# Registration Document 2010

# Table of Contents

# Reference Document 2010

This is a non-binding free translation into English of the original French text and is provided solely for the convenience of English speaking users.

2010 Registration Document and the Annual Financial Report filed with the AMF on 20 April 2011

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

«This 2010 Registration Document was filed with the French financial markets authority (AMF) on 20 April 2011 in accordance with Article 212-13 of the AMF General Regulations. It may be used to support a financial transaction if accompanied by a prospectus approved by the AMF. This document was prepared by the issuer and engages the responsibility of its signatories.».

Pursuant to Article 28 of European Commission Regulation (EC) No. 809/2004, the following information is referenced in this registration document:

- The company management report, the company financial statements and the statutory auditors' reports on these annual financial statements, as well as the consolidated financial statements and the statutory auditors' report on the consolidated financial statements for the 2009 fiscal year. These reports are presented on pages 29 to 201 of the 2009 registration document, filed with the AMF on 12 April 2010 under number D. 10-0245

- The company management report, the company financial statements and the statutory auditors' reports on these annual financial statements, as well as the consolidated financial statements and the statutory auditors' report on the consolidated financial statements for the 2008 fiscal year. These reports are presented on pages 23 to 206 of the 2008 registration document, filed with the AMF on 23 April 2009 under number D.09-300

- The company management report, the company financial statements, the statutory auditors' general report, the consolidated financial statements and the statutory auditors' report on the consolidated financial statements for the 2007 fiscal year. These reports are presented on pages 23 to 187 of the 2007 registration document, filed with the AMF on 23 April 2008 under number D.08-0278

**The above-mentioned documents are available on the AMF website (www.amf-france.org) and on the issuer's website (www.altran.com)**

# 1 Persons responsible

## Statement by the person responsible for the 2010 registration document

I declare that, after taking all reasonable measures for this purpose, the information contained in the present registration document is, to the best of my knowledge, in accordance with the facts and makes no omission likely to give a false representation.

I declare that, to the best of my knowledge, the financial statements were prepared according to generally accepted accounting principles and give a true and fair view of the assets and liabilities, earnings, and financial position of the company and all entities in its scope of consolidation, and that the enclosed company management report (whose structure is described in appendix 3 of this registration document) presents a faithful summary of the businesses, earnings, financial position, and main risks and uncertainties of the company and all entities in its scope of consolidation.

I have obtained a completion letter from the statutory auditors stating that they have audited the information relating to the financial position and the financial statements presented in this registration document and in the document as a whole. This completion letter contains no observations.

The statutory auditors' report on the consolidated financial statements for the fiscal year ended 31 December 2010 is given in appendix 3 of this registration document. This report is based on an unqualified opinion and contains no observation. The statutory auditors' report on the company financial statements for the fiscal year ended 31 December 2010 is given in appendix 3 of this registration document and contain no qualifications or observations.

The statutory auditors have issued reports on the historical financial information referred to in this document. The statutory auditors' reports on the consolidated and company financial statements for the fiscal years ended 31 December 2008 (filed with the AMF on 23 April 2009 under number D. 09-300) and 31 December 2009 (filed on 12 April 2010 under number D.10-0245) are given in appendix 3 of this registration document. These statutory auditors' reports are based on an unqualified opinion and contain no observations, with the exception of the report on the consolidated financial statements for the fiscal year ended 31 December 2009, which contains an observation on the application of the new IFRS norms, namely revised IAS 1 « Presentation of financial statements » and IFRS 8 « Operating segments ».

Mr Yves de Chaisemartin, Chairman
and Chief Executive Officer

## Persons responsible for financial information

Mr Gerald Berge
**Chief Administrative and Financial Officer**
Tel.: 33 (0) 1 46 17 49 69
Email: comfi@altran.com

Mr Laurent Dubois
**Group Deputy CFO**
Tel.: 33 (0) 1 46 17 49 69
Email: comfi@altran.com

# 2 Statutory Auditors

## Statutory Auditors

Altran Technologies' statutory auditors are members of the Versailles Regional Statutory Auditors Commission (*Compagnie Régionale de Versailles*).

**Mazars**
Represented by Messrs Guy Isimat-Mirin and Jérôme de Pastors
Tour Exaltis – 61 rue Henri-Regnault
92075 La Défense Cedex

**First appointed:** 29 June 2005

**Mandate expires:** At the 2014 Annual General Meeting held to approve the financial statements for the fiscal year ending 31 December 2013.

**Deloitte & Associés**
Represented by Mr Henri Lejetté
185 avenue Charles-De-Gaulle
92524 Neuilly-sur-Seine Cedex

**First appointed:** 28 June 2004

**Mandate expires:** At the 2016 Annual General Meeting held to approve the financial statements for the fiscal year ending 31 December 2015.

The mandate of the company's statutory auditors, Deloitte, was renewed at the 29 June 2010 Annual General Meeting for a period of six fiscal years until the 2016 Annual General Meeting, to be held to approve the financial statements for the fiscal year ending 31 December 2015.

## Substitute Auditors

The substitute auditors are members of the Versailles Regional Statutory Auditors Commission (Compagnie Régionale de Versailles).

**Mr Jean-Louis Lebrun**
Tour Exaltis – 61 rue Henri-Regnault
92075 La Défense Cedex

**First appointed:** 29 June 2005

**Mandate expires:** At the 2014 Annual General Meeting held to approve the financial statements for the fiscal year ending 31 December 2013.

**BEAS**
7-9 Villa Houssay
92524 Neuilly-sur-Seine Cedex

**First appointed:** 28 June 2004

**Mandate expires:** At the 2016 Annual General Meeting held to approve the financial statements for the fiscal year ending 31 December 2015.

The mandate of the company's statutory auditors, Beas, was renewed at the 29 June 2010 Annual General Meeting for a period of six fiscal years until the 2016 Annual General Meeting, to be held to approve the financial statements for the fiscal year ending 31 December 2015.

# 3 Selected financial information

## Strong growth in 2010 operating profit on ordinary activities (€69.1m)

## Sharp and better-than-expected improvement in H2 operating margin (7.1% of sales)

## Further reduction in indirect costs and recovery in H2 gross margin to 28.6%

## Balance sheet ratio improvement with leverage of 2.09

Altran's accounts for fiscal year ended 31 December 2010 were approved by the Board of Directors on 10 March 2010. In accordance with the AMF recommendation of 5 February 2010, the consolidated accounts have been audited and the certification report is being prepared.

| *(€m)* | 31/12/2009 | H1 2010 | H2 2010 | 2010 |
|---|---|---|---|---|
| Revenue | 1,403.7 | 709.2 | 727.5 | 1,436.7 |
| **OPERATING INCOME ON ORDINARY ACTIVITIES*** | **31.0** | **17.5** | **51.6** | **69.1** |
| *As % of sales* | *2.2%* | 2.5% | 7.1% | 4.8% |
| Other non-recurring operating income and expenses | (64.4) | (15.9) | (5.5) | (21.4) |
| Goodwill depreciation | (38.6) | (14.6) | (15.6) | (30.2) |
| Operating income | (72.1) | (12.9) | 30.5 | 17.6 |
| *As % of sales* | *(5.1%)* | *(1.8%)* | 4.2% | 1.2% |
| Cost of net financial debt | (14.3) | (12.6) | (11.8) | (24.4) |
| Other financial income and expenses | (5.2) | 4.2 | (8.8) | (4.6) |
| Tax income/charges* | 16.3 | (6.1) | (8.2) | (14.3) |
| **NET PROFIT** | **(75.3)** | **(27.5)** | **1.7** | **(25.8)** |
| Minority interests | 0.6 | (0.4) | 0.2 | (0.2) |
| **NET INCOME ATTRIBUTABLE TO THE GROUP** | **(74.7)** | **(27.9)** | **1.9** | **(26.0)** |

*(*) The 2010 French Finance Act has replaced the liability of French tax-paying entities to pay business tax (taxe professionnelle) by two new contributions:*

- *a property contribution (Cotisation Foncière des Entreprises – CFE) assessed on the rental value of real estate assets;*
- *a Value Added Contribution (Cotisation sur la Valeur Ajoutée des Entreprises – CVAE), assessed on the value added derived from the company accounts.*

*In accordance with the provisions set out in IAS 12, the value added contribution (CVAE) is now recognised as a tax on income, whereas before business tax was booked as part of operating income on ordinary activities under "taxes and duties". At end-2009, the value added contribution would have amounted to €7.2m vs €8.7m at end-2010.*

## 2010 results

**Group sales rose 2.3% on 2009 levels,** with a reversal in trends in H2, which marked up growth of 6.6%, vs a decline of 1.7% in H1.

**Operating profit on ordinary activities increased more than two-fold on year-earlier levels to €69.1m,** equivalent to 4.8% of sales. **Operating margin on ordinary activities more than doubled** to 7.1% of sales in H2, vs 2.5% in H1.

**Further reduction in indirect-costs,** which narrowed to 22.1% as a percentage of sales in 2010 (of which 22.7% in H1 and 21.5% in H2).

Operating income of €17.6m factors in:

- non-recurring operating expenses and income (linked to restructuring and staff adaptation measures) totalling €21.4m, for the most part booked in H1;
- exceptional goodwill depreciation of €30.2m (vs €38.6m in 2009) mainly concerns the subgroup, Altran Control Solutions (sold in July 2010) and Arthur D. Little.

The cost of net financial debt increased to €24.4m in 2010 due mainly to costs linked to the 2015 OCEANE bond issued in November 2009 that were booked over the full year.

Net income attributable to the Group was negative over the full year (- €26m) but positive in H2 (+€1.9m).

**Balance sheet ratio improvement** in 2010; thanks to tight client management (DSO levels reduced to 87.7 days) and margin enhancement, Altran had no difficulty in respecting all of its banking covenants; Group net debt stood at €203.4 at end-2010 with leverage of 2.09 and gearing at 0.41.

## Key events

H2 2010 was marked by stronger growth in all of Altran's regional markets, a recovery in prices both in France and abroad and, above all, a return to margin levels more in line with Group objectives for France. Excluding holding costs, Group operations in France reported a double-digit operating margin on ordinary activities of 10.1% in H2 2010.

## Brazil/Arthur D.Little

Altran is currently in negotiations to sell all of its activities in Brazil.

Given the improvement in Arthur D. Little's performances over the last few months, the Group is still reviewing several possible scenarios and has engaged an exterior firm to carry out a strategic revue of this activity.

## Outlook

*The Group expects strong growth trends to continue in 2011. At the International level, recovery in demand over the past few months is expected to continue and boost performances in most regions.*

After the acquisitions of Xype (UK) and Igeam (Italy) in 2010, Altran intends to pursue its targeted external growth strategy in 2011 and is hoping to carry out one or more acquisitions the same size as those acquired last year.

*The pursuit of tight indirect-cost management and the gradual recovery in gross margin should continue to enhance operating margins.*

*As such, Altran expects to see further improvement in the operating margin on ordinary activities in 2011.*

*Yves de Chaisemartin, Chairman and CEO of Altran, stated that,* «The positive impact of organisational and cost control measures carried out over the last two years began to feed through in 2010 with a sharp increase in operating income on ordinary activities, a widening in the operating margin and a recovery in gross margin. These efforts, combined with the recovering economic environment, make us confident for 2011

# 4 Risks



## 4.1 Risks specific to Altran's activity

### 1. Risks linked to R&D Consulting and IT Systems and Strategy Consulting markets

Altran's customers are mainly large European private and public accounts. The Group does not disclose the identity of its clients since this is considered strategic information. The client portfolio, however, is extremely fragmented and no single account represented more than 10% of consolidated sales in 2010.

Comparative trends in revenue contributions (as a percentage of consolidated turnover) of the Group's main clients since 2007 are given in the table below.

| | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| Largest client | < 6% | < 6% | < 9% | < 10% |
| Top five clients | 14.4% | 16.0% | 19.7% | 20.4% |
| Top ten clients | 22.6% | 23.2% | 28.1% | 29.1% |
| Top fifty clients | 45.6% | 43.8% | 53.4% | 55.9% |

Moreover, according to the Group, its broad client-base and segmented offering (both in terms of region and sector) serve to limit the impact of a decline in business in any given country, market or with regards a specific client.

The consulting market (notably, the Technology and R&D, and Organisation & IT Systems Consulting segments) is subject to rapid change, due mainly to technological innovation, changing trends in customer demand, increasing globalisation, changes in invoicing methods and contractual commitments. As a result, the Group's performance depends on its ability to adapt to constant changes in the sector, master technological tools and provide services that meet its customer's requirements.

Moreover, in the still-fragmented, Technology and R&D Consulting segment (Altran's core activity), there is a move towards consolidation and clients are tending to limit the number of services suppliers. Rivals with greater financial, commercial, technical and human resources than the Group could forge long-term strategic or contractual relationships with existing or potential customers on markets where Altran operates or is looking to expand. Keener competition or a sharp deterioration in the outlook for Altran's markets, therefore, could have an impact on the Group's market share, revenues, financial position and growth prospects.

### 2. Risk of bad and doubtful debt

Since the risk of bad and doubtful debt has always been limited for Altran, the level of provisions booked by the Group is not significant. Bills are generally prepared once the client has agreed to the terms of the contract. At the Group level, a uniform system has been set up to monitor client payments and chase up all bills that are not paid on time. Altran's broad client base and the quality of its portfolio, which is comprised of major companies, limit the risk of bad and doubtful debt.

However, one cannot rule out the possibility that the current economic environment could weaken the financial position of some of the Group's clients, which would, therefore, heighten the risk of non-payment.

### 3. Risks linked to responsibility vis-à-vis clients and contract termination

Fostering relationships with clients, particularly in the case of cost-plus services, is only possible for contracts based on a fixed time-period. However, cost-plus services contracts do not always contain a renewal clause, and can sometimes be terminated at short-notice. For the Group, therefore, this can be an element of uncertainty, which could affect its revenues, financial situation and growth prospects.

Furthermore, the vast majority of services provided by Altran's subsidiaries are billed on a time-spent, flat rate basis. The Group's companies are, therefore, only contractually bound by a best-endeavour obligation.

For fixed-rate contracts containing a "performance obligation" clause, revenue-recognition accounting principles require a risk-upon-completion assessment. Margin recognition is only carried out once it has been established that there is no risk of margins being jeopardized.

## 4. Risks linked to staff management

In the Innovation, Technology and IT Services Consulting sectors, the workforce is made up almost exclusively of highly qualified engineers, who are much sought after on the job market in their specialist fields. Altran's growth potential depends largely on its ability to attract, motivate and retain highly qualified engineers with the requisite skills and experience, and to adapt its resources to meet client demand.

The Group is, therefore, particularly exposed to the risk of losing its consultants to competitors or to clients once a mission has been completed.

Altran is particularly attentive to recruitment and training, as well as the development of its collaborators' careers. In order to optimise human resource management, the Group progressively implemented, as of 2009, an integrated software programme for the management of recruitment, in-house mobility and job planning; an application designed to provide access to a central database and to harmonise Group procedures. In addition, Altran reinforced its human resources department in 2010 by nominating an HR director for the Group as a whole.

Trends in the consultant turnover rate, which rose to 26.1% in 2010 from 22.1% in 2009 (29.9% in 2008), can be influenced by changes in the economic environment. However, there is no guarantee concerning this trend, or the Group's ability to retain the qualified engineers needed to ensure future growth.

In addition, there is a possibility that the Group will not be able to pass on (either immediately or further out) any wage increases it may have to grant, notably resulting from any major changes in the labour law or from tighter employment-market conditions in its main sectors or regional markets.

Finally, given the current economic environment, one should not rule out the possibility of the company not being able to adapt its resources rapidly enough to meet client demand, which could have a negative impact on the Group's revenue, financial situation and growth prospects.

Because the mandates of Altran's staff representatives and works council members were not extended, two ad hoc committees to manage employee schemes were designated respectively by the Paris High Court of Justice (*Tribunal de Grande Instance de Paris)* for the Paris-Lyon-Sophia works council and by the High Court of Toulouse (*Tribunal de Grande Instance de Toulouse*) for Altran Technologies' South West works council. Management plans to hold staff representative elections as soon as possible in order to prevent any deterioration in social relations within Altran Technologies or its subsidiaries that could trigger further conflict.

## 5. Risks linked to the Group's cost cutting strategy

Within the context of Altran's operational-efficiency plan and the Group's forecasts, management is particularly set on reducing indirect costs. To achieve this, Altran has implemented several measures, and in particular the legal restructuring of the Group via a reduction in the number of subsidiaries.

In 2010, Altran pursued its efforts, initiated in 2006, to merge its subsidiaries, generate synergy and economies of scale, and apply and/or optimise norms, controls and procedures.

Overhead costs as a percentage of sales narrowed from 23.1% in 2009 to 22.1% in 2010 within a still complex market environment. Although management intends to pursue the reduction of indirect costs as a percentage of sales in 2011, it cannot guarantee the success of this strategy in a generally uncertain economic environment.

## 6. Risks associated with insurance cover of Group activities

Altran has taken out an insurance cover against those major risks (detailed below) run by its businesses that can be covered, subject to the exclusion clauses, guarantee limits and deductibles usually imposed by the insurance companies operating on this market.

Subject to standard market exclusions, the Group believes that its current insurance cover is reasonable, since the level of deductibles is consistent with the incidence of claims. Altran cannot, however, guarantees that all third party claims made or losses incurred are, or will be, covered by its insurance, nor that its current insurance policies will always be sufficient to cover the cost and damages arising from third party claims. In the case of claims or losses that are not covered by the insurance policies or significantly exceed the insurance cover limit, or in the event of a major reimbursement by the insurer, any resulting costs and damages could affect the Group's financial position.

Altran Technologies' insurance policies are underwritten by 1st rank companies, are consistent with the Group's businesses and in line with market conditions.

### Civil liability

**1.** Professional liability, product liability and general third party liability insurance: the master policy, negotiated by Altran Technologies for all Group subsidiaries, provides the insured entities, as of 1 January 2010, civil public general liability and professional indemnity coverage against bodily injury, property damage and financial loss caused to third parties in the course of their business.

2. Aviation/aerospace insurance: this program covers Altran Technologies and its subsidiaries operating in the aeronautics and aerospace sectors having specifically requested insurance cover. This policy covers against financial loss resulting from 1/ civil liability as regards products and intellectual services in all engineering sciences related to the Group's aeronautic and aerospace activities, and 2/ flight grounding regarding the Group's aeronautics activities.

3. In addition, specific insurance policies can be underwritten to cover certain contracts, such as decennial liability policies.

### Car fleet insurance

The use of motor vehicles by employees for business purposes is covered by the company's local policies which provide standard market cover.

### Office insurance

The Group's multi-risk office insurance policies cover losses arising from damage to goods, furniture and fixtures, and the insured parties against fire, theft, water damage, machinery breakdowns, etc.

### Welfare, complementary health and personal assistance insurance

Altran Technologies' employees benefit from standard market cover including welfare insurance, complementary health insurance and personal assistance insurance when travelling abroad on business.

In addition, specific insurance policies can be underwritten to cover certain fixed-time contracts.

## 4.2 Liquidity risk and management of convertible bond-related debt

### Medium-Term Credit

At end-2010, Altran's net financial debt stood at €203.4m, up €18.1m on end-2009 levels.

The financial ratios at 31 December 2010, pertaining to the Group's medium-term credit lines, are given in the table below:

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| Net debt/equity as defined in the credit agreement | 0.41 | 0.38 |
| Net debt/EBITDA before employee profit-sharing (financial gearing) as defined in the credit agreement | 2.09 | 3.83 |

Note that 1/ the EBITDA used to calculate these covenants is the 12-month moving average before employee profit-sharing and staff costs relative to payment in shares (€86.9m) and that 2/ net financial debt excludes employee profit-sharing and accrued interest on bond-related debt (€182.1m).

Altran negotiated an agreement with its pool of bankers to adjust the covenants on its medium-term debt.

The revised medium-term financial ratios, as determined by the new agreement signed on 9 November 2009, are as follows:

| | Net debt/EBITDA | Net debt/equity |
|---|---|---|
| 31.12.2009 | <4.5 | <1.0 |
| 30.06.2010 | <5.5 | <1.0 |
| 31.12.2010 | <4.0 | <1.0 |
| 30.06.2011 | <3.75 | <1.0 |
| 31.12.2011 | <3.0 | <1.0 |
| 30.06.2012 | <2.5 | <1.0 |
| 31.12.2012 -31.12.2013 | <2.0 | <1.0 |

The maximum margin applicable to medium-term credit remains unchanged for leverage of less than 3.5 (140 bp maximum), increasing each time leverage rises above the 3.5 mark to 225 bp maximum (implying a maximum increase of 85 bp).

The amortisation schedule for the Group's medium-term credit lines is given in the table below:

| (€m) | December 2008 | June 2009 | December 2009 | June 2010 | December 2010 | June 2011 | December 2011 | June 2012 | December 2012 | June 2013 | December 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Tranche A revolving credit | 26.0 | 23.1 | 20.2 | 17.3 | 14.4 | 11.6 | 8.7 | 5.8 | 2.9 | 0.0 | 0.0 |
| Tranche B revolving credit | 124.0 | 111.6 | 99.2 | 86.8 | 74.4 | 62.0 | 49.6 | 37.2 | 24.8 | 12.4 | 0.0 |
| **TOTAL** | **150** | **134.7** | **119.4** | **104.1** | **88.8** | **73.6** | **58.3** | **43.0** | **27.7** | **12.4** | **0.0** |
| Renegotiated credit line with CADIF | 5.0 | 5.0 | 4.4 | 3.8 | 3.2 | 2.6 | 2.0 | 1.4 | 0.8 | 0.2 | 0.0 |
| **TOTAL** | **155.0** | **139.7** | **123.8** | **107.9** | **92.0** | **76.2** | **60.3** | **44.4** | **28.5** | **12.6** | **0.0** |

The credit agreement contains several clauses pertaining to financial ratio thresholds, allocation of cash flow and limitations on acquisitions, in particular:

- as of 2009, one third of net consolidated cash flow over €15m generated by the Group must be allocated to pay down debt (excluding any future market operation);
- acquisitions are limited to a total annual investment of €50m, unless the Group obtains special permission from a majority of its lending banks.

At end-2010, Altran had respected all of its banking covenant obligations. Nevertheless, if economic conditions continue to remain uncertain, it is possible that the Group will not be able to respect all of these ratios. If the company failed to honour any one of these ratios, it would have to renegotiate the conditions, terms and borrowing costs with its banks. Management is unable to assess the possible impact of such an eventuality.

### Factoring lines

In addition, the Group has factoring lines of credit amounting to €291.5m (of which €186.1m drawn down), which are free of any long-term commitment and are automatically renewed.

### Convertible bond loan (OCEANE)

Note that on 18 November 2009, Altran Technologies issued an OCEANE bond for €132m, redeemable on 1 January 2015. The funds raised from this issue allow the Group to meet its overall funding requirements, diversify its borrowing sources, extend average debt maturity and, if necessary, build up equity in the event of bond conversion. These additional resources were supplemented by short-term credit lines of around €25m granted by Altran's pool of bankers.

### Cash management

Altran has set up a centralised cash-management system to reduce liquidity risk.

This mechanism regulates the use of cash flows at subsidiary and Group levels and is essentially based on two main principles, namely:

- all subsidiary cash surpluses are invested exclusively in Altran's centralised cash-management subsidiary GMTS (Global Management Treasury Services), a company incorporated in France;
- GMTS uses these funds to cover debt payments of the Group and its subsidiaries and/or to invest, on their behalf, in money market instruments with sensitivity and volatility rates of less than 1%.

Altran esteems that it currently has the financial resources to guarantee its development.

Liquidity risk management is ensured by the Group's financial management team.

## 4.3 Interest rate risk

At end-2010, the bulk of Altran's net debt (€203.4 m) mainly included the €132m convertible bond at a fixed rate of 6.72%, redeemable on 1 January 2015. The impact of interest rate swings is therefore not significant, with the exception of the hedging positions detailed below.

The repayment schedule of the Group's bank debt and financial liabilities is given in the following table:

| (€m) | < 1 yr | 1 - 5 yrs | > 5 yrs |
|---|---|---|---|
| Financial liabilities | (241) | (178) | |
| Financial assets | 216 | - | - |
| Net position before hedging | (25) | (178) | |
| Off-balance sheet (interest rate hedge) | 200 | 225 | - |

By the credit agreement signed in July 2008, the Group is bound to set up an interest-rate hedging strategy to cover at least 50% of its total revolving credit commitments for a minimum period of three years. Given the level of Group debt, which is composed of medium-term credit lines and factoring resources, all of which at variable interest rates, the decision was taken to set up a €200m swap over three years with the aim of transforming the company's net debt interest from variable to fixed rates.

At 31 December 2010, the main characteristics of the Group's hedging contracts were as follows:

| | Start date | Maturity Date | Deal | Type | Fixed rate | Nominal | Initial rate | Currency |
|---|---|---|---|---|---|---|---|---|
| SG | 02/01/2009 | 02/01/2012 | | Swap | 4.2925% | 50,000,000 | EURIBOR3M | EUR |
| BNP | 02/01/2009 | 02/01/2012 | | Swap | 4.3050% | 50,000,000 | EURIBOR3M | EUR |
| CA | 02/01/2009 | 02/01/2012 | | Swap | 4.2900% | 50,000,000 | EURIBOR3M | EUR |
| NATIXIS | 02/01/2009 | 02/01/2012 | | Swap | 4.2700% | 50,000,000 | EURIBOR3M | EUR |
| BNP | 02/01/2012 | 02/01/2013 | | Cap | 2.0000% | 25,000,000 | EURIBOR3M | EUR |

Interest-risk management is ensured by the Group's financial management team.

# 4.4 Exchange rate risk

Most of the Group's assets that are denominated in foreign currencies involve investments in non-eurozone countries (mainly the US, Brazil, the UK, Sweden and Switzerland).

Altran had financial debt of €0.2m denominated in foreign currencies at 31 December 2010.

## Commitments denominated in foreign currencies at 31 December 2010

| *(€m)* Currency | Assets | Liabilities | Net currency position | Exchange rate at 31/12/2010 | Net position in euros before hedging | Off-balance sheet | Net currency position in euros after hedging | Sensitivity [(a)] |
|---|---|---|---|---|---|---|---|---|
| USD | 96.1 | (0.9) | 95.2 | 0.7613 | 72.5 | | 72.5 | 0.7 |
| GBP | 52.1 | (20.2) | 31.9 | 1.1711 | 37.3 | | 37.3 | 0.4 |
| CHF | 7.7 | 0 | 7.7 | 0.8011 | 6.2 | | 6.2 | 0.1 |
| SEK | 0 | (18.2) | (18.2) | 0.1113 | (2.0) | | (2.0) | 0.0 |
| SGD | 23.7 | 0 | 23.7 | 0.5868 | 13.9 | | 13.9 | 0.1 |
| AED | 13.5 | 0 | 13.5 | 0.2063 | 2.8 | | 2.8 | 0.0 |
| SAR | 1.7 | | 1.7 | 0.2021 | 0.3 | | 0.3 | 0.0 |
| NOK | 3.5 | 0 | 3.5 | 0.1281 | 0.4 | | 0.4 | 0.0 |
| BRL | 0.0 | (0.5) | (0.5) | 0.4519 | (0.2) | | (0.2) | 0.0 |

*(a) Sensitivity to 1% change in exchange rates*

In 2010, the Group generated sales of €249.4m outside the eurozone. Altran Technologies has not set up a systematic foreign exchange hedging policy since the income generated, and expenses incurred on the intellectual services it provides are denominated in the same currency.

# 4.5 Intangible asset risk

Goodwill is not amortised, but is subject to at least one impairment test on 31 December of every year and more frequently if there are any indications that goodwill might be impaired.

The impairment test methodology is detailed in note 1.7 «Goodwill» of section 20.3.1 “Consolidated financial statements” in the present registration document.

Impairment losses booked in the income statement totalled €30,169,k in 2010, of which €14,573k for the first half of the year and €15 596k for the second half.

Impairment losses recognised involved 4 CGUs (Cash Generating Units), corresponding to 11 companies. At 31 December 2010, net book value of goodwill before impairment totalled €410,968k.

At 31 December 2010, the goodwill impairment tests used to book the above losses in value were based on a discount rate after tax (WACC) of 9.32% (compared to 9.22% in 2009), implying a pre-tax discount rate of between 11% and 12%, and growth in sales to infinity of 2%.

This rate factors in:

- weighted average cost of capital: 12.31%;
- weighted average cost of debt: 2.38%.

The results of sensitivity tests carried out on goodwill depreciation of acquisitions are summarised in the table below:

| WACC | | 8.32% | 9.32% | 10.32% |
|---|---|---|---|---|
| Growth rate to infinity | 2.00% | 0 | 30,169 | 38,816 |
| | 1.00% | | 35,095 | |

# 4.6 Environment risk

Since Altran Technologies provides intellectual services, environmental risks are limited.

# 4.7 Legal risks

In the course of its business, the Group may face legal action, concerning employment issues or other types of claims.

Whenever a risk is identified, the Group books in accordance with the advice of its counsels. Altran organises a circularisation of its outsides counsels at the close of every financial year.

Provisions booked against Group litigation risks amount to €11.3m at 31 December, 2010.

Altran is currently involved in criminal proceedings for misuse of company property, fraud and disseminating false information susceptible to influence the share price (detailed below in § «Legal and arbitration proceedings»). Although Altran has no information concerning any other legal action taken out against the Group to date, the possibility of further legal proceedings, complaints or claims cannot be ruled out.

To the best of Altran’s knowledge, no pending or threatening state, legal or arbitration proceedings (including all disputes that the company is aware of), had a major impact on the Group’s financial situation or profitability over the last 12 months (or are likely to do so in the future) other than those described below.

## Legal and arbitration proceedings

- Three of Altran’s subsidiaries (two of which have been since merged into Altran) are involved in a dispute with Ilyad Value. Altran Technologies is claiming an outstanding payment (€3.5m) for studies and training modules sold to Ilyad Value in 2001. This account receivable has been fully provisioned in Altran Technologies accounts. Ilyad Value is counter-claiming repayment of amounts it has already paid to Altran Technologies, plus interest for late payment. On the advice of its counsels, Altran Technologies considers that Ilyad Value’s claim is unfounded. Apparently Ilyad Value filed a complaint and a civil claim for damages against Altran Technologies, in March 2003, concerning some of the service provision contracts signed by the Group and Ilyad Value at the end of 2001. Altran Technologies has no information concerning these proceedings.
- In the summer of 2002, the Commission des Opérations de Bourse (now the AMF) opened an inquiry regarding movements in the Altran Technologies’ share price.

The company received a notification of grievances and submitted its defence arguments in October 2004.

On 29 May, 2007, the AMF Enforcement Committee imposed a fine on Altran of €1.5m (as opposed to €500,000 recommended by the reporter), which the company paid in full in 2008. Altran filed an appeal which was dismissed by the Appeal Court. The company then lodged an appeal with the French Supreme Court. On 23 June 2009, the Supreme Court upheld the ruling of the Appeal Court.

- Further investigations into the Group's 2001 full-year and its 2002 interim accounts, carried out by the former Board of Auditors, resulted in adjustments being made to the 2002 interim accounts.

For the same reasons, a preliminary inquiry was opened by the Paris Public Prosecutor's Office. By January 2003, this inquiry had turned into a fully-fledged investigation into the misuse of company assets, fraud and the dissemination of false information likely to influence the share price.

The scope of the investigation was first extended in June 2004 to include misrepresentation of financial accounts, failing to give a true picture of the company. The scope of the investigation was extended a second time in September, 2004 to cover insider trading. As part of this investigation, several former managers and one current manager of the company were indicted.

In February 2003, Altran Technologies became a civil plaintiff in this investigation and in April 2005 was indicted for fraud, use of forged documents and disseminating misleading information likely to influence the share price. This indictment did not affect the company's civil claim for damages. Several former managers filed for an action for annulment of the report drawn up by the two experts appointed by the investigating magistrate. This action was dismissed by the French Supreme Court. The investigating magistrate notified all parties concerned that the case had been closed. The company is currently awaiting the closure order.

As part of this investigation, 13 persons or corporate bodies have filed a civil action.

The French minority shareholder group, APPAC, has also lodged a complaint and a civil claim for damages. Altran has no information concerning these proceedings.

Finally, two complaints joining a civil action were filed in October 2004 by two former statutory auditors against some of the Group's directors for hindrance in the performance of their duties.

All of the above-mentioned proceedings concern events that took place between 2001 and 2002.

- In January 2011, a former employee, dismissed in 1999 for professional misconduct by the company, brought legal action against Altran Technologies before the Commercial Court of Paris. The plaintiff has filed a joint action with three associates in the company he formed after his dismissal claiming compensation for having had to postpone the flotation of their company because of criminal proceedings taken by Altran against that former employee and for which he has since been acquitted.

- The Group is in dispute with several of its former employees who are contesting the reasons for their dismissal.

- A former manager has brought legal actions against Altran Technologies and the Altran Foundation for abusive dismissal and humiliating revocation. Provisions have been booked for both litigations.

- In December 2010, a former manager of Altran in Brazil filed legal action against Altran's Brazilian holding company in order to have his corporate-officer contract reclassified as an employment contract.

- In 2010, the Brazilian Attorney General brought two civil actions against Altran's Brazilian subsidiary specialised in public infrastructure project consulting:

  - The first of these (also brought against a rival company and three former managers and executives of the company, Metro de Brasilia) is still in the early stages. The defendants are being accused of entering into anti-competitive agreements when bidding for the contract to design Brasilia's « Light Metro » tendered by Metro de Brasilia company. If found guilty, the accused parties could be in particular barred from bidding for state contracts for a period of five years.

  - In the second civil action, the Brazilian Attorney General brought similar accusations against the same rival company, Altran's Brazilian subsidiary and its partners (working in a consortium to build Brasilia's Light Metro), and Metro de Brasilia company.

At this stage of the proceedings, and in the case of an unfavourable outcome, barring market nullification and a five-year ban from public bidding, Altran and its advisors are unable to estimate the impact of any other financial or legal consequences on the Group.

## 4.8 Investment risk

Most of the Group's cash reserves are invested in:

- SICAV money-market funds;
- Tradeable debt securities;
- Interest-bearing foreign currency deposit accounts (GBP/USD and CHF).

All foreign currency investments are indexed to day-to-day variable rates or the LIBOR benchmark rate. The sensitivity of these investments, based on a 10% fluctuation in the benchmark index (EONIA or LIBOR), is 0.2%.

The market value of the Group's marketable securities totalled €148.3m at 31 December 2010.

# 5 Company information



## 5.1 Company history and development

### 5.1.1 Company name

Altran Technologies

### 5.1.2 Place of registration and registration number

Company registration number: Paris Trade and Companies Register number: 702 012 956

Company registration number (Siren): 702 012 956

Company registration number (Siret): 702 012 956 00042

Business activity code: 7112 B

### 5.1.3 Date of incorporation and lifetime

Altran Technologies S.A. was created on 14 February 1970 Altran Technologies S.A. was created on 14 February 1970 for a period of 75 years until 14 February 2045, unless the company is dissolved before this date or its life is extended beyond this date by law and the company's articles of association.

### 5.1.4 Domicile, legal form and governing law

**Head office:** 58, boulevard Gouvion-Saint-Cyr—75017 Paris

**Administrative headquarters:** 2, rue Paul Vaillant-Couturier—92300 Levallois-Perret

**Legal form:** French public limited company with a Board of Directors

**Governing legislation:** French law including the French Commercial Code and subsequent legislation governing commercial businesses.

## 5.2 Main investments

In accordance with the protocol agreement signed on 18 June 2010, Altran UK finalised its acquisition of a controlling stake in the UK company, Xype on 1 July 2010. Specialised in Product Life-cycle Management (PLM), this company has a workforce of about 80 engineers and makes annual sales of around €9m. This acquisition was consolidated as of 1 July 2010.

On 1 November 2010, Altran acquired IGEAM. This company, which is the Italian leader in sustainable development consulting, is specialised in studies related to the environmental impact of new technologies and makes annual sales of around €5m.

In 2010, Altran also sold:

- the US company, Imagitek on 31 May, and
- the subgroup, Altran Control Solution, comprising four subsidiaries (in the US, Canada, Japan and China) on 30 September 2010.

### Companies acquired over the past five fiscal years

| 2006 | | 2007 | | 2008 | | 2009 | | 2010 | |
|---|---|---|---|---|---|---|---|---|---|
| Company | Country | Company | Country | Company | Country | Company | Country | Company | Country |
| | | Hilson Moran Italia | Italy | SC² by Altran | France | Interfour | The Netherlands | Xype | The UK |
| | | Arthur D. Little | Korea | NSI | France | NSI | France | IGEAM | Italy |

The annual amounts paid (initial payments plus earn-out) for these acquisitions over the last four years are listed in the table below.

| *(€m)* | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| | 9.4 | 2.3 | 5.2 | 10.7 |

# 6 Information about the company's businesses



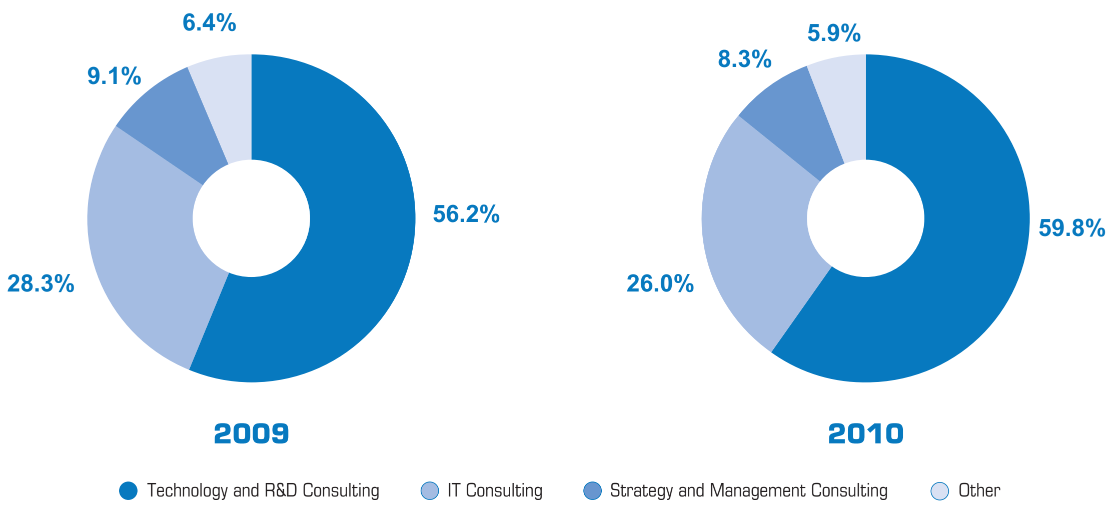
## 6.1 Core activities

Altran is an international player in the advanced systems engineering and innovation consultancy market and ranks as European leader in its field. The Group's mission is to advise and accompany leading sector players in the creation and development of new products and services. Operating on a global basis, Altran has consolidated its leadership positions via an extended range of partnership agreements adapted to meet customer-specific requirements.

Our teams mainly intervene during the strategic planning stages of new technologies and offer support throughout the production phase of the products and services. We offer our consulting services and expertise in the form of high value-added technical backing, project support and end-to-end solutions in order to deliver customised products and services.

Altran's added value content is underpinned by our savoir-faire in terms of innovation, the Group's impressive track record acquired throughout 25 years of working on the most innovative industrial projects, as well as the unique experience of our consultants, all of whom are graduates from prestigious international schools and universities.

### Breakdown of Group revenue by activity



# 6.2 Main markets

Altran operates on three main markets:

- **Technology and R&D Consulting:**

Altran is the European leader in this market, which accounts for around 50% of consolidated sales. The Group mainly operates in the Automobile, Aeronautics, Space, Defence, Telecoms and Energy sectors. Technology and R&D Consulting, covers the entire range of engineering disciplines, provides support throughout the design, development and production phases for the products and services of innovative companies with a vision of the future.

- **Organisation and Information Systems Consulting**

This activity focuses on the supply of Information systems consulting and integration services. By virtue of the skills of our IT consultants, specialised in IT management tools, and our organisational consultants, firms are equipped with internal IT systems that can speed up decision-making, foster organisational flexibility and monitor in-house changes. This activity is particularly well developed in the Financial sector, as well as throughout the Industrial sectors as a whole. In the Telecoms industry, organisation and IT solutions are used to create new communicating systems. The organisation and IT systems consulting segment accounts for around 33% of Group turnover.

- **Strategy and Management Consulting**

This activity is carried out by our strategy and management consultants and is mainly geared to meet the requirements of General Management in terms of innovative strategies and change management. Strategy and Management Consulting, which accounts for around a third of Group sales, involves business sectors with broad international exposure, notably in strong emerging economies. It is largely carried out by Altran's subsidiary, Arthur D. Little, acquired in 2002.

## 6.2.1 The Technology and R&D Consulting market

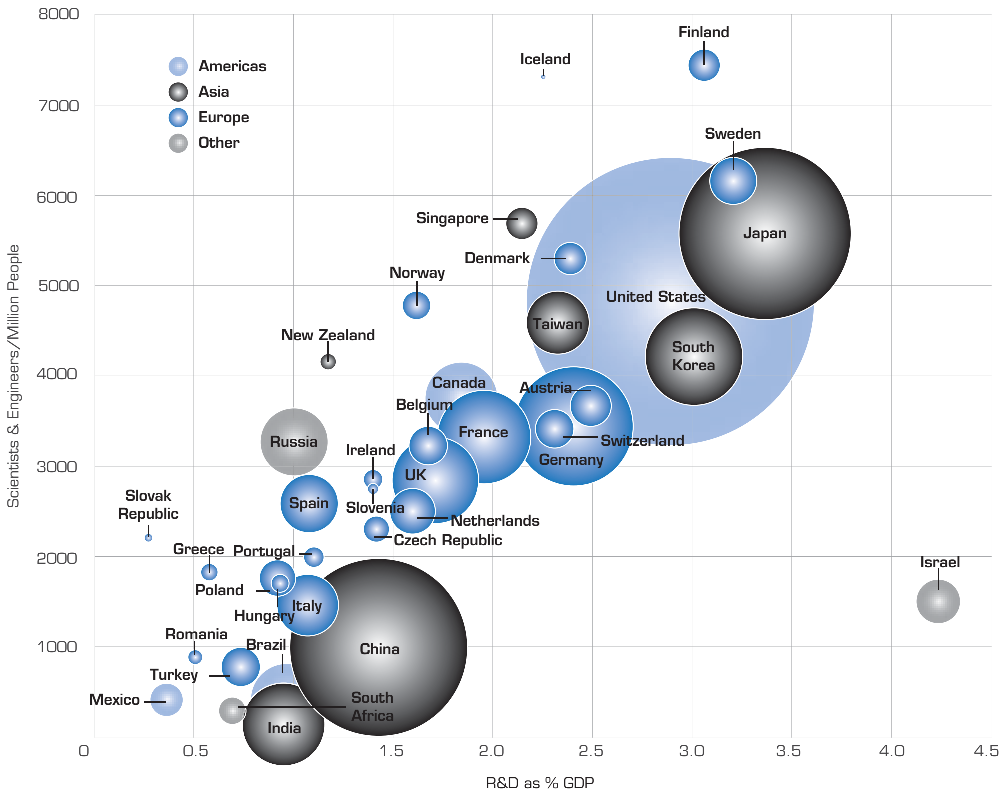
After substantial recession cutbacks in Research & Development, R&D spending picked up in 2010, although this is still lower than levels attained in 2007/2008.

In North America and Western Europe, R&D spending was particularly high, not because of the crisis, but out of the need to kick-start the weakened economy. While the US clearly remained the leader in terms of R&D investment volumes, India and China recorded the sharpest increases, with R&D expenditure up 18.5% and 14.3% respectively between 2010 and 2011. As the trend towards R&D globalisation gains momentum, more and more industrial organisations are outsourcing their R&D projects to offshore centres.

## Regional breakdown of R&D spending in 2010

### World of R&D 2010

Size of circle reflects the relative amount of annual R&D spending by the country noted.



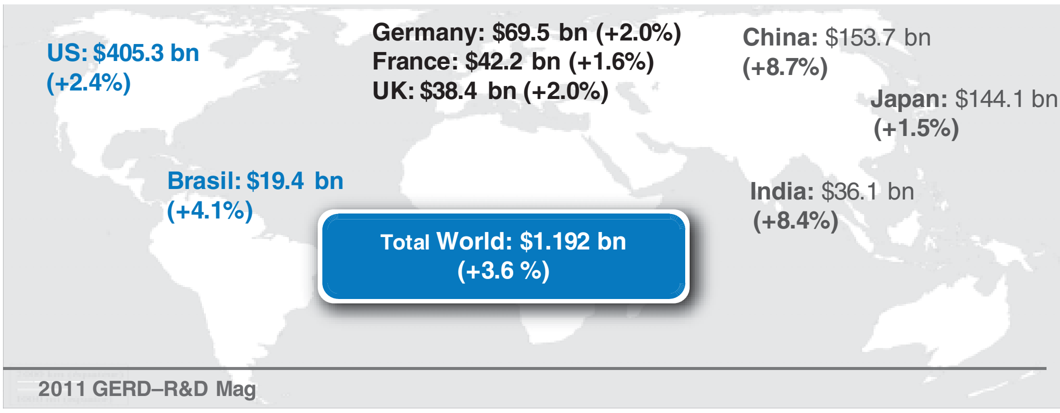

Source: Battelle, *R&D Magazine*, OECD, IMF, CIA

Globally, the breakdown of R&D investment growth by sector of activity in 2010 shows that the Banking industry recorded the strongest increase (8.7%), followed by the Pharmaceuticals / Biotechnologies and the Health Equipment sectors (up 5.3% and 5.1% respectively). After sharp cutbacks caused by lack of cash flow in 2009, R&D spending in the Automobile industry picked up in 2010, thus boosting demand in the engineering segment.

Over the next few years, the most buoyant markets in terms of investments are likely to be those linked to healthcare, energy and automobiles.

In 2011, investment growth will above all be driven by China and India, representing an estimated 15.9% of global R&D spending (equivalent to a 1% increase on 2010 levels).

## Gross Domestic Expenditure on Research and Development in 2011




After focusing on low-risk, short-term R&D investment during the recession, most client companies are now concentrating on global R&D projects geared to foster sustained growth. As such, innovation and new business models are, more than ever, providing opportunities for firms to outdistance their rivals.

A study carried out by *R&D Magazine* pinpointed the main problems likely to occur in the coming years:

- Particularly severe post-recession budgetary restrictions (the most challenging issue)
- Researcher fears of international competition, mainly from developing countries
- Concerns related to outsourcing
- The shortage of skilled labour, an issue which has, once again, been confirmed by the fact there are not enough qualified engineers to meet market demand.

These factors, in conjunction with the economic upturn, will lend support to the Technology and R&D Consulting market, while providing Altran with a solid basis ensuring sustained growth further out.

In addition, Research & Development outsourcing accounts for around 20% of total R&D expenditure in Europe. While this percentage should continue to increase it is unlikely that it will reach levels attained in the IT Services segment.

Market concentration, which is expected to continue benefiting of the major players in the consulting sector, will be driven by clients seeking to forge industrial partnerships with R&D consultants. Trends over the last two years show that customers are standardising their procurement processes and are, above all, limiting the number of suppliers. Moreover, client globalisation favours players with broad geographical exposure, such as Altran.

In addition, strong growth in the supply of fixed-price service contracts implies an increase in the technical content of technical solutions, which pushes out smaller players providing only technical support.

*Sources: Battelle R&D Magazine/EU Industrial R&D Investment Scoreboard/BCG*

### 6.2.2 The Organisation and Information Systems Consulting market

In 2010, new regulations and a change in economic conditions had a major influence on market dynamics. The IT Services segment recorded a slight increase of 0.7%, compared with +3.2% for the IT market as a whole.

Following a decline of 10% between 2008 and 2009, demand for Information Services consulting rose 4.5% in 2010 thanks to the growing need for operating efficiency in terms of IT services and processes.

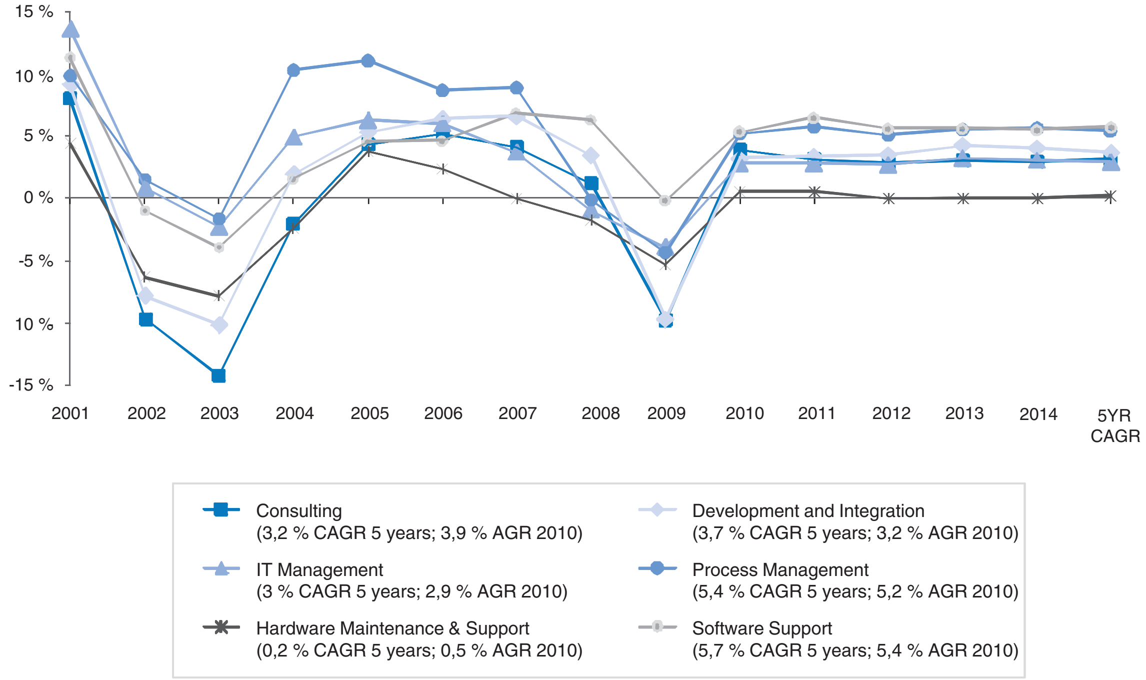
In addition, a study published by the research firm, Gartner, pointed to a sharp increase in the volumes of innovative projects in response to changing corporate strategies.

Although the overall economy is showing signs of improvement, a return to sustained growth remains a complex challenge. Between 2011 and 2014, growth in the IT market could stagnate at around 5%.

While growth in mature markets should remain sluggish, emerging countries are expected to turn out stronger performances. In 2011, growth in the IT services market should reach 2008 levels despite a relatively difficult economic backdrop.

The most buoyant sectors in 2010 are also likely to remain the most dynamic in 2011, notably the Health, Energy and Financial Services markets.

## The IT Services market in 2014




*Data in euros*

IT solutions are increasingly considered as a strategic advantage for companies. Information Systems Divisions should, therefore, play a key role in assessing new opportunities.

These major developments would:

- Be a deciding factor in defining the priorities of corporate action strategies
- Put the accent on enhancing marketing and operating strategies
- Encourage the use of Business Intelligence solutions to improve visibility and optimise company efficiency
- Benefit from Altran's innovative skills in terms of IT integration to boost productivity and flexibility. In this respect, note that a company will not reduce demand because its resources are more limited
- Update the technical infrastructure by using new technologies that are less costly, enhance performance and optimise operating efficiency.

*Sources: Gartner/McKinsey/Syntec Informatique*

### 6.2.3 The Strategy and Management Consulting market

Altran's Strategy and Management Consulting activity is carried out primarily by Arthur D. Little, acquired during a Leveraged Management Buyout in 2002. During the LMBO, Altran also acquired all of Arthur D. Little's operations outside the US, as well as the company's global brand name.

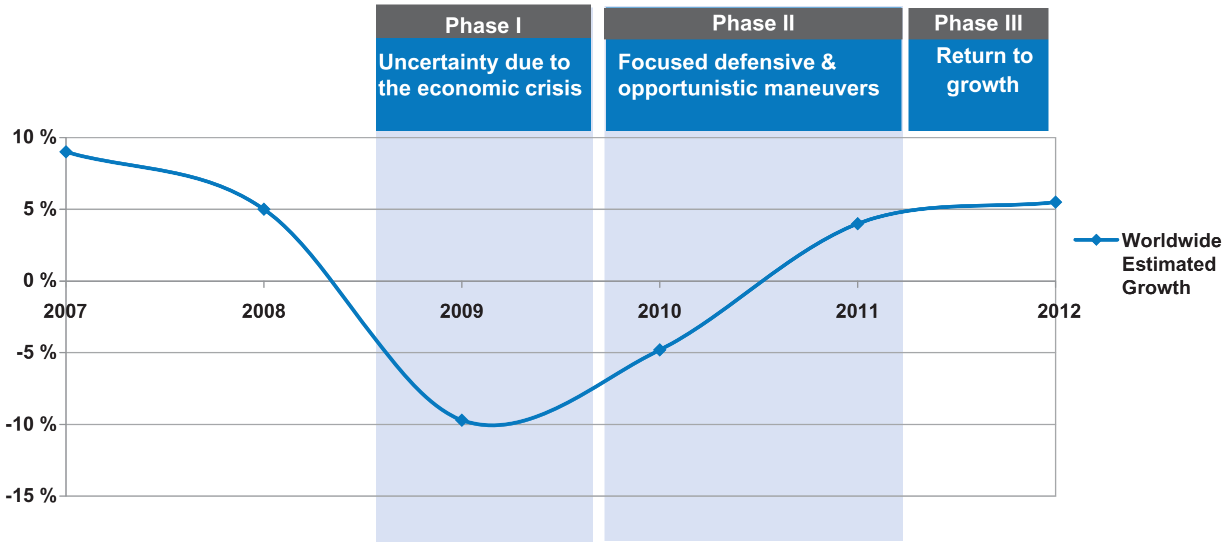
Reputation is crucial in this business and, as such, a major barrier to entry. This market requires the intervention of specialists and the state-of-the-art consulting skills that only companies with a highly developed level of expertise are able to provide. Having a sound experience and solid track record is, therefore, a real advantage for players such as Altran, which has developed this activity over the years thanks notably to its subsidiary, Arthur D. Little. The risk of newcomers arriving on this market is therefore limited.

In 2010, corporate sales in the Strategy & Management Consulting sector edged up slightly thanks to a number of structural factors and a progressive improvement in the economic environment. While demand in the industrial sectors remained sluggish, business picked up in the Banking and Telecoms sectors.

The bulk of new contracts involved post-recession projects, such as the reorganisation and rationalisation of structures and processes. The majority of consultancy agencies still felt a squeeze on margins from heavy pricing pressure. Despite a slight increase, demand remained limited, thus strengthening clients' purchasing power.

While the Strategy & Management Consulting business should see a sharper increase in sales in 2011, turnover growth is unlikely to parallel levels attained in 2007-2008, notably as a result of further pressure on prices. The strongest demand is likely to come from the Health and Public Services sectors and, the most buoyant regional markets will be North America, the Middle East and Asia.

### 2007-2012 trends in the Strategy and Management Consulting market




*Sources: Kennedy Consulting/Xerfi/Syntec – Conseil en Management*

## 6.3 Competition

Altran is European leader in Innovation and R&D consulting. The Group's rivals in this market, which vary depending on the type of project concerned, include:

- strategy and/or management consultants, particularly with respect to projects undertaken by Arthur D. Little
- large IT firms offering traditional consulting and integration services
- research departments and engineering firms specialised in a specific field (e.g. environmental, mechanical, acoustical engineering)
- listed and unlisted companies offering services similar to those of Altran.

However, none of these competitors have Altran's geographic footprint, nor do they have such a vast activity portfolio in terms of sectors and technologies. The Group's ability to leverage its international network and to provide solutions by setting up working consortiums to pool its expert skills in several countries is a key differentiating factor and one that can help Altran address its clients' problems, which are becoming increasingly global in nature.

# 7 Organisational chart

The companies making up Altran's scope of consolidation are listed in note 2 of the appendix to the consolidated financial statements – "Scope of Consolidation" of the present registration document.

All information regarding changes in the Group's scope of consolidation is given in section 5.2 «Main investments» of the present registration document.

The main cash flows between the parent company and its subsidiaries are described below.

## Management fees and administration outsourcing

Altran Technologies, the parent company, bears the costs of its subsidiaries' support functions (communication, human resources, accounting, legal and tax services, etc.). The company then bills some of the costs of these services to its French subsidiaries and foreign holdings in the form of management fees and subcontracted administrative charges.

Billing is calculated on a cost-plus basis and divided between the subsidiaries according to their operating output and use of resources.

The Altran Technologies parent company billed its subsidiaries and foreign holding companies a total of €29.9m for support functions in fiscal year 2010. Support functions paid for by the parent company and not billed to its subsidiaries amounted to €14.2m over the full year.

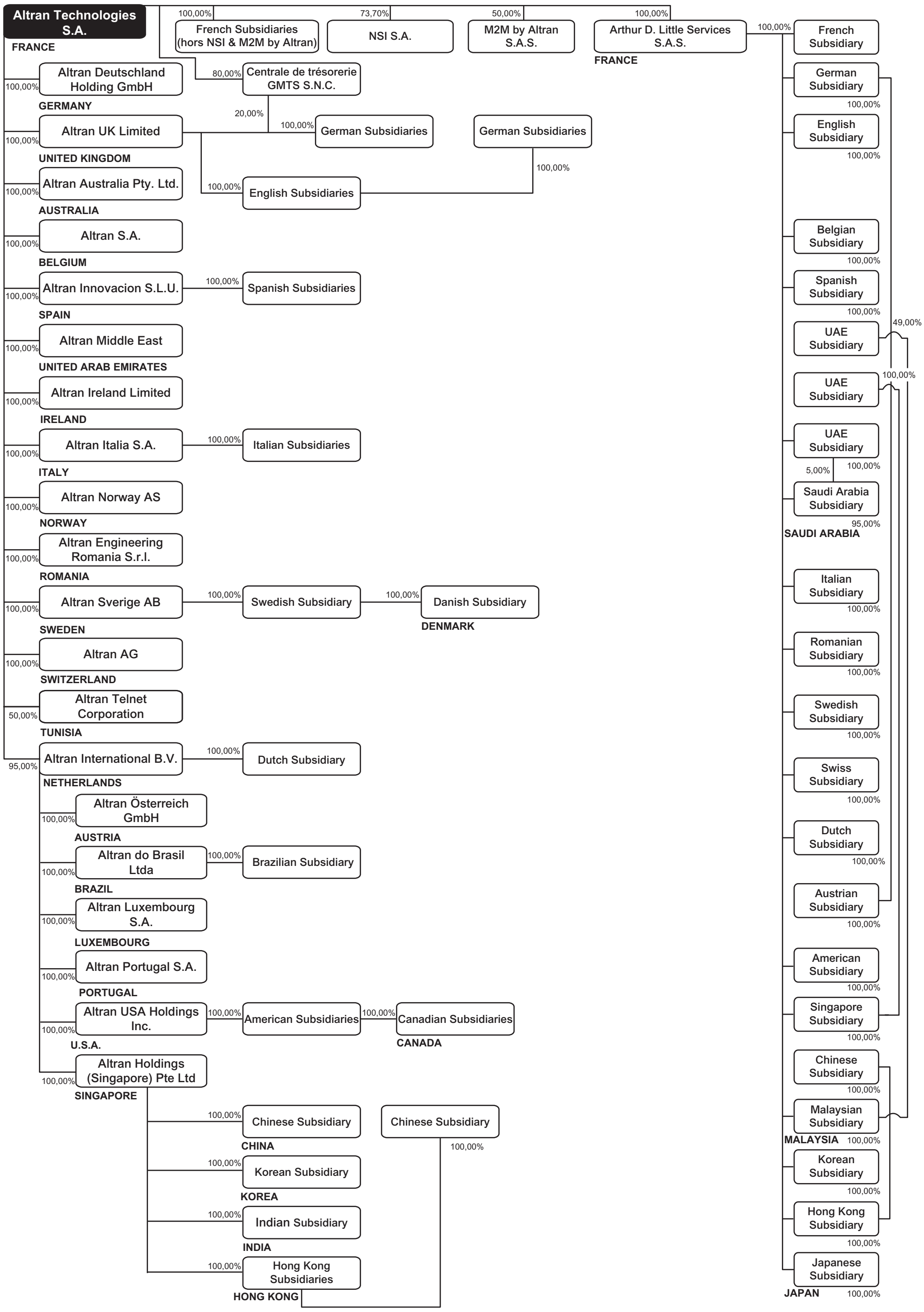
## Centralised cash management

The parent company, like other Group's other entities, uses GMTS, its centralised cash management subsidiary, for the day-to-day coverage of overdrafts or payment of interest on cash surpluses of the subsidiaries. The parent company, like other Group entities, uses GMTS, its centralised cash management subsidiary, for the day-to-day coverage of overdrafts or payment of interest on cash surpluses of the subsidiaries.

## Dividends

As the parent company, Altran Technologies receives dividends from its direct subsidiaries.

# Simplified organisational chart



# 8 Property, plant & equipment



## 8.1 Major property, plant and equipment

Although Altran rents its business premises, the Group owns property in France, Italy and the UK worth a total net value of €8.2m.

None of Altran's property is owned, either directly or indirectly, by Group managers, or leased to the company or any of its subsidiaries.

## 8.2 Environmental issues

Not significant.

## 8.3 Brands and patents

Altran has one subsidiary that carries out development work and files patents exclusively for the Group. Altran's customers are the sole owners of all new products and technology developed by the Group's consultants.

Almost the entire portfolio of brands managed by Altran is owned by the Group.

# 9 Financial statements – Management Report



## 9.1 Key events

### Changes in Group organisation

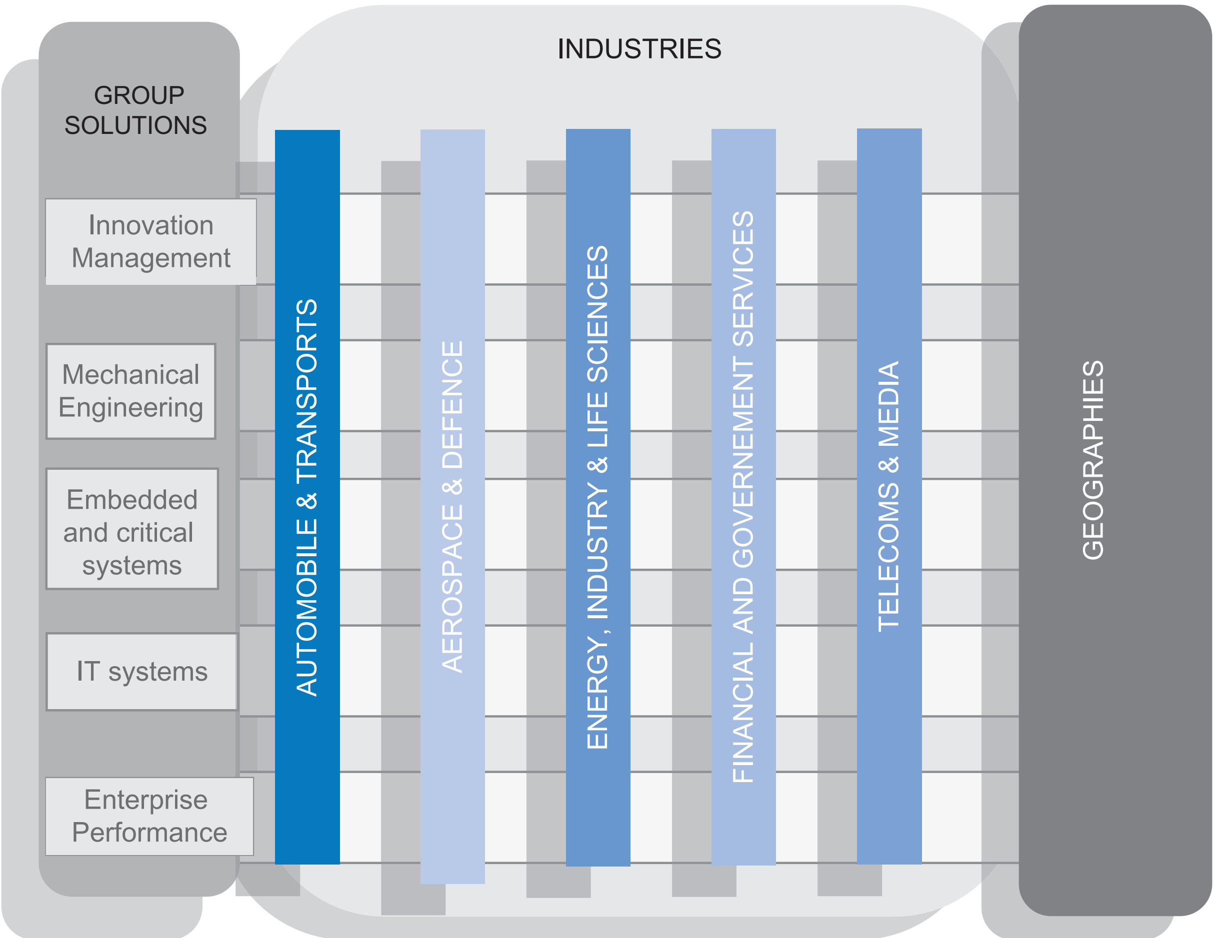
In June 2010, Altran completed another phase of its reorganisation with the implementation of “SHAPE”, the Group’s new organisational structure, which is designed to:

- strengthen client relations via strategic development partnerships
- develop a more project-oriented and solution-based offering
- standardise delivery of large transnational projects.

This new organisational structure is based on three divisions or “Departments”:

- The **Geographies departments:** Altran is still organised around several major zones: each zone, country or region is managed by a director responsible for commercial and human resources development (working in close proximity to the Group’s clients) and for the promotion of the Altran brand throughout the zone;
- The **Industries departments:** directors of the Industries and Geographic departments work together to determine the strategy for the clients’ main sectors of activity;
- **Group Solutions:** this department works to develop and guarantee the quality of Altran’s offerings and solutions in accordance with client requirements as defined by the Industries department. The objective is also to capitalise on the Group’s expertise and industrialise the underlying savoir-faire of these solutions, whose development is pegged to technological progress and market practices.

## SHAPE Organisation:




## Measures enabling the Group to adapt to the economic downturn

In a bid to counter the deterioration in the economic environment and limited visibility on activity since end-2008, Altran implemented a number of specific action plans before the beginning of 2009 which management pursued throughout 2009.

These plans were either completed and/or deployed in 2010, making for additional charges of €14.6m (of which €5.7m for the Personalised Voluntary Departure Plan in France and €13.2m already booked at end-June 2010).

The plan was effectively implemented as of December 2009 and a total of 598 requests for voluntary departure were accepted by the company:

- 92 members of staff had left the company by end-2009,
- 150 in Q1 2010;
- 151 in Q2 2010;
- 122 in Q3 2010, and
- 38 in Q4 2010.

The remaining 45 departures will be carried out in 2011.

## Acquisitions

The Group consolidated XYPE, a UK specialist in Product Lifecycle Management (PLM), as of 1 July 2010. This company generates annual sales of around €9m.

On 1 November 2010, Altran acquired IGEAM, the Italian leader in sustainable development consulting, which specialises in studies related to the environmental impact of new technologies. IGEAM generates annual sales of around €5m.

## Disposals

Imagitek, the Group's US subsidiary, was sold on 31 March 2011. This disposal had a net impact of -€0.9m on the interim income statement.

On 31 July 2010, the Group sold Altran Control Solution, comprising four subsidiaries (in the US, Canada, Japan and China). Sales over the period came out at €4.9m compared with €12.4m over the full year in 2009. This disposal had a net impact of -€3.3m in H2 2010.

# 9.2 Group performances

| *(€m)* | Dec-10 12m | Dec-09 12m |
|---|---|---|
| Revenue | 1,437 | 1,404 |
| Other income from operations | 13 | 5 |
| **Revenue from ordinary operations** | **1,449** | **1,408** |
| | 0 | 0 |
| **Operating income on ordinary activities(*)** | **69** | **31** |
| Other non-recurring operating income and expenses | (21) | (64) |
| Goodwill depreciation | (30) | (39) |
| | 0 | 0 |
| **Operating income** | **18** | **(72)** |
| Cost of net financial debt | (24) | (14) |
| | 0 | 0 |
| Other financial income | 5 | 5 |
| Other financial expenses | (10) | (11) |
| | | |
| Tax expenses/income | (14) | 16 |
| Equity share in net income of associates | 0 | 0 |
| **Net income before discontinued and held-for-sale operations** | **(26)** | **(75)** |
| Net profit/loss on discontinued and held-for-sale operations | 0 | 0 |
| **Net profit** | **(26)** | **(75)** |
| Minority interests | 0 | 1 |
| **Net income attributable to Group** | **(26)** | **(75)** |
| Earnings per share | (0.18) | (0.52) |
| Diluted earnings per share | (0.18) | (0.52) |

*(*) The 2010 French Finance Act has replaced the liability of French tax-paying entities to pay business tax (taxe professionnelle ) by two new contributions:*

- *a property contribution (Cotisation Foncière des Entreprises – CFE) assessed on the rental value of real estate assets;*
- *a Value Added Contribution (Cotisation sur la Valeur Ajoutée des Entreprises – CVAE), assessed on the value added derived from the company accounts.*

*In accordance with the provisions set out in IAS 12, the value added contribution (CVAE) is now recognised as a tax on income, whereas before business tax was booked as part of operating income on ordinary activities under "taxes and duties". At end-2009, the value added contribution would have amounted to €7.2m vs €8.7m at end-2010. On a like-for-like basis, operating income on ordinary activities would have been €38.2m at 31 December 2009.*

2010 saw a return to growth for Altran, with sales up 2.3% (including the forex effect and changes in the scope of consolidation). On a constant forex and like-for-like basis, growth in revenue would have been 3.3%. Consolidated full-year sales thus came out at €1,436.7m in 2010.

Group margins also widened in 2010, with operating income on ordinary activities of €69.1m, equivalent to 4.8% of sales, compared with 2.7% in 2009, restated for CVAE (value added contribution tax).

The billing rate improved throughout the year, reaching 83.9% in Q4 2010, versus 80.8% in the last quarter of 2009.

Other non-recurring income and charges stem from exceptional items that, by their nature, impair the understanding of the Group's operating performance. Exceptional costs in 2010 totalling €21.3m, include net restructuring charges of €14.6m (mainly in H1), implying a sharp reduction on 2009 levels.

Goodwill depreciation of €30.2m concerns 4 cash-generating units (CGUs) comprising 11 companies.

After reporting an operating loss of €12.9m in H1 2010, the Group marked up an operating profit of €30.5m in the second half. Full-year operating income thus came out at €17.6m, versus a loss of €72m in 2009.

Net financing costs of €24m include one year of interest on the 2015 OCEANE bond issued on 18 November 2009.

Tax charges totalled €14.3m over the year, the bulk of which for secondary taxes (€15.8m).

Altran posted a net attributable loss of €26m at 31 December 2010, versus -€75m in the year-earlier period. After reporting a loss of €27.9m in H1, the Group made a sharp recovery in the second half with earnings of €1.9m.

## Turnover

2010 saw a return to growth for the Group, with sales up 2.3% on 2009 levels.

This growth factors in 1/ a positive forex impact (+1.0 point ), 2/ an unfavourable scope of consolidation effect (-2 points) , notably in the Northern and ROW zones, and 3/ a favourable working-day impact (+0.4 point).

On a constant forex and like-for-like basis, consolidated sales rose 3.3% in 2010.

Growth began picking up in Q2 2010 (+2.3%) and gathered pace in Q4 (+7.6%). This sharp improvement was driven by strong performances from operations in France (+6.2%), which account for 46% of Group sales, and, to a lesser extent, in the Southern zone (+2.5%).

A return to brisk business, coupled with the strategies implemented in various countries (notably the Personalised Voluntary Departure Plan in France) boosted the billing rate to 82.9% in 2010 (up 4.2 points on the 2009 level of 78.6%). The billing rate improved steadily from one quarter to the next as of Q3 2009 (78.2%), reaching 83.9% in Q4 2010.

## Gross margin and operating income on ordinary activities

| *(€m)* | 2010 | H2 2010 | H1 2010 | 2009 | H2 2009 | H1 2009 |
|---|---|---|---|---|---|---|
| Sales | 1,436.7 | 727.5 | 709.2 | 1,403.7 | 682.6 | 721.1 |
| Gross margin | 386.2 | 207.9 | 178.4 | 355.3 | 178.2 | 177.1 |
| % | 26.9% | 28.6% | 25.2% | 25.3% | 26.1% | 24.6% |
| Overheads | (317.1) | (156.3) | (160.9) | (324.3) | (156.1) | (168.2) |
| % | -22.1% | -21.5% | -22.7% | -23.1% | -22.9% | -23.3% |
| **OPERATING INCOME ON ORDINARY ACTIVITIES** | **69.1** | **51.6** | **17.5** | **31.0** | **22.1** | **8.9** |
| **%** | **4.8%** | **7.1%** | **2.5%** | **2.2%** | **3.2%** | **1.2%** |

Operating margin on ordinary activities restated for CVAE

| *(€m)* | 2010 | H2 2010 | H1 2010 | 2009 | H2 2009 | H1 2009 |
|---|---|---|---|---|---|---|
| Sales | 1,436.7 | 727.5 | 709.2 | 1,403.7 | 682.6 | 721.1 |
| Gross margin | 386.2 | 207.9 | 178.4 | 355.3 | 178.2 | 177.1 |
| % | 26.9% | 28.6% | 25.2% | 25.3% | 26.1% | 24.6% |
| Overheads | (317.1) | (156.3) | (160.9) | (317.1) | (153.1) | (164.0) |
| % | -22.1% | -21.5% | -22.7% | -22.6% | -22.4% | -22.7% |
| **OPERATING INCOME ON ORDINARY ACTIVITIES** | **69.1** | **51.6** | **17.5** | **38.2** | **25.1** | **13.1** |
| **%** | **4.8%** | **7.1%** | **2.5%** | **2.7%** | **3.7%** | **1.8%** |

### Gross margin

At end-2010, the gross margin widened to €386.2m (equivalent to 26.9% of sales), up 1.6 point on 2009 levels (25.3%). This improvement was particularly significant in the second half (+2.5 points on H2 2009 levels). The gross margin thus came out at 28.6% in H2 2010, versus 26.1% in the year-earlier period.

Improvement in the 2010 gross margin was driven by an improvement in the billing rate, coupled with a favourable working-day impact and strong performances by the French operations. The positive impact of these elements, however, was partially offset by a negative gross margin on activities in Brazil and heavy pricing pressure from Group clients.

### Operating income on ordinary activities

Operating income on ordinary activities came out at €69.1m in 2010, compared with €31m in 2009. On a like-for-like basis, excluding the CVAE impact and after restatement of 2009 operating profits on ordinary activities (€38.2m in 2009), the 2010 operating margin on ordinary activities gained 2.1 points on 2009 levels to reach the equivalent of 4.8% of sales.

This improvement in operating margin on ordinary activities was underpinned by growth in gross margin and a reduction in overheads.

To facilitate comparability between 2010 and 2009, we have restated 2009 overheads for CVAE (recognised as tax on income since 2010). Indeed, since 1 January 2010, this tax has partially replaced business tax (*taxe professionnelle*) which was previously booked under overheads.

As such, excluding the CVAE impact, overheads as a percentage of sales narrowed 0.5 point on 2009 levels to 22.1% on the back of cost reduction and control strategies implemented as of 2007 throughout the Group.

## Trends in staff levels

| | 31/12/2008 | 30/06/2009 | 31/12/2009 | 30/06/2010 | 31/12/2010 |
|---|---|---|---|---|---|
| Total headcount at end of period | 18,522 | 17,548 | 17,149 | 16,801 | 17,038 |

| | H2 2008 | H1 2009 | H2 2009 | H1 2010 | H2 2010 |
|---|---|---|---|---|---|
| Average headcount | 18,330 | 17,919 | 17,243 | 16,778 | 16,876 |

At 31 December 2010, the total headcount stood at 17,038 employees, down slightly by 0.6% (-111 employees) on end-2009 levels. The decline in staff numbers included employee departures carried out within the context of the Personalised Voluntary Departure Plan in France. Excluding the PVDP impact, the workforce increased by 350 employees.

Altran recruited 3,997 employees in 2010 (excluding hirings resulting from changes in the scope of consolidation), compared with 2,177 in 2009, implying a sharp rise of 83.6%, on a like-for-like basis. This increase reflects brisker business trends in several countries such as France and Spain, which accounted for the bulk of Group hirings in the second half.

The 12-month moving average of the consultant staff turnover rate increased to 26.2% at end-2010, up 4.1 points on 2009 levels, given the improvement in business conditions in countries such France, Spain and Switzerland.

# Operating costs on ordinary activities

| (€m) | 2010 | 2009 | 2010 vs 2009 |
|---|---|---|---|
| Turnover | 1,436.7 | 1,403.7 | 2.3% |
| Personnel costs | 1,018.8 | 1,039.7 | -2.0% |
| As % of sales | 70.9% | 74.1% | -3.2 pts |

| (€m) | H2 2010 | H1 2010 | H2 2009 | H1 2009 | H2 2010 vs H2 2009 | H1 2010 vs H1 2009 |
|---|---|---|---|---|---|---|
| Turnover | 727.5 | 709.2 | 682.6 | 721.1 | 6.6% | -1.6% |
| Personnel costs | 498.1 | 520.7 | 489.7 | 550.0 | 1.7% | -5.3% |
| As % of sales | 68.5% | 73.4% | 71.7% | 76.3% | -3.3 pts | -2.9 pts |

| (€m) | 2010 | 2009 | 2010 vs 2009 |
|---|---|---|---|
| Total external charges | 324.9 | 293.3 | 10.8% |
| As % of sales | 22.6% | 20.9% | 1.7 pt |
| Outsourcing | 121.0 | 105.2 | 15.0% |
| As % of sales | 8.4% | 7.5% | 0.9 pt |
| Rentals – leasing charges | 4.1 | 5.0 | -19.0% |
| As % of sales | 0.3% | 0.4% | -0.1 pt |
| Simple rentals and external expenses | 55.2 | 58.0 | -4.8% |
| As % of sales | 3.8% | 4.1% | -0.3 pt |
| Training | 8.3 | 2.7 | 206.9% |
| As % of sales | 0.6% | 0.2% | 0.4 pt |
| Professional fees and external services | 28.8 | 24.8 | 15.8% |
| As % of sales | 2.0% | 1.8% | 0.2 pt |
| Transport and travel expenses | 63.8 | 62.9 | 1.3% |
| As % of sales | 4.4% | 4.5% | 0.0 pt |
| Other purchases and external services | 43.7 | 34.6 | 26.4% |
| As % of sales | 3.0% | 2.5% | 0.6 pt |

| (€m) | H2 2010 | H1 2010 | H2 2009 | H1 2009 | H2 2010 vs H2 2009 | H1 2010 vs H1 2009 |
|---|---|---|---|---|---|---|
| Total external charges | 167.1 | 157.8 | 147.5 | 145.8 | 13.3% | 8.2% |
| As % of sales | 23.0% | 22.2% | 21.6% | 20.2% | 1.4 pt | 2.0 pts |
| Outsourcing | 64.3 | 56.7 | 55.1 | 50.1 | 16.6% | 13.3% |
| As % of sales | 8.8% | 8.0% | 8.1% | 6.9% | 0.8 pt | 1.1 pt |
| Rentals – leasing charges | 2.1 | 2.0 | 2.5 | 2.6 | -16.1% | -21.9% |
| As % of sales | 0.3% | 0.3% | 0.4% | 0.4% | -0.1 pt | -0.1 pt |
| Simple rentals and external expenses | 27.8 | 27.4 | 28.0 | 30.1 | -0.6% | -8.8% |
| As % of sales | 3.8% | 3.9% | 4.1% | 4.2% | -0.3 pt | -0.3 pt |
| Training | 3.9 | 4.5 | 3.1 | (0.4) | 25.5% | |
| As % of sales | 0.5% | 0.6% | 0.4% | 0.0% | 0.1 pt | 0.7 pt |
| Professional fees and external services | 14.4 | 14.4 | 11.3 | 13.5 | 27.0% | 6.5% |
| As % of sales | 2.0% | 2.0% | 1.7% | 1.9% | 0.3 pt | 0.2 pt |
| Transport and travel expenses | 32.8 | 31.0 | 31.4 | 31.5 | 4.2% | -1.6% |
| As % of sales | 4.5% | 4.4% | 4.6% | 4.4% | -0.1 pt | 0.0 pt |
| Other purchases and external services | 22.0 | 21.7 | 16.2 | 18.4 | 35.9% | 18.0% |
| As % of sales | 3.0% | 3.1% | 2.4% | 2.5% | 0.7 pt | 0.5 pt |

In 2010, personnel costs fell 2% on 2009 levels, whereas sales rose 2.3%. As a percentage of sales, personnel costs thus narrowed 3.2 points to 70.9% in 2010, versus 74.1% in 2009.

Variations in payroll charges, the Group's main cost item, are pegged to sales trends. As such, given the 1.6% drop in H1 sales, personnel costs declined sharply over the period (-5.3%). In H2, stronger growth in sales (+6.6%) made for a more limited increase in charges (+1.7%).

Tight management of personnel costs was achieved mainly as a result of the measures undertaken by the Group since 2009 :

- restructuring implemented throughout Altran's operating zones with the aim of adapting the workforce to business levels, and in particular the Personalised Voluntary Departure Plan in France (focused mainly on the automobile division) which resulted in the departure of 553 employees between 2009 and end-2010

- Controlled recruitment in 2010.

Other external expenses widened 10.8% on end-2009 levels (+12.4%, like-for-like). This increase was mainly underpinned by:

- outsourcing costs, which rose 15% in 2010, notably in France, Italy, Belgium and the US, where recourse to outsourcing served to fuel growth while enabling the Group to maintain a certain degree of flexibility

- training costs (+€5.6m), which returned to more normal levels after 2009 when Altran benefited from reimbursements obtained by collection agencies and the financing of its training schemes in France

- professional fees and external services, which rose 15.8% mainly as a result of the implementation of the SHAPE transformation plan throughout the Group

- other purchases and external services, which increased 26.4% due to brisker business trends and material & other expenses related to project, notably in Spain and France.

In addition, further rationalisation of rents and rental charges resulted in a 4.8% reduction in charges, notably in the Northern zone and France.

## Cost of net financial debt

Cost of net financial debt (-€24.4m) comprises financial charges of -€29.3m, which were partially offset by financial income of +€4.9m on investments in cash and cash equivalents.

Financial charges correspond to interest on 1/ the convertible bond loan, redeemable on 1 January 2015 (for €13.7m ) 2/ loans (for €1.8m), 3/ credit lines drawn down by the Group (€3.4m), 4/ interest rate swap contracts (€7.2m) and 5/ the factoring of trade receivables (€2.3m).

The cost of net financial debt rose by €10.1m in 2010, mainly as a result of an increase in borrowing costs on the 2015 OCEANE bond subscribed on 18 November 2009 (+12.1m ) and on the previous OCEANE bond, repaid on 2 January 2009.

## Tax on earnings

Tax expenses of €14.3m in 2010 included:

- a tax charge of €21.7m, of which €15.8m in secondary taxes, with the French CVAE accounting for €8.7m and the Italian IRAP business tax for €4.5m;

- a deferred tax credit of €7.4m.

## Statement of Cash flows

The Group's cash flows at end-2010 and end-2009 are given in the following table:

| (€m) | 31/12/2010 | 31/12/2009 |
|---|---|---|
| **Net financial debt at opening (1 January)** | **(172.9)** | **(164.9)** |
| Cash flow before net interest expenses and taxes | 35.2 | (16.0) |
| Change in working capital requirement | 6.0 | 47.2 |
| Net interest paid | (11.0) | (17.9) |
| Taxes paid | (11.6) | (15.9) |
| Net cash flow from operations | 18.6 | (2.6) |
| Net cash flow from investments | (29.2) | (8.3) |
| Net cash flow before financing | (10.6) | (10.9) |
| Impact of changes in exchange rates and other | 2.7 | 2.9 |
| Impact of capital increase | 0.4 | 0.1 |
| **Net financial debt at closing (31 December)** | **(180.4)** | **(172.9)** |

### Net cash flow generated by operations including interest payments

Net cash flow from operations increased to €18.6m over the period, vs. -€2.6m reported at end-2009. This improvement was due mainly to the following three factors:

- an increase in cash flow generation to €35.2m at end-2010 (vs. negative cash flow of €16m at end-2009), resulting from an improvement in the Group's operating performances
- tighter management of working capital requirement, which increased by €6m despite the recovery in sales
- a reduction in the amount of net interest and taxes paid in 2010 (€11m and €11.6m, respectively).

### Net cash flow invested

The Group invested net cash of €29.2m in 2010, vs. €8.3m in 2009. This increase stemmed essentially from a higher level of net cash outflows for fixed, intangible and financial assets (-€26.1m), as well as the impact of subsidiary disposals (+€8.4m).

### Group net debt

Net financial debt is the difference between total financial liabilities and cash and cash equivalents.

| (€m) | 31/12/2010 | 31/12/2009 | % change |
|---|---|---|---|
| Convertible bonds | 99.8 | 99.9 | (0.0) |
| Medium-term credit line | 68.4 | 103.9 | (35.5) |
| Short-term credit line | 227.3 | 211.7 | 15.6 |
| *o/w factoring* | *186.1* | *159.7* | *(345.8)* |
| **Total financial debt** | **395.5** | **415.4** | **(20.0)** |
| Cash and cash equivalent | 215.1 | 242.6 | (27.5) |
| **Net financial debt** | **180.4** | **172.9** | **7.6** |

Available factoring lines totalled €291.5m in 2010.

# 9.3 Segment reporting

In accordance with IFRS 8, Altran presents its segment financial information by aggregations of operating segments.

In compliance with this standard, Altran's operating segments are:

- France
- Northern zone: Germany, Austria, the Benelux countries, Denmark, Ireland, Norway, the Eastern European countries (*), the UK, Sweden and Switzerland
- Southern zone: Brazil, Spain, Italy, Portugal and Venezuela(*)
- Rest of the World (ROW zone): North America, Asia, the Middle East and Tunisia
- Arthur D. Little

Arthur D. Little has operations in the following countries and regions: Germany, Austria, the Benelux countries, Spain, Italy, the UK, Sweden, Switzerland, North America, Asia and the Middle East.

Note that the subsidiary, Cambridge Consultant Limited (CCL) acquired in 2002 when Altran took control of Arthur D. Little, is included in the Northern zone.

## Sales by operating segment (after inter-segment eliminations)

Consolidated 2010 sales totalled €1,436.7m, up 2.3% on year-earlier levels (+3.3% on a constant forex and like-for-like basis). The breakdown of Group sales by operating segment is given in the table below:

| *(€m)* | | | | 2010 | | | 2009 |
|---|---|---|---|---|---|---|---|
| | Total Segments | inter-segment eliminations | Total Turnover | As % of sales | Total Turnover | As % of sales | % change |
| France | 685.2 | (23.8) | 661.4 | 46.0% | 622.5 | 44.3% | 6.2% |
| Northern zone | 349.1 | (8.9) | 340.2 | 23.7% | 355.8 | 25.3% | -4.4% |
| Southern zone | 294.4 | (3.5) | 290.9 | 20.2% | 283.8 | 20.2% | 2.5% |
| ROW zone | 35.5 | (3.7) | 31.9 | 2.2% | 36.6 | 2.6% | -12.8% |
| ADL | 113.3 | (1.0) | 112.3 | 7.8% | 105.1 | 7.5% | 6.9% |
| **TOTAL** | **1,477.5** | **(40.8)** | **1436.7** | **100.0%** | **1,403.7** | **100.0%** | **2.3%** |

Sales performances reported by Group operations in France (+ 6.2%) and Arthur D. Little (+ 6.9%, +4.5% at constant forex) reflected a sharp recovery in 2010, with an uptick in H2. In the Southern zone, turnover rose 2.5% (+1.8% on a constant forex and like-for-like basis) despite the poor performance of the Brazilian business. On a like-for-like and constant forex basis, the ROW zone reported strong growth in sales (+25.8%), thanks mainly to US operations.

Sales in the Northern zone fell 4.4% (-2.7% on a constant forex and like-for-like basis), penalised by a slowdown in the Benelux and UK activities.

*(*) Group operations in the Eastern European Countries and Venezuela were sold in 2010.*

The breakdown of Group sales by country (after inter-segment eliminations) is given in the table below:

| (€m) | YTD 2010 | % of sales | H2 2010 | % of sales | H1 2010 | % of sales | YTD 2009 | % of sales | H2 2009 | % of sales | H1 2009 | % of sales | 2010 vs 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| France | 661.4 | 46.0% | 336.7 | 46.3% | 324.7 | 45.8% | 622.5 | 44.3% | 302.6 | 44.3% | 319.9 | 44.4% | 6.2% |
| Germany | 94.7 | 6.6% | 47.1 | 6.5% | 47.6 | 6.7% | 97.1 | 6.9% | 48.8 | 7.2% | 48.2 | 6.7% | -2.4% |
| Austria/Eastern Europe | 1.8 | 0.1% | 0.8 | 0.1% | 1.0 | 0.1% | 3.1 | 0.2% | 1.4 | 0.2% | 1.7 | 0.2% | -42.9% |
| UK/Ireland | 100.3 | 7.0% | 52.9 | 7.3% | 47.4 | 6.7% | 91.6 | 6.5% | 44.5 | 6.5% | 47.2 | 6.5% | 9.5% |
| Benelux Countries/ Norway | 99.0 | 6.9% | 47.9 | 6.6% | 51.0 | 7.2% | 125.5 | 8.9% | 61.0 | 8.9% | 64.5 | 8.9% | -21.2% |
| Switzerland | 17.5 | 1.2% | 9.4 | 1.3% | 8.1 | 1.1% | 15.2 | 1.1% | 7.1 | 1.0% | 8.2 | 1.1% | 15.0% |
| Sweden/ Denmark | 26.9 | 1.9% | 13.9 | 1.9% | 13.1 | 1.8% | 23.2 | 1.7% | 11.2 | 1.6% | 12.1 | 1.7% | 15.9% |
| Italy | 150.8 | 10.5% | 74.9 | 10.3% | 75.9 | 10.7% | 147.0 | 10.5% | 70.2 | 10.3% | 76.8 | 10.7% | 2.6% |
| Spain/Andorra | 108.1 | 7.5% | 54.5 | 7.5% | 53.6 | 7.6% | 98.7 | 7.0% | 49.0 | 7.2% | 49.7 | 6.9% | 9.5% |
| Portugal | 17.5 | 1.2% | 8.2 | 1.1% | 9.2 | 1.3% | 19.6 | 1.4% | 9.7 | 1.4% | 9.9 | 1.4% | -10.8% |
| Brazil/ Venezuela | 14.6 | 1.0% | 6.1 | 0.8% | 8.5 | 1.2% | 18.5 | 1.3% | 7.4 | 1.1% | 11.1 | 1.5% | -21.1% |
| UAE | 0.1 | 0.0% | 0.0 | 0.0% | 0.1 | 0.0% | | | | | | | NA |
| Asia | 4.6 | 0.3% | 2.0 | 0.3% | 2.6 | 0.4% | 5.4 | 0.4% | 2.6 | 0.4% | 2.8 | 0.4% | -13.8% |
| USA | 27.1 | 1.9% | 13.8 | 1.9% | 13.3 | 1.9% | 31.2 | 2.2% | 14.5 | 2.1% | 16.6 | 2.3% | -13.0% |
| ADL | 112.3 | 7.8% | 59.4 | 8.2% | 53.0 | 7.5% | 105.1 | 7.5% | 52.8 | 7.7% | 52.3 | 7.3% | 6.9% |
| **TOTAL** | **1,436.7** | **100.0%** | **727.5** | **100.0%** | **709.2** | **100.0%** | **1,403.7** | **100.0%** | **682.6** | **100.0%** | **721.1** | **100.0%** | **2.3%** |

## Sales by business segment

The breakdown of Group revenue by business line is given in the table below:

| (€m) | | Technology and Innovation Consulting | Consulting & IT Services | Strategy & Management Consulting | Other | Group |
|---|---|---|---|---|---|---|
| 2010 | Turnover | 859.6 | 373.3 | 119.2 | 84.6 | 1,436.7 |
| | % of sales | 59.8% | 26.0% | 8.3% | 5.9% | 100.0% |

Technology and Innovation Consulting, Altran's core business, mainly operates in the Automobile, Aeronautics, Space, and Defense, Telecoms and Energy sectors. This activity ensures client support throughout the design, development and manufacturing phases of their products and services.

Consulting & IT Services, Altran's second largest business, focuses on the Financial and Industrial sectors as well as the Telecoms market. The aim of this business is to give our clients access to our IT systems and organisational expertise.

Altran's third largest business, Strategy and Management Consulting, is largely carried out by the Group's subsidiary, Arthur D. Little. This activity is mainly geared to meet the requirements of General Management in terms of innovative strategies and change management.

## Sales and operating income on ordinary activities by operating segment (before inter-segment eliminations)

### France

| *France* | YTD 2010 | H2 2010 | H1 2010 | YTD 2009 | H2 2009 | H1 2009 | 2010 vs 2009 |
|---|---|---|---|---|---|---|---|
| Turnover: non-Group | 685.2 | 348.4 | 336.8 | 642.2 | 312.8 | 329.4 | 6.7% |
| Total operating income | 693.0 | 353.3 | 339.7 | 646.4 | 316.1 | 330.3 | 7.2% |
| Total operating charges | (650.0) | (324.8) | (325.2) | (628.5) | (302.5) | (326.0) | 3.4% |
| Operating income on ordinary activities | 43.1 | 28.5 | 14.5 | 17.9 | 13.6 | 4.2 | 141.3% |
| Operating income on ordinary activities (%) | 6.3% | 8.2% | 4.3% | 2.8% | 4.4% | 1.3% | 3.5 pts |

Operating margin on ordinary activities restated for CVAE:

| *France* | YTD 2010 | H2 2010 | H1 2010 | YTD 2009* | H2 2009* | H1 2009* | 2010 vs 2009* |
|---|---|---|---|---|---|---|---|
| Turnover: non-Group | 685.2 | 348.4 | 336.8 | 642.2 | 312.8 | 329.4 | 6.7% |
| Total operating income | 693.0 | 353.3 | 339.7 | 646.4 | 316.1 | 330.3 | 7.2% |
| Total operating charges | (650.0) | (324.8) | (325.2) | (621.4) | (299.6) | (321.8) | 4.6% |
| Operating income on ordinary activities | 43.1 | 28.5 | 14.5 | 25.0 | 16.6 | 8.5 | 72.1% |
| Operating income on ordinary activities (%) | 6.3% | 8.2% | 4.3% | 3.9% | 5.3% | 2.6% | 2.4 pts |

* *As of 2010, CVAE (value added contribution) is booked under tax on income. This tax has partially replaced the business tax (taxe professionnelle) which was previously booked under overheads. At 31 December 2009, the value added contribution would have amounted to €7,184m. At 31 December 2010, this totalled €8,694m.*

In 2010, Altran's French operations returned to growth, with sales up 6.7% (of which +2.2% in H1 and +11.4% in H2). Regional turnover, before inter-segment eliminations, came to €685.2m, vs €642.2m in the year-earlier period.

Growth was driven mainly by the Technologies & Innovation Consulting division, where billing rate rose 7 points on 2009 levels and, to a lesser extent, Consulting & Information Services.

Sales were also boosted by a favourable working-day impact (2 more working days in 2010), which contributed 0.8 point to growth.

Sales performances by industrial segment in France were contrasted in 2010:

- Sales growth in Altran's French operations was driven mainly by an uptick in the Automobile market and the buoyancy of the Aeronautics, Space and Defence (ASD) sector. Indeed, in 2010, the Group benefited from the post-crisis recovery in the Automotive Infrastructure & Transport (AIT) sector, notably in the second half, when growth gathered pace both at the carmaker and supplier levels. In addition, Altran won a number of new clients thanks to its market positioning, and measures implemented by the Group during the lean, crisis years allowed Altran to enhance the visibility of its offer.

  Business in the Aeronautics, Space and Defence (ASD) segment was particularly brisk, thanks to numerous new contract wins, mainly in the Aerospace segment where Altran is an E2S level A supplier for EADS. Altran is one of the latter's top five suppliers for EADS in the international engineering and consulting markets.

- 2010 performances were somewhat more contrasted in the EILiS (Energy, Industry and Life-Science) and Financial segments.

  While the EILiS division marked up an increase in sales in the nuclear segment thanks to several new major contract wins, it was penalised by sluggish trading conditions in the Oil & Gas market from the beginning of the year.

  The financial division held up well, although the bank and insurance segments ran out of steam in H2 2010.

- The Telecoms & Media (TEM) sector was penalised by heavy pricing pressure.

In addition to sales recovery, the Group's French activities also recorded a significant improvement in operating income on ordinary activities, which came out at €43.1m in 2010, equivalent to 6.3% of sales, vs 3.9% in 2009 (on a comparable basis and restated for CVAE).

Note that the French region includes operating subsidiaries as well as the Group holding activities (head office and cross-functional services). Excluding holding-company expenses, the operating margin rate on ordinary activities in France would have been 8.4%, compared with 5.8% in 2009 (on a comparable basis and restated for CVAE). In H2 2010, the operating margin rate on ordinary activities in France widened to 10% (6.8% in H1).

Support functions paid for by the parent company and not billed to its subsidiaries amounted to €14.2m in 2010, versus €12.2m in 2009.

The 2.4-points improvement in the operating margin rate on ordinary activities stemmed not only from stronger sales growth, but also a reduction in current operating expenses thanks to tighter cost control.

- Personnel costs (74.3% of 2010 sales) remained stable, in value terms, on 2009 levels (79.9% of sales) despite growth in sales. Indeed, Altran's Personalised Voluntary Departure Plan allowed for a reduction in the number of intercontracts in sectors particularly penalised by the crisis. Moreover, the Group had to recruit additional staff to accommodate new project opportunities in H2 2010.
- Outsourcing costs rose by 43.7% (+€16m) due mainly to:
  - management's aim to preserve a certain flexibility in the still uncertain economic environment;
  - Altran's "prime contractor" status with one of its clients in the Aeronautics, Space and Defence (ASD) segment, which requires the Group to maintain a certain level of outsourcing contracts.
- Training costs rose €5.2m in 2010 thus returning to more normal levels after 2009 when the Group benefited from reimbursements obtained by collection agencies and the financing of its training schemes.

## Northern zone

| *Northern zone* | YTD 2010 | H2 2010 | H1 2010 | YTD 2009 | H2 2009 | H1 2009 | 2010 vs 2009 |
|---|---|---|---|---|---|---|---|
| Turnover: non-Group | 349.1 | 177.0 | 172.1 | 362.3 | 177.4 | 184.9 | -3.6% |
| Total operating income | 352.6 | 180.5 | 172.1 | 362.3 | 177.2 | 185.1 | -2.7% |
| Total operating charges | (330.8) | (167.1) | (163.7) | (344.4) | (166.7) | (177.6) | -3.9% |
| Operating income on ordinary activities | 21.8 | 13.4 | 8.4 | 18.0 | 10.5 | 7.5 | 21.2% |
| Operating income on ordinary activities (%) | 6.2% | 7.6% | 4.9% | 5.0% | 5.9% | 4.0% | 1.3 pt |

Revenue (before inter-segment eliminations) in the Northern operating segment totalled €349.1m at end-2010, down 3.6% on 2009 levels (€362.3m). Excluding the forex impact and scope of consolidation changes, sales in this region would have declined 2.1%.

This downtrend stemmed mainly from the Benelux activities (-19.8%, or -4.8%, like-for-like) while sales remained flat in Germany (-1%) and the UK (-1% on a constant forex and like-for-like basis), and Group operations in Scandinavia and Switzerland turned in strong performances, with turnover up 8.4% and 6.1% respectively, excluding the forex impact.

- Altran reported a sharp decline in sales in the Netherlands (-11.2%, excluding scope of consolidation changes) and Belgium (-4.5%).

  Business in the Netherlands was particularly hit by budgetary restrictions penalising local public markets, project delays in the Automobile sector, and sluggish trading conditions in the Energy market where Altran is not, however, a major player.

  In Belgium, the buoyancy of the Consulting & Information Services (CIS) did not suffice to offset the negative impact of the difficulties confronting the Group in this region, such as recruitment problems, pricing pressure in the TEM sector and the reorganisation of the Healthcare / Pharmaceuticals market, its main sector of activity.
- Sales stabilised in Germany (-1%) and the UK (-1% on a constant forex and like-for-like basis).

  In Germany, brisk business in the EILiS sector was offset by slower sales in the Consulting & Information Services (CIS) activity and the fact that sales in the ASD segment were down on 2009 levels.

  UK operations were hampered by a sharp decline in orders in Consulting & Information Services (CIS), settled in the Financial sector, as well as the absence of a rebound in the property sector. Neither the strong performances from Altran Praxis, which is reputed worldwide for its savoir-faire in critical and embedded systems, nor from Cambridge Consultants managed to reverse this trend.
- Scandinavian and Swiss operations marked up turnover growth of 8.4% and 6.1%, respectively (excluding the forex impact) thanks to brisk business, particularly in H2 2010.

  In Sweden, Group activities benefited from a rebound in the Automobile segment and good opportunities in the Healthcare / Pharmaceuticals and Public services sectors. As leading supplier for Enterprise Content Management (ECM) solutions, Altran succeeded in strengthening its price positioning in 2010.

Despite a decline in sales in the Northern zone, the operating margin rate widened in 2010, gaining 1.3 point on 2009 levels. On a constant forex and like-for-like basis, regional turnover rose +2.1 points, of which +0.5 point from the recognition of a research tax credit for prior periods.

Operating income on ordinary activities came out at €21.8m, compared to €18m in the year-earlier period.

While the average daily rate dipped slightly, the billing rate widened by 1.7 point.

Operating costs (-3.9%) in the Northern zone declined at a faster pace than sales (-3.6%). Personnel costs (-€9.4m, like-for-like) narrowed in virtually all of the countries in this region, with the exception of Scandinavia and Luxembourg, where staff costs and sales widened.

The increase in outsourcing expenses (+€4.8m), notably in Belgium (in the Industrial segment) and in Germany (due to Altran's "prime contractor" status), was partially offset by cost rationalisation of rents (-€1.3m) and professional fees.

## Southern zone

| *Southern zone* | YTD 2010 | H2 2010 | H1 2010 | YTD 2009 | H2 2009 | H1 2009 | 2010 vs 2009 |
|---|---|---|---|---|---|---|---|
| Turnover: non-Group | 294.4 | 145.6 | 148.8 | 287.3 | 137.9 | 149.3 | 2.5% |
| Total operating income | 294.4 | 145.5 | 149.0 | 287.8 | 138.0 | 149.8 | 2.3% |
| Total operating charges | (284.6) | (138.1) | (146.5) | (278.1) | (138.9) | (139.2) | 2.3% |
| Operating income on ordinary activities | 9.9 | 7.4 | 2.5 | 9.8 | (0.8) | 10.6 | 1.1% |
| Operating income on ordinary activities (%) | 3.4% | 5.1% | 1.7% | 3.4% | -0.6% | 7.1% | 0.0 pt |

The Southern zone also returned to growth, with sales (before inter-segment eliminations) of €294.4 m, representing an increase of 2.5% (including a positive forex impact of 0.8 point) on 2009 levels (€287.3m).

Billing and average daily rates edged up slightly.

- In Spain, despite continued difficulties in the local economic environment in 2010, sales rose 9.6% on 2009 levels, driven mainly by operations in the ASD segment and the Industrial sector. Altran won several new projects thanks to the strategies of the Group's main clients to reduce the number of subcontractors

- In Portugal and Italy, Group activities were confronted by problems in certain sectors.

  Sales from Portuguese operations (-9.5% on 2009 levels) were penalised by the relocation of one of the Group's main clients in the Healthcare sector, as well as heavy pricing pressure in the Financial sector and project delays in public-services markets. However, efficient consultant and intercontrat management, coupled with growth in the TEM sector (47% of regional sales), limited the extent of decline.

  In Italy, regional sales rose 2.6%, on the back of strong performances of the ASD (Aeronautics, Space, Defence) and Financial divisions, as well as a sharp upturn in the Automobile industry. Brisk business in these sectors enabled the Group to offset the negative impact of problems in the EILiS (Energy, Industry Life Science) division, which is being penalised by the renegotiation of executive contracts with some clients, and TEM (the Telecoms and Media division) where fierce competition from Information Services is hampering growth in the billing rate

- In Brazil, the Group posted an operating loss on ordinary activities of €7.6m in 2010.

Despite the impact of losses incurred in Brazil, operating income on ordinary activities in the Southern zone came out at €9.9m at end-2010, equivalent to 3.4% of regional sales in line with year-earlier levels.

Current operating expenses rose 2.3% on 2009 levels, mainly as a result of higher staff costs and « Other purchases and external services» linked to growth in Spanish activities (recruitments up 55.6% on 2009 levels). It is worth noting that, unlike the other zones, the Southern zone recorded a significant decline in outsourcing expenses (-14.7%); the only exception was Italy where subcontracting charges increased sharply (+19.9%) due to new contract wins in low value-added engineering activities in the TEM sector.

## Rest of the World (ROW) zone (Asia, the US, the Middle East and Tunisia)

| *Rest of the World* | YTD 2010 | H2 2010 | H1 2010 | YTD 2009 | H2 2009 | H1 2009 | 2010 vs 2009 |
|---|---|---|---|---|---|---|---|
| Turnover: non-Group | 35.5 | 18.0 | 17.5 | 38.5 | 18.0 | 20.5 | -7.8% |
| Total operating income | 35.5 | 18.0 | 17.5 | 38.5 | 18.0 | 20.5 | -7.8% |
| Total operating charges | (36.4) | (18.0) | (18.5) | (42.9) | (19.2) | (23.7) | -15.1% |
| Operating income on ordinary activities | (1.0) | (0.0) | (1.0) | (4.4) | (1.2) | (3.2) | 77.8% |
| Operating income on ordinary activities (%) | -2.8% | 0.0% | -5.6% | -11.5% | -6.7% | -15.7% | 8.7 pts |

In the ROW operating segment, sales (before inter-segment eliminations) totalled €35.5m at end-2010, down -7.8% on end-2009 levels (€38.5m), due to changes in the scope of consolidation in the US where Altran sold several subsidiaries in 2010, notably Altran Control Solutions.

The ROW zone turned in a solid performance, with sales up 33.4% on a like-for-like basis, excluding the forex impact.

Brisk business in this zone was driven mainly by the US operations, which refocused, on Altran's core activities. The development of time and material for key major European clients operating in the US underpinned part of this growth, mainly in the Energy (solar and wind) and Pharmaceuticals sectors.

In addition, Altran's core activity in the US, which focuses mainly in the nuclear energy sector, marked up a strong performance over the full-year and stands to benefit from promising prospects offered by the roll-out of control systems at several nuclear power plants in China.

Between 2009 and 2010, Group operations in Asia recorded a modest increase in sales and income on ordinary activities (+1.9% and +€0.3m, respectively on a constant forex basis). More limited growth in this region over the year was underpinned by refocusing on the Chinese market, and, in particular project partnerships with European players.

Although this zone continued to incur slight losses in 2010 (-€0.1 m on a constant forex and like-for-like basis, equivalent to -0.3% of sales), business showed some signs of recovery with improvements in indicators such as the billing and average daily rates (up 8.7% and 15.2%, respectively between 2009 and 2010).

Current operating expenses, on the whole, remained stable in 2010, with the exception of personnel and subcontracting costs, which increased due to a rebound in business and the need to finance the skills required to carry out the projects requiring Altran's project management expertise.

## Arthur D. Little

| *ADL* | YTD 2010 | H2 2010 | H1 2010 | YTD 2009 | H2 2009 | H1 2009 | 2010 vs 2009 |
|---|---|---|---|---|---|---|---|
| Turnover: non-Group | 113.3 | 60.1 | 53.2 | 106.6 | 53.5 | 53.1 | 6.3% |
| Total operating income | 114.1 | 60.0 | 54.1 | 106.6 | 53.6 | 53.0 | 7.1% |
| Total operating charges | (118.8) | (58.0) | (60.8) | (116.6) | (53.6) | (63.0) | 1.9% |
| Operating income on ordinary activities | (4.7) | 2.0 | (6.7) | (10.0) | 0.0 | (10.0) | 53.0% |
| Operating income on ordinary activities (%) | -4.2% | 3.4% | -12.6% | -9.4% | 0.0% | -18.9% | 5.2 pts |

Arthur D. Little's sales (before inter-segment eliminations) totalled €113.3m at end-2010 up 6.3% on 2009 levels (€106.6m) driven notably by strong performances in Asia (Japan and Korea) and the Middle East.

After flat sales in H1 2010, business proved particularly brisk in H2, with an increase of 12.2% on year-earlier levels, and a 17.5% surge in Q4 sales.

In 2010, activities in Asia, like those in the US, saw a sharp rebound in sales, whereas operations in Europe were penalised by the performance in Central Europe. Performances in this zone were affected by structural reorganisation and the implementation of a strategy aimed at fine-tuning Altran's positioning vis-à-vis its rivals.

Recovery, particularly in the Energy, and Telecoms & Media sectors on which ADL is refocusing, was underpinned by the sharp improvement in the billing rate in 2010. Business was also boosted by the development of the Technology and Innovation Management (TIM) offer, and an increase in the company's client-base.

The end to the crisis in the Automobile sector also gave rise to new opportunities for the Group's major client companies.

This zone posted an operating loss on ordinary activities of -€4.7 m in 2010, versus -€10m in 2009, representing an operating margin rate on ordinary activities of -4.2% (-9.4% in 2009). Operating income on ordinary activities recovered sharply in H2, coming out at €2m, equivalent to +3.4% of sales.

## 9.4 Outlook

The Group expects strong growth trends to continue in 2011. At the International level, recovery in demand over the past few months is expected to continue and boost performances in most regions.

After the acquisitions of Xype (UK) and Igeam (Italy) in 2010, Altran intends to pursue its targeted external growth strategy in 2011 and is hoping to carry out one or more acquisitions the same size as those acquired last year.

The pursuit of tight indirect-cost management and the gradual recovery in gross margin should continue to enhance operating margins.

As such, Altran expects to see further improvement in the operating margin on ordinary activities in 2011.

## 9.5 Post-closure events

Altran is currently in negotiations to sell all of its activities in Brazil.

Given the improvement in Arthur D. Little's performances over the last few months, the Group is still reviewing several possible scenarios and has engaged an exterior firm to carry out a strategic revue of this activity.

## 9.6 Altran Technologies' financial statements and proposed allocation of net income

In addition to its own operational activities, Altran Technologies S.A. also carries out the management functions for the Group as defined in section 7 – "Organisational Chart" – of the present registration document.

In 2010, Altran Technologies reported revenue of €524.6, compared with €486.2m in 2009.

Full-year operating income came out at €22.5m compared with €3.3m in 2009.

Financial expenses narrowed to -€26.2m in 2010 from -€83.3m in 2009.

The Group posted an exceptional loss of -€7.3m compared with -€39.8m in 2009.

Including net tax income of €5m (stemming from fiscal integration and the recognition of tax credits), Altran booked a net accounting loss of €6,049,396.61 at 31 December 2010.

Management proposes that this loss be allocated to retained income, thereby reducing it to €5,248,549.13.

The following points should be noted:

- non-deductible expenses totalled €10,420,281
- Pursuant to Article 39.4 of the French Tax Code, this amount includes total non-deductible expenses of €463,137

As required by law, we inform you that no dividends have been paid out for the past three fiscal years.

The breakdown of trade payables (Group and Non Group) at end-2009 and 2010 is given in table below:

| 31/12/2010 | | Debts expired | | | | Debts outstanding | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(€m)* | Total trade receivables | Since 0-30 days | Since 31-60 days | Since > 61 days | Total debts outstanding | Maturity 0-30 days | Maturity 31-60 days | Maturity > 61 days | Total |
| Suppliers | 5.9 | 3.7 | 1.5 | 0.7 | 14.9 | 10.7 | 3.8 | 0.4 | 20.8 |
| Accounts payable to fixed asset suppliers | 0.9 | 0.6 | 0.1 | 0.2 | 0.3 | 0.2 | 0.1 | 0.0 | 1.2 |
| **I – Total due @ 31/12/2010** | **6.8** | **4.3** | **1.6** | **0.9** | **15.2** | **10.9** | **3.9** | **0.4** | **22.0** |
| Suppliers – FNP | | | | | 8.3 | 8.3 | | | 8.3 |
| **II – Total trade payables @ 31/12/2010** | **6.8** | **4.3** | **1.6** | **0.9** | **23.5** | **19.2** | **3.9** | **0.4** | **30.3** |

| 31/12/2009 | | Debts expired | | | | Debts outstanding | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(€m)* | Total debt expired | Since 0-30 days | Since 31-60 days | Since > 61 days | Total debts outstanding | Maturity 0-30 days | Maturity 31-60 days | Maturity > 61 days | Total |
| **I – Total due** | **7.7** | **5.0** | **1.9** | **0.8** | **10.5** | **7.5** | **3.0** | **0.0** | **18.2** |
| **II – Total payables** | **7.7** | **5.0** | **1.9** | **0.8** | **17.1** | **14.1** | **3.0** | **0.0** | **24.8** |

## 9.7 Subsidiaries and equity holdings

In accordance with the protocol agreement signed on 18 June 2010, Altran UK acquired a controlling stake in Xype, a company with two subsidiaries in the UK, one in Germany and another in France.

Altran Italia sold its subsidiary, IGEAM, on 1 November 2010.

Moreover, as part of its plan to rationalise its scope of consolidation, Altran carried out several mergers (in the Netherlands, Sweden and Switzerland) and liquidations (Spain, Hong Kong, Romania, the UK and Singapore) during the year.

In 2010, Altran also sold:

- the US company, Imagitek on 31 May, and
- the subgroup, Altran Control Solution, comprising four subsidiaries (in the US, Canada, Japan and China).

## 9.8 Other information

A description of the main risks and uncertainties to which the Group is exposed is given in section 4 "Risks" of the present registration document.

Information relative to Group executives (functions, stock options and corporate-officer compensation) is presented in sections 14,17 and 15 of the present registration document.

Details concerning Altran Technologies' shareholders and statutory threshold crossing declarations are presented in section 18 of the present registration document.

# 10 Capital resources



## 10.1/10.2 Information on the borrower's capital

Information on Altran's capital is presented in section 18 "Major Shareholders" of the present registration document.

## 10.3 Borrowing requirements

Information on Altran's borrowing conditions is presented in section 4.2 « Liquidity risk and management of convertible bond-related debt» of the present registration document.

## 10.4 Restrictions on the use of capital resources

The main restrictions attached to the use of lines of credit agreed between the Group and its pool of bankers on 7 July 2008 are given in section 4.2 – "Liquidity risk" – of the present registration document. These restrictions, which go into effect when the first drawdown is made and remain in effect throughout the term of the credit agreement, specify that:

- as of 2009, one third of net consolidated cash flow over €15 million generated by the Group must be allocated to pay down debt (excluding any future market operation);
- acquisitions are limited to a total annual investment of €50m, unless Altran obtains special permission from a majority of its lending banks.

## 10.5 Financing of operations

Information on Altran's borrowing conditions is presented in sections 4.2 – « Liquidity risk and management of convertible bond-related debt» of this registration document – and 21.1 – « Potential capital » – of this registration document.

# 11 Research and development

At the Group level, Research and Development costs amounted to €1.1m in 2010. In gross value terms, cumulative R&D expenses totalled €3.6m at 31 December 2010.

No R&D expenses were capitalised by Altran Technologies.

# 12 Trends



## 12.1 Main trends

The Group expects strong growth trends to continue in 2011. At the International level, recovery in demand over the past few months is expected to continue and boost performances in most regions.

After the acquisitions of Xype (UK) and Igeam (Italy) in 2010, Altran intends to pursue its targeted external growth strategy in 2011 and is hoping to carry out one or more acquisitions the same size as those acquired last year.

The pursuit of tight indirect-cost management and the gradual recovery in gross margin should continue to enhance operating margins.

As such, Altran expects to see further improvement in the operating margin on ordinary activities in 2011.

## 12.2 Post-closure events

Altran is currently in negotiations to sell all of its activities in Brazil.

Given the improvement in Arthur D. Little's performances over the last few months, the Group is still reviewing several possible scenarios and has engaged an exterior firm to carry out a strategic revue of this activity.

# 13 Forecasts

The markets for Altran's three businesses – Technology and R&D Consulting, Organisation & Information Systems Consulting, and Strategy & Management Consulting – are expected to enjoy further growth over the next few years. This should provide the Group with a solid base to pursue the restructuring of its activities and consolidate the measures already carried out. Altran does not give any detailed guidance on its revenues or earnings.

# 14 Administrative, management and supervisory bodies



## 14.1 Members of the governing bodies

### 14.1.1 Members of the Board

Altran Technologies is a Public Limited Company governed by a Board of Directors. At the 30 June 2008 Combined General Meeting, eight members were appointed to the new Board of Directors. On 1 July 2008, the Board of Directors elected a censor.

The Board of Directors includes three independent directors, Messrs Senamaud, de Calan and de T'Serclaes, whose eligibility to serve as directors is in compliance with the recommendations set forth in the AFEP-MEDEF code.

#### Members of the Board of Directors

| *Name* | First appointed | End of mandate | Main functions in the company |
|---|---|---|---|
| Mr Yves de Chaisemartin born 26 August 1948 | July 2008 Meeting of the Board of Directors | AGM to approve the 2011 financial statements | Chairman of the Board and CEO |
| Mr Yves de Chaisemartin born 26 August 1948 | 30 June 2008 AGM | AGM to approve the 2011 financial statements | Director |
| Mr Roger Alibault born 20 February 1944 | 30 June 2008 AGM | AGM to approve the 2011 financial statements | Director |
| Mr Jean-Pierre Alix born 2 February 1950 | 30 June 2008 AGM | AGM to approve the 2011 financial statements | Director |
| Apax Partners SA, represented by Mr Maurice Tchenio (born 19 January 1943) | 30 June 2008 AGM | AGM to approve the 2011 financial statements | Director |
| Mr Dominique de Calan born 5 May 1947 | 30 June 2008 AGM | AGM to approve the 2011 financial statements | Director |
| Mr Gilles Rigal born 26 May 1958 | 30 June 2008 AGM | AGM to approve the 2011 financial statements | Director |
| Mr Michel Senamaud born 16 July 1943 | 30 June 2008 AGM | AGM to approve the 2011 financial statements | Director |
| Mr Jacques-Etienne de T'Serclaes. born 4 June 1947 | 30 June 2008 AGM | AGM to approve the 2011 financial statements | Director |
| Monsieur Thomas de Villeneuve(*) born 19 May 1972 | July 2008 Meeting of the Board of Directors | AGM to approve the 2011 financial statements | Censor |

*(*) Thomas de Villeneuve (38 years old), who graduated from the HEC (one of the foremost business schools in France) in 1994, currently serves as censor on Altran's Board of Directors, and is deputy manager of a capital investment company. Before joining Apax Partners in 2001, he worked with the Boston Consulting Group in Paris and New York. Specialised in Telecoms, Media and Technology (TMT) investment, he is a member of the InfoPro Communications supervisory board.*

### Functions of the Board of Directors

All information pertaining to the functions of the Group's governing bodies is given in the Chairman's report on corporate governance, in appendix 3 of the present registration document.

## 14.1.2 General Management

On 1 July 2008, the Board of Directors decided not to separate the functions of Chairman from those of Managing Director and appointed Mr Yves de Chaisemartin as Chairman and Chief Executive Officer of the company.

## 14.1.3 Mandates and functions of Altran executives in Altran Technologies and other companies

### Mr Yves de Chaisemartin, Chairman and Chief Executive Officer

62 years old, Chairman and CEO of Altran Technologies.

After practising law between 1971 and 1986, Yves de Chaisemartin joined Socpresse and was appointed Chairman of the Management Board in 1996. He also served as Chairman of the Management Board of the French daily newspaper, Le Figaro, and was President of the national daily press union. In July 2005, he joined Altran as Chairman of the Supervisory Board, appointed Chairman of the Management Board in September 2006 and became Chairman and CEO of Altran in July 2008.

Yves de Chaisemartin has 158,500 shares in Altran Technologies.

## Mandates and functions exercised* at 31 December 2010

### In France

***Inside the Altran Group***
Chairman of the Board of Directors: Altran Technologies (listed company)
CEO: Altran Technologies (listed company)
Chairman of the Altran Foundation for Innovation
***Outside the Altran Group***
Chairman of the Board of Directors: Musée Rodin
Director: L'Est Républicain
Director: Rossel & Cie and Voix du Nord
Director: Marianne SA
Advisor: Carlyle Europe

### Abroad

***Inside the Altran Group***
Chairman of the Board of Directors: Altran Telnet Corporation (Tunisia)
Chairman of the Supervisory Board: Altran GmbH & Co KG (Germany)
Director: Cambridge Consultants Ltd (UK)
Director: Altran Technologies India Pvt Ltd (India)
Director: Altran Italia Spa (Italy)
Altran Technologies representative – Director: Altran SA (Belgium)
Altran Technologies representative – Director: Altran Luxembourg SA

## Mandates and functions held* in the past five years but no longer exercised

### France

| End of mandate | ***Inside the Altran Group*** |
|---|---|
| 2007 | Director: Réunion des Musées Nationaux |
| 2008 | Altran Technologies representative – Director: Axiem SA |
| | ***Outside the Altran Group*** |
| 2009 | Managing Director: Marianne |

### Abroad

| | ***Inside the Altran Group*** |
|---|---|
| 2010 | Altran Technologies representative – Limited Partner: Altran GmbH & Co KG (Germany) |
| | ***Outside the Altran Group*** |
| 2010 | Director: Group Rossel |

* *In accordance with the French legislation relative to the accumulation of mandates*

### Mr Roger Alibault, Director

67 years old (Chartered Accountant), Chairman and CEO of Apex chartered accountant companies.

Roger Alibault carried out the functions of Administrative and Financial Director at Denis Frères and Rivoire & Carret-Lustucru for fifteen years. Since 1984, Mr Alibault has served as a Chartered Accountant and Auditor and is currently Chairman of the Board and Managing Director of Apex-Gaec SA and Manager of Apex Provence and Apex Fidus Hyères.

Robert Alibault has 6,895 shares in Altran Technologies.

## Mandates and functions exercised at 31 December 2010

### In France

***Inside the Altran Group***
Director: Altran Technologies (listed company)
***Outside the Altran Group***
Chairman of the Board of Directors: Apex Gaec SA
Managing Director: Apex Gaec SA
Manager: Apex Provence
Manager: Apex Fidus Hyères

## Mandates and functions held in the past five years but no longer exercised

None

### Mr Jean-Pierre Alix, Director

61 years old; chartered accountant

After exercising a number of local council mandates (Deputy Mayor, General Councillor and District Council President), Jean-Pierre Alix held various Trade Union and Ordinal Advisory Positions, including National President of the French Institute of Chartered Accountants (IFEC) and Chairman of the Association of Chartered Accountants (*Conseil Supérieur de l'Ordre des Experts-Comptables*).

Jean-Pierre Alix has 10 shares in Altran Technologies.

## Mandates and functions exercised at 31 December 2010

### In France

***Inside the Altran Group***
Director: Altran Technologies (listed company)
***Outside the Altran Group***
Manager: SARL Alix et Associés
Manager: SCI GAP
Manager: SCI Les Deux Rochers
Manager: SCI Saint Laurent Investissement
Manager: SCI Saint Laurent Gestion
Director: Sacicap Forez Velay

## Mandates and functions held in the past five years but no longer exercised

### France

| | |
|---|---|
| End of mandate 2009 | ***Outside the Altran Group***<br>Chairman: Conseil supérieur de l'Ordre des experts-comptables |

### Apax Partners, Director

Apax Partners, which is represented by Altrafin Participations on the Board of Directors, holds 27,501,079 shares in Altran Technologies.

## Mandates and functions exercised at 31 December 2010

### In France

***Inside the Altran Group***
Director: Altran Technologies (listed company)
***Outside the Altran Group***
Director: Camelia Participations
Director: Cognitis Group
Director: Finalliance
Director: Group Mondial Tissus
Director: Heytens Centrale
Director: Itefin Participations
Director: Royer
Director: Rue du Commerce
Manager: Société Civile Capri
Manager: Société Civile Carmel
Manager: Société Civile Equa
Manager: Société Civile Firoki
Manager: Société Civile Info Invest
Member of the Executive Committee: Financière Season
Member of the Supervisory Board: Arkadin Holding

### Abroad

***Outside the Altran Group***
Director: Buy Way Personal Finance Belgium SA (Belgium)
Director: NWL Investissements (Luxembourg)
Class A Manager: Mobsat Group Holding (Luxembourg)
Director: Wallet (Belgium)
Director: Wallet Investissement 1 (Belgium)
Director: Wallet Investissement 2 (Belgium)

### Abroad

***Outside the Altran Group***
Director: Buy Way Personal Finance Belgium SA (Belgium)
Director: NWL Investissements (Luxembourg)
Class A Manager: Mobsat Group Holding (Luxembourg)
Director: Wallet (Belgium)
Director: Wallet Investissement 1 (Belgium)
Director: Wallet Investissement 2 (Belgium)

## Mandates and functions held in the past five years but no longer exercised

### France

| End of mandate | ***Outside the Altran Group*** |
|---|---|
| 2006 | Director: Alain Afflelou |
| 2006 | Director: Antalis TV |
| 2006 | Director: Corevalve |
| 2006 | Director: Histoire d'Or Participations |
| 2006 | Director: Séché Environnement |
| 2006 | Director: Société Européenne Boissière |
| 2007 | Director: Artacrea |
| 2007 | Director: Entomed |
| 2007 | Director: Horis |
| 2007 | Director: MG Participations |
| 2007 | Director: Neuro3D |
| 2007 | Director: Sistecar |
| 2007 | Member of the Executive Committee: Mobsat |
| 2008 | Director: ASK |
| 2008 | Director: DBV Technologies |
| 2008 | Director: Hybrigenics |
| 2008 | Director: Neurotech |
| 2009 | Director: Arkadin |
| 2009 | Director: Morgan International Participations |
| 2010 | Director: Cegid |
| 2010 | Director: Odyssey Group |
| 2010 | Member of the Executive Committee: Financière des Docks |

### Mr Dominique de Calan, Director

63 years old; Head of the French employer's organisation (UIMM); Expert in Social Relations and Negotiations, Associate Professor at the Sorbonne University.

Former Chairman of joint organisations and member of several Boards, Dominique de la Lande de Calan is a reputed expert in several fields, notably higher education (member of CNESSER and CNE), retirement (former Chairman of AGIRC), executive employment (Vice-Chairman of APEC), collective bargaining, trade union relations and remuneration.

Mr Dominique de Calan has 4,393 shares in Altran Technologies.

## Mandates and functions exercised at 31 December 2010

### In France

***Inside the Altran Group***
Director: Altran Technologies (listed company)
***Outside the Altran Group***
Chairman: AREAT
Vice-chairman: ISFFEL
Director: ADEPT
Consultant: ERSCG
Treasurer: Support Group for the Cité Nationale de l'Histoire et de l'Immigration

## Mandates and functions held in the past five years but no longer exercised

### France

| End of mandate | ***Outside the Altran Group*** |
|---|---|
| 2006 | Director: Fondation Villette-Entreprises |
| 2006 | Censor: Brittany Ferries |
| 2008 | Chairman: OPCAIM |
| 2008 | Vice-chairman: AGIRC |
| 2008 | Vice-chairman: APEC |
| 2008 | Vice-chairman: APFA |
| 2008 | Vice-chairman: GIE AGIRC-ARRCO |
| 2008 | Vice-chairman: UNPMI (CGPME) |
| 2008 | Vice-chairman: ETHIC |
| 2008 | Director: CTIP |
| 2008 | Director: Groupe Malakoff |
| 2008 | Alternate Director: FUP |
| 2008 | Executive Vice President: UIMM |
| 2010 | Director: NEXTER (ex-Giat Industries) |

### Mr Jacques-Etienne de T'Serclaes, Director

63 years old; Founder-chairman of the in-kind donation charity association, «l'Agence du Don en Nature» (EuroGiki).

Jacques-Etienne de T'Serclaes, a graduate of Harvard Business School (OPM programme) and the French business school, ESSCA, is a chartered accountant and former member of the French audit regulator, Compagnie des Commissaires aux Comptes. Mr T'Serclaes worked for seven years with Euromarché (Carrefour) where he was appointed Managing Director of the group. He then became a senior partner at PricewaterhouseCoopers where, between 1990 and 2005, he headed the global Retail and Consumer division and was Chairman of the PwC Audit Supervisory Board.

Jacques-Etienne de T'Serclaes has 3,024 shares in Altran Technologies.

## Mandates and functions exercised at 31 December 2010

### In France

***Inside the Altran Group***
Director: Altran Technologies (listed company)
***Outside the Altran Group***
Founding-chairman: Don en Nature – Eurogiki
Director: Rémy-Cointreau

### Abroad

***Inside the Altran Group***
Director: Altran Technologies India Private Limited (India)
***Outside the Altran Group***
Operating Partner: Advent International
Director: Banimmo (Belgium)
Director: Gift In Kind International (USA)

## Mandates and functions held in the past five years but no longer exercised

### Abroad

| End of mandate | ***Outside the Altran Group*** |
|---|---|
| 2007 | Director: Euro India Center |

### Mr Gilles Rigal: Director

52 years old; Vice-President of a capital investment company.

Gilles Rigal joined Apax Partners' Technologies & Telecoms' team in 2001. He began his career as an entrepreneur with the creation of IGL (specialised in software tools and IT services), which he sold to Thales five years later. Mr Rigal went on to serve as Divisional Manager at McDonnell Douglas Information Systems, then moved to Systar where he was successively appointed General Manager of French, European and International operations. In 1995, he joined BMC Software as General Manager of French operations and Vice-chairman of Marketing and Indirect Sales for Europe, the Middle East and Africa.

Gilles Rigal has 1 shares in Altran Technologies.

## Mandates and functions exercised at 31 December 2010

### In France

**Inside the Altran Group**
Director: Altran Technologies (listed company)
***Outside the Altran Group***
Chairman: Altrafin Participations
Chairman: Itefin Participations
Member of Board of Directors: Itefin Participations
Director: Apax Partners MidMarket
Director: Financière MidMarket
Director: Cognitis Group
Altrafin Participations Representative – Manager: Altitude
Altrafin Participations Representative: GFI Informatique

### Abroad

***Outside the Altran Group***
Director: Odyfinance (Luxembourg)

## Mandates and functions held in the past five years but no longer exercised

### France

| End of mandate | ***Outside the Altran Group*** |
|---|---|
| 2006 | Director: Charbons Polonais |
| 2007 | Member of the Supervisory Board: Cartesis |
| 2007 | Chairman: Sistecar |
| 2007 | Sistecar SAS Representative: Sistecar Management |
| 2008 | Apax Partners SA Representative: ASK |

### Abroad

| | ***Outside the Altran Group*** |
|---|---|
| 2006 | Director: Odyssey Group (Luxembourg) |
| 2010 | Apax Partners SA Representative: Odyssey Group (Luxembourg) |

### Mr Michel Senamaud: Director

67 years old; retired.

Michel Senamaud (Doctor of Law) served as Legal Director then a member of the Executive Committee of the Fnac group between 1976 and 1984, General Secretary of Canal Plus (1984-1985) and La Cinq (1987-1992). Between 1994 and 2005, he was Administrator General then Managing Director of the French daily newspaper, Le Figaro, and subsequently became a member of the Socpresse Management Board. Michel Senamaud was also an Associate Professor at the University of Versailles-Saint Quentin from 1994 to 2000.

Michel Senamaud has 7,265 shares in Altran Technologies.

## Mandates and functions exercised at 31 December 2010

### In France

***Inside the Altran Group***
Director: Altran Technologies (listed company)

## Mandates and functions held in the past five years but no longer exercised

None

### Mr Maurice Tchenio, Director

68 years old; co-founder of Apax Partners

Maurice Tchenio began his career as an Assistant Professor of Finance at the Paris business school, HEC, before being appointed Project Manager at the Institut de Développement Industriel (IDI), a Paris-based private-equity company. In 1972, Maurice Tchenio, in conjunction with Ronald Cohen and Alan Patricof, founded Apax Partners, which is now one of the world leaders in Private Equity. Between 1972 and 2010, he served as Managing Director of Apax Partners SA, the company's French division. In 1995, Maurice Tchenio founded Altamir Amboise, a French, listed, private equity company and, in 2010, created the public utilities venture philanthropy foundation, AlphaOmega. He is also co-founder of the Association des Investisseurs en Capital (AFIC) and a former Director of EVCA (European Venture Capital Association). Maurice Tchenio is a graduate of the Paris business school, HEC, and the Harvard Business School, where he obtained the Baker Scholar award of high distinction.

## Mandates and functions exercised at 31 December 2010

### In France

***Inside the Altran Group***
Director: Altran Technologies (listed company)
***Outside the Altran Group***
Chairman of the Board of Directors: Apex Partners SA
Chairman : Apax Partners & Cie Gérance
CEO: Apex Partners SA
CEO: Apex Partners & Cie Gérance
Director: Tourpagel group
Director: F2L SAS
Director:3AB Optique Développement SAS
Director:3AB Optique Expansion SAS
Director: 3AC Finance SAS
Chairman of the Board of Directors: Fondation AlphaOmega
Associate Manager: Société Civile Immobilière Mauryland
Manager: AlphaOmega SC
Manager: Apax Partners SNC
Manager: Société Civile Cimarosa
Manager: Société Civile Cimarosa II
Manager: Société Civile Cimarosa Media
Manager: Société Civile Cimarosa Tubes
Manager: Société Civile Copernic Partenaires
Manager: Société Civile Etoile II
Manager: Société Civile Galilée Partenaires
Manager: Société Civile Galilée Partenaires II
Manager: Société Civile Longchamp
Manager: Société Civile Moussecarrie
Manager: Société Civile SE Wagram
Member of the Supervisory Board: Thom Europe SAS
Apax Partners SA Representative: Rue du Commerce
Apax Partners SA Representative: Société Civile Carmel
Apax Partners SA Representative: Société Civile Capri
Apax Partners SA Representative: Société Civile Equa
Apax Partners SA Representative: Société Civile Firoki

## Mandates and functions held in the past five years but no longer exercised

### France

| End of mandate | ***Outside the Altran Group*** |
|---|---|
| 2006 | Director: Société Européenne Kléber |
| 2006 | Manager: Société Civile Etoile Partenaires |
| 2006 | Apax Partners SA Representative: Alain Afflelou |
| 2006 | Apax Partners SA Representative: Histoire d'Or Participations |
| 2006 | MG Participations Representative: Mediastore |
| 2007 | Chairman: Société Européenne Iéna |
| 2007 | Chairman: Apax Partners & Cie Gérance II |
| 2007 | Manager: Société Civile Kléber Partenaires |
| 2007 | Apax Partners SA Representative: Artacrea |
| 2007 | Apax Partners SA Representative: Horis |
| 2007 | Apax Partners SA Representative: MG Participations |
| 2007 | MMG Representative: Altium Capital |
| 2008 | Apax Partners SA Representative – Member of the Supervisory Board: U10 Partenaires |
| 2008 | Chairman: MMG |
| 2009 | Chairman: Morgap |
| 2009 | Manager: Société Civile SE Bizet |
| 2009 | Apax Partners SA Representative – Director : Morgan International Participations |
| 2009 | Morgan International Participations Representative: Morgan |
| 2010 | Apax Partners SA Representative – Member of the Supervisory Board: Financière des Docks SAS |

### Abroad

| ***Outside the Altran Group*** | |
|---|---|
| 2009 | Non-Executive Director: Apax Partners Holdings Ltd |
| 2009 | Non-Executive Director: Apax Partners Strategic Investors Ltd |
| 2009 | Director: Apax Venture Capital Holdings III Ltd (Jersey) |

# 14.2 Convictions for fraud, liquidation proceedings and penalties involving Altran's board members

To the best of Altran Technologies' knowledge, in the past five years, none of the members of the Board of Directors have been:

- convicted for fraud;
- involved in bankruptcy, receivership or liquidation proceedings;
- incriminated or subject to sanctions by an official public statutory or regulatory authority (including specially designated professional bodies).
- prevented by court order from acting in his or her capacity as a member of an administrative, management or supervisory body of an issuer or taking part in the management of an issuer's business.

Within the context of legal proceedings linked to the sale, in 1989, of a building owned by the French newspaper, France-Soir, Mr Yves de Chaisemartin, who was serving as a director of Société Presse Alliance (Groupe Socpresse) at the time, was found guilty by the Paris Court of Grande Instance on 30 April 2009 of the misappropriation of corporate funds.

Mr Chaisemartin, who received a two-year suspended prison sentence and a €150,000 fine, has filed an appeal.

## 14.3 Conflicts of interest concerning the members of the board

To the best of Altran Technologies' knowledge:

- there is no conflict of interest between its Board members' duties to Altran Technologies and their private interests and/or other obligations;
- there are no family ties between its Board members.

## 14.4 Financial injunctions for anti-competitive practices imposed by the competition commission

No injunctions were recorded at the date these financial statements were prepared.

# 15 Compensation and benefits



## 15.1 Compensation of corporate officers

Gross compensation and benefits paid to corporate officers by the company and its subsidiaries in 2010 totalled €848,000, of which:

- corporate officer compensation: €568,000
- employment contract compensation: none
- attendance fees: €280,000
- benefits in kind: none

Contrary to the recommendations of the AFEP-MEDEF (Corporate Governance Code), the Board of Directors did not judge it useful to introduce a variable component linked to assiduity for the calculation of attendance fees given the high level of participation (96%) at Board and Committee meetings.

### Compensation paid to the Chairman and Chief Executive Officer

#### Mr Yves de Chaisemartin – Chairman and CEO

The contributions paid to Mr Yves de Chaisemartin

| | 2009 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | Amount due | Amount paid in 2009 | Amount paid in 2010 | Amount due | Amount paid in 2010 | Amount to be paid in 2011 |
| Fixed compensation | €360,000 | €357,955 | | €360,000 | €360,000 | |
| Variable compensation | €208,000 | | €208,000 | €351,080[(a)] | | €351,080 |
| Bonus | | | | | | |
| **Total** | **€568,000** | **€357,955** | **€208,000** | **€711,080** | **€360,000** | **€351,080** |

*(a) Including 2009 variable compensation arrears of €27,000*

### 2010 compensation

On 10 March 2011, the Board of Directors (upon the recommendation of the Appointment and Remuneration Committee) fixed Mr Chaisemartin's total compensation for achieving the 2010 targets set by the Group at €711,080. This breaks down as follows:

- Fixed compensation: €360,000
- Variable compensation, based on the following performance-related criteria:
  - strategy, external growth and the quality of Group management (for 40%): €136,000
  - operating performances (EBIT) and organic growth (for 60%): €188,080
- 2009 arrears:
  - Difference between the compensation received by Mr de Chaisemartin (81% of total due) and the other board members (85% received): €27,000.

## 2011 compensation

Upon the recommendation of the Appointments and Remunerations Committee, on 10 March 2011, the Board of Directors fixed Mr Chaisemartin's total compensation for achieving the 2011 targets set by the Group at €700,000, including a fixed remuneration of €360,000.

Mr Chaisemartin's 2011 variable compensation of €340,000 is based on achieving the following performance-related criteria in terms of :

- operating performances (EBIT) and organic growth (for 60%), and
- strategy, external growth and the quality of Group management (for 40%).

Mr de Chaisemartin does not have an employment contract with the company, nor does he benefit either from 1/ a supplementary retirement scheme or benefits due or arising from either the termination or change in his function, or from 2/ any compensation relative to a non-competition clause.

In fiscal years 2009 and 2010, Mr de Chaisemartin, in the context of his mandate, did not receive any other compensation, nor did he receive any benefits in kind, stock-options, bonus or performance shares, or securities giving access to Altran's capital.

### Compensation paid to other corporate officers

## Attendance fees and other forms of compensation allocated to non-executive directors

### Mr Dominique de Calan

| *For his function as Director* | Paid in 2009 | Paid in 2010 |
|---|---|---|
| Gross compensation paid by the company for carrying out this function | None | None |
| Attendance fees paid by the company for carrying out this function | €80,000 | €80,000 |

### Mr Michel Senamaud

| *For his function as Director* | Paid in 2009 | Paid in 2010 |
|---|---|---|
| Gross compensation paid by the company for carrying out this function | None | None |
| Attendance fees paid by the company for carrying out this function | €55,000 | €40,000 |

### Mr Roger Alibault

| *For his function as Director* | Paid in 2009 | Paid in 2010 |
|---|---|---|
| Gross compensation paid by the company for carrying out this function | None | None |
| Attendance fees paid by the company for carrying out this function | €55,000 | €40,000 |

### Mr Jacques-Etienne de T'Serclaes

| *For his function as Director* | Paid in 2009 | Paid in 2010 |
|---|---|---|
| Gross compensation paid by the company for carrying out this function | None | None |
| Attendance fees paid by the company for carrying out this function | €115,000 | €80,000 |

### Mr Jean-Pierre Alix

| *For his function as Director* | Paid in 2009 | Paid in 2010 |
|---|---|---|
| Gross compensation paid by the company for carrying out this function | None | None |
| Attendance fees paid by the company for carrying out this function | €40,000 | €40,000 |

### Mr Gilles Rigal – Director

Mr Gilles Rigal receives no attendance fees for exercising his mandate as Member of the Board.

### Apax Partners SA – Director

Apax Partners S.A. – represented by Mr Maurice Tchenio – receives no attendance fees for exercising its mandate as Member of the Board.

In fiscal years 2009 and 2010, the corporate officers in the context of their mandates, did not receive any compensation from any of the companies controlled by Altran, nor did they receive any benefits in kind, stock-options, bonus or performance shares, or securities giving access to Altran Technologies' capital.

## 15.2 Commitments made by the Company to its corporate officers

Altran Technologies concluded a services procurement contract, via the company Alter, with Mr Jacques-Etienne de T'Serclaes (member of the Board of Directors and Chairman of the Audit Committee) before he took up office. This contract concerns consulting-services required by Altran Technologies as regards the development of the Group's Asian activity, for which it paid total fees of €55,200 in 2010.

Other than the non-related party agreement detailed above, the Group has made no commitment to award the members of the Board of Directors any compensation, financial guarantees or benefits due, or liable to arise, from either the termination of, or change in their functions, at the time or later.

No regulated agreement under Article L.225-38 of the French Commercial Code was approved or planned in 2010.

## 15.3 Summary of stock options granted to directors

All information concerning the various bonus shares and stock-option plans granted to corporate officers and the stock-option exercise process is given in section 17.2.1 – « Stock-options » – of the present registration document.

# 16 Practices of the administrative bodies

All information relative to the practices of the governing bodies is given in the « Chairman's report », in appendix 1 of the present registration document.

All information pertaining to related and non-related agreements is given in section 15.2 – « Commitments made by the company to its corporate officers » – of the present registration document.

# 17 Employees

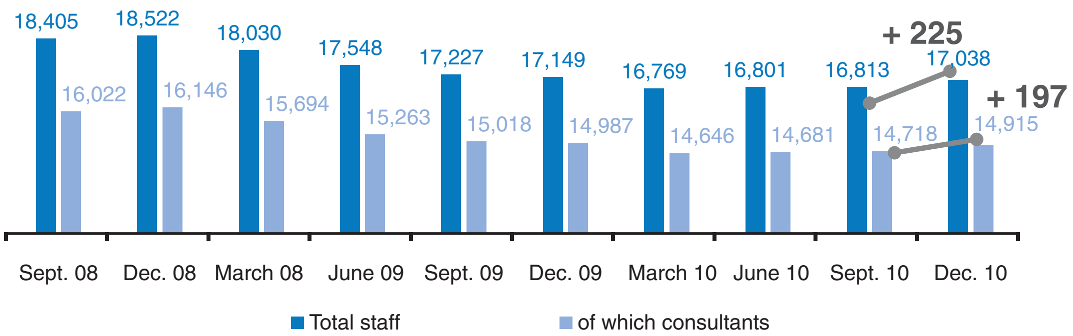


## 17.1 Employees

### 17.1.1 Employee data

In 2010, Altran reduced its workforce by 111 employees bringing the total headcount to 17,038 at the end of the year. The reduction in staff numbers factors in 460 employee departures within the context of the Personalised Voluntary Departure Plan (PPDV). Excluding the PPDV impact, the Group's workforce rose by 349 employees over the period.

The increase in staff numbers in Q4 2010 (+225 employees) factored in the departure of 92 employees within the context of the PPDV over the period.




### 17.1.2 Invoicing rate

Altran's invoicing rate provides a relatively accurate yardstick by which to assess the Group's business levels. Note, however, that the invoicing rate may still be subject to adjustment. Altran has calculated its invoicing rate (on a constant methodological basis since 2004), by dividing the number of FTEs (Full Time Equivalents) billed by the total number of potential FTEs, whereby 1/ the number of FTEs billed = the number of days billed / the total number of working days, and 2/ the total number of potential FTEs = (the number of employee days less paid leave) / the total number of working days.

In addition, the fact that there is no standard industry definition for the invoicing rate makes it difficult to draw comparisons between Altran and its rivals.

Altran's average invoicing rate came out at 82.8% in 2010. Trends in the Group's invoicing rate are given in the table below:

| | 2008 average | 2009 average | Q1 2010 average | Q2 2010 average | H1 2010 average | Q3 2010 average | Q4 2010 average | H2 2010 average | 2010 average |
|---|---|---|---|---|---|---|---|---|---|
| Invoicing rate | 84.0% | 78.6% | 81.3% | 83.0% | 82.2% | 83.1% | 83.9% | 83.5% | 82.8% |

### 17.1.3 Staff turnover rate

Staff turnover rate Altran's staff turnover rate is defined as the ratio between the total number of staff departures, for whatever reason (resignation, departure during trial periods, etc.), and the total number of Group employees. In 2010, the 12-month moving average of consultant staff turnover rates came out at 26.2%, on a like-for-like basis, compared with 22.1% in 2009 and 29.9% at end-2008.

## 17.2 Employee profit-sharing and stock options

### 17.2.1 Stock options

Altran did not grant any stock-option or Free-share plans in 2010.

All stock options awarded to corporate officers are in the form of new share warrants. No stock options were granted to the Group's corporate officers in 2010.

Moreover, it was decided at the 4 February 2008 Supervisory Board session, that corporate officers could not exercise their stock options received as part of the 20 December 2007 stock-option plan, until after their departure from the company.

The stock options granted in March 2003 were exercisable as of 12 March 2007, at a unit price of €2.94. At 31 December 2010, 1,113,426 options had been exercised (of which 123,174 in 2010, 6,182 in 2009, 72,345 in 2008 and 911,725 in 2007). 123,174 stock options were exercised in H2 2010. No rights were exercised related to the stock-option plans launched in June 2003 (exercisable since 25 June 2007), June 2004 (since 30 June 2008) and June 2005 (since 16 June 2009).

The main characteristics of the Group's plans at 31 December 2010 are outlined in the tables below:

| | | | | | Stock option plans |
|---|---|---|---|---|---|
| *Stock-options and allocation bonus-share plans* | **2003[a][c]** | **2003[a][b][c]** | **2004[c]** | **2005[c]** | **2005[c]** |
| Date of General Meeting | 17/06/1999 | 17/06/1999 | 28/06/2004 | 28/06/2004 | 28/06/2004 |
| Board meeting date | 11/03/2003 | 24/06/2003 | 29/06/2004 | 15/06/2005 | 20/12/2005 |
| Total number of shares available for subscription or allocation on the date of attribution | 3,948,993 | 336,191 | 2,762,000 | 340,000 | 2,630,000 |
| *o/w available to corporate officers* | *186,785* | | *80,000* | *200,000* | *210,000* |
| *o/w available to ten highest paid employees* | *875,218* | *106,734* | *510,000* | *340,000* | *635,000* |
| Balance at 31/12/2010 | 300,069 | 107,848 | 451,792 | 132,369 | 321,068 |
| Vesting date | 12/03/2007 | 25/06/2007 | 30/06/2008 | 16/06/2009 | 21/12/2009 |
| Deadline for granting free shares | | | | | |
| Option expiration date | 11/03/2011 | 24/06/2011 | 29/06/2012 | 15/06/2013 | 20/12/2013 |
| End of lock-in period for free shares | | | | | |
| Strike price of options/ reference share price *(€)* | 2.94 | 6.66 | 9.27 | 7.17 | 9.52 |
| Valuation method used | Black & Scholes | Black & Scholes | Black & Scholes | Black & Scholes | Black & Scholes |
| Number of shares available for subscription or allocation at 31/12/2009 | 1,003,723 | 170,155 | 1,217,058 | 132,369 | 1,287,876 |
| Options granted in 2009 (following capital increase) | | | | | |
| Options forfeited in 2010 | 14,251 | 5,588 | 72,509 | | 126,314 |
| Options exercised in 2010 | 123,174 | | | | |
| Number of shares available for subscription or allocation at 31/12/2010 | 866,298 | 164,567 | 1,144,549 | 132,369 | 1,161,562 |

*(a) Following the 23 December 2003 capital increase in cash with preferential subscription rights, the exercise prices and the number of shares of each subscription plan were adjusted to take into account the issue of 20,807,584 new shares.*

*(b) The 9th Resolution passed by the Extraordinary General Meeting held on 8 June 2006, extended the maturity of the 24 June 2003 plan from 5 to 8 years*

*(c) following the 29 July 2008 capital increase in cash with preferential subscription rights, the exercise prices and the number of shares of each subscription plan were adjusted to take into account the issue of 24,900,364 new shares.*

| *Stock-options and allocation bonus-share plans* | Stock-option Plans 2007[c] | 2007 France | Free-share Plan 2007 Outside France |
|---|---|---|---|
| Date of General Meeting | 29/06/2005 | 29/06/2005 | 29/06/2005 |
| Board meeting date | 20/12/2007 | 20/12/2007 | 20/12/2007 |
| Total number of shares available for subscription or allocation on the date of attribution | 2,589,830 | 482,240 | 336,500 |
| *o/w available to corporate officers* | *100,000* | | |
| *o/w available to ten highest paid employees* | *340,000* | *93,240* | |
| Balance at 31/12/2010 | 424,386 | | |
| Vesting date | 21/12/2011 | | |
| Deadline for granting free shares | | 21/12/2009 | 21/12/2011 |
| Option expiration date | 20/12/2015 | 20/12/2011 | 20/12/2011 |
| End of lock-in period for free shares | | | |
| Strike price of options/reference share price (€) | 4.25 | 4.00 | 4.00 |
| Valuation method used | Hull & White | Binomial | Binomial |
| Number of shares available for subscription or allocation at 31/12/2009 | 2,111,892 | 371,240 | 249,000 |
| Options granted in 2009 (following capital increase) | | | |
| Options forfeited in 2010 | 208,169 | | 44,000 |
| Options exercised in 2010 | | | |
| Number of shares available for subscription or allocation at 31/12/2010 | 1,903,723 | 371,240 | 205,000 |

*(c) following the 29 July 2008 capital increase in cash with preferential subscription rights, the exercise prices and the number of shares of each subscription plan were adjusted to take into account the issue of 24,900,364 new shares.*

All stock options awarded to corporate officers are in the form of new share warrants. No stock options were granted to the Group's corporate officers in 2010.

## Stock options granted to Mr Yves de Chaisemartin – Chairman of the Management board until 30 June 2008 and Director, Chairman of the Board and Chief Executive Officer since 1 July 2008

| | 20 December 2007 Plan |
|---|---|
| Strike price[a] | 4.25 |
| Exercise date | 20 December 2015 |
| Number of options granted | 50,000 |
| Number of options exercised over the period | - |
| Number of options outstanding at 31 December 2010 | 50,522 |

*(a) After adjustment for the price and the number of options linked to the July 2008 capital increase.*

## 17.2.2 Employee profit-sharing and incentive schemes

The annual amounts of profit-sharing benefits paid by the Group to its employees and booked in the income statement since 1999 are listed in the table below.

| *Year* | Amount (thousands of euros) |
|---|---:|
| 2005 | 7,723 |
| 2006 | 7,971 |
| 2007 | 2,590 |
| 2008 | 2,184 |
| 2009 | 634 |
| 2010 | 1,446 |

## 17.2.3 Number of treasury shares purchased or sold during the period in connection with employee profit-sharing

None.

## 17.2.4 Stock options granted to the top ten employees who are not corporate officers

Altran did not grant any stock-option or free-share plans in 2010.

# 18 Major Shareholders

# 18.1 Shareholders and their voting rights

## 18.1.1 Persons or corporate bodies owning more than 5%, 10%, 15%, 20%, 25%, 33%, 50%, 66%, 90% or 95% of company shares or voting rights at General Meetings

| | 31 December 2008 | | | | 31 December 2009 | | | | 31 December 2010 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | % of share capital | Number of voting rights | % of voting rights | Number of shares | % of share capital | Number of voting rights | % of voting rights | Number of shares | % of share capital | Number of voting rights | % of voting rights |
| Alexis Kniazeff | 6,976,357 | 4.87% | 9,610,574[a] | 6.45%[a] | 6,976,357 | 4.86% | 9,610,574[a] | 6.45%[a] | 6,976,357 | 4.86% | 9,610,574[a] | 6.42%[a] |
| Hubert Martigny | 6,978,989 | 4.87% | 9,615,838[a] | 6.45%[a] | 6,978,989 | 4.86% | 9,615,838[a] | 6.45%[a] | 6,978,989 | 4.86% | 9,615,838[a] | 6.42%[a] |
| Altrafin Participations[b] | 27,501,079 | 19.21% | 27,501,079 | 18.46% | 27,501,079 | 19.15% | 27,501,079 | 18.46% | 27,501,079 | 19.14% | 27,501,079 | 18.37% |
| Free float[c] | 101,720,676 | 71.05% | 102,276,847 | 68.64% | 102,122,902 | 71.13% | 102,761,821 | 68.64% | 102,248,107 | 71.15% | 102,887,026 | 68.79% |
| Total | 143,177,101 | 100.00% | 149,004,338 | 100.00% | 143,579,327 | 100.00% | 149,489,312 | 100.00% | 143,704,532 | 100.00% | 149,614,517 | 100.00% |
| Total number of shares giving access to double voting rights | 5,826,529 | | | | 5,826,529 | | | | 5,998,957 | | | |

*(a) Voting rights attributed to Altrafin Participations.*

*(b) Of which 6,000,000 shares acquired from Messrs Kniazeff and Martigny, 18,902,079 shares subscribed during the 29 July 2008 capital increase and 2,599,000 shares acquired by Altrafin Participations via SRD orders finalised on 29 July 2008.*

*(c) Of which Gilaspi Investments, which notified the Company by mail on 4, and 8 July 2008 that it owned 9,236,847 shares in the Company. Of which Matignon Développement 3 (funds held by AXA Investment Managers Private Equity Europe), which informed the Company, in a letter, dated 30 July 2008, that it owned 7,526,846 shares in the Company.*

## 18.1.2 Declarations of statutory threshold crossing (0.5% of capital, voting rights or shares giving future access to Altran's capital, or any multiple thereof) in 2010

The asset management company, **DNCA Finance,** declared:

- **On 18 January,** that on 15 January 2010, the funds managed by DNCA Finance and its Luxembourg-based subsidiary Leonardo Asset Management, had broken through the 5% capital and voting-rights thresholds. At that date they owned 1,997,000 Altran shares and 8,960,049 convertible bonds. On 22 January, the AMF published an addendum specifying that:
  - DNCA Finance had not, in fact, broken through the 5% threshold but that it did own 1,997,000 Altran shares, equivalent to 1.39% of the capital and 1.34% of the voting rights)
  - It owned 6,963,049 OCEANE bonds convertible into an equivalent number of shares.
- **On 26 July 2010,** that it had broken through the 2% capital threshold following the purchase of shares on the market on 21 July and thus owned 2,917,000 Altran shares
- **On 6 September 2010,** that it had crossed below the 2% capital threshold following the sale of shares on the market, and owned 2,821,000 Altran shares.

**Amundi** (created at end-December 2009 out of the merger between Société Générale and Crédit Agricole) informed Altran:

- **On 22 January 2010,** that the mutual funds managed by the new company had broken through the 1% capital and voting-rights thresholds and owned 1,847,523 Altran shares (equivalent to 1.29% of the capital and 1.24% of the voting rights).
- **On 9 February 2010,** that following the sale of shares on 8 February 2010, the funds managed by the new company had crossed below the 1% capital and voting-rights thresholds and owned 1,225,523 Altran shares (equivalent to 0.86% of the capital and 0.82% of the voting rights).
- **On 15 and 16 June 2010,** that following two share purchase operations (on 9 and 10 June) and subsequent disposals (on 11 and 14 June), the funds had broken through then crossed below the 1.0% capital and voting-rights thresholds. Following these operations, Amundi owned 1,387,638 Altran shares (equivalent to 0.96% of the capital and voting rights).

- **On 16 July 2010,** that following a disposal on 9 July 2010, the funds managed by Amundi had crossed below the 0.50% capital and voting-rights thresholds and owned 60,000 Altran shares (equivalent to 0.04% of the capital and voting rights)
- **On 24 November 2010,** that following the purchase of shares on 23 November 2010, the funds managed by Amundi had broken through the 0.50% capital and voting-rights thresholds with 722,188 Altran shares (equivalent to 0.50% of the capital and voting rights).
- **On 22 December 2010,** that following a disposal on 21 December 2010, the funds managed by Amundi had crossed below the 0.50% capital and voting-rights thresholds and owned 707,688 Altran shares (equivalent to 0.4% of the capital and voting rights).

In two letters dated 16 and 27 April 2010, **Matignon Développement 3** (one of Axa's subsidiaries) informed the Group that following significant portfolio restructuring and the subsequent block sale of all of its 7,526,846 Altran shares, on 16 April with 21 April settlement-delivery, the fund had crossed below all of the capital and voting-rights thresholds from 5% to 0.5% inclusive.

**BNP Paribas Asset Management** declared:

- **On 30 April 2010** that it had broken through the 0.50% capital threshold on 29 April 2010 with 721,248 Altran shares.
- **On 6 May 2010,** that on 4 May 2010 it had crossed below the 0.50% capital threshold, reducing its stake to 466,248 Altran shares.
- **On 11 May 2010,** that it had broken through the 0.50% capital and voting-rights thresholds and owned 780,674 Altran shares.
- **On 20 September 2010,** that it had broken through the 1.0% capital and voting-rights thresholds with regards all of its securities and bonds convertible into shares and, as such, owned 1.08% of the Altran's capital and 1.03% of its voting rights.
- **On 30 September 2010,** that it had broken through the 1.50% capital threshold and owned a total share of 1.82% of Altran's capital and 1.19% of the voting rights.
- **On 15 October 2010,** that, following the purchase of shares, it had broken through the 2.0% capital threshold and owned 2.17% of Altran's capital and 1.55% of the voting rights with regards all of its securities and bonds convertible into shares.
- **On 30 November 2010,** that, following the purchase of shares on 26 November, it owned 826,245 Altran shares (equivalent to 0.57% of the capital and 0.55% of the voting rights) and 2,240,510 bonds convertible into shares, thus breaking through the voting-rights threshold of 1.50%.

**GLG Partners LP** informed Altran:

- In a letter dated **22 September 2010** that, following the purchase of shares on 16 September, GLG had broken through the 0.5% capital and voting- rights thresholds and owned 779,938 Altran shares (equivalent to 0.54% of the capital and 0.52% of the voting rights).
- **On 9 December 2010,** that following the sale of shares on 7 December, it had crossed below the 0.5% capital and voting-rights thresholds and owned 521,850 Altran shares (equivalent to 0.36% of the capital and 0.34% of the voting rights).

### 18.1.3 Companies controlled by the Group and their share of Altran Technologies' treasury stock

None.

### 18.1.4 Share ownership: employees

At 31 December 2010, Altran employees owned 2,591,578 shares, equivalent to 1.8% of the capital and 1.7% of its voting rights, through three company-sponsored mutual funds.

Most of these shares were obtained within the context of the employee share-ownership plan introduced in the first half of 2006.

Note that this was a leveraged operation which took the shape, in 31 December 2007, of the loan of 1,410,000 shares, held by the employee shareholding funds, to the bank that had initially structured the financial package. At 31 December 2010, 1,200,000 of the shares held by the employee-shareholding funds were on loan.

The bank has agreed to do its utmost, market conditions permitting, to return the shares to the funds before the Annual General Meetings so that the funds can exercise the full voting rights attached to their shares.

### 18.1.5 Share ownership: corporate officers

In accordance with Article 11 of the Articles of Association, which stipulates that corporate officers must own at least one Altran shares, the holdings of the directors in Altran's capital are as follows:

- Mr Yves de Chaisemartin: 158,500 shares
- Mr Roger Alibault: 6,895 shares
- Mr Jean-Pierre Alix: 10 shares

- Apax Partners – represented by Altrafin Participations on the Board of Directors: 27,501,079 shares
- Mr Dominique de Calan: 4,393 shares
- Mr Gilles Rigal: 1 share
- Monsieur Michel Senamaud: 7,265 shares
- Mr Jacques-Etienne de T'Serclaes: 3,024 shares

# 18.2 Transactions carried out during the year subject to Article L. 621-18-2 of the French Monetary and Financial Code

To the best of the company's knowledge, no corporate officers bought or sold any company shares during the course of the year in 2010.

# 18.3 Share buybacks

The Combined General Meeting on 29 June 2010, in accordance with the quorum and majority conditions of the Annual General Meetings, resolved to:

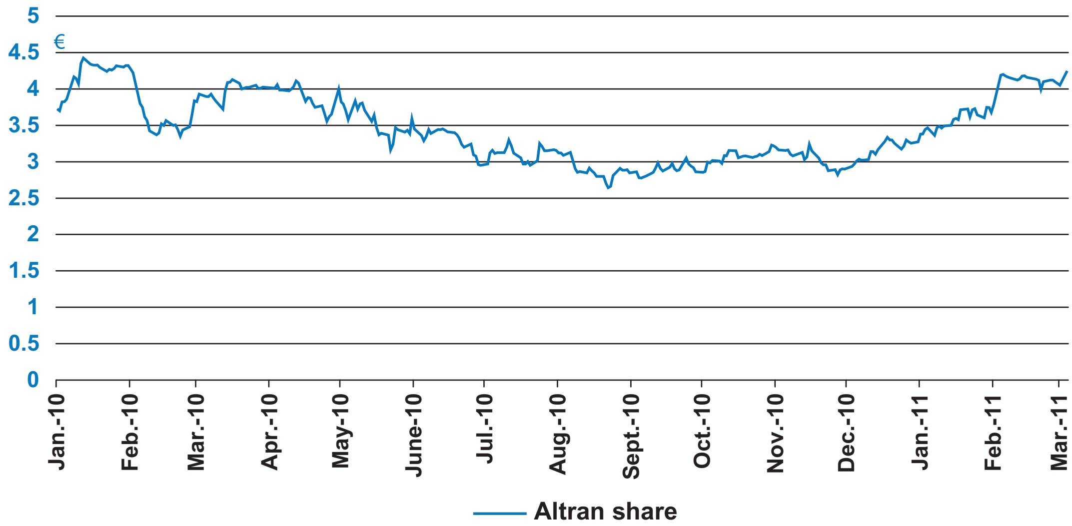
- annul, with immediate effect, the unused portion of the share buyback authorised by the Combined General Meeting on 23 June 2009
- authorise the company, in the 8th resolution, to trade its own shares on the market in order, among other things, to regulate the Altran share price. This authorisation (validated for 18 months) has not been used to date.

# 18.4 Market for Altran Technologies securities

## 18.4.1 Altran Technologies share price

| | Average daily trading volumes | Average share price (€) | Highest ($) | Lowest ($) | Market capitalisation (€m) |
|---|---|---|---|---|---|
| January 2010 | 963,371 | 4.15 | 4.48 | 3.67 | 596 |
| February 2010 | 663,568 | 3.71 | 4.38 | 3.31 | 532 |
| March 2010 | 539,706 | 3.93 | 4.14 | 3.40 | 564 |
| April 2010 | 702,402 | 3.88 | 4.19 | 3.45 | 558 |
| May 2010 | 702,086 | 3.58 | 4.02 | 3.13 | 515 |
| June 2010 | 340,648 | 3.35 | 3.70 | 3.04 | 482 |
| July 2010 | 438,746 | 3.09 | 3.32 | 2.91 | 444 |
| August 2010 | 395,774 | 2.91 | 3.18 | 2.57 | 418 |
| September 2010 | 573,186 | 2.89 | 3.08 | 2.69 | 415 |
| October 2010 | 605,616 | 3.03 | 3.23 | 2.82 | 436 |
| November 2010 | 620,228 | 3.08 | 3.30 | 2.80 | 442 |
| December 2010 | 466,135 | 3.13 | 3.39 | 2.82 | 449 |
| January 2011 | 510,060 | 3.53 | 3.77 | 3.26 | 507 |
| February 2011 | 878,427 | 4.06 | 4.28 | 3.62 | 583 |

*Source: Bloomberg*




## 18.4.2 Trends in Altran Technologies' ADR prices since January 2008

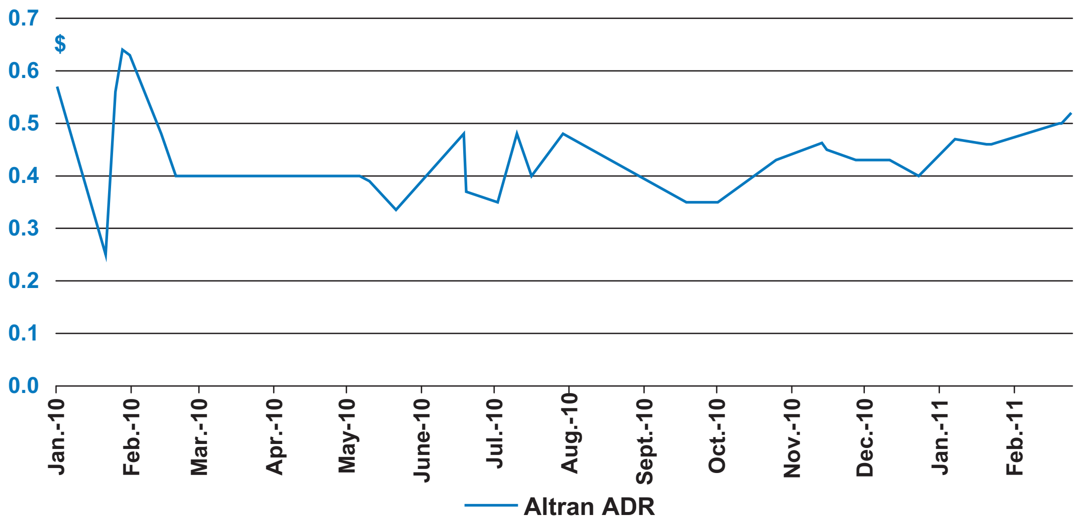
Altran Technologies is also listed in the USA in dollars through Level I American Depositary Receipts (ADRs) under code number 02209U108. Trading in these instruments is very limited and irregular.

The ADR transactions carried out since the beginning of 2010 are detailed in the table below:

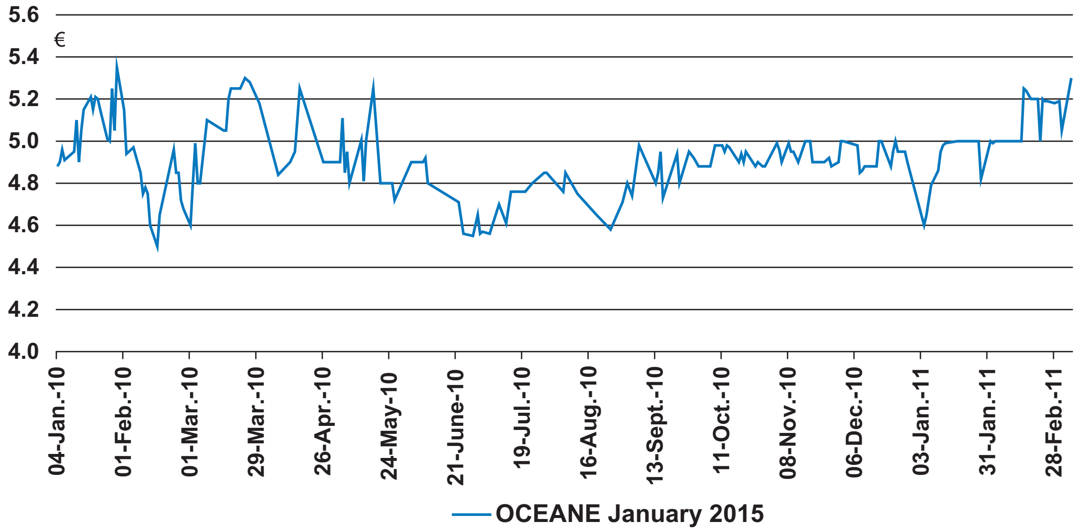
| | Average daily trading volumes | Highest ($) | Lowest ($) | Last ($) | Volumes traded ($) |
|---|---|---|---|---|---|
| 5 January 2010 | 13,113 | 0.57 | 0.57 | 0.57 | 7,474 |
| 25 January 2010 | 6,013 | 0.25 | 0.25 | 0.25 | 1,503 |
| 29 January 2010 | 6,983 | 0.56 | 0.56 | 0.56 | 3,910 |
| 1 February 2010 | 2,507 | 0.64 | 0.64 | 0.64 | 1,604 |
| 4 February 2010 | 2,744 | 0.63 | 0.62 | 0.63 | 1,715 |
| 17 February 2010 | 12,735 | 0.48 | 0.48 | 0.48 | 6,113 |
| 23 February 2010 | 2,884 | 0.40 | 0.40 | 0.40 | 1,154 |
| 10 May 2010 | 3,401 | 0.40 | 0.40 | 0.40 | 1,360 |
| 14 May 2010 | 5,576 | 0.40 | 0.39 | 0.39 | 2,203 |
| 25 May 2010 | 7,900 | 0.34 | 0.34 | 0.34 | 2,649 |
| 26 May 2010 | 7,900 | N/A | N/A | N/A | 2,702 |
| 27 May 2010 | 7,900 | N/A | N/A | N/A | 2,746 |
| 28 May 2010 | 15,850 | N/A | N/A | N/A | 6,020 |
| 22 June 2010 | 573 | 0.48 | 0.48 | 0.48 | 275 |
| 23 June 2010 | 142,836 | 0.37 | 0.37 | 0.37 | 52,849 |
| 6 July 2010 | 724 | 0.35 | 0.35 | 0.35 | 253 |
| 14 July 2010 | 6,045 | 0.48 | 0.48 | 0.48 | 2,902 |
| 20 July 2010 | 1,277 | 0.40 | 0.40 | 0.40 | 511 |
| 2 August 2010 | 1,254 | 0.48 | 0.48 | 0.48 | 602 |
| 22 September 2010 | 1,286 | 0.35 | 0.35 | 0.35 | 450 |
| 5 October 2010 | 196 | 0.35 | 0.35 | 0.35 | 69 |
| 29 October 2010 | 2,000 | 0.43 | 0.43 | 0.43 | 860 |
| 17 November 2010 | 16,785 | 0.46 | 0.46 | 0.46 | 7,766 |
| 19 November 2010 | 11,290 | 0.45 | 0.45 | 0.45 | 5,081 |

| | Average daily trading volumes | Highest ($) | Lowest ($) | Last ($) | Volumes traded ($) |
|---|---|---|---|---|---|
| 1 December 2010 | 3,473 | 0.43 | 0.43 | 0.43 | 1,493 |
| 15 December 2010 | 3,476 | 0.43 | 0.43 | 0.43 | 1,495 |
| 27 December 2010 | 16,622 | 0.40 | 0.40 | 0.40 | 6,649 |
| 11 January 2011 | 11,837 | 0.47 | 0.47 | 0.47 | 5,563 |
| 24 January 2011 | 1,424 | 0.46 | 0.46 | 0.46 | 655 |
| 26 January 2011 | 5,459 | 0.46 | 0.46 | 0.46 | 2,511 |
| 23 February 2011 | 2,878 | 0.50 | 0.50 | 0.50 | 1,439 |
| 24 February 2011 | 2,878 | 0.50 | 0.50 | 0.50 | 1,439 |
| 28 February 2011 | 934 | 0.52 | 0.52 | 0.52 | 486 |

*Source: Bloomberg*



### 18.4.3 Price trends in the convertible bond redeemable on 1 January 2015




## 18.5 Information on the calculation methods and effects of adjustments to the conversion basis for bonds and the conditions covering the subscription or purchase of securities convertible or exchangeable into shares

Details of the adjustments made to the Group's stock-option plans following the 29 July 2008 capital increase are given in the table below (rounded up to the nearest unit):

| *Stock-option plan* | Strike price | Adjusted strike price | Number of options | Adjusted number of options | Factor used to adjust the number of options |
|---|---|---|---|---|---|
| 11 March 2003 plan | 2.97 | 2.94 | 1,182,134 | 1,193,800 | 1.01043 |
| 24 June 2003 plan | 6.73 | 6.66 | 188,154 | 190,169 | 1.01043 |
| 29 June 2004 plan | 9.37 | 9.27 | 1,614,998 | 1,632,020 | 1.01043 |
| 15 June 2005 plan | 7.24 | 7.17 | 131,000 | 132,369 | 1.01043 |
| 20 December 2005 plan | 9.62 | 9.52 | 1,767,500 | 1,786,061 | 1.01043 |
| 20 December 2007 plan | 4.29 | 4.25 | 2,525,330 | 2,551,832 | 1.01043 |

## 18.6 Agreements entered into by the company which will be amended or terminated upon a change of ownership of the company

None.

## 18.7 Agreements entered into by the company which will be amended or terminated upon a change of ownership of the company

Other than the restrictions relative to the exercise of options as defined in Section 17.2.1 - « Employee profit-sharing and stock options » - there are no agreements between shareholders or corporate officers, of which the company is aware, that could lead to restrictions in the transfer of shares and the exercising of voting rights.

## 18.8 Commitments to buy out minority interests

None.

# 19 Related-party transactions



## Compensation and benefits paid to corporate officers

Overall compensation and benefits paid to corporate officers by Altran and the companies it controls, totalled €848,000 in 2010:

| *Fixed compensation* | Variable compensation | Attendance fees | Benefits in kind | Total compensation | End-of-career commitments |
|---|---|---|---|---|---|
| 360,000 | 208,000 | 280,000 | None | 848,000 | None |

More detailed information is given in section 15.1 « Compensation of Corporate Officers ».

## Commitments made by the company to its corporate officers

The Group made no commitment to award the members of the Board of Directors any compensation, financial guarantees or benefits due, or arising from either the termination of, or a change in their functions.

## Transaction carried out with reference shareholder

None.

## Other

Altran Technologies booked €55,200 in 2010 for the acquisition of a services activity supplied by Alter, a company in which one of the Group's directors has an interest.

# 20 Financial information concerning the company's assets and liabilities, financial situation and financial statements



## 20.1 Historical financial information

All of the historical financial information concerning the Group's assets and liabilities, financial position and results can be found in the 2002 – 2007 registration documents listed below:

- 2002 registration document: R03-224 approved by the COB (Commission des Opérations en Bourse) on 31 October 2003;
- 2003 registration document: R04-106 approved by the AMF (Autorité des Marchés Financiers) on 7 June 2004;
- 2004 registration document: R05-091 approved by the AMF on 14 June 2005;
- 2005 registration document: D. 06-0488 filed with the AMF on 29 May 2006.
- 2006 registration document: D. 07-0561 filed with the AMF on 7 June 2007.
- 2007 registration document: D. 08-0278 filed with the AMF on 23 April 2008.
- 2008 registration document: D. 09-300 filed with the AMF on 23 April 2009.
- 2009 registration document: D. 10-0245 filed with the AMF on 12 April 2010.

All of these documents are available on Altran's corporate website: www.altran.com.

## 20.2 Proforma financial information

None.

# 20.3 Financial statements

# Consolidated financial statements at 31 December 2010

## I – Consolidated balance sheet

| *(in thousands of euros)* | Notes | Gross Value | Dec-10 Amort. Prov. | Net Value | Dec-09 Net Value |
|---|---|---|---|---|---|
| **Net goodwill** | **4.1** | **651,039** | **(270,240)** | **380,799** | **395,832** |
| **Intangible assets** | **4.2** | **68,159** | **(25,596)** | **42,563** | **40,228** |
| Land & construction | | 13,171 | (4,922) | 8,249 | 6,900 |
| Other intangible assets | | 96,791 | (68,630) | 28,161 | 28,934 |
| **Tangible assets** | **4.3** | **109,962** | **(73,552)** | **36,410** | **35,834** |
| **Equity-accounted investments** | | | | | |
| **Non-current financial assets** | **4.4** | **26,829** | **(3,257)** | **23,572** | **30,244** |
| **Deferred taxes** | **5.9** | **131,859** | **(55,054)** | **76,805** | **77,231** |
| **Non-current tax assets** | | **264** | | **264** | **187** |
| **Other non-current assets** | **4.5** | **13,300** | **(7,527)** | **5,773** | **4,164** |
| **TOTAL NON-CURRENT ASSETS** | | **1,001,412** | **(435,226)** | **566,186** | **583,720** |
| Inventory and work in progress | **4.6** | 1,993 | (59) | 1,935 | 1,921 |
| Prepayments to suppliers | | 904 | | 904 | 4,880 |
| Accounts receivable (client) | **4.7** | 452,399 | (6,616) | 445,783 | 418,116 |
| Other receivables | **4.8** | 67,631 | (3,679) | 63,952 | 68,305 |
| **Client accounts and other receivables** | | **520,935** | **(10,295)** | **510,640** | **491,301** |
| **Current financial assets** | **4.9** | **2,949** | **(221)** | **2,727** | **1,099** |
| **Cash equivalents** | **4.11** | **148,337** | | **148,337** | **198,630** |
| **Cash** | **4.11** | **66,716** | | **66,716** | **43,942** |
| **TOTAL CURRENT ASSETS** | | **740,930** | **(10,575)** | **730,355** | **736,893** |
| **TOTAL ASSETS** | | **1,742,342** | **(445,801)** | **1,296,541** | **1,320,613** |

| *(in thousands of euros)* | Notes | Dec-10 | Dec-09 |
|---|---|---|---|
| Capital | **4.10** | 71,852 | 71,790 |
| Share premiums | | 338,298 | 337,256 |
| Reserves attributable to shareholders in the parent company | | 80,582 | 156,413 |
| Conversion-rate adjustments | | (19,717) | (32,578) |
| Earnings for fiscal year/period | | (25,999) | (74,753) |
| Minority interests | | 1,636 | 1,285 |
| **Shareholders' equity** | | **446,652** | **459,413** |
| Convertible bond loans (>1 year) | | 105,223 | 100,422 |
| Credit establishment borrowings and debts (> 1 year) | | 60,402 | 92,414 |
| Other non-current financial liabilities | | 11,577 | 17,925 |
| **Non-current financial liabilities** | **4.11** | **177,202** | **210,761** |
| Provisions for long-term risks and charges | **4.12** | 11,279 | 12,098 |
| Long-term employee benefits | **4.12** | 40,098 | 38,180 |
| Deferred tax liabilities | **5.9** | 12,193 | 16,290 |
| Other long-term liabilities | **4.14** | 2,113 | 318 |
| **Other non-current financial liabilities** | | **65,683** | **66,886** |
| **Total non-current liabilities** | | **242,885** | **277,647** |
| Trade payables | **4.15** | 72,539 | 63,716 |
| Taxes payable | | 74,912 | 78,840 |
| Non-current employee benefits | **4.13** | 151,565 | 133,620 |
| Debt on assets | | 1,240 | 1,100 |
| Other current debts | **4.16** | 38,977 | 38,518 |
| **Suppliers and other current payables** | | **339,232** | **315,794** |
| Provisions for short-term risks and charges | **4.12** | 24,980 | 48,803 |
| Short-term securities debt | **4.17** | 1,531 | 1,851 |
| Current financial liabilities | **4.11** | 241,261 | 217,105 |
| **Other current financial liabilities** | | **267,772** | **267,759** |
| **Total current liabilities** | | **607,004** | **583,553** |
| **TOTAL LIABILITIES** | | **1,296,541** | **1,320,613** |

## II – Consolidated income statement

| *(in thousands of euros)* | Note | Dec-10 | Dec-09 |
|---|---|---|---|
| Revenue | **5.1 & 5.2** | 1,436,688 | 1,403,734 |
| Other income from operations | | 12,657 | 4,673 |
| **Revenue from ordinary operations** | | **1,449,346** | **1,408,407** |
| Raw materials | | (13,889) | (11,714) |
| Variation in work-in-progress | | (160) | 323 |
| External expenses | **5.3** | (324,850) | (293,296) |
| Staff costs – salaries | **5.4** | (1,018,063) | (1,037,833) |
| Staff costs – payment in shares | **5.4** | (729) | (1,892) |
| Taxes and duties | | (2,120) | (10,256) |
| Depreciation and net provisions | **5.5** | (14,127) | (9,526) |
| Other financial income and expenses | | (6,299) | (13,203) |
| **Operating income on ordinary activities** | | **69,108** | **31,010** |
| Other non-recurring operating income(*) | | 1,919 | 2,444 |
| Other non-recurring operating expenses(*) | | (23,262) | (66,876) |
| **Other non-recurring operating income and expenses** | **5.6** | **(21,342)** | **(64,432)** |
| Goodwill depreciation | **4.1** | (30,169) | (38,636) |
| **Operating income** | | **17,597** | **(72,058)** |
| Gains on cash & cash equivalents | | 4,882 | 4,203 |
| Cost of gross financial debt | | (29,312) | (18,515) |
| Cost of net financial debt | **5.7** | (24,431) | (14,312) |
| Other financial income | **5.8** | 4,951 | 5,488 |
| Other financial expenses | **5.8** | (9,528) | (10,697) |
| Tax expenses/income | **5.9** | (14,333) | 16,259 |
| Equity share in net income of associates | | | |
| **Net income before discontinued and held-for-sale operations** | | **(25,745)** | **(75,320)** |
| Net profit/loss on discontinued and held-for-sale operations | | | |
| **Net income** | | **(25,745)** | **(75,320)** |
| Minority interests | | (254) | 567 |
| **Net income attributable to Group** | | **(25,999)** | **(74,753)** |
| Earnings per share | **4.10** | -0.18 | -0.52 |
| Diluted earnings per share | **4.10** | -0.18 | -0.52 |

*(*) For a clearer reading of non-recurring income and expenses, we have offset like expenses and income as follows:*

| | 2009 | Restated | 2009 |
|---|---|---|---|
| | *Before* | | *After* |
| *– Other non-recurring operating income* | *39,367* | *(36,923)* | *2,444* |
| *– Other non-recurring operating expenses* | *(103,799)* | *36,923* | *(66,876)* |

*The 2010 French Finance Act has replaced the liability of French tax-paying entities to pay business tax (taxe professionnelle) by two new contributions:*

- *a property contribution (Cotisation Foncière des Entreprises – CFE) assessed on the rental value of real estate assets;*
- *a Value Added Contribution (Cotisation sur la Valeur Ajoutée des Entreprises – CVAE), assessed on the value added derived from the company accounts.*

*In accordance with the provisions set out in IAS 12, the value added contribution (CVAE) is now recognised as a tax on income, whereas before this charge was booked as part of operating income on ordinary activities under "taxes and duties". At end-2009, the value added contribution would have amounted to €7,184m compared with €8,694m at end-2010. On a like-for-like basis, operating income on ordinary activities would have been €38,194m at 31 December 2009.*

# III – Consolidated statement of comprehensive income

| *(in thousands of euros)* | Dec-10 | Dec-09 |
|---|---|---|
| **Consolidated net income** | **(25,745)** | **(75,320)** |
| Cambridge Consultants incubator | (368) | 995 |
| Financial instruments | 2,827 | (997) |
| Actuarial losses or gains | | |
| Translation adjustments | 9,953 | 9,166 |
| **Other comprehensive income net of tax over the period** | **12,412** | **9,164** |
| **Results for the period** | **(13,332)** | **(66,156)** |
| *o/w attributable to:* | | |
| • the Group's company | (13,423) | (65,817) |
| • minority interests | 90 | (339) |

| | Dec-10 | | | Dec-09 | | |
|---|---|---|---|---|---|---|
| *(in thousands of euros)* | Pre-tax | Tax | Net | Pre-tax | Tax | Net |
| Cambridge Consultants incubator | (594) | 226 | (368) | 919 | 76 | 995 |
| Financial instruments | 4,312 | (1,485) | 2,827 | (1,671) | 674 | (997) |
| Actuarial losses or gains | | | | | | |
| Translation adjustments | 13,256 | (3,303) | 9,953 | 9,776 | (610) | 9,166 |
| **Other comprehensive income over the period** | **16,974** | **(4,561)** | **12,412** | **9,023** | **140** | **9,164** |

## IV – Change in consolidated share capital

| *(in thousands of euros)* | Number of shares | Capital | Bonus | Resources | Change in fair value & other | Translation adjustments | Net profit | Total Group share | Minority interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **31 December 2008** | **143,177,101** | **71,589** | **335,291** | **116,810** | **10,309** | **(41,995)** | **11,438** | **503,442** | **242** | **503,684** |
| Results for the period | | | | (608) | (2) | 9,545 | (74,753) | **(65,817)** | (339) | **(66,156)** |
| Capital increase | 402,226 | 201 | 73 | | | | | **274** | | **274** |
| Share-based payments | | | 1,892 | | | | | **1,892** | | **1,892** |
| Income Appropriation | | | | 11,438 | | | (11,438) | **0** | | **0** |
| Other transactions | | | | (2,298) | 20,762 | (127) | | **18,336** | 1,383 | **19,719** |
| **31 December 2009** | **143,579,327** | **71,790** | **337,256** | **125,343** | **31,068** | **(32,578)** | **(74,752)** | **458,127** | **1,286** | **459,413** |
| Results for the period | | | | (3,301) | 2,459 | 13,419 | (25,999) | **(13,422)** | 90 | **(13,332)** |
| Capital increase | 125,205 | 63 | | | | | | **63** | | **63** |
| Share-based payments | | | 1,042 | | | | | **1,042** | | **1,042** |
| Income Appropriation | | | | (74,752) | | | 74,752 | **0** | | **0** |
| Other transactions | | | | (236) | | (558) | | **(793)** | 260 | **(533)** |
| **31 December 2010** | **143,704,532** | **71,852** | **338,298** | **47,054** | **33,528** | **(19,717)** | **(25,999)** | **445,016** | **1,636** | **446,652** |

## V – Statement of consolidated cash flows

The reconciliation of total cash on the balance sheet to total net cash flow in the table below is as follows:

| *(in thousands of euros)* | 31/12/2010 | 31/12/2009 |
|---|---|---|
| Cash equivalents | 148,337 | 198,630 |
| Cash | 66,716 | 43,942 |
| Bank overdrafts | | |
| **Net cash** | **215,052** | **242,572** |

| | | |
|---|---|---|
| **Operating income on continuing activities** | **17,597** | **(72,058)** |
| Goodwill depreciation | 30,169 | 38,635 |
| **Operating income before goodwill amortisation** | **47,766** | **(33,423)** |
| Depreciation and net operating provisions | (17,618) | 20,190 |
| Income and charges from stock options | 729 | 1,892 |
| Capital gains or losses on disposals | 1,724 | (1,341) |
| Other gains and charges | 2,641 | (3,270) |
| **Cash flow before net interest expenses and taxes** | **35,241** | **(15,952)** |
| Change in inventory and work in progress | 7 | (607) |
| Change in client accounts and other receivables | 7,657 | 99,564 |
| Change in supplier accounts and other payables | (1,633) | (51,711) |
| Change in working capital requirement | 6,031 | 47,246 |
| **Net cash flow from operations** | **41,272** | **31,294** |
| Interest paid | (16,184) | (22,019) |
| Interest received | 4,613 | 3,151 |
| Taxes paid(*) | (11,654) | (15,917) |
| Cash impact of other financial income and expenses | 539 | 880 |
| **Operating cash flow from discontinued operations** | | |
| **Net cash flow from operations** | **18,585** | **(2,610)** |
| Cash outflows for tangible and intangible asset acquisitions | (20,703) | (13,168) |
| Cash inflows from tangible and intangible asset disposals | 1,459 | 129 |
| Cash outflows for financial asset acquisitions (non-consolidated holdings) | (3,266) | (2) |
| Cash inflows from financial asset disposals (non-consolidated holdings) | 406 | 768 |
| Earn-out disbursements | (354) | (2,445) |
| Impact of changes in scope of consolidation | (8,443) | 10,056 |
| Dividends received (associates, non-consolidated holdings) | 700 | (700) |
| Change in loans and advances granted | (4,002) | (7,325) |
| Investment subsidies received | 0 | 0 |
| Other flows from investment transactions | 4,646 | 5,912 |
| Cash flow from investments made by discontinued operations | | 0 |
| **Net cash flow from investments** | **(29,556)** | **(6,775)** |

| *(in thousands of euros)* | 31/12/2010 | 31/12/2009 |
|---|---|---|
| Amounts received from shareholders during the capital increase | 76 | 0 |
| Proceeds from the exercise of stock options | 301 | 87 |
| Own-share transactions (purchases/sales) | 0 | 0 |
| Cash outflows for employee profit share | 0 | 0 |
| Dividends paid during the period | (2) | (55) |
| Proceeds from new loans | 2,050 | 282,333 |
| Reimbursement of loans | (36,794) | (218,876) |
| Other flows from financing operations | 16,302 | (41,264) |
| Cash flow from financing activities of discontinued operations | | 0 |
| **Net cash flow linked to financing operations** | **(18,067)** | **22,226** |
| Impact of variations in exchange rates | 1,540 | 277 |
| Impact of changes in accounting principles | (21) | (10) |
| **Changes in net cash position** | **(27,518)** | **13,108** |
| Opening cash balance | 242,571 | 229,463 |
| Closing cash balance | 215,052 | 242,572 |
| **Changes in net cash position** | **(27,518)** | **13,108** |

(*) *Variations in tax claims and liabilities (excluding corporate tax) booked under "Taxes paid" in 2009 have been reclassified under "Change in working capital requirement" and break down as follows:*

| | 2009 | Restated | 2009 |
|---|---|---|---|
| | *Before* | | *After* |
| – Change in client accounts and other receivables | *108,496* | *(8,932)* | *99,564* |
| – Change in supplier accounts and other payables | *(32,613)* | *(19,098)* | *(51,711)* |
| – Taxes paid | *(43,947)* | *28,030* | *(15,917)* |

# 3. Key events

The key events are described in section 1 of the Management Report.

# 4. Notes relative to certain balance sheet items

## 4.1. Net goodwill

Movements in net goodwill are analysed in the table below:

| | |
|---|---|
| **Balance at 31 December 2009** | **395,832** |
| Earn outs | 0 |
| Loss in value | (30,169) |
| Changes in scope of consolidation | 8,912 |
| Exchange rate changes | 6,224 |
| Other transactions | (0) |
| **Balance at 31 December 2010** | **380,798** |

# APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Rules and accounting methods

Altran Technologies is a public limited company (Société Anonyme) incorporated in France and subject to French laws and regulations governing commercial companies, particularly the provisions of the French Commercial Code.

### 1.1. Basis of preparation of financial statements

In application of European regulation 1606/2002 of 19 July 2002 relative to international standards, the consolidated accounts of Altran Technologies ("Altran") for the financial year ending 31 December 2010 have been prepared in accordance with IAS/IFRS international accounting standards, applicable at 31 December 2010 and adopted by the European Union. These include the accounting standards approved by the International Accounting Standards Board (IASB), namely IFRS standards, International Accounting Standards (IAS) and interpretations given by the International Financial Reporting Interpretation Committee (IFRIC).

The Group has applied the following standards, whose application is mandatory for annual periods beginning on or after 1 January 2010. The application of these standards has not had a significant impact on Group accounts but has affected the form and the extent of the information presented in the financial statements.

More specifically, the retrospective application of revised IFRS 3 (Business combinations) and IAS 27 (Consolidated and separate financial statements) had no significant impact on the financial statements at end-2010. Given the potentially structural impact that these two standards will have on the Group's financial information, the main changes are outlined below and in note 1.4 "Goodwill".

– IFRS 3 revised: Business combinations:

This standard applies to combinations of businesses acquired on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

– IAS 27 revised: Consolidated and separate financial statements

This standard defines the principles for accounting changes in the level of the parent company's stakes in subsidiaries without loss of control. IAS 27 revised is applicable as of the same date as the revised IFRS 3.

The application of these standards has significantly modified the accounting of business combinations and changes in the level of ownership interest in a subsidiary, with or without loss of control.

The main changes relate to:

- the measurement of non-controlling interests; "minority interests"
- the booking of acquisition costs;
- the initial, and subsequent recognition of contingent considerations: "earn-out clause"
- step acquisitions (carried out in several stages).

Changes addressed by IAS 27R notably concern loss of control and variations in ownership interest without loss of control.

– IAS 39 amended: Financial instruments

This standard determines the principles for the recognition and measurement of hedge accounting. It is effective for annual reporting periods beginning on or after 1 July 2009.

– IFRS 2: Share-based payments

This standard determines the classification and measurement of share-based payments for intra-Group transactions settled in cash. It is effective for annual reporting periods beginning on or after 1 January 2010.

– IFRIC interpretation 16: Hedges of a net investment in a foreign entity

This interpretation is effective for annual reporting periods beginning on or after 1 July 2009.

– IFRIC interpretation 17: Distribution of non-cash assets to owners

This interpretation is effective for annual reporting periods beginning on or after 1 July 2009.

– IFRIC interpretation 18: Transfers of assets from customers

This interpretation is effective for annual reporting periods beginning on or after 1 July 2009.

### Standards, amendments and interpretations whose application is optional in 2010

The following standards, amendments and interpretations will not be applied to the consolidated accounts until later:

– IAS 32 amended: Classification of rights issues

This standard is effective for annual reporting periods beginning on or after 1 February 2010.

– IFRIC interpretation 19: Extinguishing financial liabilities with equity instruments

This interpretation is effective for annual reporting periods beginning on or after 1 January 2010.

The Group is currently assessing the future consequences of these new standards and interpretations on the notes to the financial statements and does not expect any major impact.

The annual consolidated financial statements for the fiscal year ended 31 December 2010, as well as the explanatory notes, were approved by the Board of Directors of Altran Technologies on 10 March 2011.

## 1.2. Terms of the initial application of IFRS

Altran has retrospectively applied to its opening balance sheet at 1 January 2004, the accounting principles in force at the closure of its first IFRS financial statements (at 31 December 2005), as if these standards had always been applied, with the exception of the options detailed below:

Options on the opening balance sheet at 1 January 2004

IFRS 1 sets out specific measures for the retrospective treatment of assets and liabilities, according to IFRS standards. The main options adopted by the Group for this purpose are:

– ***Business combinations***: Altran has chosen not to adjust the business combinations existing before 1 January 2004 according to the provisions of IFRS 3

– ***Tangible and intangible assets***: The Group has chosen to continue using historical cost as the basis for valuing tangible and intangible assets rather than valuing them at their fair value at the date of transition

– ***Retirement commitments***: existing actuarial differences at 1 January 2004 are booked as retirement provisions against any decline in the value of equity. Actuarial losses or gains arising since 1 January 2004 are recognised prospectively

– ***Translation adjustments relating to foreign entities***: Altran has reclassified in consolidated reserves all cumulative gains and losses arising from the translation of the financial statements of its foreign subsidiaries at 1 January 2004. This adjustment had no impact on opening shareholders' equity at 1 January 2004. These translation adjustments will not be recognised in the income statement at a later date when the foreign entities in question are deconsolidated

– ***Share-based payments (stock options)***: Altran has adopted IFRS 2 for stock-option plans granted after 7 November 2002 but whose rights had not yet been vested at 1 January 2005. Stock-option plans prior to 7 November 2002 are not measured or recognised

– ***Financial instruments***: Altran adopted IAS 32 and IAS 39 as of 1 January 2005. French GAAP applies to the recognition of financial instruments on the balance sheet as at 1 January 2004, 30 June 2004 and 31 December 2004

## 1.3. Consolidation

Subsidiaries, over which Altran exercises exclusive control, either directly or indirectly, are fully consolidated.

Companies that are not controlled by Altran but over which the Group exercises significant influence ("Associate Companies" under IAS 28), are accounted for using the equity method. No subsidiaries are currently accounted for under this method.

Jointly-held holdings ("Joint-ventures" under IAS 31) are consolidated on a proportional basis.

## 1.4. Impact of revised IFRS 3 on Altran's business combinations

As of 1 January 2010, the acquisition method of accounting is used for business combinations. The various components of an acquisition are recognised at their individual fair value with some exceptions.

The consideration transferred is measured at fair value. This includes eventual contingent consideration that is also measured at fair value at the date of acquisition and which takes into account probabilities of occurrence. Considerations transferred are classified as debt or equity depending on their nature. Obligations classified as debt are subsequently re-measured at fair value and any changes identified after the allocation period are booked to the income statement.

Costs directly attributable to the acquisition are expensed during the period in which they are incurred.

In the case of partial acquisitions, non-controlling interests (formerly referred to as "minority interests") are measured on basis of the option determined for each business combination:

- either, on the basis of their proportionate share of fair value of the assets and liabilities acquired
- or, at fair value.

In the case of a step acquisition (achieved in several stages), the previously held ownership interest is re-measured at its acquisition-date fair value. The difference between the fair value and the net book value is recognised directly as income for the reporting period.

At the date of acquisition:

- identifiable assets, liabilities and contingent liabilities of the acquired entity meeting the criteria defined under IFRS are recognised at fair value;
- non-current assets classified as held for sale assets are measured at fair value less disposal costs.

Goodwill is the difference between:

- the consideration transferred plus the value of non-controlling interests, if any, and
- the fair value of the acquirer's identifiable net assets and liabilities.

For each business combination, goodwill can be determined in one of two ways. It may represent:

- either, the portion acquired by the Group (partial goodwill)
- or, the aggregate of the Group's portion and the non-controlling interests' portion of the fair value or share of fair value of the identifiable net assets acquired.

If expert analysis or measurement of net identifiable net assets is still in progress at the date of acquisition, provisional fair value may be assigned. In this case, adjustments to value made within the 12-month period from the date of acquisition are booked as goodwill adjustments. Adjustments made beyond the 12-month allocation period are directly recognised as income or expenses unless they correspond to corrections of errors.

Percentage changes in the level of ownership interest in non-controlling entities are recognised directly as capital transactions in equity.

### 1.5. Use of estimates

The preparation of the Group's financial statements is based on estimates and assumptions which may have an impact on the book value of certain balance sheet and income statement items as well as the information in some notes in the appendix. Altran reviews these estimates and assessments on a regular basis to take into account its past experience and other factors considered relevant to the economic environment.

These estimates, assumptions and assessments are compiled on the basis of information available and the actual situation at the time when the financial statements were prepared and could turn out to differ from future reality.

These estimates mainly concern provisions (€36.2m), assumptions used in the preparation of business plans for carrying out impairment tests on the Group's intangible assets (€380.8m), and the recognition of deferred tax assets (€76.8m).

### 1.6. Translation of financial statements of foreign subsidiaries

The Group's consolidated financial statements are presented in euros.

#### Translation of financial statements of foreign subsidiaries

The balance sheets of companies whose functional currency is not the euro are translated at the exchange rates prevailing on the closing date and their income statements and cash flow statements at the average exchange rate over the period. The resulting conversion differences are recognised in equity under "Conversion-rate adjustments".

Goodwill and fair value adjustments arising upon acquisition of a foreign entity are treated as assets and liabilities of the foreign entity. Accordingly, they are expressed in the entity's functional currency and translated at the rate prevailing on the closing date.

The Group transferred the conversion-rate differences arising from the translation of the financial statements of its foreign subsidiaries at 1 January 2004 to "Reserves attributable to parent company shareholders" after taking into account other IFRS adjustments at that date.

#### Transactions in foreign currencies

Transactions in foreign currencies are booked at the exchange rate at the date of the transaction. At the end of the period, assets and liabilities in foreign currencies are converted at the exchange rate prevailing at the closing date.

The corresponding exchange differences are booked to the income statement:

- under operating income for commercial transactions;
- under net financial income/expenses for financial transactions.

Long-term financial advances in foreign currencies granted by the Group to its foreign subsidiaries with a holding activity are treated as equity when these amounts are used to finance the acquisition of equity securities, earn-out payments and capital increases. These advances are converted at the exchange rate prevailing at the closing date. The resulting conversion differences are recognised in equity under "Conversion-rate adjustments".

### 1.7. Presentation of financial statements

#### Consolidated balance sheet

IAS 1 "Presentation of financial statements" provides for a separate presentation of current and non-current items on the balance sheet. Assets and liabilities relating to the operating cycle and other assets and liabilties that are due within less than twelve months are presented as current items. All other elements are booked as non-current items.

Deferred tax assets and liabilities are booked as non-current items.

Minority interests are included under equity on the consolidated balance sheet.

#### Statement of changes in shareholders equity

Revised IAS 1 introduces the notion of comprehensive income and requires that:

- changes in equity resulting from transactions with owners in their capacity as owners are presented separately from transactions with non-owners;
- all income and expenses booked over the period are presented either as a single statement of comprehensive income or as two separate statements: 1/ an income statement and 2/ a statement of other comprehensive income
- total comprehensive income is presented in the financial statements.

The Group has opted to present its comprehensive income in two statements: a Consolidated Income Statement and a Consolidated Statement of Comprehensive Income.

#### Consolidated income statement

Altran presents its income statement by nature.

The aggregate operating income and operating income on ordinary activities are consistent with CNC recommendation No. 2009-R-03, as defined by French national accounting board (*Commission des Normes Comptables*).

Operating income includes all income and costs that do not arise from financial activities and tax.

Other non-recurring operating income and costs stem from operations that, by their nature, amount and/or frequency cannot be considered as part of the Group's regular activities and results.

In particular, net income from the disposal of a minority stake held by Cambridge Consultants Ltd, restructuring costs, charges or income relating to litigation, or any other non-recurring item affecting the comparability of operating income on ordinary activities from one period to another.

Goodwill impairment is presented under non-recurring operating income.

### 1.8. Net goodwill

Goodwill is the difference between:

- the consideration transferred plus the value of non-controlling interests, if any, and
- the fair value of the acquirer's identifiable net assets and liabilities.

For each business combination, goodwill can be determined in one of two ways. It may represent:

- either, the portion acquired by the Group (partial goodwill)
- or, the aggregate of the Group's portion and the non-controlling interests' portion of the fair value or share of fair value of the identifiable net assets acquired.

Goodwill is recognised at the initial cost at the date of combination.

Goodwill is not amortised, but is subject to at least one impairment test on 31 December of every year and more frequently if there are any indications that goodwill might be impaired.

Impairment tests assess the recoverable value of each entity generating its own cash flow (cash generating units – CGU) and concern the business value of each entity contributing to intangible and tangible assets.

The CGU is the smallest identifiable group of assets whose continuous use generates cash inflows, which are largely independent of cash inflows generated by other assets or Groups of assets.

CGUs identified within the Group are therefore legal entities or operational units, with the following exceptions:

- where, in any given country, there is a parent company that owns an operational subsidiary, then both entities together constitute a CGU
- when several legal entities are managed by the same team and have a unified business plan, then these entities are grouped together in a single CGU.

A CGU must belong exclusively to one of Altran operating segments, in accordance with IFRS 8.

The recoverable value is the greater between the fair value net of exit costs (when this can be defined), and the value in use.

Fair value less exit costs is the best estimate of net value of a competitive property transaction between well-informed, willing parties. This estimate is based on available market information taking into account the specific context.

The value in use applied by Altran is the value based on the discounted cash flows of the CGUs in question. These are determined on the basis of the following economic assumptions and operating forecast conditions:

– the cash flows derived from the business plans of the units in question and available on the valuation date, with an explicit spread of four years

– thereafter, the terminal value is calculated by capitalising the final cash flow for the explicit period

– the discount rate is the weighted average cost of capital after tax.

Recoverable values, essentially based on the value in use, are then compared with the net book values to determine goodwill impairment.

### 1.9. Intangible assets

Intangible fixed assets include brands, licenses, softwares and development costs. These are booked at acquisition or production cost.

#### Brands

Identifiable brands, recognised in the framework of business combinations and which benefit from legal protection, are recognised as intangible assets. As they have an indefinite useful life, they are not amortised and are subject to an impairment test on 31 December and more frequently if there are indications that goodwill might be impaired. Brands are tested by all CGUs that use them.

Brands developed internally are not capitalised.

#### Software

Software is amortised on a straight-line basis over its life-span (5 years maximum).

#### Patents

Patents are amortised on a straight-line basis over their expected life span.

#### Development costs

All expenses meeting all the criteria set out by IAS 38, which defines development costs, are booked as intangible assets and amortised over the life of the project.

Other expenses are classified as research costs and booked as charges.

### 1.10. Tangible assets

Tangible assets are booked at acquisition cost. Borrowing costs are not included in the valuation of tangible assets. Depreciation is calculated on the rate of consumption of the economic benefit projected for the asset on the basis of its acquisition cost, less any residual value.

The straight-line method is applied over the following periods for:

| | |
|---|---|
| - Fixtures and fittings | 10 years |
| - Computer and office equipment | 4 years |
| - Office furniture | 10 years |

Depreciation periods are reviewed annually and changed if expectations differ from previous forecasts.

Real estate assets are valued by component at the date of transition to IFRS and retrospectively. Amortisation is calculated by component depending on the useful life of each component as follows:

| | |
|---|---|
| - Structure | 20 - 50 years |
| - Fixtures and fittings | 10 -30 years. |

### 1.11. Inventories and work in progress for services provided

Inventories are stated at the lower of cost and net realisable value.

Work in progress for services provided is valued on the basis of the cost price at closing if all of the formal conditions required to register production and the stage of progress have not been entirely met (see note 1.20).

### 1.12. Financial assets

Financial assets comprise long-term investments, long-term loans and receivables, trade receivables, various other receivables and short-term investments.

### Long-term investments, long-term loans and receivables

Altran owns a certain number of stakes in companies without exercising significant influence or control. These investments are made as part of an "incubator" strategy. The intention is to invest in companies seeking to develop innovative, high technology products. The shares in these non-consolidated companies, which Management intends to retain in the long-term, are treated as available-for-sale and thus valued at their fair value at each closing date. Fair value corresponds to the last known share price for listed shareholdings and the estimated market value for non-listed shareholdings. Positive and negative changes in fair value are recorded in equity under "Reserves attributable to parent company shareholders". Where there is an objective indication of a durable and significant impairment of long-term investments, a provision for depreciation is booked under "Non-recurring charges".

Non-current financial assets also include assets from pension funds, "construction effort" loans and deposits and guarantees. These can be subject to a provision for depreciation if there is an objective indication of impairment. "Construction effort" loans do not bear interest and are valued at their fair value, determined using a market discount rate for a similar instrument.

### Operating and other receivables

Trade and other receivables are accounted for at nominal value. Receivables that are due within less than one year and/or less than an operating cycle are classed as "Current Assets". A provision for depreciation is recognised when their book value, based on the probability of recovery, is lower than the value entered for them.

### Short-term investments

Short-term investments or cash equivalents are valued at their fair value at each closing date. These consist primarily of monetary bonds and certificates of deposit. Gains or losses in value, latent or realised, are registered in the income statement under "Income from cash and cash equivalents".

## 1.13. Financial liabilities

Financial liabilities include a convertible bond loan, credit establishment borrowings, banking facilities and other current and non-current liabilities.

### Bonds convertible into and/or exchangeable for new or existing shares (OCEANE)

This "hybrid" financial instrument contains both debt and equity components. In compliance with IAS 32 and IAS 39 – "Financial Instruments" – the equity component is the difference between the nominal value of the issue and the debt component. The latter is calculated as the fair value of a debt without the conversion option but otherwise with identical features. The equity component of the conversion option is not revalued during the term of the loan. The debt component is valued at its accreted cost over its estimated life.

The portion of the bond loan maturing in less than one year is booked under "Current bond loan".

### Bank loans

Bank loans are initially measured at the fair value of the consideration received, less costs directly attributable to the transaction. Thereafter, they are measured at amortised cost using the effective interest rate method. All loan issue costs are booked in the income statement under "Cost of gross financial debt" over the term of the loans and based on the effective interest rate method.

### Bank overdrafts

Bank overdrafts are booked at nominal value.

### Other current and non-current financial liabilities

These items mainly include employee profit sharing.

## 1.14. Derivative instruments

As the revenue and expenses from providing intellectual services are generally registered in the same country (and consequently denominated in the same currency) there is no currency hedging policy.

Altran uses interest rate swaps and currency futures contracts to manage its interest rate and exchange rate risks. These instruments are used in connection with the Group's financing operations and cash management.

### Measurement and presentation

Derivatives are initially booked at fair value. Their fair value is reassessed at each closing date based on market conditions.

### Recognition of hedging derivatives

When derivatives are classed as hedging instruments pursuant to IAS 39, their treatment varies depending on whether they are:

- fair value hedges of existing assets or liabilities, or
- future cash flow hedges.

The Group designates the hedging instrument and the hedged item when the instrument is taken out. It formally documents the hedging relationship, in order to monitor its effectiveness over the given period.

The application of hedge accounting has the following consequences:

- for fair value hedges of existing assets or liabilities, changes in fair value of the derivative are booked in the income statement. The corresponding hedged item is revalued in the balance sheet and offset in the income statement. Any difference between these two re-evaluations indicates that the hedging relationship is inefficient

- for future cash flow hedges, the efficient portion of any change in the fair value of the hedging instrument is booked directly as equity in a specific reserve account and the inefficient portion of the hedge is booked in the income statement. The amounts allocated to the reserve account are written back to the income statement as the hedged flows are booked.

## Accounting of derivatives which do not qualify as hedges

Derivatives which are not designated as hedges are initially and subsequently booked at fair value. Changes in fair value are recognised under "Other financial income" or "Other financial charges" in the income statement.

### 1.15. Treasury stock

Treasury shares purchased are deducted from equity at acquisition cost. When treasury shares are sold, any after-tax gains or losses are written to consolidated reserves.

### 1.16. Provisions for risks and charges

Pursuant to IAS 37 "Provisions, contingent liabilities and contingent assets" provisions for risks and charges are booked when, at the close of the fiscal year, the Group has a commitment to a third party which will probably or certainly result in a cash outlay for the company to the third party.

A provision is written for the estimated amount of costs the Group will probably have to bear in order to meet its commitment. Provisions for outlays due in more than two years are discounted.

Altran's main provisions for liabilities and charges, other than retirement commitments, include:

- estimated costs for disputes, lawsuits and claims brought by third parties or former employees

- estimated restructuring costs.

In the event of restructuring, provisions are made as soon as the Group has announced, drawn up or started to implement a detailed restructuring plan before the close of the fiscal year.

Non-current provisions are those that generally mature in more than one year. These include provisions for litigation. The proportion of non-current provisions maturing in less than a year is booked as current provisions in the balance sheet.

Contingent liabilities include potential commitments resulting from past events that are contingent upon the occurrence of future events over which the Group has no control, and probable commitments where the cash outlay is uncertain. These are not provisioned but still listed (see note 6).

### 1.17. Employee benefits

Altran has commitments in several defined benefit pension schemes, end of contract/end of career benefits and other forms of employee benefit. The specific characteristics of these plans depend on the regulations in force in the countries concerned.

Termination and end of career benefits are generally lump sum payments based on the employee's number of years of service and annual salary on the date of termination/retirement.

Pursuant to IAS 19, the contributions paid into defined contributions plans are booked over the period and all staff benefits are valued annually using the projected unit credit method taking into account the specific economic conditions of each country, some of which are set out in note 4.13: mortality, staff turnover, salary increases, discount rates and expected rates of return on investments to pension plan guarantee funds.

These commitments are covered either by pension funds to which Altran contributes, or by provisions written to the balance sheet as and when employees acquire the corresponding rights.

The net commitment of hedging assets and ongoing asset depreciation are accounted for in "Non-current employee benefits".

The annual expense is booked under:

- wage costs ("Long-term employee benefits") for the part relative to services costs and the amortisation of actuarial gains/losses ;

- financial income ("Long-term employee benefit provisions") for the amount pertaining to interest on discounting to present value and asset return.

Actuarial differences may result from the difference between projected commitments and the actuarial valuation (based on new projections and actuarial assumptions) and the difference between the expected and actual return on the invested plans. Commitment differences, arising from changes in assumptions, are also an integral part of actuarial difference.

Altran has chosen to book actuarial gains and losses to the income statement as of 1 January 2004 using the corridor method. This entails spreading actuarial gains and losses in excess of either 10% of commitments or of 10% of the fair value of the plans' assets, over the remaining working life for those employees still in service. Where the Group sets up a new plan or modifies an existing one the vested portion of the past service cost is booked immediately to the income statement and the unvested portion is amortised over the vesting period. Bonuses arising from long service awards were accounted for the first time on 1 January 2004.

### 1.18. Share-based payments

In compliance with IFRS 2 "Share-based payments", stock purchase and subscription options, as well as employee share issues are measured at fair value on the date the options are granted. New shares are attributed when the plans are finalised.

#### Stock purchase and subscription options (stock-options)

Altran has set up several stock-option plans for the benefit of certain members of staff.

Stock options are measured at fair value on the date the options are granted. Fair value is the value of the benefit awarded to the employee. This is booked under "Salaries and benefits" in the income statement, on a straight-line basis over the vesting period, and offset in equity.

The fair value of the stock option is determined by the "Black & Scholes" or the "Hull & White" or "binomial" methods, which use parameters such as the strike price and maturity of the options, the share price at the date granted, the share price's implicit volatility, assumptions about the turnover of staff benefiting from the options and the risk free interest rate.

The parameters used at the closing date are set out in note 5.4.

#### Employee share issue

During the first half of 2006, Altran Technologies launched a share issue reserved for staff within the terms of Article L.225-138-1 of the French Commercial Code and Article L.443-5 of the French Labour Code.

This share issue was offered to all Group employees in Germany, Austria, Belgium, Spain, France, Ireland, Italy, Luxembourg, The Netherlands, Portugal, the UK and Sweden.

Altran gave its staff the opportunity to become shareholders of the company via a share issue reserved to employees. In those countries meeting the legal and tax requirements, the Group offered two types of investment: the traditional share ownership plan (buying shares at a 20% discount to the listed share price) and the leveraged plan (awarding share warrants for an equivalent amount).

The benefits to employees under the traditional share-ownership plan are assessed at the fair value of the shares granted at that date, net of the cost of non-transferability of shares after their acquisition. This discount is estimated by valuing the cost of a hedging strategy matching the forward sale of non-transferable shares and the loan-financed cash purchase of an equivalent number of transferable shares using a valuation model based on market parameters.

The cost to be booked is the difference between the discount and the lock-in cost, represented by the purchase of the securities sold forward.

The Group values employee benefit from the leveraged share-ownership plan using a model based on the following scenario:

- the employee borrows an amount equal to the discounted share price and pays the interest on the loan
- the employee sells the call-options to a bank.

The cost to be booked is the difference between the strike price and the cost of debt.

Since there is no vesting period, the difference between the sale price of the options and the cost of debt is charged immediately, under "Salaries and benefits," to the income statement and is offset in "Equity".

The parameters used at the closing date are set out in note 5.4.

#### Bonus shares

In the second half of 2007, Altran launched a bonus-share plan for its consultants.

The Group values employee benefit by using the approach of the CNC (*Conseil National de la Comptabilité*), the French National Accounting Board:

- the employee borrows an amount equal to the defined share price and pays the interest on the loan
- the employee sells the call-options to a bank.

The cost to be booked is the difference between the strike price and the cost of debt.

The difference between the sale price and the cost of debt is booked to the income statement, under "Salaries and benefits," on a straight-line basis over the vesting period and is offset in equity.

### 1.19. Tax

The tax charge (or income) on earnings comprises the tax payable for the financial year and the cost (or income) related to deferred taxes. Tax is reported under income unless it is related to elements that are booked directly as equity. In this case, tax is reported under equity.

The tax charge is the estimated amount of tax payable on income over the period, measured at the tax rate adopted or expected to apply at closing, as well as any tax adjustments for prior periods.

In France, as of 2010, the Value Added Contribution (Cotisation sur la Valeur Ajoutée des Entreprises – CVAE), assessed on the value added derived from the company accounts, is now recognised as a tax on income, whereas before this charge was booked as part of operating income on ordinary activities under "taxes and duties".

Deferred taxes are calculated using the balance sheet liability method for all temporary differences between the carrying amount of assets and liabilities and their tax basis.

The following items do not qualify for deferred tax recognition: 1/ the initial recognition of goodwill, 2/ the initial recognition of assets and liabilities that are not part of a business combination and which affect neither the accounting profit nor the taxable profit and 3/ temporary timing differences associated with investments in subsidiaries insofar as they are not be reversed in the foreseeable future.

Altran offsets deferred tax assets and liabilities by fiscal entity. In compliance with IAS 12, deferred tax assets and liabilities are not discounted.

Deferred tax assets are only booked when they are likely to be recovered. In assessing its ability to recover these assets, Altran takes the following elements into account:

- earnings forecasts as determined in the business plans used for goodwill impairment tests;
- tax losses arising before and after tax consolidation.

### 1.20. Turnover

Turnover corresponds to total revenues from services provided by all of the consolidated companies of the Group.

The accounting treatment of revenues and costs depends on the nature of the services.

Moreover, when the result of a transaction cannot be estimated reliably and recovery of costs incurred is unlikely, revenue is not recognised and the costs incurred are booked as expenses.

#### Cost-plus services

Revenues on cost-plus services are identified as the project advances.

The majority of the Group's services are carried out on a cost-plus basis.

#### Project based contracts

Pursuant to IAS 18, sales and earnings on project-based contracts with a performance obligation clause attached are booked according to the stage of progress of the contract in question in accordance with IAS 11. This is determined by the percentage of costs incurred on work carried out relative to the total estimated cost. When the total estimated costs of the contract are expected to exceed the total revenue generated by the contract itself, a provision is immediately written to cover the losses that will be incurred when the contract is completed.

In compliance with IAS 18 "Revenue on ordinary activities", re-invoicing of non-margined consultant fees for commercial services is set against external charges.

### 1.21. Non-recurring earnings

Other non-recurring revenues and charges arise from activities that, by their nature, amount and/or frequency cannot be considered as part of the Group's regular activities and earnings since they naturally impair the understanding of its operating performance. These are, therefore, revenues and charges that are considered to be unusual, abnormal, infrequent and hefty.

These mainly comprise:

- capital gains or losses on the disposal or one-off depreciation of current or non-current, tangible or intangible assets
- restructuring charges and provisions which impair the clarity of operating income before interest and tax, due to their size and unusual nature
- other operating charges and revenue considered to be unusual, abnormal or infrequent.

### 1.22. Currency gains and losses

Realised and unrealised foreign exchange gains and losses from operations are booked under "Other revenues" or "Other operational income and expenses". Those resulting from financing operations, or from the hedging of investment and financial activities, are booked under "Cost of gross financial debt" and "Other financial income and expenses"».

### 1.23. Grants and subsidies

Grants and subsidies covering costs incurred by the Group are systematically booked under operating income in the income statement over the period during which the costs were incurred. This mainly concerns research tax credits.

### 1.24. Earnings per share

The Group presents earnings per share on undiluted and diluted bases.

Undiluted earnings per share is net income attributable to the Group, divided by the weighted average number of shares outstanding over the year, net of treasury stock.

Diluted earnings correspond to net income attributable to Group shareholders, net of the financial cost of dilutive debt instruments and their impact on employee profit-sharing, net of corresponding tax. The number of shares chosen for the calculation of diluted earnings factors in the conversion into ordinary shares of dilutive instruments outstanding at year-end (share-warrant options or convertible bonds) when they are likely to have a dilutive effect. This is the case for share-warrant options, when their exercise price is lower than the market price (average price for Altran Technologies shares over the year).

Diluted and undiluted earnings per share are identical when undiluted earnings per share is negative. To ensure comparability of earnings per share, the weighted average number of shares outstanding during the year (and previous years) is adjusted to take into account any capital increases carried out at a share price lower than the market price. Treasury shares deducted from consolidated equity are not taken into account in calculating earnings per share.

## 2. Scope of consolidation

The consolidated financial statements incorporate the accounts of Altran Technologies and its subsidiaries. The Group fully consolidates its subsidiaries, with the exception of Altran Telnet Corporation, (Tunisia) which is consolidated by the equity method.

| | | | Closing | | | | Opening | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Method | Integration rate | Control rate | Interest rate | Method | Integration rate | Control rate | Interest rate | Variation |
| **Northern Zone** | **Germany** | ALTRAN DEUTSCHLAND (ex BETEILIGUNGS) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | CHS DATA SYSTEMS | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | SUTHERLAND CONSULTING (DEU) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN GMBH AND CO KG | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | XYPE GMBH | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| | **Australia** | ALTRAN AUSTRALIA | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | **Austria** | ALTRAN OSTERREICH GMBH | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | **Romania** | NSI ROUMANIE | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 73.70 | Liquidated |
| | | ALTRAN ENGINEERING ROMANIA SRL | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | **Belgium** | ALTRAN SA BELGIQUE | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | **Luxembourg** | ALTRAN LUXEMBOURG | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 99.9 | 94.91 | |
| | **The Netherlands** | ALTRAN INTERNATIONAL | IG | 100.00 | 95.00 | 95.00 | IG | 100.00 | 95.00 | 95.00 | |
| | | ALTRAN BV | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | | DCE CONSULTANTS BV (NLD) ex Holding | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 95.00 | Merged |
| | **Norway** | ALTRAN NORWAY AS | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | **Sweden** | ALTRAN SCANDINAVIA | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 100.00 | Merged |
| | | ALTRAN TECHNOLOGIES SWEDEN AB | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN SVERIGE | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | **Denmark** | ALTRAN DENMARK | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | **Switzerland** | ALTRAN SWITZERLAND | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 100.00 | Merged |
| | | ALTRAN AG (CHE) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | **UK** | ALTRAN UK | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN TECHNOLOGIES UK | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN PRAXIS | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | HILSON MORAN PARTNERSHIP | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | CAMBRIDGE CONSULTANTS | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | SYNECTICS (UK) | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 95.00 | Liquidated |
| | | SUTHERLAND CONSULTING (UK) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | XYPE LTD | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| | | XYPE TECHNOLOGIES LTD | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| | **Ireland** | ALTRAN IRELAND | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 95.00 | |

| | | | Closing | | | | Opening | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Method | Integration rate | Control rate | Interest rate | Method | Integration rate | Control rate | Interest rate | Variation |
| Southern Zone | Brazil | ALTRAN DO BRASIL | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | | TECNOLOGIA E CONSULTORIA BRASILEIRA (TCBR) | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | | ALTRAN CONSULTORIA EM TECNOLOGIA (A.C.T) | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | Spain | ALTRAN INNOVACION SOCIEDAD LIMITADA | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN CIS (SPAIN) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN TECHNOLOGIA E INNOVATION | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | BARNAZ HOLDING | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 100.00 | Liquidated |
| | | AGENCIA DE CERTIFICATION INNOVATION | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | STRATEGY AND INNOVATION ADVISORS | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Italy | ALTRAN HOLDING SRL (ITALIA) | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 100.00 | Merged |
| | | ALTRAN ITALIA | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | TQM CONSULT | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ATHENA (ex OTBA ITALIE) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | HILSON MORAN ITALY | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | IGEAM DEVELOPPEMENT DURABLE | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| | Portugal | ALTRAN PORTUGAL SGPS | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| France | | ALTRAN TECHNOLOGIES | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN CIS (France) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN INVOICING | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | DATACEP | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | EXCELLIA | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | DIOREM | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | IMNET FRANCE | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | GMTS | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | LOGIQUAL SO | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN PROTOTYPES AUTOMOBILES | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN PRAXIS France | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ALTRAN PARTICIPATIONS | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | NSI SA | IG | 100.00 | 73.70 | 73.70 | IG | 100.00 | 73.70 | 73.70 | |
| | | HILSON MORAN (France) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | XYPE SAS | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Acquired |
| ADL | Germany | ARTHUR D. LITTLE (DEU) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Austria | ARTHUR D. LITTLE AUSTRIA | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Romania | ARTHUR D. LITTLE ROMANIA SRL | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Belgium | ARTHUR D. LITTLE BELGIUM | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | The Netherlands | ARTHUR D. LITTLE NETHERLANDS | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |

| | | | Closing | | | | Opening | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Method | Integration rate | Control rate | Interest rate | Method | Integration rate | Control rate | Interest rate | Variation |
| ADL | Sweden | ARTHUR D. LITTLE (SWE) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Switzerland | ARTHUR D. LITTLE SCHWEIZ | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | UK | ARTHUR D. LITTLE (GBR) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Brazil | ARTHUR D. LITTLE (BRESIL) | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | Spain | ARTHUR D. LITTLE S.L. (ESP) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Italy | ARTHUR D. LITTLE (ITA) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | France | ARTHUR D. LITTLE (FRA) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ADL SERVICES | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Japan | ARTHUR D. LITTLE JAPAN | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Hong Kong | ARTHUR D. LITTLE HONG KONG (HKG) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ADL JAPAN Holding | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 95.00 | Liquidated |
| | Korea | ARTHUR D. LITTLE YUHAN HOESA | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Malaysia | ARTHUR D. LITTLE (MALAYSIA) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Singapore | ARTHUR D. LITTLE SINGAPORE | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | USA | ARTHUR D. LITTLE (USA) | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | UAE | ARTHUR D. LITTLE MIDDLE EAST DIFC | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ARTHUR D. LITTLE MIDDLE EAST FZ LLC | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | | ARTHUR D. LITTLE EMIRATES ABU DHABI | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Created |
| | Saudi Arabia | ARTHUR D. LITTLE SAUDI ARABIA | IG | 100.00 | 100.00 | 100.00 | NI | 0.00 | 0.00 | 0.00 | Created |
| | China | ARTHUR D. LITTLE CHINA | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| ROW Zone | UAE | ALTRAN MIDLE EAST | IG | 100.00 | 100.00 | 100.00 | IG | 100.00 | 100.00 | 100.00 | |
| | Hong Kong | ALTRAN CHINA Hong Kong | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | India | ALTRAN TECHNOLOGIES INDIA | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | Japan | ALTRAN CONTROL SOLUTIONS JAPAN | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 95.00 | Sold |
| | Korea | ALTRAN TECHNOLOGIES KOREA YUHAN | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | Singapore | ALTRAN HOLDINGS (SINGAPORE) | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | | ALTRAN TECHNOLOGIES SINGAPORE | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 95.00 | Liquidated |
| | Tunisia | ALTRAN TELNET CORPORATION | IP | 50.00 | 50.00 | 50.00 | IP | 50.00 | 50.00 | 50.00 | |
| | Canada | ALTRAN CANADA | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | | ALTRAN CONTROL SOLUTIONS CANADA | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 95.00 | Sold |
| | | SYNECTICS CANADA | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |

| | | | Closing | | | | Opening | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Method | Integration rate | Control rate | Interest rate | Method | Integration rate | Control rate | Interest rate | Variation |
| ROW Zone | USA | ALTRAN SOLUTIONS CORP | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | | ALTRAN CONTROL SOLUTIONS USA | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 95.00 | Sold |
| | | ALTRAN USA HOLDINGS | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | | IMAGITEK | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 95.00 | Sold |
| | | CAMBRIDGE CONSULTANTS, INC | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | | SYNECTICS INC | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | China | ALTRAN SHANGAI | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | | ALTRAN SUZHOU Ltd (CHINE) | IG | 100.00 | 100.00 | 95.00 | IG | 100.00 | 100.00 | 95.00 | |
| | | ALTRAN CONTROL SOLUTIONS CHINA | NI | 0.00 | 0.00 | 0.00 | IG | 100.00 | 100.00 | 95.00 | Sold |

### Changes in scope of consolidation

In 2010, the Group completed several transactions affecting its scope of consolidation.

### Acquisitions

In accordance with the protocol agreement signed on 18 June 2010, Altran UK acquired a controlling stake in Xype, a company with two subsidiaries in the UK, one in Germany and another in France. Since its integration into the Group on 1 July 2010, XYPE has generated sales of €6.4m.

Altran Italia acquired IGEAM Developpment Durable on 11 November 2010. Since its integration into the scope on 1 November 2010, this company has generated sales of €0.2m.

### Creations

Altran created two new subsidiaries in 2010.

### Disposals

The US company, Imagitek, was sold on 31 March 2010. This disposal had a net impact of -€0.9m on the interim income statement.

On 31 July 2010, Altran sold Altran Control Solutions, comprising four subsidiaries (in the US, Canada, Japan and China). Sales over the period came out at €4.9m compared with €12.4m over the full year in 2009. This disposal had a net impact of -€3.3m on H2 2010 results.

### Mergers & liquidations

In line with group strategy to streamline its scope of consolidation, Altran carried out several mergers and liquidations in 2010, notably in Spain, Hong Kong, Italy, the Netherlands, Romania, the UK, Singapore and Switzerland.

# 3. Key events

The key events are described in section 1 of the Management Report.

# 4. Notes relative to certain balance sheet items

## 4.1. Net goodwill

Movements in net goodwill are analysed in the table below:

| Balance at 31 December 2009 | 395,832 |
|---|---|
| Earn outs | 0 |
| Loss in value | (30,169) |
| Changes in scope of consolidation | 8,912 |
| Exchange rate changes | 6,224 |
| Other transactions | (0) |
| Balance at 31 December 2010 | 380,798 |

Changes in the scope of consolidation include:

- goodwill of €6,085k on the acquisition of Xype in the UK, and of €3,755k on the acquisition of IGEAM Developpment Durable in Italy
- a reduction of €928k arising mainly from the disposal of Imagitek in the US.

Impairment losses booked in the income statement totalled €30,169,000 in 2010, of which €14,573k in H1 and €15,596k in H2.

The breakdown of sales by regional segment is given in the table below:

| *At 31/12/2010* | France | Northern zone | Southern zone | ROW zone | Arthur D. Little | Total |
|---|---|---|---|---|---|---|
| **Impairment losses booked to 2010 income** | **0** | **(4,027)** | **(4,889)** | **(5,738)** | **(15,515)** | **(30,169)** |

Impairment losses recognised involved 4 CGUs (Cash Generating Units), comprising 11 companies. At end-2010, net book value of goodwill before impairment totalled €410,968k.

At 31 December 2010, the goodwill impairment tests used to book the above losses in value were based on a discount rate after tax (WACC) of 9.32% (vs. 9.22% in 2009), implying a pre-tax discount rate of between 11% and 12% and growth in sales to infinity of 2%.

All Cash Generating Units were subject to sensitivity tests. The results of the sensitivity tests carried out to determine the need for goodwill impairment are given in the tables below (in thousands of euros):

| *WACC* | | 8.32% | 9.32% | 10.32% |
|---|---|---|---|---|
| Growth rate to infinity | 2.00% | 0 | 30,169 | 38,816 |
| | 1.00% | | 35,095 | |

## 4.2. Intangible assets

| | Brands | Development costs | Software | Other | Total |
|---|---|---|---|---|---|
| At 31 December 2009 | | | | | |
| Gross value at opening | 34,607 | 6,107 | 23,914 | 898 | **65,526** |
| Amortisation and provisions | (2,084) | (3,926) | (18,962) | (326) | **(25,298)** |
| Net value at opening | 32,524 | 2,181 | 4,951 | 572 | **40,228** |
| Transactions during the period: | | | | | |
| Acquisitions | 135 | 1,085 | 4,027 | 3,333 | **8,580** |
| Disposals | (0) | | (933) | | **(933)** |
| Net amortisation and provisions | (165) | (224) | (3,474) | (32) | **(3,895)** |
| Changes in scope of consolidation | | (1,417) | (148) | | **(1,566)** |
| Exchange rate changes | 1 | 146 | 148 | 1 | **296** |
| Other transactions | (30) | (911) | 1,355 | (561) | **(146)** |
| TOTAL TRANSACTIONS (net value): | (58) | (1,321) | 974 | 2,741 | **2,336** |
| At 31 December 2010 | | | | | |
| Gross value at closing | 34,674 | 3,637 | 26,161 | 3,686 | **68,159** |
| Amortisation and provisions | (2,209) | (2,778) | (20,236) | (374) | **(25,596)** |
| Net value at closing | 32,465 | 859 | 5,926 | 3,313 | **42,563** |

The Arthur D. Little brand is valued at €31,968k.

In 2010, net depreciation on intangible assets totalled €3,895k, of which -€4,581k in net depreciation and provisions plus non-recurring operating income of +€686k.

## 4.3. Tangible assets

| | Land | Constructions | General facilities, fixtures and furnishings | Office & computer equipment & furniture | Other | Total |
|---|---|---|---|---|---|---|
| **At 31 December 2009** | | | | | | |
| Gross value at opening | 383 | 11,135 | 26,559 | 64,514 | 1,981 | **104,572** |
| Amortisation and provisions | | (4,618) | (14,261) | (48,521) | (1,338) | **(68,739)** |
| Net value at opening | 383 | 6,517 | 12,298 | 15,993 | 643 | **35,834** |
| **Transactions during the period** | | | | | | |
| Acquisitions | | 1,247 | 2,651 | 7,434 | 931 | **12,262** |
| Disposals | | | (79) | (1,358) | (56) | **(1,493)** |
| Net amortisation and provisions | | (126) | (2,961) | (7,672) | (191) | **(10,950)** |
| Changes in scope of consolidation | | | (34) | 37 | 0 | **3** |
| Exchange rate changes | | 240 | 340 | 425 | 34 | **1,039** |
| Other transactions | 497 | (509) | (458) | 173 | 12 | **(285)** |
| **Total transactions during the period** | 497 | 852 | (541) | (962) | 730 | **576** |
| **At 31 December 2010** | | | | | | |
| Gross value at closing | 880 | 12,291 | 28,393 | 65,547 | 2,851 | **109,963** |
| Amortisation and provisions | | (4,922) | (16,636) | (50,516) | (1,478) | **(73,552)** |
| Net value at closing | 880 | 7,369 | 11,757 | 15,031 | 1,373 | **36,410** |

Altran owns property in France, Italy and the UK worth a total net value of €8.2m.

None of the Group's fully amortised fixed assets that are still in use are worth a significant amount.

In 2010, net provisions for tangible asset amortisation totalled €10,950k, of which -€10,898k in net depreciation and provisions, plus a non-recurring operating loss of -€52k.

## 4.4. Non-current financial assets

Non-recurring financial assets are broken down as follows:

| | 31-Dec-10 | 31-Dec-09 |
|---|---|---|
| **Available for sale** | | |
| Cambridge Consultants incubator | 81 | 4,392 |
| **Loans and credits generated by the Group** | | |
| Pension fund assets | 7,335 | 8,169 |
| Construction-effort loans | 6,671 | 5,694 |
| Deposits and guarantees | 9,484 | 11,989 |
| | **23,491** | **25,852** |
| **Total** | **23,572** | **30,244** |

### 4.4.1. "Available-for-sale" assets

In 2010, the K€4,311 decrease in "available-for-sale" assets was due notably to the disposal of the Vectura shares owned by CCL as part of its business-incubator activity.

### 4.4.2. Loans and receivables

"Construction-effort" loans totalled €6,671k at end-2010, compared with €5,694k at end-2009.

This €977,000 increase on 2009 levels stemmed notably from:

- the impact of the fair value of "construction effort" loans (€439k) booked in the income statement
- payments of €1,416k in 2010.

Other loans and receivables include deposits and guarantees.

### 4.5. Other non-current assets

Other non-current assets mainly include:

- €1,264k placed in an escrow account in Brazil;
- doubtful debt, net of provisions, of €618k;
- social security receivables due in more than one year time of €3,433k.

### 4.6. Stocks

Inventories and work in progress are broken down as follows:

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| Raw materials | 631 | 506 |
| Work in progress | 1,275 | 1,421 |
| Finished goods | 87 | 65 |
| Provisions for inventory | (58) | (71) |
| **Total** | **1,935** | **1,921** |

### 4.7. Trade receivables net of provisions for impairment

Trade receivables are at the maximum due within one year.

| | 31/12/2010 | | | 31/12/2009 | | |
|---|---|---|---|---|---|---|
| | Total | Matured | Not matured | Total | Matured | Not matured |
| **Net accounts receivable** | **445,783** | **67,551** | **378,231** | **418,116** | **79,165** | **338,951** |

Changes in provisions for trade receivables are broken down as follows:

| 31/12/2009 | Provisions booked over the period | Writebacks | Exchange rate differences | Scope of consolidation changes | Other changes | 31/12/2010 |
|---|---|---|---|---|---|---|
| **(8,297)** | **(3,634)** | **4,846** | **(140)** | **516** | **93** | **(6,616)** |

Trade receivables, net of depreciation, which are overdue are listed in the following table:

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| Expired for less than 1 month | 35,803 | 39,880 |
| Expired for 1 – 3 months | 20,467 | 23,596 |
| Due for more than 3 months | 11,281 | 15,689 |
| **Total trade receivables** | **67,551** | **79,165** |

With regards factoring agreements, the Group is responsible for recovering trade receivables. These receivables are booked as assets and offset in "Current financial liabilities" (see note 4.11).

The impact of these elements on the financial statements is detailed in the table below (in thousands of euros):

## Assets

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| Accounts receivable (client) | 233,016 | 197,360 |
| Cancellation of deposits | (46,925) | (37,621) |
| | 186,091 | 159,739 |

## Liabilities

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| Current financial liabilities | 186,091 | 159,739 |
| | 186,091 | 159,739 |

### 4.8. Other receivables

This item includes tax receivables and other operating receivables.

### 4.9. Current financial assets

This item includes deposits and guarantees due within one year.

### 4.10. Shareholders' equity and earnings per share

The following calculations are based an average annual price of €3.39 per Altran Technologies share.

At 31 December 2010, Altran's share capital totalled €71,852,266.00, comprising 143,704,532 ordinary shares. This implies an increase of 125,205 shares on end-2009 levels, mainly coming from the capital increase reserved for employee shareholders carried out in December 2010. At end-2010, the weighted average number of ordinary shares outstanding totalled 143,596,584 and the weighted average number of ordinary and dilutive shares totalled 143,710,478.

| *Breakdown of equity capital* | Number | Nominal value |
|---|---|---|
| Number of shares comprising the equity capital at opening | 143,579,327 | €0.50 |
| Capital increase – recognition of OCEANE bond conversion | 2,031 | €0.50 |
| Capital increase reserved for the employee shareholding plan | 123,174 | €0.50 |
| **Number of shares comprising the equity capital at closing** | **143,704,532** | **€0.50** |

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| **Net income Altran Technologies** | **(25,999)** | **(74,753)** |
| Impact of dilutive share-based payments | 729 | 1,892 |
| Ordinary shares | 143,596,584 | 143,208,808 |
| Options granted with a dilutive impact | 113,894 | 0 |
| **Earnings per share (€)** | **-0.18** | **-0.52** |
| **Diluted earnings per share (€)** | **-0.18** | **-0.52** |

Given that, with the exception of the 11 March 2003 plan, the strike prices of all stock option plans outstanding at end-2010 were higher than the average share price over the year, these plans did not have a dilutive impact in 2010. This also applies to the 2015 OCEANE bond issued on 18 November 2009.

Options granted with an estimated dilutive impact concern the stock-option plans where the strike price is lower than the average share price in 2010.

These include the March 2003 stock-option plans involving a maximum number of 866,298 stock-options. Exercise of this plan will result in the issue of 113,894 new shares.

Although the stock-option plans with a strike price higher than the average 2010 share price could dilute future EPS, they have not been included in the diluted EPS calculation in the table above. These plans include:

1. the June 2003 stock-option plan involving a maximum of 164,567 stock options
2. the June 2004 stock-option plan involving a maximum of 1,144,549 stock options
3. the June 2005 stock-option plan involving a maximum of 132,369 stock options
4. the December 2005 stock-option plan involving a maximum of 1,161,562 stock options
5. the December 2007 stock-option and bonus-share plans allocated to employees outside of France involving a maximum of 1,903,723 stock options and 205,000 bonus shares
6. The 1 January 2015 OCEANE bond involving a maximum number of 30,133,721 convertible bonds.

The characteristics of the stock-option plans are described in note 5.4.

## 4.11. Net financial debt

Net financial debt is the difference between total financial liabilities and cash and cash equivalents.

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| Cash and cash equivalent | 215,052 | 242,572 |
| Cash liabilities | | |
| Net cash | 215,052 | 242,572 |
| Convertible bond loans (>1 year) | 105,223 | 100,422 |
| Credit establishment borrowings and debts (> 1 year) | 60,402 | 92,414 |
| Other non-current financial liabilities | 11,577 | 17,925 |
| Convertible bond loans (<1 year) | | |
| Current bond loans | 9,939 | 1,069 |
| Current borrowings | 34,940 | 35,792 |
| Current financial debt on leasing contracts | | |
| Bank overdrafts(*) | 194,031 | 177,665 |
| Other current financial debt | 2,351 | 2,579 |
| Gross financial debt | 418,462 | 427,866 |
| Net financial debt | (203,410) | (185,294) |

(*): including factoring of €186.1m (for total lines of €291.5m at end-2010, vs.€293.9m at end-2009).

Group net debt increased €18,116k on end-2009 levels to €203,410k at end-December 2010.

### Cash equivalents

At 31 December 2010, the market value of cash equivalents totalled €148,337k and may be broken down as follows:

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| Certificates of deposit and other | 95,000 | 90,000 |
| SICAV and mutual funds | 53,337 | 108,630 |
| **Total** | **148,337** | **198,630** |

### Debt repayment schedule

The table below gives the breakdown of the Group's financing costs by type of debt and by maturity, including accrued interest and after taking into account the effect of hedging instruments:

| | < 1 year | 1 - 2 years | 2 - 3 years | 3 - 4 years | 4 - 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|---|
| Convertible bond loans (>1 year) | | 0 | 0 | 0 | 105,223 | 0 | 105,223 |
| Credit establishment borrowings and debts (> 1 year) | | 31,910 | 28,492 | 0 | 0 | 0 | 60,401 |
| Other non-current financial liabilities | | 9,300 | 1,501 | 702 | 38 | 36 | 11,577 |
| **Long-term financial liabilities** | **0** | **41,210** | **29,993** | **702** | **105,262** | **36** | **177,202** |
| Current bond loans | 9,939 | | | | | | 9939 |
| Current borrowings | 34,940 | | | | | | 34,940 |
| Bank overdrafts | 194,032 | | | | | | 194,032 |
| Other current financial debt | 2,351 | | | | | | 2,351 |
| **Short-term financial liabilities** | **241,261** | **0** | **0** | **0** | **0** | **0** | **241,261** |
| **Total** | **241,261** | **41,210** | **29,993** | **702** | **105,262** | **36** | **418,463** |

In percentage terms, the maturity of the Group's financial liabilities at 31 December 2010 may be broken down as follows:

| | |
|---|---|
| - Less than 1 year | 57.65% |
| - 1 to 5 years | 42.34% |
| - more than 5 years | 0.01% |

## Convertible bond issues

On 18 November 2009, Altran issued 30,136,986 convertible bonds at a nominal value of €4.38, bearing an annual coupon of 6.72% and a maturity of 5 years and 44 days. The normal date of redemption is set for 1 January 2015.

Interest is payable in arrears on 1 January of each year. For the period running from 18 November 2009 to 31 December 2010, interest was paid on 1 January 2011 on a prorata tempora basis.

- The Company can decide to redeem bonds before their scheduled maturity date under the following conditions:
  - some or all of the bonds may be redeemed at any time by purchase on a securities market or over the counter or through a public offer;
  - all outstanding bonds may be redeemed at any time between 15 January 2013 and 1 January 2015:
    - at their face value plus all accrued interest since the last coupon date;
    - if the bond conversion ratio, multiplied by Altran Technologies average closing share price on Euronext SA's Paris Premier Marché over 20 consecutive trading days, is more than 130% higher than the face value of the bond (i.e. €5.69). Note that the 20 consecutive-day period used to calculate the average closing share price is selected by the company out of a period of 30 consecutive trading days, prior to the announcement of the early redemption;
  - all outstanding bonds may be redeemed at any time at the early redemption price on the condition that the number of outstanding bonds is less than 10% of the total amount issued.
- Bondholders can:
  - exchange or convert their bonds before their scheduled maturity date at any time between the settlement date (18 November 2009) and the seventh working day before the regular or early redemption date request the conversion and/or exchange of bonds for shares at a conversion rate of 1 share for 1 bond. The company can decide whether or not to grant bondholders new and/or existing shares. The new shares issued following conversion will rank for dividend: on the first day of the financial year when the bonds are converted and will be immediately open for trading on the stock market;
  - at any moment in the event of a change in company control at an early redemption price equal to the par value plus the accrued interest due since the last coupon payment.

The application of IAS 32 to the 2015 OCEANE bond boosted equity by €32.1m. Group financial debt was reduced by the same amount.

The market rate applied and the breakdown of the debt and equity components are as follows:

| | |
|---|---|
| - discount rate applied to the debt: | 12.83% |
| - effective interest rate: | 13.63% |
| - fair value of the debt at date of issue: | €99,851,000 |

Financial expenses for 2010 totalled €13,679k.

Accrued interest at end-2010, payable in arrears on 1 January 2011, came out at €8,870k.

An additional expense of €4,812k booked in the income statement at 31 December 2010 resulted from the difference between the nominal value of the OCEANE bearing a 6.72% coupon and the IFRS financial charge calculated on the basis of the effective interest rate method in compliance with IAS 32/39.

Following OCEANE conversion, €3k was booked as a fair-value debt adjustment.

## Main changes in credit lines

On 4 July 2008, Altran signed a refinancing agreement with its bankers (BNP Paribas, Crédit Agricole Ile de France, Natixis and Société Générale) giving the Group access to total credit lines amounting to €92 m on 31 December 2010. The amortisation schedule for these credit lines is given in the table below.

This agreement gives Altran access to a five-year €150 million credit line, including the rescheduling of €26 million in existing credit lines that were initially redeemable in 2009. The main characteristics of this credit line include:

- five-year maturity dating from the first draw-down
- half-yearly amortisation as of July 2009
- a maximum Euribor coupon +2.25%.

This €150m credit line is divided into two tranches:

- tranche A for a maximum of €26m made available as of 28 July 2008
- tranche B for a maximum of €124m made available as of 1 January 2009.

| (€m) | December 2008 | June 2009 | December 2009 | June 2010 | December 2010 | June 2011 | December 2011 | June 2012 | December 2012 | June 2013 | December 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Tranche A revolving credit | 26.0 | 23.1 | 20.2 | 17.3 | 14.4 | 11.6 | 8.7 | 5.8 | 2.9 | 0.0 | 0.0 |
| Tranche B revolving credit | 124.0 | 111.6 | 99.2 | 86.8 | 74.4 | 62.0 | 49.6 | 37.2 | 24.8 | 12.4 | 0.0 |
| **TOTAL** | **150** | **134.7** | **119.4** | **104.1** | **88.8** | **73.6** | **58.3** | **43.0** | **27.7** | **12.4** | **0.0** |
| Renegotiated credit line with CADIF | 5.0 | 5.0 | 4.4 | 3.8 | 3.2 | 2.6 | 2.0 | 1.4 | 0.8 | 0.2 | 0.0 |
| **TOTAL** | **155.0** | **139.7** | **123.8** | **107.9** | **92.0** | **76.2** | **60.3** | **44.4** | **28.5** | **12.6** | **0.0** |

On 9 November 2009, Altran signed another amendment to the refinancing agreement with its bankers, determining a new set of financial ratio thresholds. Margin levels will be revised every six months in relation to consolidated debt leverage (net financial debt/EBITDA).

| | Applicable margin |
|---|---|
| Ratio >= 3,5 | 2.25% / year |
| 3.5>ratio>3 | 1.40% / year |
| 3>ratio>2.5 | 1.25% / year |
| 2.5>ratio>2 | 1.10% / year |
| Ratio<2 | 0.90% / year |

These credit lines are subject to the following covenants:

| | Net debt/EBITDA | Net debt/equity |
|---|---|---|
| 31/12/2009 | <4.5 | <1.0 |
| 30/06/2010 | <5.5 | <1.0 |
| 31/12/2010 | <4.0 | <1.0 |
| 30/06/2011 | <3.75 | <1.0 |
| 31/12/2011 | <3.0 | <1.0 |
| 30/06/2012 | <2.5 | <1.0 |
| **31/12/2012 -31/12/2013** | **<2.0** | **<1.0** |

With regards the financial ratios:

- the EBITDA used to calculate these covenants is the 12-month moving average before employee profit-sharing and staff costs relative to payment in shares
- net financial debt excludes employee profit sharing and accrued interest on bond-related debt.

The credit agreement contains several clauses pertaining to financial ratio thresholds, allocation of cash flow and limitations on acquisitions, in particular:

- as of 2009, one third of net consolidated cash flow over €15m generated by the Group must be allocated to pay down debt (excluding any future market operation)
- acquisitions are limited to a total annual investment of €50m, unless the Group obtains special permission from a majority of its lending banks.

Trends in the Group's financial ratios in 2010 are given in the table below:

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| Net debt/equity as defined in the credit agreement | 0.41 | 0.38 |
| Net debt/EBITDA before employee profit-sharing (financial gearing) as defined in the credit agreement | 2.09 | 3.83 |

Most of the Group's bank debt is contracted on a variable-rate basis which is mainly indexed to the EURIBOR or EONIA benchmark rates, although a hedging strategy has been set up (see section 4 "Risks" of the present registration document).

Fair value of interest rate swaps increased shareholders' equity by a net amount of €2,827k (corresponding to €4 312k in gross value terms, less €1,485k in deferred taxes).

## 4.12. Provisions for risks and charges

Trends in short and long-term provisions for liabilities and charges over the period are given in the table below:

| | 31/12/2009 | Provisions booked over the period | Write-backs (used) | Write-backs (not used) | Forex differences | Scope of consolidation changes | Other changes | 31/12/2010 |
|---|---|---|---|---|---|---|---|---|
| Provisions for labour disputes | 3,494 | 2,835 | (1,561) | (32) | 310 | | 763 | 5,809 |
| Provision for other disputes | 2,898 | 688 | (185) | (666) | 81 | | | 2,816 |
| Provision for legal disputes and tax penalties | 243 | 3 | (28) | (102) | 20 | | 28 | 164 |
| Provision for other risks > 1 year | 3,583 | 33 | (2,709) | (148) | 289 | | | 1,045 |
| Provisions for restructuring | 1,411 | 357 | (858) | | 66 | | | 976 |
| Other provisions for charges | 469 | | | | | | | 469 |
| **Total provisions for long-term risks and charges** | **12,098** | **3,916** | **(5,130)** | **(1,162)** | **766** | **0** | **791** | **11,279** |
| Provisions for labour disputes | 4,703 | 1,659 | (632) | (1,127) | | | (763) | 3,840 |
| Provision for other disputes | 710 | 43 | (456) | (168) | | | | 129 |
| Provisions for warranties | 345 | | (211) | (132) | | | | 2 |
| Provision for legal disputes and tax penalties | 220 | 186 | (127) | | 8 | | | 287 |
| Provision for losses on completion | 293 | 409 | (252) | | | | | 450 |
| Provision for other risks | 2,489 | 1,601 | (129) | (248) | 41 | | | 3,754 |
| Provisions for restructuring(*) | 39,980 | 3,080 | (26,564) | | 246 | (153) | (77) | 16,512 |
| Provision for other charges | 63 | 2 | (34) | | 2 | (27) | | 6 |
| **Total provisions for short-term risks and charges** | **48,803** | **6,980** | **(28,405)** | **(1,675)** | **297** | **(180)** | **(840)** | **24,980** |

*(*) including €8.0m related mainly to an inactive pension fund commitment (€7.5m), most of which is covered by a €7.3m financial asset (see note 4.4).*

Other changes mainly include reclassifications between "non-current" and "current" items resulting from a change in forecast dates for the outlay of resources.

At 31 December 2010, net provision write backs for risks and charges totalled €25,476k. The breakdown of these in terms of operating income on ordinary activities and non-recurring income is as follows:

- €1,665k booked as operating income on ordinary activities
- €23,811k booked as non-recurring operating income.

Major litigation issues are detailed in note 4, "Risks", of the present registration document.

### Provisions for restructuring

Trends in the Group's restructuring provisions are set out in the table below:

| *Albatros Plan* | 31/12/2009 | Provisions | Write-backs | Exchange rate differential | 31/12/2010 |
|---|---|---|---|---|---|
| Payroll charges | 1,803 | | (47) | | 1,756 |
| Property lease rationalisation | 51 | | (160) | 7 | (102) |
| Other | 0 | | (9) | | (9) |
| **Total** | **1,854** | **0** | **(216)** | **7** | **1,645** |

| *Operational efficiency plan* | 31/12/2009 | Provisions | Write-backs | Exchange rate differential | 31/12/2010 |
|---|---|---|---|---|---|
| Payroll charges | 4,164 | 1,038 | (3,311) | 80 | 1,971 |
| Property lease rationalisation | 2,940 | 112 | (1,898) | (4) | 1,151 |
| Other | 256 | 10 | (202) | (56) | 8 |
| **Total** | **7,360** | **1,160** | **(5,411)** | **21** | **3,130** |

| *2009 crisis-impact plan* | 31/12/2009 | Provisions | Write-backs | Exchange rate differential | 31/12/2010 |
|---|---|---|---|---|---|
| Payroll charges | 22,255 | 1,872 | (20,291) | 30 | 3,865 |
| Property lease rationalisation | 1,210 | 374 | (692) | (100) | 792 |
| Other | 59 | 32 | (30) | (6) | 54 |
| **Total** | **23,524** | **2,277** | **(21,014)** | **(77)** | **4,711** |

## 4.13. Employee benefits

Liabilities arising from current and non-current employee benefits are detailed in the table below:

| | 31/12/2010 | 31/12/2009 | % change |
|---|---|---|---|
| Personnel and social security charges | 151,565 | 133,620 | 17,945 |
| | **151,565** | **133,620** | **17,945** |
| Non-current employee benefits | 36,348 | 34,769 | 1,579 |
| Other non-current end-of-career benefits(*) | 3,750 | 3,411 | 339 |
| | **40,098** | **38,180** | **1,918** |
| **Total** | **191,662** | **171,800** | **19,862** |

*(*) Employee benefits eligible for IAS 19*

The Group's total commitments as regards retirement plans and post-employment benefits, booked as "non-current employee benefits" mainly concern France, Italy, Germany, Japan, The Netherlands and Switzerland, and break down as follows:

*Reconciliation of provisions*

| *(in thousands of euros)* | Retirement | | End of contract | | Other long-term benefits | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Provisions at beginning of period | (23,695) | (20,145) | (8,270) | (8,156) | (2,804) | (2,160) | (34,769) | (30,462) |
| Acquired/transferred/discontinued plans | 0 | (435) | 0 | 0 | 61 | 0 | 61 | (435) |
| Recognised charge (revenue) | (3,746) | (5,792) | (272) | (976) | 214 | (678) | (3,804) | (7,446) |
| Employer contributions | 1,520 | 2,641 | 994 | 862 | 0 | 34 | 2,514 | 3,538 |
| Translation differences | (311) | 36 | 0 | 0 | 0 | 0 | (311) | 36 |
| **Provisions at end of period** | **(26,232)** | **(23,695)** | **(7,549)** | **(8,270)** | **(2,529)** | **(2,804)** | **(36,310)** | **(34,769)** |

*Financial situation*

| *(in thousands of euros)* | Retirement | | End of contract | | Other long-term benefits | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Commitments | (43,570) | (39,954) | (10,245) | (10,452) | (2,693) | (2,977) | (56,508) | (53,384) |
| Value of hedging assets | 22,105 | 22,803 | 0 | 0 | 164 | 170 | 22,269 | 22,973 |
| **(Deficit) surplus** | **(21,465)** | **(17,151)** | **(10,245)** | **(10,452)** | **(2,529)** | **(2,807)** | **(34,239)** | **(30,410)** |
| Unrecognised actuarial gains and losses | (7,097) | (9,291) | 2,696 | 2,182 | (0) | 3 | (4,401) | (7,106) |
| Unrecognised costs of past services – rights not acquired | 2,670 | 2,899 | 0 | 0 | 0 | 0 | 2,670 | 2,899 |
| Surplus cash reserve | (341) | (151) | 0 | 0 | 0 | 0 | (341) | (151) |
| **Provision at closing** | **(26,232)** | **(23,695)** | **(7,549)** | **(8,270)** | **(2,529)** | **(2,804)** | **(36,310)** | **(34,769)** |

## Assessment of commitments and provisions at 31 December 2010 and 31 December 2009

*Reconciliation of commitments*

| *(in thousands of euros)* | Retirement | | End of contract | | Other long-term benefits | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Commitments at beginning of period | 39,954 | 43,545 | 10,452 | 10,540 | 2,977 | 2,338 | 53,384 | 56,423 |
| Cost of services carried out | 3,838 | 4,376 | 75 | 79 | 430 | 450 | 4,343 | 4,906 |
| Net interest | 1,704 | 1,849 | 504 | 510 | 151 | 125 | 2,359 | 2,484 |
| Employee contributions | 445 | 925 | 0 | 0 | 0 | 0 | 445 | 925 |
| Change in pension scheme – rights acquired | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in pension scheme – rights not acquired | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Error correction/new plan impact/ discontinued plans | 377 | 171 | 0 | 0 | (62) | 0 | 315 | 171 |
| Reduction/liquidation | (4,450) | (14) | (1,067) | 0 | 0 | 0 | (5,518) | (14) |
| Acquisitions / (disposals) | 0 | (4,453) | 0 | 0 | 0 | 0 | 0 | (4,453) |
| Services paid | (1,693) | (561) | (994) | (862) | (11) | (46) | (2,698) | (1,469) |
| Actuarial (gains)/ losses | 1,710 | (5,804) | 1,275 | 185 | (792) | 110 | 2,194 | (5,509) |
| Translation differences | 1,684 | (79) | 0 | 0 | 0 | (0) | 1,684 | (79) |
| **Commitments at end of period** | **43,570** | **39,954** | **10,245** | **10,452** | **2,693** | **2,977** | **56,508** | **53,384** |

### Reconciliation of financial assets

| *(in thousands of euros)* | Retirement | | End of contract | | Other long-term benefits | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Market value of assets at beginning of period | 22,803 | 25,777 | 0 | 0 | 170 | 177 | 22,973 | 25,953 |
| Acquisitions/(disposals) | 0 | (5,356) | 0 | 0 | 0 | 0 | 0 | (5,356) |
| Return on hedging assets | 1,364 | (558) | 0 | 0 | 5 | 5 | 1,369 | (553) |
| Employer contributions | 1,520 | 2,629 | 994 | 862 | 0 | 12 | 2,514 | 3,503 |
| Employee contributions | 445 | 925 | 0 | 0 | 0 | 0 | 445 | 925 |
| Services paid | (1,693) | (549) | (994) | (862) | (11) | (24) | (2,698) | (1,435) |
| Liquidation | (3,636) | (21) | 0 | 0 | 0 | 0 | (3,636) | (21) |
| Translation differences | 1,303 | (44) | 0 | 0 | 0 | 0 | 1,303 | (44) |
| **Market value of assets at end of period** | **22,105** | **22,803** | **0** | **0** | **164** | **170** | **22,269** | **22,973** |

### Balance sheet commitments

| *(in thousands of euros)* | Retirement | | End of contract | | Other long-term benefits | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Pension schemes: totally or partially financed | 25,380 | 25,017 | 0 | 0 | 2,693 | 2,915 | 28,073 | 27,932 |
| Pension schemes: not financed | 18,190 | 14,938 | 10,245 | 10,452 | 0 | 62 | 28,435 | 25,452 |
| **Total** | **43,570** | **39,954** | **10,245** | **10,452** | **2,693** | **2,977** | **56,508** | **53,384** |

### Actuarial assumptions

| | Eurozone | | Japan | | Switzerland | | US | |
|---|---|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Discount rate | 4.75% | 5.25% | 1.75% | 2.30% | 2.50% | 3.00% | 4.00% | 3.25% |
| Rate of return on assets | 1.20%-3.90% | 4.00%-5.50% | 0.75% | 0.75% | 2.00% | 2.00% | N/A | N/A |
| Wage inflation | 2.50%-5.00% | 2.50%-5.00% | N/A | N/A | 2.00% | 2.00% | N/A | N/A |

This assumption is necessary for externally financed schemes to establish long-term estimates of the average expected return on invested funds. This has no impact on how commitments are measured but generates a credit via annual retirement expenses (accounting costs).

The expected long-term rate of return on pension fund assets must reflect the average expected long-term return on investment of funds used to finance the services provision. Return on investment arises mainly from the following three factors:

- inflation,
- the actual return on bonds,
- the risk premium on funds invested in shares.

The expected rate of return may be obtained by taking the weighted average of expected return for each asset class.

We have applied this methodology on the basis of the CAP LINK simulations of projected returns for each asset class.

We also assume the minimum rate of return guaranteed by the insurance contract if this is higher than the CAP LINK weighted average rate of return.

The projected returns determined by the CAP LINK simulations at 30/09/2010 (based on the last available quarterly figures) are given in the table below:

| | Eurozone | Japan | Switzerland |
|---|---|---|---|
| Equity | 7.90% | 5.20% | 7.60% |
| Government bonds | 2.30% | 0.80% | 1.40% |
| Corporate bonds | 2.80% | 0.90% | 1.80% |
| Cash | 1.20% | | 1.10% |

Altran's pension-plan asset allocation breaks down as follows:

| | Germany: new pension plan | Germany: other plans | Switzerland | Belgium | Japan |
|---|---|---|---|---|---|
| Shares | | 27% | | | 11% |
| Bonds | | 1% | 98% | | 80% |
| Cash | 100% | 2% | 2% | 2% | 3% |
| Property | | | | | 2% |
| Other | | 70% | | 98% | 4% |
| **Total** | **100%** | **100%** | **100%** | **100%** | **100%** |

## Sensitivity to discount rates

### A. Sensitivity to a -0.25% change in discount rates

| | Impact on commitments at 31/12/2010 (in thousands of euros) | Impact as % of total commitments at 31/12/2010 |
|---|---|---|
| Europe | 2,487 | 4.56% |
| USA | 2,776 | 1.61% |
| Japan | 47 | 2.72% |
| **Total** | **5,311** | **4.49%** |

### B. Sensitivity to a +0.25% change in discount rates

| | Impact on commitments at 31/12/2010 (in thousands of euros) | Impact as % of total commitments at 31/12/2010 |
|---|---|---|
| Europe | (2,451) | -4.49% |
| USA | (2,734) | -1.58% |
| Japan | (46) | -2.65% |
| **Total** | **(5,230)** | **-4.42%** |

## Allocation of financial assets

| *(in thousands of euros)* | Germany | | Belgium | | Japan | | The Netherlands | | Switzerland | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Shares | 631 | 0 | 0 | 0 | 153 | 0 | 0 | 0 | 0 | 0 | 783 | 0 |
| Bonds | 15 | 3,259 | 0 | 0 | 1,106 | 0 | 0 | 2,426 | 6,329 | 0 | 7,450 | 5,685 |
| Property | 10 | 0 | 0 | 0 | 30 | 0 | 0 | 0 | 0 | 0 | 41 | 0 |
| Cash | 11,480 | 0 | 13 | 0 | 37 | 0 | 0 | 0 | 129 | 115 | 11,660 | 115 |
| Other | 1,644 | 9,777 | 644 | 705 | 48 | 1,037 | 0 | 0 | 0 | 5,655 | 2,336 | 17,173 |
| **Total** | **13,780** | **13,036** | **657** | **705** | **1,374** | **1,037** | **0** | **2,426** | **6,458** | **5,770** | **22,269** | **22,973** |

No financial hedging assets are invested in financial instruments, property assets or any other of the Group's assets.

| (%) | Germany | | Belgium | | Japan | | The Netherlands | | Switzerland | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Shares | 2.85% | 0.00% | 0.00% | 0.00% | 0.68% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 3.53% | 0.00% |
| Bonds | 0.07% | 14.19% | 0.00% | 0.00% | 4.92% | 0.00% | 0.00% | 10.56% | 28.17% | 0.00% | 33.16% | 24.74% |
| Property | 0.05% | 0.00% | 0.00% | 0.00% | 0.13% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.18% | 0.00% |
| Cash | 51.83% | 0.00% | 0.06% | 0.00% | 0.17% | 0.00% | 0.00% | 0.00% | 0.57% | 0.50% | 52.63% | 0.50% |
| Other * | 7.42% | 42.56% | 2.87% | 3.07% | 0.21% | 4.51% | 0.00% | 0.00% | 0.00% | 24.62% | 10.50% | 74.75% |
| **Total** | **62.21%** | **56.74%** | **2.93%** | **3.07%** | **6.12%** | **4.51%** | **0.00%** | **10.56%** | **28.74%** | **25.12%** | **100.00%** | **100.00%** |

*(*): Insurance company assets*

### *Experience gains & losses on financial assets*

| | Germany | | Belgium | | Japan | | The Netherlands | | Switzerland | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(in thousands of euros)* | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Expected return | 731 | 701 | 26 | 31 | 9 | 7 | 0 | 293 | 132 | 109 | 898 | 1,140 |
| Actual return | 352 | (51) | 26 | (28) | (44) | (10) | 0 | (147) | 1,036 | (316) | 1,369 | (553) |
| Gains & (losses) on financial assets | (379) | (752) | (0) | (59) | (53) | (17) | 0 | (440) | 904 | (425) | 471 | (1,693) |

## Historical trends

### *Actuarial differences*

| *(in thousands of euros)* | 2010 | 2009 | 2008 |
|---|---|---|---|
| Discounted value of commitments | 56,508 | 53,384 | 56,423 |
| Fair value of hedges | 22,269 | 22,973 | 25,953 |
| **(Deficit) / surplus** | **(34,239)** | **(30,410)** | **(30,470)** |
| Assumption differences | 4,692 | (1,159) | (2,185) |
| Experience differences on bonds | (2,498) | (4,351) | 1,611 |
| Experience differences on assets | 471 | (1,693) | (501) |

## Estimated employer contributions in 2011

| *(in thousands of euros)* | Restated | End of contract | Other long-term benefits |
|---|---|---|---|
| Unfunded plans | (157) | (1,679) | 0 |
| Externally funded plans: employer contributions | 504 | 0 | 0 |

The impact on operating income on ordinary activities and consolidated income is analysed as follows:

| *(in thousands of euros)* | Restated | | End of contract | | Other long-term benefits | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Cost of services carried out | 3,838 | 4,376 | 75 | 79 | 430 | 450 | 4,343 | 4,906 |
| Net interest | 1,704 | 1,849 | 504 | 510 | 151 | 125 | 2,359 | 2,484 |
| Expected return on hedging assets | (891) | (1,133) | 0 | 0 | (7) | (7) | (898) | (1,140) |
| Depreciation of cost of past services - rights acquired | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation of cost of past services - rights not acquired | 222 | 228 | 0 | 0 | 0 | 0 | 222 | 228 |
| Amortisation of actuarial losses/(gains) | (419) | 512 | 409 | 387 | (788) | 110 | (798) | 1,009 |
| Error correction/new plan impact | 0 | 171 | 0 | 0 | 0 | 0 | 0 | 171 |
| Reduction/liquidation | (899) | 7 | (715) | 0 | 0 | 0 | (1,614) | 7 |
| Changes in surplus management reserve | 190 | (219) | 0 | 0 | 0 | 0 | 190 | (219) |
| **Recognised charge (revenue)** | **3,746** | **5,792** | **272** | **976** | **(214)** | **678** | **3,804** | **7,446** |

## 4.14. Other long-term liabilities

Other long-term liabilities are liabilities that are due in over 12 months.

## 4.15. Trade payables

Trade payables totalled €72,539k at 31 December 2010, compared with €63,716k at 31 December 2009.

| | 31/12/2010 | | | 31/12/2009 | | |
|---|---|---|---|---|---|---|
| | Total | Matured | Not matured | Total | Matured | Not matured |
| Trade payables | 72,539 | 23,369 | 49,170 | 63,716 | 16,867 | 46,849 |

Trade payables, net of depreciation, which are overdue are listed in the following table:

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| **Expiring in less than 1 month** | **10,263** | **10,421** |
| **Expiring in 1 - 3 months** | **10,077** | **4,011** |
| **Due in more than 3 months** | **3,029** | **2,435** |
| Total trade payables | 23,369 | 16,867 |

## 4.16. Other current liabilities

This item mainly comprises advance billing for products and services contributing to revenue.

## 4.17. Short-term securities debt

Short-term security debt in 2010 mainly comprised earn-out commitments for a total of €1,531k, compared with €1,851k in 2009.

# 5 Notes to the income statement

## 5.1. Segment reporting at 31 December 2010

In accordance with IFRS 8 "Operating segments", Altran is required to present its financial segment reporting on the basis of internal reports that are regularly reviewed by the Group's chief operating manager in order to assess the performance of each operating segment and allocate resources.

The extent of Altran's major-client revenue exposure is detailed in Section 4 of the present registration document.

The Group's primary reporting segment is divided into five zones:

- France
- Northern region: Germany, Austria, the Benelux countries, Denmark, Ireland, Norway, the Eastern European Countries, the UK, Sweden and Switzerland
- Southern region: Brazil, Spain, Italy, Portugal and Venezuela
- Rest of the World (ROW): North America, Asia, the Middle East and Tunisia
- Arthur D. Little

### Segment reporting by geographical region (€m)

| *At 31/12/2010* | France | Northern zone | Southern zone | ROW zone | Arthur D. Little | Inter-segment eliminations | Total |
|---|---|---|---|---|---|---|---|
| Revenue | | | | | | | |
| External | 661 | 340 | 291 | 32 | 112 | 0 | 1,436.7 |
| Inter-segments | 24 | 9 | 4 | 4 | 1 | (41) | (0) |
| **Total sales** | **685.2** | **349.1** | **294.4** | **35.5** | **113.3** | **(40.8)** | **1,436.7** |
| Total operating income | 693 | 353 | 294 | 35 | 114 | (40) | 1,449 |
| Total operating expenses | (650) | (331) | (285) | (36) | (119) | 40 | (1,380) |
| **Operating income on ordinary activities** | **43.1** | **21.8** | **9.9** | **(1.0)** | **(4.7)** | **0** | **69.1** |
| **Operating income on ordinary activities (%)** | **6.3%** | **6.2%** | **3.4%** | **-2.8%** | **-4.2%** | | **4.8%** |
| Assets by region | 1,139 | 231 | 169 | 3.6 | 284 | (530) | 1,297 |
| Non-allocated assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Equity holdings | 0 | 0 | 0 | | | 0 | 0 |
| **Total assets** | **1,139** | **231** | **169** | **4** | **284** | **(530)** | **1,297** |

| *At 31/12/2009* | France | Northern zone | Southern zone | ROW zone | Arthur D. Little | Inter-segment eliminations | Total |
|---|---|---|---|---|---|---|---|
| Revenue | | | | | | | |
| External | 622 | 356 | 284 | 37 | 105 | | 1,404 |
| Inter-segments | 20 | 6 | 3 | 2 | 2 | (33) | 0 |
| **Total sales** | **642.2** | **362.3** | **287.3** | **38.5** | **106.6** | **(33.2)** | **1,403.7** |
| Total operating income | 646 | 362 | 288 | 38 | 107 | (33) | 1,408 |
| Total operating expenses | (629) | (344) | (278) | (43) | (117) | 33 | (1,377) |
| **Operating income on ordinary activities** | **17.9** | **18.0** | **9.8** | **(4.4)** | **(10.0)** | **(0.1)** | **31.0** |
| **Operating income on ordinary activities (%)** | **2.8%** | **5.0%** | **3.4%** | **-11.5%** | **-9.4%** | **0.0%** | **2.2%** |
| Assets by zone | 1,140 | 207 | 191 | 15 | 282 | (514) | 1,321 |
| Non-allocated assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Equity holdings | 0 | 0 | 0 | | | 0 | 0 |
| **Total assets** | **1,140** | **207** | **191** | **15** | **282** | **(514)** | **1,321** |

The French zone includes operating subsidiaries, as well as Group holding activities (head office and cross-functional services).

2010 saw a return to growth for Altran, with sales up 2.3% (including the forex effect and changes in the scope of consolidation). On a constant forex and like-for-like basis, growth in revenue would have been 3.3%. Group sales, therefore, came out at €1,436.7m in 2010.

The breakdown of Group revenue by geographical region is given in the table below (in thousands of euros):

| *(€m)* | 2010 | | | | 2009 | | |
|---|---|---|---|---|---|---|---|
| | Total Segments | inter-segment eliminations | Total Turnover | As % of sales | Total Turnover | As % of sales | % change |
| France | 685.2 | (23.8) | 661.4 | 46.0% | 622.5 | 44.3% | 6.2% |
| Northern zone | 349.1 | (8.9) | 340.2 | 23.7% | 355.8 | 25.3% | -4.4% |
| Southern zone | 294.4 | (3.5) | 290.9 | 20.2% | 283.8 | 20.2% | 2.5% |
| ROW zone | 35.5 | (3.7) | 31.9 | 2.2% | 36.6 | 2.6% | -12.8% |
| ADL | 113.3 | (1.0) | 112.3 | 7.8% | 105.1 | 7.5% | 6.9% |
| **TOTAL** | **1,477.5** | **(40.9)** | **1,436.7** | **100.0%** | **1,403.7** | **100.0%** | **2.3%** |

This table shows the inter-segment eliminations between the five regional segments.

The breakdown of Group sales by country (after inter-segment eliminations) is as follows:

| *(€m)* | YTD 2010 | % of sales | H2 2010 | % of sales | H1 2010 | % of sales | YTD 2009 | % of sales | H2 2009 | % of sales | H1 2009 | % of sales | 2010 vs 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| France | 661.4 | 46.0% | 336.7 | 46.3% | 324.7 | 45.8% | 622.5 | 44.3% | 302.6 | 44.3% | 319.9 | 44.4% | 6.2% |
| Germany | 94.7 | 6.6% | 47.1 | 6.5% | 47.6 | 6.7% | 97.1 | 6.9% | 48.8 | 7.2% | 48.2 | 6.7% | -2.4% |
| Austria/Eastern Europe | 1.8 | 0.1% | 0.8 | 0.1% | 1.0 | 0.1% | 3.1 | 0.2% | 1.4 | 0.2% | 1.7 | 0.2% | -42.9% |
| UK/Ireland | 100.3 | 7.0% | 52.9 | 7.3% | 47.4 | 6.7% | 91.6 | 6.5% | 44.5 | 6.5% | 47.2 | 6.5% | 9.5% |
| Benelux Countries/ Norway | 99.0 | 6.9% | 47.9 | 6.6% | 51.0 | 7.2% | 125.5 | 8.9% | 61.0 | 8.9% | 64.5 | 8.9% | -21.2% |
| Switzerland | 17.5 | 1.2% | 9.4 | 1.3% | 8.1 | 1.1% | 15.2 | 1.1% | 7.1 | 1.0% | 8.2 | 1.1% | 15.0% |
| Sweden/Denmark | 26.9 | 1.9% | 13.9 | 1.9% | 13.1 | 1.8% | 23.2 | 1.7% | 11.2 | 1.6% | 12.1 | 1.7% | 15.9% |
| Romania | 0.0 | 0.0% | 0.0 | 0.0% | 0.0 | 0.0% | 0.0 | 0.0% | 0.0 | 0.0% | 0.0 | 0.0% | -100.0% |
| Italy | 150.8 | 10.5% | 74.9 | 10.3% | 75.9 | 10.7% | 147.0 | 10.5% | 70.2 | 10.3% | 76.8 | 10.7% | 2.6% |
| Spain/Andorra | 108.1 | 7.5% | 54.5 | 7.5% | 53.6 | 7.6% | 98.7 | 7.0% | 49.0 | 7.2% | 49.7 | 6.9% | 9.5% |
| Portugal | 17.5 | 1.2% | 8.2 | 1.1% | 9.2 | 1.3% | 19.6 | 1.4% | 9.7 | 1.4% | 9.9 | 1.4% | -10.8% |
| Brazil/Venezuela | 14.6 | 1.0% | 6.1 | 0.8% | 8.5 | 1.2% | 18.5 | 1.3% | 7.4 | 1.1% | 11.1 | 1.5% | -21.1% |
| Tunisia | 0.0 | 0.0% | 0.0 | 0.0% | 0.0 | 0.0% | 0.0 | 0.0% | 0.0 | 0.0% | 0.0 | 0.0% | NA |
| UAE | 0.1 | 0.0% | 0.0 | 0.0% | 0.1 | 0.0% | | | | | | | NA |
| Asia | 4.6 | 0.3% | 2.0 | 0.3% | 2.6 | 0.4% | 5.4 | 0.4% | 2.6 | 0.4% | 2.8 | 0.4% | -13.8% |
| USA | 27.1 | 1.9% | 13.8 | 1.9% | 13.3 | 1.9% | 31.2 | 2.2% | 14.5 | 2.1% | 16.6 | 2.3% | -13.0% |
| ADL | 112.3 | 7.8% | 59.4 | 8.2% | 53.0 | 7.5% | 105.1 | 7.5% | 52.8 | 7.7% | 52.3 | 7.3% | 6.9% |
| **TOTAL** | **1,436.7** | **100.0%** | **727.5** | **100.0%** | **709.2** | **100.0%** | **1,403.7** | **100.0%** | **682.6** | **100.0%** | **721.1** | **100.0%** | **2.3%** |

### Segment reporting by business line (thousands of euros)

**Summary: 31/12/2010**

| | Technology Consulting | Organisation & Information Systems Consulting | Management & Strategy Consulting | Other | Group |
|---|---|---|---|---|---|
| Revenue | 860 | 373 | 119 | 85 | 1,437 |
| Total assets | 539 | 128 | 110 | 519 | 1,297 |
| Intangible and fixed asset investments | 5 | (1) | 1 | 3 | 8 |
| | | | | | |
| Revenue | 59.83% | 25.98% | 8.29% | 5.89% | 100.00% |
| Total assets | 41.60% | 9.84% | 8.51% | 40.05% | 100.00% |
| Intangible and fixed asset investments | 65.59% | -19.64% | 8.64% | 45.41% | 100.00% |

**Summary: 31/12/2009**

| | Technology Consulting | Organisation & Information Systems Consulting | Management & strategy consulting | Other | Group |
|---|---|---|---|---|---|
| Revenue | 789 | 398 | 128 | 89 | 1,404 |
| Total assets | 458 | 101 | 113 | 649 | 1,321 |
| Intangible and fixed asset investments | 2 | 1 | () | 2 | 4 |
| | | | | | |
| Revenue | 56.21% | 28.33% | 9.14% | 6.31% | 100.00% |
| Total assets | 34.69% | 7.62% | 8.58% | 49.11% | 100.00% |
| Intangible and fixed asset investments | 44.78% | 12.53% | -2.89% | 45.59% | 100.00% |

### 5.2. Revenue

The breakdown of Group revenue is given in the table below:

| | Dec-10 | Dec-09 | % change |
|---|---|---|---|
| Sales of goods | 6,370 | 5,801 | 9.8% |
| Sales of services | 1,428,706 | 1,396,615 | 2.3% |
| Royalties | 1,612 | 1,318 | 22.3% |
| **Total** | **1,436,688** | **1,403,734** | **2.3%** |

In 2010, project-based contracts generated revenue of €,381,090k, compared with €376,690k in 2009. Note that project-based contracts may include fixed-rate contracts with an obligation to achieve a result as well as time-based contracts where the Group is only bound by a best endeavour obligation.

### 5.3. External expenses

The breakdown of the Group's external expenses at 31 December 2010 is given in the following table:

| | 31/12/2010 | 31/12/2009 | % change |
|---|---|---|---|
| Outsourcing | 120,998 | 105,187 | 15.0% |
| Operating lease and related expenses | 55,241 | 58,039 | 4.8% |
| Training | 8,323 | 2,712 | 206.9% |
| Professional fees and external services | 28,763 | 24,834 | 15.8% |
| Transport and travel expenses | 63,783 | 62,937 | 1.3% |
| Other purchases and external services | 47,742 | 39,587 | 20.6% |
| **Total** | **324,850** | **293,296** | **10.8%** |

External expenses widened 10.8% on end-2009 levels (+12.4%, like-for-like). This increase mainly concerned:

- outsourcing costs, which rose 15% over the period, notably in France, Italy, Belgium and the US. This increase was necessary to ensure that Altran did not miss out on the new project opportunities arising in regions where the Group aims to fuel growth while maintaining a certain degree of flexibility;
- training costs (+€5.6m), which have returned to more normal levels after 2009 when, Altran benefited from reimbursements obtained by collection agencies and the financing of its training schemes in France;
- professional fees and external services, which rose 15.8% mainly as a result of the implementation of the SHAPE transformation plan throughout the Group;
- Other purchases and external services, which increased 20.6% due to brisker business trends and the Group's project purchasing policy notably in Spain and France.

In addition, further rationalisation of rents and rental charges, notably in the Northern zone and France, resulted in a 4.8% reduction in charges.

Rental costs totalled €55,241k in 2010 (compared with €58,039k in 2009). The Group's lease commitments are basic rental agreements (mainly property leases). None of these contain any contingent lease payments or renewal options, or impose specific restrictions (notably as regards dividends, additional debt or further leasing).

*Group commitments as regards non-cancellable leases at 31 December 2010 are analysed by maturity date in section 6.*

In accordance with revised IFRS 3, " Business combinations", professional fees and other costs relative to the acquisitions of the subgroup, Xype and IGEAM (Developpment Durable) are included in the Group's 2010 accounts under "professional fees and external services".

## 5.4. Personnel costs

The breakdown of personnel costs at 31 December 2010, is as follows:

| | Dec-10 | Dec-09 | % change | |
|---|---|---|---|---|
| Salaries and payroll taxes | 1,012,407 | 1,031,195 | -1.82% | |
| Employee profit-share | 1,446 | 634 | 128.08% | |
| | **1,013,853** | **1,031,829** | **-5.23%** | |
| Expenses related to share-based payments | 728 | 1,892 | -61.52% | A |
| Long-term employee benefits | 4,211 | 6,004 | -29.86% | B |
| **Total** | **1,018,792** | **1,039,725** | **-2.01%** | |

Personnel costs in 2010 were in line with trends in staff numbers and include an employee-profit-sharing commitment of €1,446k.

### A) Share-based payments

Total share-based payments of €728k at end-2010 (compared with €1,892k in 2009) break down as follows:

- €639k in stock options
- €89k in bonus shares.

The main characteristics of the Group's plans at 31 December 2010 are outlined in the tables below:

| | Stock option Plans | | | | |
|---|---|---|---|---|---|
| **Stock option plans and bonus shares** | **2003(ac)** | **2003(abc)** | **2004(c)** | **2005(c)** | **2005(c)** |
| Date of General Meeting | 17/06/1999 | 17/06/1999 | 28/06/2004 | 28/06/2004 | 28/06/2004 |
| Board meeting date | 11/03/2003 | 24/06/2003 | 29/06/2004 | 15/06/2005 | 20/12/2005 |
| Total number of shares available for subscription or allocation on the date of attribution | 3,948,993 | 336,191 | 2,762,000 | 340,000 | 2,630,000 |
| *o/w available to corporate officers* | *186,785* | *0* | *80,000* | *200,000* | *210,000* |
| *o/w available to ten highest paid employees* | *875,218* | *106,734* | *510,000* | *340,000* | *635,000* |
| *Balance at 31 December 2010* | *300,069* | *107,848* | *451,792* | *132,369* | *321,068* |
| Vesting date | 12/03/2007 | 25/06/2007 | 30/06/2008 | 16/06/2009 | 21/12/2009 |
| Deadline for granting free shares | | | | | |
| Maturity | 11/03/2011 | 24/06/2011 | 29/06/2012 | 15/06/2013 | 20/12/2013 |
| End of lock-in period for free shares | | | | | |
| Subscription price of options/reference share price (€) | 2.94 | 6.66 | 9.27 | 7.17 | 9.52 |
| Valuation method used | Black&Scholes | Black&Scholes | Black&Scholes | Black&Scholes | Black&Scholes |
| Number of shares available for subscription or allocation at 31/12/2009 | 1,003,723 | 170,155 | 1,217,058 | 132,369 | 1,287,876 |
| Options forfeited in 2010 | 14,251 | 5,588 | 72,509 | | 126,314 |
| Options exercised in 2010 | 123,174 | | | | |
| Number of shares available for subscription or allocation at 31/12/2010 | 866,298 | 164,567 | 1,144,549 | 132,369 | 1,161,562 |

*(a) Following the 23 December 2003 capital increase in cash with pre-emptive subscription rights, the exercise prices and the number of shares of each subscription plan were adjusted to take into account the issue of 20,807,584 new shares.*

*(b) The 9th Resolution passed by the Extraordinary General Meeting held on 8 June 2006, extended the maturity of the 24 June 2003 plan from 5 to 8 years*

*(c) Following the 29 July 2008 capital increase in cash with pre-emptive subscription rights, the exercise prices and the number of shares of each subscription plan were adjusted to take into account the issue of 24,900,364 new shares.*

| *Stock option plans and bonus shares* | Stock options 2007[c] | Free shares 2007 out of France |
|---|---|---|
| Date of General Meeting | 29/06/2005 | 29/06/2005 |
| Board meeting date | 20/12/2007 | 20/12/2007 |
| Total number of shares available for subscription or allocation on the date of attribution | 2,589,830 | 336,500 |
| *o/w available to corporate officers* | *100,000* | *0* |
| *o/w available to ten highest paid employees* | *340,000* | |
| *Balance at 31 December 2010* | *424,386* | *0* |
| Vesting date | 21/12/2011 | |
| Deadline for granting free shares | | 21/12/2011 |
| Maturity | 20/12/2015 | |
| End of lock-in period for free shares | | 20/12/2011 |
| Subscription price of options/reference share price (€) | 4.25 | 4.00 |
| Valuation method used | Hull&White | Binomial |
| Number of shares available for subscription or allocation at 31/12/2009 | 2,111,892 | 249,000 |
| Options forfeited in 2010 | 208,169 | 44,000 |
| Options exercised in 2010 | | |
| Number of shares available for subscription or allocation at 31/12/2010 | 1,903,723 | 205,000 |

### B) Long-term employee benefits (see 4.13)

## 5.5. Depreciation and net provisions

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| Amortisation of intangible and fixed assets | (15,480) | (15,727) |
| Provisions for current assets | (312) | 2,689 |
| Provisions for risks and charges | 1,665 | 3,512 |
| **Total** | **(14,127)** | **(9,526)** |

## 5.6. Other non-recurring operating income and expenses

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| Net proceeds from disposal of the Cambridge Consultants Ltd incubator | 184 | |
| Net proceeds from fixed and intangible asset disposals | (180) | (217) |
| Net proceeds from divestment & liquidation of shares in consolidated subsidiaries | (5,132) | 1,867 |
| Provisions net of write-backs for risks and legal disputes | (1,092) | 577 |
| Asset disposals | (2,282) | |
| Write back of provisions for employee benefits | 1,720 | |
| Restructuring costs | (38,433) | (43,424) |
| Provisions net of write-backs for restructuring | 23,858 | (23,163) |
| Other | 15 | (72) |
| **Total** | **(21,342)** | **(64,432)** |

### *Disposal and liquidation of consolidated shares*

See note 2.0, "Scope of consolidation"

### *Restructuring costs*

A non-recurring operating loss of €21,342k includes the net impact of €14,575k in costs for the 2005, 2007 and 2009 restructuring plans detailed below:

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| **Restructuring costs** | | |
| ***Albatros Plan*** | | |
| Furnishing write-offs | | |
| Salaries | (12) | (441) |
| Property lease rationalisation | (160) | (65) |
| Other | (5) | (8) |
| | **(178)** | **(514)** |
| ***Operational efficiency plan*** | | |
| Furnishing write-offs | (714) | |
| Salaries | (3,568) | (11,652) |
| Real estate project | (1,787) | (2,028) |
| Other | (308) | (1,635) |
| | **(6,377)** | **(15,315)** |
| ***2009 crisis-impact plan*** | | |
| Furnishing write-offs | (36) | |
| Salaries | (28,929) | (22,763) |
| Real estate project | (1,281) | (1,406) |
| Other | (1,632) | (3,426) |
| | **(31,878)** | **(27,595)** |
| **Total** | **(38,433)** | **(43,424)** |

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| **Provisions net of write-backs** | | |
| ***Albatros Plan*** | | |
| Furnishing write-offs | | |
| Salaries | 47 | 457 |
| Property lease rationalisation | 160 | 119 |
| Other | 9 | |
| | **216** | **576** |
| ***Operational efficiency plan*** | | |
| Furnishing write-offs | 633 | (735) |
| Salaries | 2,273 | 311 |
| Property lease rationalisation | 1,786 | 473 |
| Other | 192 | (171) |
| | **4,884** | **(122)** |
| ***2009 crisis-impact plan*** | | |
| Furnishing write-offs | 22 | (79) |
| Salaries | 18,419 | (22,254) |
| Property lease rationalisation | 318 | (1,224) |
| Other | (1) | (60) |
| | **18,758** | **(23,617)** |
| **Total** | **23,858** | **(23,163)** |

## Restructuring costs

Breakdown of net costs:

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| ***Albatros Plan*** | **38** | **62** |
| ***Operational efficiency plan*** | **(1,493)** | **(15,437)** |
| ***2009 crisis-impact plan*** | **(13,119)** | **(51,212)** |
| **Total** | **(14,575)** | **(66,587)** |

## 5.7. Cost of net financial debt

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| **Gains on cash & cash equivalents** | | |
| Interest income generated by cash and cash equivalent | 4,613 | 3,152 |
| Proceeds from disposal of cash equivalents | 269 | 1,051 |
| | **4,882** | **4,203** |
| **Cost of gross financial debt** | | |
| Interest expenses on bond loans | (13,679) | (1,533) |
| Interest expenses on other financing operations | (15,633) | (16,982) |
| | **(29,312)** | **(18,515)** |
| **Cost of net financial debt** | **(24,431)** | **(14,312)** |

The cost of net financial debt (€24,431k) mainly includes interest on other financing operations for €15,633k (of which 1/ €7,186k on interest rate hedging (swaps), 2/ €3,392k on revolving loans, 3/ €2,432k on factoring agreements and 4/ €1,780k on other borrowings) plus €13,679k related to the OCEANE bond.

## 5.8. Other financial income and expenses

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| **Financial revenue** | | |
| Profit from other financial asset disposals | | |
| Financial gains from conversion to present value | 307 | 251 |
| Forex gains | 4,355 | 4,245 |
| Write backs of provisions for non-consolidated assets and other non-current financial assets | 99 | 741 |
| Gains on financial instruments | 72 | |
| Other financial income | 117 | 251 |
| | **4,951** | **5,488** |
| **Financial expenses** | | |
| Loss on financial asset disposals | (259) | (685) |
| Depreciation of non-consolidated holdings and other non-current financial assets | (2,263) | (332) |
| Employee benefit provisions | (1,461) | (1,344) |
| Forex losses | (4,523) | (6,960) |
| Financial charges from conversion to present value | (758) | (798) |
| Loss on financial instruments | | (355) |
| Loss on trading derivatives | | |
| Income on interest-rate and currency hedging | | |
| Other financial expenses | (265) | (223) |
| | **(9,528)** | **(10,697)** |

## 5.9. Tax

### *Analysis of deferred taxes in the balance sheet*

The breakdown of net changes in deferred taxes in the balance sheet is given in the table below (in thousands of euros)

| | 2009 | EARNINGS IMPACT | OTHER CHANGES | EQUITY IMPACT | SCOPE OF CONSOLIDATION CHANGES | TRANSLATION ADJUSTMENTS | 2010 |
|---|---|---|---|---|---|---|---|
| Deferred tax assets | 77,231 | 1,037 | (1,210) | (1,258) | (289) | 1,294 | 76,805 |
| Deferred tax liabilities | 16,290 | (6,360) | 2,093 | 0 | (205) | 375 | 12,193 |
| **Total** | **60,941** | **7,397** | **(3,303)** | **(1,258)** | **(84)** | **919** | **64,612** |

Deferred taxes booked as equity over the period are as follows:

| | |
|---|---|
| Fair value reserve: IAS 32/39 | (1,258) |
| **Total** | **(1,258)** |

Tax loss carry forwards likely to be deducted from future earnings totalled €241,214k. Their activation represents a tax saving of €76,569k.

Tax losses booked as deferred tax assets, and provisioned at 31 December 2010 as it was uncertain whether they would be deducted in the future, totalled €180,364k:

| **Tax losses** | |
|---|---|
| – expiring in less than 1 year | 2,139 |
| – expiring in 1 to 5 years | 18,732 |
| – expiring in over 5 years | 93,557 |
| – with no expiration date | 65,936 |
| **Total** | **180,364** |

The breakdown of deferred tax assets and liabilities at end-2010 is given in the table below:

| | 2010 | 2009 |
|---|---|---|
| **Deferred tax assets by timing difference** | | |
| Employee benefits | 10,709 | 11,634 |
| Other assets and liabilities | 19,033 | 22,554 |
| Other | 3,476 | 3,834 |
| Unused tax losses | 76,569 | 72,348 |
| | **109,787** | **110,371** |
| **Deferred tax liabilities by timing difference** | | |
| Assets | (31,345) | (34,906) |
| Provisions for risks and charges | (13,830) | (14,524) |
| | **(45,175)** | **(49,430)** |
| **Net assets** | **64,612** | **60,941** |

### *Analysis of tax expenses on earnings*

Tax expenses are broken down as follows (in thousands of euros):

| | 2010 | 2009 |
|---|---|---|
| **Current taxes:** | **(21,733)** | **(16,558)** |
| – for the period | (7,546) | (7,340) |
| – adjustment of current taxes based on previous reporting periods | 1,551 | (3,433) |
| – other tax | (15,825) | (5,881) |
| – carry back | 87 | 96 |
| **Deferred taxes:** | **7,397** | **32,656** |
| – deferred taxes associated with changes in base | 16,802 | 46,676 |
| – deferred taxes associated with changes in rate | 371 | 1,578 |
| – adjustment of current taxes based on previous reporting periods | (2,965) | (1,278) |
| – change in amortisation of deferred tax assets | (6,811) | (14,320) |
| **Tax credit (family and patronage)** | **3** | **161** |
| **Total** | **(14,333)** | **16,259** |

Deferred tax income is broken down as follows (in thousands of euros):

| | 2010 | 2009 |
|---|---|---|
| Timing differences | (178) | (5,735) |
| Tax losses | 4,221 | 40,905 |
| Consolidation restatements | 3,354 | (2,514) |
| **Total** | **7,397** | **32,656** |

Deferred taxes arising from changes in the tax base are mainly ascribable to tax losses activated over the period due to their imminent convertibility and consolidation adjustments.

### *Effective tax rate*

The differences between the company's actual corporate tax and the theoretical tax, obtained by applying the French tax rate, are outlined in the table below (in thousands of euros):

| | 2010 | 2009 |
|---|---|---|
| Net income attributable to the Group | (25,999) | (74,753) |
| Equity share in net income of associates | 0 | 0 |
| Minority interests | (254) | 567 |
| **Pre-tax profit before goodwill amortisation** | **18,758** | **(52,944)** |
| Theoretical tax charge at rate applied to parent company (34.43%) | (6,458) | 18,229 |
| – other tax on income | (15,824) | (5,624) |
| – change in amortisation of deferred tax assets | (7,671) | (9,542) |
| – difference in tax rates in foreign countries | 1,751 | 198 |
| – other permanent differences | 13,869 | 12,999 |
| **Effective taxes paid** | **(14,333)** | **16,259** |
| ***Effective tax rate(*)*** | ***76%*** | ***31%*** |

*(*) Excluding CVAE, the effective tax rate would have been 56.03% in 2010.*

Other taxes on income mainly comprise secondary tax credits in France, totalling €8.7m (see note 2), as well as in Italy (€4.5 m) and Brazil (€1.7m).

## 6. Off balance sheet commitments

The Group's off-balance sheet commitments at 31 December 2010 are listed in the table below:

| *(in thousands of euros)* | Total 31/12/2010 | < 1 year | 1-5 years | > 5 years | Total 31/12/2009 |
|---|---|---|---|---|---|
| **Commitments granted:** | | | | | |
| **– Pledges, security deposits and guarantees** | | | | | |
| – on current operations | 22,316 | 10,570 | 10,492 | 1,334 | 25,050 |
| – on financing operations | 25,000 | 25,000 | | | 25,000 |
| **– operating lease (property, fittings)** | | | | | |
| – minimum future payments (see note 5.3) | 171,464 | 39,780 | 106,714 | 24,970 | 180,529 |
| **– non-competition clause concerning former employees:** | **236** | **197** | **39** | | |
| * gross amount | 161 | | | | |
| * social security contributions relative to non-competition clauses concerning former employees | 75 | | | | |
| **Commitments received:** | | | | | |
| – Pledges, security deposits and guarantees | None | | | | None |

*Individual Right to Training*

The off-balance sheet commitment concerning the Individual Right to Training for all Group employees is estimated at 482, 000 hours.

*Commitments to buy out minority interests*

The Group has no commitments to buy out minority interests, or any non-consolidated special purpose entities.

# 7. Related-party transactions

*Compensation and benefits paid to corporate officers*

Overall compensation and benefits paid to executive officers by Altran and the companies it controls, totalled €3,161,263 in 2010.

| | |
|---|---|
| - Short-term benefits: | 3,142,290 |
| - End-of-career benefits: | 18,973 |
| - Other long-term benefits: | none |
| - End-of-contract benefit: | none |
| - Share-based payments: | none |

*Commitments made by the company to its corporate officers*

The Group made no commitment to award the members of the Board of Directors any compensation, financial guarantees or benefits due, or arising from either the termination of, or a change in their functions.

*Transactions carried out with reference shareholder*

None.

*Other*

Altran Technologies booked €67,000 in payment of services supplied by Alter, a company in which one of the Group's directors has an interest.

# 8. Risk exposure and risk management

Group exposure to risks and risk management are detailed in section 4 "Risks" of the present registration document.

# 9. Significant post-closure events at 31 December 2010

Altran is currently in negotiations to sell all of its activities in Brazil.

Given the improvement in Arthur D. Little's performances over the last few months, the Altran is still reviewing several possible scenarios and has engaged an exterior firm to carry out a strategic revue of this activity.

# 10. Statutory auditors' fees

Statutory auditors' fees totalled €2,588k (excluding expenses and disbursements) in 2010.

# COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2010

## I – Company financial statements

### Balance sheet – ASSETS

| *Balance sheet – Assets* (€) | Notes | 31.12.2010 Gross | 31.12.2010 Amort.& Prov. | 31.12.2010 Net | 31.12.2009 Net |
|---|---|---|---|---|---|
| **INTANGIBLE ASSETS** | **3.1** | **212,957,178** | **18,587,787** | **194,369,391** | **199,129,813** |
| *Intangible assets* | | | | | |
| Patents, licences, brands | | 10,894,903 | 7,126,545 | 3,768,359 | 2,367,096 |
| Other intangible assets | | 41,069,543 | | 41,069,543 | 41,069,544 |
| Work in progress | | 2,140,570 | | 2,140,570 | 558,480 |
| *Tangible assets* | | | | | |
| Other tangible assets | | 15,234,884 | 8,011,557 | 7,223,327 | 8,935,127 |
| Work in progress | | 91,797 | | 91,797 | 90,882 |
| **Long term investments** | | | | | |
| Investments and advances | | 131,343,693 | 3,448,161 | 127,895,532 | 135,086,933 |
| Loans and other long term investments | | 12,181,787 | 1,525 | 12,180,263 | 11,021,749 |
| **CURRENT ASSETS** | | **615,487,735** | **3,927,726** | **611,560,008** | **636,967,152** |
| Work in progress for services provided | | 41,087 | | 41,087 | 0 |
| Advances | | | | | 2,839 |
| Trade receivables | **3.3** | 40,198,724 | 302,946 | 39,895,778 | 23,860,478 |
| Other receivables | **3.3** | 571,642,585 | 3,624,780 | 568,017,805 | 607,240,898 |
| Cash in hand and marketable securities | | 3,605,339 | | 3,605,339 | 5,862,937 |
| **ADJUSTMENT ACCOUNTS** | | **6,402,028** | | **6,402,028** | **5,688,373** |
| Prepaid expenses | **3.13** | 6,397,084 | | 6,397,084 | 5,612,530 |
| Unrealised foreign exchange gains/losses | | 4,944 | | 4,944 | 75,843 |
| **TOTAL ASSETS** | | **834,846,941** | **22,515,514** | **812,331,426** | **841,785,337** |

## Balance sheet – liabilities

| *Balance sheet – liabilities* *(€)* | Notes | 31.12.2010 | 31.12.2009 |
|---|---|---|---|
| **SHAREHOLDERS' EQUITY** | **3.4** | **403,602,980** | **409,218,897** |
| Capital | **3.5** | 71,852,266 | 71,789,663 |
| Share premium | | 319,229,217 | 318,916,004 |
| Statutory reserve | | 7,158,855 | 7,158,855 |
| Retained earnings | | 11,297,946 | 126,755,783 |
| Net profit (loss) for the period | | (6,049,397) | (115,458,454) |
| Tax-driven reserve | | 114,092 | 57,046 |
| **PROVISIONS FOR RISKS AND CHARGES** | **3.2** | **27,312,077** | **45,094,071** |
| **LIABILITIES** | | **375,165,004** | **381,887,754** |
| Convertible bond loans | **3.7** | 141,924,401 | 133,068,999 |
| Bank borrowings | **3.8** | 95,037,123 | 128,274,232 |
| Other borrowings | **3.8** | 3,903,127 | 8,478,981 |
| Advances received | | 141,396 | 296,885 |
| Trade payables | **3.9** | 29,001,330 | 23,731,788 |
| Tax and social security liabilities | **3.9** | 100,251,474 | 83,627,513 |
| Payables to suppliers of fixed assets | **3.9** | 1,546,410 | 1,389,316 |
| Other payables | **3.9** | 3,359,741 | 3,020,039 |
| **ADJUSTMENT ACCOUNTS** | | **6,251,365** | **5,584,615** |
| Deferred income | **3.13** | 6,245,961 | 5,584,615 |
| Unrealised foreign exchange gains/losses | | 5,404 | |
| **TOTAL LIABILITIES** | | **812,331,426** | **841,785,337** |

## II – Income Statement

| *INCOME STATEMENT (€)* | Notes | 31.12.2010 | 31.12.2009 |
|---|---|---|---|
| Total revenues | **4.1** | 524,577,942 | 486,213,723 |
| Production inventory | | 41,087 | (55,778) |
| Capitalised in-house production | | 171,522 | |
| Grants and subsidies | | 314,552 | 153,474 |
| Reversals of provisions, depreciation and transfer of charges | | 30,959,447 | 32,465,201 |
| Other revenue | | 3,582,999 | 1,128,486 |
| **Operating revenue** | | **559,647,549** | **519,905,107** |
| Other purchases and external costs | | (130,159,801) | (113,723,505) |
| Taxes & duties | | (17,759,419) | (16,902,294) |
| Payroll taxes | | (266,809,454) | (261,220,644) |
| Staff overheads | | (111,317,901) | (110,611,988) |
| Depreciation and provisions | | (7,720,435) | (8,272,503) |
| Other costs | | (3,417,175) | (5,858,902) |
| **Operating expenses** | | **(537,184,186)** | **(516,589,837)** |
| **OPERATING INCOME** | | **22,463,362** | **3,315,271** |
| Recorded profit or transferred loss | | **2,824** | **1,940** |
| Financial income | | 12,490,298 | 26,051,706 |
| Financial expenses | | (38,729,579) | (109,360,627) |
| **FINANCIAL INCOME** | **4.2** | **(26,239,281)** | **(83,308,921)** |
| **INCOME ON ORDINARY ACTIVITIES** | | **(3,773,095)** | **(79,991,710)** |
| Exceptional revenue | | 23,885,394 | 3,626,640 |
| Exceptional expenses | | (31,151,039) | (43,448,839) |
| **EXCEPTIONAL INCOME** | **4.3** | **(7,265,645)** | **(39,822,199)** |
| Employee profit sharing | | 0 | 0 |
| Corporate income tax | **4.4** | 4,989,343 | 4,355,455 |
| **NET INCOME** | | **(6,049,397)** | **(115,458,454)** |

# APPENDIX TO THE COMPANY STATEMENTS

## 1. Key events

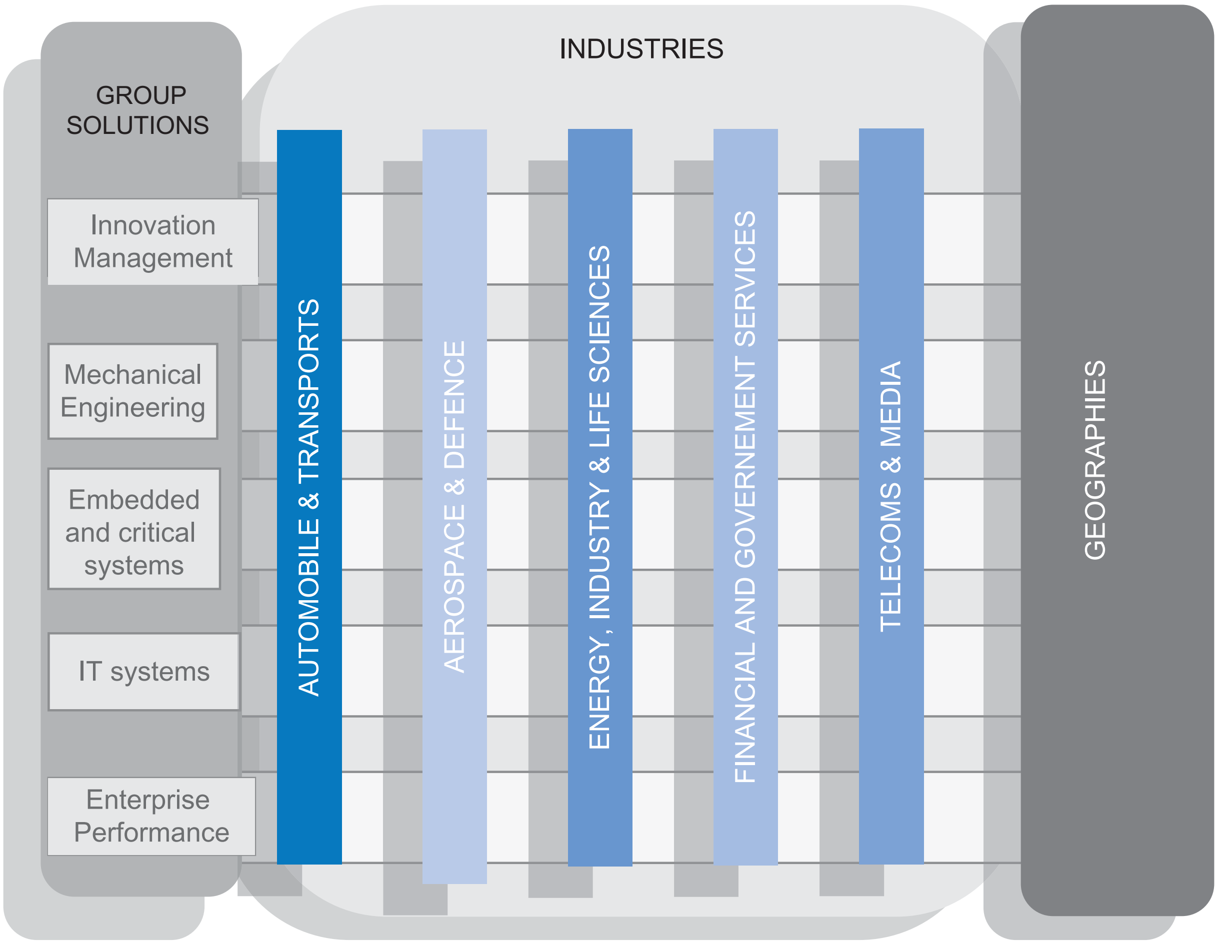
### 1.1. Changes in Group organisation

In June 2010, Altran completed another phase of its reorganisation with the implementation of "SHAPE", the Group's new organisational structure, which is designed to:

- strengthen client relations via strategic development partnerships
- develop a more project-oriented and solution-based offering
- standardise delivery of large transnational projects.

This new organisational structure is based on three divisions or "Departments":

- The **Geographies departments:** Altran is still organised around several major zones: each zone, country or region is managed by a director responsible for commercial and human resources development (working in close proximity to the Group's clients) and for the promotion of the Altran brand throughout the zone;
- The **Industries departments:** directors of the Industries and Geographic departments work together to determine the strategy for the clients' main sectors of activity;
- **Group Solutions:** this department works to develop and guarantee the quality of Altran's offerings and solutions in accordance with client requirements as defined by the Industries department. The objective is also to capitalise on the Group's expertise and industrialise the underlying savoir-faire of these solutions, whose development is pegged to technological progress and market practices.




### 1.2. Measures enabling the Group to adapt to the economic downturn

In a bid to counter the deterioration in the economic environment and limited visibility on activity since end-2008, Altran implemented a number of specific action plans before the beginning of 2009 which management pursued throughout 2010.

The deployment and/or finalisation of these plans were completed in 2010, making for additional charges of €14.6m (of which €5.7m for the Personalised Voluntary Departure Plan in France and €13.2m already booked at end-June 2010).

The plan was effectively implemented as of December 2009 and a total of 598 requests for voluntary departure were accepted by the company:

- 92 members of staff left the company by end-2009,
- 150 in Q1 2010, and
- 151 in Q2 2010,
- 122 in Q3 2010,
- 38 in Q4 2010.

The remaining 45 departures will be carried out in 2011.

Associated restructuring costs amounted to a net charge of €7.32m (the total cost of -€26.94m being partly offset by provision write-backs of +€19.62m). The net costs break down as follows:

- €23.31m in wage costs;
- €2.02m in fees, rents and sundry expenses;
- €1.61m in provisions for risks and charges.

### 1.3. Scope of consolidation changes

Altran Technologies acquired a minority interest in two start-ups, M2M Solution and Trustwin, and created M2M by Altran, a company jointly held by Altran Technologies and M2M Solution.

### 1.4. Debt waivers

Altran Technologies decided to write off the financial debt of its subsidiary G.M.T.S. for a total of €9.6m with a condition subsequent on a return to better fortune.

## 2. Basic accounting principles

### 2.1. Basis for the preparation of the annual financial statements

The 2010 financial statements have been prepared in euros in accordance with the general accounting conventions laid down in the National Accounting Code, arising from ruling 99.03 of the Accounting Regulatory Committee (CRC), and the valuation methods outlined below.

The general accounting conventions have been applied in compliance with the principle of prudence, in accordance with the basic assumptions of:

- going concern;
- consistency of accounting methods from one fiscal year to the next;
- fiscal year independence;

as well as the general rules governing the preparation and presentation of the annual financial statements.

The basic method used to value the items booked in the company's accounts is the historical cost method.

### 2.2. Use of estimates

The preparation of the company's financial statements is based on estimates and assumptions which may have an impact on the book value of certain balance sheet and income statement items as well as the information in some notes in the appendix. Altran reviews these estimates and assessments on a regular basis to take into account its past experience and other factors considered relevant to the economic environment.

These estimates, assumptions and assessments are compiled on the basis of information available and the actual situation at the time when the financial statements were prepared and could turn out to differ from future reality.

These estimates mainly concern provisions for risks and charges and assumptions underpinning the business plans used to value the Group's fixed assets and certain intangible assets (notably, goodwill).

### 2.3. Intangible assets

Intangible fixed assets include brands, licenses, software and goodwill. These are booked at acquisition or production cost.

#### 2.3.1 Brands

These are valued at brand-registration cost. Since these costs are not amortised they are subject to at least one impairment test per year.

#### 2.3.2 Software

This includes software that is either bought or created by the Group.

Software created for internal or commercial use is, for the most part, booked as costs. However, these can be booked as assets if the following conditions are met:

- the project must be clearly identified and monitored in an individual and reliable way;
- the project must have a strong chance of being technically successful;
- software products for rental, sale or marketing must offer strong prospects of commercial profitability;
- the company makes known its intention to produce, market or make in-house use of the software concerned;
- costs (internal or external) are directly incurred during the software analysis, programme, testing and development stages.

Software is amortised on a straight-line basis over its estimated life span of between 12 months and five years.

### 2.3.3 Goodwill

Goodwill includes:

- the historic cost of goodwill acquired by merged companies

- technical merger losses, corresponding to the difference between the net value of the shares of the acquired companies (which are booked as assets by the parent company) and their book values.

Essentially, the company's technical losses relate to the merger of 26 companies in 2006, which are subject to impairment tests.

### 2.4. Tangible assets

Tangible assets include fixtures and fittings, office and IT equipment and furniture.

These are booked at acquisition cost, which includes all costs directly attributable to the fixed assets.

For the most part, depreciation is calculated on a straight-line basis relative to the expected life span of the asset:

| | |
|---|---|
| – Structure | 10 – 30 years |
| – Fixtures and fittings | 9 – 10 years |
| – Vehicles | 5 years |
| – IT equipment | 3 years |
| – Office equipment | 2 – 5 years |
| – Office furniture | 9 – 10 years |

### 2.5. Financial assets

Financial assets include equity holdings and long-term loans and receivables.

The gross value of equity holdings and other financial assets are booked in the balance sheet at acquisition cost, which includes all costs that are directly attributable to the fixed assets in question.

The inventory value of these assets corresponds to their respective value in use for the company. This is determined by taking account of the enterprise value, determined by the profitability prospects (revenue, EBIT, *cash flow*, growth rate) based on the business plans. In the absence of available data on these measures, the value in use corresponds to net worth.

Depreciation is recorded when the inventory value thus defined is lower than the acquisition cost.

### 2.6. Work in progress

Work in progress for services provided is valued on the basis of the cost price at closing if all of the formal conditions required to register production and the stage of progress have not been entirely met.

Depreciation is recorded when the inventory value thus defined is lower than the nominal cost.

### 2.7. Debts and receivables

Debts and receivables are valued at nominal value.

With regard to loans to subsidiaries, the inventory value of these receivables is calculated by using the depreciation method for equity holdings.

Depreciation is recorded when the inventory value thus defined is lower than the nominal cost.

### 2.8. Provisions for liabilities and charges

Provisions for risks and charges are booked when, at the close of the fiscal year, Altran has an obligation to a third party which will probably, or certainly, result in a cash outlay for the company to the third party, without, at least, any equivalent consideration expected from the third party.

A provision is written for the estimated amount of costs the company will probably have to bear in order to meet its commitment.

Altran's main provisions for liabilities and charges, include:

- estimated costs for disputes, lawsuits and claims brought by third parties or former employees;

- estimated restructuring costs.

In the event of restructuring, provisions are made as soon as the Group has announced, drawn up or started to implement a detailed restructuring plan before the close of the fiscal year.

### 2.9. Retirement benefit commitments

In accordance with recommendation 2003-R01 of the CNC (French National Accounting Board), the company has adopted the preferential method of accounting retirement commitments, which entails booking all such commitments as provisions in the company accounts.

Upon retirement, employees of the company receive a benefit in accordance with the law and provisions laid down in the collective agreement.

Retirement commitments, based on the SYNTEC convention and the new terms specified in the FILLON Law, were evaluated by Towers Watson actuaries.

These retirement provisions correspond to employees' rights as determined in the collective agreement and by law on the basis of an actuarial calculation.

Employee contributions are booked as charges for the period and all employee benefits are valued on an annual basis according to the projected credit unit method, which factors in the following parameters:

| | |
|---|---|
| – death rate: | TG HF 2005 |
| – change in headcount: | 3.00% |
| – staff turnover: | from 30% (20-24 years) to 0% (> 50 years); |
| – discount rate: | 4.75% |
| – inflation rate: | 2.00% |

## 2.10. Foreign currency operations and translation differences

Revenue and costs denominated in foreign currencies are booked in euros on the date of operation. All debt, receivables and available cash denominated in foreign currencies are booked in euros in the balance sheet on the basis of the end-year exchange rate.

All gains and losses resulting from the conversion of debt and receivables in non-eurozone currencies based on the closing exchange rates are booked as translation adjustments in the balance sheet and a provision is written to cover any latent losses.

## 2.11. Long-term operations and revenue recognition

Revenue includes all income generated by the company's services offering.

The accounting treatment of revenues and costs depends on the nature of the services.

### Cost-plus services

Revenues on cost-plus services are identified as the project advances.

The majority of the company's services are carried out on a cost-plus basis.

### Project based contracts

For project-based contracts with a performance obligation clause attached, sales and earnings are booked according to the stage of progress of the contract in question. This is determined by the percentage of costs incurred on work carried out relative to the total estimated cost. When the total estimated costs of the contract are expected to exceed the total revenue generated by the contract itself, a provision is immediately written to cover the losses that will be incurred when the contract is completed.

## 2.12. Corporate tax and fiscal integration

In 2004, Altran Technologies set up fiscal consolidation for itself and its subsidiaries.

All of the Group's French subsidiaries, with the exception of NSI, benefit from fiscal integration.

All of the tax agreements involved are based on the following principles:

### General principle

In compliance with the principal of neutrality, Altran's subsidiaries must, as far as possible, book all tax charges and credits during their period of consolidation that they would have paid or received had they not been consolidated.

### Subsidiary tax consolidation

For each fiscal year, Altran's subsidiaries must record the amount of tax that they would have had to pay had they never been consolidated within the Group.

In practical terms, this is determined after tax credits on previous losses.

For Altran Technologies, the recognition of this tax translates into a receivable equal to the amount declared by the subsidiaries.

Subsidiaries cannot book any loss carry backs during the period in which they belong to the Group.

### Tax credits

Tax credits, whether reimbursable by the Exchequer or not, are attributed to the tax due by the subsidiaries.

### Receivables from loss carry backs

Subsidiary receivables on loss carry backs prior to their consolidation within the Group cannot be added to their tax charge.

In exchange, subsidiaries may sell the receivable(s) in question to Altran Technologies in accordance with the conditions laid down in Article 223G of the French General Tax Code.

### Tax payment procedure

During the first fiscal year of tax consolidation, subsidiaries pay their quarterly tax instalments directly to their own tax office as well as any contribution instalments that may be due.

As of the second fiscal year, the subsidiaries pay all income tax instalments, additional contributions and settlements directly to Altran Technologies, in accordance with the standard conditions laid down by law.

The recording of these amounts in the subsidiaries' current account at Altran Technologies bears no interest.

### Duration

The agreement initially drawn up for the subsidiary consolidation period (five years as of 1 January 2004) can be renewed every five years by tacit agreement.

### Subsidiary deconsolidation

Subsidiaries failing to meet all of the conditions laid down in Article 223A of the French General Tax Code, qualifying them for tax consolidation must leave the Group.

The date of removal from the Group's scope of consolidation is retroactive to the first day of the fiscal year during which the disqualifying incident occurred.

Upon disqualification, these subsidiaries become directly taxable on their individual earnings and long-term capital gains published at the end of the fiscal year during which the disqualifying incident occurred.

Altran Technologies conserves the tax credits generated by its subsidiaries' tax loss carry-forwards should they be removed from the Group's scope of consolidation.

# 3. Notes relative to certain balance sheet items

## 3.1. Fixed assets and depreciation

| *Intangible assets (€)* | Opening gross value | Acquisitions | Sold / discarded / transferred assets | Closing gross value |
|---|---|---|---|---|
| **Intangible assets:** | | | | |
| Goodwill(1) | 2,083,699 | | 304,898 | 1,778,801 |
| Other intangible assets(2) | 39,290,742 | | | 39,290,742 |
| Patents, licences, brands | 8,645,262 | 2,426,383 | 176,741 | 10,894,904 |
| Intangible assets in progress | 558,480 | 2,140,570 | 558,480 | 2,140,570 |
| **Total 1** | **50,578,182** | **4,566,953** | **1,040,119** | **54,105,016** |
| **Tangible assets :** | | | | |
| Other tangible assets(3) | 19,100,654 | 2,198,351 | 6,064,121 | 15,234,884 |
| Tangible assets under construction | 90,882 | 91,797 | 90,882 | 91,797 |
| **Total 2** | **19,191,537** | **2,290,148** | **6,155,003** | **15,326,681** |
| **Long term investments** | | | | |
| Investments and advances | 136,278,133 | 3,265,503 | 8,199,943 | 131,343,693 |
| Loans and other long term investments | 11,122,439 | 1,381,533 | 322,184 | 12,181,787 |
| **Total 3** | **147,400,572** | **4,647,036** | **8,522,128** | **143,525,480** |
| **Total (1+2+3)** | **217,170,291** | **11,504,136** | **15,717,250** | **212,957,178** |

*(1) CGS Executive Search goodwill write-down transferred to Altran Technologies on 29 December 2006, at the time of the merger. This goodwill was fully amortised at 31 December 2009.*

*(2) Other intangible assets totalling €39m correspond to the technical loss incurred on the merger of 26 companies in Altran Technologies at end-2006.*

*(3) Acquisitions and disposals carried out in 2010 include an IT equipment purchase/resale operation amounting to €1,238,000, in the form of a leasing contract at end-2010.*

| ASSET DEPRECIATION €) | Opening amount | Increase | Decrease | Closing amount |
|---|---|---|---|---|
| **Intangible assets:** | | | | |
| Patents, licenses, brands | 6,278,165 | 1,561,115 | 712,735 | 7,126,545 |
| | 304,898 | 0 | 304,898 | 0 |
| **Total 1** | **6,583,063** | **1,561,115** | **1,017,633** | **7,126,545** |
| **Fixed assets** | | | | |
| Other intangible assets | 10,165,525 | 2,755,218 | 4,909,185 | 8,011,557 |
| **Total 2** | **10,165,525** | **2,755,218** | **4,909,185** | **8,011,557** |
| **Total (1+2)** | **16,748,588** | **4,316,333** | **5,926,819** | **15,138,102** |

## 3.2 Balance sheet provisions & depreciation

| BALANCE SHEET PROVISIONS & DEPRECIATION (€) | Opening amount | Reclassification | Increase | Decrease | Closing amount |
|---|---|---|---|---|---|
| Investments and related receivables | 1,191,200 | | 2,300,000 | 43,039 | 3,448,161 |
| Other long-term investments | 100,691 | | | 99,166 | 1,525 |
| **Total financial investments** | **1,291,891** | | **2,300,000** | **142,205** | **3,449,686** |
| **Inventories and work in progress** | **0** | | | | **0** |
| **Trade receivables** | **1,578,187** | **-97,391** | **182,727** | **1,360,576** | **302,946** |
| **Other provisions for depreciation** | **3,547,490** | **97,391** | | **20,100** | **3,624,780** |
| Provisions for charges and litigation* | 33,241,464 | | 5,550,305 | 23,982,719 | 14,809,050 |
| Provisions for pensions and similar commitments | 11,776,764 | | 1,699,888 | 978,569 | 12,498,083 |
| Provisions for foreign exchange losses | 75,843 | | 4,944 | 75,843 | 4,944 |
| **Total provisions for risks and charges** | **45,094,071** | | **7,255,137** | **25,037,131** | **27,312,077** |
| **Total** | **51,511,638** | **0** | **9,737,863** | **26,560,012** | **34,689,489** |

| | |
|---|---|
| Provision write-back taken up: | €22,168,357 |
| - including €22,076,270 (liability) + €75,843 (exchange differences) | |
| + €16,244 (end-of-career benefits) | |
| Provision write-back not taken up: | |
| - including €1,906,450 (liability) + €962,325 (end of career benefits) | € 2,868,775 |

## 3.3. Schedule of receivable payments

| SCHEDULE OF RECEIVABLE PAYMENTS (€) | Gross amount | Up to 1 year | More than 1 year |
|---|---|---|---|
| **Long-term receivables** | **17,811,916** | **5,909,472** | **11,902,444** |
| Receivables from controlled entities | 5,633,653 | 5,633,653 | |
| Loans | 10,202,107 | 1,500 | 10,200,607 |
| Other long-term investments | 1,976,156 | 274,319 | 1,701,837 |
| **Short-term receivables** | **618,238,394** | **614,068,656** | **4,169,738** |
| Trade receivables | 40,198,725 | 39,736,451 | 462,274 |
| Personnel and social security charges | 1,229,292 | 1,229,292 | |
| State | 10,086,266 | 6,378,802 | 3,707,464 |
| Group and associates | 523,990,930 | 523,990,930 | |
| Other receivables | 36,336,097 | 36,336,097 | |
| Prepaid expenses | 6,397,084 | 6,397,084 | |
| **Total** | **636,050,310** | **619,978,128** | **16,072,182** |

Altran Technologies has significant recourse to factoring. Outstanding receivables sold to the factor are booked as off-balance sheet commitments. At 31 December 2010, these stood at €95,946,000 versus €82,955,000 at end-December 2009.

(see note 6).

Factoring operations included:

| | 2009 | 2010 |
|---|---|---|
| Client receivables | 82,954,885 € | 95,945,911 € |
| Current account and factor's guarantee | 13,375,017 € | 12,817,317 € |
| Factor's short-term advances | 69,579,868 € | 83,128,594 € |

## 3.4. Changes in Shareholders' Equity

| *CHANGES IN SHAREHOLDERS' EQUITY* | | EQUITY MOVEMENTS | | | | |
|---|---|---|---|---|---|---|
| *ACCOUNT* | OPENING VALUE | INCREASES | DECREASES | APPROBATION RESULTS N-1 | NET PROFIT/ LOSS YEAR N | CLOSING VALUE |
| Capital | 71,789,663 | 62,603 | | | | 71,852,266 |
| Share premium | 296,834,299 | 313,213 | | | | 297,147,512 |
| Merger premium | 22,081,706 | | | | | 22,081,706 |
| Statutory reserve | 7,158,855 | | | | | 7,158,855 |
| Retained earnings | 126,755,783 | 617 | | (115,458,454) | | 11,297,946 |
| Net profit (loss) for the period | -115,458,454 | | | 115,458,454 | (6,049,397) | (6,049,397) |
| Regulated provisions | 57,046 | 57,046 | | | | 114,092 |
| **SHAREHOLDERS' EQUITY** | **409,218,898** | **433,479** | **0** | **0** | **(6,049,397)** | **403,602,980** |

## 3.5. Shareholding Structure

| *SHARE CAPITAL* | Number of shares | Nominal value |
|---|---|---|
| Number of shares at opening | 143,579,327 | 0.5 euro |
| Increase in share capital via creation of new shares | 125,205 | 0.5 euro |
| Number of shares at closing | 143,704,532 | 0.5 euro |

### 3.6. Stock options

The main characteristics of the Group's stock-option and bonus-share plans at 31 December 2010 are outlined in the tables below:

| *Stock option plans and bonus shares* | Stock options | | | | | | Bonus shares | |
|---|---|---|---|---|---|---|---|---|
| | Plan 2003[ac] | Plan 2003[abc] | Plan 2004[c] | Plan 2005[c] | Plan 2005[c] | Plan 2007[c] | Plan 2007 | Plan 2007 |
| | | | | | | | France | Hors France |
| Date of General Meeting | 17/06/1999 | 17/06/1999 | 28/06/2004 | 28/06/2004 | 28/06/2004 | 29/06/2005 | 29/06/2005 | 29/06/2005 |
| Date of Management Board or Board of Directors meeting | 11/03/2003 | 24/06/2003 | 29/06/2004 | 15/06/2005 | 20/12/2005 | 20/12/2007 | 20/12/2007 | 20/12/2007 |
| Total number of shares available for subscription or allocation on the date of attribution | 3,948,993 | 336,191 | 2,762,000 | 340,000 | 2,630,000 | 2,589,830 | 482,240 | 336,500 |
| *o/w available to corporate officers* | 186,785 | | 80,000 | 200,000 | 210,000 | 100 000 | | |
| *o/w available to ten highest paid employees* | 875,218 | 106,734 | 510,000 | 340,000 | 635,000 | 340,000 | 93,240 | |
| Balance at 31 December 2010 | 300,069 | 107,848 | 451,792 | 132,369 | 321,068 | 424,386 | - | - |
| *Vesting date* | | | | | | | 21/12/2009 | 21/12/2011 |
| Deadline for granting bonus shares | 11/03/2011 | 24/06/2011 | 29/06/2012 | 15/06/2013 | 20/12/2013 | 20/12/2015 | | |
| End of lock-in period for bonus shares | | | | | | | 20/12/2011 | 20/12/2011 |
| Purchase price of options/reference share price (€) | 2.94 | 6.66 | 9.27 | 7.17 | 9.52 | 4.25 | 4 | 4 |
| Valuation method used | Black&Scholes | Black&Scholes | Black&Scholes | Black&Scholes | Black&Scholes | Hull&White | Binomial | Binomial |
| Number of shares available for subscription or allocation at 31/12/2009 | 1,003,723 | 170,155 | 1,217,058 | 132,369 | 1,287,876 | 2,111,892 | 371,240 | 249,000 |
| Options forfeited in 2010 | 14,251 | 5,588 | 72,509 | | 126,314 | 208,169 | | 44,000 |
| Options exercised in 2010 | 123,174 | | | | | | | |
| Number of shares available for subscription or allocation at 31/12/2010 | 866,298 | 164,567 | 1,144,549 | 132,369 | 1,161,562 | 1,903,723 | 371,240 | 205,000 |

*(a) Following the 23 December 2003 capital increase in cash with preferential subscription rights, the exercise prices and the number of shares of each subscription plan were adjusted to take into account the issue of 20.8 million new shares.*

*(b) The 9th Resolution passed by the Extraordinary General Meeting held on 8 June 2006, extended the maturity of the 24 June 2003 plan from 5 to 8 years*

*(c) Following the 29 July 2008 capital increase in cash with preferential subscription rights, the exercise prices and the number of shares of each subscription plan were adjusted to take into account the issue of 24.9 million new shares.*

### 3.7. Convertible bond issues

On 18 November 2009, Altran Technologies issued an OCEANE bond for €132m, redeemable on 1 January 2015. The funds raised from this issue have allowed Altran to meet the Group's overall funding requirements, diversify its borrowing sources, extend average debt maturity and, if necessary, build up equity in the event of bond conversion.

This convertible bond, with a 5 year and 44 day maturity, involved the issue of 30,136,986 bonds at a nominal value of €4.38 and an annual coupon of 6.72%.

Interest is payable in arrears on 1 January of each year. For the period running from 18 November 2009 to 31 December 2010, interest (first coupon of €0.33) was paid on 1 January 2011 on a prorata tempora basis.

By end-2010, accrued interest had reached €9.9m, of which €8.9m in 2010.

Bond issue costs are booked to the income statement and therefore not subject to amortisation over the duration of the bond.

### 3.8. Main changes in credit lines

#### 3.8.1 Medium-Term Credit: Revolving credit

On 4 July 2008, Altran signed a refinancing agreement with its bankers (BNP Paribas, Crédit Agricole Ile de France, Natixis and Société Générale) giving the company access to total credit lines amounting to €92m on 31 December 2010.

The amortisation schedule for the Group's medium-term credit lines is given in the table below:

| *(€m)* | Dec-08 | June-09 | Dec-09 | June-10 | Dec-10 | June-11 | Dec-11 | June-12 | Dec-12 | June-13 | Dec-13 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Tranche A revolving credit | 26.0 | 23.1 | 20.2 | 17.3 | 14.4 | 11.6 | 8.7 | 5.8 | 2.9 | 0.0 | 0.0 |
| Tranche B revolving credit | 124.0 | 111.6 | 99.2 | 86.8 | 74.4 | 62.0 | 49.6 | 37.2 | 24.8 | 12.4 | 0.0 |
| **Total** | **150** | **134.7** | **119.4** | **104.1** | **88.8** | **73.6** | **58.3** | **43.0** | **27.7** | **12.4** | **0.0** |
| Renegotiated credit line with CADIF | 5.0 | 5.0 | 4.4 | 3.8 | 3.2 | 2.6 | 2.0 | 1.4 | 0.8 | 0.2 | 0.0 |
| **Total** | **155.0** | **139.7** | **123.8** | **107.9** | **92.0** | **76.2** | **60.3** | **44.4** | **28.5** | **12.6** | **0.0** |

The credit agreement contains several clauses pertaining to financial ratio thresholds, allocation of cash flow and limitations on acquisitions, in particular:

- as of 2009, one third of net consolidated cash flow over €15m generated by the Group must be allocated to pay down debt (excluding any future market operation);
- acquisitions are limited to a total annual investment of €50m, unless the Group obtains special permission from a majority of its lending banks.

On 9 November 2009, Altran signed another amendment to the refinancing agreement with its bankers, determining a new set of financial ratio thresholds.

| | Net debt/EBITDA | Net debt/equity |
|---|---|---|
| 31/12/2009 | <4.5 | <1.0 |
| 30/06/2010 | <5.5 | <1.0 |
| 31/12/2010 | <4.0 | <1.0 |
| 30/06/2011 | <3.75 | <1.0 |
| 31/12/2011 | <3.0 | <1.0 |
| 30/06/2012 | <2.5 | <1.0 |
| 31/12/12 to 31/12/13 | <2.0 | <1.0 |

The maximum margin applicable to medium-term credit remains unchanged for leverage of less than 3.5 (140 bp maximum), increasing each time leverage rises above the 3.5 mark to 225 bp maximum (implying a maximum increase of 85 bp).

The financial ratios at 31 December 2010 pertaining to the Group's medium-term credit lines are given in the table below:

| | 31/12/2010 | 31/12/2009 |
|---|---|---|
| Net debt/equity as defined in the credit agreement | 0.41 | 0.38 |
| Net debt/EBITDA before employee profit-sharing (financial gearing) as defined in the credit agreement | 2.09 | 3.83 |

Note that 1/ the EBITDA used to calculate these covenants is the 12-month moving average before employee profit-sharing and staff costs relative to payment in shares (€87m) and that 2/ net financial debt excludes employee profit-sharing and accrued interest on bond-related debt (€182.1m). Calculations are based on Altran's consolidated financial statements, drawn up in accordance with IFRS standards.

At end-2010, Altran had respected all of its banking covenant obligations.

### 3.8.2 Other Credit Lines

In addition, the Group has factoring lines of credit amounting to €291.5m (of which €186.1m drawn down). These are free of any long-term commitment and are automatically renewed.

### 3.8.3 Cash management

Altran has set up a centralised cash-management system to reduce liquidity risk.

This mechanism regulates the use of cash flows at subsidiary and Group levels and is essentially based on two main principles, namely:

- all subsidiary cash surpluses are invested exclusively in Altran's centralised cash-management subsidiary GMTS (Global Management Treasury Services), a company incorporated in France;
- GMTS uses these funds to cover debt payments of the Group and its subsidiaries and/or to invest, on their behalf, in money market instruments with sensitivity and volatility rates of less than 1%.

Altran esteems that it currently has the financial resources to guarantee its development.

Liquidity risk management is ensured by the Group's financial management team.

### 3.8.4 Interest cover

At end-2010, Altran's €132m convertible bond (at a fixed rate of 6.72% and redeemable on 1 January 2015) accounted for the bulk of net debt (€203.4m) in Altran Technologies consolidated financial statements (compiled on the basis of IFRS standards). The impact of interest rate swings is therefore not significant, with the exception of the hedging positions detailed below:

The repayment schedule of the Group's bank debt and financial liabilities is given in the table below:

| *(€m)* | < 1 yr | 1 - 5 yrs | > 5 yrs |
|---|---|---|---|
| Financial liabilities | (241) | (177) | - |
| Financial assets | 215 | - | - |
| Net position before hedging | (26) | (177) | |
| Off-balance sheet (interest rate hedge) | 200 | 225 | - |

By the credit agreement signed in July 2008, the Group is bound to set up an interest-rate hedging strategy to cover at least 50% of its total revolving credit commitments for a minimum period of three years. Given the level of Group debt, which is composed of medium-term credit lines and factoring resources, all of which at variable interest rates, it was decided to set up a €200m swap over three years with the aim of transforming the company's net debt interest from variable to fixed rates.

At 31 December 2010, the main characteristics of the Group's hedging contracts were as follows:

| | Start date | Maturity Date | Deal | Type | Fixed rate | Nominal | Initial rate | Currency |
|---|---|---|---|---|---|---|---|---|
| SG | 02/01/2009 | 02/01/2012 | | Swap | 4.2925% | 50,000,000 | EURIBOR3M | EUR |
| BNP | 02/01/2009 | 02/01/2012 | | Swap | 4.3050% | 50,000,000 | EURIBOR3M | EUR |
| Crédit Agricole Ile de France | 02/01/2009 | 02/01/2012 | | Swap | 4.2900% | 50,000,000 | EURIBOR3M | EUR |
| NATIXIS | 02/01/2009 | 02/01/2012 | | Swap | 4.2700% | 50,000,000 | EURIBOR3M | EUR |
| BNP | 02/01/2012 | 02/01/2013 | | CAP | 2.0000% | 25,000,000 | EURIBOR3M | EUR |

Interest-risk management is ensured by the Group's financial management team.

### 3.9. Liabilities payable

| *LIABILITIES PAYABLE (€)* | Gross amount | Due within 1 year | Due in more than 1 year |
|---|---|---|---|
| Convertible bond loans | 141,924,402 | 0 | 141,924,402 |
| Bank borrowings | 95,037,123 | 34,756,336 | 60,280,787 |
| Other borrowings | 3,563,823 | 1,810,197 | 1,753,626 |
| Group and associates | 339,304 | 339,304 | |
| Trade payables | 29,001,330 | 29,001,330 | |
| Tax and social security liabilities | 100,251,474 | 100,251,474 | |
| Payables to suppliers of fixed assets | 1,546,410 | 1,546,410 | |
| Other payables | 3,359,741 | 3,359,741 | |
| Deferred income | 6,245,961 | 6,245,961 | |
| **Total** | **381,269,569** | **177,310,754** | **203,958,815** |

### 3.10. Associates and equity holdings

| *ASSOCIATES AND EQUITY HOLDINGS (€)* | |
|---|---|
| Equity holdings | 122,445,942 |
| Asset depreciation | -1,170,772 |
| Receivables from controlled entities | 5,620,362 |
| Loans | 0 |
| Work in progress | 0 |
| Trade receivables | 18,316,899 |
| Other receivables and prepaid expenses | 524,788,263 |
| Cash and cash equivalent | 2,174,270 |
| Provisions for risks and charges | 727,345 |
| Bank borrowings | 0 |
| Other borrowings | 333,788 |
| Advances and down payments | 3,000 |
| Trade payables | 5,584,128 |
| Payables to suppliers of fixed assets | 341,714 |
| Other payables and deferred income | 1,713,514 |

| *Revenues and expenses concerning associates and equity holdings (€)* | |
|---|---|
| Operating revenues | 44,167,416 |
| Operating expenses | 32,406,718 |
| Financial income | 12,256,966 |
| Financial expenses | 14,559,090 |
| Exceptional income | 0 |
| Exceptional expenses | 10,435 |

No information need be given since transactions between related parties (pursuant to article R.123-198 of the French Commercial Code) were carried out under normal market conditions and almost exclusively between directly, or indirectly, fully-owned subsidiaries.

### 3.11. Accrued income

| *ACCRUED INCOME(€)* | |
|---|---|
| Long term investments | 0 |
| Trade receivables | 11,145,382 |
| Other receivables | 329,866 |
| Tax and social security receivables | 1,094,581 |
| Asso operations carried out in conjunction with GIE | 464 |
| Cash and equivalent | 2,174,270 |
| **Total** | **14,744,563** |

### 3.12. Accrued charges

| *ACCRUED CHARGES (€)* | |
|---|---|
| Convertible bond loans | 9,938,704 |
| Bank borrowings | 1,697,339 |
| Other borrowings | 651,068 |
| Trade payables | 8,346,163 |
| Tax and social security liabilities | 49,000,501 |
| Other payables | 1,632,804 |
| **Total** | **71,266,579** |

### 3.13. Accrued income and charges

| *ACCRUED INCOME AND CHARGES (€)* | Charges | Income |
|---|---|---|
| Operating expenses/income | 6,397,084 | 6,245,961 |
| **Total** | **6,397,084** | **6,245,961** |

### 3.14 Leasing

| Leasing (€) | Software | Office material | Total |
|---|---|---|---|
| Original value | 1,085,460 | 1,238,000 | 2,323,460 |
| Cumulative royalties for previous periods | | | |
| Provisions booked over the period | | 212,890 | 212,890 |
| **Total** | | **212,890** | **212,890** |
| Cumulative royalties for previous periods | | | |
| Year | 271,365 | 145,013 | 416,378 |
| **Total** | **271,365** | **145,013** | **416,378** |
| Due: < 1 year | 542,730 | 586,569 | 1,129,299 |
| Due: 1 - 5 years | 271,365 | 734,841 | 1,006,206 |
| **Total** | **814,095** | **1,321,411** | **2,135,506** |
| Residual value: 1 - 5 years | | 1 | 1 |
| **Amount booked over the period** | **271,365** | **145,013** | **416,378** |

Value derived from assets and their depreciation is not booked in Altran Technologies company financial statement.

# 4. Notes to the income statement

### 4.1. Breakdown of net revenue

| BREAKDOWN OF NET REVENUE (€) | |
|---|---|
| **By activity segment** | |
| Sales of bought-in goods | |
| Contracts to supply goods and services | 524,577,943 |
| **Total** | **524,577,943** |
| **By geographical segment** | |
| Sales in France | 490,762,436 |
| Sales abroad | 33,815,507 |
| **Total** | **524,577,943** |

## 4.2. Financial income

| *FINANCIAL INCOME (€)* | Financial charges | Financial income |
|---|---|---|
| Interest on revolving credit | 4,911,523 | |
| Interest on bank borrowings | 421,234 | |
| Interest on bond loan | 119,633 | |
| Interest on employee profit-sharing | 8,869,704 | |
| Intérêts sur participation salariale | 182,265 | |
| Interest on revolving loan and swaps | 10,577,506 | |
| Intérêts sur dettes commerciales | 33,531 | |
| Loss on investments and related receivables | 9,600,000 | |
| Discounts allowed | 202,982 | |
| Foreign exchange losses | 132,920 | |
| Financial expenses on factoring activities | 792,653 | |
| Other financial expenses | 99,269 | |
| Provisions for risks and charges | 30,994 | |
| Provisions for financial asset write-downs | 2,300,000 | |
| Provision for retirement commitments | 450,422 | |
| Provision for forex losses | 4,944 | |
| Dividends received | | 55,001 |
| Interest on group current account | | 12,158,926 |
| Write-back of financial provisions | | 218,048 |
| Income from group loans | | |
| Forex gains | | 48,112 |
| Other financial income | | 10,212 |
| **TOTAL FINANCIAL INCOME & CHARGES** | **38,729,579** | **12,490,298** |

## 4.3. Exceptional items

| *EXCEPTIONAL ITEMS (€)* | Exceptional expenses | Exceptional income |
|---|---|---|
| Exceptional restructuring expenses | 25,332,870 | |
| Other exceptional costs associated to management of non-group operations | 640,520 | |
| NAV of assets withdrawn from the balance sheet | 1,573,202 | |
| Provisions for risk and charges | 1,934,792 | |
| Provisions for restructuring risk and charges | 1,612,609 | |
| Provisions for accelerated depreciation | 57,046 | |
| Exceptional income from restructuring | | |
| Income on asset disposals | | 1,238,000 |
| Write backs of restructuring provisions | | 19,619,381 |
| ReprisWrite backs of other exceptional provisions | | 3,028,013 |
| **TOTAL EXCEPTIONAL INCOME AND EXPENSES** | **31,151,039** | **23,885,394** |

Operating cost transfers mainly concern restructuring costs (staff costs, fees, rental payments and sundry charges), which, after analysis, are written back as exceptionals in the income statement.

## 4.4. Corporate tax and the impact of tax consolidation

| (€) | Base | Tax | Net Income |
|---|---|---|---|
| Income on ordinary activities | (3,773,095) | 1,257,698 | |
| Exceptional income | (7,265,645) | 2,421,882 | |
| Pre-tax income | (11,038,740) | | (11,038,740) |
| Corresponding corporate tax | | 3,679,580 | |
| **Impact of non-liability for current taxes** | | | |
| - Permanent differences | 20,581,518 | (6,860,506) | |
| - Temporary differences | (12,210,121) | 4,070,040 | |
| - Impact of tax consolidation—Contribution from beneficiary subsidiaries | | 3,655,810 | |
| **Other tax** | | | |
| Social Security contributions | | 69,267 | |
| Tax credit for research | | 2,276,635 | |
| Patronage tax credit | | 185,194 | |
| Other (inc tax audit impact -EUR1m) | | (1,197,563) | |
| TAX | (2,667,343) | | |
| Creation of tax-loss carry-forwards | 2,667,343 | (889,114) | |
| Tax on accounting income | | 4,989,343 | 4,989,343 |
| Net income | | | (6,049,397) |

Altran Group's tax consolidation agreement is based on the principle of neutrality according to which, each subsidiary determines its own tax charge and contributes to Group tax payments as if it were not consolidated. The tax charge due by each subsidiary cannot be altered by virtue of consolidation.

Tax savings or surcharges resulting from the tax consolidation regime are booked to the accounts of the parent company, Altran Technologies.

Since the tax consolidation group was loss making in 2010, no tax charge was booked by the parent company.

Tax contributions from profit-making subsidiaries, totalling €3,725,077 were booked as revenue by Altran Technologies.

Altran Technologies also booked a research tax credit of €2,276,635 and a patronage tax credit of €185,194.

## 4.5. Increases/decreases in the deferred tax base

| *INCREASE/DECREASE IN DEFERRED TAX BASE (€)*<br>*Type of temporary difference* | Amount | Tax |
|---|---|---|
| - Organic and corporate contribution | 818,068 | 272,689 |
| - Retirement provisions | 12,498,084 | 4,166,028 |
| - Other provisions for risks and charges | 3,898,036 | 1,299,345 |
| - Tax loss | 106,634,973 | 35,544,991 |
| **Decrease in deferred tax base** | **123,849,161** | **41,283,054** |
| - Thin capitalisation interest | 1,994,640 | 664,880 |
| - Tax loss carryforwards from foreign subsidiaries | 29,901,190 | 9,967,063 |
| **Increase in deferred tax base** | **31,895,830** | **10,631,943** |

### 4.6. Staff

| *Salaried personnel* | At 31/12/2010 | At 31/12/2009 |
|---|---|---|
| Management | 5,697 | 5,600 |
| Employees | 302 | 313 |
| **Total** | **5,999** | **5,913** |

### 4.7. Directors' fees

In 2010, Altran Technologies paid total fees of €848,000 (including €280,000 in attendance fees)

No loans or advances were granted to directors in 2010.

## 5. Information on significant ongoing disputes

Altran Technologies is involved in a dispute with Ilyad Value. Altran Technologies is claiming an outstanding payment (€3.5m) for studies and training modules sold to Ilyad Value in 2001. This account receivable has been fully provisioned in Altran Technologies accounts. Ilyad Value is counter-claiming repayment of amounts it has already paid to Altran Technologies, plus interest for late payment. On the advice of its counsels, Altran Technologies consideres that Ilyad Value's claim is unfounded. Apparently Ilyad Value filed a complaint and a civil claim for damages against Altran Technologies, in March, 2003, concerning some of the service provision contracts signed by the Group and Ilyad Value at the end of 2001. Altran Technologies has no information concerning these proceedings.

In the summer of 2002, the Commission des Opérations de Bourse (now the AMF) opened an inquiry regarding movements in the Altran Technologies' share price.

The Company received a notification of grievances and submitted its defence arguments in October, 2004.

On 29 May 2007, the AMF Enforcement Committee imposed a fine on Altran of €1.5m (as opposed to €500,000 recommended by the reporter), which the company paid in full in 2008. Altran filed an appeal, which was dismissed by the Appeal Court. The company then lodged an appeal with the French Supreme Court. On 23 June 2009, the Supreme Court upheld the ruling of the Appeal Court.

Further investigations of the Group's 2001 full-year and its 2002 interim accounts, carried out by the former Board of Auditors, resulted in adjustments being made to the 2002 interim accounts.

For the same reasons, a preliminary inquiry was opened by the Paris Public Prosecutor's Office. By January, 2003, this inquiry had turned into a fully-fledged investigation into the misuse of company assets, fraud and the dissemination of false information likely to influence the share price.

The scope of the investigation was first extended in June, 2004 to include misrepresentation of financial accounts failing to give a true picture of the company.

The scope of the investigation was extended a second time in September, 2004 to cover insider trading. As part of this investigation, several former managers and one current manager of the company were indicted.

In February, 2003, Altran Technologies became a civil plaintiff in this investigation and in April, 2005 was indicted for fraud, use of forged documents and disseminating misleading information likely to influence the share price. This indictment did not affect the company's civil claim for damages.

Several former managers filed for an action for annulment of the report drawn up by the two experts appointed by the investigating magistrate. This action was dismissed by the French Supreme Court. The investigating magistrate notified all parties concerned that the case had been closed.

As part of this investigation, 13 persons or corporate bodies have filed a civil action. The company is currently awaiting the closure order.

The French minority shareholder group, APPAC, has also lodged a complaint and a civil claim for damages. Altran has no information concerning these proceedings.

Finally, two complaints joining a civil action were filed in October 2004 by two former statutory auditors against some of the Group's directors for hindrance in the performance of their duties.

All of the above-mentioned proceedings concern events that took place between 2001 and 2002.

In January 2011, a former employee, dismissed in 1999 for professional misconduct by the company, brought legal action against Altran Technologies before the Commercial Court of Paris. The plaintiff has filed a joint action with three associates in the company he formed after his dismissal claiming compensation for having to postpone the flotation of their company because of criminal proceedings taken by Altran against that former employee and for which he has since been acquitted.

The Group is in dispute with several of its former employees who are contesting the reasons for their dismissal.

A former manager has brought legal actions against Altran Technologies and the Altran Foundation for abusive dismissal and humiliating revocation. Provisions have been booked for both litigations.

# 6. Off balance sheet commitments

## 6.1. Commitments given

| *COMMITMENTS GIVEN* | **(in thousands of euros)** |
|---|---|
| Deposits and guarantees | 91,447 |
| Swap | 225,000 |
| Factoring commitments | 95,946 |
| Other commitments: vehicle rental | 3,138 |
| Non-competition clauses | 193 |
| Revolving credit | 0 |
| *ECOMMITMENTS GIVEN* | **N° of hours** |
| Individual Right to Training | 345,258 |

## 6.2. Commitments received

| *COMMITMENTS RECEIVED* | **(in thousands of euros)** |
|---|---|
| Revolving credit | 0 |

# 7. Key post-closure events

Altran is currently in negotiations to sell all of its activities in Brazil.

Given the improvement in Arthur D. Little's performances over the last few months, the Group is still reviewing several possible scenarios and has engaged an exterior firm to carry out a strategic revue of this activity.

# 8. Information on Group subsidiaries and holdings

| *Altran Subsidiaries* | Share capital | Other shareholder equity | Altran's equity holding (%) | Book value of investment Gross | Book value of investment Net | Loans & advances granted by the company still outstanding | Guarantees provided by the company | 2009 nets sales | 2009 profit or loss | Dividends received by company over the period |
|---|---|---|---|---|---|---|---|---|---|---|
| **Stakes of more than 50% in French subsidiaries (in thousands of euros)** | | | | | | | | | | |
| Altran CIS | 3,000 | 48,672 | 100.00 | 2,874 | 2,874 | | | 136,108 | 7,712 | 5,000 |
| Altran Invoicing | 470 | 128 | 100.00 | 419 | 419 | | | 149 | 7 | |
| Diorem | 40 | -744 | 100.00 | 1,103 | 0 | | | 1,558 | -8 | |
| A.D.L. Services | 10,000 | -18,617 | 100.00 | 16,374 | 16,374 | | | 6,109 | -3,333 | |
| Logiqual | 37 | 321 | 100.00 | 37 | 37 | | | 1,061 | 56 | |
| Altran Prototypes Automobiles | 37 | -21 | 100.00 | 37 | 21 | | | 0 | -3 | |
| Altran Praxis France | 37 | -3,145 | 100.00 | 37 | 37 | | | 6,990 | -1,105 | |
| Altran Participations | 37 | -22 | 100.00 | 37 | 22 | | | 0 | -4 | |
| Hilson Moran France | 37 | -60 | 100.00 | 37 | 0 | | | 165 | -71 | |
| G.M.T.S. | 200 | -12,340 | 80.00 | 160 | 160 | | | 0 | 19,895 | |
| NSI | 680 | 3,804 | 73.70 | 4,970 | 4,970 | | | 10,263 | 683 | |
| Madox Technologies | 0 | 0 | 100.00 | 0 | 0 | | | 0 | 0 | |
| M2M by Altran | 5 | 0 | 50.00 | 3 | 3 | | | 0 | 0 | |
| **Stakes of less than 50% in French subsidiaries (in thousands of euros)** | | | | | | | | | | |
| M2M Solution | | | 12.97 | 1,263 | 0 | | | | | |
| Trustwin | | | 22.89 | 2,000 | 1,000 | | | | | |
| **Foreign subsidiaries (IFRS norms, in thousands of euros)** | | | | | | | | | | |
| Altran Innovacion (Spain) | 1,000 | 11,360 | 100 | 34,142 | 34,142 | | | 13,123 | 19 | |
| Altran (Belgium) | 62 | 28,622 | 99.84 | 31 | 31 | | | 75,633 | 4,874 | |
| Altran UK (UK) | 12,500 | -12,400 | 100 | 20,928 | 20,928 | | | 1,756 | 323 | 5,300 |
| Altran Deutschland Holding (Germany) | 200 | 38,489 | 100 | 202 | 202 | | | 2,504 | 6,825 | |
| Altran Italia (Italy) | 5,000 | 6,550 | 100 | 40,305 | 40,305 | | | 151,963 | 1,643 | |
| Altran Sverige (Sweden) | 596 | 52,439 | 100 | 12 | 12 | | | 188,553 | 4,632 | |
| Altran (Switzerland) | 100 | -1,388 | 100 | 298 | 298 | | | 24,828 | -725 | |
| Altran International (The Netherlands) | 20 | 64,061 | 95 | 18 | 18 | | | 3,239 | -7,120 | 1,499 |
| Altran do Brasil (Brazil) | 116,151 | -37,972 | 0.44 | 1 | 1 | | | 580 | 433 | |
| Altran Engineering Romania (Romania) | 0 | -27 | 100 | 0 | 0 | | | 38 | -44 | |
| Altran Norge (Norway) | 100 | -1,970 | 100 | 13 | 13 | | | 3,490 | -1,281 | |
| Altran Telnet Corporation (Tunisia) | 360 | -500 | 50 | 400 | 400 | | | 804 | 180 | |
| Altran Australia (Australie) | 0 | 0 | 100 | 0 | 0 | | | 0 | 0 | |
| Altran Middle East (UAE) | 50 | 90 | 100 | 10 | 10 | | | 588 | 90 | |
| Altran Ireland (Ireland) | 0 | -106 | 100 | 0 | 0 | | | 68 | -106 | |
| **Stakes (in thousands of euros)** | | | | | | | | | | |
| CQS | | | | | | | | | | |

## 9. Altran Technologies' annual results over the last five years

| *Closing date* | 31/12/2006 | 31/12/2007 | 31/12/2008 | 31/12/2009 | 31/12/2010 |
|---|---|---|---|---|---|
| **Capital at year end** | | | | | |
| Share capital | 58,658,118 | 59,100,650 | 71,588,551 | 71,789,663 | 71,852,266 |
| Number of ordinary shares | 117,316,237 | 118,201,300 | 143,177,101 | 143,579,327 | 143,704,532 |
| Operations and results (€) | 490,850,486 | 493,969,709 | 556,911,334 | 486,213,724 | 524,577,942 |
| Sales (net of tax) | | | | | |
| Profit (loss) before tax, profit-sharing, depreciation, amortisation and provisions | (15,916,378) | 9,617,839 | 73,592,836 | (98,216,625) | (23,792,408) |
| Tax on income | (16,453,304) | (7,497,479) | 3,050,314 | (4,355,456) | (4,989,343) |
| Employee profit-sharing | 5,508,709 | 0 | 0 | 0 | 0 |
| Profit (loss) after tax, profit-sharing, depreciation, amortisation and provisions | (3,294,619) | 9,869,014 | 68,915,327 | (115,458,454) | (6,049,396) |
| Dividends paid | 0 | 0 | 0 | 0 | 0 |
| **Earnings per share (€)** | | | | | |
| Profit (loss) after tax, profit sharing, before depreciation, amortisation and provisions | (0.04) | 0.14 | 0.49 | (0.65) | (0.13) |
| Profit (loss) after tax, profit-sharing, depreciation, amortisation and provisions | (0.03) | 0.08 | 0.48 | (0.80) | (0.04) |
| Dividends paid (€) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Employees** | | | | | |
| Total staff | 5,579 | 5,877 | 6,324 | 5,913 | 5,961 |
| Total wages and salaries (€) | 255,590,645 | 258,657,556 | 272,066,888 | 261,220,644 | 266,809,454 |
| Social commitments (€) (social security, charities, etc.) | 110,575,847 | 109,698,754 | 117,044,137 | 110,611,988 | 111,317,901 |

# 20.4 Verification of the financial statements

The Statutory Auditors' reports on Altran Technologies consolidated and corporate annual financial statements are presented in Appendix 3 of the present registration document Update.

# 20.5 Latest financial information

None.

# 20.6 Intermediary and other financial information

## 20.6.1 Q1 2010 revenue press release (published 3 May 2010)

Consolidated Q1 2010 sales came out at €351.6m, down 5.3% on year-earlier levels. In organic growth terms, excluding Arthur D. Little and factoring in disposals, sales rose 1.2% on 4Q 2009 and declined 3.6% Q1 2009.

In France, Group operations reported revenue of €161.8m, down 2.9% on year-earlier levels and –4% excluding Arthur D. Little.

At the international level, Group sales fell 7.3% to €187.1m and -3.1% in organic terms excluding Arthur D. Little.

| (€m) | Q1 2009 | Q2 2009 | Q3 2009 | Q4 2009 | Q1 2010 |
|---|---|---|---|---|---|
| Revenue, excluding contributions of companies acquired and/or divested and Arthur D. Little (a) | 338.1 | 318.7 | 296.7 | 321.6 | 325.5 |
| Contribution of companies acquired and/or divested (b) | 6.3 | 5.7 | 5.5 | 6.3 | - |
| Contribution of Arthur D. Little (c) | 27.0 | 25.3 | 24.8 | 27.8 | 26.1 |
| **Total revenue (a)+(b)+(c)** | **371.4** | **349.7** | **327.0** | **355.7** | **351.6** |

### Scope of consolidation changes

Altran is pursuing its plan to rationalise its scope of consolidation. Following the disposal of the Dutch subsidiary (Fagro) on 31 December 2009, the Group sold the US subsidiary Imagitek (full-year sales of €3.5m) on 31 March 2010.

### Headcount and invoicing rate

Within the context of the Personalised Voluntary Departure Plan (PPDV) in France, 551 demands for voluntary departure have been accepted by the company. 92 members of staff left the company by the end of 2009 and another 150 by end-March 2010. This leaves 309 employee departures, most of which should be carried out in Q2 2010.

At 31 March 2010, the total headcount stood at 16,739, down 52 employees excluding the impact of disposals (-208) and the PPDV (-150).

The invoicing rate continued to improve in Q1 2010 reaching 81.3% over the period.

| | Q1 2009 | Q2 2009 | Q3 2009 | Q4 2009 | Q1 2010 |
|---|---|---|---|---|---|
| Invoicing rate | 77.9% | 77.6% | 78.2% | 80.8% | 81.3% |

### Outlook

The start to the year saw an uptick in business levels, a trend that is expected to continue in the months to come. Certain macro-economic uncertainties persist, and prices are still under more intense pressure.

In addition, Altran's efforts to control costs and adapt its workforce to meet client demand should bear fruit this year and are expected to result in a sharp improvement in the Group's operating margin compared with 2009.

## 20.6.2 Q2 2010 revenue press release (published 27 July 2010)

Consolidated Q2 2010 sales rose 2.3% to €357.6m, implying a 3.8% like-for-like increase on Q2 2009 levels (€349.7m).

The Group's French operations reported Q2 revenue of €163m, up 8% on Q2 2009 levels. At the international level, Q2 sales fell 2.2% to €192.3m. Arthur D. Little reported an increase of 5.9% on year-earlier levels.

Like-for-like, sales rose 7.5% in France and 0.4% abroad.

| (€m) | Q2 2009 | Q3 2009 | Q4 2009 | Q1 2010 | Q2 2010 |
|---|---|---|---|---|---|
| Revenue, excluding contributions of companies acquired and/or divested and Arthur D. Little (a) | 318.7 | 296.7 | 321.6 | 325.5 | 330.8 |
| Contribution of companies acquired and/or divested (b) | 5.7 | 5.5 | 6.3 | - | - |
| Contribution of Arthur D. Little (c) | 25.3 | 24.8 | 27.8 | 26.1 | 26.8 |
| **Total revenue (a)+(b)+(c)** | **349.7** | **327.0** | **355.7** | **351.6** | **357.6** |

### Scope of consolidation changes

Altran has acquired XYPE, a UK company, specialised in Product Lifecycle Management. This company, which will be consolidated as of 1 July 2010, generates full-year sales of around €9m.

### Headcount and invoicing rate

Within the context of the Personalised Voluntary Departure Plan (PPDV) in France, 601 requests for voluntary departure have been accepted by the company. 92 members of staff had left the company by end-2009, 150 by end-March 2010 and 151 by end-June 2010. Another 208 departures are scheduled mainly in Q3.

At 30 June 2010, the total headcount stood at 16,801, representing an increase of 32 employees on 31 March 2010 levels.

The invoicing rate continued to improve, reaching 83.0% in Q2 2010.

| | Q2 2009 | Q3 2009 | Q4 2009 | Q1 2010 | Q2 2010 | Q2 2010 |
|---|---|---|---|---|---|---|
| Invoicing rate | 77.9% | 77.6% | 78.2% | 80.8% | 81.3% | 83.0% |

### Outlook

1) The steady improvement in sales over the last three quarters and notably stronger growth in France will be key factors in the recovery of Group margins.

2) H1 2010 is still being impacted by:

- further difficulties in the strategy and management market
- the situation in Brazil

Consequently, operating margin in H1 2010 should prove slightly stronger than in H1 2009.

3) The Group is still targeting a sharper increase in margins in H2 2010

## 20.6.3 H1 2010 results press release (published 1 September 2010)

**H1 2010 operating income on ordinary activities: €17.5m**

- Operating margin on ordinary activities equivalent to 2.5% of sales

**Further reduction in indirect costs:**

- Equivalent to 22.7% of sales in H1 2010

**Financial structure:**

- 3-day DSO improvement on H1 2009 levels

### Summary income statement

| *(€m)* | H1 2009 | H2 2009 | 31.12.2009 | H1 2010 |
|---|---|---|---|---|
| Revenues | 721.1 | 682.6 | 1 403.7 | 709.2 |
| **Operating income on ordinary activities** | **8.9** | **22.1** | **31.0** | **17.5** |
| ***As a % o sales*** | ***1.2%*** | ***3.2%*** | ***2.2%*** | ***2.5%*** |
| Non-recurring income (losses) | (17.5) | (46.9) | (64.4) | (15.9) |
| Goodwill | (12.1) | (26.5) | (38.6) | (14.6) |
| Operating income | (20.7) | (51.4) | (72.1) | (12.9) |
| ***As a % o sales*** | *(2.9%)* | (7.5%) | (5.1%) | (1.8) |
| Net cost of debt | (5.5) | (8.8) | (14.3) | (12.6) |
| Other financial income / (losses) | (3.1) | (2.1) | (5.2) | 4.2 |
| Tax * | (1.6) | 17.9 | 16.3 | (6.1) |
| **NET INCOME** | **(30.8)** | **(44.5)** | **(75.3)** | **(27.5)** |
| Minority interests | 0.6 | - | 0.6 | (0.4) |
| **Net income attributable to Group** | **(30.2)** | **(44.5)** | **(74.7)** | **(27.9)** |

*(*) The 2010 French Finance Act has replaced the liability of French tax-paying entities to pay business tax (taxe professionnelle ) by two new contributions:*

- *a property contribution (Cotisation Foncière des Entreprises – CFE) assessed on the rental value of real estate assets;*
- *a Value Added Contribution (Cotisation sur la Valeur Ajoutée des Entreprises – CVAE), assessed on the value added derived from the company accounts.*

*In accordance with the provisions set out in IAS 12, the value added contribution (CVAE) is now recognised as a tax on income, whereas before business tax was booked as part of operating income on ordinary activities under "taxes and duties". At end-June 2009, the value added contribution would have amounted to €4.237m vs €4.168m at end-June 2010.*

On a like-for-like basis, H1 2010 sales remained stable on year-earlier levels. This performance was underscored by a return to growth in the second quarter, notably in France (+8% over the period).

H1 2010 operating costs narrowed €18.1m on H1 2009 levels on the back of:

- A 2.5% decline in direct operating costs;
- Further reductions in indirect costs, which accounted for 22.7% of H1 2010 sales, vs 23.3% in H1 2009.

Operating income on ordinary activities thus improved on H1 2009 levels, rising to €17.5m in H1 2010 (equivalent to 2.5% of sales).

Altran posted an interim operating loss of -€12.9m (vs -€72.1m in 2009) after factoring in:

- A non-recurring operating loss of €15.9m stemming from additional restructuring costs; supplementary provisions booked in relation to the Personalised Voluntary Departure Plan, which resulted in a total of 601 employee departures (compared with 500 departures provisioned by the Group in 2009).
- Exceptional goodwill depreciation of €14.6m, including the integral depreciation (amounting to €5.3m) of the activities of the subgroup Altran Control Solutions (ex-CSI), sold on 31 July 2010.

Compared with H1 2009 levels, net financial costs rose to €12.6m in H1 2010 resulting from the booking of interest due on the 2015 OCEANE bond.

Net profit before restructuring costs and goodwill depreciation came out at €3m compared with a loss of -€1.2m in H1 2009.

Factoring in non-recurring income and expenses, goodwill depreciation and tax, Altran posted a net loss of -€27.5m in H1 2010.

At end-June 2010, Altran had honoured all of its debt commitments; net debt stood at €208.1m (stable on year-earlier levels), the leverage ratio at 3.52 and gearing at 0.45.

### Outlook

The implementation of the new organisation, the improved outlook in France and the gradual recovery in Altran's foreign activities should enable the Group to step up sales growth in the coming quarters.

Tough competition and pricing pressure from clients should continue to weigh on margins in the short term.

Rigorous control of indirect costs and the favourable impact of the last wave of employee departures within the context of the Personalised Voluntary Departure Plan should significantly boost the operating margin in H2 2010 compared with H1 2010 levels.

## 20.6.4 Q3 2010 revenue press release (published 2 November 2010)

Consolidated Q3 2010 sales rose 5.5% to €344.9m, implying a 7.2% like-for-like increase on Q3 2009 levels (€327.0m).

On a like-for-like basis and excluding Arthur D. Little, sales rose 11.6% in France and 3.3% abroad. Arthur D. Little's sales increased by 6.2% on year-earlier levels

Altran's French operations reported Q3 revenue of €160.4m, up 11.9% on Q3 2009 levels and its international sales remained stable at €184.5m (+0.4% lfl).

| *(€m)* | Q3 2009 | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|---|
| Revenue, excluding contributions of companies acquired and/or divested and Arthur D. Little (a) | 293.4 | 319.1 | 323.5 | 328.7 | 314.9 |
| Contribution of companies acquired and/or divested (b) | 8.7 | 8.8 | 2.0 | 2.1 | 3.6 |
| Contribution of Arthur D. Little (c) | 24.9 | 27.8 | 26.1 | 26.8 | 26.4 |
| Total revenue (a)+(b)+(c) | **327.0** | **355.7** | **351.6** | **357.6** | **344.9** |

### Scope of consolidation changes

XYPE, a UK specialist in Product Lifecycle Management, acquired by the Group in H1, was consolidated for the first time in Q3 2010. In addition, Altran sold the subgroup Altran Control Solutions (ex-CSI) on 31 July 2010.

### Headcount and invoicing rate

At end-September 2010, the total headcount stood at 16,813, implying a net increase of 134 employees in Q3 (excluding the 122 departures carried out over the period within the context of Altran's Personalised Voluntary Departure Plan)

The invoicing rate rose to 83.1% in the third quarter.

| | Q1 2009 | Q2 2009 | Q3 2009 | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 |
|---|---|---|---|---|---|---|---|
| Invoicing rate | 77.9% | 77.6% | 78.2% | 80.8% | 81.3% | 83.0% | 83.1% |

### Outlook

Management has confirmed that it will pursue its efforts to ensure a significant margin improvement in H2 compared with H1 2010 levels

## 20.6.5 Q4 2010 revenue press release (published 7 February 2011)

- Growth gathering pace
- Further improvement in the invoicing rate
- Recovery in operating income on ordinary activities should therefore exceed forecasts
- Acquisition in the sustainable development sector

Consolidated Q410 sales rose 7.6% to €382.6m, implying an 8.4% like-for-like increase on Q4 2009 levels (€344.9m). In organic terms, and excluding Arthur D.Little, this represents growth of: 10.3% in France, and 6.6% abroad with growth of 18.4% for Arthur D. Little

The Group reported consolidated full-year sales of €1,436.7m in 2010, implying an increase of 2.3% on year-earlier levels. In organic terms, and excluding the impact of Arthur D. Little, revenue increased 4.1% over the period.

| *(€m)* | Q1 2009 | Q2 2009 | Q3 2009 | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 | Q4 2010 |
|---|---|---|---|---|---|---|---|---|
| Revenue, excluding contributions of companies acquired and/or divested and Arthur D. Little (a) | 333.4 | 315.4 | 293.4 | 319.1 | 323.5 | 328.7 | 314.9 | 345.9 |
| Contribution of companies acquired and/or divested (b) | 10.9 | 9.0 | 8.7 | 8.8 | 2.0 | 2.1 | 3.6 | 3.7 |
| Contribution of Arthur D. Little (c) | 27.1 | 25.3 | 24.9 | 27.8 | 26.1 | 26.8 | 26.4 | 33.0 |
| Total revenue (a)+(b)+(c) | **371.4** | **349.7** | **327.0** | **355.7** | **351.6** | **357.6** | **344.9** | **382.6** |

### Headcount and invoicing rate

At 31 December 2010, the total headcount stood at 17,038, implying a net increase of 225 employees on end-September 2010 levels.

The invoicing rate, which has been rising steadily since Q3 2009, reached 83.9% in Q4 2010.

| | Q1 2009 | Q2 2009 | Q3 2009 | Q4 2009 | Q1 2010 | Q2 2010 | Q3 2010 | Q4 2010 |
|---|---|---|---|---|---|---|---|---|
| Invoicing rate | 77.9% | 77.6% | 78.2% | 80.8% | 81.3% | 83.0% | 83.1% | 83.9% |

### Acquisition

In the second half the Group consolidated the activities of XYPE, specialised in PLM (Product Lifecycle Management) in the UK.

In Q4 2010, Altran acquired IGEAM, the Italian leader in sustainable development consulting (specialised notably in studies related to the environmental impact of new technologies) with full-year sales of around €5m.

### Outlook

The Group has confirmed that it expects a stronger-than-expected improvement in the operating margin on ordinary activities (EBITA) in H2 2010 compared with H1 2010 levels.

Moreover, the overall improvement in the economic environment should underpin sustained sales growth in 2011 and an improvement in earnings on 2010 levels.

## 20.7 Dividend payout policy

| | 31/12/2005 | 31/12/2006 | 31/12/2007 | 31/12/2008 | 31/12/2009 | 31/12/2010 |
|---|---|---|---|---|---|---|
| Number of shares | 114,442,214 | 117,316,237 | 118,227,961 | 143,177,101 | 143,579,327 | 143,704,532 |
| Dividend per share (excluding tax credit) | None | None | None | None | None | None |
| Total amount of dividends paid out *(€)* | None | None | None | None | None | None |

## 20.8 Legal and arbitration proceedings

The legal and arbitration proceedings are described in section 4.7 “Legal risks” of this registration document.

## 20.9 Significant changes in the Group's financial and commercial positions

Since the close of the 2010 financial year, there have been no events liable to have a significant impact on the Group's financial or commercial positions.

# 21 Additional information



## 21.1 Share capital

### Changes in capital and associated rights

All changes in Altran's share capital and rights attached to the Group's shares are subject to governing regulations and may not be subject to any clause restricting free negotiability.

#### Share capital

At 1 January 2010, Altran's share capital stood at €71,789,663.50 comprising 143,579,327 fully paid up shares at a nominal value of €0.50, all of the same category.

On 14 January 2010, in accordance with the authorisation granted by the Board of Directors on 18 December 2009 to this effect, the Chairman and Chief Executive Officer declared that following the conversion of OCEANE bonds at end December 2009, Altran's share capital had increased to €71,790,220.50 shares, comprising 143,580,441 shares.

On 2 February 2010, in accordance with the authorisation granted by the Board of Directors on 18 December 2009 to this effect, the Chairman and Chief Executive Officer declared that following the conversion of OCEANE bonds in January 2011, Altran's share capital had increased to €71,790,395.50 comprising 143,580,791 shares.

On 12 March 2010, taking into account the Board of Director's report concerning the number of stocks-options exercised between 21 December 2009 and 28 February 2010, the Group's share capital had increased to €71,799,678, comprising 143,599,356 shares.

On 2 April 2010, in accordance with the authorisation granted by the Board of Directors on 18 December 2009 to this effect, the Chairman and Chief Executive Officer declared that following the conversion of OCEANE bonds in March 2010, Altran's share capital had increased to €71,799,709.50 comprising 143,599,419 shares.

On 4 May 2010, in accordance with the authorisation granted by the Board of Directors on 18 December 2009 to this effect, the Chairman and Chief Executive Officer declared that following the conversion of OCEANE bonds in April 2010, Altran's share capital had increased to €71,799,783 comprising 143,599,566 shares.

On 5 July 2010, in accordance with the authorisation granted by the Board of Directors on 18 December 2009 to this effect, the Chairman and Chief Executive Officer declared that following the conversion of OCEANE bonds in June 2010, Altran's share capital had increased to €71,799,925.50, comprising 143,599,851 shares.

On 3 August 2010, in accordance with the authorisation granted by the Board of Directors on 18 December 2009 to this effect, the Chairman and Chief Executive Officer declared that following the conversion of OCEANE bonds in July 2010, Altran's share capital had increased to €71,799,927.50, comprising 143,599,855 shares.

On 4 November 2010, in accordance with the authorisation granted by the Board of Directors on 18 December 2009 to this effect, the Chairman and Chief Executive Officer declared that following the conversion of OCEANE bonds in October 2010, Altran's share capital had increased to €71,799,943.50, comprising 143,599,887 shares.

On 2 December 2010, in accordance with the authorisation granted by the Board of Directors on 18 December 2009 to this effect, the Chairman and Chief Executive Officer declared that following the conversion of OCEANE bonds in November 2010, Altran's share capital had increased to €71,799,961.50, comprising 143,599,923 shares.

On 29 December 2010, in accordance with the authorisation granted by the Board of Directors on 29 October 2010 to this effect, the Chairman and Chief Executive Officer declared that following the exercise of stock options between 1 March 2010 and 28 December 2010, Altran's share capital had increased to €71,852,266, comprising 143,704,532 shares.

#### Authorised, unissued shares

**1)** Authorisations valid until 29 June 2010:

Resolutions made at the Combined Annual General Meeting on 23 June 2009:

- pursuant to the 6th Resolution, Altran shareholders authorised the Board of Directors to grant the company's Board members and its employees' stock options for the acquisition of new company shares to be issued in the context of a capital increase. This authorisation is capped at 6% of the company's share capital and granted for a period of 38 months
- pursuant to the 7th Resolution, Altran shareholders authorised the Board of Directors to grant bonus shares to corporate officers and employees selected by the Board within a period of 38 months. The number of bonus shares issued is capped at 6% of the company's share capital and deducted from the stock-option threshold fixed by the 6th Resolution
- pursuant to the 8th Resolution, Altran shareholders authorised the Board of Directors to issue bonds and similar securities, or other securities granting the same lien to the company, within a period of 26 months, and with a maximum nominal amount capped at €250m in France and/or on the international market via a public issue or private investment

- pursuant to the 9th Resolution, Altran shareholders authorised the Board of Directors to increase the share capital by issuing shares and other securities with pre-emptive subscription rights attached giving access to the company's capital. The nominal value of the capital increase is capped at €15m and the debt securities giving access to the company's capital at €250m. This authorisation is granted for a period of 26 months
- pursuant to the 10th Resolution, Altran shareholders authorised the Board of Directors to increase the share capital by issuing OCEANE bonds convertible into new or existing ordinary without any pre-emptive subscription rights but with a priority subscription period reserved for shareholders. The nominal amount of OCEANE convertible bonds issued is capped at €250m, and the capital increase at €15m(1). This authorisation is granted for a period of 26 months
- pursuant to the 11th Resolution, Altran shareholders authorised the Board of Directors to increase the share capital by issuing new ordinary shares to be paid by incorporation of reserves, profits or premiums on shares, or by increasing the nominal value of the shares constituting the share capital, or by simultaneous use of both procedures. The amount of the capital increase is capped at €15m and the authorisation is granted for a period of 26 months
- pursuant to the 12th Resolution, Altran shareholders authorised the Board of Directors to issue an over-allotment option ("greenshoe") for up to 15% more shares if the capital increases cited in the 9th and 10th Resolutions are oversubscribed, at the same share price as the initial offerings(1). This authorisation is granted for a period of 26 months
- pursuant to the 13th Resolution, Altran shareholders authorised the Board of Directors to issue shares or securities convertible or exchangeable into shares to be used for the payment of contributions-in-kind within a period of 26 months. This authorisation is capped at 10% of the company's share capital and with a nominal value capped at €10m
- pursuant to the 14th Resolution, Altran shareholders authorised the Board of Directors to issue shares with a nominal value capped at €1.2m for members of Altran's employee-savings plan, within a period of 26 months
- pursuant to the 15th Resolution, Altran shareholders authorised the Board of Directors to buy back shares equivalent to up to 10% of the company's share capital, either for cancellation or for the proportional reduction of the company's share capital. This authorisation is granted for a period of 18 months.

**2)** Authorisations valid as of 29 June 2010:

Resolutions made at the Combined Annual General Meeting on 29 June 2010:

- annul, with immediate effect, the unused portion of the authorisations cited above and renew them through Resolutions 8 to 20 listed below:
  - pursuant to the 8th Resolution, Altran shareholders authorised the Board of Directors to buy back shares equivalent to up to 5% of the company's share capital, with a maximum acquisition price of €10 per share and minimum selling price of €3. This authorisation is granted for a period of 18 months
  - pursuant to the 9th Resolution, Altran shareholders authorised the Board of Directors to increase the share capital by incorporation of reserves, profits or premiums on shares, issue new shares and/or increase the nominal value of the shares. The amount of the capital increase is capped at €10m and the authorisation is granted for a period of 26 months
  - pursuant to the 10th Resolution, Altran shareholders authorised the Board of Directors within a period of 26 months, to increase the share capital by issuing shares and other securities with pre-emptive subscription rights attached giving access to the company's capital. The nominal value of shares issued in the context of all capital increases specified in resolutions 10 to 17 is capped at €15m and all debt securities specified in resolutions 10 to 17 giving access to the company's capital, at €250m
  - pursuant to the 11th Resolution, Altran shareholders authorised the Board of Directors within a period of 26 months, to increase the share capital by issuing, shares and other securities without any pre-emptive subscription rights via a public issue. The nominal value is capped at €10m for shares without pre-emptive subscription rights attached issued in the context of all capital increases, at €15m for all capital increases specified in resolutions 10 to 17, and at €250m for all debt securities specified in resolutions 10 to 17, giving access to the company's capital
  - pursuant to the 12th Resolution, in the event of a capital increase without pre-emptive subscription rights attached carried out via a public issue within the next 26 months, Altran shareholders authorised the Board of Directors to cap the issue price at 10% of the company's share capital, with a maximum discount of 10%
  - pursuant to the 13th Resolution, Altran shareholders authorised the Board of Directors within a period of 26 months, to increase the share capital via a public issue without preferred subscription rights attached in accordance with paragraph II of article L 411-2 of the French Monetary and Financial Code. The nominal value is capped at €10m for shares without pre-emptive subscription rights issued in the context of all capital increases, at €15m for all capital increases specified in resolutions 10 to 17, and at €250m for all debt securities specified in resolutions 10 to 17, giving access to the company's capital;
  - pursuant to the 14th Resolution, in the event of a capital increase without pre-emptive subscription rights attached in accordance with paragraph II of article L 411-2 of the French Monetary and Financial Code, Altran shareholders authorised the Board of Directors to cap the issue price at 10% of the company's share capital, with a maximum discount of 10%
  - pursuant to the 15th Resolution, if the capital increases cited in Resolutions 10-14 are oversubscribed, Altran

*(1) In accordance with the authorisations granted by the 10th and 12th Resolutions, the Board of Directors decided on 9 November 2009, to issue OCEANE bonds: the bonds thus issued (and the resulting capital increase) have been deducted from the thresholds fixed by these two resolutions; the remaining capital authorised by these resolutions has not yet been issued and has thus been reduced in equal proportions.*

shareholders authorised the Board of Directors for a period of 26 months to issue an over-allotment option ("greenshoe") for the same quantity and at the same share price as the initial offerings

- pursuant to the 16th Resolution, Altran shareholders authorised the Board of Directors to issue shares or securities convertible or exchangeable into shares equivalent to up to 10% of the company's capital, to be used for the payment of contributions-in-kind. This authorisation is granted for a period of 26 months

- pursuant to the 17th Resolution, Altran shareholders authorised the Board of Directors to issue shares without pre-emptive rights in order to ensure payment in shares of stock tendered in the event of a share-swap initiated by the Group. The nominal value is capped at €10m for shares without pre-emptive subscription rights issued in the context of all capital increases, at €15m for all capital increases specified in resolutions 10 to 17, and at €250m for all debt securities specified in resolutions 10 to 17, giving access to the company's capital.

## Potentially dilutive securities

## Stock options

Altran did not grant any stock-option or bonus-share plans in 2010.

| *Stock-option plan* | **11 March 2003** | **24 June 2003** | **29 June 2004** | **15 June 2005** | **20 December 2005** | **20 December 2007** |
|---|---|---|---|---|---|---|
| Board Meeting date | 17 June 1999 | 17 June 1999 | 28 June 2004 | 28 June 2004 | 28 June 2004 | 29 June 2005 |
| Board Meeting date | 11 March 2003 | 24 June 2003 | 29 June 2004 | 15 June 2005 | 20 December 2005 | 20 December 2007 |
| N° of shares that can be subscribed | 3,948,993 | 336,191 | 2,770,000 | 340,000 | 2,630,000 | 3,408,570 |
| *o/w options granted to corporate officers at the time of allotment* | *186,785* | - | *80,000* | *200,000* | *210,000* | *100,000* |
| *o/w options granted to top 10 employees* | *875,218* | *106,734* | *510,000* | *340,000* | *635,000* | *433,240* |
| Vesting date | 12 March 2007 | 25 June 2007 | 30 June 2008 | 16 June 2009 | 21 December 2009 | 21 December 2011 |
| Maturity | 11 March 2011 | 24 June 2011* | 29 June 2012 | 15 June 2013 | 20 December 2013 | 20 December 2015 |
| Purchase price[(a) (b)] *(€)* | 2.94 | 6.66 | 9.27 | 7.17 | 9.52 | 4.25 |
| Number of ordinary shares | 1,113,426 | - | - | - | - | |

* *The 9th Resolution passed by the Extraordinary General Meeting held on 8 June 2006, extended the maturity of the 24 June 2003 plan from 5 to 8 years.*

(a) *Following the 23 December 2003 capital increase in cash with preferential subscription rights, the exercise prices and the number of stock-options issued attached to the March and June 2003 plans were adjusted to take into account the issue of 20,807,584 new shares.*

(b) *Following the 29 July 2008 capital increase in cash with preferential subscription rights, the exercise prices and the number of shares of each subscription plan were adjusted to take into account the issue of 24,900,364 new shares.*

Details of the adjustments made to the Group's stock-option plans following the 23 December 2003 capital increase are given in the table below:

| *Stock-option plans (€)* | **Strike price** | **Adjusted strike price** | **Number of options** | **Adjusted number of options** | **Factor used to the adjust the number of options** |
|---|---|---|---|---|---|
| 11 March 2003 plan | 3.17 | 2.97 | 3,699,845 | 3,948,993 | 1.06734 |
| 24 June 2003 plan | 7.18 | 6.73 | 314,980 | 336,191 | 1.06734 |

Details of the adjustments made to the Group's stock-option plans following the 29 July 2008 capital increase are given in the table below (rounded up to the nearest unit):

| *Stock-option plans (€)* | Strike price | Adjusted strike price | Number of options | Adjusted number of options | Factor used to adjust the number of options |
|---|---|---|---|---|---|
| 11 March 2003 plan | 2.97 | 2.94 | 1,182,134 | 1,193,800 | 1.01043 |
| 24 June 2003 plan | 6.73 | 6.66 | 188,154 | 190,169 | 1.01043 |
| 29 June 2004 plan | 9.37 | 9.27 | 1,614,998 | 1,632,020 | 1.01043 |
| 15 June 2005 stock-option plan | 7.24 | 7.17 | 131,000 | 132,369 | 1.01043 |
| 20 December 2005 plan | 9.62 | 9.52 | 1,767,500 | 1,786,061 | 1.01043 |
| 20 December 2007 plan | 4.29 | 4.25 | 2,525,330 | 2,551,832 | 1.01043 |

## Summary table

| *Type of potentially dilutive security* | Issue date | Strike price | Dilution potential at time of issue | Number of securities outstanding at 31/12/2010 | Dilution (%) |
|---|---|---|---|---|---|
| Stock options | 11 March 2003 | 2.94 | 3,948,993 | 866,298 | 0.60% |
| Stock options | 24 June 2003 | 6.66 | 336,191 | 164,567 | 0.11% |
| Stock options | 29 June 2004 | 9.27 | 2,762,000 | 1,144,549 | 0.80% |
| Stock options | 15 June 2005 | 7.17 | 340,000 | 132,369 | 0.09% |
| Stock options | 20 December 2005 | 9.52 | 2,630,000 | 1,161,562 | 0.81% |
| Stock options | 20 December 2007 | 4.25 | 2,589,830 | 1,903,723 | 1.32% |
| **Total stock options** | | | **12,607,014** | **5,373,068** | **3.74%** |
| Bonus shares | 20 December 2007 | 4.00 | 818,740 | 205,000 | 0.14% |
| 1 January 2015 OCEANE | 18 November 2009 | 4.38 | 30,136,986 | 30,133,721 | 20.97% |
| **TOTAL** | | | **43,562,740** | **35,711,789** | **24.85%** |

Note that the Group issued a new OCEANE on 18 November 2009, redeemable on 1 January 2015. The potential dilution of the Group's outstanding dilutive securities would be 24.85%, if all of the outstanding stock options, bonus shares and convertible bonds (35,711,789) were exercised.

## Share buybacks

This faculty, authorised by Altran shareholders at the Combined Annual General Meeting on 23 June 2009, was not exercised in H1 2010.

In addition, the Annual General Meeting on 29 June 2010, in accordance with the quorum and majority conditions of the Annual General Meetings, resolved to:

- annul, with immediate effect, the unused portion of the share buyback authorised by the Combined General Meeting on 23 June 2009;
- authorise the company, in the 8th resolution, to trade its own shares in order, among other things, to regulate the Altran share price. This authorisation (validated for 18 months) has not been used.

## OCEANE convertible bond

### 1 January 2015 OCEANE

Pursuant to the authorisation granted by the 10th and 12th Resolutions of the Combined General Meeting on 23 June 2009, the Board of Directors decided on 9 November 2009 to 1/ issue OCEANE bonds convertible into new or existing shares for a maximum of around €100m, or up to €115m if the entire extension facility is used, and up to €132m if both the extension and over-allotment options are fully taken up, and 2) to grant the Chairman full powers to carry out the issue and to set the price and the final terms of the issue.

In accordance with the authorisation granted to the Chairman by the Board of Directors and the resolutions adopted by the shareholders at the Combined General Meeting on 23 June 2009, the Chairman decided, on 9 November 2009, to carry out the bond issue under the terms stipulated in the information memorandum. According to the planned schedule, the Chairman of the Board finalised the terms of the bond issue on 13 November 2009, as follows:

- **Type of security:**

Bond convertible into new or existing shares (OCEANE convertible bond).

- **Nominal amount:**

€131,999,998.68

- **Number of bonds issued and issue price:**

30,136,986 bonds issued at a unit price of €4.38.

- **Vesting period, coupon dates and maturity**

Vesting period runs from 18 November 2009 for a period of five years and 44 days, with payment of the first coupon on 1 January 2011.

- **Annual coupon**

6.72%.

- **Normal bond redemption:**

All outstanding bonds (ie, those which have been redeemed at an earlier date or converted into shares) will be redeemed in full on 1 January 2015 (or the first working day thereafter) at the face value of €4.38 per unit.

- **Bond Conversion**

Bondholders may convert their bonds into shares any time between the settlement date (18 November 2009) and the seventh working day before the regular or early redemption date. Bonds will be converted on a one-to-one basis (i.e. one bond for one Altran share), although this ratio may be adjusted to account for any capital transactions carried out during the conversion period.

The company can decide whether or not to grant bondholders new and/or existing shares.

- **Callability**

The Company can decide to redeem bonds before their scheduled maturity date under the following conditions:

- some or all of the bonds may be redeemed at any time by purchase on a securities market or over the counter or through a public offer;
- all outstanding bonds may be redeemed at any time between 15 January 2013 and the maturity of the bonds at their face value plus all accrued interest, if Altran Technologies average share price on Euronext SA's Paris Premier Marché over 20 consecutive trading days within a period of 30 days preceding the notice of early redemption of attribution, is more than 130% higher than the face value of the bond. Note that the 20 consecutive-day period used to calculate the average share price is selected by the company out of a period of 30 consecutive trading days, prior to the announcement of the early redemption;
- all bonds may be redeemed at any time at par value plus all accrued interest between the last coupon date on the condition that the number of outstanding bonds is less than 10% of the total amount issued.

## Group acquisition of outstanding OCEANE bonds

The Group has not purchased any 2015 OCEANE bonds to date.

## Changes in the company's share capital since 25 March 1998

| *Date* | Operation | Change in number of shares | Nominal (€) | Amount of capital | Issue premium or additional paid-in capital | Number of company shares |
|---|---|---|---|---|---|---|
| 25 March 1998 | Bonus shares | 7,343,130 | 11,194,529.52 | 14,926,039.36 | | 9,790,840 |
| 25 June 1998 | Merger of Altran International and cancellation of old shares | 19,018 | 28,992.75 | 14,955,032.11 | 1,940,710.75 | 9,809,858 |
| 21 December 1999 | Option exercise | 195,236 | 297,635.36 | 15,252,667.48 | 3,207,021.03 | 10,005,094 |
| 21 December 1999 | Conversion into euros | | (5,247,573.48) | 10,005,094.00 | | 10,005,094 |
| 21 December 1999 | Bonus shares | 20,010,188 | 20,010,188 | 30,015,282.00 | | 30,015,282 |
| 02 January 2001 | Two-for-one share split | 30,015,282 | 30,015,282 | 30,015,282.00 | | 60,030,564 |
| 02 January 2001 | Retained earnings | 30,015,282 | 15,007,641 | 45,022,923.00 | | 90,045,846 |
| 31 December 2001 | OCEANE bond conversion | 27 | 13.5 | 45,022,936.50 | | 90,045,873 |
| 31 December 2001 | Option exercise | 1,670,508 | 835,254 | 45,858,190.50 | 9,104,268.60 | 91,716,381 |
| 31 December 2002 | OCEANE bond conversion | 21 | 10.5 | 45,858,201.00 | | 91,716,402 |
| 31 December 2002 | Option exercise | 1,917,729 | 958,864.5 | 46,817,065.50 | 11,352,955.68 | 93,634,131 |
| 23 December 2003 | Capital increase in cash | 20,807,584 | 10,403,792 | 57,220,857.50 | 135,522,971.80 | 114,441,715 |
| 10 February 2004 | OCEANE bond conversion | 147 | 73.50 | 57,220,931.00 | | 114,441,862 |
| 09 March 2004 | OCEANE bond conversion | 3 | 1.50 | 57,220,932.50 | | 114,441,865 |

| *Date* | Operation | Change in number of shares | Nominal (€) | Amount of capital | Issue premium or additional paid-in capital | Number of company shares |
|---|---|---|---|---|---|---|
| 22 December 2004 | OCEANE bond conversion | 230 | 115 | 57,221,047.50 | | 114,442,095 |
| 23 December 2004 | OCEANE bond conversion | 16 | 8 | 57,221,055.50 | | 114,442,111 |
| 27 December 2004 | OCEANE bond conversion | 16 | 8 | 57,221,063.50 | | 114,442,127 |
| 27 December 2004 | OCEANE bond conversion | 87 | 43.50 | 57,221,107.00 | | 114,442,214 |
| 23 May 2006 | Capital Increase reserved for employees | 2,872,255 | 1,436,127.50 | 58,657,234.50 | 24,276,744.57 | 117,314,469 |
| 29 December 2006 | Capital Increase linked to the merger | 1,768 | 884 | 58,658,118.50 | | 117,316,237 |
| 26 July 2007 | Option exercise | 596,029 | 298,014.50 | 58,956,133.00 | 1,472,191.63 | 117,912,266 |
| 31 October 2007 | Option exercise | 289,034 | 144,517 | 59,100,650.00 | 713,913.98 | 118,201,300 |
| 04 February 2008 | Option exercise | 37,070 | 18,535 | 59,119,185.00 | 91,562.90 | 118,238,370 |
| 02 June 2008 | Option exercise | 38,367 | 19,183.50 | 59,138,368.50 | 94,766.49 | 118,276,737 |
| 29 July 2008 | Capital increase in cash | 24,900,364 | 12,450,182 | 71,588,550.50 | 114,088,144.15 | 143,177,101 |
| 05 February 2009 | Option exercise | 23,571 | 11,785.50 | 71,600,336.00 | 57,510.30 | 143,200,672 |
| 18 December 2009 | Option exercise | 6,181 | 3,090.50 | 71,603,426.50 | 15,081.64 | 143,206,853 |
| 21 December 2009 | Bonus shares | 371,240 | 185,620 | 71,789,046.50 | | 143,578,093 |
| 21 December 2009 | OCEANE bond conversion | 1,234 | 617 | 71,789,663.50 | | 143,579,327 |
| 14 January 2010 | OCEANE bond conversion | 1,114 | 557 | 71,790,220.50 | | 143,580,441 |
| 02 February 2010 | OCEANE bond conversion | 350 | 175 | 71,790,395.50 | | 143,580,791 |
| 12 March 2010 | Option exercise | 18,565 | 9,282.50 | 71,799,678.00 | 45,298.60 | 143,599,356 |
| 02 April 2010 | OCEANE bond conversion | 63 | 31.50 | 71,799,709.50 | | 143,599,419 |
| 04 May 2010 | OCEANE bond conversion | 147 | 73.50 | 71,799,783.00 | 570.36 | 143,599,566 |
| 05 July 2010 | OCEANE bond conversion | 285 | 142.50 | 71,799,925.50 | 1,105.80 | 143,599,851 |
| 03 August 2010 | OCEANE bond conversion | 4 | 2 | 71,799,927.50 | 15.52 | 143,599,855 |
| 04 November 2010 | OCEANE bond conversion | 32 | 16 | 71,799,943.50 | 124.16 | 143,599,887 |
| 02 December 2010 | OCEANE bond conversion | 36 | 18 | 71,799,961.50 | 139.68 | 143,599,923 |
| 29 December 2010 | Option exercise | 104,609 | 52,304.50 | 71,852,266 | 255,245.96 | 143,704,532 |

# 21.2 Deed of incorporation and articles of association

## Date of incorporation and lifetime

Altran Technologies S.A. was created on 14 February 1970 Altran Technologies S.A. was created on 14 February 1970 for a period of 75 years until 14 February 2045, unless the company is dissolved before this date or its life is extended beyond this date by law and the company's articles of association.

## Corporate purpose

At the Combined General Meeting on 23 June 2009, Altran shareholders voted, in the 5th Resolution, to alter the description of the Group's corporate purpose in order to make a more clear-cut distinction between Altran's various activities.

Article 3 of the Articles of Association now reads as follows:

« The company's purpose is to exercise the following activities in France and abroad:

- Technology and Innovation Consulting;
- Organisation and Information Systems Consulting;
- Strategy and Management Consulting;
- The design and marketing of software and/or software packages;
- Component and equipment design, supply, production and/or distribution;
- Related support services including maintenance, human-resource consulting and/or training;
- More generally, all manufacturing, sales, financial trading or real estate activities that are directly or indirectly associated with the activities included in the Group's corporate purpose listed above or which are likely to facilitate their development and expansion. »

## Trade and company registration

**Paris Trade and Companies Register number:** 702 012 956

**Company registration number (Siret):** 702 012 956 00042

**Business activity code:** 7112 B

## Shareholders' right to information

In accordance with the legal and regulatory dispositions in force, shareholders have the right to obtain information about the company at all times. This information is available for consultation at company headquarters.

## Fiscal year

Altran Technologies' fiscal year runs from 1 January to 31 December of each calendar year.

## Statutory allocation of earnings (Article 20 of the Articles of Association)

At least 5% of the company's annual earnings (less previous losses) are allocated to the legal reserve until this reserve reaches 10% of the Company's share capital.

The remainder, plus any retained earnings from previous years and less any other reserve allocations required either by law or by the Articles of Association, constitutes the distributable earnings for the year.

Upon the recommendation of the Board of Directors, the General Meeting of Shareholders may decide whether or not to carry forward these distributable earnings to the next year, or to allocate them to the general and special reserves.

The remainder is then divided in full among the company's shareholders.

At the General Meeting, the shareholders may vote to allocate funds from reserves. In this case, the specific reserves from which the funds are to be taken must be clearly indicated.

If necessary, an exception may be made to this Article for the allocation of earnings to a special employee profit-sharing reserve, as required by law.

Upon the recommendation of the Board of Directors, the General Meeting of Shareholders may decide to carry forward all, or part of, the Group's annual earnings to the next year, or allocate all or part of the retained earnings to one or more reserves.

## Dividend payout

The Annual General Meeting held to approve the Group's annual financial statements may give shareholders the option to receive some or all of that year's payout in the form of cash or new shares issued, in accordance with the law. This option also applies to advance payments granted on dividends.

Shareholders may claim dividends up to five years after the dividend distribution date. After a period of five years, any unclaimed dividends become the property of the French Treasury Department, as required by law.

### Unclaimed dividends from prior fiscal years

| | |
|---|---|
| 2006 | None |
| 2007 | None |
| 2008 | None |
| 2009 | None |
| 2010 | None |

## General Meetings of Shareholders (Article 19 of the Articles of Association)

General Meetings of Shareholders are convened and deliberate under the conditions provided for by law.

General Meetings take place at company headquarters unless another location is explicitly specified in the Meeting Notice. The Board of Directors may decide to broadcast the entire meeting through video conferencing and/or other remote transmission systems, in accordance with the legal and regulatory dispositions in force. In this event, the Board's decision will be stated in the Notice of Meeting.

The Works Council may appoint two of its members to attend General Meetings. The opinions of these members must, at their request, be heard in connection with all resolutions requiring unanimous shareholder approval.

Shareholders may be represented by proxy at General Meetings by an authorised intermediary with a general voting mandate, having satisfied the criteria set forth in the 3rd and 4th paragraphs of Article L. 228-1 of the French Commercial Code. Before casting the shareholder's vote at the General Meeting, the authorised intermediary must, upon the request of the company or the company's agent, provide a list of the non-resident shareholders represented by proxy. This list must meet all conditions required by the regulations in force. Votes or proxy votes submitted by an intermediary who is not declared as such or who does not disclose the identity of the shareholders represented will not be taken into account.

All shareholders may attend General Meetings, regardless of the number of shares owned, provided that their shares are fully paid up. All shareholders may vote irrespective of the number of shares owned, upon proof of identity and shareholder ownership, and providing that the number of shares held is recorded by the company no later than midnight (Paris time), three working days before the General Meeting, as follows:

- registered shares are recorded under the name of the holder in the registered-share register held by the company;

- bearer shares are recorded under the name of the intermediary acting on behalf of the shareholder in the bearer-share register kept by the authorised intermediary.

In this event, all information pertaining to the holder's identity must be submitted to the company, in accordance with the dispositions in force. The inscription or entry of the shares in the bearer share register held by the authorised intermediary is attested to by a certificate of participation delivered by the intermediary in accordance with the applicable legal and regulatory dispositions. The right to participate in General Meetings is subject to the respect of the conditions laid down by the legislative and regulatory texts in force.

All shareholders may vote by mail. The conditions under which the mail voting form may be obtained are indicated in the Notice of Meeting. According to French law, the conditions for a quorum at General Meetings depend on the type of meeting and the number of shares with voting rights attached. Votes submitted by mail will only be taken into account in the calculation of the quorum providing the company receives the voting forms, correctly completed, at least three days before the meeting Likewise, all items that shareholders wish to discuss at meetings must be addressed in writing to the Board of Directors, in accordance with Article L. 225-108 of the French Commercial Code, and received by the Board of Directors within the legal Depending on the type of General Meeting, the conditions for a majority are based on the number of voting rights attached to the shares owned by the shareholders present, represented, or voting by mail. Any undeclared shares belonging to one or more shareholders who, upon the request of the company, have not met the disclosure requirements stipulated in Article L. 233-7 of the French Commercial Code and own at least 5% of the company's shares, will not have voting rights attached. This will be recorded in the minutes of the General Meeting.

The Chairman of the Board of Directors, or the Vice-Chairman in the Chairman's absence, presides over General Meetings. If neither is available, a specially appointed administrator will be delegated by the Board of Directors to preside over the meeting. Failing this, the president will be elected by the members of the meeting.

The Board of Directors may decide to broadcast the entire meeting through video-conferencing or any other authorised remote transmission system, including Internet. In this event, the decision will be stated in the Meeting Notice published in the French official legal announcement bulletin (BALO). All shareholders may participate at General Meetings, via video-conferencing or any other remote transmission system, including the Internet, in accordance with the legislative and regulatory directives in force at that time of broadcasting, if the Board of Directors so decides. In this event, the decision will be stated in the Meeting Notice published in the French official legal announcement bulletin (BALO).

The minutes of General Meetings are drawn up and the copies duly certified and delivered in accordance with the law.

## Double voting rights (Article 9 of the Articles of Association)

Double voting rights were established by the Annual General Meeting of Shareholders on 20 October 1986.

Each share in the company carries one voting right. The number of votes attached to shares is proportional to the percentage of the company's capital that the shares represent.

However, holders of registered shares or their representatives have double voting rights at Annual General Meetings and Extraordinary General Meetings if the shares have been registered in their name for at least four years and are fully paid-up, or if the shares arise from the reverse stock split of fully paid-up shares registered in their name for at least four years.

All shares converted to bearer shares or transferred to another shareholder lose the double voting rights However, the cancellation of the mandatory four-year holding period and loss of double voting rights mentioned above does not apply in the case of share transfers resulting from an inheritance, the liquidation of spouses' jointly-owned assets, or an inter vivos donation to a spouse or a family member who is an entitled successor.

## Share-ownership thresholds (Article 7 of the Articles of Association)

Pursuant to Articles L. 233-7 et seq. of the French Commercial Code, any shareholder acting alone or in concert who exceeds or falls below the thresholds of one-twentieth, one-tenth, three-twentieths, one fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of the company's shares or voting rights, must inform the company and the French market regulator (the AMF) of the number of shares and voting rights that it holds.

Any shareholder, acting alone or in concert who exceeds or falls below the threshold of owning, directly or indirectly, 0.5% (or any multiple thereof) of the company's shares, voting rights, or securities convertible or exchangeable into shares, must notify the company, within five days of crossing the threshold, by registered letter with return receipt stating the total number of shares, voting rights, or securities convertible or exchangeable into shares that it holds either alone or in concert, directly or indirectly.

Failure to comply with these regulations will result in the suspension of voting rights for those shareholders who have crossed the threshold without declaring that they have done so. The decision to suspend voting rights will be applied at all Shareholder Meetings held during the two year period following the date of regularisation of the aforementioned notification, if the application of this sanction is requested by one or more shareholders owning a minimum of 5% of the capital or voting rights of the company. This request will be recorded in the minutes of the General Meeting. The intermediary, authorised in accordance with the 3rd paragraph of Article L. 228-1 of the French Commercial Code, is bound, without prejudice to the obligations of the shareholder, to make the appropriate declarations in accordance with the present article for the entire number of shares that he or she has recorded in the register. If this obligation is not respected, sanctions provided for under Article L. 228-3-3 of the French Code of Commerce may be applied.

Any shareholder, acting alone or in concert, whose capital stake or voting rights fall below one of the thresholds mentioned in the 2nd part of the present paragraph must inform the company.

## Identifiable bearer securities (Article 7 of the Articles of Association)

In order to facilitate shareholder identification, the company may ask its settlement agent for the information outlined in Article L.228-2 of the French Commercial Code.

# 22 Material contracts

When the 2010 registration document was filed, the only material contract concluded by the Group (other than those entered into during the normal course of business), is the refinancing agreement referred to in note 4.2. “Liquidity risk and management of convertible bond-related debt” of the present registration document.

# 23 Third-party information, expert statements, and declarations of interest

None.

# 24 Documents available to the public

Altran's financial press releases are distributed to the press (agencies and newspapers). All company financial information (press releases, investor presentations, annual reports, etc.) is available on Altran's website, www.altran.com.

## Press releases issued since 1 January 2010

| *Publication* | **Date** |
|---|---|
| Publication of Q4 2009 sales | 8 February 2010 |
| Publication of 2009 annual results | 15 March 2010 |
| Publication of Q1 2010 sales | 3 May 2010 |
| Annual General Meeting | 29 June 2010 |
| Publication of Q2 2010 sales | 27 July 2010 |
| Publication of H1 2010 results | 1 September 2010 |
| Publication of Q3 2010 sales | 2 November 2010 |
| Publication of 2010 sales | 7 February 2011 |

## Investor calendar

| *Publication* | **Date** |
|---|---|
| Publication of 2010 results | 14 March 2011 |
| Publication of Q1 2011 sales | 2 May 2011 |
| Annual General Meeting | 10 June 2011 |
| Publication of Q2 2011 sales | 28 July 2011 |
| Publication of H1 2011 results | 31 August 2011 |
| Publication of Q3 2011 sales | 31 October 2011 |

# 25 Information on equity holdings

For information on the Group's scope of consolidation, please refer to “ The Organisational Chart” in section 7 of the present registration document.

# A1 Appendix 1

## Internal controls

### Chairman's report at year ended 31 December 2010 (Article L 225-37 du Code du commerce)

In accordance with Article L. 225-68 of the French Commercial Code, this report, approved by the Board of Directors on 10 March 2011, lists the members of the Board of Directors, outlines the manner in which the work of the Board is prepared and organised, and gives an overview of the company's internal control and risk management procedures.

This report covers the following topics:

- The Company's corporate governance and the manner in which the work of the Board and the Special Committees is prepared and organised
- the limitations imposed by the Board on the powers of the Chief Executive Officer
- the rules used to determine the compensation and benefits in kind granted to the corporate officers;
- the conditions of shareholder participation at Shareholders' General Meetings;
- the Company's internal controls, its risk management and the accounting and financial information systems.

## 1 Corporate governance – preparation and organisation of work carried out by the Board of Directors and special committees

### 1.1 Corporate governance

On 12 December 2008, the Board of Directors adopted the AFEP/MEDEF Corporate Governance Code as the company's reference code and, in particular, the AFEP/MEDEF recommendations of October 6 2008, concerning the compensation of executive directors.

In 2010, management examined the measures required to assess the conformity of group governance to the AFEP/MEDEF Code and took the necessary steps to improve the company's governance system by adopting a new set of internal controls for the Board of Directors and its advisory committees.

The latest version of the Board of Directors' internal code of procedures, adopted on 25 July 2008, was thus approved at the Board meeting held on 12 March 2010 to define, in keeping with the French Commercial Code and the AFEP/MEDEF, the principles and rules governing:

- the composition of the Board of Directors and notably the notion of the independent director;
- the functioning of the Board and the conditions pertaining to the manner in which it carries out its mission;
- the role of the Board of Directors;
- the compensation of the directors and the Chief Executive Officer;
- the periodic assessment of work carried out by the Board and of the contribution of its members;
- the right to information and the duty to inform of Group directors and censors;
- the prevention of insider trading, with a « guide to the prevention of insider trading» in the appendix to the company's by-laws;
- the special committees, of which 3 permanent ( the Appointments and Contributions Committee, the Investment and Acquisitions Committee, the Audit Committee), as well as the regulations pertaining to their composition and attributions;
- the confidentiality of information collected, both during and outside Board and Committee meetings.

In accordance with the recommendations of the AFEP/MEDEF code, the Board of Directors deliberates its mode of operation once a year. In 2011, this debate will be held within the context of the three-year evaluation of work carried out by the Board, planned for the first time this year.

Moreover, pursuant to Law n° 2011-103 of 27 January 2011 relative to gender equality and the balanced representation of men and women on management and supervisory boards, the nomination of at least one woman on Altran's Board of Directors should be on the agenda of the General Meeting held to approve the financial statements for 2011.

In addition, the change of Altran Technologies' status to a public limited company governed by a Board of Directors, on 30 June 2008, resulted in the nomination on that date of the members of the Board, for mandates of the same duration. With respect to future nominations, mandates of varying durations could be envisaged, resulting in staggered expiry dates, to ensure a smoother renewal process for Directors, in accordance with the recommendations of the AFEP-MEDEF Code.

## 1.2 The Board of Directors

Since the 30 June 2008 Annual General Meeting, the company has been administered by a Board of Directors comprising eight members appointed for a period of four years. At least one third of the Board's Directors are independent, in accordance with the internal regulations of the Board:

- Mr Yves de Chaisemartin, (CEO and Chairman)
- Mr Roger Alibault
- Mr Jean-Pierre Alix
- APAX Partners, represented by Mr Maurice Tchenio
- Mr Dominique de Calan
- Mr Gilles Rigal
- Mr Michel Senamaud
- Mr Jacques-Etienne de T'Serclaes.

The independent directors meet all the criteria laid down in chapter 8 of the AFEP/MEDEF Code and included in the internal regulations of the Board of Directors. The characterisation of independent director, discussed by the Appointment and Compensation Committee and reviewed by the Board of Directors on the 4th February 2010, appointed Mr. Senamaud, Mr. de Calan and Mr. de T'Serclaes as independent directors. This characterisation of an independent director is reviewed every year by these governing bodies in accordance with the recommendation of AFEP/MEDEF Code. Independent Directors must have no relationship with the company, its group, or the management that could colour their objective judgement in any way.

The criteria reviewed by the Appointment and Compensation Committee and the Board of Directors to determine independent director qualification and prevent the risk of conflicts of interest between the directors and the management, the company and its group, are described below. The Independent Director must not:

- be an employee or executive officer of the company or any of the Group's entities either at present or at any time during the past five years;
- be an executive officer in a company in which the Group has a direct or indirect mandate as member of the Board or in which a designated employee or executive officer of the company holds a mandate as director either at present or has held such a position during the past five years;
- be a client, supplier, retail or investment banker of the company or its group, notably for whom the company or its group represent a substantial proportion of sales, nor have any direct or indirect ties with any of the aforementioned parties;
- have close family ties with an executive officer of the company;
- have been a statutory auditor of the company within the past five years;
- have been a director of the company for over twelve years. It is stipulated that the loss of independent- director status only occurs on the expiry of a mandate exceeding the twelve-year limit;
- be, or represent, a director holding a stake of more than 10% in the capital or voting rights of the company or the parent company.

The Board of Directors is assisted by a censor, Mr Thomas de Villeneuve, who has access to the same information as the directors and can take part in Board Meetings but has no voting rights.

The details concerning the directors' term of office and functions are given in section 14 of the present registration document.

The Board of Directors meets as often as is required in the interests of the company. In 2010, the Board of Directors met 7 times, with an attendance rate of 96%.

The main points reviewed by the Board of Directors were:

- the activity reports of the Board of Directors, the state of the company's businesses and subsidiaries, management forecasts and the Group's budget;
- group restructuring;
- quarterly revenue performances as well as the 2009 full-year and the 2010 interim financial statements;
- internal audit monitoring;
- major ongoing legal disputes;
- group financing;
- authorisations granted with respect to guarantees and sureties

At the Board of Directors' meetings, the Works Council was represented by:

- Mr Henri Massouri
- Mr Bertrand Cahuzac.

### 1.3 Limitations to the power of the Chief Executive Officer

In keeping with the Board's decision not to separate the functions of Chairman and CEO, the Board of Directors appointed Mr Yves de Chaisemartin as Chairman and Chief Executive Officer of the company on 1 July 2008.

The scope of the Chief Executive Officer's powers is restricted by existing legal and regulatory limitations and operations and decisions requiring prior approval from the Board of Directors, as stipulated in the internal control procedures (notably regarding equity operations, securities issues, stock-option and bonus-share plans, mergers, acquisitions, disposals and financing projects). The Board of Directors has not imposed any further restrictions to the CEO's powers and no statutory limitations have been introduced other than those mentioned above.

### 1.4 Compensation of corporate officers

The principles and rules laid down by the Board of Directors to determine the compensation and benefits in kind paid to the company's corporate officers are detailed in section 15 of the present registration document.

### 1.5 Special Committees

The Board of Directors has three Special Committees: an Audit Committee, an Appointment and Remuneration Committee and an Investment and Acquisition Committee. Each committee is governed by an internal set of rules of procedure outlining its specific purpose and means of functioning, which was approved by the Board of Directors on 25 July 2008 and updated on 12 March 2010 to comply with the latest recommendations set forth in the AFEP/MEDEF Code.

### 1.6 The Audit Committee

The Audit Committee is made up of four members specialised in finance and accounting, of which three directors. In keeping with the internal regulations of the Board, two thirds of the directors are independent.

The members of the Audit Committee are:

- Jacques-Etienne de T'Serclaes (Director and Chairman of the Audit Committee);
- Mr Roger Alibault (Director)
- Mr Michel Senamaud (Director)
- Mr Thomas de Villeneuve (Censor).

The purpose of the Audit Committee is to support the Board of Directors regarding the accuracy and reliability of consolidated accounts; it assesses major risk and oversees the quality of internal controls and the information communicated both to shareholders and to the market.

The committee reviews the accounts and notably assesses the relevance and continuity of the accounting regulations and principles used in drawing up the accounts. It also ensures that the procedures used for the elaboration of financial data are respected. The Audit Committee examines major risks and gives its opinion on the organisation of the internal audit department and its work plan, ensures that the regulations applying to the independence of the statutory auditors are respected and gives its opinion on the choice of auditors, their work and their fees.

In 2010, the Audit Committee met six times, in addition to two workshop sessions held in the presence of the statutory auditors. The attendance rate was 96.88%.

Preparatory meetings are held the day before the official meeting to review this information.

The Audit Committee ensures that all participants receive the necessary information concerning the items on the agenda at least three days before the scheduled meeting.

At the beginning of these meetings, the members of the Audit Committee meet with the statutory auditors, without any management officials being present.

The main points examined by the Audit Committee were:

- the 2009 full-year and the 2010 interim and quarterly financial statements, and, more generally, the company's financial communication;
- the Group's cash and debt positions and its bank covenants
- major litigation risks
- changes in situation of certain subsidiaries which, according to the Group, had failed to respect certain procedures in 2009.
- risks related to intangible assets (goodwill, brand name, etc.);
- the Group's restructuring plan;
- the Group's fiscal situation
- the Group's performance indicators;
- the risk map;
- the internal audit work plans and findings;
- the independence of the statutory auditors;
- statutory auditors' fees;

- the Audit Committee's internal-procedures modification project
- the Chairman's report on internal controls in 2009;
- the Audit Committee's self-assessment system.

The Audit Committee initially examined the present report during the 3 February and 10 March 2011 meetings. At the 10 March meeting, the committee also reviewed the 2010 annual accounts.

Every year, the committee carries out a self-assessment survey based on the responses of its members to a questionnaire designed to evaluate the composition, procedures and efficiency of the committee. The action plans based on the results of this self-assessment are monitored and evaluated.

### 1.7 The Appointment and Remuneration Committee

The Appointment and Remuneration Committee was operational throughout 2010.

The committee is made up of five members, of which at least half are independent directors, in compliance with the internal regulations of the Board of Directors:

- Mr Dominique de Calan (Director and Committee Chairman)
- Mr Roger Alibault (Director)
- Mr Gilles Rigal (Director)
- Mr Michel Senamaud (Director)
- Mr Jacques-Etienne de T'Serclaes (Director)

The Committee advises the Board of Directors on the subject of appointments and the allocation and amount of compensation and benefits in kind paid to members of the Board, the Chairman, the CEO, the Managing Directors, and the Executive Vice Presidents. The Committee also makes recommendations as to the total and individual amount of attendance fees to be paid to the Directors of the Board as well as the allocation of stock options, bonus-share plans and employee profit-sharing schemes.

The qualification status of Independent Director was debated by the Appointment and Remuneration Committee. Upon the recommendation of the committee, the status of independent directors was reviewed by the Board of Directors on 4 February 2010.

The Committee met six times in 2010, with an attendance rate of 100%.

### 1.8 The Investment and Acquisition Committee

The Investment and Acquisition Committee has been operational since July 2008.

It is made up of four members:

- Mr Yves de Chaisemartin (Director and Committee Chairman)
- Mr Jean-Pierre Alix (Director)
- Mr Gilles Rigal (Director)
- Mr Jacques-Etienne de T'Serclaes (Director)

The purpose of the Investment and Acquisition Committee is to put forward recommendations concerning the main strategic guidelines of the Group in order to foster the development of Altran's existing activities and new operations in France and abroad. The committee assesses the company's organic and external growth policies, strategic partnership projects and investment and divestment projects likely to have a significant impact on the Group.

The committee met four times in 2010, with an attendance rate of 100%.

## 2 THE CONDITIONS OF SHAREHOLDER PARTICIPATION AT SHAREHOLDERS' GENERAL MEETINGS

The functioning of the Shareholders' General Meeting, its main powers, shareholders' rights and the conditions for exercising these rights are presented in Articles 9 and 19 of the Articles of Association.

## 3 INTERNAL CONTROLS AND ACCOUNTING AND FINANCIAL INFORMATION SYSTEMS

The Group has adopted the guidelines laid down by the *Autorité des Marchés Financiers* (AMF) as the framework for its own internal control system and for drawing up this registration document.

The internal control system defined by the company and implemented under its responsibility aims to ensure :

- compliance with the laws and regulations in force
- the implementation of the instructions and directives given by the General Management;

- the correct functioning of the Group's internal procedures, notably those related to the security of its assets;

- the reliability of financial information.

The internal control system thus helps the Group to monitor its activities, optimise its operations and use its resources efficiently.

By helping Altran anticipate and keep a check on the risks that could prevent it from achieving its objectives, the internal control system plays a key role in enabling the company to conduct and monitor its different activities.

Like any other control system, however, it can monitor risks to a certain extent but, under no circumstances, can it guarantee total risk control.

According to the AMF internal control reference framework, internal control systems require the following components:

- an organisational structure with clearly-defined responsibilities, access to adequate resources and competencies, and which is supported by appropriate procedures, information systems, tools and practices

- the in-house distribution of relevant and reliable information enabling those involved to exercise their responsibilities;

- a system geared to 1/ identifying and analysing the main risks related to the company's objectives and 2/ ensuring that the procedures needed to manage these risks are in place

- control-activities corresponding to the specific implications of each procedure and which are designed to limit related risks

- the permanent monitoring of the internal control system and regular revision of its functioning allowing for the modification of the internal control tool if necessary.

Altran has gradually built up its internal control system by setting up the structures necessary to define its internal control procedures, and to standardise and strengthen the security of its IT systems used for accounting and financial data.

## 3.1 Organisation, IT systems and procedures

### 3.1.1 Organisation

In June 2010, Altran completed another phase of its reorganisation with the implementation of a new organisational structure, which is designed to:

- strengthen client relations via strategic development partnerships

- develop a more project-oriented and solution-based offering

- standardise delivery of large transnational projects.

Altran's new organisational structure is organised around three divisions or "Departments":

- The **Geographies departments:** Altran is still organised around several major geographical zones, each managed by a director responsible for commercial and human resources development (working in close proximity to the Group's clients)

- The **Industries departments:** directors of the Industries and Geographic departments work together to determine the strategy for the clients' main sectors of activity;

- **Group Solutions:** this department works to develop and guarantee the quality of Altran's offerings and solutions in accordance with client requirements as defined by the Industries department. The objective is also to capitalise on the Group's expertise and industrialise the underlying savoir-faire of these solutions, whose development is pegged to technological progress and market practices.

The Chairman steers the Group with the help of the Executive Committee.

### 3.1.2 Information systems

In 2010, Altran pursued its programme to standardise and upgrade the Group's IT systems architecture.

A plan to strengthen Altran's Systems Information Management (SIM) was drawn up in Q4 2009, the objectives being to align IT functions with Group strategy, while ensuring the overall coherence and professionalisation of IT practices within the Group. The purpose is to develop its internal control framework for its different SIM components.

For this, the company has adopted the approach established in the AMF internal-controls application guide (« *Le contrôle interne du système d'information des organisations* »), published by the French association of Chief Information Officers (CIGREF—*Club Informatique des Grandes Entreprises Françaises*) and the French Institute of Internal Audit and Control (IFACI).

At the Group level, the implementation of the Magnitude reporting and consolidation tool throughout the company's subsidiaries has allowed Altran to centralise communication and build up a common database.

The Group switched to the new version of Magnitude (BFC) in 2010, allowing for the development of new reporting functionalities, which should be implemented between 2011 and 2012.

In addition, the Group finalised its plan to install ERP software in the operating entities in 2009.

For its French activities (excluding Arthur D. Little), the company has standardised its accounting, payroll and Information Systems management procedures by using single applications in all cases, thereby facilitating to facilitate operational data exchange.

For its European activities (excluding France and Arthur D. Little), the company has implemented an application for project monitoring, invoicing and accounting procedures that is common to all the European countries, except the UK and Italy.

With regards Human Ressources, since 2009, the Group has progressively rolled out an integrated software system for recruitment and internal-skills management. This tool, which gives the European subsidiaries access to a common databank, is designed to standardise and pool recruitment procedures.

The aim of these efforts to ensure the progressive upgrading and rationalisation of the infrastructure and IT tool is to reinforce the Group's internal control system.

### 3.1.3 Procedures

The efficiency of Altran's corporate governance, both at the Group and subsidiary level, depends on the extent to which the internal control procedures are respected.

*Framework for key controls and self-assessment*

Altran has implemented a framework establishing guidelines to identify the essential controls for the company procedures deemed critical by management. This allows for the break down of the internal control system into key procedures and sub-procedures.

On the basis of this internal control framework, the Group introduced an annual internal control self-assessment questionnaire for the operating-entity procedures considered by management as crucial. This enables subsidiaries to better assess risks and to adhere to an ongoing-progress in order to achieve Group objectives.

The internal audit analyses the self-assessment questionnaires completed by the management teams of Altran's subsidiaries, support functions and shared services centres and draws up specific plans of action on the basis of the findings.

*Procedures for the elaboration and treatment of accounting and financial data*

Altran has implemented a rigorous set of procedures to ensure the efficient treatment of management accounting and financial information (budgets, reporting, consolidation, management control and results communication). These procedures are designed to generate information that is reliable and compliant with legal and regulatory specifications as well as the company's own standards and to protect Altran's assets.

The objective of the rules defined within the Group's internal control procedure framework for the statement of financial accounts is to guarantee their reliability and accuracy.

This procedure is completed by additional notes and instructions from the Group's Accounting Department on specific subjects, such as the company's accounting calendar (closing dates), methods for intra-group reconciliation, specific points related to complex subjects, and new internal procedures, etc. These notes are sent to Altran subsidiaries at the end of each quarterly, half-year and full-year period.

Altran's Corporate Accounting Methods Guide outlines the main accounting principles used within the Group, and the accounting methods used to treat the most important operations.

Altran has streamlined the number of operating subsidiaries, gradually extended the scope of its shared services and progressively improved the procedures implemented to enhance the quality of its financial information and reduce financial data production time.

The Group uses a combined reporting/consolidation tool, BFC (the latest version of Magnitude) for the treatment of financial information, which ensures the reliability, regularity and exhaustiveness of the data processed.

The subsidiaries prepare individual financial statements that are consolidated at the Group level, without sacrificing their consolidation status.

Under the aegis of the Management Control Department, Altran's operating managers are involved in preparing the Group's budget, which is based on General Management's strategic recommendations. Budgets for each of Altran's regional markets are drawn up and reviewed, in conjunction with the Executive Committee, to assess and control the risks most likely to have an impact on the elaboration of accounting and financial information published by the Group. Rolling forecasts to update full-year estimates are carried out on a monthly basis by General Management. These forecasts are included in the monthly management report for General Management.

#### *Other Group procedures*

With regards authorised commitments, Altran implemented a strategy in 2008, which defines the level of commitments authorised for all Group entities. The operating scope of these commitments covers all activities: business proposals, contractualisation, recruitment and investment.

Within this context, the Group launched the Project Approval Committee (PAC) at end-2010. The committee has the power of decision over all of the Group's major projects that are submitted to the PAC according to a set procedure. Projects exceeding a specific size are reviewed by the PAC, which subsequently transmits its findings and recommendations for Executive Committee approval.

The Purchases Department implemented dedicated tools at the corporate level, as of 2009, designed to pool resources and to capitalise on and transmit information using procedures to determine the choice of suppliers based on a wide set of criteria.

## 3.2 Information distribution

A page dedicated to internal control procedures on Altran's intranet site gives the Group's collaborators and operational and functional managers real-time access to the company's internal control procedures. On a wider scale, all Altran employees have access to a dedicated intranet site designed to facilitate communication and the pooling of information.

The internal control procedure framework and the specific notes and instructions related to the statement of the financial accounts enable Group subsidiaries to receive reliable and accurate accounting and financial information.

The reporting system used by all of the Group's operating entities to communicate operating performances and accounting and financial data on a monthly, quarterly and yearly basis, provides General Management and the Operational and Functional divisions with reliable and accurate information.

## 3.3 Risk management

Altran's risk map is updated every year.

This risk identification process is implemented via meetings with Group management officials. The conclusions regarding work carried out in 2009 were drawn by the internal and external audits; the findings of the 2010 risk identification procedure were submitted to the Audit Committee.

Year-to-year trends are factored into the internal audit plan.

The main risk factors identified, as well as risk management procedures, are described in section 4 of the present registration document.

## 3.4 Control procedures

The Operational and Functional divisions implement the appropriate controls designed to meet Group objectives.

The reporting system used across the Group to communicate budget, operating, accounting and financial information is geared to providing an efficient control of the activities of the Group's subsidiaries and their respective managements.

The budget is deliberated at the Operational and General Management levels, and is based on the strategic focus adopted by General Management.

Accounting and financial information controls are carried out via consolidation and reporting procedures.

These controls may be implemented automatically via the combined consolidation/reporting tool, BFC (formerly Magnitude), or via analyses carried out by the different divisions of the financial department.

A review of the fiscal situation in the countries where Altran operates is centralised by the Group's tax department, which coordinates the preparation of tax returns while respecting the fiscal regulations and legislation in effect.

## 3.5 Permanent internal control monitoring

### The Board of Directors

The Board of Directors helps monitor the Group's internal controls, notably in terms of the work carried out and the progress reports submitted by the special committees. The Board monitors operating management issues by reviewing reports on sales, accounts, the budget, acquisitions, disposals and major projects, as well as the preparation of annual General Meetings. In addition, the Board monitors the main trends in terms of shareholder policy with respect to employee ownership, the Group's development strategy and corporate governance regulations. Furthermore, the Board of Directors guarantees the correct functioning of the governing bodies and, in this respect, examines all questions relative to nominations.

### The Audit Committee

The Audit Committee is kept informed on the development of the Group's internal control framework. It approves the work plans drawn up for the annual internal audit, and reviews the main conclusions of the internal audit once completed.

### General Management

Internal controls are set up by management under the aegis of General Management which helps to define the internal control system that is best adapted to the company's situation and activities, and to implement and monitor the internal control tool. In this context, General Management is regularly informed of the difficulties (dysfunctional problems, inadequacies, main incidents observed, etc.) as well as in-house audits, and presents its findings to the Board and recommends necessary corrections.

### Internal Audit

The role of the Internal Audit Department is two-fold: it involves assessing internal control functions and performing the operational audit, geared to enhancing the efficiency of operations and improving performance.

The Internal Audit department is accountable to the Chairman of the Board and, on his delegation, to the Audit Committee, regarding the functioning of internal controls. The Internal Audit department recommends measures to improve internal control procedures.

On the basis of the audit results, recommendations are put forward to improve the internal control procedures and operating efficiency of the processes audited. Based on these recommendations, plans of action are implemented under the aegis of each of the subsidiaries' management, and their application monitored by the internal audit department.

In addition to these tasks, the Internal Audit department organises an annual self-assessment campaign designed to evaluate the internal control procedures of Altran's subsidiaries.

## External Audit

With regards external controls, the Group's statutory auditors, Deloitte and Mazars, certified that they have implemented the appropriate quality control of the Group's financial statements. Deloitte and Mazars are the statutory auditors for all of the entities in Altran's scope of consolidation for which an audit is legally required. They also provide an accounting review of the entities that are not bound by this legal requirement. Since Altran uses both of these statutory auditors for all of its operating entities, their findings can be easily communicated back to the Group. The work of the statutory auditors involves numerous exchanges with Altran's Financial Department, the Internal Audit Department and the Audit Committee.

## Yves de Chaisemartin

Chairman of the Board

# A2 Appendix 2

## Human resources and environmental information

### 1. Staff

Altran Technologies had 5,999 employees at 31 December 2010, of which 99.28% employed on a permanent basis.

The company hired 1532 permanent employees and 82 employees were hired under fixed-duration contracts in 2010.

### 2. Redundancies

In 2010, there were 451 redundancies and 77 dismissals for other causes

### 3. Overtime

Given that 94,96% of Altran's workforce benefit from executive status and, as such, a fixed annual 218 working- day quota, any significant amount of overtime is compensated on a time-off with pay (comp time) basis, in lieu of overtime pay, as set forth in the Syntec national agreement on the legal number of working hours in France.

Under this agreement, Altran's executive employees receive a quota of between 9 and 13 paid days-off (R.T.T.s) per annum.

This compares with 12 days per year for non-executive workers.

*The implementation of this comp-time agreement means that the number of overtime hours is not significant.*

### 4. Sub-contracted labour

At 31 December 2010, costs of sub-contracted labour through temporary employment amounted to €930,431.

### 5. Working hours

The standard working week is 35 hours.

However, most of the Group's executive employees work a fixed number of 218 days per year and a 38.5 hour working week, with overtime compensated on a time-off with pay, comp-time basis.

Out of a total of 5,999 employees, 180 work on a part-time basis.

### 6. Compensation and salary increases

In line with Group efforts to control personnel costs, management pursued its personalised compensation strategy in 2010 and annual performance reviews are now mandatory for all members of staff. Career committees have been set up throughout Altran's subsidiaries and tools implemented to control staff costs.

### 7. Personnel costs

Personnel costs totalled €247,625,840 in 2010.

Employee benefits accounted for €24,326,531 (of which €4,342, 699 for health and complementary insurance and €19,983,832 for supplementary pension schemes).

Other personnel costs include social security contributions, unemployment insurance, medical visits, etc.

### 8. Sexual equality in the workplace

There is still a slight difference in salary between Altran's male and female staff members, depending on the position held.

The company is stepping up its efforts to reduce the gap between men and women's salaries.

### 9. Labour relations and collective agreements

In 2010, 196 meetings were held with:

- representatives from Altran's works councils, corporate works councils and the central works councils
- trade union representatives
- staff representatives
- members of the Health, Safety and Working Conditions Committee (CHSCT).

In 2010, the Group signed following agreements concerning:

- UES (*Economic and Social Unit*) mandates promoting work councils in companies of 50 or more staff members (16/02/2010 and 15/06/2010)
- the prevention of risks linked to work-related stress (30/03/2010)
- "solidarity" day (28/04/2010), an extra day worked by employees in France to fund measures to help the elderly and disabled.
- an amendment to the 28/03/2008 agreement concerning health and complementary insurance (12/07/2010)

## 10. Company communications and data sharing

Altran has several tools in place to ensure the flow of information up and down the company. These include:

- an Intranet system
- a works council newsletter
- a bimonthly company newsletter
- human resources newsletters
- e-mail updates for Altran consultants on assignment
- meetings between staff members of the operating entities
- theme-based Business Unit conferences.

Performance reviews are held regularly on a one-to-one basis between:

- consultants and their managers
- administrative or support staff and their Heads of department.

Altran directors and managers also undergo performance reviews.

## 11. Legal disputes

In 2010, 75 disputes were settled out of court and 178 legal proceedings were ongoing at 31 December 2010.

## 12. Hygiene and safety in the workplace

In 2010, Altran Technologies' Hygiene, Safety and Working Conditions Committee (CHSCT) met 32 times. Further steps were taken by the Group to improve employee security (training programmes) and the working conditions of employees working on client sites.

In addition, Altran's in-house health centre mounted campaigns to heighten staff awareness to road safety.

## 13. Workplace and commuting accidents

42 lost-time accidents occurred in 2010. None of these accidents involved any temporary workers or service providers or resulted in permanent disability.

## 14. Work-related illnesses

In 2010, no work-related illnesses were reported to the French Social Security.

## 15. Training

In 2010, the Group allocated 2.29% of staff expenses (representing a global budget of €5,740,000) to continuing training schemes, of which:

- €3,399,000 for in and out-house training
- €2,610,000 in contributions made to the FAFIEC and FONGECIF (vocational training budget funds)

2,162 Altran Technologies' employees received a total of 54,504 hours of training.

Training costs were financed directly by Altran Technologies or via the FAFIEC training-budget fund, depending on the payments made by the company.

## 16. Disabled workers

In 2010, 23 employees, whose handicaps were recognised by COTOREP (the French body responsible for the recognition of disable status), were officially declared as being disabled.

## 17. Employee schemes

Altran Technologies allocated €1,225,307 to its works council in 2010, of which:

- €731,506 for employee schemes
- €493,801 to the operating budget

## 18. Recourse to subcontractors

At 31 December 2010, outsourcing costs amounted to €51,310,578 for services provided to Altran through centralised agreements, secondment agreements and outside services.

## 19. Effect on community employment and regional development

Altran Technologies is aware of the effect that its businesses may have on local employment and regional development.

Furthermore, the Group provides a support system for its employees transferred to other sites, which notably covers health and insurance benefits, repatriation assistance and centralised processing for visa and work permit requests.

As far as outsourcing is concerned, Altran Technologies centralises the technical cooperation agreements of its subsidiaries.

The Group's foreign subsidiaries take into account the impact of their activities on regional development and the local population.

## 20. Group hiring policy

In 2010, Altran Technologies' adapted its recruitment strategy to accommodate market recovery.

The Group hired 1614 employees in 2010, mainly executive consultants on a permanent contract basis.

Altran employees are hired on the basis of their expertise, communication skills and career potential. All consultants and managers are graduates with a minimum of five years of university studies.

In general, consultants hold science degrees, and managers either science or management degrees.

In 2010, around 60% of the consultants hired were recruited within Altran's operating regions, notably in the southwest of France.

Given the particularly unfavourable impact of the economic crisis on the Automobile industry we have cut our recruitment estimates in this sector.

# A3 Appendix 3

## Statutory Auditors' Report

### Statutory Auditors' Report on the Consolidated Financial Statements

### For the year ended December 31, 2010

*This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The statutory auditors' report on the consolidated financial statements includes information specifically required by French law in all audit reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.*

*This report on the consolidated financial statements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In accordance with our appointment as statutory auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2010 on:

- the audit of the accompanying consolidated financial statements of Altran Technologies;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

#### I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional practice standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2010 and of the results of its operations for the year then ended in accordance with the IFRSs as adopted by the European Union.

#### II. Justification of our assessments

In accordance with Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following items:

- As indicated in Note 1.5 "Use of estimates", the preparation of the financial statements requires the use of estimates and assumptions. These estimates and assumptions are primarily used in the valuation of provisions and the preparation of business plans for the purposes of impairment tests on intangible assets and the recognition of deferred tax assets arising from tax loss carry-forwards.

  Our procedures consisted in assessing the reasonableness of the data and assumptions on which the estimates are based.

- Note 1.8 to the financial statements "Goodwill" describes the goodwill valuation policies and methods adopted and the corresponding impairment recognized in the financial year.

  The Company performs annual impairment tests on goodwill balances and intangible assets with indefinite lives.

We have examined the implementation of this impairment test and the activity forecasts and assumptions used and verified the inclusion of the appropriate disclosures in the note to the financial statements.

Our procedures enabled us to assess the consistency of the estimates performed with the assumptions adopted.

- Note 1.19 to the financial statements "Taxes" describes the valuation policies and methods applied to deferred tax assets.

  At each year-end, the Company systematically analyzes the value of deferred tax assets arising from tax losses and impairments recorded in accordance with the procedures set out in this note. We examined the implementation of these analysis procedures and the activity forecasts and assumptions used and verified the inclusion of the appropriate disclosures in the note to the financial statements.

  Our procedures enabled us to assess the consistency of the estimates performed with the assumptions adopted.

These assessments were performed as part of our audit approach for the consolidated financial statements taken as a whole and contributed to the expression of our opinion in the first part of this report.

## III. Specific verification

Pursuant to the law, we have also verified the information given in the Group's management report in accordance with the professional practice standards applicable in France.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, April 4, 2011

The Statutory Auditors

| **Mazars** | | **Deloitte & Associés** |
|---|---|---|
| Guy Isimat-Mirin | Jérôme de Pastors | Henri Lejetté |

# Statutory Auditors' Report on the Financial Statements

## For the year ended December 31, 2010

*This is a free translation into English of the statutory auditors' report on the financial statements issued in the French language and is provided solely for the convenience of English speaking users. The statutory auditors' report on the financial statements includes information specifically required by French law in all audit reports, whether modified or not. This information is presented below the opinion on the financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.*

*This report on the financial statements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In accordance with our appointment as statutory auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2010 on:

- the audit of the accompanying financial statements of Altran Technologies;

- the justification of our assessments;

- the specific verifications and disclosures required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

### I. Opinion on the financial statements

We conducted our audit in accordance with professional practice standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2010 and of the results of its operations for the year then ended in accordance with French accounting regulations.

### II. Justification of our assessments

In accordance with Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following items:

- As indicated in Note 2.2 to the financial statements "Use of Estimates", the preparation of the financial statements requires the use of estimates and assumptions. These estimates and assumptions are primarily used in the valuation of provisions for contingencies and losses and the preparation of business plans used to determine the value of equity investments.

Our procedures consisted in assessing the reasonableness of the data and assumptions on which the estimates are based.

These assessments were performed as part of our audit approach for the financial statements taken as a whole and contributed to the expression of our opinion in the first part of this report.

## III. Specific verifications and disclosures

We have also performed the specific verifications required by law in accordance with professional practice standards applicable in France.

We have no matters to report regarding the fair presentation and the consistency with the financial statements of the information provided in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

With respect to disclosures regarding the remuneration and benefits paid to directors and commitments made in their favor, pursuant to Article L.225-102-1 of the French Commercial Code, we have verified their consistency with the financial statements and the data used to prepare these financial statements and, where necessary, with the information collected from companies controlling your company or companies controlled by your company. Based on our work, we attest to the accuracy and fairness of such information.

In accordance with the law, we verified that the information relating to the acquisition of interests or control and the identity of holders of share capital was disclosed in the management report.

Courbevoie and Neuilly-sur-Seine, April 4, 2011

The Statutory Auditors

**Mazars** **Deloitte & Associés**

Guy Isimat-Mirin Jérôme de Pastors Henri Lejetté

# Statutory auditors' special report on regulated agreements and commitments

*This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments that is issued in the French language and is provided solely for the convenience of English speaking users. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

*It should be understood that the agreements and commitments reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.*

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement do not require us to identify such agreements and commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de Commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Furthermore, it is our responsibility, as appropriate, to inform you of the information set forth in the provisions of article R. 225-31 of the French Commercial Code pertaining to the signing during the past year of agreements already approved by the shareholders at the shareholders meeting.

We carried out our work in accordance with French professional standards (ie: professional standards issued by the "Compagnie Nationale des Commissaires aux comptes"). Those standards require that we perform procedures to verify that the information given to us agrees with the underlying documents.

## AGREEMENTS AND COMMITMENTS AUTHORIZED DURING THE YEAR

We hereby inform you that no agreement or commitment to which Articles L. 225-38 and L.225-42 of the French Commercial Code would be applicable has been brought to our attention.

## REGULATED AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE ANNUAL SHAREHOLDER'S MEETING

### Regulated agreements and commitments not authorised prior to their signature

Pursuant to Articles L. 225-42 et L. 823-12 of the French Commercial Code, we hereby report to you that the following regulated agreements and commitments had not been authorised by your Board of Directors, prior to their signature.

It is also our duty to report to you circumstances under which such regulated agreements and commitments had not been previously authorised.

*Debt waiver agreement concluded with GMTS*

On December 31st, 2010, your company conceded a debt waiver amounting to EUR 9,600,000 to Global Management Treasury Services (GMTS), its 80% held subsidiary. That debt waiver agreement is also bearing a clawback provision (ie:"clause de retour à meilleure fortune") which will become active as soon as a period ends up with an Equity above EUR 9,600,000 without taking into account the share capital.

The absence of prior authorisation, by your Board of Directors of that regulated agreement results from an omission. We hereby indicate that your Board of Directors decided to approve the agreement during its meeting held on March 10$^{th}$ 2011.

Drawn up in Neuilly-sur-Seine and Courbevoie, on 4 april 2011

The Statutory Auditors

| | | |
|---|---|---|
| **MAZARS** | | **DELOITTE** |
| Guy Isimat-Mirin | Jérôme de Pastors | Henri Lejetté |

## Statutory Auditors' report prepared in accordance with article L. 225-235 of the French commercial code and dealing with the report of the Chairman of the board of directors of ALTRAN TECHNOLOGIES

*This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with Article L.225-235 of the French Commercial Code on the report prepared by the Chairman of the Board on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking readers .*

*This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In our capacity as Statutory Auditors of ALTRAN TECHNOLOGIES and in accordance with article L. 225-235 of the French commercial code, we hereby present our report dealing with the report prepared by the Chairman of your company in accordance with article L. 225-37 of the French commercial code for the financial year ending 31 December 2010.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by article L. 225-37 of the French commercial code dealing in particular with corporate governance.

It is our responsibility to:

- Communicate to you any observations we may have as to the information contained in the Chairman's report and relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information; and

- Attest that the report includes the other disclosures required by article L. 225-37 of the French commercial code. It should be noted that we are not responsible for verifying the fair presentation of those other disclosures.

We have performed our work in accordance with the professional standards applicable in France.

### Information relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information

Our professional standards require the application of procedures designed to assess the fair presentation of the information contained in the Chairman's report and relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information.

Those procedures mainly consisted in:

- Obtaining an understanding of the underlying internal control and risk management procedures in the area of the preparation and processing of financial and accounting information presented in the Chairman's report, and of the related documentation;

- Obtaining an understanding of the work performed as a basis for preparing that information and the existing documentation ;

- Determining if any major internal control weaknesses in the area of the preparation and processing of financial and accounting information identified by us during the course of our engagement have been appropriately disclosed in the Chairman's report.

On the basis of the procedures performed, we have nothing to report on the information relating to the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information contained in the report of the Chairman of the board of directors prepared in accordance with article L. 225-37 of the French commercial code.

## Other disclosures

We hereby attest that the report of the Chairman of the board of directors includes the other disclosures required by article L. 225-37 of the French commercial code.

Drawn up in Neuilly-sur-Seine and Courbevoie, on 4 april 2011

The Statutory Auditors

| MAZARS | | DELOITTE |
|---|---|---|
| Guy Isimat-Mirin | Jérôme de Pastors | Henri Lejetté |

# A4 Appendix 4

## Statutory auditors' fees

| *(in thousands of euros)* | | | | Mazars | | | | Deloitte |
|---|---|---|---|---|---|---|---|---|
| | Gross amount | | | (%) | Gross amount | | | (%) |
| *Years: Exchange rate at 31/12/2008* | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 |
| **Audit** | | | | | | | | |
| Statutory Auditor, certification, validation of corporate and consolidated year-end financial statements[(a)] | 1,237 | 1,059 | 93% | 94% | 1,239 | 1,193 | 100% | 83% |
| • Altran Technologies S.A. | 549 | 453 | | | 550 | 487 | | |
| • Subsidiaries | 688 | 606 | | | 689 | 706 | | |
| Other duties and services directly related to the Statutory Auditor's mission[(b)] | 98 | 63 | 7% | 6% | 0 | 243 | 0% | 17% |
| • Altran Technologies S.A. | | | | | | 195 | | |
| • Subsidiaries | 98 | 63 | | | 0 | 48 | | |
| **SUB-TOTAL (I)** | **1,335** | **1,122** | **100%** | **100%** | **1,239** | **1,436** | **100%** | **100%** |
| **Other services rendered to subsidiaries** | | | | | | | | |
| • Legal, taxation, corporate[(c)] | | | | | | | | |
| • Other[(d)] | | | | | | | | |
| **SUB-TOTAL (II)** | | | | | | | | |
| **TOTAL = (I) + (II)** | **1,335** | **1,122** | **100%** | **100%** | **1,239** | **1,436** | **100%** | **100%** |

*(a) Audit services include all services invoiced by the statutory auditors for the audit of consolidated year-end financial statements and services provided by these auditors as required under legal or regulatory provisions or with regard to the Group's commitments. They particularly include a review of the interim financial statements of the company and its subsidiaries.*

*(b) Other services related to the statutory auditors' mission and involving, for example, consultations on the matter of accounting standards applicable with regard to the publication of financial information and due diligence required with regard to acquisitions.*

*(c) Taxation consultations represent all services concerning compliance with taxation regulations and taxation advice provided with regard to actual or potential transactions, payroll processing for expatriated employees or the analysis of transfer prices.*

*(d) Other services include consulting provided on matters such as HR, cost-cutting measures and asset valuations for the purpose of disposals, in respect of the provisions of Article 24 of the Code of Ethics.*

RR DONNELLEY
+33 (0)1 53 45 19 00

**ALTRAN TECHNOLOGIES**
Public limited liability company
with a share capital of
€ 71,852,266.00

Head office
58 boulevard Gouvion Saint-Cyr - 75017 PARIS
702 012 956 RCS Paris