



**FRENCH *SOCIÉTÉ ANONYME* WITH SHARE CAPITAL OF €1 351 534, 90 EUROS**

**REGISTERED OFFICE:**

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**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

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## CONSOLIDATED INCOME STATEMENT

The amounts presented in this document are expressed in thousands of euros, except where otherwise indicated.

|   | 12/31/2007     | 12/31/2006    | Note                 |
|---|----------------|---------------|----------------------|
| Revenue   | 106,705        | 99,296        | Note 13              |
| Other income  | 53             | 374           | Note 13              |
| <b>Total revenue</b>                                    | <b>106,758</b> | <b>99,670</b> |                      |
| Cost of sales   | (72,632)       | (66,952)      | Note 15              |
| <b>Gross margin</b>                                     | <b>34,126</b>  | <b>32,718</b> |                      |
| Selling costs   | (6,664)        | (7,339)       | Note 15              |
| Administrative expenses                                 | (22,317)       | (21,842)      |                      |
| <b>Operating margin</b>                                 | <b>5,145</b>   | <b>3,537</b>  |                      |
| Restructuring expenses                                  | -              | -             | Note 15.2.<br>Note 3 |
| Other operating income and expenses                     | (1,018)        | 47            |                      |
| Goodwill impairment                                     | -              | -             |                      |
| <b>Profit from operating activities</b>                 | <b>4,127</b>   | <b>3,584</b>  |                      |
| Share of profits from associates                        | 256            | -             | Note 16              |
| Cost of net debt  | (239)          | (233)         |                      |
| Other financial income and expenses                     | (561)          | (70)          |                      |
| <b>Net profit before tax from continuing operations</b> | <b>3,583</b>   | <b>3,281</b>  |                      |
| Tax   | (1,011)        | (973)         | Note 17              |
| Minority interests                                      | -              | 11            | Note 9               |
| <b>Net profit for the period</b>                        | <b>2,572</b>   | <b>2,319</b>  |                      |
| <i>Basic average number of shares outstanding</i>       | <i>85,143</i>  | <i>84,675</i> | Note 8.4.            |
| <i>Fully diluted average number of shares</i>           | <i>88,845</i>  | <i>93,387</i> |                      |
| Basic earnings per share                                | 0.03           | 0.03          | Note 8.4.            |
| Fully diluted earnings per share                        | 0.03           | 0.02          |                      |

**CONSOLIDATED BALANCE SHEET**

|   | 12/31/2007    | 12/31/2006    | Note       |
|---|---------------|---------------|------------|
| Goodwill  | 14,621        | 13,956        | Note 3     |
| Net intangible assets   | 579           | 677           | Note 4     |
| Net property, plant and equipment                             | 3,846         | 3,433         | Note 5     |
| Investments in associates (joint ventures)                    | 623           | 393           | } Note 6   |
| Non-current financial assets, net                             | 296           | 296           |            |
| Other non-current assets, net                                 | 2,721         | 2,931         | } Note 17  |
| Deferred tax assets   | 1,183         | 1,804         |            |
| <b>Non-current assets</b>                                     | <b>23,869</b> | <b>23,490</b> |            |
| Trade accounts receivable                                     | 30,771        | 29,842        | Note 7.1.  |
| Current tax - short-term                                      | -             | -             |            |
| Deferred tax assets   | 1,177         | 954           | Note 17    |
| Other current assets  | 3,258         | 3,320         | Note 7.2.  |
| Cash and cash equivalents                                     | 4,537         | 4,164         |            |
| <b>Current assets</b>   | <b>39,743</b> | <b>38,280</b> |            |
| <b>TOTAL ASSETS</b>   | <b>63,612</b> | <b>61,770</b> |            |
| Share capital   | 1,352         | 1,301         | Note 8.1.  |
| Share premium   | 62,685        | 61,324        | Note 8.3.  |
| Other reserves  | (34,504)      | (36,915)      | Note 8.3.  |
| Treasury shares   | (68)          | (68)          | Note 8.2.  |
| Net profit - attributable to equity holders of the parent     | 2,572         | 2,319         | Note 8.3.  |
| Translation adjustment  | (372)         | 265           | Note 8.3.  |
| Equity - attributable to equity holders of the parent         | 31,665        | 28,226        |            |
| Minority interests  | (21)          | (21)          | Note 9     |
| <b>Equity</b>   | <b>31,644</b> | <b>28,205</b> |            |
| Provisions for contingencies and losses - non-current portion | 1,389         | 2,130         | Note 10    |
| Retirement benefit obligation                                 | 278           | 208           | Note 10    |
| Borrowings - non-current portion                              | 64            | 351           | Note 12.1. |
| Other non-current liabilities                                 | 28            | 929           | Note 11.1. |
| Deferred tax liabilities                                      | -             | -             |            |
| <b>Non-current liabilities</b>                                | <b>1,759</b>  | <b>3,618</b>  |            |
| Provisions for contingencies and losses - current portion     | 616           | 1,090         | Note 10    |
| Borrowings - current portion                                  | 515           | 928           | Note 12    |
| Bank overdrafts   | 4,939         | 6,981         | Note 12    |
| Trade accounts payable  | 8,277         | 8,402         |            |
| Other current liabilities                                     | 15,862        | 12,546        | Note 11.2. |
| Current tax - short term                                      | -             | -             |            |
| <b>Current liabilities</b>                                    | <b>30,209</b> | <b>29,947</b> |            |
| <b>Total liabilities</b>                                      | <b>31,968</b> | <b>33,565</b> |            |
| <b>TOTAL LIABILITIES AND EQUITY</b>                           | <b>63,612</b> | <b>61,770</b> |            |

**CONSOLIDATED CASH FLOW STATEMENT**

|   | 12/31/2007     | 12/31/2006     | Notes     |
|---|----------------|----------------|-----------|
| Net profit - attributable to equity holders of the parent                       | 2,572          | 2,319          |           |
| Minority interests  | -              | -              |           |
| <b>Adjustments: transition to change in cash flow from operating activities</b> |                |                |           |
| - Depreciation and amortization, net  | 2,276          | 1,974          |           |
| - Impairment of goodwill  | -              | -              | Note 3    |
| - Provision allocation for retirement benefits                                  | 70             | (100)          | Note 10.2 |
| - Change in other provisions  | (1,215)        | (898)          |           |
| - (Gains)/Losses on the sale of non-current assets                              | 66             | (47)           | Note 15.2 |
| - Expenses related to share-based payments                                      | 92             | 265            | Note 18   |
| - Profit from associates  | (175)          | 95             |           |
| Finance cost  | 394            | 364            | Note 16   |
| Tax expense (including deferred tax)  | 1,011          | 973            | Note 17   |
| <b>Net cash flow from operating activities before interest and tax</b>          | <b>5,091</b>   | <b>4,945</b>   | -         |
| Tax paid  | (7)            | (486)          |           |
| Net change in current assets and liabilities                                    | 375            | (3,529)        |           |
| <b>Net cash flow from (used in) operating activities</b>                        | <b>5,459</b>   | <b>930</b>     | -         |
| Purchases of non-current tangible assets  | (2,309)        | (1,766)        | Note 5    |
| Purchases of non-current intangible assets                                      | (436)          | (1,501)        | Note 4    |
| Proceeds from the disposal of non-current assets                                | 61             | 23             |           |
| Increase (decrease) in non-current financial assets                             | 156            | (57)           |           |
| <b>Net cash flow used in investing activities</b>                               | <b>(2,528)</b> | <b>(3,301)</b> | -         |
| Interest paid   | (394)          | (364)          |           |
| Capital increase  | 1,280          | 130            | Note 8    |
| Repayment of debt Valtech Web Agency  | (142)          | -              |           |
| Increase (decrease) in borrowings   | (643)          | (1,025)        | Note 12   |
| <b>Net cash flow from financing activities</b>                                  | <b>101</b>     | <b>(1,259)</b> | -         |
| Impact of changes in foreign exchange rates                                     | (617)          | (28)           |           |
| Treasury shares (first-time adoption of IAS 32 in 2005)                         |                |                |           |
| Factoring of receivables (first-time adoption of IAS 39 in 2005)                |                |                |           |
| <b>Net inflow/(outflow) of cash and cash equivalents</b>                        | <b>2,415</b>   | <b>(3,658)</b> | -         |
| Cash and cash equivalents at the beginning of the period                        | (2,817)        | 841            | Note 12   |
| Cash and cash equivalents at the end of the period                              | (402)          | (2,817)        | Note 12   |

## CHANGE IN CONSOLIDATED EQUITY

| <i>(in thousands of euros)</i>                     | Number of shares  | Share capital | Share premium | Reserves        | Net profit   | Treasury shares | Translation adjustments | Equity holders of the parent | Minority interests | Total         |
|--|-------------------|---------------|---------------|-----------------|--------------|-----------------|-------------------------|------------------------------|--------------------|---------------|
| <b>As of December 31, 2005</b>                     | <b>84,161,468</b> | <b>1,283</b>  | <b>61,001</b> | <b>(36,930)</b> | <b>300</b>   | <b>(68)</b>     | <b>1,207</b>            | <b>26,793</b>                | <b>(16)</b>        | <b>26,777</b> |
| Capital increase                                   | 1,196,642         | 18            | 323           | -               | -            | -               | -                       | 341                          | -                  | 341           |
| Appropriation of profit                            | -                 | -             | -             | 300             | (300)        | -               | -                       | -                            | -                  | -             |
| Remuneration paid in deferred shares               | -                 | -             | -             | 263             | -            | -               | -                       | 263                          | -                  | 263           |
| Net change in shares held by consolidated entities | -                 | -             | -             | -               | -            | -               | -                       | -                            | -                  | -             |
| Net profit (loss)                                  | -                 | -             | -             | -               | 2,319        | -               | -                       | 2,319                        | (11)               | 2,308         |
| Other operations                                   | -                 | -             | -             | (548)           | -            | -               | -                       | (548)                        | -                  | (548)         |
| Translation adjustments                            | -                 | -             | -             | -               | -            | -               | (942)                   | (942)                        | 6                  | (936)         |
| Other income and expenses taken directly to equity | -                 | -             | -             | (548)           | -            | -               | (942)                   | (1,490)                      | 6                  | (1,484)       |
| <b>As of December 31, 2006</b>                     | <b>85,358,110</b> | <b>1,301</b>  | <b>61,324</b> | <b>(36,915)</b> | <b>2,319</b> | <b>(68)</b>     | <b>265</b>              | <b>28,226</b>                | <b>(21)</b>        | <b>28,205</b> |
| Capital increase                                   | 3,310,248         | 51            | 1,230         | -               | -            | -               | -                       | 1,281                        | -                  | 1,281         |
| Appropriation of profit                            | -                 | -             | -             | 2,319           | (2,319)      | -               | -                       | -                            | -                  | -             |
| Adjustment to share premium                        | -                 | -             | 131           | -               | -            | -               | -                       | 131                          | -                  | 131           |
| Remuneration paid in deferred shares               | -                 | -             | -             | 92              | -            | -               | -                       | 92                           | -                  | 92            |
| Net change in shares held by consolidated entities | -                 | -             | -             | -               | -            | -               | -                       | -                            | -                  | -             |
| Net profit (loss)                                  | -                 | -             | -             | -               | 2,572        | -               | -                       | 2,572                        | -                  | 2,572         |
| Other operations                                   | -                 | -             | -             | -               | -            | -               | -                       | -                            | -                  | -             |
| Translation adjustments                            | -                 | -             | -             | -               | -            | -               | (637)                   | (637)                        | -                  | (637)         |
| Other income and expenses taken directly to equity | -                 | -             | -             | -               | -            | -               | (637)                   | (637)                        | -                  | (637)         |
| <b>As of December 31, 2007</b>                     | <b>88,668,358</b> | <b>1,352</b>  | <b>62,685</b> | <b>(34,504)</b> | <b>2,572</b> | <b>(68)</b>     | <b>(372)</b>            | <b>31,665</b>                | <b>(21)</b>        | <b>31,644</b> |

The caption “Adjustment to share premium” refers to recognition of deferred tax asset adjusted against the goodwill from the acquisition of Par No. 1.

## NOTE 1 – ACCOUNTING POLICIES

Valtech Group's consolidated financial statements for the year ended December 31, 2007 were prepared in accordance with IFRS, as adopted by the European Union on December 31, 2007. Comparative information was restated in application of these same standards.

### 1.1. SCOPE AND METHODS OF CONSOLIDATION (IAS 27, 28 AND 31)

The Group's consolidated financial statements include the accounts of Valtech S.A. and of all its significant subsidiaries, either majority owned or controlled directly or indirectly, as well as companies over which the Group exercises significant influence.

Results of subsidiaries acquired or sold during the period under review are included in consolidated results with effect from the date of acquisition or until the effective date of disposal.

Financial statements of subsidiaries may be restated if necessary to ensure compatibility with the standards applied by the Group.

#### 1.1.1. CONSOLIDATION METHODS

##### Full consolidation

All entities over which Valtech exercises control, in other words those in relation to which it has the power to govern financial and operating policies so as to obtain benefits from their activities, are fully consolidated.

Control is assumed to exist whenever Valtech holds, directly or indirectly, more than half of the voting rights of an entity and as long as no other shareholder or group of shareholders exercises substantive participating rights which would enable it to veto or block routine decisions made by the Group.

Control also exists, in cases where Valtech holds half or less than half of the voting rights in an entity, whenever it has power (i) over more than half of the voting rights by virtue of an agreement with other investors, (ii) to govern the financial and operating policies of the entity under a regulation or agreement, (iii) to appoint or remove the majority of the members of its board of directors or equivalent governing body, or (iv) to cast the majority of votes at meetings of the board of directors or equivalent governing body.

Valtech consolidates special purpose entities (SPEs) that it substantively controls because it has the right to obtain the majority of the benefits from their activities or because it retains the majority of the residual risks related to a particular SPE or its assets.

##### Proportionate consolidation

Valtech accounts for entities over which it exercises joint control in association with a limited number of other shareholders under a contractual arrangement by using proportionate consolidation.

### Equity method of accounting

Entities over which the Group exercises significant influence, either directly or indirectly, are accounted for using the equity method.

Significant influence is presumed to exist whenever Valtech holds, either directly or indirectly, 20% or more of the voting rights in an entity, unless it can be clearly demonstrated that this is not the case. The existence of significant influence can be evidenced by other criteria such as representation on the board of directors or equivalent governing body of the entity held, participation in the policy-making process, existence of material transactions with the entity held, or interchange of managerial personnel.

### Non-consolidated entities

Interests in entities over which the Group does not exercise significant influence are carried at fair value under "Available-for-sale investments" in accordance with the provisions of IAS 32 and IAS 39 relating to financial instruments.

A list of the main entities either fully consolidated or accounted for using the equity method at December 31, 2007 is presented in Note 2 – *Scope of consolidation*.

#### 1.1.2. USE OF ESTIMATES

In order to prepare the Group's financial statements, the management of Valtech must make use of estimates since many of the elements included in these statements cannot be precisely measured. Management reviews these estimates in light of changes in the circumstances on which they were based or upon receiving new information or obtaining additional experience. Accordingly, all of the estimates made in the preparation of the consolidated financial statements for the year ended December 31, 2007 are subject to significant change.

The most significant estimates are presented in the following notes:

##### Note 3 - Goodwill

Main assumptions used in determining recoverable amounts: models, discount rate, and perpetual growth rate (§3.2).

##### Note 10 - Provisions

Provisions for termination benefits and restructuring: discount rate, success rate.

##### Note 10.2. - Employee benefits

Discount rate, inflation rate, rate of return on plan assets, future salary increases.

##### Note 17 - Corporate income tax

Assumptions used for the recognition of deferred tax assets.

##### Note 18 - Share-based and similar payments

Model, underlying hypotheses used in determining fair values: underlying share price at the grant date, exercise price, volatility.

### 1.1.3. BUSINESS COMBINATIONS

Goodwill corresponds to the excess of business combination costs over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities at the date of the transaction, generally equivalent to the effective date of the business combination.

If the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities is greater than the acquisition cost, the excess is recognized immediately as income.

At the acquisition date, the cost of a business combination is allocated by recognizing the identifiable assets, liabilities and contingent liabilities of the acquired entity at their fair value as of this date, with the exception of non-current assets classified as held for sale, which are recognized at their fair value less costs to sell.

### 1.2. INTERCOMPANY TRANSACTIONS

All material transactions between consolidated entities as well as intercompany profits and losses are eliminated.

### 1.3. MINORITY INTERESTS

If a consolidated company has negative equity at the end of the accounting period, any minority interest's share therein is borne by the Group unless the minority shareholders have given an express undertaking to make good their share of any losses.

If such a company returns to profit, the group's share in that profit is recognized by the majority shareholder within the limit of the losses previously recognized.

### 1.4. NON-CURRENT FINANCIAL ASSETS HELD FOR SALE (IFRS 5)

Financial assets which are held for sale, and the sale of which is highly probable, are classified as held-for-sale financial assets. In the case of a group of assets, and any related liabilities, intended to be sold as part of a single transaction, the group of assets and liabilities is treated as a single item.

Assets or groups of assets intended for sale are measured at the lower of their carrying amounts and their fair values net of costs to sell.

Such assets are no longer subject to depreciation. As required by IAS 12, deferred tax is recognized to reflect any difference between the consolidated amount of the assets to be disposed of and their value for tax purposes. Assets and liabilities earmarked for disposal are disclosed on two distinct lines of the consolidated balance sheet; related items of income and expense continue to be included in the consolidated income statement captions corresponding to their nature. The carrying amount of such assets and liabilities is reviewed at each balance sheet date in order to determine the amount of any profit or loss adjustment which might be required in the event of a change in their fair value net of costs to sell.

As of December 31, 2007 no available-for-sale financial assets had been identified.

### 1.5. FOREIGN CURRENCY TRANSACTIONS (IAS 21)

Transactions denominated in foreign currencies are recognized at the foreign exchange rates prevailing at the transaction dates. Assets and liabilities remaining at the balance sheet date are adjusted to the rates prevailing at that date and any resulting foreign exchange differences are recognized in the income statement unless the original transaction was recognized directly in equity in which case the foreign exchange differences are equally recognized in equity.

### 1.6. TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES (IAS 21)

The assets and liabilities of foreign subsidiaries are translated at the foreign exchange rates prevailing at the balance sheet date. Income statement items are translated at the average rates prevailing during the period. The resulting translation differences are recognized directly in equity within translation reserves (for the Group's share), or within minority interests, and only impact the income statement in the event of disposal of the company concerned.

| In euros         | 12/31/2007 |         | 12/31/2006 |         |
|------------------|------------|---------|------------|---------|
|                  | Closing    | Average | Closing    | Average |
| US dollar        | 0.67930    | 0.72959 | 0.75800    | 0.79703 |
| Pound sterling   | 1.36361    | 1.46080 | 1.48520    | 1.46725 |
| Swedish krona    | 0.10592    | 0.10808 | 0.11070    | 0.10812 |
| Danish krone     | 0.13408    | 0.13421 | 0.13410    | 0.13407 |
| South Korean won | 0.00073    | 0.00079 | 0.00085    | 0.00082 |
| Indian rupee     | 0,01721    | 0,01767 | 0,01718    | 0,01765 |

### 1.7. GOODWILL (IAS 36, 38 AND IFRS 3)

If the recoverable amount of a cash-generating unit (CGU) is less than its carrying amount, the resulting impairment loss is first allocated against any goodwill previously recognized and is charged to "Other operating expenses" in determining operating profit.

### 1.8. OTHER INTANGIBLE ASSETS (IAS 38)

Software and similar items to which ownership rights have been acquired, as well as internally developed software expected to have a beneficial, durable and measurable impact on future results, are capitalized and amortized over periods of 3 to 5 years.

The costs capitalized in the case of internally developed software are limited to the direct costs of their development, i.e. the applicable employment costs of the development team as well as any other production costs eligible for direct allocation.

### 1.9. PROPERTY, PLANT AND EQUIPMENT (IAS 16)

Property, plant and equipment are recognized at amortized historical cost less any impairment losses. Items are never revalued nor are any borrowing costs capitalized.

Depreciation is calculated on a straight-line basis, over assets' estimated useful lives, and is applied to assets' acquisition cost less any residual amount. The following estimated useful lives apply:

|  |            |
|--|------------|
| Fixtures, fittings & technical installations | 8-10 years |
| Computer equipment                           | 3-5 years  |
| Furniture                                    | 5-7 years  |

### 1.10. FINANCE LEASES (IAS 17)

Items of property, plant and equipment leased on a basis which transfers to the Group substantially all the risks and rewards incidental to their ownership are recognized as fixed assets in the balance sheet (under fixtures and equipment).

The asset is recorded in the balance sheet with effect from signature of the lease, at amounts equal to the fair value of the leased items or, if lower, the present value of the minimum lease payments.

Such items are depreciated on a straight-line basis over the shorter of their estimated useful lives, in the same way as for similar items under full ownership, or over the duration of the associated leases.

The corresponding finance provided is recognized as a liability. Costs of operating leases are recognized as an expense of the period during which they are incurred.

### 1.11. IMPAIRMENT TESTING (IAS 36)

The Group regularly tests its tangible fixed assets, goodwill and other intangible assets for impairment.

Such tests are performed by comparing assets' carrying amounts with their recoverable amounts defined as the higher of assets' net selling prices and values in use estimated on a discounted cash flow basis.

Tangible fixed assets and intangible assets with finite useful lives are tested whenever there is an indication that they may have suffered impairment.

Goodwill, other intangible assets with indefinite useful lives and intangible assets under development are tested each year by comparison with the higher of the following amounts:

- The present value of estimated future operating cash flows for 5 years (in detail) plus a terminal amount,
- The net sales amount (if there is an active market for the asset concerned).

As the Group's structure in general involves the existence of a single legal entity per country, goodwill is analyzed by geographical area and attached to the applicable cash-generating units.

Impairment testing is performed on a basis consistent with the approach employed by the Group when valuing companies with a view to acquisition of a controlling or other interest.

The carrying amounts of assets are compared with the net present value of future cash flows on an after-tax basis and excluding the impact of financing costs.

The method assumes that operations are pursued indefinitely subject to a modest rate of growth. The discount rate applied corresponds to the Group's average cost of capital (*Cf. note 3.2. regarding goodwill impairment*).

An impairment loss is recognized in the amount of any excess of an asset's recoverable amount, as just defined, over its previous carrying amount.

If the fair value of an intangible asset (with the exception of goodwill) or tangible fixed asset subsequently increases such that its recoverable amount exceeds its carrying amount, the associated impairment losses previously recognized are reversed in profit or loss.

Impairment losses recognized in respect of goodwill are never reversed.

### 1.12. TRADE ACCOUNTS RECEIVABLE

Trade receivables are recognized at their nominal amount which corresponds to their fair value.

Doubtful receivables are subject to provision to reflect their risk of non-recovery.

In accordance with IAS 32 and 39, trade receivables subject to factoring arrangements are disclosed as receivables and short-term borrowings to the extent that the contractual arrangement does not transfer substantially all the risks and rewards associated with the trade receivables to the financing institution.

### 1.13. FINANCIAL INSTRUMENTS (IAS 32 AND 39)

The Group uses interest rate and foreign currency derivatives with the aim of hedging the exposure to interest rate and foreign exchange risk involved in its ongoing operations.

In accordance with IAS 32 and 39, all such financial instruments are recognized in the balance sheet at their fair value whether or not they meet the criteria for hedge accounting defined by IAS 39. In the same way the changes in fair value of such derivatives, whether qualifying as cash flow hedges or not, are recognized in the income statement.

#### 1.14. CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS (IAS 7 AND 39)

As provided for by IAS 7, “Cash flow statements”, the amount of cash and cash equivalents disclosed in the cash flow statement comprises both cash (on hand and call deposits) and cash equivalents (i.e. short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value).

The above amount thus does not include either investments with initial non-cancelable maturities of more than three months or bank accounts subject to restrictions on remittance (for reasons of exchange control, etc.) in respect of particular countries or business sectors.

#### 1.15. PROVISIONS FOR RETIREMENT AND SIMILAR BENEFITS (IAS 19)

##### • Post-employment benefits

After their retirement, Group employees receive pensions computed in accordance with their local benefit systems.

These benefits may be complemented by amounts borne directly by certain Group companies in France and abroad.

In France, when they retire, Group employees receive a lump-sum benefit the amount of which is dependent on their length of service and on other provisions of their applicable collective bargaining agreement. The Group’s obligations in respect of such pensions and lump-sum retirement benefits are determined on the basis of a method which takes account of employees’ projected final salaries and of the other economic circumstances specific to each country concerned.

These obligations are recognized in the form of pension funds and of provisions recognized in the balance sheet.

##### • Health benefits program

The Group’s American entity self-insures its health benefits program. Medical expenses of less than USD 50,000 are directly reimbursed by the Group. Beyond this figure, the Group is covered by a reinsurance arrangement.

The provision recognized in the balance sheet reflects the amount of actual expenditure during the prior period (2006 civil year).

#### 1.16. SHARE-BASED PAYMENT (IFRS 2)

The Group has decided to make early application of IFRS 2, “Share-based payment”, and to apply it, as provided for by the standard, to all its stock option plans instituted with effect from November 7, 2002.

In accordance with the standard, share purchase or subscription options granted to employees are accounted for as follows: the fair value of the options granted, assumed to represent the fair value of the services rendered by employees in return for the options granted, is determined as of the date

of allocation and is recognized, at that date, as an increase in share and share premium offset within equity, by debiting a deferred remuneration account which is subsequently charged to profit or loss over the period of acquisition of the corresponding rights.

The fair value of the options granted is determined using a binomial model reflecting each option plan’s characteristics (exercise price and period), the market data at the time of allocation of the rights (risk-free interest rate, share price, volatility, expected dividends) and assumptions as to beneficiaries’ behavior.

The following information complements the criteria listed in note 18.4 in respect of options granted during the period:

- Volatility reflects the historical volatility of the Valtech share since September 15, 2003,

- The average period for which rights are held is determined for each individual plan,

- The risk-free interest rate reflects the rate applicable to long-term government bonds,

- Based on prior experience, it has been assumed that no dividends would be paid by the Group.

#### 1.17. PROVISIONS (IAS 37)

A provision is recognized whenever a legal or constructive obligation exists towards a third party the amount of which can be reliably estimated and which will probably require an outflow of economic resources for its settlement.

If the amount or timing of the obligation cannot be reliably determined the item is accounted for as a contingent liability in off-balance sheet commitments.

As provided for by IAS 37, material provisions for contingencies and losses with reasonably foreseeable maturities are disclosed on a discounted basis.

#### 1.18. REVENUE RECOGNITION (IAS 18)

Service revenues are accounted for net of sales taxes and of any discounts or rebates granted.

When the Group is contractually remunerated on the basis of time incurred, contract revenues and the associated costs are recognized on the basis of time spent.

Fixed price contracts for periods in excess of one year are accounted for using the percentage of completion method subject to the following particularities:

- When the outcome of a contract can be reliably estimated, the revenue and costs recognized reflect the percentage of completion of the contract as of the balance sheet date;

- When the outcome of a contract cannot be reliably estimated, its revenue is recognized to the extent of the costs already incurred if it is probable that those costs will be recovered;

- When a contract's estimated total costs are in excess of the contractual amount of revenue, a loss provision is recognized against those excess costs.

### 1.19. NON-RECURRING INCOME AND EXPENSE

*Other income and expenses* include the gains and losses arising on disposal of tangible and intangible fixed assets, impairment of assets and restructuring costs.

### 1.20. COST OF NET DEBT

Net indebtedness comprises total current and non-current borrowings less the amount of cash and cash equivalents. The cost of net debt comprises the associated net income and expense of the period including any related gains or losses arising as a result of hedging of exposure to interest rate or foreign currency risk.

### 1.21. INCOME TAXES (IAS 12)

Deferred tax is recognized in the income statement and balance sheet to reflect the temporary differences in the values of certain assets and liabilities for accounting and tax purposes.

Deferred tax is accounted for using the balance sheet liability method on the basis of the tax rates and other requirements in force, or substantively enacted, as of the balance sheet date. The effects of any changes in tax rates on deferred tax amounts previously recognized in profit or loss, or directly in equity, are recognized respectively in profit or loss, or directly in equity, during the period in which the changes become definitive.

Deferred tax is recognized respectively in profit or loss, or directly in equity in the fiscal period, in the same way as for the related items.

Deferred tax assets are recognized whenever it is probable that sufficient taxable profit will be achieved to enable the deferred tax asset to be recovered. The amount of deferred tax assets is reviewed at each balance sheet date and their amount is reduced to the extent that it may no longer be probable to recover them; any such reduction may be subsequently reversed to the extent that it once again appears probable that sufficient taxable profit will be available for their use.

Deferred tax assets and liabilities are offset if, and only if, subsidiaries have a legally enforceable right to set off current tax assets and liabilities and the amounts related to income taxes simultaneously levied by the same taxing authority.

Deferred tax assets and liabilities are not subject to discounting.

### 1.22. EARNINGS PER SHARE (IAS 33)

The Group discloses basic and fully diluted earnings per share.

Basic earnings per share are calculated by dividing net profit by the average number of shares (less treasury shares) outstanding during the period.

Fully diluted earnings per share are calculated by dividing net profit, adjusted for the dilutive impact on the basis of the goods or services to be received in the event of exercise of share purchase or subscription options, by the average number of shares outstanding assuming conversion of all the available dilutive instruments (i.e. stock options and convertible bonds).

### 1.23. CHANGE IN THE GROUP'S ACCOUNTING POLICIES AS OF JANUARY 1, 2007

The accounting policies and measurement rules applied by the Group in its financial statements as of December 31, 2007 are identical to those applied as of December 31, 2006 with the exception of the standards, amendments and interpretations which became mandatory as of January 1, 2007 as detailed below:

- IFRS 7, "Financial instruments: disclosures": this standard details new disclosures required in respect of financial statements. It stipulates that an entity must group its financial instruments into classes of similar instruments and, when disclosures are required, make disclosures by class. The two main categories of disclosures required by IFRS 7 are Information about the significance of financial instruments and Information about the nature and extent of risks arising from financial instruments.
- The amendment to IAS 1, "Presentation of financial statements – capital disclosures" which implies certain amendments to the capital disclosure requirements so that an entity will disclose enough information about financial instruments puttable at fair value to enable users of financial statements to evaluate the entity's objectives, policies, and processes for managing capital.
- IFRIC 7, "Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies". As of the balance sheet date, the Group did not consolidate any subsidiary whose functional currency was that of a hyperinflationary economy as no such entity exists within the Group.
- IFRIC 8, "Scope of IFRS 2, Share-based payment": which applies to arrangements where an entity makes share-based payments for apparently nil or inadequate consideration. IFRIC 8 explains that, if the identifiable consideration given appears to be less than the fair value of the equity instruments granted or liability incurred, this situation typically indicates that other consideration has

been or will be received. IFRS 2 therefore applies. For the year ended 31 December 2007, no such arrangement existed in the group.

- IFRIC 9, “Reassessment of embedded derivatives”. IFRIC 9 indicates that an entity must assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. For the year ended 31 December 2007, no such changes occurred.
- IFRIC 10, “Interim Financial Reporting and Impairment” The text relates to the definitive nature of any impairment of goodwill, or of financial assets classified as held for sale.

#### **1.24. STANDARDS AND INTERPRETATIONS THE APPLICATION OF WHICH BECOMES MANDATORY AFTER DECEMBER 31, 2007 AND OF WHICH EARLY APPLICATION HAS NOT BEEN MADE, OR THE APPLICATION OF WHICH IS OPTIONAL FOR 2007**

The Group has decided that it would not make early application of the following standards and interpretations which become mandatory as follows:

- IFRIC 11, “Group and Treasury Share transactions” provides guidance on applying IFRS 2 in three circumstances: Firstly, IFRIC 11 gives guidance on whether this is an equity-settled or a cash-settled transaction when a share-based payment involving an entity's own equity instruments in which the entity chooses or is required to buy its own equity instruments (treasury shares) to settle the share-based payment obligation. Secondly, IFRIC 11 gives guidance on how to account in the individual entities' financial statements when a parent grants rights to its equity instruments to employees of its subsidiary. Finally, IFRIC 11 gives guidance on how to account in the individual entities' financial statements when a subsidiary grants rights to equity instruments of its parent to its employees.

IFRIC 11 is effective for annual periods beginning on or after 1 March 2007.

- IFRS 8, “Operating segments” IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. IFRS 8 is effective for annual periods beginning on or after 1 January 2009.

The Group has decided that it would not make early application of the following standards and interpretations expected to be adopted by the European Union during 2008:

- Revised IAS 1, “Financial Statements Presentation”. The revision is aimed at improving users' ability to analyse and compare the information given in financial statements. The changes made are to require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This amendment provides for mandatory application with effect from January 1, 2009.
- Revised IAS 23, “Borrowing costs”. IAS 23 provides guidance on the accounting treatment for borrowing costs. Borrowing costs are interest and other costs incurred by an entity in connection with the borrowing of funds. On 29 March 2007 the International Accounting Standards Board (IASB) issued a number of amendments to IAS 23 Borrowing Costs. The amendments eliminate the option available under the previous version of the Standard to recognise all borrowing costs immediately as an expense. To the extent that borrowing costs relate to the acquisition, construction or production of a qualifying asset, the revised Standard requires that they be capitalised as part of the cost of that asset. All other borrowing costs should be expensed as incurred. This amendment provides for mandatory application with effect from January 1, 2009.
- IFRIC 12 “Service concession arrangement”: this interpretation provides for mandatory application with effect from accounting periods beginning on or after January 1, 2008 and has not yet been adopted by the European Commission. The text provides guidance for use of the financial asset and intangible asset models in accounting for service concession arrangements. This interpretation does not apply to any material Group contracts in force as of the date hereof.
- IFRIC 13 “Customer loyalty Programmes”: IFRIC 13 addresses how companies, that grant their customers loyalty award credits (often called ‘points’) when buying goods or services, should account for their obligation to provide free or discounted goods or services if and when the customers redeem the points. Effective for annual periods beginning on or after 1 July 2008.
- IFRIC 14 “The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction” IFRIC 14 addresses three issues: how entities should determine the limit placed by IAS 19 Employee Benefits on the amount of a surplus in a pension plan they can recognise as an asset, how a minimum funding requirement affects that limit and when a minimum funding requirement creates an onerous obligation that should be recognised as a liability in addition to that otherwise recognised under IAS 19. Effective for annual periods beginning on or after 1 January 2008.

**NOTE 2 – CHANGE IN CONSOLIDATION SCOPE**

The consolidated financial statements of Valtech S.A. and its subsidiaries as of December 31, 2007 include the accounts of the companies listed below:

| Company   | Country       | % interest 2007 | % interest 2006 | Date acquired or created | Consolidation method |
|---|---------------|-----------------|-----------------|--------------------------|----------------------|
| Valtech S.A.  |               |                 | Parent          | -                        |                      |
| Valtech Training S.A.   | France        | 100%            | 100%            | 2002                     | Full consolidation   |
| Valtech Offshore S.A.   |               | 95%             | 95%             | 2003                     |                      |
| Valtech Agency SAS  |               | 100%            | 100%            | 2005                     |                      |
| Valtech Technology Consulting SAS (dormant company)   |               | 100%            | 100%            | 2006                     |                      |
| Valtech Axelboss SAS (dormant company)  |               | 100%            | 100%            | 2006                     |                      |
| Valtech Ltd   | Great Britain | 100%            | 100%            | 1996                     | Full consolidation   |
| Valtech Inc.  | USA           | 100%            | 100%            | 1997                     | Full consolidation   |
| Valtech AB  | Sweden        | 100%            | 100%            | 1999                     | Full consolidation   |
| Overland Mobil Kommunikation AB (dormant company)   |               | 100%            | 100%            | 1999                     |                      |
| Synaris AG  | Germany       | 100%            | 100%            | 2000                     | Full consolidation   |
| Valtech GmbH  |               | 100%            | 100%            | 1999                     |                      |
| Valtech A/S   | Denmark       | 100%            | 100%            | 2000                     | Full consolidation   |
| Par N° 1 A/S  |               |                 | 100%            | 2000 Liquidation in 2006 |                      |
| Valtech CO.LTD.   | South Korea   | 50,793%         | 49%             | 2000                     | Equity method        |
| Valtech India Technology Solutions Private Limited (99.99% owned by Valtech Offshore; 0.01% owned by Valtech S.A) |               | 95%             | 95%             | 2004                     | Full consolidation   |
| Valtech India Systems Private Ltd   | India         | 100%            | 100%            | 2004                     | Full consolidation   |
| Valtech India Software Services Private Limited   |               | 100%            | 100%            | 2005                     | Full consolidation   |

## NOTE 3 – GOODWILL

Goodwill arising from business combinations is allocated, at the time of acquisition, to the applicable cash-generating units (CGUs)

These entities are defined as subsidiaries or geographical areas within which the Group operates and which generate

cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The movement in the Group's goodwill during the period is as follows:

| <i>(in thousands of euros)</i>              | Expede | Synaris | Valtech India<br>Systems Private Ltd | Valtech A/S | Valtech Agency | Total goodwill |
|---|--------|---------|--------------------------------------|-------------|----------------|----------------|
|   | USA    | Germany | India                                | Denmark     | France         |                |
| As of December 31, 2006                     | 51     | 3,687   | 8,395                                | 444         | 1,379          | 13,956         |
| Increase on the acquisition of a subsidiary | -      | -       | -                                    | -           | 658            | 658            |
| Decrease on disposal of a subsidiary        | -      | -       | -                                    | -           | -              | -              |
| Impairment recognized for the period        | -      | -       | -                                    | -           | -              | -              |
| Translation adjustment                      | (5)    | -       | 14                                   | (2)         | -              | 7              |
| Other                                       | -      | -       | -                                    | -           | -              | -              |
| As of December 31, 2007                     | 46     | 3,687   | 8,409                                | 442         | 2,037          | 14,621         |

### 3.1. RECOGNITION OF GOODWILL IN THE CURRENCY OF THE COMPANY ACQUIRED

In accordance with IAS 21, goodwill is recognized in the currency of the company acquired.

### 3.2. IMPAIRMENT TESTING

As specified by IFRS 3, "Business combinations", goodwill is not amortized but is instead subject to impairment testing at least annually or more frequently if there are specific indications of any potential impairment loss.

An impairment loss, allocated in priority against any goodwill, is recognized in the amount of any excess of a cash-generating unit's previous carrying amount over its recoverable amount.

Valtech tests its goodwill for impairment annually as of each balance sheet date, during the first quarter of the following accounting period, and recognizes any impairment losses as appropriate.

Goodwill is allocated to legal entity cash-generating units with the exception of Valtech India Systems Private Ltd, the goodwill for which is allocated to the Global Sourcing service line since the Group considers that it is this operating segment as a whole which has benefited from the acquisition.

The approach adopted by the Group mainly involves comparing recoverable amounts for each of the Group's operating divisions with the corresponding net assets (inclusive of goodwill). The recoverable amounts are

essentially determined by discounted cash flow analysis applied to operating cash flows estimated for the three coming years (in detail) and for two additional years (by extrapolation), as well as to a terminal value.

The discount rate applied is a weighted average cost of equity reflecting the following parameters:

|  | 12/31/2007 | 12/31/2006 |
|--|------------|------------|
| Cost of capital                            | 10.78%     | 10.78%     |
| Cost of debt after tax                     | 2.90%      | 5.00%      |
| Growth rate for the three subsequent years | 5.00%      | 5.00%      |
| Perpetual growth rate                      | 0.00%      | 0.00%      |

The calculation reflects reasonable assumptions as to growth in revenues and the terminal values, which are consistent with the market data available for each of the Group's operating divisions.

Additional impairment testing is performed if there are specific indications of any potential impairment loss. The investment in associates (accounted for using the equity method) includes any applicable goodwill, for which goodwill impairment is recognized on the basis defined by IAS 36 whenever the circumstances indicative of such impairment defined by IAS 36 are met.

The goodwill related to the acquisition of interest in South Korean joint venture, increased by a gross amount of €25,000, is displayed in the line "Investment in associates". The South Korean joint venture is acquired in November 2000. This entity is accounted for using the equity method.

#### NOTE 4 – OTHER INTANGIBLE ASSETS

| <i>(in thousands of euros)</i> | Software purchased | Software created for own use | Total other intangible assets |
|--------------------------------|--------------------|------------------------------|-------------------------------|
| <b>December 31, 2006</b>       | <b>398</b>         | <b>279</b>                   | <b>677</b>                    |
| Change in scope                |                    |                              |                               |
| Increase                       | 436                | -                            | 436                           |
| Amortisation and impairment    | (400)              | (139)                        | (539)                         |
| Disposal during the period     | -                  | -                            | -                             |
| Translation adjustment         | 5                  | -                            | 5                             |
| Other changes                  | -                  | -                            | -                             |
| <b>December 31, 2007</b>       | <b>439</b>         | <b>140</b>                   | <b>579</b>                    |

The internally developed software developed in India is part of the Duoshore project designed to assist in the joint management of projects by several Group entities.

It meets the criteria for capitalization defined by IAS 38.57 and is amortized, as for purchased software, over three years at most.

#### NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

The following table summarizes the changes in property, plant and equipment:

| <i>(in thousands of euros)</i>           | Property, plant and equipment |                  |              |            |                | Total        |
|--|-------------------------------|------------------|--------------|------------|----------------|--------------|
|  | Fixtures and fittings         | Office furniture | IT equipment | Other      | Finance leases |              |
| <b>As of December 31, 2006</b>           |                               |                  |              |            |                |              |
| Gross value                              | 3,740                         | 1,791            | 8,276        | 1,934      | 1,624          | 17,365       |
| Depreciation                             | (2,726)                       | (1,593)          | (7,061)      | (1,178)    | (1,374)        | (13,932)     |
| <b>Net value as of December 31, 2006</b> | <b>1,014</b>                  | <b>198</b>       | <b>1,215</b> | <b>756</b> | <b>250</b>     | <b>3,433</b> |
| Increase                                 | 965                           | 207              | 870          | 171        | 96             | 2,309        |
| Disposals                                | (68)                          | 9                | (38)         | (30)       | -              | (127)        |
| Translation adjustment                   | (35)                          | -                | -            | 3          | -              | (32)         |
| Depreciation                             | (316)                         | (124)            | (931)        | (221)      | (145)          | (1,737)      |
| <b>Net value as of December 31, 2007</b> | <b>1,560</b>                  | <b>290</b>       | <b>1,116</b> | <b>679</b> | <b>201</b>     | <b>3,846</b> |
| <b>As of December 31, 2007</b>           |                               |                  |              |            |                |              |
| Gross value                              | 4,602                         | 2,007            | 9,108        | 2,078      | 1,720          | 19,515       |
| Depreciation                             | (3,042)                       | (1,717)          | (7,992)      | (1,399)    | (1,519)        | (15,669)     |
| <b>Net value as of December 31, 2007</b> | <b>1,560</b>                  | <b>290</b>       | <b>1,116</b> | <b>679</b> | <b>201</b>     | <b>3,846</b> |

Finance leases relate to fitting out of the Group's Paris offices and to computer equipment.

## NOTE 6 – INVESTMENTS

The following table summarizes the changes in investments:

| (in thousands of euros)                  | Investments in associates | Non-current financial assets | Other non-current assets |                             | Total        |
|--|---------------------------|------------------------------|--------------------------|-----------------------------|--------------|
|  |                           |                              | Deposit                  | Other long-term investments |              |
| <b>As of December 31, 2006</b>           |                           |                              |                          |                             |              |
| Gross value                              | 393                       | 4,483                        | 2,932                    | 22                          | 7,830        |
| Impairment                               | -                         | (4,187)                      | (22)                     | -                           | (4,209)      |
| <b>Net value as of December 31, 2006</b> | <b>393</b>                | <b>296</b>                   | <b>2,910</b>             | <b>22</b>                   | <b>3,621</b> |
| Increase                                 | 315                       | -                            | 157                      | -                           | 472          |
| Disposals                                | -                         | -                            | (222)                    | (11)                        | (233)        |
| Impairment                               | -                         | -                            | -                        | -                           | -            |
| Translation adjustment                   | (85)                      | -                            | (134)                    | (1)                         | (220)        |
| Reallocation                             | -                         | -                            | -                        | -                           | -            |
| Profit from joint ventures               | -                         | -                            | -                        | -                           | -            |
| <b>Net value as of December 31, 2007</b> | <b>623</b>                | <b>296</b>                   | <b>2,711</b>             | <b>10</b>                   | <b>3,640</b> |
| <b>As December 31, 2007</b>              |                           |                              |                          |                             |              |
| Gross value                              | 623                       | 4,483                        | 2,733                    | 10                          | 7,849        |
| Impairment                               | -                         | (4,187)                      | (22)                     | -                           | (4,209)      |
| <b>Net value as of December 31, 2007</b> | <b>623</b>                | <b>296</b>                   | <b>2,711</b>             | <b>10</b>                   | <b>3,640</b> |

- Investments in associates**

Investments in associates relate to the acquisition of an interest, initially of 47%, in a South Korean joint venture which took place in November 2000.

During 2006 and in agreement with its co-shareholder, the South Korean company SK Namsan Bldg, the Group contributed to two transactions designed to recapitalize

Valtech CO.LTD. (Korea), of which Valtech S.A. owned 49% of the entity compared to 48.36% as of January 1, 2006.

The restructuring undertaken in 2006 had also increased the goodwill associated with the investment by €409,000. This goodwill had been fully impaired in 2006.

In 2007, Valtech S.A. acquired 1.79% interest in Valtech CO. LTD (Korea), increasing the % ownership from 49% to 50.79%.

The main characteristics of the goodwill associated with this investment are set out in Note 3, *Intangible assets*.

Financial data for this company as of December 31, 2007 may be summarized as follows:

| (in thousands of euros)  | 12/31/2007 | 12/31/2006 |
|--------------------------|------------|------------|
| Current assets           | 1,734      | 1,609      |
| Non-current assets       | 122        | 143        |
| Current liabilities      | 604        | 636        |
| Non-current liabilities  | -          | -          |
| Revenue                  | 5,259      | 4,916      |
| Expenses                 | (5,038)    | (4,676)    |
| <b>Net profit (loss)</b> | <b>221</b> | <b>240</b> |

- **Other investments**

Other investments comprise an investment in Medhost representing 16.05% of the voting rights in this entity.

Financial data for this company as of December 31, 2007 may be summarized as follows:

| (in thousands of euros) | 12/31/2007 | 12/31/2006 |
|-------------------------|------------|------------|
| Revenue                 | 12,266     | 9,456      |
| Net profit              | 969        | 294        |
| Equity                  | (810)      | (1,903)    |

Impairment losses amounting to €4 million have been recognized in 2006 against this investment in order to align its carrying amount on the amount that Valtech believes it could recover in the event of disposal of its investment.

- **Loans and deposits**

Loans and deposits of €2.7 million comprise guaranty deposits paid on account of Group companies' property leases.

## NOTE 7 – CURRENT RECEIVABLES

### 7.1. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable as of December 31, 2007 break down as follows:

| (in thousands of euros)                  |               |
|--|---------------|
| <b>As of December 31, 2006</b>           |               |
| Gross value                              | 30,074        |
| Provision for impairment                 | (232)         |
| <b>Net value as of December 31, 2006</b> | <b>29,842</b> |
| Change                                   | 2,274         |
| Movement in provisions                   | (420)         |
| Translation adjustment                   | (834)         |
| Change in the scope of consolidation     | -             |
| Other movements (IAS 32-39)              | (91)          |
| <b>Net value as of December 31, 2007</b> | <b>30,771</b> |
| <b>As of December 31, 2007</b>           |               |
| Gross value                              | 31,398        |
| Provision for impairment                 | (627)         |
| <b>Net value as of December 31, 2007</b> | <b>30,771</b> |

In accordance with IAS 32 and 39, the programs to factor trade receivables are maintained in receivables and short-term debt when, on analyzing the contract, the risks in respect of trade receivables are not substantially transferred to the financing institution.

The impact on the Group's overdrafts as of December 31, 2007 is €3.5 million.

| (in thousands of euros)                                     |                   |                   |
|---|-------------------|-------------------|
| <b>Ageing of past due receivables but no provision made</b> |                   |                   |
|   | <u>12/31/2007</u> | <u>12/31/2006</u> |
| < 60 days   | 29,168            | 28,522            |
| 60-90 days  | 843               | 901               |
| 90-120 days   | 760               | 419               |
| Total ageing of past due receivables but no provision made  | <b>30,771</b>     | <b>29,842</b>     |
| Included in this balance is factored amount of              | <b>3,486</b>      | <b>3,577</b>      |
| <b>Movement in the allowance for doubtful debts</b>         |                   |                   |
|   | <u>12/31/2007</u> | <u>12/31/2006</u> |
| Opening balance   | (232)             | (264)             |
| Provision for doubtful debts recognised in receivables      | (455)             | (38)              |
| Amounts written off as uncollectible                        | 21                | 71                |
| Amounts recovered during the year                           | -                 | -                 |
| Provision for doubtful debts reversed                       | -                 | 15                |
| Unwind of discount  | -                 | -                 |
| Translation   | 39                | (16)              |
| <b>Balance at end of year</b>                               | <b>(627)</b>      | <b>(232)</b>      |
| <b>Ageing of impaired trade receivables</b>                 |                   |                   |
|   | <u>12/31/2007</u> | <u>12/31/2006</u> |
| < 60 days   | (80)              | (19)              |
| 60-90 days  | (188)             | (40)              |
| 90-120 days   | (359)             | (173)             |
| <b>Total</b>  | <b>(627)</b>      | <b>(232)</b>      |

### 7.2. OTHER RECEIVABLES

| (in thousands of euros)              | 12/31/2007   | 12/31/2006   |
|--------------------------------------|--------------|--------------|
| Social security and tax receivables  | 1 703        | 1 520        |
| Other receivables                    | 254          | 376          |
| Prepaid expenses                     | 1 298        | 1 412        |
| Advances and downpayments to vendors | 3            | 12           |
| <b>Other receivables</b>             | <b>3 258</b> | <b>3 320</b> |

- **Prepaid expenses**

Prepaid expenses record expenses recognized during the period, but which relate to subsequent periods. Prepaid expenses relate primarily to lease and insurance expenses.

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**NOTE 8 – SHARE CAPITAL**


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**8.1. SHARE CAPITAL**

As of December 31, 2007, the share capital of Valtech S.A., which amounts to €1,351,534.90, comprised 88,668,358 ordinary shares, with a par value of €0.01. It is fully paidup.

The changes for the period are as follows:

| (in units)                               | 12/31/2007 | 12/31/2006 |
|--|------------|------------|
| Number of shares as of January 1, 2007   | 85 358 110 | 84 161 468 |
| Capital increase                         | -          | -          |
| Options exercised                        | 3 310 248  | 1 196 642  |
| Number of shares as of December 31, 2007 | 88 668 358 | 85 358 110 |

**8.2. TREASURY SHARES**

As of December 31, 2007, the company held a total portfolio of 214,900 treasury shares, representing less than 0.01% of its share capital. The shares remaining in the portfolio as of December 31, 2007 are held for sale to Valtech's employees or those of related companies, either as part of the share purchase option plan approved by the General Meeting of November 5, 1999, or as part of future plans.

This portfolio comprises 214,900 shares purchased in 1998 for €68,000.

**8.3. RESERVES**

The various components of consolidated equity, including profit for the period, changed as follows:

| (in thousands of euros)                      | Share capital | Share premium | Reserves        | Treasury shares | Translation reserves | Total         |
|--|---------------|---------------|-----------------|-----------------|----------------------|---------------|
| <b>Equity at the beginning of the period</b> | <b>1,301</b>  | <b>61,324</b> | <b>(34,596)</b> | <b>(68)</b>     | <b>265</b>           | <b>28,226</b> |
| Capital increase                             | 51            | 1,230         | -               | -               | -                    | 1,281         |
| Fair value of financial assets               | -             | 131           | -               | -               | -                    | 131           |
| Goodwill impairment on Korea JV              | -             | -             | -               | -               | -                    | -             |
| 2007 profit for the year                     | -             | -             | 2,572           | -               | -                    | 2,572         |
| Recognition of share-based payments          | -             | -             | 92              | -               | -                    | 92            |
| Treasury shares                              | -             | -             | -               | -               | -                    | -             |
| Translation adjustment                       | -             | -             | -               | -               | (637)                | (637)         |
| Other  | -             | -             | -               | -               | -                    | -             |
| <b>Equity at the end of the period</b>       | <b>1,352</b>  | <b>62,685</b> | <b>(31,932)</b> | <b>(68)</b>     | <b>(372)</b>         | <b>31,665</b> |

#### 8.4. BASIC EARNINGS PER SHARE AND FULLY DILUTED EARNINGS PER SHARE

The reconciliation between basic earnings per share and fully diluted earnings per share may be presented as follows:

|   | Net profit (loss) | Average number of shares | Earnings per share |
|---|-------------------|--------------------------|--------------------|
| <b>2007</b>                             |                   |                          |                    |
| Basic earnings per share                | 2,572             | 85,143,210               | 0.03               |
| Dilutive effect of stock options        | -                 | 3,701,430                |                    |
| <b>Fully-diluted earnings per share</b> | <b>2,572</b>      | <b>88,844,640</b>        | <b>0.03</b>        |
| <b>2006</b>                             |                   |                          |                    |
| Basic earnings per share                | 2,319             | 84,675,274               | 0.03               |
| Dilutive effect of stock options        | -                 | 8,712,270                |                    |
| <b>Fully-diluted earnings per share</b> | <b>2,319</b>      | <b>93,387,544</b>        | <b>0.02</b>        |

#### NOTE 9 – MINORITY INTERESTS

Minority interests relate to Valtech Offshore:

| (in thousands of euros)                           | 12/31/2007 | 12/31/2006 |
|---|------------|------------|
| Minority interests at the beginning of the period | (21)       | (16)       |
| Capital increase                                  | -          | -          |
| Acquisition                                       | -          | -          |
| Translation adjustment                            | -          | 6          |
| Other changes                                     | -          | -          |
| Profit - attributable to minority interests       | -          | (11)       |
| Minority interests at the end of the period       | (21)       | (21)       |

## NOTE 10 – PROVISIONS FOR CONTINGENCIES AND LOSSES

### 10.1. CHANGE IN PROVISIONS

| (in thousands of euros)                   | Litigation | Provisions for loss on completion | Restructuring costs | Pension obligations | USA medical cover | Other     | Total        |
|---|------------|-----------------------------------|---------------------|---------------------|-------------------|-----------|--------------|
| As of December 31, 2006                   |            |                                   |                     |                     |                   |           |              |
| Current                                   | 294        | 307                               | 489                 | -                   | -                 | -         | 1 090        |
| Non-current                               | -          | -                                 | 1 825               | 208                 | 215               | 90        | 2 338        |
| <b>Provisions as of December 31, 2006</b> | <b>294</b> | <b>307</b>                        | <b>2 314</b>        | <b>208</b>          | <b>215</b>        | <b>90</b> | <b>3 428</b> |
| <i>Change during the period</i>           |            |                                   |                     |                     |                   |           |              |
| Increase                                  | 72         | -                                 | 79                  | 49                  | 425               | -         | 625          |
| Reversal                                  | (253)      | (307)                             | -                   | -                   | -                 | (13)      | (573)        |
| Reversal (use)                            | -          | -                                 | (500)               | -                   | (465)             | (20)      | (985)        |
| Change in scope of consolidation          | -          | -                                 | -                   | -                   | -                 | -         | -            |
| Other                                     | 3          | -                                 | -                   | 21                  | -                 | (24)      | -            |
| Translation adjustment                    | -          | -                                 | (188)               | -                   | (22)              | (2)       | (212)        |
| <b>Provisions as of December 31, 2007</b> | <b>116</b> | <b>-</b>                          | <b>1 705</b>        | <b>278</b>          | <b>153</b>        | <b>31</b> | <b>2 283</b> |
| As of December 31, 2007                   |            |                                   |                     |                     |                   |           |              |
| Current                                   | 116        | -                                 | 486                 | -                   | -                 | 15        | 617          |
| Non-current                               | -          | -                                 | 1 219               | 278                 | 153               | 16        | 1 666        |
| <b>Provisions as of December 31, 2007</b> | <b>116</b> | <b>-</b>                          | <b>1 705</b>        | <b>278</b>          | <b>153</b>        | <b>31</b> | <b>2 283</b> |

### 10.2. RETIREMENT BENEFIT OBLIGATIONS AND OTHER POST-EMPLOYMENT BENEFITS

Pursuant to the laws and practices in each country, the Group grants its employees retirement, accident and disability insurance plans and health insurance plans. In France, each of the Group's employees is granted lump-sum termination benefits. In other countries, the plans depend on the country's local legal framework, business and the previous practices of the subsidiary concerned. In addition to basic plans, there may also be defined contribution or defined benefit plans, which in the latter case, are partially covered by plan assets (shares, bonds, insurance contracts or other plan assets.).

#### - Standard regimes

In certain countries, particularly France, the Group contributes to standard social security regimes for which the expense recorded is equal to the contributions required by the State authorities. The standard regimes are considered to be defined contribution plans.

#### - Defined contribution plans

Contributions paid depend exclusively on the aggregate of contributions paid and the yield on investments of contributions paid. The Group's commitment is limited to contributions paid which are recorded as expenses.

#### - Defined benefit plans

The valuation of the Group's commitment with respect to these plans is calculated annually by independent actuaries using the Projected Unit Credit method. These calculations are based on assumptions relating to mortality, staff turnover, future salary projections and the revaluation of annuities paid.

#### - Post-employment and lump-sum termination benefits

Post-employment commitments are determined in accordance with the accounting principles presented in note 1.15. For pension plans, actuarial gains and losses are amortized under expenses in compliance with the corridor method (actuarial gains and losses exceeding 10% of the higher of the actuarial debt and the market value of the financial assets are amortized over the average residual expected life of employees benefiting from this plan).

For medical expense reimbursement plans, actuarial gains and losses are amortized under expenses over the residual average working life of the beneficiaries.

Post-employment benefits are recognized in the Group's financial statements based on the following breakdown:

| (in thousands of euros)                       | 31-déc-07  | 31-déc-06  |
|---|------------|------------|
| Pension obligations                           | 278        | 208        |
| Other employee benefits (US medical coverage) | 153        | 215        |
| <b>Total</b>                                  | <b>431</b> | <b>423</b> |
| in more than five years                       | 431        | 423        |

For the purpose of carrying out actuarial valuations, the basic calculation assumptions were determined by actuaries for each country, with specific assumptions (employee turnover rates, salary increases) being fixed separately for each company.

|   | Pension obligations | Other employee benefits | 12/31/2007 | 12/31/2006 |
|---|---------------------|-------------------------|------------|------------|
| <b>Provisions at the beginning of the period</b>          | <b>208</b>          | <b>215</b>              | <b>423</b> | <b>659</b> |
| Past service cost   | 70                  | (40)                    | 30         | (272)      |
| Change in method  | -                   | -                       | -          | -          |
| Translation adjustment                                    | -                   | (22)                    | (22)       | 36         |
| <b>Provisions at the end of the period</b>                | <b>278</b>          | <b>153</b>              | <b>431</b> | <b>423</b> |
| <b>Assumptions</b>  |                     |                         |            |            |
| Discount rate   |                     |                         | 4%         | 4%         |
| Annual salary inflation rate                              |                     |                         | 2%         | 2%         |
| Average retirement age                                    |                     |                         | 63         | 62         |
| Average rate of increase / (decrease) of medical expenses |                     |                         | -11%       | 2%-4%      |

The discount rates refer to the rate of remuneration of French government bonds over a 10-15 year period.

The US entity manages its external medical insurance program based on a self-insurance system. It has set up a plan under the terms of which the Group reimburses directly any medical expenses of less than USD 50,000. Other expenses are covered by a reinsurance fund system in which the Group participates.

The estimate of the provision at the end of the period is based on actual expenses observed in the prior period (2006 civil year).

### 10.3. LEGAL CLAIMS

In the ordinary course of business, the Group's companies may be implicated in a certain number of legal, arbitration and administrative proceedings. Provisions are only set aside for expenses resulting from these proceedings when the outflow of resources is deemed probable and their amount may either be quantified or estimated within a reasonable range.

The amount of provisions retained is based on the assessment of risk on a case-by-case basis and depends to a great extent on factors other than the stage of completion of the proceedings, on the understanding that the occurrence of

events for which proceedings are underway may nevertheless lead to a reassessment of the risk.

To the Company's knowledge, no other legal claim, arbitration or exceptional event may have or has had in the recent past a significant impact on the financial position, results, business or net assets of the Company or the Group. Neither Valtech Group nor any of its subsidiaries is a party to any legal or arbitration proceedings which the management of Valtech believes may reasonably have a significant negative impact on its results, business or consolidated financial position.

| (in thousands of euros)    | 12/31/2007 | 12/31/2006 |
|----------------------------|------------|------------|
| Miscellaneous legal claims | -          | 12         |
| Tax reassessment (France)  | 44         | 282        |
| <b>Legal claims</b>        | <b>44</b>  | <b>294</b> |

#### 10.4. PROVISIONS FOR LOSS ON COMPLETION

When service contracts are fixed price, the Group's companies recognize a provision for loss on completion when the forecast cost of a contract is higher than the contractual revenue.

#### 10.5. RESTRUCTURING COSTS

As part of the restructuring plans initiated during the previous fiscal years, the change in provision for contingencies may be presented as follows:

| (in thousands of euros)                 | Workforce<br>reduction costs | Unused<br>offices | Aggregate |
|---|------------------------------|-------------------|-----------|
| <b>Provision at beginning of period</b> | -                            | 2,314             | 2,314     |
| New plans                               | -                            | -                 | -         |
| Period expenses                         | -                            | 79                | 79        |
| Utilisation                             | -                            | (500)             | (500)     |
| Translation adjustment                  | -                            | (188)             | (188)     |
| <b>Provision at end of period</b>       | -                            | 1,705             | 1,705     |

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**NOTE 11 – CURRENT – NON CURRENT LIABILITIES**


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**11.1. NON-CURRENT LIABILITIES**

Non-current liabilities comprise:

| (in thousands of euros)                                    | 12/31/2007 | 12/31/2006 |
|--|------------|------------|
| Tax and social security liabilities                        | -          | -          |
| Liability on Valtech Agency acquisition                    | 28         | 300        |
| Liability on Valtech India Systems Private Ltd acquisition | -          | -          |
| Other  |            | 629        |
| <b>Non-current liabilities</b>                             | <b>28</b>  | <b>929</b> |

**11.2. CURRENT LIABILITIES**

Other current liabilities break down as follows:

| (in thousands of euros)                 | 12/31/2007    | 12/31/2006    |
|---|---------------|---------------|
| Tax and social security liabilities     | 11,445        | 9,639         |
| Other trade receivables                 | 790           | 1,386         |
| Deferred income                         | 1,641         | 818           |
| Liability on Valtech Agency acquisition | 1,474         |               |
| Other                                   | 512           | 704           |
| <b>Current liabilities</b>              | <b>15,862</b> | <b>12,547</b> |

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**NOTE 12 – CASH, CASH EQUIVALENTS AND BORROWINGS**


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**12.1. NET CASH AND CASH EQUIVALENTS**

Cash and cash equivalents presented in the consolidated cash flow statement comprise cash (cash on hand and call deposits), in addition to cash equivalents (short-term, highly liquid investments which may be easily converted into a known amount of cash and which are subject to a negligible risk of changes in value).

Investments with an initial term of more than three months, but without the possibility of an early withdrawal, in addition to restricted bank accounts (blocked accounts), other than those relating to the specific regulations of certain countries or sectors of activity (foreign exchange controls, etc.), are excluded from cash and cash equivalents in the cash flow statement.

| (in thousands of euros)   | 12/31/2007   | 12/31/2006     |
|---------------------------|--------------|----------------|
| Cash and cash equivalents | 4,537        | 4,164          |
| Overdrafts                | (1,453)      | (3,404)        |
| Factoring of receivables  | (3,486)      | (3,577)        |
| <b>Total</b>              | <b>(402)</b> | <b>(2,817)</b> |

## 12.2. BREAKDOWN OF BORROWINGS BY TYPE

| (in thousands of euros)          | 12/31/2007   | 12/31/2006   |
|----------------------------------|--------------|--------------|
| Bank loans (portion > 1 year)    | -            | 351          |
| Finance lease (portion >1 year)  | 64           | -            |
| Non-current borrowings           | 64           | 351          |
| Bank loans (portion < 1 year)    | 352          | 928          |
| Finance lease (portion < 1 year) | 163          | -            |
| Overdraft                        | 4 939        | 6 981        |
| Current borrowings               | 5 454        | 7 909        |
| <b>Total borrowings</b>          | <b>5 518</b> | <b>8 260</b> |

## 12.3. BREAKDOWN OF BORROWINGS BY MATURITY

| (in thousands of euros) | 12/31/2007   | 12/31/2006   |
|-------------------------|--------------|--------------|
| < 1 year                | 5 454        | 7 909        |
| 1-5 years               | 64           | 351          |
| +5 years                | -            | -            |
| <b>Total</b>            | <b>5 518</b> | <b>8 260</b> |

## 12.4. BREAKDOWN OF BORROWINGS BY CURRENCY

| (in thousands of euros) | 12/31/2007   | 12/31/2006   |
|-------------------------|--------------|--------------|
| Euros                   | 4 029        | 5 846        |
| Pounds sterling         | -            | 119          |
| USD                     | 1 008        | 1 819        |
| Indian rupee            | 374          | 476          |
| Danish Kroner           | 107          | -            |
| <b>Total</b>            | <b>5 518</b> | <b>8 260</b> |

## 12.5. FINANCIAL COVENANTS

Most of the financing contracts concluded by the Group contain the usual clauses in the event of default or a significant adverse change in the financial position of Valtech S.A. and its subsidiaries. In light of these clauses, a significant deterioration in the Group's financial position may lead to a significant portion or even all of its credit lines falling due.

## 12.6. FACTORING OF RECEIVABLES

Pursuant to IFRS 1, the Group has elected to apply IAS 32 and IAS 39 relating to financial instruments as of January 1, 2005.

In accordance with IFRS (IAS 39), the trade accounts receivable assigned as part of a factoring agreement without transferring the risks of collection, should remain in the trade receivable accounts, as the balancing entry for an overdraft account. As of December 31, 2007, the impact on cash is €3.5 million.

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**NOTE 13 – SEGMENT INFORMATION**


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**13.1. GEOGRAPHIC SEGMENTS**

For management purposes, the Group carries out its business based on four geographic regions. Geographic entities constitute are the only profit centers with a complete set of performance measures. Primary level segment information corresponds to the geographic segments where the Group is located:

- France
- Rest of Europe,
- United States,
- Asia.

Intra-group relations are recorded at market prices. Liabilities relating to the Group's management are classified under the "Other" column. The Group's segment information as of December 31, 2007 is presented as follows:

**13.1.1. GEOGRAPHIC BREAKDOWN BY CUSTOMER LOCATION**

|  | 12/31/2007    |                |               |              | Total          |
|--|---------------|----------------|---------------|--------------|----------------|
|  | France        | Rest of Europe | United States | Other        |                |
| <b>Revenue</b>   |               |                |               |              |                |
| Revenue from third parties                                     | 36,829        | 49,960         | 17,089        | 2,826        | 106,704        |
| Other operating income   | 43            | 11             | -             | -            | 54             |
| <b>Total operating revenue</b>                                 | <b>36,872</b> | <b>49,971</b>  | <b>17,089</b> | <b>2,826</b> | <b>106,758</b> |
| <b>Income statement</b>  |               |                |               |              |                |
| Operating profit   | (683)         | 4,903          | 34            | (127)        | 4,127          |
| Minority interests   | -             | -              | -             | -            | -              |
| Share of profits of associates                                 | (4)           | -              | -             | 260          | 256            |
| Depreciation, amortization and impairment (excluding goodwill) | (991)         | (821)          | (278)         | (186)        | (2,276)        |
| Impairment of goodwill   | -             | -              | -             | -            | -              |
| Profit before tax  | (839)         | 4,756          | (158)         | (176)        | 3,583          |
| Corporate income tax   | (110)         | (1,226)        | 325           | -            | (1,011)        |
| Net profit (loss) for the period                               | (950)         | 3,530          | 168           | (176)        | 2,572          |
| <b>Balance sheet</b>   |               |                |               |              |                |
| Goodwill (net value)   | 6,698         | 4,886          | 1,060         | 1,977        | 14,621         |
| Current assets   | 17,787        | 16,701         | 4,804         | 451          | 39,743         |
| Non-current assets   | 9,124         | 9,538          | 1,796         | 3,411        | 23,869         |
| Cash and cash equivalents                                      | 1,829         | 1,941          | 420           | 347          | 4,537          |
| Liabilities  | 16,402        | 11,034         | 2,130         | 2,402        | 31,968         |
| <b>Other information</b>                                       |               |                |               |              |                |
| Investments for the year                                       |               |                |               |              |                |
| • Intangible assets  | 50            | 131            | 22            | 233          | 436            |
| • Tangible assets  | 889           | 584            | 316           | 519          | 2,309          |
| • Financial assets   | 351           | 116            | 2             | 7            | 475            |

|  | 12/31/2006    |                |               |              | Total         |
|--|---------------|----------------|---------------|--------------|---------------|
|  | France        | Rest of Europe | United States | Other        |               |
| <b>Revenue</b>   |               |                |               |              |               |
| Revenue from third parties                                     | 32,036        | 44,449         | 20,475        | 2,336        | 99,296        |
| Other operating income   | 341           | 17             | 8             | 8            | 374           |
| <b>Total operating revenue</b>                                 | <b>32,377</b> | <b>44,466</b>  | <b>20,483</b> | <b>2,344</b> | <b>99,670</b> |
| <b>Income statement</b>  |               |                |               |              |               |
| Operating profit   | 590           | 2,915          | 26            | 54           | 3,585         |
| Minority interests   | -             | -              | -             | 11           | 11            |
| Share of profits of associates                                 | -             | -              | -             | -            | -             |
| Depreciation, amortization and impairment (excluding goodwill) | (789)         | (707)          | (401)         | (166)        | (2,063)       |
| Impairment of goodwill   | -             | -              | -             | -            | -             |
| Profit before tax  | 562           | 2,733          | (49)          | 45           | 3,291         |
| Corporate income tax   | (17)          | (745)          | (200)         | (10)         | (972)         |
| Net profit (loss) for the period                               | 545           | 1,988          | (249)         | 35           | 2,319         |
| <b>Balance sheet</b>   |               |                |               |              |               |
| Goodwill (net value)   | 4,954         | 4,931          | 2,037         | 2,034        | 13,956        |
| Current assets   | 11,269        | 20,197         | 5,868         | 946          | 38,280        |
| Non-current assets   | 12,491        | 7,447          | 583           | 2,970        | 23,491        |
| Cash and cash equivalents                                      | 2,427         | 1,307          | 290           | 140          | 4,164         |
| Liabilities  | 9,598         | 14,857         | 4,557         | 1,135        | 30,147        |
| <b>Other information</b>                                       |               |                |               |              |               |
| Investments for the year                                       |               |                |               |              |               |
| • Intangible assets  | 138           | 214            | 89            | 48           | 489           |
| • Tangible assets  | 432           | 666            | 279           | 149          | 1,526         |
| • Financial assets   | 186           | 288            | 120           | 64           | 658           |

### 13.1.2. GEOGRAPHIC BREAKDOWN BY LOCATION OF RESOURCES

|  | 12/31/2007    |                |               |              | Total          |
|--|---------------|----------------|---------------|--------------|----------------|
|  | France        | Rest of Europe | United States | Other        |                |
| <b>Revenue</b>   |               |                |               |              |                |
| Revenue from third parties                                     | 31,830        | 49,146         | 16,061        | 9,667        | 106,704        |
| Other operating income   | 43            | 11             | -             | -            | 54             |
| <b>Total operating revenue</b>                                 | <b>31,873</b> | <b>49,157</b>  | <b>16,061</b> | <b>9,667</b> | <b>106,758</b> |
| <b>Income statement</b>  |               |                |               |              |                |
| Operating profit   | (316)         | 4,397          | 93            | (47)         | 4,127          |
| Minority interests   | -             | -              | -             | -            | -              |
| Share of profits of associates                                 | (3)           | -              | -             | 259          | 256            |
| Depreciation, amortization and impairment (excluding goodwill) | (453)         | (665)          | (172)         | (986)        | (2,276)        |
| Impairment of goodwill   | -             | -              | -             | -            | -              |
| Profit before tax  | (351)         | 4,283          | (64)          | (285)        | 3,583          |
| Corporate income tax   | (91)          | (1,089)        | 307           | (138)        | (1,011)        |
| Net profit (loss) for the period                               | (441)         | 3,194          | 243           | (424)        | 2,572          |
| <b>Balance sheet</b>   |               |                |               |              |                |
| Goodwill (net value)   | 1,676         | 3,667          | 43            | 9,235        | 14,621         |
| Current assets   | 13,764        | 14,678         | 4,315         | 6,986        | 39,743         |
| Non-current assets   | 4,253         | 8,510          | 753           | 10,353       | 23,869         |
| Cash and cash equivalents                                      | 1,829         | 1,941          | 420           | 347          | 4,537          |
| Liabilities  | 16,402        | 11,034         | 2,130         | 2,402        | 31,968         |
| <b>Other information</b>                                       |               |                |               |              |                |
| Investments for the year                                       |               |                |               |              |                |
| • Intangible assets  | 21            | 116            | 2             | 297          | 436            |
| • Tangible assets  | 686           | 519            | 256           | 848          | 2,309          |
| • Financial assets   | 351           | 116            | 2             | 7            | 475            |

|  | 12/31/2006    |                |               |               | Total         |
|--|---------------|----------------|---------------|---------------|---------------|
|  | France        | Rest of Europe | United States | Other         |               |
| <b>Revenue</b>   |               |                |               |               |               |
| Revenue from third parties                                     | 23 915        | 42 327         | 14 901        | 18 153        | 99 296        |
| Other operating income   | 327           | 14             | -             | 33            | 374           |
| <b>Total operating revenue</b>                                 | <b>24 242</b> | <b>42 341</b>  | <b>14 901</b> | <b>18 186</b> | <b>99 670</b> |
| <b>Income statement</b>  |               |                |               |               |               |
| Operating profit   | 425           | 2 792          | (32)          | 399           | 3 584         |
| Minority interests   | -             | -              | -             | 11            | 11            |
| Share of profits of associates                                 | -             | -              | -             | -             | -             |
| Depreciation, amortization and impairment (excluding goodwill) | (496)         | (643)          | (240)         | (685)         | (2 064)       |
| Impairment of goodwill   | -             | -              | -             | -             | -             |
| Profit before tax  | 414           | 2 620          | (110)         | 366           | 3 290         |
| Corporate income tax   | -             | (716)          | (225)         | (32)          | (973)         |
| Net profit (loss) for the period                               | 414           | 1 904          | (335)         | 334           | 2 317         |
| <b>Balance sheet</b>   |               |                |               |               |               |
| Goodwill (net value)   | 1 379         | 4 931          | 57            | 7 589         | 13 956        |
| Current assets   | 7 602         | 19 830         | 4 065         | 6 782         | 38 279        |
| Non-current assets   | 11 977        | 7 447          | 562           | 3 505         | 23 491        |
| Cash and cash equivalents                                      | -             | -              | -             | -             | -             |
| Liabilities  | 5 894         | 14 513         | 2 470         | 7 270         | 30 147        |
| <b>Other information</b>                                       |               |                |               |               |               |
| Investments for the year                                       |               |                |               |               |               |
| • Intangible assets  | 113           | 130            | 49            | 197           | 489           |
| • Tangible assets  | 353           | 404            | 153           | 616           | 1 526         |
| • Financial assets   | 153           | 174            | 66            | 265           | 658           |

### 13.2. BUSINESS SEGMENTS

Secondary level segment information corresponds to the Group's operating divisions:

- Consulting
- Business services
- Global sourcing

|   | 12/31/2007     | 12/31/2006    |
|---|----------------|---------------|
| <b>Revenue by business segment</b>          |                |               |
| Consulting                                  | 55,950         | 50,932        |
| Business services                           | 37,624         | 35,824        |
| Global sourcing                             | 13,184         | 12,914        |
| <b>Total revenue</b>                        | <b>106,758</b> | <b>99,670</b> |
| <b>Total current and non-current assets</b> |                |               |
| Consulting                                  | 26,243         | 31,285        |
| Business services                           | 21,464         | 21,004        |
| Global sourcing                             | 15,905         | 9,482         |
| <b>Total current and non-current assets</b> | <b>63,612</b>  | <b>61,771</b> |
| <b>Investments</b>                          |                |               |
| Consulting                                  | 742            | 383           |
| Business services                           | 1,773          | 808           |
| Global sourcing                             | 1,021          | 824           |
| Other                                       | -              | 658           |
| <b>Investments for the year</b>             | <b>3,536</b>   | <b>2,673</b>  |

## NOTE 14 – EMPLOYEE DATA

## 14.1. AVERAGE WORKFORCE AND EMPLOYEE EXPENSES

| Average number of employees | 12/31/2007   |              | 12/31/2006 |              |
|-----------------------------|--------------|--------------|------------|--------------|
|                             | Billable     | Non-billable | Billable   | Non-billable |
| France                      | 346          | 45           | 210        | 40           |
| United States               | 123          | 20           | 82         | 26           |
| Europe (excluding France)   | 281          | 52           | 233        | 53           |
| India                       | 397          | 52           | 384        | 51           |
| <b>Total</b>                | <b>1,147</b> | <b>169</b>   | <b>909</b> | <b>170</b>   |

  

| Personnel costs (including social security expenses) | 12/31/2007 |               | 12/31/2006    |
|--|------------|---------------|---------------|
|  | Billable   | Non-billable  |               |
| Cost of sales  |            | 52,529        | 47,125        |
| Selling costs  |            | 5,095         | 5,634         |
| Administrative expenses                              |            | 8,381         | 8,449         |
| <b>Total</b>   |            | <b>66,005</b> | <b>61,208</b> |

*Individual Training Rights (DIF)*

In accordance with Opinion 2004-F of October 13, 2004 of the urgent issues task force of the French Accounting Standards Committee (CNC) on the recognition of individual training rights (“DIF”), the expenses committed in respect of individual training rights represent a period expense and therefore do not give rise to a provision but a disclosure is presented in the notes regarding the volume of hours at the fiscal period end of the available portion of the rights with an indication of the volume of hours that have not been requested by the employees.

In certain limited cases (request for Individual Training Vacation (“CIF”) or in the event of redundancy or resignation), where such expenses may not be considered to remunerate future services, the resulting short term commitment is provided for in the accounts for the fiscal period, as soon as the obligation to the employee becomes probable or certain.

With regard to individual training rights, for non-civil servants with open-ended employment contracts at Valtech Group’s French entities, the volume of hours of rights that are available but not consumed is 11,043 hours as of December 31, 2007.

## 14.2. SUBCONTRACTORS

| Average number of subcontractors | 12/31/2007 |              | 12/31/2006 |              |
|----------------------------------|------------|--------------|------------|--------------|
|                                  | Billable   | Non-billable | Billable   | Non-billable |
| France                           | 39         | -            | 40         | -            |
| United States                    | 29         | -            | 32         | -            |
| Europe (excluding France)        | 41         | 3            | 33         | 2            |
| India                            | 2          | 5            | 6          | 5            |
| <b>Total</b>                     | <b>111</b> | <b>8</b>     | <b>111</b> | <b>7</b>     |

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**NOTE 15 – ADDITIONAL INFORMATION ON OPERATING RESULTS**


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**15.1. OPERATING EXPENSES**

| (in thousands of euros)   | 12/31/2007     | 12/31/2006    |
|---|----------------|---------------|
| Salary costs  | 54 746         | 50 131        |
| Social charges  | 11 450         | 10 887        |
| Share-based compensation  | 92             | 265           |
| Depreciation and amortization                                   | 2 277          | 1 411         |
| Impairment losses on investment                                 | -              | 407           |
| Impairment losses recognised / ( reversed) on trade receivables | 479            | (71)          |
| Other   | 32 569         | 33 103        |
| <b>Total operating expenses by type</b>                         | <b>101 613</b> | <b>96 133</b> |
| Cost of sales   | 72 632         | 66 952        |
| Selling costs   | 6 664          | 7 339         |
| Administrative expenses   | 22 317         | 21 842        |
| <b>Total operating expenses by destination</b>                  | <b>101 613</b> | <b>96 133</b> |

**15.2. OTHER OPERATING INCOME AND EXPENSES**

| (in thousands of euros) | 12/31/2007     | 12/31/2006 |
|-------------------------|----------------|------------|
| Gains (losses) on sale  | (66)           | -          |
| Other                   | (952)          | 47         |
| <b>Total</b>            | <b>(1,018)</b> | <b>47</b>  |

The Other cost in the above table relates to cost incurred by the Group in search for financial partners.

## NOTE 16 – FINANCIAL INCOME (EXPENSE)

| (in thousands of euros)                     | 12/31/2007   | 12/31/2006   |
|---|--------------|--------------|
| Interest expense on financial debt          | (394)        | (364)        |
| Financial income                            | 155          | 131          |
| <b>Cost of net debt</b>                     | <b>(239)</b> | <b>(233)</b> |
| Change in provisions for non-current assets | 42           | (239)        |
| Other financial income (expense)            | (344)        | 162          |
| Translation adjustment                      | (259)        | 7            |
| <b>Other financial income (expense)</b>     | <b>(561)</b> | <b>(70)</b>  |
| <b>Total</b>                                | <b>(800)</b> | <b>(303)</b> |

## NOTE 17 – DEFERRED TAX

## 17.1. ANALYSIS OF THE TAX CHARGE

The tax charge for the period may be analyzed as follows:

| (in thousands of euros)      | 12/31/2007     | 12/31/2006   |
|------------------------------|----------------|--------------|
| Current tax income (expense) | (634)          | (487)        |
| Change in deferred tax       | (377)          | (486)        |
| <b>TOTAL</b>                 | <b>(1 011)</b> | <b>(973)</b> |

Deferred tax recognized in the consolidated financial statements for the period ended December 31, 2007 takes into account the local corporate income tax rate of the companies concerned.

## 17.2. DEFERRED TAX

Deferred tax assets recognized at December 31, 2007 may be analyzed as follows:

| (in thousands of euros)        | Deferred tax asset | Deferred tax liability |
|--------------------------------|--------------------|------------------------|
| <b>Beginning of the period</b> | <b>2 758</b>       | -                      |
| Tax expense                    | (377)              | -                      |
| Translation adjustment         | (22)               | -                      |
| Change in methods              | -                  | -                      |
| Change in consolidation scope  | -                  | -                      |
| <b>Period end</b>              | <b>2 359</b>       | -                      |
| Of which current portion       | 1 176              | -                      |
| Of which non-current portion   | 1 183              | -                      |

The Group recognizes tax receivables in respect of tax losses carried forward when the profitability of the entity concerned allows their recovery to be predicted reliably.

Pursuant to IAS 12, deferred tax assets and liabilities are not subject to discounting.

The analysis of deferred tax by category breaks down as follows:

| (in thousands of euros)   | 2007 deferred tax asset | 2006 deferred tax asset |
|---------------------------|-------------------------|-------------------------|
| Tax receivable on loss    | 2 198                   | 2 620                   |
| Consolidation adjustments | 83                      | 75                      |
| Temporary differences     | 78                      | 63                      |
| <b>12/31/2007</b>         | <b>2 359</b>            | <b>2 758</b>            |

The significant amount of losses carried forward generated by some of the Group's companies led to the corresponding receivable not being recognized in the absence of tangible forecast data.

| (in thousands of euros)   | deferred tax assets not recognized in 2007 | deferred tax assets not recognized in 2006 |
|---------------------------|--|--|
| Valtech SA (Tax Group)    | 14,389                                     | 16,484                                     |
| Valtech Training (France) | -  | 137  |
| Synaris (Germany)         | 560  | 1,225                                      |
| Valtech Denmark           | -  | 960  |
| <b>Total</b>              | <b>14,949</b>                              | <b>18,806</b>                              |

### 17.3. TAX PROOF

Corporate income tax for the year is computed by applying the effective tax rate at the end of the fiscal year to the profit before tax as of December 31, 2007. In France, deferred tax is calculated based on a tax rate of 34.43%. The reconciliation between the theoretical tax calculated on the basis of the legal tax rate in France and the effective tax is as follows:

| (in thousands of euros)                                  | 2007           | 2006           |
|--|----------------|----------------|
| Net profit   | 2,572          | 2,319          |
| Tax expense  | 1,011          | 973            |
| Minority interests                                       | -              | 11             |
| Share of profits from associates                         | (260)          | -              |
| <b>Profit before tax</b>                                 | <b>3,323</b>   | <b>3,303</b>   |
| <b>Theoretical tax (expense)</b>                         | <b>(1,144)</b> | <b>(1,101)</b> |
| Other permanent differences                              | (280)          | (40)           |
| Use of tax receivables in respect of prior period losses | -              | (58)           |
| Tax receivables recognized for prior period losses       | 993            | 186            |
| Tax receivables not recognized in the period             | (402)          | -              |
| Income non subject to tax                                | 9              | -              |
| Tax rate variance between different countries            | 479            | 128            |
| Difference relating change in local tax rates            | (244)          | -              |
| Reversal of deferred tax assets previously recognised    | (394)          | -              |
| Reversal of unused deferred tax liabilities              | -              | -              |
| Share-based compensation                                 | (28)           | (88)           |
| <b>Actual tax income (expense)</b>                       | <b>(1,011)</b> | <b>(973)</b>   |

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**NOTE 18 – SHARE-BASED PAYMENT**


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Valtech Group has set up share option plans reserved for certain categories of employees. Share option plans allow the Board of Directors to allocate options granting the beneficiary the option to obtain Valtech shares at a price calculated on the basis of the average share price during the 90 days prior to their allotment.

**18.1. DESCRIPTION OF THE VALUATION MODEL**

Pursuant to IFRS 2 “Share-based payment”, share subscription or share purchase options granted to employees are recognized in the financial statements based on the following terms: the fair value of the options granted, which is deemed to correspond to the fair value of services rendered by employees in consideration for the options received, is determined at the grant date.

The fair value of the stock options is determined based on the binomial model, which takes into consideration the characteristics of the plan (exercise price, exercise period), market data on the grant (risk-free rate, share price, volatility, expected dividends) and a behavior hypothesis of the beneficiaries, such as the exercise of options before the end of the period during which they may be exercised.

**18.2 MOVEMENTS IN SHARE OPTION PLANS DURING THE PERIOD**

Data relating to open share option plans are summarized below:

|   | 2007              |                        | 2006              |                        |
|---|-------------------|------------------------|-------------------|------------------------|
|   | Number of options | Average exercise price | Number of options | Average exercise price |
| <b>Number of non-exercised options at December 31, 2006</b> | <b>8,451,501</b>  | <b>0.72</b>            | <b>10,640,557</b> | <b>0.69</b>            |
| allocated   | -                 | -                      | -                 | -                      |
| cancelled   | (439,401)         | 1.22                   | (1,059,582)       | 0.82                   |
| exercised   | (3,310,348)       | 0.39                   | (1,129,474)       | 0.36                   |
| lapsed  | (1,000,322)       | 0.70                   | -                 | -                      |
| <b>Number of options not exercised at December 31, 2007</b> | <b>3,701,430</b>  | <b>0.96</b>            | <b>8,451,501</b>  | <b>0.72</b>            |
| <b>Number of options exercisable at December 31, 2007</b>   | <b>3,701,430</b>  |                        | <b>6,672,502</b>  |                        |

**18.3. SHARE OPTION PLANS AT DECEMBER 31, 2007**

| Decision of the Board of Directors                  | Plan closure date | Number of 2007 options | Exercise price | Number of 2006 options | Exercise price |
|---|-------------------|------------------------|----------------|------------------------|----------------|
| 2/16/1999   | 12/16/2009        | 25,300                 | 0.02           | 53,490                 | 0.02           |
| 2/16/1999   | 12/16/2009        | -                      | 0.61           | 173,092                | 0.61           |
| 4/19/2001   | 4/19/2006         | -                      | 5.50           | -                      | 5.50           |
| 10/3/2001   | 10/3/2006         | -                      | 1.43           | 241,401                | 1.43           |
| 10/25/2002  | 10/25/2007        | -                      | 0.39           | 911,221                | 0.39           |
| 10/25/2002  | 10/25/2007        | -                      | 0.39           | 2,632,655              | 0.39           |
| 9/24/2003   | 9/23/2008         | 124,633                | 1.03           | 157,645                | 1.03           |
| 12/31/2003  | 12/31/2008        | 365,000                | 0.90           | 565,000                | 0.90           |
| 1/26/2004   | 1/25/2009         | 30,500                 | 0.90           | 207,000                | 0.90           |
| 1/26/2004   | 1/25/2009         | 42,500                 | 0.97           | 47,000                 | 0.97           |
| 4/9/2004  | 4/8/2009          | 481,071                | 0.98           | 501,071                | 0.98           |
| 4/9/2004  | 4/8/2009          | 1,178,926              | 0.98           | 1,183,926              | 0.98           |
| 6/29/2004   | 6/28/2009         | -                      | 0.89           | 36,000                 | 0.89           |
| 9/7/2004  | 9/6/2009          | 30,000                 | 0.68           | 118,000                | 0.68           |
| 12/13/2004  | 12/12/2009        | 1,500                  | 0.96           | 4,000                  | 0.96           |
| 5/30/2005   | 5/25/2010         | 1,422,000              | 0.96           | 1,620,000              | 0.96           |
| <b>Number of options and average exercise price</b> |                   | <b>3,701,430</b>       | <b>0.96</b>    | <b>8,451,501</b>       | <b>0.72</b>    |

**18.4. FAIR VALUE OF OPTIONS ALLOCATED DURING THE PERIOD**

No new share allocation plans were issued in 2007

| Principal hypotheses                      | 2007     | 2006     |
|---|----------|----------|
| Valuation model                           | Binomial | Binomial |
| Share price at the grant date             | -        | -        |
| Exercise price at the grant date          | -        | -        |
| Expected volatility                       | -        | -        |
| Risk-free interest rate at the grant date | -        | -        |
| Expected dividend payout rate             | -        | -        |
| Fair value of option                      | -        | -        |

**18.5. IMPACT OF PAYMENTS IN SHARES**

| (in thousands of euros) | 12/31/2007 | 12/31/2006 |
|-------------------------|------------|------------|
| Cost of sales           | 17         | 75         |
| Selling costs           | -          | -          |
| Administrative expenses | 75         | 190        |
| <b>Period expenses</b>  | <b>92</b>  | <b>265</b> |

## NOTE 19 – OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments may be presented as follows:

### 19.1. CONTRACTUAL OBLIGATIONS

Fixed assets subject to a finance lease contract, which effectively transfers to the group the risks and benefits of property are recognized as assets under property, plant and equipment (fixtures and equipment).

Operating leases may be presented as follows:

| (in thousands of euros) | 12/31/07      | Less than    |              |                   |
|-------------------------|---------------|--------------|--------------|-------------------|
|                         |               | one year     | 1 to 5 yrs   | More than 5 years |
| Operating leases        | 11 311        | 4 070        | 7 055        | 187               |
| <b>Total</b>            | <b>11 311</b> | <b>4 070</b> | <b>7 055</b> | <b>187</b>        |

The change in commitments for non-cancelable office leases in London are not included in this table, given that a provision for contingencies has already been recognized in connection with measures to streamline the Group's real estate assets.

### 19.2. GUARANTEES GIVEN

Valtech Group granted the following guarantees:

| (in thousands of euros)                   | 12/31/2007   | 12/31/2006    |
|---|--------------|---------------|
| Guarantees for lease contracts            | 8,913        | 14,498        |
| Medhost securities provided as collateral | -            | -             |
| Guarantees given to banks                 | 878          | 875           |
| <b>Total</b>                              | <b>9,791</b> | <b>15,373</b> |

These guarantees, granted at the outset, have the following characteristics:

- First demand guarantee for a period of fifteen years for an initial amount of £22.4 million for the lease of premises located in London. The amount of the guarantee is equal to the amount of lease payments for the total period of the lease. The residual amount of the guarantee is £6.061 million, a portion of which has been recognized in the consolidated financial statements under provisions for contingencies in respect of unused premises;
- A bank guarantee was granted at first demand in favour of MEAG Munich Ergo Kapitalanlagegesellschaft GmbH in respect of the lease of the premises located in Germany. The amount of the guarantee is EUR59,000
- A bank guarantee was granted at first demand in favor of UTI Bank Ltd. in respect of various loans which have been or will be granted in Valtech India Systems Private Ltd subject to an overall limit of €875,000.
- A bank guarantee was granted at first demand in favour of Axis Bank Ltd in respect of bank guarantee given to Customs Department towards import of goods to Software Technology Park of India for a value of INR 150,000.

### 19.3. PRICE VARIATION CLAUSES

Valtech no longer has any commitments relating to earn-outs on the acquisition of investments, based on variable elements.

### 19.4. GUARANTEES RECEIVED

#### Bank guarantees for office lease rights

Valtech Group's banks granted a guarantee for the lease of offices for a total amount of €141,200.

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**NOTE 20 – RELATED PARTIES**


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Securities accounted for under the equity method relate to the acquisition of an investment in a South Korean joint venture, in which a 47%-stake was acquired initially in November 2000. In fiscal year 2006, the Group participated in two recapitalization operations in the company Valtech CO.LTD.(Korea) in agreement with its joint shareholder, the company incorporated under South Korean law, SK Namsan Bldg. On completion of this transaction, Valtech S. A owned 49% of Valtech CO.LTD.(Korea), compared to 48.6% as at January 1, 2006. In 2007, Valtech S.A acquired 1.79% of Valtech CO.LTD.(Korea) joint venture, increasing its ownership percentage to 50.79%.

The transactions with equity consolidated entities are as follows:

| (in thousands of euros)                            | 12/31/2007 | 12/31/2006 |
|--|------------|------------|
| Valtech CO. LTD (Korea) receivables                | 80         | 147        |
| Accrued interest                                   | -          | -          |
| Current liabilities                                | -          | -          |
| Significant relations with Valtech CO. LTD (Korea) | -          | -          |

Direct and indirect compensation to the executive bodies, in the form of salaries, directors' fees or other fees recognized by Valtech S.A. or its subsidiaries in fiscal year 2007, breaks down as follows:

| (in thousands of euros)                 | 12/31/2007   | 12/31/2006   |
|---|--------------|--------------|
| Short-term benefits (Fees and salaries) | 1,866        | 1,021        |
| Post-employment benefits                | -            | -            |
| Directors' allowance                    | -            | 89           |
| Share-based payment                     | 74           | 132          |
| Lump-sum termination benefits           | 89           | -            |
| <b>Period expense</b>                   | <b>2,029</b> | <b>1,242</b> |

The increase in short term benefits in 2007 is due to appointment of a new CEO in 2007 and the appointment of two salaried board members in the board of directors whose annual fees are displayed in the above table.