

VALTECH

A French joint stock company (“société anonyme”) with a share capital of EUR 1,351,534.90

Registered office: 80, avenue Marceau — 75008 Paris

Paris Trade and Companies’ Register No. 389 665 167

<p style="text-align: center;">CHAIRMAN’S REPORT ON THE CONDITIONS IN WHICH THE BOARD OF DIRECTORS’ PROCEEDINGS ARE PREPARED AND ORGANISED AND ON THE INTERNAL AUDIT AND RISK MANAGEMENT PROCEDURES</p>
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Under Article L. 225-37 of the French Commercial Code, the Board of Directors’ Chairman herein reports on (I) the conditions of Corporate Governance (II) and the internal audit and risk control procedures set up by your Company.

This report also sets out the internal audit and risk management procedures of the Valtech Group.

I- COMPOSITION, PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS’ PROCEEDINGS

Until 2008, VALTECH referred to the principles of corporate governance of listed companies contained in the reports Viénot in July 1995 and July 1999 and the Bouton Report of September 2002.

At its meeting on December 11, 2008, the Board adopted the recommendations of the AFEP-MEDEF 6 October 2008 on the remuneration of the executive officers of listed companies.

He considered that these recommendations were in the process of corporate governance of the company and therefore decided that pursuant to the Act of July 3, 2009 transposing EU Directive 2006/46/EC of June 14, 2006 code AFEP-MEDEF as amended would be the one referred to by the Company for the preparation of this report provided for in Article L225-37 of the Commercial Code from the year 2008, available on the site of the MEDEF (www.medef.fr).

In the legal framework specific to it, VALTECH gradually seeks to implement the recommendations of the Code of Corporate Governance AFEP / MEDEF consolidated version in the future.

An update of the Rules of Procedure of the Board of Directors is scheduled for 2009 to better reflect these recommendations.

A) Composition, preparation and organization of work of the Board of Directors

1) Composition of the Board of Directors

(i) Directors

Until the 24th June 2008, the Board was composed of six directors:

- Jean-Yves Hardy
- M. Olivier CAVREL,
- Jean-Claude TURRI,
- Lars BLADT,
- Douglas LAND,
- Jonathan POOLE.

Since the 24th June 2008, following the resignation of M. Jean-Yves Hardy and Olivier CAVREL of their duties as directors, the Board of Directors is composed of four directors:

- Lars BLADT,
- Jonathan POOLE,
- Jean-Claude TURRI,
- Douglas LAND.

In 2008, the Board of Directors had no “independent Director” as defined by the AFEP-MEDEF Code due to the small size of the Company and to the fact that, although M. Douglas Land is not an executive Director, he does not comply exactly with the definition of the “independent Director” given by the AFEP-MEDEF Code.

However, the Board of Directors watched to comply with the principles of corporate governance on this matter, especially through the provisions of the Article 6 of its Rules of Procedure related to the duty of independence of directors which provides that:

"In the exercise of its mandate, each director must be determined apart from any interest other than the interest the company.

Each director shall inform the President of any situation concerning oneself which may create a conflict of interest with the Company or Group companies.

It is the duty of the director concerned, at the end of this process, to act accordingly, under the applicable law. "

(ii) Board of Directors

Until May 19, 2008, M. Jean-Yves Hardy was Chairman of the Board and Managing Director. As of this date, he was replaced by M. Lars BLADT as Chairman of the Board and Managing Director.

Jonathan Poole has been appointed as Deputy Managing Director on June the 9th 2008.

No restrictions are made to the powers of the Chairman and Managing Director or those of the Deputy Managing Director by the Articles of Incorporation and / or by decision of the Board of Directors.

Nevertheless, VALTECH's policy in terms of corporate governance provides that the Chairman of the Board and Managing Director must be granted prior authorisation of the Board to undertake any operations involving significantly the company:

- Operation of external growth,
- Sale of company
- Recruitment of CEOs in the group's subsidiaries.

1) Duties of the Board of Directors

The Board decides and debates on all decisions over major strategic, economic, social and financial implications of the society and ensures their implementation by the General Direction.

2) Operation of the Board of Directors

The Article 3 of the Rules of Procedure of the Board of Directors provides the following operating rules:

"The Board of Directors sets each year for the coming year a Board meeting calendar on advice of the President .

This calendar sets the Board regular meetings (the turnover of the first and third quarters, 1st half results; meeting preceding the Annual General Meeting ...) and, the estimated dates that directors must reserve for any additional meetings of the Board.

The Chairman of the Board shall determine the agenda for each Board meeting and communicate it in due course and by any appropriate means to its members.

Documents allowing directors to decide in full knowledge of the facts on the items on the agenda by the President are provided by the President to the directors forty-eight hours before the meeting of the Board, except in case of emergency or necessity to ensure complete confidentiality. "

3) Board's activity in 2008

During the fiscal year 2008, the Board of Directors met nineteen times.

The first eight meetings for 2008 took place in the context of a Board Consisting of six (6) members:

- Six Directors out of six attended five Board meetings,
- Five Directors out of six attended one Board meeting,
- Three Directors out of six attended two Board meetings.

The following eleven meetings took place in the context of a Board consisting of four (4) members:

- Four Directors out of four attended ten Board meetings,
- Two Directors out of four attended one Board meeting.

The Board of Directors may be assessed according to the following criteria:

- Attendance rate in the various boards and committees held during the fiscal year,
- Involvement of board members in understanding the business of society,
- Definition and monitoring of the Company's strategic plan,
- Audit of accounting and financial principles VALTECH in SA and its subsidiaries,
- Preparation and enforcement of a fair wage policy as regards to the Company's main corporate officers.

In 2009, the Board will amend its Internal rules in order to incorporate the rules of the annual evaluation of its performance in accordance with the AFEP-MEDEF Code.

(iii) Committees of the Board of Directors

The Board of Directors is assisted in its deliberations and decisions by special committees whose members are chosen among the directors according to their experience and are appointed by the Board. Their decisions are taken by majority vote with the President casting vote in case of equality. The decisions are subject to a report.

Strategy Committee

The Strategy Committee includes all the members of the Board of Directors and may invite, at the Chairman's initiative, one or several external experts to attend the meeting, depending on the agenda.

The Strategy Committee meets upon the call of the Chairman as often as the Group's interest requires discussing prospective issues prior to submitting the same to the Board of Directors.

The Strategy Committee met 15 times in 2008 whenever the entire Board of Directors, comprehensive of all its members, met.

Audit Committee

On December 31, 2008, the Audit Committee is composed by M. Lars Bladt and M. Douglas Land who is not a corporate officer and, given his training and experience, has financial and accounting skills.

The Audit Committee's key tasks are the following:

- examining the accounts and ensure the relevance and the accounting methods suitable for the preparation of consolidated and social accounts
- monitoring the process of preparation of financial information,
- monitoring the effectiveness of the signatures of internal control and risk management
- being informed by the auditors, each year the amount of their fees and the services provided.

The Audit Committee met 2 times in 2008, on March 6 and August 6.

The Audit committee heard the main persons in charge of the Finance Group as well as the statutory auditors in order to analyse with each of them their action plans and the future of the very same, as well as the half-year and annual accounts and the closing conditions.

The auditors attended all the Audit Committee meetings. They presented their views on the accounts during the meeting of March 17, 2009.

In 2009, the Audit Committee will submit its Internal Rules to the approval of the Board of Directors.

Compensation Committee

On December 31, 2008, the Compensation Committee was composed of M. Douglas Land, who is not a corporate officer.

The Compensation Committee met 2 times in 2008, on March 16 and September 20.

The Compensation Committee's main tasks are to:

- make recommendations to the Board for determining the Corporate officers remuneration and their benefits in kind,
- define the modalities of setting any variable remuneration of corporate officer.

In 2009, the Compensation Committee will submit its Internal rules to the approval of the Board of Directors.

B) Determination of gross salaries and benefits of any nature, direct and indirect, received by or due to each officer in the group and outside the group and fees charged by companies in which directors have interests

B.1. Direct compensation paid by or due to VALTECH and its subsidiaries in 2008

Name	Titles	Type of remuneration	2008 Annual amount	2007 Annual amount
Lars Bladt	General Manager & Chairman of the Board (appointed on 19/05/2008) Director appointed on 11/12/2007	Manager	Gross fixed compensation as GM: N/A Gross variable compensation as GM: N/A Benefit in kind as GM: N/A Bonus compensation as GM: N/A Attendance fees : N/A Balance Bonus 2007 EUR 11,244	Gross fixed salary: EUR 181,008 Bonus compensation: EUR 69,846 Benefits in kind: EUR 27,117 Attendance fees : N/A
Jonathan Poole	Deputy Managing Director (appointed on 09/06/2008) Director appointed on 19/05/2008	Group CEO	Gross fixed compensation as GM: EUR 350,000 Gross variable compensation as GM: N/A Benefit in kind as GM: EUR 37,388 Bonus compensation as GM: N/A Attendance fees : N/A Balance Bonus 2007 EUR 856,09	Gross fixed salary: EUR 216,077 Bonus compensation: EUR 122,400 Benefits in kind: EUR 44,280 Attendance fees : N/A
Jean-Claude Turri	Director	Manager	Gross fixed salary : EUR 6,120 Gross variable compensation Benefit in kind N/A Bonus compensation : N/A Attendance fees : N/A	Gross fixed salary: EUR 6,120 Attendance fees : N/A
Douglas Land	Director		Gross fixed salary: EUR 16,993 Attendance fees: EUR 15,000	Gross fixed salary: EUR 35,020 Attendance fees: N/A
Jean-Yves Hardy	General Manager & Chairman of the Board till 19/05/2008 Director (resigned on 24/06/2008)	General Manager (GM)	Gross fixed compensation as GM: EUR 15,000 Gross variable compensation as GM Benefit in kind as GM: N/A Bonus compensation as GM: N/A Attendance fees : N/A	Gross fixed compensation as GM: EUR 36,000 Benefit in kind as GM: N/A Bonus compensation as GM: N/A Attendance fees : N/A
Olivier Cavrel	Deputy Managing Director (resigned on 7 March 2007) Director (resigned on 24/06/2008)	Deputy Managing Director (DGM) CEO of VALTECH (India)	 Gross fixed compensation as CEO India: EUR 25,732 Benefit in kind as CEO India: EUR 68,741	Gross fixed compensation : EUR 3,107 Benefit in kind as GM: N/A Bonus compensation as GM: N/A Attendance fees : N/A Gross fixed compensation as CEO India: EUR 51,832 Benefit in kind paid by Valtech India: EUR 108,462

B.2. Indirect compensation and/or fees received by companies in which corporate officers have an interest and paid by VALTECH or its subsidiaries

Companies concerned	Type of compensation	Director concerned	% held by the Director concerned in the	2008 Annual Amount	2007 Annual amount
Agreement between Valtech SA and Impleo	Fees	Lars BLADT	100%	Fixed fee: EUR 174,664 Travel fees: EUR 62,191	
Agreements between Valtech SA and Group Ouroumoff	Fees	Jean-Claude Turri (1)	99.99%	Fixed fee: EUR 331,728 Travel fees: EUR 14,028	Fixed fee : EUR 306,636 Travel fees: Nil Bonus fees 2007 : Nil
Agreements between Valtech SA and Chesapeake Group	Fees	Douglas Land	50%	Fixed fee: Nil Travel fees: EUR 29,953 Bonus fees 2008 : Nil	
Agreements between Valtech SA and Bang	Fees	Jean-Yves Hardy	94.39%	Fixed fee: EUR 181,632 Bonus fees 2008 : Nil	Fixed fee: EUR 270,960 Bonus fees 2007 : Nil
Agreements between Valtech SA and Imran	Fees	Olivier Cavrel	100%	Fixed fee: EUR 138,367 Bonus fees 2008 Nil	Fixed fee: EUR 244,664 Bonus fees 2007: Nil

(1) For the sake of completeness, see also the information given below in connection with the mutual business finder agreement entered into between VALTECH and IFIS

B.3. Presentation of the agreements between VALTECH and the companies “BANG”, “IMRAN” and “GROUP OUROUMOFF” executed in 2008

The agreements entered into by VALTECH with Group Ouroumoff, Imran and Bang set out the services that will be provided by each of the companies; the corresponding fees were set in accordance with the same principles for all three agreements. Such agreements gave rise to payment of the monies referred to §B.

The execution of the agreements entered into between VALTECH and IMRAN and BANG have both been suspended on July and August 2008 following difficulties faced by the company with these Services Providers.

B.3.1- Services provided by each of the three service providers

> **GROUP OUROUMOFF** provided Valtech and its subsidiaries with the following services:

-Services for the Valtech Axelboss department in the following fields:

- management, in particular, financial management,
- marketing and sale,
- monitoring of the uses of French know how abroad,

-Carrying out of the consultancy subcontracting activity with regard to end customers sold by “Valtech Axelboss”,

-The supervision of Valtech Germany’s non-global sourcing business, and the support of Valtech Germany in introducing Valtech management consulting services on the local market.

> **IMRAN** provides Valtech and its subsidiaries with the following services:

- definition, development and implementation of the strategies to develop the activities of the “Global Sourcing” division for the entire Valtech Group carried out in France, USA, England, Germany and India.

> **BANG** provides Valtech and its subsidiaries with the following services:

- definition, development and implementation in France of strategies to develop in France, the “Valtech Training” and “ACDSI” (or “Valtech Agency”) activities and the Valtech SA technology services; and
- research into new financial partners for the Group as well as management of negotiations for the Group
- reviewing of the financial communication for the Group

B.3.2- Presentation of the remuneration for the services provided

For each agreement, the services remuneration is determined, firstly, on the basis of fixed flat fees, coupled with additional indemnification or each day spent abroad and, secondly, by payment of performance fees calculated as follows:

1. Fees determined on the basis of the attainment or non-attainment of targets calculated on the basis of the consolidated EBIT 2002 of the Group over the next three fiscal years, l'EBITA₂₀₀₂ being defined as the Valtech Group's earnings before interest and tax as featured in the fiscal year 200X consolidated accounts ended by the Board of Directors and certified by the auditors.
2. Fees calculated on the basis of the Valtech stock price, the stock prices attained over a given period being EUR 1.25, 1.75 and 2.25.

The yearly amount, exclusive of tax, of variable fees referred to above may not under any circumstances exceed the aggregate amount of EUR 200,000 for FY 2006, EUR 270,000 for FY 2007, and EUR 400,000 for FY 2008.

B.3.3 Term, termination and termination compensation

Each agreement has been entered into for a three years' period with effect from January 1 2006. It may be terminated either by agreement between the Parties in accordance with mutually agreed terms and conditions or in accordance with the following terms and conditions:

- 1/ Each service provider may terminate the relevant agreement unilaterally, with or without cause, subject to a termination notice of at least six months, such termination will not give rise to compensation.
- 2/ For its part, subject to compliance with certain time limits, Valtech may request the termination of the agreement in the event that the annual EBIT target upon which the variable fees rely is not attained. Valtech will then pay the service provider concerned a lump-sum termination compensation equal to 24 times the monthly fixed flat fees, exclusive of tax, of the ongoing year.
- 3/ Subject to compliance with certain time limits, and in the event that the annual EBIT target is attained, Valtech may also request the termination of the agreement but it will then pay the service provider concerned a lump-sum termination compensation equal to two times the annual fixed flat and variable fees for the ongoing year.

B.3.4 Other clauses

The agreements also contain a non-compete clause of 18 months and a non-poaching clause of 24 months, which, in case of breach, gives rise to automatic payment of a penalty.

Such service providers have their own operating expenses. Therefore, only part of the fees thus paid may be used to remunerate the corporate officers. Such fees were validated in 2006 by a prior opinion of the remuneration committee.

B.4. Presentation of the Convention Valtech / Impleo

The company **IMPLEO** provides Valtech and its subsidiaries with the following services:

- Definition, development and implementation of the group's research and development strategy in every country where the Group has developed its activities,
- Definition, development and implementation of the strategies to develop “web agency” consulting activities for the entire Valtech Group carried out in every country where the Group has developed its activities,
- Definition, development and implementation of the strategies to develop agile consulting activities for the entire Valtech Group carried out in every country where the Group has developed its activities,

B.4.1 - Compensation for services rendered

Fixed fee:

The services described in Article III and specified in Annex I shall be charged based on the following monthly plans:

For November 2008: € 30,000

For December 2008: € 30,000

For 2009 and 2010: € 12,000 representing a total annual amount of € 144,000.

B.4.2 Duration, termination and compensation for termination

The contract was concluded for an indefinite period terminable at any time.

B.4.3 Other clauses

A non-compete clause for 12 months and a non-poaching clause in 12 months culminating in a penalty clause included in the contract.

B.5. M. Jonathan Poole's bonus compensation

For the year 2008, the employment contract entered into between the British subsidiary of Valtech and M. J. POOLE provides for bonuses equivalent to not less than 33% of his allotted “Cost to Company” budget upon satisfaction 100% of the KPI. The allotted Cost to Company budget for the year 2008 is € 350,000.

The KPI (*Key Performance Indicator*) is the one attributable to the subset of the Group (known as the NEA), which includes Denmark, Sweden, the United Kingdom and the United States;

For the year 2008, objectives are as follows:

- Revenue: € 68,259,117
- EBITA: € 6,431,310

It was provided that:

- The bonus is earned upon achievement of 75% of the EBITA target
- If the result is above the target, the bonus will be calculated in a linear manner as for the portion between 75% =0 and 100% = 115,500
- Corporate costs are included in the calculation of EBITA

For the financial year 2008, M. Jonathan Poole did not receive any bonus. In 2008 he received the balance of its 2007 bonus: € 856,09.

C) Participation of shareholders in general meeting

The Modalities for the participation of shareholders to the general meeting are provided for in Article 27 of the Article of incorporation which provides that:

1. Any shareholder has the right to participate in general meetings and deliberations in person or by proxy, whatever the number of shares, upon proof of his identity, when its shares are released from the payments due and credited to an account in his name for at least five days before the meeting.
2. Any shareholder may vote by mail using a form of which they can obtain the delivery in the conditions specified in the letter convening the meeting.
3. Shareholders may only be represented by their spouse or another shareholder holding a mandate.
4. Pursuant to Article L.228-3-2 of the new commercial code, the intermediary who has complied with the obligations laid down in the third and fourth paragraphs of Article L.228-1, Article L.228 -2 or L.228-3 or the second paragraph of Article L.228-3-2 of the new commercial code may under a general mandate for the management of securities, forward for a meeting or the vote power of an owner of shares as defined in the third paragraph of that article.

D) Information provided by Article L225-100-3 of the Code of Commerce

See Management report 2008 (XIV).

II - INTERNAL AUDIT AND RISK MANAGEMENT PROCEDURES SET UP WITHIN THE VALTECH GROUP

Internal audit implemented by the group's financial management, the company's general management and the company's staff and is intended to provide a reasonable assurance as regards the achievement of goals falling within the following classes:

- management of the operations in compliance with the group's internal rules,
- reliability of the financial information,
- compliance with the laws and regulations in force.

The purpose of Valtech's internal control system, which covers all the Group's activities, is to give an overall and reliable view of the latent risks of each operation.

It must be highlighted however that an internal audit system designed to meet the goals mentioned above cannot achieve said goals with certainty, because of the limits inherent to the operation of any procedure.

A) Audit system

With the Valtech Group, a set of organisational rules contribute to the efficiency of the internal audit.

Financial control of the Group: this team, (*a Group Chief Financial Officer*), is unrelated to the local day-to-day operations. Based in London and, then, in Paris from June 2008, its purpose is to collect, consolidate and audit the financial results (and other key performance indicators) of each of the Group's subsidiaries. The team also carries out selective internal audit procedures in order to ensure the consistency of the information and also that the Company's rules are complied with.

Financial communication: based in Paris and supervised by M. Jean-Yves Hardy and, then, by M. Lars Bladt from May 19, 2008. Its purpose is to disclose financial information, plan the timetable for disclosures, inform insiders of the periods of prohibition to trade in the Valtech share, disclose the forecasts prepared by the Group with the Board of Directors' consent.

Steering committees (quarterly): each Valtech subsidiary is supervised by one of the Directors of Valtech SA through a steering committee including the operational managers of such subsidiaries. The purpose of the steering committees is to anticipate and inform about the risks that may be identified in each operation at the level of the Strategy Committee of the Board of Directors and of the financial management.

In addition to the control established by the Board of Directors and the various Board committees, it is the continuing responsibility of the directors of each subsidiary and of their local financial control teams to ensure that controls are adequate and enforced and to inform the Board of Directors of any sensitive issues.

All of the above efforts help the Group to maintain an appropriate audit system, assessing the efficacy of internal controls and promoting continuous improvement. Based on the results of risk assessment, the internal audit team monitors the relevance and the efficiency of the internal audit process measuring the reliability and the integrity of the financial and operational information, the efficiency of the operations and compliance with laws, regulations and contracts.

B) Internal audit procedures relating to the preparation and processing of the accounting and financial information

The internal audit of the accounting and financial information is organised around the following:

- monthly reporting, with a full management accounting close;
- the annual budget prepared by the end of the year N-1 with a re-forecasting on a quarterly basis;
- weekly monitoring of cash flows with monthly forecasting thereof;
- a common framework of accounting policies shared by the entire Group.

B.1. Unified accounting and management reporting

All of the Group's entities form part of the Group's management and steering cycle, which consists of the following components.

B.1.1 Monthly reporting

All of the Group's entities provide the following financial information within a period of 10 business days following the end of the month:

- balance sheets;
- profit and loss account;
- comprehensive list of trade receivables;
- status of inter-company invoicing within the Group;
- monitoring of 15 key performance indicators;
- radar (monitoring of orders and analysis of the key customers sales turnover).

B.1.2 Budget process and Rolling forecast

The Group opted for a procedure to establish an annual budget at the end of year N-1 with a quarterly reforecasting process. This enables country management teams to take a more considered and strategic approach to their forecast submissions. The reforecast is submitted shortly ahead of the quarterly main meetings of the Board so that the consolidated view may receive due consideration.

B.1.3 Weekly monitoring of cash flows

All the Group's entities provide a status of the cash flows (receipts, payments, cash position) on a weekly basis.

The reconciliation of the accounting information and the forecasts, as well as the monthly analysis at each level of the Group's organisation, contributes to the quality and reliability of the information provided.

B.2. Common system of reference and accounting methods within the group

For the preparation process of the estimated and recorded consolidated financial statements, the Group adopted a principle of unification, which entails:

- the homogeneity of the reference system, the accounting methods and the consolidation rules,
- the standardisation of the reporting formats,
- the use of a consolidation computer tool (Frango) shared by the entire Group.

The Group has a unique reference system that standardises all the items of the consolidated reporting in Frango, including any unrecorded liabilities. This reference system is under the responsibility of the Group's financial management that ensures the development and the maintenance thereof. All the Group's consolidated entities have adopted this reference system. It must be highlighted that the Valtech Group prepares its consolidated financial statements according to the IFRS standards.

The consolidation tax returns are prepared according to the local accounting principles and include homogeneity reprocessing in order to comply with the Group's standards.

Instruction notes from the financial management specifying the process and the timetable for each closing are circulated within the Group. Each subsidiary applies said processes and time schedules at its organisation level.

B.3 Planning of the closing procedures

- Subsidiaries submit their results within 10 working days of month end utilising standard templates and in accordance with a timetable published for the full year. These submissions are reviewed, challenged and consolidated by the Group finance team in readiness for a monthly Board review.
- The planning of the actions of co-ordination between the Group's various divisions and functions, the improvement of the quality of the forecasts and the growing control of the financial processes, the anticipation and the acceleration of the accounting closing process are essential elements of the Group's financial control environment.

C) IFRS Standards

Valtech's results are prepared in accordance with International Financial Reporting Standards (IFRS) and the Group full transitioned to this method of accounting in 2004. Subsidiaries operate in accordance with local Generally Accepted Accounting Principles (GAAP) and any required adjustments to IFRS are implemented by the Group finance team.

D) Risks Control

The internal control system is an ongoing process of identifying, assessing and managing risk factors that may affect the achievement of objectives.

The Executive Committee which is composed by the members of the Strategic Committee contributes to the procedure of monitoring and analysis the risks.

In order to improve the monitoring and risk analysis, it was decided to implement the system HYPERION in 2009, which is a system of integrated reporting and consolidation.

Chairman of the Board of Directors