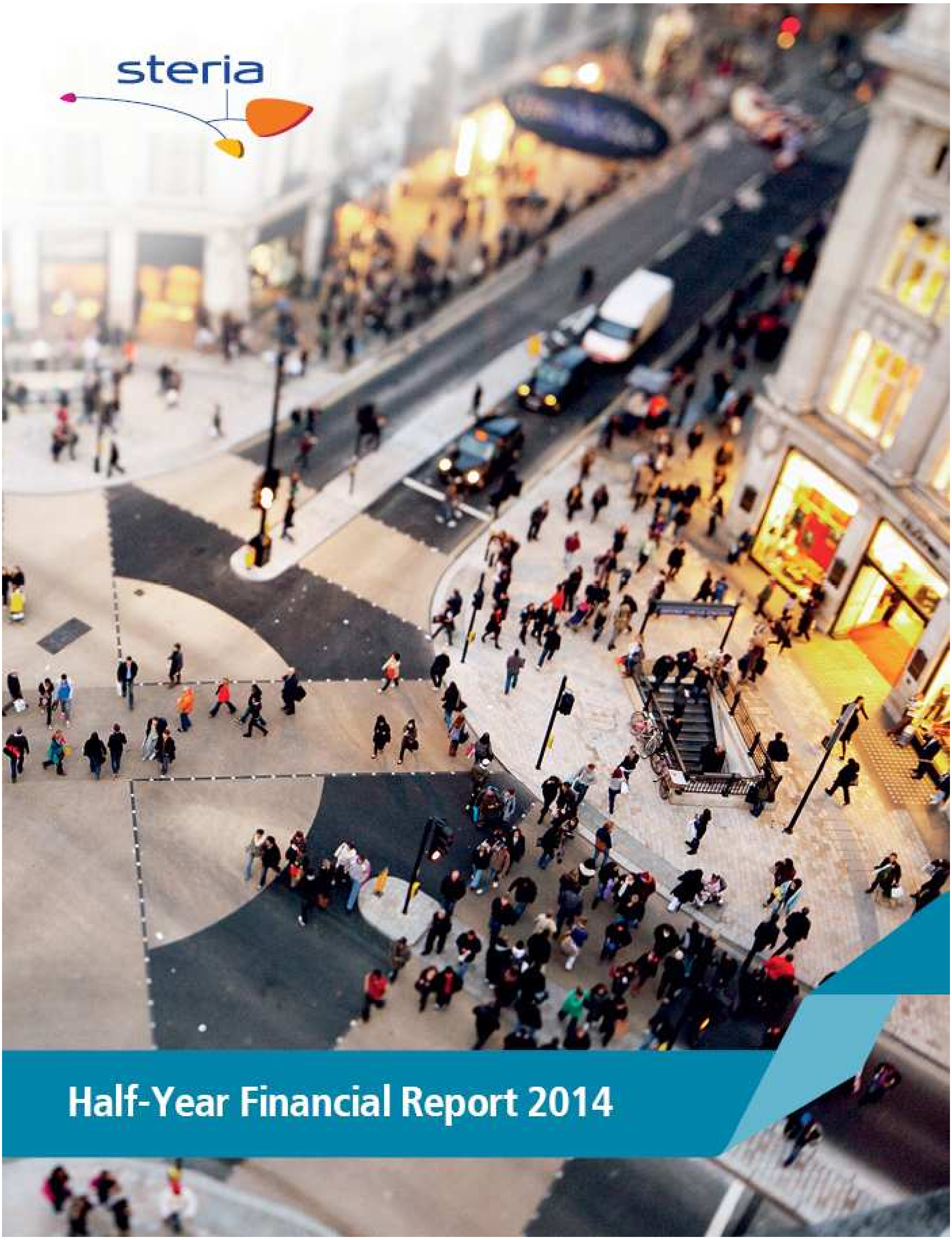

Half-Year Financial Report 2014

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Groupe Steria SCA
Société en Commandite par Actions au capital de 33 178 579 euros
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FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2014

I. Management Report for the half-year ended 30 June 2013

A – Major events during the first six months of the year and their impact on the half-year financial statements

Key items:

First half 2014 consolidated results

		2013	**2014**	**Organic growth** At constant perimeter and currency
Revenue	€m	**873.8**	**940.8**	**7.2%**
Operating margin[1]	€m	**45.7**	**53.8**	
% of revenue	*%*	***5.2%***	***5.7%***	
Operating income[2]	€m	**26.6**	**33.8**	
Attributable net income	€m	**7.4**	**0.9**	
% of revenue	*%*	***0.8%***	***0.1%***	
Underlying net attributable income[3]	€m	**20.6**	**14.4**	
Underlying diluted earnings per share[4]	€	**0.68**	**0.45**	
Shareholders' equity	€m	**377.0**	**440.4**	
Net financial debt	€m	**280.7**	**260.2**	

[1]Before amortisation of intangible assets arising from business combinations. The operating margin is the Group's key indicator. It is defined as the difference between revenue and operating expenses, the latter being equal to the total cost of services rendered (costs necessary for the implementation of projects), sales costs and general and administrative expenses.

[2]Operating income includes restructuring and reorganisation costs, capital gains or losses on disposals, the estimated fair value of share-based compensation and the impact of goodwill impairment tests.

[3]Attributable net income restated, after tax, for other operating income and expenses and amortisation of intangible assets.

Revenue

First half 2014 consolidated revenue

In € million	30/06/2013	**30/06/2014**	**Growth**
Revenue	873.8	**940.8**	**7.7%**
Change in consolidation scope	0.0		
Change due to currency effect	3.9		
Pro forma revenue	877.7	**940.8**	**7.2%**

First half 2014 revenue by geographic area

In € million	30/06/2013*	**30/06/2014**	**Organic growth**
United Kingdom	355.1	**424.7**	**19.6%**
France	278.7	**268.4**	**-3.7%**
Germany	118.9	**108.9**	**-8.4%**
Other Europe	125.0	**138.9**	**11.1%**
Total	877.7	**940.8**	**7.2%**

* Like-for-like revenue (constant consolidation scope, exchange rates and organizational structure) (base 2014)

Second quarter 2014 revenue by geographic region

In € million	Q2 2013*	Q2 **2014**	**Organic growth**
United Kingdom	178.8	**221.7**	**24.0%**
France	134.7	**132.4**	**-1.7%**
Germany	60.3	**53.0**	**-12.1%**
Other Europe	66.9	**69.9**	**4.4%**
Total	440.7	**477.0**	**8.2%**

* Like-for-like revenue (constant consolidation scope, exchange rates and organizational structure) (base 2014)

First half 2014 operating performance

Consolidated revenue increased by 7.2% like-for-like over the first half 2014, benefiting from the strong growth in the United Kingdom and Scandinavia.

Long cycle or recurring activities, which represented 67% of revenue (62% at June 30, 2013), grew by 16.1%: applications maintenance +3.4%, IT infrastructure management +3.0%, business process services +51%. The consulting and systems integration businesses declined by 6.5%.

In the United Kingdom, first half revenue enjoyed robust growth (+19.6% like-for-like). Activity was particularly buoyant in the public sector thanks, in particular, to the ramp-up of the SSCL contract but also the positive dynamic in defence (+6%) and homeland security (+26%). The telecommunications/utilities /transport sector also saw strong growth while Finance declined. Business Process Services activities posted very robust growth over the first half and represented more than 50% of the area's revenue at June 30, 2014. This area offers significant opportunities as witnessed by the June 24, 2014 decision by the UK Ministry of Justice and Home Office to select Steria as preferred framework supplier for the provision of their shared services platform project.

In France, revenue declined by 3.7%. The trend was positive in the banking (+6%) and energy sectors (+4%) while telecoms and the public sector saw revenue declines.

The first half performance was impacted by the suspension in the application of the "Ecotax" decided by the French government in 2013. Excluding Ecotax effects, first half revenue would have been slightly down (-0.3%). On June 27, 2014, an agreement was signed between Ecomouv' and the French government to resolve the situation created by the suspension decision. The signature of this agreement clarifies the conditions related to the contract execution in this new context.

Additionally, in view of the April 8, 2014 announcement of the tie-up project between Sopra and Steria, the application of the "Ere 2016" turnaround programme, whose cost-saving contribution in 2014 had been estimated at €7 million, has been suspended.

In Germany, revenue contracted by 8.4%. The appointment of a new management team in 2013 to evolve the historic business model generated the departure of some consultants leading to a temporary revenue decline. Furthermore, cost-cutting measures were launched to recreate the necessary conditions for profitability consistent with the potential in this region.

In Other Europe, organic revenue growth reached +11.1%, benefiting from the strong growth in Scandinavia. The banking (+8.8%), public (+12.8%) and telecommunication /energy/transport (+10.5%) sectors were all positively oriented. This growth was accompanied by a significant increase in staff over the first half leading to a marked seasonability in the profitability improvement expected in the region over the year.

First half 2014 net income

The operating margin rose by 17.6% to €53.8 million versus €45.7 million at June 30, 2013, driven by the increased contribution from the UK activities, the other regions having suffered a contraction.

Other operating income and expenses (mostly comprising restructuring charges) stood at -€16.8 million during the first half (versus -€16.0 million in the first half 2013).

The net financial result amounted to -€13.2 million (-€12.1 million in 2013) and the tax charge was €12.7 million (€5.3 million in 2012).

Attributable net income, including the increase in the tax charge and minority interests, stood at €0.9 million (€7.4 million in 2013).

Financial situation

The increase in working capital requirement during the first half linked, notably, to the ramp up of the SSCL contract for an amount of €20 million remained under control, enabling the Group to confirm its Full Year 2014 objectives.

At June 30, 2014, net financial debt stood at €260.2 million (€280.7 million at June 30, 2013) representing 1.9x EBITDA (maximum: 2.5x) and the pension fund deficit, net of taxes, stood at €211 million, €14 million lower than at December 31, 2013.

Sopra public exchange offer covering Steria shares

The purpose of the friendly merger between Sopra and Steria, announced on April 8, 2014, is to create a European leader in digital transformation with a 2013 pro forma revenue of €3.1 billion and a group employing over 35,000 professionals to serve major international customers in 24 countries. The merger should generate operational synergies of €62 million, with the ultimate goal being the creation of an entity capable of creating robust organic growth in order to achieve revenue of more than €4 billion and gradually improve the operating margin to around 10%.

Under the public exchange offer, Société Générale, acting on behalf of Sopra, filed a draft information memorandum with the French financial markets authority (*Autorité des Marchés Financiers* - AMF) on June 10, 2014. The public offer comprises an exchange ratio of one (1) Sopra share for four (4) Steria shares.

On June 10, 2014, Groupe Steria SCA filed a draft memorandum in response with the AMF, including, pursuant to Articles 261-1 *et seq.* of the AMF General Regulations, the report prepared by the firm Finexsi, represented by Messrs. Lucas Robin and Olivier Peronnet, acting as independent financial expert, in addition to the reasoned opinion of the Steria Supervisory Board. The independent expert's report concluded that the exchange ratio offered was equitable from a financial viewpoint for the partners of Steria. Upon presentation, the Steria Supervisory Board unanimously adopted a definitive favorable opinion of the planned merger with Sopra Group and the planned public exchange offer, and considered that the planned public exchange offer, with an exchange ratio of one (1) Sopra Group share for four (4) Steria Groupe shares, was in the interest of Steria, its shareholders and employees. It recommended that Steria shareholders contribute their shares to the Offer.

On June 24, 2014, the AMF issued a statement of compliance for the Sopra public exchange offer covering Steria shares, thereby approving the Sopra information memorandum (AMF approval no. 14-322). The Steria memorandum in response was also approved by the AMF (AMF approval no. 14-323) on the same date. The offer opened on June 26, 2014.

In a letter dated June 9, 2014, Soderi, Steria's general partner, pledged to withdraw as general partner of Steria should the public exchange offer have a positive outcome. This withdrawal decision issued on April 7, 2014 and reiterated on June 9, 2014 shall take effect as from the initial settlement-delivery date of the public offer, scheduled for August 12, 2014 in the current timetable, in the event of the Offer's success.

Public exchange offer indicative timetable:

- June 26, 2014: opening of the public exchange offer
- July 30, 2014 (inclusive): closing of the public exchange offer
- August 12, 2014: settlement-delivery of the contributed securities

The public offer is subject to the condition that Sopra will hold 60% of the share capital and voting rights of Steria on a fully diluted basis. In this respect, it should be noted that on June 10, 2014 Sopra concluded with the FCPE Groupe Steriactions a contribution agreement under which the FCPE pledged to contribute to Sopra, on the settlement-delivery date of the public offer ie August 12,2014, as part of a contribution in kind, or, otherwise, a public offer contribution, all the Steria shares it will hold on this date, subject to the Offer's success.

Should the public offer be successful, it will be reopened on August 18, 2014 for a period of 15 trading days, according to the forecast timetable (closing on September 5, 2014 (inclusive) of the reopened public offer).

Steria shareholders should familiarize themselves with the documents relating to the public exchange offer approved by the French financial markets authority and available on the websites of the AMF (www.amf-france.org), Sopra Group (www.sopra.com) and Steria (http://investisseurs.steria.com). The information memorandum relating to the public exchange offer drafted by Sopra Group received AMF approval no. 14-322 on June 24, 2014 and the memorandum in response drafted by Steria received AMF approval no. 14-323 on June 24, 2014.

B – Outlook for the second half of 2014- Main risks and uncertainties

Based on first half performance and taking into account the perspectives of the second half, the Group is targeting for the Full Year 2014, organic revenue growth of between +6% and +8% and an operating margin increase in absolute value of around 10%.

Excluding the uncertainties surrounding changes in the market's economic conditions, the main risks and uncertainties which the group may face in the second half of 2014 are those described in Section 5 of the 2013 Registration Document. The developments regarding the Ecotax project are mentioned in Note 5.9 to the financial statements for the half-year ended
June 30, 2014 below.

Concerning the "Friendly merger between Sopra and Steria" and as stated in page 5 above, the public offer, which is currently open, is subject to the condition that Sopra will hold 60% of the share capital and voting rights of Steria on a fully diluted basis. The outcome of the public exchange offer will only become known on August 6, 2014 after the AMF publishes its results.

C – Main transactions with related parties

For the year ended December 31, 2013, the main related party transactions involved the remuneration paid to the General Manager and the members of the Supervisory Board. For the half-year ended June 30, 2014, no major changes to the nature and amounts of the related party transactions were observed.

2. Consolidated financial statements for the half-year ended June 30, 2014

2.1 Consolidated income statement

(in thousands of euros)	**Notes**	**06/30/14**	**06/30/13**
Revenue	**4**	**940,778**	**873,794**
Cost of sales and sub-contracting costs		(163,199)	(166,006)
Personnel costs		(541,962)	(510,558)
Bought-in costs		(169,751)	(132,066)
Taxes (excluding income taxes)		(10,781)	(11,420)
Other current operating income		15,049	8,365
Other current operating expenses		(355)	(99)
Net charges for depreciation and amortization		(18,028)	(17,987)
Net charges to provisions		(1,016)	(1,614)
Net charges for current asset impairment		(156)	211
Operating margin after amortization of intangible assets recognized in business combinations (1)		**50,579**	**42,619**
Other operating income	5.15	756	679
Other operating expenses	5.15	(17,518)	(16,689)
Operating profit/(loss)		**33,817**	**26,605**
Income from cash and cash equivalents		4,376	4,194
Cost of gross borrowings		(7,826)	(6,407)
Cost of net borrowings	*5.16*	*(3,450)*	*(2,213)*
Other financial income	5.16	2,025	617
Other financial expenses	5.16	(11,785)	(10,527)
Net financial expense		**(13,210)**	**(12,123)**
Income tax expense	5.4	(12,652)	(5,316)
Share of profit/(loss) of associates		108	113
Net profit from continuing operations		**8,063**	**9,280**
Net profit from discontinued operations		-	-
Net profit		8,063	9,280
Attributable to equity holders of the parent		**884**	**7,363**
Attributable to non-controlling interests		**7,179**	**1,917**
Earnings per share (in euros):	5.17		
- from continuing operations		0.03	0.24
- from discontinued operations		-	-
Diluted earnings per share (in euros):	5.17		
- from continuing operations		0.03	0.24
- from discontinued operations		-	-

(1) Amortization of the customer relationships recognized in business combinations representing €(3,241) thousand as at June 30, 2014 and €(3,129) thousand as at June 30, 2013.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	Notes	06/30/14	06/30/13
Net profit for the period		**8,063**	**9,280**
Income and expense items not recorded in profit or loss:			
- Exchange differences arising from foreign entities		26,523	(34,110)
- Gains and losses on net investment hedging instruments:		(3,475)	3,328
• *Of which gains/(losses) during the period*		*(3,475)*	*3,328*
• *Less: adjustment of reclassification for (gains)/losses in the* • *income statement*		-	-
- Tax impact of net investment hedging financial instruments		693	(1,138)
- Gains and losses on cash flow hedges:		4,353	1,269
• *Of which gains/(losses) during the period*		*493*	*(297)*
• *Less: adjustment of reclassification for (gains)/losses in the income statement*		*3,860*	*1,566*
- Tax impact of cash flow hedges		(1,481)	(463)
Total income and expenses recognized in equity and reclassifiable to profit or loss		***26,612***	***(31,114)***
- Re-estimated post-employment benefits	5.8	21,122	62,359
- Tax impacts of re-estimated post-employment benefits		(3,393)	(14,502)
Total income and expenses recognized in equity and not reclassifiable to profit or loss		***17,729***	***47,857***
Total income and expense items not recorded in profit or loss, net of tax		**44,341**	**16,743**
Total comprehensive income for the period		52,404	26,023
Attributable to equity holders of the parent		**44,446**	**24,065**
Attributable to non-controlling interests		**7,957**	**1,957**

2.2 Consolidated balance sheet

Assets

(in thousands of euros)	Notes	06/30/14	12/31/13
Goodwill	5.1	789,428	762,579
Intangible assets	5.2	97,442	99,505
Property, plant and equipment	5.3	52,341	52,871
Investments in associates		1,789	1,681
Available-for-sale financial assets		1,055	878
Other financial assets		5,405	4,427
Deferred tax assets	5.4	93,094	95,480
Other non-current assets		2,003	4,233
Non-current assets		**1,042,556**	**1,021,654**
Inventories	5.5	22,689	21,039
Net trade receivables and related accounts	5.6	172,853	207,045
Amounts due from customers	5.6	222,377	164,313
Other current assets	5.6	68,491	58,672
Current portion of non-current assets	5.6	3,675	3,461
Current tax assets	5.6	42,763	39,723
Prepaid expenses	5.6	54,034	35,065
Cash and cash equivalents	5.7	213,847	209,441
Current assets		**800,729**	**738,757**
Non-current assets classified as held for sale	5.14	6,598	6,354
Total assets		1,849,883	1,766,765

Liabilities and Equity

(in thousands of euros)	Notes	06/30/14	12/31/13
Issued share capital		33,168	33,157
Share premium		436,079	436,179
Treasury shares		(34,384)	(34,729)
Exchange differences		(129,419)	(151,879)
Other reserves		118,661	91,229
Net profit for the period		884	8,857
Equity attributable to equity holders of the parent		**424,989**	**382,813**
Non-controlling interests		15,453	9,855
Total equity		**440,442**	**392,668**
Long-term borrowings	5.7	381,724	363,393
Retirement benefit and similar obligations	5.8	274,640	291,369
Provisions for non-current liabilities and charges	5.9	7,988	7,041
Deferred tax liabilities	5.4	344	1,572
Other non-current liabilities	5.10	39,412	52,984
Non-current liabilities		**704,108**	**716,358**
Short-term borrowings	5.7	92,325	70,015
Provisions for current liabilities and charges	5.9	22,360	29,740
Net trade payables and related accounts	5.11	190,463	171,205
Gross amounts due to customers	5.11	67,963	60,351
Advances and payments on account received	5.11	6,234	11,017
Current tax liabilities	5.11	48,645	41,348
Other current liabilities	5.11	276,677	273,420
Current liabilities		**704,666**	**657,097**
Liabilities directly associated with non-current assets classified as held for sale	5.14	667	642
Total liabilities and equity		1,849,883	1,766,765

2.3 Consolidated statement of cash flows

(in thousands of euros)	**Notes**	**06/30/14**	**06/30/13**
Net profit		**8,063**	**9,280**
Adjustments for:			
Elimination of the profit/(loss) of associates		(108)	(113)
Net charges to depreciation, amortization and provisions		17,832	23,186
Calculated expenses and income related to stock options and equivalent		193	70
Fair value adjustment gains and losses		(243)	(2,256)
Capital gains/(losses) on disposal		491	885
Cash flow from operating activities after the cost of net borrowings and taxes		**26,227**	**31,052**
Dividends on non-consolidated securities		-	(23)
Cost of net borrowings		3,450	2,213
Income tax expense (including deferred tax)		12,652	5,316
Cash flow from operating activities before the cost of net borrowings and taxes		**42,330**	**38,558**
Income tax paid		(9,991)	(11,231)
Change in working capital requirements	5.12	(47,111)	8,801
Net cash from/(used in) operating activities		**(14,771)**	**36,128**
Purchases of intangible assets		(4,305)	(7,633)
Purchases of property, plant and equipment		(8,032)	(8,635)
Purchases of long-term investments		95	(67)
Proceeds from disposals of intangible assets and property, plant and equipment		42	35
Proceeds from disposal of long-term investments (non-consolidated investments)		345	43
Loans and advances granted		(1,387)	(355)
Repayments received on loans and advances granted		839	78
Impact of changes in Group structure			
- Acquisition of consolidated companies, net of cash acquired	3	(1,609)	-
- Disposal of consolidated operations and companies, net of cash transferred		-	-
Net interest received		56	209
Dividends received (associates, non-consolidated investments)		-	23
Net cash used in investing activities		**(13,956)**	**(16,302)**
Amounts received from shareholders as part of a share capital increase		-	-
Dividends paid during the year:			
- Dividends paid to shareholders of the Parent Company and similar (1)		-	(8,690)
- Dividends paid to minority interests in consolidated companies		-	-
Disposals/(acquisitions) of treasury shares		318	(610)
Proceeds from new borrowings		72,899	187,131
Repayment of borrowings		(44,861)	(35,470)
Repayment of the hybrid convertible bond		-	(152,434)
Additional disbursements relating to defined retirement benefit obligations	5.8	(9,637)	(7,824)
Interest paid		1,084	143
Net cash from/(used in) financing activities		**19,803**	**(17,754)**
Impact of cash flows from discontinued operations		-	-
Impact of changes in exchange rates		10,749	1,593
Net increase/(decrease) in cash and cash equivalents		**1,824**	**3,665**
Cash and cash equivalents at the beginning of the year		207,543	144,291
Cash and cash equivalents at the end of the year	5.7	209,368	147,956

(1) Including the coupon paid in respect of perpetual subordinated bonds, convertible and/or exchangeable into new shares: €(8,690) thousand in 2013.

2.4 Statement of changes in equity

(in thousands of euros)	Number of shares issued	Share capital	Share premium	Treasury shares	Subordinated hybrid convertible bonds	Consolidated reserves and earnings	Gains and losses recognized directly in equity	Equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total equity
As at January 1, 2013	**31,879,729**	**31,880**	**424,672**	**(35,418)**	**150,285**	**356,320**	**(423,017)**	**504,722**	**5,763**	**510,484**
Share capital increase										
Dividends						(6,732)		(6,732)		(6,732)
Measurement of share-based payments						65		65	6	70
Treasury share transactions				41		(456)		(415)		(415)
Other					(150,285)	(2,149)		(152,434)		(152,434)
Gains/losses on hedging instruments							807	807	(1)	806
Re-estimated post-employment benefits							47,509	47,509	348	47,857
Exchange differences							(31,613)	(31,613)	(307)	(31,920)
Net profit						7,363		7,363	1,917	9,280
As at June 30, 2013	**31,879,729**	**31,880**	**424,672**	**(35,377)**	**-**	**354,411**	**(406,314)**	**369,270**	**7,726**	**376,996**
Share capital increase	1,276,963	1,277	11,507			(77)		12,706		12,706
Dividends						290		290		290
Measurement of share-based payments						2,674		2,674	17	2,692
Treasury share transactions				647		(210)		437		437
Other						(770)		(769)	(36)	(805)
Gains/losses on hedging instruments							(2,199)	(2,199)	(20)	(2,218)
Re-estimated post-employment benefits							2,489	2,489	275	2,764
Exchange differences							(3,581)	(3,581)	(76)	(3,657)
Net profit						1,494		1,494	1,969	3,463
As at December 31, 2013	**33,156,692**	**33,157**	**436,179**	**(34,729)**	**-**	**357,811**	**(409,604)**	**382,813**	**9,855**	**392,668**
Share capital increase	11,138	11	(100)			(11)		(100)		(100)
Dividends						(3,403)		(3,403)		(3,403)
Measurement of share-based payments						187		187	6	193
Treasury share transactions				346		(88)		258		258
Other						826		826	(2,403)	(1,577)
Gains/losses on hedging instruments							2,834	2,834	38	2,871
Re-estimated post-employment benefits							18,231	18,231	(502)	17,729
Exchange differences							22,460	22,460	1,281	23,741
Net profit						884		884	7,179	8,063
As at June 30, 2014	33,167,830	33,168	436,079	(34,384)	-	356,205	(366,080)	424,988	15,453	440,442

Groupe Steria SCA’s share capital comprises 33,167,830 shares with a nominal value of €1 each.
The 2013 net dividend paid in 2014 was €0.10 per share (excluding the portion of earnings paid to the general partner, i.e. €89 thousand).
Treasury shares chiefly comprise 1,423,324 shares held by UK trusts included in the scope of consolidation, and by the parent company, Groupe Steria SCA (18,694 shares).

2.5 Notes to the condensed consolidated financial statements

Note 1 Accounting policies

Note 1.1 Standards applied

The Groupe Steria SCA consolidated financial statements for the half-year ended June 30, 2014 include Groupe Steria SCA and its subsidiaries (hereinafter referred to as "The Group") and the Group's share in associates and jointly controlled companies.

The Groupe Steria SCA condensed consolidated financial statements for the half-year ended June 30, 2014 have been prepared in accordance with the IFRS standard, IAS 34, on interim financial reporting published by the International Accounting Standards Board (IASB) and adopted by the European Union. The standard can be consulted on the http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm website.

The Group consolidated financial statements for the half-year ended June 30, 2014 were approved by management after consultation with the Supervisory Board on July 24, 2014.

The accounting policies and calculation methods applied to prepare the condensed consolidated financial statements for the half-year ended June 30, 2014 are identical to those applied for the consolidated financial statements for the year ended December 31, 2013 (a description of these accounting policies and methods is provided in Note 1 to the consolidated financial statements for the year ended December 31, 2013), with the exception of the specific provisions of IAS 34.

The following new standards, amendments and interpretations applicable as at January 1, 2014 were adopted:

- IAS 28 revised – *Investments in Associates and Joint Ventures*;
- IFRS 10 – *Consolidated Financial Statements;*
- IFRS 11 – *Joint Arrangements*;
- IFRS 12 – *Disclosure of Interests in Other Entities*;
- Amendment to IAS 36 – *Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets*.

Their adoption had no impact on the consolidated financial statements.

The Group did not elect for the early adoption of the following standards, already published by the IASB and approved by the European Union, in the consolidated financial statements for the half-year ended June 30, 2014:

- IFRIC 21 – *Levies* (taxes levied by a government).

At this stage of its analysis, the Group does not anticipate any major impacts arising from its adoption on the consolidated financial statements.

Furthermore, the Group did not elect to apply the following standards and amendments which have not yet been adopted by the European Union as at June 30, 2014:

- IFRS 9 – *Financial Instruments*.

The Group considers that, at this stage of its analysis, it is not possible to assess the impact of this new standard with sufficient accuracy.

Note 1.2 Material judgments and estimates

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

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

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

- contracts (in particular, estimated margin at completion),
- retirement benefit and similar obligations,
- provisions for liabilities and charges,
- recoverable amount of intangible assets and property, plant and equipment, including goodwill in particular,
- deferred tax assets,
- amounts payable to non-controlling interests.

Note 2 Friendly merger between Sopra and Steria

On April 8, 2014, Sopra Group and Groupe Steria announced their intention to merge in order to create a European leader in digital services with a combined revenue of €3.1 billion (2013 pro forma basis) and operations in 24 countries, employing over 35,000 professionals.

The proposed merger involved a friendly voluntary public exchange offer initiated by Sopra for all Steria shares on the basis of one Sopra share for four Steria shares.

On June 26, 2014, the offer opened.

On June 27, 2014, the Sopra combined annual general meeting approved the issue of Sopra shares in exchange for contributions to the offer.

On July 14, 2014, the European Commission authorized the merger with respect to the control of concentrations between undertakings.

The offer will close on July 30, 2014. It will be followed in August by the publication of the AMF's approval of the offer's final outcome and then the terms and conditions of settlement-delivery. Should the initial offer be successful, it will be reopened for a second period closing on September 5, 2014. The success of the initial offer is subject to the following condition precedent: contribution of Groupe Steria SCA shares to the offer representing at least 60% of share capital and voting rights on a fully diluted basis.

On June 30, 2014 and July 24, 2014, the date for the approval of the accounts for the half-year ended June 30, 2014 by Groupe Steria SCA management after consultation with the Supervisory Board, the offer's probability of success could not be measured. This will only be possible after the closing of the initial offer on July 30, 2014 at the earliest.

The ongoing transaction has no impact on the June 30, 2014 accounts and particularly the main judgments and estimates used by management to prepare these half-yearly financial statements:

- recoverable amount of intangible assets and property, plant and equipment, in particular goodwill,
- deferred tax assets,
- provisions for contingencies and losses,
- recognition of customer contracts,
- retirement benefit and similar obligations.

In addition, the Group's credit facilities, i.e. syndicated loans, securitization and bond issues, comprise early repayment clauses in the event of a change in control over the Group. The lending financial institutions have undertaken to waive each facility, either formally, or through an agreement in principle, should the public exchange offer initiated by Sopra be successful.

The public exchange offer will be immediately followed by reorganization and merger transactions that form an integral part of the planned merger as stated in the announcement of the transaction published on April 8, 2014. These transactions are scheduled to be completed prior to December 31, 2014 so that the operations of both groups can be integrated as quickly as possible and the announced synergies generated. The information-consultation proceedings with the Sopra and Steria employee representative bodies are ongoing.

Following these proceedings, the merger-absorption of Groupe Steria SCA by Sopra Steria Group will be subject to the approval of the relevant companies' extraordinary general meetings.

The main accounting impact expected to arise from these transactions would be the inability to recognize a substantial portion of the deferred tax assets on loss carry-forwards in France, considering the relevant tax regulations which only authorize the transfer of certain tax losses. As at June 30, 2014, the loss carry-forwards of Groupe Steria SCA, the holding company, totaled €101 million and those of Steria SA, the operating subsidiary in France, €64 million. A request to approve the transfer of these losses is being prepared and will be filed once sufficient progress has been made in the offer and merger process.

Accordingly, the Group's recognition of deferred tax assets on tax losses arising from the French tax consolidation was not challenged as at June 30, 2014.

Note 3 Scope of consolidation

As at February 28, 2014, the Group acquired in France all the shares of Beamap, a specialist in Cloud Computing consultancy and architecture. This takeover is in line with the Group's Cloud investments and will enable the Group to better assist customers with consulting, management and roll-out for their Cloud projects.

The purchase price of the Beamap securities was €2,775 thousand, of which €1,825 thousand paid out on the takeover date, with the remaining €950 thousand representing a current operating liability. The fair value of the net assets acquired totaled €640 thousand and resulted in the recognition of temporary goodwill in the amount of €2,135 thousand. The Group is currently measuring the assets acquired and liabilities assumed and has twelve months after the acquisition date to modify the values initially recognized as part of the combination.

The cash flows generated by Beamap are not separate from those generated by the France operating segment. The company was therefore included in the France cash generating unit.

On November 1, 2013, the Group fully consolidated SSCL (Shared Services Connected Limited). Following the Group's win in a major bidding process with the British government to transform the back office functions of various ministries, a joint venture, SSCL was set up between Steria Ltd, the Group's main operational subsidiary in the UK, and the Cabinet Office, in order to manage the contracts entered into with the customer's various public bodies.

The Group owns 75% of the Company and the Cabinet Office 25%. The Group has control over this entity.

Under the agreement, the Group granted the Cabinet Office an option to sell the shares it holds in the joint venture SSCL. This option may be exercised from January 1, 2022 to December 31, 2023. Accordingly, the Group recognized another non-current liability in the amount of €10,382 thousand as at June 30, 2014 (€9,790 thousand as at December 31, 2013).

The cash flows generated by SSCL are not separate from those generated by the UK operating segment and the implementation of this contract will increase the synergies between companies in this geographical area. Accordingly, SSCL was included in the United Kingdom cash-generating unit.

Note 4 Segment information

As required by IFRS 8 Operating Segments, the information presented reflects the internal performance reporting used by management to assess the various segments. Segment reporting is based on operating margin before Group expenses and the amortization of customer relationships. Group expenses represent the costs of central departments and brands that are reinvoiced to the operating segments.

Groupe Steria SCA is managed on the basis of seven geographical operating segments. It operates in three major countries: France, the UK and Germany. The other segments comprising Scandinavia (Norway, Sweden and Denmark), Belux (Belgium and Luxembourg), Switzerland and Poland have been grouped together in a joint geographical area denominated "Rest of Europe" for the purposes of IFRS 8 presentation. Group companies primarily operate in the countries in which they are located. However, activities in North Africa are handled by Steria France and mainly involve nearshore services for French clients. Other activities in Austria are managed by Steria Mummert Consulting AG (Germany). Since the size of these operations is not yet material, they have been maintained in the countries from which they are managed.

India is grouped with the UK given that its activity consists primarily in the provision of industrialized offshore services mainly for customers under the operational management of the UK operating segment. Activities in Asia are also under the operational control of the United Kingdom.

Each segment conducts its activity in two businesses:

- Consulting and Systems Integration, whose activity involves designing, developing, testing, implementing, maintaining and upgrading IT applications. This sector includes Consulting, Systems Integration, Testing, Applications Maintenance and any related equipment sales;
- Managed Services, which involves managing all or part of the information technology infrastructure of companies or their business processes (*Business Process Outsourcing*).

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

The "Reconciling items" column includes intercompany eliminations and shared Group expenses. It enables segment information to be reconciled with the Group's financial statements.

Half-year ended June 30, 2014

(in thousands of euros)	France	UK	Germany	Rest of Europe	Reconciling items: Eliminations	Reconciling items: Group expenses	Group Total
Third-party revenue	**268,354**	**424,676**	**108,870**	**138,878**			**940,778**
% of revenue	*28.5%*	*45.1%*	*11.6%*	*14.8%*			*100.0%*
Inter-segment sales	996	4,823	1,266	11,057	(18,142)		-
Total revenue	269,350	429,499	110,136	149,935	(18,142)		940,778
Operating margin	**1,690**	**45,491**	**4,488**	**8,259**		**(6,107)**	**53,821**
% of revenue	*0.63%*	*10.71%*	*4.12%*	*5.95%*			*5.72%*
Amortization of customer relationships arising from business combinations							(3,241)
Operating margin after amortization of intangible assets recognized in business combinations							**50,579**
% of revenue							*5.38%*
Operating profit/(loss)							**33,817**
Cost of net borrowings							(3,450)
Other financial income and expenses							(9,760)
Income tax expense							(12,652)
Share of profit/(loss) of associates							108
Net profit/(loss) from discontinued operations							-
Net profit							**8,063**
Attributable to equity holders of the parent							**884**
Employees:							
Average employees	6,265	9,562	1,579	1,955		96	19,457
Of which: in India		*4,488*					*4,488*
Employees at the end of the period	6,291	9,447	1,586	1,981		97	19,402
Of which: in India		*4,405*					*4,405*

Half-year ended June 30,2013)

(in thousands of euros)	France	UK	Germany	Rest of Europe	Reconciling items: Eliminations	Reconciling items: Group expenses	Group Total
Third-party revenue	**278,723**	**344,022**	**118,887**	**132,162**			**873,794**
% of revenue	*31.9%*	*39.4%*	*13.6%*	*15.1%*			*100%*
Inter-segment sales	625	5,417	1,789	9,000	(16,830)		-
Total revenue	279,348	349,439	120,676	141,162	(16,830)		873,794
Operating margin	**6,187**	**27,001**	**7,831**	**9,388**		**(4,659)**	**45,748**
% of revenue	*2.22%*	*7.85%*	*6.59%*	*7.10%*			*5.24%*
Amortization of customer relationships arising from business combinations							(3,129)
Operating margin after amortization of intangible assets recognized in business combinations							**42,619**
% of revenue							*4.88%*
Operating profit/(loss)							**26,605**
Cost of net borrowings							(2,213)
Other financial income and expenses							(9,910)
Income tax expense							(5,316)
Share of profit/(loss) of associates							113
Net profit/(loss) from discontinued operations							-
Net profit							**9,280**
Attributable to equity holders of the parent							**7,363**
Employees:							
Average employees	6,266	9,275	1,672	1,700		101	19,014
Of which: in India		*5,085*					*5,085*
Employees at the end of the period	6,367	9,141	1,654	1,739		101	19,002
Of which: in India		*4,939*					*4,939*

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

(in thousands of euros)	06/30/14	06/30/13 *(1)*
Consulting and Systems Integration revenue	434,120	457,638
Managed Services revenue	506,658	416,156
Group revenue	**940,778**	**873,794**

(1) Revenue as published on July 29, 2013 but broken down according to the 2014 organizational structure

No single customer represents more than 10% of the Group's revenue.

Note 5. Explanations on the consolidated financial statements

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

Note 5.1 Goodwill

(in thousands of euros)	**Goodwill 12/31/13**	**Acquisition**	**Impairment**	**Exchange differences**	**Goodwill 06/30/14**
UK	620,742			24,938	645,680
France	11,335	2,135		3	13,474
Germany	88,274				88,274
Scandinavia	28,938			303	28,635
Belux	5,581				5,581
Switzerland	7,708			76	7,784
Total goodwill	**762,579**	**2,135**		**24,714**	**789,428**

On April 8, 2014, Sopra and Steria announced their plans for a friendly merger through a public exchange offer initiated by Sopra for all Steria shares on the basis of one Sopra share for four Steria shares. As at April 4, 2014, this transaction represented an equivalent value of €22 for each Steria share. This valuation will support the net carrying amount of the Group's assets, including its goodwill.

Furthermore, cash forecasts were confirmed for the United Kingdom and the Group concluded that there were no indications of impairment.

In Germany and France, operating performances were not in line with budget assumptions which could represent an indication of impairment. The updated valuation tests and a reasonably possible change in the key valuation assumptions did not reveal any risk of impairment.

For the other cash-generating units and with regard to the amount of goodwill, the Group did not identify any indications of impairment and therefore did not perform any tests.

Note 5.2 Intangible assets

Intangible asset purchases totaled €5,840 thousand and mainly comprised licenses and organizational application upgrades that Groupe Steria SCA continues to implement for its own requirements and those of its subsidiaries, in order to improve efficiency and reduce Group costs.

The other changes in intangible assets primarily involved amortization charges in the amount of €10,511 thousand, including €2,468 thousand for the customer relationship arising from the Xansa acquisition and €773 thousand for that arising from the takeover of NHS SBS in addition to exchange rate fluctuations of €1,932 thousand.

Note 5.3 Property, plant and equipment

Purchases of property, plant and equipment totaled €7,115 thousand as at June 30, 2014 and mainly involve IT equipment for €3,997 thousand and premise fixtures and fittings for €2,059 thousand.

Other movements mainly involve depreciation for €7,503 thousand and exchange rate fluctuations for €704 thousand.

Note 5.4 Income tax

(in thousands of euros)	**06/30/14**	**06/30/13**
Current income tax	(14,605)	(10,827)
Deferred income tax	1,953	5,511
Tax charge	**(12,652)**	**(5,316)**
Effective tax rate	**61.40%**	**36.70%**

Given the difficult economic context in France and the very long recovery period, the Group elected not to capitalize the tax loss carry-forwards generated over the period. Accordingly, unrecognized deferred tax assets totaled €11,867 thousand.

Furthermore, the tax rate in the United Kingdom dropped to 21.50% over the period.

The Group was subject to a tax audit in France, which is still under dispute, and may be subject to tax audits in other countries. In the first half of 2014, no additional provisions were recognized.

Note 5.5 Inventories and work-in-progress

Net inventories and work-in-progress totaled €22,689 thousand as at June 30, 2014 (€21,039 thousand as at December 31, 2013).

They involve outstanding services undertaken relating to the start-up phase of major contracts, primarily in France (€18,228 thousand as at June 30, 2014) and to a lesser extent in the United Kingdom (€4,234 thousand as at June 30, 2014). Their increase as at June 30, 2014 was mainly attributable to the €1,973 thousand decrease in transition costs in France and the United Kingdom recognized in the income statement, and new capitalized costs totaling €4,742 thousand, primarily in the United Kingdom (primarily the contract transition costs incurred by SSCL).

Moreover, as at December 31, 2013, the Group decided to capitalize costs in France relating to services rendered for the Ecotax project. As at June 30, 2014, they represented €10,117 thousand, i.e. an equivalent amount to that of December 31, 2013.

Note 5.6 Trade receivables and other debtors

(in thousands of euros)	**06/30/14**	**12/31/13**
Trade receivables - gross value	174,206	208,249
Impairment	(1,353)	(1,205)
Trade receivables and related accounts	**172,853**	**207,045**
Amounts due from customers	**222,377**	**164,313**
Supplier deposits and advances	1,076	1,219
Receivables from employees and social security and tax authorities	61,768	53,989
Debtors – gross value	5,419	3,941
Derivative financial instruments – interest rate (1)	-	-
Derivative financial instruments – foreign exchange (1)	237	282
Impairment	(9)	(760)
Other current assets	**68,491**	**58,672**
Short–term portion of non-current assets	**3,675**	**3,461**
Current tax assets	**42,763**	**39,723**
Prepaid expenses	**54,034**	**35,065**
Trade receivables and other debtors	**564,193**	**508,278**

(1) See Note 5.13

The amounts due from customers represented services rendered but still not invoiced.

In June 2014, the Group assigned trade receivables in France amounting to €18,568 thousand. Furthermore, the Group also assigned its 2013 CICE tax receivable for €5,818 thousand.

In 2013, the Group assigned trade receivables in France, one in June for €29,717 thousand, and the other in December for €17,431 thousand.

These transactions, without recourse, were derecognized from the balance sheet as almost all the risks and rewards associated with the assets were transferred to the assignees.

In December 2013, the Group implemented a trade receivable securitization program for a term of 5 years. Managed centrally by Groupe Steria SCA, this program enables certain operational entities in the UK and France to transfer on a monthly basis a total volume of receivables for a maximum equivalent of €80 million without recourse. Based on the program's organization and structure, substantially all the risks and rewards of ownership of the assets can be transferred and the assets can thus be deconsolidated.

As at June 30, 2014, the amount of receivables deconsolidated under this program was €18,779 thousand in France and €31,765 thousand in the United Kingdom. Furthermore, receivables totaling €6,395 thousand were transferred and funded, but not deconsolidated, thus resulting in the recognition of a liability in the same amount

As at December 31, 2013, the Group transferred and deconsolidated under this program receivables of €24,204 thousand in France and €25,669 thousand in the United Kingdom. Furthermore, receivables totaling €6,841 thousand were transferred and funded, but not deconsolidated, thus resulting in the recognition of a liability in the same amount.

For assignments of receivables and the securitization program, the Group's ongoing involvement in these assets is limited to their administrative management, and collection and retrocession for the assignees.

Note 5.7 Net financial indebtedness

Net cash and cash equivalents per the cash flow statement:

(in thousands of euros)	**06/30/14**	**12/31/13**
Marketable securities and other investments	133,195	138,612
Cash at bank and in hand	80,652	70,829
Cash and cash equivalents	**213,847**	**209,441**
Current bank facilities	(4,479)	(1,898)
Net cash and cash equivalents per the cash flow statement	**209,368**	**207,543**

Marketable securities and other investments comprise short-term money market investments, short-term deposits and funds advanced under the liquidity contract. They are subject to an insignificant risk of changes in value.

Steria India contributes €114,733 thousand to net cash and cash equivalents. Should this cash be returned in the form of dividends, a withholding tax should be applied (to date estimated at 17%).

A portion of NHS SBS' cash at bank and in hand is used to grant advances to its production platform client entities with respect to their transition operations, in the amount of €19,655 thousand as at June 30, 2014.

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

(in thousands of euros)	**12/31/13**	**Change in consolidation scope**	**Net change during the period**	**06/30/14**
Bond	178,544		145	178,689
Bank borrowings	184,849		18,186	203,035
Other borrowings	-			-
Total long-term borrowings (a)	**363,393**		**18,332**	**381,724**
Bank borrowings	41,706		7,252	48,958
Accrued interest on borrowings	5,622		3,717	9,339
Other related liabilities	20,789		8,760	29,549
Current bank facilities	1,898		2,583	4,479
Total short-term borrowings (b)	**70,015**		**22,311**	**92,325**
Total borrowings (c) = (a) + (b)	433,407		40,643	474,049
Total cash and cash equivalents (d)	209,441	216	4,190	213,847
Net indebtedness (e) = (c) – (d)	**223,966**	**(216)**	**36,453**	**260,203**

As at June 23, 2014, the Group repaid an installment of the multi-currency syndicated loan for €29,855 thousand and £9,703 thousand. The utilization or repayment of its renewable portion primarily accounts for the other changes in bank borrowings.

In December 2013, the Group implemented a securitization program for trade receivables of a maximum amount of €70 million, which was subsequently raised to €80 million (see Note 4.9 – Trade and other receivables), without recourse. The deconsolidated net amount as at June 30, 2014 was €50,544 thousand.

In addition, the transformation of support activities with the British government by the subsidiary SSCL required cash in the amount of €16,110 thousand.

Exchange rate fluctuations also contributed €5,316 thousand to the decrease in net indebtedness (of which €10,749 thousand impacting cash and cash equivalents).

The bank terms and conditions governing the credit lines and the bond include a commitment to comply with certain bank covenants.

The Company must comply with two financial ratios calculated every six months based on the published consolidated financial statements, on a 12-month rolling basis in the case of the syndicated loan. In the case of the bonds and the securitization program these same two financial ratios apply once a year and are calculated based on the annual published consolidated financial statements:

- the first, the leverage ratio, is equal to net debt/EBITDA;
- the second, the interest coverage ratio, is equal to EBIT/cost of net borrowings.

The first financial ratio, the leverage ratio, which is equal to net debt/EBITDA, must not exceed 2.50 at each calculation date.

Net debt is defined on a consolidated basis as all loans and related borrowings (excluding inter-company liabilities), less cash and cash equivalents.

EBITDA is the consolidated operating margin before amortization of customer relationships plus charges to depreciation and amortization and current provisions.

The second financial ratio, the interest coverage ratio, is equal to EBIT/cost of net borrowings. This ratio must not fall below 5 at each calculation date.

EBIT is the consolidated operating margin before amortization of customer relationships relating to acquisitions, calculated on a 12-month rolling basis.

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

The Group complied with all bank covenants as at June 30, 2014.

The Group has:

- floating-rate credit facilities for a euro-equivalent of €389.1 million, which are 21.6% drawn down as at June 30, 2014. They are subject to interest rate risk hedges (see Note 5.13).
- a fixed-rate bond issue of €180 million that is fully used.
- securitization program used in the amount of €68.0 million.

Note 5.8 Retirement benefit and similar obligations

Retirement benefit and similar obligations break down as follows:

(in thousands of euros)	**06/30/14**	**12/31/13**
Post-employment benefits	266,873	283,109
Other long-term benefits	7,767	8,260
Retirement benefit and similar obligations	**274,640**	**291,369**

Post-employment benefits cover the obligations of Groupe Steria towards its employees with respect to lump-sum retirement benefits in France and in Poland and defined benefit plans in the UK, Germany, Belgium and Norway.

The net debt represented by retirement benefit and similar obligations is calculated on the accounts closing date based on the most recent valuations available at the previous year's closing date. The actuarial assumptions were reviewed for the main contributors (UK, Germany, France) to take into account any half-year changes or one-off impacts. The market value of the plan assets is reviewed on the closing date.

Movements in net liabilities arising from post-employment benefit plans during the first half of 2014 are presented in the following table:

(in thousands of euros)	**UK**	**Germany**	**France**	**Other countries** (1)	**Total**
As at December 31, 2013	**224,935**	**30,680**	**24,432**	**3,062**	**283,108**
Net expense recognized in the income statement	7,435	(67)	1,248	349	8,965
• *of which operating charges relating to current service cost*	*2,449*	*21*	*1,154*	*310*	*3,934*
• *of which operating reversals relating to paid services*	*-*	*(558)*	*(294)*	*-*	*(852)*
• *of which net interest expense*	*4,986*	*469*	*388*	*39*	*5,883*
Net expense recognized in equity	(27,736)	3,214	2,733	689	(21,100)
• *Of which return on plan assets*	*(11,491)*	*-*	*-*	*(46)*	*(11,537)*
• *Of which effect of changes in financial assumptions*	*(16,245)*	*3,214*	*2,733*	*735*	*(9,563)*
Contributions	(11,169)	-	-	(1,191)	(12,360)
• *Of which employer contributions*	*(11,169)*	*-*	*-*	*(1,191)*	*(12,360)*
• *Of which plan beneficiary contributions*	*-*	*-*	*-*	*-*	*-*
Exchange differences	8,258	-	-	2	8,260
Other movements		-	-		
As at June 30, 2014	**201,723**	**33,827**	**28,413**	**2,911**	**266,873**

(1) Belgium, Norway, Poland

The actuarial assumptions used as at June 30, 2014 to value these liabilities are as follows:

	UK	Germany	France	Other countries [1]
Discount rate	4.30%	2.36%	2.30%	3.5% / 2.0%
Inflation rate	3.20%	1.80%	2%	3.5% / 2.0%

(1) Belgium, Norway

These assumptions as at December 31, 2013 were as follows:

	UK	Germany	France	Other countries [1]
Discount rate	4.60%	3.05%	3.17%	2.5% / 4.1%
Inflation rate	3.30%	-	2%	2.0% / 3.5%

(1) Belgium, Norway

Note 5.9 Provisions for liabilities and charges

As at June 30, 2014, provisions for liabilities and charges break down as follows:

(in thousands of euros)	12/31/13	Charges	Reversals utilized	Reversals not utilized	Reclassifications	Exchange differences	06/30/14	Non-current
Provisions for litigation	4,113	548	(1,243)	(851)	4	2,599	-	2,599
Provisions for losses on completion	285	1,181	(360)	-	16	1,123	-	1,123
Other provisions for liabilities	26,974	2,108	(8,910)	(304)	663	20,531	7,913	12,619
Provisions for restructuring	5,409	5,015	(3,580)	(756)	7	6,094	75	6,019
Total provisions for liabilities and charges	**36,781**	**8,851**	**(14,093)**	**(1,910)**	**691**	**30,347**	**7,988**	**22,360**

Provisions for litigation mainly concern employee and customer disputes in France.

Other provisions for liabilities mainly concern customer risks in the United Kingdom in the amount of €6,074 thousand, the cost of refurbishing UK premises in the amount of €8,708 thousand, vacant premises in connection with everyday operations in the United Kingdom in the amount of €957 thousand and employee risks in the amount of €787 thousand.

In France, as at December 31, 2013, the Group had decided to set aside a provision of €8,000 thousand for the Ecotax project, considering the uncertain political context surrounding this project, to cover the risk that it may not be able to recover all the services rendered. In light of the situation and the agreements signed in June 2014 between the French State, Ecomouv and the various stakeholders, this provision was utilized in the amount of €7,620 thousand.

Provisions for restructuring mainly concern the residual costs arising from the Group transformation program (reorganization of operations, streamlining of infrastructures, specific 3P (Portfolio, Productivity, People) cost cutting plan) in the amount of €2,064 thousand, primarily in France and one-off local restructuring measures in the amount of €3,645 thousand (including €3,607 thousand in Germany).

Note 5.10 Other non-current liabilities

Under the agreement signed with the UK government to transform its back office functions, the Group granted the Cabinet Office an option to sell the shares it holds in the joint venture SSCL that was set up for this purpose. This option may be exercised from January 1, 2022 to December 31, 2023 (see note 2.1 Changes in scope of consolidation). Accordingly, the Group recognized a non-current liability, the value of which is revised at each closing. Any increases or decreases relating to changes in estimates and the impact of reverse discounting are offset in equity. As at June 30, 2014, the option to sell increased in value by €592 thousand (of which €398 thousand in exchange rate impacts), i.e. a liability of €10,382 thousand.

Note 5.11 Trade payables and other creditors

(in thousands of euros)	**06/30/14**	**12/31/13**
Suppliers of goods and services and related accounts	**190,463**	**171,205**
Gross amounts due to customers	**67,963**	**60,351**
Advances and payments on account received	**6,234**	**11,017**
Current tax liabilities, corporate income tax	**48,645**	**41,348**
Employee-related liabilities	164,288	156,429
Tax-related liabilities	95,798	103,180
Dividends payable	3,403	-
Derivative financial instruments – interest rate (1)	428	743
Derivative financial instruments – foreign exchange (1)	3,570	3,637
Other sundry liabilities	9,189	9,431
Total other current liabilities	**276,677**	**273,420**
Total trade payables and other creditors	**589,981**	**557,342**

(1) See Note 5.13

Gross amounts due to customers correspond to services invoiced by the Group to its customers but not yet performed.

Advances and payments on account received correspond to partial payments received on contracts, before the corresponding work has begun.

Note 5.12 Breakdown of the cash flow statement

Change in working capital requirements (WCR) breaks down as follows:

(in thousands of euros)	06/30/14	12/31/13	Net change	Of which WCR items reclassified as non-WCR	Of which changes in WCR items	Of which WCR changes with no cash impact		Of which impacts of WCR changes on the cash flow statement
						Foreign exchange	Other	
Change relating to inventories			**1,651**		**1,651**	**130**	**23**	**(1,497)**
Trade receivables and related accounts	172,853	207,045	(34,191)		(34,191),	1,500	499	36,191
Advances and payments on account received	(6,234)	(11,017)	4,783		4,783	(30)	-	(4,814)
Amounts due from customers	222,377	164,313	58,063		58,063	2,955	9	(55,100)
Gross amounts due to customers	(67,963)	(60,351)	(7,611)		(7,611)	(1,178)	-	6,434
Change relating to trade receivables			**21,044**		**21,044**	**3,247**	**508**	**(17,289)**
Trade payables and related accounts	(190,463)	(171,205)	(19,258)	(1,865)	(17,392)	(3,391)	235	14,237
Change relating to trade payables			**(19,258)**	**(1,865)**	**(17,392)**	**(3,391)**	**235**	**14,237**
Other non-current assets	2,003	4,233	(2,230)		(2,230)	123	(769)	1,584
Other current assets	122,288	93,454	28,834	(345)	29,178	1,205	359	(27,613)
Other non-current liabilities	(43,377)	(53,869)	10,491		10,491	(1,620)	(913)	(13,024)
Other current liabilities	(269,276)	(269,040)	(236)		(236)	(2,385)	(1,358)	(3,507)
Change relating to other receivables and payables			**36,858**	**(345)**	**37,203**	**(2,676)**	**(2,681)**	**(42,560)**
Change in working capital requirements					**42,506**	**(2,690)**	**(1,914)**	**(47,111)**

Note 5.13 Financial instruments and interest rate and foreign exchange risk management

As part of its overall risk management policy and due to the substantial size of its production activities in India and Poland, the Group enters into transactions designed to hedge its exposure to foreign currency risk through the use of derivatives and firm or optional instruments listed on regulated markets, or concluded over the counter with first-class counterparties.

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

Interest rate risk management:

As at June 30, 2014, the Group entered into several interest rate swaps, with a notional value of £10,000 thousand and €177,500 thousand and a fair value of €(1,742) thousand. Interest rate derivatives are designated as cash flow hedges and held for trading.

The Group's total gross borrowings subject to interest rate risk amounted to €275.0 million. In addition, the deconsolidated net amount under the securitization program (€50.5 million as at June 30, 2014) presented an interest rate risk that was taken into account in the risk analysis. This exposure was reduced to a negligible risk based on interest rate hedging agreements in place as at June 30, 2014.

Foreign exchange risk management:

Foreign exchange risk hedging mainly relates to GBP/INR and EUR/PLN hedges for the Group's production platforms in India and Poland. The hedges apply both to invoiced items and future cash flows. Foreign currency derivatives are designated as cash flow and fair value hedges and held for trading.

The fair value of these contracts was €5,200 thousand as at June 30, 2014 for a total notional amount of €93,465 thousand.

Note 5.14 Non-current assets classified as held for sale and discontinued operations

Non-current assets classified as held for sale:

The non-current assets classified as held for sale recognized in the balance sheet are directly related to the reorganization of premises initiated in India. The Group is still undertaking measures to sell these assets and considers such sale as still highly probable.

The value of these non-current assets represents the lower of the net carrying amount or fair value less costs to sell. In this case, the net carrying amount is used.

The value of these Indian assets breaks down as follows:

(in thousands of euros)	**06/30/14**
Land	847
Buildings	4,814
Building fixtures and fittings	937
Total assets	**6,598**
Deferred tax liabilities	(610)
Other liabilities	(57)
Total liabilities	**(667)**
Net carrying amount of non-current assets classified as held for sale	**5,931**

Note 5.15 Other current operating income and expenses

(in thousands of euros)	**06/30/14**	**06/30/13**
Share-based payments	(193)	(70)
Net restructuring and reorganization costs	(13,990)	(14,280)
Other operating income	-	-
Other operating expenses	(2,579)	(1,664)
Other operating income and expenses	**(16,762)**	**(16,014)**
- of which other operating income	756	676
- of which other operating expenses	(17,518)	(16,689)

Share-based payments:

Expenses relating to share-based payments take into account performance-based free share plans in force as at June 30, 2014.

In the first half of 2014, the Group did not set up any performance-based free share plans.

Net restructuring and integration costs:

In the first half of 2014, the Group pursued its transformation program. These costs totaled €14,618 thousand.

Other operating income and expenses:

Other operating expenses primarily comprise the impacts of the reorganization of premises in France.

Note 5.16 Net financial expense

(in thousands of euros)	**06/30/14**	**06/30/13**
Interest income from cash and cash equivalents	4,376	4,194
Income from cash and cash equivalents	**4,376**	**4,194**
Interest expense on financing operations	(7,036)	(5,164)
Gains/(losses) on hedging transactions related to cash equivalents	(790)	(1,242)
Cost of gross borrowings	**(7,826)**	**(6,407)**
Cost of net borrowings	**(3,450)**	**(2,213)**
Foreign currency gains on cash management operations	2,208	-
Foreign currency losses on cash management operations	(2,538)	(647)
Discounts granted	(1,633)	(420)
Change in fair value of interest-rate derivatives - Income	15	-
Change in fair value of interest-rate derivatives - Expense	-	(311)
Change in fair value of foreign currency derivatives - Income	-	752
Change in fair value of foreign currency derivatives - Expense	(99)	(162)
Net interest expense on retirement benefit obligations	(5,882)	(6,988)
Discounting of provisions for liabilities and charges	(393)	(535)
Other financial income	67	119
Other financial expenses	(1,503)	(1,719)
Total other financial income and expenses	**(9,760)**	**(9,910)**
- of which other financial income	2,025	617
- of which other financial expenses	(11,785)	(10,527)
Net financial expense	**(13,210)**	**(12,123)**

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

Note 5.17 Earnings per share

Potential dilutive ordinary shares include free shares.

	06/30/14	06/30/13
Numerator *(in thousands of euros)*		
Net profit attributable to equity holders of the parent (a)	884	7,363
Net profit attributable to shareholders (b)	884	7,363
Denominator		
Weighted average number of shares outstanding (c)	33,161,307	31,879,729
Weighted average number of treasury shares (d)	(1,427,907)	(1,436,936)
Weighted average number of shares outstanding excluding treasury shares (e) = (c)+(d)	31,733,400	30,442,793
Dilutive effect of free shares reserved for employees	31,276	21,686
Theoretical weighted average number of equity instruments (f)	31,764,676	30,464,480
Earnings per share (in euros) (b/e)	**0.03**	**0.24**
- of which: from continuing operations	0.03	0.24
- of which: from discontinued operations	-	-
Diluted earnings per share (in euros) (a/f)	**0.03**	**0.24**
- of which: from continuing operations	0.03	0.24
- of which: from discontinued operations	-	-

Note 6. Off-balance sheet commitments

There were no significant changes in the first half of 2014 compared to the off-balance sheet commitments published in the annual financial statements for the year ended December 31, 2013.

Note 7. Subsequent events

The Group has no knowledge

3. *Statutory Auditors' Report on the financial information for the half-year ended 30 June 2014*

This is a free translation into English of the statutory auditors' review report on the half-yearly consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. This report also includes information relating to the specific verification of information given in the group's interim management report.
This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

PricewaterhouseCoopers Audit
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92208 Neuilly-sur-Seine Cedex
Commissaire aux Comptes
Membre de la compagnie Régionale de Versailles

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S.A.S à capital variable
Commissaire aux Comptes
Membre de la compagnie Régionale de Versailles

Groupe Steria S.C.A.

For the period from January 1 to June 30, 2014

Statutory auditors' review report on the half-yearly
financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code *("Code monétaire et financier")*, we hereby report to you on:

the review of the accompanying condensed half-yearly consolidated financial statements of Groupe Steria, for the period from January 1 to June 30, 2014,

the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the management. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 25, 2014

The statutory auditors
French original signed by

PricewaterhouseCoopers Audit
Olivier Lotz

ERNST & YOUNG et Autres
Denis Thibon

4. Declaration from the person responsible for the half-yearly financial report

I hereby declare that to the best of my knowledge, the condensed consolidated financial statements for the half year ended 30 June 2014 have been prepared in accordance with applicable accounting standards and present a fair view of the assets, financial position and results of the company and all companies included in the scope of consolidation and that the management report fairly presents all major events during the first six months of the year, their impact on the accounts and the main transactions between related parties and provides a description of the main risks and uncertainties facing the Group in the remaining six months of the year.

July 25, 2014

Mr. François Enaud
General Manager

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Contact

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