NEURONES

CONSULTING - INTEGRATION - OUTSOURCING

ANNUAL REPORT 2010

Forward together...®

Forward together...®

GENERAL PRESENTATION

REFERENCE DOCUMENT

25 YEARS OF PROFITABLE GROWTH

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,
- application development.

With a staff of over 3,000 and revenues of €240 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.

Created from scratch in 1985, the Group has:

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

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.

€239.6 m
2010 revenues

€13.2 m
2010 net profit (Group share)

10.2%
2010 operating margin

Since 2000

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

2008

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

2010

In five years, NEURONES has more than doubled in size. With over 3,000 employees, the Group has worked its way up to become one of the 10 biggest IT services companies on the Paris stock exchange.

Chairman's message

Dear shareholders and prospective shareholders,

A year has gone by already…

The poet was so right when he wrote *"Time is an avid gambler who has no need to cheat to win every time. It's the Law".*

Quite apart from our legal obligation to keep our shareholders informed, this annual report is an opportunity for our present and prospective clients and the Group's future partners and employees to see how NEURONES can help them achieve their professional goals, based on its fundamentals and outlook.

Readers pressed for time should turn to pages 6, 7 and 8 of this report for a summary presentation of 2010. The latter is testament to the belief that the surest signs of a company's good health are its internal growth and profitability.

What can we say about the 2010 financial year?

In 2010, even more so than in previous years, your Group "found its market". Its 10.3% internal growth rate was well above the industry average (estimated at +1%) and France's GDP (+1.5%). This 10.3% figure is the third highest organic growth rate of any IT consulting and services company listed on the Paris stock exchange.

I would like to point out that this rapid growth is not due to any sluggishness in 2009 that might have triggered an impressive catch-up effect in 2010. Last year, the Group had already posted one of the highest organic growth rates in its sector and recorded overall growth of 14.3%.

The brisk progress in 2010 went hand in hand with an increase in the return on sales. An increase in volumes makes optimum use of the production capacity and often improves the operating margin. The 10.2% operating margin achieved in 2010 is among the best in the sector. It is also one of the highest levels achieved over the past ten years. Net profit rose 16.4% and now represents 6.2% of revenues. Cash (net of bank debt) is up 14.6% and amounts to €68.4 million.

Is this double-digit growth, which we have now sustained for six years, sufficient? Some would say that, if a building is going to withstand the test of time, the builders need to make sure each row of bricks is firmly in place before they lay the next row. Others would say that, when you represent barely 1% of the highly fragmented French consulting and IT services market, there is still plenty of room for improvement.

Be that as it may, as Baudelaire points out above, the life of a company (and our working life!) is a race against time. When our time is up, it's "game over", the league tables are final and unfortunately there is no way of starting over again.

> "The desire to succeed and the company's independence leave little choice but profitable growth."

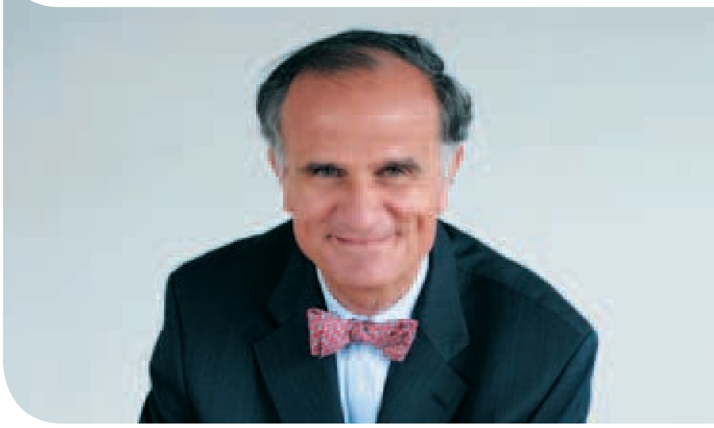
How can we account for this outstanding performance?

A platform of entrepreneurs

Financial experts will weigh up the figures above in a matter of minutes. And yet it took the wholehearted, unwavering involvement of entrepreneurs and the committed effort of over 3,000 women and men in a new organizational structure throughout 2010 to achieve these results.

This organizational structure is based on a tried and tested formula: entities with complementary lines of business, headed by entrepreneurs who are also shareholders and company officers. Over the years, some have allowed their right hand men, and any executive who consistently acted with the company's best interests at heart, to invest their savings in it.

These "owner-entrepreneurs", along with some sixty or so executives who make up the company's driving force, are also involved in a process whereby they gradually



acquire a stake in NEURONES' capital through regular distributions of free shares.

This linking of company equity and outstanding employee contributions is rare in a profession more usually organized into business units headed by non-shareholding managers. At NEURONES, success is shared in ways that go far beyond the usual practices. Long ago, the original shareholders took the gamble that giving employees a share in the company's capital would set off a genuinely virtuous spiral that would benefit all of the parties involved in the long term.

By allowing each person to be the master of their own professional success, this type of organization undoubtedly generates greater commitment, energy, initiative, spirit of enterprise, sense of responsibility and, as a result, efficiency and effectiveness. This is especially true as NEURONES' teams are capable of joining forces under a common leadership when their clients' needs so require.

This is what is commonly called alignment of the interests of clients, top executives, managers, employees and shareholders.

Commitment to serving our clients

NEURONES' clients span all sectors of the economy, both public and private. They include:

- large groups familiar with the benefits of globalization. They have kept their headquarters in France, along with the main central functions including, in particular, the information system that drives their businesses. They call on your Group's streamlined, specialized structures, which, when necessary, can also join forces and work as one;
- growing, medium-sized companies. They like entities that are on a human scale, making them quick to react in a world which is changing at an increasing speed. They like doing business face-to- face with real decision-makers who, often like them, have made efficiency and hands-on management a way of life, helping them grow and prosper.

They all sense that:

- the top executives in the Group's entities, who have been with the company right from the beginning and have invested their savings in it, know how important it is to satisfy each and every person they deal with. They suffer from non-quality when they have trouble hiring staff or meeting expectations, and have no desire to feel the embarrassment felt when a prime contractor is let down;
- many people at NEURONES have adopted a bottom-up style of management, giving full power (not just some of it) to those who are in contact with the clients. In service businesses, recruitment, service centers, tried and tested tools and processes are admittedly of prime importance, but so too is the ensuing ability to constantly adapt to the field;
- each and every euro invested in a project with one of the Group's companies is directly useful: we have low overheads, reasonable pay levels (the highest salary is less than 10 times the smallest one) and a flat management structure.

Steady, efficient management team

The stability of the management team, which can be seen from one annual report to the next, is also a key success factor:

- it serves clients' interests on a long-term basis;
- it cements ties between top executives and their people, forming closely-knit teams that work in mutual trust and are quick to understand each other;
- it helps capitalize on management best practices through successive iterations
- it makes it easier and more natural to grant authority.

Moreover, in a decentralized organization such as ours - a foretaste of tomorrow's world - each person can see the outlines, the workings, the changes and, in the case of the most farsighted, the future of their working environment. In entities structured on a human scale, it is easier to gauge your own personal contribution to the company's success. This gives many people the feeling that "nothing is beyond our reach". The additional motivation can generate the enthusiasm that gives meaning to work and leads to self-fulfillment, a feeling of personal development and the possibility of social advancement.

The Group's twenty or so officers strive to increase the value of their assets, which are also the assets of NEURONES' sharehold-

"Trees that grow well have often had the time to push their roots down deep into the soil."

ers. They are free to do as they see fit as “people in the business” and know that steadfastness and perseverance always pay off. And the new baseline - *“Forward together...®”* - reflects this attitude. It challenges not only the Group’s clients and shareholders but also each and every one of its employees and entrepreneurs.

Can we sustain these performance levels through 2011 and into the years to come?

To answer this question, it would be tempting to point to the 25 years of profitable growth: trees that grow well have often had the time to push their roots down deep into the soil. We could also conclude that, if today’s achievements are the fruit of investments made in the recent or more distant past, then tomorrow’s achievements will follow “naturally” from the investments made today and in the recent past.

It is true that, over the course of its history, NEURONES has grown two or three times faster than its market and even more rapidly in the past few years. Out of honesty, though, we should be humble and add that a services company is not a robot that marches on mechanically towards success. Even if an ambitious company knows its markets, is spurred on by a fighting spirit and is resolutely forward-looking, it still operates in a changeable environment that is influenced by the global economy, technology, human resources and clients’ attitude.

> “In entities structured on a human scale, it is easier to gauge your own personal contribution to the company’s success.”

No visible limits in the sector

The management consulting and IT services business relies on powerful drivers that look set to run for a long time yet, whatever short-term, cyclical upheavals we might observe:

- globalization “shuffles the cards” increasingly frequently, forcing companies into constant reorganization;
- in a tertiary economy, IT is becoming the “backbone” of any organization;
- technology is self-perpetuating: no sooner is it integrated (and increasingly quickly!) than it is already the source of a fresh wave of innovations aimed at processing and broadcasting ever-richer and more abundant data;
- enjoying instant access to information and being constantly contactable have become the norm.

As a result, IS divisions will have to meet a number of challenges, which represent endless business opportunities for NEURONES and its peers. Here are just a few of them:

- handle a mounting number of screens (increasingly powerful desktop computers, laptops, tablets and smartphones, etc.) and communicating “chips” that give access to, send or produce ever-increasing amounts of information. This means that IS divisions will have to:
  - adapt enterprise applications to these new information media;
  - get ready to integrate any type of device or software, including their employees’ own private tools;
  - constantly expand their infrastructures (using the flexibility brought by cloud computing) so they can store ever-growing volumes of information, which may also be geographically dispersed;
  - protect data and flows, even though the prevailing mentality in the digital world is to allow all devices to connect with each other;
  - invest ever-greater amounts in sorting, processing and ranking all the data we are swamped with, no matter what form it takes;
- perform a very tricky budgetary juggling act: how to provide for these new, costly tasks when:
  - an average 70% of their budget goes towards maintaining the facilities already in place;
  - the information systems, which are the result of successive layers, have to be constantly harmonized, transformed and upgraded;

- information is, now more than ever, the "lifeblood" of the company;
- outsourcing is seen more as a way to achieve flexibility and adaptability than as a source of immediate cost savings.

These decision-makers will increasingly be called on to manage a piecemeal collection of resources, people and procedures, within and especially outside the company, against a backdrop of booming technological proliferation, while at the same time ensuring that it all runs "seamlessly"!

Just as well there is no shortage of devoted service providers - such as NEURONES! - to lend a hand...

> "Once it was listed, your company chose a long-term perspective focused on robust, profitable, lasting growth."

What is the outlook for NEURONES?

In the consulting and IT services businesses, there are ample reasons to be optimistic about the future. While demographics and public debt overhang presage sluggish growth in GDPs in Western Europe, there are clearly still many opportunities associated with the inevitable transformations in the tertiary sector. These include mergers, organizational reengineering, process changes, the integration of an increasingly abundant body of regulations, growing technological innovations and agile IT management (outsourcing, IaaS, TPAM).

In the face of these openings, the Group's entrepreneurs firmly believe that 2011 and the years to come will depend essentially on them, the investments - especially human - they have made in recent years and those they will make in the next couple of years. The desire to succeed and the company's independence leave them little choice but profitable growth.

Admittedly there are still many technology fields and geographical zones in which the Group is not yet involved - all potential growth areas to be explored. Most importantly, though, the change in companies' organizations and information systems is gradual, so each type of service provider has a chance to achieve success, no matter how big or small it is or when it entered the market.

In 2011, because France's GDP is expected to be higher than in 2010, the Group's markets should see slightly faster growth than in the previous year. NEURONES can therefore reasonably expect to record another year of double-digit growth, with profitability around the average mark for the past few years.

The 2010 financial year marked NEURONES' tenth full year as a listed company on the stock exchange (since May 2000). Over these ten years, annual revenues, operating profit and net profit quadrupled and net cash grew by €40 million.

Once it was listed, and along with other dynamic, ambitious, profit-making contemporaries, your company chose a long-term perspective focused on robust, profitable, lasting growth. A builder's perspective, you might say. In terms of value creation, the result is that, your Group is set to exceed its opening price on a long-term basis. How many listed companies are worth more today than at the time of the dot-com bubble in 2000?

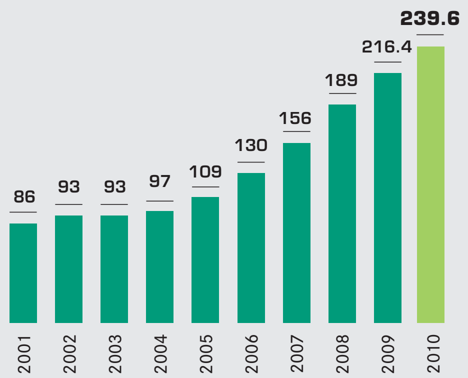
Thank you for placing your trust in us. And because *"the noblest principles in the world are worth nothing until they are put into practice"*, we are already hard at work building the future!

Luc de CHAMMARD
Chairman and CEO

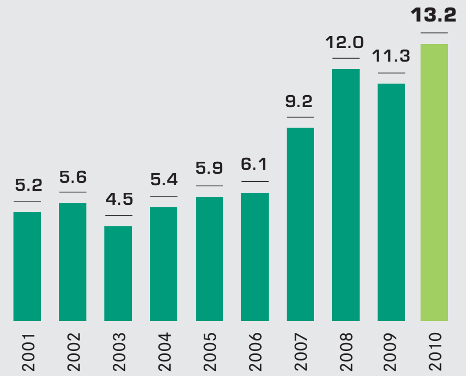
The Management Committee

2010 key figures

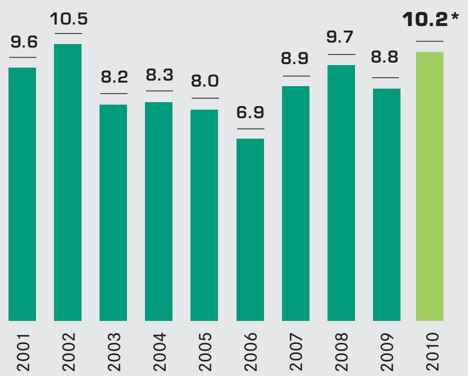
CONSOLIDATED REVENUES
(in € millions)



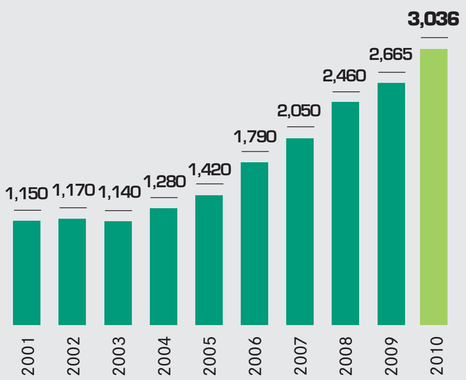
NET PROFIT - GROUP SHARE
(in € millions)



OPERATING MARGIN
(as a %)



STAFF
(at year end)



* IFRS accounting standards since 2004. The CVAE (Cotisation sur la Valeur Ajoutée des Entreprises, a contribution based on businesses' added value), totaling approximately 1% of revenues, is classified as an expense in 2009 and as a tax on profits in 2010.

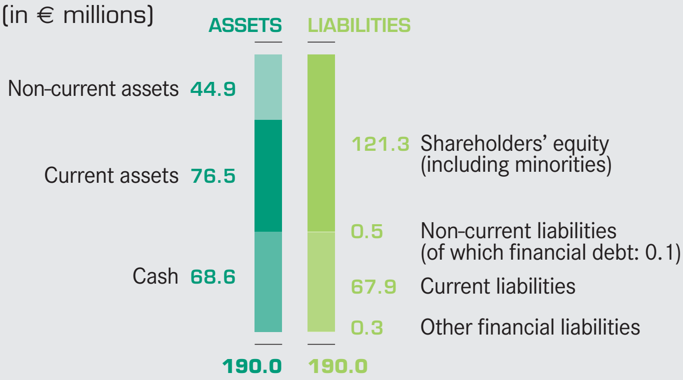
+10.7%

Revenue growth
between 2009 and 2010

+15%

Compound annual growth rate
over 10 years

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2010
(in € millions)

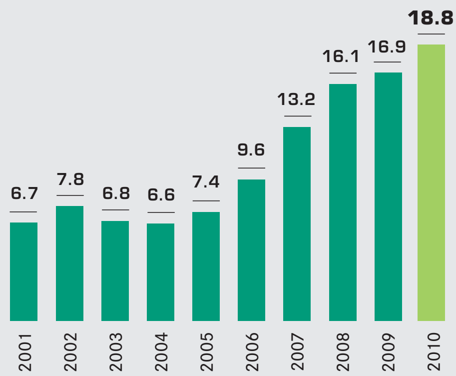


CONSOLIDATED INCOME STATEMENT
(in € millions)

(en M€)	2010	2009
Revenues	239.6	216.4
Business operating profit**	25.4	20.1
% OF REVENUES	10.6%	9.3%
Operating profit	24.5	19.1
% OF REVENUES	10.2%	8.8%
Net financial income	0.7	0.7
Corporate income tax	(10.3)	(7.0)
Net profit for the period	**14.9**	**12.8**
% OF REVENUES	6.2%	5.9%
- of which net profit – group share	13.2	11.3
- of which minorities	1.7	1.5

** 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	2010	2009
Net profit	14.9	12.8
Non-monetary items	3.9	4.1
Change in WCR (increase)/decrease	(3.3)	(1.3)
Net industrial investments	(2.8)	(2.2)
Free cash flow	**12.7**	**13.4**
Net financial investments	(2.8)	(3.9)
Net capital increase	0.4	0.3
Other (dividends, repayments, loan, etc.)	(1.7)	(2.6)
Change in cash and cash equivalents	**+8.6**	**+7.2**
Cash and cash equivalents at year-end	**68.4**	**59.8**

+14%

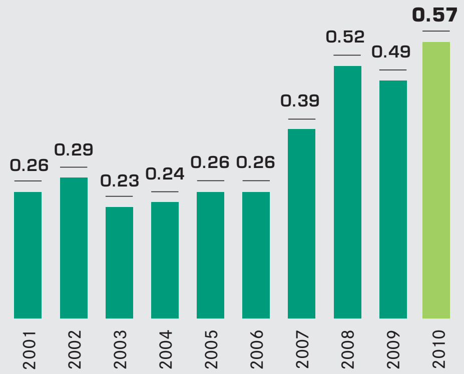
Increase in number of employees between the start and end of FY 2010

€68.4 m

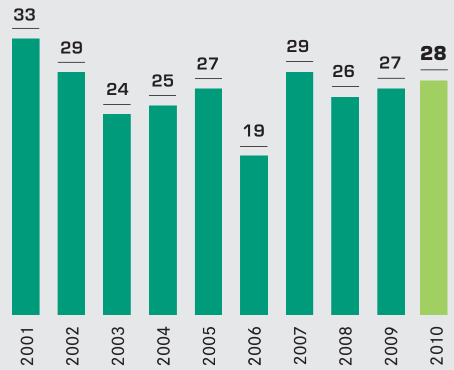
Net cash at December 31, 2010

Shareholder information

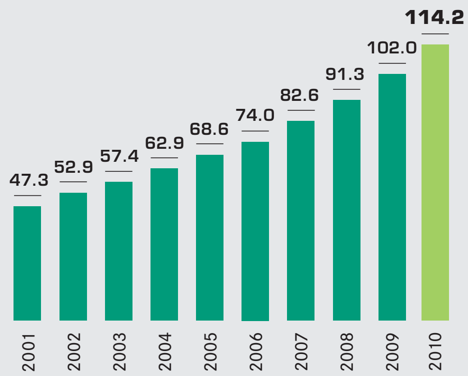
NET EARNINGS PER SHARE (GROUP SHARE)
(in €)



RETURN ON CAPITAL EMPLOYED (ROCE)
(as a %)



CONSOLIDATED SHAREHOLDERS' EQUITY GROUP SHARE (in € millions)



CHANGES IN NEURONES' SHARE PRICE OVER PAST YEAR: +23% (from 12/04/10 to 11/04/11)

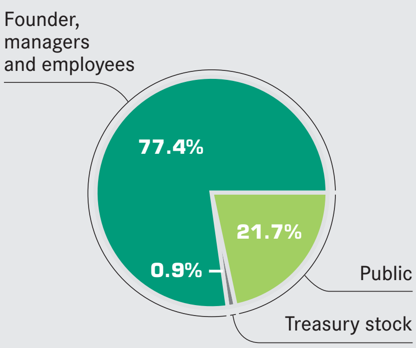
28%

2010 return on capital employed

€0.07

Dividend per share for 2010 proposed at the Shareholders' Meeting on June 9, 2011

SHAREHOLDING
(breakdown of capital)



CALENDAR

1st quarter 2011 revenues:
Thursday May 5, 2011

Shareholders' Meeting:
Thursday June 9, 2011

2nd quarter 2011 revenues:
Thursday July 28, 2011

1st half 2011 profit:
Thursday September 22, 2011

3rd quarter 2011 revenues:
Thursday November 10, 2011

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NEURONES SHARE DATA SHEET

Average daily volume traded in 2010:	8,800 shares
Share price (at April 11, 2011):	€8.85
Market capitalization (at April 11, 2011):	€208.5 million
Number of shares (at April 11, 2011):	23,561,093

NYSE Euronext Paris - Compartment B
ISIN Code: FR0004050250 (NRO)
Bloomberg: NEUR FP - Reuters: NEUR.LN
Index: CAC All Tradable - CAC Small - CAC IT

The Group's core businesses

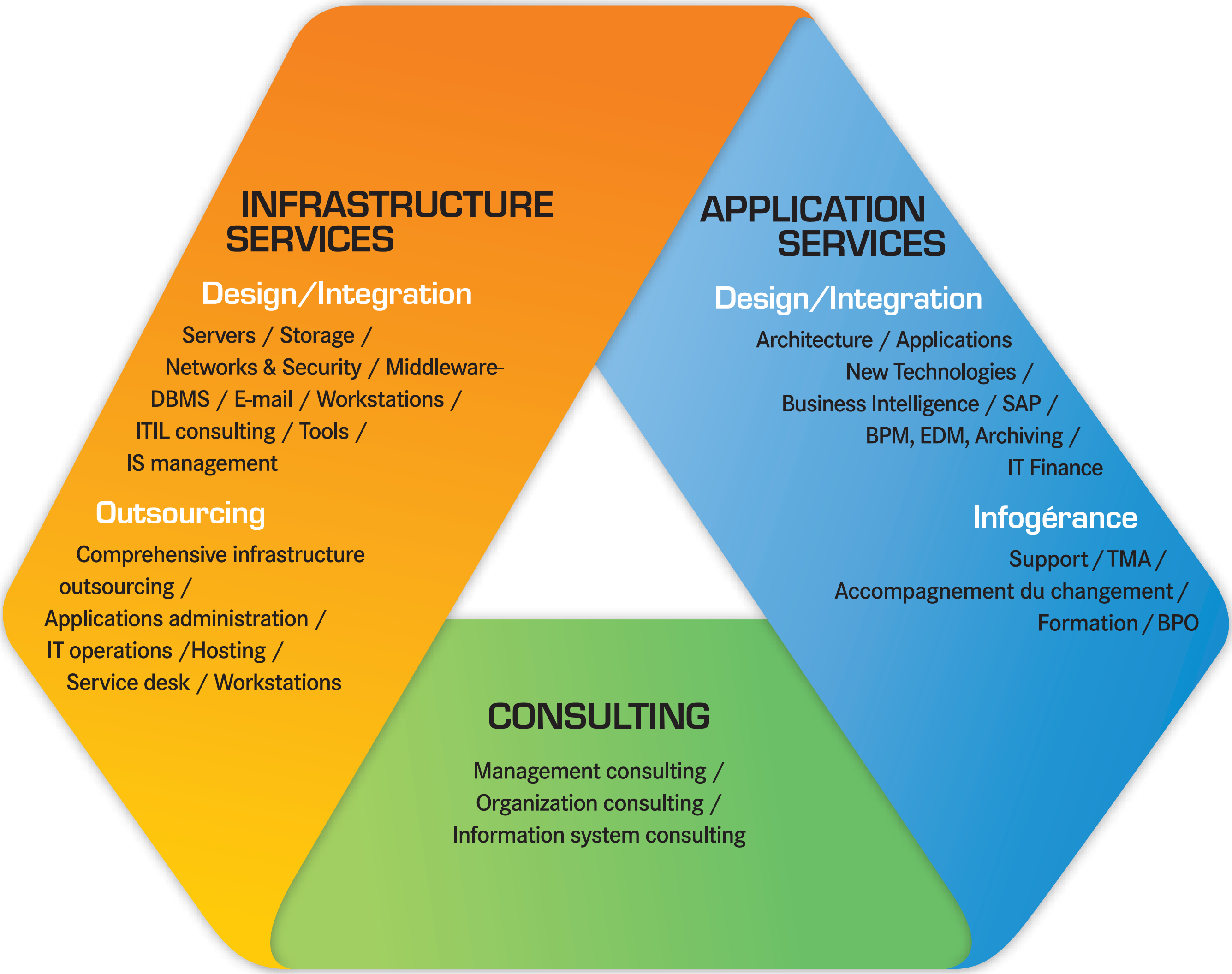
2,510
Employees in the Infrastructure Services business*

400
Employees in the Application Services business*

110
Employees in the Consulting business*

* At December 31, 2010.

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 assignments of this structure include:

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

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

To support the various businesses' sales forces, this central team fulfills the following assignments:

- 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

73%
Share of this segment in total business (2010 revenues)

10.2%
2010 operating margin

€174.9m
2010 revenues

Guaranteeing high availability and secure access to IT infrastructures, operating them, making them profitable and developing them is the task of this business line boasting over 2,500 employees.

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 responses in a wide variety of fields. The majority of these are fixed-price projects.

Typical projects include:

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

Selected 2010 projects

For a European leader in the catering industry: as part of a project to outsource the help-desk for in-house users and computer incident response, set up an all-inclusive service for accessing the in-house tool. This includes operating the environment and performing routine administration; performing corrective maintenance and upgrades on applications; and continuing to roll out the application for the support teams.

For a specialist risk-control company: to meet demand for storage and a technical platform, set up the hosting and continuous 24/7 operation of the line-of-business applications. With little information on hand, we provided a reversibility phase to handle the applications, adapt those in the development phase and reduce their unavailability during the migration.

For a global leader in the confectionery industry: manage vulnerabilities in the information systems worldwide. Provide the technical support for risk management associated with a country or a continent, set up tests and corrective measures, manage the security level and optimize performances.

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, the sole person in charge of service delivery ensures ongoing compliance with the service level agreements and manages the improvement plan based on a benchmark and a catalog of standard actions.
In this line of business, it is crucial to rapidly capitalize on knowledge and best practices. The Group has introduced standard processes for all of its contracts, applying tried and tested ITIL practices. The drive to industrialize outsourcing services is leading to a marked increase in the volume of services delivered through service centers.

Selected 2010 projects

For a major French bank: as part of relocating its headquarters, the bank sought novel methods to help its 3,500 staff members come to grips with their new IT environment in high-environmental-quality buildings. NEURONES concluded an outsourcing contract to guide and support bank staff using an original, multi-channel approach. The project ensures that bank staff will be capable of working independently at their new workstations.

For lower-secondary schools in a département in the Ile-de-France region: provide outsourced facilities management and support for the digital environment in state lower-secondary schools, industrialize the workstations, set up a system of remote software distribution to facilitate the installation and upgrading of workstations. Manage the IT asset portfolio and the hardware lifecycle; fully manage user support and the help-desk, administer local networks and supervise the overall schools' network.

For a new European Asset Management player: multi-year, multi-domain contract. Prime contracting, set up the help-desk, manage work on workstations for the various sites in Ile-de-France, provide support for "VIPs", IT asset management. Make fresh master images and optimize workstation stability.

HIGHLIGHTS

Strong organic growth in all of the infrastructure offers (private cloud computing, virtualization, Windows 7 migration, etc.) and in outsourcing (new contracts).

A 30% increase in the teams operating out of the service centers.

Outsourcing is still under pressure. A new service center opened in Tunis. Alongside the datacenters we run ourselves, we have made pooled investments in hardware and software in an area set aside for the Group in the premises of a third-party hoster.

OUTLOOK

Infrastructure outsourcing will be a buoyant market again in 2011, which should see a large number of renewals.

Business will develop in Angers and Tunis.

The Group will leverage its five years' experience in private cloud computing to take advantage of the buoyant market for IaaS (Infrastructure as a Service) in the coming years.

NEURONES' infrastructure outsourcing business uses pooled service centers: hosting, servers and applications, workstation management and support.

Given that 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
70 contracts

Between 200 and 1,000 workstations
60 contracts

OUTSOURCING

130 outsourced customers

1,300 employees working on contracts

6,000 servers

100,000 workstations

400,000 calls per month to the service desk, including **200,000** 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

350 packages managed

35,000 cloned workstations managed

Certified to ISO 9001: 2008 (outsourcing and four other businesses)

150 certified employees

Founding member

Sponsor member

4 SUPPORT CENTERS

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

3 HOSTING CENTERS

- 150 bays
- Independent Internet service provider
- All operators
- Telecom infrastructure as failover
- Electric generator set, 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

TWO SERVICE CENTERS FOR SERVERS AND APPLICATIONSS

- 100 people
- 5,000 tickets per month
- Supervision, performance management
- Scheduling, operations plan

POOLED WORKSTATION MANAGEMENT CENTER

- Cloning
- Packaging
- Remote software distribution

SUPERVISION, REMOTE 24/7 MANAGEMENT, APPLICATION DEVELOPMENT

100 people (managers, administrators, DBAs, system and network engineers, operations analysts, operations engineers)

4,000 devices supervised

2,000 remote-administered servers

Operations processing (supervision, application of instructions)

Application integration, release management

HOSTING

1,200 servers hosted

200 useful terabits

3 backup robots

3 Cisco 7204 VXR routers as failover

1 Gbits/s per telecom operator

Air-conditioned datacenter with secure access, fire protection and backup electrical power with generator

Application services

Core businesses

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

20%
Share of this segment in total business (2010 revenues)

9.3%
2010 operating margin

€47m
2010 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 on project development methodology (standard documentation, software engineering, standards, etc.), areas for which training and inspection are pooled.

Selected 2010 projects

For the leader in directory services: for its bundled Internet offer, the client needed a system that its graphic designers could use to calibrate the visuals illustrating the web pages of the offer's beneficiaries. We developed a solution based on Flex/Air technology and intuitive ergonomics.

For a leading power company: set up an IT solution based on Tibco products and which can be used to equip the various mobility processes through a web browser. Supply a system that can be integrated with the corresponding applications in the IS. The latter allows a rapid, easy ramp-up and ensures fast response times.

For a pharmaceutical laboratory: produce a scheduling solution for training sessions that shortens scheduling lead times and lightens administrative management. The project consisted in producing a dedicated, customized distance-learning platform, developing a learning solution and designing scalable, targeted, office-software workshops on different themes.

Dedicated applications service center:

THIRD PARTY APPLICATIONS MAINTENANCE

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

Outsourcing

This business line includes support services and application maintenance, corrective maintenance and upgrading. 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 2010 projects

For a group of public purchasing cooperatives: as part of a project to rationalize the various customer databases under SAP CRM, train the 530 staff members. Produce "standard operating procedures" and "pocket cards" summing up the main points, design specific programs, deliver training at various locations in France, create a "training database" and a post-training reporting tool.

For the leading brewery: fixed-price contract to replace the order-taking technology by interfacing the existing tool with SAP, modify the standard Abap program to shorten lead times, secure PLV orders and adjust customer needs.

For the subsidiary of a major French bank: set up a system-performance competency center to provide global technical support, take over headhunting and recruitment with the company's departments, maintain rare skills, perform long-term monitoring and performance management.

HIGHLIGHTS

The new business line dedicated to combined IT/finance profiles is off to a very strong start.

SAP-related business lines: the 8% growth in business is well above the market average.

Web/BI: revenues from these lines has increased significantly (+6%).

OUTLOOK

Potential for improving the profitability of Web/BI and training lines.

Emphasis on application support, TPAM and certification-testing offers.

Combined contracts including application operations services.

Management and organization consulting

Core businesses

- Management consulting
- Organization consulting
- Information system consulting

7%
Share of this segment in total business (2010 revenues)

13.4%
2010 operating margin

€17.7 m
2010 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. Projects sometimes include a component that requires competencies 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 2010 projects

For a local authority: this administration (population of over 100,000) wanted to equip its municipal health centers with a new tool for improving administrative management and local medical care. We directed the whole strategic reorganization project, including a redefinition of the entire set of needs.

For a major bank: as part of a project to reengineer and adapt security processes, we provided guidance and support for the diagnosis, the organization and leadership of work groups comprising all of the stakeholders (retail banking, property division, audit, compliance) and the drafting of the business case for creating a security program.

For one of the leading French higher education establishments: as part of a fund-raising campaign directed at graduates, we provided guidance and support for the project by setting up an “agile” method for prospecting and loyalty-building needs. The approach consisted in dividing up the functional scope into business processes and setting up design workshops with representatives of the users of each process (identification of the data handled, management rules, earlier processes implemented, etc.).

For a leader in the temporary work sector: NEURONES made a decisive contribution to the full reengineering of the information system’s front office, by including components and business stakes specific to temporary work. NEURONES teams performed the migration and trained users in the new line-of-business interfaces. Moreover, by analyzing the legacy system, we were able to identify the functions to be included in the new information system and describe their use.

For a major telco: as part of an information system consultancy project, we provided business project management for defining the IP service delivery architecture and defining the catalog of network configuration services: IMS (IP Multimedia Subsystem) backbone and AS (Autonomous System) for telephony (autonomous networks of Internet routers).

HIGHLIGHTS

A decrease in revenues with an unfavorable base effect as a result of a very good year in 2009 (atypical). Operating profit remained firm.

Development of a partnership system.

A clear distinction was maintained between the consulting business and the IT services business.

OUTLOOK

The forecast is for growth in 2011, continuing the favorable trend observed in the 4th quarter of 2010.

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

The Group intends to develop this business segment.

Strategy
and line of services

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

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

63%
Share of guaranteed-performance service contracts in total business volume

46%
of revenues is generated by Outsourcing

An unwavering strategy

Strategic policy 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, 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, and 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.

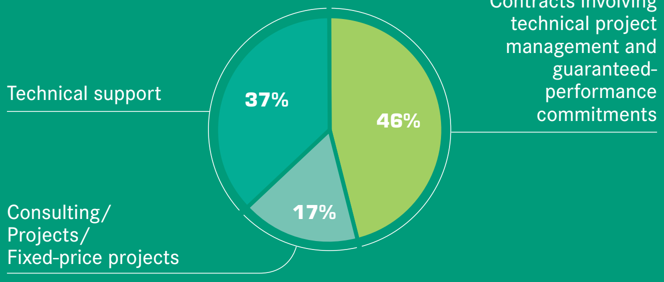
Successfully bringing applications from the design environment to the operational environment is a key stake, as are changes in general.

Consulting

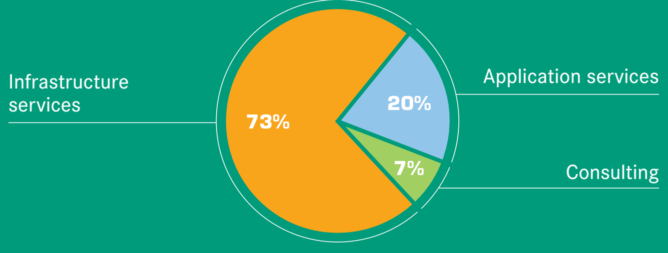
Fast-paced enterprise transformation, the implementation of new regulations and the drive for increased efficiency are prompting companies to make growing use of management and organization consulting services.

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

2010 SERVICE REVENUE BREAKDOWN BY TYPE OF SERVICE



2010 PROFORMA REVENUE BREAKDOWN BY BUSINESS SEGMENT



Responsible
and sustainable development

371

net jobs created in 2010
(excluding acquisitions)

87%

of the 2010 profits will be reinvested
in the company's future developments

42

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 (42 different nationalities represented, a variety of academic backgrounds, both novices and experienced workers, etc.).

Numerous job creations:

- net creation of jobs each year (371 in 2010),
- company growth and acquisitions are handled without using redundancy plans,
- an IT retraining program helps young graduates with 4 to 5 years of higher education in a variety of fields to find a job.

Longstanding capital sharing scheme

- around 30 company managers and executives hold stakes in the capital of the companies they are developing,
- free Group shares are 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.

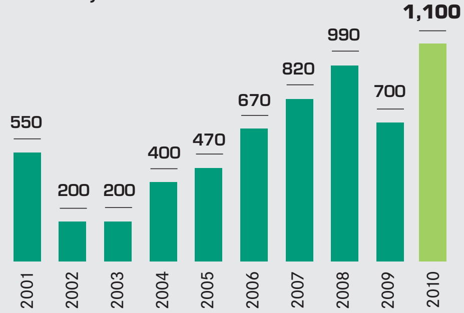
Ongoing career management:

- lateral moves encouraged between different job fields and different functions, preference for internal promotion (especially for managerial and executive positions),
- annual performance reviews and interviews every few years 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,

NEW HIRES
(at year end)



"My project to set up a new business coincided with NEURONES' desire to form a services company specializing in market finance. The interesting discussions we had and our common goals convinced me that it would be a good idea to join forces with the Group, so we set up a dedicated IT-Finance entity.

In 2007, my partners (the Chief Executive and the Sales Director) and I launched the business in a context that soon proved complicated (subprime crisis, Kerviel case, etc.).

In 2010, growth gathered momentum, the structure now has a hundred or so employees and opened its first subsidiary in London.

Our goal for the next two years? Become one of the top five IT-Finance players on the French market and expand our business on the international market. In a constantly changing context, the synergy with NEURONES has been, and remains, a decisive factor in our success!"

"The interesting discussions we had and our common goals convinced me that it would be a good idea to join forces with the Group."

Guillaume
Chairman | *IT Finance*
With NEURONES since 2007

NUMBER OF CERTIFICATIONS

Microsoft	1,100
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	1,500

"Seven years after joining NEURONES, I've gone from support technician to systems engineer. When an accident left me with my right arm paralyzed, computing seemed to be the best compromise between my disability and what I wanted to do. That's how I came to work as a support technician in the service desk entity.

But with every job I did for clients, I found my interest in new technologies steadily growing. I was keen to progress and had the Group's backing, so was able to do some qualifying courses (Windows 2000 Pro and Windows 2003 Server).

On the strength of these qualifications, and thanks to the bridges between the Group's different core businesses, I was given the chance to enter the specialized systems and networks entity, where I now work as a systems and network administrator. By placing its confidence in me, NEURONES played a part in my career development!"

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

Motivating working environment:

- an environment that empowers people and lets them build their own future,
- recurrent distribution of free shares and stock options: nine successive plans since 1999 representing over 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 policies to its service lines in a bid to constantly adapt its solutions to IT decision-makers' needs.

Pooled services on an industrial scale:

- in 2010, the Group invested €2.8 million in its industrial facilities, mainly in its service centers and the cloud computing offer. It opened a center in Tunis, extended the center in Angers, invested in the datacenters in Nanterre, Nantes and Lyon, and reserved additional space with a third-party hosting company).

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

"By placing its confidence in me, NEURONES played a part in my career development!"

Stéphane
Systems administrator | *Systems and networks*
With NEURONES since 2004

range of services and expertise available for its clients.

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) results are published within 2 months of the end of the financial year, (unaudited) results are published every quarter. The Group has also issued a twice-yearly Shareholders' Newsletter 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 staff cuts.

The environment

Given the nature of its core businesses, NEURONES has only marginal impact on the environment. However, 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.

A number of NEURONES business entities have signed up.

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.

"I really wanted to play a role in building and developing a company, so five years ago I became a partner in NEURONES' management and organization consulting business.

The partners all pull together and work as a team when it comes to drawing up strategy, so I am caught up in a constant entrepreneurial drive that creates value, motivation and therefore development.

Moreover, through the operational and strategic sides of my job, I can draw on what's really happening in the field to make medium and long-term projections with my peers.

As I see it, the future holds lasting, constantly varied projects, because we are part of an entity that is built on a human scale, where everyone pulls together to get the job done and where the foundation is an entrepreneurial culture that naturally generates renewal."

"The way the company works means I am caught up in a constant entrepreneurial drive."

Nicolas
Associate Director | *Management and organization consulting*
With NEURONES since 2008

Selected references

Banking/Insurance

ALLIANZ
AVIVA
AXA
BNP-PARIBAS
BPCE
CREDIT AGRICOLE
EULER HERMES
GENERALI
GRAS SAVOYE
GROUPAMA
HSBC
MALAKOFF-MEDERIC
NYSE-EURONEXT
SOCIETE GENERALE
SWISSLIFE

Services/ Consumer goods

ACCOR
CARLSON WAGONLIT TRAVEL
DANONE
GROUPE BEL
HEINEKEN
KRAFT FOODS
LA POSTE
L'OREAL
LVMH
MANPOWER
NESTLE
PAGES JAUNES
PMU
PRICEWATERHOUSE COOPERS

Public sector

ANDRA
BANQUE DE FRANCE
CAISSE DES DEPOTS
CARIF
CEA
DEPARTEMENT DES HAUTS-DE-SEINE
EDF
IRSN
MAIRIE DE PARIS
MINISTERE DE L'ECONOMIE
MINISTERE DE L'EDUCATION
MINISTERE DU TRAVAIL
RADIO FRANCE
RFF
UBIFRANCE

Energy/Utilities/ Healthcare

ALSTOM
APTAR PHARMA
BAYER
CROIX ROUGE FRANCAISE
DELPHARM
GDF-SUEZ
HOPITAL PARIS SAINT-JOSEPH
JOHNSON & JOHNSON
LFB
OCP
SANOFI-AVENTIS
SUEZ ENVIRONNEMENT
TOTAL
VEOLIA ENVIRONNEMENT

Industry/Public works & civil engineering

AIR LIQUIDE
ARKEMA
BOUYGUES
EIFFAGE
ERAMET
JC DECAUX
LAFARGE
MIKIT
NEXANS
SAFRAN
SAINT-GOBAIN
SARIA INDUSTRIE
TREVES
VINCI
ZODIAC

Technology/Media/ Telecoms

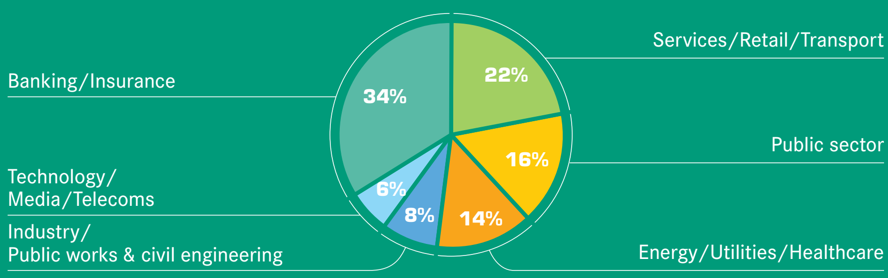
BOUYGUES TELECOM
DASSAULT SYSTEMES
FLAMMARION
GENERALE DE TELEPHONE
METROPOLE TELEVISIONS
ORANGE
RICOH
TDF
TELEVISION SUISSE-ROMANDE
TF1
THE NEW YORK TIMES COMPANY
TOSHIBA
VIVENDI
VODAFONE

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

85%

of CAC 40 companies
place their trust in NEURONES

2010 REVENUE BREAKDOWN BY SECTOR



NEURONES

CONSULTING - INTEGRATION - OUTSOURCING

REFERENCE DOCUMENT 2010

Forward together...®

CONTENTS

1 NEURONES AND ITS SERVICES

1.1. GENERAL PRESENTATION

Identity and background

With over 3,000 employees at the end of 2010, 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:

	Capitalization (in €millions)*	at December 31, 2010
1	Capgemini	5,441
2	Atos	2,781
3	Sopra Group	680
4	Steria	582
5	Bull	412
6	Sword Group	212
7	Devoteam	205
8	GFI Informatique	162
9	**NEURONES**	**162**
10	Solucom	92

* Excluding technology consulting companies: Alten (€785m), Altran (€467m), Assystem (€273m), Akka Technologies (€162m), SII (€94m).

Created from scratch in 1985, the Group has experienced steady growth (averaging +17% per year over the last five years). Two-thirds of this achievement can be attributed to organic growth.

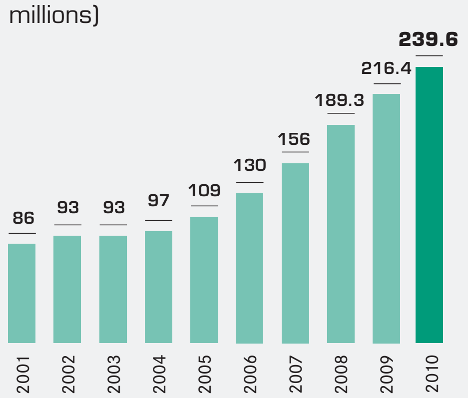
The Group was built by setting up dedicated subsidiaries for each business segment, with their own technical know-how and using their own commercial brand. These entities were given the task of rapidly attaining a significant size in their field so that they could provide the best level of services at controlled costs. 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.

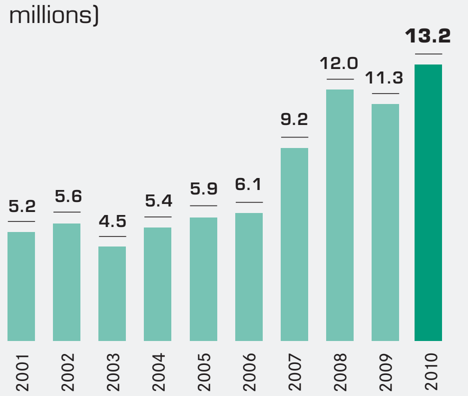
Since being listed in May 2000, the Group has made fifteen acquisitions of various sizes, which now account for roughly one-third of its business.

Key figures

CONSOLIDATED REVENUES
(in € millions)



NET PROFIT - GROUP SHARE
(in € millions)



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

(in € millions)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues	85.9	92.6	92.7	97.1	108.9	130.0	156.0	189.3	216.4	**239.6**
Operating profit *	8.2	9.7	7.6	8.0	8.7	9.0	13.8	18.4	19.1	24.5
Operating margin	9.6%	10.5%	8.2%	8.3%	8.0%	6.9%	8.9%	9.7%	8.8%	**10.2%**
Net profit	5.3	6.0	4.8	5.7	6.3	6.6	9.9	13.0	12.8	**14.9**
Net margin	6.2%	6.5%	5.2%	5.9%	5.8%	5.1%	6.3%	6.9%	5.9%	**6.2%**
Net profit – Group share	5.2	5.6	4.5	5.4	5.9	6.1	9.2	12.0	11.3	13.2
Staff at year-end	1,146	1,169	1,141	1,284	1,424	1,787	2,054	2,455	2,665	3,036

* IFRS accounting standards since 2004. The CVAE (Cotisation sur la Valeur Ajoutée des Entreprises, a contribution based on businesses' added value), totaling approximately 1% of revenues, is classified as an expense in 2009 and as a tax on profits in 2010.

1.2. BUSINESS OVERVIEW

Business segments

NEURONES operates in:
- IT services:
  - Infrastructures (73% of its 2010 revenues*),
  - Applications (20%*),
- Management consulting (7%*).

There are three different types of service delivery:
- Fixed-price projects: 17%
- Technical support (on a time basis): 37%
- Outsourcing (multi-year contracts with guaranteed performance commitments): 46%.

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 long-established 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), third-party software testing, integration, training
Run	Outsourced networks, servers and applications, hosting, cloud computing, 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)

* 2010-related revenues

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

(in € millions)	2010	% Total revenues	2009	% Total revenues	% total growth	% organic growth
Infrastructure services	174.9	73%	156.4	72%	+11.8%	+11.8%
Application services	47.0	20%	40.6	19%	+15.8%	+13.5%
Consulting	17.7	7%	19.4	9%	-8.8%	-8.8%
TOTAL REVENUES	239.6	100%	216.4	100%	+10.7%	+10.3%

NEURONES' workforce is based in France (3,018 employees at end-2010), with a small number of employees (18 at end-2010) in Tunisia. The workforce in France is split between the Paris region (96%) and the other regions (4%).

NEURONES' business is conducted in France, with occasional assignments abroad. The service center in Tunis, which was opened in the second quarter of 2010, performs services for a client base situated in France.

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 carries out the reporting for the business at the desired intervals,
- leadership and management of multi-entity projects and in particular outsourcing: the central team takes charge of the entire pre-contract phase, including organization and coordination of the submission (presentations, references, formation of the prospective 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.

1.3. THE CORE BUSINESSES IN DETAIL

Core businesses making up the various 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 shareholder-entrepreneurs.

Segment	Core businesses
Infrastructure services	- Systems and networks - Service desk, workstation outsourcing - Server and application outsourcing in cloud computing mode, IT security - IT operations - IT service management, IT governance
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

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).

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 components, 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), backup solutions,
- audit and redesign directory services, e-mail services,
- handle mobility, firewalls, remote access.

The technical specializations mentioned above are used in combination to help clients carry out virtualization projects and set up private cloud computing. The Systems and Networks entity, for instance, has invested in a private cloud housed in a dedicated space at a third-party hosting company's premises and directed by the entity's service center.

For comprehensive projects, the Group provides software (system, antivirus, e-mail, etc.) and devices (servers, switches, routers, etc.). This business, regarded as very marginal in terms of added value, is steadily declining.

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: stand-alone technical support, 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). Typically the technical areas covered include workstations, local and remote servers (proxy servers and enterprise servers) and active components (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)	2010	2009	YOY
Services revenues	50.9	43.2	+18%
Licenses and equipment revenues	3.6	5.4	- 33%
TOTAL REVENUES	54.5	48.6	+12%

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.

Large organizations now make widespread use of this sort of specialized structure, which provide full tracking of operations, professional response times, a high rate of immediate resolution or remote-control resolution, 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 four 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 coupled with a contract for the Group to provide TPAM.

To achieve a lasting reduction in the number of incidents, the service desk uses the Experteam® workstation industrialization solution. This includes upstream consulting (needs, life cycle, optimization strategies), use of model workstations and recurrent operations (packaging, cloning, remote software distribution) through a specific service center.

With over 1,400 staff at year-end 2010, the service desk business holds a recognized leadership position in France.

KEY FIGURES

(in € millions)	2010	2009	YOY
REVENUES	73.9	66.4	+11%

Server and application outsourcing in cloud computing mode, 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. It has been able to increase productivity by pooling certain resources, such as supervision, database administrators, specialist ERP operators (SAP's BC profiles), on-call security experts, etc.

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).

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. The Group also has a new-generation configuration management database (CMDB), which is systematically incorporated in 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 (processor power and memory capacity, terabits of storage, Internet megabytes). Over the last two years, over fifty information systems have been transformed under this private cloud offer, representing a volume of 1,100 servers and 200 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.

The Group has several years' experience and feedback in private cloud computing with a large number of clients. This gives it a competitive edge in this sector, where many service providers are only now launching their offer.

The original security business, which is a key success factor for outsourcing in cloud computing mode, is also growing in a market that remains fundamentally 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 embraces two complementary missions:
- qualification, i.e. audits and intrusion testing,
- consulting, i.e. defining security policy and plans.

KEY FIGURES

(in € millions)	2010	2009	YOY
REVENUES	16.3	12.7	+28%

IT operations

IT operations concern business applications using enterprise servers and database management systems (DBMS such as Oracle, SQL Server, Sybase, etc.). IT operations draws on a variety of profiles: operators, operations analysts (support, operation, preparation), operations engineers, systems engineers and operations project managers, along with datacenter architects and PMO (Project Management Office) profiles.

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), the main supervision (HP-OV) and alert tools (Patrol), and the main backup tools (Netbackup, Networker). For many clients, it is also necessary to have a good grasp of Internet architectures (e.g. Websphere).

Proper integration of the applications in operation (adjusting processing and controls, documentation) and efficient management of changes and releases remain key success factors, together with correct completion of the operations plan.

The client base of this business segment is essentially made up of corporate accounts in the banking and insurance sector, and outsourced clients.

KEY FIGURES

(in € millions)	2010	2009	YOY
REVENUES	24.8	23.2	+7%

IT service management, IT governance

The areas covered include managing services and assets for an IT department (IT Service Management - ITSM), managing software acceptance testing and software quality (Software Quality Management - SQM) and managing project portfolios (Project Portfolio 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 project portfolio management (partnerships with HP Software, CA, etc.),
- Third-Party Application Maintenance and Third-Party Software Testing on client premises or through the Group's service center.

KEY FIGURES

(in € millions)	2010	2009	YOY
REVENUES	5.4	5.5	- 2%

Core businesses of the Application Services segment

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 support (Business Intelligence): data warehousing, decision support systems, 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 line-of-business profiles. Support and TPAM can be included in combined outsourcing contracts (infrastructures and applications).

KEY FIGURES

(in € millions)	2010	2009	YOY
REVENUES	13.2	12.9	+2%

IT consulting for the finance industry

This specialized entity, set up at the end of 2007, 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 and delivery, cash flow, accounting.

It is also involved in Asset Management and Services (Securities), and is experiencing phenomenal growth.

KEY FIGURES

(in € millions)	2010	2009	YOY
REVENUES	9.0	3.8	+137%

SAP integration and outsourcing

SAP activities can be broken down as follows:

- Integration: project managers and consultants (functional and technical) implement an SAP solution for SMEs (SAP partners in services and retailing), or extensions to existing facilities for corporate accounts (new modules, new site, etc.),
- Expertise: work on the key points of projects (data transfer, structural changes, non-regression testing, BI, etc.),
- Outsourcing (support and TPAM), sometimes combined with broader outsourcing contracts.

NEURONES carries out the following types of assignment:

- fixed-price, turnkey SAP integration projects, with a commitment to a specific start date,
- country roll-out: a core model is rolled out in France, then in other European countries,
- expertise within SAP competency centers: new modules, re-engineering, optimization, upgrades,
- SAP administration,
- support and TPAM, "ABAP factory",
- documentation and user training.

KEY FIGURES

(in € millions)	2010	2009	YOY
REVENUES	7.4	5.9	+25%

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

Business Process Management (BPM) covers a number of successive data processing operations. By way of illustration, take the classic example of the mail received by an insurance company: each document is scanned, then indexed by type and e-mailed to the relevant department. 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 stake. It helps them improve the service rendered to their customers, making it more efficient and shortening 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)	2010	2009	YOY
REVENUES	8.7	8.8	- 1%

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 (using Internet tools, etc.).

One of the most buoyant segments 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 2010, the unit as a whole delivered roughly 100,000 trainee days.

KEY FIGURES

(in € millions)	2010	2009	YOY
REVENUES	8.7	9.2	- 5%

Outsourcing

For recurrent operations, the business entities have two distinct types of response: stand-alone Technical Support, with no project supervision, and 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, the contract is handled by just one entity. 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. A methods and tools team consolidates data about the asset base and productivity (benchmark), as well as enhancement projects carried out on contracts and their metrics. It maintains documentation on the methods (takeover, recurrent operations, reversibility). It develops and disseminates outsourcing tools (the "Neurones Box").

Where improvement plans are concerned, the Group has 10 years' experience and feedback, with 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-2010, 130 Outsourcing contracts were in progress. Around 1,400 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): four centers staffed by 600 employees in Nanterre, Ivry-sur-Seine, Angers and Tunis,
- remote workstation management platform (Experteam®): cloning, packaging, remote software distribution,
- remote operation centers for servers and applications (Osmose® and CSI),
- "private cloud" hosting centers (Iode®) in Nanterre, Lyon and Nantes, and reserved areas with third-party hosters,
- service center for application support and TPAM (Proxima®).

In order to set up the service centers, the Group had to first develop rigorous processes and sophisticated interfaces between the service centers and the onsite teams.

When used for an Outsourcing contract, the service centers become part of comprehensive, cross-functional, "user"-focused processes. The crucial goal for the Outsourcer is to achieve consistent user satisfaction by ensuring that the different technology "silos" harnessed to work on the contract (service desk, server remote operation center, support center and TPAM, onsite 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.

Apart from the growth of remotely-delivered services, the main trends are as follows:

- third-generation "consolidated outsourcing", which merges several already-outsourced domains (as opposed to second-generation "selective outsourcing", which is split up into batches, and first-generation "comprehensive outsourcing", which often involves transferring staff),

- outsourcing accompanied by a major information-system transformation project,
- growing demand for combined outsourcing of infrastructures and applications.

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

Whereas stand-alone 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.

Consulting business

Management and organization consulting

The management and organization consulting segment is directed by partners drawn from major international firms. At end-2010, it employed over 100 consultants.

Management consulting services are provided to the operational or functional divisions of corporate accounts. Projects sometimes include a component that requires competencies 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.

(in € millions)	2010	2009	10/09
REVENUES	17.7	19.4	- 9%

Financial information per business segment

To form the operating profit (shown as OpP in the table below) of €24.5 million in 2010, the various business segments made the following contributions:

(in € millions)	OpP 2010*	OpP as % of revenues*	OpP 2009	OpP as % of revenues
Infrastructure Services	17.8	10.2%	13.1	8.4%
Application Services	4.4	9.3%	3.5	8.5%
Management Consulting	2.3	13.4%	2.5	12.9%
TOTAL	24.5	10.2%	19.1	8.8%

(*) In 2010, the CVAE was entered as a tax. If it had been entered as an expense, as in previous years, the operating profit would have been 1% lower (for example: 9.2% instead of 10.2% for Infrastructure Services).

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 (number of working days less leave, sick leave and miscellaneous absences). This indicator 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.

Partenaires

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 Select - EMC Velocity Partner - HP Preferred Partner - IBM Advanced Partner - VMware Authorized Consultant - Barracuda Diamond Partner - Riverbed Gold Partner - PaloAlto Gold Partner- Ironport Gold Partner - Fortinet Silver Partner.

Service desk/Telephony/CTI:
Cisco, Microsoft, Lotus, HP Software, BMC, Orange Business Services, SFR, Colt, Completel, Nortel, Avaya, Exin, CA, Staff and Line.

ERP, CRM, BPM:
Channel SAP Partner, Oracle/Siebel/PeopleSoft, Tibco Software, Microsoft 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.

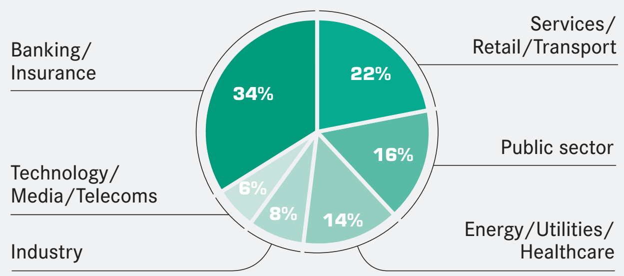
Mobility:
iPhone development.

Training:
Microsoft Gold Learning Partner - IBM Training Partner - Oracle Training Partner - SAP End-user Education Partner - Autodesk Authorised Training Center - Prometric Testing Center - Certiport Testing Center.

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 2010, the industry breakdown of the Group's revenues is similar to that observed in 2009:



In 2010, the relative share of the top 20, 10 and 5 clients in total revenues in on the rise:

(in € millions)	2006	2007	2008	2009	2010
Top 20 clients					
- Value	64.4	79.1	96.2	109.3	128.9
- As % of consolidated revenues	50.3%	50.7%	50.8%	50.5%	53.8%
Top 10 clients					
- Value	46.1	54.4	67.2	77.7	96.3
- As % of consolidated revenues	35.5%	34.9%	35.5%	35.9%	40.2%
Top 5 clients					
- Value	30.6	36.6	46.9	55.4	70.0
- As % of consolidated revenues	23.5%	23.5%	24.8%	25.6%	29.2%
Share of the no. 1 client					
- Value	10.8	13.1	17.9	19.9	25.9
- As % of consolidated revenues	8.3%	8.4%	9.4%	9.2%	10.8%

In 2010, 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 2010, the top 20 clients were (in alphabetical order): Accor, Axa, BNP-Paribas, BPCE, Crédit Agricole, Bouygues, Caisse des Dépôts et Consignations, CEA, Danone, EDF, GDF Suez, Groupama, L'Oréal, LVMH, RFF, Safran, Saint-Gobain, Sanofi, Société Générale, Veolia Environnement.

At December 31, 2010, year-end accounts receivable represented 75 days' revenue. The trend in recent years has been as follows:

2006	2007	2008	2009	2010
81 days	79 days	78 days	73 days	75 days

The Group uses neither factoring nor the exchange of securities for debt.

Subcontracting

Upstream subcontracting

A small portion of the revenues (roughly 3% in 2010 as against 4% in 2009) 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. Nearly all independent subcontracting lies in one of three business segments: training, systems and network integration, and IT operations. The value of subcontracting purchases, as a percentage of the Group's revenues, is as follows:

2006	2007	2008	2009	2010
15%	13.8%	13.3%	11.6%	14.2%

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.

1.4. MARKET AND COMPETITION

The IT services market: size and trends

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 and civil engineering market or the pharmaceutical market, and to outweigh the defense, aeronautical and aerospace sector. It can be broken down as follows:

French market	Revenues
IT consulting and services	€23 billion
Technology consulting	€5.5 billion
Software publishing	€12 billion
TOTAL	€40.5 billion

According to various analysts and forecasters, the 2010 software and IT services market in France (2009 GDP: -2.5%, 2010 GDP: +1.6%) grew by 1% (November 2010).

The client segments can be ranked as follows, from the most buoyant to the least dynamic: public sector, utilities, banking and insurance, telecoms, trade-retail-transport, industry. The public sector segment is expected to slow down from 2011 onwards.

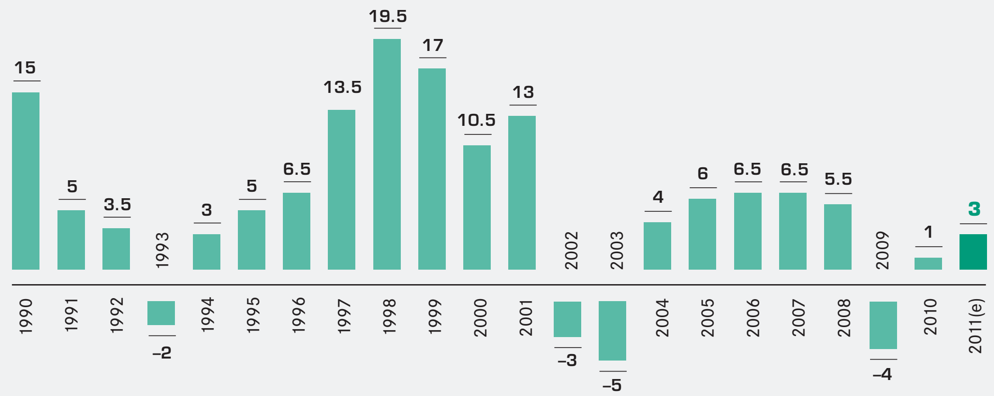
There has been little change in the breakdown by type of service over the past year: consulting (stable), projects and integration (+0.5%), application development and technical support (+0.5%), infrastructure outsourcing (+1%), application outsourcing (+2%).

IT service companies and software vendors are upgrading their offers (cloud computing, IaaS, PaaS, SaaS, etc.) and their service delivery models (shared service centers, etc.).

For 2011, economic forecasters have noticed a return to cautious optimism: the number of orders received is on the rise and decision cycles are gathering pace, though there is still pressure on prices. For 2011, they are predicting 3% growth in the French market (November 2010): more marked among vendors (+4%) than among consulting and service companies (between +1% and +1.5%).

The main drivers behind the upswing will still be: 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 (1990-2011) – Source: Syntec.



Competition

NEURONES encounters 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.

Server remote 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.

Applications 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 challengers 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.

1.5. ORGANIZATION

Operational organization chart

The following functions are centralized:
- Group senior management,
- finance (cash position, consolidation, management control coordination, 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 resources management and payroll,
- quality (certification, monitoring, improvement plans),
- accounting and management control,
- IT and support services.

At December 31, 2010, cash-generating (or «productive») staff made up 90.6% of the total workforce and the figure is steadily rising:

2006	2007	2008	2009	2010
88%	88.3%	87.8%	89.6%	90.6%

The Group is organized into highly independent profit centers, with the central functions kept to a strict minimum. Each subsidiary communicates in its business line under its own name.

The Group-wide central management function 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 around fifteen senior managers, most of whom are shareholders in the entity they manage or which they set up, and/or beneficiaries of the Group's free share schemes.

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 Group-wide department for the main corporate accounts. In the Group-wide department, the overall account manager coordinates the work of the different entities' sales engineers and carries out 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 Group-wide marketing team.

Technical organization

The technical departments are distributed in the business entities. The Group-wide 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 selected 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:
- the forecasting process: annual budget in November of year N-1, sometimes followed by another forecast in September of year N,
- the progress tracking process: 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-updated «Group Management Rules» handbook that sets out the procedures and management rules to be applied by all of its subsidiaries.

Quality system

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 workstation remote management.

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

1.6. 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 quality-assured recruitment procedures provide for the following, for example:
- technical multiple-choice questions for each specialization,
- at least one technical interview,
- at least one personality interview.

They are tracked and monitored using collaborative tools. This process makes it possible to check the degree of selectiveness of the recruitments over time (on average, one person is recruited for every 25 applications examined).

The number of new recruits has evolved as follows:

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
550	200	200	400	470	670	820	990	700	1,100

Stock option and free share schemes

Six stock option schemes and four free-share schemes were conducted between 1999 and 2010. Those that reached maturity were heavily subscribed. Given that NEURONES share prices have risen above the subscription price of all of the schemes conducted since 1999, all of the beneficiaries have made gains on their holdings. 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:
- for 97% of the workforce, their personnel records and in particular their annual performance appraisals are kept in a common computer system (Zadig Hupervision) that can be viewed selectively by HR managers and certain 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 (6,900 days in 2010 compared with 6,700 days in 2009) is delivered, for the most part, in our own training premises. 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 qualifying exams (650 consultants hold 1,500 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 magazine. 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 33.5 years at end-2010 (compared with 33 years at end-2009).

Staffing levels and turnover

The following trend has been observed in year-end staffing levels:

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1,146	1,169	1,141	1,284	1,424	1,787	2,054	2,455	2,665	3,036

Turnover (the number of voluntary staff departures during the year compared with the average number of employees for the year) was slightly higher than the 2009 figure, which was particularly low:

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
18%	15%	11%	10%	15%	18%	20%	21%	10%	12%

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.

1.7. 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

In all, 7.5% of the Group's employees are non-French nationals from 42 different nationalities. Three Group entities have signed the Diversity Charter.

At end-2010, 55 young people were working under a professionalization contract and 15 were doing an apprenticeship. In the course of 2010, we received 20 people doing internships.

Although women are not well represented in engineering schools' IT courses, they make up 20% of the Group's workforce. The salaries earned by men and women in the Group's two largest entities were compared by level of qualification in preparation for the mandatory annual negotiations. It showed that, on the whole, the mean salaries of men and women were on a par. Similar comparisons may be carried out for each Group entity.

Company-wide agreements and action plans for employees over the age of 50 were introduced at the end of 2009. The latter (over 50-year-olds) represent 3% of the workforce.

The Group strives to be "disabled-friendly" and raise the percentage of disabled people in its workforce.

Group community involvement

The Group performs services free of charge for UNICEF and Croix Rouge (the French Red Cross). It 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 of their time or creativity.

Environmental policy

Given the nature of its core businesses, NEURONES' operations have only 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.

1.8. RISK FACTORS

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

Given that over 99% of NEURONES' operations are located 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: standard 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 periods of time that are still a long way off. The repurchase prices are indexed on the operating profits of the companies concerned. There is therefore no significant risk, especially not for the Group's financial situation.

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 capital-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 initial investment required acts as 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 environment in which NEURONES operates is 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 largest client is a product of the merger of two major groups and represented 10.8% of the 2010 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, fixed-price project activities for the IT services business account for 10% 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 items to be integrated. Occasionally, an item of hardware or software cannot finally be installed to fulfill its intended purpose. 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 lots.

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 concerned, the list of projects in progress is reviewed at the end of each month and a fresh estimate of the advance or delay is made for each project. 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 2010 (40% of the services offshore by French IT service companies are produced in India). Application development and TPMA, which represent only a small percentage of the Group's revenues, are the businesses most affected by this trend. Certain phases of projects are said to be 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.

After developing a regional service center in Angers, the Group is establishing a nearshore presence with a service center in Tunis.

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

As far as the senior executives are aware, 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.

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.

1.9. DEVELOPMENT STRATEGY AND INVESTMENT POLICY

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 yet looked 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.

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 a sufficient number of fixed-price teams: 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 genuine 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 collaborative working tools;
  - 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.

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.

Since 2009, the Group has conducted a group-wide review of its R&D activities. Research tax credits were introduced in 2010, for an overall net amount of 2% of the Group's operating profit.

Financial investments

Fifteen acquisitions have been made over 11 years (since the Group was listed on the stock exchange in 2000), for a total disbursement of €43.1 million at December 31, 2010. To date, these investments have been almost entirely financed by free cash flows generated by the Group's operations over the same period (€89 million), as shown in the simplified cash flow statement below:

(in € millions)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	TOTAL
Net profit	3.7	5.4	5.9	4.9	5	6.3	6.6	9.9	13	12.8	14.9	88.4
Amortization and provisions	1.1	1.3	1.9	1.9	1.6	1.1	3	3.3	3.1	4.1	3.9	26.3
CASH FLOW	4.8	6.7	7.8	6.8	6.6	7.4	9.6	13.2	16.1	16.9	18.8	114.7
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)	(3.3)	(7.5)
Net industrial investments	(1.0)	(1.2)	(0.9)	(1.1)	(1.0)	(0.9)	(2.2)	(2.6)	(2.3)	(2.2)	(2.8)	(18.2)
FREE CASH FLOW	2.4	8.0	5.2	7.0	6.5	4.6	2.1	12.7	14.4	13.4	12.7	89
Net financial investments	(8.8)	-	(3.8)	(2.1)	(0.8)	(1.0)	(2.9)	(2.8)	(14.2)	(3.9)	(2.8)	(43.1)
Capital increase	29.9	-	-	-	0.2	0.8	0.3	0.5	0.1	0.3	0.4	32.5
Other items	(0.1)	(0.2)	-	-	-	(1.2)	(1.5)	(1.5)	(4.4)	(2.6)	(1.7)	(13.2)
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%	+8.6%	+65.2%
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	68.4	68.4

Net industrial investments

The industrial investment plan amounted to €2.8 million in 2010 and concerns computer hardware, fittings and company cars. More specifically, the Group has invested in its data centers and service centers.

In 2010, these investments were financed by the available cash. The Group leases all of the premises used (13,200 sq. m at January 1, 2011) from external owners who have no connection whatsoever with NEURONES shareholders or subsidiaries

1.10. RECENT DEVELOPMENTS AND OUTLOOK

Quarterly growth and operating profit

NEURONES recorded 10.3% internal growth in 2010, broken down as follows:

(in € millions)	T1	T2	T3	T4	2010
2010 revenues	56.9	58.6	58.1	66.0	239.6
Year-on-year change	+4.8%	+9.7%	+15.7%	+12.7%	+10.7%
of which % organic growth (like-for-like basis)	+4.3%	+9.2%	+15.3%	+12.3%	+10.3%
Operating profit*	8.2%	9.2%	11.1%	12.4%	10.2%

(*) The CVAE is classified as a tax from FY 2010 onwards.

2011 forecasts

Lors de sa réunion avec les analystes financiers du 3 mars 2011, NEURONES When it met with financial analysts on March 3, 2011, NEURONES noted that its markets had regained a degree of optimism while remaining fittingly cautious. It was also pointed out that, for 2011, the Group had enjoyed "embedded" growth.

During this presentation, it reported the favorable and unfavorable factors that might affect the market and the company in 2011.

Favorable factors:
- the market was expected to remain propitious for outsourcing in 2011,
- specialized, mobile entities with controlled costs, operating in a variety of sectors,
- a favorable age pyramid and production costs,
- a post-crisis situation possibly more propitious for mergers/partnerships (3,800 IT services companies with 10+ employees, 600 outsourced R&D companies).

Unfavorable factors:
- uncertainty about the economic recovery and how vigorous it will be,
- the business has become more industrial and more buyer-focused,
- embedded low prices and difficulty raising outsourcing prices.
- few "targets" likely to create value.

NEURONES' estimates for 2011 will be announced, as usual, when it posts its first-quarter revenues (May 5, 2011).

Provisional calendar of financial events

Shareholders' Meeting:
- June 9, 2011.

Revenue announcements*:
- May 5, 2011 (1st quarter 2011),
- July 28, 2011 (1st half 2011),
- November 10, 2011 (3rd quarter 2011).

Profit announcements*:
- September 22, 2011 (1st half 2011).

* the day before the dates shown, after the close of trading

2 CONSOLIDATED FINANCIAL STATEMENTS

2.1 CONSOLIDATED FINANCIAL SITUATION (AT DECEMBER 31, 2010)

ASSETS (€000s)	Notes	12/31/2010	12/31/2009
NON-CURRENT ASSETS			
Intangible assets	Note 1 / Note 2	34,815	34,724
Tangible assets	Note 3	4,163	3,634
Financial assets	Note 4	1,765	1,286
Other financial assets valued at fair value	Note 4	2,667	2,667
Deferred tax credits	Note 5	1,497	1,100
TOTAL NON-CURRENT ASSETS		44,906	43,411
CURRENT ASSETS			
Inventory	Note 6	134	252
Deferred tax credits due		812	1,456
Trade accounts and notes receivable	Note 7	75,501	63,489
Cash and cash equivalents	Note 8	68,609	60,441
TOTAL CURRENT ASSETS		145,057	125,637
TOTAL ASSETS		189,963	169,048

SHAREHOLDERS' EQUITY AND LIABILITIES (€000s)	Notes	12/31/2010	12/31/2009
SHAREHOLDERS' EQUITY			
Capital		9,424	9,390
Additional paid-in capital		30,732	30,403
Consolidated reserves and profits		74,058	62,189
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	Note 9	114,215	101,981
Minority equity investments		7,111	6,294
SHAREHOLDERS' EQUITY		121,327	108,276
NON-CURRENT LIABILITIES			
Long-term provisions	Note 10	406	359
Long-term financial liabilities	Note 11	39	101
Other non-current liabilities	Note 12	-	-
Deferred tax liabilities	Note 5	-	216
TOTAL NON-CURRENT LIABILITIES		445	676
CURRENT LIABILITIES			
Short-term provisions	Note 13	945	486
Taxes due		1,457	257
Trade and other accounts payable	Note 14	65,476	58,660
Short-term financial liabilities and bank overdrafts	Note 15	313	692
TOTAL CURRENT LIABILITIES		68,192	60,096
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		189,963	169,048

2.2. CONSOLIDATED INCOME STATEMENT (FOR THE YEAR ENDED DECEMBER 31, 2010)

(€000s)	Notes	2010	2009
Sales of goods		7,131	9,776
Sales of services		232,437	206,613
REVENUES		239,568	216,390
Purchases consumed		(5,778)	(8,287)
Salaries and related expenses	Note 16	(154,788)	(137,064)
External expenses	*Note 17*	(49,003)	(44,145)
Taxes and duties		(4,198)	(5,944)
Allocations to amortization and depreciation	*Note 18*	(2,605)	(2,342)
Allocations to provisions	*Note 18*	(615)	(86)
Asset impairment	*Note 18*	(61)	-
Other income	*Note 19*	1,868	941
Other expenses	*Note 19*	(196)	(117)
Other operating income	*Note 20*	421	58
Other operating expenses	*Note 20*	(65)	(347)
OPERATING PROFIT		24,547	19,056
% OF REVENUES		10.2%	8,8%
Financial income		748	864
Financial expenses		(37)	(142)
Net cost of financial debt	Note 21	711	722
PRETAX PROFIT		25,258	19,778
% OF REVENUES		10.5%	9,1%
Income tax	*Note 22/23*	(10,320)	(6,963)
PROFIT FOR THE PERIOD FROM ONGOING ACTIVITIES		14,938	12,815
% OF REVENUES		6.2%	5,9%
PROFIT FOR THE YEAR		**14,938**	**12,815**
Including:			
• Profit attributable to parent company shareholders (Group share)		**13,192**	**11,301**
• Profit attributable to minority equity investments		**1,746**	**1,514**
Diluted earnings per share (Group share) – in euros		*0.57*	*0,49*
Number of shares*		*23,286,861*	*23,104,614*
Diluted earnings per share (Group share) – in euros		*0.56*	*0,48*
Number of shares*, stock options & exercisable bonus shares allocated		*23,701,440*	*23,458,068*

* Number of shares weighted over the period.

2.3. OTHER CONSOLIDATED FINANCIAL ITEMS

Statement of consolidated comprehensive income for the year ended December 31, 2010

(€000s)	12/31/2010	12/31/2009
Profit for the year	**14,938**	**12,815**
Income and expenses recognized directly in shareholders' equity	-	-
Comprehensive income	14,938	12,815
Including:		
• share attributable to parent company shareholders (Group share)	13,192	11,301
• share attributable to minority equity investments do not	1,746	1,514

Consolidated statement of cash flows for the year ending December 31, 2010

(€000s)	12/31/2010	12/31/2009
Consolidated profit before minority interests (1)	**14,938**	**12,815**
Elimination of non-monetary items:		
• Net allocations to amortization, depreciation and provisions	3,153	2,768
• Expenses / (Income) related to stock options and similar items	847	802
• Effect of discounting receivables and debts maturing in more than one year	144	270
• Variation in deferred taxes	(286)	243
• Capital losses / (gains) from disposals, net of tax	5	2
• Capital losses / (gains) from disposals of consolidated securities, net of tax	-	-
Cash flow from consolidated companies	**18,800**	**16,899**
Cash variation in:		
• Working capital requirement for operations	(5,171)	3,538
• Corporate tax	1,869	(4,838)
CASH FLOW FROM OPERATIONAL ACTIVITIES (2)	15,498	15,600
Acquisitions of intangible and tangible assets	(2,817)	(2,190)
Disposals of fixed assets, net of tax	44	4
Payments for long-term investments	(620)	(337)
Payments of acquisition price for acquired companies	(470)	(3,534)
Impacts of changes in scope	225	0
Payments on acquisitions of contracts and customer contractual relationships	-	-
Securities bought from minority shareholders of subsidiaries	(2,075)	(106)
Subscriptions to capital increases by minority interests of subsidiaries	0	-
Disposal of consolidated securities, net of tax	103	54
CASH FLOW FROM INVESTMENT ACTIVITIES	(5,611)	(6,109)
Capital increase – sums received from the exercise of stock options	364	264
Company buy-back and sale of its own securities	279	-
Dividends paid to parent company shareholders	(1,628)	(1,608)
Dividends paid to minorities of subsidiaries	(289)	(824)
New loans	78	92
Loan repayments	(87)	(204)
CASH FLOW FROM FINANCING ACTIVITIES	(1,283)	(2,280)
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,604	7,210
CASH AND CASH EQUIVALENTS AT OPENING	59,813	52,603
CASH AND CASH EQUIVALENTS AT CLOSING	68,417	59,813
(1) including: interest received	748	864
(1) including: interest paid	(37)	(142)
(2) including: tax due on the income statement change in taxes receivable and payable	10,607 (1,869)	6,720 4,838
Income tax paid	**8,738**	**11,559**

Statement of changes in consolidated shareholders' equity (for the year ended December 31, 2010)

SHAREHOLDERS' EQUITY (€000s)	Capital	Additional paid-in capital	Consolidated reserves	Share-based compensation reserve	Treasury shares	Profit for the year	Total shareholders' equity (group share)*	Minority equity investments**	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 12/31/2008	9,364	30,165	40,797	1,070	(2,149)	12,045	91,290	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	-	-	13,114	(1,070)	-	(12,045)	-	-	-
• Dividends paid by the parent company (€0.07 per share)	-	-	(1,608)	-	-	-	(1,608)	-	(1,608)
• Change in scope	-	-	(68)	-	-	-	(68)	(17)	(85)
Total transactions with shareholders recognized directly in shareholders' equity	*26*	*238*	*10,497*	*(268)*	*941*	*(12,045)*	*(610)*	*(17)*	*(628)*
- Minorities' share in subsidiaries' dividend distributions	-	-	-	-	-	-	-	(824)	(824)
SHAREHOLDERS' EQUITY AT 12/31/2009	9,390	30,403	51,294	802	(1,208)	11,301	101,981	6,294	108,276
Movements for FY 2010									
- Consolidated profit for the year	-	-	-	-	-	13192	13,192	1,746	14,938
Comprehensive income	*-*	*-*	*-*	*-*	*-*	*13,192*	*13,192*	*1,746*	*14,938*
• IFRS 2 restatements - stock options & bonus shares	-	-	-	847	-	-	847	-	847
• Capital transactions (Exercise of stock options)	35	330	-	-	-	-	364	-	364
• Sale of treasury shares	-	-	385	-	218	-	603	-	603
• Allocation of 2009 profit	-	-	12,103	(802)		(11,301)	-	-	
• Dividends paid by the parent company (€0.07 per share)	-	-	(1,628)	-	-	-	(1,628)	-	(1,628)
• Change in scope	-	-	(1,144)	-	-	-	(1,144)	(640)	(1,784)
Total transactions with shareholders recognized directly in shareholders' equity	*35*	*330*	*9,716*	*45*	*218*	*(11,301)*	*(958)*	*(640)*	*(1,598)*
- Minorities' share in subsidiaries' dividend distributions	-	-	-	-	-	-	-	(289)	(289)
SHAREHOLDERS' EQUITY AT 12/31/2010	9,424	30,732	61,010	847	(990)	13,192	114,215	7,111	121,327

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

** Share of shareholders' equity attributable to minority equity investments corresponding to the shares held by subsidiaries' managers).

2.4. 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 CONSOLIDATED FINANCIAL STATEMENTS

In its meeting held February 11, 2011, the Board of Directors closed the 2010 consolidated financial statements presented in this document, to be presented for approval at the Shareholders Meeting of June 9, 2011.

NEURONES' consolidated financial statements for the year ended December 31, 2010 include the company and its subsidiaries (together referred to as the "Group") and the share in Affiliates or companies under joint control.

3. SCOPE OF CONSOLIDATION

3.1. List of consolidated companies

Companies consolidated by full consolidation	Registered head office	Commercial Register No.	12/31/2010			12/31/2009		
			% Stake	% Control	Consolidation Method	% Stake	% Control	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%	FC	99%	100%	FC
AS International Group	26, rue N.-D. des Victoires 75002 PARIS	421 255 829	99%	99%	FC	99%	99%	FC
AS Production (1)	26, rue N.-D. des Victoires 75002 PARIS	451 310 502	99%	100%	FC	65%	66%	FC
AS Synergie	26, rue N.-D. des Victoires 75002 PARIS	493 513 014	99%	100%	FC	99%	100%	FC
AS Technologie	26, rue N.-D. des Victoires 75002 PARIS	417 586 609	99%	100%	FC	99%	100%	FC
AS Telecom & Réseaux	26, rue N.-D. des Victoires 75002 PARIS	400 332 524	99%	100%	FC	99%	100%	FC
Axones	205, av. Georges Clemenceau 92024 NANTERRE	443 739 693	96%	96%	FC	96%	96%	FC
Codilog-Knowledge	205, av. Georges Clemenceau 92024 NANTERRE	432 673 838	80%	80%	FC	82%	82%	FC
Colombus Consulting	38, avenue Hoche 75008 PARIS	422 993 154	71%	71%	FC	71%	71%	FC
Edugroupe	205, av. Georges Clemenceau 92024 NANTERRE	415 149 830	98%	98%	FC	96%	96%	FC
Edugroupe MP	205, av. Georges Clemenceau 92024 NANTERRE	494 800 121	98%	100%	FC	96%	100%	FC
Eliance (2)	26, rue de la Pépinière 75008 PARIS	451 720 700	64%	80%	FC			
Finaxys	30, rue d'Orléans 92200 NEUILLY-SUR-SEINE	450 758 040	53%	53%	FC	53%	53%	FC
Help-Line – Victoria	171, av. Georges Clemenceau 92024 NANTERRE	381 983 568	94%	94%	FC	92%	92%	FC
Help-Line Tunisia (3)	21, rue de Jérusalem 1002 Belvédère - TUNIS	N/A	94%	100%	FC	65%	66%	FC
IMS	171, av. Georges Clemenceau 92024 NANTERRE	439 832 353	92%	98%	FC	92%	100%	FC
Intrinsec	215, av. Georges Clemenceau 92024 NANTERRE	402 336 085	82%	82%	FC	82%	82%	FC
Neurones Consulting	205, av. Georges Clemenceau 92024 NANTERRE	509 152 468	100%	100%	FC	100%	100%	FC
Neurones IT	205, av. Georges Clemenceau 92024 NANTERRE	428 210 140	99%	99%	FC	99%	99%	FC
Pragmateam	205, av. Georges Clemenceau 92024 NANTERRE	411 264 641	56%	56%	FC	50%	50%	FC
RS2i	121-123, rue Edouard Vaillant 92300 LEVALLOIS-PERRET	385 166 640	85%	85%	FC	78%	78%	FC
Viaaduc	205, av. Georges Clemenceau 92024 NANTERRE	432 104 503	98%	100%	FC	96%	100%	FC

FC = Consolidation by full consolidation
(1) HPS Technologies was renamed AS Production on October 11, 2010.
(2) Eliance joined the Group on February 1, 2010.
(3) Help-Line Tunisia was created on April 8, 2010.

3.2. Changes in scope

Changes in percentage stakes

During FY2010 various transactions were carried out with certain minority partners in subsidiaries. They resulted in a slight change in percentage stakes.

The impact of variations in % stakes on the Group's shareholders' equity was as follows:

(€000s)	% Stake at 12/31/2010	% Stake at 12/31/2009	Variation (%)	Impact on shareholders' equity attributable to parent company shareholders.	Impact on minority equity investments
Edugroupe S.A.S.	98.0	96.0	2.0	-151	-55
Viaaduc S.A.R.L.	97.8	96.0	1.8	39	-39
Help-Line Victoria S.A.S.	93.6	92.3	1.3	-506	-292
IMS S.A.S.	92.2	92.3	-0.1	-2	18
AS Production S.A.S.	98.7	65.1	33.6	15	-29
Codilog-Knowledge S.A.S.	80.2	81.6	-1.4	53	71
Eliance S.A.S.	64.2	-	64.2	-	64
RS2i S.A.S.	85.3	78.0	7.3	-572	-355
Pragmateam S.A.R.L.	55.7	50.1	5.6	-22	-22
TOTAL	-	-	-	-1,144	-640

New companies formed

As part of setting up in Tunisia, the Help-Line company created Help-Line Tunisia, a 100% subsidiary.

New companies acquired

The scope of the SAP integration business increased following an external growth operation recognized in the consolidated financial statements as of February 1, 2010 (majority equity stake acquired in Eliance, which operates in the same field with annual revenues on the order of €1.5 million).

Items concerning the transactions and the Eliance acquisition's contribution to the Group's consolidated financial statements

The price was paid in cash, with additional future prices, partially indexed to operating profit in FY 2010 and FY 2011 and by a capital increase reserved for Eliance's partners. Consequently, a dilution effect was recognized for this operation.

Pursuant to the standard IFRS 3R, part of the additional price broken down as additional compensation was recognized directly as salaries and related expenses and thus was not taken into account in the goodwill calculation. The fair value of shareholders' equity at the acquisition date amounted to €320,000.

The residual goodwill primarily represents human capital and expected revenue and market share synergies.

At the date of entering the scope, the Eliance acquisitions' main totals were:

ASSETS (€000s)	Amount
NON-CURRENT ASSETS	
Intangible fixed assets	-
Tangible assets	7
Financial assets	4
Deferred tax credits	3
NON-CURRENT ASSETS	
Deferred tax credits due	21
Trade accounts and notes receivable	268
Cash and cash equivalents	225
TOTAL ASSETS	528

SHAREHOLDERS' EQUITY AND LIABILITIES (€000s)	Amount
SHAREHOLDERS' EQUITY RESTATED AT FAIR VALUE	256
Minority interests	64
NON-CURRENT LIABILITIES	
Long-term provisions	-
Long-term financial liabilities	-
CURRENT LIABILITIES	
Short-term provisions	19
Taxes due	-
Trade and other accounts payable	189
Other financial liabilities	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	528

4. NOTES TO THE BALANCE SHEET

Note 1 – Intangible assets

(€000s)	12/31/08	↗	Reclass.	↘	12/31/09	Change in Scope	↗	Reclass.	↘	12/31/10
Goodwill (details in Note 2)	34515	-	-	-	34,515	-	408	(91)	-	34,832
Patents and licenses	1,513	308	-	245	1,576	-	248	-	153	1,672
Contracts and contractual relationships	574	-	-	-	574	-	-	-	-	574
GROSS TOTAL	36,602	308	-	245	36,666	-	656	(91)	153	37,078
Amortization and depreciation	(922)	(477)	-	(245)	(1,155)	-	(413)	-	(153)	(1,415)
Impairment	(499)	(287)	-	-	(787)	-	(61)	-	-	(848)
NET TOTAL	35,181	(457)	-	-	34,724	-	182	(91)	-	34,815

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, 2010, the cumulated impairment on these contracts and contractual relations amounted to €561,000.

No intangible assets have been pledged as security.

Note 2 – Goodwill

(€000s)	12/31/08	↗	Reclass.	↘	12/31/09	↗	Reclass.	↘	12/31/10
Companies concerned:									
AS International Group	8,874	-	-	-	8,874	-	-	-	8,874
Axones	3,237	-	-	-	3,237	-	-	-	3,237
Codilog-Knowledge	2,179	-	-	-	2,179	-	-	-	2,179
Eliance	-	-	-	-	-	408	-	-	408
Colombus Consulting Holding	10,386	-	(10,386)	-	-	-	-	-	-
Colombus Consulting	-	-	10,386	-	10,386	-	-	-	10,386
Edugroupe	510	-	-	-	510	-	-	-	510
G3PI	3,460	-	(3,460)	-	-	-	-	-	-
Help-Line - Victoria	544	-	4,635	-	5,179	-	-	-	5,179
HPS Technologies	287	-	-	287	-	-	-	-	-
IMS	30	-	-	-	30	-	-	-	30
Pragmateam	372	-	-	-	372	-	(91)	-	281
RS2i	-	-	3,460	-	3,460	-	-	-	3,460
Victoria	4,635	-	(4,635)	-	-	-	-	-	-
NET TOTAL	34,515	-	-	287	34,228	408	(91)	-	34,544

Method and key assumptions used for impairment tests

Impairment tests are performed once a year at closing on December 31. Based on these tests, there was no impairment to recognize.

Note 3 – Tangible assets

(€000s)	12/31/08	↗	Reclass.	↘	12/31/09	Change in Scope	↗	Reclass.	↘	12/31/10
Fixtures and installations	3,381	499	-	314	3,567	-	800	-	93	4,274
Transportation equipment	1,005	307	-	138	1,174	-	334	-	177	1,331
IT and office equipment	4,996	1,075	-	188	5,883	7	1,551	-	303	7,138
Leased fixtures	-	-	-	-	-	-	-	-	-	-
Leased IT equipment	52	-	-	-	52	-	78	-	-	130
Fixed assets under construction	-	1	-	-	1	-	-	-	1	-
GROSS TOTAL	9,434	1,182	-	640	10,677	7	2,762	-	574	12,873
Amortization and depreciation	(5,782)	(1,865)	-	(605)	(7,043)	-	(2,193)	-	(525)	(8,711)
NET TOTAL	3,652	18	-	35	3,634	7	570	-	49	4,162

The capital expenditures for the year related to facilities and IT hardware primarily concern the development of the Group's Cloud computing activities.

No tangible asset has been pledged as security.

Note 4 – Financial assets

(€000s)	12/31/08	↗	Reclass.	↘	12/31/09	Change in Scope	↗	Reclass.	↘	12/31/10
Non-consolidated securities	28	-	-	15	13	-	-	-	0	13
Loans	556	326	-	175	707	-	366	(12)	-	1,062
Other financial assets	620	181	-	235	565	4	175	12	65	690
GROSS TOTAL	1,204	507	-	435	1,286	4	541	-	66	1,765
Impairment	(15)	-	-	(15)	-	-	-	-	-	-
NET TOTAL	1,189	507	-	410	1,286	4	541	-	66	1,765

Financial assets correspond to deposits paid in the form of loans as part of the 1% housing aid contribution, security deposits (rent) and other financial assets valued at fair value.

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).

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

(€000s)	12/31/10	12/31/09
Held-to-maturity investments	13	13
Financial assets designated at fair value through the income statement	4,419	3,940
TOTAL FINANCIAL ASSETS	4,432	3,953

Note 5 – Deferred tax credits

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

	ASSETS		LIABILITIES	
(€000s)	12/31/10	12/31/09	12/31/10	12/31/09
Employee statutory profit sharing	909	645	-	-
Other temporary differences	282	261	-	-
Provision for retirement benefits	138	122	-	-
Present value of receivables maturing in more than one year	386	336	-	-
Tax losses deferrable indefinitely	123	123	-	-
Present value of outstanding taxes, employer social security contributions and other liabilities > 1 year	-	-	-	-
Provision to neutralize the fair value of treasury stock (not allocated to bonus share allotments)	-	-	-	-
Provision to neutralize social security costs related to servicing bonus share plans	-	-	341	603
DEFERRED TAXES CALCULATED	1,838	1,487	341	603
Compensation by tax entity	(341)	(387)	(341)	(387)
TOTAL DEFERRED TAXES	1,497	1,100	-	216

Note 6 – Inventory

(€000s)	12/31/10	12/31/09
Goods	148	264
GROSS TOTAL	148	264
Impairment	(13)	(12)
NET TOTAL	134	252

No inventory has been pledged as security.

Note 7 – Trade accounts and notes receivable

(€000s)	12/31/10	12/31/09
Trade receivables	59,986	50,563
Invoices to be issued	6,407	5,959
Payables: credit notes receivable	142	73
VAT and other taxes	7,188	5,323
Other receivables	408	129
Prepaid expenses	1,758	1,690
GROSS TOTAL	75,889	63,737
Impairment	(387)	(248)
NET TOTAL	75,501	63,489

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 amounts recognized as receivables on the balance sheet bear interest, the receivables were not discounted for present value.

Note 8 – Cash and cash equivalents

(€000s)	12/31/10	12/31/09
Commercial paper	-	-
Capital guaranteed structured fund	-	-
Term deposits	29,770	14,870
Monetary funds	16,132	27,371
Available funds	22,127	18,035
Accrued interest on commercial paper	581	165
GROSS TOTAL	68,609	60,441
Bank overdrafts	(193)	(629)
NET TOTAL	68,417	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 *(€000s)*	Due date	Fixed rate*
Term deposits			
NCD Crédit Agricole	15,100	03/31/2014	3.75%
NCD Crédit Agricole	11,270	04/27/2012	3.48%
NCD Crédit Agricole	2,400	10/02/2012	2.50%
NCD Crédit Agricole	1,000	01/11/2013	2.54%

* 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 12/31/2010.

Note 9 – Shareholders' equity

Note 9.1 – Capital

At December 31, 2010, the share capital amounted to €9,424,437.20; comprised of 23,561,093 fully paid-up shares of the same class with a face value of €0.40.

During FY 2010, 86,705 stock options were exercised, which resulted in the creation of 86,705 new shares:
- 8,405 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),
- 17,300 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),
- 38,000 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).
- 23,000 options were exercised at a price of €5.10, including a face value of €0.40 and €4.70 of additional paid-in capital (Plan No. 6),

These new shares increased the share capital by €34,682 and the additional paid-in capital by €329,517.

At January 1, 2010, the Company held 244,000 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. Between November 24, 2010 and December 2, 2010, 44,000 treasury shares were sold over the counter. At December 31, 2010, the Company held 200,000 treasury shares. These 200,000 shares have been delivered, since then, to the beneficiaries of the bonus share plan B such that, at the date of the AMF filing of the present annual report, the company no longer held any treasury shares.

Moreover, on December 14, 2010, pursuant to the authorization given by the Shareholders' Meeting of June 10, 2010, NEURONES S.A.'s Board of Directors attributed 230,000 bonus shares (bonus share plan D) to 68 beneficiaries (non-officer employees).

The variation in the number of shares in circulation during FY 2010 breaks down as follows:

Number of shares in circulation at 01/01/2010*	Increase**	Decrease	Number of shares in circulation at 12/31/2010*
23,230,388	130,705	-	23,361,093

* net of 200,000 treasury shares
** including 86,705 stock options exercised and 44,000 treasury shares sold on the market.

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 12/31/2009	(239,108)	(143,174)	(56,000)	(107,000)	(23,000)
Number of shares already subscribed at 12/31/2009	-	(131,376)	(94,700)	(62,000)	-
Number of options that expired during the year	(65,255)	(952)	,-,	(2,000)	(2,500)
Number of shares subscribed to during the period	-	(8,405)	(17,300)	(38,000)	(23,000)
- including managers	-	-	-	-	-
- including employees	-	(8,405)	(17,300)	(38,000)	(23,000)
Subscription price (in euros)	7.5	3.8	3.2	4.2	5.1
Number of options in circulation at 12/31/2010	-	36,303	6,000	48,000	44,500
Number of exercisable options at 12/31/2010	-	36,303	6,000	48,000	44,500
Potential dilution (excluding cancelled options): % of capital at 12/31/2006	-	0.16%	0.02%	0.20%	0.19%
TOTAL POTENTIAL DILUTION	-	-	-	-	0.57%

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 10, 2010 authorized the Board of Directors to allocate a bonus share plan for up to 230,000 common shares (representing slightly less than 1% of the share capital). This authorization, valid for thirty-eight months, has been fully used (Bonus share plan D).

The different bonus share plans approved by the Board of Directors have the following characteristics:

	Bonus share plan A	Bonus share plan B	Bonus share plan C	Bonus share plan A
Date of the Shareholders' meeting	06/246/05	06/14/07	06/11/09	06/10/10
Date of the Board of Directors meeting	06/28/06	12/21/07	07/24/09	12/14/10
Acquisition period term	07/01/09	01/01/11	08/01/12	12/15/13
Conservation period term	07/01/11	01/01/13	08/01/14	12/15/15
Number of beneficiaries	22	44	44	68
- including managers	*1*	*1*	-	-
Number of bonus shares allocated	230,000	230,000	167,000	230,000
Number of cancelled shares at 12/31/2009	(41,000)	(30,000)	(7,000)	-
Number of shares allocated during the acquisition period at 01/01/2010	189,000	200,000	160,000	-
Number of allocated shares that were cancelled during the acquisition period in the fiscal year	-	-	(25,000)	-
Number of shares allocated during the acquisition period at 12/31/2010	-	200,000	135,000	230,000
Number of shares allocated during the conservation period at 12/31/20010	189,000	-	-	-
Potential dilution (excluding cancellations) - % of current capital at 12/31/2010	-	0.86%	0.57%	0.97%
TOTAL POTENTIAL DILUTION	-	-	-	2.40%

Furthermore, no performance conditions have been established for the plans allocated and described above and no company officer has been allocated bonus shares during FY2009 and FY2010.

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. n°6	Plans A & B	Plan C	Plan D
Life	4 years	4 years	3 years	3 years	3 years
Volatility	35%	35%	35%	35%	35%
Risk-free rate	4.50%	4.50%	4.50%	4.44%	4.44%
Dividend payout rate	0%	1%	1%	1%	1%

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

Based on the Black & Scholes model, the options' unit fair values are as follows:

Plan *(euros)*	Date of definitive allocation	Exercise price	Fair value	Price at the allocation date
January 2003 (plan No. 4) – Stock Options	-	3.2	1.093	-
October 2004 (plan No. 5) – Stock Options	-	4.2	1.434	-
June 2006 (plan No. 6) – Stock Options	-	5.1	1.597	-
June 2006 (plan A) – Bonus shares	07/01/09	-	6.490	6.22
December 2007 (plan B) – Bonus shares	01/01/11	-	7.889	6.88
July 2009 (plan C) – Bonus shares	08/01/12	-	7.508	-
December 2010 (plan D) – Bonus shares	12/15/13	-	8.929	-

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

Note 9.3 – Earnings per share

	2010	2009
Average of shares issued	23,474,388	23,410,118
Average of treasury shares	(240,333)	(338,500)
Average of newly created shares (capital increase, etc.)	52,806	32,996
Weighted average of shares	23,286,861	23,104,614
Retained earnings – Group share (€000s)	13,192	11,301
Dilutive instruments	414,580	353,454
Diluted earnings per share (in euros)	0.56	0.48

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

Note 10 – Long-term provisions

(€000s)	12/31/2008	Allocation for the year	12/31/09	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/10
Provision for retirement benefits	282	77	359	56	10	-	406
TOTAL	282	77	359	56	10	-	406
Impact (net of expenses incurred)	-	-	-	-	-	-	-
Operating profit	-	77	-	56	-	-	-
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, 2010, the aging for these liabilities was as follows:

(€000s)	TOTAL	Less than 1 year	1 to 2 years	2 to 3 years
Medium-term loan	8	-	8	-
Lease debt	31	-	24	7
TOTAL	39	-	32	7

Note 12 – Other non-current liabilities

At December 31, 2010, no other non-current liability had been identified.

Note 13 – Short-term provisions

(€000s)	12/31/08	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/09	Change in Scope	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/10
Provisions	285	302	39	61	486	19	666	191	35	945
TOTAL	285	302	39	61	486	19	666	191	35	945
Impact (net of expenses incurred)	-	-	-	-	-	-	-	-	-	-
Operating profit	-	302	-	61	-	-	666	-	35	-
Net cost of financial debt	-	-	-	-	-	-	-	-	-	-

Short-term provisions primarily correspond to employer social security contribution risks, where the expected date when 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

(€000s)	12/31/2010	12/31/2009
Trade and other accounts payable	11,009	10,908
Subtotal trade payables	**11,009**	**10,908**
Employee statutory profit sharing and optional profit sharing	3,887	2,006
Taxes and employer social security contributions	46,433	41,615
Other debts	1,643	1,819
Prepaid income	2,504	2,311
Subtotal other debts and accruals	**54,467**	**47,752**
TOTAL	65,476	58,660

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.

All operating debts are due in less than one year.

Note 15 – Other financial liabilities

(€000s)	12/31/10	12/31/09
Bank overdrafts	193	629
Medium-term loan: portion less than 1 year	117	63
Subtotal bank overdrafts & finance leases	**309**	**692**
Security deposits received	4	-
Subtotal security deposits received	**4**	-
TOTAL	313	692

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

5. OPERATING SEGMENTS

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

6. NOTES TO THE INCOME STATEMENT

Note 16 – Salaries and related expenses

(€000s)	2010	2009
Salaries and related costs	103,402	91,494
Employer Social Security contributions	47,709	42,685
Employee statutory profit sharing	2,784	2,007
Stock options & bonus shares	847	802
Provision for retirement benefits	46	77
TOTAL	154,788	137,064

Note 17 – External expenses

(€000s)	2010	2009
Subcontracting purchases	34,048	25,190
Purchases of materials and supplies not stored	291	717
Outside personnel	685	2,115
Other outside services	13,933	16,069
Rents and finance leases	45	54
TOTAL	49,003	44,145

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

(€000s)	2010	2009
Amortization of intangible assets	413	477
Depreciation of tangible assets	2,193	1,865
Allocations to amortization and depreciation	**2,605**	**2,342**
Net contingency provisions	475	240
Net provisions for current assets	140	(155)
Net allocations to provisions	**615**	**86**
Impairment of “Contracts and contractual customer relationships”	61	-
Impairment of assets	**61**	-

Note 19 – Other income and expenses

(€000s)	2010	2009
Operating subsidies	1,522	686
Other income	312	255
Write-backs of provisions (not used)	35	-
Other income	**1,868**	**941**
Other expenses	196	117
Other expenses	**196**	**117**
NET OTHER INCOME / OTHER EXPENSES	1,672	824

Other income includes research tax credits of €1.169 million (see Note 22 hereafter).

Note 20 – Other operating income and expenses

(€000s)	2010	2009
Capital gain/(loss) on disposal of assets	(4)	(2)
Impairment of goodwill	-	(287)
Other	360	-
TOTAL	356	(289)

Note 21 – Analysis of the net cost of financial debt

(€000s)	2010	2009
Dividends received (non-consolidated equity investments)	30	36
Other interest and similar income	601	330
Capital gains on monetary funds	117	333
Write-backs of provisions	-	164
TOTAL FINANCIAL INCOME	748	864
Interest and similar expenses	37	142
Allocations to provisions	-	-
TOTAL FINANCIAL EXPENSES	37	142
FINANCIAL PROFIT (LOSS)	711	722

Note 22 – Income tax

(€000s)	2010	2009
Taxes due	10,607	6,720
Deferred income taxes	(286)	243
TOTAL	10,320	6,963

In FY2010, several Group companies recognized, after review, a research tax credit for a total of €1.169 million. Pursuant to the provisions of IAS 12, these tax credits were recognized in other income (see Note 19 above), since they were considered as a subsidy offsetting related costs incurred by the companies in question.

The replacement of the local business tax by the regional economic contribution (CET) had an impact on the presentation of the company's financial statements. The business tax was deductible from operating profit, whereas the contribution on value added (CVAE), the main component of the CET, is recognized as income tax.

In 2010 the CVAE for the entire Group amounted to €2.382 million (representing 1% of revenues).

Note 23 – Proof of tax

	2010			2009		
(€000s)	Base	Rate	Tax	Base	Rate	Tax
Pre-tax income, capital gain on sale of consolidated shares	25,258	34.43%	8,697	19,778	34.43%	6,810
Impairment of goodwill	-	34.43%	-	287	34.43%	96
Non-deductible expenses – Stock Options (IFRS 2)	847	34.43%	291	802	34.43%	276
Impact of definitively non-deductible expenses	220	34.43%	76	192	34.43%	66
Social security contribution on profits (3.3% of the amount exceeding €763,000 of corporate income tax)	-	-	(50)	-	-	(76)
Generation/(Use) of tax losses not activated	239	34.43%	82	(142)	34.43%	(49)
Tax credits	-	-	(268)	-	-	(67)
CVAE impact on tax	-	-	1,569	-	-	-
Rate difference between Parent company and subsidiaries	-	-	(77)	-	-	(93)
EFFECTIVE TAX EXPENSE	-	-	10,320	-	-,	6,963
Average tax rate	-	-	40.9%	-	-	35.2%

Note 24 – Information about related parties

Legal entities

NEURONES has no sister company.

There are no economic transactions with Host Développement, a 45.8% shareholder in NEURONES, other than the payment of dividends, when applicable.

Directors

Directors' gross remuneration due during FY2010 is shown below:

	2010 Gross remuneration due				Cumulative PDR* provision end 2010	2009 Gross remuneration due				Cumulative RB* provision end 2009	Number of bonus shares allocated
(euros)	Fixed	Variable	In kind	Total		Fixed	Variable	In kind	Total		
Luc de Chammard	162,000	-	6,960	168,960	24,308	146,351	-	6,960	153,311	18,261	-
Bertrand Ducurtil	135,000	45,000	-	180,000	6,252	121,800	38,000	-	159,800	5,019	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 is described in the management report.

7. MISCELLANEOUS INFORMATION

7.1. Security given

NEURONES SA posted security of €1.944 million in 2006 with the Trésor Public, related to the VAT moratorium on the occasion of acquiring the companies in the Victoria group. The balance of the outstanding commitment due at yearend is €360,000. This security ended in January 2011.

7.2. Off balance sheet commitments

There are no off balance sheet commitments.

7.3. Auditors' Fees

	2010								2009							
	Bellot Mullenbach & Associés		KPMG		BR Audit		M. Feutry		Bellot Mullenbach & Associés		KPMG		BR Audit		M. Feutry	
(€000s)	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Audit																
Auditorship, examination of separate and consolidated financial statements	101	100%	84	100%	-	-	11	100%	96	100%	84	100%	11	100%	7	100%
Accessory assignments (due diligence, etc.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	101	100%	84	100%	-	-	11	100%	96	100%	84	100%	11	100%	7	100%
Other services	-		-		-	-	-		-	-	-	-	-	-	-	-
TOTAL	101		84		-	-	11	100%	96	100%	84	100%	11	100%	7	100%

7.4. Tax scheme for Group companies

For 2010, the scope of tax consolidation includes NEURONES S.A., Neurones Consulting, Neurones-IT, Edugroupe, Edugroupe MP, Viaaduc, Axones, AS International Group, AS International, AS Telecom & Réseaux, AS Technologie, AS Production and AS Synergie.

7.5. Average number of employees

	2010	2009
Managers	1,454	1,326
Employees	1,394	1,269
TOTAL	2,848	2,595

7.6. Subsequent events after the closing at December 31, 2010

No known events at February 28, 2011 had a significant impact on the Group's financial structure.

7.7. Dividend distribution

In its meeting on February 11, 2011, the Board of Directors decided to propose to the Ordinary Shareholders' meeting called to approve the financial statements for the year ended December 31, 2010, to pay a dividend of €0.07 per sharen.

2.5. AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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, 2010, 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, 2010 and of the results of its operations for the year then ended in accordance with IFRS as adopted for use in the European Union.

Without qualifying our opinion expressed above, we draw your attention to Note 4. "Accounting principles" in the notes to the consolidated financial statements regarding the first application of IFRS 3 revised and IAS 27 amended, as well as the treatment and presentation of the contribution on companies' value added.

2. Basis of our assessments

Pursuant to the provisions of article L.823-9 of the French Commercial Code regarding the basis of our assessments, we bring to your attention the following matter:
- 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 rules and principles applied by your Group, 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 Group 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, April 8, 2011
The Auditors

KPMG Audit
Department of KPMG S.A.

Jean-Marc Laborie
Partner

Bellot Mullenbach & Associés

Thierry Bellot
Partner

3 GENERAL INFORMATION CONCERNING THE COMPANY, ITS CAPITAL AND ITS ADMINISTRATION

3.1. DATA SHEET

Company name

NEURONES.

Trading name

NEURONES.

Registered head office

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

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.

Nationality

French.

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 French Registre du Commerce et des Sociétés (Company Trade Register) on January 15, 1985.

It will end on January 15, 2084, unless an extraordinary shareholders' meeting decides to extend the term or disband the company early.

Corporate charter (article 3 of the by-laws)

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

To achieve its purpose, the company may:
- do business, subcontract, represent and commission,
- import and export,
- own, acquire, lease, fit out, equip or convert any building, work site, store or warehouse,
- take out interests or holdings, by any means or methods, in any similar company or company likely to promote the development of its business,
- in general carry out any commercial, industrial and financial operations pertaining directly or indirectly to its purpose.

Company Trade Register

331 408 336 R.C.S. Nanterre.

Fiscal year

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

Place where documents and information concerning the company may be consulted

The company by-laws, financial statements and reports, and the minutes of Shareholders' Meetings, can be consulted at its head office.

Shareholders' Meetings

Shareholders' Meetings are convened and deliberate in the conditions laid down by law.

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

Attendance at the meeting is open to any shareholder who can furnish evidence of shares registered in his name, or in the name of the intermediary duly registered on his behalf, three working days before the meeting, either in the registered share accounts or the bearer share accounts held by his authorized intermediary.

Shareholders may also vote by correspondence or by proxy in the conditions laid down by law. To be counted in the ballot, the form for postal or proxy votes, accompanied by share-holding certificates for bearer shareholders, must have been received by the company or by the establishment holding the registered share accounts at least three days prior 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 appointed for the purpose by the Board. Failing that, the meeting elects its Chairman.

Minutes of the meeting are taken; copies are certified and issued as required by law.

Disposal and transmission of shares

There are no statutory provisions restricting share transfers.

Double voting right

Shareholders have as many voting rights as they have shares, or as the shares they represent, with no restrictions other than those laid down by law.

However, a double voting right is granted 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.

Thresholds and crossing of thresholds

Under 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%), three tenths (30%), one third (33.3%), one half (50%), two thirds (66.6%), nine tenths (90%) or nineteen twentieths (95%) of the capital or voting rights.

The information should be sent to the company and to the Autorité des Marchés Financiers (French financial markets authority) no later than before the close of trade on the fourth trading day following the day the threshold was crossed upwards or downwards. The procedure for notifying the Autorité des Marchés Financiers that certain thresholds have been crossed is set out in its general regulations. The Autorité des Marchés Financiers makes the information public within three trading days following receipt of the full declaration.

When the thresholds of one tenth, three twentieths, one fifth and one quarter of the capital or voting rights are crossed, the person required to report the fact must also state the objectives it intends to pursue over the six months to come.

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 directly or indirectly holding shares representing 2% of the capital or voting rights. This additional duty of disclosure applies to every 2% fraction of the capital or voting rights.

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.

At December 31, 2010, the company held 200,000 of its own shares, i.e. 0.85% of its capital.

The Combined Shareholders' Meeting held on June 10, 2010 authorized the Company to buy-back its own shares subject to the main terms below:
- duration of the scheme: 18 months with effect from the date of the meeting (i.e. up until December 10, 2011),
- maximum share of the capital to be acquired: 10% of the capital,
- maximum purchase price: 10 euros 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 replaces the one given by the Combined Shareholders' Meeting of June 11, 2009, which the Board of Directors did not use.

A motion will be put to the Combined Shareholders' Meeting on June 9, 2011 to renew the authorization given to the company to buy back its own shares. The main terms and conditions would be as follows:
- duration of the scheme: 18 months with effect from the date of the meeting (i.e. up until December 9, 2012),
- maximum share of the capital to be acquired: 10% of the capital,
- maximum purchase price: 10 euros 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 10, 2010.

The actual launch of this scheme will be subject to a decision by 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 scheme could then be launched.

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

The profit or loss for the financial year consists of the difference between the income and expense for the financial year, after deducting amortization and provisions, as calculated from the income statement.

Any earlier losses are deducted from the year's profit, then at least 5% is deducted and allocated to a reserve fund known as "legal reserves".

This deduction ceases to be mandatory when the legal reserves amount to one tenth of the share capital.

If there is an outstanding balance available, the Shareholders' Meeting decides to either distribute it, carry it over again, or enter it under one or more reserve items, which it decides how to allocate and use.

Once it has noted the existence of reserves at its disposal, the Shareholders' Meeting can decide to distribute sums deducted from these reserves. If so, the decision must clearly state from which reserves the sums are to be deducted.

For all or part of the dividend or interim dividend to be distributed, the Shareholders' Meeting is entitled to give shareholders the choice of whether the dividend, or interim dividend, is to be paid in cash or shares.

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

The company is entitled, at any time and at its own expense, to ask the institution in charge of paying compensation for the shares to identify the shareholders giving proxy votes for its shareholder meetings, either immediately or in the future, as well as the number of shares held by each of them and, if applicable, the restrictions on the shares.

3.2. CAPITAL AND SHARES

Share capital

At December 31, 2010, the Company's share capital amounted to €9,424,437.20 divided into 23,561,093 fully paid-up shares with a face value of €0.40.

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 to make partial use of the authorization given by the Combined Shareholders' Meeting on June 11, 2009 and allocate 167,000 bonus shares as part of a third plan. The unused portion of this authorization was replaced by the authorization given by the Combined Shareholders' Meeting on June 10, 2010. The Board of Directors decided on December 14, 2010 to make full use of the authorization given by the Combined Shareholders' Meeting on June 10, 2010 and allocate 230,000 bonus shares as part of a fourth plan.

A motion will be put to the Combined Shareholders' Meeting on June 9, 2011 to authorize the Board of Directors to allocate bonus shares.

After deducting the options and bonus share allocations that have expired plus the options already exercised, at 31/12/2010 there were still 699,803 allocated options or bonus shares in circulation for the same number of NEURONES shares, as shown in the table below:

	Number of shares in circulation (at 31/12/2010)	% of capital
Stock options granted (Plans No. 3, 4, 5 and 6, less expired and already exercised options)	134,803	0.57%
Bonus shares allocated (Plans B, C and D, less expired bonus shares)	565,000	2.40%
TOTAL ALLOCATED STILL EXERCISABLE	699,803	2.97%

Authorized capital

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 on international 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.

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
15/08/1985	Capital increase	F210,000	-	2,100	10,100	F1,010,000
30/06/1993	Company buy-back of its own securities (capital reduction)	-	-	(4,954)	5,146	F514,600
30/06/1993	Capital increase by incorporating reserves and raising the share face value from 100 to 200 francs	F514,600	-	-	5,146	F1,029,200
30/12/1997	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
29/11/1999	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
29/11/1999	Share face value divided from €1,500 to €2	-	-	-	3,859,500	€7,719,000
05/04/2000	Share face value divided from €2 to €0.40	-	-	-	19,297,500	€7,719,000
23/05/2000	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
31/12/2004	Capital increase following the exercise of BSPCE (company creator stock options)	€30,488	€213,416	76,220	22,847,270	€9,138,908
31/12/2005	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
31/12/2005	Decrease in capital following the cancellation of a repurchased block of shares	-	-	(98,000)	23,164,920	€9,265,968
31/12/2006	Capital increase following the exercise of stock options	€33,353.60	€276,359.60	83,384	23,248,304	€9,299,321.60
31/12/2007	Capital increase following the exercise of stock options	€53,809.20	€402,778.20	134,523	23,382,827	€9,353,130.80
31/12/2008	Capital increase following the exercise of stock options	€10,916.40	€89,871.40	27,291	23,410,118	€9,364,047.20
31/12/2009	Capital increase following the exercise of stock options	€25,708	€238,298	64,270	23,474,388	€9,389,755.20
31/12/2010	Capital increase following the exercise of stock options	€34,682	€329,517	86,705	23,561,093	€9,424,437.20

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

	Situation at December 31, 2008				Situation at December 31, 2009				Situation at December 31, 2010			
	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	10,790,444	46.1%	14,322,944	42.0%	10,790,444	46.0%	14,322,944	42.2%	10,790,444	45.8%	21,419,531	52.0%
Luc de Chammard	6,500,000	27.8%	13,000,000	38.1%	6,210,000	26.5%	12,420,000	36.6%	6,210,000	26.4%	12,420,000	30.1%
Bertrand Ducurtil	901,335	3.9%	1,802,670	5.3%	836,167	3.6%	1,607,334	4.7%	836,167	3.5%	1,607,334	3.9%
Other officers (managers) with registered shares	-	-	-	-	355,016	1.5%	355,016	1.0%	311,014	1.3%	311,014	0.8%
TOTAL OFFICERS (MANAGERS)	**18,191,779**	**77.8%**	**29,125,614**	**85.3%**	**18,191,627**	**77.5%**	**28,705,294**	**84.5%**	**18,147,625**	**77.0%**	**35,757,879**	**86.8%**
Employees with registered shares	-	-	-	-	59,750	0.3%	63,500	0.2%	90,052	0.4%	93,802	0.2%
Treasury shares	433,000	1.8%	-	-	244,000	1.0%	-	-	200,000	0.9%	-	-
Public*	4,785,339	20.4%	5,014,561	14.7%	4,979,011	21.2%	5,208,483	15.3%	5,123,416	21.7%	5,353,088	13.0%
TOTAL	**23,410,118**	**100%**	**34,140,175**	**100%**	**23,474,388**	**100%**	**33,977,277**	**100%**	**23,561,093**	**100%**	**41,204,769**	**100%**

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

Host Développement S.A.S. is wholly controlled by Luc de Chammard.

In 2010, Tocqueville Finance declared it had descended below the 4% capital threshold. The other declarations made in accordance with the Articles concern Aviva Investors and Legg Mason (via its subsidiary Royce Associates), which climbed above the 2% capital threshold.

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, Host Développement and Bertrand Ducurtil in November 2010 for a period of two years. This agreement replaces the previous agreement concluded on December 15, 2003 between NEURONES' Chairman and CEO and its Executive Vice-President on the same basis.

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 were concluded in November 2009 between Luc de Chammard, Bertrand Ducurtil and 13 officers at the head of Group entities.

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.

Pledged shares

None.

3.3. DIVIDENDS

Year ended	Total distributed	Dividend per share
December 31, 2009	€1,627,982.16	€0.07
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

A motion will be put to the Combined Shareholders' Meeting on June 9, 2011 to pay a dividend of €0.07 per share for the 2010 financial year. Pursuant to the legal provisions, dividends and interim dividends are time barred after five years in favor of the government.

3.4. THE MARKET FOR COMPANY SHARES

NEURONES' shares are 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. NEURONES is included in the CAC All Tradable, CAC Small and CAC IT indices.

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

Month	Highest price (in euros)	Lowest price (in euros)	Average closing price (in euros)	Number of shares traded (€000s)	Number of trading sessions
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	6.32	130	20
February 2010	6.61	6.27	6.47	157	20
March 2010	7.18	6.48	6.82	493	23
April 2010	7.74	6.91	7.32	262	20
May 2010	7.60	6.74	7.34	146	21
June 2010	7.20	6.50	6.97	85	22
July 2010	6.88	6.25	6.50	93	22
August 2010	6.81	6.50	6.66	82	22
September 2010	7.39	6.65	6.91	183	22
October 2010	7.10	6.83	6.94	93	21
November 2010	7.23	6.70	7.03	441	22
December 2010	7.08	6.70	6.96	105	23
Highest, lowest and average for 2010	**7.74**	**6.01**	**6.85**	**189**	**258**

Source: NYSE Euronext.

The average volume traded daily during 2010 was approximately 8,800 shares.

3.5. CORPORATE GOVERNANCE

Board of Directors

Members

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

Director	Position	Number of offices held within the Group	Number of offices held outside the Group
Luc de Chammard	(Director) Chairman of the Board of Directors	NEURONES + 1 office	1 office
Bertrand Ducurtil	Director	NEURONES + 7 offices	1 office
Jean-Louis Pacquement	Director	NEURONES	None
Hervé Pichard	Director	NEURONES	4 offices

Seniority in the position

Director	Date of first appointment	Date appointment expires
Luc de Chammard	December 5, 1984*	AGM on June 9, 2011
Bertrand Ducurtil	June 30, 1999	AGM on June 9, 2011
Jean-Louis Pacquement	December 5, 1984*	AGM on June 9, 2011
Hervé Pichard	October 15, 2004	AGM on June 9, 2011

* NEURONES' founding date.

Jean-Louis Pacquement is a director who has more than 12 full years of 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, has the detachment and the perspective of a "historical" director. He does not have and has never had business relations with the company. Nor has he ever 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 and their background.

No specific rule has been established concerning restrictions or bans on Directors participating in operations involving NEURONES' shares if they have inside information: in this case, common law applies.

Three quarters of the capital is represented on the Board by just one of the four directors. To date, the direct or indirect holder of this majority share of the capital, who is also the company Chairman and CEO, has not deemed it necessary to be more fully represented on the Board. Consequently, no specific provision has been established to ensure that control of the Group is not misused.

Operation

The Board of Directors met 5 times in 2010. The attendance rate of members of the Board of Directors in 2010 was 85%.

Renewal of directors' term of office and appointment of a new director

The directors' term of office expires annually, at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2010. Accordingly, and in accordance with the Articles, a motion will be submitted to the meeting's vote to approve the renewal of their term of office for one year. The meeting will also move to appoint a new director, namely Marie-Françoise Jaubert. There is no statutory limit as to how many times director appointments can be renewed.

Remuneration of directors

No directors' fees have been paid since the company began.

Compliance with the governance rules of the MiddleNext Code for mid-cap and small-cap stock

As a medium-sized group, 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 issue, on which the company made a decision in 2008 in reference to the Afep-Medef code, is discussed 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.

Accordingly:
- all major decisions are taken in collegial discussions among managers and then in the Board of Directors,
- arrangements are made for the Chairman's succession,
- supervisory authority is exercised as described in this paragraph,
- the Board adopted a set of by-laws at its meeting on June 10, 2010.

The Board's by-laws set out the Directors' legal and ethical obligations. They clearly establish the Board's missions and operating procedures in accordance with the principles of good governance.

Two points, among the most significant ones mentioned in the MiddleNext Code, call for the following explanations:
- there is no self-assessment of the Board's work,
- there are no specialized Committees (audit, compensation, strategy).

There are no plans to establish such bodies. In view of the Group's size, diversity and highly decentralized operations, these bodies seem disproportionate vis-à-vis the expected outcomes.

Managers' interests

The total gross amounts of remuneration and fringe benefits attributed to members of NEURONES' Board of Directors for FY2009 and FY2010 are set out in the management report. The report also describes NEURONES' application of the Afep-Medef Code 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 the Group's customers or suppliers, except for a long-standing stake in a one-man business that is an occasional and marginal supplier of the Group.

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

3.6. EMPLOYEE PROFIT SHARING

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 699,803 options or bonus shares in circulation at December 31, 2010 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 greatest number of options (plan by plan), the history of the stock option allocations is shown below:

	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
Shareholders' Meeting:	29/11/99	29/11/99	29/11/99	25/06/03 & 25/06/04	25/06/04
Board of Directors meeting:	27/07/00	11/07/01	23/01/03	15/10/04	28/06/06
Maturity date of the plans	27/07/05	11/07/06	01/03/07	15/10/08	01/07/10
Expiry date of the plans	26/07/10	11/07/11	28/02/11	14/10/12	30/06/14
Number of beneficiaries	10	10	10	10	10
- including managers	-	-	-	-	-
Number of shares granted	34,298	81,000	67,000	92,000	33,000
- including managers	-	-	-	-	-
Number of expired options at 31/12/2009	(23,818)	(16,000)	(10,000)	(22,000)	(4,000)
Number of shares already subscribed at 31/12/2009	-	(65,000)	(47,700)	(25,000)	-
Number of options that expired during the period	(10,480)	-	-	-	-
Number of shares subscribed during the period	-	-	(9,300)	(17,000)	(19,000)
- including managers	-	-	-	-	-
- including employees	-	-	*(9,300)*	*(17,000)*	*(19,000)*
Subscription price (in euros)	7.5	3.8	3.2	4.2	5.1
Number of options in circulation at 31/12/2010	-	-	-	28,000	10,000
Number of exercisable options at 31/12/2010	-	-	-	28,000	10,000

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	Bonus share plan C
Shareholders' Meeting:	24/06/05	14/06/07	11/06/09	10/06/10
Board of Directors meeting:	28/06/06	21/12/07	24/07/09	14/12/10
End of acquisition period	01/07/09	01/01/11	01/08/12	15/12/13
End of retention period	01/07/11	01/01/13	01/08/14	15/12/15
Number of beneficiaries	11	11	10	10
- including officers	*1*	*1*	-	-
Number of free shares allocated	175,000	123,000	72,000	68,000
- including officers	*25,000*	*18,000*	-	-
- including the first 10 employee beneficiaries	*150,000*	*105,000*	*72,000*	*68,000*
Number of expired shares at 31/12/2009	(17,000)	(24,000)	(7,000)	-
Number of shares allocated during the acquisition period at 01/01/2010	158,000	99,000	65,000	-
Number of allocated shares that expired during the acquisition period in the fiscal year	-	-	(10,000)	-
Number of shares allocated during the acquisition period at 31/12/2010	-	99,000	55,000	68,000
Number of shares allocated during the retention period at 31/12/2010	158,000	-	-	-

Statutory profit sharing and optional profit sharing

In addition to potential stock option and bonus share plans, employees are entitled to 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:

(€000s)	2006	2007	2008	2009	2010
Statutory profit sharing	630	463	2,007	1,912	2,708
Optional profit sharing	67	118	147	95	76
TOTAL (statutory + optional profit sharing)	**697**	**581**	**2,154**	**2,007**	**2,784**

3.7. PERSONS IN CHARGE OF AUDITING THE FINANCIAL STATEMENTS

Statutory Auditors

KPMG S.A.
Immeuble Le Palatin – 3, cours du Triangle – 92939 Paris La Défense cedex
Represented by Mr Jean-Marc Laborie.
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 10, 2010.
End of appointment: appointment expires at the Ordinary Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2015.

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 10, 2010.
End of appointment: appointment expires at the Ordinary Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2015.

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

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 to which they are exposed.

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 contain any observations.

Luc de Chammard
Chairman and CEO

3.8. RELATED INFORMATION

Information included for reference purposes

The following information is included in this reference document for reference purposes:

- 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.
- the consolidated financial statements for FY 2009 established in accordance with the French accounting standards, plus the related statutory auditors’ report, shown on pages 60 to 82 of the 2009 annual report filed with the AMF on April 10, 2010 under number D.10-0261.

Publicly available documents

The following documents in particular are available on the company website (www.neurones.net):

- 2010 consolidated financial statements and the statutory auditors’ report,
- the 2007, 2008 and 2009 reference documents filed in the form of an annual report with the Autorité des Marchés Financiers on April 30, 2008, April 27, 2009 and April 14, 2010 under numbers D.08-0348, D.09-0319 and D.10-0261.

The company Articles can be consulted at NEURONES’ headquarters: 205, avenue Georges Clemenceau – 92024 Nanterre Cedex.

The 2007, 2008 and 2009 reference documents are also available on the AMF website (www.amf-france.org).

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

2010 REFERENCE DOCUMENT

Under Articles 211 and subsequent of the Autorité des Marchés Financiers general regulations, this reference document was filed with the AMF on April 21, 2011. It can only be used as support for a financial transaction if it is accompanied by an offering memorandum certified by the AMF. This reference document was drawn up by the issuer and incurs its signatories’ liability.

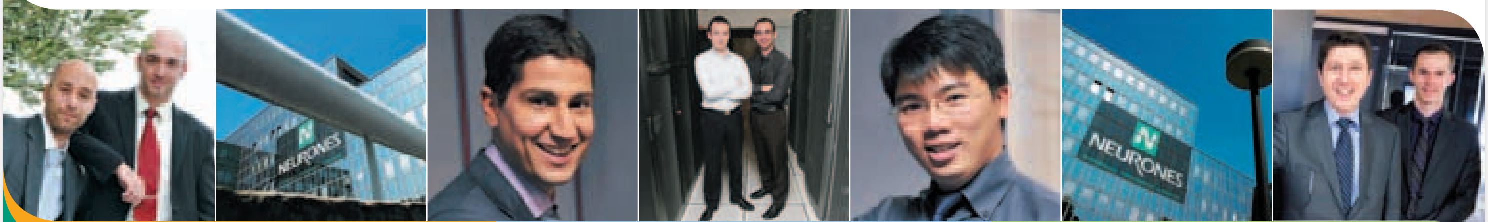
This reference document is available at www.neurones.net – Investors – Regulated information.

Printed by Optimum (Steenvoorde, France), an Imprim'Vert-certified printer. This label is awarded to printers that have introduced industrial strategies designed to protect their environment (waste management, ban on toxic products, etc.). The paper used to print this Annual Report was produced in a paper mill certified to ISO 9001, ISO 14001, OHSAS 18001 and EMAS (Eco-Management and Audit Scheme). It holds FSC and PEFC certifications (the origin of the paper pulp can be traced back to sustainably managed forests) and was bleached using the ECF (Elementary Chlorine Free) process.

Graphics design and production: *t a m a t a*

A number of staff members kindly allowed us to 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 3,000 people behind the Group's past and future achievements.

Forward together...®



NEURONES

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