NEURONES

CONSULTING - INTEGRATION - OUTSOURCING

2009 | ANNUAL REPORT

Taking you forward®...

A number of staff members kindly accepted to let us take photos of them at work for this annual report. We would like to thank them. This report presents a glimpse of our 11,600 sq. m of infrastructure and the 2,700 people behind our past and future achievements.

Taking you forward®...

1985

NEURONES is founded and rapidly becomes one of the leading local network integrators

1994

NEURONES' service offering is expanded to include training and help-desk services, and the outsourcing business gains momentum.

1999

New business lines are added to the offering:
- security,
- an application development business.

With a staff of over 2,700 and revenues of €216 million, NEURONES boasts a prime position on the French market:

- in the top 30 IT engineering and services companies and,
- one of the 10 largest French IT services companies listed on the Paris stock exchange in terms of market capitalization.

€216.4 m
2009 revenues

Created from scratch in 1985, the Group has:

- experienced rapid, profitable growth,
- taken advantage of organic growth to form a core which has proven to be solid and dynamic, ready to join forces with companies in complementary businesses through external growth,
- seen its size double over the last four years.

€11.3 m
2009 net profit (group share)

8.8%
2009 operating margin

Since the Group was listed in May 2000, around fifteen companies have joined the Group and now account for roughly a-third of its business.

Since 2000

NEURONES is listed on the stock exchange 15 acquisitions have expanded and strengthened our range of expertise.

2008

Continued strong organic growth. Significant development of the Management and Organization Consulting business.

2009

In four years, NEURONES has doubled in size. With 2,700 employees, the Group is one of the 10 biggest IT services companies on the Paris stock exchange.

Chairman's message

Dear shareholders and prospective shareholders,

Let's face it: few people these days will spend more than a quarter of an hour reading this annual report.

The aim of this message is therefore to give you a quick round-up of NEURONES' recent past, present and future for its main "stakeholders": its clients, employees and shareholders.

How can we sum up 2009?

It was expected to be a particularly unpredictable and turbulent year. With France's GDP set to decline, the IT consulting and services sector was obviously in for a hard time in 2009!

But far from giving in to the ambient pessimism, over the course of these 52 weeks, your Group continued to invest. In markets set to be buoyant in the long term, companies may as well invest, whatever the momentum or the "background noise".

Especially as, for NEURONES, the scarcest resource is time, not finances, ambition or imagination. And because entrepreneurs, as individuals, have no power over the wider economic situation or global trends in finance or business, they may as well just put up with the situation and turn their attention to the business at hand - their own! It is companies and individuals who build the economy, not the other way round.

Your Group has therefore built up its expertise to better serve its clients. We have:

- supported general management and operational departments in their transformation projects, as well as the implementation of new regulations, while making them more efficient and effective. In particular, this is made possible by increasingly incorporating technology into their organization,

- supported IT departments by relieving them of certain services that are more efficient when outsourced and by making available increased capacities. This concerns both infrastructures (hosting applications and data, supervision centers, cloud computing, server virtualization and consolidation, etc.) and applications (migrating applications to the Web, Web/mobile convergence, setting up SOA architectures, "agile" methods, etc.).

We have once again won market share, signed strategic contracts and accelerated the process by which "success attracts success". As a result, and despite the recession, NEURONES' revenues have grown by 14.3%. In April 2009, the "Shareholders' Newsletter" announced "double-digit growth" at a time when companies generally were refusing to make the slightest forecast.

If we look exclusively at organic growth:

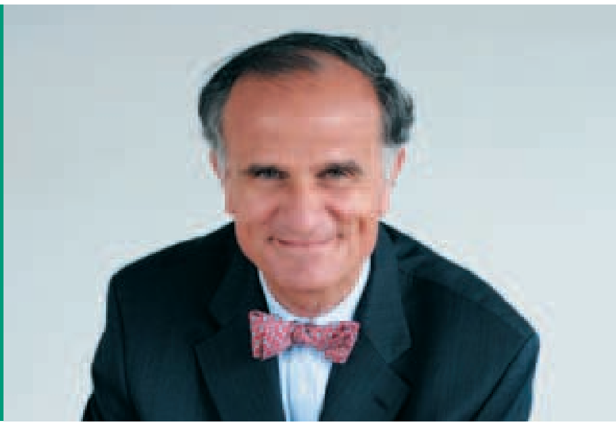
- the biggest company in the Group grew by 11.6%,

- another 150-strong company engaged in cloud computing achieved a 23.4% growth rate,

- the consulting business - a sector hard hit by the crisis - grew by 10.3% (with constant structures).

The heads of these organizations have taken up Peter Drucker's challenge as their own: *"a company's profits are the best proof of its directors' competence".*

As for operating profit - the main criterion of a company's financial performance – on the whole it has been stable, losing one percentage point in relative value. Standing at 8.8% (9.3% before free shares and impairment of assets), it is the mean percentage



* Downloadable from www.neurones.net (Investors/Downloads).

"The heads of these organizations have taken up Peter Drucker's challenge as their own: "a company's profits are the best proof of its directors' competence"."

of the last ten years. This figure conveys lasting solidity, predictability and performance, even "during the storm".

Lastly, free cash flow, at €13.4 million, is higher than net profit (€12.8 million), which is at a comparable level to last year (€13 million). It has increased the amount of cash readily available for future investments to €59.8 million.

In the final analysis, can we say we were successful?

- Yes: we have recorded one of the most dynamic organic growth rates of any player in the consulting and IT services industry,
- yes: the operating margin is also one of the best in the profession, even if it has suffered in what has been a bad year for the economy,
- yes: since the company was listed on the stock exchange in 2000, employee numbers have been multiplied by 2.5, revenues by 3 and profit by 3.5. Likewise, revenues and operating profit have doubled over the last four years alone,
- no: admittedly the overall growth rate was 14.3%, but this includes businesses that under-performed and one that even did badly. Corrective measures should bear fruit, though, in 2010,
- no: because the organic growth rate, even though it is once again one of the best in the profession, was only 3.4% in a market declining by around 5%. It is a reminder to your directors - should they need it - that now is not the time to take things easy!
- no: if you think that fellow companies of similar quality and culture could have joined the Group in 2009. And yet Newton's law - *"when two forces are united, their efficiency is doubled"* - would have hastened the success of the more determined of them. Their predecessors will readily testify that they have been able to remain absolutely independent.

What can we bank on for 2010 and the future?

Is there any need to remind readers that consulting firms and IT services companies are riding on the crest of a powerful wave?

Various long-term factors are fostering a growing need for the Group's businesses. Technologies are constantly being replaced by newer developments; the global economy is changing at an ever-faster pace; new regulations are being brought in; modern working practices are finding their way into organizations (less travel, more sharing, more cross-functional interaction, web conferencing, project-specific task forces, etc.) and there are huge, constantly growing amounts of internal and external information and knowledge that have to be sorted, selected, developed, then shared or disseminated.

The volume of digital data is expected to double again over the next four years. For anyone who aspires to provide ready online access to the relevant information everyone needs to be effective in their everyday work, the task ahead is enormous.

"It is companies and individuals who build the economy, not the other way round."

“Over the coming years, your Group will continue to focus on satisfying its clients, meeting its employees’ expectations and developing its shareholders’ assets.”

Almost any transformation project has a technological component. IT supports and structures ongoing developments within organizations - and may even be the driver of such change.

Virtually every science is advancing at an increasingly fast pace, thanks to IT and streamlined knowledge sharing. That’s right, IT is doing at least as much to boost the economy as the rise of modern means of transport at the beginning of the last century!

Your Group’s local services businesses (which some would describe as “basic essentials”) are less vulnerable to the fluctuations of the global economy than some sectors of industry or finance. Generally speaking, for players in consulting and IT services (and no matter how big or small they are), success is within reach. All they have to do is give clients the genuine added value they expect, at the appropriate psychological prices. For the last 25 years, your Group’s core concerns have been to defend the price of specialized services which are costly to build, adapt its costs for more standard services which are developed on an industrial scale, and provide structured solutions (in outsourcing, for example) that will help operational and IT departments cut their costs.

If we take just the year 2010, and even against a generally gloomy backdrop, we can reasonably expect NEURONES to record higher organic growth than in 2009 and similar levels of profitability.

To the Group’s “stakeholders”...

Looking beyond the 2009 figures, over the coming years, your Group will continue to focus on satisfying its clients, meeting its employees’ expectations and developing its shareholders’ assets.

What NEURONES would like to say to its clients is this:

- *“Thank you. Your business has been very important to us. Thank you for helping us become what we are,*
- *your satisfaction - and therefore the quality of the service performed - is the ultimate goal of the assignments you entrust to us and you expect a real contribution to your objectives,*
- *it goes without saying that you need shrewd investments and solutions that yield swift results,*
- *unlike the big names in IT services and consulting, NEURONES brings you the energy and drive of the “challengers”, who know they have to prove themselves and have not yet “made it”,*
- *a sound balance sheet, committed, well spread out, available management and our capital structure: all guarantee the stability so sought-after by major clients and which is essential in outsourcing,*
- *if you are to save money, you should adopt a different approach to production and organization instead of putting pressure on service providers: you always get your money’s worth”.*

“Always bear in mind, that your own resolution to succeed is more important than any other one thing.”

To its 2,700 employees, NEURONES confirms that:

- the directors of the Group's entities would like to shake hands with each and every one of them, to thank them for what was achieved in 2009. Because a successful outsourcing project, integration project or consulting assignment depends first and foremost on our people;
- their work prospects will remain lastingly unobstructed and stable because our shareholder structure is made up not of anonymous, unpredictable capitalists but of around 20 very accessible director-entrepreneurs. They are fully aware of the ups and downs of each of your jobs because they have often held the same positions before;
- their employer does not believe in all these irrational acquisitions and new establishments, or creating buzz just to get attention... followed a few years later by stringent restructuring plans and redundancies:
- their managers have been charged with maintaining strong relationships and dialogue in each team, which allows each employee to climb their “personal success ladder” and averts conflicts;
- the entrepreneurs in the Group have set out to ensure that everyone can be proud of their everyday work, see where it is leading, stretch themselves and enjoy a good working environment. And at the end of the day, guaranteed satisfaction of a job well done and due recognition and reward for their commitment, so typical of companies on a human scale.

Lastly, we would like our several thousand shareholders to rest assured that:

- NEURONES' directors are committed to delivering regular, predictable profits and cash flows in the years to come;
- the thirty or so senior managers who hold stakes in the capital of the Group and its entities have similar interests at heart as the Group's shareholders,
- the Group's growth model is based on profitable growth: if there were a choice to make, profitability would always be the top priority,
- the tireless task of identifying the best fellow companies, team members and clients - the key levers to long-term growth - is continuing,
- the financial reserves of the company in which you hold shares will be used in a rational, pragmatic, bold way to create proven “industrial” (and therefore financial!) value,
- in the final analysis, the Group's share price grew sharply between the beginning and end of 2009 and has been steadily increasing for the last nine years, on its way to topping the May 2000 introduction price, even before the CAC index returns to its 2000 level.

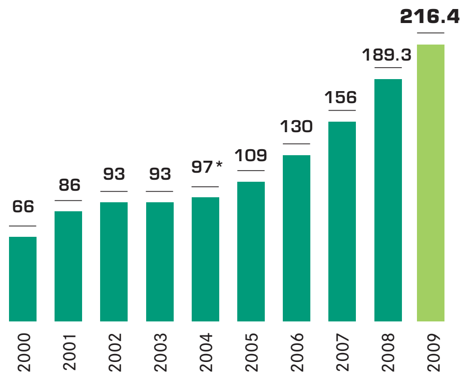
For the years ahead, I'd like to see clients, employees and shareholders of the Group share Abraham Lincoln's inspirational message: *“Always bear in mind, that your own resolution to succeed is more important than any other one thing”*!

Luc de CHAMMARD
Chairman and CEO
Shareholder

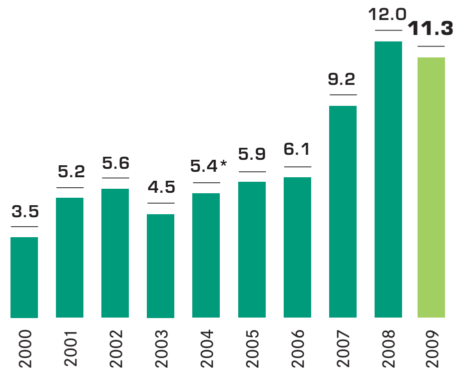
The Management Committee

2009
key figures

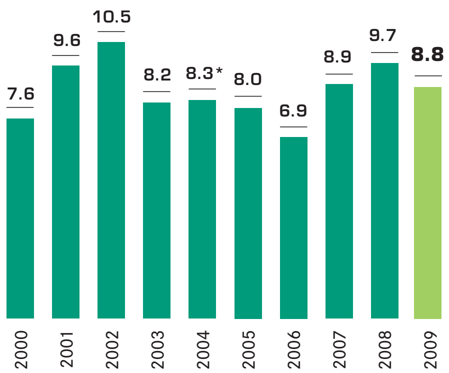
CONSOLIDATED REVENUES
(in € millions)



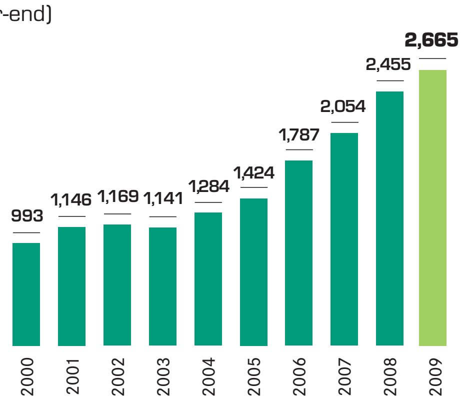
NET PROFIT - GROUP SHARE
(in € millions)



OPERATING MARGIN
(as %)



STAFF
(at year-end)

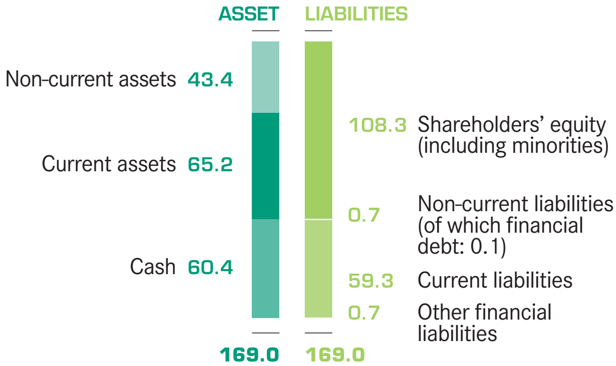


* IFRS since 2004

+14.3%
Revenue growth between 2008 and 2009

+15%
Compound annual growth rate over 10 years

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2009 (in € millions)

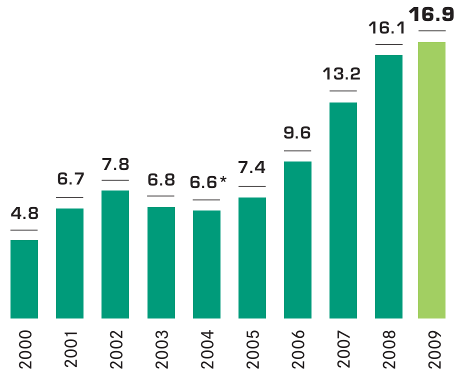


CONSOLIDATED INCOME STATEMENT
(in € millions)

	2009	2008
Revenues	**216.4**	189.3
Business operating profit**	**20.1**	19.5
% of revenues	**9.3%**	10.3%
Operating profit	**19.1**	18.4
% of revenues	**8.8%**	9.7%
Net financial income	**0.7**	1.8
Corporate income tax	**(7.0)**	(7.2)
Net profit for the period	**12.8**	13.0
% of revenues	**5.9%**	6.9%
- of which net profit – group share	**11.3**	12.0
- of which minorities	**1.5**	1.0

** Prior to cost of stock options, free shares and impairment of assets.

CASH FLOW FROM OPERATING ACTIVITIES
(in € millions)



SIMPLIFIED CASH FLOW STATEMENT
(in € millions)

Cash flow	2009	2008
Net profit	**12.8**	13.0
Non-monetary items	**4.1**	3.1
Change in WCR (increase)/decrease	**(1.3)**	0.6
Net industrial investments	**(2.2)**	(2.3)
Free cash flow	**13.4**	14.4
Net financial investments	**(3.9)**	(14.2)
Net capital increase	**0.3**	0.1
Other (dividends, repayments, loan, etc.)	**(2.6)**	(4.4)
Change in cash and cash equivalents	**+7.2**	(4.1)
Cash and cash equivalents at year-end	**59.8**	52.6

+8.6%

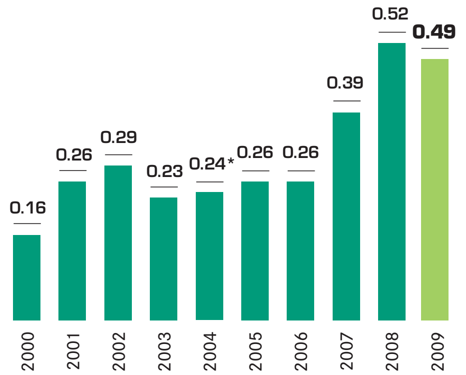
Increase in the number of employees between the start and end of FY 2009

€59.6 m

Net cash at December 31, 2009

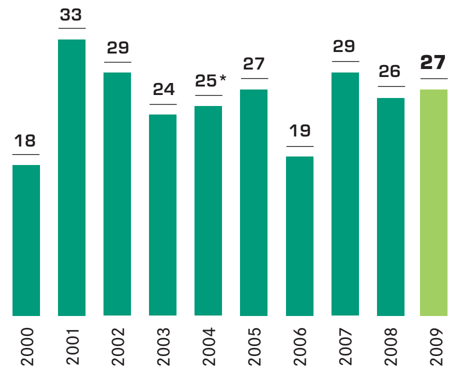
Shareholder information

NET EARNINGS PER SHARE – GROUP SHARE
(in €)



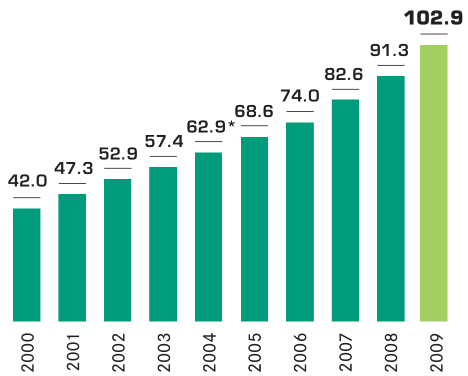
* IFRS since 2004

RETURN ON CAPITAL EMPLOYED (ROCE)
(as %)



* IFRS since 2004

CONSOLIDATED SHAREHOLDERS' EQUITY GROUP SHARE (in € million)



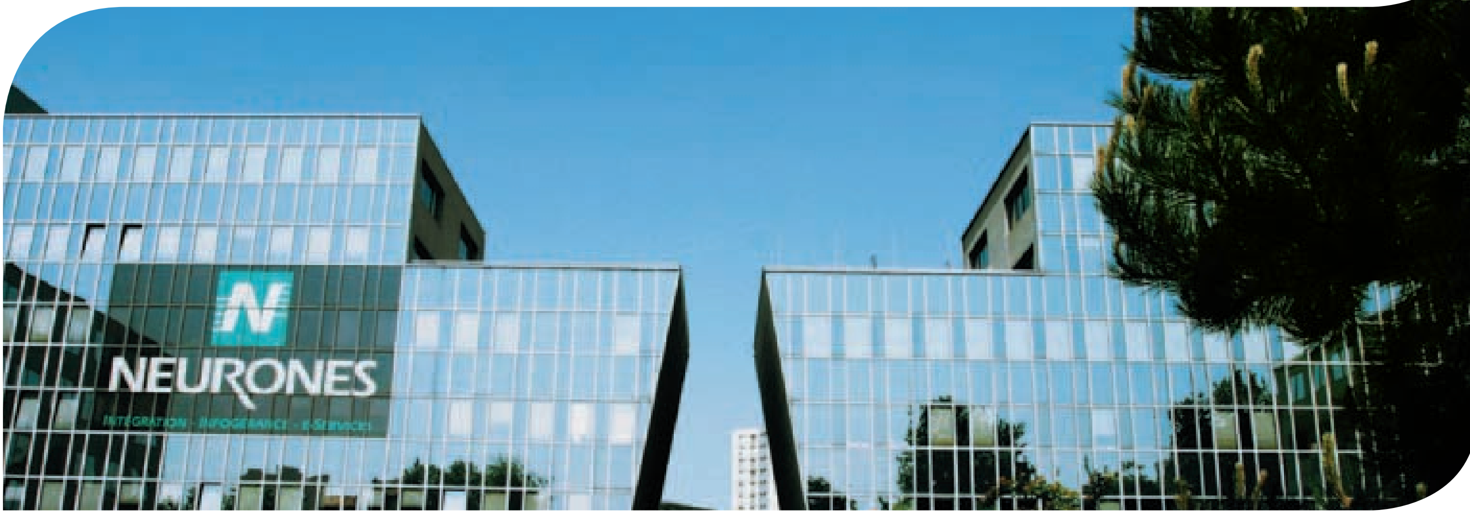
CHANGE IN NEURONES' SHARE PRICE OVER THE PAST YEAR: +51% (March 31, 2009 - March 30, 2010)

27%

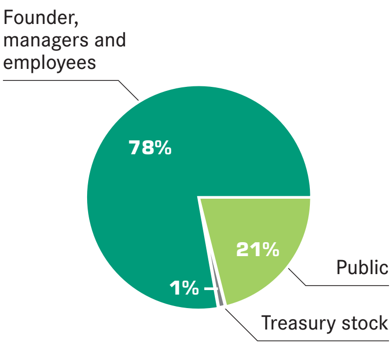
2009 return on capital employed

€0.07

Dividend per share for 2009 proposed at the Shareholders' Meeting on June 10, 2010



SHAREHOLDING
(breakdown of capital)



CALENDAR

1st quarter 2010 Revenues:
Thursday May 6, 2010

Shareholders' Meeting:
Thursday June 10, 2010

2nd quarter 2010 Revenues:
Thursday July 29, 2010

1st half 2010 Profit:
Thursday September 23, 2010

3rd quarter 2010 Revenues:
Wednesday November 10, 2010

CONTACTS

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NEURONES SHARE DATA SHEET

Average daily volume traded in 2009:	7,000 shares
Share price (at March 30, 2010):	€7.14
Market capitalization (at March 30, 2010):	€167.7 million
Number of shares (at March 30, 2010):	23,486,688

NYSE Euronext Paris - Compartment B

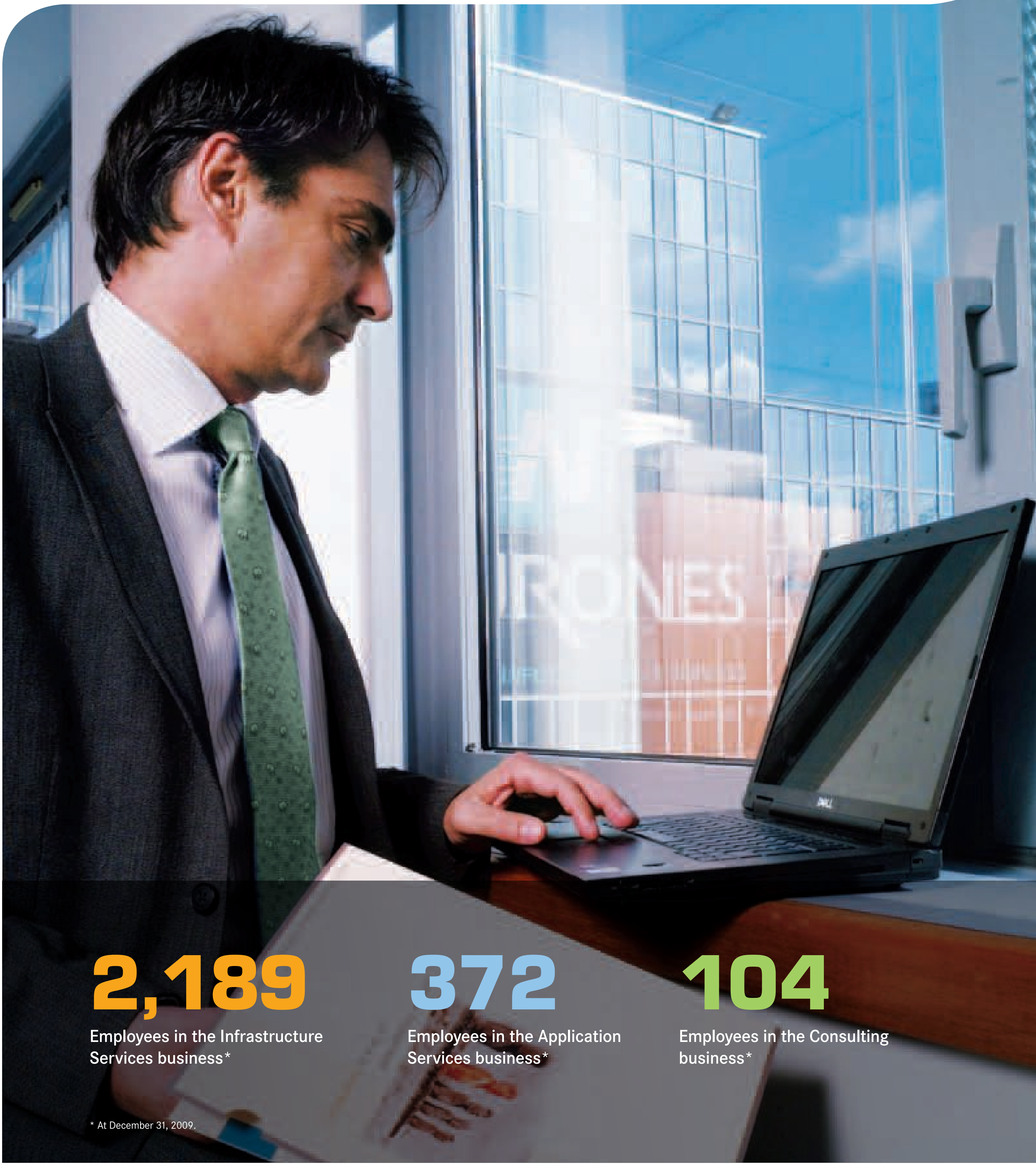
ISIN Code: FR0004050250 (NRO)

Bloomberg: NEUR FP
Reuters: NEUR.LN

Index: SBF 250 - CAC Small 90 - CAC IT

NRO
LISTED
NYSE
EURONEXT

The Group's core businesses



2,189

Employees in the Infrastructure Services business*

372

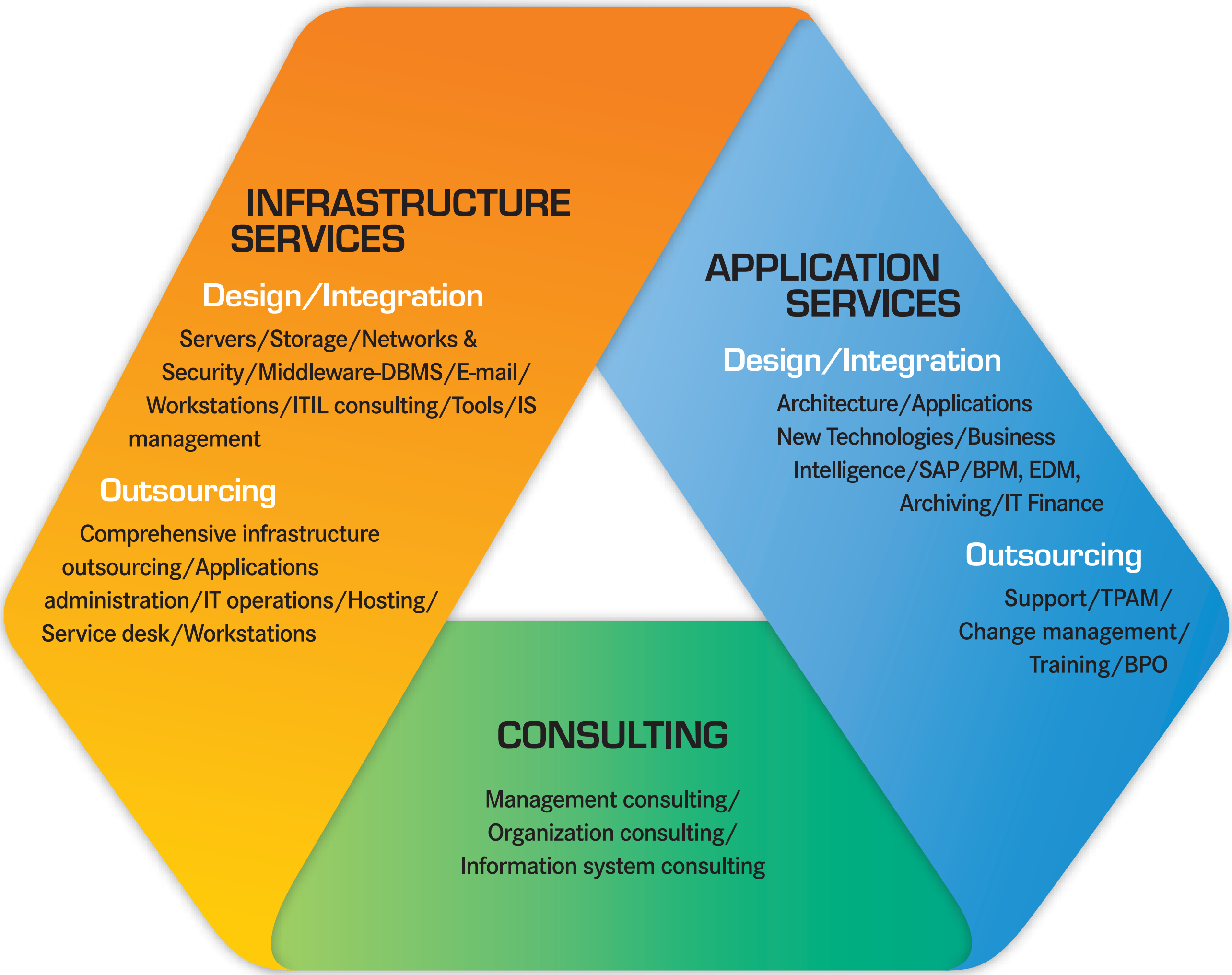
Employees in the Application Services business*

104

Employees in the Consulting business*

* At December 31, 2009.

NEURONES is active in both IT services and management consulting. Implemented by entities with specific areas of expertise, NEURONES' core IT services business combines Consulting, Integration of state-of-the-art technological solutions and Outsourcing of information systems (design/build/run).



A CROSS-FUNCTIONAL MANAGEMENT STRUCTURE IS DEDICATED TO OUTSOURCING

The structure is charged with:

- drawing up proposals and handling the pre-contractual phase,
- tracking the performance of Outsourcing contracts during the initial start-up phase, the operating phase and the reversibility phase,
- capitalizing on experience, gradually industrializing and regularly updating the Group's outsourcing standards.

FOR SOME KEY ACCOUNTS, A CENTRAL TEAM HANDLES TOTAL CUSTOMER RELATIONSHIP MANAGEMENT

To support the various businesses' sales forces, this central team fulfils the following roles:

- organizing and coordinating the Group's sales initiatives,
- sounding out new business opportunities,
- consolidating completed projects and assignments,
- preparing reports for key accounts.

Infrastructure services

Core businesses

- Systems and networks
- Service desk
- Workstation management
- IT operations
- Remote server operation and security
- Hosting
- ITIL consulting

72%
Share of this segment in total business (2009 revenues)

8.4%
2009 operating margin

€156.4m
2009 revenues

This 2,200-strong business is responsible for guaranteeing high availability and secure access to IT infrastructures, operating them, making them profitable and upgrading them.

Design/Integration

Infrastructures are constantly evolving as new applications are brought into operation, volumes steadily grow and organizations merge and change. The Group undertakes not only major transformation projects but also more localized projects in a wide variety of fields. The majority of these are fixed-price projects.

Typical projects include

- Server consolidation and virtualization
- Storage
- Networks and e-mail systems
- Workstations
- Tools: schedulers, supervision, capacity planning and performance

Selected 2009 projects

- **For a major French bank:** as part of a comprehensive project to redevelop the workstation environment (270,000 workstations), provided assistance to contracting authority with preliminary studies on migrating the bank's businesses and functions worldwide. Subsequently provided assistance to prime contractor with designing, developing and testing the new Windows 7-based single master.
- **For a world leader in payroll management:** supplied and implemented a network automation solution (HP Network Automation) to manage the configuration, compliance and operation of network devices.
- **For a government ministry:** signed a four-year contract to provide third-party application maintenance of HP infrastructure management solutions (over 2 million assets managed, including 65,000 workstations). It entails providing support for the solution, which is used by over 1,000 team members, carrying out functional upgrades and providing additional software licenses.

Outsourcing

Outsourcing services typically involve multi-year contracts (3 to 5 years), under which NEURONES provides prime contractor's supervision and guaranteed service levels. For each contract, a dedicated service-delivery manager ensures that the service level agreements are fulfilled on a long-term basis and manages the improvement plan, based on a benchmark and a standard service request catalog. The ability to rapidly capitalize on knowledge and best practices is crucial in this business. The Group has introduced standard processes for all of its contracts, applying proven ITIL practices. The drive to industrialize outsourcing services is leading to a marked increase in the volume of services delivered through service centers.

Selected 2009 projects

- **For a French public-service media company:** outsourced security infrastructure management, including remote routine operation and monitoring of the defense system (surveillance, vulnerability management and intrusion detection).
- **For a children's clothing chain:** provide private cloud hosting of the entire information system and set up a disaster recovery plan to raise security levels in the event of a disaster.
- **For a world leader in the pharmaceutical industry:** a multi-year outsourcing contract covering 14,000 workstations on 17 sites situated in the northern half of France. This project ushers in a new Group strategy and includes incident and request management.
- **For a leading international cosmetics group:** as part of an information system rationalization project, service desk outsourcing contract for the whole of France, covering over 12,000 workstations.

HIGHLIGHTS

Growth in standard lines of services or offers in a dominant position: +12% in service desk services and +5% in cloud hosting.

The technical support business (commodities) remained stable, but profitability declined.

Good acquisition and repeat-business rates in outsourcing.

OUTLOOK

Infrastructure outsourcing will be a buoyant market again in 2010, with "third-generation" contracts, contract mergers, etc.

There will be an increase in near-shore projects.

Another year of strong growth expected in private cloud hosting.

NEURONES' infrastructure outsourcing business uses pooled service centers.

Because it has been developing its outsourcing line of services since 1995, NEURONES already manages over 100 sites with 200 to several thousand workstations.

Over 1,000 workstations
65 contracts

From 200 to 1,000 workstations
65 contracts

OUTSOURCING

130 outsourcing customers

1,200 employees working on the contracts

5,000 servers

100,000 workstations

350,000 calls per month to the service desk, including

160,000 to our support centers in Nanterre, Ivry-sur-Seine and Angers

150 ITIL-certified consultants

1 NEURONES CMDB documentation system currently implemented on all contracts

300 packages managed

30,000 workstations managed from a master copy

Certified to ISO 9001:2000 (outsourcing and four other businesses)

150 certified employees

Founding member

Sponsor member

3 SUPPORT CENTERS

- 450 positions
- 24/7 availability
- Multilingual
- Nanterre, Ivry-sur-Seine and Angers

3 HOSTING CENTERS

- 120 bays
- Independent Internet service provider
- All operators
- Telecom infrastructure as failover
- Electricity generator, air conditioning
- Secure access
- Nanterre, Lyon and Nantes

4 types of service center dedicated to infrastructures: a line of services developed on an industrial scale

2 REMOTE SERVICES CENTERS FOR SYSTEMS AND NETWORKS

- 80 administrators
- 4,000 tickets per month
- Supervision by in-house RTMS® tool

POOLED WORKSTATION MANAGEMENT CENTER

- Mastering
- Packaging
- Remote software distribution

SUPERVISION, REMOTE MANAGEMENT (24/7), NETWORK OPERATIONS CENTER (NOC), SECURITY OPERATIONS CENTER (SOC)

80 people: 24/7 monitoring, RTMS tools (customized) and HPOV

2,400 servers supervised

1,700 remote-administered servers

HOSTING

700 physical servers hosted

150 useful terabits

3 backup robots

3 Cisco 7204 VXR routers as failover

1 Gbit/s per telecom operator

Air-conditioned datacenter with secure access, fire protection and generator for backup electricity supply

Application services

Core businesses

- Web and BI
- SAP
- BPM, workflow, EDM and archiving
- IT Finance
- IT training & change management

19%
Share of this segment in total business (proforma 2009 revenues)

8.5%
2009 operating margin

€40.6 m
2009 revenues

The Application Services business and its 400 team members are backed by over 12 years experience in applications projects, supporting clients through successive transformations of their information system.

Design/Architecture/Integration

NEURONES is active in both software integration (SAP, BPM software) and custom application development (on Java, .Net platforms, etc.), including open-source software. The teams are based either at customer sites or on the Group's premises, where teams involved in fixed-price projects work alongside teams from third-party application maintenance (TPAM) service centers.

The emphasis is on the preliminary functional-analysis phases and project development methodology (standard documentation, software engineering, standards, etc.), areas for which training and supervision are pooled.

Selected 2009 projects

- **For a economic interest group formed by civil-service mutual insurance companies:** in the context of a web portal for paperless statements, set up a continuous integration chain, industrialized developments and recommended methods and techniques. Enhanced Java web applications by applying best practices. Provided support for development teams and audited code.
- **For a major investment bank in Paris:** in liaison with the trading, middle-office and IT teams, provided project management for a platform to track the events in the "deal" process: expressions of needs, detailed specifications, project supervision, acceptance testing and user training.
- **For the general and risk insurance subsidiary of a major banking group:** set up the IT department's Intranet site (using MOSS 2007 technologies) to facilitate access to and searches for information from the other business divisions. Produced the portal site, applying an agile approach to meet time constraints.

Outsourcing

This business line includes support and corrective and upgrade application maintenance. Contracts generally cover batches of several applications, interfaces or entire application asset bases.

TPAM centers for SAP, BPM applications and web applications use common tools and methods. Some of the teams are assigned to combined infrastructure and application maintenance contracts.

Training includes the "user support" component, in particular during ERP deployments.

Selected 2009 projects

- **For a global name in aircraft brakes:** third-party application maintenance on all SAP modules through the service center in Nanterre. System redesign project for the American subsidiary.
- **For a French leader in pharmaceutical distribution:** as part of setting up a new subsidiary, rapid three-month deployment of a preconfigured SAP solution (iSiPack® Retail) specially designed to address two markets: deployment of subsidiaries and/or mid-market enterprises.
- **For a major telecoms group:** audited the SAP information system and analyzed the anomalies, provided user support for problem resolution, audited the elimination of internal margins at group level and made system upgrade recommendations.
- **For a leading audiovisual company:** set up a training plan (schedule, module content), dispensed training, and designed and produced teaching kits to accompany the deployment of SAP.

Dedicated applications service center:

THIRD PARTY APPLICATIONS MAINTENANCE

- All ERP and applications
- KM base, testing tools, versioning

HIGHLIGHTS

Steady performance of very diverse businesses: BPM, SAP, change management.

Difficult market for the Web and BI business, with negative growth and idle time between contracts.

Successful beginning for the business dedicated to combined IT/finance profiles.

OUTLOOK

Total business and the billable employees rate expected to improve significantly in 2010.

Highly specialized lines (BPM, change management) should see above-average growth.

Focus on application support, TPAM and certification-testing offers. Combined contracts including application production services.

Management
and organization consulting

Core businesses

- Management consulting
- Organization consulting
- Information system consulting

9%
Share of this segment in total business (proforma 2009 revenues)

12.9%
2009 operating margin

€19.4 m
Proforma 2009 revenues

Managed by consultants with previous experience in major international consulting firms, this 100-strong business segment mainly provides consulting services in management and organization.

The business consists in supporting complex projects for groups that are currently engaged in transformation, and helping them incorporate new regulations and generally become more efficient and effective. Management consulting services are provided to the operational or functional divisions of corporate accounts. Such projects sometimes include a component that calls for expertise in information systems.

Typical assignments include

- Guidance and support for complex projects
- Impact studies on regulatory or technology changes
- Change management
- Operational coordination and management
- Implementation

Selected 2009 projects

- **For the subsidiary of a CAC 40 group, specialized in manufacturing and selling home improvement products:** re-engineered the facilities management process, the company's main growth driver. Industrialized, simplified and optimized part of the tasks, introduced rules designed to standardize network operations by incorporating best practices, with the key objective of increasing business (from 150 to 3,000 people). Guided the cross-functional information system project in order to set up the tools for supporting the deployment.
- **For an energy distribution network:** set up a common job planning and scheduling solution, carried out emergence and opportunity studies to inform decision making.
- **For a telecom operator:** as part of an information system consulting project, provided assistance to contracting authority for defining the IP service delivery architecture, defined the network configuration service request catalog: IMS (IP Multimedia Subsystem) core network and AS (Autonomous System) (autonomous networks of Internet routers) for IP telephony.
- **For healthcare stakeholders in the largest region of France:** as part of the regional telemedicine project, defined the scope, functionalities and architecture of the tool, carried out benchmarking, did market research on the solutions, liaised with an expert in telemedicine, drew up the specifications, calculated the project ROI and drew up procurement strategy.
- **For a group of 150 franchisees in the construction of single-family houses:** produced a description of the processes and the complete IT toolkit for launching a new business, produced the target information system master plan for the head office companies and the franchisees, with the composition of the project portfolio and an estimate of their budget, defined application architecture scenarios.
- **For an African banking group operating in seven West African countries:** produced the IT master plan, examined the strategic development focus areas chosen by the business, analyzed the existing information system (infrastructures and applications), proposed projects and alternative implementations, estimated costs and their return on investment, defined the 3-5 year implementation path for the target IS, wrote a report for buyers.

HIGHLIGHTS

Continued development of the segment in a declining market.

Development of a partnership system.

Maintenance of a clear distinction between the consulting business and the IT services business.

OUTLOOK

As for last year, above-market performance is expected in 2010.

Climate of uncertainty, given that assignments are quite short.

The portfolio includes assignments with a rapid return on investment, a buoyant market sub-segment.

Strategy
and line of services

- An unwavering strategy
- A comprehensive line of services
- Recurring revenues (70%)

More than **25%** of contracts concern several Group entities

64% Share of guaranteed-performance service contracts in total business volume

44% Of revenues is generated by outsourcing

An unwavering strategy

Key strategic directions

- Steadily increase the proportion of structured offers by regularly industrializing services;
- Make timely investments in new, budding business areas;
- Stay diversified by keeping the right balance between the various businesses: consulting, design, build (integration) and run (operation).

The Group's growth model is driven by entity managers who hold stakes in its share capital.

Great care is taken to ensure that their assets and financial interests converge with those of NEURONES' other shareholders.

A quality system

Two processes have been governed by quality assurance since 1996:

- recruitment,
- fixed-price projects: bid reviews and contract reviews.

NEURONES is ISO 9001:2000 certified for its outsourcing, service desk, IT operations, technical support and training businesses.

A comprehensive line of services

Infrastructure services

Infrastructure-related project activities (system and network integration, security) are an essential building block for an outsourcer. The project teams ensure that Group technical guidelines are applied correctly. They are involved in outsourcing contracts during the initial takeover phase. Throughout the contract period, they also provide a solid technical rear base for team support. Lastly, they design and upgrade the Group's service centers (application and network servers, workstations) and hosting centers.

NEURONES' leadership position in service desk services is also a major advantage for the outsourcing business.

The Group is careful to maintain a sound balance between its technical support services and outsourcing contracts. This is because maintaining a substantial volume of technical support makes it possible to rapidly deploy teams to major outsourcing contracts.

Application services

For an overall understanding of an organization's information system, we need to know the different applications making up its asset base and control how they are designed, integrated or developed, then supported and maintained.

The Group is involved in combined outsourcing contracts covering both infrastructures and application maintenance.

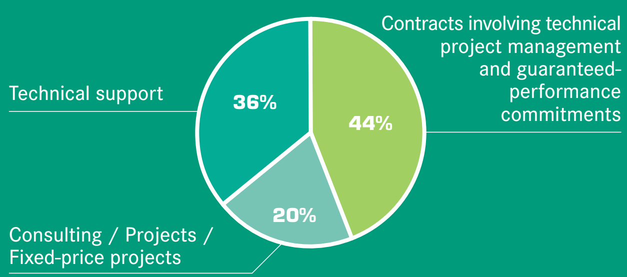
Successfully bringing applications from the design environment to the operational environment is a key stake, as are changes in general.

Consulting

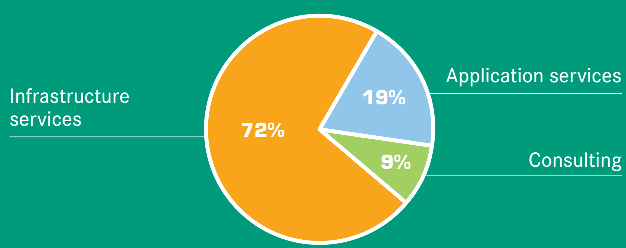
Fast-paced enterprise transformation, the implementation of new regulations and the drive for increased efficiency are prompting companies to make growing use of management and organization consulting services.

This business line, though situated upstream and quite separate from IT services, is nevertheless related and complementary to them. It also corresponds to sales processes (specialization by industry segment or by type of problem, cross-referral, etc.), production processes (audits, recommendations, guidance & support) and skills-management processes that are similar to those of IT services.

BREAKDOWN OF 2009 REVENUES BY TYPE OF SERVICE



BREAKDOWN OF 2009 PROFORMA REVENUES BY BUSINESS SEGMENT



Responsible and sustainable development

210

Net jobs created in 2009 (excluding acquisitions)

86%

Of 2009 profits will be reinvested in the company's future developments

36

Nationalities represented among employees

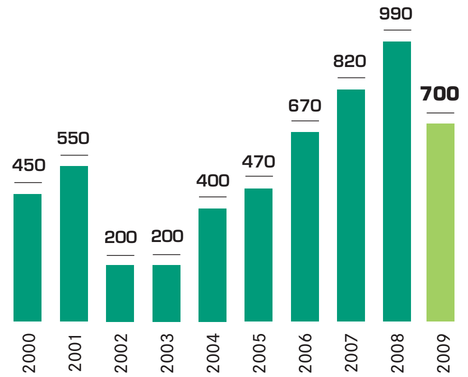
Our number 1 asset: human resources

Right from the outset, the Group has pursued an ambitious, innovative HR policy that fosters a diverse workforce (36 different nationalities represented, a variety of academic backgrounds, both novices and experienced workers, etc.).

Significant job creations:

- net creation of jobs each year (210 in 2009),
- company growth and acquisitions are handled without using redundancy plans,
- an IT retraining program, enabling young graduates with 4 to 5 years of higher education in a variety of fields to find a job.

NEW HIRES
(at year-end)



A history of capital sharing:

- around twenty company managers and executives hold stakes in the capital of the companies they manage,
- free group shares distributed to a wider circle of high-potential employees,
- new key executives are regularly given the opportunity to acquire stakes in the capital of the companies and/or the Group.

Career management:

- lateral moves encouraged between different job fields and different functions, preference for internal promotion (especially for managerial and executive positions),
- annual performance reviews and multi-year interviews are standard practice.

Long-term training policy:

- we do significantly more training than is legally required,
- training plans are easier to carry out because they use the Group's own training centers,

"I joined NEURONES in 1999 because I was keen to build a new business line on a growing market and I knew I would have the latitude and the means to do so. I took over the development of a consulting department concerned with user support. The service line was gradually expanded to include deployment of the associated software packages. Three years later, there were nearly 30 of us in the department. Then the business was turned into a limited company and it now has over 60 consultants. Since 2007, I've been its Head of Development, with a special focus on the marketing and financial aspects. What I really like about the Group is its long-term vision, its quest for excellence, its ambition, its respect for people as individuals and its entrepreneurial culture. I feel like I'm in charge of my working life and can project myself into the future!"

"What I really like about the Group is its long-term vision, its quest for excellence, its ambition, its respect for people as individuals and its entrepreneurial culture."

Pierre
Head of Development | *Service and asset management*
With NEURONES since 1999

NUMBER OF CERTICIATIONS

Microsoft	1,000
ITIL	150
IBM/Lotus	50
HP/BMC/Remedy	40
Other (CA, Riverbed, etc.)	40
Citrix	20
Cisco	20
Novell	20
VMware	10
SAP/Business Objects	10
Oracle	10
Unix/RedHat	10
Sun	10
Apple	10
TOTAL	**1,400**

"In 2007, NEURONES bought the IT training center in which I had been working as Sales Manager since 1999. Changing hands from a small structure to a market-recognized IT consulting and services company made it possible for us to develop new offers (for example in change management during the introduction of an ERP solution). It also lent us credibility for addressing new corporate accounts. The opportunity to work with the other Group entities makes the solutions offered more relevant... and brings new sales opportunities! In a business segment that is constantly on the move, the teams' energy and drive has made us one of the top three IT training companies in France. All of these changes have really boosted my career. At NEURONES, they really place a lot of trust in you!"

- employees encouraged to obtain qualifying certifications (ITIL and the main market players: Microsoft, Citrix, Cisco, VMware, SAP, HP, IBM, etc.).

A motivating work environment:

- an environment that empowers people and lets them build their own future,
- recurrent distribution of free shares and stock options: 8 successive plans since 1999 representing 5% of the capital,
- Group management holds a majority shareholding, which rules out takeover bids and decisions made by financiers or uninvolved shareholders.

Clients

The Group applies a continuous improvement policy to its service lines in a bid to constantly adapt its solutions to IT decision-makers' needs.

Pooled services on an industrial scale:

- four of today's five service centers were developed in the last five years (remote server operation, hosting, workstation management and third-party application management).

Active quality development:

- NEURONES is ISO 9001:2000 certified for its outsourcing, service desk, IT operations, technical support and training businesses,
- 150 employees are ITIL certified (Information Technology Infrastructure Library).

Constant tailoring to needs:

- mergers with around fifteen companies since NEURONES became a listed company have expanded and enhanced the range of services and expertise available for its clients.

"All of these changes have really boosted my career. At NEURONES, they really place a lot of trust in you!"

Sophie
Head of Sales | *IT training*
With NEURONES since 2007

Markets and shareholders

Profit reinvestment:

- for a long time, before the company was listed, profits were reinvested in full. Today, approximately one-quarter of the profits are distributed to shareholders and three-quarters reinvested, thereby giving the Group the means to achieve its ambitions irrespective of the financial markets or economic situation of tomorrow.

Regular, transparent communications:

- annual audited profits are published less than two months after the year end, unaudited profits are published every quarter and the Group has issued a shareholders' newsletter twice a year since 2000.

Proven resistance to cyclical uncertainties:

- the diversified business portfolio and the recurrent nature of certain core businesses have allowed the company to come through the years of market contraction without too great an impact on profitability and without having to resort to redundancy plans.

The environment

Given the nature of its core businesses, NEURONES' environmental footprint is only marginal. Even so, the Group:

- systematically recycles consumables (paper, printer toners, electric batteries, etc.),
- has installed low-energy systems (lighting, HVAC, etc.),
- recruits, as far as possible, in labor market areas close to its service centers to limit daily commutes.

CHARTE DE LA diversité EN ENTREPRISE

A number of NEURONES business entities have signed up.

IMPRIM'VERT Votre imprimeur agit pour l'environnement

Group literature is printed by eco-friendly printers.

"Think of the environment: please don't print this e-mail unless you really need to" appears in the signature of a growing number of NEURONES e-mails.

"You'd probably say I was passionate. Anything even remotely connected with computers interests me. It's undoubtedly because of this thirst for new technology and NEURONES' trust in me that I've been able to do several jobs in just a few years. I joined the Group in 2004 as Branch Technical Manager of the entity specialized in application services. Each year, I was able to progress and change roles: from technical director to operational director and, since 2007, I've been Vice-Chairman! Sharing knowledge and skills with colleagues in the Group is very enriching. It makes it possible to build a business development strategy that is both sustainable and responsible!"

"Sharing knowledge with colleagues in the Group is very enriching and makes it possible to build a business development strategy that is both sustainable and responsible!"

William
Vice-Chairman | *Web and BI applications*
With NEURONES since 2004

Selected references

Banking/Insurance

AG2R-LA MONDIALE
ALLIANZ
AVIVA
AXA
BNP-PARIBAS
CDC
CRÉDIT AGRICOLE
EULER HERMÈS
FORTIS
GENERALI
GRAS SAVOYE
HSBC
MALAKOFF-MÉDÉRIC
NATIXIS
SOCIÉTÉ GÉNÉRALE

Industry/Public works & civil engineering

ALTADIS
BOUYGUES
EIFFAGE
ERAMET
INVIVO
JCDECAUX
LAFARGE
NEXANS
RENAULT
SAFRAN
SAINT-GOBAIN
SPIE
THALES
TRÈVES
ZODIAC

Energy/Utilities/Healthcare

AIR LIQUIDE
AREVA
BAYER
DELPHARM
ENI
FONDATION HÔPITAL ST-JOSEPH
GDF-SUEZ
JOHNSON & JOHNSON
OCP
SANOFI-AVENTIS
MDS PHARMA SERVICES
TOTAL
VALOIS PHARM
VEOLIA ENVIRONNEMENT
VINCI

Public sector

BANQUE DE FRANCE
CARIF
CCIP
CEA
DÉPARTEMENT DES HAUTS-DE-SEINE
EDF
IRD
IRSN
LA POSTE
LFB
MAIRIE DE PARIS
MINISTÈRE DE L'ÉDUCATION
MINISTÈRE DE LA SANTÉ
MINISTÈRE DU TRAVAIL
RÉSEAU FERRÉ DE FRANCE

Services/Retail/Transport

ACCOR
AUCHAN
CARLSON WAGONLIT TRAVEL
DANONE
GENERAL ELECTRIC
GROUPE BEL
HEINEKEN
INEUM
L'ORÉAL
LVMH
NYSE EURONEXT
PMU
PRICEWATERHOUSE COOPERS
SODEXHO

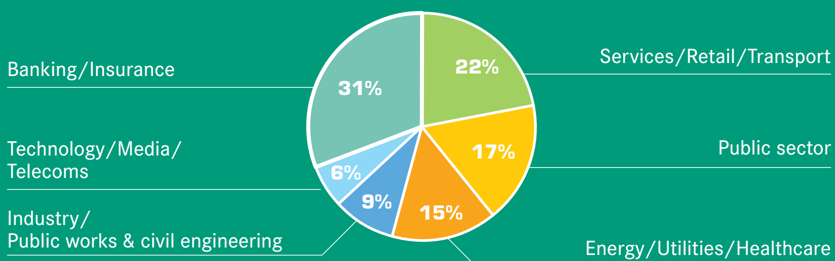
Technology/Media/Telecoms

BOUYGUES TELECOM
DASSAULT
FLAMMARION
FRANCE TELECOM
GÉNÉRALE DE TÉLÉPHONE
LINEDATA SERVICES
MÉTROPOLE TÉLÉVISION
RICOH
TDF
TÉLÉVISION SUISSE ROMANDE
THE NEW YORK TIMES COMPANY
TOSHIBA
VIVENDI-UNIVERSAL
VODAFONE

In addition to some 1,500 companies and public bodies of all sizes.

85%
Of CAC 40 companies place their trust in NEURONES

2009 REVENUE BREAKDOWN BY SECTOR



NEURONES

Conseil - Intégration - Infogérance

2009 | REFERENCE DOCUMENT

Taking you forward®...

Contents

Main
financial items

(in € millions)	2009	2008	2007	2006	2005
Revenues	216.4	189.3	156.0	130.0	108.9
Operating profit	19.1	18.4	13.8	9.0	8.7
Operating margin *(as a percentage)*	8.8%	9.7%	8.9%	6.9%	8.0%
Net profit	12.8	13.0	9.9	6.6	6.3
Net profit *(as a percentage)*	5.9%	6.8%	6.4%	5.1%	5.8%
Net profit – group share	11.3	12.0	9.2	6.1	5.9
Earnings per share *(euros per share)*	0.49	0.52	0.39	0.26	0.26
Diluted earnings per share *(euros per share)*	0.48	0.51	0.38	0.26	0.26
Net cash and cash equivalents *(at December 31)*	59.6	52.4	56.7	47.8	49.8
Number of employees *(at December 31)*	2,665	2,455	2,054	1,787	1,424

NEURONES
Group

1. BACKGROUND

With nearly 2,700 employees at the end of 2009, NEURONES is one of the top 30 IT consulting and services companies in the French market. In terms of market capitalization, it is one of the top 10 players listed on the Paris stock exchange.

	At December 31, 2009	Capitalization (in € millions)*
1	Capgemini	4,773
2	Atos	2,237
3	Steria	617
4	Sopra Group	574
5	Bull	296
6	Sword Group	231
7	Devoteam	184
8	GFI Informatique	152
9	**NEURONES**	**142**
10	Solucom	72

* Excluding technology consulting companies:
Alten (€619 M), Altran (€533 M), Assystem (€165 M), Akka Technologies (€120 M), SII (€91 M).

Created from scratch in 1985, the Group has experienced steady growth, which has gained momentum since 1995 (averaging +15% a year over the last ten years). Two-thirds of this achievement can be attributed to organic growth.

The Group was built by setting up dedicated subsidiaries for each business segment, with their own technical know-how and using their own commercial brand. These entities were given the task of rapidly acquiring a significant size in their field so that they could provide the best level of services at controlled prices. A cross-functional team coordinates the different entities working on contracts involving several complementary businesses.

NEURONES has based its business on proven, sound foundations to further its internal development and grow through acquisitions of companies with the same or complementary core businesses.

Since being listed in May 2000, the Group has made around fifteen acquisitions of various sizes, which now account for roughly one-third of its business.

2. BUSINESS OVERVIEW

2.1. Business segments

NEURONES operates in:
- IT services:
  - Infrastructures (72% of its 2009 revenues*),
  - Applications (19%*),
- Management consulting (9%*).

There are three different types of service delivery:
- Fixed-price projects: 20%
- Technical support (on a time basis): 36%
- Outsourcing (multi-year contracts with guaranteed performance commitments): 44%

It has been agreed to consider all consulting work as a project activity. The activity's overall recurrence rate has been estimated by the company at around 70%.

The Group's historical IT services activities can be broken down as follows:

Type of activity carried out	Information system domain	
	Infrastructures	**Applications**
Design/build	Network projects, consolidation, virtualization, storage, backups, packaging, tool integration, security projects, ITIL process implementation, migrations, deployments	E-business Web (Java, .Net, open-source), Intranets, portals, content management, EAI, Business Intelligence (BI), SAP, Business Process Management (BPM), service-oriented architecture (SOA), training
Run/outsource	Outsourced networks, servers and applications, hosting, service desk (24/7, multilingual), workstation management	Support and third-party application maintenance (TPAM) for entire application asset bases, SAP support and TPAM, Business process outsourcing (BPO)

* CA contributifs 2009.

The relative revenue growth per business segment has been as follows:

(in € millions)	2009	% total revenues	2008	% total revenues	% total growth	% organic growth
Infrastructure services	156.4	72%	147.3	78%	+6.2%	+6.2%
Application services	40.6	19%	39.9	21%	+1.8%	-7.0%
Consulting	19.4	9%	2.1	1%	n.s.	+6.2%
TOTAL REVENUES	**216.4**	**100%**	**189.3**	**100%**	**+14.3%**	**+3.4%**

Geographically speaking, NEURONES' business is conducted in France (96% in the Paris region and 4% in the rest of France), with occasional assignments abroad.

2.2. Details of the core businesses making up the different segments

Each business segment comprises one or more core businesses, addressing both design/build phases and recurrent phases. Each core business is housed in a dedicated company, which enables the Group to have a simple legal structure that reflects its organization. Minority interests are held exclusively by the directors and executives of the subsidiaries, who accordingly act as stakeholder-entrepreneurs.

Segment	Core businesses
Infrastructure services	– Systems and networks – Service desk, workstation outsourcing – Remote server operation, hosting and IT security – IT operations – Consulting in service and asset management (ITIL consulting, software integration for the IT department)
Application services	– Web (Java, .Net, open-source) and decision support BI – IT consulting for finance – SAP – BPM, Electronic Document Management (EDM), archiving – IT training and change management
Consulting	– Management and organization consulting

2.3. Cross-functional offers, total customer relationship management of corporate accounts

A cross-functional department was set up several years ago to fulfill the following two roles:

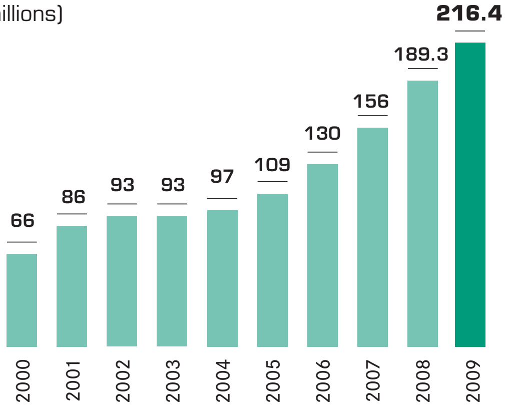
- total customer relationship management of corporate accounts: for the main corporate accounts, an account manager coordinates the action of the entities' sales engineers, who are specialized by type of service and by sector. The account manager also does the reporting for the business at the desired intervals,
- direction and management of multi-entity projects and in particular outsourcing: the central team then takes charge of the whole pre-contractual phase: organization and coordination of the submission (presentations, references, formation of the expected team, etc.).

Once the project has been launched, the central team monitors progress during the probationary phase, then the routine operation phase. For projects involving several entities, the central team makes the Group's commitments to the clients.

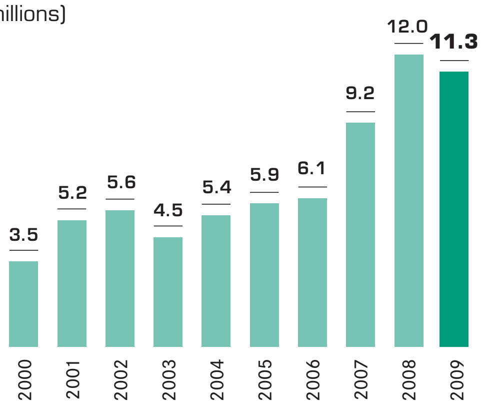
The rules governing relations between entities are set out in a regularly updated Group document.

2.4. Key figures

CONSOLIDATED REVENUES
(in € millions)



NET PROFIT - GROUP SHARE
(in € millions)



The trends in NEURONES' key figures have been as follows:

(in € millions)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Consolidated revenues	66.0	85.9	92.6	92.7	97.1	108.9	130.0	156.0	189.3	216.4
Operating profit *	5.0	8.2	9.7	7.6	8.0	8.7	9.0	13.8	18.4	19.1
Operating margin	7.6%	9.6%	10.5%	8.2%	8.3%	8.0%	6.9%	8.9%	9.7%	8.8%
Net profit – group share	3.5	5.2	5.6	4.5	5.4	5.9	6.1	9.2	12.0	11.3
Net profit - minorities share	0.2	0.1	0.4	0.3	0.3	0.4	0.5	0.7	1.0	1.5
Net profit/revenues	5.6%	6.2%	6.5%	5.2%	5.9%	5.8%	5.1%	6.3%	6.9%	5.9%
Staff at year-end	993	1,146	1,169	1,141	1,284	1,424	1,787	2,054	2,455	2,665

* IFRS since 2004.

3. THE GROUP'S CORE BUSINESSES

The key figures shown in this paragraph are the contributions to the Group's consolidated revenues, after restatement of the intra-group transactions (and not the company revenues of the enterprises in which these businesses are housed).

3.1. Core businesses of the Infrastructure Services segment

Systems and networks

The design/build business consists in designing and implementing all or part of the computer systems and networks (local and remote) requiring the integration of disparate elements: Unix and Microsoft servers, active and passive elements, workstations, etc.

This is a project business, often carried out in the context of a turnkey, fixed-price project.

The upstream expertise consists in identifying the solutions that are long-lasting, productive and robust in operation. Given the great diversity of the products and their rapid development, it often takes several technical experts to cost a project. These experts are coordinated by a project manager, who is solely responsible for the undertaking made by NEURONES. The entire process of responding to a client request has been covered by quality assurance since 1995.

The assignments typically carried out are as follows:
- prepare servers, design model workstations, carry out migrations and deployments,
- Lan/Wan architecture, set up "thin clients", clusters, network storage solutions (SAN),
- audit and redesign directory services, e-mail services,
- make provision for mobility, firewalls, remote access.

For comprehensive projects, the Group provides software (system, antivirus, e-mail, etc.) and network devices (servers, switches, routers, etc.). This business, though regarded as very marginal in terms of added value, nevertheless allows the Group to stay in contact with the field. Engineers need this hands-on experience of implementing products, whose versions change very quickly, to complement the knowledge acquired during training with manufacturers and vendors. This ancillary activity is an added value of the business, by comparison with so-called "technical support" IT service companies.

The ability of the fixed-price integration department to provide project management services on major projects is a sure differentiator.

System and network operations includes all assignments related to IT infrastructure management: simple technical support assignments, service outsourcing (on client sites and remotely from the Group's service centers), full operation with NEURONES project management and service level agreements (managed services, outsourcing). In technical terms, the scope of service is typically as follows: workstations, local and remote servers (proxy servers and enterprise servers) and active elements (switches, routers, etc.).

The two activities, consulting and integration, on one hand, and operations, on the other, draw on the same technical profiles: project managers, administrators, systems and network engineers and technicians.

Key figures

(in € millions)	2009	2008	09/08
Services revenues	43.2	40.7	+6%
Licenses and equipment revenues	5.4	6.2	-13%
TOTAL REVENUES	**48.6**	**46.9**	**+4%**

Service desk, workstation outsourcing

A service desk is a structure (using telephone, IT and human resources) designed to receive and handle information system user requests, and either resolve them or pass them to other entities for resolution ("escalation"). Service desks can be located on an organization's site or remotely outsourced to a service provider's service centers.

The use of specialized structures of this sort is common practice in large organizations. They provide full tracking of operations, professional response times, a high rate of immediate handling or handling by remote control, thorough investigation of the cause of incidents then the introduction of action plans to reduce the number of incidents on a long-term basis.

The service desk business is, first and foremost, a support and customer relations business, for which a sense of service is just as important as technical knowledge. Maintaining the quality of service over a period of time (several years) is a key success factor. For this reason, service desk staff are given regular training and practice in customer service techniques. Half of the services are delivered on site and half in the Group's three multilingual, 24/7 service centers, which are all interconnected.

Support for business applications is rocketing. The teams who provide it have a combination of technical and functional expertise (with industry professionals). The software they support is specific to different professions (the hotel industry, car dealerships, the travel industry, laboratory sales representatives, etc.). It may also be human resources applications or applications related to ERP. Applications support is sometimes combined with a contract for TPAM performed by the Group.

For a far-reaching reduction in the volume of incidents, the service desk uses the workstation industrialization solution Experteam®: upstream consulting (needs, life cycle, optimization strategies), use of model workstations and recurrent operations (packaging, mastering, remote software distribution) through a specific service center.

With over 1,200 staff at year-end 2009, the service desk business has a recognized leadership position in France.

Key figures

(in € millions)	2009	2008	09/08
TOTAL REVENUES	**66.4**	**58.5**	**+13.5%**

Remote server operation, hosting and IT security

The remote server operation center (Osmose® solution) is a service center that provides shared remote management of client organizations' servers, networks and applications. The Group's teams handle alert reports transmitted by supervision tools (reactive mode), take preventive action (proactive mode), perform tasks planned using a scheduler, manage changes and the associated implementations.

The remote operation center runs on a 24/7 basis and delivers productivity gains:
- by being able to share certain resources: supervision, database administrators, specialists in ERP operation (SAP BC profiles), security experts available at any time, etc.;
- for sites with fewer than 25 servers to manage.

A clear distinction is made between Tier 1 operations (where incidents are handled according to a predefined set of instructions in a highly industrialized process) and Tier 2 operations (search for the root cause of the incidents, analysis and preventive measures, capacity review, technical office, preparation for implementations).

Rigorous processes and sophisticated interfaces with the other service centers had to be developed in order to set up the remote operation center.

When it is used for an outsourcing contract, it is incorporated into overall user-oriented cross-functional processes. The crucial goal for the outsourcer is to achieve consistent user satisfaction each time by ensuring that the different technology silos used (service desk, remote server operation center, support center and TPAM, on-site teams) interact correctly with each other.

The service centers have been set up to achieve productivity gains. They must be combined with sound management of cross-functional aspects so that the outsourcer's internal organization is transparent for the client. The main supervision tool used by the server service center was developed internally. It gives the Group a substantial competitive - and in particular financial - advantage. Additionally, major ongoing developments of a new-generation configuration management database (CMDB) are systematically incorporated in new contracts.

At the same time, the hosting service line, now entirely in private cloud mode (Iode® offer), is experiencing strong growth. The old system of physical servers has been replaced by virtual servers installed on high-performance sets of blade servers. Data storage and backups are pooled and centralized. Clients are charged on a pay-per-use basis (instances, terabits of storage, Internet mega). Over the last two years, some fifty information systems have been transformed under this private cloud offer, representing a volume of 700 servers and 150 terabits of storage. The center in Paris is backed up by the centers in Lyon and Nantes, with which it is interconnected. The three combined serve as a basis for setting up disaster recovery plans.

Technically very similar to supervision, the security business is also growing, in a market that remains fundamentally very buoyant. Information systems are now more open and readily accessible than ever before, with e-mail, systematic Internet connections, interconnections between a company's headquarters, its agencies, clients, suppliers and partners, and the widespread practice of remote access from portable computers or devices (staff who work away from base or log in from home, etc.). This has also made them more vulnerable.

The security business includes a number of complementary missions:
- qualification: audits and intrusion testing,
- consulting: defining security policy and plans, assistance to contracting authority,
- development and integration of solutions: antivirus protection, content control, data protection, identity and access management, authentication and confidentiality,
- security outsourcing,
- training,
- technology watch.

The main technologies used are the following:
- authentication/access control: PKI instead of passwords, digital signature, single sign-on (SSO) instead of different passwords for each application,
- integrity/confidentiality/availability: encryption, VPN.

Key figures

(in € millions)	2009	2008	09/08
REVENUES	12.7	12	+6%

IT operations

IT operations concern the main business applications using enterprise servers and database management systems (DBMS such as Oracle, SQL Server, Sybase, etc.). The following job profiles are involved: operators, operations analysts (support, operation, preparation), operations engineers, systems engineers and operations project managers.

The IT operations business has changed considerably and now deals primarily with real-time applications, along with the methods and software tools it uses. The IT operations business requires proficiency in Unix, the main schedulers on the market ($Universe and Control M), supervision and alert tools, and the main backup tools (Netbackup, Networker).

It is strategically important for NEURONES to have expertise in these environments and be of the appropriate size, as many clients using both Microsoft and Unix servers want to have a single service provider. The client base of this business segment is essentially made up of corporate accounts in the banking and insurance sector.

Key figures

(in € millions)	2009	2008	09/08
REVENUES	23.2	23.7	-2%

Service and asset management consulting (ITIL consulting, software solutions for managing an IT department)

This business segment covers a number of fields: management of the assets and operations of an IT department (IT Service Management - ITSM), software qualification (Quality Management) and IT governance (Portfolio Project Management - PPM).

There are various types of missions:
- consulting and assistance to contracting authority (defining projects, drafting specifications, auditing processes, analyzing ROI, coaching, etc.),
- certificate training courses and support for implementing ITIL (EXIN accreditation),
- introduction of ITSM software packages, software qualification and portfolio project management (partnerships with HP Software, Computer Associates, etc.),
- Third-Party Application Maintenance and Third-Party Software Testing, delivered through a service center.

Key figures

(in € millions)	2009	2008	09/08
REVENUES	5.5	6.2	-11%

3.2. Core businesses of the Application Services business

Web and BI

A group of 160 people are involved in developing new-technology applications using the leading technologies.

Their work can be broken down into four business segments:
- consulting,

- Internet applications: Intranets, Extranets, portal sites, groupware, and web integration projects with application servers: Java, Websphere (IBM), .Net (Microsoft),
- decision-making support (Business Intelligence): data warehousing, decision making, requesters, etc.,
- support and TPAM.

The application support and TPAM activities have been grouped together with those of the ERP entity (Proxima® offer) in order to continue industrialization and to standardize the methods and tools: track requests and set up development and testing environments with the help of virtual machines (VMs), testing tools, and versioning and documentation tools, etc. Support is both technical and functional, thanks to the recruitment of industry-specific profiles. Support and TPAM can be included in combined outsourcing contracts (infrastructures and applications).

Key figures

(in € millions)	2009	2008	09/08
REVENUES	12.9	16.7	-23%

IT consulting for the finance industry

This specialized entity was set up at the end of 2007. It advises corporate and investment banks for their trading activity (shares and derivatives, rates, credit, exchange and raw materials). It provides expertise in assistance to contracting authority, architecture and project management for information system projects in the different business segments of the finance industry:

Front Office:

- Pricing
- Position management
- Negotiation
- Risk management
- Liquidity forecasts

Middle Office:

- Control
- Validation
- Enrichment

Back Office:

- Confirmation
- Settlement/ Delivery
- Cash flow
- Accounting

It is also involved in Asset Management and Services (Securities).

Key figures

(in € millions)	2009	2008	09/08
REVENUES	3.8	2.3	+65%

SAP integration and outsourcing

SAP activities include:

- an integration component: project managers and consultants (purely functional) carry out not only initial implementations but also extensions to existing facilities (related modules, etc.). They hold a vendor-recognized specialization in the retail version of SAP,
- an outsourcing component (support and TPAM), sometimes combined with support contracts or broader outsourcing contracts.

NEURONES carries out the following types of assignment:

- turnkey projects for the changeover to SAP, with a commitment to a specific start date for each batch (including a changeover plan, training, dual entry, resumption of data, etc.),
- country roll-out: installation in France, then in other European countries,
- upgrades (change of version, new modules, redesign, extensions, etc.),
- support and TPAM,
- documentation and user training.

Key figures

(in € millions)	2009*	2008	09/08
REVENUES	5.9	6.1	-3%

* This entity's company revenues are growing.

Business Process Management (BPM), workflow, Electronic Document Management (EDM), archiving

Business Process Management (BPM) covers a number of complementary data processing operations.

By way of illustration, take the classic example of the mail received by an insurance company: each document is digitized, then indexed by type and sent electronically to the department concerned. Depending on its purpose, it will be either processed in computer applications or manually. A collaboration program (workflow) records the letter's path and tracks overall progress with handling the case. For some enterprises, mastering this type of business process is a strategic issue. It helps them enhance the value and efficiency of the service rendered to their customers, and shortens lead times.

BPM projects often call for workflow applications; the standard-setting vendor in this field is Tibco Software. They are used to organize, automate and streamline the sequencing of the various process tasks, which are either manual or already handled by operational applications (ERP, etc.).

This entity also has strong experience in content management, Electronic Document Management (EDM), audiovisual document management and archiving.

Key figures

(in € millions)	2009	2008	09/08 proforma*
REVENUES	8.8	4.8	+6%

* 2008 proforma revenues: €8.3 million.

IT training and change management

This business segment covers consulting in the organization of training plans (educational engineering, management of training plans and courses) and the actual delivery of training: classroom sessions, distance learning, e-learning (assisted by Internet tools, etc.).

The most buoyant segment in this business is providing support for the installation of new ERP or line-of-business software packages. These are tailored training courses related to deployment projects. They include an upstream phase of consultancy and the design of learning and documentary tools (e-learning, instructions for use) and a downstream support phase. Learning tools are disseminated through LMS (Learning Management Systems) platforms.

In 2009, the unit as a whole delivered roughly 100,000 trainee days.

Key figures

(in € millions)	2009	2008	09/08
REVENUES	9.2	10	-8%

3.3. Outsourcing

For recurrent operations, the business entities have two distinct types of response: either straightforward technical support, with no project management, or outsourcing. This second type of service typically involves multi-year contracts (3 to 5 years), NEURONES in the role of prime contractor, and guaranteed performance commitments in terms of service levels (with related penalties).

When a client signs up for just one service, it is the entity concerned that manages the contract. When the contract includes a number of services, a dedicated service-delivery manager is appointed. The latter belongs to the Group's cross-functional team and ensures long-term compliance with the service level agreements. The service-delivery manager also manages the improvement plan, based on a benchmark and a service request catalog. For all contracts, a concerted effort is made to rapidly capitalize on knowledge and best practices. This is vitally important for the service line's development.

Proven ITIL practices have been used to set up consistent processes on all contracts.

For improvement plans, the Group has 10 years' feedback on concrete, significant gains. The unit has routinely cut the number of tickets by 20% to 25% in three years. The productivity gains are split evenly between the client and its outsourcer in the form of a lower fee or a rise in the level of service.

At end-2009, over 100 outsourcing contracts were in progress. Around 1,300 people - nearly half of the Group's staff - are engaged in carrying them out.

An ever-growing percentage of the business is generated by the five types of shared service centers:
• support center (service desk): three centers staffed by 450 employees in Nanterre, Ivry-sur-Seine and Angers,
• remote workstation management platform (Experteam®): mastering, packaging, remote software distribution,
• remote operation center for servers and applications (Osmose®),
• "private cloud" hosting center (Iode®) in Nanterre, Lyon and Nantes,
• service center for application support and TPAM (Proxima®).

Apart from the growth of remotely-delivered services, the main trends are as follows:
• the scope of outsourced services is split into batches: second-generation "selective outsourcing" (as against first-generation comprehensive outsourcing contracts, which often involved staff transfers),
• outsourcing is increasingly accompanied by a major information system transformation project,
• there is growing demand for combined outsourcing of infrastructures and applications.

There is a very real entrance barrier here, as a competitor must possess the following skills:
• ability to provide prime contracting,
• possession of different service centers,
• technical expertise in systems and networks,
• sufficient know-how to rapidly assign a team to the project.

As a result, NEURONES is regularly confronted with the same handful of competitors in RFP processes. The outsourcing sales cycle spans approximately six months. Relatively large teams are required during the pre-contractual phase and when the project is getting started.

Whereas straightforward technical support assignments are often subject to listing by the purchasing department, outsourcing contracts are usually negotiated, then signed, by general management or IT departments.

Outsourcing revenues are recorded for each entity in proportion to its contribution to the contract.

3.4. Consulting business

Management and organization consulting

The management and organization consulting business is directed by partners drawn from major international firms. At end-2009, it employed over 100 consultants.

Management consulting services are provided to the operational or functional divisions of corporate accounts. Such projects sometimes include a component that calls for expertise in information systems.

The management and organization consulting services provided include:
• corporate strategic plans,
• organizational audits,
• design, implementation and optimization of organizations (re-engineering, restructuring operations),
• transformation, change management,
• audits, master plans, project management.

Key figures

(in € millions)	2009	2008	Proforma 09/08*
REVENUES	**19.4**	**2.1**	**+12%**

* 2008 proforma revenues: € 17.3 million.

3.5. Financial information per business segment

To form the operating profit (shown as OpP in the table below) of € 19.1 million in 2009, the various business segments made the following contributions:

(in € millions)	OpP 2009	OpP as % of revenues	OpP 2008	OpP as % of revenues
Infrastructure services	13.1	8.4%	14.5	9.8%
Application services	3.5	8.5%	3.7	9.3%
Management consulting	2.5	12.9%	0.2	9.9%
TOTAL	**19.1**	**8.8%**	**18.4**	**9.7%**

3.6. Operating rate

The operating rate is defined as the ratio between the time allocated to clients' projects and the time the technical resources are available (no. of working days less leave, sick leave and miscellaneous absences). This ratio is not defined the same way by all IT services companies.

Moreover, standard operating rates vary greatly from one line of business to another: consulting (around 70%), projects (around 80%), technical support (around 90%) and outsourcing (not applicable).

For projects, it is more meaningful to look at the operating rate and the average selling price per day together, rather than the operating rate in isolation.

In entities with a high proportion of technical support, the operating rate is a key management indicator and monitored on a weekly basis.

In outsourcing, on the other hand, it is the margin made on contracts that is monitored, not the operating rates, which are inherently the highest in the Group The main factor that determines how much profit is made on a contract is the productivity rate.

Likewise, the service desk's operating rate (which can top 95%) is meaningless. It should be analyzed in combination with productivity indicators (the number of calls handled per day per support technician).

Similarly, for training, the occupancy rate (number of participants per room, number of rooms occupied) should be analyzed at the same time as the operating rate to see whether good use is being made of the technical resources.

3.7. Partners

An impartial specifying policy

Over the last 25 years, NEURONES has remained strictly independent of any vendor, services company or manufacturer. This complete impartiality is vital for supporting its clients and nurturing their trust on a long-term basis.

The main partners and certifications

This has not stopped the Group from being recognized, for many years now in some cases, as a technology partner in its various business lines.

Methods (NEURONES' service desk subsidiary is a founding member of the itSMF):
150 ITIL-certified staff.

Systems and network integration:
Microsoft Gold Certified Partner - Citrix Gold Partner - Cisco Pro Premier Reseller - EMC Velocity Partner - HP Preferred Partner - IBM Premier Business Partner - VMware Authorized Consultant.

Service desk/Telephony/CTI:
HP software/Peregrine, BMC software/Remedy, Isilog, Frontrange, Weelog, Rialto, Nortel Networks, Alcatel, Genesys.

ERP, CRM, BPM:
Channel SAP Partner, Oracle/Siebel/PeopleSoft, Cegedim/Dendrite, Tibco Software, MS BizTalk.

Internet consulting & development, Portals:
Microsoft .Net, J2EE, LAMP, IBM WebSphere Portal, Microsoft Office Sharepoint Server, eXoPlatform, CMS.

Decision-making tools:
Business Objects, Cognos, Informatica, Datastage, Microsoft Office Performance, Point Server.

Groupware – Unified communications:
Exchange, Domino, Microsoft Office Communication Server.

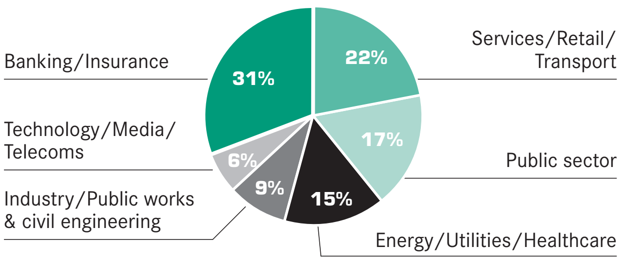
Mobility:
iPhone development.

Training:
Microsoft Gold Certified Partner for Learning Solutions - IBM Training Partner - Oracle Training Partner - SAP Partner - Prometric Testing Center - Autodesk Authorized Training Center - GTS Partner.

3.8. Clients

NEURONES' client base is made up of medium and large-sized organizations (generally 200+ workstations), for whom the Group carries out mid-size projects (up to €6 million per year).

In 2009, the industry breakdown of the Group's revenues is similar to that observed in 2008:



Over five years, the relative share of the top 20, 10 and 5 clients in total revenues has remained stable:

(in € millions)	2005	2006	2007	2008	2009
Top 20 clients					
Value	56.2	64.4	79.1	96.2	109.3
As % of consolidated revenues	51.6%	50.3%	50.7%	50.8%	50.5%
Top 10 clients					
Value	39.0	46.1	54.4	67.2	77.7
As % of consolidated revenues	35.8%	35.5%	34.9%	35.5%	35.9%
Top 5 clients					
Value	26.6	30.6	36.6	46.9	55.4
As % of consolidated revenues	24.4%	23.5%	23.5%	24.8%	25.6%
Share of the no. 1 client					
Value	10.0	10.8	13.1	17.9	19.9
As % of consolidated revenues	9.2%	8.3%	8.4%	9.4%	9.2%

In 2009, as in previous years, the number one client is a major group whose many decision centers order services independently of each other.

All told, 85% of NEURONES' client base (i.e. 34 of the 40 clients) are CAC 40 groups.

In 2009, the top 20 clients were (in alphabetical order): Accor, Axa, BNP-Paribas, Crédit Agricole, Bouygues, Caisse des Dépôts et Consignations, CEA, Danone, EDF, GDF Suez, La Poste, L'Oréal, LVMH, RFF, Safran, Saint-Gobain, Sanofi, Société Générale, Total, Veolia Environnement.

At December 31, 2009, accounts receivable represented 73 days' revenue, as against 78 at December 31, 2008. The Group uses neither factoring nor the exchange of securities for debt.

3.9. Subcontracting

Upstream subcontracting

A small portion of the revenues (roughly 4%, in 2009 and 2008 alike) is generated by acting as a subcontractor for a manufacturer, vendor or fellow company.

Downstream subcontracting

Occasional use is made of independent subcontractors, who are incorporated into NEURONES teams. No projects whatsoever are subcontracted, either partially or in full, to fellow companies. Freelancers are used for three activities only: training, systems and network integration, and IT operations. The value of subcontracting purchases, as a percentage of the Group's revenues, is in decline:

2005	2006	2007	2008	2009
13.8%	15%	13.8%	13.3%	11.6%

3.10. Trademarks and patents – Industrial and intellectual property

Software

The Group has developed and is the owner of various software building blocks, which it uses for its own requirements or those of its clients.

Patents

By law, software cannot be patented as such, so there are no patent license agreements.

Trademarks

The Group owns or uses, free of charge, the trademarks used for the business names of its entities, websites and offers.

4. MARKET AND COMPETITION

4.1. The IT services market: size and development

The IT services sector, in the broad sense of the term, is reported to employ around 370,000 people in France and is expected to generate estimated revenues of around €40.5 billion in 2010. After having grown fivefold in 20 years, the IT services market is thought to be on a par with the public works & civil engineering market or the pharmaceutical market, and to outweigh the defense, aeronautical and aerospace sector. It can be broken down as follows:

	Revenues
IT consulting and services	€23 billion
Technology consulting	€5.5 billion
Software	€ 12 billion
Total	€40.5 billion

(Source: Syntec 2010).

According to various analysts and forecasters, the 2009 software and IT services market in France (where GDP was down by 2.2% in 2009) declined by 4-5%.

The public sector and utilities are still growing. After a difficult first half-year, the banking and insurance sector apparently picked up in the second half. The services/retail/transport industry and sector posted very checkered results.

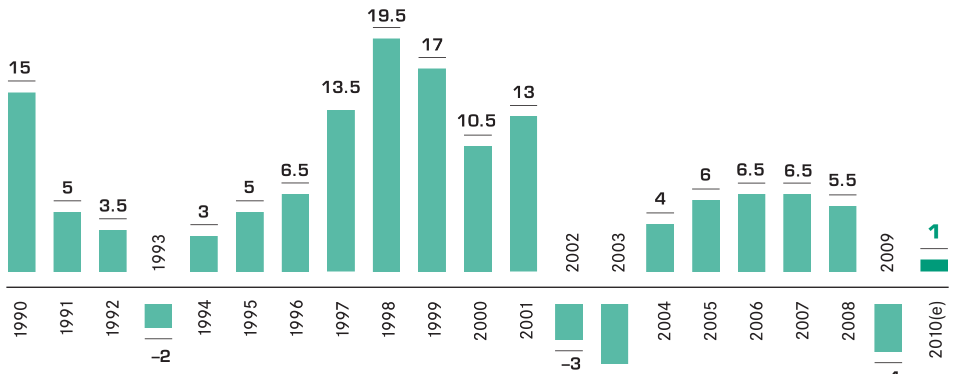
The situation also varies enormously by type of service: consulting (-6%), projects and integration (-3%), application development and technical support (-6%), infrastructure outsourcing (+2.5%), application outsourcing (+4%).

Offshoring accounts for around 5% of IT services (eastern Europe: 35%, India: 30%, North Africa: 20%, other: 15%). The majority of offshoring (60%) concerns third-party application maintenance. The expansion of offshoring has come to a standstill, despite systematic representation in major proposals. Clients are said to be more mature now about appropriate offshoring practices.

For 2010, forecasters predicted (in April 2010) a gradual resumption in growth, a better second-half and, in the final analysis, 1% growth on the French market.

The main growth drivers behind the recovery are as follows: outsourcing and rationalization to meet cost-cutting requirements, regulatory compliance (Solvency II, Basle 3, carbon accounting), IS re-engineering (reconfiguration of banks, far-reaching changes in telecoms), innovation (e-health, personalized medical records, paperless offices, e-commerce, online betting, mobile banking, virtualization) and cloud computing (IT on demand, concentration and optimization of IT resources).

Annual growth (in %) of the software and IT services market in France (1990-2010)



(Source: Syntec)

4.2. The competition

NEURONES competes with a wide range of IT services companies and management consulting firms of all sizes on its various markets. As a result, the Group finds itself up against competitors for each of its business lines, rather than overall competitors.

Design, integration and operation of systems and networks

This is a highly fragmented market made up of departments of some larger IT services companies, divisions of manufacturers, dedicated companies of various sizes (pure-play remote network integrators, or specialists in supervision or virtualization tools, for example) and distributors.

Service desk

The Group's specialized entity is the leader on its market. Its main competitors are outsourcers' support centers or enterprises' in-house solutions.

Remote server operation, hosting and IT security

The market players are small and the competition very fragmented, especially in the security business.

Infrastructure outsourcing

Given the entrance barrier in this business, the Group encounters competition from only a dozen players, which are either comprehensive outsourcers or outsourcers specialized in distributed systems.

Application development

The competitors here are either specialized IT services companies in the small to mid-size range, or departments of large IT services companies.

IT consulting for the finance industry

The competitors in this business tend to be specialized IT services companies in the small to mid-size range, often quite recently established.

SAP integration and outsourcing

In integration, the main competitors are specialized departments in large IT services companies.

IT training and change management

The unit formed by the Group's two dedicated subsidiaries is one of the top five specialized IT-training players in France (apart from manufacturers' and vendors' training departments). The competitors are independent subcontractors or the subsidiaries of major IT services companies or manufacturers.

Management and organization consulting

The competition - extremely varied in this case - consists of majors, such as large, medium and small-sized consulting firms, the latter being relatively numerous.

5. ORGANIZATION

Operational organization chart

The following functions are centralized:
- Group senior management,
- finance (cash position, consolidation, run management control, legal),
- external growth,
- Group marketing and communications,
- cross-functional outsourcing management and total corporate-customer relationship management,
- quality (coordination).

The operational subsidiaries perform the following functions:
- senior management,
- sales,
- service delivery (team allocation, contract performance and monitoring),
- marketing,
- recruitment, human resource management and payroll,
- quality (certification, monitoring, improvement plans),
- accounting and management control,
- IT and support services.

At December 31, 2009, cash-generating (or "productive") staff made up 89.6% of the total workforce (compared with 87.8% a year earlier).

The Group is constructed as profit centers with a very high degree of autonomy, while the central functions are kept to a strict minimum. Each subsidiary communicates in its business line under its own name.

The cross-functional Group management handles relations with certain corporate accounts, organizes submissions for projects that involve several entities, especially in outsourcing, and coordinates work on these same projects.

The management committee is composed of 16 senior managers, most of whom are shareholders in the entity they manage or which they setup, and/or beneficiaries of the Group's stock option and free share plans.

Sales organization

The sales organization has two levels:
- the sales forces, which are specialized by type of service and by the client's business sector. The sales forces are divided up among the entities, business by business,
- on top of which there is a cross-functional Group department for the main corporate accounts. In the latter, cross-functional department, the overall account manager coordinates the work of the different entities' sales engineers and produces consolidated reporting for the client.

Marketing and communication organization

The marketing and communication cell reports to the general management department. It designs and deploys operational marketing initiatives to support the sales forces, as well as notoriety and image-building initiatives. The team handles both external communication (clients, recruitment, shareholders and investors) and in-house communication. Its annual budget is stable at around 1% of revenues.

As soon as an entity attains a sufficient size, a local marketing team is formed to handle the marketing for service lines and clients, in coordination with the cross-functional marketing team.

Technical organization

The technical departments are distributed in the business entities. The Group's cross-functional department studies the major outsourcing projects. Each subsidiary manages its technical knowledge in its Intranets.

For projects involving several lines of business, quality processes provide for the technical project managers to meet during the pre-contractual phase and for the offer review and the contract review.

Human resources organization

Each subsidiary handles its own recruitment, training plan and compensation policy. Payroll management is pooled in several processing centers, as well as relations with higher-education establishments and participation in some career fairs.

Administrative and financial organization

The following functions are centralized:
- the budgeting process,
- management of the Group's cash position and cash pooling,
- monthly consolidation and statutory half-yearly consolidations,
- support for external growth,
- the legal function, in liaison with the Group's legal advisors.

Each subsidiary is responsible for its accounting, management control and cash management.

Internal control

Internal control focuses on two processes:
- forecasting: annual budget in November of year N-1, sometimes followed by another forecast in September of year N,
- monitoring of actual outcomes: monthly financial reporting (month-end consolidated statement, available on 25th of the following month), with full application of the consolidation rules each month.

Operational activity is also tracked by a staffing-levels dashboard and relevant indicators for each business (number of job applications received, operating rate, average selling price per day, occupancy rate, etc.).

NEURONES also has a regularly-expanded "Group management rules" handbook that sets out the procedures and management rules to be applied by all of its subsidiaries.

Quality approach

The three main entities in the Infrastructures business are ISO 9001:2000 certified, along with the training operations, which together represent 80% of the Group. The certified activities include systems and network design/build and operation, IT operations, the service desk and remote workstation management.

For each of its other businesses, NEURONES now has a quality manual and a set of formal procedures.

6. HUMAN RESOURCES

Over 96.5% of the staff have an open-ended work contract. The remaining employees have fixed-term contracts, primarily professionalization and apprenticeship contracts.

Active recruitment policy

The recruitment procedures subject to quality assurance provide for the following, for example:
• technical multiple-choice questions for each specialization,
• at least one technical interview,
• at least one personality interview.

The entire recruitment process is monitored with a collaborative tool. This system makes it possible to monitor the degree of selectiveness of the Group's recruitments over time (on average, one person is recruited for every 25 applications examined).

The number of new recruits has evolved as follows:

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
450	550	200	200	400	470	670	820	990	700

Stock option and free share plans

Six stock option plans and three free-share plans were conducted between 1999 and 2009. Those that reached maturity were heavily subscribed. The plans that have yet to mature concern approximately 3% of the Group's staff.

Careers

The following concrete measures have been taken to facilitate mobility:
• staff files and in particular the annual performance appraisals are recorded in a computer system (Zadig Hupervision), which can be viewed selectively by HR managers and other authorized managers,
• a statement of staff transfers between Group entities is drawn up each year.

Sustained, innovative in-house training

The presence of a training business - one of the leading French players in its field - within the Group is a major asset. The training plan (6,700 days in 2009, compared with 5,000 days in 2008) is conducted largely in our own classrooms. This simplifies enrolment and cancellation procedures and allows us to provide training material and in-house certification (the Group is certified to conduct technical certifications). Staff are encouraged to sit for these validating exams (500 consultants hold 1,000 certifications).

Active in-house communications

Each line-of-business subsidiary has its own in-house communication tools (Intranet and in-house newsletters), in addition to which there is the Group's in-house journal. There is a significant number of fun, non-technical events, necessary - though not sufficient - in the life of any IT services company.

Favorable average age

The average age of our team members worked out at 33 years at end-2009 (compared with 32.4 years at end-2008).

Staffing levels and turnover

The following trend has been observed in staff at year-end numbers:

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
993	1,146	1,169	1,141	1,284	1,424	1,787	2,054	2,455	2,665

Turnover (the number of voluntary staff departures during the year compared with the average number of employees for the year) was half the 2008 figure:

2005	2006	2007	2008	2009
15%	18%	20%	21%	10%

It should be pointed out that the bulk of the Group's operations are in the Paris region, where turnover is traditionally higher than in other parts of France.

7. CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY, AND SUSTAINABLE DEVELOPMENT

The first sustainable development self-assessment was carried out by a Group entity, using the AFNOR 1000 NR method.

Diversity, equal opportunity and working conditions

Six per cent of the Group's employees are non-French nationals from 36 different nationalities. Two Group entities have signed the Diversity Charter. In 2009, the Group received 72 young people on a professionalization contract, 11 doing an apprenticeship and 19 doing a work placement (with a pay slip). The Group strives to be "disabled-friendly" and has raised the percentage of disabled people in its workforce. Although women are not well represented in engineering schools' IT courses, they make up 20% of the Group's workforce. Company-wide agreements and action plans were introduced at the end of 2009 for employees over the age of 50. The latter represent 2.5% of the workforce.

Group involvement in the community

Through its specialized subsidiary, the Group hosts, free of charge, the servers of the association "CIO sans frontières". It also provides free services for Unicef and has signed a "Town Hall-Enterprise" charter with the municipality of Nanterre. It encourages initiatives by staff who wish to get involved in their local community or the voluntary sector, giving their time or creativity.

Environmental policy

Given the nature of its core businesses, NEURONES' operations have marginal impact on the environment. Even so, the Group:
• systematically recycles consumables (printer toners, electric batteries, etc.),
• has installed low-energy systems (lighting, variable-speed HVAC, etc.),
• uses Green IT technologies in its data centers (blade servers, HVAC systems that use internal gas rather than recycled water, Argogene fire-fighting systems),
• recruits, as far as possible, in labor market areas close to its service centers to limit daily commutes,
• since 2007, buys only ECO_2 company cars, which emit less than 120g of CO_2 per 100km.

8. RISK FACTORS

8.1. Financial risk

Financial risk under IFRS 7

Financial risk management (IFRS 7) is described in the appendix to the consolidated financial statements. It covers:
- credit risk,
- liquidity risk,
- market risk,
- capital management.

Country risks

Because NEURONES operates solely in France, it does not carry any particular country risk.

Off-balance sheet commitments

There are no significant off-balance sheet commitments. The commitments include:
- office rentals: conventional 3, 6 or 9-year commercial leases,
- standard office equipment rentals and maintenance contracts (3-year photocopier servicing, etc.).

There are no other off-balance sheet commitments, such as: unmatured discounted bills, contingent commitments, financial guarantees, holdings, etc.

Minority interest repurchase agreements

In 2008, repurchase agreements were signed with the minority shareholders of two Group companies. They concern distant periods of time. The repurchase prices are indexed on the operating profits of the companies concerned. There is therefore no significant risk, especially for the Group's financial situation.

8.2. Business risks

Risks associated with recruiting and retaining staff

The Group cannot guarantee that it will be able to recruit and retain the engineers and technicians it needs to achieve its objectives, especially when the predicted shortage of executives occurs. Despite continuing high turnover in the Paris region, NEURONES has always been able to recruit sufficient staff to date (without lowering its recruitment criteria), even in very tight periods. For key staff, the risk of a senior manager leaving the company is attenuated by the Group's very decentralized management and involvement in equity-sharing and free-share schemes.

Risks associated with the competition

On the whole, the information technology market has very few entrance barriers likely to curb the emergence of new competitors, which is a threat for certain Group businesses.

The businesses least at risk are:
- the service desk: the investment required is an entrance barrier,
- outsourcing: the barrier here is the size required to have all the necessary skills and service centers (prime contracting, service desk, remote device management center, hosting, systems and network technical expertise, ability to deploy large teams) and the fact that the sales cycle is long.

Technological risks

The markets on which NEURONES operates are characterized by advanced technology, changing industrial standards, the arrival of new competitors and frequent releases of new services, software and other products. The Group's success in the future will depend in part on its ability to immediately adapt its offers to meet clients' changing needs, at the best possible price.

Client risks

The biggest client is a product of the merger of two major groups and represented 9.2% of the 2009 revenues. This total volume corresponds to a variety of deals concluded between several NEURONES business entities and different decision-making centers within the client's group.

Most of the risk of non-payment is covered by a credit insurer.

Risks associated with failure to meet guaranteed-performance commitments

Apart from the Consulting business, which is deemed to be a 100% project activity, project activities for the IT services business, which are performed on a fixed-price basis, account for 11% of revenues.

For infrastructure fixed-price projects (including outsourcing contracts), the risks of off-target performance are limited. They stem from a mismatch between the different hardware and software to be integrated. It can happen that an item of hardware or software cannot, in the end, be installed to fulfill its function. In this rare case, NEURONES complains to the manufacturer or vendor, assisted by its insurer if legal action has to be taken.

For application development fixed-price projects, the number of days actually worked is seldom equal to the number of days initially calculated. Every year, the sum of the differences is positive (i.e. the sum of days in advance is higher than the sum of days late). However the risk of drift exists and can take on significant proportions. A maximum commitment is set per batch. When a project is too big, it is broken down into batches.

Stringent technical and legal checks are made during the pre-sale phase (and must be approved by an authorized person).

In all of the entities, the list of projects in progress is reviewed at the end of each month and, for each project, the advance or delay is re-estimated. Any sudden change in the estimated "still to do" estimate triggers a review of the contract in question.

On the whole, even though the risk of off-target performance on fixed-price projects cannot be eliminated, experience shows that it remains limited. In the event of an accident, the civil and professional liability insurance comes into play.

Offshore risks

Though rapidly expanding, offshoring is a risk that the Group wants to anticipate so that it can take advantage of it. Offshoring is thought to represent 10% of the IT services market in the United States and 4-5% of the IT services business in France in 2009 (40% of the services offshore by French IT service companies are produced in India). Application development and TPMA are the businesses most affected by this trend. Certain phases of projects are easier to offshore than others (detailed design, module development, unit tests). The upstream phases (functional specifications, overall design) and downstream phases (integration tests, acceptance testing), on the other hand, require staff to work close to clients' sites.

Because NEURONES delivers some of its services through its own service centers, it has experience of developing processes comparable to those used for offshoring. Moreover, the Group has already carried out projects that included subcontracting to IT services companies in offshore countries, so it is equipped for possible changes in its production methods.

Risks associated with external growth operations

In its future external growth operations, as in the past, the Group will select medium-sized enterprises whose teams will be easy to integrate, with a culture similar to that of its current management team. Most of the time, this will allow these fellow companies to remain autonomous and keep their directors at the helm as they take advantage of synergies with the other companies in the Group. Great attention will be paid to ensuring that the owners and senior/key executives that join or become partners with NEURONES have a capitalist interest in maintaining their previous situation.

Environmental risks

The Group's operations as a provider of IT services and consulting do not represent any particular risk for the environment.

Exceptional events, ongoing litigation and law suits

To NEURONES' knowledge, there are no exceptional events or litigation that have had or are likely to have any significant repercussions on the Group's operations, assets or financial situation.

8.3. Insurance

The main insurance contracts provide the following coverage:
- professional civil liability: €5 million per loss and per year (non-consequential material and immaterial damages),
- operational liability: €7.5 million,
- damages (theft/fire) with business interruption: actual gross margin with contractual indemnity limit of €2 million and additional costs of €2 million,
- credit insurance (except for entities that deliver recurrent services, for which it is deemed that discontinuing the services is sufficient cover),
- office bearers insurance.

Total premiums (excluding vehicle insurance) stand at approximately 0.15% of consolidated revenues.

9. DEVELOPMENT STRATEGY, INVESTMENT POLICY

9.1. Development strategy

To move significantly faster than the market, NEURONES applies a strategy that revolves around the following points:
- take advantage of the major trend towards outsourcing IT services to acquire a leadership position;
- extend its relations with corporate accounts and increase the size of the projects the Group handles;
- work with consulting firms and IT services companies that have either innovative services or complementary lines of business. Being organized into autonomous profit centers, with their own operating statements and resources, has accustomed NEURONES to dealing with partner companies. The Group makes available its tools, structure, databases and dense sales network. Providing it respects the personality of the directors and the distinctive strong points of the independent consulting firms and IT services companies that join the Group, these partnerships have great potential;
- play an active role in the slow but steady concentration of the sectors in which the Group operates. The main criteria for partnerships are as follows:
  - profitable companies (or subsets of companies),
  - management has a proven track record,
  - operation increases earnings per share;
- opportunity to expand by extending geographical coverage (regions, nearshore, international). To date, the Group has channeled its efforts into attaining a significant size in its businesses. It is still essentially based in Paris and the Paris region, and has not made any effort to expand into other geographical zones, which represent potential growth areas. In time, it is highly likely that the Group will extend beyond its current zone of influence, depending on demand from clients, the entrepreneurs it meets and the opportunities for external growth that arise.

9.2. Core principles

In keeping with its strategic development priorities, NEURONES bases its operations on core principles that, according to its management, correspond to the deep-seated demand of its corporate accounts and will guarantee its medium and long-term presence on the market:
- recruit, train and develop its consultants: the Group makes a point of recruiting the most highly-qualified consultants, offering them an environment and culture that is rich and dynamic, along with stimulating remuneration and career prospects. They are given the opportunity to boost their professional development by working on complex projects, in which they often provide real prime contracting;
- maintain sufficient staffing levels on fixed-price projects: to be able to provide an accurate, rapid technical opinion on increasingly complex problems, the Group needs to maintain and retain a strong technical core group of expert engineers who work exclusively on fixed-price projects - a prerequisite for providing real prime contracting. This core group also forges a deep-seated technical bond among the teams, alongside the essential knowledge-management tools, Intranets and other formal, cross-functional technical meetings;
- maintain quality assurance on two fundamental processes for guaranteeing medium-term growth:
  - recruitment: provide mandatory multiple-choice questionnaires and personality interviews, and manage job applications in a collaborative working tool;
  - the pre-contractual phase of responding to a client request: "go/no go" procedures and risk assessment, mandatory formal description of the services, systematic appointment of a single account manager to handle all replies to client requests.

9.3. Investment policy

Research and development

R&D investments are not centralized, but planned and carried out in each entity. Days spent on technology watches and R&D are not immobilized on the balance sheet.

In 2009, for the first time, the Group held a cross-functional review of its R&D activities. Research tax credits to the value of €150,000 were introduced in subsidiaries.

Financial investments

Fourteen acquisitions have been made over ten financial years (since the Group was listed on the stock exchange in 2000), for a total disbursement of €40.3 million at December 31, 2009. These investments were largely financed by free cash flows generated by the Group's operations over the same period (€76.3 million), as shown in the simplified cash flow statement for the last ten financial years:

(in € millions)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	TOTAL
Net profit	3.7	5.4	5.9	4.9	5.0	6.3	6.6	9.9	13.0	12.8	73.5
Amortization and provisions	1.1	1.3	1.9	1.9	1.6	1.1	3.0	3.3	3.1	4.1	22.4
CASH FLOW	4.8	6.7	7.8	6.8	6.6	7.4	9.6	13.2	16.1	16.9	95.9
Change in WCR (increase)/ decrease	(1.4)	2.5	(1.7)	1.3	0.9	(1.9)	(5.3)	2.1	0.6	(1.3)	(4.2)
Net industrial investments	(1.0)	(1.2)	(0.9)	(1.1)	(1.0)	(0.9)	(2.2)	(2.6)	(2.3)	(2.2)	(15.4)
FREE CASH FLOW	2.4	8.0	5.2	7.0	6.5	4.6	2.1	12.7	14.4	13.4	76.3
Net financial investments	(8.8)	-	(3.8)	(2.1)	(0.8)	(1.0)	(2.9)	(2.8)	(14.2)	(3.9)	(40.3)
Capital increase	29.9	-	-	-	0.2	0.8	0.3	0.5	0.1	0.3	32.1
Other items	(0.1)	(0.2)	-	-	-	(1.2)	(1.5)	(1.5)	(4.4)	(2.6)	(11.5)
CHANGE IN CASH AND CASH EQUIVALENTS	+23.4	+7.8	+1.4	+4.9	+5.9	+3.2	(2.0)	+8.9	(4.1)	+7.2	+56.6
Cash and cash equivalents at year-end	26.6	34.4	35.8	40.7	46.6	49.8	47.8	56.7	52.6	59.8	59.8

Net industrial investments

The industrial investment plan amounted to €2.2 million in 2009 and concerns fittings, company cars and computer hardware. In particular, the Group has had to invest in its data center and service centers (a center was opened in Nantes).

In 2009, these investments were financed by the available cash.

The Group rents all of the premises used (11,600 sq. m at January 1, 2010) from external owners who have no connection whatsoever with shareholders in NEURONES or its subsidiaries.

10. RECENT DEVELOPMENTS AND OUTLOOK

10.1. Quarterly growth and operating profit

NEURONES recorded 3.4% internal growth in 2009, broken down as follows:

(in € millions)	Q1	Q2	Q3	Q4	2009
2009 revenues	54.3	53.4	50.2	58.5	216.4
Year-on-year change	+26%	+15%	+10%	+7%	+14.3%
of which % organic growth (like-for-like basis)	*+9%*	*+2%*	*+2%*	*+1%*	*+3.4%*
Operating profit	9.1%	7.0%	9.3%	9.8%	8.8%

10.2. 2010 forecasts

At its meeting with financial analysts on March 11, 2010, NEURONES said it believed it could achieve higher organic growth in 2010 than in 2009, despite the continuing uncertainty of the economic and financial climate.

During this presentation, it reported the favorable and unfavorable factors that might affect the market and NEURONES in 2010.

Favorable factors:
- a propitious context for outsourcing,
- a very limited amount of business with the automobile and retail sectors,
- a favorable age pyramid and production costs,
- a post-crisis situation probably more propitious for mergers/partnerships (4,700 IT service companies with 10+ employees).

Unfavorable factors:
- uncertainty about the economic recovery and how vigorous it will be,
- the business has become more industrial and more buyer-focused,
- low prices and difficulty raising outsourcing prices.

NEURONES' estimates for 2010 will be announced when it posts its first-quarter revenues (May 6, 2010).

10.3. Provisional calendar of financial events

Shareholders' Meeting:
- June 10, 2010.

Revenue announcements*:
- May 6, 2010 (Q1 2010),
- July 29, 2010 (H1 2010),
- November 10, 2010 (Q3 2010).

Profit announcements*:
- September 23, 2010 (H1 2010).

* pre-stock exchange.

Consolidated financial statements

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2009

ASSETS *(in € millions)*	Notes	12/31/2009	12/31/2008
NON-CURRENT ASSETS			
Intangible assets	*Note 1/Note 2*	34,724	35,181
Tangible assets	*Note 3*	3,634	3,652
Financial assets	*Note 4*	1,286	1,189
Other financial assets valued at fair value	*Note 4*	2,667	2,479
Deferred tax credits	*Note 5*	1,100	1,126
TOTAL NON-CURRENT ASSETS		**43,411**	**43,627**
CURRENT ASSETS			
Inventory	*Note 6*	252	270
Deferred tax credits due		1,456	229
Trade accounts and notes receivable	*Note 7*	63,489	66,734
Cash and cash equivalents	*Note 8*	60,441	54,777
TOTAL CURRENT ASSETS		**125,637**	**122,010**
TOTAL ASSETS		**169,048**	**165,637**

SHAREHOLDERS' EQUITY AND LIABILITIES *(in € millions)*	Notes	12/31/2009	12/31/2008
SHAREHOLDERS' EQUITY			
Capital		9,390	9,364
Additional paid-in capital		30,403	30,165
Consolidated reserves and profits		62,189	51,762
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	*Note 9*	**101,981**	**91,290**
Minority interests		**6,294**	**5,621**
SHAREHOLDERS' EQUITY		**108,276**	**96,912**
NON-CURRENT LIABILITIES			
Long-term provisions	*Note 10*	359	282
Long-term financial liabilities	*Note 11*	101	95
Other non-current liabilities	*Note 12*	-	1,409
Deferred tax liabilities	*Note 5*	216	-
TOTAL NON-CURRENT LIABILITIES		**676**	**1,786**
CURRENT LIABILITIES			
Short-term provisions	*Note 13*	486	285
Taxes due		257	3 869
Trade and other accounts payable	*Note 14*	58,660	60,534
Short-term financial liabilities and bank overdrafts	*Note 15*	692	2,252
TOTAL CURRENT LIABILITIES		**60,096**	**66,939**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**169,048**	**165,637**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2009

(in € millions)	Notes	2009	2008
Sale of goods		9,776	10,670
Sale of services		206,613	178,657
REVENUES		**216,390**	**189,328**
Purchases consumed		(8,287)	(9,137)
Salaries and related expenses	*Note 16*	(137,064)	(116,386)
External expenses	*Note 17*	(44,145)	(39,135)
Taxes and duties		(5,944)	(4,884)
Allocations to amortization and depreciation	*Note 18*	(2,342)	(1,892)
Allocations to provisions	*Note 18*	(86)	-
Asset impairment	*Note 18*	-	(6)
Other income	*Note 19*	941	893
Other expenses	*Note 19*	(117)	(328)
Other operating income	*Note 20*	58	0
Other operating expenses	*Note 20*	(347)	(41)
OPERATING PROFIT		**19,056**	**18,411**
% OF REVENUES		**8.8%**	**9.7%**
Financial income		864	2,562
Financial expenses		(142)	(769)
Net cost of financial debt	*Note 21*	**722**	**1,793**
PRETAX PROFIT		**19,778**	**20,204**
% OF REVENUES		**9.1%**	**10.7%**
Income tax	*Notes 22/23*	(6,963)	(7,228)
PROFIT FOR THE PERIOD FROM ONGOING ACTIVITIES		**12,815**	**12,976**
% OF REVENUES		**5.9%**	**6.9%**
PROFIT FOR THE YEAR		12,815	12,976
including:			
• Profit attributable to parent company shareholders (group share)		11,301	12,045
• Profit attributable to minority interests		1,514	931
Diluted earnings per share (group share) – in euros		0.49	0.52
Number of shares*		23,104,614	23,316,619
Diluted earnings per share (group share) – in euros		0.48	0.51
Number of shares*, stock options & exercisable bonus shares allocated		23,458,068	23,809,649

* Number of shares weighted over the period.

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2009

(in € millions)	12/31/2009	12/31/2008
Profit for the year	12,815	12,976
Income and expenses recognized directly in shareholders' equity	-	-
Comprehensive income	12,815	12,976
including:		
• share attributable to parent company shareholders (group share)	11,301	12,045
• share attributable to minority interests	1,514	931

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDING DECEMBER 31, 2009

(in € millions)	12/31/2009	12/31/2008
Consolidated profit before minority interests [1]	12,815	12,976
Elimination of non-monetary items:		
• Net allocations to amortization, depreciation and provisions	2,768	2,048
• Expenses/(Income) related to stock options and similar items	802	1,070
• Effect of discounting receivables and debts maturing in more than one year	270	225
• Variation in deferred taxes	243	(219)
• Capital losses/(gains) from disposals, net of tax	2	41
• Capital losses/(gains) from disposals of consolidated securities, net of tax	-	-
Cash flow from consolidated companies	16,899	16,141
Cash variation in:		
• Working capital requirement for operations	3,538	(224)
• Corporate tax	(4,838)	793
CASH FLOW FROM OPERATIONAL ACTIVITIES [2]	15,600	16,710
Acquisitions of intangible and tangible assets	(2,190)	(2,317)
Disposals of fixed assets, net of tax	4	0
Payments for long-term investments	(337)	(2,927)
Payments of acquisition price for acquired companies	(3,534)	(15,193)
Impacts of changes in scope	(0)	4,799
Payments on acquisitions of contracts and customer contractual relationships	-	-
Securities bought from minority shareholders of subsidiaries	(106)	(1,135)
Subscriptions to capital increases by minority interests of subsidiaries	-	-
Disposal of consolidated securities, net of tax	54	290
CASH FLOW FROM INVESTMENT ACTIVITIES	(6,109)	(16,483)
Capital increase – sums received from the exercise of stock options	264	101
Company buy-back and sale of its own securities	-	(2,149)
Dividends paid to parent company shareholders	(1,608)	(1,636)
Dividends paid to minorities of subsidiaries	(824)	(217)
New loans	92	-
Loan repayments	(204)	(425)
CASH FLOW FROM FINANCING ACTIVITIES	(2,280)	(4,326)
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,210	(4,099)
CASH AND CASH EQUIVALENTS AT OPENING	52,603	56,702
CASH AND CASH EQUIVALENTS AT CLOSING	59,813	52,603
(1) including: interest received	864	2,562
(1) including: interest paid	(142)	(769)
(2) including: tax due on the income statement	6,720	7,787
• change in taxes receivable and payable	4,838	(1,756)
– income tax paid	11,559	6,031

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2009

SHAREHOLDERS' EQUITY *(in € millions)*	Capital	Additional paid-in capital	Consolidated reserve	Share-based compensation reserve	Treasury shares	Profit for the year	Total shareholders' equity (group share)**	Minority interests*	Total shareholders' equity
Shareholders' equity at 12/31/2007	9,353	30,075	33,504	493	-	9,210	82,635	3,255	85,890
Movements for FY 2008									
– Consolidated profit for the year	-	-	-	-	-	12,045	12,045	931	12,976
Comprehensive income	-	-	-	-	-	*12,045*	*12,045*	*931*	*12,976*
• IFRS 2 restatements - stock options & bonus shares	-	-	-	1,070	-	-	1,070	-	1,070
• Capital transactions (Exercise of stock options)	11	90	-	-	-	-	101	-	101
• Company buy-back of its own securities	-	-	-	-	(2,149)	-	(2,149)	-	(2,149)
• Allocation of 2007 profit	-	-	9,703	(493)	-	(9,210)	0	-	0
• Dividends paid by the parent company (€0.07 per share)	-	-	(1,636)	-	-	-	(1,636)	-	(1,636)
• Change in scope	-	-	(775)	-	-	-	(775)	1,652	877
Total transactions with shareholders recognized directly in shareholders' equity	*11*	*90*	*7,292*	*577*	*(2,149)*	*(9,210)*	*(3,389)*	*1,652*	*(1,737)*
– Minorities' share in subsidiaries' dividend distributions	-	-	-	-	-	-	-	(217)	(217)
Shareholders' equity at 12/31/2008	9,375	30,255	48,089	1,647	(4,299)	2,835	91,291	5,621	96,912
Movements for FY 2009									
– Consolidated profit for the year	-	-	-	-	-	11,301	11,301	1,514	12,815
Comprehensive income	-	-	-	-	-	*11,301*	*11,301*	*1,514*	*12,815*
• IFRS 2 restatements - stock options & bonus shares	-	-	-	802	-	-	802	-	802
• Capital transactions (Exercise of stock options)	26	238	-	-	-	-	264	-	264
• Bonus shares delivered	-	-	(941)	-	941	-	-	-	-
• Allocation of 2008 profit	-	-	4,482	(1,647)	-	(2,835)	-	-	-
• Dividends paid by the parent company (€0.07 per share)	-	-	(1,608)	-	-	-	(1,608)	-	(1,608)
• Change in scope	-	-	(68)	-	-	-	(68)	(17)	(86)
Total transactions with shareholders recognized directly in shareholders' equity	*26*	*238*	*1,864*	*(845)*	*941*	*(2,835)*	*(610)*	*(17)*	*(628)*
– Minorities' share in subsidiaries' dividend distributions	-	-	-	-	-	-	-	(824)	(824)
SHAREHOLDERS' EQUITY AT 12/31/2009	**9,401**	**30,493**	**49,953**	**802**	**3,357**	**11,301**	**101,981**	**6,294**	**10,8275**

* Share of shareholders' equity attributable to minority interests (non-control equity stakes that correspond to the shares held by subsidiaries' managers).

** Share of shareholders' equity attributable to parent company shareholders.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY IDENTIFICATION

NEURONES is a public limited company, whose head office is located at 205, Georges Clemenceau, 92024 Nanterre Cedex, France. It is a consulting and IT services company.

2. DISTRIBUTION OF FINANCIAL STATEMENTS

In its meeting held February 12, 2010, the Board of Directors closed the 2009 consolidated financial statements presented in this document, which are subject to approval by the Shareholders Meeting of June 10, 2010.

NEURONES' consolidated financial statements for the year ended December 31, 2009 include the company and its subsidiaries (together referred to as the "Group") and the share in affiliates and associates or companies under joint control.

3. DECLARATION OF COMPLIANCE

The consolidated financial statements were prepared in compliance with the IFRS as adopted in the European Union. The IFRS as adopted by the European Union differ in some respects from the IFRS published by the IASB. Nevertheless, the Group has made sure that the financial information for the periods presented would not be substantially different if it had applied the IFRS as published by the IASB. This compliance covers the definitions, accounting methods, valuation and presentation recommended by IFRS plus all information required by the standards.

4. ACCOUNTING PRINCIPLES

The accounting methods presented below have been applied consistently for all periods shown in the consolidated financial statements. They are identical to the accounting principles used in the financial statements at December 31, 2008.

The application of IAS 1 has an impact on the presentation of the NEURONES Group's consolidated financial statements at December 31, 2009. The main changes related to its application are as follows:

- new name for the "Balance Sheet," now called the "Consolidated financial situation"
- "Comprehensive income statement" created, which details the gains and losses recognized directly in shareholders' equity.
- statement of changes in shareholders' equity, which discloses transactions with parent company shareholders.

The application of other new standards and interpretations (presented hereafter: Note 4.25 New standards and interpretations") has no impact on the financial statements at December 31, 2009.

The accounting methods were applied uniformly by Group entities.

4.1. Basis of preparing the consolidated financial statements

The financial statements are presented in euros rounded to the nearest thousand euros.

They were prepared based on historical cost except for short-term cash investments, share-based compensation and some non-current financial assets, valued at fair value.

4.2. Use of estimates

Preparing financial statements in accordance with the IFRS conceptual framework requires making estimates and formulating assumptions that affect the application of accounting methods and the amounts shown in these financial statements.

The estimates and underlying assumptions are made based on past experience and other factors considered as reasonable in view of the circumstances. Consequently, they form the basis for exercising the necessary judgment to determine the book values of assets and liabilities that cannot be obtained directly from other sources. The intrinsic values may differ from the estimated values.

The estimates and underlying assumptions are reexamined continuously. The impact of changes in accounting estimates is recognized during the period of change if it only affects this period or during the period of change and subsequent periods if they too are affected by the change.

At the year-end closing, NEURONES did not foresee any changes in the key assumptions used or sources of uncertainty that would present a major risk of leading to a significant adjustment in the amounts of assets and/or liabilities during the following period.

The main items where estimates are made are asset impairments, pension liabilities, the valuation of share-based compensation and provisions. The assumptions used are specified in the corresponding notes to the financial statements.

4.3. Consolidation methods

Subsidiaries

A subsidiary is an entity the Company controls. Control exists when the Company has the power to directly or indirectly influences the entity's financial and operational policies in order to derive benefits from its activities.

To assess the control, voting rights that are potentially exercisable or convertible are taken into consideration.

Subsidiaries' financial statements are included line-by-line in the consolidated financial statements from the date when control is obtained until the date when control ceases.

The difference between the price paid to increase the percentage stake in entities already controlled and the additional share of shareholders' equity thus acquired is recorded as Group shareholders' equity. In the same way, a decrease in the Group's percentage stake in an entity that continues to be controlled is treated for accounting purposes as a shareholders' equity transaction, without any impact on profit.

Affiliates and associates

Affiliates and associates are entities where the Company has significant influence over their financial and operational policies without having control. The consolidated financial statements include the Group's share in the total amount of profits and losses recognized by these companies based on the equity method from the date when significant influence is exercised until the date when it ends.

If the Group's share in the losses of an affiliate or associate is greater than its investment in this entity, the book value of the shares accounted for by the equity method is reduced to zero and the Group ceases to recognize its share in the future losses, unless the Group has a legal or implicit obligation to participate in losses or to make payments on behalf of the affiliate or associate.

Joint ventures

Joint ventures are entities where the Group exercises joint control pursuant to a contractual agreement. The consolidated financial statements include the Group's share in the assets, liabilities, revenues and expenses, combined line by line (proportional consolidation), with the similar items of these financial statements from the date when the joint control is obtained until the date when it ends.

Transactions eliminated in the financial statements

Balance sheet balances, unrealized gains and losses, and revenues and expenses from intra-group transactions are eliminated when the consolidated financial statements are prepared. The unrealized gains resulting from transactions with affiliates, associates and joint ventures are eliminated up to the Group's equity share in the entity.

Unrealized losses are eliminated in the same way as unrealized gains, but only insofar as they do not represent impairment.

At December 31, 2009, all companies included in the scope of consolidation were subsidiaries. Subsidiaries' accounting principles have been modified to ensure homogeneity with the Group's accounting methods.

The list of consolidated companies is shown in chapter 5 hereafter, "Scope of Consolidation".

4.4. Intangible assets

Business combinations and goodwill

When a company enters the scope of consolidation, its assets, liabilities and identifiable potential liabilities are entered on the consolidated balance sheet at their fair value and valued according to the Group's accounting principles.

The difference between the acquisition cost and the Group's share in the fair value of the identifiable assets, liabilities and potential liabilities acquired constitutes the goodwill.

For goodwill prior to January 1, 2004, the Group has chosen, according to the provisions of IFRS 3, not to restate goodwill from business combinations. Consequently, this goodwill is maintained at its assumed cost, which represents the amount recognized according to the previous accounting guidelines.

Goodwill is valued at its cost, less cumulative impairment. It is assigned to Cash Generating Units, is not amortized and is subject to an impairment test annually or more frequently in case there are signs of impairment (see the paragraph, "Impairment of fixed assets").

Negative goodwill is recognized immediately in profit.

Contracts and contractual customer relationships

Contracts and contractual customer relationships are recorded in assets at their acquisition cost less cumulative depreciation and impairment. For the most part they come from purchased businesses and correspond to a volume of revenues and margin generated by these contracts. They are amortized over the useful life of the corresponding contracts.

In the case of technical assistance contracts renewable periodically, the useful life is indefinite. Consequently, the period during which the contracts will generate net cash inflows to the Group's benefit is without a foreseeable limit. In this case, the contracts are not amortized. They are subject to an annual impairment test plus each time there is a sign of impairment (see paragraph 4.7 hereafter, "Impairment of fixed assets").

4.5. Other Intangible assets

The Group has not identified significant development expenses that meet the IAS 38.57 definition.

Other intangible assets, especially software acquired for internal use, are amortized over their useful life, generally from one to three years, as soon as the asset is ready to be commissioned.

The amortization and depreciation of intangible assets are recorded in operating income on the line, "Depreciation".

4.6. Tangible assets

Tangible assets are recorded at their acquisition cost less accumulated depreciation and recognized impairment.

The Group has not opted to use the revaluation method for its assets.

Loan costs are excluded from the cost of fixed assets pursuant to IAS 23.

Tangible assets are depreciated over their useful life, according to the following methods as soon as the asset is ready to be commissioned:

Fixtures and installations	Straight-line 5 to 10 years
Transportation equipment	Straight-line 2 to 4 years
Computer hardware	Declining balance and straight-line 3 to 5 years
Office equipment	Straight-line 5 to 10 years

Case of business leases and long-term finance leases

Assets acquired in the form of a business lease or long-term finance lease have been restated. The asset is recorded on the balance sheet at the lower of the present value of the lease's minimum future payments and the asset's fair value. The asset is amortized over its useful life for the Group or the term of the contract if the term is less. The corresponding financial debt is recorded in liabilities and amortized over the term of the contract. In terms of the income statement, the lease expense is offset and replaced by an amortization expense and a financial expense.

4.7. Impairment of fixed assets

The book values of these assets are examined at each closing to assess whether there is any sign that an asset has sustained impairment. If there is such a sign, the asset's recoverable value is estimated. For goodwill and intangible assets with an indefinite useful life or that are not yet ready to be commissioned, the recoverable value is estimated every year at December 31.

Goodwill and intangible assets with an indefinite useful life or intangible assets under construction

The tracking method used to test intangible assets for impairment is the DCF (discounted cash flow) method. This method is used each time there is an indication of impairment and at least once a year. To conduct this test, goodwill is broken down into Cash Generating Units (CGU) corresponding to homogenous groups that jointly generate identifiable cash flows. The division into CGUs is done by legal entity, where each subsidiary corresponds to a CGU (see Note 4.23 hereafter: "Operational sectors").

An asset's book value is compared to its recoverable value, which corresponds to the maximum of the fair value less disposal costs and the value in use, determined by the discounted future cash flow method.

In case of impairment, it is recorded on the "Asset impairment" line in operating profit. Goodwill impairment is not reversed even if the asset's value in use recovers in future years.

Tangible and intangible assets with a definite useful life

The value in use of tangible and intangible assets with a definite useful life is tested for impairment as soon as signs of impairment appear, which are reviewed at each annual closing.

To perform this test, the tangible assets are grouped into Cash Generating Units (CGU). The CGUs constitute homogenous asset groups whose continuous use generates cash inflows that are substantially independent of cash inflows generated by other asset groups. The division into CGUs is done by legal entity, where each subsidiary corresponds to a CGU.

The asset's book value is compared to its recoverable value and corresponds to the maximum of the fair value less disposal costs and the value in use, determined by the discounted cash flow method. When the book value is less than the recoverable value, impairment is recorded in operating profit, on the "Asset impairment" line.

Main criteria used to apply the DCF method of valuation

- the discount rate used is 10.5% after tax, based on the risk-free rate, the risk premium and ß,
- the length of the explicit period is 5 years,
- the growth assumptions retained for revenues, operating margin, working capital requirements and capital expenditures are specific to each company, based on their size and business sector.

Impairment recorded for a CGU is first allocated to reducing the book value of any goodwill allocated to the Cash Generating Unit, then to reducing the book value of the CGU's other assets on a pro rata basis with the book value of each asset in the unit.

Impairment recorded for an asset other than goodwill is written back if there is a change in the estimates used to determine the recoverable value. An asset's book value, increased due to the write back of impairment, should not exceed the book value that would have been determined, net of depreciations, if no impairment had been recorded.

4.8. Financial assets

Non-consolidated securities

Pursuant to IAS 39, equity investments in non-consolidated companies are analyzed as available for sale and are therefore recorded at their fair value, or at their acquisition cost if the fair value cannot be determined reliably.

In the case of recognition at fair value, any normal variation in fair value (positive or negative) is recognized directly in shareholders' equity.

In case of a recognition at acquisition cost and there is an objective indication of impairment of the financial asset, impairment is recorded through profit/(loss). This impairment is written back through profit/(loss) only when the securities are sold.

Financial assets at fair value through the income statement

A financial asset is classified as a financial asset at fair value through the income statement if it is held for trading purposes or designated as such when it is initially recognized. Financial instruments are designated this way if the Group manages investments and makes purchase or sale decisions based on their fair value consistent with the risk management or investment strategy policy.

Other financial assets

Financial assets that mature in more than one year and that do not earn interest are discounted pursuant to IAS 39.

The variance related to the initial discounting is recognized in operating profit. The write-back related to the discounting each subsequent year is recorded as financial income.

The discount rate used is 5%.

The Group has no derivatives among its financial assets and does not conduct any hedge operations.

4.9. Deferred taxes

Pursuant to IAS 12, deferred taxes are recognized in the income statement and the balance sheet to account for the time lag between the book values and tax bases of certain assets and liabilities, except for the following items:

- goodwill
- time differences related to investments provided they will not inverse in the foreseeable future.

According to the liability method of tax allocation, deferred taxes are valued based on the known changes in tax rates that have been adopted or virtually adopted at the closing date.

Loss carry forwards are activated when it is likely there will be future taxable income that these tax losses can be charged against.

A deferred tax is recorded for assets and liabilities related to finance lease agreements.

The reform of the local tax on business, its replacement by the contribution foncière des entreprises (CFE) (business land tax) and the cotisation sur la valeur ajoutée des entreprises (CVAE) (corporate value-added tax) do not enter into the scope of IAS 12.

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

4.10. Inventory

Inventory is valued at the lowest cost based on the weighted price and net realizable value method. The net realizable value is the estimated sales price under normal business conditions, less the estimated costs required to complete the sale.

Impairment is recognized on a case-by-case basis when the net realizable value is less than the carrying amount.

4.11. Receivables

Receivables are recorded at cost less recognized impairment. Impairment is recognized when the book value of the receivable exceeds its recoverable value (i.e.; the value of estimated future cash flows).

There are no payment terms of more than one year.

4.12. Cash and cash equivalents

Short-term investments are valued at their fair value (as counterparty through the income statement).

Pursuant to IAS 7, the "Cash and cash equivalents" line includes the cash on hand and demand deposits. Bank overdrafts reimbursable on demand that are an integral part of the Group's cash management constitute a component of cash and cash equivalents for the needs of the cash flow statement.

The fair value corresponds to the cash-in value of the cash asset or liability at the closing date.

Variances in fair value are recorded in profit for the period under the "Financial income" category.

4.13. Treasury shares

The amount of the consideration paid for treasury shares, including directly attributable costs, is deducted from consolidated reserves.

In case the shares are subsequently disposed of, the profit/(loss) and any corresponding tax effects are recorded as a variation in consolidated shareholders' equity.

4.14. Share-based compensation

Plans granted after November 7, 2002 whose rights still had not been acquired at December 31,2009 are subject to a valuation according to

IFRS 2. The Black & Scholes valuation model was adopted for options. The fair value valuation of the service rendered at the allocation date is expensed on a prorata temporis basis over the entire rights acquisition period as an adjustment to shareholders' equity.

4.15. Employee benefits

Defined benefits plan: provision for retirement benefits

This provision is intended to meet the commitments corresponding to the present value of rights acquired by employees regarding conventional benefits they will have a claim to when they retire. It is based on a calculation made according to the projected unit credit method, which takes into account seniority, life expectancy and the standard personnel turnover rate plus salary revision and discounting assumptions.

The main parameters used correspond to averages determined by reference to the historical numbers from the latest fiscal periods.

These main parameters are:

Retirement age	60 years old
Turnover rate	15%
Discount rate	5%
Salary inflation rate	5%
Life expectancy table	INSEE 99

The actuarial gains and losses generated by changes in assumptions are recorded directly in profit/(loss).

Contributions owed to a fixed contribution plan are expensed when they are incurred.

4.16. Other personnel commitments

Rewards for long service

The collective bargaining agreements in force in Group companies do not make any special provisions for rewards for long service. No specific agreements have been concluded regarding this point in the Group's various subsidiaries.

4.17. Provisions

Pursuant to IAS 37, a provision is recorded when the Group recognizes a current obligation, legal or implicit, regarding a third party resulting from a past event and it is likely or certain that this obligation will cause an outflow of resources representing economic benefits whose amount may be estimated reliably.

Long-term provisions are discounted when the effect is significant.

4.18. Financial liabilities

The Group has no derivatives among its financial liabilities and does not conduct any hedge operations. The Group has no liabilities valued at fair value as an adjustment to profit.

The other financial liabilities correspond primarily to bank overdrafts.

4.19. Other non-current liabilities

No non-current liabilities were identified at December 31, 2009.

4.20. Trade and other accounts payable

Trade accounts and notes receivable are valued at their fair value when initially recorded, then at amortized cost.

There are no payment terms of more than one year.

4.21. Recognition of "service" revenues

Revenues realized in the form of services provided are recognized based on the stage of completion in accordance with IAS 11 and IAS 18.

The stage of completion is calculated based on the costs incurred compared to the total updated forecast costs.

Fixed-price projects

Revenues from fixed-price projects are recorded as the service is provided, based on the stage of completion method. According to this method, revenues are recognized in the period the service is rendered in. The variance between invoicing and revenues calculated based on the stage of completion is recorded in invoices to be prepared or in prepaid income, as required.
When the forecast cost price of a contract is greater than the contractual revenues, an end of contract loss equal to the difference is recorded in contingency and loss provisions.

Annual or long-term contracts

Revenues from annual or long-term contracts are recorded in advance, which corresponds to a prorata temporis treatment.

Services sold in the form of spendable checks

Some Group companies pre-sell checks for services, which represent days of service by engineers, developers, technicians or trainers.

Revenues in the form of spendable checks are recorded as the services are provided and therefore as the checks are consumed.

Unused checks are recorded as prepaid income.

Long-term perennial outsourcing contracts

Long-term outsourcing contracts generally include two main types of services:
- initial engineering: this is an independent project prior to starting the current operating contract. In this case, revenues are recorded based on stage of completion,
- operational contract: the invoicing terms generally involve a fixed monthly fee that is identical throughout the year. Revenues are recognized based on the stage of completion in phase with the services provided.

4.22. Method of calculating diluted earnings per share (EPS)

The number of shares taken into account in calculating diluted EPS is comprised of:
- number of shares at the beginning of the year,
- plus the weighted average number of bonus shares delivered during the year,
- plus the weighted average number of stock options exercised during the year,
- plus the weighted average number of other dilutive share subscription options (stock options and bonus shares) allocated and not exercised or not delivered during the year, calculated according to the provisions of IAS 33,
- less the weighted average number of treasury shares during the year.

The earnings per share was determined in accordance with IAS 33.

4.23. Operating segments (IFRS 8)

According to IFRS 8, an operating segment is a distinct component of the Group, which is either involved in providing services (business segment) or in providing services in an environment (geographic segment) that is exposed to risks and generates different profitability than the profitability in other sectors. It is identified and managed separately by senior management, in that it requires a specific strategy, resources and technologies.

The information transmitted internally to the CEO and Executive Vice-President is presented by legal entity, since line management's performance is assessed at this level. In this context, each of these entities would correspond to an operating segment. NEURONES does not consider this highly detailed level of information is necessary for the reader to have a better understanding of the Group's performance. All of the legal entities operate in the Consulting and IT Services market for companies and present marketing methods and cost structures that are often comparable.

Consequently, the Group has not identified operating segments to present in the context of IFRS 8..

4.24. Management of financial risk (IFRS 7)

Exposure to the following risks has been identified:
- credit risk,
- liquidity risk,
- market risk, and
- capital management risk.

The purpose of this note is to provide information about the exposure to each of these risks as well as the policies put in place to minimize these risks. Given the Group's current size and the daily involvement of two directors (CEO and Executive Vice-President) combined with the geographic proximity of most Group companies and subsidiary managers' participation in the share capital, in most cases, it has not been deemed necessary to form a centralized risk management committee. Moreover, the Group's general and/or financial management is directly responsible for some risks. In 2009 the operating units nevertheless conducted a risk mapping exercise and reported the results to senior management.

Credit risk

Credit risk represents the possibility of a financial loss in the case where a customer or counterparty to a financial instrument would fail to honor its contractual obligations. In the case of NEURONES and its subsidiaries, the risk is primarily limited to trade receivables and financial investments.

Concerning receivables, the credit risk exposure depends on the individual characteristics of the legal entities invoiced. The Group has a very broad spectrum of customers, in multiple business sectors, who are distributed uniformly with the largest customer not accounting for more than 10% of the consolidated revenues. Moreover, Group companies took out a Coface credit insurance policy when their customer portfolio justified taking specific coverage guarantees.

Concerning cash, the exposure to credit risk is limited by investing excess cash only in money market funds and certificates of deposit issued by the Group's banking partners (BNP, Société Générale, Crédit Agricole and HSBC) whose credit rating is at least A2/P2.

Liquidity risk

The liquidity risk corresponds to difficulties the Group could encounter to honor its commitments and pay its debts.

This risk is theoretical given the substantial surplus cash position in all of the Group's legal companies, except for HPS, whose situation is described in Note 1 of the Notes to the Balance Sheet – Intangible assets.

Nevertheless, the Group has arranged additional room to maneuver by negotiating with its banking partners unguaranteed overdraft facilities. These involve authorizations covering a total of €6.2 million that, when used, bear interest at EONIA +0.6%.

Market risk

Market risk corresponds to changes in market prices, such as exchange rates, interest rates and prices of equity instruments.

NEURONES is not really exposed to these risks at present since virtually all transactions are conducted in euros and no equity instruments have been issued.

Moreover, the Group is not in debt.

The only risk could be related to changes in interest rates on the cash investments. But a short-term investment strategy was chosen to reliably track changes in financial markets and thereby avoid being penalized by a long-term commitment that would be out of phase with current market conditions.

Capital management

By design, managers hold 77% of the capital, which constitutes a solid block that by nature gives third parties' confidence.

Even though NEURONES has substantial surplus cash (plus significant shareholders' equity), the Board of Directors makes sure that a balance is maintained between shareholder remuneration and long-term resources. The dividend policy, initiated as of 2005, has never resulted in distributing more than 25% of net profit.

The Company wants to have the possibility to buy-back its own shares. As such, every year the Ordinary Shareholders' Meeting is asked to approve such an authorization. The Board of Directors did not use this authorization in 2009.

4.25. New standards and interpretations

The following IFRS measures, mandatory as of January 1, 2009, were applied without impact on the Group's financial statements at December 31, 2009:
- IFRS 8 "Operating segments" (see note 4.23),
- IAS 23 revised "Loan costs,"
- amendment to IFRS 7 (and IFRS 4): Improved information on financial instruments,
- annual IFRS improvements (published in May 2008) except amendments to IFRS 5 and IFRS.1,
- amendments to IFRS 2: Vesting Conditions and Cancellations,
- amendments to IAS 32 and IAS 1 "puttable instruments and obligations arising on liquidation",
- amendments to IFRS 1 and IAS 27 "Cost of investments in a subsidiary, a JV or an affiliated company",
- amendments to IAS 39/IFRIC 9: Embedded derivatives
- IFRIC 11: "IFRS 2: Treasury shares and intra-group transactions", applicable for years open after March 1, 2007,
- IFRIC 13: "Customer loyalty program", applicable for years open as of July 1, 2009,
- IFRIC 14: "Limit on a defined benefit asset, minimum funding requirements and their interaction".

New standards, amendments and interpretations are not yet in force and were not applied in preparing the financial statements at December 31, 2009.

Some of these standards could have an impact on the Group's financial statements:
- IFRS 3 revised (2008) "Business combinations" includes the following changes that will probably have an impact on the Group's operations:
  - the definition of a company has been expanded, which will probably increase the number of acquisitions treated as business combinations,
  - the potential counterparty must be valued at fair value, with subsequent variations recognized as profit/(loss),
  - acquisition expenses, other than share or debt issue expenses, are recognized as expenses when they are incurred,

- any prior stake held in the acquired company is valued at its fair value, with the resulting gain or loss recognized as profit/(loss),
- any (minority) stake that does not confer control is valued either at fair value or based on its proportional share in the fair value of the acquired company's identifiable assets and liabilities, with the choice made on a transaction-by-transaction basis. IFRS 3 revised, which will have to be applied in the 2010 consolidated financial statements, will be applied on a prospective basis and therefore will not have an impact on the prior periods in the 2010 consolidated financial statements.

• IAS 27 amended "Consolidated and separate financial statements" provides that changes in the Group's interest in a subsidiary that result in maintaining control are recognized as transactions affecting shareholders' equity. When the Group loses control of a subsidiary, any interest retained in this former subsidiary is valued at its fair value and any gain or loss is recognized as profit/(loss). The amendments to IAS 27, which will have to be applied in the 2010 consolidated financial statements, should have no significant impacts on these statements.

Other standards, among these same standards not yet in force, should not have an impact on the Group's financial statements:

• amendments to IFRS 5 and IFRS1 alone,
• IAS 39 "Financial instruments": Items eligible for hedging,
• IFRS 1 revised: "First-time adoption of IFRS",
• amendments to IFRS 1: Additional exemptions for first-time adopters,
• annual improvements to IFRS (published in April 2009),
• amendments to IFRS 2: Intra-group cash-settled transactions,
• amendments to IAS 32: Classification of subscription rights issued,
• amendment to IFRIC 14: Limit on an asset – minimum funding,
• IAS 24 Revised: Related parties,
• IFRS 9 "Financial instruments": Classification and valuation,
• IFRIC 12 "Service concession arrangements",
• IFRIC 15 "Agreements for the construction of real estate",
• IFRIC 16 "Hedges of a net investment in a foreign operation",
• IFRIC 17 "Distributions of non-cash assets to owners",
• IFRIC 18 "Transfers of Assets from Customers",
• IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments".

5. SCOPE OF CONSOLIDATION

5.1. List of consolidated companies

Companies consolidated by full consolidation	Head office	Commercial Register No.	12/31/2009 % Stake	12/31/2009 % Control	12/31/2009 Consolidation Method	12/31/2008 % Stake	12/31/2008 % Control	12/31/2008 Consolidation Method
Parent								
NEURONES	205, av. Georges Clemenceau 92024 NANTERRE	331,408,336	-	-	-	-	-	-
Subsidiaries								
AS International	26, rue N.-D. des Victoires 75002 PARIS	349,528,356	99%	100%	C	99%	100%	C
AS International Group	26, rue N.-D. des Victoires 75002 PARIS	421,255,829	99%	99%	C	99%	99%	C
AS Synergie	26, rue N.-D. des Victoires 75002 PARIS	493,513,014	99%	100%	C	99%	100%	C
AS Technologie	26, rue N.-D. des Victoires 75002 PARIS	417,586,609	99%	100%	C	99%	100%	C
AS Telecom & Réseaux	26, rue N.-D. des Victoires 75002 PARIS	400,332,524	99%	100%	C	99%	100%	C
Axones	205, av. Georges Clemenceau 92024 NANTERRE	443,739,693	96%	96%	C	96%	96%	C
Codilog-Knowledge	205, av. Georges Clemenceau 92024 NANTERRE	432,673,838	82%	82%	C	82%	82%	C
Colombus Consulting	38, avenue Hoche 75008 PARIS	422,993,154	71%	71%	C	70%	94%	C
Colombus Consulting Holding (3)	38, avenue Hoche 75008 PARIS	488,508,268	-	-	-	74%	74%	C
Edugroupe	205, av. Georges Clemenceau 92024 NANTERRE	415,149,830	96%	96%	C	96%	96%	C
Edugroupe MP	205, av. Georges Clemenceau 92024 NANTERRE	494,800,121	96%	100%	C	96%	100%	C
Finaxys	30, rue d'Orléans 92200 NEUILLY-SUR-SEINE	450,758,040	53%	53%	C	55%	55%	C
G3PI (2)	121-123, rue Edouard Vaillant 92300 LEVALLOIS-PERRET	439,897,679	-	-	-	78%	78%	C
Help-Line – Victoria	171, av. Georges Clemenceau 92024 NANTERRE	381,983,568	92%	92%	C	92%	100%	C
HPS Technologies	26, rue N.-D. des Victoires 75002 PARIS	451,310,502	65%	66%	C	65%	66%	C
IMS	171, av. Georges Clemenceau 92024 NANTERRE	439,832,353	92%	100%	C	92%	100%	C
Intrinsec	215, av. Georges Clemenceau 92024 NANTERRE	402,336,085	82%	82%	C	82%	82%	C
Neurones Consulting	205, av. Georges Clemenceau 92024 NANTERRE	509,152,468	100%	100%	C	100%	100%	C
Neurones-IT	205, av. Georges Clemenceau 92024 NANTERRE	428,210,140	99%	99%	C	99%	99%	C
Pragmateam	205, av. Georges Clemenceau 92024 NANTERRE	411,264,641	50%	50%	C	50%	50%	C
RS2i	121-123, rue Edouard Vaillant 92300 LEVALLOIS-PERRET	385,166,640	78%	78%	C	78%	100%	C
Viaaduc	205, av. Georges Clemenceau 92024 NANTERRE	432,104,503	96%	100%	C	96%	100%	C
Victoria (1)	171, av. Georges Clemenceau 92024 NANTERRE	403,609,092	-	-	-	92%	92%	C

C = Consolidation by full consolidation.

(1) Help-Line Victoria absorbed Victoria as part of a business combination on May 14, 2009, effective retroactively to January 1, 2009.

(2) RS2i absorbed G3PI as part of a business combination on April 30, 2009, effective retroactively to January 1, 2009.

(3) Colombus Consulting absorbed Colombus Consulting Holding as part of a business combination on April 30, 2009, effective retroactively to January 1, 2009.

5.2. Changes in scope

Changes in scope

Three business combination operations were carried out in 2009.

Changes in percentage stakes

During FY2009 various transactions were carried out with certain minority partners in subsidiaries. They resulted in a slight change in percentage stakes.

6. NOTES TO THE BALANCE SHEET

Note 1 – Intangible assets

(in € millions)	12/31/08	Change in Scope	↗	Reclass.	↘	12/31/09
Goodwill (details in Note 2)	34,515	-	-	-	-	34,515
Patents and licenses	1,513	-	308	-	245	1,576
Contracts and contractual relationships	574	-	-	-	-	574
GROSS TOTAL	**36,602**	**-**	**308**	**-**	**245**	**36,666**
Amortization and depreciation	(922)	-	(477)	-	(245)	(1,155)
Impairment	(499)	-	(287)	-	-	(787)
NET TOTAL	**35,181**	**-**	**(457)**	**-**	**-**	**34,724**

The acquisitions primarily correspond to computer software for internal use, involving both administrative use and production use on outsourcing contracts.

The contracts and contractual relationships recorded in assets are related to technical assistance contracts for an indefinite useful life (refer to note on accounting principles).

At December 31, 2009, the cumulated depreciation on these contracts and contractual relations amounted to 500,000 euros.

HPS Technologies, which markets Third-Party Application Services and employs 16 people, was informed by its main customer (representing more than 80% of its revenues) that it was going to gradually end all of the assignments underway in 2009. In the current economic environment, since the outlook for turning this business around was very hypothetical, the goodwill of 287,000 euros was fully depreciated in the consolidated financial statements at December 31, 2009.

No intangible assets have been pledged as security.

Note 2 – Goodwill

(in € millions)	12/31/08	↗	Reclass.	↘	12/31/09
Companies concerned:					
AS International Group	8,874	-	-	-	8,874
Axones	3,237	-	-	-	3,237
Codilog-Knowledge	2,179	-	-	-	2,179
Colombus Consulting Holding	10,386	-	(10,386)	-	-
Colombus Consulting	-	-	10,386	-	10,386
Edugroupe	510	-	-	-	510
G3PI	3,460	-	(3,460)	-	-
Help-Line Victoria	544	-	4,635	-	5,179
HPS Technologies	287	-	-	287	-
IMS	30	-	-	-	30
Pragmateam	372	-	-	-	372
RS2i	-	-	3,460	-	3,460
Victoria	4,635	-	(4,635)	-	-
NET TOTAL	**34,515**	**-**	**-**	**287**	**34,228**

Following the business combinations in 2009, the goodwill of the combined companies was reclassified on the balance sheet of the combining companies (RS2i, Colombus Consulting and Help-Line Victoria).

Method and key assumptions used for impairment tests

Impairment tests are performed once a year at closing on December 31. Based on these tests, no impairment was recognized except for the goodwill concerning HPS Technologies, as shown in the analysis above.

The revenue and operating profit growth rates were determined based on the data recorded historically.

Consequently, over the explicit period (5 years):
• revenue growth is between 2% and 10%, depending on the CGU,
• the operating margin is between 4% and 15%, depending on the CGU.

Over the implicit period, revenue growth was set at 2% and the operating margin between 8% and 15%, depending on the CGU.

Note 3 – Tangible assets

(in € millions)	12/31/08	Change in Scope	↗	Reclass.	↘	12/31/09
Fixtures and installations	3,381	-	499	-	314	3,567
Transportation equipment	1,005	-	307	-	138	1,174
IT and office equipment	4,996	-	1,075	-	188	5,883
Leased fixtures	-	-	-	-	-	-
Leased IT equipment	52	-	-	-	-	52
Fixed assets under construction	-	-	1	-	-	1
GROSS TOTAL	**9,434**	**-**	**1,882**	**-**	**640**	**10,677**
Amortization and depreciation	(5,782)	-	(1,865)	-	(605)	(7,043)
NET TOTAL	**3,652**	**-**	**18**	**-**	**35**	**3,634**

The capital expenditures for the year related to facilities and IT hardware primarily concern the new help desk center in Angers inaugurated on June 11, 2009.

The other capital expenditures correspond to fixtures to improve new premises, IT hardware (for internal use or used in connection with outsourcing contracts) and service vehicles.

No tangible asset has been pledged as security.

Note 4 – Financial assets

(in € millions)	12/31/08	Change in Scope	↗	Reclass.	↘	12/31/09
Non-consolidated securities	28	-	-	1	24	5
Loans	556	-	326	-	175	707
Other financial assets	620	-	181	(1)	235	564
GROSS TOTAL	**1,204**	**-**	**507**	**-**	**435**	**1,276**
Impairment	(15)	-	-	-	(24)	9
NET TOTAL	**1,189**	**-**	**507**	**-**	**410**	**1,286**

Financial assets correspond primarily to deposits paid in the form of loans as part of the 1% housing aid contribution plus security deposits (rent).

The present value of loans (1% housing aid contribution) and in particular the reimbursement due date have been calculated based on the reimbursement date provided for in the contract (20 year timeframe).

The present value of security deposits (primarily concerning security deposits paid for rented premises) and in particular the reimbursement due date have been calculated based on the lease's termination date (9-year term).

Moreover, NEURONES purchased financial assets on the market during FY 2009. Their variation since January 1, 2009 is shown in the table below:

(in € millions)	12/31/08	Change in Scope	↗	Reclass.	↘	12/31/09
Other financial assets valued at fair value	2,619	-	48	-	-	2,667
GROSS TOTAL	**2,619**	**-**	**48**	**-**	**-**	**2,667**
Impairment	(140)	-		-	(140)	-
NET TOTAL	**2,479**	**-**	**48**	**-**	**(140)**	**2,667**

In accordance with IFRS 7.8, financial assets are presented based on categories defined by IAS 39, as shown below:

(in € millions)	12/31/09	12/31/08
Held-to-maturity investments	13	13
Financial assets designated at fair value through the income statement	3,940	3,655
TOTAL FINANCIAL ASSETS	**3,953**	**3,668**

Note 5 – Deferred tax credits

The deferred tax credits shown on the balance sheet concern the following items:

	ASSETS		LIABILITIES	
(in € millions)	12/31/09	12/31/08	12/31/09	12/31/08
Employee statutory profit sharing	645	833	-	-
Other temporary differences	261	223	-	-
Provision for retirement benefits	122	94	-	-
Present value of receivables maturing in more than one year	336	262	-	-
Tax losses deferrable indefinitely	123	119	-	-
Present value of outstanding taxes, employer social security contributions and other liabilities > 1 year	-	-	-	23
Provision to neutralize the fair value of treasury stock (not allocated to bonus share allotments)	-	-	-	4
Provision to neutralize social security costs related to servicing bonus share plans	-	-	603	378
DEFERRED TAXES CALCULATED	**1,487**	**1,531**	**603**	**405**
Compensation by tax entity	(387)	(405)	(387)	(405)
TOTAL DEFERRED TAXES	**1,100**	**1,126**	**216**	**0**

Note 6 – Inventory

(in € millions)	12/31/09	12/31/08
Goods	264	297
GROSS TOTAL	**264**	**297**
Impairment	(12)	(27)
NET TOTAL	**252**	**270**

Fully depreciated inventory valued at €15,000 was scrapped.
No inventory has been pledged as security.

Note 7 – Clients et autres débiteurs

(in € millions)	12/31/09	12/31/08
Trade receivables	50,563	56,177
Invoices to be issued	5,959	3,262
Suppliers: credit notes receivable	73	227
VAT and other taxes	5,323	5,539
Other receivables	129	261
Prepaid expenses	1,690	1,657
GROSS TOTAL	**63,737**	**67,123**
Impairment	(248)	(389)
NET TOTAL	**63,489**	**66,734**

These items are due in less than one year, except for certain financial arrangements granted to some customers as part of outsourcing contracts. Since the amount recognized as a receivable on the balance sheet bears interest, the receivable was not discounted for present value.

Note 8 – Cash and cash equivalents

(in € millions)	12/31/09	12/31/08
Commercial paper	-	-
Capital guaranteed structured fund	-	-
Term deposits	14,870	21,402
Monetary funds	27,371	17,103
Available funds	18,035	15,946
Accrued interest on commercial paper	165	326
GROSS TOTAL	**60,441**	**54,777**
Bank overdrafts	(629)	(2,174)
NET TOTAL	**59,813**	**52,603**

Given the type of funds and supports selected to invest excess cash, no adjustment in the fair value or the future yield is anticipated.

Details of term deposits:

Type	Amount *(in € millions)*	Due date	Fixed rate
Term deposits			
Crédit Agricole certificate of deposit	11,270	04/27/2012	3.48%
Crédit Agricole certificate of deposit	2,400	10/02/2012	2.50%
HSBC certificate of deposit	1,200	01/05/2010	0.71%

(1) The rates shown correspond to these deposits' yields at maturity. The yields for these deposits (based on progressive rate scales) were valued in the financial statements at the yield for these scales at 12/31/2009.

Note 9 – Shareholders' equity

Note 9.1 – Capital

At December 31, 2009, the share capital amounted to €9,389,755,20, comprised of 23,474,388 fully paid-up shares of the same class with a face value of €0.40.

During FY 2009, 64,270 stock options were exercised, which resulted in the creation of 64,270 new shares:
- 3,700 options were exercised at a price of €3.20, including a face value of €0.40 and €2.80 of additional paid-in capital (Plan No. 4),
- 5,570 options were exercised at a price of €3.80, including a face value of €0.40 and €3.40 of additional paid-in capital (Plan No. 3),
- 55,000 options were exercised at a price of €4.20, including a face value of €0.40 and €3.80 of additional paid-in capital (Plan No. 5).

These new shares increased the share capital by €25,708 and the additional paid-in capital by €238,298.

At January 1, 2009, the Company held 433,000 of its treasury shares following the acquisitions completed between October 8 2008 and November 20, 2008 at an average weighted unit price of €4.964. On July 1, 2009 (the expiry date for the "Bonus Share Plan A" acquisition period approved at the Shareholders' Meeting of June 24, 2005) 189,000 free shares were delivered to 22 beneficiaries. At December 31, 2009, the Company held 244,000 treasury shares.

Moreover, on July 24, 2009, pursuant to the authorization given by the Shareholders' Meeting of June 11, 2009, NEURONES S.A.'s Board of Directors attributed 167,000 bonus shares (bonus share plan C) to 44 beneficiaries (non-officer employees).

The variation in the number of shares in circulation during FY 2009 breaks down as follows:

Number of shares in circulation at 01/01/2009*	Increase (Stock Options exercised and Bonus Shares delivered)	Decrease	Number of shares in circulation at 12/31/2009*
22,977,118	253,270	-	23,230,388

* Net of treasury shares held by the company.

Note 9.2 – Share based compensation

Stock option plans

All authorizations given by Shareholders' Meetings to the Board of Directors for stock option plans were wound up during prior years.

Rules of the stock option plans

	Stock option plan No. 2	Stock option plan No. 3	Stock option plan No. 4	Stock option plan No. 5	Stock option plan No. 6
Date of the Shareholders' meeting	11/29/99	11/29/99	11/29/99	06/25/03 & 06/25/04	06/25/04
Date of the Board of Directors meeting	07/27/00	07/11/01	01/23/03	10/15/04	06/28/06
Maturity date of the plans	07/27/05	07/11/06	03/01/07	10/15/08	07/01/10
Expiry date of the plans	07/26/10	07/11/11	02/28/11	10/14/12	06/30/14
Number of beneficiaries	171	238	69	60	39
- including managers	-	-	-	-	-
Number of options granted	304,363	320,210	174,000	257,000	93,000
Total number of expired options at 12/31/2007	(231,964)	(138,842)	(56,000)	(106,000)	(21,500)
Number of shares already subscribed at 12/31/2007	-	(125,758)	(91,000)	(7,000)	-
Number of options that expired during the year	(7,144)	(4,332)	-	(1,000)	(1,500)
Number of shares subscribed to during the year	-	(5,570)	(3,700)	(55,000)	-
- including managers	-	-	-	-	-
- including employees	-	(5,570)	(3,700)	(55,000)	-
Subscription price (in euros)	7.50	3.80	3.20	4.20	5.10
Number of options in circulation at 12/31/2009	65,255	45,708	23,300	88,000	70,000
Number of exercisable options at 12/31/2009	65,255	45,708	23,300	88,000	-
Potential dilution (excluding cancelled options): % of capital at 12/31/2009	0.28%	0.19%	0.10%	0.37%	0.30%
TOTAL POTENTIAL DILUTION	-	-	-	-	**1.25%**

The share subscription price for beneficiaries is determined the day the Board of Directors grants the options and cannot be less than 80% of the average share price over the 20 stock market sessions preceding the day the options are granted.

Bonus share allocation plan

The Shareholders' meeting of June 11, 2009 authorized the Board of Directors to allocate a plan of 230,000 bonus shares (representing slightly less than 1% of the share capital). This authorization, valid for thirty-eight months, has been partially used (Bonus share plan C).

The various stock option plans and bonus share plans allocated by the Board of Directors have the following characteristics:

	Bonus share plan A	Bonus share plan B	Bonus share plan C
Date of the Shareholders' meeting	06/24/05	06/14/07	06/11/09
Date of the Board of Directors meeting	06/28/06	12/21/07	07/24/09
Acquisition period term	07/01/09	01/01/11	08/01/12
Conservation period term	07/01/11	01/01/13	08/01/14
Number of beneficiaries	22	44	44
- including managers	*1*	*1*	-
Number of bonus shares allocated	230,000	230,000	167,000
Number of cancelled shares at 12/31/2008	(24,000)	(6,000)	-
Number of shares allocated during the acquisition period at 01/01/2009	206,000	224,000	167,000
Number of allocated shares that were cancelled during the acquisition period in the fiscal year	(17,000)	(24,000)	(7,000)
Number of shares allocated during the acquisition period at 12/31/2009	-	200,000	160,000
Number of shares allocated during the conservation period at 12/31/2009	189,000	-	-
Potential dilution (excluding cancellations) - % of current capital at 12/31/2009	-	0.85%	0.68%
TOTAL POTENTIAL DILUTION	-	-	**1.53%**

Furthermore, no performance conditions have been established for the plans allocated and described above and no company officer has been allocated bonus shares since January 1, 2009.

The main criteria retained for the fair value valuation of the options and bonus shares for the plans attributed after November 7, 2002 are as follows:

	Plans No. 4 & 5	Plan No. 6	Plans A & B	Plan C
Life	4 years	4 years	3 years	3 years
Volatility	35%	35%	35%	35%
Risk-free rate	4.50%	4.50%	4.50%	4.44%
Dividend payout rate	0%	1%	1%	1%

Fair value of stock option plans granted after November 7, 2002

Based on the Black & Scholes model, the options' unit fair value is as follows:

Plan	Exercise price (euros)	Fair value (euros)	Price at the allocation date (euros)
January 2003 (plan No. 4) – Stock Options	3.20	1.093	-
October 2004 (plan No. 5) – Stock Options	4.20	1.434	-
June 2006 (plan No. 6) – Stock Options	5.10	1.597	-
June 2006 (plan A) – Bonus shares	-	6.490	5.92
December 2007 (plan B) – Bonus shares	-	7.889	-
July 2009 (plan C) – Bonus shares	-	7.508	-

The expenses related to the stock option plans are presented in note 16 hereafter.

Note 9.3 – Earnings per share

	2009	2008
Average of shares issued	23,410,118	23,382,827
Average of treasury shares	(338,500)	(80,806)
Average of newly created shares (capital increase, etc.)	32,996	14,598
Weighted average of shares	23,104,614	23,316,619
Retained earnings – Group share (in € millions)	11,301	12,034
Dilutive instruments	353,454	493,030
Diluted earnings per share (in euros)	0.48	0.51

The number of dilutive shares was calculated pursuant to IAS 33 – diluted earnings per share.

Note 10 – Long-term provisions

(in € millions)	12/31/08	Change in Scope	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/09
Provision for retirement benefits	282	-	77	-	-	359
TOTAL	**282**	**-**	**77**	**-**	**-**	**359**
Impact (net of expenses incurred)	-	-	-	-	-	-
Operating profit	-	-	77	-	-	-
Net cost of financial debt	-	-	-	-	-	-

Note 11 – Long-term financial liabilities

Long-term liabilities correspond to a medium-term loan (€55,000 – fixed rate of 4.87% - matures in April 2012) plus the portion of the debt on leased goods greater than one year. At December 31, 2009, the aging for these liabilities was as follows:

(in € millions)	TOTAL	Less than 1 year	1 to 2 years	2 to 3 years
Medium-term loan	32	-	24	8
Lease debt	69	-	69	-
TOTAL	**101**	**-**	**93**	**8**

Note 12 – Other non-current liabilities

(in € millions)	12/31/09	12/31/08
Tax and employer social security contribution moratoriums (principal and penalties)	-	1,274
Security deposit received	-	135
TOTAL	**-**	**1,409**

At December 31, 2009, no other non-current liability had been identified.

The tax and employer social security contribution moratoriums were reclassified as tax and employer social security contribution debts, since they matured in less than one year (see Note 14 below – Trade and other accounts payable).

The security deposit received has been fully restituted.

In accordance with IFRS 7.8, other non-current liabilities are presented based on categories defined by IAS 39, as shown below:

(in € millions)	12/31/09	12/31/08
Other non-current liabilities designated at fair value through the income statement	-	1,409
OTHER NON-CURRENT LIABILITIES	**-**	**1,409**

Note 13 – Short-term provisions

(in € millions)	12/31/08	Change in Scope	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/09
Provisions	285	-	302	39	61	486
TOTAL	**285**	**-**	**302**	**39**	**61**	**486**
Impact (net of expenses incurred)	-	-	-	-	-	-
Operating profit	-	-	302	-	61	-
Net cost of financial debt	-	-	-	-	-	-

Short-term provisions primarily correspond to employer social security contribution risks, where the expected date resources will be expended is less than 12 months.

Write-backs of unused provisions correspond to write-backs related to risks provisioned over previous years, where the analysis and valuation had been done with extra prudence.

Note 14 – Trade and other accounts payable

(in € millions)	12/31/09	12/31/08
Trade and other accounts payable	10,908	11,902
Subtotal trade payables	**10,908**	**11,902**
Employee statutory profit sharing and optional profit sharing	2,006	2,596
Taxes and employer social security contributions	41,615	38,051
Other debts	1,819	5,038
Prepaid income	2,311	2,947
Subtotal other debts and accruals	**47,752**	**48,632**
TOTAL	**58,660**	**60,534**

Prepaid income corresponds to annual contracts invoiced in advance, “checkbooks” of services sold that have not been consumed and, as part of fixed-rate projects, the variance between revenues invoiced and revenues recognized based on stage of completion.

As part of the Victoria group acquisition, deferments concerning payment of outstanding taxes and employer social security contributions have been obtained from various organizations. These liabilities were subject to a discounted valuation at 5%. At December 31, 2009, these debts were classified as employer social security contribution debts since they matured in less than one year.

All operating debts are due in less than one year.

Note 15 – Other financial liabilities

(in € millions)	12/31/09	12/31/08
Bank overdrafts	629	2,174
Medium-term loan: portion less than 1 year	63	64
Subtotal bank overdrafts & finance leases	**692**	**2,238**
Security deposits received	-	14
Subtotal security deposits received	**-**	**14**
TOTAL	**692**	**2,252**

All other financial liabilities are due in less than one year, including financial debts as part of long-term leases.

7. OPERATING SEGMENTS

The Group has not identified any operating segments (see Note 4.23 Operating sectors).

8. NOTES TO THE INCOME STATEMENT

Note 16 – Salaries and related expenses

(in € millions)	2009	2008
Salaries and related expenses	91,494	77,724
Employer Social Security contributions	42,685	35,371
Employee statutory profit sharing	2,007	2,154
Stock options & bonus shares	802	1,070
Provision for retirement benefits	77	67
TOTAL	**137,064**	**116,386**

Note 17 – External expenses

(in € millions)	2009	2008
Subcontracting purchases	25,190	25,201
Purchases of materials and supplies not stored	717	655
Outside personnel	2,115	2,351
Other outside services	16,069	10,905
Rents and finance leases	54	23
TOTAL	**44,145**	**39,135**

Note 18 – Allocations to amortization, depreciation, provisions and impairment of assets

(in € millions)	2009	2008
Amortization of intangible assets	477	432
Depreciation of tangible assets	1,865	1,460
Allocations to amortization and depreciation	**2,342**	**1,892**
Net contingency provisions	240	-
Net provisions for current assets	(155)	-
Net allocations to provisions	**86**	**-**
Impairment of “contracts and contractual customer relationships”	-	6
Impairment of assets	**-**	**6**

Note 19 – Other income and expenses

(in € millions)	2009	2008
Operating subsidies	686	419
Other income	255	399
Write-backs of provisions (not used)	-	75
Other income	**941**	**893**
Other expenses	117	328
Other expenses	**117**	**328**
NET OTHER INCOME/OTHER EXPENSES	**824**	**565**

Other income includes research tax credits of €161,000 (see Note 22 hereafter).

Note 20 – Other operating income and expenses

(in € millions)	2009	2008
Capital gain/(loss) on disposal of assets	(2)	(41)
Impairment of goodwill	287	-
Other	-	-
TOTAL	**289**	**41**

Note 21 – Analysis of the net cost of financial debt

(in € millions)	2009	2008
Dividends received (non-consolidated investments)	36	7
Other interest and similar income	330	1,305
Capital gains on monetary funds	333	1,250
Write-backs of provisions	164	-
TOTAL FINANCIAL INCOME	864	2,562
Interest and similar expenses	142	629
Allocations to provisions	-	140
TOTAL FINANCIAL EXPENSES	142	769
FINANCIAL PROFIT (LOSS)	**722**	**1,793**

Financial interest corresponds to expenses deducted directly by the bank as part of cash centralization systems established between NEURONES and its subsidiaries.

Note 22 – Income tax

(in € millions)	2009	2008
Taxes due	6,720	7,447
Deferred taxes	243	(219)
TOTAL	**6,963**	**7,228**

In FY 2009, two Group companies recognized, after review, a research tax credit for a total of €161,000.
Pursuant to the provisions of IAS 12, these tax credits were recognized in other income (see Note 91 above), since they were considered as a subsidy offsetting related costs incurred by the companies in question.

Note 23 – Proof of tax

(in € millions)	2009			2008		
	Base	Rate	Tax	Base	Rate	Tax
Pre-tax income, capital gain on sale of consolidated shares	19,778	34.43%	6,810	20,204	33.33%	6,734
Impairment of goodwill	287	34.43%	96	-	-	-
Non-deductible expenses – Stock Options (IFRS 2)	802	34.43%	276	1,070	33.33%	357
Impact of definitively non-deductible expenses	192	34.43%	66	(22)	33.33%	(7)
Social security contribution on profits (3.3% of the amount exceeding 763,000 of income tax)	-	-	(76)	-	-	123
Generation/Use of tax losses not activated	(142)	34.43%	(49)	84	33.33%	28
Tax credits	-	-	(67)	-	-	(7)
Rate difference between Parent and subsidiaries	-	-	(93)	-	-	-
EFFECTIVE TAX EXPENSE	-	-	6,963	-	-	7,228
Average tax rate	-	-	35.2%	-	-	35.8%

Note 24 – Information about related parties

Legal entities

NEURONES has no sister company.

There are no economic transactions with Host Développement, a 46% shareholder in NEURONES, other than the payment of dividends, when applicable.

Directors

Directors' gross remuneration due during FY2009 is shown below:

(euros)	2009 Gross remuneration due				2009 IDR* provision	2008 Gross remuneration due				2008 IDR* provision	Number of bonus shares allocated
	Fixed	Variable	In kind	Total		Fixed	Variable	In kind	Total		
Luc de Chammard	146,351	-	6,960	153,311	18,261	146,663	-	6,960	153,623	15,192	-
Bertrand Ducurtil	121,800	38,000	-	159,800	5,019	121,800	50,000	-	171,800	3,248	25,000 (Plan A) 18,000 (Plan B)

* Payments due on retirement.

The remuneration details for NEURONES' directors are limited to the above information. NEURONES' application of the Afep-Medef recommendations of October 6, 2008 is described in the management report.

9. MISCELLANEOUS INFORMATION

9.1. Security given

NEURONES SA posted security of €1.944 million in 2006 with the Trésor Public as part of establishing a VAT moratorium for companies in the Victoria group. The balance of the outstanding commitment is €1.111 million.

9.2. Off balance sheet commitments

There are no off balance sheet commitments.

9.3. Auditors' Fees

	2009								2008							
	Bellot Mullenbach & Associés		KPMG		BR Audit		M. Feutry		Bellot Mullenbach & Associés		KPMG		BR Audit		M. Feutry	
(in € millions)	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Audit																
Auditorship, examination of separate and consolidated financial statements	96	100%	84	100%	11	100%	7	100%	84	77%	80	80%	29	100%	7	100%
Accessory assignments (due diligence, etc.)	-	-	-	-	-	-	-	-	25	23%	20	20%	-	-	-	-
Subtotal	96	100%	84	100%	11	100%	7	100%	109	100%	100	100%	29	100%	7	100%
Other services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**96**	**100%**	**84**	**100%**	**11**	**100%**	**7**	**100%**	**109**	**100%**	**100**	**100%**	**29**	**100%**	**7**	**100%**

9.4. Tax scheme for Group companies

Since January 1, 2000, the NEURONES Group has opted for tax consolidation for the years 2000 to 2004.

The tax consolidation option was renewed for the years 2005 to 2009.

For 2009, the scope of tax consolidation includes NEURONES S.A., Neurones Consulting, Neurones-IT, Edugroupe, Axones, AS International Group, AS International, AS Telecom & Réseaux, AS Technologie and AS Synergie.

9.5. Average number of employees

	2009	2008
Managers	1,326	1,170
Employees	1,269	1,097
TOTAL	**2,595**	**2,267**

9.6. Subsequent events

The scope of the SAP integration business increased following an external growth operation completed on February 2, 2010 (majority equity stake in a company in the same field with annual revenues on the order of €1.5 million).

9.7. Dividend distribution

In its meeting on February 12, 2009, the Board of Directors decided to propose to the Ordinary Shareholders' meeting called to approve the financial statements for the year ended December 31, 2009, to pay a dividend of €0.07 per share.

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

To the shareholders of NEURONES,

In accordance with the terms of our appointment at your ordinary Shareholders' meeting, we hereby submit our report for the year ended December 31, 2009, regarding:

- our examination of the accompanying consolidated financial statements of NEURONES S.A.,
- the basis of our assessments,
- specific procedures and disclosures required by law.

Your Board of Directors has approved the consolidated financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our work in accordance with the professional standards applicable in France. These standards require that we plan and perform our audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis or by other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made and 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, liabilities and financial position of the Group at December 31, 2009 and of the results of its operations for the year then ended in accordance with IFRS as adopted for use in the European Union.

2. Basis of our assessments

The accounting estimates used to prepare the financial statements at 31 December 2009 were made in a context of significant difficulty to assess the economic outlook. Pursuant to article L. 823-9 of the French Commercial Code regarding the basis of our assessments, it was in this uncertain environment that we made our own assessments that we draw your attention to.

- The "Accounting Principles" note discloses the accounting methods used to recognize revenues and value the accounts receivable plus those related to cash and cash equivalents. As part of our assessment of the accounting principles applied by your company, we verified the appropriateness of the accounting methods specified above and the disclosures provided in the notes to the financial statements, and verified that they were applied correctly.
- The "Impairment of fixed assets" note specifies that the Company performs an impairment test on:
  - goodwill and assets with an indefinite life every time there is a sign of impairment and at least once a year,
  - tangible and intangible assets with an indefinite life as soon as there is a sign of impairment.

We have examined how these impairment tests are performed as well as the cash flow forecasts and assumptions used and we have verified that notes to the financial statements disclose appropriate information. As part of our assessments, we have ensured that these estimates are reasonable.

The assessments on these matters were made in the context of our audit of the consolidated financial statements taken as a whole and therefore helped us form our opinion expressed in the first part of this report.

3. Specific procedures and disclosures

In accordance with professional standards applicable in France, we have also performed the specific procedures required by law regarding the group information given in the management report.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Paris, March 10, 2010
The Auditors

KPMG Audit
Department of KPMG S.A.

Philippe Saint-Pierre
Partner

Bellot Mullenbach & Associés

Thierry Bellot
Partner

General information concerning the Company, its capital and its administration

1. GENERAL INFORMATION CONCERNING THE COMPANY

1.1. Company name

NEURONES.

1.2. Trading name

NEURONES.

1.3. Registered head office

Immeuble “Le Clemenceau 1” – 205, avenue Georges Clemenceau
92024 Nanterre Cedex (France).

1.4. Legal form

The company was set up as a French société anonyme (Limited liability company) with a Board of directors governed by the French Commercial Code and the decree of March 23, 1967 on commercial companies.

1.5. Nationality

French.

1.6. Date of incorporation and duration of the company

The company was set up for a term of 99 years, as of its registration in the Company Trade Register on January 15, 1985.

The term will end on January 15, 2084, unless an Extraordinary Shareholders’ Meeting decides to extend the term or disband the company early.

1.7. Corporate charter (article 3 of the by-laws)

The company’s purpose in France, overseas territories and abroad is to carry out all transactions directly or indirectly concerning: consulting, design, manufacture, development, deployment, installation, support, operation and distribution of any IT and electronic systems, both for services and software, applications and hardware, and generally any operation related to information, communication and training processes.

To achieve its purpose, the company may:
- process, sub-contract, represent and commission,
- import and export,
- possess, acquire, rent, outfit, equip and transform all buildings, worksites, warehouses and stores,
- take any interests and equity stakes by any method of participation or intervention in any similar companies or companies likely to enhance the development of its business,
- and, in general perform any commercial, industrial and financial operations that could relate directly or indirectly to its charter.

1.8. Company Trade Register

331 408 336 R.C.S. Nanterre.

1.9. Fiscal year

The fiscal year starts on January 1 and ends on December 31 of each year.

1.10. Place where documents and information concerning the company may be consulted

By-laws, accounts, reports and minutes of Shareholders’ Meetings may be consulted at NEURONES’ head office.

1.11. Shareholders’ Meetings

Shareholders’ meetings are called and convened under conditions set by the law.

Meetings take place at the head office or any other place specified in the notice of meeting.

Anyone owning shares at least three working days prior to the meeting, 00:00 Paris time, may attend or be represented at the meeting on simple proof of his identity and the registration of his shares within the same time limit, either as a nominative registration or as the deposit, at the place mentioned in the notice of meeting, of the certificate of an authorized intermediary certifying the unavailability of the shares registered up to the date of the meeting.

The meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Director specially delegated to that effect by the Board. Failing which, the meeting elects its Chairman.

Minutes of meetings are drawn up and their copies certified and issued according to the law.

Shareholders can also cast absentee votes, subject to legal requirements. To be taken into account, the company must receive absentee-voting forms at least three days before the date of the meeting.

1.12. Disposal and transmission of shares

No clause in the by-laws restricts the transfer of shares.

1.13. Double voting right

Every shareholder has as many votes as he owns shares or represents, without any limit except those provided by law.

Nevertheless, a double voting right is attributed to all fully paid shares provided the shares have been registered in the same shareholder’s name for at least four years. This right is granted from the time of issue to nominative shares freely attributed to a shareholder holding old shares entitled to this right. Every share that changes ownership loses this double voting right: nevertheless, the transfer of ownership due to inheritance, the settling of communal estate between spouses or the donation inter vivos on behalf of a spouse or relation entitled to inherit does not cause the acquired right to be lost and does not interrupt the four-year period, if it is underway. The merger of the company has no effect on the double voting right, which may be exercised in the absorbing company, if the by-laws so provide.

1.14. Thresholds and crossing of thresholds

Pursuant to the provisions of article L.233-7 of the French Commercial Code, every natural person or legal entity, acting alone or in concert, has the obligation to inform the company if they end up holding or no longer holding more than one twentieth (5%), one tenth (10%), three twentieth (15%), one fifth (20%), one quarter (25%), one third (1/3), one half (50%), two thirds (2/3), nine tenths (90%) or nineteen twentieths (95%) of the capital or voting rights.

The information should be sent to the Company no later than before the closing of trade on the fourth Stock Market day following the day the threshold was crossed upwards or downwards. When crossing certain thresholds, established by the general regulations of the Autorité des Marchés Financiers (France's SEC), the person is also required to inform the Autorité des Marchés Financiers within a timeframe and according to the terms established by its general regulations.

In addition, pursuant to article 16 of the by-laws, every shareholder, acting alone or in concert, has an additional obligation to inform the company when he ends up holding directly or indirectly shares representing 2% of the capital or voting rights This additional information obligation applies to the holding of every fraction of 2% of the capital or voting rights.

1.15. Company buy-back of its own shares

Implementation of this program falls within the scope of article L.225-209 of the French Commercial Code.

The Board of Directors meeting of February 12, 2009 authorized the effective launch of the share buy-back program authorized by the Combined Shareholders' meeting of June 12, 2008. The Company did not buy-back its own shares during FY2009. At December 31, 2009, the Company held 244,000 of its treasury shares, or approximately 1.04% of its capital.

The Combined Shareholders' Meeting held on June 11, 2009 authorized the Company to buy-back its own shares subject to the main terms below:
- program duration: 18 months as of the date of the meeting (i.e.; until December 11, 2010),
- maximum share of the capital to be acquired: 10% of the capital,
- maximum purchase price: €10 per share,
- maximum share acquired with a view to the subsequent delivery of shares in exchange or as payment: 5% of the capital.

This authorization replace the one given by the Combined Shareholders' Meeting of June 12, 2008.

It will be proposed to the Combined Shareholders' Meeting on June 10, 2010 to renew the Company's authorization to repurchase its own shares subject to the main terms below:
- program duration: 18 months as of the date of the meeting (i.e.; until December 10, 2011),
- maximum share of the capital to be acquired: 10% of the capital,
- maximum purchase price: €10 per share,
- maximum share acquired with a view to the subsequent delivery of shares in exchange or as payment: 5% of the capital,

This authorization will replace the unused portion of the authorization given by the Combined Shareholders' Meeting of June 11, 2009.

This program's actual launch will be subject to a decision of the Board of directors.

If necessary, after the Board of Directors' decision, the Company shall have the Autorité des Marchés Financiers validate a memorandum concerning the program and publish it within the statutory period. The buy-back program can then be launched in fact.

1.16. Statutory distribution of profits (article 19 of the by-laws)

The profit or loss for the year is comprised of the difference between income and expenses for the year, after deducting amortization, depreciation, impairment and provisions, as reported in the income statement.

From the profit for the year, less prior losses if necessary, at least five percent is first deducted and allocated to the legal reserve.

This deduction is no longer mandatory once the legal reserve has achieved one tenth of the company capital.

If there is an outstanding balance available, the Shareholders' Meeting decides either to distribute it, carry it forward or to allocate it to one or more reserves that it controls the allocation and use of.

After establishing there are reserves that it can use, the Shareholders' Meeting may decide to distribute the sums taken from these reserves. In this case, the decision expressly specifies from which reserves the amounts are to be taken.

The Shareholders' Meeting can grant shareholders, for all or part of the dividend or interim dividend, the option of paying the dividend or interim dividend in cash or in shares.

1.17. Identifiable bearer shares (article 7 of the by-laws)

The Company has the right to ask the organization responsible for custody of shares, at any time and for a fee, the identity of shareholders bearing the immediate or future right to vote in its shareholder meetings, as well as the quantity of shares held by each of them and any restrictions such shares may be subject to.

2. GENERAL INFORMATION CONCERNING THE CAPITAL

2.1. Share capital

At December 31, 2009, the Company's share capital amounted to €9,389,755.20 divided into 23,474,388 fully paid-up shares with a face value of €0,40.

2.2. Other securities providing access to the capital

All of the authorizations for the six stock option plans and two bonus share plans have been wound up. The Board of Directors decided on July 24, 2009, as part of a third plan, to allocate 167,000 bonus shares. Consequently, it only made partial use of the authorization given by the Combined Shareholders' Meeting of June 11, 2009 to allocate a maximum of 230,000 bonus shares.

It will be proposed to the Combined Shareholders' Meeting on June 10, 2010 to authorize the Board of Directors to allocate bonus shares. This authorization will replace the unused portion of the authorization given by the Combined Shareholders' Meeting of June 11, 2009.

After deducting the options and bonus share allocations that have expired plus the options already exercised, at 12/31/2009 there were still 652,263 options or bonus shares allocated in circulation for the same number of NEURONES shares, as shown in the table below:

	Number of securities in circulation (at 12/31/2009)	% of capital
Stock options granted (Plans No. 2, 3, 4, 5 and 6, less expired and already exercised options)	292,263	1.25%
Bonus shares allocated (Plans B & C, less expired bonus shares)	360,000	1.53%
TOTAL ALLOCATED STILL EXERCISABLE	**652,263**	**2.78%**

Details of the plans are provided in the notes to the consolidated financial statements. There are no other securities that provide access to the capital.

2.3. Capital autorisé

The Combined Shareholders' Meeting of June 11, 2009, authorized the Board of Directors, including the possibility for the Chairman to delegate, to issue in France or in foreign markets during the subsequent 26 months (or until August 10, 2011), marketable securities giving access, immediately or eventually, to Company capital (fifteenth, sixteenth, seventeenth and eighteenth resolutions).

These issues can be realized with or without the maintenance of pre-emptive subscription rights and cannot result in (other than adjustments related in particular to the incorporation of earnings, reserves or additional paid-in capital or the maintenance of rights of holders of marketable securities or warrants) an increase in share capital greater than €10 million.

Furthermore, the gross revenue from issues of marketable securities representing claims giving access to the capital cannot exceed €80 million.

2.4. Change in share capital since the Company's founding

Date	Type of operation	Capital increase	Additional paid-in capital and contribution	Number of shares issued	Cumulative amount of share capital	
					Number of shares	Capital
December 1984	Company formed	-	-	-	8,000	F800,000
08/15/1985	Capital increase	F210,000	-	2,100	10,100	F1,010,000
06/30/1993	Company buy-back of its own securities (capital reduction)	-	-	(4,954)	5,146	F514,600
06/30/1993	Capital increase by incorporating reserves and raising the share face value from 100 to 200 francs	F514,600	-	-	5,146	F1,029,200
12/30/1997	Capital increase by incorporating reserves and raising the share face value from 200 to 4,000 francs	F19,554,800	-	-	5,146	F20,584,000
11/29/1999	Capital increase by incorporating reserves, converting capital into euros and raising the share face value to €1,500	F30,049,320.83	-	-	5,146	€7,719,000
11/29/1999	Share face value divided from €1,500 to €2	-	-	-	3,859,500	€7,719,000
04/05/2000	Share face value divided from €2 to €0.40	-	-	-	19,297,500	€7,719,000
05/23/2000	Capital increase during the listing on the Nouveau Marché (New Market)	€1,389,420	€29,872,530	3,473,550	22,771,050	€9,108,420
12/31/2004	Capital increase following the exercise of BSPCE (company creator stock options)	€30,488	€213,416	76,220	22,847,270	€9,138,908
12/31/2005	Capital increase following the exercise of BSPCE (company creator stock options)/Stock options	€166,260	€1,163,820	415,650	23,262,920	€9,305,168
12/31/2005	Decrease in capital following the cancellation of a repurchased block of shares	-	-	(98,000)	23,164,920	€9,265,968
12/31/2006	Capital increase following the exercise of stock options	€33,353.60	€276,359.60	83,384	23,248,304	€9,299,321.60
12/31/2007	Capital increase following the exercise of stock options	€53,809.20	€402,778.20	134,523	23,382,827	€9,353,130.80
12/31/2008	Capital increase following the exercise of stock options	€10,916.40	€89,871.40	27,291	23,410,118	€9,364,047.20
12/31/2009	Capital increase following the exercise of stock options	€25,708	€238,298	64,270	23,474,388	€9,389,755.20

2.5. Changes in the distribution of capital and voting rights during the past three years

	Situation at December 31, 2007				Situation at December 31, 2008				Situation at December 31, 2009			
	Number of shares	% of capital	Number of voting rights	% of voting rights	Number of shares	% of capital	Number of voting rights	% of voting rights	Number of shares	% of capital	Number of voting rights	% of voting rights
Shareholder officers (managers)												
Host Développement	10,629,087	45.5%	14,161,587	40.7%	10,790,444	46.1%	14,322,944	42.0%	10,790,444	46.0%	14,322,944	42.2%
Luc de Chammard	6,661,357	28.5%	13,322,714	38.3%	6,500,000	27.8%	13,000,000	38.1%	6,210,000	26.5%	12,420,000	36.6%
Bertrand Ducurtil	944,335	4.0%	1,888,670	5.4%	901,335	3.9%	1,802,670	5.3%	836,167	3.6%	1,607,334	4.7%
Other officers (managers) with registered shares	-	-	-	-	-	-	-	-	355,016	1.5%	355,016	1.0%
TOTAL OFFICERS (MANAGERS)	**18,234,779**	**78.0%**	**29,372,971**	**84.5%**	**18,191,779**	**77.7%**	**29,125,614**	**85.3%**	**18,191,627**	**77.5%**	**28,705,294**	**84.5%**
Employees with registered shares	-	-	-	-	-	-	-	-	59,750	0.3%	63,500	0.2%
Treasury shares	-	-	-	-	433,000	1.8%	-	-	244,000	1.0%	-	-
Public*	5,148,045	22.0%	5,381,235	15.5%	4,785,339	20.4%	5,014,561	14.7%	4,979,011	21.2%	5,208,483	15.3%
TOTAL	**23,382,824**	**100.0%**	**34,754,206**	**100.0%**	**23,410,118**	**100.0%**	**34,140,175**	**100.0%**	**23,474,388**	**100.0%**	**33,977,277**	**100.0%**

* Registered shares (other than officers of subsidiaries and employees) and bearer shares.

Host Développement S.A.S. is controlled 100% by Luc de Chammard.

No crossing of the statutory threshold was declared in 2009. To date the following investors have declared to the company that they have crossed the statutory threshold:
- Aviva Investors and Legg Mason (via his subsidiary Royce Associates): 2% capital threshold crossed upwards,
- Tocqueville Finance: 5% capital threshold crossed upwards and then downwards.

2.6. Share lock-up undertakings/Shareholder agreements/Actions in concert

Lock-up undertakings

In the context of article 885 I bis of the French General Tax Code, a collective lock-up agreement was concluded between Luc de Chammard and Bertrand Ducurtil on December 15, 2003 for an initial term of 6 years, extended for an indefinite term at the end of this initial lock-up period.

In the context of article 787 B of the French General Tax Code, collective share lock-up undertakings were renewed in May 2008 between Luc de Chammard, Bertrand Ducurtil, their families and Host Développement.

In the context of article 787 B of the French General Tax Code, collective share lock-up undertakings was concluded in November 2009 between Luc de Chammard, Bertrand Ducurtil and the Group's officers.

Shareholder agreements

None.

Actions in concert

Luc de Chammard and Host Développement S.A.S. act in concert.
On the other hand, they do not act in concert with Bertrand Ducurtil.

2.7. Pledged shares

None.

3. DIVIDENDS

Year ended	Total distributed	Dividend per share
December 31, 2008	€1,608,342.96	€0.07
December 31, 2007	€1,636,797.89	€0.07
December 31, 2006	€1,396,832.52	€0.06
December 31, 2005	€1,390,323.90	€0.06
December 31, 2004	€1,144,447.75	€0.05

It will be proposed to the Combined Shareholders' Meeting of June 10, 2010 to pay a dividend of 0.07 per share for FY 2009. Pursuant to the legal provisions, dividends and interim dividends are time barred after five years in favor of the government.

4. THE MARKET FOR COMPANY SHARES

NEURONES' shares are currently listed in compartment "B" of the only list (Eurolist) on the Paris Stock Exchange (ISIN code: FR0004050250 – Bloomberg code: NEUR FP – Reuters code: NEUR.LN). The shares have been quoted continuously since the IPO. The shares have been part of the IT CAC index since May 2000.

The change in the share price and daily volumes traded over the past eighteen months has been as follows:

Month	High *(euros)*	Low *(euros)*	Average closing price *(euros)*	Number of shares traded *(000s)*	Number of trading sessions
August 2008	5.68	4.95	5.37	51	21
September 2008	5.44	5.20	5.28	284	22
October 2008	5.45	4.80	5.02	406	23
November 2008	5.10	4.70	4.99	248	20
December 2008	5.01	4.52	4.89	108	21
January 2008	4.70	4.31	4.48	99	21
February 2009	4.75	4.14	4.53	179	20
March 2009	4.85	4.50	4.66	73	22
April 2009	5.05	4.67	4.81	202	20
May 2009	5.70	5.00	5.29	162	20
June 2009	6.24	5.30	5.82	264	22
July 2009	6.23	5.87	6.01	195	23
August 2009	6.17	5.88	6.00	91	21
September 2009	7.00	6.11	6.32	155	22
October 2009	7.15	6.21	6.71	134	21
November 2009	6.70	6.14	6.52	102	21
December 2009	6.66	6.05	6.40	79	22
January 2010	6.66	6.01	6.33	130	20
Extremes and averages over the period: **18 MONTHS**	**5.81**	**5.24**	**5.52**	**2,962**	**382**
Extremes and averages over the period: **12 MONTHS**	**6.10**	**5.49**	**5.78**	**1,766**	**254**

Source: NYSE Euronext.

The average volume traded daily during the last known 12 months (February 2009 to January 2010) at the date of this report was approximately 7,000 shares a day.

5. CORPORATE GOVERNANCE

5.1. Board of Directors

Members

The Board of Directors is comprised of 4 directors, whose other offices (group and non-group), age and main position exercised are specified in the management report:

Director	Position	Number of offices held in the Group	Number of offices held outside the Group
Luc de Chammard	Chairman of the Board of Directors	NEURONES + 1 office	None
Bertrand Ducurtil	Executive Vice-President	NEURONES + 7 offices	None
Jean-Louis Pacquement		NEURONES	None
Hervé Pichard		NEURONES	+ 3 offices

Seniority in the position

Director	Date of first appointment	Date appointment expires
Luc de Chammard	December 5, 1984*	Shareholders' Meeting of June 10, 2010
Bertrand Ducurtil	June 30, 1999	Shareholders' Meeting of June 10, 2010
Jean-Louis Pacquement	December 5, 1984*	Shareholders' Meeting of June 10, 2010
Hervé Pichard	October 15, 2004	Shareholders' Meeting of June 10, 2010

* NEURONES' founding date.

Jean-Louis Pacquement is a director who has more than 12 years of past seniority. Hervé Pichard is also the Group's legal advisor.

They have good knowledge of NEURONES' organization and its businesses. Jean-Louis Pacquement, in addition to his finance and merger-acquisition skills, benefits from detachment and the perspective of a "historical" director. He does not have and has never had business relations with the Company. Nor has he every exercised executive functions in the Group. Hervé Pichard, appointed more recently and appreciated for his legal and business administration expertise, is one of the Company's advisors, which gives him excellent knowledge early on of the main strategic files.

The cooptation of directors is subject the ratification by the Shareholders' Meeting every year. No specific rule has been established concerning restrictions or prohibitions on Directors to participate in operations related to NEURONES' shares if they have inside information: in this case, common law applies.

Three quarters of the capital is represented on the Board by one out of four of the directors. To date, the direct or indirect holder of this majority share of the capital, moreover the Company Chairman and CEO, has not deemed it useful to be better represented on the Board. Consequently, no specific provision has been established to ensure that control of the Group is not exercised abusively.

Operation

The Board of Directors met 6 times in 2009.The attendance rate in 2009 for members of the Board of Directors was 88%.

Renewal of directors' appointment

Since the appointment of directors expires annually, at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2009, a resolution will be submitted to the meeting's vote to approve the appointment, for one year, of the next directors. There is no statutory limit as to how many times director appointments can be renewed.

Remuneration of directors

The Company had paid no directors' fees at 12/31/2009.

Compliance with the governance rules of the MiddleNext Code for mid-cap and small-cap stock (December 2009)

As a medium-sized company, with a majority shareholder among the managers, NEURONES has chosen to refer to the MiddleNext Code of December 2009 for corporate governance.

NEURONES' governance complies on the whole with the recommendations of this Code. The manager compensation aspect that the Company decided on in reference to the Afep-Medef code, is dealt with in the Management Report (paragraph 13).

In particular, the Company is especially concerned about protecting the interests of minority shareholders since they include some of the managers of the parent company and its subsidiaries. Consequently:
- all major decisions are taken in collegial discussions between managers and then in the Board of Directors,
- the Chairman's succession is organized,
- Supervisory authority is exercised as described in the present paragraph.

Three points, among the most significant ones mentioned in the MiddleNext Code, require the following explanations:
- a rule governing the Board of Directors' internal operation is in the process of being drawn up. The Board will decide the terms of the final document in 2010,
- there is no self-assessment of the Board's work nor any specialized Committee (audit, compensation, strategy, etc.) and there are no plans to establish such bodies. In view of the Group's size, its diversity and its highly decentralized operations, these bodies seem disproportionate vis-à-vis the results one could expect.

5.2. Managers' interests

The total gross amount of remunerations and fringe benefits attributed to members of NEURONES' Board of Directors for FY2008 and FY2009 are provided in the management report.

This same report describes NEURONES' application of the Afep-Medef Code (December 2008) recommendations on officers' remuneration.

No NEURONES managers or members of their families hold directly or indirectly assets used by the Group, especially real estate.

They have no holdings in the capital of NEURONES subsidiaries, nor in customers or suppliers of the Group, except for a historical stake in a one-man business, an occasional supplier of the Group.

No loans or collateral have been granted or formed in favor of members of administrative and management bodies.

6. EMPLOYEE PROFIT SHARING

6.1. Stock options and bonus shares

The stock option and bonus share allocation plans are described in the notes to the consolidated financial statements.

For all of these plans there were still 652,263 options or bonus shares in circulation at 12/31/2009 as indicated in detail in this same section in paragraph 2 "General information concerning the capital".

For the officers and 10 employees that received the most options (plan by plan), the history of the stock option allocations is shown below:

	SO Plan No. 2	SO Plan No. 3	SO Plan No. 4	SO Plan No. 5	SO Plan No. 6
Date of the Shareholders' meeting	11/29/99	11/29/99	11/29/99	06/25/03 & 06/25/04	06/25/04
Date of the Board of Directors meeting	07/27/00	07/11/01	01/23/03	10/15/04	06/28/06
Maturity date of the plans	07/27/05	07/11/06	03/01/07	10/15/08	07/01/10
Expiry date of the plans	07/26/10	07/11/11	02/28/11	10/14/12	06/30/14
Number of beneficiaries	10	10	10	10	10
- including managers	-	-	-	-	-
Number of options granted	34,298	81,000	67,000	92,000	32,000
- including managers	-	-	-	-	-
Total number of expired options at 12/31/2008	(23,818)	(13,000)	(10,000)	(22,000)	(3,000)
Number of shares already subscribed at 12/31/2008	-	(68,000)	(36,000)	-	-
Number of options that expired during the year	-	(3,000)	-	-	(1,000)
Number of shares subscribed to during the period	-	-	(11,700)	(25,000)	-
- including managers	-	-	-	-	-
- including employees	-	-	*(11,700)*	*(25,000)*	-
Subscription price (in euros)	7.50	3.80	3.20	4.20	5.10
Number of options in circulation at 12/31/2009	10,480	-	9,300	45,000	29,000
Number of exercisable options at 12/31/2009	10,480	-	9,300	45,000	-

For the officers and 10 employees that received the most bonus shares (plan by plan), the history of the bonus share allocations is shown below:

	Bonus share plan A	Bonus share plan B	Bonus share plan C
Date of the Shareholders' meeting	06/24/05	06/14/07	06/11/09
Date of the Board of Directors' meeting	06/28/06	12/21/07	07/24/09
Acquisition period term	07/01/09	01/01/11	08/01/12
Conservation period term	07/01/11	01/01/13	08/01/14
Number of beneficiaries	11	11	10
- including officers	1	1	-
Number of bonus shares allocated	175,000	123,000	72,000
- including officers	25,000	18,000	-
- including the first 10 employee beneficiaries	150,000	105,000	72,000
Number of cancelled shares at 12/31/2008	-	-	-
Number of shares allocated during the acquisition period at 01/01/2009	175,000	123,000	72,000*
Number of allocated shares that were cancelled during the acquisition period in the fiscal year	(17,000)	(24,000)	(7,000)
Number of shares allocated during the acquisition period at 12/31/2009	-	99,000	65,000
Number of shares allocated during the conservation period at 12/31/2009**	158,000	-	-

* Allocated during the acquisition period since 07/24/2009.

** At December 31, 2009, for the officers and 10 employees that received the most bonus shares, 158,000 bonus shares in plan A have reached the end of the acquisition period and are therefore now in the conservation period.

6.2. Statutory profit sharing and optional profit sharing

In addition to the potential benefit of stock option and bonus share plans, employees benefit from statutory profit sharing when their business entity satisfies the required conditions. During the past five years, the amounts allocated to statutory profit sharing and optional profit sharing for employees were as follows:

(in € millions)	2005	2006	2007	2008	2009
Statutory profit sharing	531	630	463	2,007	1,912
Optional profit sharing	52	67	118	147	95
TOTAL (statutory + optional profit sharing)	**583**	**697**	**581**	**2,154**	**2,007**

7. PERSONS IN CHARGE OF AUDITING THE FINANCIAL STATEMENTS

7.1. Statutory Auditors

KPMG
1, cours Valmy – Immeuble KPMG – 92923 Paris La Défense Cedex
Represented by Mr. Philippe Saint-Pierre.
Date of first appointment: appointed during the Combined Shareholders' Meeting of June 25, 2004.
Date of current appointment: renewed during the Combined Shareholders' Meeting of June 24, 2005.
End of appointment: appointment expires at the Ordinary Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2010.

Bellot Mullenbach & Associés
11, rue Laborde – 75008 Paris
Represented by Mr. Thierry Bellot.
Date of first appointment: appointed during the Ordinary Shareholders' Meeting of June 30, 1997.
Date of current appointment: renewed during the Combined Shareholders' Meeting of June 11, 2009.
End of appointment: appointment expires at the Ordinary Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2014.

7.2. Alternate Auditors

Mr. Christian Libéros
Rue Carmin – BP 17610 - 31676 Labège Cedex
Date of first appointment: appointed during the Combined Shareholders' Meeting of June 25, 2004.
Date of current appointment: renewed during the Combined Shareholders' Meeting of June 24, 2005.
End of appointment: appointment expires at the Ordinary Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2010.

Mr. Éric Blache
11, rue Laborde – 75008 Paris
Date of first appointment: appointed during the Combined Shareholders' Meeting of June 24, 2005.
Date of current appointment: renewed during the Combined Shareholders' Meeting of June 11, 2009.
End of appointment: appointment expires at the Ordinary Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2010.

7.3. Person in charge of information

Luc de Chammard – NEURONES – Immeuble "Le Clemenceau 1"
205, avenue Georges Clemenceau – 92024 Nanterre Cedex
Tel.: +33 (0)1 41 37 41 37 – Fax.: +33 (0)1 47 24 40 46

7.4. Affidavit of the person responsible for the reference document

I certify, after having taken all reasonable measures for this purpose and to the best of my knowledge, that the information contained in this reference document truly and fairly reflects the existing situation and contains no omissions that could impair its full meaning.

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and earnings of the Company and all of its consolidated subsidiaries, and further that the management report, included in this document, presents a true and fair view of the ongoing development and performance of the business, earnings and financial position of the Company and all of its consolidated subsidiaries as well as a description of the main risks and uncertainties they are exposed to.

I have obtained from the Statutory Auditors a certificate of completion of audit affirming that they have verified the information related to the financial position and financial statements presented in this reference document. They also affirm that they have read this document in its entirety.

The auditors' certificate of completion of audit does not include any observations.

Luc de Chammard
Chairman and CEO

8. RELATED INFORMATION

8.1. Information included for reference purposes

The following information is included for reference purposes in this reference document:
- the consolidated financial statements for FY 2007 established in accordance with the IFRS guidelines, plus the related statutory auditors' report, shown on pages 54 to 74 of the 2007 annual report filed with the AMF on April 30, 2008 under number D.08-0348,
- the consolidated financial statements for FY 2008 established in accordance with the French accounting standards, plus the related statutory auditors' report, shown on pages 62 to 84 of the 2008 annual report filed with the AMF on April 27, 2009 under number D.09-0319.

8.2. Publicly available documents

The following documents in particular are available on the Company website (www.neurones.net):
- 2009 consolidated financial statements and the statutory auditors' report,
- the 2006, 2007 and 2008 reference documents filed in the form of an annual report with the Autorité des Marchés Financiers on May 25, 2007, April 30, 2008 and April 27, 2009 under numbers D.07-0514, D.08-0348 and D.09-0319.

The company by-laws can be consulted at NEURONES' head office: 205, avenue Georges Clemenceau – 92024 Nanterre Cedex

The 2006, 2007 and 2008 reference documents are also available on the AMF website (www.amf-france.org).

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

2009 REFERENCE DOCUMENT

Pursuant to articles 211 and subsequent of the Autorité des Marchés Financiers' general regulations, this reference document was filed with the AMF on April 13, 2010. It can only be used as support for a financial transaction if it is completed by an offering memorandum certified by the the AMF. The issuer established this reference document, which commits the signatories' liability.

This reference document is available at www.neurones.net – Investors – Regulated information.

Printed on Optimum presses (Steenvoorde, France) by a printer listed in Imprim'Vert. This label recognizes printers that have implemented industrial strategies to protect their environment (waste management, exclusion of toxic products, etc.). The paper selected for this Annual Report was produced in a plant certifi ed ISO 9001, ISO 14001, OHSAS 18001 and EMAS (environmental management). It is certifi ed FSC and PEFC (traceability of the wood pulp source from managed forests) and was bleached using the ECF (elemental chlorine free) process.

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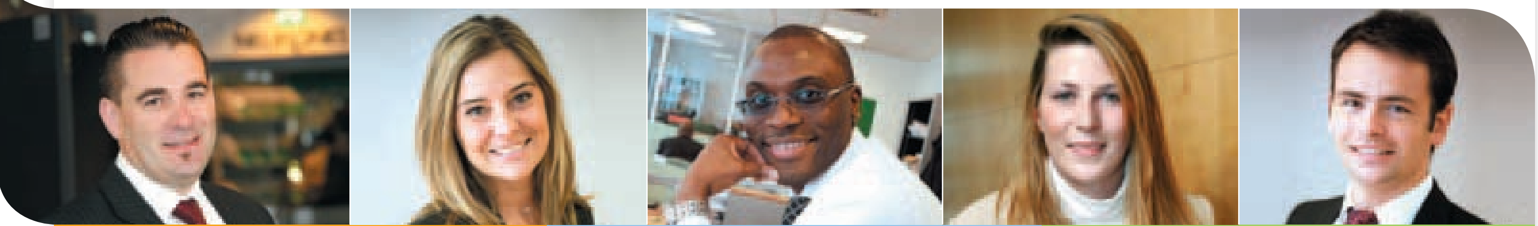

NEURONES

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