareness training.

The Group's directive on the delegation of authority and responsibility governs authority in terms of delegation, signing contracts and responsibility as well as the processes that must be respected with a view to the various commitments involved. This directive has been adapted on a country-by-country basis in order to take local legal constraints into account.

## *1.8.4 Industrial Risks*

These risks are covered in section 1.8.6.

## *1.8.5 Environmental Risks*

Because the Group's business is service-oriented, it has a limited environmental impact.

Steria nevertheless has an active environmental responsibility policy. The Group has put in place several actions to reduce the direct environmental impacts of its activities, both in terms of energy consumption as well as recycling (for more details, refer to section 1.5).

### 1.8.6 Other risks related to Steria's business

#### Human Resources Risks

Steria's success largely depends on its human and intellectual assets: the competence, experience, efficiency and commitment of its employees and key management team members.

Demand for talented individuals and skilled managers is high in the IT services and consulting market. The company could experience difficulties if it faced high attrition rates or had problems recruiting. Its financial performance could be affected since it would not be able to fulfil the terms of some contracts as planned or because it won't be able to win new contracts due to the lack of competent resources to fulfil them.

The main human resources risks, the company is exposed to, include:

- Recruitment and selection processes,
- Employee commitment and working conditions,
- Employee competence and their ability to meet customer needs, employability,
- Retaining key personnel and managers,
- The replacement plan for these employees,
- Staff turnover.

Steria focuses a great deal of its attention on developing and retaining its human capital. The Human Resources Department plays a vital role in managing these risks.

Steria's human resources managers work closely with operational departments to assist them in terms of employee recruitment, follow-up, training, career development and mobility.

Monthly Group reporting, identifying key HR information for each operating unit, has also been centralised to help better understand the situation and implement the necessary action plans.

All of the elements that help Steria stand apart from other companies (original governance involving employee shareholders, corporate social responsibility, Foundation, etc.) are used to attract talent and ensure recruitment needs, both in terms of quantity and quality.

Furthermore, Steria has established a performance management policy based on the definition of clear objectives, the measurement of the results obtained and the assessment of skills and behaviour in relation to the values of the corporate mission statement.

Steria also pays particular attention to career development and draws on a range of tools to help employees take on more responsibilities by focusing on internal promotion and mobility.

Career paths by job family (management, sales, pre-sales, project management, technical, risk and operations management, consulting and support functions) are defined, thus creating a common directory of functions within the Group.

Every year, the management team gets together to assess the skills and potential of employees at Company Resource Evaluation and Development Committee (CEDRE) meetings using this common directory of functions, in a bid to promote mobility and career development.

Furthermore, an opinion poll on the motivation and adhesion to the group's strategy is carried out every two years among all Group staff.

#### Project Risk (Project Management and Control)

Steria signs IT services contracts in which the company makes commitments based on its resources and/or to achieve specified results. Defects or poor quality levels of service performance, as defined in the contracts, may expose Steria to risks (penalties, damages, non-payment, and early termination of contract risks).

In the specific context of fixed-price contracts, Steria is exposed to cost overruns, operating losses or delay penalties that may affect its financial situation. These issues may essentially be caused by technical difficulties, an initial underestimation of the workload, an underestimation of the cost of the transition phase for managed services contracts and “business process outsourcing” or by different perceptions of the contract’s scope with the customer or other services providers involved in the project.

In addition, human errors, omissions, breaches of internal rules, regulations or laws that may not or could not feasibly be identified in time, may expose Steria to liability for damages or have an impact on its reputation.

Despite the care taken and the checks performed when running projects, it is impossible to totally rule out risks in projects.

Steria has set up specific processes to manage and minimise these project risks:

- A governance plan to manage risks during a project’s different phases:
  - A procedure for signing contracts involving strict rules designed to better assess the eventual technical, human, contractual and financial risks
  - A procedure for periodically reviewing projects in the operating units in the presence of the local risk management, finance and legal teams, followed up by a monthly committee meeting with all of these actors
  - A review process and monthly reporting between the Group and operating units which is synthesized and presented to the Group’s General Management
- Operational departments in close proximity to customers and projects (Sector Units or Profit Centres) to identify risks rapidly and enable the company to act quickly to eliminate them
- Functional departments actively supporting operational departments:
  - The Human Resources and Risk Departments check the suitability of the project directors selected by line management. These Departments are also in charge of training and monitoring project directors,
  - The Risk Department oversees all control processes for project risks, coordinates their ongoing improvement and provides information about and ensures compliance with them.
  - The Legal Department helps operational departments monitor and anticipate contractual risks.
  - The Quality Department defines key internal processes to ensure supplier quality. It also oversees the ISO 9001:2000 certification in all Group countries.
  - The Internal Audit Department assesses compliance with internal rules.

#### Risks from operations in India

A large and growing share of the Group’s production activities will be carried out in India as a result of the acquisition of Xansa.

India has many different characteristics that may contribute towards instability in the country. Political, economic or social unrest, natural disasters or certain pandemics in this region of the world could greatly complicate the Group’s operations, or even temporarily make them extremely difficult, and lead to significant financial consequences.

#### Customer Risks

No one customer represents more than 5% of Group revenue. In addition, 38% of revenue is generated from governments and public authorities that in general do not pose counterparty risk. A marginal share of revenue comes from customers outside the OECD (less than 1%) and a significant share of revenue is generated, in accordance with the Group’s sales strategy, with key accounts. Approximately 40% of revenue is currently generated by the Group’s top 20 customers.

Customer counterparty risk is monitored by the Finance Department, as provided for by a Group procedure, namely by verifying the rules for opening a new account, by defining credit limits, by requesting guarantees if necessary and by implementing procedures for reminders or dispute handling.

For private customers—excluding key accounts—financial investigations are conducted prior to making any commitments and a financial scheme to secure cash flows is systematically put in place if necessary. The Group also has an Export Procedure that tightly restricts these activities based on political, financial, legal and human risks.

The Group's Finance Department, together with operating units, draws up a detailed, monthly review of treasury activities. This review includes a specific analysis of key indicators relating to the customer account management (average payment times, overdue receivables, changes in provisions for risks, etc.) and sets out specific action plans if necessary.

The Group may have to deal with the non-renewal of some major contracts for commercial reasons or in some cases because of changes in the customer's controlling shareholders. Although no customer represents more than 5% of revenue, these non-renewals, however, can lead to a significant decline in revenue and profitability and have a materially adverse effect on Steria's performance.

### Strategy Risks

The market for IT services is highly competitive and constantly changing.

It is characterised by:

- Low although increasing levels of consolidation in a market where mergers and acquisitions have historically been frequent ;
- The constant arrival of major new entrants, especially from India ;
- A particularly fast-changing technological environment ;
- Software and hardware offerings and capital-intensive sectors that are constantly changing ;
- Constantly changing customer needs and expectations and the organisation of their IT services.

Steria has several competitors:

- Major international corporations with operations in Europe,
- Major companies located in countries with low labour costs, with ambitions to penetrate the European market,
- Several local companies in different countries, including a large proportion of small companies, that are positioning themselves in added-value, niche segments or as generic service providers.

The IT services market has also historically been fairly well correlated with business cycles, which could lead companies to change the implementation of their strategic orientations.

This rapidly changing competitive environment is both a source of opportunities but also of risks. Steria is always prepared to adapt its strategy thanks to Group planning which is based on:

- A Strategic 3-year Plan reviewed annually via a standardised process that involves a synthesis of work carried out by specific operating units and Group Strategy and Business Development teams, which is then discussed, amended and approved by the Group's Executive Committee;
- A Strategic Committee that meets regularly and reports to the Supervisory Board. This committee analyses and validates the main strategic orientations;
- A Merger & Acquisitions division that constantly watches out for potential opportunities aligned with the Group's strategic orientations.

### IT, Network and Security Risks

A potential breakdown in the company information systems or telecommunications networks could affect the management of the company, Group operations and services provided to customers. This in turn could affect the Group's reputation, activities, revenue and financial position or outlook.

The main risks inherent in the Group's business include:

- Risks related to service from telecommunications networks,
- Production site risks,
- Risk related to the internal information system.

### Telecommunications Networks

Committed to accelerating the development of nearshore and offshore production activities, Steria has become highly dependent on properly functioning telecommunications networks.

In terms of telecommunications networks, Steria has diversified its supply by signing service contracts with two major international telecommunications providers based on their geographical coverage. In both cases, very high speed virtual networks (MPLS) have been set up so that each interconnection with Steria's network is doubled. Steria thus has back up connections on all of its main lines.

Group call centres' (France, United Kingdom, Poland, etc.) voice and data streams are interconnected, thereby allowing any one of the centres to pick up a call for another centre in case of a momentary interruption of service.

### Production centres

IT production sites are secured by:

- Restricting physical access to sites and protecting them from intruders ;
- Two separate power feeds from the electricity grid and a back-up generator in the event of a black-out ;
- Fire detection systems that set off an alarm and trigger a sprinkler system ;
- Backing up all key equipment in case equipment fails or there is a problem related to maintenance service ;
- Finally, site guidelines and rules ensure data integrity, confidentiality and back-ups via means that are graduate based on the importance of the information being protected.

The various sites have:

- The necessary equipment, software and data back-ups depending on how critical the activities are;
- Regularly tested plans to get operations back on-line.

Several Group units are certified ISO 27001 ("Business Continuity").

Due to the recent acquisition of Xansa, the Group's business continuity plan is being overhauled to harmonise procedures.

### Internal information systems

Internal information systems (mainly Financial and Accounting, Human Resources, Sales and Project Management) are almost all housed and operated at Group production sites. All of Steria's standard security measures for external customers thus apply to them as well.

With regard to data protection and integrity, these measures are reviewed during Group Internal Audit missions to ensure compliance with the standards.

The Group has a unified Accounting and Financial system that is deployed or being deployed in virtually all of its operating units.

Xansa's different systems will gradually migrate to those of Steria during its integration, which is expected to continue in fiscal 2008 and first half of 2009.

Despite all of the measures taken to control risks relating to its internal information systems and the migration process, the Group remains exposed to residual risks that may, under certain conditions, significantly alter its operations and performance.

#### Supplier & Partner Risks

Integration and managed services contracts are becoming increasingly complex and it is necessary to work with many partners (editors, manufacturers, consultants, IT services companies, etc.).

If one of its suppliers fails to fulfil its responsibilities, Steria may not be able to fulfil its contractual obligations with respect to its customers, which may have a materially adverse effect on its revenue, business, financial situation or outlook.

In order to contain this risk, framework partnership contracts with carefully targeted partners have been drawn up and are monitored at Group or local levels.

On a project-by-project basis, supply, subcontracting and/or co-contracting agreements are negotiated and signed with partners in line with the overall project based on our standard agreements or after a specific study.

In addition, the Group has set up listing and control procedures for suppliers and partners.

The Group remains nonetheless subject to a residual risk of defaulting by its suppliers.

#### Risks from the impairment of goodwill

The Group conducts annual impairment tests, in accordance with current standards, to determine the fair value of assets on the balance sheet and their future returns.

Having carried out several acquisitions in recent years, including the acquisition of Bull's European IT service business in 2002, German-based Mummert Consulting in 2005 and more recently Xansa in the UK and India in October 2007, the Group has accumulated goodwill on its balance sheet valued at €31.2 million at 31 December 2007. This amount is subject to periodic fair value tests in order to verify that there is no need to record impairment charges.

#### Risks from pension funds

In England, Steria has defined benefit pension plans under which the employer is obliged to fund any eventual deficits. By virtue of the law, an official analysis must be carried out every three years to assess together with the employer the deficit and the related contribution amount. Such an analysis is currently under way in the United Kingdom the Steria and Xansa funds. The conclusion of this analysis for the Xansa funds did not lead to any change in the contribution. As for Steria, the analysis was still ongoing when this report was drawn up.

### 1.8.7 Insurance

All the Group's companies are insured under policies taken out on their behalf by Groupe Steria SCA. The guarantees are delivered either directly in the form of the "Master" policy for entities located in a country applying the provisions of the "Free Provision of Services" directive, or on a "DIC/DIL" basis (Difference in conditions/Difference in limits) in addition to locally issued policies.

The Group has four insurance policies:

- Operational and Professional Civil Liability with a general contractual indemnity limit of €85 million per claim and per year of insurance;
- Property Damages and Business Interruption with a general contractual indemnity limit (all damages and business interruption losses combined) of €150 million per year and per claim for 2007;
- Fraud;
- Employment Practice Liability.

Groupe Steria has also taken out an insurance policy for its executives covering the civil liability of corporate officers and senior managers ("D&O" policy – Directors and Officers Insurance Policy)

All these insurance policies cover all the Group's entities including Xansa and its subsidiaries, with the exception of the Property Damages and Business Interruption policy. Xansa Plc has signed a long-term contract (until 1 May 2009) to cover these same risks. The Group has already taken steps, with the support of the board, to incorporate this policy into that taken out by Groupe Steria SCA to achieve synergy objectives.

## 2 Financial Year 2007 recent developments and outlook

### ■ 2.1. Overall Business of the Group

#### 2.1.1 Position of the Group and its Business During Financial Year 2007 – Progress Achieved and Difficulties Encountered

The Group set itself four main priorities for financial year 2007: to strengthen its position as one of the leading European IT services providers, to step up industrialization of production of its services, to increase the added value of its offers, and to bring all of its geographic sites into line with the Group's strategy.

To achieve these objectives, Steria has begun profound transformations.

Thanks to the programmes introduced, at the end of financial year 2007 the Group's profile was significantly modified and its competitive positioning was markedly strengthened.

Firstly, the Group carried out a highly strategic acquisition which significantly strengthened its position among the ten largest European IT services providers<sup>8</sup>. It enabled the Group:

- to achieve 9th position within the UK IT services market by widening its range of services
- to speed up its industrialization and establish new standards of excellence in the services provided to customers, thanks to the introduction of a Global Delivery model between Europe and India based on 10 years' experience and 5,100 highly qualified skilled Indian employees;
- and to gain a reference position within the Business Process Outsourcing (BPO) market which offers particularly significant growth prospects for the next few years.

Secondly, Steria endeavoured to further industrialize production of its services in 2007. In addition to integration of the offshore model which made it possible to acquire Xansa, the Group undertook to standardize its procedures and tools. On 15 October 2007 it opened a *Global Services Center* in Katowice, Poland, intended to provide remote support and management services for infrastructures on a shared multilingual platform. An application development platform was also set up in Casablanca, Morocco, in November 2007, in order to offer an alternative for nearshore production, in particular for our French for our French customers.

Thirdly, in line with the strategy developed for several years, the Group endeavoured to increase the added value of its services. A portfolio of 12 cross-disciplinary offers with high added value was developed and distributed to all of the sales forces within the new Group (including Xansa). In France, the IT and business consulting workforces were increased, and exposure to lower value-added services was greatly reduced. For example, the subcontracting rate decreased from 13.5% at the end of 2006 to 6.7% at the end of 2007, in order to keep on board only the part corresponding to our policy of selective offers.

The Group improved its performance during financial year 2007, while undertaking major transformation programmes.

With sales revenue of €1,416.2M, growth amounted to 12.2% compared to the previous financial year. This amount includes 2.5 months of business of Xansa, which has been fully consolidated since 17 October 2007. Organic growth amounted to 4.2%.

In France, organic growth in sales amounted to 1.3% in 2007 as a result of the programme to increase the added value of our activities. The ratio of order entries to sales amounted to 1.08 at the end of December 2007.

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<sup>8</sup> Source: Gartner. Top 10 Analysis based on the Gartner database (April 07, services sales only) including global players and excluding captive IT companies

In the UK, where the operational merger of the Steria and Xansa teams began in the final quarter, organic growth in annual sales amounted to 6%.

Germany showed strong growth in the 2007 financial year, confirming the strength of its economic model. Organic growth in sales amounted to 12.1%.

The performance of the Other Europe zone (up 1.6%) takes into account the sale in the final quarter of 2007 of a non-strategic business in Norway (which achieved sales of €2.2 million in the final quarter of 2006) as well as a decrease of €7.6 million in equipment sales.

In 2007, Steria increased its operating profitability for the fifth consecutive year. The operating margin increased by 15.7% to €103.6m. The operating margin amounted to 7.3%, up 0.2% compared to the previous financial year. This improvement was achieved by Steria both with its previous scope (where the operating margin increased by 0.1% to 7.2%) and with the contribution of Xansa during the period when it was fully consolidated, from 17 October to 31 December 2007 (operating margin of 8.3%).

All zones improved their operating profitability during the financial year, before group expenses. The operating margin in France increased by 0.4% compared to 2006, at 9.7%. The operating margin in the UK increased by 0.2% at 9.8%, before the inclusion of Xansa. In Germany the operating margin increased to 8.3% compared to 7.9% in 2006. In the Other Europe zone the operating margin increased by 0.1% at 4.3%.

## 2.1.2 Results of the Financial Year

The operating margin amounted to €103.7m in 2007. Before amortization of intangible assets arising from business combination and charging of other operating income and charges, the operating income amounted to €95.7m.

The financial result showed a loss of €16.3 million. It includes the cost of net financial debt, amounting to €13.2 million which mainly comprises the cost of financing the acquisition of Xansa. Other income and financial expenses amounted to €3.1 million and mainly comprise exceptional amortization of expenses on lines of credit replaced in connection with the acquisition of Xansa.

The 2007 financial year takes into account a non-recurring increase in the tax expense to €28 million compared to €23.4 million in 2006. The cut in the tax rates in Germany and the UK led to a reduction in the carrying amount of the deferred tax assets for financial year 2007, and resulted in an exceptional tax expense which increased the effective tax rate for the period to 35.8%.

Taking these items into account, the net result (Group's share) amounted to €50 million. The current net operating result (Group's share) which excludes other income and operating expenses, the amortization of intangible assets and costs of borrowing linked to the merger of companies, as well as unusual items having affected the results of Xansa during the period where the equity method was applied in the Group's books, came to almost the same level as in 2006.

Finally, taking into account the non-recurrent effect of the tax expense, the net result (Group's share) increased by 0.4%.

The operating free cash flow<sup>9</sup> increased significantly during the 2007 financial year (+153.1%) to €85.8 million, resulting in net financial debts at 31/12/2007 of €306.9 million. The Group's financial situation is therefore sound and solid:

- Mainly medium-term debt
- *Gearing* limited to 45.3% of equity which amounted to €677.5m
- *Bank covenants* are very well respected
- Easy additional drawdown of €277.6m at the end of December 2007
- Balance sheet pension obligations net of tax limited to €54m (including Xansa) compared to €60.3M at the end of 2006.

<sup>9</sup> Self-financing capacity reduced by the variation in the working capital requirement and industrial investments net of sales and restructuring

Capital employed amounted to €1,085.9 million compared to €418.7 million at 31 December 2006. This increase is mainly the result of the acquisition of Xansa.

The Group's equity went from 323.5 million euros in 2006 to 677.5 million euros in 2007 mainly due to the capital increase on 11 December 2007 for a net amount of 197.8 million euros (8.66 million shares created), the issue of one subordinate hybrid convertible bond for a net amount of 149.3 million euros on 20 November 2007, classified in IFRS as equity, a profit of 50 million euros, exchange rate gains of (34) million euros, share buybacks for (34) million euros, capital increases linked to taking up of options, PEE, BSA for 30 million euros and payment of a dividend for 8 million euros.

### 2.1.3 Research and development

During the past financial year, the company did not conduct any research and development activities, as defined in Article L. 232-1 of the French Commercial Code. Expenses related to innovation and the development of the Group's products and services are recognized in the financial statements for the year in which they are incurred.

### 2.1.4 Important events since the end of the financial year

After the end of the financial year, on 4 January 2008, Groupe Steria SCA sold Sysinter, an IT temping agency, which is not one of Steria's core businesses.

### 2.1.5 Situation on 31 March 2008 - First quarter 2008 revenue

- Consolidated revenue for Q1 2008 increased by 38.3% to €438.5M.
- Like-for-like revenue was virtually stable (-0.3% compared to Q1 2007).
- In the UK, organic growth based on Steria's historic perimeter was +8.6%. The revenue trend for the full perimeter notably reflects the expected impact of the non renewal of the Learning and Skills Council and MyTravel contracts.
- In Germany, organic growth was 14.4%.
- In France, Q1 2008 is the last period which will be impacted by the effects of the transformation programme before a return to growth which is expected for Q2 2008.

#### First-quarter 2008 consolidated revenue

(In € million)	Q1 2007	Q1 2008	Growth
Revenue	317.1	438.5	38.3%
Change in structure	+131.0		
Currency effect	-8.3		
Pro forma revenue	439.9	438.5	-0.3%

#### First-quarter 2008 revenue by geographic zone

(In € million)	Q1 2007*	Q1 2008	Organic growth
France	135.0	129.8	-3.8%
UK	198.6	193.6	-2.5%
Germany	51.1	58.4	14.4%
Other Europe	55.2	56.6	2.5%
Total	439.9	438.5	-0.3%

#### First-quarter 2008 revenue by business line

(In € million)	Q1 2007*	Q1 2008	Organic growth
Outsourcing and BPO	172.2	175.7	2.0%
Consulting and Systems Integration	267.7	262.7	-1.8%

\* Revenue at constant structure and exchange rates (base 2008).

In Q1 2008, consolidated revenue for the Group, which includes Xansa, increased by 38.3%. Like-for-like revenue was virtually stable (-0.3%). As of 31 March 2008, the ratio of new orders to revenue was 1.1 at the Group level.

In France, the ratio of new orders to revenue of 1.19 at 31 March 2008 underlines the current strong commercial dynamic and enables the Group to expect revenue growth from Q2 2008, after a Q1 revenue which continues to be impacted by the effects of the transformation programme. This programme of increasing value-added, along with a more selective hiring policy in 2007, has been continued, during Q1 2008, with a significant reorganisation in order to facilitate the deployment of the new Group offers and offshore.

In the UK, the Q1 revenue trend was largely attributable to the decline of the Learning & Skills Council and MyTravel contracts following a decision by these clients, which pre-dated Steria's takeover of Xansa, not to renew them, the full impact of which will occur in Q2. In this zone, the Group has observed no major change in its operating environment. It should be noted that, in the defence domain, there has been a postponement in the start date of a significant contract from H1 to H2 2008.

Germany confirms its strong dynamic with organic growth of 14.4% together with a strong entry order performance.

The Other Europe zone, shows a good trend. In Scandinavia, after the restatement for the disposal in Q4 2007 of the payment terminal activity, the growth was 8.9%.

The integration of Xansa is progressing according to plan in terms of integration, offers deployment and the realisation of cost synergies.

#### 2.1.6.....Predicted development and outlook

The Group is confident about its future growth prospects, thanks to its good strategic positioning in terms of geographic sites, businesses, products ranges and production capacity. The new profile of the Group is already seen by customers as offering a real competitive advantage, and is likely to create new opportunities for development for Steria. In addition, the resilient nature of the Group thanks to its recurring activities has been considerably strengthened by its new offshore capacity.

Regarding the current financial year, the integration of Xansa is taking place according to plan, which makes it possible to confirm a targeted reduction in costs linked to the acquisition of about €23 million in 2008.

Given the breakdown of cost savings over the year, the investments made to increase the added value of services in France, deploy the *BPO* and the *offshore* in the Group, goals are based on a stable operating margin rate<sup>10</sup> over the first half and a rate at least equal to 8% over the whole of the year 2008, as indicated in the update of the reference document dated 12 November 2007.

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<sup>10</sup> Before amortization of intangible assets arising from business combinations

## Report of the statutory Auditors on the profit forecasts

*This is a free translation into English of the Statutory Auditors' Report issued in French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.*

### **PIMPANEAU ET ASSOCIES**

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Commissaire aux Comptes  
Membre de la compagnie  
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Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

### **Groupe Steria S.C.A.**

## Report of the Statutory Auditors on the profit forecasts

To the Manager,

In our capacity as Statutory Auditors of Groupe Steria S.C.A. and in accordance with EU Regulation N° 809/2004, we hereby report on the profit forecasts of Groupe Steria S.C.A., which are included in Section 2.3 of its Financial Report Update dated November 12, 2007.

In accordance with the requirements of EU Regulation N° 809-2004 and relevant CESR guidance, management is responsible for the preparation of these forecasts together with the material assumptions on which they are based.

It is our responsibility to provide an opinion, in terms defined by Appendix 1, Paragraph 13.3 of EU Regulation N° 809/2004, on these forecasts.

We conducted our work in accordance with French professional standards. This work consisted in assessing the procedures implemented by management for the preparation of the profit forecasts and performing such procedures as to enable us to assess whether the basis of accounting methods applied is consistent with the accounting policies adopted for the preparation of the Company's historical financial statements. Our work also consisted in collecting information and making the necessary enquiries in order to obtain reasonable assurance that the profit forecasts have been properly prepared on the basis of the assumptions stated.

It should be noted that actual profits are likely to differ from the profit forecasts since anticipated events frequently do not occur as expected and the variations could be material. Consequently, we do not express any opinion on the possibility that such events will occur.

In our opinion:

- the profit forecasts have been properly prepared on the basis stated;
- the basis of accounting methods applied in the preparation of these profit forecasts is consistent with the accounting policies adopted by Groupe Steria S.C.A.

This report is intended for the sole purpose of the public offering in France and other European Union countries in which the Financial Report Update, registered with the French Stock Exchange Regulatory Body (AMF), will be published and may not be used for any other purpose.

Paris and Neuilly-sur-Seine, November 12, 2007

The Statutory Auditors

PIMPANEAU ET ASSOCIES  
NEXIA INTERNATIONAL

ERNST & YOUNG et Autres

Olivier Juramie

François Rochmann

## ■ 2.2. *Subsidiaries and Holdings*

The table of subsidiaries and holdings is appended to the balance sheet in the consolidated financial statements (Note 2.3). For more information, refer to Section 2.1, "Overall Business of the Group".

### 3 Financial Statements Groupe Steria SCA

#### ■ 3.1 Consolidated Financial Statements for the year ended 31 December 2007

<b>CONSOLIDATED INCOME STATEMENT</b>				
(in thousands of euros)				
	Note	For the year ended 31/12/2007	For the year ended 31/12/2006 Restated	For the year ended 31/12/2006 Published
Revenue	4.15	1,416,164	1,256,582	1,262,046
Cost of sales and sub-contracting costs		(259,427)	(287,424)	(286,594)
Personnel costs		(788,831)	(663,736)	(669,959)
External costs		(210,324)	(172,923)	(172,320)
Other taxes and duties		(27,763)	(20,458)	(20,925)
Change in inventories		964	326	326
Other current operating income and expenses		6,919	4,978	4,806
Net charges to depreciation and amortisation		(31,259)	(24,006)	(24,046)
Net charges to provisions	4.16	(3,303)	(2,976)	(2,953)
Net charges to current asset impairment	4.16	(689)	(809)	(809)
<b>Operating margin</b>		<b>102,451</b>	<b>89,554</b>	<b>89,572</b>
<i>% of Revenue</i>		<i>7.2%</i>	<i>7.1%</i>	<i>7.1%</i>
Other operating income and expenses	4.17	(6,745)	(8,486)	(8,485)
<b>Operating profit</b>		<b>95,706</b>	<b>81,068</b>	<b>81,087</b>
Income from cash and cash equivalents		471	58	73
Gross financial debt cost		(13,688)	(4,307)	(4,250)
<b>Net financial debt cost</b>	4.18	<b>(13,217)</b>	<b>(4,249)</b>	<b>(4,177)</b>
Other financial income and expenses	4.18	(3,061)	1,006	1,013
<b>Financial profit/(loss)</b>		<b>(16,278)</b>	<b>(3,243)</b>	<b>(3,164)</b>
Income tax expense	4.7	(28,025)	(23,367)	(23,632)
Share of profit/(loss) of associates	4.4	(280)	998	603
<b>Net profit from continuing operations</b>		<b>51,123</b>	<b>55,456</b>	<b>54,894</b>
Net loss from discontinued operations	4.20	<b>(877)</b>	<b>(562)</b>	
<b>Net profit for the year</b>		<b>50,246</b>	<b>54,894</b>	<b>54,894</b>
<b>Attributable to equity holders of the parent</b>		<b>50,018</b>	<b>54,332</b>	<b>54,332</b>
<b>Attributable to minority interests</b>		<b>228</b>	<b>562</b>	<b>562</b>
Earnings per share (in euros)	4.19	2.36	2.72	2.96
Diluted earnings per share (in euros)	4.19	2.29	2.64	2.87

<b>CONSOLIDATED BALANCE SHEET</b>
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## ASSETS

(in thousands of euros)

	Note	As at 31/12/2007	As at 31/12/2006 Restated	As at 31/12/2006 Published
Goodwill	4.1	831,166	241,241	241,241
Intangible assets	4.2	81,626	14,240	14,260
Property, plant and equipment	4.3	103,559	68,380	68,403
Investments in associates	4.4	10,641	4,810	2,976
Available-for-sale assets	4.5	2,367	2,360	2,360
Other financial assets	4.6	11,790	969	969
Deferred tax assets	4.7	26,467	39,221	39,262
Other non-current assets		1,309		
<b>Non-current assets</b>		<b>1,068,925</b>	<b>371,221</b>	<b>369,471</b>
Inventories	4.8	15,489	11,392	11,392
Net trade receivables and related accounts	4.9	334,582	278,471	279,396
Amounts due from customers	4.9	168,688	120,888	121,522
Other current assets	4.9	25,995	10,668	12,567
Short-term portion of non-current assets	4.9	2,291	1,537	1,538
Current tax assets	4.9	9,313	6,163	6,163
Prepaid expenses	4.9	29,230	17,914	17,921
Cash and Cash Equivalents	4.10	147,173	58,303	58,308
<b>Current assets</b>		<b>732,761</b>	<b>505,336</b>	<b>508,807</b>
Non-current assets classified as held for sale	4. 20	1,250		
<b>Total Assets</b>		<b>1,802,936</b>	<b>876,557</b>	<b>878,278</b>

## CONSOLIDATED BALANCE SHEET

### EQUITY AND LIABILITIES

		(in thousands of euros)		
	Note	As at 31/12/2007	As at 31/12/2006 Restated	As at 31/12/2006 Published
Issued share capital		28,155	18,623	18,623
Share premium		382,623	164,361	164,361
Treasury shares		(36,124)	(1,582)	(1,582)
Subordinated hybrid convertible bonds		149,300		
Exchange differences		(31,276)	2,924	2,924
Other reserves		132,783	83,795	83,795
Net profit for the year		50,018	54,332	54,332
<b>Equity attributable to equity holders of the parent</b>		<b>675,479</b>	<b>322,453</b>	<b>322,453</b>
Minority interests		2,021	1,039	1,041
<b>Total equity</b>		<b>677,500</b>	<b>323,492</b>	<b>323,494</b>
Long-term borrowings	4.10	387,830	48,948	48,948
Retirement benefit obligations	4.11	68,509	74,827	74,852
Provisions for long-term liabilities and charges	4.12	18,009	5,680	5,680
Deferred tax liabilities	4.7	12,755	2,068	2,068
Other non-current liabilities	4.13	968	19	19
<b>Non-current liabilities</b>		<b>488,071</b>	<b>131,542</b>	<b>131,567</b>
Short-term borrowings	4.10	66,239	8,535	8,535
Provisions for current liabilities and charges	4.12	14,935	15,478	15,527
Net trade payables and related accounts	4.14	175,166	134,984	135,355
Gross amounts due to customers	4.14	89,705	46,499	46,674
Prepayments and advances received	4.14	23,780	12,184	12,184
Current tax liabilities	4.14	20,242	15,709	15,865
Other current liabilities	4.14	246,106	188,134	189,076
<b>Current liabilities</b>		<b>636,173</b>	<b>421,523</b>	<b>423,217</b>
Liabilities directly associated with non-current assets classified as held for sale	4.20	1,192		
<b>Total equity and liabilities</b>		<b>1,802,936</b>	<b>876,557</b>	<b>878,278</b>

## CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31/12/2007 Restated	Year ended 31/12/2006 Restated	Year ended 31/12/2006 Published
<b>Net consolidated profit (including minority interests)</b>		<b>50,246</b>	<b>54,894</b>	<b>54,894</b>
<b>Adjustments for:</b>				
Share of profit/(loss) of associates		280	(998)	(603)
Net charges to depreciation, amortisation and provisions (excluding current assets)		31,301	15,859	15,778
Calculated expenses and income related to share options and equivalent		3,863	1,974	1,974
Fair value remeasurement gains and losses		(253)		
Capital gains/losses on disposal		(6,487)	(271)	(271)
Dividends (non-consolidated investments)		(1)	(2)	(2)
<b>Cash flow from operating activities after net financial debt cost and taxes</b>		<b>78,949</b>	<b>71,456</b>	<b>71,770</b>
Net financial debt costs		13,218	4,223	4,177
Income tax expense (including deferred tax)		28,032	23,428	23,632
<b>Cash flow from operating activities before net financial debt cost and taxes</b>		<b>120,200</b>	<b>99,107</b>	<b>99,579</b>
Income tax paid		(40,762)	(6,140)	(6,162)
Change in working capital requirements		49,154	(29,335)	(29,541)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>128,591</b>	<b>63,632</b>	<b>63,876</b>
Purchases of intangible assets		(14,467)	(6,517)	(6,546)
Purchases of property, plant and equipment		(20,365)	(19,284)	(19,300)
Proceeds from disposals of intangible assets and property, plant and equipment		5,535	315	316
Purchases of long-term financial investments (non-consolidated investments)		193	8	8
Proceeds from disposal of long-term financial investments (non-consolidated investments)				
Loans and advances granted		(7,529)	(441)	(442)
Repayments received on loans and advances granted (including factoring)		2,540	8,480	8,480
Impact of changes in Group structure				
<i>-Acquisition of consolidated companies, net of cash acquired</i>		(659,561)		
<i>-Disposal of operations and consolidated companies, net of cash transferred</i>		9,914	374	374
<i>Impact of other changes in Group structure</i>			17	
Other flows related to investing activities		118	326	372
Dividends received (associates, non-consolidated investments)		397	415	193
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(683,225)</b>	<b>(16,307)</b>	<b>(16,545)</b>
Amounts received from shareholders as part of a share capital increase		223,725	11,574	11,575
Dividends paid during the year:				
<i>-Dividends paid to shareholders of the parent company</i>		(7,402)	(5,614)	(5,614)
<i>-Dividends paid to minority interests of consolidated companies</i>		(223)		
Disposals/(acquisitions) of treasury shares under the liquidity contract		(362)	294	294
Proceeds on issue of hybrid convertible bonds		152,449		
Proceeds from new borrowings		445,743	15,831	15,831
Repayment of borrowings (including finance leases)		(138,339)	(62,657)	(62,657)
Disbursements relating to retirement benefit obligations	Note 1.15	(14,556)	(10,231)	(10,231)
Interest paid (including finance leases)		(18,750)	(4,567)	(4,567)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>642,285</b>	<b>(55,370)</b>	<b>(55,369)</b>
Impact of changes in exchange rates		(3,712)	131	131
Impact of changes in accounting method				
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>83,940</b>	<b>(7,912)</b>	<b>(7,907)</b>
Cash and cash equivalents at the beginning of the year		55,673	63,585	63,585
Cash and cash equivalents at the end of the year	Note 4.10	139,613	55,673	55,678

## STATEMENT OF CHANGES IN EQUITY

Equity attributable to equity holders of the parent	Number of shares outstanding	Share capital	Share premium	Subordinated hybrid convertible bonds	Consolidated reserves	Exchange differences	Net profit for the year	Equity attributable to equity holders of the parent
<b>As at 1 January 2006 (attributable to equity holders of the parent)</b>	<b>18,121,652</b>	<b>18,122</b>	<b>149,662</b>		<b>51,592</b>	<b>2,377</b>	<b>38,286</b>	<b>260,038</b>
Appropriation of prior year profit					38,286		(38,286)	
Dividends paid					(5,614)			(5,614)
Share capital increase	501,605	502	14,699					15,201
Change in exchange rates						547		547
Net profit attributable to equity holders of the parent							54,332	54,332
Valuation of share-based payments and cash instruments					(2,101)			(2,101)
<b>Miscellaneous</b>					<b>50</b>			<b>50</b>
<b>As at 31 December 2006 (attributable to equity holders of the parent)</b>	<b>18,623,257</b>	<b>18,624</b>	<b>164,361</b>		<b>82,213</b>	<b>2,924</b>	<b>54,332</b>	<b>322,453</b>
Appropriation of prior year profit					54,332		(54,332)	0
Dividends paid					(8,417)			(8,417)
Share capital increase	9,532,162	9,532	218,262					227,794
Issue of perpetual subordinated bonds, convertible and/or exchangeable for new shares (Note 2.1)				<b>149,300</b>				<b>149,300</b>
Change in exchange rates						(34,201)		(34,201)
Net profit attributable to equity holders of the parent							50,018	50,018
Share-based remuneration: share options, free shares and Group Savings Plan (note 4.17)					3,690			3,690
Share subscription warrants exercised in 2007					(3,757)			(3,757)
Own shares repurchased by Groupe Steria SCA					(422)			(422)
Own shares repurchased by consolidated entities					(34,184)			(34,184)
Gains/losses on hedging instruments (Note 4.6)					3,313			3,313
<b>Miscellaneous</b>					<b>(109)</b>			<b>(109)</b>
<b>As at 31 December 2007 (attributable to equity holders of the parent)</b>	<b>28,155,419</b>	<b>28,156</b>	<b>382,623</b>	<b>149,300</b>	<b>96,659</b>	<b>(31,277)</b>	<b>50,018</b>	<b>675,479</b>

Minority interests	Number of shares outstanding	Share capital	Share premium	Subordinated hybrid convertible bonds	Consolidated reserves	Exchange differences	Net profit for the year	Total Minority interests
<b>As at 1 January 2006 (minority interests)</b>					<b>288</b>	<b>9</b>	<b>224</b>	<b>520</b>
Appropriation of prior year profit					224		(224)	0
Dividends paid								
Share capital increase								
Change in exchange rates						9		9
Net profit attributable to minority interests							562	562
Other movements (transfer of losses to the Group)					(50)			(50)
<b>As at 31 December 2006 (minority interests)</b>					<b>462</b>	<b>18</b>	<b>562</b>	<b>1,041</b>
Appropriation of prior year profit					562		(562)	
Dividends paid								
Share capital increase								
Change in exchange rates						(53)		(53)
Net profit attributable to minority interests							228	228
Minority interest share in the acquisition of Xansa						722		722
<b>Various adjustments</b>							<b>83</b>	<b>83</b>
<b>As at 31 December 2007 (minority interests)</b>					<b>1,024</b>	<b>687</b>	<b>311</b>	<b>2,021</b>
<b>Total Equity as at 31 December 2007</b>	<b>28,155,419</b>	<b>28,156</b>	<b>382,623</b>	<b>149,300</b>	<b>97,683</b>	<b>(30,590)</b>	<b>50,329</b>	<b>677,500</b>

The increase in the share capital in 2007 is attributable to the exercise of share options in the amount of €9,096 thousand, share issues under the Group Savings Plan in the amount of €17,243 thousand and the exercise of share subscription warrants in the amount of €3,669 thousand.

In addition, in order to finance the acquisition of Xansa, the Group performed a share capital increase with retention of preferential subscription rights on 12 November 2007, for the issue of 8,663,204 new shares at a price of €23.20 per share. This share capital increase took effect on 11 December 2007 and represented a total increase of €197,786 thousand, including costs net of tax of €(3,305) thousand.

In order to finance the acquisition of Xansa, the Group also performed on 12 November 2007 an issue of perpetual subordinated bonds, convertible and/or exchangeable for new shares. As at 14 November 2007, 4,080,549 bonds had been issued for a total of €152,449 thousand, or €149,300 thousand after deduction of accrued interest as at 31 December 2007. These bonds are equity instruments under IFRS.

Treasury shares held by Groupe Steria SCA are held under the liquidity contract implemented in 2006. Moreover, UK companies included in the scope of consolidation hold 1,394,767 Groupe Steria SCA shares since 11 December 2007.

Dividends paid to shareholders during 2007 totalled €8,417 thousand. Shares outstanding as at 31 December 2006 totalled 18,623,257, representing a dividend per share of €0.45.

The main goal of the Group in terms of capital management is to maintain healthy capital ratios so as to facilitate activity and development.

The Group manages its capital structure in line with changing business conditions and its debt requirements.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **NOTE 1: ACCOUNTING POLICIES**

#### **N1.1 Standards Applied**

The Groupe Steria SCA consolidated financial statements for the year ended 31 December 2007 include Groupe Steria SCA and its subsidiaries (hereinafter referred to as "The Group") and the Group's share in associates and jointly controlled companies. Pursuant to the application of EC regulation no.16<sup>6</sup>/2002 of 19 July 2002, the 2007 consolidated financial statements of Groupe Steria SCA are prepared in accordance with International Financial Reporting Standards (IFRS) applicable as at 31 December 2007, as adopted by the European Union.

The consolidated financial statements and the notes thereto for financial year 2007 were approved by the General Manager on 21 March 2008 after consulting the Supervisory Board.

The policies used for the preparation of this financial information arise from the application of standards and interpretations adopted by the European Union and of mandatory application as at 31 December 2007.

The following standards and interpretation are of mandatory application since 1 January 2007:

- IFRIC 7 on applying the restatement approach under IAS 29 when an entity must apply IAS 29 for the first time (no hyperinflation in the previous year),
- IFRIC 8, which confirms the application of IFRS 2 to transactions under which shareholders of an entity contract an obligation to transfer cash or other assets for an amount based on the price or value of the shares or other equity instruments of the entity,
- IFRIC 9 on the identification of embedded derivatives,
- IFRIC 10 which states that impairment losses recognised in interim financial statements must not be reversed in subsequent financial statements.
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 amended (Presentation of Financial Statements): Capital disclosures

The above new standards and amendments to IFRS, together with the new IFRIC interpretations are presented for the first time in the Group consolidated financial statements for the year ended 31 December 2007.

None of these standards, standard amendments or interpretations had an impact on the consolidated financial statements. IFRS 7 led to changes in disclosures presented in the Notes, as did the amendment to IAS 1.

In addition, the Group elected not to apply in advance the following texts, which are of mandatory application after 31 December 2007:

- IFRS 8 "*Operating Segments*": *Disclosures*
- IAS 23 "*Borrowings Costs*", amendment to the existing standard
- IFRIC 11 on Group and treasury share transactions,
- IFRIC 12 on service concession arrangements,
- IFRIC 13 on customer loyalty programmes,
- IFRIC 14 on defined benefit pension assets and minimum funding requirements.

## N1.2 Consolidation Methods

The annual consolidated financial statements include the financial statements of Groupe Steria SCA and its subsidiaries as at 31 December of each year. Subsidiaries are consolidated as soon as the Group exercises control and up until the date on which this control is transferred outside the Group.

Companies over which Groupe Steria SCA exercises control, directly or indirectly, are fully consolidated.

Companies over which the Group exercises joint control with a limited number of shareholders are equity accounted. Following the business combination of the Group and the Xansa Group and in order to standardise accounting policies and apply a uniform accounting method to each investment category, jointly controlled entities are no longer proportionately consolidated (see Note 2.1 a – Change in accounting method).

Companies over which the Group exercises a significant influence are consolidated using the equity method.

All inter-company transactions are eliminated on consolidation.

## N1.3 Business combinations and goodwill

Business combinations are recognised using the acquisition method: the assets, liabilities and contingent liabilities of the acquired company are recognised at their fair value. The residual difference between the acquisition cost and the share in net assets measured at fair value is recognised in goodwill.

Goodwill represents the difference between the cost of the shares (including any contingent price adjustments which are recognised when they are probable and their amount can be measured reliably) and the acquired share of the fair value of the assets, liabilities and contingent liabilities identified at the acquisition date.

Goodwill recognised in the balance sheet is not amortised but is subject to annual impairment tests.

## N1.4 Impairment of Intangible Assets, Property, Plant and Equipment and Goodwill

Impairment tests are performed on the cash-generating unit or units (CGU) to which goodwill is allocated by comparing the recoverable amount and the carrying amount of the cash-generating units. The cash-generating unit is the country.

The recoverable amount of a cash-generating unit is the higher of the fair value (generally the market price), net of costs to sell, and the value in use. The value in use is determined based on the net present value of future cash flows after taxes. These calculations are based on 5-year plans prepared by the management of the country and reviewed by Executive Management and Financial Management of the Group. Cash flows arising after the 5-year period are extrapolated using an estimated 2.5% perpetual growth rate. All of these cash flows are discounted using a discount rate of 8.09% corresponding to the weighted average cost of capital of Groupe Steria after tax.

The assumptions used for these calculations include, as for all estimates, an element of uncertainty and thus may be adjusted during subsequent periods.

If the carrying amount of a cash-generating unit exceeds the recoverable amount, the assets of the cash-generating unit are reduced to their recoverable amount. The impairment loss is deducted in priority from goodwill and recognised in the income statement.

## N1.5 Foreign Currency Translation

The consolidated financial statements of the Group are prepared in euro.

The assets and liabilities of foreign entities whose functional currency is not the euro are translated into euro at the closing exchange rate. Income and expense items and cash flows are translated into euro at the average rate for the period.

All resulting gains and losses are recognised as a separate component of shareholders' equity ("Exchange differences"). When a foreign entity leaves the Group structure, cumulative exchange differences are recognised in the income statement as a component of the profit or loss generated on the removal of this entity.

All goodwill and fair value adjustments arising from the acquisition of a foreign entity are recognised as an asset or liability of the acquired company and are therefore denominated in the currency of the foreign business and translated at the closing rate.

Transactions denominated in a currency other than the functional currency are translated at the exchange rate prevailing on the transaction date. At the year-end, assets and liabilities denominated in foreign currencies are translated at the closing exchange rate. Resulting exchange differences are recognised in the income statement (in Other financial income and expenses).

Derivative instruments are measured and recognised in accordance with the general principles set out in Note 1.21. As such, currency derivatives are recognised in the balance sheet at fair value.

## N1.6 Intangible assets

In accordance with IAS 38, intangible assets acquired separately are recognised at cost where the future economic benefits attributable to their capitalisation flow to the Group and if this cost can be measured reliably.

Intangible assets acquired as part of business combinations are recognised at their fair value at the date of the transaction, and separately from goodwill if they satisfy the conditions set forth in IFRS 3.

Intangible assets whose useful lives are finite are amortised on a straight-line basis over their respective useful lives.

Intangible assets with indefinite useful lives are not amortised but are subject to annual impairment tests which compare their recoverable amount to their net carrying amount. Any impairment losses are recognised in the income statement. Intangible assets which may be amortised are also subject to impairment tests when there is an indication that an impairment loss is likely.

Intangible asset impairment tests are based on the discounted future cash flow method.

Development costs are recognised in intangible assets when the criteria set forth in IAS 38 can be demonstrated, notably:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the Group's intention to complete the intangible assets and use or sell it;
- how the intangible asset will generate probable future economic benefits.

If the intangible asset is to be used internally:

- its usefulness is recognised;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, is assured;
- costs attributable to the intangible asset during its development are measured reliably.

Development costs which do not satisfy these criteria are expensed in the period in which they are incurred.

Capitalised production costs in respect of the development of software to be used internally include only the costs related to the detailed design of the application, programming and testing and the drafting of technical documentation.

## N1.7 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses.

Where necessary, the total cost of an asset is broken down between its various components when their estimated useful lives are different and each component is therefore depreciated over a different period.

Depreciation is calculated using the straight-line method based on the estimated useful life of the asset as follows:

- Buildings 20 to 50 years – straight-line
- Fittings and fixtures 7 to 10 years – straight-line
- Vehicles 5 years – straight-line
- Office furniture and equipment 5 to 10 years – straight-line
- Computer hardware 3 to 8 years – straight-line

Items of property, plant and equipment held under finance leases are recognised under assets on the balance sheet and depreciated in accordance with their useful lives. The debt corresponding to the principal to be repaid is recorded under liabilities on the balance sheet in the line item “Borrowings”. Interest paid on this debt is recognised in financial expenses.

## N1.8 Investments in Associates

Investments over which the Group exercises a significant influence (associates) are recognised using the equity method. They are initially recognised at cost and then adjusted to take into account changes in the Group’s share in their net assets. The balance of this share appears under assets in the balance sheet. Movements over the period are recognised in the income statement (Share of profit/(loss) of associates).

## N1.9 Financial assets

All investments are initially recognised at cost which corresponds to the fair value of the price paid, including transaction costs relating to the investment.

- Available-for-sale Assets

In accordance with IAS 39, available-for-sale assets comprise financial assets other than loans and receivables originated by the enterprise (other financial assets), held-to-maturity investments or financial assets held for trading (marketable securities). This heading includes all equity investments in non-consolidated companies. After initial recognition, investments classified in “Available-for-sale assets” are recognised at fair value at the balance sheet date. Fair value gains and losses on available-for-sale assets are recognised in equity under a specific line item, until the investment is sold or until it has been demonstrated that the investment is impaired, at which time cumulative fair value gains and losses previously recognised in equity are released to profit or loss.

Equity investments in non-consolidated companies, whose fair value may not be determined reliably (unquoted equity investments) are recognised at cost.

- Loans and Receivables

Loans and receivables are recognised at amortised cost. Where necessary, provisions for impairment loss may be raised. Such impairment corresponds to the difference between the net carrying amount and the recoverable amount and is recognised in profit or loss. This provision may be reversed in the event of a favourable change in the recoverable amount.

- Financial Assets Held for Trading

Marketable securities are included in financial assets held for trading and are therefore recognised at fair value. Gains and losses are recognised in profit or loss.

#### N1.10 Deferred tax

Deferred tax is recognised on all temporary differences between the tax value and the accounting value of assets and liabilities on consolidation.

Deferred tax assets are only recognised if it is probable that the enterprise will recover them as a result of taxable income expected in future financial years.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced when it is no longer probable that sufficient taxable income will be available to enable the utilisation of all or part of this deferred tax asset. Deferred tax assets not recognised are assessed at each balance sheet and are recognised if it becomes probable that future taxable income will enable recovery.

Tax assets and liabilities are measured using prevailing tax rates and rules in effect as at 31 December 2007, that is:

Germany	31.91%
Austria	25.00%
Belgium	33.99%
Canada	36.00%
Cyprus	10.00%
Denmark	25.00%
Spain	30.00%
United States	35.00%
France	34.43%
India	33.99%
Norway	28.00%
United Kingdom	28.00%
Singapore	20.00%
Sweden	28.00%
Switzerland	25.00%

Deferred tax assets and liabilities, regardless of their expiry date, are offset when they relate to the same tax entity.

#### N1.11 Inventories and Work-In-Progress

Inventories are recognised at the lower of cost (on a first-in-first-out (FIFO) basis) and net realisable value.

Costs incurred in the start-up phase of a contract may be recognised on the balance sheet as work-in-progress when they relate to future activities of the contract and provided it is probable that they will generate future economic benefits.

#### N1.12 Cash and Cash Equivalents

Cash and cash equivalents include cash at bank and in hand, short-term deposits and all money market investments with a negligible risk of change in value.

### N1.13 Treasury shares

Treasury shares, regardless of their utilisation, are deducted from equity.

### N1.14 Contract Revenue Recognition

Service contracts break down into three types:

- technical assistance and maintenance contracts which are invoiced based on the time actually spent, and purchases and expenses effectively incurred: revenue equals the invoice issued and the margin is generated pro rata to the costs incurred;
- fixed-price contracts which are invoiced at various predefined stages and whose revenue and margin are generated using the percentage of completion method. This principle results in the recognition of deferred income or sales invoice accruals when amounts invoiced are not in line with the progress of work. If uncertainties exist with respect to customer acceptance, revenue is only recognised up to recoverable incurred costs. Work-in-progress is recognised at production cost and does not include administrative or commercial costs;
- fixed-price contracts which are invoiced at various predefined stages and whose revenue and margin are generated based on services rendered. This principle results in the recognition of deferred income or sales invoice accruals when amounts invoiced are not in line with services rendered. Moreover, costs incurred in the start-up phase of a contract may be recognised on the balance sheet as work-in-progress when they relate to future activities of the contract and provided it is probable that they will generate future economic benefits.

More generally, revenue is recognised at the fair value of the consideration received or receivable.

If the re-estimated result of a contract is a loss, provisions for losses to completion are systematically recorded in Provisions for liabilities and charges.

Services rendered but not yet invoiced are recognised in Amounts due from customers.

Services invoiced by the Group to its customers but not yet realised are recognised in Gross amounts due to customers.

Partial payments received on contracts, before the corresponding work has begun, are recognised in Customer deposits and advances under liabilities on the balance sheet.

Services invoiced to the Group by external service providers are recognised in Prepaid expenses under assets on the balance sheet if the services have not yet been realised.

Revenue determined using the percentage of completion method is based on an estimate of the cost to completion of a contract. This estimate is likely to be modified in subsequent periods and lead to adjustments to revenue and possibly the recording of provisions for losses to completion.

Moreover, the Group recognises revenue on sales of computer hardware and software once all the conditions for recognition of sales of goods are satisfied, as recommended by IAS 18.

### N1.15 Post-employment Benefits

Depending on the country, the Group has defined contribution and defined benefit plans.

For defined contribution plans, the Group expenses the contributions to be paid when they are due and no provision is recognised, since the Group is not responsible for amounts beyond the contributions paid.

For defined benefit plans, the provisions are determined as follows:

- the actuarial valuation method used is the projected unit credit method, which stipulates that each period of service gives rise to an additional unit of benefit entitlement, and measures each unit separately to obtain the final obligation;
- these calculations include assumptions of life expectancy, employee turnover and projected future salary increases;

- the corridor method is applied. Accordingly, only actuarial differences representing more than 10% of the amount of obligations or the market value of plan assets are recognised and amortised over the average remaining working life of the employees who are included in the plan;
- the expense representing changes in net obligations with respect to pensions and other post-employment benefits is recognised in the Operating margin as personnel costs, except for interest paid on debt less the return on financial assets, which is recognised in Other financial expenses.

Contributions made to defined benefit plans are considered as personnel costs for the portion corresponding to service costs and financial provisions for the difference between the return on plan assets and the interest on obligations towards employees. Any additional contribution to service cost is treated as a cash outflow related to financing activities.

The actuarial calculation of defined benefit retirement obligations includes uncertainties which may affect the value of financial assets and obligations towards employees. Assumptions are reviewed annually and may result in accounting adjustments.

## N1.16 Provisions

Present obligations resulting from past events involving third parties are recognised in provisions only when it is probable such obligations will give rise to an outflow of resources to third parties, without consideration from the latter that is at least equivalent.

Contingent liabilities are not recognised and are described in the notes to the financial statements when they are material, except in the case of business combinations where they are considered as identifiable items.

- Provisions for restructuring

In the specific case of restructuring, an obligation is recognised as soon as the restructuring has been publicly announced and a detailed plan presented or the plan has been implemented.

This cost mainly corresponds to severance payments, early retirement, costs related to notice periods not worked, training costs for departing employees and other costs relating to site closures. A provision is recognised for the rent and related costs to be paid, net of estimated sub-leasing income, in respect of any property if the asset is sub-leased or vacant and is not intended to be used in connection with main activities.

Scrapped assets and impairment of inventories and other assets directly related to the restructuring measures are also recognised in restructuring costs.

- Provisions for litigation

The Group recognises a provision each time a risk related to a legal proceeding or litigation of any type (business, regulatory, tax or employee-related) is identified, that it is probable that an outflow of resources will be necessary to extinguish this risk and that the cost related to this risk can be reliably estimated. In such cases, the amount of the provision is determined based on the best estimate of the probable costs related to the proceedings or litigation.

As provisions are estimated based on future risks and expenses, such amounts include an element of uncertainty and may be adjusted in subsequent periods.

## N1.17 Borrowings

Borrowings are initially recognised at cost which corresponds to the fair value received, net of borrowing costs.

Subsequent to the initial recognition, borrowings are recognised at amortised cost using the effective interest rate method, which takes into account all borrowing costs and repayment discounts or premiums.

## N1.18 Share options and free shares

The fair value of options and free shares granted to employees is recognised in Other operating income and expenses over the vesting period.

The binomial valuation model is used to measure the fair value of options granted. This model enables options available for exercise to be measured at any time during the term of the option. Free shares are valued at the share price on the date of grant. When these equity instruments are subject to conditions of non-transferability, the cost of non-transferability is taken into account in their fair value. Where appropriate, the inability to collect dividends is also taken into account in the fair value calculation.

In accordance with IFRS 1, only plans subsequent to 7 November 2002 are measured and recognised in other operating expenses.

## N1.19 Presentation of the Financial Statements

The Group presents its financial statements in accordance with IAS 1, the IFRS conceptual framework and recommendation no. 2004- R.02 of the French National Accounting Council (*Conseil National de la Comptabilité*) dated 27 October 2004 on the presentation of the income statement, cash flow statement and statement of changes in equity. Accordingly, the following principles have been adopted by the Group:

- the income statement is presented by nature of income and expense in order to best represent the Group's type of business activity;
- the Group's main financial performance indicator is the operating margin which is defined as the difference between revenue and expenses of current activities;
- operating profit is determined by deducting the estimated fair value of share-based payments, the impact of goodwill impairment tests and other non-current operating income and expenses of the Group (disposal of activities, restructurings, etc.) from the operating margin;
- financial profit presents the Group's financial debt cost separately from other financial income and expenses;
- the balance sheet presents a breakdown of current and non-current assets and liabilities.

## N1.20 Earnings Per Share

Earnings per share is calculated by dividing net profit attributable to equity holders of the parent by the number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by adjusting net profit attributable to equity holders of the parent and the weighted average number of ordinary shares outstanding to include the impacts of all potentially dilutive shares.

## N1.21 Derivative Instruments

The Group uses derivative instruments such as currency forwards and interest rate swaps to hedge its exposure to interest rate risk and fluctuations in foreign currencies. Derivative instruments are recognised at fair value.

Any gains or losses resulting from fair value movements in derivatives not designated as hedging instruments are recognised directly in profit or loss.

The fair value of currency forwards is calculated by reference to current exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps is determined by reference to the market value of similar instruments.

For hedge accounting purposes, hedges are classified as either:

- fair value hedges, which hedge exposure to changes in the fair value of a recognised asset or liability or a firm commitment (except currency risk);
- cash flow hedges, which hedge exposure to fluctuations in cash flows attributable either to a specific risk associated with a recognised asset or liability or a highly probable future transaction or currency risk on a firm commitment;
- hedges of a net investment in a foreign operation.

Hedging instruments that satisfy IAS 39 hedge accounting criteria are recognised as follows:

### *Fair value hedges*

Changes in the fair value of a derivative designated as a fair value hedge are recognised in profit or loss. Fair value gains and losses on the hedged item attributable to the hedged risk adjust the carrying amount of the hedged item and are also recognised in profit or loss.

### *Cash flow hedges*

The gain or loss corresponding to the effective portion of the hedging instrument is recognised directly in equity, while the ineffective portion is taken to profit or loss.

Amounts recognised directly in equity are released to profit or loss in the period during which the hedged transaction impacts profit or loss.

If the Group does not expect the realisation of the forecast transaction or commitment, amounts previously recognised directly in equity will be released to profit or loss. If the hedging instrument matures, is sold, cancelled or exercised and is not replaced or renewed or if its designation as a hedging instrument is revoked, amounts previously recognised in equity will be held in equity until realisation of the forecast transaction or firm commitment.

### *Hedges of a net investment*

Hedges of a net investment in a foreign operation, including hedges of monetary items recognised as part of a net investment, are recognised in the same way as cash flow hedges.

The gain or loss corresponding to the effective portion of the hedging instrument is recognised directly in equity, while the ineffective portion is taken to profit or loss.

On the disposal of the foreign operation, cumulative gains and loss recognised directly in equity are released to profit or loss.

## **NOTE 2: SCOPE OF CONSOLIDATION**

### **N2.1 Changes in the scope of consolidation and legal restructurings**

- Skillsoft was absorbed on 1 January 2007 in a merger with Steria Ibérica.
- Mummert Logistic et Solutions was liquidated on 1 January 2007.
- Mummert Partner Management Consulting was liquidated on 1 January 2007.
- The investment in Soltrx, equity accounted as at 31 December 2006, was sold on 25 June 2007. The sales agreement stipulated that Groupe Steria SCA would not receive a share of the results of Soltrx for the first six months of 2007. The disposal is therefore effective as at 1 January 2007 and the accounting impact of this disposal is presented in Notes 4.4 and 4.17.
- As at 31 December 2007, the Group is in the process of selling the company Sysinter. Pursuant to IFRS 5, *Non-current assets held for sale and Discontinued operations*, the assets and liabilities of Sysinter as at 31 December 2007 are presented separately in the balance sheet and its results for financial years 2007 and 2006 are presented on a separate line of the 2007 and 2006 Income Statements under "Loss from discontinued operations".
- The acquisition of Xansa Group is presented in Note 2.2

Overview of changes in the scope of consolidation in 2006:

- The shares in Assekurata held by Steria Mummert Consulting and representing 25.10% of the company's share capital were sold in the first half of 2006.
- Steria Mummert GmbH was absorbed on 1 January 2006 in a merger with Steria Mummert AG.

### **N2.1 a Changes in accounting method**

- Diamis, a jointly controlled company previously consolidated on a proportionate basis, is now equity accounted (see Note 1.2). This change in consolidation method represents a change in accounting method as defined by IAS 1, and as such the 2006 comparative balance sheet and income statement have been restated accordingly.
- This change in accounting method does not impact equity.

### **N2.2 Acquisition of Xansa Group**

On 30 July 2007, Groupe Steria SCA announced its intention to acquire for cash the company Xansa, listed on the London Stock Exchange. This acquisition was realised by way of a "scheme of arrangement" in accordance with Article 425 of UK Company Law. A presentation of Xansa Group and the acquisition were included in the updated Reference Document filed with the AMF (French Financial Markets Authority) on 12 November 2007.

This note describes the main impacts of the acquisition and its financing on the financial statements of the Group. Xansa is consolidated in the consolidated financial statements of the Group with effect from 17 October 2007. As such and in accordance with AMF instruction n°2007-05, supplementing the provisions of IFRS 3, pro forma information is presented at the end of the note.

### Impact of the acquisition

The Group acquired 25.4% of the share capital of Xansa on 30 July 2007. In order to comply with the different stages of the Scheme of arrangement, Groupe Steria SCA became the sole shareholder of Xansa on 17 October 2007.

The 25.4% share capital interest held between 30 July and 17 October was accounted for using the equity method. The share of loss of associates recognised in the consolidated income statement is €(82) thousand.

Pursuant to IFRS 3, *Business combinations*, the acquisition of Xansa was recorded using the acquisition method: the acquisition cost consists of cash payments made by Groupe Steria SCA, plus costs directly attributable to the acquisition and incurred by the Group.

Cash payment for the purchase on 30 July of 25.4% of the share capital	€170,319 thousand
Cash payments for the purchase on 17 October of 74.6% of the share capital	€519,987 thousand
Costs directly attributable to the acquisition	€8,016 thousand
<b>Total acquisition cost</b>	<b>€698,322 thousand</b>

In accordance with the purchase accounting method, the acquisition cost is allocated to the assets acquired and the liabilities and contingent liabilities assumed.

As part of the allocation of the Xansa acquisition cost, the Group recognised an intangible asset at fair value in respect of Xansa customer relations. Land and buildings were also remeasured to fair value. The allocation of fair values to the identifiable assets, liabilities and contingent liabilities of Xansa was provisional at the balance sheet date.

Customer relations	€64,019 thousand
Deferred tax on customer relations	€(17,925) thousand
Remeasurement of land and buildings	€7,268 thousand
Deferred tax on the remeasurement of land and buildings	€(2,470) thousand
<b>Total identified assets, net of tax</b>	<b>€50,892 thousand</b>

As net assets excluding identified Xansa assets total €18,334 thousand (including cash and cash equivalents of €38,763 thousand), unallocated goodwill is €629,096 thousand. The majority of this goodwill balance is justified by activities in the United Kingdom and is therefore valued in pounds sterling as at 31 December 2007. In accordance with IFRS 3, the goodwill balance and its allocation to the Group's various CGUs will be finalised during the 12 months following the date of acquisition of control.

The customer relations asset identified on acquisition will be amortised over 11 years. An amortisation charge of €1,188 thousand was recognised for the period ended 31 December 2007. In addition, depreciation of €45 thousand was recognised in 2007 in respect of the revaluation of buildings.

## **Financing of the acquisition**

As part of the financing of the acquisition of Xansa, the Company entered into a multi-currency loan agreement on 29 July 2007 for an approximate amount of €1 billion and maturing in 2012, including notably a bridging loan of €352 million. A renewable medium-term loan of €200 million and an authorised overdraft facility of €46 million were also included in the overall €1 billion package.

Groupe Steria SCA also performed, on 12 November 2007, a share capital increase with retention of preferential subscription rights, comprising the issue of 8,663,204 new shares at a price of €23.20 per share. The share capital increase of €197,786 thousand (net of capital increase costs) was completed on 11 December 2007.

Finally, in parallel to the share capital increase, the Group also performed on 12 November 2007 an issue of perpetual subordinated bonds, convertible and/or exchangeable for new shares. As at 14 November 2007, 4,080,549 bonds had been issued for a total of €152,449 thousand, or €149,300 thousand after deduction of accrued interest as at 31 December 2007. These bonds bear interest at a rate of 5.70%. Interest of €999.9 thousand was paid in respect of 2007. These bonds are considered equity under IFRS and coupon payments are therefore recognised in the same way as dividend distributions.

Following the share capital increase and the issue of the hybrid convertible bonds, the Group repaid the bridging loan.

As at 31 December 2007, financing facilities drawn and relating to the acquisition of Xansa totalled €421 million. These facilities are denominated in pounds sterling for a euro equivalent of €136 million at 2007 closing exchange rates.

Interest borne by the Group in respect of these borrowings in 2007 totalled €7,545 thousand. Interest borne in respect of the bridging loan totalled €1,918 thousand.

## **Pro forma information**

In accordance with AMF instruction n°2007-05 supplementing the provisions of IFRS 3, the intermediate account headings presented in the following table have been prepared as if Xansa were acquired as at 1 January 2007.

As the acquisition took place on 17 October, the consolidated financial statements have been adjusted for the additional costs and income incurred or estimated for the period 1 January to 17 October:

- inclusion of income and expenses of Xansa companies during this period,
- elimination of inter-company transactions during this period,
- elimination of the 25.4% share of profit of associates recorded in the consolidated financial statements for the period 31 July to 17 October (see Note 4.4),
- estimation, for this period, of additional loan interest costs in respect of acquisition financing and estimation of the impact of this interest on the tax expense,
- inclusion, for the period, of additional depreciation and amortisation in respect of assets identified on acquisition and the corresponding tax impact,
- Xansa companies incurred costs relating to the acquisition during the period preceding the acquisition: primarily fees paid to advisors and intermediaries and the accelerated exercise of share options. These expenses are eliminated from the profit or loss of Xansa companies between 1 January and 17 October.

	Revenue	Operating margin	Operating profit	Financial profit/(loss)	Net profit/(loss)
Consolidated as at 31/12/2007	1,416,164	102,451	95,706	(16,278)	50,245
Xansa from 1 January to 17 October	463,128	24,792	(1,885)	(2,839)	(4,783)
Inter-co transactions between 1 January and 17 October	(892)				
Share of profit of associates between 1 January and 17 October					82
Loan interest between 1 January and 17 October				(13,774)	(9,031)
Depreciation and amortisation between 1 January and 17 October of assets identified on acquisition.		(4,685)	(4,685)		(3,363)
Acquisition-related costs incurred by Xansa during the pre-acquisition period			14,018		13,186
<b>Pro forma accounts</b>	<b>1,878,400</b>	<b>122,557</b>	<b>103,153</b>	<b>(32,890)</b>	<b>46,336</b>

## N2.3 Scope of consolidation as at 31 December 2007

	Consolidation method as at 31/12/07	% interest as at 31/12/07	% control as at 31/12/07	Consolidation method as at 31/12/06 restated	% interest as at 31/12/06 restated	% control as at 31/12/06 restated
<b>Holding Company (France)</b>						
<b>GROUPE STERIA SCA</b>						
<b>France</b>						
DIAMIS	EA	40.00	40.00	EA	40.00	40.00
IMELIOS	FC	65.00	65.00	FC	65.00	65.00
INTEST	EA	43.99	43.99	EA	43.99	43.99
STERIA	FC	100.00	100.00	FC	100.00	100.00
STERNET	FC	100.00	100.00	FC	100.00	100.00
STEPAR	FC	100.00	100.00	FC	100.00	100.00
SYSINTER	EA	100.00	100.00	FC	100.00	100.00
U-SERVICES	FC	100.00	100.00	FC	100.00	100.00
<b>GERMANY</b>						
STERIA MUMMERT CONSULTING GmbH VIENNA	FC	100.00	100.00	FC	100.00	100.00
STERIA MUMMERT ISS GmbH	FC	100.00	100.00	FC	100.00	100.00
STERIA MUMMERT CONSULTING.AG	FC	100.00	100.00	FC	100.00	100.00
MUMMERT LOGISTIC SOLUTIONS	NC	-	-	FC	100.00	100.00
MUMMERT PARTNER MANAGEMENT CONSULTING	NC	-	-	FC	100.00	100.00
MUMMERT PARTNER UK LIMITED	FC	100.00	100.00	FC	100.00	100.00
SOLTR'X	NC			EA	49.00	49.00
<b>UNITED-KINGDOM</b>						
STERIA Limited	FC	100.00	100.00	FC	100.00	100.00
STERIA HOLDING Limited	FC	100.00	100.00	FC	100.00	100.00
STERIA UK Limited	FC	100.00	100.00	FC	100.00	100.00
XANSA (see list of principal subsidiaries on the following page)						
Caboodle	FC	51.00	51.00	FC	51.00	51.00
<b>BELGIUM/ LUXEMBOURG</b>						
STERIA BENELUX	FC	100.00	100.00	FC	100.00	100.00
STERIA LUXEMBOURG	FC	100.00	100.00	FC	100.00	100.00
<b>DENMARK</b>						
STERIA A/S	FC	100.00	100.00	FC	100.00	100.00
<b>SPAIN</b>						
SKILLSOFT FUSION AVEC STERIA IBERICA	NC	-	-	FC	100.00	100.00
STERIA IBERICA	FC	100.00	100.00	FC	100.00	100.00
<b>NORWAY</b>						
STERIA A/S	FC	100.00	100.00	FC	100.00	100.00
<b>SINGAPORE</b>						
STERIA ASIA	FC	100.00	100.00	FC	100.00	100.00
<b>SWEDEN</b>						
STERIA A.B	FC	100.00	100.00	FC	100.00	100.00
IOCORE	FC	100.00	100.00	FC	100.00	100.00
<b>SWITZERLAND</b>						
STERIA Schweiz AG	FC	100.00	100	FC	100.00	100.00
<b>POLAND</b>						
STERIA Poland	FC	100.00	100.00	FC	100.00	100.00

FC: Full consolidation  
EA : Equity associate  
NC: Not consolidated

## Principal Xansa subsidiaries

	Consolidation method as at 31/12/07	% interest as at 31/12/07	% control as at 31/12/07	Consolidation method as at 31/12/06 restated	% interest as at 31/12/06 restated	% control as at 31/12/06 restated
<b>FRANCE</b>						
XANSA SAS	FC	100%	100%	NC		
<b>INDIA</b>						
XANSA INDIA LIMITED	FC	100.00	100.00	NC		
<b>UNITED KINGDOM</b>						
ASL INFORMATION SERVICES LIMITED	FC	100.00	100.00	NC		
DRUID GROUP LIMITED	FC	100.00	100.00	NC		
OSI GROUP HOLDINGS LIMITED	FC	100.00	100.00	NC		
XANSA EMPLOYEE TRUSTEE COMPANY LIMITED	FC	100.00	100.00	NC		
XANSA TRUSTEE COMPANY LIMITED	FC	100.00	100.00	NC		
FI GROUP LIMITED	FC	100.00	100.00	NC		
DRUID QUEST LIMITED	FC	100.00	100.00	NC		
OSI GROUP LIMITED	FC	100.00	100.00	NC		
BARCLAYS XANSA PARTNERSHIP LIMITED	FC	100.00	100.00	NC		
NHS SHARED EMPLOYEE SERVICES LIMITED	FC	51.00	51.00	NC		
NHS SHARED BENEFIT SERVICES LIMITED	EA	50.00	50.00	NC		
XANSA PLC	FC	100.00	100.00	NC		
XANSA UK LIMITED	FC	100.00	100.00	NC		
ZANSA LIMITED	FC	100.00	100.00	NC		
<b>USA</b>						
XANSA HOLDINGS INC.	FC	100.00	100.00	NC		
XANSA NA INC.	FC	100.00	100.00	NC		
XANSA INC.	FC	100.00	100.00	NC		
XANSA NA GOVERNMENT SERVICES INC.	FC	100.00	100.00	NC		
XANSA SYSTEMS INC.	FC	99.3	99.3	NC		
XANSA U.S INC.	FC	100.00	100.00	NC		
<b>CYPRUS</b>						
XANSA CYPRUS (N 1).LIMITED	FC	100.00	100.00	NC		
XANSA CYPRUS (N 2).LIMITED	FC	100.00	100.00	NC		
<b>SINGAPORE</b>						
XANSA PTE LTD	FC	100.00	100.00	NC		

FC: Full consolidation

EA : Equity associate

NC: Not consolidated

### NOTE 3: SEGMENT REPORTING

#### N3.1 Business Activity by Geographical Area

Groupe Steria SCA conducts its business activity in three main countries: France, the United Kingdom and Germany. The other countries comprised of Spain, Norway, Sweden, Denmark, Belgium, Luxembourg and Switzerland are included in the geographical area known as "Other Europe". Group companies carry out their activities in their own country, except for:

- Steria SA which owns activities in Africa and Asia through its subsidiary located in Singapore,
- Steria Mummert Consulting AG which owns activities in Austria.

These activities of an immaterial size have been maintained in their management's geographical area.

The activities of Xansa companies are presented separately in segment reporting as at 31 December 2007 and have not been broken down by geographical area or business. In effect, as this Group was purchased on 17 October, the companies only impact the income statement for a period of ten weeks. Furthermore, acquisition cost analysis and allocation procedures have not yet been finalised (see Note 2.2).

#### **Financial year 2007**

(in thousands of euros)	France	United Kingdom	Germany	Other Europe	Xansa (1)	Eliminations	Group costs	Total Group
<b>External revenue</b>	534,345	304,854	227,741	238,978	110,246			<b>1,416,164</b>
<i>% Group revenue</i>	37.7%	21.5%	16.1%	16.9%	7.8%			100.0%
Inter-segment sales	2,181	2,681	2,033	2,531	237	(9,663)		
Total revenue	536,526	307,535	229,774	241,509	110,483	(9,663)		<b>1,416,164</b>
<b>Operating margin</b>	43,484	26,795	16,408	7,829	7,935			<b>102,451</b>
<i>% revenue</i>	8.1%	8.8%	7.2%	3.3%	7.2%			7.2%
Group costs	8,233	3,039	2,470	2,460	565		(16,767)	
<b>Operating margin</b>	51,717 <sup>(2)</sup>	29,834 <sup>(2)</sup>	18,878 <sup>(2)</sup>	10,289 <sup>(2)</sup>	8,500 <sup>(2)</sup>		(16,767)	<b>102,451</b>
<i>% revenue</i>	9.7% <sup>(2)</sup>	9.8% <sup>(2)</sup>	8.3% <sup>(2)</sup>	4.3% <sup>(2)</sup>	7.7% <sup>(2)</sup>		(1.2)%	7.2%
<b>Operating profit</b>	51,373	28,540	18,985	15,406	4,906		(23,504)	<b>95,706</b>
Net financial debt cost								(13,216)
Other financial income and expenses								(3,061)
Income tax expense								(28,025)
Share of loss of associates								(280)
Net loss from discontinued operations								(877)
Net profit for the year								50,245
Net profit attributable to equity holders of the parent								50,018

(1) Income and expenses from 17 October to 31 December (Note 2.2)

(2) Before Group costs

(in thousands of euros)	France	United Kingdom	Germany	Other Europe	Xansa	Total Group
<b>Expenses with no cash impact:</b>						
Net charges to depreciation, amortisation and provisions excluding current assets	(9,900)	(11,832)	(1,100)	(4,150)	(4,320)	<b>(31,301)</b>
Other expenses with no cash impact	(3,843)				232	<b>(3,611)</b>

(in thousands of euros)	France	United Kingdom	Germany	Other Europe	Xansa	Not allocated	Total Group
<b>Segment assets</b>	302,729	221,313	172,065	165,649	879,293	61,887	<b>1,802,935</b>
<b>Segment liabilities</b>	250,486	129,848	50,058	62,195	145,782	1,164,566	<b>1,802,935</b>
<b>Investments</b>	17,036	3,288	6,100	7,873	517		<b>34,814</b>

In accordance with IAS 14, certain assets and liabilities are not allocated by segment:

Deferred and current tax assets:	€35,781	thousand
Financial assets:	€26,106	thousand
▪ Total unallocated assets:	€61,887	thousand
Deferred and current tax liabilities:	€32,997	thousand
Financial liabilities:	€454,069	thousand
Equity: <del>€677,500</del>	thousand	
▪ Total unallocated liabilities	€1,164,566	thousand

## Financial year 2006 restated

(in thousands of euros)	France	United Kingdom	Germany	Other Europe	Eliminations	Group costs	Total Group
<b>External revenue</b>	527,752	289,662	203,210	235,958			<b>1,256,582</b>
<i>% Group revenue</i>	42.2%	23%	16.1%	18.7%			100%
Inter-segment sales	3,401	1,591	1,324	3,634	(9,950)		
Total revenue	531,153	291,253	204,534	239,592	(9,950)		<b>1,256,582</b>
<b>Operating margin</b>	49,587	27,791	16,096	9,688		(13,609)	<b>89,554</b>
<i>% revenue</i>	9.4%	9.6%	7.9%	4.1%		(1.1)%	7.1%
<b>Operating profit</b>	48,392	26,562	14,789	6,908		(15,583)	81,068
Net financial debt cost							(4,249)
Other financial income and expenses							1,006
Income tax expense							(23,367)
Share of profit/(loss) of associates							998
Net profit for the year							54,894
Net profit attributable to equity holders of the parent							54,332

(in thousands of euros)	France	United Kingdom	Germany	Other Europe	Total Group
<b>Expenses with no cash impact:</b>					
Net charges to depreciation, amortisation and provisions excluding current assets	(10,316)	(3,854)	4,746	(6,435)	<b>(15,859)</b>
Other expenses with no cash impact	(15,898)	(5,338)	5,219	(2,554)	<b>(18,570)</b>

(in thousands of euros)	France	United Kingdom	Germany	Other Europe	Not allocated	Total Group
<b>Segment assets</b>	291,177	219,611	160,747	153,293	51,731	<b>876,557</b>
<b>Segment liabilities</b>	232,576	140,854	38,947	65,271	398,909	<b>876,557</b>
<b>Investments</b>	6,749	13,280	3,945	6,266		<b>30,240</b>

In accordance with IAS 14, certain assets and liabilities are not allocated by segment:

Deferred and current tax assets:	€45,425 thousand
Financial assets:	€6,306 thousand
▪ Total unallocated assets:	€51,731 thousand
Deferred and current tax liabilities:	€17,932 thousand
Financial liabilities:	€57,483 thousand
Equity: <u>€323,494</u> thousand	
▪ Total unallocated liabilities	€398,909 thousand

### N3.2 Business Activity by Sector

Steria conducts its activity in two businesses: Managed Services and Systems Integration (SI) which includes Third-party Applications Maintenance and Consulting. The respective economic importance of these two businesses is summarised below:

In thousands of euros	Year ended 31/12/2007	Year ended 31/12/2006 Restated	Year ended 31/12/2006 Published
SI revenue excluding Xansa companies	756,817	720,044	725,508
Managed Services revenue excluding Xansa companies	550,076	536,537	536,537
Total revenue excluding Xansa companies	1,306,893	1,256,582	1,262,046
Revenue of Xansa companies	110,246	-	-
Group revenue	1,416,164	1,256,582	1,262,046
SI operating margin excluding Xansa companies	63,053 8.3%	52,026 7.1%	52,044 7.1%
Managed Services operating margin excluding Xansa companies	47,665 8.7%	51,136 9.5%	51,136 9.5%
Group costs excluding Xansa companies	(16,201)	(13,609)	(13,609)
Total operating margin excluding Xansa companies	94,516	89,554	89,572
Operating margin of Xansa companies	8,500 7.7%	-	-
Xansa company Group costs	(565)	-	-
Operating margin of Xansa companies	7,935	-	-
Group operating margin	102,451	89,554	89,572

## NOTE 4: EXPLANATIONS ON THE CONSOLIDATED FINANCIAL STATEMENTS

**Preliminary comment:** all amounts are expressed in thousands of euros, unless stated otherwise.

### N4.1 Goodwill

	Goodwill as at 31/12/06 Restated	Change in Group structure	Exchange differences	Other	Goodwill as at 31/12/07
Xansa Group		629,096	(31,466)		597,630
France	10,396	(60)			10,336
United Kingdom	90,471		(7,630)		82,841
Germany	88,502			(229)	88,273
Norway	21,148		744		21,892
Sweden	8,455		(359)		8,096
Denmark	2,201		(1)		2,200
Spain	8,598				8,598
Benelux	5,581				5,581
Switzerland	5,889		(170)		5,719
<b>Total goodwill</b>	<b>241,241</b>	<b>629,036</b>	<b>(38,882)</b>	<b>(229)</b>	<b>831,166</b>

Conditional share subscription warrants granted in consideration for the acquisition of Steria Mummert Consulting were cancelled in 2007, as the option exercise conditions were no longer satisfied following the departure of certain beneficiary employees. The related goodwill therefore decreased by €229,000, equivalent to the value of the cancelled share subscription warrants.

The goodwill allocated to the Sysinter business is included in assets held for sale in the amount of €60,000 [note 4.20].

A breakdown of the calculation of Xansa goodwill is presented in note 2.1.

No impairment was recognised in respect of Group goodwill balances in 2007. Impairment losses recognised in previous financial years total €1,422 thousand.

Sensitivity tests regarding changes in assumptions were performed: a 1% increase in the discount rate and a 1% decrease in growth rates assumed for value test purposes would not give rise to additional impairment.

## N4.2 Other intangible assets

(in thousands of euros)	Total	Development costs	Concessions, patents, licences, software	Other intangible asset
<b>Gross value as at 31/12/06 Restated</b>	<b>36,009</b>	<b>2,365</b>	<b>30,711</b>	<b>2,933</b>
Change in Group structure	95,223		31,204	64,019
Purchases	14,436	954	10,948	2,534
Disposals – scrapping	(13,874)		(13,874)	
Other movements	(7,196)	(382)	(862)	(5,952)
<b>Gross value as at 31/12/07</b>	<b>124,598</b>	<b>2,937</b>	<b>58,127</b>	<b>63,534</b>
<b>Amortisation as at 31/12/06 Restated</b>	<b>21,769</b>	<b>1,142</b>	<b>20,435</b>	<b>192</b>
Change in Group structure	23,889		23,949	(60)
Charge	7,336	232	5,816	1,288
Reversal – removal	(8,475)	(382)	(8,063)	
Other movements	(1,547)		(1,547)	
<b>Amortisation as at 31/12/07</b>	<b>42,972</b>	<b>992</b>	<b>40,560</b>	<b>1,420</b>
<b>Carrying amount as at 31/12/06 Restated</b>	<b>14,240</b>	<b>1,223</b>	<b>10,276</b>	<b>2,741</b>
<b>Carrying amount as at 31/12/2007</b>	<b>81,626</b>	<b>1,945</b>	<b>17,567</b>	<b>62,114</b>

Intangible assets have finite useful lives.

The increase in intangible assets is primarily due to the identification and fair value measurement of Xansa customer relations at the acquisition date (see Note 2.2).

The net impact of exchange differences on intangible assets is included in other movements in the negative amount of €3,583 thousand.

#### N4.3 Property, plant and equipment

(in thousands of euros)	Total	Technical facilities including finance leases	Land and buildings held under finance leases	Fittings, fixtures and facilities including finance leases	Office and computer equipment, furniture, vehicles and other items of PP&E
<b>Gross value as at 31/12/06 Restated</b>	<b>172,794</b>	<b>9,053</b>	<b>20,265</b>	<b>27,602</b>	<b>115,874</b>
Change in Group structure	92,983	9,444	41,536	14,554	27,449
Purchases	18,751	1,991	110	4,734	11,916
Disposals – scrapping	(16,802)	(637)	(167)	(2,994)	(13,004)
Other movements	(4,395)	(358)	(1,442)	613	(3,208)
<b>Gross value as at 31/12/07</b>	<b>263,331</b>	<b>19,493</b>	<b>60,302</b>	<b>44,509</b>	<b>139,027</b>
<b>Depreciation as at 31/12/06 Restated</b>	<b>104,414</b>	<b>7,327</b>	<b>4,912</b>	<b>14,782</b>	<b>77,393</b>
Change in Group structure	51,193	6,632	14,134	11,041	19,386
Charge	23,889	1,012	480	3,853	18,544
Reversal	(15,861)	(390)		(2,753)	(12,718)
Other movements	(3,863)	(292)	(682)	260	(3,148)
<b>Depreciation as at 31/12/07</b>	<b>159,772</b>	<b>14,289</b>	<b>18,844</b>	<b>27,183</b>	<b>99,456</b>
<b>Carrying amount as at 31/12/06 Restated</b>	<b>68,380</b>	<b>1,726</b>	<b>15,353</b>	<b>12,820</b>	<b>38,481</b>
<b>Carrying amount as at 31/12/07</b>	<b>103,559</b>	<b>5,204</b>	<b>41,458</b>	<b>17,326</b>	<b>39,571</b>

The net impact of exchange differences on property, plant and equipment is included in other movements in the negative amount of €2,922 thousand.

The increase in property, plant and equipment is primarily attributable to the recognition of Xansa assets and in particular land and buildings. Land and buildings were revalued at the acquisition date (see Note 2.2).

#### N4.4 Investments in Associates

(in thousands of euros)	Value of shares as at 31/12/06 restated	Change in Group structure	Net profit for the period	Exchange differences	Distribution	Value of shares as at 31/12/07
Diamis	1,833		401		(371)	1,863
Intest	187		25		(25)	187
Steria Medshore		311				312
NHS Shared Business Services Ltd		9,353	(625)	(448)		8,280
Soltrx	2,790	(2,790)				
<b>Total equity associates at the balance sheet date</b>	<b>4,810</b>	<b>6,874</b>	<b>(199)</b>	<b>(448)</b>	<b>(396)</b>	<b>10,641</b>
<b>Share of Xansa net profits (31 July to 17 October) <sup>(1)</sup></b>			<b>(81)</b>			
<b>Total profit/(loss) of associates</b>			<b>(280)</b>			

<sup>(1)</sup> see Note 2.2

The Soltrx shares were sold on 25 June 2007 and the capital gain of €890 thousand, based on a disposal price of €3,680 thousand, is presented in Other operating income (see Notes 2.1 and 4.17).

Diamis is now accounted for using the equity method and is no longer proportionately consolidated (see Notes 1.2 and 2.1bis).

Xansa formed a joint venture with the UK Health Ministry on 1 April 2005. NHS Share Business Services (NHS SBS), owned 50% by Xansa and 50% by the UK Health Ministry, provides accounting and financial services to UK public health bodies.

Xansa recognised an investment in NHS SBS equal to the fair value measurement of future services to be provided free of charge by Xansa. These future services are provided in the amount of €1,281 thousand as at 31 December 2007.

The equity value of NHS SBS of €8,280 thousand is equal to Xansa's share in the net assets of NHS SBS in the amount of €(7,298) thousand and the goodwill recognised on the creation of NHS SBS of €15,478 thousand. The Group share in the net loss realised by NHS SBS between 17 October and 31 December 2007 is €(625) thousand. The Group share in the net loss realised by NHS SBS between 31 July and 16 October 2007 is €(411) thousand.

#### N4.5 Available-for-sale Assets

Non-consolidated equity investments are classified under the IFRS balance sheet category of Available-for-sale assets, irrespective of whether the Group wishes to sell these investments.

(in thousands of euros)	Total	Aspheria	Travelsoft	Other shares
<b>Gross value as at 31/12/06 Restated</b>	<b>3,051</b>	<b>774</b>	<b>1,781</b>	<b>496</b>
Additions	7			7
Decreases				
<b>Gross value as at 31/12/07</b>	<b>3,058</b>	<b>774</b>	<b>1,781</b>	<b>503</b>
<b>Impairment of shares as at 31/12/06 Restated</b>	<b>691</b>	<b>378</b>		<b>313</b>
Additions				
Decreases				
<b>Impairment of shares as at 31/12/07</b>	<b>691</b>	<b>378</b>	<b>0</b>	<b>313</b>
<b>Carrying amount as at 31/12/06 Restated</b>	<b>2,360</b>	<b>396</b>	<b>1,781</b>	<b>183</b>
<b>Carrying amount as at 31/12/07</b>	<b>2,367</b>	<b>396</b>	<b>1,781</b>	<b>190</b>

Groupe Steria does not exercise any significant influence over these investments.

## N4.6 Other Financial Assets

(in thousands of euros)	Total	Other loans to equity investments	Loans	Deposits, guarantees and other financial assets	Derivative financial instruments
<b>Gross value as at 31/12/06 restated</b>	<b>2,214</b>	<b>3</b>	<b>1,554</b>	<b>374</b>	<b>283</b>
Change in Group structure					
Additions	11,265		28	7,817	3,420
Decreases	(294)			(11)	(283)
Other movements	(151)		70	(221)	
<b>Gross value as at 31/12/07</b>	<b>13,035</b>	<b>3</b>	<b>1,652</b>	<b>7,960</b>	<b>3,420</b>
<b>Impairment as at 31/12/06 restated</b>	<b>1,245</b>		<b>1,245</b>		
<b>Impairment as at 31/12/07</b>	<b>1,245</b>		<b>1,245</b>		
<b>Carrying amount as at 31/12/06 restated</b>	<b>969</b>	<b>3</b>	<b>309</b>	<b>374</b>	<b>283</b>
<b>Carrying amount as at 31/12/07</b>	<b>11,790</b>	<b>3</b>	<b>407</b>	<b>7,960</b>	<b>3,420</b>

The net impact of exchange differences on other financial assets is included in other movements in the negative amount of €378 thousand.

The increase in other financial assets is due to the increase in deposits and the increase in the fair value of derivative financial instruments.

Deposits essentially comprise cash balances held by UK trusts included in the scope of consolidation of the Group. The assets held by these trusts are primarily earmarked for payment to Group employees. Due to the legal form of these entities, the Group cannot recognise these liquid assets as cash and cash equivalents as defined by IFRS. These assets total €7,530 thousand as at 31 December 2007.

Amounts recognised in respect of deposits represent a reasonable approximation of their fair value.

In addition, the Group seeks to protect itself against fluctuations in interest rates by swapping a portion of its floating-rate borrowings for fixed-rates.

The derivative financial instruments authorised to hedge the debt are swap contracts negotiated with leading financial instruments. These are managed by the Group Treasury Department.

As at 31 December 2007, the Group had subscribed several interest rate swap contracts (interest rate swaps and synthetic caps - i.e. swaps combined with floors-). The notional amount of these contracts is £80 million and €300 million.

Taking into account interest rate hedges as at 31 December 2007, total gross borrowings exposed to interest rate risk amount to €454 million.

An increase in interest rates of on average 100 basis points on 2007 rates would have generated an additional cost to the Group of €0.5 million (net of the impact of interest rate hedges), compared to the actual gross financial debt cost of €13.7 million.

The fair value of these contracts is €3,420 thousand as at 31 December 2007.

## N4.7 Income Tax

- Reconciliation of the Total Income Tax Charge Recognised and the Theoretical Charge:

(in thousands of euros)	31/12/07	31/12/06 Restated	31/12/06 Published
Consolidated net profit	50,245	54,894	54,894
Income tax expense	28,025	23,367	23,632
<b>Net profit before tax</b>	<b>78,270</b>	<b>78,261</b>	<b>78,526</b>
<b>Applicable tax rate</b>	<b>34.43%</b>	<b>34.43%</b>	<b>34.43%</b>
<b>Theoretical tax charge</b>	<b>26,949</b>	<b>26,945</b>	<b>27,037</b>
Effect of tax losses carried forward net of losses not recognised	(1,522)	(5,692)	(5,692)
Effect of permanent differences	(702)	2,643	2,464
Effect of profit/(loss) of associates	97	(343)	(208)
Effect of different tax rates	2,275	(347)	(354)
Other including tax consolidation	928	161	385
<b>Effective tax charge</b>	<b>28,025</b>	<b>23,367</b>	<b>23,632</b>
<b>Effective tax rate</b>	<b>35.80%</b>	<b>29.89%</b>	<b>30.09%</b>

During 2007, income tax rates were decreased in Germany (from an average rate of 40.38% to 31.91%) and in the United Kingdom (from 30% to 28%). Steria entities based in these two countries have significant deferred tax assets relating to tax losses carried forward in Germany and retirement benefit obligations in the United Kingdom. The decrease in tax rates therefore led to a tax charge resulting from the decrease in the value of these deferred tax assets. The impact on the Group income tax expense is €3,993 thousand. The effective tax rate of the Group excluding this impact is 30.7%.

In addition, tax losses carried forward but not recognised in respect of activities in Denmark were utilised in 2007, generating a tax saving of €2,636 thousand.

No material tax adjustments were recorded in respect of prior years.

- Breakdown Between Current and Deferred Taxes in the Income Statement

(in thousands of euros)	France for the year ended 31/12/07	International for the year ended 31/12/07	Total for the year ended 31/12/07	Total for the year ended 31/12/06 restated	Total for the year ended 31/12/06 Published
Current tax	(6,804)	(7,130)	(13,934)	(18,176)	(18,405)
Deferred tax	(989)	(13,102)	(14,091)	(5,191)	(5,227)
<b>Tax</b>	<b>(7,793)</b>	<b>(20,232)</b>	<b>(28,025)</b>	<b>(23,367)</b>	<b>(23,632)</b>

Deferred Taxes Recognised as at 31 December 2007

(in thousands of euros)	31/12/2006 Restated	Profit or loss impact	Change in Group structure	Exchange differences	31/12/2007
Intangible assets	(455)	(87)	(17,925)	896	(17,571)
Property, plant and equipment	196	640	(616)	(39)	181
Property, plant and equipment finance leases	(4,536)	(448)	(3)		(4,987)
Non-current financial assets	(1,432)	(355)		140	(1,647)
Inventories, service outstandings and invoice outstandings	(880)	(819)		(1)	(1,700)
Other current assets	(86)	1,432	1,539	(62)	2,823
Retirement Benefit Obligations	14,519	(4,450)	2,693	1,722	14,484
Provisions	3,747	(544)	3,403	(2,688)	3,918
Other current liabilities	176	(2,674)	1,874	(107)	(731)
Tax loss carry-forwards	25,907	(6,959)		(6)	18,942
<b>Total net deferred tax assets</b>	<b>37,153</b>	<b>(14,264)</b>	<b>(9,035)</b>	<b>(145)</b>	<b>13,712</b>
<b>Deferred tax assets recognised</b>	<b>39,221</b>				<b>26,467</b>
<b>Deferred tax liabilities recognised</b>	<b>2,068</b>				<b>12,755</b>

- Deferred tax assets not recognised as at 31 December 2007

Deferred tax assets not recognised as at 31 December 2007 total €15,846 thousand:  
on tax losses carried forward: €13,108 thousand

on temporary differences: €2,738 thousand

Breakdown of deferred tax assets not recognised by country	Total as at 31/12/06	Total as at 31/12/07	Expiry date	
			<2 years	> 2 years
Germany		853		853
Austria	702	744		744
Canada		2		2
Cyprus		1		1
Denmark	5,125	2,663		2,663
United States		242		242
France	266	3,112		3,112
Luxembourg		153		153
Sweden	3,971	4,432		4,432
Singapore		976		976
United Kingdom	1,024	2,668		2,668
<b>Total deferred tax assets not recognised</b>	<b>11,088</b>	<b>15,846</b>		<b>15,846</b>

## N4.8 Inventories

(in thousands of euros)

<b>Gross value as at 31/12/06 restated</b>	<b>12,210</b>
Net change during the period	4,351
<b>Gross value as at 31/12/07</b>	<b>16,561</b>
<b>Impairment of inventories as at 31/12/06 restated</b>	<b>818</b>
Net change during the period	254
<b>Impairment of inventories as at 31/12/07</b>	<b>1,072</b>
<b>Carrying amount as at 31/12/06 restated</b>	<b>11,392</b>
<b>Carrying amount as at 31/12/07</b>	<b>15,489</b>

The increase in inventory is essentially due to service outstandings relating to the start-up phase of major Managed Services contracts in the United Kingdom in 2006, spread over several financial years.

## N4.9 Trade receivables and other debtors

The Group only enters into commercial relations with financially sound entities.

Group policy is to verify the financial health of all clients and client balances are monitored on a constant basis. In addition, outstanding receivables are reviewed monthly by the Group Financial Management Department, which analyses any potentially high-risk receivables. The impairment of a receivable may be decided and recorded where there is objective evidence (such as probability of bankruptcy or the debtor is in serious financial difficulty) that the Group will be unable to recover the amounts due pursuant to the contractual terms and conditions of the invoice.

Trade receivables do not bear interest and are generally payable within 30 to 90 days.

(in thousands of euros)	31/12/07	31/12/06 Restated	31/12/06 Published
Trade receivables - Gross value	337,181	280,600	281,525
Impairment	(2,599)	(2,129)	(2,129)
<b>Trade receivables and related accounts</b>	<b>334,582</b>	<b>278,471</b>	<b>279,396</b>
<b>Amounts due from customers</b>	<b>168,688</b>	<b>120,888</b>	<b>121,521</b>
Customer deposits and advances	655	753	754
Receivables from employees and social security and tax authorities	16,172	9,008	9,069
Current accounts	2,938	21	1,859
Debtors – Gross value	4,382	940	939
Derivative financial instruments	2,220		
Impairment	(371)	(54)	(54)
<b>Other current assets</b>	<b>25,996</b>	<b>10,668</b>	<b>12,567</b>
Current loans and guarantees at 1 year	2,291	1,537	1,538
<b>Short-term portion of non-current assets (&lt; 1 year)</b>	<b>2,291</b>	<b>1,537</b>	<b>1,538</b>
<b>Current tax assets</b>	<b>9,313</b>	<b>6,163</b>	<b>6,163</b>
<b>Prepaid expenses</b>	<b>29,229</b>	<b>17,914</b>	<b>17,921</b>
<b>Trade receivables and other debtors</b>	<b>570,099</b>	<b>435,641</b>	<b>439,106</b>

As part of its overall risk management policy, Groupe Steria has entered into and continues to perform transactions aimed at hedging its exposure to foreign currency risk, through forward purchases and sales of foreign currency. Foreign currency contract underlyings generally have a maximum maturity of six months.

The derivative financial instruments are recorded in the balance sheet at fair value, with fair value gains and losses recognised in profit or loss (market-to-market).

Foreign currency gains and losses arising on the remeasurement of these currency hedges at the balance sheet date are recorded in the Income Statement under Financial profit/(loss), with the corresponding entry taken to trade receivables/payables (£1.6 million, or €2.2 million as at 31 December 2007).

Trade receivables total €337,181 thousand as at 31 December 2007 and break down as follows:

(in thousands of euros)	Total	Not past due or impaired	< 30 days	30 < 60 days	60<90 days	90<120 days	> 120 days
2007	337,181	249,118	59,102	11,750	3,852	3,770	9,589
2006	280,600	210,876	42,942	11,435	4,225	3,312	7,810

Trade receivables not past due or impaired as at 31 December 2007 total €249,118 thousand and represent **73.9%** of total trade receivables.

This balance plus trade receivables past due less than 30 days, totals €308,220 thousand and represents some 91.4% of total trade receivables.

During 2007, trade receivables presenting objective evidence (such as a probability of bankruptcy or serious financial difficulties) were impaired.

Impairment of trade receivables breaks down as follows:

(in thousands of euros)	31/12/07	31/12/06 Restated	31/12/06 Published
As at 1 January	(2,129)	(2,746)	(2,746)
Change in Group structure	(275)		
Charge for the year	(979)	(879)	(879)
Reversals utilised (losses on irrecoverable receivables)	726	1,351	1,495
Reversals not utilised	17	145	1
Adjustments relating to discount rates	41		
<b>As at 31 December</b>	<b>(2,599)</b>	<b>(2,129)</b>	<b>(2,129)</b>

#### N4.10 Net indebtedness

Net cash and cash equivalents per the Cash flow Statement:

(in thousands of euros)	31/12/07	31/12/06 Restated	31/12/06 Published
Other marketable securities	37,992	21,640	21,640
Cash at bank and in hand	109,181	36,663	36,668
<b>Cash and cash equivalents</b>	<b>147,173</b>	<b>58,303</b>	<b>58,308</b>
Current bank facilities (Note 4.10)	(7,421)	(2,530)	(2,530)
Accrued interest payable on bank overdrafts (Note 4.10)	(196)	(101)	(101)
<b>Net cash and cash equivalents per the Balance Sheet</b>	<b>139,556</b>	<b>55,673</b>	<b>55,678</b>
Deposits and cash balances of discontinued operations (Note 4.20)	57		
<b>Net cash and cash equivalents per the Cash flow Statement</b>	<b>139,613</b>	<b>55,673</b>	<b>55,678</b>

Breakdown of borrowings recorded in the balance sheet and determination of net indebtedness:

Long-term borrowings	31/12/06 Restated	Change in Group structure	Net change during the period	31/12/07
Bank borrowings	43,353		341,063	384,416
Borrowings – property-related finance leases	4,448	593	(1,983)	3,058
Borrowings – other finance leases	428		(428)	0
Employee profit-sharing	504	(53)	(212)	239
Other borrowings	215		(98)	117
<b>Total long-term borrowings</b>	<b>48,948</b>	<b>540</b>	<b>338,342</b>	<b>387,830</b>
Short-term borrowings	31/12/06 Restated	Change in Group structure	Net change during the period	31/12/07
Current bank facilities	2,530		4,891	7,421
Bank borrowings	3,175	97,757	(46,262)	54,670
Other related liabilities			122	122
Borrowings in respect of property and other finance leases	2,692	1,214	(115)	3,791
Employee profit-sharing	37	(4)	6	39
Accrued interest payable on bank overdrafts	101		95	196
<b>Total short-term borrowings</b>	<b>8,535</b>	<b>98,967</b>	<b>(41,263)</b>	<b>66,239</b>
Net indebtedness	31/12/06 Restated	Change in Group structure	Net change during the period	31/12/07
Total borrowings (c) = (a) + (b)	57,483	99,507	297,079	454,069
Total cash and cash equivalents (d)	58,303	38,369	50,501	147,173
<b>Net indebtedness (e) = (c) – (d)</b>	<b>(820)</b>	<b>61,138</b>	<b>246,578</b>	<b>306,896</b>

The increase in borrowings is primarily due to the draw-down of the multi-currency syndicated loan set-up to finance the acquisition of Xansa. The total borrowing capacity of the Group as at 31 December 2007 was therefore increased to a euro-equivalent of €736 million, as follows:

- £100 million of bank facilities (all drawn as at 31 December 2007),
- €343 million of bank facilities (drawn €285 million as at 31 December 2007),
- €46 million of current bank lines (drawn €7 million as at 31 December 2007),
- €200 million of revolving credit facilities (drawn €21 million as at 31 December 2007),

The effective interest rate of borrowings includes loan issue costs of €6,409 thousand as at 31 December 2007.

The bank terms and conditions to which this syndicated loan is subject are detailed in Section 1.8 of the Reference Document. These terms and condition notably include a commitment to respect the following bank covenants:

## Bank Covenants

The loan agreement includes a commitment by the Company to comply with two financial ratios calculated six-monthly based on the published consolidated financial statements, on a 12-month sliding basis.

The first financial ratio, the leverage ratio, is equal to net debt/EBITDA. This ratio must not exceed the following limits at each calculation date:

December 2007	2.75
June 2008	2.75
December 2008 to December 2012	2.25

Net debt is defined on a consolidated basis as all loans and related borrowings (excluding inter-company liabilities), plus pension fund shortfalls net of tax provided in the accounts, less cash and cash equivalents.

EBITDA is the consolidated operating margin plus charges to depreciation and amortisation and current provisions.

For the periods ending 31 December 2007 and 30 June 2008, the EBITDA used to calculate the ratios is a pro forma EBITDA including the EBITDA of Xansa and its subsidiaries for the corresponding periods.

As at 31 December 2007, the net debt to EBITDA ratio requirement is easily satisfied and is calculated as follows:

### Net debt (including retirement benefit obligations)

Short-term borrowings (< 1 year)	€66.2 million
Long-term borrowings (> 1 year)	€387.8 million
Cash and Cash Equivalents	€(147.2) million
Retirement benefit obligations provided	€68.5 million
DTA on retirement benefit obligations	€(14.5) million
Total net debt	€360.9 million

### EBITDA

Steria (excluding Xansa companies)	€123.8 million
Xansa 12 months pro forma	€47.2 million
Total pro forma EBITDA	€171.0 million

### Ratio Net debt/EBITDA

**2.11**

The second financial ratio, the interest coverage ratio, is equal to EBIT/net financial debt cost. This ratio must not fall below the following amounts at each calculation date:

December 2007	3.75
June 2008	3.75
December 2008	3.75
June 2009 to December 2012	5.00

EBIT is equal to the consolidated operating margin.

The net financial debt cost is the amount published in the half-year and annual consolidated financial statements.

As at 31 December 2007, the EBIT to net financial debt cost ratio requirement is easily satisfied and is calculated as follows:

#### EBIT

Steria (excluding Xansa companies)	€94.5 million
Xansa 12 months pro forma	€34.0 million
<b>Total pro forma EBIT</b>	<b>€128.5 million</b>

#### Net financial debt cost

Steria (excluding Xansa companies)	€11.6 million
Xansa Pro forma	€5.1 million
<b>Total pro forma net financial debt cost</b>	<b>€16.7 million</b>

**Ratio EBIT/net financial debt cost** **7.69**

#### N4.11 Retirement Benefit Obligations

Provisions for retirement benefit obligations mainly cover the obligations of Groupe Steria towards its employees with respect to retirement benefit termination payments in France and defined benefit plans in the UK, Germany, Benelux and Norway.

Assets and obligations are valued annually on 31 December.

The amounts recognised in the income statement and the balance sheet are based on forecasts performed at the end of 2006: service cost, interest cost on the liability and the expected return on plan assets.

Most of the Group's retirement benefit obligations concern the UK. Movements in retirement obligations and plan assets in the UK in the last four financial years are presented in the following table:

<b>Movements in retirement obligations and plan assets in the UK (in thousands of euros)</b>	31/12/2007	31/12/2006	31/12/2005	31/12/2004
Present value of the obligation at the beginning of the period	556,596	532,317	442,445	404,878
Obligations resulting from a business combination	421,459			
Exchange differences	(69,503)	11,142	12,594	(1,614)
Current service cost	10,109	5,013	4,833	6,934
Past service cost	56			561
Interest	32,574	26,123	23,592	22,737
Employee contributions	237	3,219	2,689	2,964
Actuarial gains and losses	2,121	(6,198)	60,472	30,323
Benefits provided	(18,769)	(15,020)	(14,307)	(24,337)
Present value of the obligation at the end of the period	934,880	556,596	532,317	442,445
Fair value of plan assets at the beginning of the period	492,064	441,602	366,927	342,594
Assets acquired during a business combination	411,386			
Exchange differences	(64,606)	9,702	10,444	(1,075)
Expected return	34,601	29,022	22,285	22,993
Actuarial gains and losses	(615)	8,853	38,995	17,538
Employer contributions	22,031	14,686	14,569	6,251
Employee contributions	237	3,219	2,689	2,964
Benefits provided	(18,769)	(15,020)	(14,307)	(24,337)
Fair value of plan assets at the end of the period	876,328	492,064	441,602	366,927

As at 31 December 2007, UK pension fund assets belonged to four investment categories:

(in thousands of euros)

Shares	Bonds	Non-current assets	Other assets	Total
496,317	281,126	59,006	39,879	876,328

Movements in net liabilities arising from the main retirement benefit obligations in 2007 and 2006 are presented in the following tables.

(in thousands of euros)	Defined benefit pension funds-UK	Defined benefit pension funds-Germany	Retirement termination benefits-France
	31/12/2007	31/12/2007	31/12/2007
<b>Calculation assumptions for actuarial liabilities</b>			
Discount rate	5.90%	4.50%	5.25%
Average return on assets	6.75%	-	-
Inflation rate	3.15%	2.00%	2.00%
Rate of salary increase	4.15%	N/A	2.00%
Retirement age	Variable	60/63 years old	63 years old
<b>Amounts recognised in the balance sheet</b>			
Present value of the obligation financed including the corridor	934,880	16,343	11,232
Fair value of plan assets	876,328	-	-
Difference	58,552	16,343	11,232
Unrecognised actuarial (gains)/losses	(20,848)		(180)
Unrecognised past service cost			(2,827)
Net liabilities on the balance sheet (provision after charge for the year)	37,704	16,343	8,225
Amounts on the balance sheet:			
Liabilities	37,704	16,343	8,225
Assets	-		
Net obligation on the balance sheet	37,704	16,343	8,225
<b>Amounts recognised in the income statement</b>			
Current service cost	10,109	25	960
Interest cost on obligation	32,574	892	439
Expected return on plan assets	(34,601)		
Net actuarial losses recognised for the period	-	146	-
Past service cost	56		221
Losses(gains) on curtailments and settlements for the period	-		-
Total expense	8,138	1,063	1,620
<b>Movements in liabilities</b>			
<b>Net liability at the beginning of the period (with corridor)</b>	<b>45,020</b>	<b>15,888</b>	<b>6,926</b>
<b>Net expense recognised in the income statement</b>	<b>8,138</b>	<b>1,063</b>	<b>1,620</b>
<b>Contributions</b>	<b>(22,031)</b>	<b>(608)</b>	<b>(288)</b>
<b>Exchange rate movements</b>	<b>(3,497)</b>		
<b>Liabilities assumed as part of business combinations</b>	<b>10,074</b>		
<b>Changes in method</b>	<b>-</b>		
<b>Net liability at the end of the period</b>	<b>37,704</b>	<b>16,343</b>	<b>8,225</b>

The Group recognised long-term retirement obligations in Belgium and Norway in the amount of €2,600 thousand and €2,345 thousand respectively as at 31 December 2007. Short or medium-term obligations with respect to early retirement obligations are also recognised in Germany and Belgium in the amount of €845 thousand and €735 thousand respectively.

Movements in retirement benefit obligations in 2006:

(in thousands of euros)	Defined benefit pension funds-UK	Defined benefit pension funds-Germany	Retirement termination benefits-France
	31/12/2006	31/12/2006	31/12/2006
<b>Calculation assumptions for actuarial liabilities</b>			
Discount rate	5.10%	4.50%	4.50%
Average return on assets	6.44%	-	-
Inflation rate	2.80%	2.00%	2.00%
Rate of salary increase	3.80%	N/A	2.00%
Retirement age	Variable	60/63 years old	63 years old
<b>Amounts recognised in the balance sheet</b>			
Present value of the obligation financed including the corridor	556,596	15,888	9,803
Fair value of plan assets	492,064	-	-
Difference	64,532	15,888	9,803
Unrecognised actuarial (gains)/losses	19,512		155
Unrecognised past service cost			(3,032)
Net liabilities on the balance sheet (provision after charge for the year)	45,020	15,888	6,926
Amounts on the balance sheet:			
Liabilities	45,020	15,888	6,926
Assets	-		
Net obligation on the balance sheet	45,020	15,888	6,926
<b>Amounts recognised in the income statement</b>			
Current service cost	5,013	24	961
Interest cost on obligation	26,123	866	404
Expected return on plan assets	(29,022)		
Net actuarial losses recognised for the period	-	141	-
Past service cost	-		219
Losses(gains) on curtailments and settlements for the period	-		(26)
Total expense	2,113	1,031	1,558
<b>Movements in liabilities</b>			
<b>Net liability at the beginning of the period (with corridor)</b>	<b>56,622</b>	<b>15,353</b>	<b>5,997</b>
<b>Net expense recognised in the income statement</b>	<b>2,113</b>	<b>1,031</b>	<b>1,558</b>
<b>Contributions</b>	<b>(14,686)</b>	<b>(496)</b>	<b>(629)</b>
<b>Exchange rate movements</b>	<b>970</b>		
<b>Liabilities assumed as part of business combinations</b>	<b>-</b>		
<b>Changes in method</b>	<b>-</b>		
<b>Net liability at the end of the period</b>	<b>45,020</b>	<b>15,888</b>	<b>6,926</b>

As at 31 December 2006, long-term retirement obligations in Belgium and Norway totalled €2,732 thousand and €2,393 thousand respectively.

#### N4.12 Provisions for Liabilities and Charges

2007 Provisions for long-term liabilities and charges	Opening balance restated	Change in Group structure	Charge	Reversal	Other movements	Exchange differences	Closing balance
Provisions for litigation	2,039		665	(588)		(106)	2,010
Provisions for guarantees			249			2	251
Provisions for losses on contracts							
Other provisions for liabilities	2,602	6,854	1,196	(525)	205	(611)	9,721
Provisions for restructuring	1,039	4,661	90	(623)	1,139	(279)	6,027
Provision for taxes							
<b>Total Provisions for long-term liabilities and charges</b>	<b>5,680</b>	<b>11,515</b>	<b>2,200</b>	<b>(1,736)</b>	<b>1,344</b>	<b>(994)</b>	<b>18,009</b>

2007 Provisions for current liabilities and charges	Opening balance restated	Change in Group structure	Charge	Reversal	Other movements	Exchange differences	Closing balance
Provisions for litigation	3,751		1,543	(2,816)		(25)	2,453
Provisions for losses on contracts	1,332	3,975	1,342	(1,545)	(1,785)	(177)	3,142
Other provisions for liabilities	2,688	26	2,704	(692)	(205)	(255)	4,266
Provisions for restructuring	4,283	32		(2,228)	(143)	(74)	1,870
Provision for taxes	3,424		30	(250)			3,204
<b>Total Provisions for current liabilities and charges</b>	<b>15,478</b>	<b>4,033</b>	<b>5,619</b>	<b>(7,531)</b>	<b>(2,133)</b>	<b>(531)</b>	<b>14,935</b>

2007 Total Provisions	Opening balance restated	Change in Group structure	Charge	Reversal	Other movements	Exchange differences	Closing balance
Provisions for litigation	5,790		2,208	(3,404)		(131)	4,463
Provisions for guarantees			249			2	251
Provisions for losses on contracts	1,332	3,975	1,342	(1,545)	(1,785)	(177)	3,142
Other provisions for liabilities	5,290	6,880	3,900	(1,217)		(866)	13,987
Provisions for restructuring	5,322	4,693	90	(2,851)	996	(353)	7,897
Provision for taxes	3,424		30	(250)			3,204
<b>Total Provisions for liabilities and charges</b>	<b>21,158</b>	<b>15,548</b>	<b>7,819</b>	<b>(9,267)</b>	<b>(789)</b>	<b>(1,525)</b>	<b>32,944</b>

The increase in provisions is mainly due to the entry into the scope of consolidation of Xansa. The provisions recorded by these companies notably concern the following liabilities and charges:

- provisions for the restoration of rented buildings of €5,240 thousand,
- restructuring provisions pre-dating the acquisition by the Group and covering future rental costs for premises no longer used in the amount of €4,859 thousand
- Provisions for future services to be provided free of charge by Xansa to NHS SBS (see Note 4.4) in the amount of €1,281 thousand.

The decrease in restructuring provisions excluding Xansa companies is mainly due to a net reversal of €1,550 thousand in respect of restructuring activities in Germany following the acquisition of Mummert and a reversal of €680 thousand in respect of the reorganisation of activities in Scandinavia launched in 2006.

In addition, the accounting books and records of Steria SA for financial years 2001 and 2002 were investigated, notably with regard to the tax treatment of the provision for impairment of the equity investment in Integris Italia SPA recorded by Bull Iota SA in 2001 and released by Steria SA in 2002. In the absence of any progress regarding this investigation, the liabilities provision recorded in 2006 was retained at the 2007 year-end.

Finally, reversals of unused provisions for liabilities and charges totalled €1,421 thousand, including reversals of restructuring provisions of €367 thousand.

#### N4.13 Other non-current liabilities

Other non-current liabilities	31/12/2006 Restated	Change in Group structure	Net change during the period	31/12/2007
Government grants	19			19
Other long-term liabilities		1,490	(969)	521
Adjustments to other liabilities		181	(207)	(26)
Long-term portion of deferred income		719	(265)	454
<b>Total</b>	<b>19</b>	<b>2,390</b>	<b>(1,441)</b>	<b>968</b>

#### N4.14 Trade payables and other creditors

	31/12/07	31/12/06 Restated	31/12/06 Published
<b>Suppliers of goods and services and related accounts</b>	<b>175,166</b>	<b>134,984</b>	<b>135,355</b>
<b>Gross amounts due to customers</b>	<b>89,705</b>	<b>46,499</b>	<b>46,674</b>
<b>Prepayments and advances received</b>	<b>23,780</b>	<b>12,184</b>	<b>12,184</b>
<b>Current tax liabilities, corporate income tax</b>	<b>20,242</b>	<b>15,709</b>	<b>15,865</b>
Employee-related liabilities	145,984	113,816	114,447
Tax-related liabilities	91,943	71,198	71,509
Interest payable	45		
Relations with joint ventures			
Relations with other related parties			
Dividends payable	1,108		
Other sundry liabilities	7,115	3,120	3,121
<b>Total other current liabilities</b>	<b>246,106</b>	<b>188,134</b>	<b>189,077</b>
<b>Total trade payables and other creditors</b>	<b>554,999</b>	<b>397,510</b>	<b>399,155</b>

Trade payables do not bear interest and are generally payable within 30 to 90 days, depending on the general terms and conditions applicable in the country. Exceptionally, payment conditions of less than 30 days may be granted if they reflect local practice.

#### N4.15 Sales and provision of services

	Year ended 31/12/07	Year ended 31/12/06 Restated	Year ended 31/12/06 Published
Sales of goods	33,472	39,676	39,718
Provision of services	1,382,692	1,216,906	1,222,328
<b>Sales and provision of services</b>	<b>1,416,164</b>	<b>1,256,582</b>	<b>1,262,046</b>

#### N4.16 Net charges to provisions

	Year ended 31/12/07	Year ended 31/12/06 Restated	Year ended 31/12/06 Published
Charges to provisions	(7,462)	(7,014)	(7,014)
Reversals of provisions	4,158	4,038	4,061
<b>Net charges to operating provisions</b>	<b>(3,304)</b>	<b>(2,976)</b>	<b>(2,953)</b>
Charges in respect of current assets	(929)	(873)	(873)
Reversals in respect of current assets	241	64	64
<b>Net charges in respect of current assets</b>	<b>(688)</b>	<b>(809)</b>	<b>(809)</b>
<b>Net charges to provisions</b>	<b>(3,992)</b>	<b>(3,785)</b>	<b>(3,762)</b>

#### N4.17 Other operating income and expenses

	Year ended 31/12/07	Year ended 31/12/06 Restated	Year ended 31/12/06 Published
Share options and other share-based payments	(3,863)	(2,974)	(2,974)
Disposal of activities	7,124	235	235
Net restructuring and integration costs	(8,621)	(5,201)	(5,201)
Off-shore organisation costs (India and Poland)	(899)		
Other	(487)	(545)	(544)
<b>Other operating income and expenses</b>	<b>(6,746)</b>	<b>(8,485)</b>	<b>(8,485)</b>

- **Share options, free shares and the Group Savings Plan:**

Share option and free share plans taken into account as at 31 December 2007:

On 20 April 2004, 197,000 options were granted at a price of €28.50 per share. These options may only be exercised after expiry of a 3-year holding period and during a period of 4 years beginning 21 April 2007 and ending 20 April 2011. The fair value of these options at the grant date amounted to €9.63 and the expense for 2007 totalled €172 thousand;

On 13 September 2005, the Group set up a free share plan in favour of its employees, pursuant to which a maximum of 70,000 shares will be granted to employees present in the Group at the end of the vesting period. i.e. 13 September 2008. The final number of shares will depend on performance criteria which are not related to the share price. These shares may not be transferred until 13 September 2010 during which time the employee will receive dividends on these non-transferable shares. The fair value of the free shares at the grant date is €37.3 and the expense for 2007 totalled €739 thousand.

On 13 September 2006, the Group set up a free share plan in favour of its employees, pursuant to which a maximum of 85,500 shares will be granted to employees present in the Group at the end of the vesting period. i.e. 19 September 2009. The final number of shares will depend on performance criteria which are not related to the share price. These shares may not be transferred until 19 September 2011 during which time the employee will receive dividends on these non-transferable shares. The fair value of the free shares at the grant date is €36.51 and the expense for 2007 totalled €880 thousand.

On 1 June 2007, the Group set up a free share plan in favour of its French employees, pursuant to which a maximum of 30,102 shares will be granted to employees present in the Group at the end of the vesting period. i.e. 1 June 2009. These shares may not be transferred until 31 May 2011 during which time the employee will receive dividends on these non-transferable shares. The fair value of the free shares at the grant date is €42.04 and the expense for 2007 totalled €295 thousand.

On 19 December 2007, the Group set up a free share plan in favour of its employees pursuant to which a maximum of 115,600 shares will be granted to employees present in the Group at the end of the vesting period. i.e. 19 December 2010. The final number of shares will depend on performance criteria which are not related to the share price. These shares may not be transferred until 20 December 2012 during which time the employee will receive dividends on these non-transferable shares. The fair value of the free shares at the grant date is €22.09 and the expense for 2007 totalled €24 thousand.

<b>Other characteristics of share option and free share plans:</b>	<b>19/12/07 Free shares</b>	<b>01/06/07 Free shares</b>	<b>13/09/06 Free shares</b>	<b>13/09/05 Free shares</b>
Share price	€23.71	€48.00	€39.36	€42.10
Strike price			-	-
Risk-free rate	3.92%	4.43%	3.57%	3%
Dividends	1%	1%	1%	1%
Volatility	N/A	N/A	N/A	30%

In accordance with IFRS 1, only plans subsequent to 7 November 2002 are measured and recognised in other operating expenses. Five other share option plans previous to 7 November 2002 existed as at 31 December 2007. Changes in all of the share option and free share plans are summarised in the table below:

	2007		2006	
	(1)	(2)	(1)	(2)
Number of shares which can be subscribed at the beginning of the period	1,459,275	26.55	1,396,235	32.03
Number of options and shares cancelled during the period	(186,389)	34.98	(14,250)	38.19
Number of shares subscribed during the period	(300,092)	31.32	(30,210)	21.14
Number of conditional free shares created during the period	194,900	-	107,500	-
Number of shares which can be subscribed at the end of the period	1,167,694	23.66	1,459,275	26.55

(1): number of shares or options; (2) : average strike price

Finally, following a decision on 2 February 2007, 411,364 shares were subscribed by Group employees within the framework of the Group Savings Plan, under preferential terms and conditions. These shares may not be transferred until 25 August 2012. The fair value of the benefit granted with respect to this subscription is €6.10 under the standard formula, €3.05 in France, the United Kingdom and Switzerland, €3.35 in Belgium and Spain, €3.81 in Germany and €1.59 in Norway, Sweden and Denmark and the total expense for 2007 is €1,580 thousand.

- **Restructuring and integration costs**

The Group's restructuring efforts as at 31 December 2007 mainly covered:

The launch of the reorganisation of the Group following the acquisition of Xansa, generating costs of €6,843 thousand.

The continued reorganisation of activities in Scandinavia generating costs of €988 thousand.

- **Disposal of activities**

The Group sold its equity investment in SOLTRX (see Notes 2.1 and 4.4) in 2007 for €3,680 thousand, realising a capital gain of €890 thousand. The Group also sold its payment terminal activities in Norway for €6,234 thousand, realising a capital gain of the same amount.

#### N4.18 Financial profit/(loss)

	Year ended 31/12/07	Year ended 31/12/2006 Restated	Year ended 31/12/2006 Published
Interest income from cash and cash equivalents	471	58	73
<b>Income from cash and cash equivalents</b>	<b>471</b>	<b>58</b>	<b>73</b>
Interest expense on financing operations	(13,688)	(4,307)	(4,250)
<b>Gross financial debt cost</b>	<b>(13,688)</b>	<b>(4,307)</b>	<b>(4,250)</b>
<b>Net financial debt cost</b>	<b>(13,217)</b>	<b>(4,249)</b>	<b>(4,177)</b>
Net foreign currency gains and losses on cash management operations	271	(267)	(267)
Discounts granted	(760)	(599)	(599)
Disposal of equity investments (non-consolidated)		(128)	(128)
Other income and expenses	(3,236)	271	279
<b>Total other financial income and expenses excluding provisions</b>	<b>(3,725)</b>	<b>(723)</b>	<b>(715)</b>
Financial provisions (retirement benefits)	(581)	1,609	1,609
Reversals of other financial provisions	83		
Financial provisions (securities)		120	120
<b>Total other financial income and expenses</b>	<b>(3,061)</b>	<b>1,006</b>	<b>1,013</b>
<b>Financial profit/(loss)</b>	<b>(16,278)</b>	<b>(3,243)</b>	<b>(3,164)</b>

Other financial income and expense primarily concern the exceptional amortisation of costs relating to credit lines replaced as part of the Xansa financing operation.

## N4.19 Earnings per Share

Potential dilutive ordinary shares notably include free shares, share options and share subscription warrants issued on the acquisition of Mummert (share subscription warrants as part of an incentive scheme).

In order to finance the acquisition of Xansa, the Group performed a share capital increase with retention of preferential subscription rights on 12 November 2007, for the issue of 8,663,204 new shares at a price of €23.20 per share. The share capital increase was completed on 11 December 2007.

Pursuant to IAS 33, if the number of shares changes during the financial year without an increase in resources, the calculation of earnings per share for all prior periods presented must be adjusted retrospectively, as well as that of the period during which the change took place, if this occurred during the course of the year. Therefore an adjustment coefficient was applied to the weighted average number of shares outstanding in 2006. This coefficient (1,089,562) is equal to the share price before the operation divided by the theoretical share price after the operation. This coefficient was also applied to the weighted average number of shares outstanding in 2007, on a time proportioned basis reflecting the period between 1 January and the date of the share increase.

In order to finance the acquisition of Xansa, the Group also performed on November 12, 2007 an issue of perpetual subordinated bonds, convertible and/or exchangeable for new shares. As at 14 November 2007, 4,080,549 bonds had been issued. These bonds are equity instruments under IFRS and are included in the weighted average number of equity securities used to calculate diluted earnings per share. In addition, the coupon paid on these bonds in respect of 2007 is deducted from Group profit when determining profit attributable to shareholders.

	As at 31/12/07	As at 31/12/2006 Restated	As at 31/12/2006 Published
<b>Numerator</b> (in thousands of euros)			
Net profit attributable to equity holders of the parent (a)	50,018	54,332	54,332
Net profit attributable to shareholders (b)	49,362	54,332	54,332
<b>Denominator</b>			
Weighted average number of shares outstanding (c)	21,041,241	20,002,032	18,357,865
Weighted average number of treasury shares <sup>(1)</sup> (d)	(80,247)		
Weighted average number of shares outstanding excluding treasury shares (e) = (c) + (d)	20,960,994		18,357,865
Weighted average number of subordinated hybrid convertible bonds	510,069		
Dilutive effect of share options	139,661	266,389	266,389
Dilutive effect of Mummert share subscription warrants	141,859	280,348	280,348
Dilutive effect of free shares reserved for employees	100,688	56,647	56,647
Theoretical weighted average number of equity instruments (f)	21,853,271	20,605,416	18,961,248
<b>Earnings per share (in euros) (b/e)</b>	2.36	2.72	2.96
<b>Diluted earnings per share (euros) (a/f)</b>	2.29	2.64	2.87

<sup>(1)</sup> Since 11 December 2007, UK entities included in the scope of consolidation hold 1,394,767 Groupe Steria SCA shares.

#### N4.20 Discontinued operations

As at 31 December 2007, the Group is in the process of selling its subsidiary Sysinter. Pursuant to IFRS 5, "Non-current assets held for sale and Discontinued operations", the assets and liabilities of Sysinter as at 31 December 2007 are presented separately in the balance sheet and its results for financial years 2007 and 2006 are presented on a separate line of the 2007 and 2006 Income Statements. The Group Cash Flow Statement includes cash movements relating to Sysinter's activities.

Sysinter net assets are recorded at their carrying amount.

<b><u>Assets</u></b>	<b>2007</b>
Intangible assets	67
Property, plant and equipment	26
Deferred tax	9
Trade receivables	1,024
Other current assets	26
Short-term portion of non-current assets	18
Prepaid expenses	23
Cash and cash equivalents	57
<b>Non-current assets classified as held for sale</b>	<b>1,250</b>
<b><u>Liabilities</u></b>	
Long-term borrowings	7
Retirement benefit obligations	10
Short-term borrowings	
Trade payables and related accounts	165
Other current liabilities	1,016
Deferred tax	(1)
<b>Liabilities directly associated with non-current assets classified as held for sale</b>	<b>1 192</b>
Reserves associated with assets classified as held for sale	58
<b><u>Profit or loss</u></b>	
2007 loss	(117)
Debt waiver received as part of the disposal process	(760)
<b>Net loss from discontinued operations</b>	<b>(877)</b>

## **NOTE 5: EMPLOYEES**

The Group employed an average of 10,698 employees in 2007, including employees of foreign subsidiaries but excluding employees of Xansa Group companies.

As at 31 December 2007, Group employees excluding Xansa companies totalled 10,834, including 4,607 employees of foreign subsidiaries. Xansa companies have 8,005 employees, including 2,880 employees in the United Kingdom and 5,125 in India.

## **NOTE 6 OFF-BALANCE SHEET COMMITMENTS**

Group off-balance sheet commitments given and received are as follows:

	As at 31/12/07	As at 31/12/06		As at 31/12/07	As at 31/12/06
<b>Commitments given</b>			<b>Commitments received</b>		
Endorsements, pledges and guarantees	7,173	5,054	Endorsements		
Bank counter-guarantees on contracts	169,559	150,281	Bank guarantees on contracts (joint venture)		
Vendor warranties	508	2,389	Overdraft facilities (current bank loans)		
Individual legal right to training	2,391	1,538	- authorised	45,805	37,116
Other commitments given	3,570		- utilised (balance sheet)	7,420	2,499
			- not utilised (off-balance sheet)	38,385	34,617
			Medium-term loan		
			- authorised	253,000	250,000
			- utilised (balance sheet)	21,147	41,000
			- not utilised (off-balance sheet)	231,853	209,000
<b>Total commitments given</b>	<b>183,201</b>	<b>159,262</b>	<b>Total commitments received</b>	<b>270,238</b>	<b>243,617</b>

In guarantee of its obligations under the loan agreement, the Company pledged the Xansa shares purchased to the lending banks, provided the leverage ratio remains above 2.0.

### **OTHER OFF-BALANCE SHEET COMMITMENTS:**

The nominal value of future rental payments under operating lease contracts amounts to €95,452 thousand with respect to real property contracts and €11,811 thousand with respect to moveable property contracts. In addition, the nominal value of future rental payments receivable under sub-lease contracts is €13,207.

Risks regarding the repayment of borrowings are described in Note 4.10.

Readers are reminded that since the date of acquisition of Xansa (17 October), all Group companies are covered by a Master General and Professional third-party liability policy on a DIC/DIL basis (Difference in conditions/Difference in limits) regarding local policies, with a contractual general indemnity limit of €85,000,000 per claim and per insurance year.

Similarly, since this date all Group companies are covered by a Master property damages and business interruption (PDBI) policy on a DIC/DIL basis (Difference in conditions/Difference in limits) regarding local policies, with a contractual general indemnity limit (all damages and business interruption losses combined) of €150,000,000 per year and per claim in 2007.

## **COMPLEX COMMITMENTS:**

### ➤ ***Commitments Related to the Sale of Companies: Warranties***

- Warranties received by Groupe Steria SCA and Steria as part of the acquisition of Mummert Consulting

A warranty to cover liabilities was given to Groupe Steria SCA under normal business conditions. The warranties expired on 11 January 2007, except for those warranties concerning matters governed by French company law and tax matters which will expire in January 2015. Groupe Steria SCA designated Steria SA as "nominee". As such, the Mummert securities are now held by Steria SA, which is subject to all the rights and obligations underwritten by Groupe Steria in the acquisition agreement. Groupe Steria SCA remains jointly and severally liable in respect of the obligations now incumbent upon Steria SA.

- Warranties received by Steria AB (Swedish company) as part of the acquisition of Iocore Business consulting AB

Steria AB benefits from a bank guarantee in the amount of SEK 5,000,000 covering tax and employee-related notices until 9 July 2009.

### ➤ ***Commitments Related to Shareholders' Agreements***

- Commitments given and received by Stepar in connection with Travelsoft

Various commitments have been given to guarantee the valuation of the interest held by Stepar in Travelsoft (currently 23.3% of share capital) notably in the event of a share capital increase and to enable Stepar to withdraw from the company.

Other commitments given or received are immaterial.

## **NOTE 7: RELATED PARTY TRANSACTIONS**

Material transactions with related parties consist of remuneration paid to key management personnel <sup>(1)</sup> presented in the following table and relations with NHS SBS, equity accounted in the consolidated financial statements (see Note 4.4).

	2007
Fixed remuneration	€446,933
Variable remuneration	€240,693
Benefits-in-kind	€1,434
Attendance fees	€96,000
Professional fees	€129,617
Other	€47,205
<b>Total</b>	<b>€961,882</b>
Free shares	10,000

(1) General manager and members of the Supervisory Board

### ■ 3.2 Statutory Auditor's report on the consolidated financial statements

PIMPANEAU ET ASSOCIES  
NEXIA INTERNATIONAL

ERNST & YOUNG et Autres

*This is a free translation into English of the Statutory Auditors' Report issued in French language and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessment of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating to the specific verification of information in the group management report.*

*This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.*

#### **Groupe Steria S.C.A.**

Year ended December 31, 2007

#### **Statutory Auditors' Report on the consolidated financial statements**

**PIMPANEAU ET ASSOCIES**  
NEXIA INTERNATIONAL  
23, rue Paul-Valéry  
75116 Paris  
SAS au capital de € 120.000

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Paris

**ERNST & YOUNG et Autres**  
41, rue Ybry  
92576 Neuilly-sur-Seine Cedex  
S.A.S. à capital variable

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

## **Groupe Steria S.C.A.**

Year ended December 31, 2007

### **Statutory Auditors' Report on the consolidated financial statements**

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders general meetings, we have audited the accompanying consolidated financial statements of Groupe Steria for the year ended December 31, 2007.

The consolidated financial statements have been approved by the Manager. Our role is to express an opinion on these financial statements based on our audit.

#### **I. Opinion on the consolidated financial statements**

We conducted our audit in accordance with professional standards applicable in France; Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as December 31, 2007 and of the results of its operations for the year then ended in accordance with IFRSs as adopted by the EU.

## II. Justification of assessments

In accordance with the requirements of Article L.823-9 of French Company Law (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- During the year, your company completed the acquisition of Xansa Group for a total cost of € 698 million. Note 2.2 to the consolidated financial statements sets out the allocation of the acquisition price, under which your company recognized 629 million in goodwill. As part of our assessments, we obtained an understanding and appreciated the procedures implemented by the Group concerning the allocation of the acquisition price and in particular, we reviewed the report prepared by the independent expert appointed by your company to carry out the above-mentioned work.
- Your company applies the "percentage of completion" accounting method in the recognition of its revenue and profit from fixed-price contracts, as set out in Note 1.14 of the notes to the financial statements. We made sure of the proper application of this method by reviewing existing procedures within your company and implementing reviews of contracts together with financial and operational managers.
- Your company accrues for provisions to cover business risks, in particular risks relating to contracts. Upon available information as of today, our assessment on these provisions is based upon an analysis of the processes implemented by management to identify and evaluate risks, a thorough review of those risks identified and evaluations made, and an examination of subsequent events which corroborates these evaluations.
- Impairment tests on goodwill are performed using mainly future discounted cash-flows based on estimates, as described in Note 1.4 of the notes to the financial statements. Within the framework of the justification of our assessments, we made sure, based on information available, of the reasonableness of these estimates and the resulting valuation of goodwill.
- Your company accounts for deferred tax assets based upon estimates, as set out in Note 1.10 of the notes to the financial statements. Within the framework of the justification of our assessments, we made sure, based on information available as today, of the reasonableness of these estimates and the resulting valuation of deferred tax assets.

The assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

## III. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, April 30, 2008

The Statutory Auditors

PIMPANEAU ET ASSOCIÉS  
NEXIA INTERNATIONAL

ERNST & YOUNG et Autres

*French original signed by*  
Olivier Juramie

*French original signed by*  
François Rodmann

### ■ 3.3 Parent Company Financial Statements for the Year Ended 31 December 2007

#### GRUPE STERIA SCA BALANCE SHEET AS AT 31/12/2007

#### ASSETS

in thousands of euros

	Gross	Depreciation, amortisation, provisions	31/12/2007	31/12/2006
Capital subscribed but not called			0	
<b>INTANGIBLE FIXED ASSETS</b>				
Start-up expenses			0	
Research & development expenditure			0	
Concessions, patents and similar rights	6 056	450	5 606	
Purchased goodwill			0	
Other intangibles			0	
Payments on account	102		102	
<b>TANGIBLE FIXED ASSETS</b>				
Land			0	
Buildings			0	
Industrial and technical plant			0	
Other tangible fixed assets	69	7	62	
Tangible fixed assets under construction			0	
Payments on account			0	
<b>LONG-TERM INVESTMENTS</b>				
Equity investments	987 718		987 718	305 729
Other investments	0		0	
Loans to investments	0		0	
Other long-term investment securities	2 034	217	1 817	
Loans	94 394		94 394	
Other long-term investments	622		622	2 701
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1 090 995</b>	<b>674</b>	<b>1 090 320</b>	<b>308 430</b>
<b>STOCK AND WORK-IN-PROGRESS</b>				
Raw materials & supplies			0	
Work-in-progress - goods			0	
Work-in-progress - services			0	
Semi-finished and finished goods			0	
Bought-in goods			0	
Payments on account of orders	122		122	
<b>OPERATING RECEIVABLES</b>				
Trade receivables and related accounts	2 486		2 486	
Other operating receivables	72 376		72 376	34 883
Other sundry receivables			0	
Capital subscribed and called, but not paid			0	
<b>Cash and cash equivalents</b>				
Marketable securities	12 830		12 830	
(including treasury shares: )			0	1
Cash at bank and in hand	29		29	
<b>PREPAYMENTS AND ACCRUED INCOME</b>				
Prepaid expenses	387		387	
<b>TOTAL CURRENT ASSETS</b>	<b>88 230</b>	<b>0</b>	<b>88 230</b>	<b>34 884</b>
Deferred charges			0	
Bond redemption premiums	0		0	0
Unrealised foreign exchange losses	3 347		3 347	0
<b>TOTAL ASSETS</b>	<b>1 182 571</b>	<b>674</b>	<b>1 181 897</b>	<b>343 314</b>

	31/12/2007	31/12/2006
Share or individual capital of which paid up: 28,155	28 155	18 623
Share premiums	382 623	164 361
Revaluation reserve of which equity accounting revaluation: 118 628	118 628	134 961
Legal reserve	2 027	2 027
Reserves recognised under the Articles of Assoc.or contractually		
Regulated reserves	240	240
Other reserves	2 673	3 262
Retained earnings		9 956
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>	<b>22 121</b>	<b>(2 127)</b>
Investment grants		
Regulated provisions	330	
<b>SHAREHOLDERS' EQUITY</b>	<b>556 798</b>	<b>331 303</b>
Proceeds from issues of participating securities	152 449	
Subordinated loans		
<b>EQUITY EQUIVALENTS</b>	<b>152 449</b>	<b>0</b>
Provisions for liabilities		
Provisions for charges	721	
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>721</b>	<b>0</b>
<b>BORROWINGS</b>		
Convertible bonds		
Other bonds		
Bank borrowings	442 366	13
Other borrowings		
Payments received on account for work-in-progress		
<b>OPERATING LIABILITIES</b>		
Trade payables and related accounts	14 310	75
Tax and employee-related liabilities	4 866	10 266
Other operating liabilities	7	
<b>SUNDRY</b>		
Amounts payable in respect of fixed assets and related accounts	1 390	1 657
Tax liabilities - corporate income tax		
Other sundry liabilities		
<b>ACCRUALS AND DEFERRED INCOME</b>		
Deferred income		
<b>TOTAL LIABILITIES</b>	<b>462 940</b>	<b>12 011</b>
Unrealised foreign exchange gains	8 988	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1 181 897</b>	<b>343 314</b>

Net profit for the year (in eurocentimes)

22 121 062,74

Total balance sheet (in eurocentimes)

1 181 896 745,69

GROUPE STERIA SCA Income Statement for the year ended 31/12/07

in thousands of euros

	France	Export	31/12/2007	31/12/2006
<b>SALES OF BOUGHT-IN GOODS</b>				
<b>SALES OF OWN GOODS AND SERVICES</b>				
SALES OF BOUGHT-IN GOODS			0	
Works			0	
Services	14		14	
<b>NET SALES</b>	<b>14</b>	<b>0</b>	<b>14</b>	<b>0</b>
<b>CHANGE IN STOCK OF OWN</b>				
Work-in-progress - goods				
Work-in-progress - services				
Income				
Own production of goods and services capitalised				
Operating grants				
Reversals of depreciation, amortisation and provisions			1	35
Expense reclassifications				
Other income			6 031	
<b>OPERATING INCOME</b>			<b>6 046</b>	<b>35</b>
<b>COST OF GOODS SOLD</b>				
Purchases of bought-in goods (including customs duties)				
Change in stock of bought-in goods				
<b>CONSUMPTION OF GOODS AND MATERIALS</b>			<b>16 277</b>	<b>201</b>
Purchases of raw materials				
Purchases of other supplies				
Change in stock of raw materials and supplies				
Other purchases and external charges				
- Sub-contracting purchases				
- Purchases of raw materials and supplies not included in stock				
- External services			<b>16 277</b>	<b>201</b>
- External personnel				
- Equipment finance leases				
- Property finance leases				
- Other external services			16 277	201
Taxes, duties and related amounts			<b>151</b>	<b>12</b>
Payroll taxes			151	11
Other taxes and duties				1
<b>EMPLOYEE EXPENSES</b>			<b>3 109</b>	<b>113</b>
Wages and salaries			2 179	111
Social security contributions			929	1
<b>DEPRECIATION, AMORTISATION AND PROVISIONS</b>			<b>1 178</b>	<b>0</b>
Depreciation and amortisation of fixed assets			457	
Provisions for write-down of fixed assets				
Provisions for current assets				
Provisions for liabilities and charges			721	
<b>OTHER CHARGES</b>			<b>1 773</b>	
<b>OPERATING EXPENSES</b>			<b>22 489</b>	<b>325</b>
<b>OPERATING LOSS</b>			<b>(16 443)</b>	<b>(290)</b>

**GROUPE STERIA SCA Income Statement for the year ended 31/12/07 (continued)**

in thousands of euros

	31/12/2007	31/12/2006
Profits transferred in or losses transferred out		
Profits transferred out or losses transferred in		
Financial income from equity investments	36,994	5,504
Revenues from other marketable securities and long-term loans	1,540	
Other interest and similar income	2,835	882
Reversals of provisions and expense reclassifications		
Foreign exchange gains	6,800	
Net proceeds from sale of marketable securities	620	52
<b>FINANCIAL INCOME</b>	<b>48,789</b>	<b>6,438</b>
Amortisation and charges to provisions for financial items	217	
Interest and similar charges	12,122	
Foreign exchange losses	2,907	
Net charges on sales of marketable securities		
<b>FINANCIAL EXPENSES</b>	<b>15,247</b>	<b>0</b>
<b>FINANCIAL RESULT</b>	<b>33,543</b>	<b>6,438</b>
<b>PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX</b>	<b>17,100</b>	<b>6,148</b>
<b>EXCEPTIONAL INCOME FROM NON-CAPITAL TRANSACTIONS</b>		
<b>EXCEPTIONAL INCOME FROM CAPITAL TRANSACTIONS</b>	<b>0</b>	<b>90</b>
Proceeds from disposals of non-current assets		90
Investments grants released to profit		
Other		
<b>REVERSALS OF PROVISIONS AND EXPENSE RECLASSIFICATIONS</b>		<b>43</b>
<b>EXCEPTIONAL INCOME</b>	<b>0</b>	<b>133</b>
<b>EXCEPTIONAL CHARGES ON NON-CAPITAL TRANSACTIONS</b>		
<b>EXCEPTIONAL CHARGES ON CAPITAL TRANSACTIONS</b>		
Net book value of assets sold		
Other		
<b>EXCEPTIONAL DEPRECIATION, AMORTISATION AND PROVISIONS</b>	<b>330</b>	<b>0</b>
Regulated provisions		
Depreciation, amortisation and other provisions	330	
<b>EXCEPTIONAL CHARGES</b>	<b>330</b>	<b>0</b>
<b>NET EXCEPTIONAL ITEMS</b>	<b>(330)</b>	<b>133</b>
Statutory employee profit-sharing scheme		
Corporate income tax	(5,351)	8,408
<b>TOTAL INCOME</b>	<b>54,835</b>	<b>6,607</b>
<b>TOTAL EXPENSES</b>	<b>32,714</b>	<b>8,734</b>
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>	<b>22,121</b>	<b>(2,127)</b>

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

As at 31 December 2007, the balance sheet before appropriation of earnings for the year ended 31 December 2007 presents total assets of €1,181,896,746. The income statement, presented in list format, shows total income of €54,835,220, total expenses of €32,714,157, and a net profit of €22,121,063.

The accounts have been prepared for a 12-month period extending from 1 January 2007 to 31 December 2007.

The notes presented below represent an integral part of the financial statements.

### **Note 1: Accounting policies and methods**

#### 1.1 Accounting Policies

The financial statements have been prepared in accordance with the fundamental accounting principles of prudence, going concern, consistency and accruals and the general preparation and presentation rules for annual financial statements.

Items are recorded in the accounts in accordance with the historical cost convention, with the exception of equity investments.

A consolidated balance sheet and income statement have been prepared for Groupe Steria SCA.

#### 1.2 Accounting Methods

The main accounting methods used are as follows:

##### 1.2.1 Intangible fixed assets

Software purchased by the Group is amortised on a straight-line basis over a period of three years.

Patents and other intangible assets are amortised on a straight-line basis over a period of three years.

Internal research and development expenditure is expensed in the year incurred.

Registration duties relating to the acquisition of business goodwill are expensed in the year incurred.

External costs incurred for the development of the information system are amortised on a straight-line basis over eight years.

In accordance with prevailing legislation in France, Groupe Steria SCA applies CRC Regulation 2002-10 on the depreciation, amortisation and impairment of assets and CRC Regulation 2004-06 on the definition and measurement of assets since 1 January 2005.

##### 1.2.2 Tangible fixed assets

Tangible fixed assets are measured at acquisition cost (purchase price plus incidental expenses, excluding acquisition costs).

Depreciation is calculated on a straight-line basis, according to the expected useful life and nature of the assets.

The following depreciation periods are generally applied for purchased fixed assets:

- |   |                               |
|---|-------------------------------|
| ▪ Fixtures and fittings                                       | 7 to 10 years – straight-line |
| ▪ Computer hardware<br>(PCs, small items of office equipment) | 3 years – straight-line       |
| ▪ Other computer hardware                                     | 5 years – straight-line       |

### 1.2.3 Investments

To harmonise the parent company and consolidated financial statements of Groupe Steria SCA, the investments in companies over which the Group has exclusive control are recorded for the percentage shareholding they represent.

The option for this equity method of accounting is provided by Article L.232-5 of the French Commercial Law (*Code de Commerce*), introduced by the Law of 3 January 1985 and the application decree of 17 February 1986.

- The method applies to fully consolidated companies;
- The shareholders' equity of these companies is calculated using the accounting policies adopted for consolidation;
- When valuing a subsidiary, shares held by the subsidiary in companies over which the Group has exclusive control are valued using the same method.

Investments in companies over which the Group does not have exclusive control are stated on the balance sheet at the lower of acquisition cost or value in use.

Acquisition costs are included in the entry cost of securities.

### 1.2.4 Receivables

Receivables are stated at nominal value. A provision for write-down is recorded where the receivables' recoverable value is less than its balance sheet value.

### 1.2.5 Financial Income

Subsidiary dividends are recorded in financial result provided the shareholders of these companies have met and decided on the payment of a dividend prior to the Groupe Steria SCA year-end.

### 1.2.6 Marketable securities

Marketable securities are stated at their balance sheet value. Provisions for write-down are set aside for any unrealised capital losses.

The balance sheet value of listed securities and treasury shares is determined using the average closing share price of the last month preceding the closing date.

### 1.2.7 Foreign currency denominated transactions

Foreign currency denominated income and expense items are recorded at their euro equivalent at the transaction date.

Foreign currency denominated receivables and payables are recorded in the balance sheet at their euro equivalent determined using the closing exchange rate. Any gains or losses arising on the retranslation of foreign currency denominated receivables and payables are recorded in the balance sheet in "Unrealised foreign exchange gains or losses".

A provision for liabilities and charges is recorded in respect of unrealised foreign exchange losses in the amount of such losses, unless the term of such transactions is sufficiently close, in which case the unrealised gains and losses are considered to form part of the overall foreign exchange position and the charge to the provision is restricted to the amount by which losses exceed gains.

### 1.2.8 Recognition of retirement benefit obligations

Contributions paid to defined-contribution schemes are expensed in the year paid.

Obligations arising from industry agreements applicable within the Group are recognised under "Provisions for liabilities and charges". They are calculated on an individual employee basis, taking into account discounted salaries, life expectancy, the probability of employees remaining with the Company until the expected date of retirement and the ratio of current length of service to future length of service at retirement age. The scheme is a final salary scheme.

The obligation is calculated using the Projected Unit Credit method.

Pursuant to CNC Recommendation 2003-R01, actuarial gains and losses are systematically spread over the average remaining service life of scheme participants:

Actuarial liability calculation assumptions for retirement termination payments and long-service medals	Retirement termination payments
	31/12/2007
Discount rate	5.25%
Inflation rate	2.00%
Rate of salary increase	2.00%
Retirement age	63 years old
Liability at the balance sheet date	732
Amounts recognised in the balance sheet	Retirement termination payments
	31/12/2007
Present value of funded obligations with corridor	738
Fair value of plan assets	0
Difference	738
Present value of funded obligations	
Actuarial losses not recognised (difference)	5
Past service cost not recognised	0
Net liability in the balance sheet (provision after charge for the year)	732
Balance sheet amounts:	
Liabilities	732
Assets	
Net obligation in the balance sheet	732
Amounts recognised in the Income statement	Retirement termination payments
	31/12/2007
Current service cost	11
Interest on obligation	10
Net actuarial losses recognised in the year	0
Past service cost	0
Losses (gains) on curtailments and settlements	0
Total recognised in "Employee expenses"	20
Actual return on plan assets	
Opening net liability (with corridor)	0
Net charge recognised in profit or loss	20
Contributions	0
Liabilities acquired in business combinations	712
Closing net liability	732

The figures presented in the tables are in thousands of euros.

## Note 2: Additional information and financial commitments

All tables are presented in thousands of euros and the mandatory tables are only included insofar as they provide additional significant disclosures compared to the balance sheet and income statement.

No add-backs were recorded for the general expense categories as stipulated in Article 27 of the Law of 12 July 1965.

## Note 3: Balance Sheet and Income Statement

The balance sheet and income statement are expressed in thousands of euros unless otherwise stated.

### Major Events

#### **The increase in the share capital of €227,794 in 2007 was due to:**

- The exercise of share subscription options leading to the issue of 300,092 shares for a total amount of €9,096 thousand.
- The issue of 435,466 shares under the Group Savings Plan for a total amount of €17,243 thousand.
- The exercise of share subscription warrants leading to the issue of 133,400 shares for a total amount of €3,669 thousand, including €3,535 thousand following the acquisition of Mummert.
- The share capital increase on 11 December 2007 of €197,786 thousand, net of expenses of €3,305 thousand, net of tax, performed to finance the acquisition of Xansa. On 12 November 2007, the Group launched a share capital increase with retention of shareholder subscription rights, comprising the issue of 8,663,204 new shares at a subscription price of €23.20 per share.

### **Mummert Consulting AG Group**

In connection with the acquisition of the Mummert Consulting A.G. Group in 2005, share subscription warrants granting entitlement to a maximum of 452,876 Groupe Steria shares were issued that could be exercised upon the fulfilment of certain objectives.

In June 2007, as indicated above, 33 subscription warrant holders exercised and fully paid up in cash their subscription rights for 133,400 new shares.

This transaction resulted in the creation of 133,400 new shares on 29 June 2007, together with an issue premium of €3,535 thousand, in consideration for an increase in Steria's current account which raised the value of Mummert's shares in the same amount.

Warranties received by Groupe Steria SCA and Steria SA with respect to the acquisition of the German company, Mummert Consulting AG, concluded on 30 December 2004 and effective as of 1 January 2005:

A warranty to cover liabilities was given to Groupe Steria SCA under normal business conditions.

The warranty expired in January 2007, except for matters governed by French company law for which it will expire in January 2015.

Groupe Steria SCA designated Steria SA as nominee. As such, the Mummert securities are now held by Steria SA, which is subject to all the rights and obligations underwritten by Groupe Steria in the acquisition agreement. Groupe Steria SCA remains joint and severally liable in respect of the obligations now incumbent on Steria SA.

### **Liquidity contract with Société Générale Securities SAS**

On 31 October 2006, Groupe Steria SCA signed a liquidity contract with Société Générale Securities SAS in order to promote transaction liquidity, share price consistency and a reduction in share price volatility on the market and to avoid price differences not justified by market trends. Accordingly, the issuer "Groupe Steria SCA" provided the broker "Société Générale Securities SAS" with an amount of €735,000 and 17,500 shares.

As at 31 December 2007, the following resources appeared in the liquidity account:

- 35,983 Groupe Steria shares
- cash of €656,708.96

### **Acquisition of Xansa Group for a total consideration of €98.3 million**

Purchase of 25.4% of Xansa share capital on 30/07/07 for a consideration of £115 million, or €170.4 million

Purchase of the remaining Xansa share capital for a consideration of £348.6 million, or €520 million (payment on 17/10/07, 15/11/07 and 20/11/07)

In addition, costs directly associated with this acquisition of €8 million were incurred.

### **Loan secured with a pool of banks to finance the acquisition**

With a view to the acquisition of Xansa, the Company entered into a five-year, multi-currency loan agreement with a leading bank on 29 July 2007, for an amount of approximately €1 billion. This multi-currency loan was subsequently syndicated with a pool of banks.

The specific terms and conditions negotiated with the banks were jointly presented to and approved by the Audit Committee and Supervisory Board of Groupe Steria SCA.

The successful refinancing operations undertaken in the fourth quarter of 2007 (hybrid convertible bond issue and share capital increase) generated a total of €352 million and enabled the repayment in full of the bridging loan (syndicated loan B1 facility of €340 million) in December 2007.

**The lines of the multi-currency loan agreements break down as follows as at 31 December 2007:**

	Amount		Draw-down as at 31 Dec. 2007		Draw-down rate as at 31 Dec. 2007	Maturity	Interest rate** as at 31 Dec. 2007
	In € million	In £ million	In € million	In £ million			
<b>Syndicated loan</b>							
A1 A facility	274		274		100%	Repayable in instalments; 2012	5.69%
A1 B facility		46		46	100%	Repayable in instalments; 2012	7.20%
A2 facility		54		54	100%	Repayable in instalments; 2012	7.20%
B2 facility	11		11		100%	2008	5.39%
C facility	53		0		0%	Repayable on maturity; 2012	N/A
Revolving credit	200			16	11%	Repayable on maturity; 2012	7.20%
<b>Foreign currency total</b>	538	100	285	116			
<b>Total €equivalent *</b>	<b>674</b>		<b>443</b>		66%		6.21%

\* as at 31 Dec. 2007: EUR 1 = GBP 0.73335

\*\* rate: draw-down rate = inter-bank rate of the draw-down currency + fixed margin

Interest rates payable on the syndicated loan are equal to the inter-bank rate of the currency concerned at the time of draw-down, plus a margin set for a period of six months based on the leverage ratio.

In guarantee of its obligations under the loan agreement, the Company granted the lending banks a pledge over the Xansa shares purchased by the Company, as long as the leverage ratio remains above 2.0.

### Bank covenants

Under the terms of the loan agreement, the Company is required to satisfy two financial ratios, calculated six-monthly based on the published consolidated financial statements, on a 12-month sliding basis.

The first financial ratio, the **leverage ratio**, is equal to **net debt/EBITDA**. This ratio must not exceed the following limits at each calculation date:

December 2007	2.75
June 2008	2.75
December 2008 to December 2012	2.25

Net debt is defined on a consolidated basis as all loans and related borrowings (excluding inter-company liabilities), plus pension fund shortfalls net of tax, less cash and cash equivalents.

EBITDA is the consolidated operating margin plus charges to depreciation and amortisation and current provisions.

For the periods ending 31 December 2007 and 30 June 2008, the EBITDA used to calculate the ratios is a pro forma EBITDA including the EBITDA of Xansa and its subsidiaries for the corresponding periods.

As at 31 December 2007, the net debt to EBITDA ratio requirement is easily satisfied and is calculated as follows:

Net debt (including retirement benefit obligations)

Short-term borrowings	€66.2 million
Long-term borrowings	€387.8 million
Cash and Cash Equivalents	€(147.2) million
Retirement benefit obligations	€68.5 million
DTA on retirement benefit obligations	€(14.5) million
<b>Total net debt</b>	<b>€360.9 million</b>

EBITDA

Steria (excluding Xansa companies)	€123.8 million
Xansa 12 months pro forma	€47.2 million
<b>Total pro forma EBITDA</b>	<b>€171.0 million</b>

**Ratio Net debt/EBITDA**

**2.11**

The second financial ratio, the **interest coverage ratio**, is equal to **EBIT/net financial debt cost**. This ratio must not fall below the following amounts at each calculation date:

December 2007	3.75
June 2008	3.75
December 2008	3.75
June 2009 to December 2012	5.00

EBIT is equal to the consolidated operating margin.

The net financial debt cost is the amount published in the half-year consolidated financial statements.

As at 31 December 2007, the EBIT to net financial debt cost ratio requirement is easily satisfied and is calculated as follows:

EBIT

Steria (excluding Xansa companies)	€94.5 million
Xansa 12 months pro forma	€34.0 million
<b>Total pro forma EBIT</b>	<b>€128.5 million</b>

Net financial debt cost

Steria (excluding Xansa companies)	€11.6 million
Xansa Pro forma	€5.1 million
<b>Total pro forma net financial debt cost</b>	<b>€16.7 million</b>

**Ratio EBIT/net financial debt cost**

**7.69**

### **Perpetual Hybrid Subordinated Bond Issue**

On 12 November 2007, Groupe Steria launched an issue of perpetual subordinated bonds, convertible and/or exchangeable for new shares, in order to raise funds for the partial repayment of one of the two tranches of the bridging loan secured for the acquisition of XANSA. This issue was performed at the same time as the share capital increase with retention of shareholder subscription rights, comprising the issue of 8,663,204 new shares at a subscription price of €23.2 per share (representing a total share capital increase of €197,786 thousand).

The unit value of the bonds was set at €37.36 plus an issue premium of 25% and annual interest up to 31/12/12 of 5.7%. From 1 January 2013, those bonds not converted into shares or redeemed early shall cease to be convertible and shall pay interest quarterly at an annual rate of Euribor 3 months +8%.

As at 14 November 2007, 4,080,549 bonds had been issued for a total amount of €152.4 million.

An amount of €149.5 million was received by the Company as at 20/11/07, representing a nominal amount of €152.4 million, net of guarantor commission of €3 million.

No bonds had been redeemed as at 31 December 2007.

Following the share capital increase and the hybrid convertible bond issue, the Company repaid the bridging loan.

### **Groupe Steria SCA is the head of a tax consolidation group**

The other companies concerned are Steria SA, Stepar, U-Services, Sysinter and Sernet.

### **Employee transfers**

Transfer – with amendment of employment terms and conditions – of 65 Steria employees to Groupe Steria SCA on 1 October 2007. Sale of various software systems and notably the ERP system “OFA” at their net carrying amount of €5,459 thousand, including €4,888 thousand in respect of the ERP system. All obligations relating to these employees were assumed by Groupe Steria SCA.

### **Foreign currency and interest rate hedging policy**

The Company has not entered into any hedges against foreign currency risk as at 31 December 2007.

The Group has entered into several interest rate swap contracts (interest rate swaps and synthetic caps, i.e. swaps combined with floors), in order to protect itself against fluctuations in interest rates.

The Company has not entered into any hedges against commodity risk as at 31 December 2007.

The fair value of these financial commitments is presented below:

(in millions of euros)	
<b><u>Fair value of financial instruments as at 31 December 2007</u></b>	
Interest rate derivatives	3.4
Foreign currency derivatives	0.0
Commodity derivatives	0.0
<b>Total</b>	<b>3.4</b>

### **Post balance-sheet events**

The subsidiary Steria Polska held by Steria SA was sold to Groupe Steria SCA on 5 February 2008 for a consideration of €100 thousand.

## Note 4: Explanations on the financial statements

### 4.1 Fixed assets

Movements in fixed assets break down as follows:

	31/12/2006	Additions	Decreases	31/12/2007
Intangible fixed assets		6,056		6,056
Tangible fixed assets		171		171
Equity investments	305,729	698,322	16,333	987,718
Other investments				0
Other long-term investment securities		2,034		2,034
Loans		94,394		94,394
Other long-term investments	2,701		2,079	622
<b>Gross value</b>	<b>308,430</b>	<b>800,977</b>	<b>18,412</b>	<b>1,090,995</b>

Intangible fixed assets consist of external costs capitalised in respect of the information system (€4,888 thousand).

Depreciation and amortisation	31/12/2006	Charge	Reversal	31/12/2007
Intangible fixed assets		450		450
Tangible fixed assets		7		7
Equity investments		330		330
<b>Depreciation and amortisation</b>	<b>0</b>	<b>787</b>	<b>0</b>	<b>787</b>
Operating		457		
Exceptional		330		

### 4.2 Long-term investments: Equity investments

	31/12/2006	Additions	Decrease	31/12/2007
Acquisition cost	170,768	698,322	0	<b>869,090</b>
Revaluation difference	0	0	0	<b>0</b>
Equity value	305,730	681,988	0	<b>987,718</b>
<b>Equity difference</b>	<b>134,962</b>	<b>(16,334)</b>	<b>0</b>	<b>118,628</b>

#### 4.3 Receivables

##### 4.3.1 Operating Receivables

As at 31 December 2007, all operating receivables are due in less than one year and break down as follows:

	31/12/2007
Trade receivables	1,774
Sales invoice accruals	712
Trade supplier accounts in debit	872
Employees and social security bodies	33
French State and local authorities	4,606
Current accounts	66,860
Swap receivable	6
<b>Total</b>	<b>74,863</b>

##### 4.3.2 Accrued Income

	31/12/2007
Accrued credit notes	872
Accrued interest receivable	292
<b>Total</b>	<b>1,163</b>

#### 4.4 Fungible Assets

In accordance with CNC notice 98-D concerning short-term transactions, the treasury shares held by Groupe Steria SCA in order to adjust its share price are recorded as investment securities.

A total of 72,648, treasury shares were held by the Group as at 31 December 2007.

	31/12/2007	
	Market value	Acquisition cost
Treasury shares	1,817	2,034
Marketable securities		
<b>Total</b>	<b>1,817</b>	<b>2,034</b>

The Company purchased 445,026 treasury shares and sold 425,555 treasury shares during the period.

#### 4.5 Breakdown of Share Capital

As at 31/12/2007	Number of shares	Par value
Ordinary shares	28,155,419	1 euro

- The share capital of Groupe Steria SCA as at 31/12/2007 is €28,155,419, comprising 28,155,419 shares with a par value of €1 each.
- The following share capital increases were performed during the year through the issue of new ordinary shares:

General Manager decision of 2 February 2007: share capital increase reserved for Group employees pursuant to the delegation granted by the Combined Shareholders' Meeting of 14 June 2006, in the nominal amount of €435,466 (share premium of €16,807,844.69), through the issue of 435,466 new shares with a par value of €1 each.

General Manager decision of 18 April 2007: share capital increase in the nominal amount of €122,847 (share premium of €4,532,220) through the issue of 122,847 new shares with a par value of €1 each, following the exercise of share subscription options.

General Manager decision of 28 May 2007: share capital increase in the nominal amount of €39,828 (share premium of €1,271,882.99) through the issue of 39,828 new shares with a par value of €1 each, following the exercise of share subscription options.

General Manager decision of 29 June 2007: share capital increase in the nominal amount of €133,400 (share premium of €3,535,100 borne by the Company) through the issue of 133,400 new shares with a par value of €1 each, following the exercise of share subscription warrants issued pursuant to the General Manager decision of 11 January 2005.

General Manager decision of 27 August 2007: share capital increase in the nominal amount of €62,186 (share premium of €1,420,391.38) through the issue of 62,186 new shares with a par value of €1 each, following the exercise of share subscription options.

General Manager decision of 31 October 2007: share capital increase in the nominal amount of €75,231 (share premium of €1,874,859.23) through the issue of 75,231 new shares with a par value of €1 each, following the exercise of share subscription options.

General Manager decision of 11 December 2007: share capital increase with retention of preferential subscription rights within the limits of the delegation granted by the Combined Shareholders' Meeting of 14 June 2006, in the nominal amount of €8,663,204 (share premium of €192,323,128.80) through the issue of 8,663,204 new shares with a par value of €1 each.

#### 4.6 Change in Shareholders' Equity

The increase in shareholders' equity breaks down as follows:

	31/12/2006	Appropriation of 2006 net loss	Change	2007 net profit	31/12/2007
Share capital	18 623	0	9 532	0	28 155
Issue premiums	69 707	0	218 262	0	287 969
Merger premiums	4 842	0	0	0	4 842
Asset contribution premiums	89 813	0	0	0	89 813
Reserves	15 485	(2 127)	(8 416)	0	4 942
Revaluation reserve (equity accounting revaluation)	134 962	0	(16 334)	0	118 628
Net profit for the year	(2 127)	2 127	0	22 121	22 121
Regulated provisions	0	0	330	0	330
<b>Total</b>	<b>331 304</b>	<b>0</b>	<b>203 374</b>	<b>22 121</b>	<b>556 799</b>
Dividends		7 874			

#### 4.7 Provisions for liabilities and charges

	Provisions as at 1/1/2007	Increase	Decrease / utilisation	Provisions as at 31/12/2007
Provisions for retirement benefits	0	721	0	721
<b>Total</b>	<b>0</b>	<b>721</b>	<b>0</b>	<b>721</b>

#### 4.8 Liabilities

##### 4.8.1 Borrowings

	Gross	Less than 1 year
Bank borrowings initially maturing within 1 year	0	0
initially maturing in more than 1 year	442,366	55,610
<b>Total</b>	<b>442,366</b>	<b>55,610</b>

#### 4.8.2 Operating Liabilities

	Gross	Less than 1 year
Trade payables and related accounts	14 310	14 310
Personnel and related accounts	2 629	2 629
Social security contributions and other social welfare organisations	975	975
Amounts payable in respect of fixed assets and related accounts	7	7
French State: corporate income tax	0	0
French State: other taxes and similar duties	1 261	1 261
Group and Partners	18	18
Other sundry liabilities	1 373	1 373
<b>Total</b>	<b>20 573</b>	<b>20 573</b>

#### 4.8.3 Accrued Expenses

	Gross	Less than 1 year
Purchase invoice accruals	2,072	2,072
Tax liabilities	37	37
Employee-related liabilities	3,932	3,932
Accrued interest on frozen current account	91	91
<b>Total</b>	<b>6,133</b>	<b>6,133</b>

#### 4.9 Taxation

##### 4.9.1 Allocation of Corporate Income Tax Based on Group Earnings

Pursuant to the provisions of Article 223A of the French General Tax Code, Groupe Steria SCA is solely liable for the income tax charge plus any additional income tax contributions and the minimum income tax charge payable in respect of the group comprising itself and its subsidiaries.

The subsidiaries must pay to Groupe Steria SCA the income tax amount, additional income tax contributions or minimum income-tax charge that would have been payable to the French Treasury had they not been members of the consolidation group.

The income tax charge and additional contributions are determined based on Form 2058-A bis, that is after offset, pursuant to general law, of losses, tax credits, receivables on the French Treasury, etc.

#### 4.9.2 Allocation of Corporate Income Tax Between Profit from Ordinary Activities and Exceptional Items

	Total	Ordinary	Exceptional
Profit/(loss) before tax	16,770	17,100	(330)
Employee profit-sharing			
Sub-total	16,770	17,100	(330)
GROUPE STERIA SCA gross tax			
Tax liability with respect to tax loss carryforwards			
Provision for taxes			
Impact of tax consolidation on taxes	5,351		5,351
Sub-total corporate income tax	5,351	0	5,351
<b>Net profit/(loss)</b>	<b>22,121</b>	<b>17,100</b>	<b>5,021</b>

NB: in the heading "Impact of tax consolidation on taxes", account 69 in the amount of €5,351 thousand does not only concern the tax consolidation.

The tax saving recorded by the Group is €7,016 thousand, i.e. the Steria contribution of €13,808 thousand less the amount payable to the French Treasury of €6,793 thousand.

#### 4.9.3 Deferred Taxes

	Tax base	Tax charge
Provisions for liabilities and charges	0	
Provisions for retirement benefits	721	
<b>Total</b>	<b>721</b>	<b>248</b>
<b>Long-term capital losses</b>		<b>0</b>

#### 4.9.4 Income Tax Saving

The net corporate income tax saving, arising from the application of the Group tax regime for a given year, shall be acquired immediately by Groupe Steria SCA at the year-end.

	Income tax
Income tax paid by the Group	6,793
Contribution paid by Steria	13,808
<b>Total tax saving</b>	<b>(7,015)</b>

4.9.5 Difference between reported income tax expense and income tax incurred in the absence of tax consolidation

	Impôt
Income tax reported following tax consolidation	6,793
Income tax incurred in the absence of tax consolidation	0
<b>Total difference</b>	<b>6,793</b>

4.9.6 Tax Loss Carryforwards

	montant
31/12/2006 year end	0
31/12/2007 year end	0
<b>Total tax loss carryforwards</b>	<b>0</b>

4.10 List of Subsidiaries and Affiliates

Name	Share capital Shareholders' equity	Shareholding dividends	Gross value of shares/Equity value	Loans, Advances, Guarantees	Net sales/Net profit/(loss)
<b>SUBSIDIARIES ( + 50% shareholding )</b>					
- STERIA SA 12 rue Paul Dautier 78140 VELIZY	13 317 291 800	99,99% 36 994	169 626 196 393	54 295	544 240 39 082
- STEPAR 12 rue Paul Dautier 78140 VELIZY	950 -237	99,99% 0	1 141 -142	2 357	0 0
- Xansa PLC 420 THAMES VALLEY PARK DRIVE BERKSHIRE, RG61PU GRANDE BRETAGNE	1 108	100,00% 0	698 322 667 882	94 393	0 ( 4 393 )

4.11 Remuneration of Management Bodies

The remuneration of management and administrative bodies, and attendance fees totalled €655 thousand and €96 thousand, respectively.

4.12 Cash flow from operating activities

	31/12/2007	31/12/2006
Net profit/(loss) for the year	22,121	(2,127)
Depreciation and amortisation, net	1,725	0
Provisions for financial items, net	0	(78)
<b>Cash flow from operating activities</b>	<b>23,846</b>	<b>(2,205)</b>

4.13 Statement of Source and Application of Funds

APPLICATIONS	31/12/2007	31/12/2006	SOURCES	31/12/2007	31/12/2006
Dividends paid during the year		5 614	Cash flow from operating activities	23 846	-2 205
<b>Purchases of non-current assets</b>			<b>Disposals of non-current assets</b>		
- Intangible fixed assets	6 056		- Intangible fixed assets		
- Tangible fixed assets	171		- Tangible fixed assets		
- Long-term investments	793 092		- Long-term investments	422	
<b>Deferred charges</b>			<b>Gross value</b>		
<b>Gross value</b>			<b>Gross value</b>		
- Share capital or share premium			- Share capital or share premium	9 532	502
- Equity equivalents	8 417	5 827	- Equity equivalents	218 262	12 211
<b>Repayments of borrowings</b>			<b>Increases in borrowings</b>		
- Medium long-term borrowings	0		- Medium long-term borrowings	594 686	
- Group current accounts	31 979	18 529	- Group current accounts	0	5 614
<b>Total applications</b>	<b>839 715</b>	<b>29 970</b>	<b>Total sources</b>	<b>846 748</b>	<b>16 122</b>

<b>Net sources</b>	<b>7 033</b>		<b>Net applications</b>		<b>13 848</b>
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CHANGE IN TOTAL NET WORKING CAPITAL	INCREASES (B)	DECREASES (D)	31/12/2007 (D) - (B)	31/12/2006
<b>CHANGES IN OPERATIONS</b>				
<b>Changes in operating assets</b>				
- Stock and work-in-progress				
- Payments on account for orders	122			
- Trade receivables, related accounts & other debts	11 731			
<b>Changes in operating liabilities</b>				
- Payments received on account for work-in-progress		17 831		
- Trade payables, related accounts and other liabilities				
<b>TOTAL OPERATIONS</b>	<b>11 852</b>	<b>17 831</b>		<b>10 471</b>
<b>A - NET CHANGE IN OPERATIONS</b>			<b>5 979</b>	<b>10 471</b>
<b>CHANGES IN NON-OPERATING ACTIVITIES</b>				
- Changes in other receivables	6			
- Changes in other payables	266			
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>271</b>	<b>0</b>		<b>1 493</b>
<b>B - NET CHANGE IN NON-OPERATING ACTIVITIES</b>			<b>(271)</b>	<b>1 493</b>
<b>TOTAL (A) - (B) NET DECREASE IN WORKING CAPITAL</b>				
<b>CHANGES IN CASH</b>				
- Changes in cash at bank and in hand	12 857			
- Changes in current bank loans, credit bank balances		117		
<b>TOTAL CASH</b>	<b>12 857</b>	<b>117</b>		<b>1 884</b>
<b>C - NET CHANGES IN CASH</b>			<b>(12 740)</b>	<b>1 884</b>
<b>CHANGE IN TOTAL NET WORKING CAPITAL (A+B+C): NET SOURCES</b>			<b>(7 033)</b>	<b>13 848</b>

#### 4.14 Employee Share Allocations as at 31 December 2007

##### Share Subscription Options

	Date of Shareholders' Meeting: 18/12/1998				Date of Shareholders' Meeting: 28/05/2002	
	Plan n° 2	Plan n° 3	Plan n° 4	Plan n° 5	Plan n° 6	Plan n° 7
General Manager grant date	07/02/2000	05/09/2000	10/04/2001	14/05/2002	11/04/2003	20/04/2004
Total number of options available for subscription:	249,570(1)	23,700(1)	236,640(1)	741,100	230,000	200,000
Number of shares available for subscription by:						
- corporate officers (2)	10,350	/	10,950	48,000	14,500	11,000
- top-ten employee recipients (3)	24,795	7,950	25,500	143,000	77,500	75,200
Exercise start date	08/02/2003	06/09/2003	11/04/2004	14/05/2005	12/04/2006	21/04/2007
Expiry date	07/02/2007	05/09/2007	10/04/2008	13/05/2009	11/04/2010	20/04/2011
Subscription price (in €)	43.33(1)	53.33(1)	43.33(1)	36	13	28.50
Exercise terms and conditions (when the plan contains several tranches)	/	/	/	/	/	/
Number of shares subscribed as at 31 December 2007	25,921	nil	21,049	105,992	93,780	11,500
Share subscription options cancelled as at 31 December 2007	223,649	23,700	53,925	221,500	37,900	32,400
Outstanding share subscription options	0	0	161,666	413,608	98,320	156,100

(1) Taking into account the 3 for 1 share split

(2) Groupe Steria SCA corporate officers.

(3) of the Group

*There are no share purchase options or option-based instruments.*

## Free shares

Date of Shareholders' Meeting	15.06.2005				
	Plan n°1	Plan n°2	Plan n°3	Plan n°4	Plan n°5
General Management grant date	13/09/2005	13/09/2006	15/12/2006	01/06/2007	19/12/2007
Total number of shares granted	70,000	100,000	7,500	30,102	115,600
Number of shares granted to:					
- corporate officers	12,500	7,500	7,500	0	10,000
- top-ten employee recipients	20,500	26,100	0	60	35,500
Date of vesting *	13/09/2008	13/09/2009	15/12/2009	01/06/2009	19/12/2010
Holding period end date	13/09/2010	13/09/2011	15/12/2011	01/06/2011	19/12/2012
Shares cancelled as at 31/12/2007	8,000	35,700	0	13,098	0
Outstanding shares as at 31/12/2007	62,000	64,300	7,500	17,004	115,600

\* subject to related performance conditions

## Share Subscription Warrants

Pursuant to the acquisition of the German company Mummert and at the decision of the Extraordinary Shareholders' Meeting of 30 December 2004, the General Manager decided on 11 January 2005 the issue of 490,566 share subscription warrants in two tranches, including 189,460 in tranche 2. Hence, after taking into account cancellations, a total of 145,590 warrants remain outstanding as at 31 December 2007.

Tranche 2 share subscription warrants were exercised between 1 and 31 January 2008 in accordance with the planned terms and conditions. In a decision dated 31 January 2008, the General Manager noted the subscription of 145,590 new shares through the exercise of 145,590 tranche 2 warrants out of a total of 189,460.

As part of the share capital increase reserved for Group employees decided by the General Manager on 2 February 2007, pursuant to the authority delegated by the Extraordinary Shareholders' Meeting of 14 June 2006, 49,198 Groupe Steria SCA share subscription warrants were issued. These share subscription warrants were subscribed by the "Steria BSA 2007" segment of the Groupe STERIACTIONS Corporate Mutual Fund in favour of German employees in the place of the 20% discount.

No other shares grant entitlement to the share capital.

#### 4.15 Transactions with Group Companies

	31/12/2007	31/12/2006
Long-term investments	863,483	225,358
Trade receivables	712	0
Debit balance current accounts	66,860	34,882
Trade payables	2,895	0
Credit balance current accounts	0	1
Financial income (including dividends received)	41,294	6,387
Financial expenses	0	0

#### 4.16 Marketable securities

Companies	Number of shares	Gross value	Net book value	Market value
Treasury shares	72 648	2 034	2 034	1 817
Steria SA	887 784	169 626	319 977	0
Stepar	126 631	1 141	(142)	0
Xansa Plc	356 666 144	698 322	667 882	0
<b>Total</b>	<b>357 753 207</b>	<b>871 123</b>	<b>989 751</b>	<b>1 817</b>

The market value is calculated using the average closing share price of the month preceding the closing date.

#### 4.17 Off-balance Sheet Commitments

All Group companies are covered by a Master General and Professional third-party liability policy on a DIC/DIL basis (Difference in conditions/ Difference in limits) regarding local policies, with a contractual general indemnity limit of €85,000,000, per claim and per insurance year.

Similarly, all Group companies are covered by a Master property damages and business interruption (PDBI) policy on a DIC/DIL basis (Difference in conditions/Difference in limits) regarding local policies, with a contractual general indemnity limit (all damages and business interruption losses combined) of €150,000,000 per year and per claim in 2007.

Expenses relating to employee individual legal entitlement to training are not provided because, as stated in the opinion issued on the subject by the French National Accounting Council (*Conseil National de la Comptabilité*) on 13 October, the Company, by entering into agreements with employees, will obtain a future benefit from such training. A total of 715 hours of individual training entitlement are available as at 31 December 2007, for an amount of €52 thousand.

I) Schedule of commitments

COMMITMENTS GIVEN		COMMITMENTS RECEIVED	
- Endorsements		- Endorsements	
- Bank guarantees on property leases	0	- Bank guarantees/contracts (co-contractors)	0
- Bank guarantees on contracts granted by banks	0	- Counter guarantees	
- Bank counter-guarantees granted to subsidiaries	0	- Cash facilities (overdrafts)	
- Debt waivers with financial recovery clauses		* authorised	0
* inter-company		* utilised (balance sheet)	6
* third-parties		* not utilised (off-balance sheet)	(6)
- Discounted notes not yet matured	0	- Medium-term loans	
- Daily Law debt assignments		* authorised	253,000
* authorised	0	* utilised (balance sheet)	21,147
* utilised (balance sheet)	0	* not utilised (off-balance sheet)	231,853
* not utilised (off-balance sheet)	0	- Factoring	
- Pledging of securities		* authorised	
- Real estate	0	* utilised (balance sheet)	
- Moveable property	0	* not utilised (off-balance sheet)	
Total	0	- Debt waivers with financial recovery clauses	
<b>Commitments given</b>		* inter-company	
- Employee individual legal entitlement to training	0	* third-parties	
- Retirement benefits	0	Total	231,847
Total	0		

COMMITMENTS GIVEN	Maturing in		
	Less than 1 year	1 to 5 years	More than 5 years
- Endorsements	0	0	0
- Bank guarantees on property leases	0	0	0
- Bank guarantees on contracts granted by banks	0	0	0
- Bank counter-guarantees granted to subsidiaries	0	0	0
- Real estate	0	0	0
- Moveable property	0	0	0

II) Summary schedule of obligations and commitments

Other commitments		Maturing in		
		Less than 1 year	1 to 5 years	More than 5 years
- Letters of support	0	0	0	0
- Guarantees given on contacts	21,068	0	21,068	0
- Non-bank guarantees on property leases and finance leases	0	0	0	0
- HR risks				
- provided				
- not provided				
- Contract risks				
- provided				
- not provided				
- Financial risks				
- provided				
- not provided				
Total	21,068	0	21,068	0

In guarantee of its obligations under the loan agreement, the Company pledged the Xansa shares purchased to the lending banks, as long as the leverage ratio remains above 2.0.

#### 4.18 Complex Commitments

##### Commitments Related to the Sale of Companies: Warranties

- Warranties received by Groupe Steria SCA and Steria as part of the acquisition of Mummert Consulting

A warranty to cover liabilities was given to Groupe Steria SCA under normal business conditions. The warranty expired in January 2007, except for matters governed by French company law and tax matters for which it will expire in January 2015.

Groupe Steria SCA designated Sterioa SA as nominee . As such, the Mummert securities are now held by Steria SA, which is subject to all the rights and obligations underwritten by Groupe Steria in the acquisition agreement. Groupe Steria SCA remains joint and severally liable in respect of the obligations now incumbent on Steria SA.

Other commitments given and received are not material.

##### Note 5: Average number of employees

	31/12/2007	31/12/2006
Management staff	17	0
Non-management staff	0	0
<b>Total</b>	<b>17</b>	<b>0</b>

The Company has 63 employees as at 31 December 2007.

Group leadership and coordination functions were transferred from Steria SA to Groupe Steria SCA on 1 October 2007. This entity brings together the functional departments and notably Communication, Strategy, Marketing, Risk Control and Audit, Human Resources, Information Systems, Financial Management and Legal. In addition and in the interests of efficiency, Groupe Steria SCA also provides certain centralised services to the subsidiaries which are billed.

### ■ 3.4 Statutory Auditor's report on the annual financial statements

PIMPANEAU ET ASSOCES  
NEXIA INTERNATIONAL

ERNST & YOUNG et Autres

*This is a free translation into English of the Statutory Auditors' Report issued in French language and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the annual financial statements. The report also includes information relating to the specific verification of information in the management report.*

*This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.*

## **Groupe Steria S.C.A.**

Year ended December 31, 2007

### **Statutory Auditors' Report on the annual financial statements**

**PIMPANEAU ET ASSOCIES**  
NEXIA INTERNATIONAL  
23, rue Paul-Valéry  
75116 Paris  
S.A.S. au capital de € 120.000

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Paris

**ERNST & YOUNG et Autres**  
41, rue Ybry  
92576 Neuilly-sur-Seine Cedex  
S.A.S. à capital variable

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

## **Groupe Steria S.C.A.**

Year ended December 31, 2007

### **Statutory Auditors' Report on the annual financial statements**

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders general meetings, we hereby report to you, for the year ended December 31, 2007, on:

- the audit of the accompanying annual financial statements of Groupe Steria,
- the justification of our assessments,
- the specific verifications and information required by law.

These annual financial statements have been approved by the "Gérant". Our role is to express an opinion on these financial statements based on our audit.

#### **I. Opinion on the annual financial statements**

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2007 and the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

#### **II. Justification of assessments**

In accordance with the requirements of Article L. 823-9 of French Company Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

The assessments were thus made in the context of the performance of our audit of the annual financial statements taken as a whole and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

### III. Specific verifications and information

We have also performed the specific verifications required by law in accordance with professional standards applicable in France. We have no matters to report regarding:

- the fair presentation and the conformity with the annual financial statements of the information given in the Management's Report and in the documents addressed to the Shareholders with respect to the financial position and the annual financial statements;
- the fair presentation of the information given in the Management's Report in respect of remunerations and benefits granted to the relevant directors and any other commitments made in their favour in connection with, or subsequent to, their appointment, termination or change in current function.

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal Shareholders has been properly disclosed in the Management's Report.

Paris and Neuilly-sur-Seine, April 30, 2008

The Statutory Auditors

PIMPANEAU ET ASSOCIES  
NEXIA INTERNATIONAL

ERNST & YOUNG et Autres

*French original signed by*  
Olivier Juramie

*French original signed by*  
François Rochmann

■ 3.5 *Statutory Auditors' Special Report on related party agreements and commitment*

PIMPANEAU ET ASSOCIES  
NEXIA INTERNATIONAL

ERNST & YOUNG et Autres

*This is a free translation into English of the special report of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers.*

*This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.*

**Groupe Steria S.C.A.**

Year ended December 31, 2007

**Statutory Auditors' Special Report  
on related party agreements and commitments**

**PIMPANEAU ET ASSOCIES**  
NEXIA INTERNATIONAL  
23, rue Paul-Valéry  
75116 Paris  
S.A.S au capital de € 120.000

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Paris

**ERNST & YOUNG et Autres**  
41, rue Ybry  
92576 Neuilly-sur-Seine Cedex  
S.A.S. à capital variable

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

## **Groupe Steria S.C.A.**

Year ended December 31, 2007

### **Statutory Auditors' Special Report on related party agreements and commitments**

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on the agreements and commitments with related parties.

1. We are not required to ascertain whether any agreements and commitments exist, but to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us. We are not required to comment as to whether they are beneficial or appropriate. It is your responsibility, under the terms of Article R.225-31 of French Company Law (Code de commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

We hereby inform you that we have not been advised of any agreements and commitments covered by Article L.226-10 of French Company Law (Code de commerce).

In addition, in compliance with the French Company Law (Code de commerce), we have also been advised that the following agreements and commitments, approved in prior years, remained current in the year ended December 31, 2007.

#### 1. With Steria S.A.

##### ***Nature and purpose***

Sub-leasing agreement of an office in Vélizy granted by Steria to your company.

##### ***Conditions***

This sub-leasing was granted for free up to September 30, 2007.

#### 2. With Tecnet Participations

##### **a. *Nature and purpose***

Services agreement according to which Mr. Jacques Bentz assists Steria (wholly owned by your company) and its subsidiaries with their development, notably at international level during acquisitions and partnership agreements.

**PIMPANEAU ET ASSOCIES**  
NEXIA INTERNATIONAL  
23, rue Paul-Valéry  
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S.A.S. à capital variable

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

## Groupe Steria S.C.A.

Year ended December 31, 2007

### **Statutory Auditors' Special Report on related party agreements and commitments**

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on the agreements and commitments with related parties.

1. We are not required to ascertain whether any agreements and commitments exist, but to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us. We are not required to comment as to whether they are beneficial or appropriate. It is your responsibility, under the terms of Article R.225-31 of French Company Law (Code de commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

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In addition, in compliance with the French Company Law (Code de commerce), we have also been advised that the following agreements and commitments, approved in prior years, remained current in the year ended December 31, 2007.

With Steria S.A.

#### ***Nature and purpose***

Sub-leasing agreement of an office in Vélizy granted by Steria to your company.

#### ***Conditions***

This sub-leasing was granted for free up to September 30, 2007.

With Tecnet Participations

#### ***a. Nature and purpose***

Services agreement according to which Mr. Jacques Bentz assists Steria (wholly owned by your company) and its subsidiaries with their development, notably at international level during acquisitions and partnership agreements.

#### ***Conditions***

In 2007, Tecnet Participations invoiced your company € 22,813 (excluding tax) and Steria € 61,658 (excluding tax).

**b. Nature and purpose**

Domicile agreement between Steria (wholly owned by your company) and Tecnet Participations.

**Conditions**

In 2007, this agreement was granted for free.

We conducted our work in accordance with French professional standards. These standards require that we perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

2. We also hereby report on the agreements and commitments with related parties covered by Article L.225-42 of the French company Law (Code de commerce).

In accordance with Article L.823-12 of the aforementioned law, we inform you that these agreements and commitments did not received prior authorization from your supervisory board.

It is our responsibility, on the basis of the information provided to us, to inform you of the terms and conditions of these agreements and commitments, together with the circumstances whereby the authorization procedure was not respected.

**With Eric Hayat Conseil**

Director concerned

M. Eric Hayat

Nature and purpose

Services agreement according to which Mr. Eric Hayat provides Steria (wholly owned by your company) with consulting services on strategy and notably on acquisitions in the France Area Urit.

Conditions

In 2007, Eric Hayat Conseil invoiced Steria € 44,000 (excluding tax).

We inform you that, during its April 8, 2008 session, your supervisory board authorized a posteriori this agreement.

Paris and Neuilly-sur-Seine, April 30, 2008

The Statutory Auditors

PIMPANEAU ET ASSOCIES  
NEXIA INTERNATIONAL

ERNST & YOUNG et Autres

*French original signed by*  
Olivier Juramie

*French original signed by*  
François Rochmann

## 3.6 Statutory Auditors'

### 3.6.1 Terms of Office

	First appointed	End of term of office (OGM to approve the financial statements for the fiscal year ending)
<b>Principal Statutory Auditors</b>		
<b>Pimpaneau &amp; Associés</b> Represented by Mr Olivier Juramie 23 rue Paul Valéry 75016 PARIS	18 December 1998	31 December 2011
<b>Ernst &amp; Young et Autres<sup>11</sup></b> Ernst & Young Represented by Mr François Rochmann 11 allée de l'Arche 92037 LA-DEFENSE CEDEX	17 June 1993	31 December 2010
<b>Deputy Statutory Auditors</b>		
<b>Mr Roger Pihet</b> 23 rue Paul Valéry 75016 PARIS	14 June 2006	31 December 2011
<b>Mrs Brigitte Geny</b> Tour Franklin 92042 PARIS LA DEFENSE CEDEX	4 June 2003	31 December 2010

<sup>11</sup> Continuation of the corporate office granted on 17 June 1993 to PGA under the name of Barbier Frinault & Associés then under the name of Barbier Frinault & Cie, then Barbier Frinault et Autres and finally Ernst & Young et Autres.

### 3.6.2 Statutory Auditors' Fees 2007

In thousands of euros	Ernst & Young				Pimpaneau & Associés			
	Amount		%		Amount		%	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>Audit</b>								
- Statutory audit, certification, review of annual and half-year parent company and consolidated financial statements								
Mother entity	210	40	9	4	65	18	33	12
Fully consolidated subsidiaries	1572	1042	66	96	130	134	67	88
- Services directly related to the Statutory Audit:								
<i>Mother entity</i>	241		10					
Fully consolidated subsidiaries	242		10					
<i>Sub-total</i>	2265	1082	94		195	152	100	100
<b>Other services</b>								
<i>Mother entity</i>								
Fully consolidated subsidiaries	132		6					
<i>Sub-total</i>	132		6					
<b>TOTAL</b>	<b>2,397</b>	<b>1,082</b>	<b>100</b>	<b>100</b>	<b>195</b>	<b>152</b>	<b>100</b>	<b>100</b>

## 4 Corporate Governance and Internal Control

The Steria Group, the holding company of the Group, has, since 1996, had the legal status of a limited partnership (“SCA” – Société en Commandite par actions” with a share capital, with two types of partners: limited partners (shareholders) and the general partner, which, in Steria, is a single entity that represents Group employee shareholders as a whole.

The Steria Group has chosen to use the legal framework of a “SCA” limited partnership with a share capital in order to implement a **system of participative governance** designed to make the Group more attractive and encourage an entrepreneurial spirit among staff.

**The originality of the Group’s structure is based in particular on:**

- A **General Manager** appointed by the shareholders meeting on the proposal of the Supervisory Board and with the agreement of the General Partner for a maximum renewable period of six years. The General Manager can be dismissed on the basis of the procedures in the Articles of Association, described in section 5.

The General Manager is responsible for managing Groupe Steria SCA. He manages the Group and acts in the general interest of the Company within the purpose of the company, while respecting the authorities that have been granted him by the Law, the Articles of Association, the Supervisory Board, the General Meetings of Shareholders and the General Partner. The strategic direction and major decisions of the General Manager as defined in the Articles of Association (acquisitions, sales, major investments), are subject to the prior agreement of the Supervisory Board and the General Partner. This point is described in paragraph 4.1.1 below.

**The Steria Group is managed by François Enaud.**

The remuneration of the General Manager is approved by the General Meeting. The Remuneration Committee of the Supervisory Board meets to assess the performance of the General Manager and give its opinion to the Board on the General Manager’s variable remuneration.

In all cases of vacancy of General Management resulting from the situations referred to in the articles of association, the General Management of the company shall be assured, ipso jure, by the General Partner who may then delegate some or all of the authority required to manage the Company until one or more General Managers are appointed, it being understood that as soon as the General Partner assumes control of the Company, he must immediately initiate procedures for appointment or renewal of the General Manager.

In addition to situations of vacancy, delegations of authority can be made to facilitate the day-to-day management of the company.

- **a General Partner, Soderi SAS, a company with a variable capital which groups together all of the shareholder employees of the Steria Group.**

Soderi SAS is managed by a Chairman assisted by a Board of Directors currently comprising 15 members elected by the General Meeting of Soderi. Any shareholder employee can present himself as a candidate provided he is a shareholder, holds a certain number of shares and has been an employee for more than 2 years. Candidatures are subject to a vote of the General Meeting, it being understood that the maximum number of votes of any shareholder is limited to 15,000. At the present time, the Board comprises Scandinavians, English, Germans and French. Soderi Board appointments are renewable every two years, by half. The Board of Directors elects a Chairman to represent the Board from among its members. **Yves Rouilly has been Chairman of Soderi** since 1 February 2007.

## ▪ **The Supervisory Board**

The Supervisory Board provides ongoing supervision of the company on behalf of the shareholders. The Supervisory Board currently comprises:

- **Jacques Bentz (Chairman)**
  - Patrick Boissier,
  - Séverin Cabannes,
  - Elie Cohen,
  - Pierre-Henri Gourgeon,
  - Eric Hayat,
  - Charles Paris De Bollardière,
  - Jacques Lafay (Representative of the Steria FCPE) (Employees shareholders Mutual Fund).
- Jean Carteron founder of the Group, Chairman of honour of the Board

Various committees exist within the Supervisory Board:

- Strategy Committee  
This committee comprises:
  - . Eric Hayat, Chairman of the Committee,
  - . Jacques Bentz,
  - . Patrick Boissier,
  - . Elie Cohen.
- Remunerations and appointments Committee  
This committee comprises:
  - . Pierre-Henri Gourgeon, Chairman of the Committee,
  - . Jacques Bentz,
  - . Charles Paris De Bollardière.
- Audit Committee  
This committee comprises:
  - . Charles Paris De Bollardière, Chairman of the Committee,
  - . Jacques Bentz,
  - . Séverin Cabannes.

With regard to corporate governance, Groupe Steria SCA complies with governance rules applicable in France as defined in the reports of AFEP/MEDEF.

In this respect, details on the following items are described in the report of the Chairman of the Supervisory Board:

- the composition, missions and functioning of the Supervisory Board;
- a presentation of company directors and details concerning management remuneration;
- internal control.

## ■ 4.1 Report of the Chairman of the Supervisory Board

In conformity with article L. 621-18-3 of the monetary and financial code, the Report of the Chairman is presented below: The purpose of this report is to provide information on how the work of the Board is prepared and organised as well as internal control procedures instituted by the company.

This report has been prepared by the Chairman of the Supervisory Board in collaboration with the operating departments concerned.

### 4.1.1 Preparation and organisation of the work of the Supervisory Board

#### 4.1.1.1 Composition of the Board

As of 31 December 2007, the Supervisory Board comprised::

	Date of first appointment	Ending	Number of shares held	Age
Jacques Bentz (Chairman) General Partner of Tecnet Participations	08/2000	06/2008	13 232	66 years
Eric Hayat (Vice Chairman) Director of Syntec Informatique	03/1999	06/2008	158 378	67 years
Patrick Boissier Managing Director of CEGELEC	06/2004	06/2010	300	58 years
Elie Cohen ** Research Director and CNRS-Sciences-PO-CAE	05/2000	06/2008	7 570 <sup>(1)</sup>	58 years
Pierre-Henri Gourgeon** Managing Director of Air France	06/2004	06/2010	150	62 years
Charles Paris De Bollardi�re ** Treasurer of the Total Group	05/2000	06/2008	150	52 years
S�verin Cabannes Human Resources director and member of the Executive Committee of Soci�t� G�n�rale	02/2007	06/2011	150	49 years
Jacques Lafay Chairman of the Group FCPE, employee shareholders representative	06/2006	06/2008	2 604	60 years

(\*\*)independent members)

<sup>(1)</sup> Mr and Mrs

Groupe Steria SCA has chosen to have a multidisciplinary Board comprised of personalities with widely different skills and experience. Members of the Board have been chosen for their skills, expertise, diversity and availability. Financial and industrial expertise is a key factor.

Among the eight members of the supervisory board, three are independent, based on the criteria described below, and one, a Steria employee, is a representative of the Group mutual fund.

A member of the Supervisory Board is considered to be independent when he has no relation of any sort whatsoever with the company, the group or its management, which could compromise his freedom of judgement.

The criteria applied are as follows:

- the independent member must not be an employee or director of the company, an employee or director of the parent company or any consolidated company and not to have been so over the last five years;
- must not be a director of a company in which the company holds either directly or indirectly a directorship or in which an employee appointed as such or a director of the company (currently or who has been so within the last five years), has a directorship;
- must not be linked or to have been linked during the last financial year either directly or indirectly to any significant client, supplier, investment banker, financing banker of the company or group, or for whom the company or group represents a significant share of the business;
- must not have close family ties (as defined in article R 621-43-1 of the Monetary and Financial Code with a company director);
- must not have been the company's statutory auditor during the last five years;
- must not have been a director of the company for more than 12 years.

There is no limit in the Articles of Association to the number of times a board appointment can be renewed.

In accordance with the provisions of the Articles of Association, members of the Board must hold a minimum of 150 shares in the company. At least half of its members must be under 65 years of age.

Information on the appointments exercised by each member can be found in section 4.3 – “Company directors and managers” of this financial report.

The employee shareholder is represented on the Supervisory Board by the presence, as a member of the Board, of the chairman of the mutual fund, as provided for by legislation, as well as by an employee shareholder representative via the general partner Soderi.

#### 4.1.1.2 Missions

The Supervisory Board exercises ongoing control over the management of the company.

To accomplish this, it may call on the General Manager to provide any information or document useful in carrying out its overall control mission.

At the Ordinary General Meeting, it submits an annual report on the management of the company's affairs and on the financial statements for the financial year. It may also draw up a report for any Extraordinary General Meeting.

It may convene the General Meeting of Shareholders.

It also acts in the following circumstances:

- it examines the company's financial statements and consolidated financial statements, as well as the budget; it receives the report of the Statutory Auditors;
- it issues an opinion on any proposals for an increase or reduction in capital submitted by the Managing Partners to the shareholders;
- it may propose, during the term of the company, except in the event of vacancy, the appointment or renewal of the term of office of a general manager, which will then be decided by the Ordinary General Meeting following approval from the General Partner;
- it may initiate a request to dismiss a general manager. The General Partner must be notified of any such requests, which must comply with the rules and procedures set forth in the Articles of Association;

- it submits a proposal, on the advice of the Remuneration Committee, regarding the remuneration of the General Manager to the Ordinary General Meeting of Shareholders, which approves or rejects the proposal;
- it sets, on the advice of the Remuneration Committee, the remuneration of members of the Executive Committee;
- it gives an opinion to the General Manager concerning:
  - a) major strategic decisions by the Company: medium and long-term plans, consolidated budgets, acquisitions policy, major acquisitions, major investments,
  - b) transactions having a noticeable impact on the capital, financing or cash position of the Company and its subsidiaries,
  - c) transactions having a significant impact on the allocation of the Company's capital.
- it gives prior approval to all major commitments, as listed below:
  - a) any company borrowing if the total amount of borrowings exceeds 50% of the total consolidated net accounting position of Groupe Steria SCA, based on the consolidated financial statements drawn up on the basis of the last approved financial statements (the "Net Assets"),
  - b) the constitution of any pledges or guarantees, or any security or mortgages over the company's assets, if the total amount of such secured debt represents more than 50% of total Net Assets,
  - c) the creation of any company, or any investment, in any commercial, industrial, financial, security, property or other transaction, in any form whatsoever, if the total amount of the investment in kind represents more than 20% of total Net Assets,
  - d) any decision whose purpose or impact entails, immediately or in the future, a loss, either direct or indirect, of a majority position in the capital of a subsidiary representing more than 10% of the consolidated revenues of Groupe Steria SCA, as determined by the Group's most recent consolidated financial statements.

It verifies that the conditions of Article 1 of the Articles of Association, ensuring that Soderi is and shall remain the General Partner of Groupe Steria SCA, are fulfilled.

#### 4.1.1.3 Operations

The Supervisory Board operates on the basis of well-established practices.

The Board has held nine meetings over the last year. To enable each Board member to be available as far as possible, a meeting schedule is drawn up at the end of the year for the following year, and members are reminded of the date of the following meeting during the course of each Board meeting.

Invitations to attend are sent out at least eight days prior to each meeting.

The attendance rate in 2007 was 87.5%. The rate was 85% for independent members. The identities of absent members are indicated in the minutes of each meeting.

The Statutory Auditors also attend Supervisory Board meetings, specifically those held to examine annual and half-year financial statements.

Since 13 October 2005, when Groupe Steria SCA first joined the Group's Economic and Social Union (U.E.S.), and in accordance with the regulations in force, the Works Council has been invited to attend meetings.

In 2007, the average length of Board meetings was 3 hours. The minutes of previous meetings were sent to Board members prior to the next meeting, with all relevant information concerning the proposed agenda.

The Board is assisted by a permanent secretary, in the person of the Group Legal Director.

Depending on the time of year in which meetings are held, minimum standard agendas are drawn up for meetings. In 2007, the Board dealt mainly with the following subjects:

- examination and approval of the corporate and consolidated financial statements,
- examination of the half-year consolidated financial statements,
- review of business,
- forecasts,
- budget,
- strategy,
- financial situation,
- Xansa acquisition
- financing transaction

The Supervisory Board pays particular attention to the results, cash position, budget preparation, potential acquisitions and Group strategy.

The Board has created 3 committees:

- The Strategy Committee
- The Appointments and Remunerations Committee
- The Audit Committee

Each committee appoints a Chairman and a secretary. The minutes are drawn up by the secretary, approved, and then given to the Chairman and safeguarded in the Group's legal department.

The Supervisory Board has adopted a Charter and Internal Regulations describing professional ethical behaviour and rules to be respected by its members (loyalty, acting in good faith, confidentiality, assiduousness, professionalism etc.) as well as the mission, obligations and operating rules of the Board (appointment of members, information, description of the three committees created within the Board). These documents also define the concept of "independent member" and outline the rules concerning Insider.

## ■ **Strategy Committee**

To facilitate its work, the Board created a Strategy Committee on 8 April 2002.

As of 31 December 2007, the Strategy Committee included the following Supervisory Board members:

- Eric Hayat, Chairman of the Committee,
- Jacques Bentz,
- Patrick Boissier,
- Elie Cohen.

Members of this Committee were appointed or had their appointments renewed by the Supervisory Board meeting of 28 February 2007 for a period of 3 years, subject to their term of office on the Board.

This Committee reviews the Group's medium and long-term business development:

- Acquisitions/sales
- Business lines,
- Product offerings
- Business model.

The review takes into consideration assumptions regarding the competitive environment and the outlook for markets insofar as this information is available or can be determined. It reviews and assesses the financial consequences of the hypotheses studied.

The Strategy Committee has no decision-making power and reports to the Supervisory Board, making recommendations and providing information.

The Strategy Committee met six times in 2007 and discussed the following issues:

- The vision, objectives and positioning of the Group,
- Strategy concerning more specifically the groups operations, product offerings and offshore considerations,
- Acquisitions (Xansa).

The minutes of Strategy Committee meetings are submitted to the Chairman of the Supervisory Board.

#### ■ **Remuneration and Appointments Committee**

The Remuneration and Appointments Committee was created by Groupe Steria SCA during the Supervisory Board meeting held on 9 June 2004.

Members of this Committee were appointed or had their appointments renewed by the Supervisory Board meeting of 28 February 2007 for a period of 3 years, subject to their term of office on the Board.

As of 31 December 2007, Remuneration and appointments Committee members comprised:

- Pierre-Henri Gourgeon (Chairman of the Committee),
- Jacques Bentz,
- Charles Paris De Bollardière,

The Remuneration and Appointments Committee has no decision-making power and reports to the Supervisory Board alone, making recommendations and providing information.

It meets as often as required. It may hear the opinion of the General Manager, any member of the Executive Committee, any manager of a Group subsidiary, or the Group's Human Resources Director. It may also seek the opinion of any other person in carrying out its mission. It reports to the Supervisory Board giving the Board sufficient time to enable it to deliberate effectively and presents its opinions, proposals and recommendations. It may not incur any external costs without the prior approval of the General Manager and the Supervisory Board.

The duties of the Committee are as follows:

- provide the Supervisory Board with information on global remuneration packages and any related benefits granted to members of the Group Executive Committee, and issue useful recommendations to the Chairman of the Supervisory Board;
- provide information on and submit proposals to the Supervisory Board regarding the remuneration of the General Manager;
- review applications to become a member of the Supervisory Board of the company, ensure that the person has appropriate skills, is available and honourable, give its opinion and make recommendations to the Board;
- make proposals to the Supervisory Board on the structure and operations of other Committees;
- review the Company's stock option or share schemes and issue proposals, recommendations and opinions to the Board.

The company provides the Remuneration and Appointments Committee with the resources needed to organise meetings and provides (if necessary) the assistance of various group departments.

The Committee met twice in 2007 and discussed the following matters:

- Allocation of free shares;
- General Manager remuneration;
- Appointments and remuneration of members of the Executive Committee.

The minutes of the Remuneration and Appointments Committee meetings are submitted to the Chairman of the Supervisory Board.

## ▪ **Audit Committee**

The Supervisory Board decided to set up an Audit Committee on 5 April 2004.

Its structure and operations were determined at the Supervisory Board meeting of 9 June 2004.

As of 31 December 2007, Audit Committee members comprised:

- Charles Paris de Bollardière, Committee Chairman,
- Jacques Bentz,
- Séverin Cabannes,

Members of this Committee were appointed or had their appointments renewed at the Supervisory Board meeting of 28 February 2007 for a period of 3 years, subject to their term of office on the Board.

The Audit Committee has no decision-making powers and only reports to the Supervisory Board, making recommendations and providing information.

The Audit Committee meets as often as required, on the initiative of its Chairman, with at least two meetings a year to review the annual and half-year financial statements before they are submitted to the Supervisory Board.

The Audit Committee may seek the advice of the General Manager, members of the Executive Committee, the Finance Director and members of the Finance Department, the internal Audit Department and the Group's main subsidiaries. It may also seek the advice of any member of management from Groupe Steria SCA subsidiaries. It gathers observations from the Statutory Auditors without necessarily consulting the General Manager or subsidiary directors. It may request and discuss with them their programme for verifying corporate and consolidated financial statements.

The Audit Committee reports in a timely manner to the Supervisory Board on its work to enable the latter to review the financial statements, and presents the Supervisory Board with its opinions, proposals and recommendations.

The Audit Committee may not incur any external costs without prior approval from the General Manager and must also obtain the approval of the Supervisory Board.

The main duties of the Committee are as follows:

- i.) ensure that the accounting methods used to prepare the corporate and consolidated financial statements are relevant and continuing and ensure that major group transactions are dealt with appropriately, review the accounting scope of the consolidated financial statements and, if need be, the reasons for not including certain companies;
- ii.) verify that internal procedures for collecting and controlling information ensures that such information is reliable; review the group's internal audit programme and the statutory auditors work programme;
- iii.) enhance the Supervisory Board's understanding regarding the identification, processing, and reasonable assessment of risks incurred by the group, review such risks as well as significant off-balance sheet commitments;
- iv.) provide an opinion on the renewal or appointment of the statutory auditors, their fees, propose candidates, and ensure that rules intended to ensure the statutory auditors' independence are applied, obtain information on fees of any sort paid to the statutory auditors and, if need be, to the networks to which they belong.

The Audit Committee met four times in 2007 and dealt in particular with the following points:

- Examination of the financial statements for the financial year ended 31 December 2006 and the half-year financial statements;
- The financial communication project;
- The amount of dividends to be distributed for financial year 2006;
- Examination of a draft memo on the duties and obligations of insiders;
- Review of new internal audit and risk management procedures.
- Internal control procedures.

The minutes of Audit Committee meetings are submitted to the Chairman of the Supervisory Board.

#### 4.1.1.4 Principles and rules determining the remuneration granted to company directors

**The General Manager:** The remuneration paid to François Enaud, the General Manager, is determined by the General Meeting on the basis of a proposal by the Supervisory Board after receiving the opinion of the Remunerations Committee.

This remuneration comprises a fixed elements and a variable element that depends on annual target is determined by the Supervisory Board.

The goals related to the variable share for 2007 have been set by the payments committee of the supervisory board: 70% of the amount is linked to the Group's performance and 30% to the quality goals i.e. the group's strategy.

The remuneration received by the General Manager in 2007 amounted to €538,767 of which €347,333 of fixed remuneration and €142,795 or variable remuneration.

In conformity with the authorisation given by the combined General Meeting of limited shareholders on 15 June 2005, the Supervisory Board authorised the allocation of 10,000 free shares to the General Manager on the basis of the performance criteria determined by the Supervisory Board.

The "Gérant's" payments are set out in 4.3.3 of this Document.

#### **Supervisory Board Members:**

##### Directors' fees

The total amount of Directors fees paid to the Supervisory Board are voted by the General Meeting. The allocation of directors fees is decided by the Supervisory Board based on the opinion of the Remunerations Committee.

Directors' fees comprise a fixed element, different for each member, and a variable element related to presence on the Supervisory Board and committees.

The overall amount determined by the General Meeting for 2007 was €100,000.

#### **Members receiving a salary from the Group**

In 2007, Mr Jacques Lafay received, pursuant to his work contract, a fixed remuneration of €99,600 and a variable remuneration of €29,562.

Pursuant to a provision of services contract entered into with Eric Hayat Conseil, of which Mr Eric Hayat is the managing Partner, the latter invoiced a total amount of €44,000 for financial year 2007.

The total amount of remuneration set out above is indicated in the Management report as well as the reference document (paragraph 4-3-3).

### 4.1.2 Internal control procedures

#### 4.1.2.1 Internal control scope and reference framework.

This report describes the Group's internal control system (including Groupe Steria SCA, the holding company and the companies it controls or that are fully consolidated).

The Steria group has retained the internal control approach laid out in the Financial Markets Authority framework reference documentation published in January 2007 on internal control matters.

According to the Financial Markets Authority definition, internal control is a set of measures put in place by the company, and defined and implemented under its responsibility, which are designed to ensure:

- compliance with laws and regulations in force;
- implementation of instructions and orientations defined by General Management;
- the correct functioning of corporate internal control processes, in particular those designed to safeguard corporate assets;
- the reliability of financial information;

Nevertheless, internal control cannot provide an absolute guarantee that the company's objectives will be obtained.

Prior to selecting this approach, in 2007 Steria carried out an appraisal of its situation in the light of the Financial Markets Authority reference document, based on a questionnaire drawn up on the basis of the application guidelines concerning internal control published by the FMA. This questionnaire was sent to all Group entities accompanied by a documented assessment methodology. The results were consolidated and then presented to the Audit Committee of the Supervisory Board with a recommendation that for Steria internal control matters the Reference framework approach of the "AMF" should be adopted.

The approach adopted has enabled areas of improvement to be identified regarding current internal control measures and this will result in an action plan in 2008.

#### 4.1.2.2 Objectives of the Steria group in internal control matters

The purpose of the Group's current internal control procedures is:

- firstly, to ensure that operations, management decisions and employee conduct respect the business standards defined for the company by its representative bodies, applicable laws and regulations, and by its internal values, standards and rules;
- secondly, to verify that the accounting, financial and management information given to the company's representative bodies accurately describes the company's business and situation.

In general, internal control procedures facilitate control of the company's business, improve the effectiveness of its operations and contribute to an efficient utilisation of resources.

Steria's internal control procedures provide for:

- an organisation that provides a clear definition of responsibilities, with adequate resources and skills and relying on appropriate procedures, information systems and tools;
- internal dissemination of relevant, reliable information enabling employees to exercise their responsibilities;
- a system designed to draw up and analyse the main risks run by the company;
- control activities designed to reduce risks that could have an impact on the realisation of Steria's objectives;
- ongoing surveillance of internal control measures as well as a regular examination of its functioning.

#### 4.1.2.3 Summary description of internal control procedures

##### **Organisation and responsibilities**

Consistent with Steria's organisation, the entities involved in internal control within the Group are as follows:

- The General Manager, assisted by the Group Executive Committee. In internal control matters, the executive committee is responsible for defining Group rules (Core processes) and overseeing implementation in close collaboration and with the support of the Internal Control, Audit and Risk Department.
- Group functional departments (Human Resources, finance, operations etc.) in charge, in their respective areas, of formalising internal control procedures in line with Group policy and overseeing their application.

- Local operating entities in charge, under the responsibility of the local finance director, of implementing a consistent internal control policy in line with Group policy.

The Internal Control, Audit and Risks Department is responsible for overall management and consistency of the Group's internal control procedures.

The Supervisory Board of Groupe Steria SCA is also involved in Group internal control given its role as a corporate body, as is the Audit Committee he created.

### ***Internal Control Procedures put in place by Steria***

Internal control procedures put in place by the Group form part of an internal control environment, the basic elements of which are:

- a decentralised operational organisation (see above "Entities involved in internal control") assisted by Group functional departments;
- The formalisation of the company's values and goals in a Corporate Mission Statement distributed to all Group entities. This Mission Statement reflects the point of view of customers, shareholders and employees. It is based on clearly defined Core Values, which represent a point of reference for company actions.

Internal control procedures providing a framework for the Group's operations and processes are based on three pillars:

- Procedures governing delegations of power and responsibility, drawn up by General Management and managed by the Legal Department in collaboration with other functional departments such as Human Resources. These procedures define limitations of power and responsibility at various Group management levels, in particular regarding commitments to clients, suppliers, partners and staff;
- Key processes formalised at Group level, "Core processes", as well as related compulsory controls; The core processes are completed by instructions issued by General Management designed to facilitate how they are applied, if necessary;
- Management by Quality systems in the Area Units which apply core processes and General Management directives, adapted to reflect local conditions. It should be noted in this regard that all Group companies (Steria and its European subsidiaries) have received ISO 9001:2000 certification.

Steria's internal control processes have only been partly implemented in Xansa, acquired in October 2007. Deployment will occur in 2008 and 2009, in parallel with the harmonisation of Information Systems.

#### **4.1.2.4 Information and Communications**

Group internal communications and information tools comprise in the main:

- the Group intranet;
- local intranets in each country or Area Unit;
- collaborative measures designed to facilitate synergies and sharing of information between Areas;
- The Group's knowledge management database, referred to as the "Highway".

The Group intranet is a coherent information portal for Group staff. It provides easy access to basic tools such as Group information, the Highway, General Management Core processes and instructions. It includes a search motor covering all the Area intranets.

In addition, each country has a local intranet from which the Management by Quality System and local directives of the country can be accessed.

Group functional departments regularly organise coordination meetings with functional managers of operating entities. These are an occasion for discussions on Group news and the alignment of best practices with "Core processes" in each of the business lines concerned.

Twice a year, the group organises meeting of its 100 main managers and once a year its 400 main managers. These events enable discussions to occur on the Group's main values, and information to be provided on important policy decisions and respect of Group rules.

#### 4.1.2.5 Identification and assessment of risks

The Group disposes of two complementary processes which are implemented in parallel:

- a monthly review of "operational risks", for example project risks or client litigation,
- from 2008, a half yearly review of "major Group risks", for example important changes in the legal framework, quality and respect of procedures for continuity of the business and the quality of forecasting systems.

#### Operational risks

The Group monitors and updates information on operating risks on the basis of feedback from monthly Risk Committees that bring together Group functional managers (Controlling, Finance, Legal, Human resources, Operations, Information Systems, Internal control).

Based on a common model, each operating entity draws up a report on risks a few days before the Group Risk Committee meeting. Each functional director analyses the risks in his functional area for discussion in the Committee meeting. The Committee sends a summary to General Management accompanied by action plans.

#### Major risks

Identification and assessment of risks occurs mainly via:

- discussions with Group functional departments
- specific reviews with operating entities,
- evaluations concerning implementation of internal controls and internal audits carried out by the Group.

This process gives rise to a summary report and action plan which is presented to General Management.

#### 4.1.2.6 Control activities

The Group's control activities comprise the procedures and resources established to control the Group's business. The majority of these control activities are carried out in the Area Units under the responsibility of the entity CEO.

As detailed in paragraph 4.1.2.3, the control reference documentation has been formalised through Core processes which set out compulsory control points and milestones for each process and which have been completed by directives from the General Management published on the Group intranet. The Quality System for each entity implements compulsory common controls adapted as necessary to the local Area context. All operating entities have been certified ISO 9001; in this regard, they carry out internal audits of their operations.

In the area of financial and accounting internal control, as indicated in paragraph 4.1.2.8, operating entity Finance Directors are responsible for ensuring that Group accounting procedures and rules are respected; they are also responsible for setting up control processes to ensure that the information provided is reliable. Operating entity Finance Directors and CEOs co-sign, prior to publication of the financial statements, a letter confirming that the financial statements for their entity are sincere.

#### 4.1.2.7 Management and surveillance of internal control

Management and supervision of Steria's internal control is based on:

- information from key managers on existing rules via the intranet and discussions during coordination meetings organised by Group functional Departments
- ongoing management of improvement plans based on regular self-evaluation
- independent control of internal control quality during internal audits; to improve measures taken, the Group decided that from 2008 certain missions would be entrusted to an internationally renowned outside consulting firm

This process is managed and coordinated by the Internal Control, Audit and Risk Department. It receives strong support from the Operations Department which has an operational risks unit working within it.

#### 4.1.2.8 Internal controls concerning preparation of financial and accounting information on the Steria group

Steria's financial and accounting internal control procedures are based on the reference framework of the Financial Markets Authority but take into account the decentralised context of the Group.

##### **General provisions**

Steria's financial and accounting organisation is managed by the Finance Director who reports directly to the General Manager.

Each Operating entity comprises a decentralised accounting function that reports to the Financial Director of the country entity, who reports to the Operating entity CEO and functionally to the Group Finance director.

The Group Consolidation and Controlling Director, who reports to the Group Finance Director, manages the accounting and Controlling teams in the operating entities. He is able to draw on the services of Controllers for each geographic area who are responsible for ensuring consistency of information and application of management principles.

Companies consolidated within the Group consolidation scope use a common manual for accounting procedures and principles which has been drawn up by the Controlling and Consolidation Department.

All subsidiaries close their accounts on a monthly and half yearly basis. The timetable of accounts closing is defined each year by the Group Controlling and Consolidation Department.

The group has a structured forecasting process in which each operating entity reviews its view of the operations of the business and implications for the main corporate financial indicators. This information, after discussion and approval during the monthly performance review, is then aggregated at Group level and given to General Management.

The accounting and financial information system is based on standard software packages:

- an Enterprise Resource Planning (ERP) system, common to all Group entities with the exception of the German subsidiary Steria Mummert, for entering, calculating and retrieving accounting and management data. This system processes data on projects, customers and suppliers. This solution permits a single set of parameters to be set covering Group management rules, controls and reports. Only parameters for tax or legal rules continue to be specific to each country; the German subsidiary Steria Mummert, which joined the Group's consolidation scope in 2005, and Group Xansa entities which entered the consolidation scope at end 2007, located mainly in the United Kingdom and India, use a market ERP system that is different from that of the group;
- a reporting application, the majority of whose data is interfaced with the ERP system;
- an accounts consolidation package

The chart of accounts used in the information system is also common to the whole Group, with the exception of the German subsidiary Steria Mummert and Xansa Group entities. To ensure financial and accounting information is consistent:

- Steria Mummert uses in its ERP system a chart of accounts and accounting rules that are compatible with IFRS data used for reporting and consolidation.
- Similarly the Xansa Group which was previously listed on the London stock market, uses in its ERP system, accounting rules that comply with IFRS rules.

The participants involved in these processes are above all those responsible for producing financial information in each legal entity, i.e. written operating entity Finance Directors who are entirely responsible for ensuring compliance with Group procedures and local accounting, legal and tax regulations.

Financial information concerning each entity, processed by the Group's accounting and financial information system, is available and accessible to all duly authorised group personnel.

### ***Application and control of accounting rules***

Companies consolidated in the Group consolidation scope must, under the responsibility of their finance directors, apply Group accounting procedures and principles.

Regular discussions take place between central accounting staff and operating entity staff to ensure standards are understood and applied correctly. In the event of major changes to the reference base, the Group organises specific training modules.

The Group Information System includes controls and processes that ensure certain standards are applied, either by complete automation of certain inputs or by generation of alerts in the event of inconsistencies.

The Group internal control system is subjected to regular self-evaluations and internal audit missions, and specific controls have been in place covering the most critical accounting rules.

Finance Directors and CEOs of operating entities co-sign a document each year certifying that Group accounting standards have been applied and that the information supplied is correct.

## ***Organisation and security of the accounting and financial information system***

A project management team reporting to the Group Consolidation and Controlling Director has been given the task of ensuring that the financial and accounting information system continues to respond to the operating needs and requirements of the Group and the IFRS accounting system.

The manager of this project, who reports to the Group Finance Director, is responsible for operational changes and maintenance of the system.

No modifications can be made to the system:

- Directly by Group operating entities
- Without the prior approval of the project team
- Without the intervention of the project team

Every month, the project manager holds a steering committee meeting in which the project management team and the Finance Directors of the main Group countries participate. Each quarter, this committee reviews the adaptations that are needed, annual work programmes and service quality.

Three types of change may be necessary:

- Corrections of anomalies discovered during operations, gradually implemented after a test phase on a computer environment that is different from the operating system;
- Changes, whether they result from user requests, the evolution of the Group or regulations, are subject to a change and processing request process. A software package underpins and documents this process.
- Expressions of needs in terms of operating changes are produced by the project management team of the Controlling and Consolidation Department (to ensure in particular that the key controls needed for the respect of accounting rules are integrated into the system), in collaboration with operating entity user representatives.
- These elements are then taken into account by the project manager who is responsible for technical aspects in the form of specifications (to ensure the technical coherence of the system). ERP configuration and possible developments are carried out by an application maintenance team from Steria's industrial organisation. Deliveries are broken down into stages which are subject to user acceptance on a computer environment that is different from the operating system prior to production.
- Major projects such as the migrations of operating entities are organised on an ad hoc basis and associate the project managers of the countries concerned.

System operations are entrusted to Steria's overall industrial organisation to ensure that the facilities benefit from an environment providing physical security, data conservation and continuity of operations.

Operating procedures for monthly closings include a certain number of stages with control points and alerts as the process unfolds to ensure the closing timetable and controls determined by the project manager are respected.

The Group pays particular attention to ongoing reinforcement and control of access rights to its accounting and financial information system. In the operating entities, access management is the responsibility of the finance director.

A systematic process of updating access rights is carried out at the beginning of each financial year in addition to ongoing changes carried out during the year to respond to changes in staff.

All system interventions are logged and date stamped with identification of the user.

## ***Budget control and management***

Internal budget control and management is based on a process of monthly reports (Reporting Reviews) carried out for each operating level of the organisation:

- At the Operating entity level, organised by the entity CEO and Finance Director to analyse with sector managers the situation of their entity;

- At Group level, organised by the Group Controlling and Consolidation Director, in collaboration with the entity CEO and Finance Director, Group Finance Director and General Manager, in order to review the situation in each Operating entity; the situation in each Operating entity is summarised every month at Group level in a report prepared by the Group Controlling Director.

During these performance reviews, key business indicators are systematically analysed and compared to budget targets:

- Details on the financial situation of the entity considered and a comparison with budget;
- Movements in sales, margins and profitability;
- Billable resources and structure rate;
- Summary sales information;
- Risk monitoring;
- Movements in the cash position.

Monitoring of the cash position and cash management are reported on each month by each operating entity.

These reports automatically incorporate revised projections.

### ***Financial statement consolidation procedures***

The Controlling and Consolidation Department draws up quarterly consolidated accounts.

- Accounting procedures that are common to all consolidated subsidiaries in conformity with IFRS rules and a mapping of account plans with the single Consolidation account plan, ensure the reliability and consistency of financial and accounting information;
- Reporting and Consolidation processing relies on market information solutions. Group subsidiaries fill in their consolidation packages. The standard packages enable the consistency of their financial statements to be verified, provide information on accounting flows during the financial year as well as additional information (repayment schedules, off-balance sheet commitments, staff, tax information etc.);
- Consolidation instructions are sent out each quarter: they provide details on consolidation planning for the period, work that has to be carried out by subsidiaries for accounts closings and provide information on how the consolidation packages function. The consolidation work to be carried out by the consolidation department is set out in a consolidation procedure manual.

### ***Intervention of the statutory auditors***

The Controlling and Consolidation Department approves the timetable and audit plan (procedure and audit items) of the Groups statutory auditors:

- It is responsible for monitoring the external audit work of the statutory auditors, coordination with local statutory auditors and examines reports on work carried out. It coordinates ancillary tasks;
- It coordinates additional task ensuring they are consistent with regulations in force;
- It centralises operating budgets;

### ***Control of consolidated financial statements prior to publication***

Prior to publication of the consolidated financial statements, General Management:

- Examines the work of the statutory auditors and their conclusions.
- Presents the main closing options;
- Defines the financial communications strategy and the content of financial press releases.

The Supervisory Board examines all of the above elements and gives its approval prior to publication of the accounts. It draws on the preparatory work of the Audit Committee.

#### 4.1.2.9 Outlook – ongoing work

Steria has launched a process of ongoing improvements to its internal control. In this context, the company intends to achieve the following main goals:

- strengthen the internal control environment with the publication of a code of ethics;
- examine its rules to facilitate implementation and ensure they are appropriate following the acquisition of Xansa;
- gradually extend coverage to include the Xansa business;
- improve the effectiveness of the internal audit by outsourcing certain tasks to an internationally renowned service provider.

The Chairman of the Supervisory Board  
Jacques Bentz

## ■ 4.2 Report of the statutory auditors on the Chairman's report

PIMPANEAU ET ASSOCES  
NEXIA INTERNATIONAL

ERNST & YOUNG et Autres

*This is a free translation into English of the statutory auditors' report addressing financial and accounting information in the President of the Supervisory Board's report on internal control issued in the French language and is provided solely for the convenience of English speaking readers.*

*This report should be read in conjunction with, and is construed in accordance with French law and professional standards applicable in France.*

### **Groupe Steria S.C.A.**

Year ended December 31, 2007

**Statutory auditors' report, on the report prepared by the President of the Supervisory Board of Groupe Steria SCA, on the internal control procedures relating to the preparation and processing of financial and accounting information.**

**PIMPANEAU ET ASSOCIES**  
NEXIA INTERNATIONAL  
23, rue Paul-Valéry  
75116 Paris  
SAS, au capital de € 120.000

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Paris

**ERNST & YOUNG et Autres**  
41, rue Ybry  
92576 Neuilly-sur-Seine Cedex  
SAS, à capital variable

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

## **Groupe Steria S.C.A.**

Year ended december 31, 2007

### **Statutory auditors' report, on the report prepared by the President of the Supervisory Board of Groupe Steria SCA, on the internal control procedures relating to the preparation and processing of financial and accounting information.**

To the shareholders,

Upon request and in our capacity as statutory auditors of Groupe Steria SCA, we report to you on the report prepared by the President of your company on the internal control procedures for the year ended December 31, 2007 .

It is for the President to give an account, in his report, notably of the conditions in which the duties of the supervisory board are prepared and organized and the internal control procedures in place within the company

It is our responsibility to report to you our observations on the information set out in the President's report on the internal control procedures relating to the preparation and processing of financial and accounting information in accordance with article L.621-18-3 of the Monetary and Financial Code (Code Monétaire et Financier).

We performed our procedures in accordance with professional standards applicable in France. These require us to perform procedures to assess the fairness of the information set out in the President's report on the internal control procedures relating to the preparation and processing of financial and accounting information. These procedures notably consisted of:

- obtaining an understanding of the objectives and general organization of internal control, as well as the internal control procedures relating to the preparation and processing of financial and accounting information, as set out in the President's report;
- examining the evaluation of the adequacy and efficiency of the procedures, and notably considering the pertinence of the evaluation process in place and the tests performed;
- performing additional tests, as considered necessary, to those performed in the audit of the accounts, on the design and operation of these procedures, in order to corroborate the information given and the assertions made in this respect in the President's report.

On the basis of these procedures, we have no matters to report in connection with the information given on the internal control procedures relating to the preparation and processing of financial and accounting information, contained in the President of the supervisory board's report.

Paris and Neuilly-sur-Seine, April 30, 2008

The Statutory Auditors

**PIMPANEAU ET ASSOCIES**  
NEXIA INTERNATIONAL

*French original signed by*  
Olivier Juranie

**ERNST & YOUNG et Autres**

*French original signed by*  
François Rodmann

## ■ 4.3 Company directors and managers

### 4.3.1 Appointments and functions

#### The General Manager

##### **François Enaud**

48 years

##### Current functions

Groupe Steria SCA General Manager

##### Previous functions and qualifications

Chief Executive Officer of Steria  
Director of the Telecoms Division  
Director of the Transport Division  
Technical Director

Graduate of the Ecole Polytechnique and the Ecole des Ponts et Chaussées (civil engineering)

##### Current appointments

###### **STERIA GROUP:**

CEO and company director of Steria SA  
Director of Steria Holdings Limited (United Kingdom)  
Director of Steria Limited (United Kingdom)  
Director of Steria UK Limited (United Kingdom)  
Chairman and Director of Steria Iberica (Spain)  
Member of the Supervisory Board of Steria Mummert Consulting AG (Germany)

###### **OUTSIDE STERIA GROUP:**

Director of Arkema (France)  
Member of the Board of Directors of Agence Nouvelle des Solidarités Actives (France)

##### Expired mandates over the last five years

###### **STERIA GROUP:**

Chairman and Director of Steria Solinsa (Spain)  
Co-manager of Steria GmbH Langen (Germany)  
Chairman and CEO and Director of Steria Infogérance  
Permanent representative of Steria on the Board of Directors of Steria Infogérance  
Permanent representative of Steria on the Imelios Board of Directors  
Permanent representative of Steria on the Steria Iota Board of Directors  
Director of Diamis (investment)

###### **OUTSIDE STERIA GROUP:**

Director of Harrison & Wolf SA

## The Supervisory Board

### **Jacques Bentz, (Chairman of the Supervisory Board)**

66 years

#### **Current functions**

Manager of Tecnet Participations EURL (since 1996),

#### **Current appointments**

##### **STERIA GROUP:**

Chairman of the GROUPE STERIA SCA Supervisory Board  
Chairman of the Steria Mummert Consulting SA (Steria group)  
Supervisory Board

##### **OUTSIDE STERIA GROUP:**

Chairman of the DANET GmbH Supervisory Board

Manager of SAI-Danet GmbH (Danet group)  
Chairman of the DANET GmbH Supervisory Board  
Director of Ipanema Technologies SA  
Director of TDF SA

Chairman of the Line Data Services Supervisory Board, member of  
the Management Board of the Institut Montaigne.

#### **Previous functions and qualifications**

Chairman of Tecsi (1996-2000),  
Chairman of GSI (1993-1995),  
CEO of GSI (1986-1993)

Former student of the Ecole Polytechnique;  
Knight of the Legion of Honour

#### **Expired appointments over the last five years**

##### **OUTSIDE STERIA GROUP:**

Member of the Danet SA Board of Directors  
Vice Chairman and member of the Board of Ineum Conseil et  
Associés  
Director of SVP Management & Participations

## **Eric Hayat**

65 years

### **Current functions**

Chairman (since 1997) of the Fédération Syntec (consulting, management, engineering, training, IT)  
Chairman of the innovation taskforce (since 1999) of the Conseil national du patronat français (CNPF) which became the Mouvement des entreprises de France (Medef) in 1998  
Chairman of the Groupement d'Intérêt Public (GIP – public interest grouping) on the modernisation of social declarations (from 2000) at the Centre d'observation économique (COE) (from 2001)  
Censor (1996) at France Télécom

### **Previous functions and qualifications**

Vice-Chairman (1989), Chairman (1991-1997) of Syntec Informatique, Chambre Syndicale des Sociétés de service et d'ingénierie informatique (SSII)  
Co-founder (1969), Sales Director (1976), Deputy CEO (1979) of Steria SA

Engineering graduate of the Ecole Polytechnique d'Aéronautique

### **Current appointments**

#### ***STERIA GROUP:***

Vice Chairman and Member of the Supervisory Board of Groupe Steria SCA  
Chairman of the Strategy Committee of Groupe Steria SCA  
Director of Steria SA  
Permanent representative of STERIA SA on the Board of Directors of Medsoft (Tunisia)

#### ***OUTSIDE STERIA GROUP:***

Director of Syntec Informatique, representing Steria SA  
Chairman of a public interest grouping on the "Modernisation of social declarations"  
Elected member of the Chambre de Commerce et d'Industrie de Paris (CCIP)  
Chairman of the Centre d'Observation Economique of the Paris Chamber of Commerce  
Director of Rexecode  
Vice Chairman of CODIL (Approvals Committee) of the FNTC (Fédération Nationale des Tiers de Confiance)  
Member of the Acooss Supervisory Board  
Director of the Agence Nationale des Services à la Personne  
Member of the Paris Chamber of Commerce and Industry

### **Expired appointments over the last five years**

#### ***STERIA GROUP:***

Chairman of the Groupe Steria SCA Supervisory Board

#### ***OUTSIDE STERIA GROUP:***

Chairman of the Fédération Syntec  
Chairman of the MEDEF Innovation, Research and New Technologies taskforce  
Member of the Medef Executive Committee  
Chairman of I-Space (association promoting innovation and development in the use of space)  
Director and then Censor on the Board of Directors of France Télécom

## **Patrick Boissier**

57 years

<b>Current function</b>	<b>Previous functions and qualifications</b>
CEO of CEGELEC	CEO of Chantiers de l'Atlantique (from 1997 to 2007) Vice-Chairman and CEO of Tréfinmétaux (1987-1993) Chief Executive Officer of the Elfi heating and air conditioning division (1994-1997) Chairman of the Chaffoteaux & Maury Supervisory Board (1994-1997)

Former student of the Ecole Polytechnique.

<b>Current appointments</b>	<b>Expired appointments over the last five years</b>
Member of the Groupe Steria SCA Supervisory Board	

### ***OUTSIDE STERIA GROUP:***

Member of the Board of Cegelec Holding SAS  
Member of the Supervisory Board of Vallourec SA with a Management Board and Supervisory Board  
Member of the Board of Trustees of the Institut Français de la Mer, recognised as a public interest organisation by the decree of 15/06/1979  
Member of the Sperian Protection Board of Directors (formerly Bacou Dalloz)  
Chairman and CEO of three companies in the Alstom group:  
Chantiers de l'Atlantique  
Alstom Leroux Naval  
Ateliers de Montoir

### ***OUTSIDE STERIA GROUP:***

Member of the Board of Trustees of the Société Nationale de Sauvetage en Mer, recognised as a public interest organisation by the decree of 30/04/1970  
Member of the Board of Trustees of the Ecole des Mines de Nantes  
Chairman of the Chambre Syndicale des Constructeurs de Navires  
Member of the AKER YARD SA Board of Directors

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## **Charles Paris de Bollardière**

51 years

<b>Current function</b>	<b>Previous functions and qualifications</b>
Treasurer of the Total Group	Deputy CEO of Elf Impex (appointment ended 2002) CEO of Valorisation et Gestion Financière SAS Chairman of Financière Haussmann Messine SAS (appointment ended 12/2007) Manager of Rouvray Immobilier SARL (appointment ended 11/2007) Attorney General Constance International Ltd (British Virgin Islands) (appointment ended 06/2007)

Engineering graduate of the Ecole Supérieur d'Electricité.

<b>Current appointments</b>	<b>Expired appointments over the last five years</b>
Member of the Groupe Steria SCA Supervisory Board	

### ***OUTSIDE STERIA GROUP:***

Chairman of Total Treasury SAS  
Chairman of Total Finance SAS  
Chairman and CEO of Sofax Banque SA  
Chairman and CEO of Total Capital SA  
Chairman of Socap SAS (from 21/12/2006)  
Director of Société Financière d'Auteuil SA  
Chairman of Petrofina International Group (Belgium)  
Director of Petrofina (Belgium)  
Director of Total Pensions Belgium (Belgium)  
Regional Advisor to the Banque de France (Hauts-de-Seine)  
Chairman of Total Finance SAS (since 11/2007)  
Director of Total Capital Canada Ltd (since 04/2007)

### ***OUTSIDE STERIA GROUP:***

Director of Sogelfa (appointment ended 2002)  
Director of Total Finance Nederland (Netherlands)  
Director of Fina Life (Belgium)  
Director of Socap Ltd (Jersey)

## **Pierre-Henri Gourgeon**

61 years

### **Current function**

Chief Executive Officer of Groupe Air France

### **Previous functions and qualifications**

Director of Military Programmes (1985-1988) at the Société Nationale d'Etudes et de Constructions de Moteurs d'Avions (Snecma)  
Civil Aviation Advisor to Michel Delebarre (French Minister of equipment, housing, transport and sea) (1988-1990)  
Chief Executive Officer of civil aviation (CEAC) (1993)  
Within air France: CEO of the Servair group (1993-1996), Esterel (1996-1997), Advisor to the CEO (1996-1997), Deputy CEO in charge of international business and development (1997-1998), Executive CEO (since 1998)

Former student of the Ecole Polytechnique and engineering graduate from the Ecole Nationale Supérieure de l'Aéronautique

### **Current appointments**

Member of the Groupe Steria SCA Supervisory Board

#### ***OUTSIDE STERIA GROUP:***

CEO Air France group  
Joint CEO of the Air France-KLM group  
Representative of Air France-KLM on the Board of Directors of Air France,  
Vice Chairman of Amadeus GTD (Spanish company)

### **Expired appointments over the last five years**

Director of Steria SA

#### ***OUTSIDE STERIA GROUP:***

Chairman of the Amadeus France SNC Supervisory Board  
CEO and Director of Amadeus de France Service SA  
Director of Thales  
Director of Autoroutes du Sud de la France

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## **Jacques Lafay**

59 years

### **Current function**

Director of Steria Transport Development

### **Previous functions and qualifications**

Employee of the Steria group since 1973

Electronic Engineer (ISEP) – 1970  
Specialised Engineering qualification from ENSAE (Ecole Supérieure Nationale de l'Aéronautique et de l'Espace) – 1971  
Master of Science Engineering Economics Systems Dept, Stanford University (USA) – 1973

### **Current appointments**

Member of the Groupe Steria SCA Supervisory Board  
Chairman of the Steria FCPE (Fond Commun de Placement Entreprise – mutual fund) Supervisory Board (since March 2006)

#### ***OUTSIDE STERIA GROUP:***

Chairman of PROAVIA (French Airport & ATC Technology Trade Association)

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### **Expired appointments over the last five years**

**Elie Cohen**

57 years

**Current functions**

Scientific research worker, Research director at CNRS  
Professor at Sciences-PO  
Research director (1991) with the public policy analysis group  
and then with Cevipof at the Centre National de la Recherche  
Scientifique (CNRS)

**Previous functions and qualifications**

Vice-Chairman of the Haut Conseil du Secteur Public (1996)  
Member of the Prime Minister's Economic Analysis Committee (1997)

Graduate of the Institut Politique de Paris – Doctor of  
Management, Doctor of Political Science

**Current appointments**

Member of the Groupe Steria SCA Supervisory Board

**Expired appointments over the last five years**

***OUTSIDE STERIA GROUP:***

Director of Pages Jaunes  
Director of EDF Energies Nouvelles

***OUTSIDE STERIA GROUP:***

Director of A.R.E.S.  
Director of Vigeo  
Director of Orange  
Member of France Télécom Board of Directors (1991-1995)

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## **Séverin Cabannes**

48 years

### **Current functions**

Member of the Société Générale Executive Committee  
Director of Group Resources at Société Générale

### **Previous functions and qualifications**

Joint Chief Executive Officer of Steria SA and CEO of Groupe Steria (2002 to end 2006)  
Finance Director and member of the General Management Committee of the Société Générale Group (2001-2002)  
Strategy Director, Finance Director and Deputy Chief Executive Officer of La Poste Group (1997 to end 2001)  
Various functions at Elf and Crédit National

Graduate of the Ecole Polytechnique; Civil Engineering qualification from the Ecole des Mines

### **Current appointments**

#### ***Steria Group***

Member of the Groupe Steria SCA Supervisory Board

#### ***OUTSIDE STERIA GROUP:***

Member of the Komerčni Banca Supervisory Board (Czech Republic)  
Director of Genefimmo,  
Director of Credit du Nord  
Director of Fidelity (Italy),  
Director of Société Générale Globale Solution Centre (India).

### **Expired appointments over the last five years**

#### ***Steria Group***

CEO of Steria SA  
Chairman and Director of Steria Iberica (Spain)  
Chairman and Director of Steria Solinsa (Spain)  
Chairman and Director of Steria Suisse  
Director of Steria SA/NV (Belgium)  
Director of Steria Benelux SA/NV (Belgium)  
Director of Steria Infogerance  
Director of Imelios  
Director of Steria A/S (Denmark)  
Director of Steria A/S (Norway)  
Director of Steria A/B (Sweden)  
Permanent representative of Steria SA on the Imelios Board of Directors  
Permanent representative of Steria SA on the BSGL CONSEIL Board of Directors  
Official representative of Steria SA at GIE EUROOCIS General Meetings  
Director of Steria SA  
Member of the Steria Mummert Consulting AG Supervisory Board  
Director of Steria Holdings Limited  
Director of Steria Limited

#### ***OUTSIDE STERIA GROUP:***

Director of NAPAC SA

#### 4.3.2 Specific information on company directors and managers.

##### **Family associations**

François Enaud, General Manager of Groupe Steria SCA and Patrick Boissier, Member of the Supervisory Board are first cousins.

##### **No condemnation for fraud, association with a bankruptcy, incrimination and/or public sanction**

To the best of the company's knowledge, no member of the management or the Supervisory Board:

- has been convicted of fraud over the last 5 years;
- has been linked to a bankruptcy, sequestration or liquidation;
- has been incriminated and/or received an official public sanction from statutory or regulatory authorities;
- has been prevented by a court to act as a member of an administrative, management or supervisory body or to take part in the management or business of an issuer over the last five years.

##### **No conflicts of interest**

To the knowledge of the company, on the day of drawing up this document, no members of the management or Supervisory Board had any potential conflicts of interest between their duties to the company, members of the Supervisory Board, the General Manager, and private or other interests.

##### **No arrangements or agreements with major shareholders, clients or suppliers**

To the knowledge of the company, on the day of drawing up this document, no arrangement or agreement had been entered into with major shareholders, clients or suppliers, under the terms of which one of the members of the Supervisory Board or the General Manager was identified in such a capacity.

##### **No restriction on transfers of capital**

To the knowledge of the company, on the day of drawing up this document, there existed no restriction accepted by members of the Supervisory Board or the General Manager concerning the sale of their investments in the capital of the company, other than that relating to shares which had been granted freely as indicated in paragraph 4.3.3 below.

##### **Agreements entered into between the company and members of the Supervisory Board or the General Manager**

With the exception of the agreements mentioned in the special report of the Statutory Auditors, no agreement has been entered into between the company and members of the Supervisory Board or the General Manager.

#### 4.3.3 Remuneration and benefits granted company directors and principal Group managers

Received during the financial year:

##### **The General Partner (Soderi SAS)**

As compensation for the joint and several responsibility assumed by SODERI, General Partner, and with the aim of enabling it to encourage an entrepreneurial spirit within the company through employee shareholding and innovative governance, a specific remuneration has been provided for in the articles of association (article 19). This remuneration has been set at 1% of Groupe Steria SCA consolidated net income (Group share) for the fiscal year until the payment reaches six hundred thousand euros (€600,000) and at 0.5% of net income above this amount. For financial year 2007, this remuneration amounted to €500,180.

The earnings available for distribution comprise the earnings for the financial year, adjusted by the profits or losses brought forward, and where necessary, after deduction of the amounts required to form the legal reserve in accordance with the law.

## The General Manager:

François Enaud, General Manager:

	Remuneration paid in 2007	Remuneration paid in 2006		Remuneration due for 2007.	Remuneration due for 2006.
Fixed compensation <sup>(1)</sup>	347 333 €	318 000 €	Fixed compensation <sup>(1)</sup>	347 333 €	318 000 €
Variable compensation 2006	142 795 €	136 297 €	Variable compensation 2006	211 131 €	142 795 €
Benefits in kind	1 434 €	1 384 €	Benefits in kind	1 434 €	1 384 €
Other bonuses	47 205 €	38 703 €	Other bonuses	47 205 €	38 703 €
<b>total</b>	<b>538 767 €</b>	<b>494 384 €</b>	<b>total</b>	<b>607 103 €</b>	<b>500 882 €</b>
Free shares	10 000	7 500	Free shares	10 000	7 500 €

(1) remuneration exclusively from Groupe Steria SCA, no remuneration paid by controlled companies or controlling companies.

The remuneration of the General Manager was approved by the General Meeting.

The General Meeting of 1 February 2007 approved, in addition to the free shares granted by delegation of authority of the General Meeting and approval of the Remunerations Committee, a global annual remuneration of €590,000 including €350,000 of fixed remuneration and €240,000 of variable remuneration based on annual objectives fixed by the Supervisory Board pursuant to the budget. In the event that objectives are exceeded, a ceiling remuneration of €300,000 applies.

The goals related to the variable share for 2007 have been set by the payments committee of the supervisory board: 70% of the amount is linked to the Group's performance and 30% to the quality goals i.e. the group's strategy.

The variable remuneration paid to François Enaud for financial year 2007, payable in 2008, is €211,131.

Total remuneration for 2007 is therefore €607,103.

With regard to the granting of free shares, in conformity with the authorisation given by the combined General Meeting of limited partner shareholders of 15 June 2005, the Supervisory Board authorised the attribution of 10,000 free shares to the General Manager based on performance criteria defined by the Supervisory Board.

No hiring bonuses or severance pay was paid, other than pursuant to legislation or applicable collective bargaining agreements.

Similarly, no specific supplementary pension plan is currently in force.

## Supervisory Board Members:

### Directors' fees

Details of directors' fees received by members of the Supervisory Board in 2007.

Elie Cohen	Charles Paris de Bollardière	Patrick Boissier	Pierre-Henri Gourgeon	Séverin Cabannes	Yves Rouilly
2007	2007	2007	2007	2007	2007
€25,000	€21,000	€19,000	€16,000	€8,000	€7,000

The amount allocated to Directors' fees is voted by the General Meeting. The total amount authorised by the General Meeting of 1 February 2007 was €100,000 for 2007. The allocation of Directors' fees is decided by the Supervisory Board based on the opinion of the Remunerations Committee.

Directors' fees comprise a fixed element, different for each of the members, and a variable element related to presence on the Supervisory Board and committees.

Eric Hayat, a former employee of the Steria Group, Jacques Lafay, an employee of Steria SA and Jacques Bentz, Chairman of the Board, do not receive Directors' fees.

Pursuant to a provision of services contract entered into with Tecnet Participations, of which Mr Jacques Bentz is the managing Partner, the latter invoiced a total amount of €85,616,66 for financial year 2007.

Pursuant to a provision of services contract entered into with Eric Hayat Conseil, of which Mr Eric Hayat is the Managing Partner, the latter invoiced a total amount of €44,000 for financial year 2007.

### **Members receiving a salary from the Group**

In 2007, Mr Jacques Lafay received, pursuant to his work contract, a fixed remuneration of €99,600 and a variable remuneration of €29,562.

## **5 General information on Groupe Steria SCA and its capital**

### **■ 5.1 *Legal information concerning the company***

#### **Company name and head office**

Groupe Steria SCA  
12, rue Paul Dautier - 78140 Vélizy-Villacoublay

#### **Legal form (article 1 of the articles of association)**

Partnership limited by shares under French law (Société en commandite par actions)

The company exists as a partnership limited by shares under French law (société en commandite par actions) between:

- its Limited Partners and
- its General Partner, Soderi, a “société par actions simplifiée à capital variable” (a French simplified company with a variable share company), whose Head Office is located at 46 rue Camille Desmoulins – 92130 Issy les Moulineaux, registered under number 404 390 486 RCS Nanterre, represented, pursuant to its Articles of Association, either by its Chairman or its CEO. Soderi’s partners undertake to own directly or via the company’s mutual fund a number of Groupe Steria SCA shares representing at least 5% of the capital of Groupe Steria SCA. If this condition is no longer respected, the procedures set forth in clause 14.2 of these Articles of Association shall apply.

#### **Company Creation Date**

Groupe Steria was founded on 18 February 1988 as a limited company (société anonyme). It was transformed into a partnership limited by shares (société en commandite par actions) following a decision taken at the Extraordinary General Meeting of 18 July 1996.

#### **Term**

The term of the company is 99 years from its date of creation, unless an early liquidation occurs, or this period is extended.

#### **Trade and company register**

RCS Versailles 344 110 655 (88 B 00 665)

#### **Code Ape – Code Naf**

6202 A

#### **Instrument of incorporation and Articles of Association**

A copy of the articles of association of Groupe Steria SCA adopted by the Extraordinary General Meeting of 1 February 2007 is attached in the Appendix to this Reference Document.

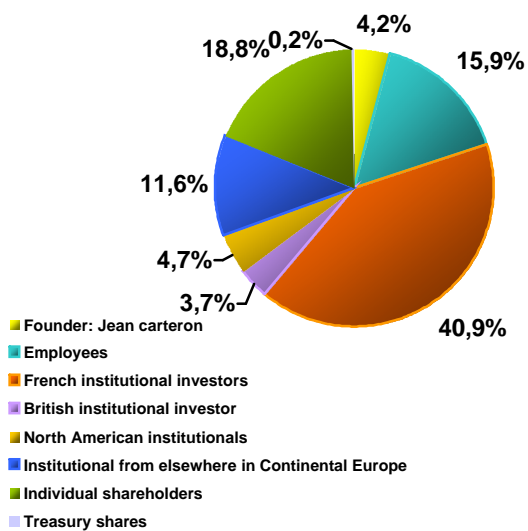
## ■ 5.2 General information concerning the capital

### 5.2.1 Company capital

As of 31/12/2008, the company capital totalled €28,301,009, divided into 28,301,009 shares with a nominal value of €1 each.

### 5.2.2 Breakdown of company capital

a) Current split as of 28 February 2008



### 5.2.3 Current split of capital and voting rights changes over the last three years

Shareholding	Situation as of 28/02/2008			Situation as of 31/03/2007			Situation as of 31/03/2006			Situation as of 31/03/2005		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights <sup>(1)</sup>	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
FCPE (mutual Fund)	2 346 635	8,29	11,92	2 091 865	11,23	17,19	2 034 065	11,22	17,92	2 514 328	13,99	20,65
XANSA Employees Trust	1 300 000	4,59	4,05									
Famille CARTERON (founder) <sup>(2)</sup>	1 184 642	4,18	7,38	1 414 870	7,60	12,38	1 414 870	7,80	12,47	1 426 070	7,93	11,79
Financière de l'Echiquier	2 465 892 <sup>(6)</sup>	8,71	7,87	1 009 367 <sup>(3)</sup>	5,42	4,42	983 000 <sup>(4)</sup>	5,42	4,33	981 066 <sup>(5)</sup>	5,46	4,06
Groupe Steria SCA (self-held)	110 505	0,39	0,34	42 336	0,23	0	59 665	0,33	0	59 665	0,33	0
Public	20 893 335	73,82	65,15	14 064 819	75,52	66,01	13 637 702	75,23	65,28	12 997 244	72,29	63,50
TOTAL	28 301 009	100	100	18 623 257	100	100	18 129 302	100	100	17 978 373	100	100

(1) total voting rights: 32,067,123

(2) fully owned and beneficial ownership of shares (family)

(3) source Thomson Financial July 2006

(4) source Thomson March 2006

(5) according to the declaration of 22/01/ 2004 indicating that the threshold had been exceeded

(6) TPI 28/02/2008

A double voting right is given to shares registered in the name of the same shareholder for at least 2 years. The total number of voting rights as of 31 March 2008 totalled 32,064,683.

To the company's knowledge, no other shareholders hold either directly or indirectly, or jointly, 5% or more of the capital or voting rights.

#### 5.2.4 Movements in the company capital of Groupe Steria SCA over the last 5 years

Date completed	Type of operation Capital increase by	Nominal price	Transaction premium per share	No. of shares created	Total number of company shares	Movement in capital
26 June 2002	Shares subscribed issued for the benefit of employees	€1	€6.62	73,800	16,278,990	€16,278,990
26 June 2002	Exercise by Bull of UK warrants	€1	at nominal price	1,122,930	17,401,920	€17,401,920
20 December 2002	Exercise of stock options issued for the benefit of employees	€1	€6.62	6,750	17,408,670	€17,408,670
31 July 2003	Exercise of stock options issued for the benefit of employees	€1	€6.62	17,450	17,426,120	€17,426,120
	Company mutual fund (FCPE) and direct employee subscriptions	€1	€10.50	310,224	17,736,344	€17,736,344
6 October 2003	Exercise of stock options issued for the benefit of employees	€1	€6.62	5,850	17,742,194	€17,742,194
16 February 2004	Exercise of stock options issued for the benefit of employees	€1	€6.62	19,450	17,761,644	€17,761,644
21 June 2004	Shares issued for the benefit of employees	€1	€6.62	40,100	17,801,744	€17,801,744
10 August 2004	Company mutual fund (FCPE) and direct employee subscriptions	€1	€22	119,957	17,921,701	€17,921,701
	Exercise of stock options issued for the benefit of employees	€1	€6.62	1,600	17,923,301	€17,923,301
20 October 2004	Exercise of stock options issued for the benefit of employees	€1	€6.62	29,572	17,952,873	€17,952,873
7 January 2005	Exercise of stock options issued for the benefit of employees	€1	€6.62	25,500	17,978,373	€17,978,373
15 June 2005	Exercise of stock options issued for the benefit of employees	€1	€6.62	17,050	17,995,423	€17,995,423
12 August 2005	Company mutual fund (FCPE) and direct employee subscriptions	€1	€24	96,501	18,091,924	€18,091,924
	Exercise of stock options issued for the benefit of employees	€1	€6.62	3,150	18,095,074	€18,095,074
17 October 2005	Exercise of stock options issued for the benefit of employees	€1	€6.62	26,578	18,121,652	€18,121,652
16 January 2006	Exercise of stock options issued for the benefit of employees	€1	€6.62	7,650	18,129,302	€18,129,302
16 June 2006	Exercise of stock options issued for the benefit of employees	€1	€6.62	5,850	18,139,452	€18,139,452
		€1	€42.33	300		
		€1	€35	4,000		
	Exercise of stock options issued to certain beneficiaries	€1	at nominal price	136,839	18,276,291	€18,276,291
25 August 2006	Exercise of stock options issued for the benefit of employees	€1	€42.33	138	18,278,201	€18,278,201
		€1	€35	1,772		
	Reserved for Group employees (via the mutual fund FCPE and direct employee subscriptions)	€1	€31.70	334,556	18,612,757	€18,612,757
23 October 2006	Exercise of stock options issued for the benefit of employees	€1	€35	7,500	18,623,257	€18,623,257
		€1	€12	3,000		
18 April 2007	following the exercise of employee stock options	€1	€42.33	58,122	18,746,104	€18,746,104
		€1	€42.33	5,550		
		€1	€35	48,995		
		€1	€12	10,180		
28 May 2007	following the exercise of employee stock options	€1	€42.33	25,445	18,785,932	€18,785,932
		€1	€42.33	258		
		€1	€35	625		
		€1	€12	13,500		
29 June 2007	Capital increase following the exercise of share warrants issued to certain beneficiaries	€1	€26.5	133,400	18,919,332	€18,919,332
27 August 2007	Capital increase following the exercise of employee stock options	€1	€42.33	476	19,416,984	€19,416,984
		€1	€42.33	4,310		
		€1	€35	23,000		
		€1	€12	34,400		
	Capital increase reserved for employees (classic scheme)	€1	€37.38	70,285		
		€1	€37.38	18,353		
		€1	€37.38	1,180		
		€1	€37.38	840		
	Capital increase reserved for employees (leverage scheme)	€1	€37.38	227,949		
		€1	€37.38	12,476		
		€1	€37.38	22,324		
		€1	€37.38	2,678		
		€1	€46.97	55,279		
		€1	€0	49,198		
31 October 2007	Capital increase reserved for Calyon	€1	€37.38	24,102	19,492,215	€19,492,215
		€1	€42.33	10,931		
		€1	€35	20,100		
		€1	€12	31,200		
		€1	€27.50	11,500		
11 December 2007	Capital increase with maintenance of preferential subscription rights	€1	€12	1,500	28,155,419	€28,155,419
		€1	22.20 €	8,663,204		

### 5.2.5 Potential capital

#### **Stock options, free shares and warrants**

All information concerning potential capital, including stock options that have been granted or exercised, free shares and/or warrants during financial year 2007 have been described in the appendices to the company and consolidated accounts.

#### **Bonds with options for conversion and/or exchange into new or existing shares.**

By decisions taken on 12, 13 and 16 November 2007, the General Manager, using the delegations of authority conferred on him by the extraordinary General Meeting of 14 June 2006, issued 4,080,549 non-redeemable subordinate bonds with options for conversion and/or exchange into new or existing ordinary shares at a nominal unit price of €37.36, ie a total borrowing of €152,449,310.64.

All of the details concerning this bond issue have been included in the appendix to the company accounts and in note 2.2 of the consolidated accounts of the company.

There exists no other security giving access to the company's capital.

## Summary information concerning potential dilution of capital as of 31 December 2007

Capital: €28,155,419

Type of potentially dilutive instrument	Date granted/issued (a) / date authorised (A) if not yet granted	Exercise price In euros	Identity of parties holding the instruments	Exercise period for holder	No. of shares to which these instruments give rights*	Potential dilution resulting from the exercise of these instruments As % of current capital
1. Stock options granted	13/5/2002 (a)	33.04****	Employees	from 14/5/2005 to 13/5/2009	413 608****	1.46
	11/4/2003 (a)	11.93****	Employees	from 12/04/2006 to 11/04/2010	98 320****	0.34
	20/04/2004 (a)	26.16****	Employees	from 21/04/2007 to 20/04/2011	156 100****	0.55
<b>Total 1</b>					<b>668 028</b>	
2. Warrants	30/12/2004 (a)		Mummert employees (acquisition)	from 01/01/2008 to 31/01/2008	189 460	0.67
	27/08/2007 (a)	47.97	FCPE (Mutual Fund) "Group Steria shares" (employees)	from 27/08/2007 to 03/09/2012	49 198	0.17
3. Free shares	13/09/2005 (a) (conditional allocation)	Free	Certain Group employees and directors	- Grant date: 13/09/2008 ** 2 year conservation period (freely available from 13/09/2010)	62 000	0.22
	13/09/2006 (a) (conditional allocation)			- Grant date: 19/09/2009 ** 2 year conservation period (freely available from 19/09/2011)	73 600	0.26
	15/12/2006 (a) (conditional allocation)			- Grant date: 15/12/2009 ** 2 year conservation period (freely available from 15/12/2011)	7 500	0.02
	01/06/2007 (a) (conditional allocation)			- Grant date: 01/06/2009 ** 2 year conservation period (freely available from 01/06/2011)	17 004	0.06
	19/12/2007 (a) (conditional allocation)			- Grant date: 20/12/2010 ** 2 year conservation period (freely available from 20/12/2012)	115 600	0.41
<b>TOTAL POTENTIAL DILUTION</b>					<b>1 182 390</b>	<b>4.20</b>

\*\*subject to presence and earnings

\*\*\* this is a maximum amount which does not take into account assumptions concerning earnings per share and IFRS standards. Such assumptions result in a diminution to the dilutive character of these instruments.

\*\*\*\*

Under IFRS standards, total potential dilution (31 December 2007) is 4.26%

## 5.2.6 Authorised capital not issued

The table below summarises delegations of authority and powers granted to the General Manager by the General Shareholders' Meeting with regard to capital increases, and provides information on the use of said delegations during the financial year.

Decisions	Term	Amount or percentage of authorised capital	Use or attribution made during the year	Residual authorisation as of 31/12/2007
Combined General Meeting of 15/06/2005 Delegation granted to Management for the allocation of stock dividends	30/06/2008	2% of capital	145,702 free shares	0.23 %
Combined General Meeting of 14/06/2006 Delegation granted to the General Manager to raise capital from the market subject to maintenance of preferential subscription rights	14/08/2008	€13,000,000 (nominal value) stock issue  €325,000,000 (nominal value) debt issue	Issue of ordinary shares in an amount of €13 million (nominal value)  None	€4 336 796  Totality
Combined General Meeting of 14/06/2006 Delegation granted to the General Manager to raise capital from the market subject to maintenance of preferential subscription rights	14/08/2008	€5,400,000 (nominal value) stock issue  €250,000,000 (nominal value) debt issue	None  Non-redeemable subordinate bonds €148,499,985.04	Totality  €101,500,014.96
Combined General Meeting of 14/06/2006 Authorisation given to the General Manager to increase the number of shares in the event of an increase in capital carried out pursuant to the above delegations	14/08/2008	15% of the initial issue	Non-redeemable subordinate bonds €3,949,325.26	
Combined General Meeting of 14/06/2006 Authorisation given to the General Manager to increase the company's capital in order to remunerate contributions in kind	14/08/2008	10% of capital	None	Totality
Combined General Meeting of 5 June 2007 Delegation of power given tot General Manager to increase the capital, without any preferential subscription right, in order to remunerate contributions of securities in the case of a public offer to exchange (delegation term: 14 month as of the General Meeting)	04/08/2008	€5,400,00 (nominal value) Stock issue €250,000,000 (nominal value) debt issue	None	Totality
Combined General Meeting of 5 June 2007 Authorisation granted to the General Manager to decide on capital increases to for employees	01/11/2009	€550,000 (nominal)	None	Totality
Combined General Meeting of 5 June 2007 Authorisation given to the General Manager to make a capital increase reserved for employees	01/11/2009	€550,000 (nominal)	None	Totality
Combined General Meeting of 5 June 2007 Authorisation given to the General Manager to make a capital increase reserved for any entities whose exclusive purpose is to hold or sell securities of the company or other financial instruments in the framework of an employee shareholding scheme	01/11/2009	€550,000 (nominal)	None	Totality

### 5.2.7 Share buyback programme

The combined General meeting of 5 June 2007 authorised the General Manager to implement a share buyback programme over a period of 18 months.

#### **Number of shares and share of capital held by the company**

As of 31 March 2008, the capital of the company comprised 28,301,009 shares.

As of this day, the company held 80,827 treasury shares, ie 0.28% of the capital.

#### **- Split by purpose of treasury shares held by the company.**

As of 31 March 2008, the Treasury shares held by the company could be broken down in terms of their purpose as follows:

Implementation for employees and/or company directors of company stock option plans in the framework of the provisions of articles L. 225-177 and following of the Commercial Code, and any Group savings plan in conformity with article L. 443-1 Implementation for employees and/or company directors of any allocation of free shares, pursuant to the provisions of articles L.225-197-1 and following of the Code de Commerce	30,000
Allocation of shares to the holders of convertible debt securities	6,507
Purchase of shares by Groupe Steria SCA for holding purposes to be redeposited on the market at a later date or used for payment in the scope of any future external growth operations	158
Operations concerning the secondary market or the liquidity of Groupe Steria SCA stock via the intermediation of an investment services provider acting independently in the scope of a liquidity contract in accordance with the AFEI Code of Conduct, and approved by the AMF	44,162
TOTAL	80,827

## Results of the programme – Summary declaration

The tables below provide details on transactions carried out under the previous buyback programme:

### SUMMARY DECLARATION Situation as of 31 March 2008

Percentage of capital self-held either directly or indirectly	0.28%
Number of shares cancelled over the last 24 months	None
Number of shares held in portfolio	80,827 shares
Book value of portfolio	€2,461,432.80
Market value of portfolio	€1,681,201.60 (closing price)

	Cumulative movements over the period 31 March 2007 to 31 March 2008		Open positions as of 31 March 2008			
	Purchases	Sales/Transfers	Open buy positions		Open sell positions	
No. of securities	464,580	450 254				
Average maximum term			-	-	-	-
Average transaction price	€34.71	€34.82				
Amount in euros	€16,125,571.80	€15,677,844.28				

The company did not use any derivative products during the last programme. The Group only uses derivative products in the framework of interest-rate risk management.

#### 5.2.7.2 Implementation of the share buyback programme

##### Liquidity contract

Based on a contract signed on 30 October 2006, tacitly renewable at the end of each year, the Steria Group has entrusted SG Securities (Paris) SAS, a simplified company with a share capital of €2,400,000, whose head office is located at Tour Société Générale, 17 cours Valmy, 92987 Paris La Défense Cedex, registered under the single identification number 784 198 483 RCS Nanterre, to put in place a liquidity contract covering the company's ordinary shares, in accordance with the AFEI Code of Conduct as approved by the AMF (French financial markets authority) in its decision of 14 March 2005, published in the Bulletin des Annonces Légales Obligatoires on 1 April 2005.

As of 31 December 2007, the liquidity account held the following assets:

- 35,983 shares of Groupe Steria SCA,
- Liquidities for an amount of €656,708.96.

### **Allocation of free shares**

During financial year 2007, it was decided by the General Manager that 30,102 treasury shares allocated for the purpose of "implementing for employees and/or company directors any stock option plan of the Company pursuant to articles L. 225-177 and following of the commercial code, any Group savings plan in conformity with articles L443-1 and following of the commercial code or any free allocation of shares in the framework of the provisions of articles L. 225-197-1 and following of the commercial code", would be used for the free allocation of shares to employees of certain companies within the Steria Group Economic and Social Unit. This allocation occurred on 1 June 2007. It benefited 5,017 employees and was contingent on an acquisition period of 2 years and a period of conservation of 2 years, subject to certain criteria being respected, in particular length of service.

## ■ 5.3 *Groupe Steria SCA and the stock market*

### 5.3.1 Stock market information

Groupe Steria SCA has been a listed company since 4 June 1999, and is currently listed in the B compartment of Euronext, Paris.

- Codes and classification of Groupe Steria SCA stock

ISIN code: FR 0000072910  
Mnemo: RIA  
Euronext Code: FR 0000072910  
Market: Euronext Paris – Euronext - Local stocks  
CFI: ES (E=equity; S=shares)  
Type: Share - Ordinary share - Continuous  
Compartment B (Mid-caps)

- Characteristics of Groupe Steria SCA stock

Industry: 9000, Technologie  
Super sector: 9500, Technologie  
Sector: 9530, Logiciels et services informatiques  
Sub-sector: 9533, Services informatiques

Eligibility for PEA (Share Savings Plan): Yes  
Eligibility for Deferred Payment (SRD): Yes  
Local: 7291

- Main tickers for Groupe Steria SCA stock

Euronext: RIA  
Bloomberg: RIA FP  
Reuters: TERI.PA

- Main indices to which Steria stock belongs.

CAC ALL SHARES,  
CAC MID&SMALL 190,  
CAC MID 100,  
CAC Soft&CS,  
CAC Technology,  
EURONEXT FAS IAS,  
SBF 120 Main Index,  
SBF 250,  
SBF 80,  
IT CAC,  
NEXT 150

The table below indicates movements in Group Steria SCA's quoted share price since 1 January 2004.

**STOCK MARKET DATA**  
for the Reference Document

2004	01	02	03	04	05	06	07	08	09	10	11	12
Average volume traded/day	35,102	47,829	53,781	72,107	41,982	38,757	28,211	19,305	49,356	41,724	35 342	26 478
Highest €	33.78	32.07	31.90	30.92	28.50	29.45	29.00	26.50	25.70	30.00	30.20	29.53
Lowest €	30.00	28.29	24.22	26.90	24.73	26.57	23.53	21.73	20.45	25.25	28.01	27.90
Capital in millions of euros (1)	23.29	29.07	34.29	41.67	23.77	24.34	16.38	10.31	25.59	24.07	22.81	17.47
2005	01	02	03	04	05	06	07	08	09	10	11	12
Average volume traded/day	45,577	145,965	48,238	71,328	30,031	75,103	66,839	62,480	91,471	58,095	60 816	41 301
Highest €	32.17	34.30	32.11	33.00	31.00	32.33	35.71	39.50	46.50	46.19	43.85	44.05
Lowest €	29.70	31.12	28.41	28.85	29.32	28.62	31.71	36.00	38.00	39.41	39.75	40.20
Capital in millions of euros (1)	29.43	94.24	31.19	46.76	20.15	49.77	47.58	54.60	86.02	53.03	56.57	36.31
2006	01	02	03	04	05	06	07	08	09	10	11	12
Average volume traded/day	62,383	50,451	56,998	36,784	67,928	55,815	64,894	59,416	48,429	49,928	60 879	46 734
Highest €	48.05	47.33	50.65	50.45	48.74	43.99	41.71	40.95	43.45	46.25	48.38	45.99
Lowest €	42.10	44.50	45.25	45.00	40.27	39.10	31.37	31.33	38.01	40.20	43.51	43.80
Capital in millions of euros (1)	62.77	46.29	63.18	32.50	66.85	50.86	50.27	49.32	41.64	47.80	61.33	39.83
2007	01	02	03	04	05	06	07	08	09	10	11	12
Average volume traded/day center	70,119	85,106	76,706	58,367	92,319	93,154	89,976	146,575	68,210	101,585	346 597	276 844
Highest €	49.67	47.87	46.33	46.72	47.27	45.42	46.02	41.01	37.77	35.18	30.84	27.33
Lowest €	45.51	43.14	41.76	44.15	42.27	41.85	37.69	31.30	32.45	29.42	23.25	22.37
Capital in millions of euros (1)	74.39	85.61	81.22	55.25	99.5	92.98	93.37	130.88	51.37	82.06	201.72	131.28
2008	01	02	03	04	05	06	07	08	09	10	11	12
Average volume traded/day center	257,798	201,115	145,657									
Highest €	25.20	21.99	21.20									
Lowest €	15.53	17.65	17.40									
Capital in millions of euros (1)	107.63	84.0	52.9									

Source: Euronext

(1) Capital traded in the month.

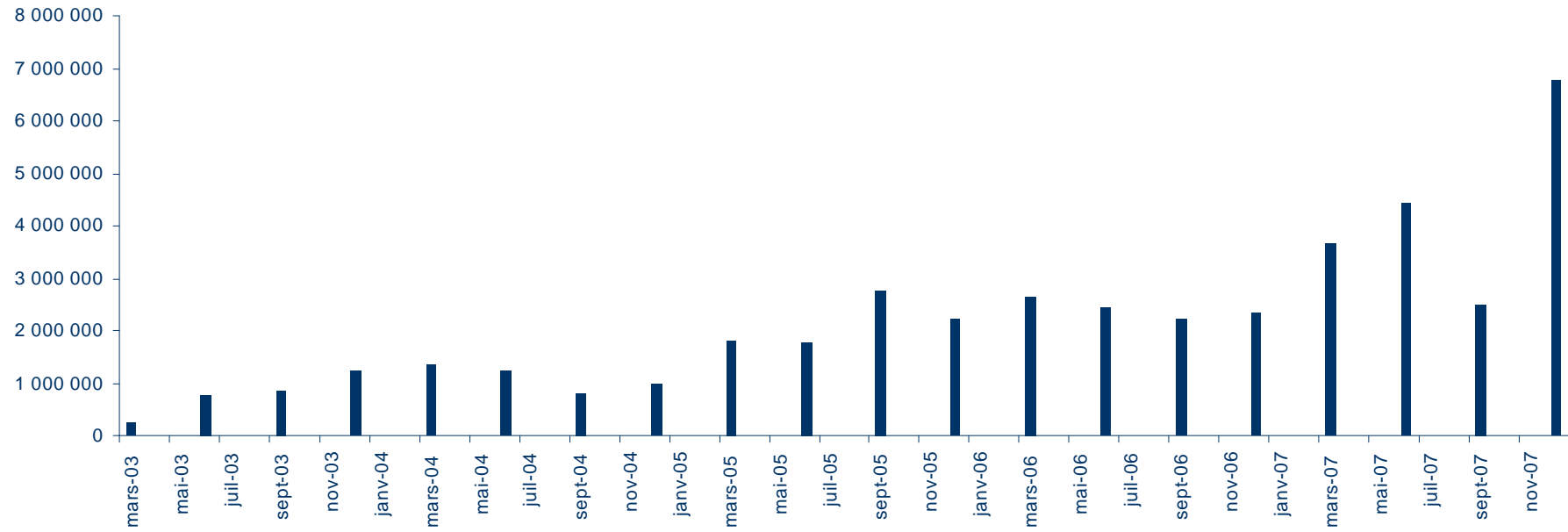
Movements in the Steria share price since June 2006 (price as of 10 April 2008)

FACTSET

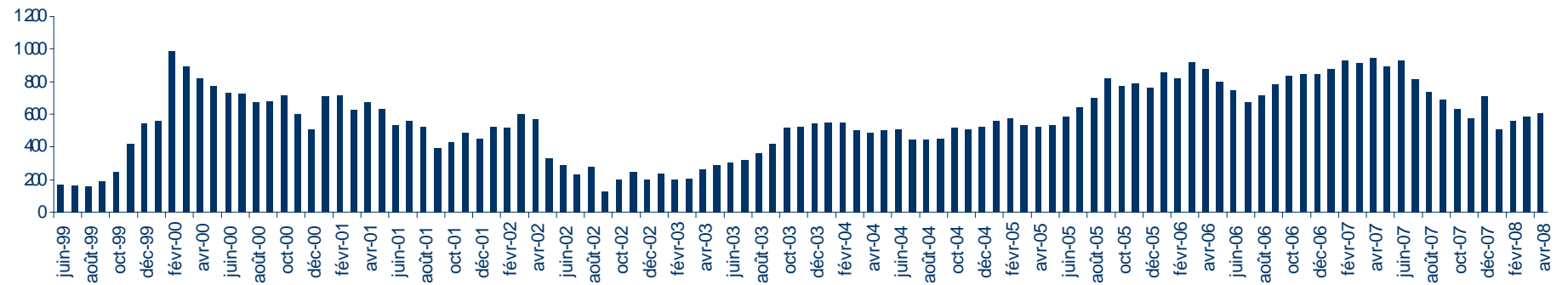


Source: Facset

## Average capital traded per day (in €)



Capitalisation boursière Groupe Steria SCA depuis juin 1999 (en M€)



Source: Facset

### 5.3.2 Dividend distribution policy

#### 5.3.2.1 Dividends paid over the last three financial years

Amounts paid to limited partner shareholders (in euros)

Financial year	Net dividend per share	Tax credit/allowance
2004	€0.25	Allowance at applicable rate
2005	€0.30	Allowance at applicable rate
2006	€0.42	Allowance at applicable rate

#### 5.3.2.2 Dividend proposal for the financial year ending 31 December 2007 – subject to the approval of the General Meeting of 6 June 2008.

Proposed dividend for limited partners subject to the approval of the combined general meeting of 6 June 2008:

Financial year	Net dividend per share	Allowance
2007	€0.42	Allowance at applicable rate

### 5.3.3 Financial information

#### **Financial Information Manager:**

Mr. Olivier Psaume

Strategy and Investor Relations Department

Steria – 46 rue Camille Desmoulins – 92130 Issy les Moulineaux

Tel: +33 01 34 88 55 60

Fax: +33 01 34 88 62 00

E-mail: [olivier.psaume@Steria.com](mailto:olivier.psaume@Steria.com)

Internet site: [www.Steria.com](http://www.Steria.com)

#### **Financial information calendar:**

15/02/2008 (prior to stock market opening): 2007 annual sales

25/03/2008 (after stock market opening): earnings for 2007

15/05/2008 (prior to stock market opening): Q1 2008 sales

06/06/2008: Annual General Meeting (2.00 p.m)

14/08/2008 (prior to stock market opening): Q2 2008 sales

29/08/2008 (after stock market closing): earnings for Q1 2008

14/11/2008 (prior to stock market opening): Q3 2008 sales

## ■ 5.4 Person responsible for the reference document

### **Person responsible for the reference document**

Mr François Enaud, General Manager of Groupe Steria SCA.

### **Declaration by the reference document manager**

*"I hereby declare that having taken all reasonable steps in my power, the information contained in this Reference Document is, to the best of my knowledge, correct and does not contain any omission that might alter its meaning.*

*I hereby declare that to the best of my knowledge, the accounts have been established in line with applicable accounting standards and give a faire image of the assets, financial situation and results of the company and all the companies in the consolidation and that the management report on page 56 of this document presents a fair view of the business, the results and the financial situation of the company and all the companies in the consolidation as well as a description of the main risks and uncertainties facing them.*

*I have obtained a letter from our statutory auditors marking the end of their work on this report and in which they declare that they have verified the information relating to the financial position and the financial statements presented in this Reference Document and have read the entire reference document.*

*The historic financial information in this document is the subject of reports from the statutory auditors.*

*Without effecting the opinion they have expressed about the accounts, the statutory auditors, in their report on the consolidated accounts on 31 December 2007, drew the attention of shareholders to memo 2.1 bis of the appendix setting out the change of consolidation method concerning Diamis and the reprocessing of comparative information for 2006"*

*François Enaud  
Groupe Steria SCA General Manager*

## 6 Documents available to the public

Legal documents (articles of association, minutes of general meetings, auditors' reports, etc.) can be consulted at the Group Legal Department, 46 rue Camille Desmoulins - 92130 Issy les Moulineaux, France.

### Press releases

Annual results 2007	25/03/2008	Steria web site/ AMF web site
Revenue 4th quarter 2007	14/02/2008	Steria web site/ AMF web site
Adjustment of conditions for conversion of unlimited duration subordinated bonds and with a option to convert to and/or to be exchanged for new or existing shares up to 31/12/20012	01/02/2008	Steria web site/ AMF web site
€201 million euro capital increase over-subscribed	06/12/2007	Steria web site/ AMF web site
Over-allotment option exercised and end of the stabilisation period.		Steria web site/ AMF web site
The hybrid subordinated convertible bonds' offering size is increased to €152.45 million.	16/11/2007	
Success of the issue of 148.50 million euros of subordinated hybrid convertible bonds	13/11/2007	Steria web site/ AMF web site
Simultaneous launch of a hybrid subordinated convertible bond and a rights issue totalling €349 million	13/11/2007	Steria web site/ AMF web site
Equity refinancing foreseen before year end 2007 integrating the issue of a hybrid subordinated convertible bond	06/11/2007	Steria web site/ AMF web site
Equity refinancing foreseen before year end 2007 integrating the issue of a hybrid subordinated convertible bond	06/11/2007	Steria web site/ AMF web site
First 9 months revenue 2007	30/10/2007	Steria web site/ AMF web site
Successful acquisition of XANSA	17/10/2007	Steria web site/ AMF web site
Recommended bid by Steria for Xansa: favourable vote of the Xansa Special General Meeting.	20/09/2007	Steria web site/ AMF web site
Recommended public bid by Steria for Xansa: transmission of documentation concerning the "scheme of arrangement" by Xansa Plc to its shareholders	30/08/2007	Steria web site/ AMF web site
Acquisition of Xansa stock	08/08/2007	Steria web site/ AMF web site
Combined General Meeting: results of the votes	22/08/2007	Steria web site/ AMF web site
2nd quarter revenue, half-yearly result	30/07/2007	Steria web site/ AMF web site
Convening of the Combined General Meeting on 5 June 2007	16/05/2007	Steria web site/ AMF web site
Capital Increase reserved for group employees	15/05/2007	Steria web site/ AMF web site
1st quarter 2007 revenue	02/05/2007	Steria web site/ AMF web site

### Other documents submitted to the Autorité des Marchés Financiers (AMF - French financial regulator)

Operation notice concerning the issue and admission to the Eurolist market by Euronext of shares in the Groupe Steria SCA in the framework of an increase in the cash capital with maintaining of preferential subscription rights for an amount of €200,986,332.80 by issuing 8,663,204 new shares at a unit price of €23.20 with 4 new shares for 9 existing shares from 15 November to 28 November 2007	12/11/2007	Steria web site/ AMF web site
Operation notice concerning the issue and admission to the Eurolist market by Euronext of borrowing of a nominal amount of around €148.5 million represented by unlimited duration subordinated bonds with and with a option to convert to and/or to be exchanged for new or existing shares up to 31 December 2007	12/11/2007	Steria web site/ AMF web site
Update of the Reference document 2006	12/11/2007	Steria web site/ AMF web site
First half financial report 2006	30/08/2007	Steria web site/ AMF web site
Reference document 2006	18/04/2007	Steria web site/ AMF web site
Declarations of securities operations by management	02/01/2008	AMF web site/STERIA administrative headquarters
Declarations of securities operations by management	28/12/2007	AMF web site/STERIA administrative headquarters
Declarations of securities operations by management	07/12/2007	AMF web site/STERIA administrative headquarters
Declarations of securities operations by management	04/12/2007	AMF web site/STERIA administrative headquarters
Declarations of securities operations by management	30/11/2007	AMF web site/STERIA administrative headquarters
Declarations of securities operations by management	23/01/2007	AMF web site/STERIA administrative headquarters
Declarations of securities operations by management	18/09/2007	AMF web site/STERIA administrative headquarters
Declarations of securities operations by management	13/04/2007	AMF web site/STERIA administrative headquarters
Declarations of securities operations by management	06/04/2007	AMF web site/STERIA administrative headquarters
Declarations of securities operations by management	02/02/2007	AMF web site/STERIA administrative headquarters
Declarations of securities operations by management	31/01/2007	AMF web site/STERIA administrative headquarters
Declarations of securities operations by management	23/01/2007	AMF web site/STERIA administrative headquarters
Declarations of securities operations by management	19/01/2007	AMF web site/STERIA administrative headquarters
Declarations of securities operations by management	05/01/2007	AMF web site/STERIA administrative headquarters
Declarations of securities operations by management	04/01/2007	AMF web site/STERIA administrative headquarters

### Others documents on the Steria site

Monthly voting rights for March 2008	01/04/2008	Steria web site
Monthly voting rights for February 2008	04/03/2008	Steria web site
Monthly voting rights for January 2008	07/02/2008	Steria web site
Monthly voting rights for December 2007	04/01/2008	Steria web site
Monthly voting rights for November 2007	03/12/2007	Steria web site
Monthly voting rights for October 2007	05/11/2007	Steria web site

Monthly voting rights for September 2007	05/10/2007	Steria web site
Monthly voting rights for August 2007	06/09/2007	Steria web site
Monthly voting rights for July 2007	03/08/2007	Steria web site
General Meeting voting rights 5 June 2007	05/06/2007	Steria web site
Monthly voting rights for May 2007	31/05/2007	Steria web site
Monthly voting rights for April 2007	02/05/2007	Steria web site

Bi-annual balance sheet of the Liquidity Contract	28/01/2008	Steria web site
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**Information published in the Bulletin des Annonces  
Légales Obligatoires (mandatory legal notices bulletin)**

Revenue 2007	22/02/2008	
Adjustment of conditions for conversion of unlimited duration subordinated bonds and with a option to convert to and/or to be exchanged for new or existing shares up to 31/12/2012	02/01/2008	
Meeting notice replacing the convocation for the Combined General Meeting of 5 June 2007	25/04/2007	
Accounts 2006	30/04/2007	
Revenue 1st quarter 2007	11/05/2007	
Company Accounts and appropriation of the result 2006	18/06/2007	
Voting rights for the General Meeting of 5 June 2007	22/06/2007	
Publication of the annual accounts in "la semaine de l'Île de France" dated 26/06/2007		
First half report	19/10/2007	
Notice to holders of Groupe Steria SCA share subscription options (suspension of the take-up right)	22/10/2007	
3rd quarter 2007 revenue	07/11/2007	
Cash capital increase with maintaining of preferential subscription rights	14/11/2007	
Issue of a borrowing for a nominal amount of some 148.5 million euros that may be increased to a maximum nominal amount of €170.7 million, represented by unlimited duration subordinated bonds and with a option to convert to and/or to be exchanged for new or existing shares	16/11/2007	
Notice to holders of Groupe Steria SCA share subscription options (lifting of the suspension of the take-up right)	28/12/2007	

**ARTICLES OF ASSOCIATION  
OF  
GROUPE STERIA SCA**

**(Articles of association updated on  
31 January 2008)**

# TITLE I

## THE COMPANY

### ARTICLE 1 – TYPE OF COMPANY

The limited liability company named "Groupe Steria" whose head office is located at 12, rue Paul Dautier, Vélizy-Villacoublay 78140 France, set up by private agreement on 18 February, was converted into a partnership limited by shares (SCA), by a decision of the Extraordinary General Meeting of 18 July 1996. It adopted the present articles of association by a decision of the Extraordinary General Meeting of 1 February 2007.

The company exists as a partnership limited by shares under French law (société en commandite par actions) between:

- its limited partners (referred to herein as the "Shareholders"), and
- - its General Partner (referred to herein as the "General Partner"), Soderi, a French simplified open stock company (société par actions simplifiée à capital variable), whose Head Office is located at 46 rue Camille Desmoulins, 92130 Issy les Moulineaux, France, registered on the Nanterre register of companies under reference 404 390 486, represented, in accordance with its Articles of Association, either by its Chairman or by its Chief Executive Officer. Soderi's partners undertake to own directly or through the medium of the company mutual fund a number of Groupe Steria SCA shares representing at least 5 % of the capital of the company Groupe Steria SCA. If this condition ceases to be respected, the procedures set forth in clause 14.2 of these Articles of Association shall be applied.

It is specified that the term "Partners" refers jointly herein to the General Partner and the Limited Partner Shareholders.

It is governed by the laws and regulations in force relating to partnerships limited by shares and by the present articles of association.

### ARTICLE 2 – OBJECT OF THE COMPANY

The company's direct or indirect object world-wide is as follows:

- promotion, management, research and the implementation of projects and services in the field of information technology and company management, as well as the acquisition and management of all stakes in companies of the same nature;
- the management and leadership of the Group, including providing advisory and support services, particularly of a legal, corporate, financial or administrative nature;
- company participation in all commercial and industrial operations that are connected to the aforementioned object

- through the creation of new companies, equity contributions, general partnerships, subscriptions or purchase of securities or corporate rights, mergers, alliances, associations through investment or otherwise;
- and, in general, all commercial, industrial, financial, securities or real estate transactions which are related, even indirectly, to the aforementioned object, and which can contribute to its development.

### ARTICLE 3 – CORPORATE NAME

The corporate name of the company is: "Groupe Steria".

This name must be preceded or immediately followed on all deeds or documents produced by the company by the words "société en commandité par actions" (partnership limited by shares) or by the initials "S.C.A.", together with the amount of its capital.

### ARTICLE 4 – HEAD OFFICE

#### 4.1. Headquarters

The head office is located at 12, rue Paul Dautier, 78140 Vélizy-Villacoublay France

#### 4.2. Transfer

It may be transferred to any other place within the same département or a bordering département, by a decision of the General Manager, which may amend the text of the present article accordingly, subject to ratification of this decision by the next Ordinary General Meeting, and anywhere else by a decision of the Extraordinary General Meeting.

#### 4.3. Secondary establishments

Agencies, branches, offices or other secondary establishments may be set up, transferred or closed simply by a decision of the General Manager.

**ARTICLE 5 – DURATION**

The company has been created for a period of 99 years as of the date of creation, unless it is dissolved beforehand or the period is extended.

The General Partner and the Limited Partner Shareholders must be consulted regarding any extension of the company at least one year before it expires.

# TITRE II

## CAPITAL – PARTNERS

### ARTICLE 6 – SHARE CAPITAL

#### 6.1. Amount

The share capital amounts to €28,301,009 divided into 28,301,009 shares with a nominal value of €1 each.

#### 6.2. Changes to the share capital

The share capital can be increased, reduced or redeemed in accordance with the law, either by issuing ordinary or preference shares, or by increasing the par value of the existing equity securities, by the Extraordinary General Meeting of Shareholders, after having received the agreement of the General Partner. The General Meeting can delegate this power to the General Manager. The General Meeting which has approved a capital increase can also delegate to the General Manager the power to determine the terms and conditions of the issue.

The General Manager has all powers to amend the articles of association as a result of a capital increase or reduction, and to perform the ensuing formalities.

In connection with the decisions of the General Meeting, the General Manager issues the calls for funds required to pay up the shares.

Interest at the legal interest rate increased by 3% will be due by rights to the company for any late payment of the amount due for the shares, without it being necessary to take legal action or to provide formal notice, without prejudice to any personal action that the company may take against the defaulting shareholder, and the enforcement measures provided for by the law.

6.3. The General Partner, Soderi SAS, has contributed its industry to the company, in return for its share in the profits.

### ARTICLE 7 – TYPE OF SHARES

7.1. The shares issued by the company are registered until they are fully paid up. Fully paid-up shares are registered or in bearer form, at the shareholder's discretion. They are entered in the books in accordance with the terms and conditions provided for by law. In particular, Supervisory Board members' shares must be registered shares.

7.2. In accordance with the legal and regulatory provisions in force, the Company may at any time request information from the central securities depository, or from any organization responsible for securities clearing, to identify owners of securities conferring, immediately or in the future, the right to vote at General Meetings, as well as the total number of securities held by each of them, and if the case arises, the restrictions that could be imposed on the securities.

### ARTICLE 8 – ASSIGNMENT OF SHARES

Shares may be freely assigned. This is carried out in accordance with the terms and conditions provided for by law.

### ARTICLE 9 – RIGHTS ATTACHED TO EACH SHARE

#### 9.1. Rights to the assets and profits

Each share entitles its holder to a share in the ownership of the corporate assets and of the profits due to the Shareholders, in accordance with article 19, in proportion to the share of the share capital that it represents, after taking into account where appropriate, the depreciated and undepreciated capital, the paid-up and partly paid-up capital, the par value of the shares, and the rights of the different classes of shares; in particular, and subject to these reserves, each share entitles its holder during the existence of the company and in the event of its liquidation, to payment of the same net amount of any distribution or repayment, in such a way that, where appropriate, any tax exemption or taxation likely to be borne by the company, shall apply to all the shares without distinction.

## 9.2. Mergers

Whenever it is necessary to possess several shares in order to exercise a right, in particular in the event of a swap or allocation of securities resulting from an operation such as: a stock split or reverse stock split, capital decrease, capital increase through reserves incorporation, merger, demerger, spin-off etc., giving entitlement to a new security in return for handing over or providing proof of ownership of several old shares, where there are single shares or an insufficient number of shares, these shall not give their holders any rights against the company. It is up to the Shareholders to group together the required number of shares or the rights attached to them, or to transfer or acquire shares or rights forming odd lots.

## 9.3. Voting rights

Subject to the double voting right provided for below, the voting right attached to capital or dividend shares is proportional to the share of the capital that they represent. Each share carries one voting right.

A double voting right is attributed to all the fully paid-up shares documented by a nominative registration for at least two years in the name of the same shareholder, either of French nationality or from a Member State of the European Union.

The share loses the aforementioned double voting right if it is converted to a bearer share, if its ownership is transferred or if its owner should lose his/her status as a European Union national.

Nevertheless, transfer following succession, liquidation of communal estate by a married couple or donation to a spouse or relative as inheritance does not entail the loss of the acquired right and does not interrupt the aforementioned time limits.

Furthermore, in the event of capital increase by incorporation of reserves, profits or share premiums, the double voting right may be granted, on their issue, to registered shares attributed free of charge to a shareholder for existing shares for which he/she holds this right.

Except where voting rights or the dated date are concerned, all new shares created during the company's life will be entirely assimilated into existing shares of the same class. The different taxes that may become due in the event of total or partial repayment of capital carried out during the company's life or on its liquidation must be borne uniformly, taking into account their respective nominal value, by all shares existing at the time of repayment and participating in it, so that each share receives, for the same nominal value, the same net amount from the company, regardless of its origin or date of creation.

## 9.4. Redemption of shares

Shares can be fully or partly redeemed, by decision of the Ordinary General Meeting, and until they are fully redeemed they continue to be recognized in the accounts as capital shares; all repayments made will be entered in the accounts. When they are fully redeemed, they will be recognized in the accounts as dividend shares.

## 9.5. Indivisibility

Each share in the company is indivisible with regard to the company.

Co-owners of joint shares must be represented with regard to the company and at the General Meetings by one of them, but one of their spouses or by a single proxy who is a shareholder.

In the event of a disagreement between the joint owners, the proxy chosen from among the Shareholders is appointed by the Presiding Judge of the Commercial Court ruling in summary proceedings at the request of the first of the joint owners to act.

## 9.6. Stripping

Unless otherwise agreed and notified to the company, the usufructuaries of shares legitimately constitute the bare owners with regard to the company.

However, the usufructuary holds the voting right at Ordinary General Meetings and the bare owner holds the voting right at Extraordinary or Special General Meetings.

## **ARTICLE 10 – INFORMATION CONCERNING ACQUISITION OF SIGNIFICANT HOLDINGS – EXCEEDING THRESHOLDS**

Any private individual or legal entity, acting alone or with another private individual or legal entity, that holds a number of shares that exceeds the thresholds specified in article L 233.7 of the French Commercial Code must comply with the obligation to provide information specified in the aforementioned article.

# TITRE III

## MANAGEMENT

### ARTICLE 11 – MANAGEMENT

#### 11.1. The General Managers

The Company is administered and managed by one or more general managers, who may be a private individual or a legal entity, a General Partner or from outside the company. If there are several general managers, any provision of the present articles of association referring to "the general manager" or "the General Manager" applies to each of them, who may act together or separately, unless their unanimous agreement is required by other provisions hereof.

#### 11.2. Term of office

The General Manager is appointed for a maximum period of six years, finishing at the end of the Ordinary General Meeting called to approve the financial statements for the previous fiscal year and held in the year during which the term of office expires.

#### 11.3. Appointment, Reappointments

During the company's existence, and except in cases of vacancy, the Ordinary General Meeting, on the Supervisory Board's proposal and after agreement by the General Partner, decides upon the appointment or reappointment of any General Manager.

#### 11.4. Termination of Service, Dismissal

General Managers leave office in the event of the expiry of their term of office, death, invalidity, prohibition, court-supervised liquidation or bankruptcy, dismissal, resignation or by reaching the age of 65.

The company will not be dissolved in the event of the General Manager leaving office, regardless of the reason.

Should a General Manager decide to resign, he/she must notify the General Partner and the Supervisory Board at least six months in advance, by registered letter, unless the General Partner agrees, after consultation of the Supervisory Board, to reduce the notice period.

The dismissal of any General Manager may be requested at the initiative of the Supervisory Board, the General Partner or an association of shareholders pursuant to article 17.3 of the present Articles of Association.

Where this is an initiative of the General Partner, the latter cannot make a decision without obtaining the Supervisory Board's opinion, which must be given within twenty days of the General Partner notifying the Chairman of the Supervisory Board of the proposed dismissal.

Where this is an initiative of the Supervisory Board, the latter informs the General Partner.

In the event of disagreement, the Congress, as defined in article 18 of the present Articles of Association, must be convened in order to reach an agreement.

If there is still disagreement forty days after notification of the proposed dismissal, the final decision will be taken by the General Partner.

#### 11.5 General Manager Vacancy

In all cases of General Manager vacancies resulting from the cases referred to in clause 11.4 of the Articles of Association, the General Partner, by operation of law, assumes the role of General Manager and may then delegate all or part of the powers needed to manage the Company until one or more new managers are appointed. Upon assuming the role of General Manager of the company, the General Partner must instigate the appointment and/or reappointment process set forth in clause 11.3 of the Articles of Association as soon as possible.

#### 11.6. Salary

The Ordinary General Meeting of Shareholders, on the Supervisory Board's proposal, sets the compensation paid to the General Manager(s). The managers are also entitled to compensation for their expenses and disbursements and business expenses.

### ARTICLE 12 – POWERS OF THE MANAGEMENT

#### 12.1. Relations with Third Parties

The General Manager is vested with the broadest of powers to act on behalf of the company in all circumstances. These powers are exercised within the limits of the object of the company and subject to those powers expressly attributed by law to the Supervisory Board and the General Meetings of Shareholders, and also subject to the opinion or agreement required from the General Partner and/or the Supervisory Board according to the provisions set forth in the Articles of Association.

#### 12.2. Relations between Partners

With regard to relations between partners, the General Manager holds the broadest of powers to perform all the acts of management but solely in the company's interest and respecting the powers reserved by the Articles of Association to the General Partner and the Supervisory Board.

In particular, the General Manager must obtain the prior opinion and/or agreement of the General Partner and of the Supervisory Board for the decisions specified in clauses 14.9 and 14.10 of the present Articles of Association, and in accordance with the conditions provided for in the aforesaid clauses and in clause 13.10.

### **12.3. Delegation of powers**

Under his/her responsibility, the General Manager may make any delegations of powers that (s)he judges necessary for the smooth functioning of the company and its Group, in particular for periods during which (s)he is temporarily unavailable. The General Manager can also make a limited or unlimited general

delegation to one or more executives of the company, which (s)he may also authorize to use the title of Chief Executive Officer or Joint Chief Executive Officer.

### **12.4. Reports**

The General Manager must present a report on the activity of the company and of the Group during the previous period, to the General Partner and to the Supervisory Board, whenever this is necessary for the interests of the company and at least four times a year.

# TITLE IV

## THE SUPERVISORY BOARD

### ARTICLE 13 – SUPERVISORY BOARD

#### 13.1. Composition

The company has a Supervisory Board with at least three members, who may be private individuals or legal entities.

The General Partners, General Managers, legal representatives of the company, and the General Partner of Groupe Steria SCA cannot be members of the Supervisory Board.

At least half of the members of the Supervisory Board must be under 65 years of age on the date of the Ordinary General Meeting held to approve the financial statements of the previous financial year.

Each member of the Board must own at least one hundred and fifty Company shares. Supervisory Board members' shares must be registered shares.

#### 13.2. Appointment – Term of Office

Supervisory Board members are appointed by the Ordinary General Meeting for a maximum period of six years, finishing at the Ordinary General Meeting called to approve the financial statements for the previous financial year and held in the year during which the term of office expires. Any member of the Supervisory Board is eligible for re-election without restrictions.

#### 13.3. Dismissal

Supervisory Board members can be dismissed at any time by decision of the Ordinary General Meeting, acting either on the initiative of Shareholders under the terms and conditions set forth in article 17 of the present Articles of Association, or at the instigation of the Supervisory Board. The dismissal may be decided upon even if it is not included in the meeting agenda. Shareholders with General Partner status may not participate in the election or dismissal of Supervisory Board members.

#### 13.4. Permanent representative

Any legal entity appointed Supervisory Board member must, upon appointment, appoint a permanent representative, who is subject to the same conditions and obligations and has the same responsibilities as if (s)he was a Supervisory Board member in his/her own name, without prejudice to the joint and several liabilities of the legal entity that (s)he represents. If the legal entity dismisses its representative, it must immediately notify the company of this dismissal by registered letter, as well as the identity of its new permanent representative. This is also the case in the event of the permanent representative's death, resignation or prolonged inability to perform his/her functions.

#### 13.5. Vacancies

If one or more positions as members of the Board become vacant, the Supervisory Board can temporarily appoint new members; this must be done within fifteen days if the number of its members falls below three. These provisional appointments are to be ratified at the next Ordinary General Meeting. Failing ratification, the deliberations made and the acts accomplished by the Supervisory Board remain valid nevertheless.

The replacement member only remains in office for the remainder of the predecessor's term of office.

#### 13.6. Executive committee and meetings of the Supervisory Board.

The Board appoints a Chairman from its members and a secretary who is not necessarily a Board member. It may also elect one or two vice chairmen. In the absence of the Chairman, the oldest vice chairman present chairs the Board, or failing that the Board chooses a member to chair the meeting.

The Board meets at the request of its Chairman, of half of its members, of the General Manager, or of the General Partner, whenever it is necessary to do so in the interests of the company, and at least four times a year, to hear the Management Report, either at the head office or at any other place specified in the notice to attend.

Notice to attend is sent by letter, or by any other means that is legally valid for commercial purposes, at least eight days before the date of the meeting, except in an emergency when the Board may be convened by any means and with less notice. As far as possible, the person issuing the notice to attend shall first send to the Board the documents that it will be required to discuss, or which are necessary for its deliberations.

The Board cannot legitimately deliberate unless at least half of its members are present.

Any Supervisory Board member can be represented by another Board member, but each Board member can receive only one power of attorney.

Decisions are made by the majority of members who are present or represented.

The General Manager must be invited and may attend Board meetings, but does not have voting rights.

The founder of the company is also invited and may attend Board meetings, but is not entitled to vote.

When calculating the quorum and the majority, Supervisory Board members will be considered present if they can take part in the meeting via communication methods enabling members

to follow and take part in the discussions, such as telephone communications, videoconferences, or any other remote transmission system allowing their identification. When a member is not physically present, it is the responsibility of the Chairman to verify the identity of the member taking part in the meeting.

When members have participated in the meeting without being physically present, this is expressly stated in the minutes.

The Supervisory Board may surround itself with, and appoint from among its members, specialized committees as specified in article 13.8 hereof.

### **13.7. Minutes**

Decisions of the Board are recorded in minutes kept in a special register, signed by the Chairman and the secretary or by a majority of the members present.

### **13.8. Internal regulations**

The Supervisory Board may draw up internal regulations to specify its methods of operation, and if it deems necessary, set up any committees that are required.

### **13.9. Attendance fees**

The General Meeting may allocate a fixed annual payment to the Supervisory Board, in the form of attendance fees; this amount is chargeable to general expenses. The Board decides upon the distribution of the attendance fees between the Supervisory Board members.

### **13.10. Powers of the Supervisory Board**

The Supervisory Board exercises continuous control over the management of the company.

**13.10.1.** To accomplish this, it may call on the General Manager to provide any information or document of use in carrying out its general supervisory mission.

#### **13.10.2. Prior opinion**

To fulfill its supervisory role, the Supervisory Board issues a prior opinion to the General Manager concerning:

- the Company's main strategies: medium and long-term plans, consolidated budgets, acquisitions policy, significant acquisitions, major investments;

- operations with a significant impact on the capital, financing and cash of the Company and its subsidiaries,
- operations having a significant effect on the allocation of the Company's corporate capital;

### **13.10.3. Prior Agreement on Certain Decisions:**

In addition to obtaining the prior agreement of the General Partner, the General Manager must obtain that of the Supervisory Board before entering into any significant commitments such as those listed below:

- a) any borrowing by the company where the total amount of borrowings exceeds 50% of the total consolidated net financial position of the Steria Group, as shown in the consolidated financial statements drawn up from the last approved financial statements (the "Net Assets");
- b) the setting up of any securities, preconditions or guarantees, or any pledges or mortgages on the company's assets, once the total of the secured debt represents more than 50% of the total Net Assets;
- c) the founding of any company, or any acquisition of holdings, in any commercial, industrial, financial, securities, property or other operation, in any form whatsoever, once the total amount of the investment in kind represents more than 20% of the total Net Assets,
- d) any decision whose purpose or result is the immediate or future, the loss of the majority holding in a the capital of a subsidiary directly or indirectly held by the company, representing more than 10% of the consolidated revenue of Groupe Steria SCA, such as this revenue is shown in the Group's most recent consolidated financial statements.

At the Ordinary General Meeting, it gives an annual report on the management of corporate affairs and on the financial statements for the year. It also gives a report to all Extraordinary General Meetings.

It may convene the General Meeting of Shareholders.

It verifies that the conditions set forth in Article 1 of the Articles of Association, for Soderi to be and to remain the General Partner of Groupe Steria SCA, are fulfilled.

### **13.11. Liability**

The functions of the Supervisory Board do not involve any management role, or any liability for the acts of management or their results.

# TITLE V

## THE GENERAL PARTNER

### ARTICLE 14 – LIABILITY, APPOINTMENT, COMPOSITION AND POWERS OF THE GENERAL PARTNER

#### 14.1. Liability and rights

The General Partner has joint and several unlimited liability for corporate debts to third parties.

The rights attached to the position of General Partner are granted *intuitu personae*. They are not transferable.

#### 14.2. Composition

The General Partner is the company Soderi SAS, whose partners must at all times, as the prerequisite for the status of General Partner, respect (I) all the terms and conditions set forth in article 1 of the Articles of Association of Soderi SAS and (II) the condition set forth in article 1 of the Articles of Association of holding directly or via the company mutual fund a number of Groupe Steria SCA shares representing in total at least 5% of the capital of Groupe Steria SCA, failing which it shall lose, by the sole operation of the law, the status of General Partner.

Groupe Steria SCA may ask Soderi SAS at any time to provide evidence that its partners fulfill these two conditions.

If this evidence is not provided within two months of the request, the General Manager shall be obliged to call an Extraordinary General Meeting within one month, in order to: amend the condition defined in article 1, appoint a new General Partner, or convert the legal form of Groupe Steria SCA.

If the General Manager fails to convene the aforementioned Meeting within the time allowed, it may be convened by the Supervisory Board or an authorized agent, appointed for this purpose by the Presiding Judge of the Commercial Court, ruling in summary proceedings.

#### 14.3. Appointment

The appointment of one or more new General Partners is decided upon by the Extraordinary General Meeting of Shareholders on the General Partner's proposal, except for the cases provided for in article 23, when there are no more General Partners.

#### 14.4. Withdrawal

All General Partners can withdraw at any time from the Company and thereby lose their position as general partner, without prejudice to any rights they may have as a limited partner. To do this, they must give three months' notice of their decision to the General Manager and to the Chairman of the

Supervisory Board.

14.5. General Partners who are not general managers do not take a direct role in the management of the company. They exercise the prerogatives granted to them by law and by the Articles of Association. In particular, they can obtain any information and documents considered necessary from the General Manager.

#### 14.6 Power to Appoint and Dismiss the General Manager

The General Partner gives its agreement to the appointment of the General Manager in accordance with the provisions set forth in article 11 of the present Articles of Association. The General Partner has the power to dismiss any General Manager, under the terms and conditions set forth in the same article.

#### 14.7 General Manager Vacancy

If the General Manager position falls vacant, the General Partner who is not a General Manager becomes, by the sole operation of the law, the General Manager of the company during the time required to appoint the new General Manager(s), as provided for in article 11 of the present Articles of Association.

#### 14.8. Collective decisions

The agreement of the General Partner is required for resolutions of the General Meeting of the Company to enter into force.

In this context, the General Partner gives its agreement, if possible in advance, to any decision issuing from a General Meeting of Shareholders, whether Ordinary or Extraordinary, as set forth in article 17 of the present Articles of Association, except for those relating to the appointment of Supervisory Board members, the appointment of Statutory Auditors, their dismissal, or to setting or changing the General Manager's compensation.

#### 14.9. Prior opinions

The General Partner:

- a) can issue opinions to the General Manager on any issues of general interest for the Group;
- b) is the General Manager's contact for everything concerning employee shareholders;
- c) it gives an opinion to the General Manager concerning:
  - the Company's main strategies: medium and long-term plans, consolidated budgets, acquisitions policy, significant acquisitions, major investments;
  - operations with a significant impact on the capital, financing and cash of the Company and its subsidiaries,
  - operations significantly affecting the distribution

#### 14.10. Prior Agreement on Certain Decisions

In addition to the agreement of the Supervisory Board, the

General Manager must obtain the agreement of the General Partner prior to any important commitment as listed below:

- a) any company borrowing once the total amount of borrowings exceeds 50% of the total consolidated net accounting position of Groupe Steria SCA, as resulting from consolidated financial statements drawn up from the last approved financial statements (the "Net Assets"),
- b) the setting up of any securities, preconditions or guarantees, or any pledges or mortgages on the company's assets, once the total of the secured debt represents more than 50 % of the total Net Assets;
- c) the founding of any company, or any acquisition of holdings, in any commercial, industrial, financial, securities, property or other operation, in any form whatsoever, once the total amount of the investment in kind represents more than 20% of the total Net Assets,
- d) any decision whose purpose or impact entails, immediately or in the future, the loss of the majority holding in a of the Company's share capital.

subsidiary's capital, directly or indirectly, of the company representing more than 10% of the consolidated revenue of Groupe Steria SCA, where this revenue results from the Group's last consolidated financial statements.

#### **14.11. Minutes**

All decisions of the General Partner are recorded in minutes kept in a register.

#### **14.12. General Partner's Right to a Share of the Earnings**

As a result of its tasks and responsibilities, the General Partner receives the share of the corporate earnings established in article 19 of these Articles of Association.

# TITLE VI

## SHAREHOLDERS - SHAREHOLDER MEETINGS

### ARTICLE 15 – RIGHTS AND LIABILITY OF THE SHAREHOLDERS

The rights of the Shareholders are proportional to the number of shares they own. In their capacity as Limited Partner Shareholders, they are only liable for losses not exceeding their contributions.

### ARTICLE 16 – COLLECTIVE DECISIONS, GENERAL RULES

Decisions taken by the partners are only enforceable against the partners, the company and third parties after confirmation that the wishes expressed by the General Partner agree with the vote taken at the General Meeting of Shareholders.

This agreement may be indicated in the minutes, or simply by the General Partner's signature on the minutes of the General Meeting. However, this agreement between the wishes of the General Partner and the decisions of the General Meeting is not required for the appointment or dismissal of the members of the Supervisory Board, the appointment or dismissal of the statutory auditors, or for setting or modifying the compensation of the General Manager.

Minutes of the decision of the General Partner and of the Shareholders' Meetings, as well as the certificate of agreement drawn up by the General Manager as described above, are drawn up one after another on the special register of the decisions of partners, pursuant to article 10 of the decree of 23 March 1967.

All decisions by Shareholders are taken at the Shareholders' Meetings.

### ARTICLE 17 – SHAREHOLDERS' MEETINGS

The provisions applicable to the Shareholders' Meetings are those provided for by law for general meetings of shareholders of limited liability companies.

#### 17.1. Nature of the Meetings

Ordinary General Meetings are those that are called to take any decision that does not modify the articles of association.

Extraordinary General Meetings are meetings called to decide or authorize direct or indirect amendments to the articles of association. Extraordinary General Meetings may legitimately discuss any amendments to the articles of association, including in particular, but not exclusively:

- any change in the company's share capital;

- modification of the conditions for the transfer of securities issued by the company;
- modification of the company's object or duration, change of head office subject to the powers conferred on the General Manager, or conversion of the legal form of the company;
- the dissolution of the company;
- the merger or demerger of the company.

At Special Meetings, the holders of a specific class of shares meet to decide on amendments to the rights of the shares of that class.

The decisions of the General Meetings are binding upon all of the Shareholders, even those who are absent, dissenting or incompetent.

#### 17.2. Notice to attend

The shareholders meet every year within six months of the closing of the accounting period at an Ordinary General Meeting.

The General Meetings may be ordinary General Meetings convened extraordinarily, or Extraordinary General Meetings that may be called at any time of the year.

General Meetings are held at the Head Office or in any other place indicated on the invitation to attend sent out by the Management, the Supervisory Board, the General Partner, or, failing that, the Statutory Auditors, or by an authorized agent appointed by the Presiding Judge of the Commercial Court ruling in summary proceedings or at the request either of any interested party in the event of an emergency, or of one or more Shareholders holding the minimum legal quota of the corporate capital, or by an association of Shareholders that meets the relevant legal conditions.

The notice to attend will be sent out fifteen days before the meeting date, either by a normal or a registered letter addressed to each shareholder, or by a notice in a legal journal for the French administrative region in which the Head Office is located. In the latter case, each shareholder must be notified to attend by letter or, upon the shareholder's request and at the shareholder's costs, by registered mail.

#### 17.3. Agenda

The agenda is determined by the person issuing the notice to attend.

One or more Shareholders, representing at least the required corporate capital quota and acting under the conditions and within the timeframe established by law, may request draft resolutions to be put on the meeting agenda, by means of a registered letter with delivery acknowledgement.

#### 17.4 Admission - Organization of meetings

With the exception of the cases expressly provided for by law, all shareholders have the right to attend General Meetings and participate in discussions, in person, through a duly authorized representative or by postal vote, regardless of the number of shares they own, upon justification of their identity and the ownership of their securities, either with a nominal registration, or the deposit of their securities at the place mentioned in the notice to attend the meeting. The time limit within which these formalities must be fulfilled expires 5 days prior to the General Meeting.

This time limit may be shortened by the Supervisory Board.

Shareholders may only be represented by their spouse or another shareholder holding proof of mandate.

Any person invited by the General Manager, the Chairman of the Supervisory Board or the General Partner may also take part in Meetings.

The General Manager attends and participates in General Meetings.

The General Meeting is chaired by the Chairman of the Supervisory Board. When the Chairman of the Supervisory Board is absent, the Meeting participants designate their own Chairman.

However, if the meeting is convened by another person duly authorized by the law, the meeting is chaired by the person who issued the invitation to attend.

Two members present at the Meeting who accept this role and receive the largest number of votes, act as scrutineers.

The executive committee appoints a secretary, who need not be a Shareholder.

An attendance sheet is kept which is duly signed by the participants and validated by the executive committee of the Meeting.

The minutes of the Meeting are signed by the executive committee.

Copies or extracts from the minutes are certified by a manager or by a member of the Supervisory Board.

## **17.5. Quorum, majority and vote**

### **17.5.1. Ordinary General Meeting**

The Ordinary General Meeting convened following the first invitation to attend may only validly deliberate if the shareholders present or represented hold the minimum number of shares with voting rights stipulated by article L. 225-98 of the French Commercial Code. This quorum is calculated based on the voting forms that the company receives by post before the General Meeting, in accordance with the conditions and time limits specified in the regulations in force.

For the second invitation to attend, no quorum is required.

Decisions are taken on the basis of the majority vote of those shareholders present or represented. In the case of postal votes, distance voting forms returned without giving a specific choice or an express abstention will be considered as negative votes.

With the exception of those relating to the decisions specified in article 14, resolutions at Ordinary General Meetings may only be adopted with the prior, unanimous agreement of the General Partner(s). The General Manager must obtain this agreement prior to the Ordinary General Meeting.

### **17.5.2. Extraordinary General Meeting**

The Extraordinary General Meeting convened following the first and second invitation to attend may only validly deliberate if the shareholders present or represented hold the minimum number of shares with voting rights stipulated by article L. 225-96 of the Code de Commerce.

This quorum is calculated based on the voting forms that the company receives by post before the General Meeting, in accordance with the conditions and the deadlines specified in the regulations in force.

Decisions are validated if two-thirds of the votes are obtained for the shareholders present or represented, or by postal votes. In the case of postal votes, distance voting forms returned without giving a specific choice or an express abstention will be considered as negative votes. If a capital increase by incorporation of reserves, profits or share premiums has to be decided or an authorization to do so is to be granted to the General Manager, the necessary quorum is only a quarter for the first notice to attend. The Meeting can validly deliberate if a second notice to attend is issued, regardless of the number of shares represented.

A resolution can only be adopted during an Extraordinary General Meeting with the prior, unanimous agreement of the general partner(s). However, when there are several general partners, the resolutions required to convert the company into a limited liability company ("société anonyme" or "société à responsabilité limitée") only require the prior agreement of the majority of the general partners.

The General Manager must obtain the agreement of the General Partner(s) prior to the Extraordinary General Meeting in question.

**17.5.3.** Each member of the Meeting has as many votes as the shares that (s)he holds or represents confer.

# TITLE VII

## THE CONGRESS

### ARTICLE 18 – CONGRESS OF THE SUPERVISORY BOARD AND OF THE GENERAL PARTNER

#### 18.1. Composition and notice to attend

A congress is established for the company's Supervisory Board and for the General Partner (hereinafter known as the "Congress").

In all cases where the present articles of association specify that the Congress must be convened, or whenever it is necessary in the interest of the company, the General Manager, the Chairman of the Supervisory Board or the General Partner shall convene or decide to convene the Congress.

Notice to attend is sent by any means that is legally valid for commercial purposes, at least seven working days before the meeting. This time limit may be reduced with the unanimous agreement of the Chairman of the Supervisory Board or of the General Partner.

The Congress is made up of an equal number of members of the Supervisory Board, who are not salaried employees of the company, and of members chosen by the General Partner, and is convened in accordance with the methods decided by mutual agreement by the General Partner's legal representative and the Chairman of the Supervisory Board. Where appropriate, these methods are stipulated in the company's internal regulations.

#### 18.2. Meetings and executive committee

The Congress meets at the place indicated in the notice of meeting. It is chaired by the Chairman of the company's Supervisory Board, or, if (s)he is absent, but a vice chairman of the company's Supervisory Board, or failing that by the oldest member of the Supervisory Board present.

The General Manager may be invited and may take part in the meetings of the Congress without being entitled to vote, by mutual agreement between the Supervisory Board and the General Partner.

The Congress appoints a secretary from among its members.

#### 18.3. Roe

The Congress is a body that allows exchanges between the General Partner and the Supervisory Board, and may provide a forum where a consensus can be reached.

It may deal with any issues that are put before it by the person who issues the notice to attend, or that it decides to deal with, but it cannot take decisions that must be taken by other bodies according to the law or the Company's articles of association.

As such, specific matters may be referred to it by the General Manager.

#### 18.4. Minutes

The proceedings of the meetings of the Congress are recorded in minutes signed by the Chairmen of both Boards that make it up and by the secretary, and are kept in a special register.

## **TITLE VIII**

### **FINANCIAL STATEMENTS – APPROPRIATION OF EARNINGS – REGULATED AGREEMENTS**

#### **ARTICLE 19 – COMPANY'S FINANCIAL YEAR – INDIVIDUAL FINANCIAL STATEMENTS - PROFITS**

19.1. Each accounting period begins on the first of January and ends on the thirty-first of December.

19.2. At the close of each accounting period, the annual financial statements and the associated notes are agreed upon and drawn up pursuant to the conditions set forth in the legal and regulatory provisions in force.

19.3. In terms of the earnings available for distribution, as defined below, the General Partner is entitled to a deduction equal to 1% of Groupe Steria SCA consolidated net earnings (Group share) for the last financial year until this deduction reaches six hundred thousand euros (€600,000) and to 0.5% of these net earnings above this figure.

The shareholders' rights apply to the balance of earnings for the financial year that is available for distribution after this deduction.

The balance is divided between the Shareholders pro-rata to the number of their shares.

#### **19.4. Appropriation of earnings**

The earnings available for distribution comprise the earnings for the financial year, adjusted by the profits or losses brought forward, and where necessary, after deduction of the amounts required to form the legal reserve in accordance with the law.

Of these earnings available for distribution, the sum belonging to the General Partners in their official capacities as defined in article 19.3 above is first deducted.

The balance is divided between the Shareholders in proportion to the number of shares held.

For all or part of the dividend or of the interim dividend available for distribution, each Shareholder can be granted an option between payment of the said dividends in cash or in shares under the terms and conditions provided for by law.

The General Meeting may, at the instigation of the General Manager, decide to deduct from the part to be paid to Shareholders in the earnings balance, any amounts it deems suitable to be carried forward in favor of the said Shareholders into the following financial year, or to be carried over to one or more extraordinary, general or special, non-interest bearing reserve funds, over which the General Partner, in this capacity, does not have any rights.

Moreover, it may be decided at the General Meeting to distribute all amounts deducted from the reserve available, by expressly indicating the reserve items from which the deductions are made.

This distribution will be carried out insofar as the reserves distributed have been constituted by means of deductions from the share of earnings due to the Shareholders alone, in proportion to the number of shares they own.

Except in the case of a capital reduction, no distribution can be made to the Shareholders if the shareholders' equity is, or will be after this distribution, less than the amount of the capital, increased by the reserves, which the law or Articles of Association do not allow to be distributed. The revaluation reserve cannot be distributed. It can either be fully or partly incorporated into the capital.

#### **ARTICLE 20 – REGULATED AGREEMENTS**

The agreements specified in article L. 226-10 of the French Commercial Code have been authorized or approved as required by law.

## **TITLE IX**

### **STATUTORY AUDITORS**

#### **ARTICLE 21 – STATUTORY AUDITORS**

The company's financial statements are audited by one or more statutory auditors, as required by law.

# TITLE X

## FINAL PROVISIONS

### ARTICLE 22 – DISSOLUTION – LIQUIDATION

The company may be dissolved and liquidated as specified by law.

The net proceeds from the liquidation after payment of the liabilities, is used to repay the unredeemed paid-up share capital.

Any balance is split between the General Partner and the Shareholders, in the proportions set in article 19 above. The share due to the General Partner is taken from the liquidation surplus, after deducting any profits brought forward, and any other reserves.

### ARTICLE 23 – DEATH, PROHIBITION, PERSONAL BANKRUPTCY, RECEIVERSHIP OR COMPULSORY LIQUIDATION OF A PARTNER

#### 23.1. Shareholders

The death, prohibition, personal bankruptcy, receivership or compulsory liquidation of a Shareholder does result in the dissolution of the company.

#### 23.2. General Partner

**23.2.1.** Disqualification from practicing a commercial trade,

personal bankruptcy, receivership or compulsory liquidation of the General Partner, which therefore automatically loses its position as General Partner by rights, does not result in the dissolution of the company.

**23.2.2.** In all cases where the company no longer has a General Partner, it is not dissolved. An Extraordinary General Meeting of Shareholders must nevertheless be convened as soon as possible, either to appoint one or more new General Partners, or to modify the form of the company. This modification does not lead to the creation of a new legal entity.

A General Partner which loses this position is entitled to payment by the company on a pro rata temporis basis of its right to a share of the profits up to the time the position was lost.

### ARTICLE 24 – DISPUTES

Disputes regarding the company's business arising during the existence of the company or during its liquidation, either between the Shareholders, the General Partner, the General Manager and the company, or between the Shareholders and/or the General Partner itself, shall be settled by the competent Commercial Court.

## 7 Concordance

In order to facilitate the reading of this annual Financial Report, submitted as a reference document, the following table provides the main information dealt with by Appendix 1 of regulation (EC) No. 809: 2004.

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