# Reference document 2009_

## Groupe Steria SCA

This document includes the annual financial report

➔ créativité_ ➔ simplicité_ ➔ indépendance_ ➔ respect_ ➔ ouverture_

## Groupe Steria SCA

Partnership limited by shares under French law, with a capital of €29,348,539
Head Office: 12 rue Paul Dautier
78140 VELIZY VILLACOUBLAY
344 110 655 RCS Versailles

The French *Document de Référence* (hereinafter the "Reference Document" for the purposes hereof) was filed with the *Autorité des Marchés Financiers* (the French financial markets authority, also referred to as the "AMF") on 29/04/2010, 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*. This document was prepared by the issuer and engages the responsibility of its signatories.

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

- the General Managers's 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 French Commercial Code and entered into by Groupe Steria SCA in fiscal year 2007 as presented on pages 56 to 147 (inclusive) of the Reference Document filed with the *Autorité des Marchés Financiers* on 19/05/2008 under the number D.08-405.

- the General Managers's 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 French Commercial Code and entered into by Groupe Steria SCA in fiscal year 2008 as presented on pages 55 to 157 (inclusive) of the Reference Document filed with the *Autorité des Marchés Financiers* on 29/04/2009 under the number D.09-333.

The parts not included in these documents are of no interest to investors, or they are covered in another section of the Reference Document.

The aforementioned Reference Documents may be consulted on the AMF website (www.amf-france.org) or on the issuer's website (**www.steria.com**).

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

| In millions of euros | 2007 | 2008 | 2009 |
|---|---|---|---|
| Revenue | 1,416.2 | 1,765.7 | 1,630.0 |
| Operating margin(1) | 103.6 | 135.5 | 118.9 |
| ***Return on sales (%)*** | ***7.3%*** | ***7.7%*** | ***7.3%*** |
| Net earnings | 50.2 | 51.1 | 48.7 |
| ***% rev*** | ***3.5%*** | ***2.9%*** | ***3.0%*** |
| Attributable net earnings | 50.0 | 51.6 | 48.2 |
| ***% rev*** | ***3.5%*** | ***2.9%*** | ***3.0%*** |
| Attributable underlying net earnings(2) | 61.1 | 75.9 | 70.4 |
| Diluted underlying earnings per share | 2.80 | 2.42 | 2.23 |
| Average workforce (FTE) (3) | 10698.4(4) | 18,775 | 18,834 |

*(1) Before amortisation of intangible assets related to the business combinations. The operating margin is the key indicator for the group. It is defined as the difference between revenue and operating expenses, these being equal to the total cost of services provided (expenses required to carry out projects), marketing costs, and general and administrative expenses.*

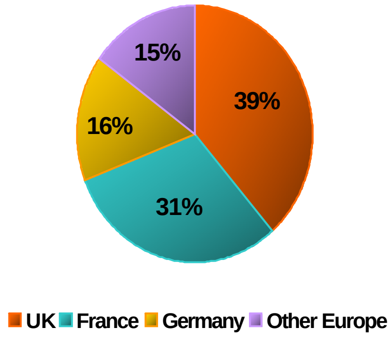
*(2) Restated attributable net profit, after tax, on other operating income and expenses, amortisation of assets and unrecognised deferred tax assets.*

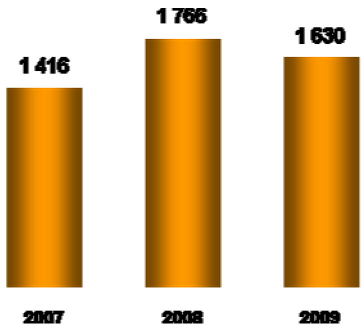
*(3) Full-Time Equivalent: Workforce weighted according to the percentage of part-time employees' activity. Example: an employee who works 80%-time is counted as 0.8 FTE.*

*(4) Average workforce excluding Xansa. In 2007, the average workforce at Xansa companies was 8,094.*

## Group Profile and Key Figures

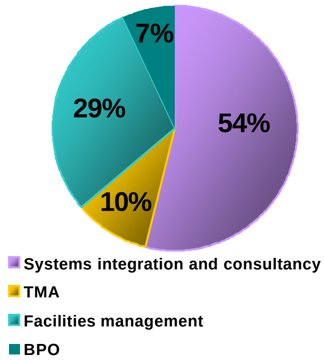
Turnover (in millions of euros)

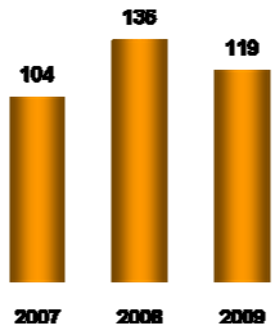



Turnover by country in 2009

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

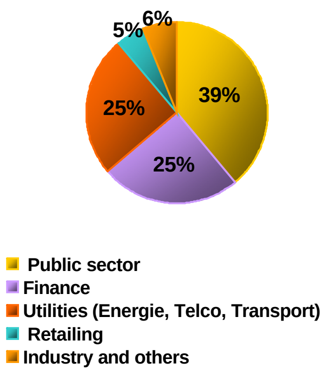


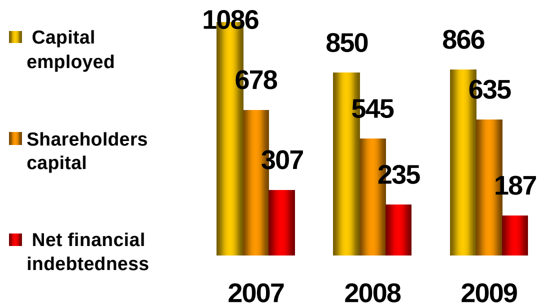




*Prior to amortisation of intangible assets identified at the time of the merger

Turnover by business line in 2009

Balance sheet (in millions of euros)

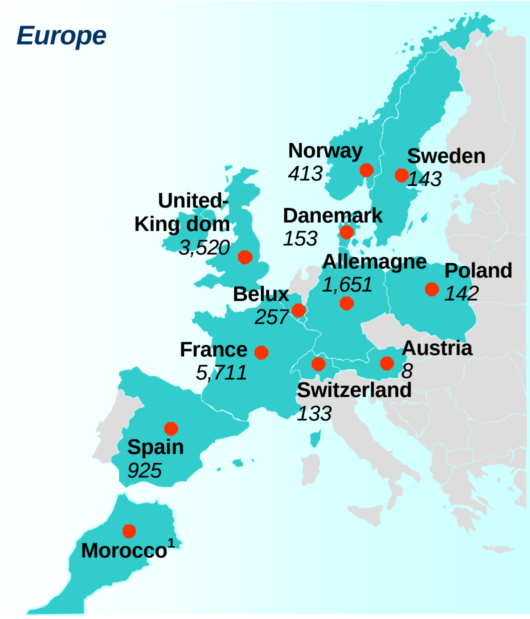



| | | | |
|---|---|---|---|
| Ratio net debt/equity | 45.3% | 43.1% | 29.5% |

2009 turnover by sector of activity

**Group locations and workforce as of 31/12/09 – Full Time Employment**

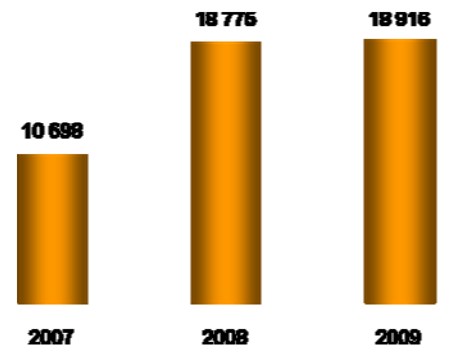




*1: Steria has a 50% JV in Casablanca employing 54 persons and an office in Rabat that employs 53 persons (workforce is classified under French workforce)*

| | |
|---|---|
| ***Group workforce:*** 18,393 | ***Worldwide locations:*** 16 |

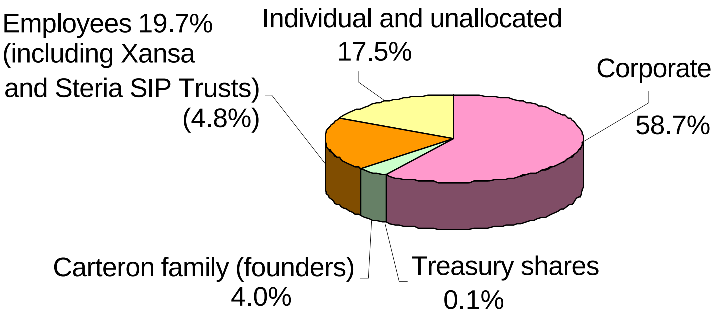
Average number of employees (FTE)*

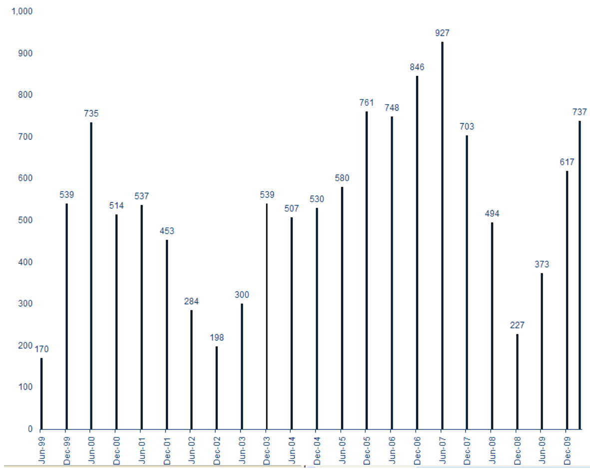



(*) FTE (full time equivalent): taking into account the actual percentage active time of part-time employees, e.g. an employee working 80% of the time is counted as 0.8 FTE

## Information on the share capital and share price

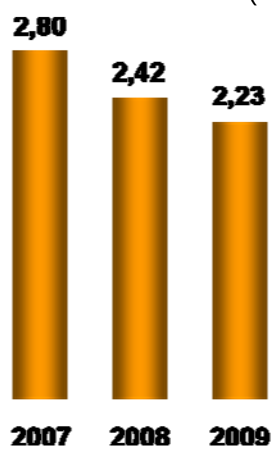
Stock market capitalization since 1999
(In millions of euros)




Breakdown of capital as of 26/01/2010

Movements in net ordinary income per share
(in euros)


Movement in share price as of 26/03/2010
(in euros)

## Corporate governance

### Governance

**General Manager:**

- François Enaud

**The Group Executive Committee:**

- François Enaud
  *General Manager of the Group*
- Mukesh Aghi
  Ceo Asie and Group Sales Director
- Laurent Lemaire
  Group Chief Financial Officer, and Group Transformation Director
- Jürgen Sponnagel
  CEO Central Europe and Group BPO director
- John Torrie
  CEO UK and Group Industrialisation Director
- Olivier Vallet
  CEO France and Group Innovation director
- John Vermeule
  Group HR and Employee Ownership Director

**Supervisory Board:**

- Jacques Bentz
  *Chairman of the Board, Tecnet Investments Manager*
- Jean Carteron
  *Chairman of honour of the Board*
- Eric Hayat
  *Vice-President of the board, Chairman of the Groupement d'Intérêt Public (GIP – public interest grouping) on the modernisation of social declarations*
- Patrick Boissier
  *CEO of DCNS*
- Séverin Cabannes
  *Deputy CEO of Société Générale Group*
- Elie Cohen
  *Economist, Director of Research at CNRS, Sciences-PO-CAE*
- Pierre-Henri Gourgeon
  *Executive General Manager of Air France Group - KLM*
- Charles Paris de Bollardière
  *Secretay of the board of Total SA*
- Jacques Lafay
  *Chairman of the Steria mutual fund*

**Sole General Partner:**

Soderi SAS
*Representative of Group employee shareholders*

### 2010 Financial communications

| | |
|---|---|
| January 14 & 15, 2010 | *Analyst Day* |
| February 15, 2010 (after market closing) | Q4 2009 Revenue figures |
| March 15, 2010 (after market closing) | Annual Results 2009 |
| March 16, 2010 at 11:30 am | SFAF Meeting |
| May 11, 2010 (after market closing) | Revenues Q1 2010 |
| July 29, 2010, (after market closing) | Revenues Q2 2010 |
| July 29, 2010, (after market closing) | Half year results 2010 |
| July 30, 2010 at 11:30 am | SFAF Meeting |
| November 15, 2010 (after market closing) | Revenues Q3 2010 |

**Statutory Auditors:**

- ERNST & YOUNG et Autres
  41, rue Ybry
  92576 Neuilly-sur-Seine Cedex
  SAS with a variable capital

  *Statutory Auditor*
  *Member of the Versailles regional branch*

- PIMPANEAU & ASSOCIES
  NEXIA INTERNATIONAL
  23 rue Paul Valéry
  75116 Paris
  SAS with a capital of €120,000

  *Statutory Auditor*
  *Member of the Paris regional branch*

**Message from François Enaud, General Manager, to the Steria shareholders**

Dear Shareholders,

Given the economic crisis, 2009 provided many lessons for corporations. Due to the sudden and intense nature of the crisis, this situation highlighted each company's strengths and weaknesses, the relevance of their strategies and their capacity for transformation and adaptation. It also provided the opportunity to deeply question their governance models and value systems.

Thanks to the quality of Steria's financial performance, we were able to evaluate the adequacy of our directions and the discipline of our management. However, despite the uncertainties, 2009 demonstrated the strength and relevance of our culture, our values and our unique governance model, which gives employees a stake in the company's capital and gives them a major role to play in making important decisions.

The group's largest acquisition ever, the purchase of Xansa in 2007, is now unanimously seen as a success. It put us among Europe's top 10 IS/IT service providers, gave us one of the largest offshore capacities in Europe, and made us a leader in Business Process Outsourcing, an activity with a high potential for growth.

Once again, Steria showed strong economic performance and was more resistant than on average for the sector (-3% organic growth in revenue compared with a drop of -6% across the sector), a cost markon of 7.3% characterised by a continuous drop, near stable net profit and a considerable reduction in financial debt.

We owe our resistance to our sector-specific focus on service industries with vast IT service needs. We know how to provide them with solutions that meet their needs and we are able to help them with their ever stricter change management issues. We have also benefited from a bold strategy in recent years to establish a basis of multi-year contracts to guarantee recurring earnings.

This year, as we celebrate our 40$^{th}$ anniversary, Steria is once again staying true to the philosophy that has driven us since the beginning: undertaking, anticipating and successfully overcoming the challenges that shape our customers' futures.

The group is now especially well-equipped to face the challenges of the future, thanks to a distributed production model following the Xansa acquisition, which will allow Steria to serve its customers from several shared service centres in Western Europe and in India, Poland and Morocco. Today, as customers are demanding greater quality and performance at a lower cost, this industrial model is a major strategic advantage.

In addition to this asset, we are proud of our traditional closeness with our customers, which helps us advise them and support them as they undergo change. For this reason, in 2009, in addition to our workforce of 5,500 in India, the group hired a large number of employees in different European countries, including many consultants and project directors.

So, to maintain this duality between the close relationship needed for change management and the need for "industrial" production over the long term, we plan to keep a balance between our "onshore" hiring and "nearshore" and "offshore" recruiting for our production centres.

To fully benefit from this new dimension in all geographic areas, in 2009, the group sharply accelerated its "One Steria" programme and will continue to implement it over the coming years.

"One Steria" covers a broad spectrum, from "Global Service Lines" with industrial production centres, to a portfolio of vertical and cross-functional solutions organised into "Business Communities," and overall human resources management programmes, including the launch of our training centre in India, "Steria Academy," where our project directors and managers receive training in an international, multicultural context. "One Steria" also looks at streamlining and optimising all our support functions, contributing to improved efficiency and cost control.

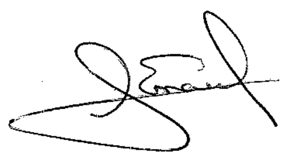
Yet we still believe that our economic performance and our success are inseparable from Steria's characteristic socially-responsible image. In this time of crisis, when our values and benchmarks seem unstable, as we search for meaning more than ever before, it is no coincidence that our group has received awards and recognition in many countries for its social responsibility policy.

Whether in terms of its governance model of getting employees involved in strategic decision-making, its policy on diversity, or its commitment to disadvantaged communities, Steria's commitment to balancing business values and social values is embedded in its make-up.

This specific part of the company's identity has never been more important than it is today. It proves our focus on building appeal, loyalty and cohesion, as we have recently demonstrated when bringing on more than 8,000 new English-speaking Indian employees from Xansa.

Your group has great ambition for the future and the potential to continue its development and win market share, but it will always take extreme care to hold onto its identity and its values, which ensure its unity and its performance. These aspects have been, and without a doubt will continue to be, a major part of its success.

Kind regards,



François Enaud,
General Manager

# CONTENTS

# 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 Paris Stock Exchange.

**2000** Acquisitions of Tecsi and Groupe Eqip.

Acquisition of Experian'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 10,000th 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** Change in the Articles of Association to implement "participative governance" that gets employee shareholders involved.
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.

**2008** Steria's innovative policy of employee shareholding is recognised: Steria wins the "2008 Employee Shareholding Grand Prix in the SBF 250 category" and the "Special Prize for the

Best Improvement" for its actions carried out for two years to increase employee shareholding among its employees.

Steria is awarded the Social and Corporate Governance Awards by the Mumbai stock exchange for its educational programme aimed at disadvantaged people in India.

**2009** Steria celebrates its 40th anniversary.

Steria receives the "BPO Project of the Year" award from Britain's NOA (*National Outsourcing Association*). The prize recognises services provided to the UK Ministry of Health, through the joint venture NHS Shared Business Services.

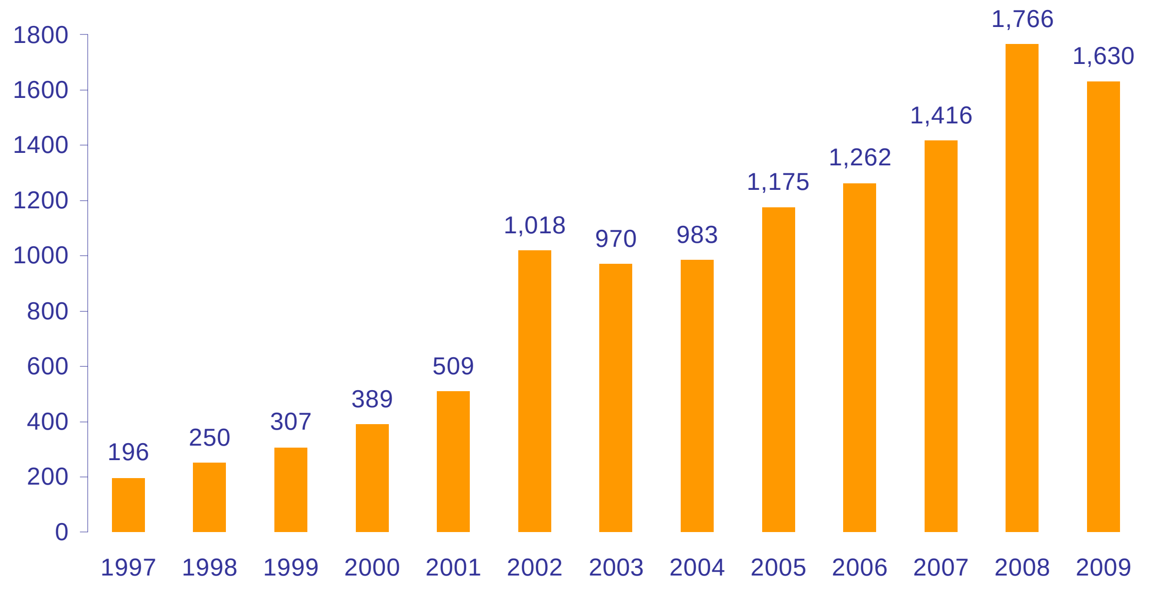
NelsonHall (in its *BPO Market Assessment, 2009-2013*) ranks Steria no. 1 on the European BPO *purchase-to-pay* market (accounts payable) and no. 3 in multi-process BPO F&A (*finance and accounting*).

Signature of a comprehensive managed services contract with SFR for approximately €100 million over four years. This is the largest contract Steria France has been awarded since it was founded.

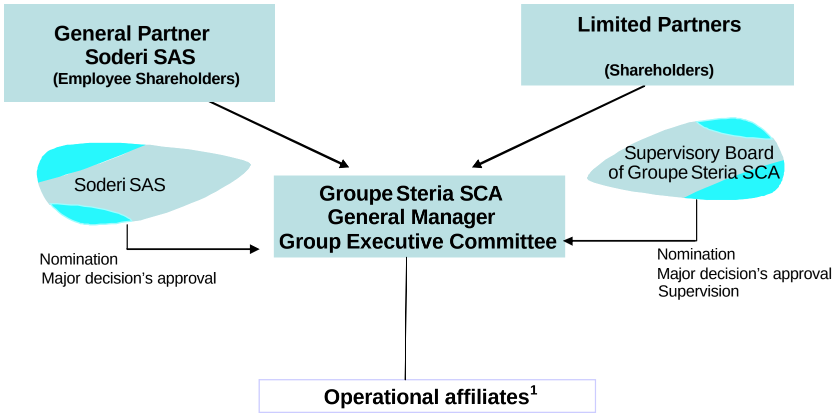
1,500 additional employee shareholders – 19% stake in the group's capital

In India, the Best Social Responsibility Policy Prize awarded by the NASSCOM foundation and the Mumbai stock exchange.

**Groupe Steria's revenue, in millions of euros, since 1997**



## 1.2 The group governance system




[1] 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 and to 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 competitive advantage in a service activity where the company's main asset is its human "capital." It encourages the involvement and commitment of employees as well as being a significant asset to the group's appeal in the labour market.

It enables the group to offer existing and future employees the opportunity to become involved in a project that goes far beyond their job at the company. Such a project involves an entrepreneurial dimension that encourages employee shareholders to participate in defining the group's strategy.

This model of governance, based on a strong employee shareholding, was rewarded in 2008 by the French Federation of Associations of Employee and Former Employee Shareholders (FAS). This federation awarded Steria the 2008 Employee Shareholding Grand Prix and the 2008 Special Prize for the best improvement in terms of employee shareholding.

Groupe Steria's governance separates the Group Management by a single (non-partner) General Manager and the management bodies that are completely separate from the Management and report directly to the shareholders.

## GROUP MANAGEMENT

### 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 Shareholders' Meetings 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 Asia – Group Sales & Marketing Director*
- Laurent Lemaire
  *Group Financial and Transformation Director*
- Jürgen Sponnagel
  *General Manager for Central Europe and BPO Development*
- John Torrie
  *General Manager for the UK-India and Group Industrialisation*
- Olivier Vallet
  *General Manager for France and Group Innovation*
- Johan Vermeule
  *Director of Group Human Resources and Employee Shareholding*

## COMPANY MANAGEMENT BODIES

### The Supervisory Board

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

- Jacques Bentz
  *Chairman of the Board,*
  *Manager of Tecnet Participations*

- Eric Hayat
  *Vice-Chairman of the Board*
  *Chairman of the Public Interest Group (GIP) Social Contribution Declarations Modernisation*

- Patrick Boissier
  *Chairman and CEO of DCNS*

- Séverin Cabannes
  *Joint CEO of Groupe Société Générale*

- Elie Cohen
  *Economist - Director of Research at CNRS*
  *Professor at Sciences PO-CAE*

- Pierre-Henri Gourgeon
  *CEO Air France KLM Group*

- Charles Paris de Bollardière
  *Secretary of the Total SA Board*

- Jacques Lafay
  *Chairman of the Steria FCPE (mutual fund)*

- Jean Carteron
  *Honorary Chairman of the Supervisory Board, Steria Founder*

The Supervisory Board has three committees to assist it in its work (cf. section 4 "Corporate Governance" in this document):

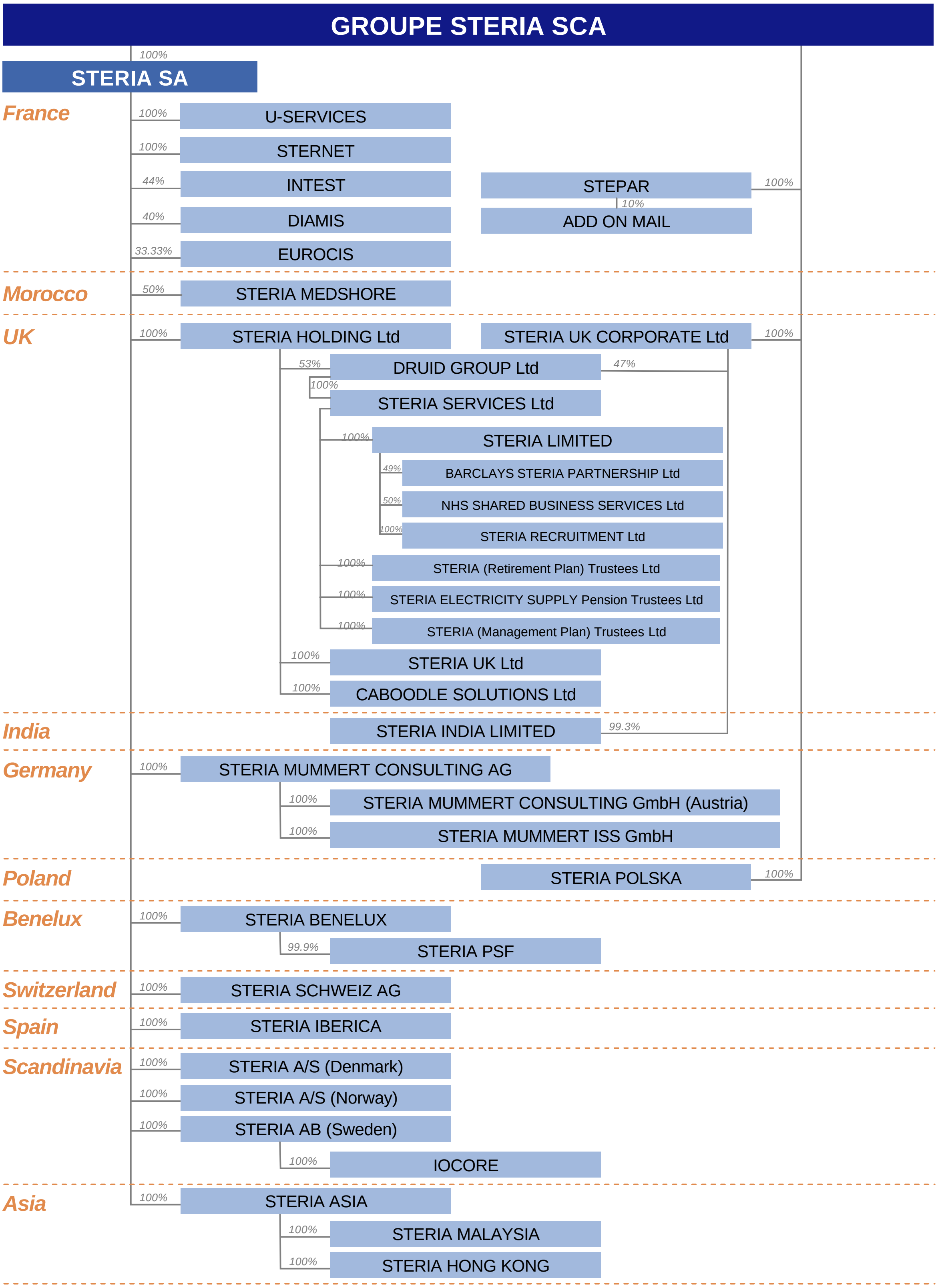
- Strategic Committee
- Audit Committee
- Appointments and Remuneration Committee

**The General Partner (Soderi SAS)**

Soderi is an “SAS” company with variable capital owned by Groupe Steria’s employee shareholders. Soderi SAS is managed by a Board of Directors currently composed of 17 members elected by the group's employee shareholders. Half the Board's members are renewed every two years. 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 Reference Document.

## Simplified Legal organisation chart (as per 31 December 2009)



**Parent-Subsidiary Relationships**

Groupe Steria SCA is an operational holding company, which oversees the activities of the group.

In this respect, Groupe Steria SCA oversees the group and manages all its subsidiaries.

All the corporate departments (Communication, Strategy, Marketing, Internal Control and Audit, Human Resources, Information Systems, Finance, Purchasing, Project Risk Management, Legal and Overall Risks) are grouped together under the parent company. To ensure efficiency, Groupe Steria SCA also provides certain centralised services to subsidiaries, for which they are invoiced specifically.

For example, Groupe Steria SCA negotiates, contractualises and follows up the group's insurance, which it then invoices to the subsidiaries.

At 31 December 2009, Groupe Steria SCA had 80 employees.

## 1.3 Markets - Positioning

**THE IT SERVICES MARKET IN WESTERN EUROPE**

The IT Services market in Western Europe was worth €144 billion in 2008[1] (excluding the sale of IT hardware, software packages and related maintenance services).

This market presents three main characteristics:

- Three countries (the UK, Germany and France) generate 62% of expenditure in Europe[1]. In 2009, Steria carried out 85% of its business in these three countries.

- The managed services business (in the widest sense of the term, i.e. including applications management, infrastructure management and "Business Process Outsourcing") represents 48% of expenditure [1]. This is also the case for Steria, which generates 46% of its revenue from this business. It is noted that the *Business Process Outsourcing* market, where estimates of the prospects for expansion are approximately +10% per year[1], represents a €15 billion market in Western Europe[1], which is 11% of the total market.

- Finally, the sectors with the highest demand for IT services are banks and insurance companies, and public authorities. In total they represent 44% of expenditure in Europe[1]. Steria generates 64% of its revenue from these two sectors.

The IT services market has grown significantly and gained in maturity since the early 2000s. 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,

- satisfying the need to align their information system with their company's strategic and economic challenges, meaning the capacity to take on more and more added value for each business,

- 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.

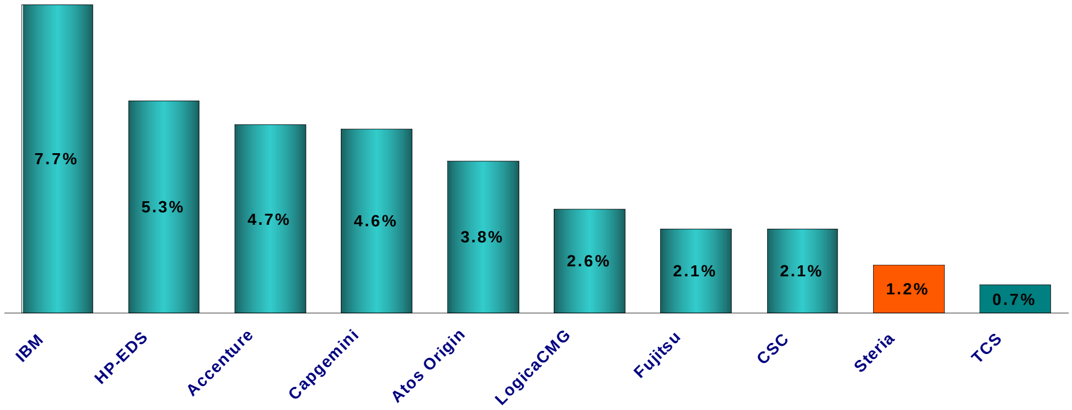
[1] Source Gartner Report April 2009

## GROUPE STERIA'S POSITIONING

- <u>A position as a "*prime contractor*"</u>

Groupe Steria, which had a revenue of €1.63 billion in 2009, is one of Europe's ten leading IT services companies[1].

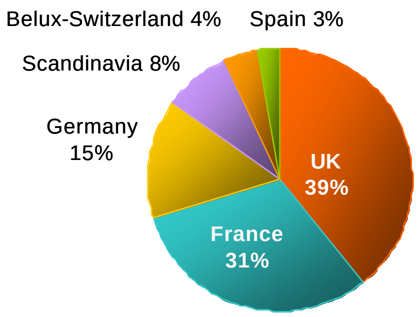
**MARKET SHARE OF THE TOP 10 GLOBAL IT SERVICES COMPANIES IN WESTERN EUROPE (BASED ON 2008 REVENUE)**




Source: Top 10 analysis - Gartner Report April 2009[2]

The group covers the three largest European markets (United Kingdom, Germany, France), and its extensive geographic coverage means that it can respond to major European calls for tenders.

**GEOGRAPHIC BREAKDOWN OF REVENUE FOR 2009**




The strategy developed by the group was to construct a complete coverage of the IT services value chain, from designing systems to developing them and finally operating them: consulting and systems integration (representing 54% of the group's business), applications management (approximately 10% of business), IT infrastructure management (29% of the group's business), Business Process Outsourcing (7% of the group's business).

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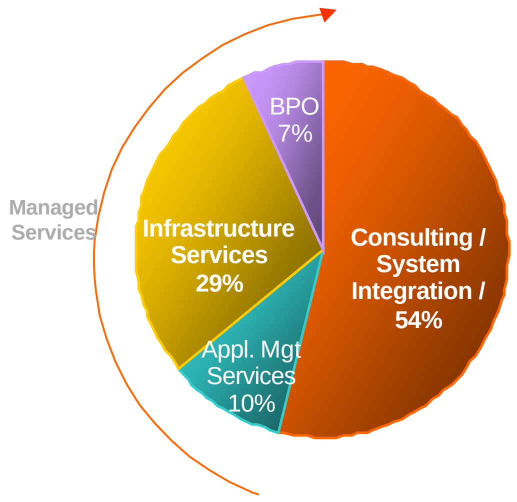
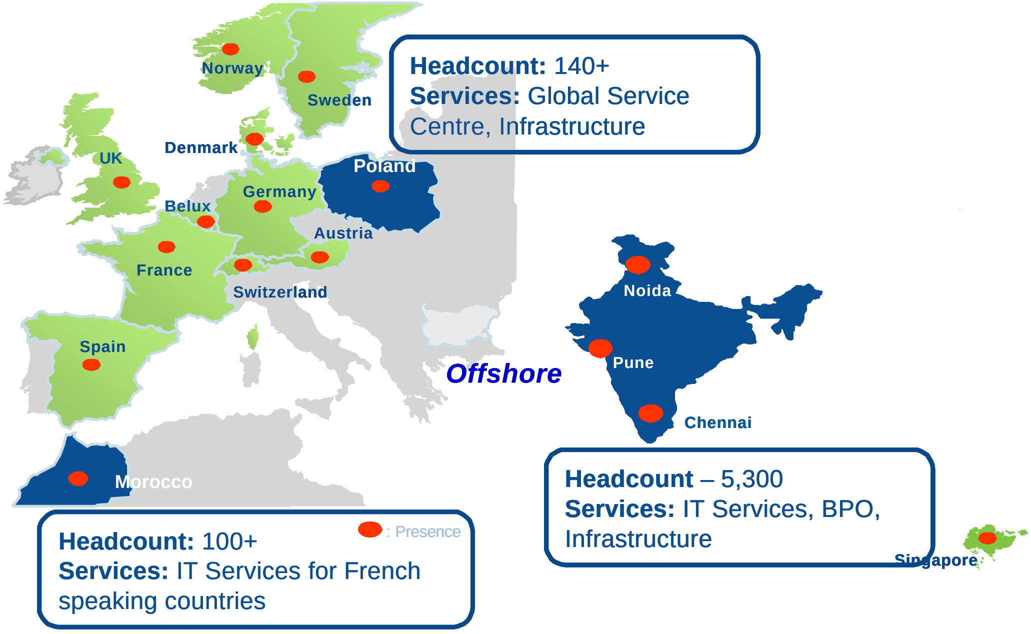
[1] Top 10 analysis - Gartner Report April 2009 (only revenue from professional services. Only includes global services providers and not captive services companies).

**BREAKDOWN OF REVENUE BY CORE BUSINESS FOR 2009**




The group has developed a totally-integrated and industrialised production model. It is based on service centres specialising in infrastructure management, application development and third-party applications maintenance. These centres are located in France, Morocco, Poland and India. At 31 December 2009, 30% of the group's workforce were in *offshore* or *nearshore* zones. In addition to the global production model and geographic distribution of the workforce arising from this, Steria benefits from a totally-integrated production model in which responsibility for the resources that come within the scope of a project's production is entrusted to a single person who has transgeographic responsibility, whatever the location of the production resources used. This integrated model is the culmination of more than 12 years *onshore*, *nearshore* and *offshore* construction and integration experience. In this context, Steria's industrial production model can be considered one of the most advanced in Europe, providing a definite competitive advantage.

BREAKDOWN OF OFFSHORE AND NEARSHORE STAFF AT 31 DECEMBER 2009



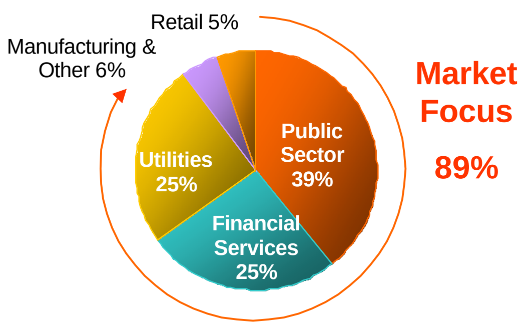

The group's size, its position as one of the ten largest European global IT services providers, its European presence and its complete coverage of the IT services chain are all factors strengthening Steria's visibility and eligibility with regard to calls for tenders from its customers, who are continually rationalising the list of their suppliers. This eligibility is also stronger thanks to the group's industrial model, with one of the highest proportion of *offshore* and *nearshore resources in Europe.*

- A vertical imprint

The added value that Steria brings to its customers is based on a strategy of vertical specialisation. The group's business is understanding the business or businesses of its customers. This involves identifying their stakes and their challenges while anticipating their own customers' requirements. The group's mission is to provide the expertise and experience that enables its customers' stakes and challenges to be transformed into opportunities.

Multi-specialisation involves focussing on a limited number of economic sectors identified as strategic by the group and concentrating efforts, in terms of knowledge capitalisation, defining and drawing up offers, and also investments in these market segments. Steria has therefore concentrated on three main economic sectors, which represent 89% of the group's revenue: the public sector, the financial sector (banking and insurance) and Utilities (energy, transport and telecommunications).

BREAKDOWN IN 2009 REVENUE BY MARKET SECTOR



This focus responds to the need to develop sector-based expertise that makes it possible, firstly, to understand the customer's business challenges and, secondly, to offer solutions transforming its business processes to align its information system with the company's strategic challenges.

- A strong identity linked to a distinctive signature and style

One of Groupe Steria's characteristics is its strong corporate culture. This culture is based on a specific signature and its own style.
The group's signature is above all in its genes. Since it was created, this has been expressed through its project management culture, its philosophy of proximity, its ability in terms of innovation and its emphasis on quality of service.
Steria's style is based on the five core values held from the beginning by its founder Jean Carteron: Simplicity, Creativity, Independence, Respect and Openness. It is also the outcome of the General Management's long-established desire to involve employees in company life and decisions with the aim of developing an entrepreneurial spirit in its teams.
The result of this strategy is that the employees hold 19.3% of the company's capital within the scope of governance allowing employee shareholders to actively participate in the company's strategic thinking and decisions.

In a service industry in which the ability to attract the best talents and the level of commitment by of the teams are key success factors, the group's identity is a significant element of differentiation.

## 1.4 Groupe Steria Core Businesses – Investment and Innovation

### 1.4.1 The core businesses

Information systems are perceived by the directors of 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 accomplish 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 2009, 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, Third-party Applications Maintenance).

**Consulting & Systems Integration**

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 offers and are part of operational units, which is not a very common feature among IT services providers, in order to foster synergies between consulting and implementation 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, the optimisation of the customer's information system in its new configuration and assistance for the change.

At 31 December 2009, consulting and systems integration activities represented 54% of the group’s revenue.

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 are vertical offers for the public sector, finance, telecommunications, utilities and transport, combining an in-depth knowledge of the customer’s business and packaged solutions aimed at transforming or managing a specific business process. 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, Customer Relationship Management, Business Process Management, Security, etc.).

**Managed services**

At the end of December 2009, managed services, in the broad sense of the term (including application maintenance) accounted for 46% of group revenue.

Steria operates all or part of the applications and IT infrastructure, delivering services such as:
- Corrective and upgradable maintenance of computer applications
- 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 “data centres” and continuity plans for related services.

***Business Process Outsourcing***

At the end of December 2009, *Business Process Outsourcing* activities accounted for 7% of the Group’s revenue and more than 130 customers.

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,
- 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.

Steria holds the position of key player in the Business Process Outsourcing market in Europe. NelsonHall (in its *BPO Market Assessment, 2009-2013*) ranks Steria no. 1 on the European BPO P2P *Business Process Outsourcing purchase-to-pay* market (or accounts payable) and no. 3 in multi-process BPO F&A (*finance and administration*).

As an example, on a yearly basis, in its Business Process Outsourcing activities Steria:
- manages £55 billion of payments,
- pays 5 million invoices,
- manages 6 million fixed assets, representing a value of £43 billion,
- pays 3 million wages,
- manages 1 million claims for compensation.

To guarantee its customers an optimum level of quality and constantly increased productivity, Groupe Steria is developing a general coordination strategy for all of its production platforms. The platforms combine secure production centres, shared third-party applications maintenance and acceptance activities and user helpdesks. These pooled service centres share tools and processes as far as possible to deliver standardised service levels all over the world.

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 in France, Casablanca in Morocco, and India) 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 solutions that 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 in effect in the profession: 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.

**Changes in the breakdown of revenue by core business**

| | 2007 | | 2008 | | 2009 | |
|---|---|---|---|---|---|---|
| | €m | % rev | €m | % rev | €m | % rev |
| Consulting and systems integration* | 757 | 53% | 1,084 | 61% | 1,043 | 64% |
| Managed services and BPO | 550 | 39% | 681 | 39% | 587 | 36% |
| Xansa** | 110 | 8% | - | - | - | - |
| TOTAL | 1,416 | 100% | 1,766 | 100% | 1,630 | 100% |

* including TPAM (third-party applications maintenance) and consulting
** External revenue generated by the Xansa companies from 17 October to 31 December 31 2007

**Breakdown of revenue by geographic area (financial year 2009)**

| (in thousands of euros) | France | United Kingdom | Germany | Rest of Europe | Group Total |
|---|---|---|---|---|---|
| Revenue | 507 | 639 | 236 | 248 | 1,630 |
| % of revenue | 31% | 39% | 15% | 15% | 100% |

**Changes in the breakdown of revenue by sector**

| | 2007 | | 2008 | | 2009 | |
|---|---|---|---|---|---|---|
| | €m | % rev | €m | % rev | €m | % rev |
| Public Sector | 513 | 36% | 653 | 37% | 639 | 39% |
| Banking & Insurance | 308 | 22% | 477 | 27% | 414 | 25% |
| Utilities (Energy, Telecommunications, Transport) | 353 | 25% | 424 | 24% | 399 | 25% |
| Distribution | 17 | 1% | 88 | 5% | 86 | 5% |
| Industry and Other | 115 | 8% | 124 | 7% | 93 | 6% |
| Xansa | 110 | 8% | - | - | - | - |
| TOTAL | 1,416 | 100% | 1,766 | 100% | 1,630 | 100% |

**Customers**

Steria’s 20 largest customers represent approximately 39% of revenue, with the largest customer representing 5.9% of the group’s 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). These investments are essentially financed by own resources.

The company's policy is to privilege renting 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 8,000m². The net value of this building at 31 December 2009 was €10.0 million.

The group also owns buildings and land in India (which came from Xansa) with a net value of €15 million at 31 December 2009.

**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 |
|---|---|
| 2009 | 1.4% |
| 2008 | 1.7% |
| 2007 | 2.1% |

*Steria figures for the period 1 January – 31 December, Xansa figures for the period 17 October - 31 December

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.

**Steria's group innovation strategy**

Innovation is key to Steria's strategy. It is part of the company's culture and its background. It is also a major lever for maximising added value to customers and a means of differentiating the proposed solutions.

The group aims to offer innovative services through the use of new technologies or innovative processes.

To shore up this ambition, the group has set several objectives:

- Creation: encouraging a creative culture that gives new ideas free rein;
- Focus: identifying potential for success at an early stage, and investing in it;
- Follow-Through: taking new ideas to market by demonstrating their advantages;
- Discovery: identifying needs for innovation in our market environment;
- Exchange: linking identified needs for innovation with potential solution drivers;

**Creation**
Encouraging the teams to devise innovative ideas by asking them to participate in innovation contests. This competition is open to all group employees and gathers applications from the entire organisation. In 2009, these competitions resulted in 53 innovative proposals in areas such as online development, on-board telematics and virtual sky. The Group Executive Committee 2009 selected five finalists and granted the prize to the "GAIA" project, which studies virtual skies for air transport simulation in Europe.

**Focus**
The investments focus on solutions, which drive new services or added value. In the UK, for example, the teams worked with the Department of Work and Pensions to develop the "Jobs by Phone" voice recognition application designed for job seekers. This automated system is easy to use and provides an affordable alternative to face-to-face customer contact. This application highlighted how innovation can reduce costs while confirming the potential for developing new services in the DWP.

**Follow-through**
The group set up a global innovation centre for mobility solutions in Singapore. The innovative vehicle registration solution developed for the Singapore Police Department illustrates how teams can roll out cutting-edge mobile technology and get practical results for their customers.

**Discovery**
The solutions used at Heathrow airport illustrate the group's capacity to identify its customers' needs for innovation. For this major world transport hub, Steria developed a taxi regulation system for all of Heathrow. By combining RFID technology with the group's traffic management expertise, Steria created a service that channels taxi activity, managing operators' billing and improving passenger pick-up, while channelling and optimising flows.

**Exchange**
To facilitate exchange, the group has invested in collaborative systems such as Lotus Connections and QuickR. It has also created communities around key innovation trends, to capitalise on the company's shared knowledge.

Based on these objectives, innovation is key to the group's governance and is seen as essential to its position on the market and its growth strategy.

## 1.5 Corporate Responsibility (CR)

Steria was founded in 1969 by Jean Carteron as a social project in which employee shareholding was combined with a culture of innovation, entrepreneurship and solidarity, thus creating a unique governance.
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.

This responsible and humanistic approach expresses Steria's wish to have a long-term positive impact on its environment and its stakeholders.

Corporate responsibility is one element in the Group's strategy that is integrated into the Group's various activities, such as the service customers are given, human resources management, environment and relationships with local communities.

**Our Corporate Responsibility (CR) policy and organisation**

Steria is a member of "Global Compact", which is an initiative created in 2004 by the United Nations to encourage companies to promote ten universal principles in the areas of human rights, working conditions, the environment and the fight against corruption (www.unglobalcompact.org).

Following this commitment Steria has developed in 2008 its own code of ethics and has made it available on the Group web portal so that each employee is aware of their role in the day-to-day respect of the specific ethical standards drawn up by the Group in the context of its activities.

There are four CR areas: marketplace, workplace, environment and communities. The global approach for corporate responsibility is directly under the responsibility of the General Manager and each member of the Executive Committee supports a specific area. A team of network leaders responsible of each CR area is in charge of implementing action plans throughout the Group, under the guidance of a Programme Director.
This organisation ensures a steady flow of information throughout the Group, the tangible implementation of the actions at all levels and discussion at the highest level in the company of the issues related to sustainable development.
To benefit from an external point of view, Steria has set up a Corporate Responsibility Advisory Board. This consists of independent experts from the Government, private companies and non-governmental organisations and CR network leaders. In 2009, the Advisory Board met 3 times, including once with the Executive Committee. The following topics were discussed: governance, CR objectives, CR rating, communications, assessment of environment priorities.

Lastly, in order to better integrate the existing best practices, Steria is a member of the *Institut du Mécénat Social* (IMS), a French network dedicated to corporate responsibility which brings together 200 international companies.

## Steria's four Corporate Responsibility areas

### 1 - Workplace: acting as a responsible employer

### Participative Governance

Right from its foundation in 1969, Steria set up an original system of governance involving employee shareholders. 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.

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 19.3% stake (excluding the founder but including retired employees and the Xansa trust for 4.79%.
Steria thus promotes its original governance model which combines co-ownership of the company 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 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 combines two purposes:
- entrepreneurship (participation in the corporate mission and strategic decisions);
- acquisition of assets (benefit from the company's performance).

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.
The Soderi Board of Directors, which is elected by 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.

In 2009, the Board was partly renewed, as it is the case every two years. It is now made up of seventeen members, including six women, which brings the feminization rate of the Soderi Board well beyond the one of many Boards of Directors in other companies. Five countries are represented within the Board: France, India, Germany, Norway and the UK.
The Soderi Board of Directors decided in 2009 to act as warrant of the respect, by Steria, of a sustainable growth strategy, based on human capital development and maintaining Steria's independence.
One of the aims of Soderi is to develop the entrepreneurship spirit of the employee shareholders. Every year, Soderi organises its General Meeting, a special event combining the approval of resolutions, a presentation from the General Manager and a high level lecture from a renowned guest speaker.
Furthermore, Soderi has developed communications tools to improve the economic and financial knowledge of the employee shareholders: a website (www.soderi.com), a monthly newsletter focused on stock markets and Steria competitors' news, a quarterly webzine dedicated to employee shareholding and e-learning classes on economics and finance.

In 2009, as in previous years, a new employee shareholding plan, known as GESP (Group Employee Shareholding Plan), was launched with the aim to significantly increase the number of employee shareholders and strengthen the number of Soderi shareholders, in line with the development of the Group. As a result of this employee shareholding operation, the part of Steria's capital owned by the employees increased by 2%.

Indicators for 2009
- Number of Soderi Board of Directors held within the year: 8
- Gender Parity within the Soderi Board : one third of women
- Number of nationalities within the Board: 5
- Number of Internet visits on the Soderi internet site: 9071

<u>Committing ourselves to equal opportunities</u>
Steria is committed to equal opportunities, as it is described in our code of ethics, stemming from our Global compact engagement. This engagement serves as a guideline in our effort to give equal opportunities to everyone and to fight discrimination

*A Group Disability policy*
A Steria group Disability Policy was launched in 2009. The policy underpins our commitment to equal opportunities for all employees, including potential employees with disabilities. To implement this, our plan is to reach the standards set in the Web Content Accessibility Guidelines (WCAG) when designing our new internet and intranet solutions. This means we will ensure that these websites will be accessible for employees with disabilities.

In the area of disability, local legislations are a key driver for different initiatives. In the UK, HR teams have started to educate their managers on the Disability Discrimination Act (EU directive). In India, our teams participate in job fairs for disabled persons.
In France, following an agreement with Agefiph, a government organisation in charge of developing the employment of disabled people in the private sector, a 2 year-program was implemented in 2008-2009. It includes:

- Recruiting: In 2008 and 2009, there was a 84% increase in the number of people with disabilities recruited.
- Training: HR teams and 100 managers had a special training program on working with disabled people
- Communications: a wide information campaign and events on disability took place with testimonials from disabled people.
- Whenever possible, Steria adapted the working environment of disabled people: home working, adjusting workstations to disabilities, giving priority access to our training program. Civikey, a virtual keyboard for people with motor disabilities is now included in all new computers. Civikey is the result of a partnership between the Garches hospital near Paris, the Intech Info engineering school and the Steria –Institut de France Foundation.
- Steria developed the use of sub-contracting with institutions employing disabled people in the areas of IT equipment recycling, catering and mailing.
- Steria launched an innovative initiative at the end of the year to train 10 disabled people to new IT technologies, in partnership with GTM Ingénierie. This program is aimed at disabled people out of work with a scientific background.

The agreement with Agefiph was renewed for two more years at the end of 2009.

*Gender equality and age related policies*
Promoting women and seniors in the workplace is part of our commitment for diversity.
Our objective to promote parity is that in 2010 all senior country management teams should have at least one representative from each gender.

In Spain, a two-year program was launched in 2009 to ensure equal opportunities between male and female employees. Steria Spain has joined the government's initiative to be one of the first IT companies developing an action plan in that area. It includes in-depth analysis of the situation and a survey among female employees. Topics addressed in the program include prevention for sexual harassment, maternity leaves, family friendly working schedules, female "view" on the recruitment promotion processes.

In Scandinavia, significant efforts are made to increase the proportion of women in the IT business. In Norway, Steria is supporting an organization at Trondheim's University of Science and Technology that aims to inspire female students to consider a career in IT. In Sweden, where the rate of women managers reaches 66%, Steria is partnering with an industry wide organization called Womentor.

In France, an audit took place on gender equality in the workplace for the past three years, and the results will be discussed with trade unions to reach an agreement in 2010.

A particular focus was given in France to age-related issues in 2009. Five meetings took place in 2009 with trade unions. The action plan decided for 2010-2012 will concentrate on maintaining senior people (from 55 years old) in their jobs, developing their skills and encouraging knowledge and skills transfer through mentoring. In the Performance and Development Interviews, a special part will be dedicated to career evolution of senior people and they will be given priority access to a number of trainings.

Ensuring the well-being of our employees

In a company that is as varied and international as Steria, ensuring dialogue with our employees and taking into account their well-being is an essential means of boosting involvement and satisfaction.

Working balance

Evidence shows that implementing work-life balance policies in organisations contribute to a better business environment. Studies in this area show that there is a strong correlation between work life balance policies, reduced absenteeism and increase productivity. In 2009 Steria made additional efforts in this area.

As an international player in this business, working in different geographies across different time zones we face specific challenges. Today, technology offers the possibility to be connected any time any where. Working without traditional boundaries for many is a positive experience however, there are also unintended consequences which need to be addressed. Examples are managing the workload, working as a team while members meet less frequently etc. Through the implementation of common practices supporting our employees to realise a healthy balance in their work Steria aims to ensure we satisfy our long term customer requirements.

At group level, the topic of work life balance has been addressed as a part of our Corporate Responsibility Program. Best practices will be identified and shared across the group, and development of common policies are under discussion. In 2009, a majority of countries launched a "hotline" with external medical personnel to be used by all employees in times of need.

At local level, different activities and programs are being conducted.

For example, in France, the "Zen'IT" Observatory was launched in the summer of 2009, following a qualitative audit made by an external company on working conditions and well being of employees. The Observatory, composed of representatives from health and safety committees of all 12 sites and managers worked on an action plan which will be approved in 2010. Topics discussed include stress management, communications, training, tools and processes. A charter for employees in-between projects was launched in 2009, and published on the intranet. It provides guidelines and best practices for employees waiting for project assignments and makes sure they are correctly informed of their rights and duties.

In Norway, the topic of work life balance and self management is included in mandatory training classes for all consultants.

In Spain, a work-life balance plan was launched in 2009, offering employees one step further than the legislation. For instance, various combinations of non-remunerated leave are offered to employees, with social security charges guaranteed by Steria.

In India, a number of policies have been put in place to ensure our employees' well-being at work: working from home, 15 days compulsory leave, part-time work, crèche or day care facilities for children, training programs on stress management and fun at work for employees, in-house fitness centres and recreation facilities like libraries, table tennis courts…

| Indicators (chosen from the GRI reporting framework) | 2009 |
|---|---|
| Total workforce at end 2009 | 18,816 |
| Rate of employee attrition<br>*(voluntary leaves)* | 9,70% |
| Training: number of days | 33,852 |
| Average hours of training per year per employee | 26 hours* |
| Cost of training | 9,484 Keuro |
| Percentage of employees receiving regular performance and career development reviews | 83,25% |
| Percentage of employees covered by collective bargaining agreements | 68% |

*information from time-tracking system

## 2 - Marketplace : managing our business responsibly with our customers

The way we do business is clearly linked to our values and we are well aware that our reputation on the market is linked to the conduct, engagement and competence of our people. It is why it is important to provide them guidance on how we do business, through a code of business ethics.

In many countries the Group's customers rely on Steria to assist them in their activities. Steria's role is to help them to carry out their projects, keep their commitments and comply with the standards and legal obligations.

The information systems that the Group implements for its customers helps to optimise their performance, increase their market share, ensure that they comply with the regulations and limit their risk. Steria frequently acts as a real partner and the Group's success is measured by the performance of its customers.

Through an integrated on/near/offshore production model, Steria offers its customers a complete range of added-value IT services, based on the most innovative technologies. The Group thus has an impact on millions of people, for example by contributing to the best health-care systems, more reliable transport and ever more effective public services.

<u>Listening to its customers</u>
Continually listening to its customers' challenges and ambitions, Steria offers them the solutions and services they require to serve their own customers. To make sure that it provides them with what they need, the Group remains attentive to all its customers throughout its markets.
For example, in the United Kingdom a Customer Innovation Group has been set up to collect feedback from customers. Steria has drawn on this to offer them new ways and means to improve their IT systems. Corporative Financial Services (CFS) joined us to introduce a Green theme to the Innovation Day which attracted in the region of 170 entries, and many of it will be introduced into CFS and Steria.

<u>Providing a high-quality service</u>
In order to ensure measureable benefits and high-quality services, Steria draws up rigorous levels of commitments with its customers. The Group's management procedures, defined at the national level and complying with market requirements, are all ISO 27001 certified. Steria is ISO 27001 certified for information security management systems in Germany, Norway, the United Kingdom and India. As for IT operations, Steria delivers services 24 hrs a day each day in several languages and in compliance with service agreements demanded by the customers.
The Group also demonstrates its flexibility and innovation by offering and developing new methods of working to increase the level of satisfaction of its customers: strategic alliances, public-private partnerships, risk-sharing agreements, etc. NHS Shared Business Service, the Steria's 50/50 joint venture with the UK Department of Health, is a perfect illustration of this.

Implementing a code of ethics in line with our values
A code of ethics was launched and signed by our top managers. Stemming from our Global Compact commitments, it describes the way we do business, our engagements in Human rights and diversity, labour standards, fighting fraud, conflict of interest, the protection of company information and environment. An entire section is dedicated to “Putting the Code and values to Work”, where guidelines are given to employees for ethical decision making. The code of Ethics is available to all employees on the Group intranet web portal.

Finally, the Group is working on a Purchasing Charter based on ethical standards, to provide guidance to its suppliers and sub-contractors.

## 3 - Environment: participating in the global effort to reduce our ecological impact

Whilst IT itself contributes to 2% of the carbon emission of the world, leveraging IT as an organisation can reduce its wider carbon footprint significantly. As a responsible organisation with a commitment to sustainability, Steria embraces the wider thinking; leading by example, supporting our Clients to improve business process, thus very significantly reduce the carbon footprint. We have developed several propositions, spanning from consultancy to point solution for our clients and prospects to achieve this reduction.

Today, at Steria we have commitment from the very top of our management and filtering through to grass root level through the work of our green agents to bring the whole organisation collectively and cohesively to think, plan and operate as truly green company.

The Environment strategic work stream has its own sponsor from the Group Executive Committee and a Network Leader having the ownership with a Programme Director appointed to lead the Implementation of the Environment work stream across the Steria Group of companies. The Environment Network Leader and the Programme Director have established a Group Green Committee (GGC) with representation from the countries, and this GGC collectively are responsible for the implementation of the policy within their own countries. Overall, 800+ Executives at all levels are pro-actively involved in the Environment work stream across all countries.

Our six green objectives

1. **Living Green**: Every employee of Steria understands and actively contributes towards our Company and the neighbourhood to support the world to become more sustainable. Initiatives in this area include more and smarter recycling, water conservation, leveraging of conferencing technologies to reduce travel and more education. We carry the 'Living Green' initiative on a local basis to suit the local business model and culture.
   For example, we have over 800 Green Agents (Ambassadors) across our company proactively involved in a number of initiatives ranging from such as community work, driving our ISO 14001 certification programmes, more recycling, less printing and better use of video and conference calling technologies are just a few of their efforts.

2. **Business Travel Management**: We have pro-actively begun to measure and reduce our business travel without compromising our commitment to our clients. We plan to cut our Carbon Footprint by 10% over the next 3 year period commencing 2010. Our current programme is minimising our business travel by better use of technology and we are considering an offsetting programme to become carbon neutral on business travel in 2010. For example, in India a Carbon Management Programme (CMP) was launched to neutralise the carbon footprint created on account of official air travel.. Accordingly one sapling is planted for each domestic flight and three saplings for each international flight. .More than 3000 saplings were planted till the end of 2009.

3. **Energy Management**: As a technology company, we are extending an Energy Payment and Analysis Service that we had developed for two major clients and are in the process of implementing to our group of companies.

4. **ISO 14001 Certification**: In line with our policy, we have initiated projects to become an ISO 14001 certified company. We have achieved this status in Spain, Germany, Austria and UK, and progressing to extend this to the remainder of the countries in 2010 and beyond.

5. **Green Offers**: Whilst IT contributes to 2% of the carbon emission of the world, leveraging IT to improve business process within our client base can very significantly reduce the carbon footprint in their businesses. We have developed several propositions, spanning from consultancy to point solution for our clients and prospects.

6. **Global Reporting Initiative (GRI)**: As an integral part of our CR programme, we have decided to report, both internally and externally, based on the GRI Performance Indicators and have set the measurement criteria for Steria. The exercise is ongoing for the majority of countries. We participated and scored 79% on the 2009 Carbon Disclosure Project.

<u>Helping our customers to protect the environment and reduce cost</u>

The application of IT can reduce carbon emissions from business operations by much more than those associated with the IT itself. Steria has many solutions that do this, for example:

- Remote and mobile communications and access reduce the need for travel
- Fleet monitoring and optimisation solution, Kilometrix, promotes greener driving
- Electronic Document & Records Management Systems sharply reduce the need for paper in
- **Reduction of on-line storage**, thereby reducing emissions associated with hardware
- **Managed Print Services** optimises help reduce waste of assets, space, paper and energy
- **Server and application virtualisation** lowers capital and operating costs and emissions
- **Desktop Energy Management** minimises energy consumption and associated emissions.

Steria provides also solutions to the transport sectors

- Mitigation of environmental pollution due to emissions for road, rail, air and urban transport providers
- Traffic Expert supervision solution which provides information to drivers to help them through traffic congestion and optimise their routes, thereby reducing traffic jams and reducing $CO_2$ emissions
- Taxi Expert solution which optimises movements of taxis in airports to improve traffic fluidity and reduce pollution
- Solutions for rail and urban transport providers to increase the frequency of their services and integrate them with personal transport.

**4 - Communities: our engagement towards disadvantaged people**

<u>Give access to IT, to education and to a job</u>

Steria formalized in 2009 a Group community engagement which leverages the various local initiatives throughout the Group. The aim of this policy is to provide disadvantaged people with the means to help themselves by giving them access IT, to education and to a job. Three transversal programmes serve this goal, described in the following paragraph “Significant actions at country level”:

- Local IT and Education Enablement Programmes:
- One Steria, One country, One School Programme in India
- One Certifying Training Programme

*Volunteer-driven programmes*

These programs, all volunteer-driven are implemented on our employees free time. They form an innovative community model, involving Steria, its employees and its customers.

The aim is to encourage our employees’ initiatives and to help them find opportunities for personal and professional growth that would complement their professional activity. On October 13, 2009 a community day, called “*One Day Challenge*”, took place for the second year in Steria’s sites world-wide in order to draw attention to the situation of the most disadvantaged and to encourage local voluntary work. Despite the economic crisis and business pressure, this event, prepared well-ahead produced outstanding results.

Results from One Day Challenge, Steria’s community event in 2009:

- Fundraising: 88 639 euros
- Number of volunteers: 2924
- Number of hours of volunteer work: 4928
- Number of activities: 264
- Number of charities supported : 72

<u>Significant actions at country level</u>

In France, the Steria - Institut de France Foundation supports IT projects which contribute to reduce the digital gap in three areas: education and training, innovative solutions to make everyday life easier for disadvantaged populations and social entrepreneurship.

The Foundation was created in 2001 thanks to substantial donations from 20 Steria managers and has supported up to know 26 projects in France, Morocco, Niger, Benin, Burkina Faso and Cambodia, with the help of 100+ Steria volunteers. A Steria volunteer acting as project leader is dedicated to each charity supported, bringing the appropriate skills with the help of other volunteers if necessary. In 2009, 9 IT projects were on-going, each benefiting from up to €15,000 per project. For example, Civikey, a virtual computer keyboard for motor disabled people providing them access to online communications or our partnership with Digital Bridges in Cambodia to train disadvantaged youngsters to become IT engineers and to find a job. This project, at the root of our “One Certifying Training Programme”, has provided up to now jobs to 25 young people and 50 students are being trained in 2009, thanks to Steria France sponsorship and the missions organized by the Foundation.

In the UK, community activities are focused on education in schools, activities for young people, criminal justice, underprivileged and homeless and health related charities. Steria supported 211 individual projects through enabling grants, with the company supporting employee volunteers to develop community projects many closely associated with Steria clients and alliance partners. Matching funds are also given by the company to support employee fund raising efforts and over 120 different charities were supported in 2009.

In Germany, a CSR award is granted each year to employees involved in charities. The funds given to the winner by the company enable the employees to implement a community project.

In India, the socio-economic and literacy scenario sets the direction for focussing almost exclusively on education especially among children of the less privileged and rural communities with a special emphasis on the girl child.

Three key initiatives were launched in 2008-09.

1) The ‘One Steria One Country One School Programme in India’ (OSOCOS) proposes the different countries of the Group to sponsor one community project in India, on the basis of a three year partnership. Each country adopts one school and sponsors the computer centre, library, play area and other expenses incurred in setting up the project. Interactions between country employees and the pupils in the schools are also planned, such as sponsoring orphans, e-tutoring, drawing contests … Steria India is the implementation partner. This includes computer lessons by Steria India staff volunteers, English language lessons, mentorship workshops, leadership clubs in computers, environment, theatre, sports, library …. In 2009, seven countries came on board under this initiative, with an average budget of 5000 euro each.

2) The Steria India Graduate Scholarship Scheme (SIFGSS) is part of the “One Certifying Training Programme”. A fund is set up to provide financial assistance to young children from Steria supported schools in India to pursue a college/university education. SIFGSS has been operative for 2008-09 and so far has supported the college education of more than 30 children, who are known as Steria Scholars. The fund is made up entirely of Steria staff contributions and support. More information on this scheme is available on www.steriaindiafoundation.com.

3) Each One Teach One (EOTO) programme began when teachers from some of our Steria supported schools were deputed by the government on election duty and other work outside the schools. Steria India staff volunteers decided to ‘go back to school’ and take classes for children as a replacement for teachers for a period of 3 months. A team of four volunteers used to take classes for four hours everyday – one hour each – in various subjects like English, Science, Maths and even games and sports. This programme which began as a stop gap arrangement was a success, enjoyed by both the students as well as the ‘teacher’ that it went on to become a regular supplementary teaching input in the schools even after the teachers returned.
The Group has also developed community collaboration procedures with some of its customers, such as The Co-operative Financial Services and Boots. Currently, six customers developed partnerships with Steria.

| | 2008 | 2009 |
|---|---|---|
| **Our programmes are volunteer-driven** | | |
| Number of employees who have participated in volunteer-driven projects, including One Day Challenge | 1000+ | 3000+ |
| **Give access to education** | | |
| Number of children and young people benefiting from education or training programmes | 40 000 | 46 000 |
| - Number of Steria scholars | 11 | 28 |
| **Give access to IT** | | |
| - Number of IT projects contributing to the reduction of the digital gap | 54 | 65 |
| **Give access to a job** | | |
| - Number of people who have found a job following training | 25 | 25 |

## ■ 1.6 Human Resources: The engine of personnal and collective development in an international environment

Our business is a people's business, at Steria our employees are our most important asset. Our Human Resources policies and practices are geared to enable our employees to deliver the best possible performance to support of our customers.

Steria's unique Human Touch shows in our style, in our governance model and in our human values. Our creativity, agility and proximity to our clients allow us to do business in our own unmatched style, with our own unique signature, delivering sustainable value to our clients.

The unique governance model of the Company is a key asset as far as Human Ressources are concerned. If enables a mindset of entrepreneurship thanks to the participation of the employee shareholders in the main strategic decisions of the company (see part 1.5).

Our core values; simplicity, respect and openness, independence and entrepreneurship are at the heart of our identity. In living these values we are united across countries and across businesses throughout the Group. Our core values guide us in achieving our missions and creating success in cooperation with all our stakeholders.

| Key figures | 2007 | 2008 | 2009 |
|---|---|---|---|
| Average workforce – full-time positions workforce | 10,698 | 18,775 | 19,078 |
| Training: number of days training | 33,174 | 30,972 | 33,852 |
| Cost of training | 10,852 K Euro | 11,022 K Euro | 9,484 K Euro |
| Recruitments | | 4958 | 2,425 |
| Attrition** | 18,6% | 16% | 9.7% |
| Average employee age | 36 years | 35.9 years | 36.7 years |

*Staff Attrition is calculated as follows: sum of voluntary departures of employees with permanent of fixed term contracts during the year, divided by the total workforce at December 31st of the previous year.

**1 - Attracting and retaining the best people**

In 2009 we made significant progress in the implementation the Steria Global Career Framework and related job descriptions. The framework has been established as the Group's standard for categorising and positioning jobs. The framework serves as a core instrument for the recruitment of future team and the further development of our HR policies and practises.

It improves our abilities to anticipate knowledge and skills requirements to support our customers. At the same time it supports our employees to define their level of expertise and help them to define their development objectives.

To be able to grow organically and to be the employer of choice for those employees that will make our clients successful, the career framework helps to create transparency in the competencies required for each position in the organisation. Developing and implementing pre-defined career paths enable management to discuss possible opportunities with employees and support their personal development and achieve their personal ambitions. At Steria we believe that supporting employees in their professional and personal development and offering suitable career opportunities in combination with recognition of achievements are key to retain our high performers.

Linking our currently available resource capabilities to our strategic objectives will help us to define the gap between our current and future requirements. This information is important input for our skills development and re-skilling programs going forward.

In 2009 Steria recruited 2425 new employees (of which 48.5 % were beginners):

Recruitment split:

- 347 in France,
- 234 in Germany & Austria,
- 488 in the United Kingdom,
- 980 in India,
- 376 in other countries.

Steria places great emphasis on the integration of new recruits, that is why we organise specific welcome days, to improve their knowledge of the company and its strategy, and to allow them to meet the management. In addition, in 2009 HR teams made progress in deploying the Group's "Seven Steps" induction programme. The program is designed to support new recruits through their first days, weeks and months with Steria. During the program regular monitoring reviews are carried out between the employees and their manager to help new comers to integrate smoothly.

In addition, Steria provides tailored programs to support the transition and integration of employees joining our organisation through outsourcing projects.

At Steria in the United Kingdom we take pride in attracting and retaining our talented team dedicated to delivering the best results for our clients. By setting high standards we are creating a powerful and professional working environment. Steria UK is also committed to offer employees a wide range of opportunities for further learning and skills enhancement across both professional and management capabilities. People have the chance to participate in formal training courses relevant to specific areas of technical expertise; employees are also encouraged to develop their wider strengths and talents. We have invested in the latest e-learning technologies to help individuals build a personal development and training plan, while an annual appraisal and review programme provides one-to-one feedback and mentoring. By combining personal motivation with a shared desire to succeed, we aim to attract the high achievers of today and develop the innovators of tomorrow.

**2 - Developing our employees**

Steria offers an environment of professional and personal development and fulfilment to it's employees. Following the implementation of our global performance management structure, we are now in the position to better manage performance and identify training requirements to further improve. A personal development plan is created in cooperation with employees to support personal and professional advancement and realise their growth ambitions. Steria offers a broad variety of training and development opportunities.

On an annual basis we perform a human capital review process 'CEDRE' throughout the group. This process facilitates an evaluation of our workforce capabilities in view of our strategic ambitions and identifies our high performers and indicates performance challenges. A key element of the review is the succession planning for the positions in the organisation
The review provides valuable input for workforce planning and training and re-skilling action planning.

*The Steria Academy*

The Steria Academy is Steria’s Global Training and Development facility based at the Steria Chennai Campus in India. The ‘Global Leadership Development Program’ started in 2008 at the Academy, was successfully completed in 2009. In February 2009 the first module of the “Programme Management” programme was launched. During the cause of the year the Academy succeeded in offering the program to two International cohorts of high level Project and Program Managers. In 2010 the Steria Academy plans to extend it’s offerings with programs in the areas of Sales and Consulting.

Another Global initiative is the “Steria Ambassadors” program. This program aims to enable participants to fully adopt Group strategy and understand what sets Steria apart from its competitors.

The Ambassadors programme is being pursued by disseminating specific Steria information throughout the organisation. Its content is available via the group intranet, therefore providing a permanent reference for participants.

*Local training programmes*

Steria's training programmes focus on both the development of technical competencies and new technologies relating to customer requirements and on behavioural and managerial competencies aimed to improving leadership capabilities.

To improve efficient delivery of training on demand, Steria has established a group wide agreement on E-learning for the first time. The E-learning facilities maybe used as standalone training facilities or as a blended offer with existing training programs or fully tailored to support specific business needs.

In France, Steria launched in 2009 its own Management University, Magellan to support managers in their daily work, taking into account change management while respecting Steria rules and values. The objective of the program is to support managers in implementing the Group’s strategy while acting as facilitators of employee engagement and well-being. In late 2009, Steria France also launched the first training for Systems Architects, the Steria InStitute of Architects (S2A), in partnership with two engineering schools, Télécom Ecole de Management et Télécom SudParis.

In the United Kingdom, the Management Development programme for 2009 was made up of four elements: Steria Core Management, Management Essentials, Stepping into Leadership and Leadership Development. The programs have been developed for experienced as well as inexperienced and newly appointed managers.

In Norway, Steria designed and established a local Steria Academy, as a in response to an employee opinion survey conducted earlier. The Academy includes basic mandatory modules such at induction and fundamental consultancy skills and specific modules like project management, IS architecture, system development, testing and fundamental leadership training. 95 % of all the training is conducted by Steria employees.

In Germany all new employees take part in a 3 day welcome training to thoroughly introduce the group, the values and the policies to them. Young professionals are supported to get a good start of their professional career by a specially tailored program that teaches them general consulting and business behaviour skills. Naturally there is a standard training program that offers a great variety courses to cover the required skills in a target oriented way. Moreover there are programs offered to certain focus groups, for example an 18 months program with theoretical and practical modules for young leaders.

**3 – Rewarding individual and collective performance**

To be able to attract and retain the best people in the market, Steria offers market competitive compensation and benefit packages. Our compensation policies are designed to recognise high performance and to reward both individual and team efforts.

To remain market competitive, Steria takes part in annual compensation and benefits surveys designed to measure its position in relation to its closest competitors.

For specific target groups, Steria applies a combination of fixed and variable compensation structures to incentivise high performance. For managers, salespeople, consultants and project leaders, as well as for certain functional roles, variable remuneration is applied.

Part of their remuneration 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 achieving measurable budget objectives.

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.
In 2009 objectives for Executive Committee members included the Group performance (revenue, profitability, financial debt and the success of company-wide strategic projects), and the performance of the entity for which committee members are responsible. These objectives are set by the General Manager and approved by the remuneration committee of Groupe Steria's Supervisory Board.
With regard to the remuneration of the General Manager, this is covered in paragraph "4.3.3: Compensation and benefits granted to corporate officers and key leaders of the Group"

For the other operational managers, the objectives have a collective performance element (revenue, profitability and cash) and a personal objectives element (namely revenue, profitability, cash and transformation programmes, such as offshore, 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:*

Fixed and variable pay increase policies are approved annually on the basis of the guidelines given at Group level, and then applied by the areas to take into account the collective measures in certain countries.

Annual salary review considerations are based on company performance and market conditions.
Collective negotiations are carried out with employee representation bodies in those countries whose law provides for these circumstances.

*Associating Employees with Results:*

One of Steria's unique features is the Governance Model. The Steria governance model creates a unique balance between the interests of shareholders and the interests of employees delivering value. Prerequisite for the model to work is that employees become shareholders. Steria therefore offers attractive share purchasing opportunities through the subscription to the Group Savings plan and through the capital increase programs.

In 2009 a new group wide GESP ( Group employee shareholding plan) was offered to allow employees to purchase shares through this tailored purchasing program.

*Benefits*

Steria offers competitive benefits packages in each country. In some organisations employees are offered a limited flexibility to tailor their benefit package to their personal needs.

In France, Steria decided to modernize its health insurance policies, to best answer its employees' needs while at the same time reducing costs. The whole process was implemented in partnership with employee representatives. The new system will be operational as of January 1st 2010. The new agreement will cover a range of new and improved services.

**4 - Listening to our employees**

Each year the Group measures employee engagement by means of the STEREO survey to which all Steria employees are invited to respond. The results of the survey are used to promote dialogue within teams and improve management methods. By comparing results for different years, Stereo also makes it possible to identify the progress achieved, and the areas for improvement.

In 2009, 76% of employees across the group participated in the survey.employees showed the highest level of satisfaction in the following areas:

- work that is interesting and stimulating,
- a working environment where they are encouraged to take responsibilities,
- approachable managers,
- clear understanding of their contribution to Steria's performance and the Groups strategy,
- interesting and stimulating work,
- Employees confirmed that they would recommend Steria as a good place to work.

After each survey, feedback sessions led by the managers will be organised for each team, making it possible to introduce action plans, which are monitored throughout the year.

*Keeping in touch*

Steria respects the rights to collective bargaining through trade unions. In many areas employees are covered by collective agreements.

Subjects of transnational interest are discussed with the European Works Council (EWC). During 2009 two full EWC meetings took place. Additionally the representatives came together for both pre and post meeting analysis.

Discussion topics included the design and implementation of the Steria Career Framework, the roll out of the PeopleOne Human Resources Information System as well as updates on sales and financial performance across all Steria geographies. Meetings are conducted in English and French with simultaneous translation. Brief updates of the meetings as well as all the materials presented at the meetings are available to all employees via the EWC website on the Steria Corporate web site.

In the United Kingdom, during the last quarter of 2009, Steria has been engaged in a formal pension consultation with employee representatives from The Forum, the UK all employee representative group, as well as Trade Union representatives to agree new pension arrangements which will become effective in Spring 2010. Whilst discussions were complex all parties contributed significantly to the debate.

In France, in 2009, employee representatives were involved in the constructive dialogue rgarding the change of health and insurance policies. The majority of health and safety committees participated in the Zen'IT Observatory designed to improve well-being at work, along with managers and doctors (see "Corporate responsibility/workplace"). A new independent health service has been created, to better welcome and follow up employee needs in this area. During the labor-management committee elections which took place in December 2009, two new works councils were created to cover Northern and Eastern France, in order to ensure better proximity with employees.

## 1.7. Risk factors

The group places great emphasis on risk management. For this purpose, it has a structured process of identifying and managing corrective measures, both at the headquarters and at the operational entities in the different countries.

The Group Finance Department, and more specifically the Group Risk Manager, have overall responsibility for this process, with the support of business experts for matters relating to the management of large-scale projects and issues involving a high level of technology.

This process results in a monthly review of the various risks and action plans of the operational entities, and the drawing up of a group summary presented to the General Management.

In addition, the group has a financial organization providing centralized management of all of its liquidity, foreign exchange, interest rate and counterparty risks.

Each operational entity has a local Finance Department, and each of the Financial Directors of these entities reports to the Group Financial Director.

Each Audit Committee is presented with a review of the various financial and operational risks.

The company regularly reviews risks that could have a major negative impact on its activity, its financial situation or its results.

The risks that may have a major negative impact on its activity, its financial situation or its results are given below:

### 1.7.1 Financial risks

#### 1.7.1.1 Liquidity risk

Risk coverage policy

The general policy is aimed at securing and optimizing group liquidity. The group's external financing decisions are centralised by the Finance Department.

The cash position and undrawn lines of credit are reviewed once a month with the Group Finance Director, and with the members of the Audit Committee at each of its meetings.

The company specifically reviewed its liquidity risk, and it believes that it can face its upcoming redemption deadlines.

Financing structure

The Company concluded a multicurrency credit agreement with a first-rate bank on 29 July 2007, for a total of about €1 billion, with a five-year term. This multicurrency loan was syndicated at the end of 2007 with twelve leading banks.

At 31 December 2009, the group had lines of credit totalling €580.8 million, 59% of which were utilized.

A breakdown of the **lines of credit** at 31 December 2009 is given below:

| | Amount authorized at 31 Dec. 2009 | | Utilisation at 31 Dec. 2009 | | Utilisation rate at 31 Dec. 2009 | Redemption date | Rate ** at 31 Dec. 2009 |
|---|---|---|---|---|---|---|---|
| | in €m | in £m | in €m | in £m | | | |
| **Syndicated loan** | | | | | | | |
| Facility A1 A | 212.2 | | 212.2 | | 100% | Redeemable 2012 | 1.12% |
| Facility A1 B | | 35.7 | | 35.7 | 100% | Redeemable 2012 | 1.17% |
| Facility A2 | | 41.9 | | 41.9 | 100% | Redeemable 2012 | 1.17% |
| Facility C | 31.0 | | 31.0 | | 100% | Bullet 2012 | 1.12% |
| Revolving credit | 200.0 | | 0.0 | | 0% | Bullet 2012 | N/A |
| **Other** | 1.7 | 3.4 | 1.7 | 3.4 | 100% | Redeemable 2012 | 0.92% |
| **Overdraft** | 44.8 | | 4.3 | | 10% | N/A | 0.92% |
| **Total per currency** | 489.7 | 80.9 | 249.2 | 80.9 | | | |
| **Equivalent total in € *** | **580.8** | | **340.3** | | **59%** | | **1.13%** |

** at 31 Dec. 2009: €1 = £0.8881*

*** rate: interest rate applicable to the line of credit = interbank rate for the concerned currency + fixed margin for the period*

The interest rates on the syndicated loan are equal to the interbank rate for the currency concerned at the time of the drawdown, plus a margin specified for a period of six months according to the leverage ratio.

Bank covenants

The credit agreement involves a commitment by the group to respect two financial ratios, calculated half-yearly on the basis of the published consolidated financial statements, on a rolling 12-month basis.

1- The first financial ratio, known as the **leverage ratio** i.e. the ratio of *net debt* **to *EBITDA*, must not exceed the limit of 2.25 at each calculation date.**

Net debt comprises, on a consolidated basis, all of the loans and borrowings (excluding intra-group debts), as well as pension fund deficits after tax on the balance sheet, reduced by the available cash and cash equivalents.

The *EBITDA* is the consolidated operating margin before amortization of intangible assets linked to the acquisition, increased by the allowance for depreciation and amortization and current provisions, recalculated on a rolling 12-month basis.

At 31 December 2009, the net debt / *EBITDA* ratio was respected, and is calculated as follows:

| | |
|---|---|
| Short-term borrowings (<1 year) | €66.9 m |
| Long-term borrowings (>1 year) | €270.0 m |
| Cash and cash equivalents | -€149.9 m |
| Retirement benefit obligations | -€8.5 m |
| Deferred tax liability on retirement benefit obligations | €6.6 m |
| **Total net debt** | **€185.1 m** |
| ***EBITDA*** | **€159.6 m** |

| | |
|---|---|
| **Net debt / EBITDA ratio** | **1.16** |

2- The second financial ratio is the interest coverage ratio i.e. the ratio of the operating margin / net cost of financial debt, which must not be lower than 5.00, at each calculation date.

The operating margin specified in the covenants is the consolidated operating margin before amortization of intangible assets linked to the acquisition, calculated on a rolling 12-month basis.

The net cost of financial debt is also calculated on a rolling 12-month basis.

At 31 December 2009, the interest coverage ratio was respected, and is calculated as follows:

| | |
|---|---|
| Operating margin | €118.9 m |
| Net cost of financial debt | €14.0 m |

| | |
|---|---|
| **Ratio of operating margin / net cost of financial debt** | **8.49** |

The calculation of these two financial ratios has been the object of an attestation delivered by the group auditors.

3- In addition to compliance with the financial commitments described above, the credit agreement also includes a certain number of:

- Standard obligations which are typical for this type of financing;
- engagements such as the restriction of the group's ability to carry out restructuring, acquisitions, joint ventures, creation of guarantees, additional indebtedness etc.
- cases of default, such as non-payment, inaccurate declaration, cross default, bankruptcy, occurrence of an event that has a considerable unfavourable effect etc.

In addition, the credit agreement provides for a certain number of cases of total or part early repayment of the loan, according to the circumstances, or of renegotiation with the banks:

- total early repayment in the event of change of control of the group as specified, or of the sale of all or substantially all of the assets of the group;
- repayment of the proceeds from the sale of assets (above a threshold);
- repayment up to the amount of any new loan subscribed to by the group (above a threshold).
- renegotiation of the financing terms in the event of disruption of the financial markets, i.e. *Market disruption clause*. This clause only applies if a minimum number of banks are exceptionally unable to obtain refinancing on the financial market at the time the drawdown is requested, in view of changes in the rates. The purpose of this clause is to find a substitution rate.

Finally, to guarantee its obligations under the credit agreement, the group pledged to the lending banks the Xansa shares acquired by the group, while the leverage ratio was higher than 2.0. This pledge was released at the end of 2009, at a leverage ratio of less than 2.0.

A breakdown of the group's **net financial debt** at 31 December 2009 is given below:

| **Net Financial Debt at 31 December 2009** | | | | |
|---|---|---|---|---|
| ***In millions of euros*** | **Less than 1 year** | **One to five years** | **More than five years** | **Total** |
| Financial liabilities<br>*(Loans and borrowings - note N4.11 of the notes to the financial statements)* | 66.9 | 270.0 | - | **336.9** |
| Financial assets<br>*(Cash and cash equivalents - note N4-10 of the notes to the financial statements)* | -149.9 | - | - | **-149.9** |
| Net financial debt | **-83.0** | **270.0** | - | **187.0** |

Financial assets include cash and short-term investments: their net book value is equal to their market value at 31 December 2009.

At 31 December 2009, the **group's gross debt repayment** schedule was as follows:

| **In millions of euros** | **2010** | **2011** | **2012** | **More than 5 years** | **Total** |
|---|---|---|---|---|---|
| Fixed rate debt | 0 | 0 | 0 | 0 | 0 |
| Floating-rate debt | 65.8 | 67.1 | 204.0 | 0 | 336.9 |
| Total | 65.8 | 67.1 | 204.0 | 0 | 336.9 |

A breakdown of the Group's gross indebtedness at 31 December 2009, by type of debt and currency, is shown below:

| | Currency of origin | | | |
|---|---|---|---|---|
| ***In millions of euros*** | **EUR** | **GBP** | **Other** | **Total** |
| Loans with credit institutions | 202.1 | 71.8 | 0.0 | **273.9** |
| Loans with credit institutions - < 1 year | 41.1 | 19.3 | 0.0 | **60.4** |
| Loans and interest linked to finance leases | 1.5 | 0.2 | 0.0 | **1.7** |
| Bank loans (cash liabilities) | 4.2 | 0.0 | 0.1 | **4.3** |
| Other | -3.4 | 0.0 | 0.0 | **-3.4** |
| **Gross debt** | **245.4** | **91.3** | **0.1** | **336.9** |

### 1.7.1.2 Interest rate risk

Risk coverage policy

The Group's aim is to protect itself against interest rate fluctuations by covering part of the variable rate financial debt.

The derivative financial instruments used to cover the debt are swap contracts or options, which may or may not be eligible for hedge accounting, taken out with leading financial institutions. These financial instruments are managed by the Group's Treasury Department.

All interest rate coverage for the Group is carried out through the parent company (Groupe Steria SCA).

The Group has taken out several interest rate swap contracts, a breakdown of which is given below:

**Information concerning notional amounts covered at 31/12/2009**

| | Notional amounts | Maturity | | |
|---|---|---|---|---|
| *(in € million)* | | < 1 year | 1-5 years | > 5 years |
| CFH hedging swap | 247.0 | 247.0 | - | - |
| CFH currency hedging swap | 67.6 | 67.6 | - | - |
| Swaps not eligible for hedge accounting | - | - | - | - |
| Swaps not eligible for currency hedge accounting | - | - | - | - |
| Options eligible for hedge accounting | 28.0 | 28.0 | - | - |
| Options eligible for currency hedge accounting | 16.9 | 16.9 | - | - |
| Options not eligible for hedge accounting | 70.0 | 70.0 | - | |
| Options not eligible for currency hedge accounting | - | - | - | - |
| **TOTAL INTEREST RATE RISK** | **429.4** | **429.4** | **0.0** | **0.0** |

CFH means "Cash Flow Hedges"

With respect to interest rate hedges in existence at 31 December 2009, the total gross financial debt subject to interest rate risk amounted to €336.9 million.

**Fair value on the balance sheet of interest rate hedging instruments at 31/12/2009:**

| (in € million) | Fair value on the balance sheet (1) current assets | non-current assets | current liabilities | Non-current liabilities | TOTAL at 31/12/2009 | including ineffective portion of derivative hedging instruments |
|---|---|---|---|---|---|---|
| CFH hedging swap | | - | -7.001 | - | **-7.001** | |
| CFH currency hedging swap | 0.000 | - | -2.606 | - | **-2.606** | |
| Swaps not eligible for hedge accounting | | - | 0.000 | - | **0.000** | |
| Swaps not eligible for currency hedge accounting | 0.000 | - | | - | **0.000** | |
| Options eligible for hedge accounting | 0.000 | - | -0.791 | - | **-0.790** | |
| Options eligible for currency hedge accounting | 0.000 | - | -0.646 | - | **-0.646** | |
| Options not eligible for hedge accounting | 1.801 | - | - | - | **1.801** | |
| Options not eligible for currency hedge accounting | | - | | - | **0.000** | |
| **TOTAL INTEREST RATE RISK** | **1.801** | **0.000** | **-11.043** | **0.000** | **-9.242** | **0.000** |

(1): The market values are balance sheet items converted at the closing price.

The fair value assessment of interest rate hedging derivatives is performed according to the following assumptions:

- listed data: 0%;
- observable data: 100%;
- internal models: 0%.

**Allocation of variations in fair value and premiums at 31/12/2009:**

| (in € million) | fair value on the balance sheet at 31/12/08 (1) | change (1) | fair value on the balance sheet at 31/12/2009 (1) | Allocation of changes in fair value outside of premiums paid: Impact on Group equity capital (1) | Impact on equity In minority shareholdings (1) | P/L Impact (Inefficiency of hedge Interest rates) (1) | P/L impact (change in valuation - premiums) (1) |
|---|---|---|---|---|---|---|---|
| CFH hedging swap | **-6.483** | **-0.518** | **-7.001** | -0.518 | 0.000 | 0.000 | 0.000 |
| CFH currency hedging swap | **-3.060** | **0.454** | **-2.606** | 0.454 | 0.000 | 0.000 | 0.000 |
| Swaps not eligible for hedge accounting | **0.057** | **-0.057** | **0.000** | 0.000 | 0.000 | 0.000 | -0.057 |
| Swaps not eligible for currency hedge accounting | **0.189** | **-0.189** | **0.000** | 0.000 | 0.000 | 0.000 | -0.066 |
| Options eligible for hedge accounting | **-0.665** | **-0.125** | **-0.790** | -0.143 | 0.000 | 0.018 | -0.004 |
| Options eligible for currency hedge accounting | **-0.762** | **0.117** | **-0.646** | 0.103 | 0.000 | 0.017 | -0.003 |
| Options not eligible for hedge accounting | **1.413** | **0.388** | **1.801** | 0.000 | 0.000 | 0.000 | 0.388 |
| Options not eligible for currency hedge accounting | **-0.005** | **0.005** | **0.000** | 0.000 | 0.000 | 0.000 | 0.005 |
| **TOTAL INTEREST RATE RISK** | **-9.318** | **0.076** | **-9.242** | **-0.104** | **0.000** | **0.035** | **0.264** |

Below is a presentation, at constant exchange rate, of the sensitivity of the interest rate derivative fortfolio, with a variation of ±50 base points, on the EUR and GBP rates at 31 December 2009:

| in € million | - 50 bp: Impact on equity capital | - 50 bp: Impact on income (inefficiency of hedge interest rate) | + 50 bp: Impact on equity capital | + 50 bp: Impact on income (inefficiency of hedge interest rate) |
|---|---|---|---|---|
| CFH hedging swap | -0.88 | 0.00 | 0.87 | 0.00 |
| CFH currency hedging swap | -0.26 | 0.00 | 0.26 | 0.00 |
| Options eligible for hedge accounting | -0.11 | 0.00 | 0.11 | 0.00 |
| Options eligible for currency hedge accounting | -0.06 | 0.00 | 0.06 | 0.00 |
| Options not eligible for hedge accounting | 0.00 | 0.26 | 0.00 | -0.25 |
| TOTAL | -1.31 | 0.26 | 1.30 | -0.26 |
| | -1.05 | | 1.04 | |

### 1.7.1.3 Foreign exchange risk

The Group is subject to two main types of risks linked to fluctuations in the exchange rates. Firstly, the risk of converting the Group's consolidated financial statements into individual financial statements for business conducted in countries where the euro is not the functional currency. Secondly, the transaction risk linked to purchases and sales of services, where the transaction currency is different from that of the country where the service is entered in the accounts.

Risk coverage policy

As a part of its general risk management policy, Groupe Steria covers business risks that constitute significant risks for the Group as a whole. These business risks mainly result from intra-group services between countries with different functional currencies, in particular for flows with India.

Certain export contracts can also result in external invoices in a currency different from the functional currency of the country providing the service.

The Group uses derivative instruments to manage its exposure to foreign exchange risks. The Group Treasury Department provides this coverage or supervision through firm or optional instruments listed on regulated markets, or concluded by mutual agreement with first-class counterparties.

The Group's policy is not to conduct speculative transactions on financial markets.

Finally, the structure of the Group's indebtedness, part of which is denominated in GBP, provides a natural, if only partial, coverage against the currency translation risk to the net assets, recognized directly on the balance sheet.

Accounting:

In accordance with IAS 39, derivative financial instruments are recognized at their fair value on the consolidated balance sheet.

If the derivative instrument is recognized as a fair value hedge for assets or liabilities included on the consolidated balance sheet, variations in the value of the derivative and of the item covered are recognized in income for the same period.

If the derivative instrument is recognized as a cash flow hedge, the change in value of the effective part of the derivative instrument is recognized in shareholders' equity. It is recognized in income when the item covered is itself recognized in income. On the other hand, the change in value of the ineffective part of the derivative instrument is recognized directly in income.

Variations in the fair value of derivative instruments that do not qualify for hedge accounting are recognized directly in the income statement for the period.

The Group has taken out several foreign exchange contracts, a breakdown of which is given below:

**Information concerning notional amounts covered at 31/12/2009:**

| *(in € million )* | Notional amount | Maturity < 1 year | Maturity 1-5 years | Maturity > 5 years |
|---|---|---|---|---|
| **fair value hedging** | | | | |
| Term exchange contracts | 31.168 | 31.168 | - | - |
| Exchange options | - | - | - | - |
| Currency swaps | - | - | - | - |
| Hedging future flows | | | | |
| Term exchange contracts | 47.490 | 34.129 | 13.361 | - |
| Exchange options | 46.836 | 3.200 | 43.636 | - |
| **Trading** | 8.355 | 8.355 | - | - |
| **TOTAL** | **133.848** | **76.851** | **56.997** | **0.000** |

**Fair value on the balance sheet of exchange rate hedging instruments at 31/12/2009:**

| *(in € million )* | fair value on the balance sheet (1) | | | | **TOTAL at 31/12/2009** | including ineffective portion of derivative hedging instruments |
|---|---|---|---|---|---|---|
| | Current assets 4.9 | Non-current assets 4.6 | Current liabilities 4.15 | Non-current liabilities 4.14 | | |
| **Fair value hedging** | | | | | | |
| Term exchange contracts | 4.251 | - | - | - | 4.251 | - |
| Exchange options | - | - | - | - | - | - |
| Currency swaps | - | - | - | - | - | - |
| **Future flow hedging** | | | | | | |
| Term exchange contracts | 1.760 | 0.484 | - | - | 2.245 | - |
| Exchange options | 0.036 | 2.177 | -0.025 | -0.900 | 1.288 | - |
| **Trading** | 0.468 | - | - | - | 0.468 | - |
| **TOTAL EXCHANGE DERIVATIVES** | **6.515** | **2.661** | **-0.025** | **-0.900** | **8.251** | **0.000** |

(1): The market values are balance sheet items converted at the closing price.

## Allocation of variations in fair value and premiums at 31/12/2009:

| (in € million) | Fair value on the balance sheet at 31/12/2008 (1) | change (1) | Fair value on the balance sheet at 31/12/2009 (1) | Allocation of changes in fair value outside of premiums paid | | | |
|---|---|---|---|---|---|---|---|
| | | | | Impact on Group equity capital | Impact on equity in minority shareholdings | P/L impact (change in valuation / premiums) | P/L impact (inefficiency of hedge Interest rate) |
| **Fair value hedging** | | | | | | | |
| Term exchange contracts | 4.633 | -0.383 | 4.251 | - | - | -0.400 | - |
| Exchange options | - | - | - | - | - | - | - |
| Currency swaps | - | - | - | - | - | - | - |
| **Future flow hedging** | | | | | | | |
| Term exchange contracts | 10.343 | -8.098 | 2.245 | -8.039 | -0.059 | - | - |
| Exchange options | 0.054 | 1.234 | 1.288 | 0.859 | 0.006 | 0.195 | - |
| **Trading** | - | 0.468 | 0.468 | - | - | 0.466 | - |
| **TOTAL DERIVES DE CHANGE** | **15.030** | **-6.779** | **8.251** | **-7.180** | **-0.053** | **0.261** | **0.000** |

(1) The market values are items on the balance sheet converted to the closing rate, and the impact on the income statement is.converted at the average rate.

Differences are posted as currency exchange reserves.

**GROUP EXPOSURE TO THE EXCHANGE RATE RISK**
**In € million**

| | EUR | PLN | GBP |
|---|---|---|---|
| RECEIVABLES | **-0.2** | **0.0** | **27.9** |
| DEBT | **42.3** | **0.0** | **-42.3** |
| BALANCE SHEET POSITION | **42.1** | **0.0** | **-14.4** |
| OFF-BALANCE SHEET POSITION | **8.2** | **-8.2** | **65.3** |
| NET POSITION BEFORE MANAGEMENT | **50.3** | **-8.2** | **50.9** |
| HEDGING | **8.2** | **-8.2** | **104.4** |
| NET POSITION AFTER EUR EQUIVALENT MANAGEMENT | **42.1** | **0.0** | **-53.5** |
| NET POSITION AFTER CURRENCY MANAGEMENT | **42.1** | **0.0** | **-47.5** |

**TOTAL EXPOSURE:** **-53.5 MEUR**

## Sensitivity of the exchange rate derivative portfolio at 31 December 2009, ±5% of the processed currency exchange rates:

| *in € million* | - 5% unfavourable | | + 5% favourable | |
|---|---|---|---|---|
| | Impact of equity capital | Impact of Income | Impact of equity capital | Impact of Income |
| Balance Sheet Position | -2.11 | 1.35 | 1.91 | -1.22 |
| Exchange derivatives | 3.62 | 1.97 | -3.05 | -1.97 |
| Total sensitivity to the exchange risk | 1.51 | 3.32 | -1.14 | -3.20 |
| | 4.83 | | -4.34 | |

The fair value assessment of exchange rate hedging derivatives is performed according to the following assumptions:

- listed data: 0%;
- observable data: 100%;
- internal models: 0%.

### 1.7.1.4 Counterparty risk

All foreign currency and interest rate hedges (cf. above) are carried out with leading banks belonging to the group banking pool, with which market transaction agreements have been signed.

Any stock market investments are carried out either via short-term bank deposits with banks belonging to the banking pool, or via monetary instruments managed by leading financial institutions, which are themselves subsidiaries of banks belonging to the pool. These investments are subject to the group's approval and respect the principles of prudence set out in the group's internal procedures.

For example, each bank can only hold a certain percentage of an affiliate's investments, unless it receives special authorization from the Group Treasury Department. Similarly, monetary investments must not include ABS (Asset-Backed Securities), and must be systematically approved by the Group Treasury Department if their value exceeds a certain threshold.

The group prefers short-term investments and systematically analyses the make-up of banks' fund portfolios.

Thanks to these various measures, the Group considers that it has introduced a mechanism that noticeably reduces its counterparty risk. The Group nevertheless remains subject to a residual risk which may affect its performance, under certain conditions.

### 1.7.1.5 - Shares / Investments

Investments

The Group's portfolio of marketable securities at 31 December 2009 was as follows:

| *In millions of euros* | Short-term investments | Liquidity contract cash advance | Total short-term investment securities |
|---|---|---|---|
| Net asset value | 107.0 | 1.2 | 108.2 |
| Off-balance sheet | - | | - |
| Net position | 107.0 | 1.2 | 108.2 |

The short-term investments are subject to approval by the Group, and comply with the principles of prudence defined by the Group (see "Counterparty risks").

At constant exchange rates compared to 31 December 2009, and taking into account the short-term investments held at that date, a decrease in the variable rates of 50 basis points would reduce the annual investment income by €0.54 million.

Own shares

The 1,484,902 treasury shares, regardless of their future usage, are recognised under IFRS as a deduction from the shareholders' equity for a total of €35.2 million.

Their market value at 31 December 2009 was €31.94 million, based on the last closing price -€21.51.

### 1.7.2 Risks linked to pension fund obligations

Steria provides pension benefits in several countries in which it operates. Such benefits are usually provided by associated pension funds or directly by the group. These pensions are either based on defined benefits (where the individual is guaranteed a certain percentage of his salary as a pension) or on defined contributions (where the pension is determined based on the investment returns experienced over the contribution period). The defined benefit plans are recorded in the Steria accounts in accordance with IAS 19.

In the UK the assets of the defined benefit pension plans are usually held in separate trustee administered funds, and employees' are entitled to retirement benefits based on their salary and length of service.

As noted above under the defined benefit pension plans, the employer is obliged to cover any deficit between the value of the fund assets and the pension obligations to be paid.

It should be noted that the UK defined benefit schemes have been closed to new members for several years, and that during 2009 as part of the groups overall risk management approach an agreement was signed with UK employee representatives and unions to end the future accrual in the defined benefits schemes from 1st April 2010. Defined benefit arrangements will continue only for those employees who have transferred to Steria under specific conditions (notably ex public sector employees who joined as a part of an outsourcing contract, a total of 275 employees at 31st December 2009). In this case the cost associated with providing the pension, is recovered from the concerned client.

As of 1st April 2010, those employees who are impacted by the end of the future accrual in the defined benefit schemes will be able to participate in a defined contribution scheme.

The valuations of the defined benefit pension plans are based on the most recent funding valuations of the principal funds in the UK, i.e.:

| Fund | Valuation date | Next valuation date |
|---|---|---|
| Steria Retirement Plan (SRP) | March 2007 | March 2010 |
| Steria Management Plan (SMP) | March 2007 | March 2010 |
| Xansa Pension Fund (XPF) | December 2006 | December 2009 |

During 2009, the group has continued to work with the trustees of the defined benefit pension plans regarding investment and risk management strategies, with a view to reduce the financial risks of each fund by reviewing the asset portfolio and investigating an asset liability management approach, in order to reduce the volatility of the assets and obligations in the future.

A breakdown of the asset portfolio of the UK pension funds at 31 December 2009 is shown below (based on average market values):-

| | 2008 | 2009 |
|---|---|---|
| Shares | 49% | 44% |
| Bonds | 37% | 44% |
| Properties | 5% | 3% |
| Other assets | 9% | 9% |
| TOTAL | 100% | 100% |

For further information, see note 4.12 of the consolidated financial statements, which give a breakdown of the assets and obligations of the defined benefit pension plans and the impact of the end of the future accrual.

The current value of pension commitments for schemes with defined services is calculated based on actuarial assumptions and are therefore subject to changes in macro-economic conditions. The main factors concerned are long-term interest rates, inflation and the mortality rate. As an illustration, a 0.5 point reduction in the discount rate would cause a €85.2 million increase in commitments.

Assets invested in different asset classes (including as shares) are subject to fluctuations on the financial markets. As an illustration, a 10% decrease in the asset yield rate would cause a €33.8 million reduction.

Deficits resulting from these variations in assets and/or liabilities, which do not necessarily go in the same direction, and any changes in accounting standards or regulations, could lead to an increase in commitments and impact the group's financial statements.

### *1.7.3 Risks linked to amortisation of goodwill*

In compliance with current standards, each year the Group conducts fair value tests to ensure that the value of the assets included on the balance sheet is correct, and to measure future economic performance.

The Group has pursued a sustained policy of growth by acquisition in recent years, with the acquisition of the European computer services activities of Bull in 2002, of Mummert Consulting in Germany in 2005, and of Xansa in the UK and India in October 2007, and its balance sheet therefore includes goodwill valued at €706 million net at 31 December 2009. The value of the goodwill is tested regularly to check whether it is necessary to recognize any impairment expenses.

At 31 December 2009, the elements used to carry out fair value tests were revised to take into account the changes in the economic environment, both in terms of the projected trends in turnover and in the profitability of the various entities over the next few years, and in terms of the perpetual rate of growth applied. For further information, see note 4.1 in the notes to the consolidated financial statements.

### *1.7.4 Risks linked to commitments to repurchase shares from minority shareholders*

Given that the group has made no commitments to repurchase shares from its minority shareholders, it currently bears no such risk.

### *1.7.5 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 countries where it is impossible for organizational reasons to have a local legal department, the Group Legal Department carries out this role, in coordination with and at the request of the local management.

The Corporate Legal Department has the following missions:

Disputes - litigation / legal proceedings and arbitration

In view of its size and its level of turnover, the Group has a low number of disputes and litigation. This is mainly due to high quality project management, but also to the internal processes for approving offers and contracts, as well as to special monitoring by the Project Risks Department, which is responsible for operational risk management.

A certain number of disputes and proceedings were identified and are regularly reviewed, in particular on a monthly basis by the Risk Committee, in the presence of the Project Risk Department, the Legal Department, the Finance Department and the Human Resources Department.

There is no other governmental, judiciary or arbitration procedure or any other procedure to the company's knowledge in abeyance or which, in the past 12 months, is likely to have or has had significant effects on the company's and/or the group's financial situation or profitability, other those procedures reflected in the financial statements or mentioned in the notes to the financial statements (cf. note 4.13-Provisions for risks and expenses and note 2.1.4-Important events since the end of the financial year).

An internal directive specifies that all disputes must be immediately referred to the Group Legal Department, which makes it possible to immediately inform the insurance companies, and where appropriate to refer the matter to a lawyer.

The assessment of risks is carried out based on an analysis by the operating department in question, the Project Risk Department, the Finance Department and the Legal Department. Provisions are allocated following this joint analysis to cover the actual risk incurred, in accordance with current accounting policies.

Insurance

This point is detailed in paragraph 1.7.9 below.

Trademarks & Patents

Trademark management is centralised and managed by the Group Legal Department. The Group currently owns 196 trademarks, which are monitored and managed by the Group Legal Department. Given the Group's business and the copyright regulations, no patents have been filed by the Group.

Monitoring of companies

The Group Legal Department acts as company secretary for the leading companies in the Group (General Meetings, Board Meetings, posting financial statements, registrations, mandates etc.). The local Legal and/or

Finance Departments act as company secretary for the European subsidiaries, and the Group Legal Department centralizes all of the information transmitted. It also monitors and ensures compliance with current regulations regarding financial markets, managers' liability etc.

Investments (companies not controlled by Steria) are managed by the partners and majority shareholders. Although it does not control them, Steria actively follows their performance through regular contact, and by ensuring that it exercises its rights and that agreements are respected.

Contracts

Groupe Steria has introduced an approval process for its commercial contracts, which applies when the proposals are submitted and when the contracts are signed. In addition to the review conducted at local level, this process includes a specific review and approval system by operating teams at the headquarters and by the General Management, for important operations at group level.

Contracts are managed and signed by the various operational entities in question, depending on the level of authority delegated to them, either by means of standard contracts drawn up by the Legal Department or with the assistance of the Legal Department and other Corporate Departments pursuant to the delegation rules.

The various managers of the Group receive training to increase their awareness of legal and contractual aspects.

The directive on "Delegation of authority and responsibility of the Group" specifies the powers of delegation, signing contracts and responsibility as well as the processes that must be respected within the Group according to the various commitments concerned. This directive has been adapted on a country-by-country basis in order to take local legal constraints into account.

Plans for contracts whose terms and conditions differ from the group's contractual principles are controlled by the legal departments. However, despite the close attention paid to the terms of these contracts, it is impossible to guarantee that all risks are entirely contained and controlled.

Legal risks related to contracts may be tied to the absence of a liability cap for certain cases of non compliance.

### 1.7.6 Industrial risks

These risks are described in section 1.7.8 below.

### 1.7.7 Environmental risks

Since the Group's activities lie within the service sector, it considers that they only present a moderate risk for the environment.

Steria is nevertheless conducting an active policy with regard to its environmental liability. In this connection, the Group is nevertheless conducting numerous initiatives to reduce the direct environmental impact of its activities, in terms of energy consumption and of recycling (for further information, see paragraph 1.5).

### 1.7.8 Other risks linked to Steria's business

Human Resources Risks

Steria's assets are mainly intellectual and human, and its success depends to a large extent on the skills, experience, performance and commitment of its employees and key managers.

In the event of recruitment difficulties, a high level of employee departures or employee skills that do not meet customer requirements, Steria's financial performance may be affected, due to its inability to perform certain contracts in accordance with the specified economic conditions, or because it is unable to win new contracts since it does not have the skilled personnel required to perform them.

The main human resources risks incurred by the company are linked to:

- recruitment and selection processes;
- employee commitment and working conditions;
- employee skills, and whether they meet customer requirements;
- retaining key personnel, and the replacement plan for such employees;
- employee departures.

The Human Resources Department has an essential role in controlling these risks, with the support of the Human Resources Managers located near the operational departments, which help them with the recruitment, monitoring, training and career advancement of employees.

A centralized Group report is drawn up each month presenting key human resources data for each of the operational entities, and providing the indicators required to understand the current situation and making it possible to swiftly implement the required action plans.

Recruitment is carried out by the operational departments, in accordance with the processes and criteria defined by the Human Resources Department, to ensure that quality requirements are met, and that the Group's strategy is respected.

All the Human Resources Department's actions to secure said risks and meet the group's strategy are described in detail in part 1.6 of this document.

Project Risk (Project Management)

As part of its activity, Steria is signing IT services contracts (integration of services and/or managed services and/or Business Process Outsourcing , BPO) with resource and/or result commitments. Failure to provide the services specified in these contracts, or provision of sub-standard services, may result in a risk for the Group (penalties, customer complaints, claims for damages, excess cost, non-payment, early termination of the contracts, image). It should be emphasized that the contractual commitments and guarantees requested by customers are increasingly demanding, in particular in connection with BPO contracts.

Projects always involve a certain level of risk, in spite of the care taken and the controls implemented during the projects. Steria has a specific organization and processes to control these risks and limit them as far as possible:

- specific management procedures to assess risks in the different stages of the project:
    - a review procedure subject to strict rules, before signing the contract, which is intended to provide an accurate assessment of the technical, human, contractual and financial risks to implement the appropriate actions,
    - while they are being carried out, the projects are regularly reviewed by the operational entities in the presence of the local risk management, finance and legal teams; these reviews are complemented by a monthly summary committee meeting attended by these players; major operations are also reviewed as needed by the Group's "Project Risk" Department,
    - a monthly review and reporting procedure by the operational entities and the Group results in a summary report which is submitted to the General Management of the Group.
- operational departments in close proximity to customers and projects (Sector Units or Profit Centres) allow risks to be identified quickly and enable the company to deal with them immediately
- functional departments provide active support for the operational departments:
    - the Human Resources Department and the "Project Risks" Department are responsible for the training programmes designed for the group's most experienced project directors,
    - the Project Risk Department runs the overall process for controlling project risks, provides continuous improvement of this process (tools, exchange of practices, training programmes) and ensures that it is disseminated and applied,
    - The Legal Department provides support to the operational departments, to control and prevent risks regarding contractual obligations,

- The Internal Control and Audit Department assesses the application of internal rules, and in particular those relating to the operations.

Risks linked to operations in India

A large and increasing proportion of the Group's production activities is carried out in India.

India has various characteristics that may constitute instability factors. Political, economic and social disruption, natural disasters and certain pandemic diseases in this part of the world may make it far more complex, or temporarily very difficult, to carry out the operations required for the smooth running of the Group, and may have considerable financial consequences.

To control these risks, Steria has introduced a management structure in India responsible for business continuity management and crisis management, comprising a dedicated manager and business continuity committees for each site. These committees are made up of local representatives of the management, and of the communications, finance, human resources, central services and information systems departments.

It should be noted that the Group has three production facilities located at a great distance from each other in India, in three different regions (Noida, Pune, Chennai), which considerably limits the consequences of certain incidents or risks that may arise in a specific region.

In spite of the measures taken, the Group remains subject to a residual risk which could, under certain circumstances, significantly affect its functioning.

Customer risks

No one customer accounted for more than 6% of Group revenue at 31 December 2009. Moreover, 39% of revenue came from European administrations and government bodies. A marginal proportion of the turnover is realised with customers resident outside the OECD (less than 1%), and a preponderant proportion of the turnover is received from major accounts, in accordance with the Group's business strategy. The 20 biggest customers currently account for approximately 39% of Group turnover.

Customer counterparty risk is monitored by the Finance Department in the framework of a Group procedure governing the main aspects, i.e. the rules for the opening of new accounts, defining credit limits, introducing guarantees when necessary, follow-up procedures and handling of disputes.

For private sector customers, apart from major accounts, financial investigations are conducted prior to making any commitments, and a financial plan to secure cash flow is systematically introduced when necessary. In addition, the Group has an Export Procedure strictly controlling these activities according to the political, financial, legal and human risks.

Each month the Group Finance Department conducts a detailed review of cash movements, with the operational entities. This includes a specific analysis of the main key indicators for managing customer accounts (average terms of payment, receivables due, changes in contingency provisions, etc.) and the defining of specific plans of action when necessary.

A watch list is also kept up-to-date of invoices and customers that are being monitored, in order to anticipate risks of non-payment. It is established based on criteria such as: total debt, payment history, customer's financial situation, etc.

The Group may have to cope with certain major contracts not being renewed, for commercial reasons or, in some cases, due to a change of control of the customer. Although no customers account for more than 6% of revenue, this issue could possibly affect Steria's economic performance.

Strategy Risks

The IT services market is highly competitive and constantly changing.

It is characterized by:

- a level of consolidation that is still low, although it is currently increasing, with a certain number of mergers and acquisitions;

- new leading players continually appearing, in particular in India;
- very rapid development of the technological environment;
- constant transformation of the offers and capital-intensive landscape of the software and hardware industries;
- customer needs and expectations, and the organization of their IT services, which are constantly changing.

Steria has numerous competitors:

- major international groups with activities in Europe;
- large companies established in countries with low labour costs, with major ambitions within the European market;
- numerous local players in the various countries, including a large proportion of small companies, positioned either in high value-added niche segments, or providing general-purpose services.

Moreover, there is traditionally a close correlation between the activities of the IT services market and business cycles, which may cause the players to adjust their strategies.

In this context of rapid and constant change in its competitive environment, resulting in both opportunities in risks, Steria is continually adapting its strategy and has a Group organization for this purpose, comprising:

- a team responsible for business intelligence and strategic reflection;
- a 3/5-year strategic business plan reviewed each year as part of a formalised process, representing a synthesis of specific studies by the operational entities and Group Strategy Department teams, which is then discussed, amended and approved by the Group Executive Committee;
- teams assigned to investigate mergers and acquisitions, providing continuous monitoring of potential opportunities in line with the Group's strategies;
- the Strategic Committee and the Supervisory Board, which regularly analyse and approve the Group's main strategic directions;
- the Soderi Board of Directors Committee "for a sustainable growth strategy," which discusses the Group's main strategic directions.

Business continuity risks (production facilities, telecommunications networks)

In view of its development model, with production facilities located a long way from the marketing zone (nearshore and offshore model), it is essential for Steria that its production facilities and telecommunications networks function properly.

Any breakdown in an IT production facility or in the telecommunications networks could have a considerable impact on the Group's operations and the services provided to customers, and may affect its reputation, business, turnover, financial situation and outlook.

The production facilities have the necessary hardware, software and data redundancy, according to the criticality of their activities. The production resumption plans are tested regularly.

In terms of telecommunications networks, Steria provides broadband virtual networks (MPLS), and each connection to its network is doubled, providing emergency connections for all of the main lines in place. A service contract was signed with an international telecommunications operator that subcontracts to local operators according to their geographic coverage.

The Group call centres (France, UK, Poland, etc.) are interconnected for both voice and data, allowing any centre to take over calls from another centre in the event of a temporary interruption of the service.

Finally, regarding business continuity, several Group entities have been awarded ISO 27001 certification (this standard includes a "Business Continuity" portion). A crisis management procedure has been given to all of the Group's operational entities. Moreover, following an audit carried out in each entity, the group decided to set up a shared services centre to share and exchange best practices for managing business continuity within the group.

Risks linked to internal information systems

Any breakdown in the company's information systems could affect the running of the company and have a noticeable impact on the Group's operations, and in particular may affect its efficiency, and all of the accounting and financial processes.

The internal information systems (mainly the Accounting & Finance, Human Resources, Sales & Marketing and Project Management systems) are almost all hosted and operated in Group production facilities that apply standard Steria security procedures, in the same way as for external customers.

As regards secure access and data integrity, these different applications are reviewed during internal audits of the Group, to ensure that the standards are respected.

The Group has a standardized Accounting and Finance system, deployed in almost all of its operational entities. Integration with the system of these subsidiaries acquired during the 2007 Xansa purchase was completed in 2009.

In spite of all of the steps taken to control risks linked to its internal information systems and the migration processes, the Group is still subject to a residual risk, which may in certain circumstances noticeably affect its functioning and performance.

Supplier & partner risks

Integration and managed services contracts are becoming increasingly complex and are obliging providers to work in association with many partners (editors, manufacturers, consultants, IT services companies, etc.).

In the event of default by one of its suppliers, Steria may not be able to fulfil its contractual obligations towards its customers, which could have a significant negative impact on its turnover, business, financial situation or outlook

In order to control this risk, framework partnership agreements with carefully selected partners have thus been introduced and are monitored at Group or local level.

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 standard Group agreements or after analysis.

In addition, the Group has introduced procedures for listing and controlling suppliers and partners.

The Group nevertheless remains subject to a residual risk of default by its suppliers.

Risk of fraud

Although the IT services business does not involve cash, there are still risks of fraud, such as embezzlement, unauthorized use of IT equipment, handling of sensitive internal or customer data, and ethical fraud.

Steria's internal control environment includes a code of ethics sent out to managers, an internal control manual accessible to all employees on the group's intranet, and reinforced controls on the separation of tasks and access to information systems.

In addition, IT charters in line with local regulations are in force in the various entities.

In spite of these precautions, the Group remains subject to a residual risk of fraud that may noticeably affect its financial performance and image.

### *1.7.9 Insurance*

To optimise its risk coverage policy, the group has introduced general insurance programmes negotiated centrally with leading international insurers. All the companies in which the group has a 50% or higher stake benefit from guarantees granted under "Master" policies taken out for them by Groupe Steria SCA through an international insurance broker.

The guarantee limits are studied each year with regard for changes in the group's size and its risk, and they are adjusted in line with these findings. The deductibles vary according to the risks covered. The deductible levels are set to encourage proper risk management and control of premium levels.

In some cases, and to meet the regulatory requirements, local policies are issued, and the "Master" policy serves as a "DIC/DIL" (difference in conditions/difference in limits) in addition to these local policies.

The group's main insurance programmes are as follows:

- Operational and Professional Civil Liability insurance: the civil liability insurance plan covers (subject to applicable exclusions) all the subsidiaries more than 50% owned by the group, worldwide, for monetary consequences resulting from the use of their civil and professional liability as part of their activities, due to material or immaterial bodily damage to third parties. This global programme is organised in several insurance lines with leading insurance companies. General benefits are limited to €135 million per loss and per year of insurance;
- Property Damages and Business Interruption: This programme covers all the group's sites in all countries, for any direct material damage and resulting loss of business. General benefits (for all types of damage and loss of business) are limited at €150 million per loss and per year of insurance.
- Risks related to acts of fraud and malice, in particular concerning computing, assistance and repatriation of group employees working abroad, are also insured by these group-level insurance programmes. The same applies for the employer's responsibility to employees (*Employment Practice Liability*) and to executives' and corporate officers' civil liability.

# 2 Financial Year 2009: recent developments and outlook

## 2.1. Overall Business of the Group

### 2.1.1 Position and business of the Group during the 2009 financial year – Progress and changes achieved

In a difficult economic environment in 2009, Steria's revenue and results showed good resistance, which illustrates the solidity of the group's position.

Consolidated revenue for the 2009 financial year was €1,630.0 million, down by 7.7% compared with 2008. The negative impact of the change in exchange rates on 2009 revenue was €83.8 million. Excluding changes in the consolidation scope and exchange rates, the change in revenue was -3.1%.

By geographic area, excluding changes in the consolidation scope and exchange rates, business declined by -5.3% in France, -3.6% in the UK and -2.3% in Germany. In the Other Europe area, revenue increased by 2.5%.

The cost markon[1] for the 2009 financial year stood at 7.3%, down slightly by 0.4 points compared with 2008 thanks to the many plans to optimise costs and improve productivity.

The cost markon[1] resistance should be compared with Groupe Steria's major investments in 2009 to industrialise its business lines, standardise its tools and systems and implement its supply strategy to extend its organic growth capacities.

In the UK, the cost markon[1] was kept high at 11.3% (11.4% in 2008), which reflects the quality of Xansa's integration, the cost synergies generated and the efficiency of the offshore model.

In France, the cost markon[1] remained near-stable over the year, at 6.4% due to a significant improvement in the second half of 2009 compared with the second half of 2008 (+0.6 point, to 6.3%). This change, combined with improved commercial performance at the end of 2009, is tangible and encouraging proof of a new dynamic in France.

In Germany, the upturn in activity in the second half, when revenue increased by +2.5% compared with the second half of 2008, helped limit the decline in cost markon[1] to 2.2 points over the year, compared with 2008 (7.1% versus 9.3%). This performance is commendable given the significant decline in the Consulting market in 2009.

In the Other Europe area, despite a difficult situation in Spain, revenue increased by 2.5% on a like-for-like basis, and the cost markon[1] improved by 0.4 points thanks to Scandinavia and Benelux/Switzerland, where the cost markon[1] is now similar to group levels.

### 2.1.2 Results for the financial year

The group's 2009 operating margin[1] amounted to €118.9 million, down by 12.3% compared with 2008. After taking into account the amortisation of intangible assets identified during the merger and other operating income and charges, 2009 operating income amounted to €92.0 million.

Other operating income and expenses includes:

- net integration and restructuring expenses totalled €20.2 million and were limited to 1.2% of annual revenue,
- residual goodwill amortisation in Spain, totalling €7.6 million due to a difficult macro-economic situation in the country,
- a non-recurring provision for contract disputes, amounting to €5.7 million,
- a profit of €14.6 million, which corresponds to the reduction in the Group's pension obligations.

Financial income (-€20.5 million) includes a significant decrease in net financing (-€14.0 million compared with -€20.1 million).

The contribution from companies accounted for by the equity method was positive at €0.8 million compared with -€2.1 million in 2008. It is primarily due to the marked improvement in income from the joint venture from the UK's NHS, now positive at €1.2 million.

In the end, after a tax expense of €23.6 million resulting in an effective rate of 32.6% close to the normative rate, the group's net income for the 2009 financial year proved to be resistant. At €48.2 million, it represents a limited contraction compared with income from the previous financial year (€51.6 million), 3% of Group revenue compared with 2.9% in 2008.

The Group share of net profit, which does not include other operating income and expenses, amortisation of intangible assets and costs of loans linked to the merger, as well as the non-recurring tax expense of €3.7m corresponding to the cancellation of deferred tax assets in Spain, amounted to €70.4 million, compared with €75.9 million in 2008.

Cash flow for the 2009 financial year was higher than expected, with a net flow of €48.3 million. This performance was noted despite €17.9 million in disbursements due to restructurings and €37.8 million in additional contributions to pension funds. It is the result of structural improvement in working capital requirement, which represented 0.7% of revenue at the end of 2009, and optimised industrial investments, limited to 1.4% of revenue.

Overall, net financial debt, which stood at €187.0 million at 31/12/2009, fell by 20.5% over the financial year. The Group's financial situation was sound and solid at the end of December 2009. Debt is limited (29.5% of equity capital, 1.2x EBITDA). Available cash flow amounted to €149.9 million and additional confirmed, unused available drawdown facilities were €244 million.

Capital employed amounted to €866.1 million compared to €850.2 million at 31 December 2008. This increase is mainly the result of:

- working capital requirement remained constant (€11.9 million compared with €6.7 million in 2008),
- decrease in the deferred tax assets due to cancellation of deferred tax assets worth €3.7million in Spain, and reduction in the pension fund deficits,

(1) Before amortisation of intangible assets related to the merger. The operating margin is the key indicator for the Group. It is defined as the difference between revenue and operating expenses, these being equal to the total cost of services provided (expenses required to carry out projects), marketing costs, and general and administrative expenses.

- the currency exchange effects on balance sheet assets and the rise of the GBP at 31/12/2009 compared with 31/12/2008.

The increase in the group's equity capital to €634.5 million (€545.5 million in 2008) is primarily due to the rise in the GBP (+7.3% between 1 January and 31 December 2009) and 2009 income.

### *2.1.3 Predicted development and outlook*

The environment remains tense and uncertain. However, the end of 2009 and the beginning of 2010 showed signs that things will improve over the course of the year.

In this context, Steria will continue its offensive in 2010. While keeping a tight handle on costs, the Group will pursue the major investments that started to bear fruit in 2009, in terms of industrialisation and changes in the products and services portfolio. One of the main objectives of these investments is to accelerate organic growth over the long term.

Despite what looks to be a difficult first half-year, over 2010, the Group should show good resistance in terms of organic growth and cost markon[1]

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

No important events have taken place since the end of the 2009 financial year.

[1] Before amortisation of intangible assets related to the merger. The operating margin is the key indicator for the Group. It is defined as the difference between revenue and operating expenses, these being equal to the total cost of services provided (expenses required to carry out projects), marketing costs, and general and administrative expenses

## 2.2. *Subsidiaries and Holdings*

The table of subsidiaries and holdings is appended to the balance sheet in the annual financial statements (Note 4.10). 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 2009

**CONSOLIDATED INCOME STATEMENT**

| (in thousands of euro) | Notes | 31/12/09 | 31/12/08 |
|---|---|---|---|
| **Revenue** | **4.17** | **1,629,977** | **1,765,678** |
| Cost of sales and sub-contracting costs | | (283,740) | (308,276) |
| Personnel costs | | (945,949) | (978,768) |
| Bought-in costs | | (235,327) | (274,454) |
| Taxes (excluding income taxes) | | (23,938) | (37,383) |
| Change in inventories | | (19) | 335 |
| Other current operating income | 4.18 | 21,015 | 14,016 |
| Other current operating expenses | 4.18 | (265) | (5,264) |
| Net charges for depreciation and amortisation | | (35,608) | (43,117) |
| Net charges for provisions | 4.19 | (10,938) | (1,736) |
| Net charges for current asset impairment | 4.19 | (817) | (627) |
| **Operating margin *(*)*** | | **114,391** | **130,404** |
| *% of revenue* | | *7.0%* | *7.4%* |
| Other operating income | 4.20 | 14,616 | 2,036 |
| Other operating expenses | 4.20 | (36,978) | (22,434) |
| **Operating profit** | | **92,029** | **110,006** |
| Income from cash and cash equivalents | | 3,049 | 5,215 |
| Cost of gross borrowings | | (17,065) | (25,307) |
| *Cost of net borrowing* | *4.21* | *(14,016)* | *(20,092)* |
| Other financial income | 4.21 | 12,685 | 8,090 |
| Other financial expenses | 4.21 | (19,201) | (12,455) |
| **Net financial expense** | | **(20,532)** | **(24,457)** |
| Income tax expense | 4.7 | (23,565) | (33,140) |
| Share of profit/(loss) of associates | 4.4 | 775 | (2,057) |
| **Net profit from continuing operations** | | **48,707** | **50,352** |
| Net profit/(loss) from operations held for sale | 4.22 | - | 771 |
| **Net profit for the year** | | **48,707** | **51,123** |
| | | | |
| **Attributable to equity holders of the parent** | | **48,189** | **51,601** |
| **Attributable to minority interests** | | **518** | **(478)** |
| Earnings per share (in euros): | | | |
| - From continuing operations | 4.23 | 1.56 | 1.67 |
| - From operations held for sale | | - | 0.03 |
| Diluted earnings per share (in euros): | | | |
| - From continuing operations | 4.23 | 1.52 | 1.62 |
| - From operations held for sale | | - | 0.02 |

*(*)* After amortisation of the customer relationship recognised on acquisition of Xansa in the amount of €(4,550) thousand in 2009 and €(5,090) thousand in 2008

## STATEMENT OF COMPREHENSIVE INCOME

| (in thousands of euro) | Notes | 31/12/09 | 31/12/08 |
|---|---|---|---|
| **Net profit for the year** | | **48,707** | **51,123** |
| *Income and expenses not recognised in profit or loss:* | | | |
| • Exchange differences arising from foreign entities | | 39,707 | (166,449) |
| • Gains and losses on cash flow hedging financial instruments | 4.24 | (7,519) | (4,020) |
| • Tax impacts of cash flow hedges | | 2,584 | 250 |
| **Total of income and expenses not recognised in profit or loss, net of taxes** | | **34,772** | **(170,219)** |
| **Total net profit/(loss) for the period** | | **83,479** | **(119,095)** |
| | | | |
| **Attributable to equity holders of the parent** | | **83,006** | **(118,557)** |
| **Attributable to minority interests** | | **473** | **(539)** |

## CONSOLIDATED BALANCE SHEET

# ASSETS

| (in thousands of euros) | Notes | 31/12/09 | 31/12/08 |
|---|---|---|---|
| Goodwill | 4.1 | 706,417 | 672,015 |
| Other intangible assets | 4.2 | 66,301 | 62,050 |
| Property, plant and equipment | 4.3 | 74,004 | 85,453 |
| Investments in associates | 4.4 | 6,181 | 5,222 |
| Available-for-sale financial assets | 4.5 | 1,809 | 2,203 |
| Other financial assets | 4.6 | 3,977 | 12,466 |
| Retirement benefit obligations | 4.12 | 42,230 | 3,440 |
| Deferred tax assets | 4.7 | 10,560 | 15,310 |
| Other non-current assets | | 2,900 | 2,189 |
| **Non-current assets** | | **914,379** | **860,348** |
| Inventories | 4.8 | 9,194 | 6,201 |
| Net trade receivables and similar accounts | 4.9 | 281,445 | 281,284 |
| Amounts due from customers | 4.9 | 192,025 | 190,434 |
| Other current assets | 4.9 | 36,017 | 26,186 |
| Current portion of non-current assets | 4.9 | 2,963 | 2,838 |
| Current tax assets | 4.9 | 27,340 | 15,837 |
| Prepaid expenses | 4.9 | 24,491 | 27,885 |
| Cash and cash equivalents | 4.11 | 149,859 | 141,138 |
| **Current assets** | | **723,334** | **691,803** |
| Non-current assets classified as held for sale | | | |
| **Total assets** | | **1,637,713** | **1,552,151** |

## CONSOLIDATED BALANCE SHEET

# EQUITY AND LIABILITIES

| (in thousands of euros) | Notes | 31/12/09 | 31/12/08 |
|---|---|---|---|
| Issued share capital | | 29,349 | 28,535 |
| Share premium | | 400,025 | 389,242 |
| Treasury shares | | (35,259) | (35,788) |
| Subordinated hybrid convertible bonds | 4.10 | 150,300 | 150,300 |
| Exchange differences | | (156,954) | (196,661) |
| Other reserves | | 197,529 | 157,731 |
| Net profit for the year | | 48,189 | 51,601 |
| **Equity attributable to equity holders of the parent** | | **633,179** | **544,960** |
| Minority interests | | 1,283 | 555 |
| **Total equity** | | **634,462** | **545,515** |
| Long-term borrowings | 4.11 | 270,001 | 325,837 |
| Retirement benefit obligations | 4.12 | 33,698 | 39,898 |
| Provisions for non-current liabilities and charges | 4.13 | 17,529 | 13,688 |
| Deferred tax liabilities | 4.7 | 16,750 | 14,293 |
| Other non-current liabilities | 4.14 | 5,466 | 18,146 |
| **Non-current liabilities** | | **343,444** | **411,862** |
| Short-term borrowings | 4.11 | 66,866 | 50,583 |
| Provisions for current liabilities and charges | 4.13 | 35,590 | 19,216 |
| Net trade payables and similar accounts | 4.15 | 148,386 | 134,493 |
| Gross amounts due to customers | 4.15 | 78,024 | 76,928 |
| Advances and payments on account received | 4.15 | 30,833 | 36,774 |
| Current tax liabilities | 4.15 | 34,900 | 31,366 |
| Other current liabilities | 4.15 | 265,208 | 245,414 |
| **Current liabilities** | | **659,807** | **594,774** |
| Liabilities directly associated with non-current assets classified as held for sale | | | |
| **Total equity and liabilities** | | **1,637,713** | **1,552,151** |

# CONSOLIDATED CASH FLOW STATEMENT

| (in thousands of euros) | Notes | 31/12/09 | 31/12/08 |
|---|---|---|---|
| **Net consolidated profit (including minority interests)** | | **48,707** | **51,123** |
| **Adjustments for:** | | | |
| Share of profit/(loss) of associates | | (775) | 2,057 |
| Net charges to depreciation, amortisation and provisions (excluding current assets) | | 56,106 | 41,643 |
| Calculated expenses and income related to stock options and equivalent | | 2,911 | 3,617 |
| Fair value adjustment gains and losses | | (738) | (6,298) |
| Capital gains/(losses) on disposal | | 872 | 737 |
| Dividends (non-consolidated investments) | | | (1) |
| **Cash flow from operating activities after net borrowing costs and taxes** | | **107,083** | **92,878** |
| Net borrowing costs | | 14,016 | 20,092 |
| Income tax expense (including deferred tax) | | 24,075 | 33,140 |
| **Cash flow from operating activities before net borrowing costs and taxes** | | **145,174** | **146,110** |
| Income tax paid | | (18,498) | (10,888) |
| Change in working capital requirements | | (2,348) | 14,364 |
| **NET CASH FROM OPERATING ACTIVITIES** | | **124,328** | **149,586** |
| Purchases of intangible assets | | (12,576) | (11,627) |
| Purchases of property, plant and equipment | | (9,941) | (18,439) |
| Purchases of non-consolidated investments | | (50) | (400) |
| Proceeds from disposals of intangible assets and property, plant and equipment | | 135 | 270 |
| Proceeds from disposal of non-consolidated investments | | 118 | 390 |
| Loans and advances granted | | (424) | (2,529) |
| Repayments received on loans and advances granted (including factoring) | | 5,048 | 2,407 |
| Impact of changes in Group structure | | | |
| *-Acquisition of consolidated companies, net of cash acquired* | | | (393) |
| *-Disposal of consolidated operations and companies, net of cash transferred* | | (16) | 1,770 |
| Net interest received | | 117 | 167 |
| Dividends received (associates, non-consolidated investments) | | 74 | 428 |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **(17,515)** | **(27,956)** |
| Amounts received from shareholders as part of a share capital increase | | 11,523 | 3,549 |
| Dividends paid during the year: | | | |
| *-Dividends paid to shareholders of the parent company and similar (*)* | | (12,629) | (13,343) |
| *-Dividends paid to minority interests in consolidated companies* | | (980) | 169 |
| Disposals/(acquisitions) of treasury shares | | 351 | (1,203) |
| Proceeds from new borrowings | | 4,802 | 610 |
| Repayment of borrowings (including finance leases) | | (59,646) | (47,876) |
| Additional disbursements relating to retirement benefit obligations | | (37,797) | (28,542) |
| Interest paid (including finance leases) | | (13,066) | (19,121) |
| **NET USED IN FINANCING ACTIVITIES** | | **(107,442)** | **(105,757)** |
| Impact of changes in exchange rates | | 10,004 | (19,549) |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | **9,375** | **(3,676)** |
| Cash and cash equivalents at the beginning of the year | | 135,937 | 139,613 |
| Cash and cash equivalents at the end of the year | Note 4.11 | 145,312 | 135,937 |

*(*) Including the coupon paid in 2009 in respect of perpetual subordinated bonds, convertible and/or exchangeable into new shares: €(8,690) thousand*

## STATEMENT OF CHANGES IN EQUITY

| (in thousands of euros) | Number of shares issued | Share capital | Share premium | Treasury shares | Subordinated hybrid convertible bonds | Consolidated reserves and earnings | Gains and losses recognised directly in equity | **Equity – Holders of the parent** | Equity – Minority interests | **Total equity** |
|---|---|---|---|---|---|---|---|---|---|---|
| **As at 1 January 2008** | **28,155,419** | **28,156** | **382,623** | **(36,124)** | **150,300** | **178,488** | **(27,964)** | **675,479** | **2,021** | **677,500** |
| Share capital increase | 379,813 | 380 | 6,619 | | | | | **6,999** | | **6,999** |
| Dividends paid (*) | | | | | | (18,024) | | **(18,024)** | | **(18,024)** |
| Measurement of share-based payments | | | | | | (365) | | **(365)** | | **(365)** |
| Treasury share transactions | | | | (1,643) | | | | **(1,643)** | | **(1,643)** |
| Other | | | | | | 116 | | **116** | (927) | **(811)** |
| Gains/losses on hedging instruments | | | | | | | (3,819) | **(3,819)** | 49 | **(3,770)** |
| Exchange differences | | | | | | | (165,384) | **(165,384)** | (110) | **(165,494)** |
| Net profit/(loss) | | | | | | 51,601 | | **51,601** | (478) | **51,123** |
| **As at 31 December 2008** | **28,535,232** | **28,536** | **389,242** | **(37,767)** | **150,300** | **211,816** | **(197,167)** | **544,960** | **555** | **545,515** |
| Share capital increase | 813,307 | 813 | 10,783 | | | (74) | | **11,522** | | **11,522** |
| Dividends paid (*) | | | | | | (9,639) | | **(9,639)** | | **(9,639)** |
| Measurement of share-based payments | | | | | | 2,914 | | **2,914** | | **2,914** |
| Treasury share transactions | | | | 412 | | | | **412** | | **412** |
| Other | | | | | | 13 | | **13** | 239 | **252** |
| Gains/losses on hedging instruments | | | | | | | (4,899) | **(4,899)** | (36) | **(4,935)** |
| Exchange differences | | | | | | 39,707 | | **39,707** | 7 | **39,714** |
| Net profit/(loss) | | | | | | 48,189 | | **48,189** | 518 | **48,707** |
| **As at 31 December 2009** | **29,348,539** | **29,349** | **400,025** | **(37,355)** | **150,300** | **292,926** | **(202,066)** | **633,179** | **1,283** | **634,462** |

*(*) Including the coupon paid in respect of perpetual subordinated bonds, convertible and/or exchangeable into new shares: €(5,698) thousand in 2008 and €(5,698) thousand in 2009*

Groupe Steria SCA's share capital comprises 29,348,539 shares with a nominal value of €1 each.

A net dividend of €0.12 per share was paid in 2009 in addition to the General Manager's share corresponding to €0.02 per share.

The increase in the share capital in 2009 was attributable to the exercise of stock options in the amount of €262 thousand and share issues under the Group Savings Plan in the amount of €9,930 thousand. Furthermore, a portion of the 2008 dividend was paid in shares, resulting in a share capital increase of €1,330 thousand.

Treasury shares are primarily held by the UK trusts included in the scope of consolidation for a total of 1,461,217 Groupe Steria SCA shares and by the Group's parent company, Groupe Steria SCA, under a liquidity contract set up in 2006 (23,685 shares). Their market value as at 31 December 2009 was €31.94 million, calculated using the most recent closing share price (€21.51).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## NOTE 1: ACCOUNTING POLICIES

### N1.1 Standards applied

The Groupe Steria SCA consolidated financial statements for the year ended 31 December 2009 include Groupe Steria SCA and its subsidiaries (hereafter referred to as the "Group") and the Group's share in associates and jointly controlled companies.

Pursuant to EC regulation no.1606/2002 of 19 July 2002, the 2009 consolidated financial statements of Groupe Steria SCA are prepared in accordance with International Financial Reporting Standards (IFRS) applicable as at 31 December 2009, as adopted by the European Union and available for consultation on the following website: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The consolidated financial statements and the notes thereto for financial year 2009 were approved by the General Management on 12 March 2010 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 2009.

They are consistent with those used in preparing the annual consolidated financial statements for the year ended 31 December 2008, with the exception of the adoption of the following new standards and interpretations:

- IAS 1 revised – *Presentation of financial statements*
- IAS 23 revised – *Borrowing costs*
- IFRS 2 amended – *Share-based payment: vesting conditions and cancellations*
- IFRS 7 amended– *Financial instruments: disclosures*
- IAS 32 – *Financial instruments: presentation* and IAS 1 – *Puttable financial instruments and obligations arising on liquidation*
- IAS 39 and IFRIC 9 – *Reassessment of embedded derivatives*
- IFRS 1 and IAS 27 amended – *Cost of an investment in a subsidiary, jointly controlled entity or associate*
- IFRIC 14 - *The limit on a defined benefit asset, minimum funding requirements and their interaction*
- Improvements to IFRS (in particular IAS 38 – *Intangible assets* and IFRS 7 – *Financial instruments: disclosures and excluding IFRS 5* - )

IFRS 8 - *Operating Segments*, whose adoption is mandatory as of 1 January 2009, was subject to early adoption by the Group as of 1 January 2008.

With the exception of IAS 1 revised, these amendments and interpretations had no impact on the consolidated financial statements.

The main amendment to IAS 1 involves the creation of the statement of comprehensive income. As permitted under section 81 of IAS 1 revised, this comprises two statements: a statement displaying components of profit or loss (income statement) and a second statement, presented immediately after the income statement, beginning with profit or loss and displaying gains and losses recognised directly in equity (statement of comprehensive income).

The impact of the adoption of IFRIC 14 is outlined in Note 4.12 – Retirement obligations.

These policies are no different from the standards published by the IASB inasmuch as the application of the following standards and interpretations, mandatory for accounting periods beginning on or after 1 January 2009, had no impact on the Group's financial statements:

- IFRIC 12 – *Service concession arrangements*
- IFRIC 15 – *Agreements for the construction of real estate*
- IFRIC 16 – *Hedges of a net investment in a foreign operation*
- IFRIC 17 – *Distribution of non-cash assets to owners*
- IFRIC 18 – *Transfer of assets from customers*

In addition, the Group elected not to apply in advance the following texts, which were not of mandatory application on 1 January 2009:

- IFRS 3 revised – *Business combinations*
- IAS 27 amended – *Consolidated and separate financial statements*
- IAS 39 – *Amendments relating to eligible hedging items*
- Amendment to IAS 32 – *Classification of rights issues*

Nor has the Group applied the following texts which had not been adopted by the European Union as at 31 December 2009:

- IFRS 9 – *Financial instruments*
- IAS 24 revised – *Related parties*
- Amendment to IFRS 2 – *Group cash-settled share-based payment transactions*
- IFRIC 19 – *Extinguishing financial liabilities with equity instruments*
- Amendment to IFRIC 14 – *Prepayments of minimum funding requirements*

The Group considers that at this stage, it is not possible to assess the application of these new standards with sufficient accuracy.

The Group made a presentation change in the income statement regarding income or loss arising from exchange rate hedges and exchange rate gains or losses from hedged items for transactions relating to operating activities. These items are now presented under "Other operating income and expenses". Previously, they were presented under "Other financial income and expenses" and had no material impact on the Group's net income (see Note 4.18).

## N1.2 Consolidation methods

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 other shareholders are equity accounted.

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 their recoverable amounts and carrying amounts. 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 1.75% perpetual growth rate (compared with a rate of 2.0% as at 31 December 2008). All of these cash flows are discounted using a discount rate of 8.6% corresponding to the weighted average cost of capital of Groupe Steria after tax (compared with 9.0% as at 31 December 2008)

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 functional 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 operating income and expenses” for transactions subject to exchange rate hedging and in “Other financial income and expenses” for other transactions.

Derivative instruments are measured and recognised in accordance with the general principles set out in Note 1.22. As such, currency derivatives are recognised in the balance sheet at fair value.

## N1.6 Significant judgments and estimates

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that have an impact on the amounts of the assets, liabilities, income and expenses recognised therein as well as on the information provided in respect of contingent liabilities.

The final outcome of the underlying transactions may, by reason of their inherent uncertainty, require material adjustments to the amounts recognised in subsequent accounting periods.

The use of judgements and estimates is of particular importance when accounting for:

- Contracts;
- Post-employment benefits;
- Provisions for liabilities (in particular for contract losses or disputes);
- The recoverable amount of intangible assets and property, plant and equipment, including goodwill in particular;
- Deferred tax assets;
- The fair value of derivative financial instruments.

## N1.7 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.

Customer relations are amortised over a period of 11 years.

Concessions, patents, computer licences and software are amortised over a period of 2 to 4 years.

Intangible assets with indefinite useful lives are not amortised but are subject to annual impairment tests which compare their recoverable amount to their 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 to have occurred.

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 asset and use or sell it;

- That 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;

- The costs attributable to the intangible asset during its development can be 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.

Development costs recognised under intangible assets are amortised pro rata to the utilisation of the future economic benefits they generate, e.g. the term of customer contracts.

## N1.8 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 4 to 10 years – straight-line
- Vehicles 4 to 5 years – straight-line
- Office furniture and equipment 4 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.

## N1.9 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").

## N1.10 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.

- *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.

- *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 it 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.

- *Derecognition of financial assets:*

Financial assets as defined by IAS 32, *Financial Instruments: Presentation*, are partially or totally derecognised if the Group no longer expects them to generate future cash flows and has transferred substantially all the risks and rewards associated with them.

## N1.11Deferred 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 them. Deferred tax assets not recognised are assessed at each balance sheet date and are recognised if it becomes probable that future taxable income will enable recovery.

Tax assets and liabilities are measured using the prevailing tax rates and rules in effect as at 31 December 2009.

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

## N1.12Inventories and work in progress

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

Costs incurred in the start-up phase of a contract may be deferred over the term of the contract and 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.

## N1.13Cash 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.

## N1.14Treasury shares

Treasury shares are deducted from equity.

## N1.15Contract 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 performed are recognised in “Gross amounts due to customers”.

Partial payments received on contracts, before the corresponding work has begun, are recognised in “Customer advances and payments on account” 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.

## N1.16Post-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 expected average working life of the employees who are included in the plan;

- The expense representing changes in net obligations with respect to pensions and other postemployment benefits is recognised in operating margin as personnel costs, except for interest paid on debt, less the return on financial assets, which is recognised in "Other financial expenses".

- Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the curtailment or settlement occurs. Where a curtailment relates to only some of the employees covered by a plan, the gain or loss includes a proportionate share of the previously unrecognised past service cost and actuarial gains and losses determined on the basis of the present value of the obligations before and after the curtailment or settlement.

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.

## N1.17Provisions

Present obligations resulting from past events involving third parties are recognised in provisions only when it is probable that 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 are discounted if the impact of discounting is material.

- *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.

## N1.18Borrowings

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

## N1.19Stock 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.

## N1.20Presentation of the financial statements

The Group presents its financial statements in accordance with IAS 1, the IFRS conceptual framework and recommendation no 2009-R.03 of the French National Accounting Council (*Conseil National de la Comptabilité*) dated 2 July 2009 relating to the format for company financial statements under the international accounting framework. 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 its 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, 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;
- Net financial expense presents the Group's borrowing cost separately from other financial income and expenses;
- The balance sheet presents a breakdown of current and non-current assets and liabilities.

## N1.21Earnings 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.

## N1.22Derivative 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

In 2009, the Group initiated the legal restructuring of its consolidated entities in the United Kingdom, primarily involving partial asset transfers from the main Steria group operating entity prior to the acquisition of Xansa, to the main entity following the takeover of the Xansa Group and the liquidation of dormant companies of the former Xansa Group. It also sold four of its dormant US subsidiaries.

In France, the Group merged Imelios with Steria SA.

In 2008, in France, the Group sold Sysinter and purchased the remaining 35% of Imelios shares held by minority shareholders.

## N2.2 Scope of consolidation as at 31 December 2009

| | *Location* | Consolidation method as at 31/12/09 | % interest as at 31/12/09 | % control as at 31/12/09 | Consolidation method as at 31/12/08 | % interest as at 31/12/08 | % control as at 31/12/08 |
|---|---|---|---|---|---|---|---|
| **PARENT COMPANY** | | | | | | | |
| Groupe Steria SCA | *France* | | | | | | |
| **Operating segment France** | | | | | | | |
| Steria | *France* | FC | 100 | 100 | FC | 100 | 100 |
| Diamis | *France* | EA | 40 | 40 | EA | 40 | 40 |
| Imelios | *France* | - | - | - | FC | 100 | 100 |
| Intest | *France* | EA | 43.99 | 43.99 | EA | 43.99 | 43.99 |
| Sternet | *France* | FC | 100 | 100 | FC | 100 | 100 |
| Stepar | *France* | FC | 100 | 100 | FC | 100 | 100 |
| U-Services | *France* | FC | 100 | 100 | FC | 100 | 100 |
| Steria Asia | *Singapore* | FC | 100 | 100 | FC | 100 | 100 |
| Steria Medshore SAS | *Morocco* | EA | 50 | 50 | EA | 50 | 50 |
| Xansa SAS | *France* | FC | 100 | 100 | FC | 100 | 100 |

FC: Full Consolidation
EA: Equity Associate

| | Location | Consolidation method as at 31/12/09 | % interest as at 31/12/09 | % control as at 31/12/09 | Consolidation method as at 31/12/08 | % interest as at 31/12/08 | % control as at 31/12/08 |
|---|---|---|---|---|---|---|---|
| **Operating segment United Kingdom** | | | | | | | |
| Steria Holding Limited | *United Kingdom* | FC | 100 | 100 | FC | 100 | 100 |
| Steria Limited | *United Kingdom* | FC | 100 | 100 | FC | 100 | 100 |
| Steria Services Limited | *United Kingdom* | FC | 100 | 100 | FC | 100 | 100 |
| Caboodle | *United Kingdom* | FC | 100 | 100 | FC | 51 | 51 |
| ASL Information Services Limited | *United Kingdom* | FC | 100 | 100 | FC | 100 | 100 |
| Druid Group Limited | *United Kingdom* | FC | 100 | 100 | FC | 100 | 100 |
| OSI group Holdings Limited | *United Kingdom* | FC | 100 | 100 | FC | 100 | 100 |
| Xansa Employee Trustee company Limited | *United Kingdom* | FC | 100 | 100 | FC | 100 | 100 |
| Xansa Trustee Company limited | *United Kingdom* | FC | 100 | 100 | FC | 100 | 100 |
| FI Group Limited | *United Kingdom* | FC | 100 | 100 | FC | 100 | 100 |
| Druid Quest Limited | *United Kingdom* | FC | 100 | 100 | FC | 100 | 100 |
| OSI Group Limited | *United Kingdom* | FC | 100 | 100 | FC | 100 | 100 |
| Barclays Xansa Partnership Limited | *United Kingdom* | FC | 100 | 100 | FC | 100 | 100 |
| NHS Shared Employee Services Limited | *United Kingdom* | FC | 51 | 51 | FC | 51 | 51 |
| NHS Shared benefit Services Limited | *United Kingdom* | EA | 50 | 50 | EA | 50 | 50 |
| Steria Holding Corporate UK | *United Kingdom* | FC | 100 | 100 | FC | 100 | 100 |
| Mummert Partner UK Limited | *United Kingdom* | FC | 100 | 100 | FC | 100 | 100 |
| Zansa Limited | *United Kingdom* | FC | 100 | 100 | FC | 100 | 100 |
| Xansa Cyprus (n 1).Limited | *Cyprus* | FC | 100 | 100 | FC | 100 | 100 |
| Xansa Cyprus (n 2).Limited | *Cyprus* | FC | 100 | 100 | FC | 100 | 100 |
| Steria India Limited | *India* | FC | 100 | 100 | FC | 100 | 100 |
| Xansa Pte Ltd | *Singapore* | FC | 100 | 100 | FC | 100 | 100 |
| Xansa Holdings Inc. | *USA* | FC | 100 | 100 | FC | 100 | 100 |
| Xansa NA Inc. | *USA* | - | - | - | FC | 100 | 100 |
| Xansa Inc. | *USA* | - | - | - | FC | 100 | 100 |
| Xansa NA Government Services Inc. | *USA* | - | - | - | FC | 100 | 100 |
| Xansa Systems Inc. | *USA* | - | - | - | FC | 99.3 | 99.3 |
| Xansa U.S Inc. | *USA* | FC | 100 | 100 | FC | 100 | 100 |
| **Operating segment Germany** | | | | | | | |
| Steria Mummert Consulting GmbH Vienna | *Austria* | FC | 100 | 100 | FC | 100 | 100 |
| Steria Mummert ISS GmbH | *Germany* | FC | 100 | 100 | FC | 100 | 100 |
| Steria Mummert Consulting.AG | *Germany* | FC | 100 | 100 | FC | 100 | 100 |
| **Operating segment rest of Europe** | | | | | | | |
| Steria Benelux | *Belgium* | FC | 100 | 100 | FC | 100 | 100 |
| Steria Luxembourg | *Luxembourg* | FC | 100 | 100 | FC | 100 | 100 |
| Steria A/S | *Denmark* | FC | 100 | 100 | FC | 100 | 100 |
| Steria Iberica | *Spain* | FC | 100 | 100 | FC | 100 | 100 |
| Steria A/S | *Norway* | FC | 100 | 100 | FC | 100 | 100 |
| Steria Poland | *Poland* | FC | 100 | 100 | FC | 100 | 100 |
| Steria A.B | *Sweden* | FC | 100 | 100 | FC | 100 | 100 |
| Iocore | *Sweden* | FC | 100 | 100 | FC | 100 | 100 |
| Steria Schweiz Ag | *Switzerland* | FC | 100 | 100 | FC | 100 | 100 |

FC: Full Consolidation
EA: Equity Associate

## NOTE 3: SEGMENT INFORMATION

As required by IFRS 8, *Operating Segments*, the information presented reflects the internal performance reporting used by management to assess the various segments. Segment reporting is based on operating margin.

Groupe Steria SCA is managed on the basis of eight geographical operating segments. Three are major individual countries: France, the UK and Germany. The other segments comprising Spain, Scandinavia (Norway, Sweden and Denmark), Benelux (Belgium and Luxembourg), Switzerland and Poland have been grouped together in a joint geographical area denominated “Rest of Europe” for the purposes of IFRS 8 presentation. Group companies operate mostly in the countries in which they are located, except for Africa and Asia where operations are undertaken by Steria SA, and Austria where operations are undertaken by Steria Mummert Consulting AG. But as these operations are not yet material, they have been retained in the countries from which they are managed.

India is grouped with the UK given that its activity consists primarily in the provision of industrialised offshore services mainly for customers under the operational management of the UK operating segment.

Each segment conducts its activity in two businesses:

- Managed Services which involves managing all or part of the information technology infrastructure of companies or their business processes (Business Process Outsourcing);
- Systems Integration (SI) which involves designing, developing and implementing projects for integration of systems and development of applications. SI includes Third-party Applications Maintenance, Consulting and any related equipment sales.

The columns of the table below show the quantified information representing each operating segment. The operating segments identified are distinct Group components that earn revenues and incur expenses, whose operating results are regularly reviewed by management and for which separate financial information is available.

The “Reconciling items” column comprises intercompany eliminations and shared Group expenses. It enables segment information to be reconciled with the Group’s consolidated financial statements.

**2009**

| (in thousands of euros) | France | UK | Germany | Rest of Europe | Reconciling items | | Group total |
|---|---|---|---|---|---|---|---|
| | | | | | *Elimina-tions* | *Group expenses* | |
| **Third party revenue** | **507,335** | **638,683** | **236,053** | **247,907** | | | **1,629,977** |
| *% total revenue* | *31.1%* | *39.2%* | *14.5%* | *15.2%* | | | *100.00%* |
| Inter-segment sales | 1,633 | 4,854 | 3,046 | 8,695 | (18,229) | | **0** |
| Total revenue | 508,968 | 643,537 | 239,100 | 256,602 | (18,229) | | **1,629,977** |
| **Operating margin** (1) | 27,466 | 60,201 | 14,537 | 11,224 | | 964 | **114,391** |
| *% of revenue* | *5.41%* | *9.43%* | *6.16%* | *4.53%* | | | *7.02%* |
| Group expenses | 5,087 | 7,168 | 2,144 | 2,376 | | (16,775) | 0 |
| **Operating margin** (1) (2) | **32,553** | **67,370** | **16,681** | **13,600** | | **(15,812)** | **114,391** |
| *% of revenue* | *6.42%* | *10.55%* | *7.07%* | *5.49%* | | *(0.97%)* | *7.02%* |
| **Operating profit/(loss)** | **18,553** | **69,561** | **14,427** | **(6,520)** | | **(3,993)** | **92,029** |
| Cost of net borrowings | | | | | | | (14,016) |
| Other financial income and expenses | | | | | | | (6,516) |
| Income tax expenses | | | | | | | (23,565) |
| Share of profit/(loss) of associates | | | | | | | 775 |
| Net profit/(loss) from operations held for sale | | | | | | | - |
| **Net profit** | | | | | | | **48,707** |
| **Attributable to equity holders of the parent** | | | | | | | **48,189** |
| **Employees:** | | | | | | | |
| Average employees | 5,774 | 9,246 | 1,665 | 2,159 | | 72 | 18,916 |
| *Of which in India* | | *5,574* | | | | | *5,574* |
| Employees at the end of the year | 5,679 | 8,809 | 1,659 | 2,166 | | 80 | 18,393 |
| *Of which in India* | | *5,289* | | | | | *5,289* |

(1) After amortisation of customer relationships in the amount of €(4,550) thousand recognised on acquisition of Xansa in 2009.

(2) Before Group expenses

## 2008

| (in thousands of euros) | France | UK | Germany | Rest of Europe | Reconciling items | | Group total |
|---|---|---|---|---|---|---|---|
| | | | | | *Eliminations* | *Group expenses* | |
| **Third party revenue** | **535,796** | **740,547** | **241,654** | **247,681** | | | **1,765,678** |
| *% total revenue* | *30.3%* | *41.9%* | *13.7%* | *14.0%* | | | *100.0%* |
| Inter-segment sales | 1,912 | 5,693 | 4,043 | 6,550 | (18,198) | | |
| Total revenue | 537,708 | 746,240 | 245,697 | 254,231 | (18,198) | | **1,765,678** |
| **Operating margin** (1) | 29,601 | 71,564 | 20,315 | 10,545 | | (1,621) | **130,404** |
| *% of revenue* | *5.52%* | *9.66%* | *8.41%* | *4.26%* | | | *7,39%* |
| Group expenses | 5,136 | 7,462 | 2,119 | 2,113 | | (16,830) | |
| **Operating margin** (1) (2) | **34,737** | **79,026** | **22,434** | **12,658** | | **(18,451)** | **130,404** |
| *% of revenue* | *6.48%* | *10.67%* | *9.28%* | *5.11%* | | *(1.04%)* | *7.39%* |
| **Operating profit** | **30,765** | **57,068** | **20,285** | **9,345** | | **(7,457)** | **110,006** |
| Cost of net borrowings | | | | | | | (20,092) |
| Other financial income and expenses | | | | | | | (4,365) |
| Income tax expenses | | | | | | | (33,140) |
| Share of profit/(loss) of associates | | | | | | | (2,057) |
| Net profit/(loss) from operations held for sale | | | | | | | 771 |
| **Net profit** | | | | | | | **51,123** |
| **Attributable to equity holders of the parent** | | | | | | | **51,601** |
| **Employees:** | | | | | | | |
| Average employees | 5,950 | 9,060 | 1,669 | 2,034 | | 62 | 18,775 |
| *Of which in India* | | *5,246* | | | | | *5,246* |
| Employees at the end of the year | 5,976 | 9,315 | 1,664 | 2,127 | | 59 | 19,141 |
| *Of which in India* | | *5,671* | | | | | *5,671* |

(1) After amortisation of customer relationships in the amount of €(5,090) thousand recognised on acquisition of Xansa in 2008.

(2) Before Group expenses

For each business, third party revenue may be broken down as follows:

| (in thousands of euros) | 31/12/09 | 31/12/08 |
|---|---|---|
| SI Revenue | 1,043,372 | 1,084,288 |
| Managed services revenue | 586,605 | 681,390 |
| **Consolidated revenue** | **1,629,977** | **1,765,678** |

No single customer represents more than 5.9% of the Group's revenue.

## NOTE 4: EXPLANATIONS ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

### N4.1 Goodwill

| (in thousands of euros) | Goodwill 31/12/08 | Impairment | Exchange differences | Other items | Goodwill 31/12/09 |
|---|---|---|---|---|---|
| UK | 526,752 | | 38,197 | 248 | 565,196 |
| France | 10,336 | | | | 10,337 |
| Germany | 88,274 | | | | 88,273 |
| Norway | 17,868 | | 3,122 | | 20,990 |
| Sweden | 7,032 | | 424 | | 7,456 |
| Denmark | 2,202 | | 3 | | 2,206 |
| Spain | 7,598 | (7,598) | | | - |
| Benelux | 5,581 | | | | 5,581 |
| Switzerland | 6,372 | | 6 | | 6,378 |
| **Total Goodwill** | **672,015** | **(7,598)** | **41,752** | **248** | **706,417** |

| (in thousands of euros) | Goodwill 31/12/07 restated | Impairment | Exchange differences | Other items | Goodwill 31/12/08 |
|---|---|---|---|---|---|
| UK | 684,162 | | (157,410) | | 526,752 |
| France | 10,336 | | | | 10,336 |
| Germany | 88,273 | | | 1 | 88,274 |
| Norway | 21,892 | | (4,024) | | 17,868 |
| Sweden | 8,096 | | (1,064) | | 7,032 |
| Denmark | 2,200 | | 2 | | 2,202 |
| Spain | 8,598 | (1,000) | | | 7,598 |
| Benelux | 5,581 | | | | 5,581 |
| Switzerland | 5,719 | | 653 | | 6,372 |
| **Total Goodwill** | **834,857** | **(1,000)** | **(161,843)** | **1** | **672,015** |

The Group performs impairment tests once annually and more frequently when key indicators suggest a loss in value. These tests did not lead to the recognition of any impairment losses, except for the Spanish subsidiary.

The Group decided to fully impair the goodwill of its Spanish subsidiary and recorded a non-recurring expense of €7,598 thousand, in addition to the €1,000 thousand impairment loss already recorded as at 31 December 2008.

Furthermore, sensitivity tests regarding changes in key assumptions (discount or perpetual growth rate) were performed for all cash-generating units. An increase of one point in the discount rate or a decrease of one point in the perpetual growth rate would not generate any additional charge. An increase of 0.5 points in the discount rate and, concomitantly, a decrease of 0.5 points in the perpetual growth rate would not generate any new impairment.

The impairment tests carried out demonstrate that an increase of 1.0 point in the discount rate would make the recoverable amount of Sweden assets equal to their carrying amount. An increase of 1.3 points in the discount rate would make the recoverable amount of UK assets equal to their carrying amount.

For other CGUs, considering their value in use, management believes that there is no reasonably possible change in a key assumption (discount or perpetual growth rate) that could make the carrying amount of the CGU exceed its recoverable amount.

## N4.2 Other intangible assets

| (in thousands of euros) | Total | Development costs | Concessions, patents, licences, hardware software | Other intangible assets |
|---|---|---|---|---|
| **Gross value as at 31/12/08** | **111,250** | **8,130** | **52,642** | **50,478** |
| Purchases | 13,070 | 3,160 | 6,072 | 3,838 |
| Disposals – scrapping | (1,204) | (110) | (1,094) | |
| Other movements | 5,588 | | 2,193 | 3,395 |
| **Gross value as at 31/12/09** | **128,704** | **11,180** | **59,813** | **57,711** |
| **Amortisation as at 31/12/08** | **49,200** | **1,293** | **42,093** | **5,814** |
| Charges | 11,969 | 2,161 | 5,058 | 4,750 |
| Reversals – removals | (1,016) | | (1,016) | |
| Other movements | 2,250 | (110) | 1,972 | 388 |
| **Amortisation as at 31/12/09** | **62,403** | **3,344** | **48,107** | **10,952** |
| **Net value as at 31/12/08** | **62,050** | **6,837** | **10,549** | **44,664** |
| **Net value as at 31/12/09** | **66,301** | **7,836** | **11,706** | **46,759** |

Intangible assets have finite useful lives.

The net impact of exchange differences on intangible assets is included in “Other movements” in the amount of €3,228 thousand.

The increase in development costs mainly reflects customer solutions development in Germany.

Other intangible assets mainly comprise customer relations recognised following the acquisition of Xansa in the gross amount of €50,220 thousand. They are amortised over a period of eleven years.

## 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 | Other items of PPE (1) |
|---|---|---|---|---|---|
| **Gross value as at 31/12/08** | **231,587** | **15,572** | **39,734** | **58,530** | **117,751** |
| Purchases | 11,627 | 168 | 376 | 1,373 | 9,710 |
| Disposals – scrapping | (10,353) | (1,341) | | (3,870) | (5,142) |
| Other movements | 6,693 | (2,845) | (10) | 1,366 | 8,182 |
| **Gross value as at 31/12/09** | **239,554** | **11,554** | **40,100** | **57,399** | **130,501** |
| **Amortisation as at 31/12/08** | **146,134** | **11,344** | **7,549** | **38,875** | **88,366** |
| Charges | 23,637 | 968 | 703 | 5,298 | 16,668 |
| Reversals | (9,450) | (1,319) | | (3,390) | (4,741) |
| Other movements | 5,229 | (2,109) | 44 | 1,161 | 6,133 |
| **Amortisation as at 31/12/09** | **165,550** | **8,884** | **8,296** | **41,944** | **106,426** |
| **Carrying amount as at 31/12/08** | **85,453** | **4,228** | **32,185** | **19,655** | **29,385** |
| **Carrying amount as at 31/12/09** | **74,004** | **2,670** | **31,804** | **15,455** | **24,075** |

(1) Other items of PP&E include office and computer equipment, furniture, vehicles and other items

The net impact of exchange differences on property, plant and equipment is included in “Other movements” in the amount of €1,805 thousand and represents the main change for the period with acquisitions, scrapping and depreciation charges.

No items of PP&E were under construction as at 31 December 2009.

## N4.4 Investments in associates

| (in thousands of euros) | Restated amounts 31/12/08 | Change in Group structure | Net profit/(loss) for the period | Exchange differences | Distribution | Value of shares as at 31/12/09 |
|---|---|---|---|---|---|---|
| Diamis | 1,496 | | (29) | | (74) | 1,393 |
| Intest | 196 | | 8 | | | 204 |
| Steria Medshore | (70) | | (400) | (5) | | (475) |
| NHS Shared Business Services Ltd | 3,600 | | 1,194 | 265 | | 5,059 |
| **Total equity associates** | **5,222** | | **773** | **260** | **(74)** | **6,181** |

The joint venture, NHS Share Business Services (NHS SBS), was formed with the UK Health Ministry on 1 April 2005. It provides accounting and financial services to certain UK public health bodies.

The Group recognised an investment in NHS SBS equal to the fair value measurement of future services to be provided free of charge. As at 31 December 2009, free services in the amount of €126 thousand remained to be provided.

The equity value of NHS SBS is equal to the Group's share in the net assets of NHS SBS in the amount of €(7,722) thousand and the goodwill recognised on the creation of the joint venture of €12,781 thousand.

## N4.5 Available-for-sale financial 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 | Travelsoft | Other shares |
|---|---|---|---|
| **Gross value as at 31/12/08** | **2,266** | **1,781** | **485** |
| Additions | | | |
| Decreases | (402) | | (402) |
| **Gross value as at 31/12/09** | **1,864** | **1,781** | **83** |
| **Impairment of shares as at 31/12/08** | **63** | | **63** |
| Additions | | | |
| Decreases | (8) | | (8) |
| **Impairment of shares as at 31/12/09** | **55** | | **55** |
| **Carrying amount as at 31/12/08** | **2,203** | **1,781** | **422** |
| **Carrying amount as at 31/12/09** | **1,809** | **1,781** | **28** |

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

## N4.6 Other financial assets

| (in thousands of euro) | Total | Other loans to equity investments | Loans | Deposits, guarantees and other financial assets | Derivative financial instruments – foreign exchange (1) | Derivative financial instruments – interest rates (1) |
|---|---|---|---|---|---|---|
| **Gross value as at 31/12/08** | **12,466** | **3** | **1,356** | **4,625** | **5,031** | **1,451** |
| Change in Group structure | | | | | | |
| Additions | 1,433 | 29 | 1 | 93 | 1,197 | 113 |
| Decreases | (5,679) | | (1,078) | (3,684) | 111 | (1,028) |
| Other movements | (4,243) | 332 | 84 | (445) | (3,678) | (536) |
| **Gross value as at 31/12/09** | **3,977** | **364** | **363** | **589** | **2,661** | **0** |
| **Impairment as at 31/12/08** | | | | | | |
| Decreases | | | | | | |
| **Impairment as at 31/12/09** | | | | | | |
| **Carrying amount as at 31/12/08** | **12,466** | **3** | **1,356** | **4,625** | **5,031** | **1,451** |
| **Carrying amount as at 31/12/09** | **3,977** | **364** | **363** | **589** | **2,661** | **0** |

(1) See Note 4.16

The net impact of exchange differences on other financial assets is included in “Other movements” in the amount of €434 thousand.

Deposits essentially comprise cash balances held by UK trusts included in the Group’s scope of consolidation. 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 €110 thousand as at 31 December 2009.

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

## N4.7 Income tax

- *Reconciliation of the total income tax charge recognised and the theoretical charge*

| (in thousands of euros) | 31/12/09 | 31/12/08 |
|---|---|---|
| Consolidated net profit | 48,707 | 51,123 |
| Income tax expense | 23,565 | 33,140 |
| **Net profit before tax** | **72,272** | **84,263** |
| | | |
| **Tax rate applicable in France** | **34.43%** | **34.43%** |
| | | |
| **Theoretical tax charge** | **24,883** | **29,012** |
| Impairment of goodwill | 2,616 | 344 |
| Effect of tax losses carried forward net of losses not recognised | 2,371 | 7,142 |
| Effect of permanent differences | (1,523) | (129) |
| Effect of profit/(loss) of associates | (267) | 709 |
| Effect of different tax rates | (3,414) | (3,626) |
| Other items | (1,101) | (312) |
| **Effective tax charge** | **23,565** | **33,140** |
| | | |
| **Effective tax rate** | **32.61%** | **39.33%** |

Other income in the amount of €1,101 thousand mainly corresponds to the impact arising from the cancellation of the 5% share of costs and expenses on distributions between tax consolidation group companies in France.

As at 31 December 2009, the items relating to “Effect of tax losses carried forward net of losses not recognised” mainly comprise unrecognised Spanish loss carryforwards. This decision was made as a matter of prudence given the economic environment in Spain and the limited carry-forward period. The impact on the tax charge amounts to €3,711 thousand.

With regard to the Contribution on Added Value payable under the Territorial Economic Contribution, the new tax introduced in France by the Finance Bill for 2010, the Group decided to qualify income tax in order to ensure consistency with the accounting treatment of similar taxes in other foreign countries. Hence, a deferred tax liability of €478 thousand was recognised as at 31 December 2009.

- *Breakdown between current and deferred taxes in the income statement*

| (in thousands of euros) | France 31/12/09 | International 31/12/09 | Total 31/12/09 | Total 31/12/08 |
|---|---|---|---|---|
| Current tax | (3,988) | (10,180) | (14,168) | (18,620) |
| Deferred tax | 6,001 | (15,398) | (9,397) | (14,520) |
| **Tax** | **2,013** | **(25,578)** | **(23,565)** | **(33,140)** |

- *Deferred taxes recognised as at 31 December 2009*

| (in thousands of euros) | 31/12/08 | Profit or loss impact | Impact on reserves | Translation and other mvts | 31/12/09 |
|---|---|---|---|---|---|
| Intangible assets | (15,181) | (395) | | (951) | (16,527) |
| Property, plant and equipment | 2,550 | 1,113 | | 2,443 | 6 106 |
| Property, plant and equipment finance lease | (5,381) | (307) | | | (5,688) |
| Non-current financial assets | 1,731 | (88) | | (2,005) | (362) |
| Inventories and work in progress | (3,539) | 376 | | 5 | (3,158) |
| Other current assets | 2,656 | 1,193 | 2,543 | (41) | 6,351 |
| Retirement benefit obligations | 5,323 | (12,020) | 10 | 61 | (6,626) |
| Provisions | 1,268 | 748 | | 85 | 2,101 |
| Other current liabilities | (3,165) | (1,814) | 41 | (175) | (5,113) |
| Tax loss carry-forwards | 14,754 | 1,791 | | 189 | 16,726 |
| **Total net deferred tax assets** | **1,017** | **(9,403)** | **2,594** | **(397)** | **(6,190)** |
| **Deferred tax assets recognised** | **15,310** | | | | **10,560** |
| **Deferred tax liabilities recognised** | **14,293** | | | | **16,750** |

Exchange differences had a total impact of €(391) thousand.

- *Deferred tax assets not recognised as at 31 December 2009*

Deferred tax assets not capitalised as at 31 December 2009 total €24,054 thousand:

On tax losses carried forward: €22,295 thousand
On other temporary differences: €1,759 thousand

| Breakdown of deferred tax assets not recognised by country (in thousands of euros) | Total as at 31/12/08 | Total as at 31/12/09 | Expiry date < 2 years | Expiry date > 2 years |
|---|---|---|---|---|
| Germany (2) | 856 | 859 | | 859 |
| Austria | 950 | 930 | | 930 |
| Denmark | 2,018 | 1,564 | | 1,564 |
| Spain | 5,792 | 9,503 | | 9,503 |
| France (2) | 3,113 | 3,119 | | 3,119 |
| UK | 799 | 773 | | 773 |
| Sweden | 3,660 | 4,511 | | 4,511 |
| Singapore (2) | 803 | 844 | | 844 |
| Other countries (1) (2) | 2,166 | 1,951 | | 1,951 |
| **Total unrecognised deferred tax assets** | **20,157** | **24,054** | | **24,054** |

(1) Canada, Cyprus, USA, Luxembourg

(2) Deferred tax assets mainly arising from the takeover of Xansa

## N4.8 Inventories and work-in-progress

(in thousands of euros)

| | |
|---|---|
| **Gross value as at 31/12/08** | **6,822** |
| Net change during the period | 3,013 |
| **Gross value as at 31/12/09** | **9,835** |
| | |
| **Impairment of inventories as at 31/12/08** | **621** |
| Net change during the period | 20 |
| **Impairment of inventories as at 31/12/09** | **641** |
| | |
| **Carrying amount as at 31/12/08** | **6,201** |
| **Carrying amount as at 31/12/09** | **9,194** |

The increase in inventories and work-in-progress is primarily due to the outstanding services relating to the start-up phase of major contracts in France in 2009.

## N4.9 Trade receivables and other debtors

Group policy is to verify the financial soundness of all clients and client balances are monitored on a constant basis. In addition, outstanding receivables are reviewed monthly by the Group's Finance 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) | 31/12/09 | 31/12/08 |
|---|---|---|
| Trade receivables - gross value | 283,598 | 283,204 |
| Impairment | (2,152) | (1,920) |
| **Trade receivables and related** | **281,445** | **281,284** |
| | | |
| **Amounts due from customers** | **192,025** | **190,434** |
| Customer deposits and advances | 638 | 672 |
| Receivables from employees and social security and tax authorities | 20,540 | 12,844 |
| Current accounts | 427 | |
| Debtors – gross value | 6,107 | 2,439 |
| Derivative financial instruments – interest rates (1) | 1,802 | 245 |
| Derivative financial instruments – foreign exchange (1) | 6,515 | 9,999 |
| Impairment | (13) | (13) |
| **Other current assets** | **36,016** | **26,186** |
| Current loans and guarantees | 2,963 | 2,838 |
| **Short–term portion of non-current** | **2,963** | **2,838** |
| | | |
| **Current tax assets** | **27,340** | **15,837** |
| | | |
| **Prepaid expenses** | **24,491** | **27,885** |
| | | |
| **Trade receivables and other debtors** | **564,281** | **544,464** |

(1) See Note 4.16

Trade receivables total €283,598 thousand as at 31 December 2009 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 |
|---|---|---|---|---|---|---|---|
| 2009 | 283,598 | 180,518 | 56,065 | 16,200 | 2,762 | 310 | 27,743 |
| 2008 | 283,204 | 224,672 | 33,641 | 7,441 | 3,642 | 2,079 | 11,729 |

Trade receivables not past due or impaired as at 31 December 2009 total €180,518 thousand and represent 63.7% of total trade receivables.

This balance plus trade receivables past due less than 30 days, totals €236,583 thousand and represents 83.4% of total trade receivables.

Trade receivables presenting objective evidence of irrecoverability, such as a probability of bankruptcy or serious financial difficulties, are impaired.

Impairment of trade receivables breaks down as follows:

| (in thousands of euros) | 2009 | 2008 |
|---|---|---|
| As at 1 January | (1,920) | (2,599) |
| Change in Group structure | | |
| Charges for the year | (364) | (552) |
| Reversals utilised (losses on irrecoverable receivables) | 894 | 1,116 |
| Reversals not utilised | | 115 |
| Reclassification | (735) | |
| Translation differences | (27) | |
| **As at 31 December** | **(2,152)** | **(1,920)** |

## N4.10Equity instruments

On 12 November 2007, and in order to finance the acquisition of Xansa, the Group issued 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 €150,300 thousand after deduction of the issue costs.

These bonds were classified as equity instruments in accordance with IFRS. Indeed, in accordance with the contractual terms of these bonds presented in the AMF prospectus no. 07-394 dated 12 November

2007, the Group has no contractual obligation to make payments to the bondholders since all decisions as to payment are at its discretion.

1. The payment of coupons may suspended by the Group whenever no dividend distribution or interim dividend payment has been decided since the last interest payment date. Deferred interest is cumulative and also bears interest, but its payment remains at the Group's discretion for so long as no distribution of dividend has been decided.
2. Other than any early redemption provided for at the option of the Group, the only instances of mandatory redemption of the bonds are in the event of liquidation or the expiry of the Company's corporate term as provided for by its articles of association. These two situations do not disqualify the bonds from classification as equity instruments under IFRS.
3. Finally, the bondholders' option to convert their bonds into ordinary shares does not disqualify the bonds from classification as equity instruments inasmuch as the conversion parity is a fixed one.

Subject to any decision by the Group to suspend payment, the bonds bear interest at the annual rate of 5.70% until 1 January 2013 and at three month Euribor plus 800 basis points thereafter. These rates would be increased by 500 basis points in the event of a change of control of the company. In accordance with their classification as equity instruments, the interest paid on the bonds is treated as a dividend payment and has no impact on the income statement. The payment made on 31 December 2009 amounted, after tax, to €5,698 thousand (€5,698 thousand on 31 December 2008).

## N4.11Net indebtedness and liquidity and counterparty risk management

Net cash and cash equivalents per the cash flow statement:

| (in thousands of euros) | 31/12/09 | 31/12/08 |
|---|---|---|
| Other marketable securities | 108,189 | 86,241 |
| Cash at bank and on hand | 41,670 | 54,897 |
| **Cash and cash equivalents** | **149,859** | **141,138** |
| Current bank facilities | (4,304) | (5,053) |
| Accrued interest payable on bank overdrafts | (242) | (149) |
| **Net cash and cash equivalents per the balance sheet** | **145,312** | **135,937** |
| Deposits and cash balances of discontinued operations | - | - |
| **Net cash and cash equivalents per the cash flow statement** | **145,312** | **135,937** |

Other marketable securities comprise short-term money market investments, other short-term deposits and the funds advanced for use under the liquidity contract. They are subject to a negligible risk of changes in value.

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

| (in thousands of euros) | 31/12/08 | Change in Group structure | Net change during the period | 31/12/09 |
|---|---|---|---|---|
| Bank borrowings | 324,486 | | (54,548) | 269,938 |
| Borrowings – property-related finance leases | 1,273 | | (1,273) | 0 |
| Borrowings – other finance leases | - | | | |
| Employee profit-sharing | | | | |
| Other borrowings | 78 | | (15) | 63 |
| **Total long-term borrowings (a)** | **325,837** | | **(55,836)** | **270,001** |
| Current bank facilities | 5,053 | | (749) | 4,304 |
| Bank borrowings | 42,765 | | 17,672 | 60,437 |
| Other related liabilities | 164 | | 52 | 216 |
| Borrowings in respect of property and other finance leases | 2,452 | | (785) | 1,667 |
| Employee profit-sharing | 0 | | | |
| Accrued interest payable on bank overdrafts | 149 | | 93 | 242 |
| **Total short-term borrowings (b)** | **50,583** | | **16,283** | **66,866** |
| Total borrowings (c) = (a) + (b) | 376,420 | | (39,553) | 336,867 |
| Total cash and cash equivalents (d) | 141,138 | | 8,721 | 149,859 |
| **Net indebtedness (e) = (c) – (d)** | **235,282** | | **(48,274)** | **187,008** |

Bond issue costs to be amortised totalled €3,974 thousand as at 31 December 2009.

- Liquidity risk management:

The Group's general policy is aimed at securing and optimizing liquidity. External financing decisions are centralised at Group level under the responsibility of the Finance Department. The cash position and undrawn lines of credit are reviewed once a month with the Group Finance Director, and with the members of the Audit Committee at each of its meetings.

The Company concluded a multi-currency credit agreement with a first-rate bank on 29 July 2007, for a total of about €1 billion, with a five-year term. This multicurrency loan was syndicated at the end of 2007 with a pool of twelve leading banks. The change in borrowings is primarily due to the draw-down of this multi-currency syndicated loan.

At 31 December 2009, the Group had lines of credit totalling €580.8 million, 59% of which were utilised. They break down as follows:

| | Amount authorised at 31 December 2009 | | Utilisation at 31 December 2009 | | Utilisation rate at 31 December 2009 | Maturity | Rate at 31 December 2009 |
|---|---|---|---|---|---|---|---|
| | in M€ | in M£ | in M€ | in M£ | | | |
| **Syndicated loan** | | | | | | | |
| Facility A1 A | 212.2 | | 212.2 | | 100% | Repayable in instalments: 2012 | 1.12% |
| Facility A1 B | | 35.7 | | 35.7 | 100% | Repayable in instalments: 2012 | 1.17% |
| Facility A2 | | 41.9 | | 41.9 | 100% | Repayable in instalments: 2012 | 1.17% |
| Facility C | 31.0 | | 31.0 | | 100% | Repayable on maturity: 2012 | 1.12% |
| Revolving credit | 200.0 | | 0.0 | | 0% | Repayable on maturity: 2012 | N/A |
| **Other** | 1.7 | 3.4 | 1.7 | 3.4 | 100% | Repayable in instalments: 2012 | 0.92% |
| **Overdraft** | 44.8 | | 4.3 | | 10% | N/A | 0.92% |
| **Total per currency** | 489.7 | 80.9 | 249.2 | 80.9 | | | |
| **Equivalent total in €** | **580.8** | | **340.3** | | **59%** | | **1.13%** |

The interest rates on the syndicated loan are equal to the interbank rate for the currency concerned at the time of the drawdown, plus a margin specified for a period of six months according to the leverage ratio.

The bank terms and conditions to which the syndicated loan is subject notably include a commitment to comply with certain bank covenants.

The Company must comply with two financial ratios calculated every six months based on the published consolidated financial statements, on a 12-month rolling basis: the first, the leverage ratio, is equal to net debt/EBITDA and the second, the interest coverage ratio, is equal to operating margin before amortisation of customer relationships/net financial debt cost.

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

| | |
|---|---|
| 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 before amortisation of customer relationships plus charges to depreciation and amortisation and current provisions.

As at 31 December 2009, the net debt to EBITDA ratio requirement is satisfied, amounting to 1.16 compared with the applicable covenant of 2.25.

It is calculated as follows:

| | 31/12/09 | 31/12/08 |
|---|---|---|
| **Net debt (including retirement benefit obligations) in millions of euros** | | |
| Short-term borrowings (< 1 year) | 66.9 | 50.6 |
| Long-term borrowings (> 1 year) | 270.0 | 325.8 |
| Cash and cash equivalents | (149.9) | (141.1) |
| Retirement benefit obligations provided | (8.5) | 36.5 |
| DTA on retirement benefit obligations | 6.6 | (5.3) |
| **Total net debt** | **185.1** | **266.4** |
| **EBITDA in millions of euro** | | |
| **Total EBITDA** | **159.6** | **172.5** |
| **Net debt/EBITDA ratio** | **1.16** | **1.54** |

The second financial ratio, the interest coverage ratio, is equal to the consolidated operating margin before amortisation of customer relationships/net financial debt cost. This ratio must not fall below the following amounts at each calculation date:

| | |
|---|---|
| June 2008 | 3.75 |
| December 2008 | 3.75 |
| June 2009 to December 2012 | 5.00 |

The consolidated operating margin defined by the covenants is calculated before amortisation of customer relationships and on a 12-month rolling basis.

The net financial debt cost is equally calculated on a 12-month rolling basis.

As at 31 December 2009, the ratio requirement is satisfied, amounting to 8.49 compared with the applicable covenant of 5.00. It is calculated as follows:

| | 31/12/09 | 31/12/08 |
|---|---|---|
| **Operating margin before amortisation of customer relationships in millions of euros** | | |
| **Total operating margin before amortisation of customer relationships** | **118.9** | **135.5** |
| **Net financial debt cost in millions of euros** | | |
| **Total net financial debt cost** | **14.0** | **20.1** |
| **Operating margin before amortisation of customer relationships/net financial debt cost ratio** | **8.49** | **6.74** |

In addition to compliance with the financial commitments described above, the credit agreement also includes a certain number of:

- standard obligations which are typical for this type of financing;
- engagements such as the restriction of the Group's ability to carry out restructuring, acquisitions, joint ventures, creation of guarantees, additional indebtedness etc.
- cases of default, such as non-payment, inaccurate declaration, cross default, bankruptcy, occurrence of an event that has a considerable unfavourable effect ,etc.

In addition, the credit agreement provides for a certain number of cases of total or partial early repayment of the loan, according to the circumstances, or of renegotiation with the banks:

- total early repayment in the event of change of control of the Company as specified, or of the sale of all or substantially all of the assets of the Company;
- repayment of the proceeds from the sale of assets (above a threshold);
- repayment up to the amount of any new loan subscribed to by the Company (above a threshold).
- renegotiation of the financing terms in the event of disruption of the financial markets, i.e. *Market disruption clause*. This clause only applies if a minimum number of banks are exceptionally unable to obtain refinancing on the financial market at the time the drawdown is requested, in view of changes in the rates. The purpose of this clause is to find a substitution rate.

As at 31 December 2009, the schedule for repayment of the Group's gross debt was as follows:

| (in millions of euros) | 2010 | 2011 | 2012 | More than 5 years | Total |
|---|---|---|---|---|---|
| Fixed-rate debt | - | - | - | - | - |
| Floating-rate debt | 65.8 | 67.1 | 204.0 | 0 | 336.9 |
| Total | 65.8 | 67.1 | 204.0 | 0 | 336.9 |

A breakdown of the Group's gross indebtedness at 31 December 2009, by type of debt and currency, is shown below:

| (in millions of euros) | Currency of origin | | | |
|---|---|---|---|---|
| | EUR | GBP | Other | Total |
| Loans with credit institutions | 202.1 | 71.8 | | **273.9** |
| Loans with credit institutions - short term | 41.1 | 19.3 | | **60.4** |
| Loans and interest linked to finance leases | 1.5 | 0.2 | | **1.7** |
| Bank loans (cash liabilities) | 4.2 | | 0.1 | **4.3** |
| Other | (3.4) | | | **(3.4)** |
| **Gross debt** | **245.4** | **91.3** | **0.1** | **336.9** |

The Group's portfolio of market securities as at 31 December 2009 breaks down as follows:

| (in millions of euros) | Short-term investments | Liquidity agreement cash advance | Total portfolio of marketable securities |
|---|---|---|---|
| Net asset value | 107.0 | 1.2 | 108.2 |
| Off-balance sheet | - | | - |
| **Net position** | **107.0** | **1.2** | **108.2** |

Short-term investments are subject to approval by the Group, and comply with the principles of prudence defined internally.

At constant exchange rates compared to 31 December 2009 and considering the short-term investments held at such date, a 50 base point decrease in floating rates would reduce annual financial income by €0.54 million.

- Counterparty risk management:

All foreign currency and interest rate hedges are carried out with leading banks belonging to the group banking pool, with which market transaction agreements have been signed.

Any financial investments are carried out either via short-term bank deposits with banks belonging to the banking pool, or via monetary instruments managed by leading financial institutions, which are themselves subsidiaries of banks belonging to the pool. These investments are subject to approval by the Group, and comply with the principles of prudence defined by the Group.

For example, each bank can only hold a certain percentage of a subsidiary's investments, unless it receives special authorisation from the central Treasury Department. Similarly, monetary investments must not include ABS (Asset-Backed Securities), and must be systematically approved by the central Accounts Department if their value exceeds a certain threshold.

The Group gives priority to short-term investments and systematically analyses the composition of the investment fund portfolios proposed by the banks.

Thanks to these various measures, the Group considers that it has introduced a mechanism that noticeably reduces its counterparty risk in the current economic context. The Group, nevertheless, remains subject to a residual risk which may affect its performance, under certain conditions.

## N4.12Retirement benefit obligations

Provisions for retirement benefit obligations cover the obligations of Groupe Steria towards its employees with respect to lump-sum retirement benefits in France (1.5% of the Group's total obligations) and defined benefit plans in the UK (94.5%), Germany (2%), Benelux (1%) and Norway (1%). As at 31 December 2009, they represent a net amount of €(8,532) thousand corresponding to an excess of prepaid expenses over accrued expenses.

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 2008: service cost, interest cost on the liability and the expected return on plan assets.

As most of the Group's retirement benefit obligations involve the United Kingdom, the changes in the obligations and assets in this country over the last five years are as follows:

| (in thousands of euros) | 31/12/09 | 31/12/08 | 31/12/07 restated | 31/12/06 | 31/12/05 |
|---|---|---|---|---|---|
| **Present value of the obligation at the beginning of the period** | **640,914** | **940,295** | **556,596** | **532,317** | **442,445** |
| Obligations resulting from a business combination | | | 426,874 | | |
| Exchange differences | 47,244 | (200,085) | (69,503) | 11,142 | 12,594 |
| Current service cost | 12,185 | 20,130 | 10,109 | 5,013 | 4,833 |
| Past service cost | | | 56 | | |
| Interest | 43,591 | 51,206 | 32,574 | 26,123 | 23,592 |
| Employee contributions | 249 | 696 | 237 | 3,219 | 2,689 |
| Actuarial (gains) and losses | 219,845 | (147,024) | 2,121 | (6,198) | 60,472 |
| Plan amendment | (17,367) | | | | |
| Benefits provided | (27,089) | (24,304) | (18,769) | (15,020) | (14,307) |
| **Present value of the obligation at the end of the period** | **919,573** | **640,914** | **940,295** | **556,596** | **532,317** |
| **Fair value of plan assets at the beginning of the period** | **613,935** | **881,743** | **492,064** | **441,602** | **366,927** |
| Assets acquired during a business combination | | | 416,800 | | |
| Exchange differences | 44,882 | (189,883) | (64,606) | 9,702 | 10,444 |
| Expected return | 37,573 | 52,055 | 34,601 | 29,022 | 22,285 |
| Actuarial gains and (losses) | 47,490 | (155,162) | (615) | 8,853 | 38,995 |
| Employer contributions | 51,157 | 48,790 | 22,031 | 14,686 | 14,569 |
| Employee contributions | 249 | 696 | 237 | 3,219 | 2,689 |
| Benefits provided | (27,089) | (24,304) | (18,769) | (15,020) | (14,307) |
| **Fair value of plan assets at the end of the period** | **768,196** | **613,935** | **881,743** | **492,064** | **441,602** |

For the last several years, UK defined benefit plans have no longer been open to new employees. On 17 December 2009, the Group signed, with British employee representatives and trade unions, an agreement terminating the vesting of rights under its defined benefit plans (plan curtailments). They will be replaced by defined contribution plans. This agreement comes into effect as from 1 April 2010. As from this date, defined benefit plans will only be maintained as part of public sector outsourcing projects.

The purpose of this plan amendment is to reduce, as at 31 December 2009, the Group's retirement obligations in the United Kingdom by GBP16,506 thousand. The related gain, i.e. €14,487 thousand (excluding the impact of unrecognised actuarial gains and losses), was recognised under "Other operating income" due to its non-recurring nature.

The adoption of IAS 19 gave rise to the recognition of an asset for each British defined benefit plan. Pursuant to IFRIC 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, which stipulates paragraph 58 of IAS 19, *Employee benefits*, the Group has an unconditional right to a refund in the form of a reduction in future contributions and therefore decided to fully recognise this asset. As at 31 December 2009, it amounted to €42,397 thousand.

Finally, considering the unfavourable changes in actuarial criteria in 2009 and the resulting actuarial gains and losses, the corridor limits, i.e. 10% of the amount of obligations or the market value of plan assets, were exceeded. This actuarial difference will be amortised over the average remaining working life of the employees (between 7.4 and 14 years), who are included in the plans as from 2010, and will represent an expense of GBP8,895 thousand in 2010. This expense also includes the amortisation of the actuarial gains and losses of the beneficiaries of the plan which was terminated in December 2009, on the grounds that the employee beneficiaries obtained greater benefits than those who left the company or retired. The Group will present this amortisation separately in 2010 in the income statement under "Other operating expenses" in order to compare it more directly with competitors who have chosen to recognise their actuarial gains and losses directly in equity.

The UK pension fund assets belong to four investment categories:

| (in thousands of euros) | 31/12/2009 | 31/12/08 |
|---|---|---|
| Shares | 342,265 | 298,254 |
| Bonds | 334,995 | 229,679 |
| Property | 24,893 | 32,547 |
| Other assets | 66,044 | 53,455 |
| **Total** | **768,196** | **613,935** |

A 0.5 point decrease in the discount rate would increase the benefit obligation by €85.2 million. A 10% reduction in the rate of return on plan assets would reduce their value by €33.8 million.

Movements in net liabilities arising from the main retirement benefit obligations during 2009 are presented in the following table :

| 2009 | Defined benefit pension funds – UK | Defined benefit pension funds – Germany | Lump-sum retirement benefits – France | Defined benefit pension funds – Norway | Defined benefit pension funds – Belgium |
|---|---|---|---|---|---|
| **Calculation assumptions for actuarial liabilities** | | | | | |
| Discount rate | 5.70% | 5.75% | 5.20% | 4.40% | 4.25% |
| Average return on assets | 6.06% | - | - | 5.60% | 4.75% |
| Inflation rate | 3.40% | - | 2% | 4% | 2.50% |
| Rate of salary increase | 4.15% | 2% / 0% | 2% | - | - |
| Retirement age | Variable | 60/63 years | 63 years | - | - |
| **Amounts recognised in the balance sheet** | | | | | |
| Present value of the obligation financed including the corridor | 919,573 | 20,850 | 13,312 | 11,087 | 10,609 |
| Fair value of plan assets | 768,196 | | | 8,672 | 8,313 |
| Difference | 151,377 | 20,850 | 13,312 | 2,415 | 2,296 |
| Unrecognised actuarial gains/(losses) | (193,607) | (3,390) | (326) | (264) | (646) |
| Unrecognised past service cost | | | (2,364) | | |
| **Net liabilities on the balance sheet (provision after charge for the year)** | **(42,230)** | **17,459** | **10,623** | **2,151** | **1,650** |
| Of which: | | | | | |
| *Assets* | *42,230* | - | - | | |
| *Liabilities* | | *17,459* | *10,623* | *2,151* | *1,650* |
| **Amounts recognised in the income statement** | | | | | |
| Current service cost | 12,185 | 33 | 1,027 | 413 | 381 |
| Interest cost on obligation | 43,591 | 1,256 | 673 | 435 | 627 |
| Expected return on plan assets | (37,573) | | | (536) | (409) |
| Net actuarial (gains) losses recognised for the period | (212) | 104 | (10) | 22 | |
| Past service cost | 1,157 | | 220 | | |
| Gains arising from the plan amendment | (14,487) | | | | 105 |
| Total expense | 4,662 | 1,393 | 1,911 | 334 | 705 |
| **Movements in liabilities** | | | | | |
| **Net liability at the beginning of the period (with corridor)** | **4,122** | **16,931** | **9,342** | **1,841** | **2,385** |
| Net expense recognised in the income statement | 4,662 | 1,393 | 1,911 | 334 | 705 |
| Contributions | (51,157) | (865) | (630) | (346) | (1,440) |
| Foreign exchange differences | 145 | | | 321 | |
| Liabilities assumed as part of business combinations | | | | | |
| Changes in method | | | | | |
| **Net liability at the end of the period** | **(42,230)** | **17,459** | **10,623** | **2,151** | **1,650** |
| *Of which:* | | | | | |
| *Assets* | *42,230* | - | - | | |
| *Liabilities* | | *17,459* | *10,623* | *2,151* | *1,650* |

Short or medium-term obligations with respect to early retirement obligations were also recognised in Germany and Belgium in the amount of €1,085 thousand and €730 thousand, respectively.

For comparison, movements in net liabilities arising from the main retirement benefit obligations during 2008 are presented in the following table

| 2008 | Defined benefit pension funds – UK | Defined benefit pension funds – Germany | Lump-sum retirement benefits – France | Defined benefit pension funds – Norway | Defined benefit pension funds – Belgium |
|---|---|---|---|---|---|
| **Calculation assumptions for actuarial liabilities** | | | | | |
| Discount rate | 6.40% | 5% | 6.30% | 4.50% | 6.00% |
| Average return on assets | 5.61% | - | - | 6.50% | 4.75% |
| Inflation rate | 2.60% | - | 2% | 4.25% | 2.50% |
| Rate of salary increase | 3.35% | N/A | 2% | - | - |
| Retirement age | Variable | 60/63 years | 63 years | - | - |
| **Amounts recognised in the balance sheet** | | | | | |
| Present value of the obligation financed including the corridor | 640,914 | 20,738 | 10,685 | 10,251 | 10,484 |
| Fair value of plan assets | 613,935 | | | 7,526 | 8,319 |
| Difference | 26,979 | 20,738 | 10,685 | 2,725 | 2,165 |
| Unrecognised actuarial gains/(losses) | (22,857) | (3,807) | 1,241 | (884) | 220 |
| Unrecognised past service cost | | | (2,584) | | |
| **Net liabilities on the balance sheet (provision after charge for the year)** | **4,122** | **16,931** | **9,342** | **1,841** | **2,385** |
| Of which: | | | | | |
| *Assets* | *3,440* | - | - | - | - |
| *Liabilities* | *7,562* | *16,931* | *9,342* | *1,841* | *2,385* |
| **Amounts recognised in the income statement** | | | | | |
| Current service cost | 20,130 | 25 | 1,070 | 333 | 397 |
| Interest cost on obligation | 51,206 | 1,069 | 588 | 399 | 595 |
| Expected return on plan assets | (52,055) | | | (443) | (423) |
| Net actuarial losses recognised for the period | | 216 | 6 | 15 | |
| Past service cost | | | 224 | | |
| Losses(gains) on curtailments and settlements for the period | | | | | (32) |
| Total expense | 19,281 | 1,310 | 1,888 | 304 | 537 |
| **Movements in liabilities** | | | | | |
| **Net liability at the beginning of the period (with corridor)** | **37,704** | **16,343** | **8,225** | **2,345** | **2,600** |
| Net expense recognised in the income statement | 19,281 | 1,310 | 1,888 | 304 | 537 |
| Contributions | (49,065) | (722) | (771) | (385) | (752) |
| Foreign exchange differences | (3,798) | | | (423) | |
| Liabilities assumed as part of business combinations | | | | | |
| Changes in method | | | | | |
| **Net liability at the end of the period** | **4,122** | **16,931** | **9,342** | **1,841** | **2,385** |
| *Of which:* | | | | | |
| *Assets* | *3,440* | - | - | - | - |
| *Liabilities* | *7,562* | *16,931* | *9,342* | *1,841* | *2,385* |

As at 31 December 2008, short or medium-term obligations with respect to early retirement obligations were also recognised in Germany and Belgium in the amount of €1,161 thousand and €675 thousand, respectively.

## N4.13Provisions for liabilities and charges

In 2009, provisions for liabilities and charges break down as follows:

| In thousands of euros | 31/12/08 | Charges | Reversals | Other movements | Exchange differences | 31/12/09 | *Non-current* | *Current* |
|---|---|---|---|---|---|---|---|---|
| Provisions for litigation | 3,206 | 8,344 | (1,312) | 98 | 69 | 10,405 | *1,589* | *8,816* |
| Provisions for losses on contracts | 2,987 | 953 | (1,760) | | 125 | 2,305 | | *2,305* |
| Other provisions for liabilities | 16,688 | 10,508 | (2,881) | (609) | 961 | 24,667 | *9,090* | *15,577* |
| Provisions for restructuring | 6,458 | 10,374 | (4,280) | 22 | 422 | 12,996 | *6,850* | *6,146* |
| Provisions for taxes | 3,565 | 566 | (1,385) | | | 2,746 | | *2,746* |
| **Total provisions for liabilities and charges** | **32,904** | **30,745** | **(11,618)** | **(489)** | **1,577** | **53,119** | ***17,529*** | ***35,590*** |

In 2008, the breakdown was as follows:

| In thousands of euros | 31/12/07 | Charges | Reversals | Other movements | Exchange differences | 31/12/08 | *Non-current* | *Current* |
|---|---|---|---|---|---|---|---|---|
| Provisions for litigation | 4,463 | 951 | (1,910) | | (298) | 3,206 | *1,221* | *1,985* |
| Provisions for losses on contracts | 7,532 | 1,336 | (4,147) | (843) | (891) | 2,987 | | *2,987* |
| Other provisions for liabilities | 15,351 | 7,589 | (2,634) | (1) | (3,617) | 16,688 | *8,290* | *8,398* |
| Provisions for restructuring | 8,219 | 3,178 | (5,578) | 2,269 | (1,630) | 6,458 | *4,177* | *2,281* |
| Provisions for taxes | 3,204 | 3,565 | (3,204) | | | 3,565 | | *3,565* |
| **Total provisions for liabilities and charges** | **38,769** | **16,619** | **(17,473)** | **1,425** | **(6,436)** | **32,904** | ***13,688*** | ***19,216*** |

Provisions for litigation primarily concern employee disputes in France and the United Kingdom and major contract disputes deemed as non-recurring.

The majority of provisions for losses to completion concern UK contracts and were primarily recorded by the former Xansa Group.

Other provisions for liabilities mainly concern trade receivable risks in France and the United Kingdom in the amount of €15,223 thousand and the cost of refurbishing UK premises in the amount of €8,569 thousand.

Provisions for restructuring mainly concern the cost of premises left vacant in the United Kingdom and France following the acquisition of the Xansa Group and infrastructure reorganisational measures.

In 2008 and 2009, the accounting books and records of Steria SA for financial years 2005, 2006 and 2007 were audited by the tax authorities. The main revised assessments notified were formally contested and discussions were entered into with the tax authorities. Following these discussions, certain assessments were waived. Hence, the initial provision for liabilities recorded at the end of 2008 (€3,565 thousand) was reduced to €2,232 thousand at the 2009 period-end and covers all the impacts of the 2005, 2006 and 2007 tax audits, which were not subject to collections at the 2009 period-end.

Finally, reversals of unused provisions for liabilities and charges totalled €1,734 thousand, including reversals of tax provisions of €1,333 thousand.

## N4.14Other non-current liabilities

| In thousands of euros | 31/12/08 | Net change during the period | 31/12/09 |
|---|---|---|---|
| Governments grants | 19 | | 19 |
| Other long-term liabilities | 6,843 | (2,320) | 4,523 |
| Derivative financial instruments – interest rate (1) | 11,014 | (11,014) | 0 |
| Derivative financial instruments – foreign exchange (1) | | 900 | 900 |
| Adjustments to other liabilities | | 24 | 24 |
| Long-term portion of deferred income | 270 | (270) | 0 |
| **Total** | **18,146** | **(12,680)** | **5,466** |

(1) See Note 4.16

Other non-current liabilities comprise, in particular, French profit-sharing liabilities in the amount of €4,136 thousand.

## N4.15Trade payables and other creditors

| In thousands of euros | 31/12/09 | 31/12/08 |
|---|---|---|
| **Suppliers of goods and services and related accounts** | **148,386** | **134,493** |
| | | |
| **Gross amounts due to customers** | **78,024** | **76,928** |
| | | |
| **Prepayments and advances received** | **30,833** | **36,774** |
| | | |
| **Current tax liabilities, corporate income tax** | **34,900** | **31,366** |
| Employee-related liabilities | 150,012 | 142,352 |
| Tax-related liabilities | 90,952 | 85,784 |
| Current account | | 1,943 |
| Interest payable | 3 | 18 |
| Dividends payable | 9,029 | 9,921 |
| Derivative financial instruments – interest rate (1) | 11,044 | - |
| Derivative financial instruments – foreign exchange (1) | 25 | - |
| Other sundry liabilities | 4,143 | 5,396 |
| **Total other current liabilities** | **265,208** | **245,414** |
| | | |
| **Total trade payables and other creditors** | **557,351** | **524,975** |

(1) See Note 4.16

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.

## N4.16Financial instruments and interest rate and foreign exchange risk management

Financial instruments per the balance sheet may be broken down as follows:

| In thousands of euros | 31/12/09 | | Breakdown by category of instrument | | | | |
|---|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | At fair value through profit or loss | Available for-sale assets | Loans, receivables and other liabilities | Debt at amortised cost | Derivative instruments |
| Available-for-sale assets | 1,809 | 1,809 | | 1,809 | | | |
| Other financial assets | 3,977 | 3,977 | | | 1,316 | | 2,661 |
| Other non-current assets | 1,059 | 1,059 | | | 1,059 | | |
| Net trade and similar receivables | 281,445 | 281,445 | | | 281,445 | | |
| Other current assets | 36,016 | 36,016 | | | 27,699 | | 8,316 |
| Current portion of non-current assets | 2,963 | 2,963 | | | 2,963 | | |
| Cash and cash equivalents | 149,859 | 149,859 | 149,859 | | | | |
| **Total assets** | **477,129** | **477,129** | **149,859** | **1,809** | **314,483** | | **10,978** |
| Borrowings (>1 year) | 270,001 | 270,001 | | | | 270,001 | |
| Other non-current liabilities | 1,328 | 1,328 | | | 428 | | 900 |
| Borrowings (<1 year) | 66,866 | 66,866 | | | | 66,866 | |
| Net trade and similar payables | 148,386 | 148,386 | | | 148,386 | | |
| Advances and payments on account received | 30,833 | 30,833 | | | 30,833 | | |
| Other current liabilities | 265,209 | 265,209 | | | 254,141 | | 11,069 |
| **Total liabilities** | **782,624** | **782,624** | | | **433,788** | **336,867** | **11,968** |

| In thousands of euros | 31/12/08 | | Breakdown by category of instrument | | | | |
|---|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | At fair value through profit or loss | Available for-sale assets | Loans, receivables and other liabilities | Debt at amortised cost | Derivative instruments |
| Available-for-sale assets | 2,203 | 2,203 | | 2,203 | | | |
| Other financial assets | 12,466 | 12,466 | | | 5,984 | | 6,482 |
| Other non-current assets | | | | | | | |
| Net trade and similar receivables | 281,284 | 281,284 | | | 281,284 | | |
| Other current assets | 26,186 | 26,186 | | | 15,942 | | 10,244 |
| Current portion of non-current assets | 2,838 | 2,838 | | | 2,838 | | |
| Cash and cash equivalents | 141,138 | 141,138 | 141,138 | | | | |
| **Total assets** | **466,115** | **466,115** | **141,138** | **2,203** | **306,048** | | **16,726** |
| Borrowings (>1 year) | 325,837 | 325,837 | | | | 325,837 | |
| Other non-current liabilities | 11,102 | 11,102 | | | 88 | | 11,014 |
| Borrowings (<1 year) | 50,583 | 50,583 | | | | 50,583 | |
| Net trade and similar payables | 134,493 | 134,493 | | | 134,493 | | |
| Advances and payments on account received | 36,774 | 36,774 | | | 36,774 | | |
| Other current liabilities | 245,414 | 245,414 | | | 245,414 | | |
| **Total liabilities** | **804,203** | **804,203** | | | **416,769** | **376,420** | **11,014** |

Items measured at fair value through profit or loss, and derivative hedging instruments, are valued by reference to quoted inter-bank interest rates (Euribor etc.) and to the foreign exchange rates set daily by the Central European Bank. All the financial instruments of this category are financial assets and liabilities and classified as such from their inception.

Available-for-sale assets are, as provided for by IAS 39, recognised at fair value in the balance sheet.

Borrowings are recognised at amortised cost using their effective interest rate. They may be subject to hedging arrangements.

The profit and loss impact of these financial instruments is as follows:

| In thousands of euros | 31/12/09 | Breakdown by category of instrument | | | | |
|---|---|---|---|---|---|---|
| | Profit or loss impact | At fair value through profit or loss | Available for-sale assets | Loans, receivables and other liabilities | Debt at amortised cost | Derivative instruments |
| Total interest income | 2,907 | | | 2,907 | | |
| Total interest expense | (8,915) | | | | (8,915) | |
| Revaluation | (8,008) | 198 | | | | (8,206) |
| **Net gains or (losses)** | **(14,016)** | **198** | | **2,907** | **(8,915)** | **(8,206)** |

| In thousands of euros | 31/12/08 | Breakdown by category of instrument | | | | |
|---|---|---|---|---|---|---|
| | Profit or loss impact | At fair value through profit or loss | Available for-sale assets | Loans, receivables and other liabilities | Debt at amortised cost | Derivative instruments |
| Total interest income | 1,493 | | | 1,493 | | |
| Total interest expense | (27,769) | | | | (27,769) | |
| Revaluation | 6,184 | 3,741 | | | | 2,443 |
| **Net gains or (losses)** | **(20,092)** | **3,741** | | **1,493** | **(27,769)** | **2,443** |

Within the framework of its overall risk management policy and due to the considerable size of the production activities in India and Poland, the Group undertakes transactions designed to hedge its exposure to foreign currency risk through the use of derivatives and firm or optional instruments listed on regulated markets, or concluded by mutual agreement with first-class counterparties.

The Group also hedges against interest rate fluctuation by swapping part of its floating-rate debt for fixed-rate debt.

As provided for by IAS 39, derivative financial instruments are measured at fair value in the consolidated balance sheet.

If a derivative is designated as a fair value hedge of assets or liabilities recognised in the consolidated balance sheet, changes in the value of both the derivative and the hedged item are recognised in profit or loss of the same period.

If a derivative is designated as a cash flow hedge, the change in value of the effective portion of the derivative is recognised in equity and transferred to profit or loss when the hedged item is itself recorded in profit or loss. The change in value of the ineffective portion of the derivative is credited or charged directly to profit or loss.

Changes in fair value of derivatives not qualifying for hedge accounting are credited or charged directly to profit or loss.

The valuation of the Group's interest rate and foreign currency hedging instruments breaks down as follows:

- Interest rate risk management:

The Group's aim is to protect itself against interest rate fluctuations by covering part of the floating-rate debt.

The derivative financial instruments used to cover the debt are swap contracts or options, which may or may not be eligible for hedge accounting, taken out with leading financial institutions. These financial instruments are managed by the Group's Treasury Department.

All interest rate coverage for the Group is carried out through the parent company (Groupe Steria SCA).

For interest rate hedging purposes as at 31 December 2009, the Group's total gross borrowings subject to interest rate risk amounted to €336.9 million.

The Group has taken out several interest rate swap contracts, a breakdown of which is given below:

| *(in thousands of euros)* | Fair value 31/12/09 | | | | Notional amounts | Maturities | | |
|---|---|---|---|---|---|---|---|---|
| | Non-current assets | Current assets | Non-current liabilities | Current liabilities | | < 1 year | 1 to 5 years | > 5 years |
| Swap (cash flow hedge) | | | | 7,001 | 247,000 | 247,000 | | |
| Foreign currency swap (cash flow hedge) | | | | 2,606 | 67,560 | 67,560 | | |
| Swaps not eligible for hedge accounting | | | | | | | | |
| Foreign currency swaps not eligible for hedge accounting | | | | | | | | |
| Options eligible for hedge accounting | | | | 791 | 28,000 | 28,000 | | |
| Foreign currency options eligible for hedge accounting | | | | 646 | 16,890 | 16,890 | | |
| Options not eligible for hedge accounting | | 1,801 | | | 70,000 | 70,000 | | |
| Foreign currency options not eligible for hedge accounting | | | | | | | | |
| **Total interest rate hedges** | | **1,801** | | **11,043** | **429,450** | **429,450** | | |

| *(in thousands of euros)* | Fair value 31/12/08 | | | | Notional amounts | Maturities | | |
|---|---|---|---|---|---|---|---|---|
| | Non-current assets | Current assets | Non-current liabilities | Current liabilities | | < 1 year | 1 to 5 years | > 5 years |
| Swap (cash flow hedge) | | | 6,483 | | 222,000 | | 222,000 | |
| Foreign currency swap (cash flow hedge) | | | 3,060 | | 62,992 | | 62,992 | |
| Swaps not eligible for hedge accounting | | 57 | | | 100,000 | 100,000 | | |
| Foreign currency swaps not eligible for hedge accounting | | 189 | | | 52,494 | 52,494 | | |
| Options eligible for hedge accounting | 24 | | 690 | | 56 000 | | 56,000 | |
| Foreign currency options eligible for hedge accounting | 14 | | 776 | | 31,496 | | 31,496 | |
| Options not eligible for hedge accounting | 1,413 | | | | 70,000 | | 70,000 | |
| Foreign currency options not eligible for hedge accounting | | | 5 | | 20,997 | | 20,997 | |
| **Total interest rate hedges** | **1,451** | **245** | **11,014** | | **615,979** | **152,494** | **463,485** | |

The fair value of these financial instruments is adjusted by crediting or debiting other financial income and expenses.

The profit or loss and equity impact of the Group's interest rate hedges may be broken down as follows:

| *(in thousands of euros)* | Balance sheet amounts (1) | | | Changes in fair value (2) | | | |
|---|---|---|---|---|---|---|---|
| | 31/12/08 | Change | 31/12/09 | Equity impact | Profit or loss impact | | |
| | | | | | Ineffective portion of cash flow hedges | Fair value hedges | Trading |
| Swap (cash flow hedge) | (6,483) | (518) | (7,001) | (518) | | | |
| Foreign currency swap (cash flow hedge) | (3,060) | 454 | (2,606) | 454 | | | |
| Swaps not eligible for hedge accounting | 57 | (57) | - | | | | (57) |
| Foreign currency swaps not eligible for hedge accounting | 189 | (189) | - | | | | (189) |
| Options eligible for hedge accounting | (665) | (125) | (790) | (143) | 18 | | |
| Foreign currency options eligible for hedge accounting | (762) | 117 | (646) | 103 | 14 | | |
| Options not eligible for hedge accounting | 1,413 | 388 | 1,801 | | | | 502 |
| Foreign currency options not eligible for hedge accounting | (5) | 5 | | | | | 5 |
| **Total pre-tax impact** | **(9,317)** | **75** | **(9,242)** | **(104)** | **32** | | **262** |

(1) Negative amounts are liabilities and positive amounts are assets

(2) Based on balance sheet amounts translated at the applicable closing rates with profit or loss and equity impacts translated at the applicable average rates. Items are disclosed net of the premiums paid

| (in thousands of euros) | Balance sheet amounts (1) | | | Changes in fair value (2) | | | |
|---|---|---|---|---|---|---|---|
| | 31/12/07 | Change | 31/12/08 | Equity impact | Profit or loss impact | | |
| | | | | | Ineffective portion of cash flow hedges | | Trading |
| Swap (cash flow hedge) | 3,514 | (9,997) | (6,483) | (9,997) | | | |
| Foreign currency swap (cash flow hedge) | (363) | (2,697) | (3,060) | (2,697) | | | |
| Swaps not eligible for hedge accounting | | 57 | 57 | | | | 57 |
| Foreign currency swaps not eligible for hedge accounting | | 189 | 189 | | | | 189 |
| Options eligible for hedge accounting | 269 | (934) | (665) | (911) | (23) | | |
| Foreign currency options eligible for hedge accounting | | (762) | (762) | (745) | (17) | | |
| Options not eligible for hedge accounting | | 1,413 | 1,413 | | | | 1,186 |
| Foreign currency options not eligible for hedge accounting | | (5) | (5) | | | | (5) |
| **Total pre-tax impact** | **3,420** | **(12,737)** | **(9,317)** | **(14,350)** | **(40)** | | **1,426** |

(1) Negative amounts are liabilities and positive amounts are assets

(2) Based on balance sheet amounts translated at the applicable closing rates with profit or loss and equity impacts translated at the applicable average rates. Items are disclosed net of the premiums paid

The sensitivity of the interest-rate derivatives portfolio to an increase or decrease by 50 basis points on the euro and pound sterling curves as at 31 December 2009 is as follows:

| *(in millions of euros)* | -50 bp | | +50 bp | |
|---|---|---|---|---|
| | Equity impact | P&L impact (hedging interest rate ineffectiveness) | Equity impact | P&L impact (hedging interest rate ineffectiveness) |
| CFH swaps | (0.88) | 0.00 | 0.87 | 0.00 |
| Foreign currency CFH swaps | (0.26) | 0.00 | 0.26 | 0.00 |
| Options eligible for hedge accounting | (0.11) | 0.00 | 0.11 | 0.00 |
| Foreign currency options eligible for hedge accounting | (0.06) | 0.00 | 0.06 | 0.00 |
| Options not eligible for hedge accounting | 0.00 | 0.26 | 0.00 | (0.25) |
| TOTAL | (1.31) | 0.26 | 1.30 | (0.26) |
| *i.e.* | *(1.05)* | | *1.04* | |

The fair value of interest-rate hedging derivatives is measured using the following assumptions:

- quoted data: 0%;
- observable data: 100%;
- internal models: 0%

- Foreign exchange risk management:

The Group is subject to two main types of risks linked to fluctuations in the exchange rates. Firstly, the risk of converting the Group's consolidated financial statements into individual financial statements for business conducted in countries where the euro is not the functional currency. Secondly, the transaction risk linked to purchases and sales of services, where the transaction currency is different from that of the country where the service is entered in the accounts.

As a part of its general risk management policy, the Group systematically covers business risks that constitute significant risks for the Group as a whole. These business risks mainly result from intra-group services for external customers between countries with different functional currencies. Certain export contracts can result in external invoices in a currency different from the functional currency of the country providing the service.

In addition, the considerable size of the production activities in India results in a foreign exchange transaction risk linked to rebilling of services in EUR and GBP to the various Group countries. This risk is hedged at local level, under the supervision of the Group Treasury Department.

The Group uses derivative instruments to manage its exposure to foreign exchange risks. The Group Finance Department provides this hedging via firm or optional instruments listed on regulated markets, or concluded by mutual agreement with first-class counterparties.

The Group's policy is not to conduct speculative transactions on financial markets.

Finally, the structure of the Group's indebtedness, part of which is denominated in GBP, provides a natural, if only partial, hedging against the currency translation risk to the net assets, recognised directly on the balance sheet.

Foreign exchange risk hedging mainly concerns GBP / INR and EUR / PLN hedges for the Group’s production platforms in India and Poland. The hedges taken out apply both to invoiced items and to future cash flows. The corresponding changes in fair value of the hedges are taken to profit or loss for invoiced items and to equity for future cash flows

The profit or loss valuation adjustment of these financial instruments is offset by the adjustment for the period to the Group’s foreign currency receivables.

The balance sheet valuation of the Group's foreign currency hedges, and applicable notional amounts hedged, were as follows:

| *(in thousands of euros)* | Fair value 31/12/09 | | | | Notional amounts | Maturities | | |
|---|---|---|---|---|---|---|---|---|
| | Non-current assets | Current assets | Non-current liabilities | Current liabilities | | < 1 year | 1 to 5 years | > 5 years |
| **Fair value hedges** | | | | | | | | |
| Foreign currency forwards | | 4,251 | | | 31,168 | 31,168 | | |
| **Cash flow hedges** | | | | | | | | |
| Foreign currency forwards | 484 | 1,760 | | | 47,490 | 34,129 | 13,361 | |
| Foreign currency options | 2,177 | 36 | 900 | 25 | 46,836 | 3,200 | 43,636 | |
| **Trading** | | 468 | | | 8,355 | 8,355 | | |
| **Total foreign currency hedges** | **2,661** | **6,515** | **900** | **25** | **133,848** | **76,851** | **56,997** | |

| *(in thousands of euros)* | Fair value 31/12/08 | | | | Notional amounts | Maturities | | |
|---|---|---|---|---|---|---|---|---|
| | Non-current assets | Current assets | Non-current liabilities | Current liabilities | | < 1 year | 1 to 5 years | > 5 years |
| **Fair value hedges** | | | | | | | | |
| Foreign currency forwards | | 4,633 | | | 37,795 | 37,795 | | |
| **Cash flow hedges** | | | | | | | | |
| Foreign currency forwards | 4,987 | 5,356 | | | 61,102 | 30,551 | 30,551 | |
| Foreign currency options | 44 | 10 | | | 3,300 | 1,200 | 2,100 | |
| **Total foreign currency hedges** | **5,031** | **9,999** | | | **102,197** | **69,546** | **32,651** | |

The fair value of these financial instruments is adjusted by crediting or debiting other operating income and expenses, with the exception of the time value classified in other financial income and expenses and trading.

The profit or loss and equity impact of the Group's foreign currency hedges may be broken down as follows:

| *(in thousands of euros)* | Balance sheet amounts (1) | | | Changes in fair value (2) | | | |
|---|---|---|---|---|---|---|---|
| | 31/12/08 | Change | 31/12/09 | Equity impact | Profit or loss impact | | |
| | | | | | Ineffective portion of cash flow hedges | Fair value hedges | Trading |
| **Fair value hedges** | | | | | | | |
| Foreign currency forwards | 4,633 | (383) | 4,251 | | | (462) | |
| **Cash flow hedges** | | | | | | | |
| Foreign currency forwards | 10,343 | (8,098) | 2,245 | (8,280) | | | |
| Foreign currency options | 54 | 1,234 | 1,288 | 866 | 263 | | |
| **Trading** | | 468 | 468 | | | | 466 |
| **Total pre-tax impact** | **15,030** | **(6,779)** | **8,251** | **(7,414)** | **263** | **(462)** | **466** |

(1) Negative amounts are liabilities and positive amounts are assets

(2) Based on balance sheet amounts translated at the applicable closing rates with profit or loss and equity impacts translated at the applicable average rates. Items are disclosed net of the premiums paid.

| *(in thousands of euros)* | Balance sheet amounts (1) | | | Changes in fair value (2) | | | |
|---|---|---|---|---|---|---|---|
| | 31/12/07 | Change | 31/12/08 | Equity impact | Profit or loss impact | | |
| | | | | | Ineffective portion of cash flow hedges | Fair value hedges | Trading |
| **Fair value hedges** | | | | | | | |
| Foreign currency forwards | 2,220 | 2,413 | 4,633 | | | 2,886 | |
| **Cash flow hedges** | | | | | | | |
| Foreign currency forwards | | 10,343 | 10,343 | 10,343 | | | |
| Foreign currency options | | 54 | 54 | (12) | | (17) | |
| **Total pre-tax impact** | **2,220** | **12,810** | **15,030** | **10,331** | | **2,869** | |

(1) Negative amounts are liabilities and positive amounts are assets

(2) Based on balance sheet amounts translated at the applicable closing rates with profit or loss and equity impacts translated at the applicable average rates. Items are disclosed net of the premiums paid.

Foreign exchange risk exposure is as follows:

| *(in millions of euros)* | EUR | PLN | GBP |
|---|---|---|---|
| Receivables | (0.2) | 0.0 | 27.9 |
| Payables | 42.3 | 0.0 | (42.3) |
| **Balance sheet position** | **42.1** | **0.0** | **(14.4)** |
| Off-balance sheet position | 8.2 | (8.2) | 65.3 |
| **Balance sheet net position** | **50.3** | **(8.2)** | **50.9** |
| Hedges | 8.2 | (8.2) | 104.4 |
| **Net position after factoring equivalent in EUR** | **42.1** | **0.0** | **(53.5)** |
| Net position after factoring in foreign currency | 42.1 | 0.0 | (47.5) |
| **Overall exposure** | **(53.5)** | | |

The sensitivity of the foreign exchange derivatives portfolio to an increase or decrease by 5% as at 31 December 2009 is as follows:

| *(in millions of euros)* | -5% | | +5% | |
|---|---|---|---|---|
| | Equity impact | P&L impact | Equity impact | P&L impact |
| Balance sheet position | (2.11) | 1.35 | 1.91 | (1.22) |
| Foreign exchange derivatives | 3.62 | 1.97 | (3.05) | (1.97) |
| Total sensitivity to foreign exchange risk | 1.51 | 3.32 | (1.14) | (3.20) |
| *i.e.* | *4.83* | | *(4.34)* | |

The fair value of foreign exchange hedging derivatives is measured using the following assumptions:

- quoted data: 0%;
- observable data: 100%;
- internal models: 0%.

## N4.17Sales and provision of services

| In thousands of euros | 31/12/09 | 31/12/08 |
|---|---|---|
| Sales of goods | 21,804 | 24,686 |
| Provision of services | 1,608,173 | 1,740,992 |
| **Sales and provision of services** | **1,629,977** | **1,765,678** |

## N4.18Other current operating income and expenses

Other current operating income and expenses mainly consist of foreign exchange gains and losses on trade receivables and Steria India foreign currency hedges in the amount of €9,539 thousand. These foreign exchange gains and losses did not have a material impact on the income statement for the year ended 31 December 2009.

## N4.19Net charges to provisions

| In thousands of euros | 31/12/09 | 31/12/08 |
|---|---|---|
| Charges to provisions | (16,358) | (11,537) |
| Reversals of provisions | 5,420 | 9 801 |
| **Net charges to operating provisions** | **(10,938)** | **(1,736)** |
| Charges in respect of current assets | (840) | (685) |
| Reversals in respect of current assets | 23 | 57 |
| **Net charges in respect of current assets** | **(817)** | **(627)** |
| | | |
| **Net charges to provisions** | **(11,755)** | **(2,363)** |

## N4.20 Other operating income and expenses

| In thousands of euros | 31/12/09 | 31/12/08 |
|---|---|---|
| Stock options and other share-based payments | (2,911) | (3,617) |
| Disposal of activities | (28) | 1,000 |
| Impairment of assets | (7,598) | (1,000) |
| Net restructuring and integration costs | (20,222) | (17,964) |
| Amortisation of actuarial gains and losses and retirement plan amendments | 14,610 | |
| Provision for non-recurring contract litigation | (5,700) | |
| Other operating income | 6 | 1,183 |
| Other operating expenses | (520) | |

| Other operating income and expenses | (22,362) | (20,398) |
|---|---|---|
| *- of which other operating income* | *14,616* | *2,036* |
| *- of which other operating expenses* | *(36,978)* | *(22,435)* |

- *Share-based payment*:

Stock option and free share plans taken into account as at 31 December 2009:

- On 13 September 2006, the Group set up a free performance share plan in favour of certain of its employees. At the end of the plan, i.e. 19 September 2009, 65,673 shares were granted. These shares may not be transferred until 19 September 2011, during which time the employee will receive dividends on these non-transferable shares. Under this plan, an expense of €630 thousand was recognised in 2009.

- On 1 June 2007, the Group set up a free performance share plan in favour of certain of its French Employees. At the end of the plan, i.e. 1 June 2009, 13,416 shares were granted. These shares may not be transferred until 31 May 2011, during which time the employee will receive dividends on these non-transferable shares. Under this plan, an expense of €102 thousand was recognised in 2009.

- On 19 December 2007, the Group set up a free performance share plan in favour of certain 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, and subject to the achievement of performance criteria expressed in terms of the three year trend in consolidated operating margin. These shares may not be transferred until 19 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 2009 totalled €724 thousand.

- On 16 December 2008, the Group set up a free performance share plan in favour of certain of its employees, pursuant to which a maximum of 96,900 shares will be granted to employees present in the Group at the end of the vesting period, i.e. 16 December 2011, and subject to the achievement of performance criteria expressed in terms of the three year trend in consolidated operating margin. These shares may not be transferred until 16 December 2013, 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 €6.70 and the expense for 2009 totalled €184 thousand.

- On 29 July 2009, the Group set up a free performance share plan in favour of certain of its employees in different countries, pursuant to which a maximum of 110,550 shares will be granted to employees present in the Group at the end of the vesting period, i.e. 29 July 2011 for Spain, 29 July 2012 for France and 29 July 2013 for other countries, and subject to the achievement of performance criteria expressed in terms of the 2009 trend in consolidated operating margin and compliance with banking covenants assessed over a two-year period as from the grant date. For France and Spain, these shares may not be transferred until 29 July 2014, during which time the employee will receive dividends on these non-transferable shares. For countries with a four-year vesting period, these shares may be transferred. According to these criteria, the fair value of the free shares on the grant date is €12.44 for France, €12.75 for Spain and €12.43 for the other countries, and the expense for 2009 totalled €75 thousand.

The other characteristics of the stock option and free share plans are as follows:

| | Free performance shares 29/07/2009 | Free performance shares 16/12/2008 | Free performance shares 19/12/2007 | Free performance shares 01/06/2007 |
|---|---|---|---|---|
| Share price | €14.63 | €8.14 | €23.71 | €48.00 |
| Strike price | | | | |
| Risk-free rate | 2.69% / 2.37% | 2.77% | 3.92% | 4.43% |
| Dividends | 4% | 4% | 1% | 1% |
| Volatility | NA | 45.0% | N/A | N/A |

Changes in all of the stock option and free share plans are summarised in the table below:

| | 2009 | | 2008 | |
|---|---|---|---|---|
| | Number | *Average strike price* | Number | *Average strike price* |
| Number of shares which can be subscribed at the beginning of the period | 1,070,211 | *18.80* | 1,167,694 | *23.66* |
| Number of options and shares cancelled during the period | (481,518) | *0.85* | (216,707) | *33.91* |
| Number of shares subscribed during the period | (117,380) | *2.23* | (64,002) | *0.20* |
| Number of conditional free shares created during the period | 110,550 | - | 96,900 | - |
| Number of shares adjusted during the period | - | - | 86,326 | - |
| Number of shares which can be subscribed at the end of the period | 581,863 | *8.51* | 1,070,211 | *18.80* |

By a decision of 15 December 2009, General Management performed a share capital increase reserved for the members of the Group Savings Plan, with respect to the Group Employees Share Plan, comprising a standard formula and a leveraged formula. The leveraged formula offered in 2009 enabled subscribing employees to receive additional bank funds, enabling the employee mutual fund (invested in Group shares) to invest 10 times the amount of employees' personal contributions. Under this formula, employees are guaranteed to recover their personal contribution, plus either a percentage, based on the number of purchased shares, of the protected average increase in the share price, or a guaranteed minimum annual return. For both formulas, the employees benefited from a subscription price with a 20% discount compared to the reference price of €16.61. The total share capital increase amounted to €611 thousand. The value of the benefit granted to the employee corresponds to the share market value less the cost of non-transferability and totalled €1,086 thousand.

By a decision of 29 July 2008, General Management had initiated a share capital increase of €198 thousand reserved for the benefit of members of the Group Savings Plan. The plan enables employees to purchase, within the plan, shares at a 20% discount compared to the reference price, i.e. at a price of €16.23, and to benefit from any related dividends paid into the plan and reinvested in Groupe Steria SCA shares. The shares subscribed may not be transferred for a period of five years. The employee benefit, taking into account the discount reflecting their non-transferability, amounted to €505 thousand.

- *Restructuring and integration costs*

The Group's restructuring and integration measures in 2009 continued to focus on the reorganisation of activities following the acquisition of Xansa, particularly the optimisation of infrastructures. These costs totalled €9,961 thousand.

The Group adapted its resources to overcome the 2009 macro economic environment. These expenses totalled €9,938 thousand.

- *Disposal of activities*

In 2009, the Group began to liquidate some of its dormant entities, generating an expense of €28 thousand.

In 2008, the Group sold its French payroll BPO operation at a profit of €1,000 thousand.

- *Impairment of assets*

Asset impairments correspond to the goodwill impairment of the Spanish subsidiary in the amount of €7,598 thousand (see Note 4.1).

- *Other items*

Following the agreement in the UK to terminate the vesting of benefits under defined benefit plans, the Group recorded a non-recurring gain of €14,487 thousand relating to the decrease in its obligations (see Note 4.12).

A provision for an unusually significant dispute was recognised and represented a non-recurring expense of €5,700 thousand (see Note 4.13).

Other operating expenses primarily include the payment of withdrawal compensation relating to equity investments held in the amount of €360 thousand.

## N4.21Net financial expense

| In thousands of euros | 31/12/2009 | 31/12/2008 |
|---|---|---|
| Interest income from cash and cash equivalents | 3,049 | 5,215 |
| **Interest income from cash and cash equivalents** | **3,049** | **5,215** |
| Interest expense on financing operations | (8,859) | (27,750) |
| Result of hedging transactions related to cash equivalents | (8,206) | 2,443 |
| **Gross financial debt cost** | **(17,065)** | **(25,307)** |
| **Net financial debt cost** | **(14,016)** | **(20,092)** |
| Foreign currency gains on cash management operations | 10,857 | 4,507 |
| Foreign currency losses on cash management operations | (7,184) | (3,929) |
| Discounts granted | (1,168) | (1,049) |
| Disposal of equity investments (non-consolidated) | (402) | (2,028) |
| Change in fair value of interest-rate derivatives – Income | 294 | 1,426 |
| Change in fair value of interest-rate derivatives - Expense | - | (40) |
| Change in fair value of foreign exchange derivatives - Income | 777 | - |
| Change in fair value of foreign exchange derivatives - Expense | (49) | (17) |
| Net interest expense on retirement benefit obligations | (8,140) | (796) |
| Discounting of provisions for liabilities and charges | (873) | (631) |
| Other financial income | 757 | 2,158 |
| Other financial expenses | (1,385) | (3,966) |
| **Total other financial income and expenses** | **(6,516)** | **(4,365)** |
| *- of which other financial income* | *12,685* | *8,090* |
| *- of which other financial expenses* | *(19,201)* | *(12,455)* |
| **Net financial expense** | **(20,532)** | **(24,457)** |

Other financial expenses primarily concern the amortisation of debt issue costs.

## N4.22Discontinued operations

In 2008, the Group's investment in Sysinter was sold for €829 thousand and generated a capital gain of €771 thousand. Pursuant to IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, this discontinued operation was presented separately in the income statement.

## N4.23Earnings per share

Potential dilutive ordinary shares notably include free shares, stock options and the 4,080,549 perpetual subordinated bonds, convertible and/or exchangeable for new shares, issued on 14 November 2007 and classified as equity instruments.

The coupons paid on these bonds are deducted from Group profit when determining profit attributable to shareholders.

| | 31/12/09 | 31/12/08 |
|---|---|---|
| **Numerator** (in thousands of euros) | | |
| Net profit attributable to equity holders of the parent (a) | 48,189 | 51,601 |
| Net profit attributable to shareholders (b) | 42,491 | 45,903 |
| *Of which: net profit/(loss) from operations held for sale* | - | *771* |
| **Denominator** | | |
| Weighted average number of shares outstanding (c) | 28,634,002 | 28,389,401 |
| Weighted average number of treasury shares (d) | (1,453,928) | (1,407,433) |
| Weighted average number of shares outstanding excluding treasury shares (e) = (c) + (d) | 27,180,075 | 26,981,968 |
| Weighted average number of subordinated hybrid convertible bonds | 4,202,965 | 4,202,965 |
| Dilutive effect of stock options | 17,164 | 29,649 |
| Dilutive effect of Mummert share subscription warrants | | - |
| Dilutive effect of free shares reserved for employees | 253,411 | 195,663 |
| Theoretical weighted average number of equity instruments (f) | 31,653,615 | 31,410,244 |
| **Earnings per share (in euros) (b/e)** | 1.56 | 1.70 |
| - ***Of which: from continuing operations*** | 1.56 | 1.67 |
| - ***Of which: from operations held for sale*** | - | 0.03 |
| **Diluted earnings per share (euros) (a/f)** | 1.52 | 1.64 |
| - ***Of which: from continuing operations*** | 1.52 | 1.62 |
| - ***Of which: from operations held for sale*** | - | 0.02 |

## N4.24Information on income and expense items not recorded in profit or loss

| In thousands of euros | 31/12/09 | 31/12/08 |
|---|---|---|
| *Gains and losses on cash flow hedges:* | | |
| • Gains/(losses) arising during the period | 3,106 | (4,020) |
| • Less: reclassification of (gains)/losses in the income statement | (10,625) | |
| **Total** | **(7,519)** | **(4,020)** |

# NOTE 5: OFF-BALANCE SHEET COMMITMENTS

Group off-balance sheet commitments given and received are as follows:

| In thousands of euros | 31/12/09 | 31/12/08 | In thousands of euros | 31/12/09 | 31/12/08 |
|---|---|---|---|---|---|
| Commitments given | | | Commitments received | | |
| Endorsements, pledges and guarantees | 7,035 | 30,057 | Endorsements | | |
| Commitments given on customer contracts | 228,419 | 123,022 | Bank guarantees on contracts (joint venture) | | |
| Vendor warranties | 187 | 0 | Overdraft facilities (current bank loans) | | |
| Individual legal right to training | 3,586 | 3,049 | - authorised | 44,682 | 41,053 |
| Other commitments given | 4,479 | 816 | - utilised (balance sheet) | *4,304* | *3,527* |
| | | | - not utilised (off-balance sheet) | **40,378** | **37,526** |
| | | | Medium-term loan | | |
| | | | - authorised | 200,000 | 200,000 |
| | | | - utilised (balance sheet) | *0* | *0* |
| | | | - not utilised (off-balance sheet) | **200,000** | **200,000** |
| **Total commitments given** | **243,706** | **156,944** | **Total commitments received** | **240,378** | **237,526** |

To guarantee its obligations under the loan agreement, Groupe Steria SCA had pledged the Xansa shares purchased to the lending banks for as long as the leverage ratio was above 2.0. In 2009, the release of this pledge was obtained.

## Commitments given to customers in respect of services provided

With respect to the information technology service contracts it enters into with its customers, Groupe Steria SCA has occasion, following formal requests by its customers, to provide parent company guarantees to its subsidiaries in respect of their performance of their obligations under the contracts signed directly with their customers.

Such guarantees are mainly requested by English and Scandinavian public sector customers.

To date, no use has ever been made of any such guarantee.

## Other off-balance sheet commitments:

The nominal value of future rental payments under operating leases amounts to €101,823 thousand with respect to real property contracts and €15,237 thousand with respect to moveable property contracts. In addition, the nominal value of future rental payments receivable under sub-lease contracts is €20,944 thousand.

Risks regarding the repayment of borrowings are described in Note 4.11.

Readers are reminded that since the date of acquisition of Xansa (17 October 2007), all Group companies are covered by a Master General and Professional third-party liability policy, with a contractual general indemnity limit of €135,000,000 per claim and per year.

Similarly, since this date, all Group companies are covered by a Master property damages and business interruption (PDBI) policy with a contractual general indemnity limit (all damages and business interruption losses combined) of €150,000,000 per year and for 2009.

**Complex commitments:**

- ***Commitments related to the sale of companies: warranties***

- Warranties received by Groupe Steria SCA and Steria SA 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 SCA in the acquisition agreement. Groupe Steria SCA remains jointly and severally liable in respect of the obligations now incumbent upon Steria SA.

- Warranties provided at the time of sale of SYSINTER

Stepar sold all its shares in Sysinter on 4 January 2008 and provided the acquirer, Kobaltt Group, with vendor warranties subject to a maximum ceiling of €500 thousand and a cumulative deductible of €15 thousand. Those warranties will expire on 31 December 2010 with the exception of any tax (or similar), customs or employee-related liabilities which will remain in force until such time as any applicable claims become time-barred.

- ***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 6: RELATED PARTY TRANSACTIONS

Material transactions with related parties consist of the remuneration paid to directors, namely the General Manager and the members of the Supervisory Board, and of the transactions entered into with NHS SBS, equity accounted in the consolidated financial statements (see Note 4.4).

**Directors' remuneration:**

The short-term benefits granted to directors in 2009 and 2008 amounted to:

| (in thousands of euros) | 2009 | 2008 |
|---|---|---|
| General Manager | 612 | 613 |
| Members of the Supervisory Board | 228 | 240 |
| **Total** | **840** | **853** |

As at 31 December 2009, corporate officers do not benefit from any commitments with respect to the termination of their duties.

The General Manager and the members of the Supervisory Board do not have the benefit of any specific post-employment benefits or other long-term benefits.

The amount of fees invoiced in respect of services rendered totalled €200 thousand in 2009 (2008: €165 thousand).

The following stock options and free shares were allocated to directors during the year and previously (at the indicated cost to the Company):

| | 2009 | 2008 |
|---|---|---|
| Stock options or free performance shares allocated during the period | - | - |
| Cumulative stock options or free performance shares allocated at the balance sheet date | 58,389 | 142,633 |
| Free shares subject to conditions allocated during the period | - | 10,000 |
| Cumulative free shares subject to conditions allocated at the balance sheet date | 20,000 | 28,172 |
| **Estimated cost to the Company (in thousands of euro)** | **96** | **174** |

**Transactions with NHS SBS:**

Receivables and payables in respect of NHS SBS are as follows:

| In thousands of euros | 31/12/09 | 31/12/08 |
|---|---|---|
| Long-term loans | - | 931 |
| Operating receivables | 4,171 | 3,410 |
| Operating payables | (976) | (24) |

The sale and purchase transactions performed by the Group with NHS SBS are as follows:

| In thousands of euros | 31/12/09 | 31/12/08 |
|---|---|---|
| Sales | 33,948 | 33,743 |
| Purchases | (17) | - |

All transactions were undertaken on an arm's length basis, with the exception of the free services to be provided as the Group's contribution to NHS SBS's share capital (see Note 4.4).

## NOTE 7: STATUTORY AUDITORS' FEES

| In thousands of euros | Ernst & Young | | | | Pimpaneau & Associés | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount | | % | | Amount | | % | |
| | 2009 | 2008 | *2009* | *2008* | 2009 | 2008 | *2009* | *2008* |
| **Audit** | **1,621** | **1,933** | ***76%*** | ***80%*** | **207** | **257** | ***98%*** | ***100%*** |
| • Auditorship, certification, review of the individual and consolidated annual and interim financial statements | 1,595 | 1,923 | *71%* | *80%* | 207 | 257 | *98%* | *100%* |
| *Issuer* | *220* | *367* | *10%* | *15%* | *99* | *123* | *47%* | *48%* |
| *Fully consolidated subsidiaries* | *1,375* | *1,555* | *61%* | *65%* | *108* | *134* | *51%* | *52%* |
| • Other secondary duties and other audit engagements | 26 | 10 | *5%* | *0%* | | | | |
| *Issuer* | | | | | | | | |
| *Fully consolidated subsidiaries* | *26* | *10* | *5%* | *0%* | | | | |
| **Other services** | **524** | **471** | **24%** | **20%** | **5** | | **2%** | |
| • *Legal, tax, employee-related* | 321 | 299 | 15% | 12% | 5 | | 2% | |
| • Other (*) | 203 | 172 | 9% | | | | | |
| **TOTAL** | **2,145** | **2,404** | ***100%*** | ***100%*** | **212** | **257** | ***100%*** | ***100%*** |

(*) These services mainly involve engagements carried out in connection with customer projects and pursuant to SAS 70 regarding applications maintained for customers subject to the Sarbanes-Oxley Act.

## 3.2 Statutory Auditors' Report on the consolidated financial statements -Year ended December 31,2009

PIMPANEAU & ASSOCIES
NEXIA INTERNATIONAL

ERNST & YOUNG et Autres

*This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.*
*This report also includes information relating to the specific verification of information given in the group's management report.*
*This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.*

Groupe Steria S.C.A.
Year ended December 31, 2009

**Statutory auditors' report**
**on the consolidated financial statements**

**PIMPANEAU & 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, 2009

**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 hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying consolidated financial statements of Groupe Steria S.C.A.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by management. Our role is to express an opinion on these consolidated 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 at December 31, 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

## II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de Commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- Your group applies the "Percentage of completion" accounting method in the recognition of its revenue and profit from fixed-price contracts, as set out in note 1.15 to the financial statements. We made sure of the proper application of this method by reviewing existing procedures within your group and implementing reviews, on sample basis, of contracts together with financial and operational managers.

- Impairment tests on goodwill are performed using mainly future discounted cash-flows based on estimates and forecasts, as described in note 1.4 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 forecasts and the resulting valuation of goodwill.

- A deferred tax asset is recorded for a M€ 10.6 amount in the consolidated balance sheet based upon estimates, as set out in note 1.11 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, of the overall consistency and the resulting valuation of deferred tax assets.

- The group allocates a provision for its retirement benefit commitments towards its employees based on the projected credit unit method, as indicated in note 1.16 to the consolidated financial statements. In the course of our assessments, we have examined the data used, we have assessed the actuarial assumptions retained, verified the overall consistency of these assumptions and the resulting measurements, as well as the appropriateness of the information provided in the note.

These assessments were made as part 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

As required by law, we have also verified, in accordance with professional standards applicable in France, the information presented 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 15, 2010

The statutory auditors

*French original signed by*

| | |
|---|---|
| PIMPANEAU & ASSOCIES<br>NEXIA INTERNATIONAL | ERNST & YOUNG et Autres |
| Olivier Lelong | Denis Thibon |

## 3.3 Parent Company Financial Statements for the Year Ended 31 December 2009

### ASSETS

| (in thousands of euros) | Gross | Depreciation, amortisation, provisions | 31/12/09 | 31/12/08 |
|---|---|---|---|---|
| **Intangible fixed assets** | | | | |
| Concessions, patents and similar rights | 8,863 | 3,036 | 5,828 | 4,534 |
| Other intangibles | 5,488 | | 5,488 | 2,021 |
| **Tangible fixed assets** | | | | |
| Other tangible fixed assets | 728 | 214 | 513 | 612 |
| **Long-term investments** | | | | |
| Equity investments | 920,953 | | 920,953 | 853,687 |
| Other long-term investment securities | 740 | 255 | 485 | 751 |
| Loans | 48,081 | | 48,081 | 53,011 |
| Other long-term investments | 1,213 | | 1,213 | 576 |
| **Total non-current assets** | **986,067** | **3,505** | **982,562** | **915,191** |
| Payments on account of orders | 63 | | 63 | 115 |
| **Operating receivables** | | | | |
| Trade receivables and related accounts | 15,553 | | 15,553 | 11,699 |
| Other operating receivables | 44,202 | | 44,202 | 74,065 |
| **Cash and cash equivalents** | | | | |
| Marketable securities | | | | 2,853 |
| (including treasury shares): | | | | 0 |
| Cash at bank and in hand | 145 | | 145 | 310 |
| **Prepayments and accrued income** | | | | |
| Prepaid expenses | 285 | | 285 | 407 |
| **Total current assets** | **60,248** | | **60,248** | **89,449** |
| Unrealised foreign exchange losses | 14,318 | | 14,318 | 17,453 |
| **Total Assets** | **1,060,632** | **3,505** | **1,057,127** | **1,022,093** |

## LIABILITIES AND SHAREHOLDERS' EQUITY

| (in thousands of euros) | 31/12/09 | 31/12/08 |
|---|---|---|
| Share or individual capital (of which paid up: 29,349) | 29,349 | 28,535 |
| Share premiums | 400,025 | 389,242 |
| Revaluation reserve (of which equity accounting evaluation: 17,886) | 17,886 | |
| Legal reserve | 2,816 | 2,816 |
| Regulated reserves | 240 | 240 |
| Other reserves | 2,600 | 2,673 |
| Retained earnings | 1,242 | 9,008 |
| **Net profit/(loss) for the year** | **63,015** | **(3,825)** |
| Tax-driven provisions | 3,536 | 1,933 |
| **Shareholders' equity** | **520,708** | **430,621** |
| Proceeds from issues of participating securities | 161,139 | 161,139 |
| **Equity equivalents** | **161,139** | **161,139** |
| Provisions for liabilities | **0** | 205 |
| Provisions for charges | 2,838 | 2,792 |
| **Provisions for liabilities and charges** | **2,838** | **2,997** |
| **Borrowings** | | |
| Bank borrowings | 330,554 | 372,374 |
| **Operating liabilities** | | |
| Trade payables and related accounts | 10,490 | 8,689 |
| Tax and employee-related liabilities | 4,800 | 6,130 |
| Other operating liabilities | 126 | 3,449 |
| **Sundry** | | |
| Amounts payable in respect of fixed assets and related accounts | 1,649 | 728 |
| **Accruals and deferred income** | | |
| Deferred income | 72 | 176 |
| **Total liabilities** | **347,691** | **391,545** |
| Unrealised foreign exchange gains | 24,751 | 35,790 |
| **Total liabilities and shareholders' equity** | **1,057,127** | **1,022,093** |

## INCOME STATEMENT

| (in thousands of euros) | 31/12/09 | 31/12/08 |
|---|---|---|
| Net sales | 26,507 | 22,024 |
| Own production of goods and services capitalised | 2,619 | |
| Reversals of depreciation, amortisation and provisions | 85 | 68 |
| Expense reclassifications | 2,081 | |
| Other income | (22) | |
| **Total operating income** | **31,269** | **22,092** |
| Other purchases and external charges | 21,524 | 17,060 |
| Taxes, duties and related amounts | 286 | 730 |
| Wages and salaries | 6,875 | 7,033 |
| Social security contributions | 2,850 | 2,641 |
| Depreciation and amortisation of fixed assets | 1,221 | 1,572 |
| Provisions for liabilities and charges | 91 | 0 |
| Other charges | 771 | 493 |
| **Total operating expenses** | **33,619** | **29,529** |
| **Operating loss** | **(2,349)** | **(7,437)** |
| Financial income from equity investments | 64,039 | 39,996 |
| Revenues from other marketable securities and long-term loans | 1,293 | 3,902 |
| Other interest and similar income | 12,933 | 26,452 |
| Reversals of provisions and expense reclassifications | 16,403 | 217 |
| Foreign exchange gains | 9,096 | 2,024 |
| Net proceeds from sale of marketable securities | 2 | 148 |
| **Total financial income** | **103,765** | **72,740** |
| Amortisation and charges to provisions for financial items | 255 | 16,633 |
| Interest and similar charges | 35,467 | 53,047 |
| Foreign exchange losses | 4,546 | 901 |
| **Total financial expenses** | **40,268** | **70,581** |
| **Financial profit** | **63,497** | **2,159** |
| **Profit/(loss) from ordinary activities before tax** | **61,148** | **(5,278)** |
| Exceptional income from capital transactions | 346 | 372 |
| **Exceptional income** | **346** | **372** |
| Exceptional charges on non-capital transactions | 2,090 | 33 |
| Exceptional charges on capital transactions | 523 | 1,913 |
| Exceptional depreciation, amortisation and provisions | 1,655 | 3,650 |
| **Exceptional charges** | **4,267** | **5,596** |
| **Net exceptional items** | **(3,922)** | **(5,225)** |
| Corporate income tax | (5,789) | (6,678) |
| **Total income** | **135,380** | **95,203** |
| **Total expenses** | **72,365** | **99,029** |
| **Net profit/(loss) for the year** | **63,015** | **(3,825)** |

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

| APPLICATIONS | 31/12/09 | 31/12/08 | SOURCES | 31/12/09 | 31/12/08 |
|---|---|---|---|---|---|
| Dividends paid during the year | 3,940 | 12,325 | Cash flow from operating activities | 49,750 | 17,744 |
| Purchases of non-current assets | | | Disposals of non-current assets | | |
| - Intangible fixed assets | 5,833 | 442 | - Intangible fixed assets | | |
| - Tangible fixed assets | 50 | 2,629 | - Tangible fixed assets | | |
| - Long-term investments | 34,513 | 100 | - Long-term investments | 8,855 | 41,429 |
| Deferred charges | | | | | |
| Decrease in shareholders' equity | | | Increase in shareholders' equity | | |
| - Share capital or share premium | | | - Share capital or share premium | 813 | 380 |
| - Equity equivalents | | 5,706 | - Equity equivalents | 10,709 | 12,325 |
| Repayments of borrowings | | | Increases in borrowings | | |
| - Medium/long-term borrowings | 60,985 | 70,244 | - Medium/long-term borrowings | 8,690 | 8,690 |
| - Group current account | | 10,324 | - Group current account | | 13,982 |
| **Total applications** | **105,321** | **101,771** | **Total sources** | **78,817** | **94,550** |
| **Net sources** | | | **Net applications** | **26,504** | **7,221** |

| Change in total net working capital | | Increases (B) | Decreases (D) | 31/12/09 (D) - (B) | 31/12/08 |
|---|---|---|---|---|---|
| **Changes in operations** | | | | | |
| Changes in operating assets | | | | | |
| - Stock and work-in-progress | | | | | |
| - Payments on account for orders | | | 52 | | |
| - Trade receivables, related accounts and other | | | 25,949 | | |
| Changes in operating liabilities | | | | | |
| - Payments received on account for work-in-progress | | | | | |
| - Trade payables, related accounts and other liabilities | | 2,215 | | | |
| | Total | 2,215 | 26,001 | | (1,643) |
| **A – Net change in operations** | | | | **23,786** | **(1,643)** |
| **Changes in non-operating activities** | | | | | |
| - Changes in other receivables | | | 15 | | |
| - Changes in other payables | | 5 | | | |
| | Total | 5 | 15 | | |
| **B – Net change in non-operating operations** | | | | **10** | **(1,084)** |
| **TOTAL (A) + (B) Net decrease in working capital** | | | | **23,796** | **(2,727)** |
| **Changes in cash** | | | | | |
| - Changes in cash at bank and in hand | | | 3,017 | | |
| - Changes in current bank loans, credit bank balances | | 309 | | | |
| | Total | 309 | 3,017 | | |
| **C – Net change in cash** | | | | **2,708** | **9,947** |
| **Change in total net working capital (A+B+C): Net source** | | | | **26,504** | **7,221** |

# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

As at 31 December 2009, the balance sheet before appropriation of earnings presents total assets of €1,057,127,450. The income statement, presented in list format, shows total income of €135,379,833, total expenses of €72,365,055 and a profit of €63,014,778.

The accounts have been prepared for a 12-month period extending from 1 January 2009 to 31 December 2009.

The notes presented below represent an integral part of the financial statements.

## NOTE 1
## ACCOUNTING POLICIES AND METHODS AND MAJOR EVENTS

### N1.1 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.

The main accounting methods used are outlined in the following notes:

### N1.2 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 expenditures are expensed in the year incurred. Internal development costs are recognised in intangible assets when the criteria set forth in PCG 311-3 38 can be demonstrated. Otherwise they are 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.

## N1.3 Tangible fixed assets

Tangible fixed assets are measured at 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 (PCs, small items of office equipment) | 3 years - straight-line |
| • Other computer hardware | 5 years - straight-line |

## N1.4 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.

- When the purchase cost exceeds the equity accounting value, a provision for financial liabilities is recognised.

- 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.

## N1.5 Receivables

Receivables are stated at nominal value. A provision for write-down is recorded where the recoverable value is less than its balance sheet value.

## N1.6 Financial income

Subsidiary dividends are recorded in financial profit or loss, provided the shareholders of these companies have met and decided on the payment of a dividend prior to the Groupe Steria SCA year-end.

## N1.7 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.

## N1.8 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.

## N1.9 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 the French National Accounting Council (CNC) Recommendation 2003-R01, actuarial gains and losses are systematically spread over the average remaining service life of scheme participants.

As at 31 December 2009, actuarial liability calculation assumptions for retirement termination payments and long-service medals are as follows:

| **(in thousands of euros)** | |
|---|---|
| Discount rate | 5.2% |
| Inflation rate | 2.00% |
| Rate of salary increase | 2.00% |
| Retirement age | 63 years |

## N1.10Major events

- **Increase in share capital by €813,000 in 2009 and increase in share premiums by €10,783,000 due to:**

- Payment of a portion of the 2008 dividend resulting in the issue of 106,132 shares in the amount of €1,330 thousand, including share premiums of €1,224 thousand.

- Definitive grant of free shares resulting in the issue of 65,673 shares in the amount of €66,000, offset against other reserves.

- Exercises of stock options resulting in the issue of 21,953 shares in the amount of €262,000, including share premiums of €240,000.

- Issue of 611,377 shares under the Group Savings Plan for a total amount of €10,155 thousand, including share premiums of €9,544 thousand.

- Definitive grant of free shares resulting in the issue of 8,172 shares in the amount of €8,000, offset against other reserves.

- The expenses arising from the share capital increases totalling €224,000, net of taxes, were allocated to share premiums.

- **Increase in share capital of subsidiaries**

- Acquisition of Steria SA shares for a total amount of €30,263 thousand on 19 November 2009, via a share capital increase.

- Acquisition of Steria Polska shares for a total amount of €3,614 thousand on 6 November 2009, via a share capital increase.

## N1.11Other information

In 2008 and 2009, the accounting books and records of Steria SA for financial years 2005, 2006 and 2007 were audited by the tax authorities. The main revised assessments notified were formally contested and discussions were entered into with the tax authorities. Following these discussions, certain assessments were abandoned. Hence, the provision for liabilities recorded in the Group Steria SCA financial statements, representing the sole corporate income tax liability for the tax consolidation group set up with Steria SA, totalled €2,179 thousand at the 2009 period-end and covers all the impacts of the 2005, 2006 and 2007 tax audits, which were not subject to collections at the 2009 period-end.

# NOTE 2: NOTES TO THE BALANCE SHEET

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.

## N2.1 Fixed assets

- **Fixed assets**

| (in thousands of euros) | Gross value as at 31/12/08 | Acquisitions or increases | Disposals, scrappings or decreases | Gross value as at 31/12/09 |
|---|---|---|---|---|
| Concessions, patents, software | 6,498 | 2,365 | | 8,863 |
| Intangible fixed assets in the course of development | 2,021 | 3,467 | | 5,488 |
| **Intangible fixed assets** | **8,519** | **5,833** | | **14,351** |
| | | | | |
| **Tangible fixed assets** | **678** | **50** | | **728** |
| | | | | |
| Equity investments | 869,190 | 51,763 | | 920,953 |
| Other long-term investment securities | 1,583 | | 842 | 740 |
| Loans | 53,011 | 48,081 | 53,011 | 48,081 |
| Other long-term investments | 576 | 637 | | 1,237 |
| **Long-term investments** | **924,360** | **100,481** | **58,853** | **970,988** |
| | | | | |
| **Gross value as at 31/12/09** | **933,556** | **106,364** | **53,853** | **986,067** |

- **Depreciation and amortisation**

| (in thousands of euros) | Depreciation and amortisation as at 31/12/2008 | Additions and charges | Decreases and reversals | Depreciation and amortisation as at 31/12/2009 |
|---|---|---|---|---|
| **Intangible fixed assets** | **1,964** | **1,071** | | **3,035** |
| | | | | |
| **Tangible fixed assets** | **66** | **148** | | **214** |
| | | | | |
| **Total depreciation and amortisation** | **2,030** | **1,220** | | **3,250** |

- **Provisions for asset headings**

| (in thousands of euros) | Write-downs as at 31/12/08 | Additions and charges | Decreases and reversals | Write-downs as at 31/12/09 |
|---|---|---|---|---|
| Equity investments | 15,503 | | 15,503 | 0 |
| Treasury shares | 832 | 255 | 832 | 255 |
| **Total provisions for asset headings** | **16,335** | **255** | **16,335** | **255** |

- **Equity investments**

| (in thousands of euros) | 31/12/08 | Additions | Decreases | 31/12/09 |
|---|---|---|---|---|
| Acquisition costs | 869,190 | 33,878 | | 903,068 |
| Revaluation difference | | | | |
| Equity value | 853,687 | 67,267 | | 920,953 |
| **Equity difference** | **(15,503)** | **33,389** | | **17,886** |

The increase in equity investments was primarily due to fluctuations in the pound sterling exchange rate, the distribution of subsidiary dividends and the contributory earnings of equity affiliates.

Since the purchase cost exceeded the equity value, the 2008 provision for financial liabilities was fully reversed in the amount of €15,503 thousand. The 2009 equity value of €17,886 thousand was recorded in shareholders' equity.

## N2.2 Operating receivables

- **Maturity of operating receivables**

| (in thousands of euros) | 31/12/09 | Less than 1 year | Between 1 and 5 years | More than 5 years |
|---|---|---|---|---|
| **Supplier payments on account** | **63** | **63** | | |
| | | | | |
| **Trade receivables and related accounts** | **15,397** | **15,397** | | |
| | | | | |
| **Trade receivables – unbilled income** | **155** | **155** | | |
| | | | | |
| Trade supplier accounts in debit | 68 | 68 | | |
| Employees | 26 | 26 | | |
| Social security bodies | 7 | 7 | | |
| French State and local authorities | 5,990 | 5,990 | | |
| Current accounts | 38,096 | 38,096 | | |
| Sundry debtors | 14 | 14 | | |
| **Other receivables** | **44,202** | **44,202** | | |

- **Accrued income**

| (in thousands of euros) | Gross | Less than 1 year |
|---|---|---|
| Accrued credit notes | 68 | 68 |
| Current account accrued interest receivable | 120 | 120 |
| Accrued interest receivable on swaps | 14 | 14 |
| **Total** | **201** | **201** |

## N2.3 Unrealised foreign exchange losses

| (in thousands of euros) | 31/12/09 |
|---|---|
| Long-term investments | 14,316 |
| Operating receivables | 1 |
| Operating liabilities | 2 |
| **Total** | **14,318** |

The unrealised foreign exchange losses of €14,318 thousand mainly involved a loan of GBP41,629 thousand to Steria SA's subsidiary in the United Kingdom.

## N2.4 Fungible assets

- **Treasury shares**

| (in number of shares) | 31/12/08 | Additions | Decreases | 31/12/09 |
|---|---|---|---|---|
| Liquidity contract (SG Securities) | 57,995 | 309,552 | 367,129 | 418 |
| Other (BNP) | 36,677 | | 13,416 | 23,267 |
| **Total treasury shares** | **94,678** | **309,552** | **380,545** | **23,685** |

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.

| (in thousands of euros) | Treasury shares |
|---|---|
| Acquisition value | 740 |
| Market value | 485 |

- **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 22,500 shares.

As at 31 December 2009, the following resources appeared in the liquidity account:

- 418 Groupe Steria shares
- cash of €1,212,952 euros.

## N2.5 Shareholders' equity

- **Change in shareholders' equity**

| (in thousands of euros) | Number of shares issued | Share capital | Share premium | Reserves and retained earnings | Revaluation difference (equity investments) | P&L | Tax-driven provisions | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2008** | **28,535,232** | **28,536** | **389,242** | **14,737** | **0** | **(3,825)** | **1,933** | **430,622** |
| Appropriation of 2008 earnings and dividends paid | | | | (7,766) | | 3,825 | | (3,940) |
| Change | 813,307 | 813 | 10,783 | (74) | 17,886 | | 1,603 | 31,012 |
| 2009 net profit | | | | | | 63,015 | | 63,015 |
| **As at 31 December 2009** | **29,348,539** | **29,349** | **400,025** | **6,897** | **17,886** | **63,015** | **3,536** | **520,708** |

- **Breakdown of share capital**

As at 31 December 2009, the Groupe Steria SCA share capital totalled €29,348,539, representing an increase of 813,307 shares in 2009, and breaks down into 29,348,539 shares each with a par value of €1.

- **Share capital transactions during the fiscal year**

- General Management decision of 7 July 2009: share capital increase for a nominal amount of €106,132 (share premium of €1,223,702) via the issue of 106,132 new shares with a par value of €1 each subsequent to the distribution of a portion of the 2008 dividend in shares.

- General Management decision of 18 September 2009: share capital increase for a nominal amount of €65,673 subsequent to the definitive grant of 65,673 free shares offset against other reserves.

- General Management decision of 15 December 2009: share capital increase for a nominal amount of €611,377 (share premium of €9,543,595) subsequent to the share capital increase reserved for Group employees following the delegation granted by the Combined Shareholders' Meetings of 6 June 2008 and 29 May 2009 via the issue of 611,377 new shares with a par value of €1 each.

- General Management decision of 15 December 2009: share capital increase for a nominal amount of €21,953 (share premium of €239,946) via the issue of 21,953 new shares with a par value of €1 each following the exercise of share subscription options.

- General Management decision of 15 December 2009: share capital increase for a nominal amount of €8,172 subsequent to the definitive grant of 8,172 free shares offset against other reserves.

- The expenses arising from the share capital increases totalling €224,000, net of taxes, were allocated to share premiums.

## N2.6 Other equity

**- 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 bear interest quarterly at an annual rate of Euribor 3 months +8%.

As at 14 November 2007, 4,080,549 bonds were issued for a total amount of €152.4 million. To take into account the change in the Company's share capital on 27 December 2007, General Management decided, in accordance with legal provisions, to adjust the terms and conditions for the conversion of 4,080,549 perpetual subordinated bonds, convertible and/or exchangeable for new or existing shares until 31 December 2012, starting from 11 December 2007 on the following basis: 1.03 Steria shares each with a par value of €1.00 for each perpetual subordinated bond, convertible and/or exchangeable for new or existing shares until 31 December 2012.

The coupon for the year amounted to €8,689 thousand. The bonds and coupon are recognised in Equity equivalents.

No bonds were redeemed as at 31 December 2009.

## N2.7 Provisions for liabilities and charges

| In thousands of euros | 31/12/08 | Charges | Reversals | 31/12/09 |
|---|---|---|---|---|
| Provisions for foreign exchange losses | 55 | | 55 | 0 |
| Provisions for supplier compensation | 150 | | 150 | 0 |
| **Total provisions for liabilities** | **205** | | **205** | **0** |
| Provision for tax reassessments (1) | 2,140 | 52 | 13 | 2,179 |
| Provision for retirement benefits | 652 | 91 | 85 | 659 |
| **Total provisions for charges** | **2,792** | **143** | **98** | **2,838** |
| | | | | |
| **Total** | **2,997** | **143** | **302** | **2,838** |

(1) In 2008 and 2009, the accounting books and records of Steria SA for financial years 2005, 2006 and 2007 were audited by the tax authorities. The main revised assessments notified were formally

contested and discussions were entered into with the tax authorities. Following these discussions, certain assessments were waived. Hence, the provision for liabilities recorded in the Group Steria SCA financial statements, representing the sole corporate income tax liability for the tax consolidation group set up with Steria SA, totalled €2,179 thousand at the 2009 period-end and covers all the impacts of the 2005, 2006 and 2007 tax audits, which were not subject to collections at the 2009 period-end.

## N2.8 Bank borrowings

| (in thousands of euros) | Gross 31/12/09 | < 1 an | 1 to 5 years | > 5 years |
|---|---|---|---|---|
| Borrowings with an initial maximum maturity of 1 years | 0 | 0 | 0 | 0 |
| Borrowings with an initial maturity of between 1 and 5 years | 330,499 | 57,968 | 272 531 | 0 |
| Accrued interest on bank borrowings | 10 | 10 | 0 | 0 |
| Credit bank balances | 5 | 5 | 0 | 0 |
| Fee payable on undrawn amounts | 40 | 40 | 0 | 0 |
| **Total bank borrowings** | **330,554** | **58,053** | **272 531** | **0** |

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 at the end of 2007 with a pool of leading banks.

The change in borrowings is primarily due to the draw-down of this multi-currency syndicated loan.

Breakdown of lines of credit:

| (in millions of currency) | Amount authorised as at 31/12/2009 | | Draw-down as at 31 Dec. 09 | | Draw-down rate as at 31 Dec. 09 | Maturity | Interest rate ** as at 31 Dec. 09 |
|---|---|---|---|---|---|---|---|
| | in M€ | in M£ | in M€ | in M£ | | | |
| **Syndicated loan** | | | | | | | |
| A1 A Facility | 212.2 | | 212.2 | | 100% | Repayable in instalments; 2012 | 1.12% |
| A1 B Facility | | 35.7 | | 35.7 | 100% | Repayable in instalments;2012 | 1.17% |
| A2 Facility | | 41.9 | | 41.9 | 100% | Repayable in instalments; 2012 | 1.17% |
| C Facility | 31.0 | | 31.0 | | 100% | Repayable on maturity; 2012 | 1.12% |
| Revolving credit | 200.0 | | 0,0 | | 0% | Repayable on maturity; 2012 | N/A |
| **Foreign currency total** | 443.2 | 77.6 | 243.2 | 77.6 | | | |
| **Total € * equivalent** | **530.6** | | **330.6** | | **62%** | | **1.13%** |

** As at 31 Dec. 2009: EUR 1 = GBP 0.8881*

*** 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.

The bank terms and conditions to which the syndicated loan is subject notably include a commitment to comply with certain bank covenants.

The Company must comply with two financial ratios calculated every six months based on the published consolidated financial statements, on a 12-month rolling basis: the first, the leverage ratio, is equal to net debt/EBITDA and the second, the interest coverage ratio, is equal to operating margin before amortisation of customer relationships/net financial debt cost.

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

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 before amortisation of customer relationships plus charges to depreciation and amortisation and current provisions.

As at 31 December 2009, the net debt to EBITDA ratio requirement is satisfied, amounting to 1.16 compared with the applicable covenant of 2.25.

It is calculated as follows:

| | 31/12/09 | 31/12/08 |
|---|---|---|
| Net debt (including retirement benefit obligations) in millions of euros | | |
| **Short-term borrowings** | **66.9** | **50.6** |
| **Long-term borrowings** | **270.0** | **325.8** |
| **Cash and cash equivalents** | **(149.9)** | **(141.1)** |
| **Retirement benefit obligations provided** | **(8.5)** | **36.5** |
| **DTA on retirement benefit obligations** | **6.6** | **(5.3)** |
| Total net debt | 185.1 | 266.4 |
| EBITDA in millions of euros | | |
| Total EBITDA | 159.6 | 172.5 |
| Net debt/EBITDA ratio | 1.16 | 1.54 |

The second financial ratio, the interest coverage ratio, is equal to the consolidated operating margin before amortisation of customer relationships/net financial debt cost. This ratio must not fall below the following amounts at each calculation date:

December 2008 3.75

June 2009 to December 2012 5.00

The consolidated operating margin defined by the covenants is calculated before amortisation of customer relationships and on a 12-month rolling basis.

The net financial debt cost is equally calculated on a 12-month rolling basis.

As at 31 December 2009, the ratio requirement is satisfied, amounting to 8.49 compared with the applicable covenant of 5.00. It is calculated as follows:

| | 31/12/09 | 31/12/08 |
|---|---|---|
| **Operating margin before amortisation of customer relationships in millions of euros** | | |
| **Total operating margin before amortisation of customer relationships** | **118.9** | **135.5** |
| **Net financial debt cost in millions of euros** | | |
| **Total net financial debt cost** | **14.0** | **20.1** |
| **Operating margin before amortisation of customer relationships/net financial debt cost ratio** | **8.49** | **6.74** |

In addition to satisfying the financial ratio prerequisites described above, the loan agreement also stipulates a number of:

- **performance requirements, standard for this type of financing;**
- **restrictions, such as limits on the Group's ability to carry out restructurings, acquisitions, joint-ventures, collateralisation, additional borrowings, etc.**
- **cases of default such as default of payment, inaccurate tax returns, cross-default, bankruptcy, occurrence of an event having an adverse material effect, etc.**

The loan agreement also stipulates a number of cases where the loan must be repaid early, in whole or in part as appropriate, or renegotiated with the banks:

- **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;**
- **repayment using proceeds from asset disposals (beyond a specified threshold);**
- **repayment of a sum equal to each new borrowing subscribed by the Company (beyond a specified threshold).**
- **renegotiation of the financing terms and conditions in the event of financial market disruption – i.e. *market disruption clause*. This clause is only applicable if a minimum number of banks are unable to obtain refinancing on the capital market as of the date on which the financing is requested, given rate fluctuations. The purpose of this clause is to find a replacement rate.**

## N2.9 Operating liabilities

- **Maturity of operating liabilities**

| In thousands of euros | 31/12/09 | Less than 1 year | Between 1 and 5 years | More than 5 years |
|---|---|---|---|---|
| **Trade payables and related accounts** | **10,490** | **10,490** | | |
| | | | | |
| Personnel and related accounts | 3,095 | 3,095 | | |
| Employee-related liabilities | 677 | 677 | | |
| Tax liabilities | 1,028 | 1,028 | | |
| **Tax and employee-related liabilities** | **4,800** | **4,800** | | |
| | | | | |
| **Amounts payable in respect of fixed assets** | **1,649** | **1,649** | | |
| | | | | |
| **Other sundry liabilities** | **126** | **126** | | |
| | | | | |
| **Total trade payables and other creditors** | **17,065** | **17,065** | | |

- **Accrued expenses**

| In thousands of euros | Gross amount as at 31/12/09 | Less than 1 year |
|---|---|---|
| Accrued interest on bank borrowings | 10 | 10 |
| Fees payable on undrawn amounts | 40 | 40 |
| **Bank borrowings** | **50** | **50** |
| | | |
| **Trade payables and related accounts** | **1,932** | **1,932** |
| | | |
| Liabilities in respect of personnel and related accounts | 2,995 | 2,995 |
| Employee-related liabilities | 21 | 21 |
| Tax liabilities | 203 | 203 |
| **Tax and employee-related liabilities** | **3,219** | **3,219** |
| | | |
| **Amounts payable in respect of fixed assets** | **1,043** | **1,043** |
| | | |
| **Other sundry liabilities** | **42** | **42** |
| | | |
| **Total trade payables and other creditors** | **6,286** | **6,286** |

## N2.10 Unrealised foreign exchange gains

| (in thousands of euros) | 31/12/09 |
|---|---|
| Borrowings | 24,708 |
| Operating receivables | 4 |
| Operating liabilities | 39 |
| **Total** | **24,751** |

The unrealised foreign exchange gains of €24,751 thousand mainly concern the portion of a multi-currency loan from a pool of leading banks in the amount of GBP77,500 thousand.

## N2.11 Foreign currency and interest rate hedging policy

The Group has entered into several interest rate swaps and options in order to protect itself against fluctuations in interest rates.

As at 31 December 2009, the Company did not use foreign exchange or commodity hedges.

The fair value of interest-rate derivatives totalled €(9,242) thousand.

## N2.12 Post-balance sheet events

There were no post-balance sheet events.

# NOTE 3: NOTES TO THE INCOME STATEMENT

## N3.1 Net exceptional items

| (in thousands of euros) | 31/12/09 |
|---|---|
| Capital loss arising from the definitive free share allocation | (421) |
| Capital loss arising from buybacks of treasury shares relating to the liquidity contract | (101) |
| Charge to the provision for the tax inspection | (52) |
| GIS* integration and start-up costs | (2,081) |
| Accelerated depreciation of Xansa acquisition costs | (1,603) |
| Tax penalties, fines and donations | (9) |
| **Exceptional expenses** | **(4,267)** |
| Capital loss arising from buybacks of treasury shares relating to the liquidity contract | 346 |
| **Exceptional income** | **346** |
| **Net exceptional items** | **(3,922)** |

* GIS : Global Information services

## N3.2 Breakdown of corporate income tax

- **Tax consolidation**

Groupe Steria SCA is the head company of the tax consolidation group.

The companies included in the tax group are: Steria SA, Stepar, U-Services and Sternet.

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, i.e. after offset, pursuant to general law, of losses, tax credits, receivables on the French Treasury, etc.

- **Allocation of corporate income tax between profit from ordinary activities and exceptional items**

| (in thousands of euros) | Total | Ordinary | Exceptional |
|---|---|---|---|
| Profit/(loss) before tax and profit-sharing | 57,226 | 61,148 | (3,922) |
| Employee profit-sharing | | | |
| **Profit/(loss) before tax** | **57,226** | **61,148** | **(3,922)** |
| Groupe Steria SCA gross tax | (48) | (48) | |
| Tax consolidation gain on Steria SA tax reassessment | 2,387 | | 2,387 |
| Impact of tax consolidation on taxes | 3,450 | 3,450 | |
| **Corporate income tax** | **5,789** | **3,402** | **2,387** |
| **Net profit/(loss)** | **63,015** | **64,550** | **(1,535)** |

- **Deferred taxes**

| (in thousands of euros) | Tax base | Future tax receivable |
|---|---|---|
| **Deferred tax liabilities** | **0** | **0** |
| Provision for retirement benefits | 659 | |
| Sales-related social security contribution | 24 | |
| Unrealised foreign exchange gains or losses | 10,433 | |
| Tax loss carryforwards | 20,353 | |
| **Deferred tax assets** | **31,469** | **10,835** |
| **Total deferred tax assets** | **31,469** | **10,835** |

- **Income tax saving**

| (in thousands of euros) | 31/12/09 |
|---|---|
| Income tax gain on Steria SA tax reassessment | 2,387 |
| Contribution paid by Steria SA and Stepar | 3,450 |
| Income tax on capital increase costs | (118) |
| Patronage | 70 |
| **Total tax saving** | **5,789** |

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.

- **Difference between reported income tax expense and income tax incurred in the absence of tax consolidation**

| (in thousands of euros) | 31/12/09 |
|---|---|
| Income tax reported following tax consolidation | 5,789 |
| Income tax incurred in the absence of tax consolidation | (48) |
| **Total tax consolidation impact** | **5,837** |

- **Tax loss carryforwards**

| (in thousands of euros) | 31/12/09 |
|---|---|
| Tax loss carryforwards as at 31/12/2008 | - |
| Allocation of tax losses | - |
| Fiscal 2009 tax losses | (20,353) |
| **Total tax loss carryforwards** | **(20,353)** |

## N3.3 Own production of goods and services capitalised and expense reclassifications

| (in thousands of euros) | 31/12/09 |
|---|---|
| Own production of goods and services capitalised | 2,619 |
| **Total own production of goods and services capitalised** | **2,619** |
| Integration costs | 1,848 |
| GIS start-up costs | 233 |
| **Total operating expense reclassifications** | **2,081** |

Costs recorded in the operating expense reclassifications account were transferred to exceptional expenses.

# NOTE 4: OTHER INFORMATION

## N4.1 Average number of employees

| | 31/12/09 | 31/12/08 |
|---|---|---|
| Management staff | 65 | 59 |
| Non-management staff | 5 | 3 |
| **Total** | **70** | **62** |

## N4.2 Individual legal right to training (IRT)

Expenses relating to the individual legal right to training are not provided for since, as specified by the French National Accounting Council (*Conseil National de la Comptabilité* or CNC) opinion rendered on 13 October 2008, the company can obtain a future benefit from the training based on its agreement with the employee. As at 31 December 2009, available IRT credit amounted to 499 hours for a total of €110,000.

## N4.3 Remuneration of management bodies

The remuneration paid to the General Manager in 2009 totalled €612,000, of which €400,000 in fixed remuneration and €210,000 in variable remuneration (in respect of 2008) and €2,000 in benefits-in-kind.

Directors' fees paid to members of the Supervisory Board in 2009 totalled €100,000.

The General Manager and members of the Supervisory Board did not receive any advances, loans or termination benefits in 2009.

## N4.4 Transactions with Group Companies

| (in thousands of euros) | 31/12/09 |
|---|---|
| Long-term investments | 951,148 |
| Trade receivables | 15,546 |
| Debit balance current accounts | 38,095 |
| Trade payables | 4,740 |
| Credit balance current accounts | |
| Deferred income | 72 |
| Financial income (including dividends received) | 67,367 |
| Financial expenses | 450 |

## N4.5 Retirement obligations

- **Amounts recognised in the balance sheet**

| (in thousands of euros) | 31/12/09 |
|---|---|
| Present value of the obligation financed including the corridor | 686 |
| Fair value of plan assets | - |
| Difference | 686 |
| Present value of the obligation financed: | |
| Unrecognised actuarial losses (difference) | (27) |
| Unrecognised past service cost | - |
| Net liabilities on the balance sheet (provision after charge for the year) | 659 |
| Of which: | |
| Liabilities | 659 |
| Assets | |
| **Net obligation** | **659** |

- **Amounts recognised in the income statement**

| (in thousands of euros) | 31/12/09 |
|---|---|
| Current service cost | 41 |
| Interest cost on obligation | 38 |
| Net actuarial losses recognised for the period | - |
| Past service cost | - |
| Losses (gains) on curtailments and settlements for the period | - |
| **Total recorded in "employee expenses"** | **79** |
| Actual return on plan assets | |
| Net liability at the beginning of the period (with corridor) | 652 |
| Net expense recognised in the income statement | 79 |
| Contributions | (84) |
| Intra-group transfers | 12 |
| **Net liability at the end of the period** | **659** |

## N4.6 Employee share allocations as at 31 December 2009

- **Share subscription options**

| Date of Shareholders' Meeting | **15/12/1998** | **28/05/2002** | |
|---|---|---|---|
| General Management grant date | **Plan no. 5** | **Plan no. 6** | **Plan no. 7** |
| | 14/05/2002 | 11/04/2003 | 20/04/2004 |
| Total number of options available for subscription: | 741,100 | 230,000 | 200,000 |
| Additional shares issued following the share capital adjustment of 11.12.2007 | 36,113 | 8,702 | 13,770 |
| Number of shares available for subscription by:<br>- corporate officers (1)<br>- top-ten employee recipients (2) | <br>48,000<br>143,000 | <br>14,500<br>77,500 | <br>11,000<br>75,200 |
| Exercise start date | 14/05/2005 | 12/04/2006 | 21/04/2007 |
| Expiry date | 13/05/2009 | 11/04/2010 | 20/04/2011 |
| Subscription price (in €) | 33.04 | 11.93 | 26.16 |
| Exercise terms and conditions (when the plan contains several tranches) | | | |
| Number of shares subscribed as at 31 December 2009 | 105,992 | 116,823 | 11,500 |
| Share subscription options cancelled as at 31 December 2009 | 671,221 | 44,303 | 48,381 |
| Outstanding share subscription options | 0 | 77,576 | 153,889 |

(1) Groupe Steria SCA corporate officers
(2) Of the Group

There are no share purchase options.

- **Free shares**

| | **Plan no.2** (1) | **Plan no.3** (2) | **Plan no.4** (1) | **Plan no.5** (1) | **Plan no.6** |
|---|---|---|---|---|---|
| Date of Shareholders' Meeting | 15/06/2005 | | | 06/06/2008 | 06/06/2008 |
| General management grant date | 13/09/2006 | 01/06/2007 | 19/12/2007 | 16/12 2008 | 29/07/2009 |
| Total number of shares granted | 107,500 | 30,102 | 115,600 | 96,900 | 110,550 |
| Additional shares issued following the share capital adjustment of 11.12.2007 | 9,621 | - | - | - | - |
| Number of shares granted to:<br>- corporate officers<br>- top-ten employee recipients | <br>7,500<br>26,100 | <br>0<br>60 | <br>10,000<br>35,500 | <br>10,000<br>30,300 | <br>0<br>33,000 |
| Date of vesting | 13/09/2009 | 01/06/2009 | 19/12/2010 | 16/12/2011 | (3) |
| Holding period end date | 13/09/2011 | 01/06/2011 | 19/12/2012 | 16/12/2013 | (4) |
| Entitlements cancelled as at 31/12/2009 | 51,448 | 16,686 | 18,350 | 3,500 | - |
| Definitive grants as at 31/12/2009 | 65,673 | 13,416 | - | - | - |
| Outstanding shares as at 31/12/2009 | 0 | 0 | 97,250 | 93,400 | 110,550 |

(1) Plan with conditional allotment relating to the presence of the beneficiary and performance requirements according to changes in operating margin over a three-year period.
(2) Plan with conditional allotment relating to the presence of the beneficiary.
(3) Date of vesting:
- Spain: 29/07/2011
- France: 29/07/2012
- Other countries: 29/07/2013

(4) Holding period end date:
- France and Spain: 29/07/2014
- Other countries: no holding period

- **Share subscription warrants**

With respect to the share capital increase reserved for Group employees carried out on 27 August 2007, 49,198 share subscription warrants were issued and subscribed to by German employees under the Group Corporate Mutual Fund in place of the discount.

## N4.7 Off-balance sheet commitments

The Group's off-balance sheet commitments given and received are as follows:

| (in thousands of euros) | 31/12/09 | (in thousands of euros) | 31/12/09 |
|---|---|---|---|
| **Commitments given** | | **Commitments received** | |
| Endorsements and bank guarantees | | Endorsements | |
| Non-bank guarantees | 113,904 | Cash facilities (overdrafts) | |
| Individual legal right to training | 110 | - authorised | |
| Nominal value of future operating lease payments | 205 | - utilised (balance sheet) | |
| | | - not utilised (off-balance sheet) | |
| | | Medium-term loans | |
| | | - authorised | 200,000 |
| | | - utilised (balance sheet) | *0* |
| | | - not utilised (off-balance sheet) | **200,000** |
| **Total commitments given** | **114,219** | **Total commitments received** | **200,000** |

To guarantee its obligations under the loan agreement, Groupe Steria SCA had pledged the Xansa shares purchased to the lending banks, as long as the leverage ratio was above 2.0. In 2009, the release of this pledge was obtained.

- **Complex commitments:**

  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 on 11 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 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 SCA in the acquisition agreement. Groupe Steria SCA remains joint and severally liable in respect of the obligations now incumbent on Steria SA.

- **Other off-balance sheet commitments:**

It should be noted that, since 17 October 2007, the Xansa acquisition date, all Group companies are covered by a Master General and Professional third-party liability policy, with a contractual general indemnity limit of €85,000,000, per claim for 2009.

Similarly, all Group companies are covered by a Master property damages and business interruption (PDBI) policy, with a contractual general indemnity limit (all damages and business interruption losses combined) of €150,000,000 per year and for 2009.

## N4.8 Statutory auditors' fees

| (in thousands of euros) | Ernst & Young | Pimpaneau & Associés |
|---|---|---|
| | | |
| **Audit** | | |
| • Auditorship, certification, review of the individual and consolidated annual and interim financial statements | 220,145 | 99,314 |
| • Other secondary duties and other audit engagements | | |
| | | |
| **Other services** | | |
| • Legal, tax, employee-related | | |
| • Other | | |
| | | |
| **TOTAL** | **220,145** | **99,314** |

## N4.9 Five-year summary

| (in euros) | 31/12/09 | 31/12/08 | 31/12/07 | 31/12/06 | 31/12/05 |
|---|---|---|---|---|---|
| Fiscal year (in months) | 12 | 12 | 12 | 12 | 12 |
| **SHARE CAPITAL AT YEAR-END** | | | | | |
| Share capital | 29,348,539 | 28,535,232 | 28,155,419 | 18,623,257 | 18,121,652 |
| | | | | | |
| Number of ordinary shares | 29,348,539 | 28,535,232 | 28,155,419 | 18,623,257 | 18,121,652 |
| | | | | | |
| *Maximum number of shares to be created* | 581,863 | 1,070,211 | 1,167,694 | 1,459,275 | 1,918,585 |
| **OPERATIONS AND RESULTS** | | | | | |
| Net profit before income tax, profit-sharing, depreciation, amortisation and provisions | 43,961,266 | 11,066,512 | 18,495,069 | 6,203,226 | 5,265,239 |
| Corporate income tax | (5,788,908) | (6,677,508) | (5,350,821) | 8,408,209 | (164,019) |
| Depreciation, amortisation and provisions | (13,264,604) | 21,569,356 | 1,724,827 | (78,086) | (398,648) |
| Net profit/(loss) | 63,014,778 | (3,825,336) | 22,121,063 | (2,126,897) | 5,827,906 |
| **EARNINGS PER SHARE** | | | | | |
| Net profit after income tax, profit-sharing, but before depreciation, amortisation and provisions | 1.70 | 0.63 | 0.85 | (0.12) | 0.30 |
| Net profit after income tax, profit-sharing, depreciation, amortisation and provisions | 2.15 | (0.13) | 0.79 | (0.11) | 0.32 |
| **PERSONNEL** | | | | | |
| Total payroll charges | 6,874,797 | 7,032,824 | 2,179,373 | 111,278 | 191,089 |
| Employee-related benefits (Social Security, social welfare initiatives, etc.) | 2,849,927 | 2,640,588 | 929,363 | 987 | 44,289 |

## N4.10List of subsidiaries and affiliates

| (in thousands of euros) | Share capital Shareholders' equity | Shareholding dividends | Gross value of shares / equity value | Loans, advances, guarantees | Net sales / Net profit/(loss) |
|---|---|---|---|---|---|
| **SUBSIDIARIES (+50% shareholding)** | | | | | |
| STERIA SA | 14,877 | 99.99% | 199,890 | 36,347 | 523,684 |
| 12 rue Paul Dautier 78140 VELIZY | 286,354 | 64,039 | 321,360 | | 25,338 |
| | | | | | |
| STEPAR | 950 | 99.99% | 1,141 | 1,629 | 0 |
| 12 rue Paul Dautier 78140 VELIZY | (750) | 0 | 118 | | (8) |
| | | | | | |
| XANSA UK CORPORATE LTD * | 20,080 | 100.00% | 698,322 | 46,874 | 36 |
| Three Cherry Trees Lane | 126,942 | 0 | 595,643 | | (4,354) |
| Hemel Hempstead, HP27AH / United Kingdom | | | | | |
| | | | | | |
| STERIA POLSKA ** | 4,100 | 100.00% | 3,714 | 1,206 | 6,837 |
| UI. Uniwersytecka 13 40-007 Katowice / Poland | 4,491 | 0 | 3,832 | | 861 |

Figures in local currency have been converted at the period-end exchange rate, i.e.:

*: exchange rate as at 31/12/2009: €1 = GBP0.8881

**: exchange rate as at 31/12/2009: €1 = PLN4.1045

## 3.4 Statutory Auditors' Report on the annual financial statements – year ended December 31, 2009

**PIMPANEAU & 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, 2009

**Statutory auditors' report**
**on the 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, 2009, on:

- the audit of the accompanying annual financial statements of Groupe Steria S.C.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by management. Our role is to express an opinion on these financial statements based on our audit.

### I. Opinion on the 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 financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2009 and of the results of its operations for the year then ended in accordance with French accounting principles.

## II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de Commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Your company applies the equity method valuation, provided for in article L. 232-5 of the French commercial code (*Code de Commerce*) to assess its equity interest, as set out in note 1.4 to the financial statements. Valuation of its equity interest is performed using the consolidation accounting policies and methods used to establish the consolidated financial statements.

To review the valuation, we relied on results of our consolidation testing performed on the group consolidated accounts as of December 31, 2009.

These assessments were made as part of our audit of the 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 verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the 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 financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French commercial code (*Code de Commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the management's report.

Paris and Neuilly-sur-Seine, April 15, 2010

The statutory auditors

*French original signed by*

## 3.5 Statutory Auditors' Report on related party agreements and commitments

PIMPANEAU & ASSOCIES
NEXIA INTERNATIONAL

ERNST & YOUNG et Autres

*This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.*
*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, 2009

**Statutory auditors' report**
**on related party agreements and commitments**

**PIMPANEAU & 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, 2009

**Statutory auditors' report**
**on related party agreements and commitments**

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

**Agreements and commitments authorized during the year**

In accordance with article L. 226-10 of the French commercial code (*Code de Commerce*), we have been advised of certain related party agreements and commitments which were authorized by your supervisory board.

We are not required to ascertain the existence of any other agreements and commitments 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, in accordance with article R. 226-2 of the French commercial code (*Code de Commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

**With Mr. François Enaud, manager**

*Nature and purpose*

Your company decided that Mr. François Enaud was entitled to benefit from compensation in certain cases of termination of his mandate as manager of the company. This agreement is described in the management's report and will take effect from the date of authorization by your shareholder's meeting.

The compensation will be due to the manager following involuntary departure (removal from office or non renewal of the managers' term of office) or resignation resulting from a change in control, except in cases of serious misconduct or gross negligence. It will not be due in cases of a non compulsory retirement or resignation not resulting from a change of control.

*Terms and Conditions*

The payment of the compensation is based on the three following performance criteria of the group, which shall be assessed over the entire duration of Mr. François Enaud's term, whose period ("Reference Period") begins in September 1997, and based on compliance with the three following criteria:

- The growth of revenues should exceed the mean growth of revenues of IT service companies in Europe over the Reference Period.
- The increase in the average operating margin (EBIT) (average over the last three years) should be above 5% per year on average over the Reference Period.
- Increase of the net operating earnings diluted per share in excess of 10% per year on average over the Reference Period.

If these three performance criteria are met: the entire compensation will be paid; if two criteria are met: 66% of the compensation will be paid; if only one criterion is met: 33% of the compensation will be paid. If none of the criteria is met, no compensation will be paid.

The amount of compensation may not exceed two years' salary and shall be calculated based on three performance criteria set out hereinafter. The calculation basis of one year compensation will be the fixed annual remuneration of the year during which occurs the non voluntary departure, and the average of the last two annual adjustable salaries paid before that date.

In the event of a termination of employment resulting from a change of control of your company, and except for cases of serious misconduct or gross negligence, compensation shall not be less than one year of salary, regardless of the achievement criteria performance, particularly in order to compensate the seniority of the manager in your company.

**Agreements and commitments authorized in prior years and which remain current during the year**

However, in accordance with the French commercial code (*Code de Commerce*), we have been advised that the following agreements and commitments approved in prior years remained current during the year.

1. With Tecnet Participations

*a. Nature and purpose*

Services agreement according to which Tecnet Participations, whose manager is Mr. Jacques Bentz, assists your company and its subsidiaries in their development, particularly at international level during acquisitions and partnership agreements.

*Terms and conditions*

In 2009, Tecnet Participations invoiced your company € 57,116 excluding tax.

*b. Nature and purpose*

Domicile agreement between Steria S.A. (wholly owned by your company) and Tecnet Participations (offices at Issy-les-Moulineaux) for services linked to those offices.

*Terms and conditions*

In 2009, this agreement was granted for free.

## 2. With Eric Hayat Conseil

*Nature and purpose*

Services agreement concluded as of February 1, 2008, according to which Eric Hayat Conseil, whose manager is Mr. Eric Hayat, provides Steria S.A. (wholly owned by your company) with consulting services on strategy, particularly in acquisition policy of the Area Unit France, and assistance in developing the business with major customers, in particular in public sector, tertiary sector and telecom.

*Terms and conditions*

In 2009, Eric Hayat Conseil invoiced Steria S.A. € 139,000 excluding tax.

Paris and Neuilly-sur-Seine, April 15, 2010

The statutory auditors

*French original signed by*

| PIMPANEAU & ASSOCIES<br>NEXIA INTERNATIONAL | ERNST & YOUNG et Autres |
|---|---|
| Olivier Lelong | Denis Thibon |

## 3.6. Statutory Auditors

### 3.6.1 Appointments

| | Date of first appointment | Term of office (Ordinary General Meeting called to approve the financial statements for the period ended) |
|---|---|---|
| **Principal Statutory Auditors** | | |
| **Pimpaneau & Associés**<br>**Nexia International**<br>Represented by Olivier Lelong<br>23 rue Paul Valéry<br>75116 PARIS | 18 December 1998 | 31 December 2011 |
| **Ernst & Young & Autres**[1]<br>Represented by Denis Thibon<br>41 rue Ybry<br>92576 Neuilly-sur-Seine Cedex | 17 June 1993 | 31 December 2010 |
| **Substitute Statutory Auditors** | | |
| **Roger Pihet**[2]<br>23 rue Paul Valéry<br>75016 PARIS | 14 June 2006 | 31 December 2011 |
| **Brigitte Geny**<br>Tour Franklin<br>92042 PARIS LA DEFENSE CEDEX | 4 June 2003 | 31 December 2010 |

[1] Continuation of the appointment given on 17 June 1993 to PGA under the name Barbier Frinault & Associés then under the name Barbier Frinault & Cie then Barbier Frinault et Autres and then Ernst & Young & Autres.
[2] The replacement of Roger Pihet by the company IdF – Expertise et Conseil, 23 rue Paul Valéry – 75016 Paris is subject to the approval of the Combined Annual General Meeting of 28 May 2010.

# 4 Business Governance and Internal Control

Since 1996, Groupe Steria, the holding company of the group has had the legal status of a Société en Commandite par Actions (SCA) (partnership limited by shares) in which two types of partners coexist: the limited partners (the shareholders) and the general partner who, at Steria, is a single entity represented by Soderi SAS, a company that brings together all the group's employee shareholders.

The Groupe Steria has chosen to use the legal framework of an “SCA” partnership limited by shares in order to implement a **system of participative governance** designed to increase involvement 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 pursuant to the procedures described in the attached Articles of Association.

  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 limits of the company purpose, while respecting the authorities that have been granted to 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 section 4.1.1 below.

  **The Groupe Steria is managed by François Enaud.**

  **The General Manager's remuneration is submitted to and approved by the Ordinary General Meeting**. This legal principle not only ensures a high degree of openness with respect to shareholders concerning the remuneration granted to the General Manager, it also gives them actual decision-making responsibility for this matter.

  In all cases of vacancy of General Manager resulting from the situations referred to in the Articles of Association, the General Manager 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 new General Managers are appointed, it being understood that as soon as it assumes control of the Company, the General Partner 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 the shareholder employees of Groupe Steria.** Soderi SAS is managed by a Chairman assisted by a Board of Directors currently comprising 17 members, including six women, elected by the General Meeting of Soderi (any Steria employee that buys a Steria share also becomes a shareholder of Soderi by acquiring a mirror share). Any employee shareholder can present himself as a candidate for the position of Director of Soderi providing he has the sufficient number of shares and has been an employee for more than two years. Candidatures are submitted to a vote at the General Meeting in accordance with the one share one vote principle, it being understood that the number of votes per shareholder is, in this case, limited to 15,000. At present, Soderi's Board of Directors is made up of Scandinavian, English, Indian, German and French directors. 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.

- **a procedure for managing disputes which may arise between the Supervisory Board and the General Partner, as set out in the Articles of Association.** In the event of differences in opinion between these two bodies, a Congress - made up in equal parts of members from the company's Supervisory Board who are not employees and members nominated by the General Partner - is convened and meets in order for its members to reach an agreement by consensus. The General Manager may also refer specific questions to the Congress.

## 4.1 Report of the Chairman of the Supervisory Board

In accordance with the provisions of Article L. 226-10-1 of the French Commercial Code the Report of the Chairman of the Supervisory Board is presented below. The purpose of this report is to report on the composition of the Supervisory Board, the conditions of preparation and organisation of its work, the internal control and risk management procedures put in place by the Company, information relating to the corporate governance and the details of the participation of the shareholders in the Company's general meetings.

This report has been prepared by the Chairman of the Supervisory Board in collaboration with the corporate departments concerned. It was approved by the Supervisory Board in its meeting on 12 March 2010.

As was decided by the Supervisory Board in its meeting on 19 December 2008 and brought to the knowledge of the public by means of a release published and posted on the company's website on 22 December 2008, the company refers to the AFEP/MEDEF business governance code drawn up in December 2008 resulting from the consolidation of AFEP/MEDEF reports dated October 2003, January 2007 and October 2008 (the "AFEP/MEDEF Recommendations"). This code can be consulted on the MEDEF website (www.medef.fr).

### 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 2009, the Supervisory Board comprises:

| | Title<br>Experience<br>Sector | Independent Member (*) | Number of offices held in listed companies | Member of Committee | Date of first appointment | Date of renewal | Term of office | Number of shares held | Age |
|---|---|---|---|---|---|---|---|---|---|
| Jacques Bentz (Chairman) | General Manager of Tecnet Participations<br>IT consultancy | No | 2 | - Strategy<br>- Audit<br>- Appointments and Remuneration | 08/2000 | 06/2008 | 06/2012 | 13,284 | 68 |
| Eric Hayat (Vice Chairman) | Chairman of the "Social Contribution Declarations Modernisation" Public Interest Group (GIP) | No | 1 | Strategy | 03/1999 | 06/2008 | 06/2012 | 155,378 | 69 |
| Patrick Boissier | CEO of DCNS | No | 2 | Strategy | 06/2004 | 06/2006 | 06/2010 | 302 | 60 |
| Elie Cohen | Economist<br>Research director at CNRS | Yes | 3 | Strategy | 05/2000 | 06/2008 | 06/2012 | 5,540 | 60 |
| Pierre-Henri Gourgeon | CEO of Air France KLM Group | Yes | 2 | Appointments and Remuneration | 06/2004 | 06/2006 | 06/2010 | 150 | 64 |
| Charles Paris De Bollardière | Secretary to the Board of Total SA | Yes | 1 | - Audit<br>- Appointments and Remuneration | 05/2000 | 06/2008 | 06/2012 | 220 | 54 |
| Séverin Cabannes | Deputy Chief Executive of the Société Générale Group | No | 3 | Audit | 02/2007 | ---- | 06/2011 | 6,593 | 50 |
| Jacques Lafay | Chairman of the Steria FCPE (mutual fund) | No | 1 | ----- | 06/2006 | 06/2008 | 06/2012 | 2,556 | 62 |

(*) Pursuant to criteria for independence set out by AFEP/MEDEF recommendations, reviewed each year by the Supervisory Board on the recommendation of the Appointments and Remuneration Committee.

Groupe Steria SCA has chosen to have a multidisciplinary Board comprising members with complementary 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.

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.

The criteria for independence applied are those defined in the AFEP/MEDEF recommendations, i.e.:

- 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 have been so over the last five years;
- must not be a director of a subsidiary or 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, or 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.

Each year, the Appointments and Remuneration Committee and the Supervisory Board verify the situation of each of its members regarding the criteria for independence. Following this verification, the Supervisory Board has noted that three of its eight members are independent.

The term of office of the members of the Supervisory Board is laid down in the Articles of Association as six years maximum.

In practice, each of the members of the Board has been appointed or re-appointed for a period of four years. Their reappointments are spread over the years 2010, 2011 and 2012.

There is no limit in the Articles of Association for the renewal of terms of office.

In accordance with the provisions of the Articles of Association, the Board members must hold at least 150 company shares. 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 reference document.

### 4.1.1.2 Missions

The Supervisory Board exercises continuous control over the management of the company.

To accomplish this, it may call on the Manager to provide any information or document of use in carrying out its general supervisory mission.

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 Shareholders' Meeting.

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 General Manager 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 any 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 Appointments and Remuneration Committee, regarding the payment of the General Manager to the Ordinary General Meeting of Shareholders, which approves or rejects the proposal;
- it gives an opinion to the General Manager concerning:

  a) the Company's main strategic orientations: medium- and long-term plans, consolidated budgets, acquisitions policy, significant acquisitions, major investments;

  b) operations with a significant impact on the capital, financing and cash 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 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 Group's consolidated 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 Group's consolidated net assets;

  d) any decision whose purpose or impact entails, immediately or in the future, the loss of the majority holding in a 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.

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.

#### 4.1.1.3 Operations

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 "independent member" concept and outline the rules concerning insider information. Supervisory Board members are subject to the stock market code of conduct rules, together with the financial communication calendar for the year and the "blackout period" dates, taken from an internal "Stock Market Code of Conduct" ("*Insider Code*").

The Charter and Internal Regulations of the Supervisory Board can be consulted on the company's website (**www.steria.com**)

The Board has held seven 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.

Invitations to attend are sent out at least eight days prior to each meeting, except in exceptional circumstances justifying a shorter notice period.

The attendance rate in 2009 was 94.6%. The rate was 94% 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 (UES), and in accordance with the regulations in force, two members of the Works Council have been invited to attend meetings.

In 2009, the average length of Board meetings was four hours.

The minutes of previous meetings were sent to Board members by the company prior to the next meeting, with all relevant information concerning the different points on 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 2009, the Board dealt mainly with the following subjects:

- Review of the Group's business;
- Examination of the 2008 corporate and consolidated financial statements;
- Review of compliance of the Group's governance practices with AFEP/MEDEF recommendations, in particular with regard to manager's remuneration;
- Preparation of the Annual General Meeting - examination of the Management Report - approval of the Chairman's Report on internal control;
- Proposal for the General Manager's remuneration, based on the recommendation of the Appointments and Remuneration Committee;
- Examination of the half-year financial statements and the half-year financial report;
- Examination of the committee reports;
- Plan for free shares for performance in 2009;
- Increase in capital reserved for employees for 2009;
- Examination of the financial-cash position;
- Self-assessment of the Board;
- Examination of the Group's strategic plan;
- Examination of the 2010 budget.

The Board pays particular attention to the Group's results strategy, monitoring the cash position, preparing the budget, external growth projects and risks.

The Board has created three Committees:

- The Strategy Committee;
- The Appointments and Remuneration Committee;
- The Audit Committee.

Each Committee appoints a Chairman and a secretary. The minutes are drawn up by the secretary. They are approved, and then given to the Chairman and safeguarded in the Group Legal Department.

In 2009 the Supervisory Board conducted an appraisal of its operation via a questionnaire designed to recover each member's views on the missions and extent of the powers of the Supervisory Board, the organisation and monitoring of Board meetings and committee operation. The results of this appraisal were formalised by the Chairman of the Supervisory Board. They were presented to the Board and discussed as a specific point on the agenda of the Supervisory Board meeting of 18 December 2009. The main point for improvement noted by the Supervisory Board relates to its composition, which, in the general opinion of the members, should evolve to better reflect the Group's diversity.

In 2010 the Supervisory Board will evaluate whether it should entrust this appraisal process to an external company.

- **Strategy Committee**

To facilitate its work, the Board created a Strategy Committee on 8 April 2002.

As of 31 December 2009, 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 had their appointments renewed at the Supervisory Board meeting of 12 March 2010 for a period of three years, subject to their term of office on the Board.

This Committee examines the Group's medium- and long-term development and positioning orientations:

- Acquisitions/sales projects;
- Business lines;
- Offer strategy;
- Technological evolution;
- "*Business model*".

This 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 three times in 2009 and discussed the following issues:

- The Group's medium-/long-term vision;
- The targets of a new growth strategy;
- The areas of growth for the next five years;
- Implementation of the growth strategy;
- Developments in the competitive environment, technologies, and the consequences for the Group.

The attendance rate was 83.3%.

The minutes of Strategy Committee meetings are submitted to the Chairman of the Supervisory Board and discussed during the following Supervisory Board meeting.

- **Appointments and Remuneration Committee**

The Appointments and Remuneration 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 at the Supervisory Board meeting of 12 March 2010 for a period of three years, subject to their term of office on the Board.

As of 31 December 2009, the members of this Committee comprised:

- Pierre-Henri Gourgeon (Chairman of the Committee);
- Jacques Bentz;
- Charles Paris De Bollardière.

The Appointments and Remuneration 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 seek the advice of the Groupe Steria SCA General Manager, any Executive Committee member, particularly the Group's Human Resources Director, and any managers of subsidiaries. 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 incur external costs with the prior approval of the General Manager and the Supervisory Board.

The duties of the Committee are as follows:

i) provide the Supervisory Board with information on global payment packages and any related benefits granted to members of the Group Executive Committee, and issue any useful recommendations to the Chairman of the Supervisory Board;

ii) provide information on and submit proposals to the Supervisory Board regarding the appointment of the General Manager;

iii) 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;

iv) make proposals to the Supervisory Board on the structure and operations of other Committees;

v) review the Company's stock option or performance share schemes and issue proposals, recommendations and opinions to the Board.

In 2009, these duties were extended to examination of the Group's succession plan.

The company provides the Appointments and Remuneration Committee with the resources needed to organise meetings and provides (if necessary) the assistance of various Group departments.

The Committee met three times in 2009 and discussed the following key issues:

- Review of the elements of the General Manager's remuneration with regard to the AFEP/MEDEF recommendations relating to remuneration of managers of listed companies:

At its meetings of 28 January and 6 March 2009, it analysed the AFEP/MEDEF recommendations of October 2008 included in the consolidated code of December 2008 and checked that the elements of the General Manager's remuneration comply with the various recommendations. It noted that the General Manager does not receive any payment in the event that his appointment is terminated, nor does he benefit from any complementary pension plan. With the General Manager's agreement, the Committee wants the question of the termination of his employment contract with Steria SA to be examined before his appointment is renewed in 2012. It proposed that, in the event that his contract is terminated, the General Manager benefits from a payment for termination of appointment.
The detail of these different elements is outlined in section 4.3.3 below.

- Salary (fixed and variable) of the General Manager: The Appointments and Remuneration Committee checked that the variable portion paid to the General Manager for 2008 complied with the resolutions of the Annual General Meeting of 6 June 2008 and the targets set by the Supervisory Board. It noted the General Manager's decision not to increase his fixed salary for 2009. It also submitted a recommendation to the Board on the General Manager's targets for 2009.

- Appointment and remuneration of members of the Executive Committee: It examined the proposal for the appointment of a Human Resources Director, newly invested in this role as a member of the

Executive Committee, as well as the principles for determining the remuneration of the Committee members.

- Plan for allocation of free shares for performance in 2009:

  The Appointments and Remuneration Committee examined the draft plan for free shares for performance in 2009, and in particular the performance criteria. It noted the General Manager's decision to refuse the allocation of free shares for performance made by the 2009 plan.

- Increase in capital reserved for employees in 2009:

  The Group Employee Share Plan - GESP - 2009 put in place by Steria for all of its French and foreign employees was submitted for prior examination.

- Review of the independence of Supervisory Board members:

  In accordance with AFEP/MEDEF recommendations, the Appointments and Remuneration Committee, in its meeting of 28 January 2009, reviewed the independence of the Board's members with regard to the criteria outlined in the AFEP/MEDEF code and noted the presence of three independent members out of the eight members on the Board.

- Examination of the Group's succession plan:

  At the request of the Supervisory Board, the Group's succession plan, including for the General Manager and the members of the Executive Committee, was presented to the Committee for examination.

- Finding and selecting a new member for the Supervisory Board with a view to fulfilling the Board's wish for a change in its composition.

The attendance rate in 2009 was 100%.

The minutes of the Appointments and Remuneration Committee meetings are submitted to the Chairman of the Supervisory Board and discussed during the following Supervisory Board meeting.

- **Audit Committee**

The Supervisory Board decided to set up an Audit Committee on 5 April 2004.

Its composition was fixed during the Supervisory Board meeting of 9 June 2004 with regard to the particular skills of its members in terms of accounting and finance: Charles Paris de Bollardière and Séverin Cabannes, due to the roles and responsibilities they have held in these fields at large companies.

Its operating rules are outlined in internal regulations specific to the Audit Committee.

As of 31 December 2009, the members of this Committee comprised:

- Charles Paris De Bollardière, Chairman of the Committee;
- Jacques Bentz;
- Séverin Cabannes.

The composition and duties of the Audit Committee were examined by the Supervisory Board in its meeting of 12 March 2009 within the framework of the new provisions of the new Article L. 823-19 of the French Commercial Code resulting from order no. 2008-1278 of 8 December 2008. The Supervisory Board noted that the Committee complies with the provisions of this Article, insofar as it has at least one member with accounting and financial skills and who fulfils the conditions of independence with regard to the criteria set out in the AFEP/MEDEF Business Governance Code, i.e. the Committee Chairman.

The Supervisory Board, in its meetings of 12 March 2009 and 12 March 2010, noted that one of the three members in the Audit Committee qualified as an independent member, in line with the criteria set out in the AFEP/MEDEF recommendations, and that the company did not comply fully with the Recommendations on this point.

Members of this Committee were appointed or had their appointments renewed at the Supervisory Board meeting of 12 March 2010 for a period of three 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, Executive Committee members, Finance Director and members of the financial management of the Group and its 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 the 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 Management and must also obtain the approval of the Supervisory Board.

During the Audit Committee meeting on 21 January 2009, the Committee decided to extend its missions to include the new missions set down in order no. 2008-1278 dated 8 December 2008 and to change its internal regulations.

These missions are mainly to:

i.) ensure the monitoring of the process of establishing financial information;

ii.) 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;

iii.) ensure the monitoring of legal control of the annual, corporate and consolidated financial statements by the Statutory Auditors;

iv.) check that internal procedures for collecting and controlling information ensure that such information is reliable; review the group's internal audit programme and the Statutory Auditors' work programme;

v.) enhance the Supervisory Board's understanding regarding the identification, processing, and reasonable assessment of the main risks incurred by the group, review such risks as well as significant off-balance sheet commitments;

vi.) ensure the monitoring of the effectiveness of the Internal Control and risk management systems;

vii.) 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;

viii.) check the reliability of the Group's cash flow forecasts and cash flow management systems, the monitoring of important financial commitments and the borrowing policy;

ix.) review any questions of a financial or accountancy nature submitted to it by the Chairman of the Supervisory Board, as well as any matters of conflict of interest that may come to its attention, give its opinion concerning the agreements laid down in Article L. 225-38 of the French Commercial Code.

The Audit Committee met six times in the 2009 financial year and dealt in particular with the following points:

- Examination of the financial statements for the financial year ended 31 December 2008 and the half-year financial statements;

- The amount of dividends to be distributed for financial year 2008;

- Monitoring of the audit and internal control action plans;

- Examination of the 2009 internal audit plan;

- Examination of the risk map, with in particular a review of the risks relating to pension funds, large projects (in particular the "BOP" activity), and fraud risks;

- Compliance of the Audit Committee's missions with the provisions of the order of 8 December 2008;

- Examination of the preparation process for financial information and the action plans resulting from this;

- Examination of the Group's cash position and in particular banking covenants and hedging exchange rates;

The attendance rate was 100%.

The minutes of Audit Committee meetings are submitted to the Chairman of the Supervisory Board.

### 4.1.1.4 Principles and rules determining the payment granted to company directors

**The General Manager:**

In compliance with the rules of governance implemented by the company, all the elements of remuneration paid to François Enaud, General Manager, are fixed by the General Shareholders' Meeting, on the proposal of the Supervisory Board after recommendation by the Appointments and Remuneration Committee.

<u>- Remuneration, fixed and variable portions:</u>

The fixed and variable remuneration of the General Manager was set by the General Meeting, on the proposal of the Supervisory Board after recommendation by the Appointments and Remuneration Committee.

The targets connected to the variable portion, set by the Supervisory Board after recommendation by the Appointments and Remuneration Committee, break down as follows for 2009:

- 70% of the amount of the variable portion is linked to the Group's performance (revenue, operating margin, cash flow generation), weighted by a coefficient according to the relative change of Steria shares over the

2009 year with respect to an index composed of the share prices of listed European data processing companies;

- 30% of the amount of the variable portion is linked to qualitative targets, i.e. the Group's strategy.

- Complementary pension plan:

François Enaud has no complementary pension plan.

- Payment for termination of appointment:

François Enaud does not, at the date of preparation of this report, benefit from any payment in the event that his appointment is terminated or from a non-competition payment.

- Allocation of free shares for performance or stock options:

The allocation of free shares for performance to the General Manager, with regard to the principle and the number of shares likely to be allocated, is decided by the General Shareholders' Meeting.

The free shares allocated to the General Manager are subject to performance conditions linked to the evolution of the Group's operating margin over a period of three years from the date of allocation.

The General Manager's payments are set out in section 4.3.3 of this reference document.

**Supervisory Board Members:**

Directors' fees

The total amount of Directors fees paid to the Supervisory Board is decided by the General Meeting. The allocation of Directors' fees is decided by the Supervisory Board based on the opinion of the Appointments and Remuneration 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.

Details of the amount of the director's fees received by each of the members of the Supervisory Board are given in section 4.3.3 of this reference document.

Other payments received by Supervisory Board members

Mr Jacques Lafay, Supervisory Board member representing the Group FCPE (mutual fund) is employed by Steria SA as Director of Transport Business Development and receives payment for this position.

The company Eric Hayat Conseil, of which Mr Eric Hayat is the General Manager, entered into a provision of services contract with Steria SA, renewed in 2009, to provide assistance in developing major accounts, in particular in the public sector.

The company Tecnet Participations, of which Mr Jacques Bentz is the General Manager, entered into a provision of services contract with Steria SA to assist the company and its subsidiaries in their development, in particular with regard to international acquisitions and partnerships.

The total amount of payments set out above is indicated in the General Manager's report as well as the reference document (section 4.3.3).

#### 4.1.1.5: Compliance with a business governance code

As was decided by the Supervisory Board in its meeting on 19 December 2008 and brought to the knowledge of the public by means of a release published and posted on the company's website on 22 December 2008, the company refers to the AFEP/MEDEF business governance code drawn up in December 2008 resulting from the consolidation of AFEP/MEDEF reports dated October 2003, January 2007 and October 2008 (the "AFEP/MEDEF Recommendations"). This code can be consulted on the MEDEF website (www.medef.fr).

As part of the process for examining and approving this report, in its meeting of 12 March 2010 the Supervisory Board reviewed compliance with AFEP/MEDEF Recommendations and noted that these recommendations had been implemented, with the exception of the recommendation by which the Audit Committee must comprise at least two-thirds independent members. As outlined in section 4.1.1.3 above, one of the three members of the Audit Committee is independent.

We would like to point out that the AFEP/MEDEF Recommendations were established in relation to "sociétés anonymes" (limited companies) and that in consequence the Company applies them insofar as they are applicable and transferable in a relevant and effective manner to a partnership limited by shares under French law (*Société en Commandite par Actions*).

#### 4.1.1.6: Procedures for the participation of shareholders in Annual General Meetings

The procedures for the participation of shareholders in General Meetings are described in Article 17 (shareholders' meetings) of the Articles of Association mentioned in the last part of this reference document.

### *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).

Groupe Steria has retained the internal control definition 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 the 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.

#### 4.1.2.2 Methodology for establishing internal control

The Group refers to both the conceptual framework defined by COSO, and to the AMF Reference Framework when establishing its internal control system.

### 4.1.2.3 Progress actions concerning internal control

In the context of continuous improvement on its internal control system and the respect of the AMF reference framework, since 2008 Steria has considerably increased its provisions, particularly due to:

- the publication of a Group internal control manual ("Book of Internal Control Rules", BOICR) for its operational entities. Implemented at the beginning of 2008, these internal controls continued to be applied in 2009, mainly through an appraisal procedure put in place in the majority of the Group's operational entities,
- the distribution of an ethical code in 2008, in addition to the stock exchange Code of Conduct rules, translated into the language of each of its subsidiaries, addressed to a wide community of managers and made available on the Group intranet and local intranets.
- the implementation in 2008 of a new Group internal audit charter,
- the increase in the frequency and number of missions thanks to the outsourcing of some internal audit missions to an internationally respected independent service provider.

### 4.1.2.4 Summary description of the internal control procedures implemented

The aim of this section is to briefly describe the organisation of the Company's internal control system, in function of the five main keys defined by COSO, which are: the control environment, risk management activities, control activities, data and communication processes, and the management of control activities.

#### *Organisation and responsibilities*

Consistent with Steria's organisation, the main entities involved in internal control within the Group are as follows:

- The Management, assisted by the Group Executive Committee;
- Group corporate 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 operational entities in charge, under the responsibility of the local finance director and assisted by the local corresponding "internal control", of implementing a consistent internal control policy in line with Group policy.

The Control and Internal Audit Management is responsible for the overall control, the consistency and the respect of the Group's internal control provisions.

The Groupe Steria SCA Supervisory Board is also involved in Group internal control given its role as a corporate body, supported by the Audit Committee it created.

#### *Control environment*

Internal control procedures put in place by the Group form part of an internal control environment, the basic elements of which are:

- The Group's ethical code. This document specifies the main ethical principles to which the Group subscribes. In particular, it deals with the manner in which Steria considers business, and the behaviour to be adopted in the event of situations of conflict of interest. This document is under the responsibility of the Groupe Steria SCA General Manager;
- A training policy that aims to raise the awareness of all new employees about the Group's policies and procedures, and to ensure that the employees have, at all times, suitable skill levels to cope with their responsibilities;
- A fair salary policy, based on attainable targets;

- Clear allocation of responsibilities, resulting in the implementation of procedures for the delegation of power and responsibility, established by the General Management under the control of the Legal Management, in coordination with the other corporate management divisions concerned, including Human Resources Management. These procedures define limitations of power and responsibility at various Group management levels, in particular regarding commitments to clients, suppliers, partners and staff;
- A strict recruiting policy;
- A policy of regular assessment of performance, with sanctions in the event that the rules laid down by the Group are not respected;
- Quality Management Systems at the Area Unit level, implementing the good professional practices for Steria's activities and the instructions of the General Management by adapting them into suitable local procedures.

### *Risk management*

Mapping of the Group's major risks was reviewed in 2009 and presented to the Audit Committee. In application of the COSO methodology:

- The company's objectives were established on the basis of Steria's external publications and internal messages from the General Management;
- The events likely to prevent these objectives from being reached were identified during meetings with the different process managers;
- The risks have been assessed, using a qualitative approach based mainly on the financial impact of the risk;
- Responses to risks have been combined with methods of avoiding risky operations(decision to cancel on a pre-sales study for example), spreading risks (insurance, partnership), and reinforcement of control measures;

Concerning information and communication, the Group particularly monitors all the risks on projects, legal risks, financial risks and human resources risks, together with client disputes during the monthly Risk Committees regrouping the Group operational managers (Management Control, Finance, Legal, Human Resources, Operations, Data System, Internal Control).

Based on a common model, each operational entity draws up a report on risks a few days before the Group Risk Committee meeting. Each corporate department 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.

Finally, concerning the control of the entire system, the list of the Group's risks, together with the associated action plans, are kept up-to-date, in particular by assessments concerning the implementation of internal control, and by the reports of internal audit missions conducted within the Group.

### *Control activities*

Control activities are within the policies and procedures issued within the Group.

The Group has a common reference base (the BOICR, for "Book of Internal Control Rules") for internal control, precisely setting down the minimum internal control activities, which are then adapted in the policies and procedures of the Group's operational entities. An appraisal of this document was carried out in 2009. The Group's internal audit department also carries out regular tests in order to assess the effectiveness of internal control procedures. The results of these tests, and the related action plans, are documented in a specific tool (the GIAMS - Group Internal Audit Management System database) developed by the Group.

At the project management level, we would like to point out that the Quality System of each operational entity also plays an important role in defining the mandatory common controls. In this context, all the Group's operational entities are ISO 9001 certified.

Most of these control activities are carried out at the operational entity level, under the joint responsibility of the entity's General Manager and Finance Director. In particular, this responsibility results in the signature of a letter confirming that the financial statements for their entity are sincere.

### *Information and Communication*

Group internal communications and information tools comprise in particular:

- the Group intranet;
- local intranets in each country;
- shared spaces that improve synergies and information sharing between operational entities.

The Group intranet is a coherent information portal for Group staff. It allows easy access to current tools such as Group policies and procedures (including the internal control manual), Group information, the internal directory, management messages, etc. It includes a search engine for all the operational entities' intranets.

In addition, each country has a local intranet from which the Management by Quality System and local policies and procedures of the country can generally be accessed.

Twice a year in general, the group organises a meeting of its main managers. These events are used to share the Group's main values, to work on the main strategic orientations, to get staff to subscribe to the Group's challenges and development targets and proceed with the distribution of messages concerning respect and application of the Group's rules.

### *Management and supervision of internal control*

Management and supervision of Steria's internal control is based on:

- information from key managers in the company on existing rules via the availability of information on the intranets and discussions during coordination meetings organised by the Control and Internal Audit Management and the corporate departments;
- regular reporting of progress actions, in particular to the Group's Audit Committee and Finance Director. In 2009, the company has, in particular, set up a self-assessment process of its internal control system (based on the internal control manual);
- independent control of internal control quality during internal audit missions.

This process is managed and co-ordinated by the Control and Internal Audit Management.

### 4.1.2.5 Internal controls concerning preparation of Groupe Steria financial and accounting information

The objective of this section is to describe in detail the accounting and financial internal control procedures set up within Steria, taking into account the reference framework of the Financial Markets Authority, in a manner suitable for the Group's decentralised context.

#### *General provisions*

Steria's financial and accounting organisation is managed by the Group's Finance Director, who reports directly to the General Manager.

Each operational entity comprises a decentralised accounting function that reports to the Finance Director of the operational entity, who reports to the Operating entity CEO and functionally to the Group Finance Director.

The Group Controlling and Consolidation Director, who reports to the Group Finance Director, manages the accounting and controlling teams in the operational entities. He is able to draw on the services of Group management controllers for each geographic area, who are responsible for ensuring consistency of information received 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 Group's 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's Controlling and Consolidation Department.

The Group has a structured forecasting process in which each operational entity reviews its view of the operations of the business for the financial year and implications for the main corporate financial indicators. This information, after discussion and approval during a 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 ERP (Enterprise Resource Planning) 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, clients and suppliers. This solution permits a single set of parameters to be set covering Group management rules, controls and reports;
- - a reporting application, the majority of whose data is interfaced with the ERP system;
- an accounts consolidation package.
- The account plan used in the Group data processing system is common to all the operational entities with the exception of the Steria Mummert Consulting entity. However, the latter, in its ERP, uses an account plan and accounting rules that are consistent with the IFRS data used for Group reporting and consolidation, in order to ensure homogeneity of the financial and accounting information within the Group.

The different participants involved in the processes of establishment of accounting and financial information are above all those responsible for producing financial information in each legal entity, i.e. operational 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 operational 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 application controls 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 appraisals and internal audit missions, and specific controls have been in put in place covering the most critical accounting rules.

Finance Directors and CEOs of operational 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 Controlling and Consolidation Director has been given the task of ensuring that the financial and accounting information system continues to respond to the operational 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, maintenance and operation of the system.

No modifications can be made to the system directly by Group operating entities without the prior approval and involvement of the project management 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 operational 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 operational 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 operational 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 operational 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 also 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 operational 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 Operational entity. The situation in each operational 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 revenue, margins and profitability;
- Billable resources and structure rate;
- Summary sales information;
- Risk monitoring;
- Generation of cash flow, industrial investments and working capital requirements.

Monitoring of the cash flow position and cash management are reported on each month by each operational entity, in the presence of the Group Corporate Finance Director, the Group cash flow manager and the Financial Director and Treasurer of the operational entity.

These different reviews 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 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 data processing solutions. Group subsidiaries fill in their consolidation packages. The standard packages enable the consistency of their financial statements to be checked, 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 Group's Statutory Auditors:
- It is responsible for monitoring the external audit work of the Statutory Auditors, coordination with local Statutory Auditors and examining reports on work carried out;
- It coordinates additional tasks, ensuring they are consistent with regulations in force;
- It centralises operating budgets.

These missions are carried out in close collaboration with the Group Internal Audit Management.

The Audit Committee also reviews the budget of the Group Statutory Auditors.

### *Control of consolidated financial statements prior to publication*

Prior to publication of the consolidated financial statements, General Management:

- Approves closing options selected by the Finance Department;
- Receives reports from the Statutory Auditors on their work and findings, and defines the financial communication strategy and the terms 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.

## 4.1.2.6 Outlook – ongoing work

Steria has launched a process of ongoing improvements to its internal controls and its risk management system. In this context, the company intends to achieve the following main goals in 2010:

- increase its Internal Audit staff in India;
- "challenge" the risk map drawn up in 2008;
- reinforcement of communication actions concerning Group policies and procedures.

The Chairman of the Supervisory Board
Jacques Bentz

## 4.2 Statutory Auditors' report on the Chairman's report

PIMPANEAU & ASSOCIES
NEXIA INTERNATIONAL

ERNST & YOUNG et Autres

*This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.*

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

Year ended December 31, 2009

**Statutory auditors' report, prepared in accordance with article L. 226-10-1 of the French commercial code (*Code de Commerce*), on the report prepared by the chairman of the supervisory board of Groupe Steria S.C.A.**

**PIMPANEAU & 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, 2009

**Statutory auditors' report, prepared in accordance with article L. 226-10-1 of the French commercial code (*Code de Commerce*), on the report prepared by the chairman of the supervisory board of Groupe Steria S.C.A.**

To the Shareholders,

In our capacity as statutory auditors of Groupe Steria S.C.A., we hereby report on the report prepared by the chairman of your company in accordance with article L. 226-10-1 of the French commercial code (*Code de Commerce*) for the year ended December 31, 2009.

It is the chairman's responsibility to prepare and submit for the supervisory board's approval a report on the internal control and risk management procedures implemented by the company and to provide the other information required by article L. 226-10-1 of the French commercial code (*Code de Commerce*) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and

- confirm that the report also includes the other information required by article L. 226-10-1 of the French commercial code (*Code de Commerce*). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

**Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information**

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information included in the chairman's report. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the chairman's report.

On the basis of our work, we have no matters to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the chairman of the supervisory board in accordance with article L. 226-10-1 of the French commercial code (*Code de Commerce*).

**Other information**

We confirm that the report prepared by the chairman' of the supervisory board also contains the other information required by article L. 226-10-1 of the French commercial code (*Code de Commerce*).

Paris and Neuilly-sur-Seine, April 15, 2010

The statutory auditors

*French original signed by*

| | |
|---|---|
| PIMPANEAU & ASSOCIES<br>NEXIA INTERNATIONAL | ERNST & YOUNG et Autres |
| Olivier Lelong | Denis Thibon |

## 4.3 Company directors and managers

### 4.3.1 Appointments and functions

General Manager

**François Enaud**
age 50

**Current appointments and functions:**

**Within the Group:**
General Manager of Groupe Steria SCA

Chairman, CEO and Director of Steria SA
Chairman and Director of Steria Holdings Limited (United Kingdom)
Director of Steria Limited (United Kingdom)
Director of Steria Services Limited (United Kingdom)
Director of Steria UK Limited (United Kingdom)
Member of the Supervisory Board of Steria Mummert Consulting AG (Germany)

**Outside the Group:**
Director of Arkema (France)
Chairman of the Board of Directors of Agence Nouvelle des Solidarités Actives (France)

**Appointments and functions exercised over the last five years:**

**Within the Group:**
Chairman and Director of Steria Iberica (Spain)
Chairman and Director of Steria Solinsa (Spain)
Co-manager of Steria GmbH Langen (Germany)

**Outside the Group:**
Director of Harrison & Wolf SA

**Curriculum vitae:**

Graduate of the *École Polytechnique* and the *Ecole des Ponts et Chaussées* (civil engineering) – Knight of the Legion of Honour – François Enaud has been Chairman-CEO of Steria since 1998.
After two years spent with the Colas company as a works engineer (1981-1982), François Enaud joined Steria SA in 1983 where he occupied different management functions (Technical and Quality, CEO of subsidiaries, Transport Division, Telecoms Division) before becoming the Company's Chief Executive Officer.

## Supervisory Board

### Jacques Bentz

68 years of age

**Current appointments and functions:**

**Within the Group:**
Chairman of the Groupe Steria SCA Supervisory Board
Member of the Steria Mummert Consulting AG Supervisory Board

**Outside the Group:**
General Manager of Tecnet Participations EURL (since 1996)
Director of Ipanema Technologies SA
Director of TDF SA
Chairman of the Supervisory Board of Linedata Services
Member of the Management Board of the Institut Montaigne

**Appointments and functions exercised over the last five years:**

**Within the Group:**

**Outside the Group:**
Chairman of the Danet GmbH Supervisory Board
General Manager of SAI-Danet GmbH [Danet group]
Member of the Danet SA Board of Directors
Vice-President and Board Member of Ineum Conseil et Associés
Director of SVP Management & Participations

**Curriculum vitae:**

Former student of the *Ecole Polytechnique* – Knight of the Legion of Honour – Jacques Bentz has been General Manager of Tecnet Participations since 1996. He has occupied different management functions: Chairman of Tecsi (1996-2000), Chairman of GSI (1993-1995), General Manager of GSI (1986–1993).

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### Patrick Boissier

60 years of age

**Current terms of office and duties:**

**Within the Group:**
Member of the Supervisory Board of Groupe Steria SCA

**Outside the Group:**
Chairman and CEO of DCNS

Member of the Supervisory Board of Vallourec, a French limited company with an Executive Committee and a Supervisory Board

**Terms of office and duties carried out over the last five years:**

**Within the Group:**
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**Outside the Group:**
CEO of CEGELEC
Member of the Executive Committee of Cegelec Holding SAS
Member of the Board of Directors of *l'Ecole des Mines* of Nantes
Chairman of the *Chambre des Constructeurs de Navires*
Member of the Board of Directors of AKER YARD SA
Chairman and CEO of Chantiers de l'Atlantique, Alstom Leroux Naval and Ateliers de Montoir, subsidiaries of the Alstom Group.
Member of the Board of Directors of SPERIAN Protection (formerly Bacou Dalloz)

**Curriculum vitae:**

Former student of *l'Ecole Polytechnique* – Patrick Boissier is, since 14 January 2009, Chairman of DCNS. He was previously CEO of CEGELEC (from 01/09/2007 to 31/12/2008); Chairman and CEO of Chantiers de l'Atlantique (from 1997 to 2007); Vice-Chairman and CEO of Tréfimétaux (1987-1993); CEO of the heating and air conditioning arm of Elfi (1994-1997); Chairman of the Supervisory Board of Chaffoteaux & Maury (1994-1997).

## **Séverin Cabannes**

50 years of age

**Current appointments and functions:**

**Within the Group:**

Member of the Steria Group SCA Supervisory Board

**Outside the Group:**

Deputy General Manager of Groupe Société Générale
Chairman of the Komercni Banca Audit Committee and Member of the Supervisory Board (Czech Republic)
Director of GENEFIMMO
Director of CREDIT DU NORD
Director of AMUNDI
Director of TCW

**Appointments and functions exercised over the last five years:**

**Within the Group:**

Deputy CEO of Steria SA
Chairman and Director of Steria Iberica (Spain)
Chairman and Director of Steria Solinsa (Spain)
Chairman and Director of Steria Suisse (Switzerland)
Director of Steria SA/NV (Belgium)
Director of Steria Benelux SA/NV (Belgium)
Director of Steria Infogerance
Director of Steria A/S (Norway)
Director of Steria A/B (Sweden)
Director of Steria A/S (Denmark)
Director of Imelios
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 EUROCIS 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 the Group:**

Director of NAPAC SA
Director of FIDITALIA (Italy)
Director of Société Générale Globale Solution Centre (India)
Director of GENEFIMMO

**Curriculum vitae:**

Former student of the *Ecole Polytechnique* and Civil Engineering qualification from the *Ecole des Mines* – Sévérin Cabannes was formerly Deputy General Manager of Steria SA and General Manager of Groupe Steria (2002 to end 2006); Financial Director and Member of the General Management Committee of *Groupe Société Générale* (2001-2002); Strategy Director, then Deputy General Manager and Financial Director of *Groupe La Poste* (1997 to end 2001); Séverin Cabannes has also occupied various positions at *Elf* and *Crédit National*.

## Elie Cohen

60 years of age

**Current appointments and functions:**

**Within the Group:**

Member of the Groupe Steria SCA Supervisory Board

**Outside the Group:**

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)
Director of *Pages Jaunes*
Director of *EDF Energies Nouvelles*

**Appointments and functions exercised over the last five years:**

**Within the Group:**

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**Outside the Group:**

Member of the Prime Minister's Economic Analysis Committee (1997)
Director of A.R.E.S.
Director of Vigeo
Director of Orange
Member of *France Télécom* Board of Directors (1991-1995)

**Curriculum vitae:**

First-class honours graduate of *IEP Paris* (Economic and financial section - 1972), Doctorate in Management (*Université Paris Dauphine*) and Doctorate in Political Science (holder of a Director of Research Accreditation), Elie Cohen has conducted a double career as a researcher and higher education professor. An Associate Professor and then Professor, Elie COHEN has taught at

- IEP (Macro-Economics, Micro-Economics, Public Economy, Public Policies, Public Management),
- at ENS Ulm (Organisation Sociology), at ENA (Industrial Economy),
- at Harvard (Political Economy)
- and at *Collège des Ingénieurs* (Industrial and Financial Strategy).

Author of many articles in scientific publications, Elie Cohen has published several works on Industrial Economy and Public Policy.

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## Pierre-Henri Gourgeon

63 years of age

**Current terms of office and duties:**

**within the Group:**

Member of the Supervisory Board of *Groupe Steria SCA*

**Outside the Group:**

CEO of the Air France KLM group

Air France-KLM's director on the Board of Directors of *Air France*
Vice President, *Amadeus GTD* (Spanish company).

**Terms of office and duties carried out over the last five years:**

**Within the Group:**

Director of Steria SA

**Outside the Group:**

Chairman of the Supervisory Board of *Amadeus France SNC*
Chairman, CEO and Director of *Amadeus de France Service SA*
Director of *Autoroutes du Sud de la France*

**Curriculum vitae:**

Former student of *l'Ecole Polytechnique*; engineer graduated from *l'Ecole Nationale Supérieure de l'Aéronautique* – Pierre-Henri Gourgeon previously carried out the duties of director of military programmes (1985-1988) at the *Société nationale d'études et de constructions de moteurs d'avions* (Snecma); civil aviation consultant for the office of Michel Delebarre (French Minister of Facilities, Housing, Transport and the Sea) (1988-1990); Director general of Civil Aviation (DGAC) (1993); Within the Air France group, Pierre-Henri Gourgeon was successively Chairman and CEO of the Servair group (1993-1996), of Esterel (1996-1997); Advisor to the Chairman and CEO(1996-1997); deputy CEO, responsible for international affairs and development (1997-1998); CEO (since 1998).

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## Eric Hayat

69 years of age

**Current appointments and functions:**

**Within the Group:**
Vice Chairman and Member of the Supervisory Board of *Groupe Steria SCA*
Director of Steria SA

**Outside the Group:**
Chairman of a Public Interest Grouping (GIP) on the "Modernisation of social declarations" (since 2000)
Elected member of the Paris Chamber of Commerce and Industry
Chairman of the *Centre d'Observation Economique* of the Paris Chamber of Commerce and Industry (since 2001)
Director of Rexecode
Vice Chairman of CODIL (Approvals Committee) of the FNTC (*Fédération Nationale des Tiers de Confiance*)
Member of the ACOSS Supervisory Board
Director of the *Agence Nationale des Services à la Personne*
Member of the Paris Chamber of Commerce and Industry

**Appointments and functions exercised over the last five years:**

**Within the Group:**
Chairman of the Groupe Steria SCA Supervisory Board
Permanent representative of Steria SA on the Medsoft Board of Directors (Tunisia)

**Outside the Group:**
Chairman of the Syntec Federation
Director of Syntec Informatique, representing Steria SA
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 *France Télécom* Board of Directors

**Curriculum vitae:**

Engineering graduate of the *Ecole Supérieure d'Aéronautique* – Eric Hayat was Vice Chairman (1989), then Chairman (1991 – 1997) of Syntec Federation (consulting, management, engineering, training, IT); Chairman of the GPA innovation taskforce (since 1999) of the *Conseil National du Patronat Français* (CNPF) which then became the *Mouvement des Entreprises de France* (MEDEF) in 1998. Eric Hayat was Co-founder (1969), Sales Director (1976), then Deputy General Manager (1979) of Steria SA.

## Jacques Lafay

62 years of age

**Current appointments and functions:**

**Within the Group:**
Director of Steria SA Transport Development

Member of the Groupe Steria SCA Supervisory Board
Chairman of the Supervisory Board for the Steria Mutual Fund (since March 2006)
Member of the Board of Directors of SODERI (General Partner of Groupe Steria)

**Outside the Group:**
Chairman of PROAVIA (French Airport & ATC Technology Trade Association)

**Appointments and functions exercised over the last five years:**

**Within the Group:**
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**Outside the Group:**
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**Curriculum vitae:**

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. Jacques Lafay has been an employee of Groupe Steria since 1973.

## Charles Paris de Bollardière

54 years of age

**Current appointments and functions:**

**Within the Group:**

Member of the Groupe Steria SCA Supervisory Board

**Outside the Group:**

Secretary of the Board of Total SA (15/09/2009)

Chairman of SOCAP SAS (01/12/2006)
Director of *Société Financière d'Auteuil* (28/06/2004)
Director of Petrofina (26/06/2009)
Director of Total Pensions Belgium (04/06/2008)

**Appointments and functions exercised over the last five years:**

**Within the Group:**

-----

**Outside the Group:**

Member of the Board of Directors of Socap SAS (01/12/2006)
Chairman of Total Treasury SAS (01/09/2009)
Chairman of Financière Haussmann Messine (30/12/2007)
Chairman of Total Finance (01/09/2009)
Chairman of Total Finance Exploitation (01/09/2009)
Chairman of the Board of Directors of Total Capital (01/09/2009)
General Manager of Total Capital (01/09/2009)
Director of Total Capital (01/09/2009)
Member of the Board of Directors of Total Capital Canada Ltd (01/09/2009)
General Manager of Sofax Banque (01/09/2009)
Chairman of the Board of Directors of Sofax Banque (31/08/2009)
Director of Sofax Banque (31/08/2009)
General Manager of Constance International SARL (28/12/2007)
Chairman of Petrofina International Group SA (18/11/2009)
Chairman of the Board of Directors of Petrofina International Group SA (18/11/2009)
General Manager of Rouvray Immobilier (30/11/2007)
Treasurer of Groupe Total

**Curriculum vitae:**

Engineering graduate of the *Ecole Supérieur d'Electricité.*

### 4.3.2 Specific information on company directors and managers

**Family associations**

François Enaud, Manager of Groupe Steria SCA, and Patrick Boissier, Member of the Supervisory Board, are first cousins.

**No convictions for fraud, association with a bankruptcy, incrimination and/or public sanction**

To the best of the company's knowledge, no member of the General Management or the Supervisory Board:

- has been convicted of fraud over the last five 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 from acting 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 General Management or Supervisory Board had any potential conflicts of interest between their duties to the company, members of the Supervisory Board, the General Management, and their 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 Management was identified in such a capacity.

**No restriction on the sale 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 Management concerning the sale of their investments in the capital of the company, other than that relating to shares which have been granted freely as indicated in section 4.3.3 below.

**Agreements entered into between the company and members of the Supervisory Board or the General Management**

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 Management.

### 4.3.3: Remuneration and benefits granted to company directors and main Group managers

**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, specific remuneration has been provided for in the Articles of Association (article 19). This remuneration has been set at 1% of Groupe Steria SCA's attributable consolidated net earnings for the financial year, up to a limit of €600,000 and at 0.5% of net earnings above this amount. For financial year 2008, this remuneration amounted to €516,009.56. For financial year 2009, this remuneration amounted to €481,885.55.

**General Manager**

- Fixed and variable remuneration:

The General Manager's remuneration in 2009 did not undergo any change with regard to that of 2008. It therefore remained fixed in accordance with the principles voted for by the shareholders during the Combined General Meeting on 6 June 2008, i.e.:

- A fixed remuneration of €400,000;

- Variable remuneration of €300,000 for achieving 100% of annual targets fixed by the Supervisory Board, advised by the Appointments and Remuneration Committee.

In the event that targets are exceeded, the amount of fixed and variable remuneration is capped at €850,000.

The targets linked to variable remuneration in 2009, as fixed by the Supervisory Board, are as follows:

- 70% of the variable remuneration is linked to the Group's performance (revenue, operating margin, cash flow generation), weighted by a coefficient based on the relative change in the price of Steria shares over the year 2009 with respect to an index composed of the share prices of listed European data processing companies;

- 30% of the variable remuneration is linked to qualitative objectives based on the Group's strategy.

The remuneration received by the General Manager for 2009 amounted to €732,000; €400,000 fixed and €332,000 variable remuneration (111% of the nominal amount of the variable remuneration, as approved by the Supervisory Board of 12 March 2010 and following consultation with the Nomination and Remuneration Committee).

François Enaud also received benefits in kind for an amount of €1,508 corresponding to the exemption limit being exceeded for provident fund contributions (employer's contribution).

- Allocation of free shares or stock options:

François Enaud waived the allocation of free performance-related shares in 2009.

There is no authorisation for the allocation of stock options in force.

- Supplementary pension plan:

François Enaud has no supplementary pension plan.

- Severance payment

To date, François Enaud does not benefit from any commitment to pay a severance payment or compensation for a non-compete covenant.

He had an employment contract with Steria SA, subsidiary of Groupe Steria SCA, which was suspended by decision of the Board of Directors of 18 September 1997 when he was appointed manager.

In its session on 13 April 2010, the Supervisory Board took note of François Enaud's desire to end his employment contract in compliance with the AFEP/MEDEF recommendation relating to restrictions on holding an employment contract and appointment as a company director at the same time, without waiting for the renewal of the latter.

Having taken into account François Enaud's length of service within the Group before his current appointment as Group General Manager and as compensation for the relinquishment of benefits linked to the termination of his employment contract, the Supervisory Board decided to grant the General Manager the right to a severance payment in certain cases in which his appointment as General Manager is terminated, under the following conditions:

Severance will be due to François Enaud in the event of a forced departure (dismissal or non-renewal of his appointment as General Manager) or resignation following a change in control, except in the event of serious misconduct or gross negligence. The payment will not be due in the event of voluntary retirement or resignation not linked to a change in control.

The amount of the severance payment will be calculated based on the following three performance-related criteria assessed throughout François Enaud's entire term of office. Since he was appointed in 1997, the reference indexes to take into account for the calculation of the performance criteria are those of September 1997, the start date of the reference period.

1st criterion: Growth:
The Group's growth in revenue must be greater than the average revenue growth of other IT companies in West Europe (source: Gartner) for the reference period.

2nd criterion: Operating margin:
The progression of the average rate of the operating margin (EBIT), (average over the last three years), should be at least 5% per year on average over the reference period.

3rd criterion: Diluted underlying earnings per share (*Current Fully diluted EPS*):
The progression of the current diluted underlying earnings per share (average over the last three years) should be greater than 10% per year on average over the reference period.

If three of the above criteria are met: 100% of the severance payment is paid.

If two of the above three criteria are met: 66% of the severance payment is paid.

If one criterion is met: 33% of the severance payment is paid.

If no criteria are met: no severance payment is made.

Subject to the performance-related conditions being met, the severance paid cannot exceed two year's of the General Manager's gross remuneration (fixed and variable). The basis for calculating the "remuneration year" will be (i) the fixed annual remuneration for the year in which service was terminated and (ii) the average of the last two annual variable remunerations paid prior to the date on which service was terminated.

In the event of termination of service following a change in control within the company, unless in the event of serious misconduct or gross negligence, the severance payment must be no lower than one year's remuneration, regardless of whether the performance-based criteria were met or not, in order to compensate François Enaud's length of service within the company.

This agreement will be subject to the vote of the General Meeting of 28 May 2010, as part of the agreements regulated in accordance with article L. 225-42-1 of the French Commercial Code and will be mentioned in the Statutory Auditors' special report. It will take effect on the same date. The termination of the employment contract linking François Enaud to Steria SA is subject to a positive vote of the aforementioned General Meeting on this agreement.

The severance payment complies with AFEP/MEDEF recommendations, with the exception of the following two points:
- In accordance with these recommendations, the severance is only paid in the event of forced departure of the General Manager. However, the rule regarding the accumulation of forced departure and a change in control or strategy is not upheld;
- The amount of severance paid in the event of departure linked to a change in control is, in all cases, with the exception of serious misconduct or gross negligence, fixed to a minimum amount of one year's remuneration.

These exceptions were retained by the Supervisory Board to compensate the termination of François Enaud's employment contract, which had been suspended up until then, and to take into account his length of service within the Group before his nomination as company director.

François Enaud, Group Steria SCA General Manager, received the following remuneration in 2008 and 2009:

| **Summary table of remuneration paid to the General Manager** | | | | |
|---|---|---|---|---|
| François Enaud | 2008 financial year | | 2009 financial year | |
| | Amounts due for 2008 | Amounts paid in 2008* | Amounts due for 2009 | Amounts paid in 2009* |
| Fixed remuneration (gross before tax) | €400,000 | €400,000 | €400,000 | €400,000 |
| Variable remuneration | €210,000 | €211,131 | €332,000 | €210,000 |
| Directors' fees | none | none | none | none |
| Benefits in kind | €1,482 | €1,482 | €1,528 | €1,528 |
| **TOTAL** | €611,482 | €612,613 | €733,528 | €611,528 |

* Fixed remuneration for the year - Variable remuneration for year N-1 paid in year n.

| | Employment contract | Supplementary pension plan | Payments or benefits in kind likely to become due in the event of severance or change in function | Payment relative to a non-compete covenant |
|---|---|---|---|---|
| **François Enaud** | Yes * | No | No | No |

* Employment contract with the Steria SA company suspended by decision of the Board of Directors on 18 September 1997.

| Free performance-related shares allocated to the General Manager in 2008 | | | | | |
|---|---|---|---|---|---|
| Free performance-related shares allocated to the General Manager during the financial year by the General Shareholders' Meeting | No. and date of plan | Number of shares allocated during the financial year | Costing of shares in accordance with the method selected for the consolidated financial statements (*) | Date of acquisition (*) | Date of availability |
| General Meeting of 6 June 2008 | Plan no. 6 dated 16/12/2008 | 10,000 (*) | €67,000 | 16/12/2011 | 16/12/2013 |

(*) Subject to performance-related conditions.

The free shares allocated to the General Manager under this 2008 plan are subject to performance-related conditions linked to growth in operating margin over a three-year period counting from the date of allocation. The shares are allocated without discount, with an obligation for the General Manager to retain 30% of the shares for the term of his appointment.

No performance-related free shares were allocated to the General Manager in 2009.

No performance-related free shares previously allocated to the General Manager have become available during the 2009 financial year.

After recognising compliance with the performance-related conditions linked to the free share plan implemented in 2006, relating to growth in the Group's operating margin over three years following the allocation of shares, 8,172 free performance-related shares were definitively allocated to the General Manager on 15 December 2009. These shares are subject to a two year vesting period.

No stock option or share purchase option was allocated to the General Manager during the 2009 financial year.
No stock option or share purchase option previously allocated to him was exercised by the General Manager during the 2009 financial year.

**Members of the Supervisory Board:**

Directors' fees
The amount allocated to directors’ fees is decided by the General Meeting. The amount authorised by the General Meeting of 6 June 2008, applicable to 2009, is €170,000. The allocation of directors’ fees is decided by the Supervisory Board following consultation with the Appointments and Remuneration Committee.

Directors’ fees comprise a fixed element, different for each of the members, and a variable element related to presence at sessions of the Supervisory Board and specialist committees, fixed at €1,000 per meeting.

Jacques Bentz, Chairman of the Supervisory Board, Eric Hayat, ex-employee of Groupe Steria and Jacques Lafay, Steria SA employee, do not receive directors' fees.

Pursuant to a provision of services contract entered into with Tecnet Participations, of which Mr Jacques Bentz is the General Manager, the latter invoiced a total amount of €57,116.17 (excluding taxes) for services provided during the 2009 financial year.

Pursuant to a provision of services contract entered into with Eric Hayat Conseil, of which Mr Eric Hayat is the General Manager, the latter invoiced a total amount of €139,000 (excluding taxes) for services provided during the 2009 financial year.

Mr Jacques Lafay, member of the Supervisory Board representing the employees received, in 2009, in accordance with his employment contract with Steria SA for his position as Director of Transport Development, a fixed remuneration of €103,756 and a variable remuneration of €24,614.

No performance-related shares were allocated to members of the Supervisory Board during the 2009 financial year. No performance-related shares previously allocated became available during the 2009 financial year.

| **Table of directors' fees and other remuneration received by members of the Supervisory Board** | | |
|---|---|---|
| Members of the Supervisory Board | Amounts paid during the 2008 financial year | Amounts paid during the 2009 financial year |
| **Jacques Bentz** | | |
| Directors' fees | - | - |
| Other remuneration[1] | €77,427.14 | €57,116.17 |
| **Séverin Cabannes** | | |
| Directors' fees | €17,500 | €18,500 |
| Other remuneration | - | - |
| **Elie Cohen** | | |
| Directors' fees | €25,000 | €25,000 |
| Other remuneration | - | - |
| **Patrick Boissier** | | |
| Directors' fees | €16,500 | €17,500 |
| Other remuneration | - | - |
| **Pierre-Henri Gourgeon** | | |
| Directors' fees | €17,500 | €14,500 |
| Other remuneration | - | - |
| **Eric Hayat** | | |
| Directors' fees | - | - |
| Other remuneration [2] | €88,000 | €139,000 |
| **Jacques Lafay (Representative of the Steria Company Mutual Fund)** | | |
| Directors' fees | - | - |
| Other remuneration [3] | €140,364 | €128,370 |
| **Charles Paris de Bollardière** | | |
| Directors' fees | €23,500 | €24,500 |
| Other remuneration | - | - |

[1] Under the service agreement between Technet Participation and Groupe Steria SCA
[2] Under the service agreement between Eric Hayat Conseil and Steria SA
[3] Pursuant to his employment contract with Steria SA

# 5 General information concerning Groupe Steria SCA and its capital

## 5.1 Legal information concerning the company

### Registered name and 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 (SCA).

The company exists as a partnership limited by shares between:

- its Shareholders; and
- its General Partner, Soderi, a French simplified company with variable share capital, whose registered 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 General Manager. 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 Groupe Steria SCA. If this condition is no longer respected, the procedures set forth in clause 14.2 of the Articles of Association shall apply.

### Company object

The object of the company is described in Article 2 of the Articles of Association attached in the Appendix to this reference document.

### Company creation date

Groupe Steria was founded on 18 February 1988 as a French public limited company. It was transformed into a partnership limited by shares 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)

### APE code– NAF code

6202 A

### Memorandum and Articles of Association

A copy of the latest version of Groupe Steria SCA's Articles of Association (dated 29 July 2008) is included in the Appendix to the present reference document.

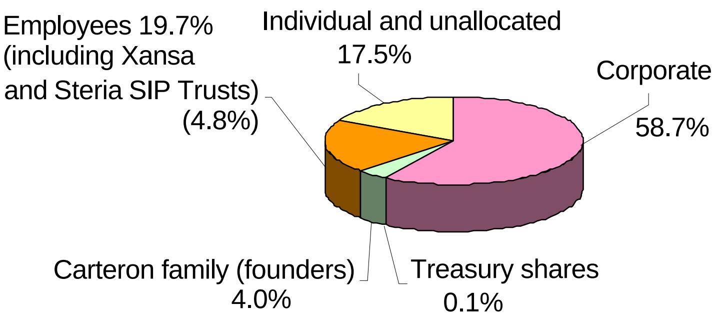
## 5.2 General information concerning the capital

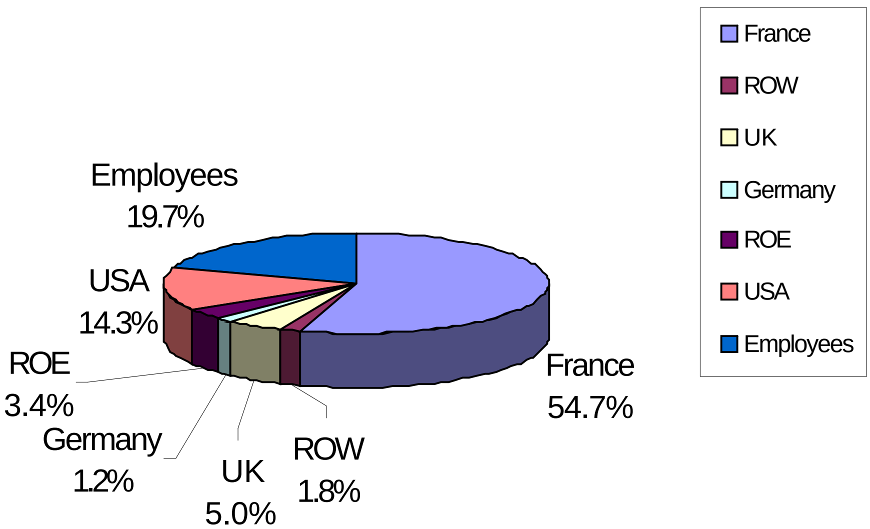
### 5.2.1 Share capital

At 26 January 2010, the amount of share capital is €29,348,539 divided into 29,348,539 shares, each with a nominal value of €1.

### 5.2.2 Breakdown of share capital

**a) Breakdown at 26 January 2010**



### 5.2.3 Current breakdown of capital and voting rights; changes during the last three years

| Shareholders | Situation on 26/01/2010 | | | Situation on 06/02/2009 | | | Situation on 28/02/2008 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | % capital | % voting rights (1) | Number of shares | % capital | % voting rights (1) | Number of shares | % capital | % voting rights (1) |
| Employee shareholding | 5,767,475 | 19.65 | 23.40 | 4,942,218 | 17.32 | 21.20 | 3,646,635 | 12.88 | 15.97 |
| CARTERON family (founder) (2) | 1,160,508 | 3.95 | 6.85 | 1,224,584 | 4.29 | 7.34 | 1,184,642 | 4.18 | 7.38 |
| Financière de l'Echiquier | 1,681,200(3) | 5.73 | 5.00 | 2,167,220 (4) | 7.59 | 6.65 | 2,465,892(5) | 8.71 | 7.87 |
| Groupe Steria SCA (self-held shares) | 32,768 | 0.11 | 0 | 91,716 | 0.32 | 0 | 110,505 | 0.39 | 0.34 |
| Public | 20,706,588 | 70.55 | 64.75 | 20,109,494 | 70.47 | 64.78 | 20,893,335 | 73.82 | 65.15 |
| TOTAL | 29,348,539 | 100.00 | 100.00 | 28,535,232 | 100.00 | 100.00 | 28,301,009 | 100.00 | 100.00 |

(1) Total voting rights (excluding treasury stock):
(2) shares held in full ownership and usufruct (family).
(3) TPI 26/02/2010
(4) TPI 06/02/2009
(5) TPI 28/02/2008

As far as the company knows, there are no other shareholders holding directly, indirectly or with others, 5% or more of the capital or voting rights.

During the 2009 financial year, the following threshold crossing alerts were declared and published by the AMF:

- The Nobel company, controlled by HSBC Holding Plc, declared by mail on 4 June 2009 (ref 209C0790) that it had crossed above the threshold of 5% of the capital on 3 June 2009;

- As a result of the purchase by group employees in the capital increase reserved for employees performed on 15 December 2009 (traditional and leverage offer), Crédit Agricole Asset Management (CAAM), acting on behalf of FCPE Groupe Steriactions, declared by mail on 18 and 21 December 2009 (ref 209C1531) that it had crossed above the thresholds of 10% of capital and 15% of voting rights following subscription to the employees' capital increase of 15 December 2009. They also declared that the purchase of shares and voting rights in Groupe Steria SCA formed part "of the normal portfolio management business conducted by the company and was not intended as a means of implementing any particular strategy on behalf of FCPE Group Steriactions with respect to Groupe Steria, nor of exercising, in this respect, any specific influence on the management of the latter".

Double voting rights are granted to shares that have been nominally registered to the same shareholder for at least two years.
The total number of voting rights (excluding treasury stock) that may be exercised at the Ordinary and Extraordinary General Meeting on 26 January 2010 amounts to 33,640,832 voting rights.

As far as the company knows, there is no shareholder agreement or agreement clause establishing preferential sale or purchase rights on at least 0.5% of the capital or voting rights.

## 5.2.4 History: Changes in Groupe Steria SCA's share capital over the last five years

| Date carried out | Type of transaction Capital increase by | Nomi-nal | Premium per share for the trans-action | Number of share certificates created | Cumulative number of shares | Capital increase |
|---|---|---|---|---|---|---|
| 7 January 2005 | Exercise of share purchase options issued for the benefit of employees | €1 | €6.62 | 25,500 | 17,978,373 | €17,978,373 |
| 15 June 2005 | Exercise of share purchase options issued for the benefit of employees | €1 | €6.62 | 17,050 | 17,995,423 | €17,995,423 |
| 12 August 2005 | Purchase by the company mutual fund and by direct purchase by employees | €1 | €24 | 96,501 | 18,091,924 | €18,091,924 |
| | Exercise of share purchase options issued for the benefit of employees | €1 | €6.62 | 3,150 | 18,095,074 | €18,095,074 |
| 17/10/2005 | Exercise of share purchase options issued for the benefit of employees | €1 | €6.62 | 26,578 | 18,121,652 | €18,121,652 |
| 16/01/2006 | Exercise of share purchase options issued for the benefit of employees | €1 | €6.62 | 7,650 | 18,129,302 | €18,129,302 |
| 16/06/2006 | Exercise of share purchase 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 warrants issued for the benefit of certain option holders | €1 | at nominal | 136,839 | 18,276,291 | €18,276,291 |
| 25/08/2006 | Exercise of share purchase 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 company mutual fund and by direct purchase) | €1 | €31.70 | 334,556 | 18,612,757 | €18,612,757 |
| 23/10/2006 | Exercise of share purchase options issued for the benefit of employees | €1 | €35 | 7,500 | 18,623,257 | €18,623,257 |
| | | €1 | €12 | 3,000 | | |
| 18/04/2007 | After exercise of purchase options granted to staff | €1 | €42.33 | 58,122 | 18,746,104 | €18,746,104 |
| | | €1 | €42.33 | 5,550 | | |
| | | €1 | €35 | 48,995 | | |
| | | €1 | €12 | 10,180 | | |
| 28/05/2007 | After exercise of purchase options granted to staff | €1 | €42.33 | 25,445 | 18,785,932 | €18,785,932 |
| | | €1 | €42.33 | 258 | | |
| | | €1 | €35 | 625 | | |
| | | €1 | €12 | 13,500 | | |
| 29/06/2007 | Capital increase by exercise of warrants issued for the benefit of certain option holders | €1 | €26.50 | 133,400 | 18,919,332 | €18,919,332 |
| 27/08/2007 | Increase in capital after exercise of purchase options granted to staff | €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 Group employees (traditional formula) | €1 | €37.38 | 70,285 | | |
| | | €1 | €37.38 | 18,353 | | |
| | | €1 | €37.38 | 1,180 | | |
| | | €1 | €37.38 | 840 | | |
| | Capital increase reserved for Group employees (leverage formula) | €1 | €37.38 | 227,949 | | |
| | | €1 | €37.38 | 12,476 | | |
| | | €1 | €37.38 | 22,324 | | |
| | | €1 | €37.38 | 2,678 | | |
| | Capital increase reserved for Calyon | €1 | €37.38 | 24,102 | | |
| 31/10/2007 | Capital increase after exercise of purchase options granted to staff | €1 | €42.33 | 10,931 | 19,492,215 | €19,492,215 |
| | | €1 | €35 | 20,100 | | |
| | | €1 | €12 | 31,200 | | |
| | | €1 | €27.50 | 11,500 | | |
| | | €1 | €12 | 1,500 | | |
| 11/12/2007 | Capital increase with maintenance of preferential purchase rights | €1 | €22.20 | 8,663,204 | 28.155.419 | €28,155,419 |
| 31/01/2008 | Capital increase following the exercise of warrants | €1 | €26.50 | 145,590 | 28,301,009 | €28,301,009 |
| 27/06/2008 | Capital increase after exercise of purchase options granted to staff | €1 | €10.93 | 1,090 | 28,302,099 | €28,302,099 |
| 29/07/2008 | Capital increase reserved for employees | €1 | €15.23 | 197,853 | 28,535,232 | €28,535,232 |
| 07/07/2009 | Capital increase following payment of dividend in shares | €1 | €11.53 | 106,132 | 28,641,364 | €28,641,364 |
| 18/09/2009 | Capital increase following the allocation of free shares by the creation of new shares | €1 | €0 | 65,673 | 28,707,037 | €28,707,037 |
| 15/12/2009 | Capital increase reserved for Group employees (traditional formula) | €1 | €15.61 | 67,548<br>20,721<br>1,985 | 67,548<br>20,721<br>1,985 | €28,797,291 |
| | Capital increase reserved for Group employees (leverage formula) | €1 | €15.61 | 521,123 | 521,123 | €29,318,414 |
| | Capital increase after exercise of purchase options granted to employees | €1 | €10.93 | 21,953 | 21,953 | €29,340,367 |
| | Capital increase following the allocation of free shares by the creation of new shares | €1 | €0 | 8,173 | 8,172 | €29,348,539 |

### *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 the 2009 financial year have been described in the Notes 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, i.e. a total nominal borrowing of €152,449,310.64.

All of the details concerning this bond issue have been included in the Notes to the company accounts and in Note 4.10 of the company's consolidated accounts.

There exists no other security giving access to the company's capital.

## Summary of information concerning potential dilution of capital as of 31 December 2009

Capital: €29,348,539

| Nature of potentially diluting instruments | Date of allocation or issue (a)/date of authorisation (A) if not yet allocated | Performance-related conditions | Exercise price – In euros | Identity of the holders of these instruments | Period during which they can be exercised per holder | Balance of the number of shares to which these instruments give rights | Potential dilution that may result from the exercise of these instruments – In % of current capital |
|---|---|---|---|---|---|---|---|
| 1. Allocated stock options | 11/04/2003 | | 11.93 | Certain employees and Group directors | From 12/04/2006 to 11/04/2010 | 77,576 | 0.26 |
| | 20/04/2004 | --- | 26.16 | Certain employees and Group directors | From 21/04/07 to 20/04/2011 | 153,889 | 0.52 |
| **Total 1** | | **---** | | | | **231,465** | **0.78** |
| 2. Warrants | 27/08/2007 | | 47.97 | y mutual fund Groupe Steriactions (employees) | From 27/08/2007 to 03/09/2012 | 49,198 | 0.16 |
| **Total 2** | | **---** | | | | **49,198** | **0.16** |
| 3. Free performance-related shares | 19/12/2007 | Growth in operating margin over three years counting from the date of allocation | Free | Certain employees and Group directors | - date of allocation: 20/12/2010<br>- holding term: two years (freely available from 20/12/2012) | 97,250 | 0.33 |
| | 16/12/2008 | Growth in operating margin over three years counting from the date of allocation | | | - date of allocation: 16/12/2011<br>- holding term: two years counting from 16/12/2011 | 93,400 | 0.31 |
| | 29/07/2009 | - Growth in operating margin compared with the 2009 financial year<br>- Compliance with banking covenants over a two year period counting from the date of allocation | | | - date of allocation: 29/07/2011 (Spain), 29/07/2012 (France) or 20/07/2013 (rest of world)<br>- holding term: two years (France), three years (Spain), no holding period (rest of world) | 110,550 | 0.37 |
| **Total 3** | | | | | | **301,200** | **1.02** |
| 4. Non-redeemable subordinate bonds with options for conversion and/or exchange into shares | 12/11/2007 | | 1.03 shares for one bond | | | 4,202,965 | 14.32 |
| **Total 4** | | | | | | **4,202,965** | **14.32** |
| **Total potential dilution** | | | | | | **4,784,828** | **16.30** |

## 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.

| Decision | Redemption date | Amount or percentage of authorised capital | Use made during the financial year | Residual authorisation as of 31/12/2009 |
|---|---|---|---|---|
| | | | | |
| **Combined General Meeting on 29/05/2009** | | | | |
| Delegation of authority to the General Manager to increase the capital with maintenance of preferential purchase rights | 29/07/2011 | €14 million (nominal value) stock issue<br>€150 million (nominal value) debt issue | None | Totality |
| **Combined General Meeting on 29/05/2009** | | | | |
| Delegation of authority to the General Manager to increase the capital with cancellation of preferential purchase rights (including private placement) | 29/07/2011 | €4.2 million (nominal value) stock issue<br>€50 million (nominal value) debt issue | None | Totality |
| **Combined General Meeting on 29/05/2009** | | | None | Totality |
| Authorisation given to the General Manager to increase the number of shares in the event of a capital increase performed pursuant to the above delegations | 29/07/2011 | 15% of the initial issue | None | Totality |
| **Combined General Meeting on 29/05/2009** | | | | |
| Delegation of authority to the General Manager to increase the company's capital in order to remunerate contributions in kind | 29/07/2011 | 10% of share capital | None | Totality |
| **Combined General Meeting on 29/05/2009** | | | | |
| Delegation of authority to the General Manager to increase the capital without preferential purchase rights, in order to remunerate the contribution of shares in the case of a public exchange offer | 29/07/2011 | €4.2 million (nominal value) | None | Totality |
| **Combined General Meeting on 06/06/2008** | | | | |
| Authorisation given to the General Manager to allocate free shares | 06/08/2010 | 250,000 shares (0.88% of capital) | 110,550 | 42,550 |
| **Combined General Meeting on 06/06/2008** | | | none | Totality |
| Delegation of authority to the General Manager to proceed with capital increases reserved for employees | 01/11/2010 | €750 thousand | €611,377 | €138,623 |
| **Combined General Meeting on 06/06/2008** | | | | |
| Delegation of authority to the General Manager to proceed with capital increases reserved for employee shareholding | 01/11/2010 | €750 thousand | €611,377 | €138,623 |
| **Combined General Meeting on 06/06/2008** | | | | |
| Delegation of power to the General Manager to proceed with capital increases reserved for any entity with the exclusive objective of holding and transferring company shares or other financial instruments under employee shareholding | 01/11/2010 | €750 thousand | €611,377 | €138,623 |

## *5.2.7 Share buyback programme*

### 5.2.7.1: Description of the share buyback programme

**I – Legal framework**

In compliance with articles 241-2 in the *Autorité des Marchés Financiers* general rules and with European regulation no. 2273/2003 dated 22 December 2003, this description has the aim of describing the objectives and procedure details of the Company's buyback programme for its own shares. This programme will be subjected to the approval of the General Meeting on 28 May 2010.

**II – Number of shares and share of capital held by the Company**

As of 28 February 2010, the capital of the company comprised 29,348,539 shares.

As of this day, the company held 31,413 treasury shares, representing 0.10% of the capital.

**III- Breakdown by purpose of treasury shares held by the company**

As of 28 February 2010, the treasury shares held by the company could be broken down in terms of their purpose, as follows:

| | |
|---|---|
| Implementation for the employees and/or company directors of all Group Savings Plans in accordance with articles L. 3332-2 et seq. of the French Labour Code or of all free allocations of shares in accordance with the dispositions of articles L. 225-197-1 et seq. of the French Commercial Code. | 16,602 |
| 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 context of a liquidity contract in accordance with the AFEI Code of Conduct, and approved by the AMF* | 23,000 |
| TOTAL | 46,267 |

* does not take into account purchases and sales conducted in the context of the liquidity contract

**IV- Objectives of the new share buyback programme:**

The objectives of this programme, in decreasing order of priority, are:

- Implementation for the employees and/or company directors of all Group Savings Plans in accordance with articles L. 3332-2 et seq. of the French Labour Code or of all free allocations of shares in accordance with the dispositions of articles L. 225-197-1 et seq. of the French Commercial Code;

- Allocation of shares to the holders of convertible debt securities in the Company;

- 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;

- 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 AMAFI Code of Conduct, and approved by the Autorité des Marchés Financiers;

- Possible cancellation of shares purchased on condition of approval by 7th resolution included in the agenda of this Meeting;

- Implementation of any market practice that is permitted, or which could be permitted in the future, by the Autorité des Marchés Financiers, and more generally to carry out any other operation in compliance with the regulations in force.

**V- Maximum share of capital, maximum number and characteristics of equity securities:**

**Maximum share of the company capital likely to be bought back – characteristics of equity securities**

The maximum share likely to be bought back is equal to 10% of the existing capital of Groupe Steria SCA at the time that the buyback programme is implemented

The share capital amounts to €29,348,539 distributed into 29,348,539 shares, each with a nominal value of €1. On this basis, Groupe Steria SCA would be authorised to purchase a maximum of 10% of its capital, i.e. 2,934,853 shares, not taking into account shares already held.

**Maximum purchase price and maximum authorised amount of funds that could be committed**

The cumulated maximum amount that Groupe Steria SCA could pay for the purchase of treasury shares in the context of the buyback programme cannot exceed the sum of €117,394,120 (excluding costs), on the basis of a maximum purchase price of €40 per share.

**Buyback procedure details**

Purchase, sale or transfer by the Company of its own shares may proceed by any method at all times (excluding public offerings), including private agreement, by blocks of shares or by the use of derivative financial instruments, in one or several batches, and in the proportions and at the periods desired by the General Manager.

**VI- Term of the buyback programme**

The programme has a term of 18 months starting from the approval of the resolution presented at the General Meeting, i.e. until 28 November 2011
.

### 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, Groupe Steria entrusted SG Securities (Paris) SAS, a simplified company with a share capital of €2,400,000, whose registered 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 AMAFI Code of Conduct dated 14 March 2005 and approved by the AMF in its decision of 22 March 2005, published in the *Bulletin des Annonces Légales Obligatoires* on 1 April 2005.

As at 31 December 2009, the liquidity account held the following assets: 418 Groupe Steria SCA securities Liquidities for an amount of €1,212,952.237.

**Allocation of free shares**

During the 2009 financial year the General Manager decided to use the authorisation granted to him by the Combined General Meeting of 29 May 2009, in their sixth resolution, to use company shares, in particular to "implement all Group Savings Plans for the benefit of employees and/or company directors in accordance with articles L. 3332-2 et seq. of the French Labour Code or all allocations of free shares under the dispositions of articles L. 225-197-1 et seq. of the French Commercial Code". A total of 13,416 shares were allocated for the profit of 2,236 beneficiaries of the performance-related share plan on 1 June 2007, with an average length of holding of two years.

## 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 on Euronext Paris, in the B compartment of Eurolist.

- Codes and classification of Groupe Steria SCA stock

ISIN code: FR 0000072910
Mnemo: RIA
Euronext Code: FR 0000072910
Market: Euronext Paris – Euronext - Local values
CFI: ES (E=equity; S=shares)
Type: Share - Ordinary share - Continuous
Compartment B (Mid-caps)

- Characteristics of Groupe Steria SCA stock

Industry: 9000, Technology
Super sector: 9500, Technology
Sector: 9530, Software and IT services
Sub-sector: 9533, IT services

Eligibility for Share Savings Plan: Yes
Eligibility for Deferred Payment: 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 Groupe Steria SCA’s quoted share price since June 2002.

## STOCKMARKET DATA

| 2006 - Month | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Average volume exchanged/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 - Month | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Average volume exchanged/day | 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 - Month | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Average volume exchanged/day | 257,798 | 201,115 | 145,657 | 141,753 | 110 ,12 | 141,370 | 224,774 | 192,173 | 198,183 | 282,509 | 229,775 | 156,552 |
| Highest € | 25.20 | 21.99 | 21.20 | 23.00 | 23.38 | 21.50 | 17.71 | 18.60 | 20.65 | 16.10 | 11.55 | 8.88 |
| Lowest € | 15.53 | 17.65 | 17.40 | 20.30 | 19.55 | 16.91 | 13.43 | 13.91 | 14.80 | 8.22 | 8.08 | 7.35 |
| Capital in millions of euros (1) | 107.63 | 84.0 | 52.9 | 67.0 | 49.58 | 56.88 | 82.38 | 68.33 | 79.51 | 76.05 | 45.70 | 26.04 |

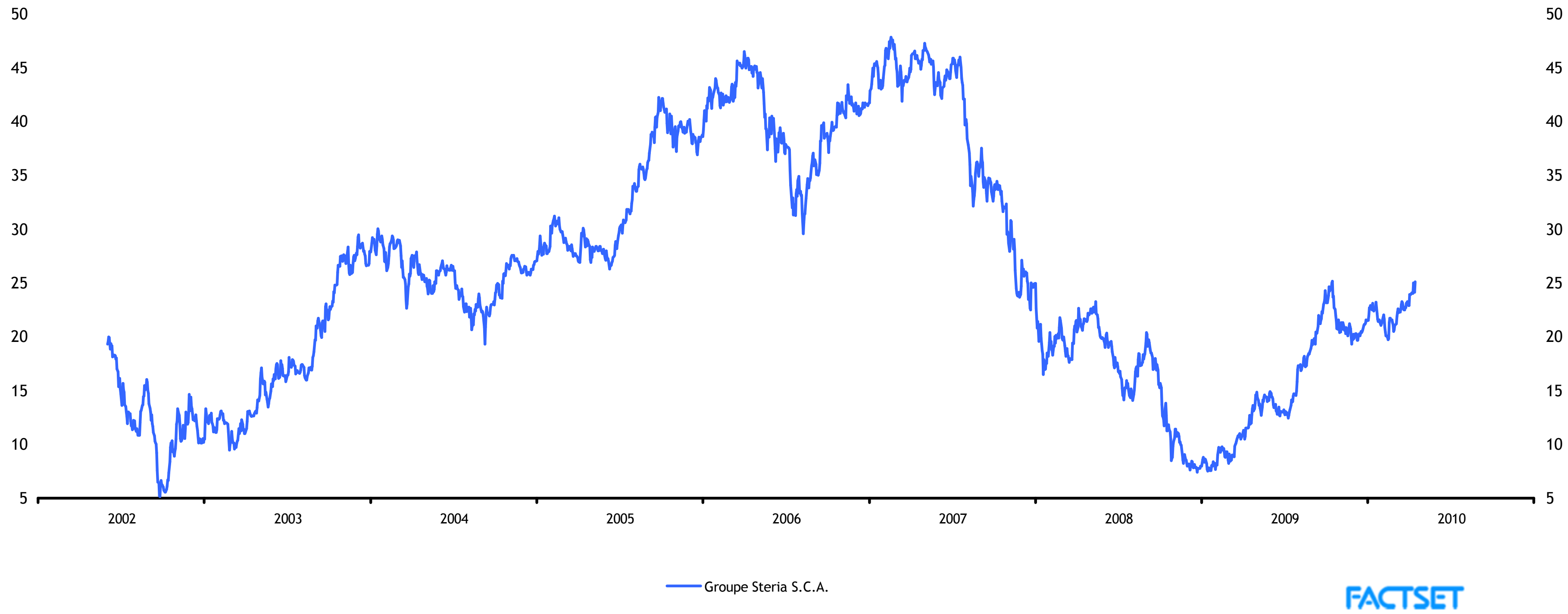
| 2009 - Month | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Average volume exchanged/day | 102,938 | 117,192 | 97,906 | 123,742 | 113,867 | 112,512 | 104,808 | 80,508 | 165,503 | 130,481 | 95,397 | 64,014 |
| Highest € | 8.81 | 10.32 | 11.30 | 14.83 | 15.65 | 15.10 | 17.00 | 19.35 | 25.19 | 25.29 | 21.50 | 21.60 |
| Lowest € | 7.30 | 7.61 | 8.10 | 10.29 | 12.60 | 12.50 | 12.08 | 16.21 | 18.62 | 20.15 | 18.42 | 19.50 |
| Capital in millions of euros (1) | 17.52 | 21.50 | 21.04 | 30.24 | 32.00 | 34.20 | 33.26 | 29.98 | 77.02 | 66.59 | 41.13 | 28.65 |

| 2010 - Month | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Average volume exchanged/day | 59,878 | 57,974 | 65,065 | | | | | | | | | |
| Highest € | 23.33 | 22.37 | 23.45 | | | | | | | | | |
| Lowest € | 21.00 | 19.52 | 20.74 | | | | | | | | | |
| Capital in millions of euros (1) | 26.65 | 24.42 | 33.74 | | | | | | | | | |

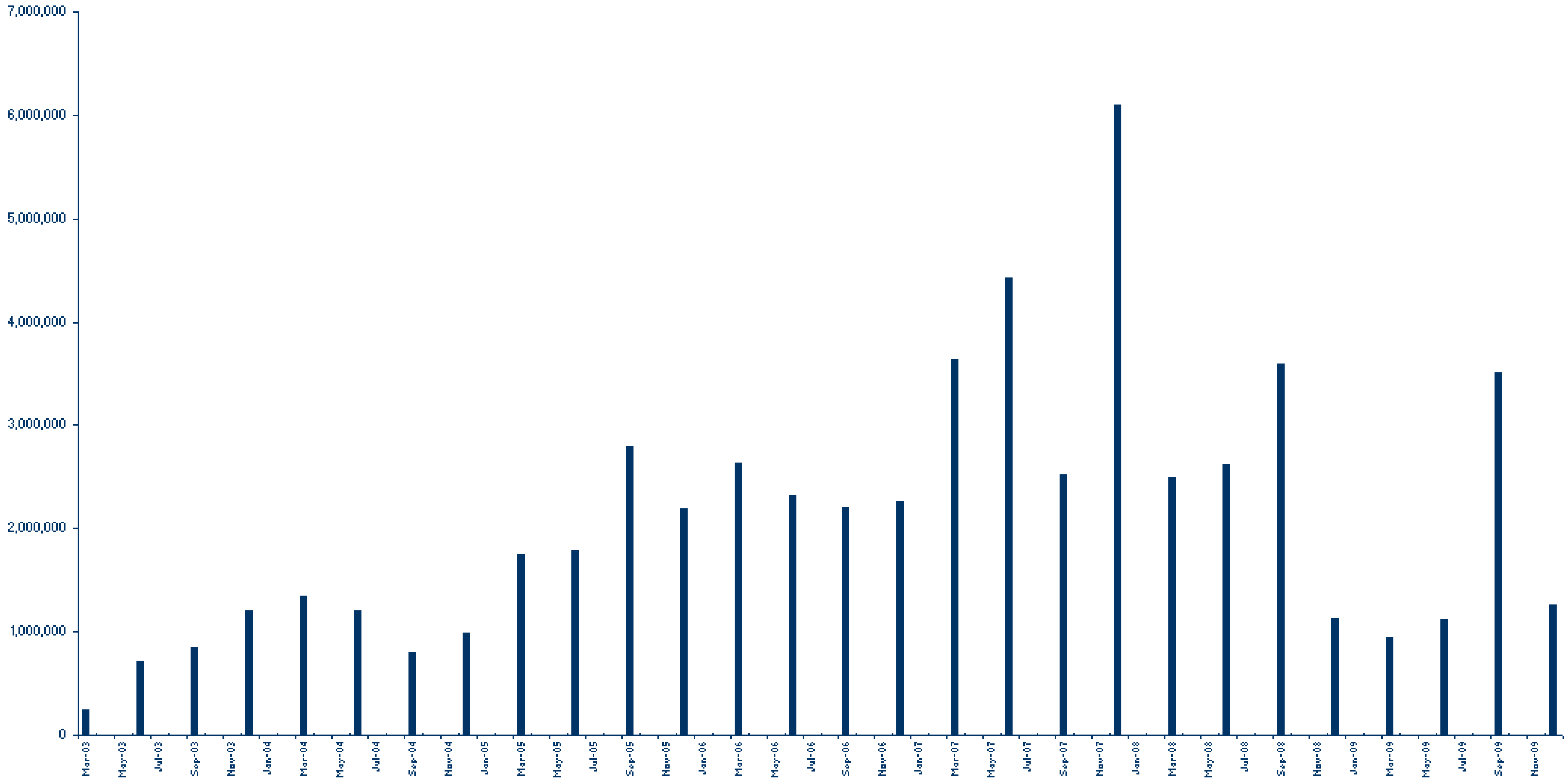
(Source: EURONEXT)
(1) Total amount of capital exchanged in the month

Movements in Steria's quoted share price since June 2002 (share price on 14 April 2010)

Source: Facset

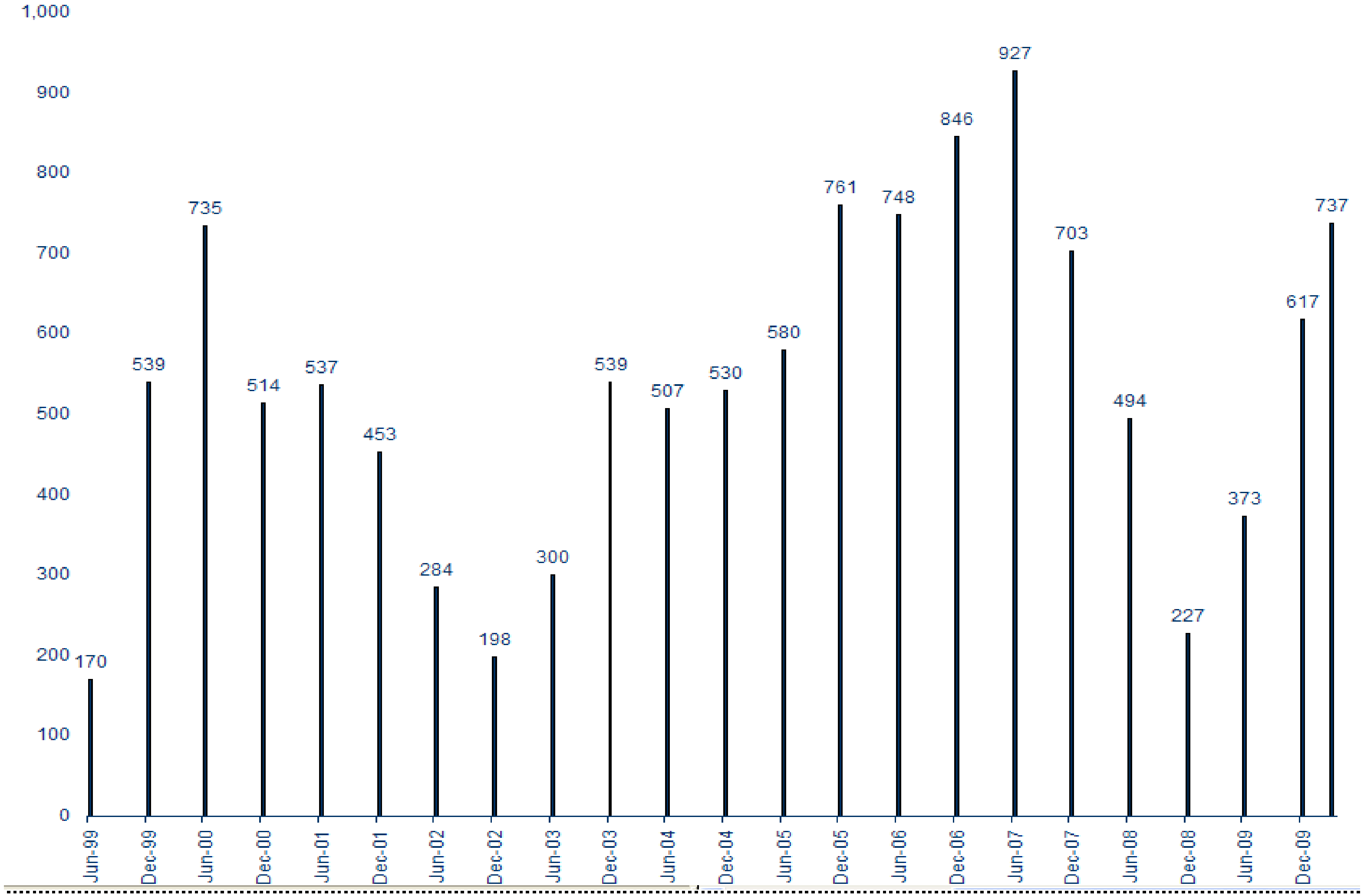


**Movements in average capital exchanged per day (in €)**




Source: Facset

**Growth in market capitalisation (in millions of euros) since June 1999**



*Source: Facset*

### *5.3.2 Dividend 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 |
|---|---|---|
| 2006 | €0.42 | Allowance at applicable rate |
| 2007 | €0.42 | Allowance at applicable rate |
| 2008 | €0.12 | Allowance at applicable rate |

#### 5.3.2.2 Dividend proposal for the financial year ending 31 December 2009 – subject to the approval of the General Meeting of 28 May 2010

Proposed dividend for Shareholders subject to the approval of the Combined General Meeting of 28 May 2010:

| Financial year | Net dividend per share | Allowance |
|---|---|---|
| 2009 | €0.12 | Allowance at applicable rate |

Option for the payment of dividend in either cash or in shares

On condition of approval by the General Meeting on 28 May 2010, shareholders will be given the option of taking dividend payment in cash or in shares. This option will concern the entire dividend to be paid, i.e. €0.12 per share.
The issue price of new shares is fixed at 90% of the average share price quoted in the 20 Stock market sessions prior to the General Meeting, reduced by the net dividend amount. The General Manager will be allowed to round up this price to the next whole number.
Shareholders wishing to obtain the payment of their dividend in shares, will be given a time limit between 9 June and 25 June 2010 to make their request to the approved intermediaries.
If no option has been placed when this period has expired, the dividend will be paid in cash starting from 7 July 2010.

### *5.3.3 Financial information*

**Financial Information Manager:**
Mr Olivier Psaume
Investor Relations and Corporate Development Management
Steria – 46 rue Camille Desmoulins – 92130 Issy les Moulineaux

Tel: +33 (0)1 34 88 55 60
Fax: +33 (0)1 34 88 62 00
E-mail: olivier.psaume@Steria.com

Website: www.Steria.com

**Financial information calendar:**

| | |
|---|---|
| • 14 & 15 January 2010 | *Analyst Day* |
| • 15 February 2010 (after stock market closing) | Q4 2009 revenue |
| • 15 March 2010 (after stock market closing) | 2009 annual results |
| • 16 March 2010 at 11.30 | SFAF meeting |
| • 11 May 2010 (after stock market closing) | Q1 2010 revenue |
| • 28 May 2010 | General Meeting (14.00) |
| • 29 July 2010 (after stock market closing) | Q2 2009 revenue |
| • 29 July 2010 (after stock market closing) | 2010 half-yearly results |
| • 30 July 2010 at 11.30 | SFAF meeting |
| • 15 November 2010 (after stock market closing) | Q3 2010 revenue |

## 5.4 Person responsible for the reference document

### Person responsible for the reference document

François Enaud, General Manager of Groupe Steria SCA.

### Declaration by the person responsible for the reference document

"*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 fair image of the assets, financial situation and results of the company and all the companies in the consolidation and that the General Manager's report on page 66 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 included in pages 135 and 165 of this document.*

*Without calling into question the opinion they expressed on the accounts, the Statutory Auditors in their report on the consolidated financial statements at 31 December 2008 drew the attention of shareholders to Note 1.1 of the Notes relating to the change in accounting policy arising form the application of IFRS 8 – Operational segments. It should be noted that in their report on the consolidated financial statements at 31 December 2007, the Statutory Auditors drew the attention of the shareholders to Note 2.1 of the Notes that describes the change in consolidation method of Diamis and the reprocessing of comparative information in 2006.*

François Enaud

General Manager

# 6 Documents available to the public

Legal documents (Articles of Association, minutes of General Meetings, Statutory Auditors' reports, etc.) can be consulted at the Group Legal Department, 46 rue Camille Desmoulins - 92130 Issy les Moulineaux, France.

| | | |
|---|---|---|
| **Press releases** | | |
| 2009 annual results | 15/03/2010 | Steria website/AMF website |
| Revenue 4th quarter 2009 | 15/02/2010 | Steria website/AMF website |
| Q3 2009 revenue | 12/11/2009 | Steria website/AMF website |
| Combined General Meeting: voting results | 03/06/2009 | Steria website/AMF website |
| 2009 half-yearly results | 31/08/2009 | Steria website/AMF website |
| Q2 2009 revenue | 31/08/2009 | Steria website/AMF website |
| Preparatory document for the Combined General Meeting of 29 May 2009 | 30/04/2009 | Steria website/AMF website |
| Meeting notice for the Combined General Meeting of 29 May 2009 | 22/04/2009 | Steria website/AMF website |
| Capital increase reserved for group employees | 09/09/2009 | Steria website/AMF website |
| Q1 2009 revenue | 14/05/2009 | Steria website/AMF website |
| 2008 annual results | 16/02/2009 | Steria website/AMF website |
| **Other documents submitted to the *Autorité des Marchés Financiers*** | | |
| Half-yearly balance sheet for the liquidity contract | 12/01/2010 | Steria website/AMF website |
| Financial information schedule 2010 | 27/01/2010 | Steria website/AMF website |
| Appointment of Johan Vermeule as the Group's Human Resources Director | 15/10/2009 | Steria website/AMF website |
| Capital increase reserved for employees | 09/09/2009 | Steria website/AMF website |
| Half-yearly financial report 2009 | 31/08/2009 | Steria website/AMF website |
| Dividend for the 2008 financial year | 06/07/2009 | Steria website/AMF website |
| Half-yearly balance sheet for the liquidity contract | 03/07/2009 | Steria website/AMF website |
| Option for the payment of dividend in shares for the 2008 financial year | 11/06/2009 | Steria website/AMF website |
| Reference document 2008 | 29/04/2009 | Steria website/AMF website |
| Half-yearly balance sheet for the liquidity contract | 08/01/2009 | Steria website/AMF website |
| Threshold crossing declarations | 22/12/2009 | AMF web site/STERIA administrative headquarters |
| Threshold crossing declarations | 04/06/2009 | AMF web site/STERIA administrative headquarters |
| Declarations of securities operations by management | 23/04/2009 | AMF web site/STERIA administrative headquarters |
| Declarations of securities operations by management | 23/04/2009 | AMF web site/STERIA administrative headquarters |
| Declarations of company purchases and transfers of own shares (article L. 225-209 of the French Commercial Code) | 30/01/2009 | AMF web site/STERIA administrative headquarters |
| **Other documents posted on the Steria website** | | |
| Monthly voting rights for March 2010 | 08/04/2010 | Steria Website |
| Monthly voting rights for February 2010 | 05/03/2010 | Steria Website |
| Monthly voting rights for January 2010 | 08/02/2010 | Steria Website |
| Monthly voting rights for December 2009 | 12/01/2010 | Steria Website |
| Monthly voting rights for November 2009 | 07/12/2009 | Steria Website |

| | | |
|---|---|---|
| Monthly voting rights for October 2009 | 05/11/2009 | Steria Website |
| Monthly voting rights for September 2009 | 07/10/2009 | Steria Website |
| Monthly voting rights for August 2009 | 08/09/2009 | Steria Website |
| Monthly voting rights for July 2009 | 07/08/2009 | Steria Website |
| Monthly voting rights for June 2009 | 03/07/2009 | Steria Website |
| Monthly voting rights for May 2009 | 08/06/2009 | Steria Website |
| Voting rights for the General Meeting on 29 May 2009 | 03/06/2009 | Steria Website |
| Monthly voting rights for April 2009 | 11/05/2009 | Steria Website |
| Monthly voting rights for March 2009 | 06/04/2009 | Steria Website |
| Monthly voting rights for February 2009 | 10/03/2009 | Steria Website |
| Monthly voting rights for January 2009 | 06/02/2009 | Steria Website |
| Half-yearly H2 balance sheet for the Liquidity Contract | 12/01/2010 | Steria Website |
| Half-yearly H1 balance sheet for the Liquidity Contract | 03/07/2009 | Steria Website |
| **Information published in the Bulletin des Annonces Légales Obligatoires** | | |
| Meeting notice replacing the convocation for the Combined General Meeting of 29 May 2009 (Balo no. 48) | 22/04/2009 | |

# 7 Concordance table

## 7.1 Reference document cross-reference table

To facilitate the reading of this annual report as a reference document, the following thematic table identifies the main information included in Annex 1 of Regulation (EC) No. 809: 2004.

| INFORMATION | ANNUAL REPORT Pages |
|---|---|
| **PERSONS RESPONSIBLE** | **221** |
| **STATUTORY AUDITORS** | **132,169** |
| **SELECTED FINANCIAL INFORMATION** | **3 and fol, 26, 62 and fol** |
| **RISK FACTORS** | **43 and fol** |
| **INFORMATION ABOUT THE ISSUER** | |
| ▪ History and development of the Issuer | 12 - 13 |
| ▪ Investments | 27 |
| **BUSINESS OVERVIEW** | |
| ▪ Principal activities | 24 and fol |
| ▪ Principal markets | 24 and fol |
| **ORGANIZATIONAL STRUCTURE179** | **17** |
| **PROPERTY, PLANT AND EQUIPMENT** | |
| ▪ Major Tangible Capital Assets existing or planned (property leased major loads weighing above) | 27, 92 and fol |
| ▪ Environmental issues affecting issuer's utilisation of the tangible fixed assets | N/A |
| **OPERATING AND FINANCIAL REVIEW** | **62 and fol** |
| ▪ Financial conditions | 62 and fol |
| ▪ Operating results | 62 and fol |
| **CAPITAL RESSOURCES** | **98 and fol** |
| **RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES** | **27** |
| **TREND INFORMATION** | **64** |
| **PROFIT FORECAST OR ESTIMATES** | **N/A** |
| **ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORYBODIES AND SENIOR MANAGEMENT** | **170 and fol** |
| ▪ Information about the members of management and supervisory bodies and general partner | 170 and fol |
| o Names, business addresses and functions in the issuer | 7 |
| o Family relationship between these people. | 198 |
| o Relevant management expertise and experience | 171 |
| o Warrants exercised during the last five years | 192 and fol |
| o Any conviction in relation to fraudulent offences for the previous 5 years | 198 |
| o Details of any bankruptcies, official public incrimination and/or sanctions | 198 |

| INFORMATION | ANNUAL REPORT Pages |
|---|---|
| ▪ Administrative, Management and Supervisory bodies and Senior Management conflicts of interests | 198 |
| **REMUNERATION AND BENEFITS** | **179 and fol, 199 and fol** |
| **BOARD PRACTICES** | |
| o Date of expiration of the current term of office | 171 |
| o Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or nay of its subsidiaries | 180,202-203 |
| o Information about the issuer's audit committee and remuneration and appointment committee | 175 and fol |
| o Statement as to the corporate governance regime | 181 |
| **EMPLOYEES** | |
| o Number of eployees | 5 |
| o Shareholdings and stock options | 171,202-203 |
| o Description of the involvement of the employees in the capital of the issuer | 205-206 |
| **MAJOR SHAREHOLDERS** | 205 and fol. |
| o Shareholders who has more than 5% interest in the capital or voting rights | 205-206 |
| o Information about voting rights | 207 |
| o State whether the issuer is directly or indirectly owned or controlled | 206 |
| o Description of any arrangements known to the issuer the operation of which may result in a change in control of the issuer | 207 |
| **RELATED PARTY TRANSACTIONS** | **18** |
| **FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES** | |
| ▪ Historical financial information | 66 and fol.,136 and fol. |
| ▪ Pro forma financial information | N/A |
| o Report prepared by accountants or statutory auditors of accounts | N/A |
| ▪ Annual consolidated financial statements | 66 and fol. |
| ▪ Auditing of historical annual financial information | 2 |
| ▪ Age of latest financial information | 66 and fol, 136 and fol |
| ▪ Intermediaries and other financial information | N/A |
| ▪ Dividend policy | 219 |
| ▪ Legal and arbitration proceedings | 55 |
| ▪ Significant change in the issuer's financial or trading position | 64 |
| **ADDITIONAL INFORMATION** | |
| ▪ Share capital | 205 and fol |
| ▪ Memorandum and articles of association | 204, 227 and fol |
| **MATERIAL CONTRACTS** | **26** |
| **THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANYINTEREST** | **N/A** |
| **DOCUMENTS ON DISPLAY** | **222 – 223** |
| **INFORMATION ON HOLDINGS** | **92 – 93, 162** |

## 7.2 Annual Financial Report cross-reference table

This Reference Document includes all the elements of the Annual Financial Report mentioned in articles L. 451-1-2 in the Monetary and Financial Code and 222-3 in the AMF's general regulations. The following concordance table concerns extracts from the Reference Document corresponding to the different headings in the Annual Financial Report.

| ANNUAL FINANCIAL REPORT | FINANCIAL REPORT Pages |
|---|---|
| **I. Annual accounts of the Company** | **136 and fol** |
| **II. Group consolidated accounts** | **66 and fol** |
| **III. Management Report** | **43 and fol, 62 and fol, 170 and fol, 204 and fol** |
| **IV. Declaration of persons responsible for the annual financial report** | **221** |
| **V. Report of the Auditors on the annual accounts** | **163** |
| **VI. Report of the Auditors on the consolidated accounts** | **133** |
| **VII. Fees paid to auditors** | **132** |
| **VIII. Report of the Chairman of the Supervisory Board on the composition, the preparation and organization of work of the Supervisory Board, on the principles and rules for determining the executive officers, and internal control procedures and risk management.** | **171 and fol** |
| **IX. Report of the Auditors on the Report of the Chairman of the Supervisory Board** | **189 and fol** |

# THE GROUPE STERIA SCA

# ARTICLES

# OF ASSOCIATION

**(updated the 15th December 2009)**

This document, which is for the information of English speaking employee shareholders,
is a free translation from the official original French document.

# SECTION I – THE COMPANY

## ARTICLE 1 – TYPE OF COMPANY

The *société anonyme* (French public limited company) named the "Groupe Steria", whose Head Office is at Vélizy-Villacoublay (78140) – 12, rue Paul Dautier, constituted by private agreement dated February 18, 1988, has been transformed into a partnership limited by shares under French law *("SCA": société en commandite par actions)*, by decision of the Extraordinary General Meeting dated July 18, 1996. It has adopted these Articles of Association by decision of the Extraordinary General Meeting dated 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 in this document as the "Shareholders"), and

- its General Partner (referred to in this document as the "General Partner"), the Soderi company, a *société par actions simplifiée à capital variable* (a French simplified open-stock company), whose Head Office is at 46 rue Camille Desmoulins – 92130 Issy-les-Moulineaux registered under no 404 390 486 RCS Nanterre, represented, in accordance with its Articles of Association, either by its Chairman or by its CEO. 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 hereby stated that the term the "Partners" in this document refers collectively to the General Partner and the Limited Partners.

It is governed by the legal and regulatory provisions in force with respect to partnerships limited by shares under French law (sociétés en commandite par actions) and by these Articles of Association.

## ARTICLE 2 – OBJECTS

The company's direct or indirect objects worldwide are 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;

- management, corporate promotion, including consultancy and assistance services, especially in the legal, corporate, financial and administration fields;

- participation in all commercial or industrial operations that may be connected to the aforementioned objects through the creation of new companies, equity interests, 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 objects, and which can contribute to its development.

## ARTICLE 3 – REGISTERED NAME

The name of the company is the "Groupe Steria".

In all the articles and documents issued by the company, this company name must be immediately followed or preceded by the words "partnership limited by shares under French law" (société en commandite par actions), or the initials "S.C.A." and by the indication of the total amount of its capital.

## ARTICLE 4 – REGISTERED OFFICE

### 4.1. Head Office

The head office is established at Vélizy-Villacoublay (78140), 12 rue Paul Dautier.

### 4.2. Transfer

It may be transferred to any other location in the same "département" or in an adjoining departement, by decision of the General Managers, who may as a result modify the text of this article, subject to this decision being ratified by the next Ordinary General Meeting, and above all by decision of the Extraordinary General Meeting.

### 4.3. Secondary establishments

Agencies, branches, offices or other secondary establishments may be created, transferred or abolished by simple decision of the General Managers.

### ARTICLE 5 – DURATION

The duration of the company remains 99 years from the date of its creation, except for early dissolution or extension.

The general partner and the limited partners must be consulted on any dissolution of the company at least one year before this latter expires.

# SECTION II – THE CAPITAL – THE PARTNERS

### ARTICLE 6 – CORPORATE CAPITAL

#### 6.1. Amount

The total amount of corporate capital is 29,348,539 euros, and it is split into 29,348,539 shares, each of which has a nominal value of 1 euro.

#### 6.2. Modifications

The corporate capital may be increased, reduced or amortised, in accordance with the terms and conditions required by law, either by issuing ordinary shares or preferential shares, or by increasing the nominal value of the existing capital shares, by the Extraordinary General Meeting of Shareholders, after having received the agreement of the General Partner. The General Meeting may delegate this competence to the General Managers. The General Meeting that has decided on an increase in capital may also delegate the authority to establish the procedures for the issue to the General Managers.

The General Managers have complete authority to modify the Articles of Association arising from an increase or reduction in capital and to carry out the subsequent formalities.

In the context of the General Meeting's decisions, the General Managers carry out the calls for funds required to pay up the shares.

Any late payment on the share amount automatically bears interest, by the sole operation of law, in favour of the company at the official rate of interest plus three points, without requiring action at law or formal notice, and without prejudicing the personal action that the company may exercise against the defaulting shareholder and the compulsory enforcement provided for by law.

**6.3.** The General Partner, Soderi SAS, has made a contribution in kind to the company, in return for its share in the profits.

### ARTICLE 7 – FORM OF THE SHARES

**7.1.** Shares issued by the company are registered shares until they are fully paid up. Depending on the shareholder's choice, fully paid-up shares are either registered or bearer shares. They give rise to an entry in the ledger under the terms and conditions and according to the procedures set forth 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 the central securities depository or any organisation responsible for securities clearing for information to identify the 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 – TRANSMISSION OF SHARES

The transmission of shares is not restricted. It operates under the terms and conditions and according to the procedures set forth by law.

### ARTICLE 9 – RIGHTS ASSOCIATED WITH EACH SHARE

#### 9.1. Rights on the assets and the profits

Each share gives the right, within the ownership of the corporate assets and within the share of profits to be paid to the Shareholders, by virtue of article 19, to a share proportional to the percentage of the corporate capital that it represents, taking into account, where appropriate, paid-up and non-paid-up, amortised and non-amortised, capital, the nominal total amount of the shares, and the rights of different classes of shares; in particular and under these reservations, any share gives the right, during the company's life or on its liquidation, to the payment of the same net sum for any split or reimbursement, so that, if the case arises, all shares shall be considered as a whole without taking into account any tax exemption, as well as any taxation likely to be borne by the company.

#### 9.2. Consolidations

Each time that it is necessary to own a number of shares in order to exercise any right whatsoever – in particular in the case of the exchange or allotment of securities arising from an operation such as: consolidation or division of shares, reduction in the capital, increase in the capital by incorporating reserves, merger, division, partial investment, etc... giving right to a new security against the return or the proof of ownership of a number of old shares – isolated shares, or shares where the number held is less than the required number, shall not give their holders any right against the company. The Shareholders are personally responsible for consolidating the required number of shares or the associated rights, or for transferring or acquiring the fractional rights or shares.

### 9.3. Voting rights

Except for the double voting right defined below, the voting right attached to capital shares or dividend-right shares is proportional to the percentage of the capital that they represent. Each share gives right to one vote.

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 member.

Nevertheless, transfer following succession, liquidation of communal estate by married couple or donation to 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 expiry 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 reimbursement 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 reimbursement 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

Shares may be fully or partially redeemed, according to the decision of the Extraordinary General Meeting. So long as they are not fully redeemed, they shall continue to be entered in the accounts as capital shares; this entry shall mention the reimbursement made. Where they are fully redeemed, they shall be entered in the accounts as bonus shares.

### 9.5. Indivisibility

Each company share is indivisible with respect to the company.

Co-owners of undivided shares must be represented to the company and at General Assemblies by one of them, by their spouse, or by a duly authorised single shareholder.

In the event of disagreement between co-owners of undivided shares, the duly authorised representative chosen from the Shareholders is appointed by the president of the “Tribunal de Commerce” (Commercial Court) to issue a ruling at the request of the first co-owner to so request.

### 9.6. Separations

Except for contrary agreement notified to the company, the beneficial owners of shares represent the bare owners with regard to the company.

Notwithstanding, the voting right belongs to the beneficial owner in the Ordinary General Meetings and to the bare owner in the Special or Extraordinary General Meetings.

## ARTICLE 10 – INFORMATION CONCERNING THE ACQUISITION OF SIGNIFICANT HOLDINGS – EXCEEDING THE LIMITS

Any private individual or corporate entity, acting alone or in concert with others, who comes to own a number of shares exceeding the limits set forth in article L 233.7 of the French Commercial Code must satisfy the obligation to inform required by article L 233.7 of the French Commercial Code.

# SECTION III– THE GENERAL MANAGER

## ARTICLE 11 – MANAGEMENT

### 11.1. The General Manager(s)

The company is administered and managed by one or more General Managers, who may be a private individual or a corporate entity, a General Partner or from outside the company. Where there is more than one General Manager, any provision in these Articles of Association referring to “the General Manager” or “the Management” applies to each of them, who can act jointly or severally, except where other provisions of these Articles of Association require their unanimous agreement.

### 11.2. Duration of the appointment

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 mandate 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 the appointment, dismissal

General Managers’ appointment are ended by the expiry of their mandate, 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 functions of a General Manager being terminated, regardless of the reason.

The General Manager who resigns must notify the General Partner and the Supervisory Board at least six months in advance, by registered letter, unless the General Partner has agreed, after having obtained the Supervisory Board’s opinion, on reducing the timeframe for this notice.

The dismissal of any General Manager may be requested at the initiative of the Supervisory Board or of the General Partner.

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 20 days following 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 these 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 the General Partner’s.

### 11.5. General Manager vacancy

In all cases where General Manager vacancies result from the cases referred to in clause 11.4 of the Articles of Association, the General Partner, by operation of law, exercises the Management role; the General Partner may then delegate all or part of the powers needed to manage the company until the new General Manager(s) are appointed. Upon assuming the company Management function, the General Partner must implement as soon as possible the appointment and/or reappointment procedure set forth in clause 11.3 of the Articles of Association.

### 11.6. Compensation

The Ordinary General Meeting of Shareholders, on the Supervisory Board’s proposal, sets the General Managers’ compensation. General Managers are also entitled to compensation for their expenses and disbursements and business expenses.

## ARTICLE 12 – AUTHORITY OF THE GENERAL MANAGER

### 12.1. Relations with third parties

The General Manager is invested with the broadest of powers to act on behalf of the company in all circumstances. These powers are exercised within the limits of the objects of the company and subject to those matters expressly reserved by law to the Supervisory Board and the General Meetings of Shareholders, and also subject to the necessary opinions or agreements from the General Partner and/or the Supervisory Board according to the provisions set forth in these Articles of Association.

### 12.2. Relations between partners

With regard to relations between partners, the General Managers hold the broadest of powers to perform all the acts of management but solely in the company's interest and respecting the powers reserved by these Articles of Association to the General Partner and the Supervisory Board.

In particular, the General Managers must obtain the prior opinion and/or prior agreement of the General Partner and the Supervisory Board for the decisions mentioned in clauses 14.9 and 14.10 of these Articles of Association, and under the terms and conditions set forth in the said clauses and in clause 13.10.

### 12.3. Delegations

The General Managers can, on their responsibility, carry out any delegations of authority that they judge necessary for the proper running of the company and its group, especially for periods of temporary unavailability. They can also make a general delegation, with or without limitations, concerning one or more executives of the company. They can also authorise these people to use the title of CEO or Deputy CEO.

### 12.4. Reports

The General Managers must present a report on the activity of the company and the group during the previous period to the General Partner and the Supervisory Board, as often as the company's interest requires it and at least four times a year.

# SECTION IV –
# THE SUPERVISORY BOARD

## ARTICLE 13 – SUPERVISORY BOARD

### 13.1. Structure

A Supervisory Board made up of at least three members, private individuals or corporate entities, is constituted.

Neither General Partner, nor General Manager, nor legal representatives of the company which is General Partner of Groupe Steria, are allowed to be Supervisory Board Members.

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 approving the financial statements of the last fiscal 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 – Duration of the appointment

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 fiscal year and held in the year during which the mandate 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 at the initiative of Shareholders under the terms and conditions set forth in clause 17 of these Articles of Association, or on proposal made by the Supervisory Board. The dismissal may be decided upon even if it is not included in the meeting agenda. Shareholder eligible to be a general partner cannot participate in their election or in their dismissal.

### 13.4. Permanent representative

Any corporate entity appointed Supervisory Board member must, upon appointment, designate a permanent representative. These permanent representatives are subject to the same conditions and obligations and incur the same responsibilities as if they were Supervisory Board members in their own name, without prejudicing the joint and several liabilities of the corporate entity that they represent. If the corporate entity revokes the mandate of its representative, it is bound to notify the company of this revocation, without delay, 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 seats of Board members 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.

Interim members only remain in the position during the time remaining on their predecessor's mandate.

### 13.6. Executive committee and meetings of the Supervisory Board

The Board appoints a Chairman from among its members and a secretary who does not have to be a member of the Board.

It can also elect one or two vice-chairmen. In the Chairman's absence, the older vice-chairman presides over the Board; otherwise, it elects its own chairman for the meeting.

The Board meets to hear the Management report, either at the Registered Office or in any other location indicated in the invitation to attend, as often as the company's interest requires it and at least four times a year; the meeting can be convened by the Chairman, half of its members, the General Managers, or the General Partner.

Invitations to attend are sent by standard letters, or by any means accepted by the law as evidence, at least eight days before the scheduled date of the meeting, except in emergencies when the Board can be convened by any means and within a shorter timeframe. Insofar as it is possible, the person who issued the invitation shall, prior to the meeting, send the Board the documents on which it will deliberate or which are necessary for its deliberations.

The Board may only deliberate in a valid manner if at least half of its members are present.

Any Board member may be represented by another Board member. Each Board member may only receive one single mandate.

Deliberations are made on the basis of the majority of the members present or represented.

The General Managers must be invited to attend and can take part in the Board meetings, but without right of discussion and vote.

The founder of the Company is also invited to attend and can take part in the Board meetings, without right of discussion and vote.

Supervisory Board members are deemed to be present for the calculation of the quorum and majority when they take part in the meeting via communication methods that allow the members to follow the debates and to take part in them orally, such as telephone calls, video-conferencing, or any other means of long distance transmission that makes it possible to identify them. When a member is not physically present, the Chairman is responsible for verifying the identity of the member taking part in the meeting.

When members have taken part in the meeting without being physically present, this is mentioned expressly in the minutes.

The Supervisory Board may be assisted by and appoint specialist Committees from within its members, as provided for by article 13.8 of these Articles of Association.

### 13.7. Minutes of the Meetings

The Board's deliberations are recorded by minutes of meetings inscribed in a special journal, signed by the Chairman and the secretary or by the majority of the members present.

### 13.8. Internal regulations

The Board can establish internal regulations specifying the methods of its operation and, if it so judges, establish any committees that may be useful.

### 13.9. Director's fees

The General Meeting may allocate an annual payment of directors' fees to the Supervisory Board; this amount is chargeable to general expenses. The Board decides upon the distribution of the directors' 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.** For this, it can have the General Managers communicate any information or any document of use in carrying out its general mission of control.

#### 13.10.2. Prior opinion

The Supervisory Board, through its role of control, issues a prior opinion to the General Managers concerning:

> the Company's main strategic orientations: medium and long-term plans, consolidated budgets, acquisitions policy, significant acquisitions, major investments;

> operations having a noticeable impact on the capital, financing and cash position of the Company and its subsidiaries;

> operations significantly affecting the allocation of the Company's corporate capital.

#### 13.10.3. Prior agreement on certain decisions

a) any company borrowing once the total amount of borrowings exceeds 50 % of the total consolidated net accounting position of the Steria Group, 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 subsidiary's capital, directly or indirectly, of the company representing more than 10 % of the consolidated revenue of the Groupe Steria SCA, where this revenue results from the group's last consolidated financial statements.

At the annual Ordinary General Meeting, it gives an annual report on the management of corporate dealings and on the financial statements for the period. It also makes a report at each Extraordinary General Meeting.

It can convene the General Meeting of Shareholders.

It verifies that the terms and conditions set forth in article 1 of these Articles of Association, so that the Soderi Company is or remains the General Partner of the company Groupe Steria SCA, are complied with.

### 13.11. Responsibility

The functions of the Supervisory Board do not involve any management role, or any liability for the acts of management or their results.

# SECTION V
# THE GENERAL PARTNER

## ARTICLE 14 – RESPONSIBILITY, APPOINTMENT, STRUCTURE AND POWERS OF THE GENERAL PARTNER

### 14.1. Responsibility and rights

The General Partner shall be liable for the company's third-party debts jointly and for an indefinite period.

The corporate rights associated with the capacity of the general partner are granted intuitu personae. They are not transferable.

### 14.2. Structure

The General Partner is the company Soderi SAS, whose partners must at all times, as the pre-requisite 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 these Articles of Association of holding directly or via the medium of the company mutual fund a number of Groupe Steria SCA shares representing in total at least 5 % of the capital of the company Groupe Steria SCA, failing which it shall lose, by the sole operation of the law, the capacity of General Partner.

The company Groupe Steria SCA may at any time request the Company Soderi SAS to provide proof that its partners meet this dual condition.

If this proof is not provided within two months of the request being made, the General Managers shall be bound to convene, within a timeframe of one month, an Extraordinary General Meeting whose purpose is: modifying the condition defined in article 1, or appointing a new General Partner, or changing the legal form of the company Groupe Steria SCA.

If the General Managers do not convene said Meeting within the required timeframe, it may be convened by the Supervisory Board or an authorised agent appointed for this purpose by the president of the "Tribunal de Commerce" (Commercial Court) hearing in chambers.

### 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 capacity of general partner, without prejudicing any rights as a limited partner. To do this, they must give three months' notice of their decision to each of the General Managers and to the Chairman of the Supervisory Board.

**14.5.** General Partners who are not Management Partners 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 Managers.

### 14.6. Power to appoint and dismiss General Managers

The General Partner gives its agreement to the appointment of the General Manager in accordance with the provisions set forth in article 11 of these 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 is vacant, the General Partner who is not a General Manager becomes, by the sole operation of the law, the manager of the company during the time required to appoint the new General Manager(s), as provided for in article 11 of these Articles of Association.

### 14.8. Collective decisions

A deliberation in the General Meeting of the Company cannot come into force without the agreement of the General Partner.

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 these 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 Managers on any issues of general interest for the Group,

b) is the General Managers' contact for everything concerning the Group's employee shareholders,

c) issues a prior opinion to the General Managers concerning:

   -the Company's main strategic orientations: medium and long-term plans, consolidated budgets, acquisitions policy, signifi cant acquisitions, major investments;

   - operations having a noticeable impact on the capital, financing and cash position of the Company and its subsidiaries;

   - operations significantly affecting the allocation of the Company's corporate capital.

### 14.10. Prior agreement on certain decisions

In addition to the agreement of the Supervisory Board, the General Managers must receive the agreement of the General Partner prior to any major commitment as listed below:

a) any company borrowing once the total amount of borrowings exceeds 50 % of the total consolidated net accounting position of the Steria group, 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 subsidiary's capital, directly or indirectly, of the company representing more than 10 % of the consolidated revenue of the Groupe Steria SCA, where this revenue results from the group's last consolidated financial statements.

### 14.11. Minutes of the Meetings

Any decision by the General Partner is recorded by minutes of meetings recorded in a journal.

### 14.12. The General Partner's right

As a result of its tasks and responsibilities, the General Partner receives the share of the corporate profits established in article 19 of these Articles of Association.

# SECTION VI – SHAREHOLDERS SHAREHOLDERS' MEETINGS

## ARTICLE 15 – SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

The rights of shareholders are proportional to the number of shares they own. As limited partners, they are only liable for losses not exceeding their contributions.

## ARTICLE 16 – COLLECTIVE DECISIONS, GENERAL RULES

Shareholders' decisions are only legally enforceable against the shareholders, the company or third parties after it is ascertained that the wish expressed by the General Partner and the vote of the General Meeting of Shareholders are in concordance.

This concordance comes either from an official report drafted by the General Managers, or simply from the General Partner's signature on the minutes of the General Meeting. Nevertheless, this concordance between the wish of the General Partner and the decisions of the General Meeting is only required for the appointments or dismissals of Supervisory Board members, the appointment or dismissal of the Statutory Auditors, and the setting or changing the General Manager's compensation.

The minutes of the decisions of the General Partner and of the Meeting of Shareholders, as well as the certificate of concordance drawn up by the General Managers, as stated below, are drawn up one after the other in the special journal of partners' deliberations, in compliance with article 10 of the decree dated March 23 1967.

All decisions of the Shareholders are taken in Meetings.

## ARTICLE 17 – MEETINGS OF SHAREHOLDERS

The provisions applicable to Meetings of Shareholders are those established for the general meetings of shareholders of public limited companies (sociétés anonymes).

### 17.1. Nature of the Meetings

Ordinary General Meetings are the meetings that are called to take all the decisions that do not modify the articles of association.

Extraordinary General Meetings are the meetings that are called to decide or authorise direct or indirect modifications to the articles of association. The Extraordinary General Meeting deliberates in a valid manner on any modification to the articles of association, including in particular, without this being an exhaustive list:

- any modification to the company's corporate capital;
- modifying the terms and conditions for transferring securities issued by the company;
- modifying the objects of the company, the duration, the registered office subject to the powers conferred on the General Manager, the transformation of the company into a different form;
- the dissolution of the company;
- the merger or division of the company.

Special Meetings bring together the holders of a specified class of shares in order to approve a modification to the rights for shares of this class.

The deliberations of the General Meetings are binding on all the Shareholders, even those who were not present, do not agree or are not competent.

### 17.2. Notification to attend

The Shareholders meet every year within six months of the closing of the corporate accounting period at an Ordinary General Meeting.

Furthermore, General Meetings, either Ordinary General Meetings convened extraordinarily or Extraordinary General Meetings, may be called at any time of the year.

General Meetings are held at the Registered Office or in any other place indicated on the invitation to attend sent out by the General Managers, the Supervisory Board, the General Partner or, by default, the Statutory Auditors, or by an authorised agent appointed by the President of the "Tribunal de Commerce" (Commercial Court) hearing in chambers at the request either of any interested party in the event of an emergency, or by 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 invitation 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 established by the person issuing the invitation. One or more Shareholders, representing at least the required corporate capital quota and acting under the terms and 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 – Organisation 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 authorised representative or by postal vote, regardless of the number of shares they own, upon proof of their identity and the ownership of their securities, either with a nominative registration, or the deposit of their bearer shares at the place mentioned in the notification to attend the meeting. The timeframe within which these formalities must be fulfilled expires five days prior to the General Meeting.

This timeframe 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 Managers or the Chairman of the Supervisory Board, and the General Partner, can also take part in the Meetings.

The General Managers attend and take part in the General Meeting.

The General Meeting is chaired by the Chairman of the Supervisory Board. When the Managers and the Chairman of the Supervisory Board are absent, the participants in the meeting designate their own Chairman.

However, if the meeting is convened by another person duly authorised by the law, the meeting is chaired by the person who issued the invitation to attend.

The vote tellers' functions are performed by the two members of the Meeting, present and acceptor, who have the largest number of votes.

The executive committee designates a secretary, who does not have to be one of the Shareholders.

An attendance register is kept, duly signed by the participants and certified accurate by the executive committee of the Meeting.

The minutes recording the deliberations of the Meeting are signed by the executive committee.

Copies or extracts from the minutes are certified by a General 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 deliberate in a valid manner if the shareholders present or represented own at least a quarter of the shares with voting rights provided for in 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 terms and conditions and the timeframe set forth 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 election, resignation, or dismissal of Supervisory Board Members, a deliberation may only be adopted at an Ordinary General Meeting with the prior, unanimous agreement of the general partner(s). The General Managers 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 deliberate in a valid manner if the shareholders present or represented own at least a quarter of the shares with voting rights provided for in article L. 225-96 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 terms and conditions and the timeframe set forth 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 authorisation to do so has to be granted to the General Managers, the necessary quorum is only a quarter on receipt of the first invitation to attend. The deliberation is valid on receipt of the second invitation to attend regardless of the number of shares represented.

A deliberation 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 deliberations to decide to convert the company into a *société anonyme* (French public limited company) or *société à responsabilité limitée* (French limited liability company) only require the prior agreement of the majority of the general partners.

The Management must obtain the agreement of the General Partner(s) prior to the Extraordinary General Meeting.

**17.5.3.** All members of the Meeting have as many votes as the shares that they own or represent confer on them.

# SECTION VII – THE CONGRESS

## ARTICLE 18 – CONGRESS OF THE SUPERVISORY BOARD AND THE GENERAL PARTNER

### 18.1. Structure and notification to attend

A Congress of the company's Supervisory Board and the General Partner is constituted (the "Congress").

In all cases where these Articles of Association require the Congress to meet, or each time that this shall be necessary in the interests of the company, the General Managers or the Chairman of the Supervisory Board or the General Partner shall convene or may decide to convene the Congress.

Invitations to attend are sent by any method establishing proof in commercial matters, at least seven working days before the meeting. This timeframe may be shortened with the unanimous agreement of the Chairman of the Supervisory Board or the General Partner.

The Congress is made up in equal parts of members from the company's Supervisory Board who are not employees and members nominated by the General Partner. It is convened according to the procedures mutually agreed upon by the legal representative of the General Partner and the Chairman of the Supervisory Board. Where necessary, these procedures are specified by the company's internal regulations.

### 18.2. Meeting and executive committee

The Congress meets at the location indicated on the notification to attend the meeting. It is chaired by the Chairman of the company's Supervisory Board or, if the latter is not present, by a vice-chairman of the company's Supervisory Board or, otherwise, by the oldest member of the Supervisory Board present.

The General Manager may be invited to attend and take part, without right of discussion and vote, in the meetings of the Congress, by mutual agreement of the Supervisory Board and the General Partner.

### 18.3. Role

18.3. - Role. - The Congress is a body that allows exchanges between the General Partner and the Supervisory Board, and may even be the place where consensus is reached.

It hears any issues that are submitted to it by the person who issued the invitation to attend or that it takes up. Nevertheless, with respect to taking decisions, it has no authority to replace the bodies to which these powers are attributed by law or by the Company's Articles of Association.

In this respect, it can be informed of particular issues by the General Managers.

### 18.4. Minutes of the Meetings

The deliberations of the Congress meetings are noted in minutes signed by the Chairmen of the two Boards that make it up and by its secretary; these are recorded in a special journal.

# SECTION VIII – FINANCIAL STATEMENTS – APPROPRIATION OF EARNINGS – REGULATED CONVENTIONS

## ARTICLE 19 – CORPORATE YEAR – CORPORATE FINANCIAL STATEMENTS – PROFITS

**19.1.** Each corporate accounting period begins on the 1 of January and ends on the 31 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 terms and conditions set forth in the legal and regulatory provisions in force.

**19.3.** On the profit available for distribution, as defined below, the General Partner is entitled to a deduction equal to 1% of the Steria group's consolidated net profit (group share) for the last accounting period until this deduction reaches six hundred thousand euros (€600,000) and to 0.5 % of this net profit above this figure.

The shareholders' rights apply to the balance of the profit for the financial period 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 profit available for distribution comprises the profit for the accounting period less retained earnings, accumulated earnings and, where necessary, less any amounts required to constitute the statutory reserve as required by law.

On this profit 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 pro-rata to the number of their shares.

Each shareholder, for all or part of the dividend or of the interim dividend available for distribution, can be granted an option between payment of said dividends in cash or in shares under the terms and conditions required by law.

The General Meeting may, on the Management's proposal, decide to deduct from the part to be paid to shareholders in the profit balance, any amounts it deems suitable to be carried forward in favour of the said Shareholders into the following accounting period, or to be carried over to one or more extraordinary, general or special, non-interest bearing reserve funds, on 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 on which the deductions are carried out.

This distribution will be carried out insofar as the reserves distributed have been constituted by means of deductions from the profit share coming to the Shareholders only in proportion to the number of shares they own.

Other than the case of capital reduction, no distribution can be made to the Shareholders when the shareholders' equity is, or will be after this reduction, less than the amount of capital, increased by the reserves, which the law or Articles of Association do not allow to be distributed. The revaluation variance cannot be distributed. It can either be incorporated in full or in part into the capital.

## ARTICLE 20 – REGULATED CONVENTIONS

The conventions set forth in article L. 226-10 of the French Commercial Code are authorised or approved under the terms and conditions required by law.

# SECTION IX – STATUTORY AUDITORS

## ARTICLE 21 – STATUTORY AUDITORS

The company's financial statements are audited by one or more Statutory Auditors, under the terms and conditions required by law.

# SECTION X – FINAL PROVISIONS

## ARTICLE 22 – DISSOLUTION – LIQUIDATION

The company is dissolved and liquidated under the terms and conditions provided for by law.

The net result of the liquidation after settling the liabilities is used to reimburse the paid non-amortised share capital.

The balance, if there is any, is divided between the General Partner and the Shareholders, in the proportions set forth in article 19 above. The deduction of the General Partner's share is on the liquidation bonus, after deduction of accumulated earnings, if there are any, and any other reserves.

## ARTICLE 23 – DEATH, PROHIBITION, PERSONAL BANKRUPTCY, COURT-SUPERVISED LIQUIDATION OR BANKRUPTCY OF A PARTNER

### 23.1. Shareholders

The company will not be dissolved as a result of the death, prohibition, personal bankruptcy, court-supervised liquidation or bankruptcy of a Shareholder.

### 23.2. General Partner

**23.2.1.** The company will not be dissolved as a result of the prohibition from exercising a commercial profession, personal bankruptcy, court-supervised liquidation or bankruptcy of the General Partner, who thus automatically loses, by the sole operation of the law, its capacity of General Partner.

**23.2.2.** In all cases where the company no longer comprises a General Partner, it is not dissolved. The Extraordinary General Meetings of Shareholders must nevertheless meet as soon as possible, either to designate one or more new General Partners or to modify the form of the company. This modification does not imply the creation of a new corporate entity.

The General Partner who loses this capacity is entitled to payment by the company, on a pro rata temporis basis, of its right to profits until the date on which they cease to hold the capacity of General Partner.

## ARTICLE 24 – DISPUTES

Disputes relating to corporate issues arising during the company's life up to its liquidation, either between the Shareholders, the General Partner, the General Managers and the company, or between the Shareholders and/or the General Partner itself, are submitted to the "Tribunal de Commerce" (Commercial Court) with jurisdiction.