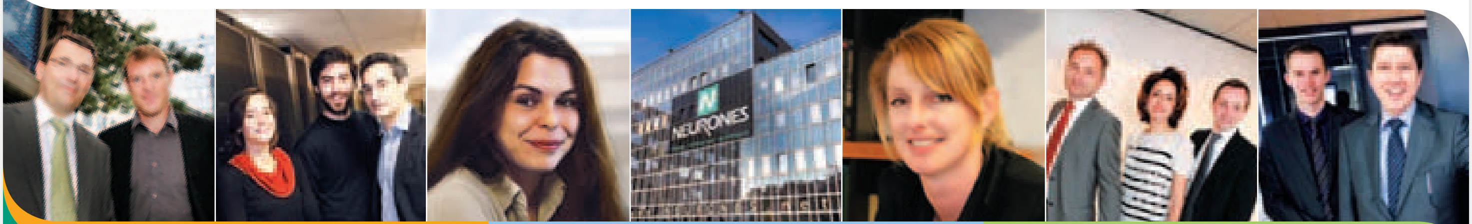
NEURONES

CONSULTING - INTEGRATION - OUTSOURCING



ANNUAL REPORT 2011

Forward together...®


NEURONES
CONSEIL · INTÉGRATION · INFOGÉRANCE
205
WWW.NEURONES

Contents

Forward together...®

€283.3m
2011 revenues

€14.8 m
2011 net profit (Group share)

9.3%
2011 operating margin

OVER 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 3,500 and revenues of €283 million, NEURONES boasts a prime position on the French market:

- in the top 15 IT services companies and,
- one of the 6 largest listed IT services companies in terms of market capitalization.

Created from scratch in 1985, the Group has:

- experienced 25 years of 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 core businesses through external growth,
- seen its size more than triple over the last 10 years.

Since the Group was listed in May 2000, 17 companies have joined the Group and now account for roughly a third of its business.

Since 2000

NEURONES is listed on the stock exchange. 17 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.

2011

In five years, NEURONES has more than doubled in size. With over 3,500 employees, the Group has worked its way up to become one of the 6 biggest IT services companies on the Paris stock exchange.

Chairman's message

Dear shareholders and prospective shareholders,

Let's try to give lie to the saying that, in annual reports, the glossier the paper, the less interesting the information...

And let's try to present, as objectively as possible:
- the main company events on the company's time line in 2011;
- the lines of force underpinning NEURONES' development;
- the outlook for the year ahead.

Our company's core business, development model and strengths are typically of interest to a variety of audiences:
- shareholders interested in identifying the competitive advantages - and hence the future growth prospects and earning power - of the «small cap» in which they invested;
- senior management, IT and «line-of-business» departments, naturally keen to get to know, beforehand, those who are offering to help achieve their operational objectives;
- future NEURONES employees: with a career to build, some prospective employees will want to make sure they are teaming up with an employer that is solid, predictable, ambitious, has a good image and gives everyone a chance;
- entrepreneurs interested in setting up or who have already set up their own business: they will join forces with the Group if they see it as a dependable partner who will kick-start their development or consolidate their ongoing venture.

> “Clients' trust honors those who have to prove and convince every day.”

Achievements in 2011

2011 was a very good year. At the risk of making the 3,500 employees behind this achievement blush with pride, our organic growth (18.2%!) was:
- the highest among the 37 listed companies in the sector in France;
- the highest for the past 12 financial years;
- higher than forecast.

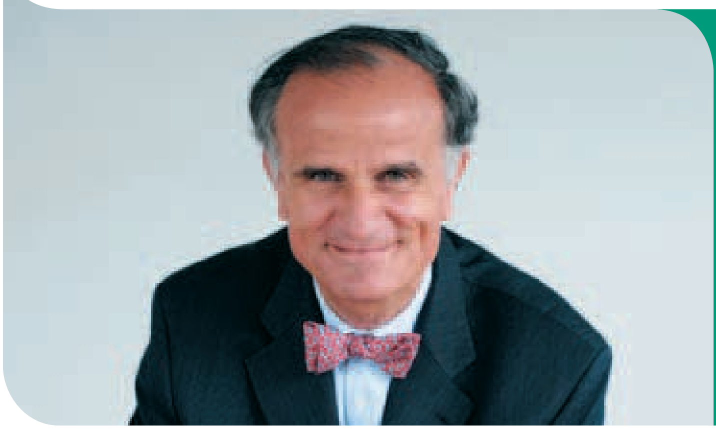
For the last five years alone, the internal growth rates have been as follows: 10.3% (2010), 3.4% (2009, the year the market plummeted), 16.4%, 15.7% and 12.5%.

Over a longer period, and including the 17 companies that have joined NEURONES, annual revenues have increased from €66 million (in 2000, the year the company was floated) to over €300 million in 2012, yielding a annual growth rate of 14%.

We would like to thank our clients, therefore - the 32 CAC 40 companies and the thousand or so other companies - for having enabled this performance. Their trust honors those who have to prove and convince every day, if only to increase their share of the work that the major principals assign simultaneously to large numbers of consulting firms and dozens of IT services companies. With approximately a 1% share of the French IT consulting and services market, your company undeniably has huge growth potential.

If we look at the results - the main criterion for a business's performance - we see:
- double-digit growth in net profit (14.1%), close to the growth in revenues (18.3%);
- slower growth (7.3%) in operating profit.

While the 2011 profit levels were, once again, among the very best in the sector, this erosion of the operating profitability (from 10.3% in 2010 to 9.3% in 2011) tempers any excessive optimism and is a point to watch. It reflects a number of things:
- clients' constant pressure on prices, which is undoubtedly an enduring trend and which we can only resist through differentiation;
- a lack of vigilance when it comes to adjusting the balance between the business's three core components: price, productivity and service level agreements;
- a costly tendency to make excessive use of outside personnel (often when the pace of work reaches fever pitch).



On top of the financial performances, readers might notice:
- the 435 net jobs created in 2011;
- the high proportion of open-ended work contracts (98.5%) and the 180 apprentices, interns and workers on professionalization contracts that the Group helped get started in the field;
- the payment in France of 40.8% tax on profits (including the former business tax), on top of €5.3 million in various taxes;
- a purely symbolic use of the French research tax credit;
- the solidity of the balance sheet (€75.1 million net cash and €139.1 million shareholders' equity) - an advantage for the years to come.

All in all, the 2011 financial year shows that:
- it is still possible to create value and jobs in an inauspicious economic context;
- some sectors in France are enduringly buoyant, including IT consulting and services;
- entrepreneurs «don't have time» to be influenced by the pessimism of those who, a year ago, were talking about «big clouds» on the horizon (unless they were talking about «cloud computing»?!);
- those who come out on top are seldom the biggest players or the ones with the highest media profile;
- a company can be both a safe investment and a growth stock.

“A company can be both a safe investment and a growth stock.”

What lines of force for the years ahead?

The profitable development of your Group, both past and future, relies on three things:
- an enduringly buoyant market;
- a purpose-built organization;
- unwavering business practice.

A market with no visible limits

IT consulting and services players like NEURONES are extremely lucky to be on one of the rare markets driven by change and by technology renewal, which are gathering pace.

Change can be seen everywhere: in product and service ranges, regulation, governance, legislation, the distribution of roles among economic stakeholders, etc. The cycles seem to be shorter and shorter; the old paradigms, positions, «gains» and value sharing are called into question - and the movement is gathering momentum! This constantly shifting environment requires business players to adopt an increasingly fast-paced process of adaptation and adjustment. It opens up boundless opportunities for the Group's Consulting operations, especially in Management and Organization Consulting.

And what about technology and the digital era in general, which is multiplying the speed, volumes, formats, sources, and the ways information is used? These flows of data (it has reached the stage where we now talk about «big data»), which are not always hierarchized, enter and leave information systems through a multitude of access channels and in a variety of formats. Just to give you some idea of the veritable deluge this represents, some people say that the volume of data now doubles every six months! Obviously the infrastructure requirements are enormous: data management in the broad sense (virtualization, storage, cloud computing, service desk, security, etc.) represented 73% of the NEURONES' 2011 revenues. Making intelligent use of this data is the other side of the coin, handled by the Group's specialized entities: it represented 20% of the business volume in 2011.

Paradoxically, the time available to decision-makers to react to the changes and these flows of information is still the same. So, yes, the future looks bright for IT consulting and services companies...

A «neuronal» organization

2011 was a run-of-the-mill year for your company, with no outstanding events or contracts to report. It is its novel organization that

“It is still possible to create value and jobs in an inauspicious economic context.”

enabled most of its «drivers» to keep «powering on». The same causes produced the same effects, even if the organic growth differential between NEURONES (18.2%) and its market (2.7%) proved to be even greater than in previous years. It shows that a business sector's growth is often the product of rather slow organic growth in a handful of major incumbents that have reached maturity and the often brisk internal growth of numerous smaller competitors who still have everything to prove.

NEURONES' vitality can be explained (and not just in 2011) by a deliberate, atypical organization in which revenue is generated by smaller, specialized companies (240 staff, on average). Each is headed by one or more managers who hold a stake in the company's capital, are company officers, and are free to choose their course of action. Small-scale companies are fundamentally far better equipped to flexibly adapt to clients' requests, innovate by renewing their offering, seek out new businesses, lay the ground for relinquishing business lines with insufficient margins, be quick to respond to candidates, and provide «turn-key» services.

> “The future looks bright for IT consulting and services companies...”

Moreover, this sort of entity, by nature, has a competitive cost structure. And this is just as well, because principals are less and less inclined to pay the successive hierarchical price layers charged by some major service providers. They are therefore turning to a growing number of small and medium-sized service companies, especially when these companies are able to join forces on integrated projects (currently booming at NEURONES) that require a single stakeholder in the driver's seat.

A firm business philosophy

Anticipating the future of a medium-sized service company often means knowing its key managers' culture, mind-set and professional background. The latter (around 20 in the Group) not only organize and set an example, they also influence the recruitment of the Group's people - a vital asset for a service company.

In this particular case, NEURONES' entrepreneurs have little in common with the capitalists who withdraw when they win, or who set up or take over companies with a view to selling them, or who distribute generous dividends for fear of the future. Instead, all they ask is to be able to offer a stake in the capital to other entrepreneurs willing to take over the reins and who share the same enthusiasm and desire to succeed. Some of the Group's partners believe the ideal solution would be to hand down the work tool to the next generation (just look at the changes in the minority shareholders from one annual report to the next).

Where day-to-day operations are concerned, they also have firm beliefs, developed over time, about the criteria for success:

- enlist people with stronger skills than you have, identify those who «want to do something with their career», push them to excel and, in so doing, consolidate the company's future;
- develop technical, innovative offerings that are designed for reliable delivery, add the value that justifies the selling price, and generate proven savings;
- enlist the skills of peers positioned in a cutting-edge sector - they will have solid margins that can offset the erosion of profitability on mature business lines. This is the intention behind the offer made to the Enterprise Content Management (ECM) specialist that joined the Group at the end of the financial year;
- have the courage to say «no». To prices that would throw the operating statement off balance, to external growth opportunities that might make the headlines but which would soon destroy value, to wage demands that would not tally with the prices that clients are willing to pay;
- continue, whatever the size of the company, to follow the recipe for a successful SME: agility, flexibility, creativity, managers who «are in the driver's seat» and are readily accessible, low costs and... common sense!

The first of these five criteria is the most difficult one to fulfill. I'd like to take this opportunity, therefore, to thank the HR managers, who played a vital role in our achievements for 2011.

Finally, the way the Group's manager-entrepreneurs relate to time also sets them apart. These are not short-term managers, here today, gone tomorrow: they live with the consequences of their decisions. They consider themselves custodians of what they have

> “The recipe for a successful SME: agility, flexibility, creativity, managers who «are in the driver's seat» and are readily accessible, low costs and... common sense!”

created or taken over and developed, rather than owners with the right to do whatever they like. They feel responsible for a collective achievement. And when managers hold a lasting stake in their entity and their group, they can focus on what they believe in - and their long-term convictions are always more efficient than the current fad.

This represents an undeniable, long-term alignment between the interests of the shareholders, the senior managers, the managers and the employees.

Outlook for 2012

The strong revenue growth in 2011 has taken your company up a level, setting the bar high for 2012 and the following years.

But the managers who, like you, have invested their money know that internal growth, along with profitability, is the quintessential sign of a healthy business. None of them want to experience an asymptote in their growth. They all want to build the sort of success that will motivate their own employees, attract candidates, clients and partners, and enhance both their sense of pride and their professional assets, and those of the other senior managers and managers involved in the venture.

The first thing they want to achieve is growth, because it is growth that will allow them to:

- recoup overheads and offset to some extent the erosion of profit margins (due to virtually stable selling prices whereas salaries have risen);
- raise its profile and increase its credibility in the eyes of the various stakeholders - clients, prospects, future employees, service providers and subcontractors, entrepreneurs interested in mergers, etc. - and thereby accelerate the virtuous spiral in which «success attracts success»!
- make «room for maneuver» in order to attempt new lines of services (future sources of profit) or demergers (into more specialized units, thereby bringing new managers into a share of the company's capital), invest internationally or offshore, wherever this allows the Group to efficiently produce the services clients want and expect;
- industrialize the way services are produced, or certain processes, thereby gaining in security and recurrence (though industrialization is only cost-effective above a certain volume).

> "Internal growth, along with profitability, is the quintessential sign of a healthy business."

In short, they often repeat to themselves this quote from George Bernard Shaw: «The people who get on in the world are the people who get up and look for the circumstances they want, and if they can't find them, make them.»

Their consolidated forecasts for the current year are for revenues in excess of €300 million (excluding external growth) and profit levels around the average figure for the past few years.

In 2012, some of the heads of the 3,800 IT services companies polled (>10 staff) may realize that joining forces with NEURONES would in no way detract from their autonomy or their ability to make profitable use of the capital remaining in their possession. Quite apart from their capitalistic interest, their other shareholders and their clients would probably take a favorable view of forging links with a «vehicle» that posted 18.2% internal growth in 2011. Not to mention the fact that it will be easier to weather the difficult years in store for the French economy if there is some form of solidarity among entrepreneurs - and that may mean pooling capital.

If that happens, revenues will climb well above the forecast mentioned above.

As for our longer-term aims? To begin with, to form the equivalent of a «large corporation» with over 5,000 employees. Around 200 of them would be in France. For NEURONES - the only example in its sector of a significantly sized company, started from scratch in 1985, with no capital, no staff and no pre-existing business relationships - it will be a rewarding step.

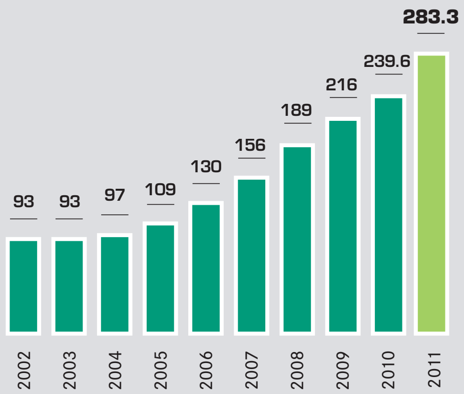
It will be achieved through the energy of those who have taken St Augustin's advice: *«Keep traveling your road: it only exists because you walk it»!*

Luc de CHAMMARD
Chairman and CEO

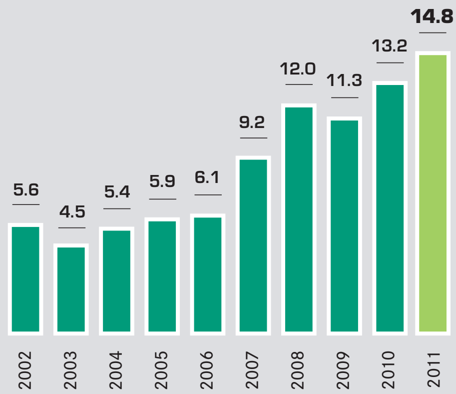
The Management Committee

2011 key figures

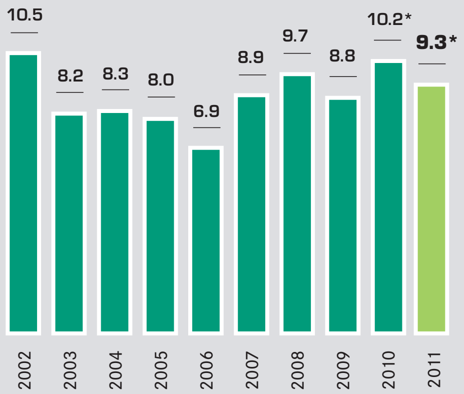
CONSOLIDATED REVENUES
(millions of euros)



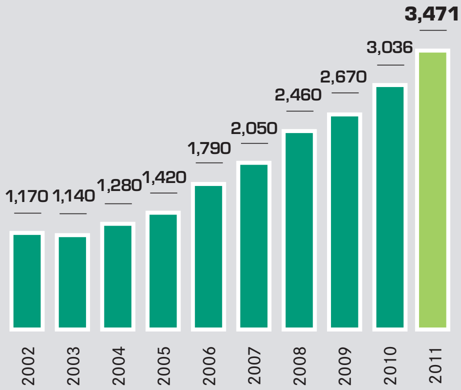
NET PROFIT - GROUP SHARE
(millions of euros)



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 1% of revenues, is classified as a tax from 2010 onwards.

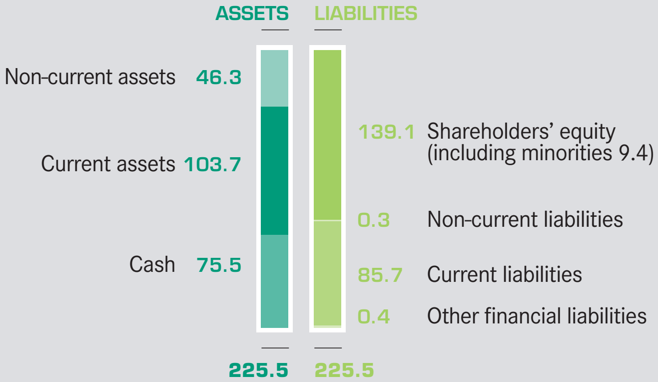
+18.3%

Revenue growth
from 2010 to 2011

+17%

Compound annual growth rate
over 5 years

CONSOLIDATED BALANCE SHEET at 12/31/2011
(millions of euros)

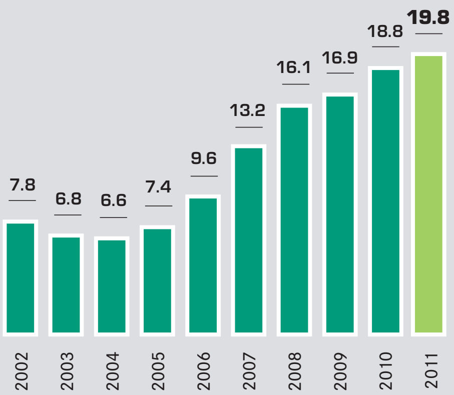


CONSOLIDATED INCOME STATEMENT
(millions of euros)

	2011	2010
Revenues	283.3	239.6
Business operating profit*	**27.1**	**25.4**
% OF REVENUES	9.6%	10.6%
Operating profit	**26.3**	**24.5**
% OF REVENUES	9.3%	10.2%
Net financial income	2.5	0.7
Corporate income tax	(11.8)	(10.3)
Net profit for the period	**17.0**	**14.9**
% OF REVENUES	6.0%	6.2%
- of which net profit – group share	**14.8**	**13.2**
- of which minorities	2.2	1.7

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

CASH FLOW FROM OPERATING ACTIVITIES
(millions of euros)



SIMPLIFIED CASH FLOW STATEMENT
(millions of euros)

Cash flow	2011	2010
Net profit	17.0	14.9
Non-monetary items	2.8	3.9
Change in WCR (increase)/decrease	(10.0)	(3.3)
Net industrial investments	(4.7)	(2.8)
Free cash flow	**5.1**	**12.7**
Net financial investments	2.9	(2.8)
Net capital increase	1.1	0.4
Other (dividends, repayments, loan, etc.)	(2.4)	(1.7)
Change in cash and cash equivalents	**+6.7**	**+8.6**
Cash and cash equivalents at year-end	**75.1**	**68.4**

+14%

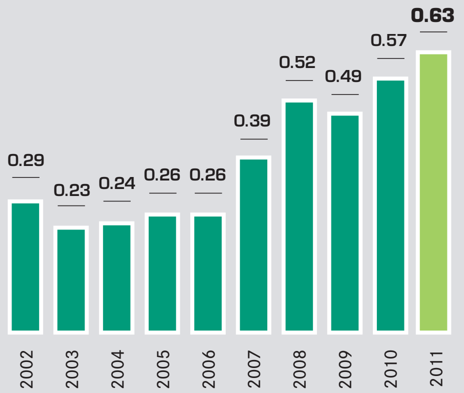
Increase in number of employees between the start and end of FY 2011

€75.1m

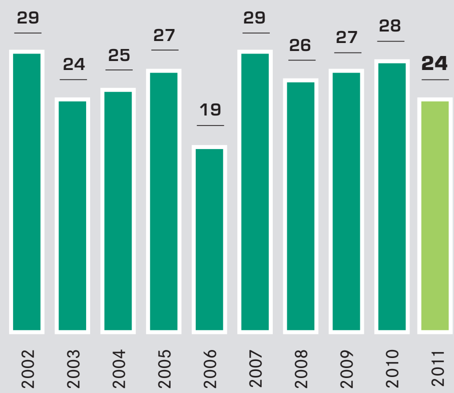
Net cash at 12/31/2011

Shareholder information

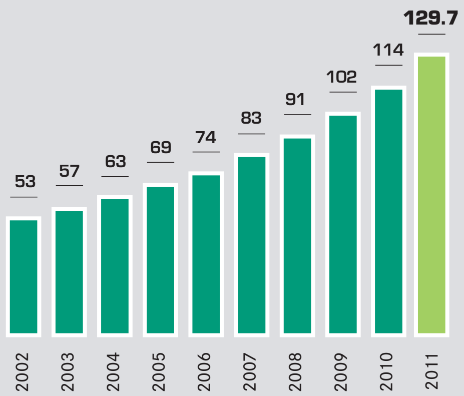
NET EARNINGS PER SHARE (GROUP SHARE) (in €)



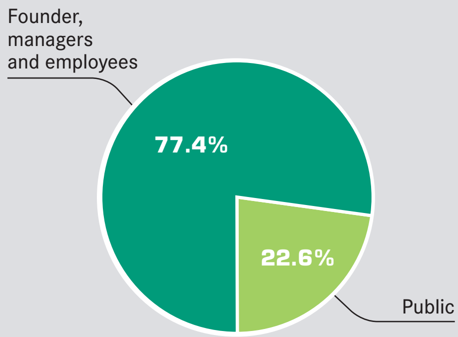
RETURN ON CAPITAL EMPLOYED (ROCE) (as a %)



CONSOLIDATED SHAREHOLDERS' EQUITY GROUP SHARE (millions of euros)



SHAREHOLDING (breakdown of capital)



24%

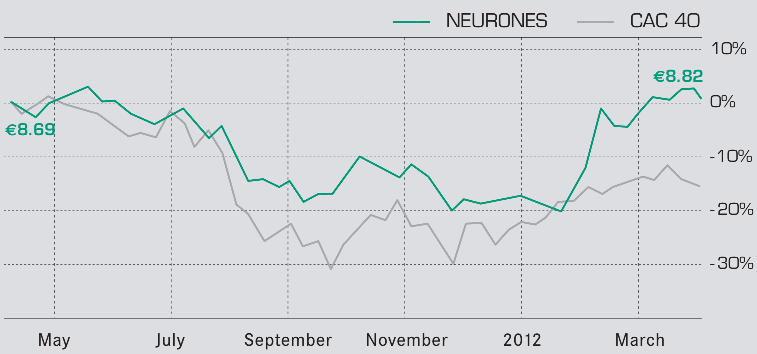
2011 return on capital employed

€0.06

Dividend per share for 2011 proposed
at the Shareholders' Meeting on June 7, 2012

CHANGES IN NEURONES' SHARE PRICE OVER PAST YEAR

(from April 6, 2011 to April 5, 2012)



CALENDAR

Revenues 1st quarter 2012:
Thursday May 3, 2012

Shareholders' Meeting:
Thursday June 7, 2012

Revenues 2nd quarter 2012:
Thursday August 2, 2012

1st half 2012 profit:
Thursday September 20, 2012

Revenues 3rd quarter 2012:
Thursday November 15, 2012

CHANGES IN NEURONES' SHARE PRICE OVER THE PAST FIVE YEARS

	2011	2010	2009	2008	2007
Highest price (in €)	9.10	7.74	7.15	6.24	6.45
Lowest price (in €)	6.85	6.01	4.14	4.52	4.85
Closing price at December 31 (in €)	7.30	6.88	6.06	4.60	6.20
Stock market capitalization at December 31 (in € millions)	172.4	162.1	142.2	107.7	145.0
Number of shares at December 31 (in millions)	23.6	23.6	23.5	23.4	23.4

CONTACTS

Investor relations:
Paul-César BONNEL
Administrative and financial director
e-mail: investisseurs@neurones.net

Contact information:
Immeuble "Le Clemenceau"
205, avenue Georges Clemenceau
F-92024 Nanterre Cedex
Tel.: +33 (0)1 41 37 41 37
Fax: +33 (0)1 47 24 40 46
www.neurones.net

NEURONES SHARE DATA SHEET

Average daily volume traded in 2011:	9,700 shares
Share price (at April 5, 2012):	€8.82
Market capitalization (at April 5, 2012):	€208.4m
Number of shares (at April 5, 2012):	23,626,759

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

2,830

Employees in the Infrastructure Services business segment*

510

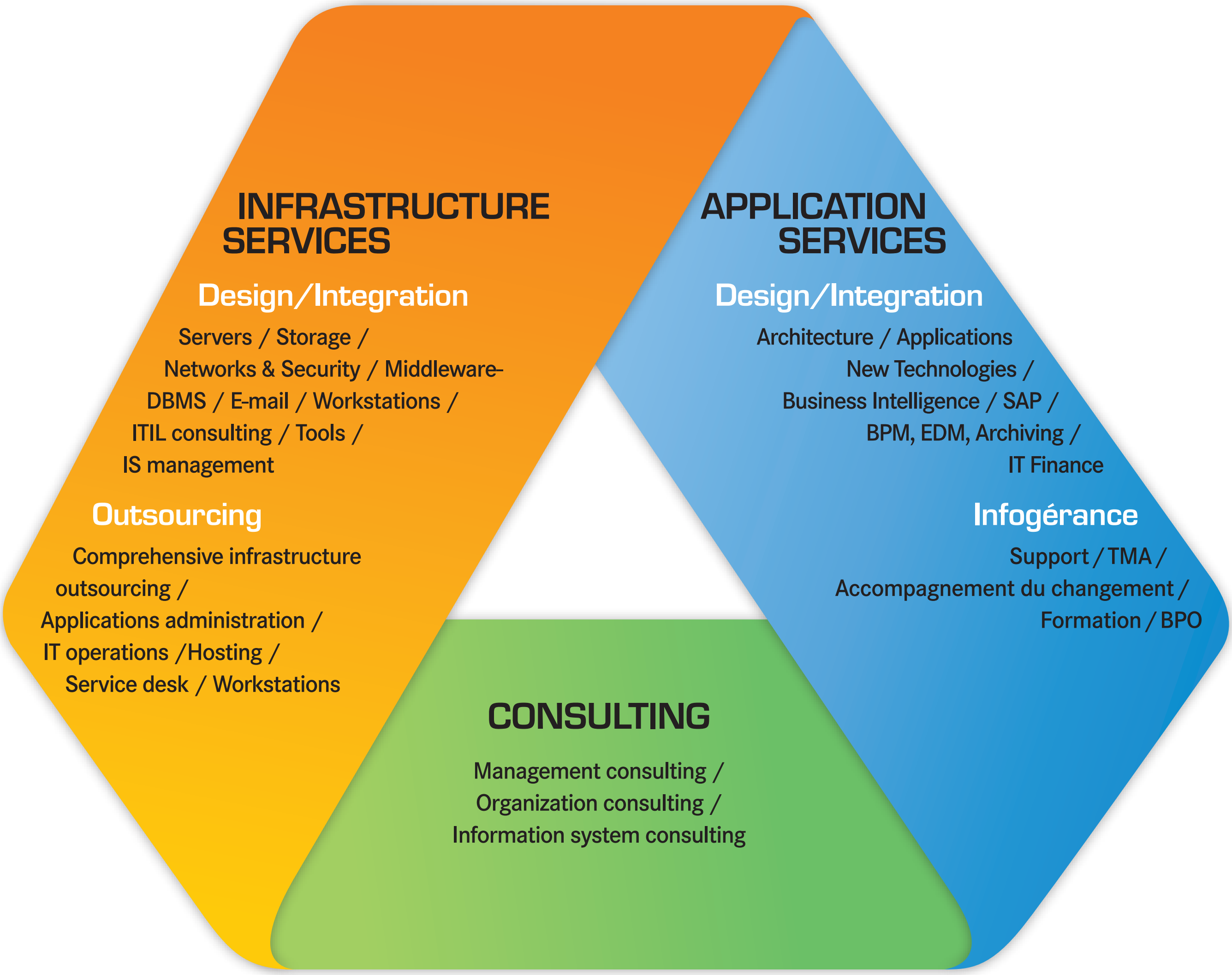
Employees in the Application Services business segment*

130

Employees in the Consulting business segment*

* At 12/31/2011.

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 end-to-end Outsourcing 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 CORPORATE ACCOUNTS, A CENTRAL TEAM HANDLES TOTAL CUSTOMER RELATIONSHIP MANAGEMENT

To support the various business lines' 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 corporate accounts.

Infrastructure services

Core businesses

- Systems and networks
- Service desk
- Workstation outsourcing
- Server and application outsourcing in cloud computing mode
- IT operations
- IT service management, IT governance

73%
Share of this segment in total business (2011 revenues)

8.4%
2011 operating margin

€207.1m
2011 revenues

Guaranteeing high availability and secure access to IT infrastructures, operating them, making them profitable and developing them is the task of this business segment boasting over 2,800 employees.

Design/Integration

Infrastructures are constantly evolving as new applications are released, 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
- Storage, private cloud computing
- Networks and e-mail systems
- Workstations
- Tools: schedulers, supervision, capacity planning and performance

Selected 2011 achievements

For the world leader in prepaid services: following a demerger from the former parent company, migrated the listed user accounts to Microsoft Active Directory (a directory service listing the users, resources and services of a network). European-scale project (France, Italy, Spain, etc.) involving over 1,000 users, managed centrally from the client's headquarters.

For a distributor of electrical apparatus: migrated the headquarters' 200 workstations to Windows 7, made arrangements for VIP users (senior management, finance department, etc.) and set up a synchronized training plan. Implemented in-house expertise, such as the «ExpertMig» tool (an in-house development used to retrieve each user's specific data).

For the general secretariat of a French government ministry: as part of the government agency and public service cost-cutting reform, signed a three-year contract to train staff and maintain, support and upgrade the information system used to manage the infrastructures of the general secretariat, which controls over 60,000 of its ministry's IT assets.

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 2011 achievements

For a major cooperative bank: to provide an efficient response to user requests concerning in-house-developed line-of-business applications, this banking group asked NEURONES to handle its application and functional support. A dedicated team of specialists was therefore formed to guarantee continuous operation of critical and strategic applications.

For a major investment bank: cloud outsourcing of its infrastructure in connection with the transfer of its information system. 30 NEURONES experts involved, delivering over 600 man-days of services. The transformation also entailed porting applications and modifying the workstations of 120 specific users. A change management plan was implemented.

For one of the world's longest-standing banks: as part of a total overhaul of its aging IT facilities, provided end-to-end outsourcing, including replacement of the installed asset base and the server infrastructure, and workstation management. Server virtualization, cloning of 350 workstations, migration of e-mail services, implementation of thin clients, interconnection with 20 remote sites, and user support.

HIGHLIGHTS

Strong organic growth in all of the infrastructure lines of services and in outsourcing. Significant rise in licensing.

Continuing pressure on outsourcing selling prices; productivity still on the rise.

Upturn in the margin, thanks to the performances of other activities in this business segment: cloud computing, IT operations and integration of ITSM software packages (incident management, asset management).

OUTLOOK

Infrastructure outsourcing will be a buoyant market again in 2012.

Strong, steady growth in private cloud computing.

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

ISO 9001: 2008 certifications (outsourcing and four other businesses)

ITIL®

150 certified employees

itSMF

Founding member

AF-SCM

Sponsor member

140 outsourcing contracts:

Sites with over 1,000 people
75 contracts

Sites with 200 to 1,000 people
65 contracts

Another 90 contracts are being carried out through the Group's service centers (including cloud computing).

OUTSOURCING

- **140** outsourced clients
- **1,400** employees working on contracts
- **6,500** servers
- **120,000** workstations
- **450,000** calls per month to the service desk, including **200,000** to oursupport 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

NEURONES' infrastructure outsourcing business (developed since 1995) uses pooled service centers: hosting, servers and applications, workstation management (from 200 to several thousand machines) and support.

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

4 SUPPORT CENTERS

- 700 people
- 24/7 availability
- Multilingual
- Nanterre, Ivry-sur-Seine, Angers and Tunis

5 HOSTING CENTERS

- Independent Internet service provider
- All operators
- Telecom infrastructure as failover
- Nanterre, Lyon, Nantes (in NEURONES' name) + 2 partner hosting companies

TWO SERVICE CENTERS FOR SERVERS AND APPLICATIONS

- 150 people
- 8,000 tickets per month
- Supervision, performance management
- Scheduling, operations plan

2 POOLED WORKSTATION MANAGEMENT CENTERS

- Cloning
- Packaging
- Remote software distribution

SUPERVISION, 24/7 PERFORMANCE MANAGEMENT, APPLICATION OPERATIONS

90 contracts

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

6,500 devices supervised

2,400 remote-administered servers

Operations processing (supervision, application of instructions). Application integration, release management

HOSTING

1,900 servers hosted

550 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
- ECM, EDM, BPM
- IT consulting for the finance industry
- IT training, change management support

20%
Share of this segment in total business (2011 REVENUES)

11.3%
2011 operating margin

€55.4m
2011 revenues

The Application Services business segment and its 500 team members are backed by close to 15 years' experience in application projects, supporting clients through successive transformations of their information system.

Design/Architecture/Integration

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

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

Selected 2011 achievements

For an organization managing the information systems of large mutual insurance companies: developed an iPhone application for members, including a facility for viewing reimbursements, a geolocation service for the company's centers and a tool to compare the prices of approved and non-approved healthcare providers. Used the Agile method (development by successive iterations through to project completion).

For the leader in media watch: implemented a platform for supplying «press» feeds so that the company could send its clients news in a variety of formats (video, podcast, e-mail, etc.). Used a broadcast solution (data transmission and link) developed by NEURONES to run and supervise technical operations on the various media.

For a company that manages the French railway stations: migrated workstations for 300 architects and guided them from the 2006 version of AutoCAD to the 2010 version. Provided training in the new internal production methods and made available an evaluation platform, led training sessions and produced interactive electronic training material.

Outsourcing

This business line includes support services, application and corrective maintenance, and upgrading. The 50 or so contracts generally cover work packages comprising a number of applications, interfaces or even entire application asset bases.

TPAM centers for SAP, BPM/EDM 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 2011 achievements

For the leading French player in electricity transmission: in order to reorganize the management of its SAP applications, set up a system of third-party application maintenance (mainly for Business Intelligence and accreditations), transferred data and developed cross-functional applications. It owed its success to clever, flexible organization, using a model based on the pooling of teams and skills.

For a French retail bank: set up a new procedure for handling customer requests, either passed on by customer advisors or sent in via Internet or the hot line. NEURONES accordingly provided consulting services and assistance with setting up a «Case Management» software package - the biggest project in this type of technology in 2011 anywhere in the world.

For a major public works and civil engineering group: trained the entire sales force to use the paperless bidding process for government procurement contracts. 1,500 users were trained, in metropolitan France and the overseas departments and territories, on over 60 sites. An online registration tool was also designed to streamline the organization of training sessions.

Dedicated applications service center:

THIRD PARTY APPLICATIONS MAINTENANCE

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

HIGHLIGHTS

Very high organic growth in the market finance and SAP businesses.

Steep increase in profit levels.

A good year for training (migrations of office software to Windows 7 and change management support).

OUTLOOK

Promising upturn in the ECM, BPM and EDM businesses with the arrival in the Group of an IBM FileNet integrator.

Bright outlook for multi-technology shared service centers in banks.

Potential for improvement in web/BI development and business dynamic revolving around SAP in 2012.

Management
and organization consulting

Core businesses

- Management consulting
- Organization consulting
- Information system consulting

7%
Share of this segment in total business (2011 REVENUES)

12.9%
2011 operating margin

€20.8m
2011 revenues

Managed by consultants with previous experience in major international firms, this 130-strong business segment mainly provides management and organization consulting services.

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 2011 achievements

For a power distribution company: with a view to improving its existing work management system, analyzed and studied the new solutions available on the market and their features, provided guidance for decision making and assistance with implementing the solutions chosen.

For a major French bank: as part of a partnership with a third-party organization for the purpose of managing and running buildings owned by the bank, supported the partnership, drafted the related contracts and drew up the strategy for deployment in France and internationally.

For a healthcare facility: provided methodological assistance with drawing up the future sustainable development program aimed at improving the structure's environmental impact (equipment used, staff and patient practices, etc.), presented proposals and assisted with implementing the facility's chosen solutions.

For an agro-industrial group based in Côte d'Ivoire: diagnosed the organization of the IT departments, distributed among the holding and the seven subsidiaries based in four different countries. Then presented recommendations (and an implementation plan) for coordinating information system developments and pooling the investments in technology, the applications and the human expertise.

For a railway infrastructure manager: in a context in which the market was being opened to competition, set up personalized support with a view to redefining the master plan for the whole geographic information system. This nationwide project will mobilize the Group's teams for five years.

For a major insurance player: in connection with changes in its healthcare and provident scheme contracts, studied and provided support for analyzing the current processes and projects already under way, drew up a statement of requirements for drafting future contracts and defined a target group of new clients.

HIGHLIGHTS

Strong recovery in business as company partners and high-potential managers ramped up their contributions.

Development of a partnership system.

The Consulting and IT Services segments have been kept quite separate.

OUTLOOK

The forecast is for growth in 2012, continuing the favorable trend observed in 2011.

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

The Group intends to develop the Consulting segment.

Strategy
and line of services

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

Over **25%**
of contracts involve several Group entities

66%
Share of service level agreements in total business

48%
of revenues is generated by Outsourcing

An unwavering strategy

Strategic policy directions

- Steadily increase the proportion of structured lines of services by regularly industrializing services;
- Make timely investments in new, budding business areas;
- Stay diversified by keeping a sound balance between the various businesses: consulting, design, build and run.

The Group's development model relies on the fact that the heads of its entities are company officers and hold an interest in the company's 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 9001:2008 certified for its outsourcing, service desk, IT operations, technical support and training businesses.

A comprehensive line of services

Infrastructure services

Infrastructure-based project activities (system and network integration, private cloud construction, security) are a vital building block for an Outsourcer. The project teams ensure that Group technical guidelines are applied properly. They are involved in outsourcing contracts during the initial start-up phase. Throughout the contract term, 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.

NEURONE's 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.

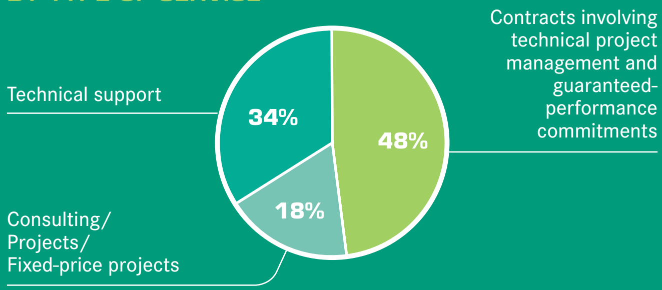
Successfully bringing applications from the design environment to the operational environment is a key stake, as are changes in general.

Consulting

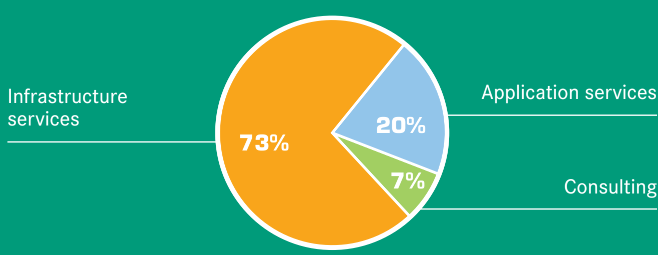
Fast-paced company transformation, the implementation of new regulations and the drive for increased efficiency are prompting companies to make growing use of management and organization consulting services.

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.

2011 SERVICE REVENUE BREAKDOWN BY TYPE OF SERVICE



2011 REVENUE BREAKDOWN BY BUSINESS SEGMENT



Responsible
and sustainable development

384
net jobs created in 2011
(excluding acquisitions)

92%
of the 2011 profits will
be reinvested inthe company's
future developments

46
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 (46 different nationalities represented, a variety of academic backgrounds, both junior and senior workers, 180 apprentices, interns and workers on professionalization contracts in 2011, 98.5% of open-ended work contracts, etc.).

Numerous job creations:

- net creation of jobs each year (nearly 400 in 2011),
- company growth and acquisitions are handled without using redundancy plans,
- an IT retraining program helps young graduates 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.

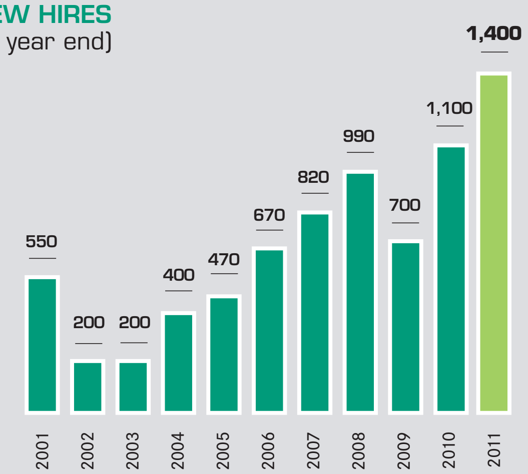
Ongoing career management:

- 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)



"After working as a consultant and then a senior manager in the world's largest organizational consulting firm, I joined the Group's Systems and Networks entity in 2010 to develop a Consulting team.

It was thanks to NEURONES' basic principles that, in two years time, I became Director of the entity's Consulting and Development agency and expanded my team from 45 to 70 members. Career moves like that are only possible because of the Group's intrinsic qualities: flexibility and responsiveness, a small-scale structure, an entrepreneurial environment and a very positive managerial philosophy based on empowerment and a down-to-earth, very «client-focused» approach.

My goal is to further build up the agency with top-flight talent so it can position itself as a specialist on the market, enhancing the added value of the teamwork provided by NEURONES. We're aiming for 90 team members in 2014!"

"The entrepreneurial environment and the Group's managerial philosophy made this career move possible."

Sergio
Director, Consulting and Development | *Systems and Networks*
With NEURONES since 2010

NUMBER OF CERTIFICATIONS

Microsoft	1,100
ITIL	150
IBM/Lotus	50
HP/BMC/Remedy	40
Autres (CA, Riverbed...)	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

"I joined NEURONES in 2005, taking up the strategic and newly-created position of Global Account Manager (GAM) and reporting directly to senior management. My role is to represent the Group and forge ties with some of its biggest clients.

I had previously worked as Business Manager in a similar company, so I had an overview of the IT businesses and customer relations. When NEURONES - a recognized, fast-growing player with a solid entrepreneurial culture - asked me to create the GAM function, I accepted the challenge to enhance and cement relations with its prime accounts. A few years later, I manage a four-strong team that handles new corporate accounts and listings.

NEURONES has the ambition, the determination to excel, the willingness to give people a chance and the selective acquisitions that make it a real laboratory, where I can learn and progress every day, and cement a common future!"

- employees 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 bonus shares and stock options: ten 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 2011, the Group invested €4.9 million in its industrial facilities, mainly in its service centers and the cloud computing range (it invested in the datacenters in Nanterre, Nantes and Lyon, reserved additional dedicated space with two third-party hosting companies, and extended its service centers in Nanterre and Angers).

Active quality development:

- NEURONES is ISO 9001:2008 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

“NEURONES is a real laboratory, where I can learn and progress every day.”

Ikram
GAM | *Cross-functional Team*
With NEURONES since 2005

a listed company have expanded and enhanced the range of services and expertise available for its clients.

Markets and shareholders

Profit reinvestment:

- for a very long time (before the company was listed), profits were reinvested in full. Today, most of the profits are held in reserve so that the Group has the means to achieve its ambitions irrespective of trends on the financial markets, the economic situation or the role of banks.

Regular, transparent communications:

- the annual (audited) results are released within two months of the end of the financial year. The 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.

CHARTE DE LA diversité EN ENTREPRISE

A number of NEURONES business entities have signed up.

IMPRIM'VERT — Votre imprimeur agit pour l'environnement

Group literature is printed by eco-friendly service providers.

"Please consider the environment before printing this e-mail" appears in the signature of a growing number of NEURONES e-mails.

"NEURONES' innovation policy made it possible for me to have a non-standard, multi-disciplinary career path. Like the entity in which I've been working since 1999, I moved from a core business originally focused on IT security to Outsourcing in cloud computing.

Thirteen years ago, as a security engineer, I was among the very first French players asked to carry out network intrusion testing. I was later promoted Director of Operations for one of our corporate accounts, and am currently Director of an Outsourcing business for cloud computing and IT security, where I manage around 100 experts.

Today, the fact that I work for and own a stake in a fast-growing Group that uses innovation and mobility as its growth drivers means I can look forward to a future where there will always be new projects «in the clouds»!"

"NEURONES' innovation policy made it possible for me to have a non-standard, multi-disciplinary career path."

Christophe
Outsourcing Director | *Cloud Computing and Security*
With NEURONES since 1999

References
(extract)

Banking - Insurance
AVIVA
AXA
BNP-PARIBAS
BPCE
CHORÉGIE
CRÉDIT AGRICOLE
EULER HERMES
GENERALI
GROUPAMA
GROUPE MONTEPASCHI
HSBC
MALAKOFF-MÉDÉRIC
NYSE-EURONEXT
SOCIÉTÉ GÉNÉRALE
SWISSLIFE

Energy - Utilities - Healthcare
ABBOTT
APTAR PHARMA
BAYER
GDF-SUEZ
HOPITAL PARIS SAINT-JOSEPH
JOHNSON & JOHNSON
LFB
OCP
SAGESS
SANOFI-AVENTIS
SUEZ ENVIRONNEMENT
TOTAL
UGI CORPORATION
VEOLIA ENVIRONNEMENT

Services - Consumer goods
ACCOR
AUCHAN
CARLSON WAGONLIT TRAVEL
DANONE
EDENRED
GROUPE BEL
GROUPE ID
HEINEKEN
KURT SALMON
L'ORÉAL
LVMH
NESTLÉ
PAGES JAUNES
PRICEWATERHOUSECOOPERS

Industry - Public works & civil engineering
AIR LIQUIDE
BOUYGUES
EGIDE
EIFFAGE
ERAMET
JC DECAUX
LAFARGE
MERCEDES-BENZ
NEXANS
PLASTIC OMNIUM
RENAULT
SAFRAN
SAINT-GOBAIN
TREVES
VINCI

Public sector
ANDRA
CAISSE DES DÉPÔTS
CEA
DÉPARTEMENT DES HAUTS-DE-SEINE
EDF
FRANCE TELEVISIONS
IRSN
LA POSTE
MAIRIE DE PARIS
MINISTERE DE L'ÉDUCATION
MINISTERE DU TRAVAIL
PMU
RADIO FRANCE
RFF
SNCF

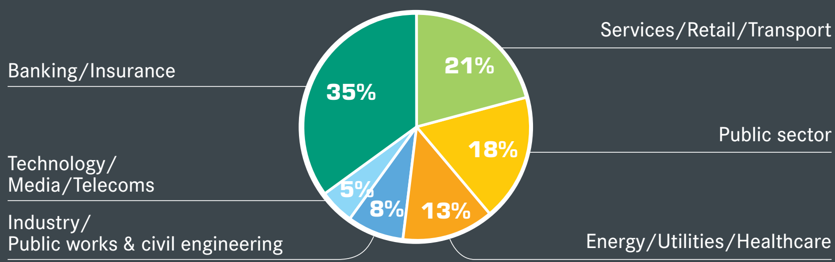
Technology – Media - Telecoms
BOUYGUES TELECOM
DASSAULT SYSTÈMES
FLAMMARION
GÉNÉRALE DE TÉLÉPHONE
MÉTROPOLE TÉLÉVISION
MONDADORI
NUMÉRICABLE-COMPLÉTEL
ORANGE
THE NEW YORK TIMES COMPANY
TOSHIBA
TÉLÉVISION SUISSE-ROMANDE
TV5 MONDE
VIVENDI
VODAFONE

In addition to some 1,000 groups, companies and public bodies of all sizes.

80%

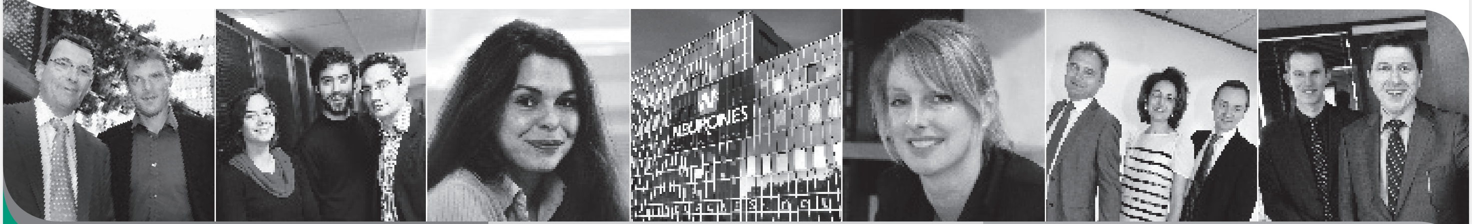
of CAC 40 companies place their trust in NEURONES

2011 REVENUE BREAKDOWN BY SECTOR



NEURONES

CONSULTING - INTEGRATION - OUTSOURCING



REFERENCE DOCUMENT 2011

Forward together...®

CONTENTS

1 NEURONES AND ITS SERVICES

1.1. GENERAL PRESENTATION

Identity and background

With close to 3,500 employees at the end of 2011, NEURONES is one of the top 15 IT consulting and services companies in the French market. In terms of market capitalization, it is one of the top 10 players listed on the Paris stock exchange:

	At December 31, 2011	Capitalization (in € millions)*	% change since 12/31/2010
1	Capgemini	3,761	-31%
2	Atos	2,833	+2%
3	Sopra Group	423	-38%
4	Steria	397	-32%
5	Bull	345	-6%
6	**NEURONES**	172	+6%
7	GFI Informatique	123	-24%
8	Sword Group	112	-47%
9	Devoteam	107	-48%
10	Solucom	89	-3%

* Excluding technology consulting companies: Alten (€587m), Altran (€405m), Assystem (€239m), Akka Technologies (€197m) and Ausy (€92m).

Created from scratch in 1985, the Group has experienced steady growth (averaging +17% per year over the past five years). Today two-thirds of its revenues are generated by internal growth.

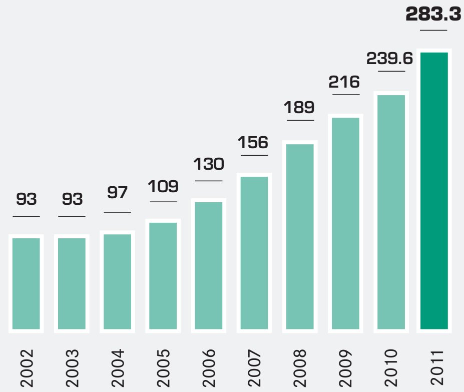
The Group was built by setting up dedicated subsidiaries for each business line, with their own technical know-how and using their own commercial brand. These entities were given the task of rapidly attaining a significant size in their field so that they could provide the best possible services, with controlled overheads. A cross-functional team coordinates the various 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.

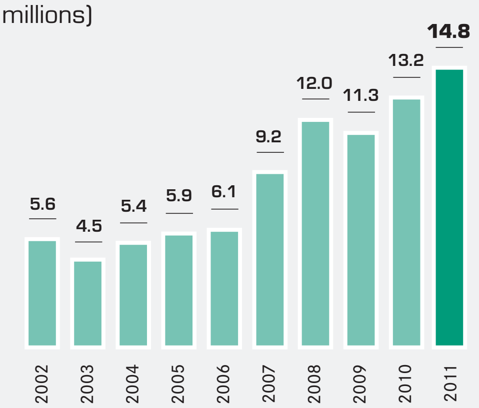
Since being listed in May 2000, the Group has made 17 acquisitions of various sizes, which now account for roughly one-third of its business.

Key figures

CONSOLIDATED REVENUES
(€ millions)



NET PROFIT - GROUP SHARE
(€ millions)



The trends in NEURONES' key figures over the past 10 years have been as follows:

(millions of euros)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues	92.6	92.7	97.1	108.9	130.0	156.0	189.3	216.4	239.6	**283.3**
Operating profit *	9.7	7.6	8.0	8.7	9.0	13.8	18.4	19.1	24.5	**26.3**
Operating margin	10.5%	8.2%	8.3%	8.0%	6.9%	8.9%	9.7%	8.8%	10.2%	**9.3%**
Net profit	6.0	4.8	5.7	6.3	6.6	9.9	13.0	12.8	14.9	**17.0**
Net margin	6.5%	5.2%	5.9%	5.8%	5.1%	6.3%	6.9%	5.9%,	6.2%	**6.0%**
Net profit – Group share	5.6	4.5	5.4	5.9	6.1	9.2	12.0	11.3,	13.2	**14.8**
Staff at year-end	1,169	1,141	1,284	1,424	1,787	2,054	2,455	2,665,	3,036	**3,471**

* IFRS accounting standards since 2004. The CVAE (Cotisation sur la Valeur Ajoutée des Entreprises, a contribution based on businesses' added value), totaling 1% of revenues, is classified as a tax from 2010 onwards. To obtain a series of comparable operating margins, it would be necessary to reduce the 2010 and 2011 figures by roughly 1% (to 9.2% and 8.3%).

1.2 BUSINESS OVERVIEW

Business segments

NEURONES operates in:

- IT services:
  - Infrastructures (73% of its 2011 revenues*),
  - Applications (20%*),
- Management consulting (7%*).

* 2011 contributory revenues.

There are three different types of service delivery:

- Fixed-price projects: 18%
- Technical support (on a time basis): 34%
- Outsourcing (multi-year contracts with guaranteed performance commitments): 48%

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 to be around 70%.

The Group's long-established IT services activities (93% of revenues) 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	Web (Java, .Net, open-source) e-business, intranets, portals, EAI, Business Intelligence (BI), SAP, content management (ECM), 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)

The relative revenue growth per business segment was as follows:

(millions of euros)	2011	% total revenues	2010	% total revenues	% total growth	% organic growth
Infrastructure services	207.1	73%	174.9	73%	+18.4%	+18.4%
pplication Services	55.4	20%	47.0	20%	+17.9%	+17.7%
Consulting	20.8	7%	17.7	7%	+17.5%	+17.5%
TOTAL REVENUES	283.3	100%	239.6	100%	+18.3%	+18.2%

NEURONES' workforce is based in France (3,431 employees at end-2011), with a small number of employees (40 at end-2011) in Tunisia. The workforce in France is split between the Paris region (93.6%) and the other regions (6.4%).

NEURONES' business is conducted in France, with occasional assignments abroad. The service center in Tunis performs services for a client base situated in France.

Cross-functional lines of services, total customer relationship management for corporate accounts

A cross-functional department was set up to fulfill two roles:

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

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

The rules governing relations between entities are recorded 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 managers 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 - Content management (ECM, EDM) and business process management (BPM) - 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 intra-group transactions (and not the company revenues of the companies 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 as part 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 undertakings 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 is in charge of its management.

For end-to-end projects, the Group may be led to provide software (system, antivirus, e-mail, etc.) and equipment (servers, switches, routers, etc.). This business is regarded as marginal in terms of added value.

The fixed-price integration department provides project management services for major projects. This is a sure differentiator.

System and network operations include 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). In technical terms, the scope of service is typically as follows: workstations, local and remote servers (proxy servers and company servers) and active elements (switches, routers, etc.).

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

KEY FIGURES

(millions of euros)	2011	2010	11/10
TOTAL REVENUES	67.7	54.5	+24%

Service desk, workstation outsourcing

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

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

The service desk is, first and foremost, about providing support and customer relationship management, 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 profession-specific (the hotel industry, car dealerships, the travel industry, medical 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.

NEURONES' service desk operations enjoy recognized leadership in France.

KEY FIGURES

(millions of euros)	2011	2010	11/10
REVENUES	81.6	73.9	+10%

Server and application outsourcing in cloud computing mode, and IT security

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

The remote operation center runs on a 24/7 basis. It makes it possible to increase productivity by pooling certain resources, such as supervision, database administrators, specialists in ERP operation (SAP BC profiles), security experts available at any time, 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 used for 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). This private cloud offer has been adopted by around 90 clients and represents a volume of 1,800 servers and 400 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 than ever before, which has made them more vulnerable, with e-mail, systematic Internet connections, interconnections between a company's headquarters, its agencies, clients, suppliers and partners, and the growing prevalence of remote access from laptop computers or handheld devices (staff who work away from base or log in from home, etc.).

The security business embraces two complementary missions:
- qualification: audits and intrusion testing,
- consulting: defining security policy and plans.

KEY FIGURES

(millions of euros)	2011	2010	11/10
REVENUES	20.8	16.3	+28%

IT operations

IT operations consist in managing the processing performed by line-of-business applications installed on company servers and using database management systems (DBMSs such as Oracle, SQL Server, Sybase, etc.). It draws on a variety of profiles, including operators, operations analysts (support, management, preparation), production engineers, systems engineers and production 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 now 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

(millions of euros)	2011	2010	11/10
REVENUES	28.4	24.8	+15%

IT Service Management, IT Governance

The areas covered include managing services and assets for an IT department (IT Service Management - ITSM - see Glossary), 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 authorities (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

(millions of euros)	2011	2010	11/10
REVENUES	8.6	5.4	+59%

Core businesses of the Application Services segment

Web and BI

New technology application development can be broken down into five areas:
- 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

(millions of euros)	2011	2010	11/10
REVENUES	12.7	13.2	-4%

IT consulting for finance

This "market finance" entity advises corporate and investment banks for what is commonly referred to as their trading activities (shares and derivatives, rates, credit, exchange and raw materials). It provides expertise in assistance to contracting authorities, architecture and project management for information system projects in the various 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).

KEY FIGURES

(millions of euros)	2011	2010	11/10
REVENUES	13.6	9.0	+51%

SAP integration and outsourcing

ERP (see Glossary) is the main software package used by major organizations. SAP is the leader on the ERP market.

SAP activities can be broken down as follows:
- Integration: project managers and consultants (functional and technical) implement a parameterized SAP solution for service and retail businesses. They also produce 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

(millions of euros)	2011	2010	11/10
REVENUES	10.3	7.4	+39%

Content management (ECM, EDM) and business process management (BPM)

Content management (ECM): this field addresses the management of unstructured information in electronic form (letters, contracts, invoices, e-mails, miscellaneous electronic documents, photos, films and so on) as opposed to already structured information in databases.

More specifically, it embraces the management and formatting of the huge amounts of content published on company websites (Intranet, Extranet and Internet sites): this is known as web content management (WCM).

ECM also includes electronic document management (EDM) applications, which are used to capture, classify, store, archive and distribute scanned documents such as bank statements, telephone and electricity bills, etc.

Business process management (BPM) is a set of methods and application tools that optimize and automate a business's work processes.

ECM and BPM (see Glossary) converge when the workflows concern case handling (losses, subscription, etc.) and document circulation.

With the steep increase in paperless incoming mail (letters) and outgoing mail (statements, invoices), and the proliferation of unstructured data, these ECM/BPM applications today make up a sizable application family, in the same way as ERP, CRM or SCM applications.

An ECM specialist joined the Group in late 2011: a preferred partner of IBM Filenet in France. The arrival of this specialist reinforces the Group's ECM/ BPM business, already represented by a BPM specialist and partner of Tibco Software, Software AG, EMC Documentum, Microsoft Sharepoint, Alfresco, etc.

The revenue figure shown below does not include the new entity's revenues (€5.4m in 2011), which will be consolidated only from January 2012 onwards.

KEY FIGURES

(millions of euros)	2011	2010	11/10
REVENUES	8.8	8.7	+1 %

IT training and change management

This business segment includes consulting services for the organization of training plans (educational engineering, management of training plans and curricula), the actual production of training courses (classroom sessions, distance learning, e-learning, etc.), the design and coordination of "IT boutiques" or "IT counters" on client sites, and lastly guidance and support during rollouts of office software such as Windows 7 or ERP solutions.

One of the most buoyant segments of this business consists in providing guidance and support for the introduction 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 2011, the unit as a whole delivered roughly 100,000 trainee days.

KEY FIGURES

(millions of euros)	2011	2010	11/10
REVENUES	10.0	8.7	+15%

Outsourcing

For recurrent operations, the business line entities have two distinct types of response: stand-alone Technical Support, with no project management, 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 a single entity. When the contract includes a number of services, a dedicated service delivery manager is appointed. The latter is part of 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 successful 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 number of tickets was routinely cut 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-2011, 140 Outsourcing contracts were in progress (in addition to 90 cloud computing contracts and 50 contracts for TPAM alone). Around 1,400 people - nearly half of the Group's staff - are engaged in carrying them out.

In a drive to industrialize, an ever-growing percentage of the business is generated by the five types of shared service centers:
- four service desks staffed by a total of 700 employees in Nanterre, Ivry-sur-Seine, Angers and Tunis,
- two remote workstation management platforms (Experteam® and CSP) staffed by 20 employees: cloning, packaging, remote software distribution,
- two remote operation centers for servers and applications (Osmose® and CSI), staffed by 150 employees,
- five private cloud (Iode®) hosting centers in Nanterre, Lyon and Nantes, and reserved areas with partner third-party hosters,
- one 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 onsite teams.

When used under an Outsourcing contract, service centers become part of end-to-end, 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 properly 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 observed in this business segment 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 "end-to-end 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 project management,
- possession of a variety of service centers (which necessarily entails substantial financial investments),
- 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 purchasing departments, 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 segment

Management and organization consulting

The management and organization consulting segment is directed by partners in major international firms. At end-2011, it had a staff of 130 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.

(millions of euros)	2011	2010	11/10
REVENUES	20.8	17.7	+17%

Financial information per business segment

To form the operating profit (shown as OpP in the table below) of €26.3 million in 2011, the various business segments made the following contributions:

(millions of euros)	OpP in 2011	OpP as % of revenues	OpP in 2010	OpP as % of revenues
Infrastructure services	17.4	8.4%	17.8	10.2%
Application Services	6.2	11.3%	4.4	9.3%
Management consulting	2.7	12.9%	2.3	13.4%
TOTAL	26.3	9.3%	24.5	10.2%

In 2011, as in 2010, the CVAE was entered as a tax.

Operating rate

The operating rate is defined as the ratio between the time allocated to clients' projects and the time 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 consulting and 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 technical resources.

Partners

An impartial specifying policy

Right from the outset, 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.

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 Partner - IBM Software Lotus - Citrix Gold Partner Solution Advisor - Cisco Partner Silver Certified - CA Gold Partner - HP Software Gold Business Partner - Oracle Gold Partner - VMware Service Provider - Barracuda Diamond Partner - IP Label Gold Certified Partner - Centreon Silver Partner - Riverbed Gold Partner - IronPort Gold Partner - Prim'X Partner - Fortinet Silver Partner - Kaspersky Certified Partner - PaloAlto Networks Silver Partner - LANDesk Silver Certified - Wyse Premier Partner.

Server and application outsourcing in cloud computing mode, IT security:
Citrix Gold Partner Solution Advisor - Microsoft Silver Certified Partner - Oracle Gold Partner - VMware vCloud Powered - IBM Business Partner - Qualys.

Service desk/Telephony/CTI:
Microsoft Gold Certified Partner - BMC Solution Partner - EMC - Aladdin - Aruba - Atempo - BDNA - Brocade - Commvault - Compuware - Consentry - Datacore - Dell Equallogic - Druva - Efficient IP - F5 - Iron Mountain - Juniper Networks - Novell - Opnet - Symantec - Tools4ever - Utimaco - Veeam.

ERP, CRM, BPM, EDM:
SAP Business Partner - Microsoft Dynamics CRM ISV - Tibco Software Open Solution - IBM FileNet - BonitaSoft Open Solution - Oracle/Siebel/PeopleSoft - Microsoft BizTalk - Open Text Global 360 - Avid - Sony - Alfresco.

Internet consulting & development, Portals:
Microsoft Silver Partner Software Development - J2EE - LAMP - IBM WebSphere Portal - eXoPlatform - CMS - Institut Agile – Qlikview.

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

Groupware – Unified communications:
IBM Software ValueNet Certified Support Provider Niveau 1 - IBM Software ValueNet Certified Partner on FileNet & Datacap - Microsoft Silver Partner Portal & Collaboration - Microsoft Office Sharepoint Server.

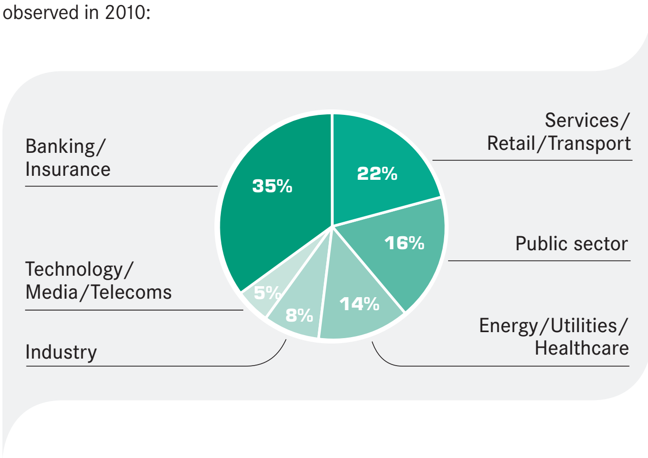
Mobility:
Développement iPhone.

Training:
Microsoft Gold Learning Partner - IBM Training Partner - Oracle Training Partner - SAP End-user Education - Cisco - Citrix - VMware – Oracle - Lotus – IBM – HP.

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 €8 million per year).

In 2011, the industry breakdown of the Group's revenues is similar to that observed in 2010:



In 2011, the share of total revenues generated by major clients is on the rise:

(millions of euros)	2007	2008	2009	2010	2011
Top 20 clients					
- Value	79.1	96.2	109.3	128.9	160.6
- As % of consolidated revenues	50.7%	50.8%	50.5%	53.8%	56.7%
Top 10 clients					
- Value	54.4	67.2	77.7	96.3	119.3
- As % of consolidated revenues	34.9%	35.5%	35.9%	40.2%	42.1%
Top 5 clients					
- Value	36.6	46.9	55.4	70.0	86.4
- As % of consolidated revenues	23.5%	24.8%	25.6%	29.2%	30.5%
Share of the no. 1 client					
- Value	13.1	17.9	19.9	25.9	30.8
- As % of consolidated revenues	8.4%	9.4%	9.2%	10.8%	10.9%

In 2011, as in previous years, the number one client is a major group whose many decision centers order services independently of each other and with different Group entities.

All told, 80% of NEURONES' client base (i.e. 32 of the 40 clients) are CAC 40 groups.

In 2011, the top 20 clients (in alphabetical order) were: Accor, Axa, BNP-Paribas, BPCE, Crédit Agricole, Bouygues, Caisse des Dépôts et Consignations, CEA, Danone, EDF, Eiffage, GDF Suez, L'Oréal, LVMH, RFF, Safran, Saint-Gobain, Sanofi, Société Générale and Veolia Environnement.

At December 31, 2011, after a temporary improvement created by the French government's LME Act (imposing shorter B2B payment terms), year-end accounts receivable represented 87 days' revenues:

2007	2008	2009	2010	2011
79 days	78 days	73 days	75 days	87 days

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

Subcontracting

Upstream subcontracting

A small portion of the revenues (roughly 2.5% in 2011 as against 3% in 2010) 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:

2007	2008	2009	2010	2011
13.8%	13.3%	11.6%	14.2%	14.4%

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 lines of services.

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 380,000 people in France and is expected to generate estimated revenues of around €41.1 billion in 2011. 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	€23.5 billion
Technology consulting	€5.6 billion
Software publishing	€12 billion
TOTAL	€41.1 billion

(Source: Syntec Numérique 2011).

According to various analysts and forecasters, the 2011 software and IT services market in France grew by 3.5% (November 2011), with quite marked disparities. The growth forecast for 2012 is a mere +1%, roughly comparable across all three business segments:

French market	2011 growth	2012 growth
IT consulting and services	+2.7%	+0.9%
Technology consulting	+7%	+1.2%
Software publishing	+3.8%	+1.1%
TOTAL	+3.5%	+1%

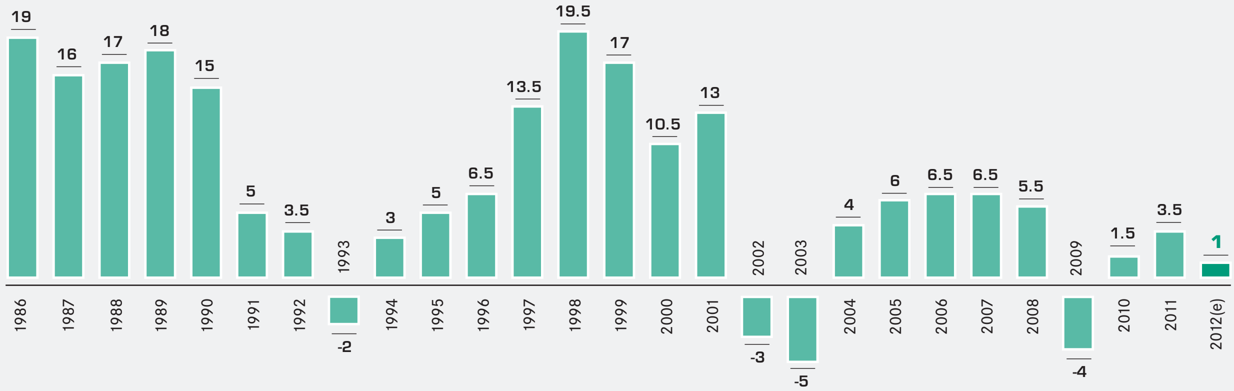
(Source: Syntec Numérique estimates - November 2011).

In 2012, the most buoyant client sectors are expected to be transport, utilities and services. Despite unfavorable conditions, the banking and insurance sector should remain stable. The same cannot be said for industry and the public sector, where investments are down.

IT services companies and software vendors are expected to continue upgrading their lines of services (cloud computing, IaaS, PaaS, SaaS, etc.) and their service delivery models (shared service centers, etc.).

The main drivers behind the upswing would still be: outsourcing and streamlining 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 (1990-2012) – Source: Syntec Numérique



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 different 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 companies' in-house solutions.

Server outsourcing in cloud computing mode, IT security

The market players are small and the competition very fragmented, especially in the security business. The Group is not involved in public cloud computing.

Infrastructure outsourcing

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

Applications development, SAP integration and outsourcing, ECM/BPM

Competitors are either specialized, small to medium-sized IT services companies or specialized departments of large IT services companies.

IT consulting for finance

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

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

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).

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, 2011, cash-generating (or "productive") staff made up over 90% of the total workforce:

2007	2008	2009	2010	2011
88.3 %	87.8%	89.6%	90.6%	90.1%

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 department 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 15 senior managers, most of whom are shareholders in the entity they manage or which they set up, and also shareholders in the Group.

Sales organization

The sales organization has two levels:
- the sales forces, which are specialized by type of service and by clients' 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 certain corporate accounts. In the Group-wide department, the overall account manager coordinates the work of the various entities' sales engineers and carries out consolidated reporting for clients.

Marketing and communication organization

The marketing and communications cell reports to the general management. It designs and deploys operational marketing initiatives to support sales forces, as well as profile-raising 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 own Intranets.

For projects involving several lines of business, quality processes provide for technical project managers to meet during the pre-contractual phase and for the proposal review and 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 are 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 acquisitions,
- 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 via 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 certified (design/build and operation of systems and networks, IT operations, the service desk and remote workstation management), along with the training operations. Together they represent 80% of the Group.

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

1.6. HUMAN RESOURCES

Over 98.5% 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 recruitments over time (on average, one person is recruited for every 25 applications examined).

The number of new recruits has evolved as follows:

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
200	200	400	470	670	820	990	700	1,100	1,400

Stock option and bonus share plans

Six stock option plans and four bonus share plans 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 plans 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 Hypervision) that can be accessed 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 (7,000 days in 2011 compared with 6,900 days in 2010 and 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 is encouraged to sit for these qualifying exams.

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 services company.

Favorable average age

The average age of our team members worked out at 33.9 years at end-2011 (compared with 33.5 years at end-2010).

Staffing levels and turnover

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

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1,169	1,141	1,284	1,424	1,787	2,054	2,455	2,665	3,036	3,471

Turnover (the number of voluntary staff departures during the year compared with the average number of employees for the year) was higher than in 2010:

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
15%	11%	10%	15%	18%	20%	21%	10%	12%	16%

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. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY, SUSTAINABLE DEVELOPMENT

The Group has set up a system of corporate social responsibility (CSR) management: it entails a commitment on the part of senior management and addresses the distribution of roles and responsibilities, the introduction of indicators, the definition of action plans, the measurement of progress, and evaluation.

Diversity, equal opportunity and working conditions

In all, 7.9% of the staff are non-French nationals, from 46 different nationalities. Three Group entities have signed the Diversity Charter. Two entities have joined the Global Compact.

At end-2011, 54 young people were working under a professionalization contract and 18 were doing an apprenticeship. We received 50 people doing internships in 2011.

Although women are not well represented in engineering schools' IT courses, they make up 16.3% of the Group's workforce. The salaries earned by men and women in the Group's two largest companies 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 the other NEURONES entities.

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 3.55% of the workforce.

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

Indicator (000s)	2011
Purchases from	14

* Businesses and establishments specifically set up to work with disabled staff.

Group community involvement

The Group performs services free of charge for UNICEF and Croix Rouge (the French Red Cross). It has signed a "Town Council-Company" charter with the municipality of Nanterre. It also encourages initiatives by staff who want to get involved in their local community or the voluntary sector, giving of their time or creativity.

Indicator (000s)	2011
Budget devoted to partnerships and sponsorships	35

Environmental policy

Given the nature of its core businesses, NEURONES' operations have only marginal impact on the environment. However, 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 Eco2 company cars, which emit less than 120g of CO_2 per kilometer.

Indicators	2011	GRI*
Energy consumption per m² and per year (excluding datacenters)	130kWh/m²	EN3
Quantity of paper used per m² and per year	710g/m²	
% of employees using public transport to commute to work	54.2%	

* Global Reporting Initiative: globally-applicable reporting guidelines.

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

Repurchase agreements have been signed with the minority shareholders of three Group companies. The repurchase prices are indexed on the operating profits of the companies concerned. These agreements do not therefore represent any significant risk, especially considering 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 consultants, 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 manager leaving the company is attenuated by the Group's very decentralized management and involvement in capital-sharing and bonus share plans.

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 (project management, 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 technological breakthroughs, 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 lines of services 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 10.9% of the 2011 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.

The risk of non-payment is covered, when necessary, 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 projects in IT services 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 there is a risk of off-target performance and it can take on significant proportions. A maximum commitment is set per batch. When a project is too big, it is broken down into batches.

Stringent technical and legal checks are made during the pre-sale phase (and must be approved by an authorized person). In all of the entities 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 ruled out, 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 2011 (40% of the services performed offshore by French IT services companies are produced in India). Application development and

TPMA, which represent only a small percentage of the Group's revenues, are most affected by this trend. Certain project phases are said to be easier to perform 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 now nearshoring in Tunis.

Risks associated with external growth operations

In its future external growth operations, as in the past, the Group will select medium-sized companies 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 managers 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 managers 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 (material damage and pure financial loss),
- 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),
- directors and officers 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:
- 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 innovative or complementary consulting firms and IT services companies. 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 profitable 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 (94% of employees), 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 project management;
- maintain a sufficient number of fixed-price teams: to be able to provide a relevant, 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 project management. 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 basic 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 & 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 2011, for an overall amount of 2% of the Group's operating profit.

Financial investments

Seventeen acquisitions have been made over 11 financial years (since the Group was listed on the stock exchange in 2000), for a total disbursement of €40 million at December 31, 2011 (net of the acquired companies' cash and cash equivalents). To date, these investments have been almost entirely financed by free cash flows generated by the Group's operations over the same period (€92.4 million), as shown in the simplified cash flow statement below:

(millions of euros)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	TOTAL
Net profit	3.7	5.4	5.9	4.9	5	6.3	6.6	9.9	13	12.8	14.9	17.0	105.4
Amortization/Depreciation and provisions	1.1	1.3	1.9	1.9	1.6	1.1	3	3.3	3.1	4.1	3.9	2.8	29.1
CASH FLOW	4.8	6.7	7.8	6.8	6.6	7.4	9.6	13.2	16.1	16.9	18.8	19.8	134.5
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)	(10.0)	(17.5)
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)	(4.7)	(22.9)
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	5.1	94.1
Net financial investments	(8.8)	-	(3.8)	(2.1)	(0.8)	(1.0)	(2.9)	(2.8)	(14.2)	(3.9)	(2.8)	2.9	(40.2)
Capital increase	29.9	-	-	-	0.2	0.8	0.3	0.5	0.1	0.3	0.4	1.1	33.6
Other items	(0.1)	(0.2)	-	-	-	(1.2)	(1.5)	(1.5)	(4.4)	(2.6)	(1.7)	(2.4)	(15.6)
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	+6.7	+71.9
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	75.1	-

Net industrial investments

Industrial investments have risen significantly to €4.7 million (as against €2.8 million in 2010). The Group is investing more in its data centers and service centers. These investments naturally go towards buying computer hardware and software, fitting out the premises and providing company cars.

In 2011, these investments were financed by the available cash and cash equivalents. The Group leases all of the premises it uses (16,300 sq. m at January 1, 2012) from external owners who have no connection whatsoever with shareholders in NEURONES or in its subsidiaries.

1.10. RECENT DEVELOPMENTS AND OUTLOOK

Quarterly growth and operating profit

NEURONES recorded 18.3% internal growth in 2011, broken down as follows:

(millions of euros)	T1	T2	T3	T4	2011
2011 revenues	66.9	73.2	66.8	76.4	283.3
Year-on-year change	+17.6%	+24.8%	+15.0%	+15.9%	+18.3%
of which % organic growth (like-for-like basis)	*+17.4%*	*+24.6%*	*+14.9%*	*+15.9%*	*+18.2%*
Operating profit*	8.1%	9.8%	9.5%	9.6%	9.3%

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

2012 forecasts

When it met with financial analysts on March 8, 2012, NEURONES said it had not observed any slackening at the beginning of 2012. It was also pointed out that, for 2012, the Group was enjoying "embedded" growth. The elections in France will probably create a wait-and-see climate. Additionally, the element of uncertainty associated with macroeconomic events (sovereign debts, future of the Euro zone, etc.) seems to be more consequential than in previous years.

During this presentation, Neurones reported the favorable and unfavorable factors that might affect the market and the company in 2012.

Favorable factors:
- the market is expected to remain propitious for outsourcing and transformation projects,
- specialized, mobile entities with controlled costs, operating in a variety of sectors,
- a favorable age pyramid and production costs,
- it may be a favorable context for mergers and partnerships (3,800 IT services companies with 10+ employees, 600 outsourced R&D companies).

Unfavorable factors:
- the macroeconomic (and financial) climate is not good for business,
- the business sector has become more industrial and more buyer-focused,
- "embedded" low prices and difficulty raising outsourcing prices,
- few quality "targets" that create value.

NEURONES' estimates for 2012 will be announced, as usual, when it posts its first-quarter revenues (May 3, 2012).

Provisional calendar of financial events

Shareholders' Meeting:
- June 7, 2012.

Revenue announcements*:
- May 3, 2012 (1st quarter 2012),
- August 2, 2012 (1st half 2012),
- November 15, 2012 (3rd quarter 2012).

Profit announcements*:
- September 20, 2012 (1st half 2012).

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

2 CONSOLIDATED FINANCIAL STATEMENTS

2.1. CONSOLIDATED FINANCIAL SITUATION (AT DECEMBER 31, 2011)

ASSETS (€000s)	Notes	31/12/2011	31/12/2010
NON-CURRENT ASSETS			
Intangible assets	Note 1 / Note 2	36,626	34,815
Tangible assets	Note 3	5,649	4,163
Financial assets	Note 4	2,070	1,765
Other financial assets valued at fair value	Note 4	-	2,667
Deferred tax credits	Note 5	1,929	1,497
TOTAL NON-CURRENT ASSETS		46,274	44,906
CURRENT ASSETS			
Inventory	Note 6	379	134
Deferred tax credits due		2,444	812
Trade accounts and notes receivable	Note 7	100,876	75,501
Cash and cash equivalents	Note 8	75,493	68,609
TOTAL CURRENT ASSETS		179,192	145,057
TOTAL ASSETS		225,466	189,963

SHAREHOLDERS' EQUITY AND LIABILITIES (€000s)	Notes	12/31/2011	12/31/2010
SHAREHOLDERS' EQUITY			
Capital		9,449	9,424
Additional paid-in capital		30,986	30,732
Consolidated reserves and profits		88,971	74,058
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	Note 9	129,406	114,215
Minority equity investments		9,721	7,111
SHAREHOLDERS' EQUITY		139,127	121,327
NON-CURRENT LIABILITIES			
Non-current provisions	Note 10	309	406
Non-current financial liabilities	Note 11	-	39
Other non-current liabilities	Note 12	-	-
Deferred tax liabilities	Note 5	-	-
TOTAL NON-CURRENT LIABILITIES		309	445
CURRENT LIABILITIES			
Current provisions	Note 13	694	945
Taxes due		1,822	1,457
Trade and other accounts payable	Note 14	83,068	65,476
Current financial liabilities and bank overdrafts	Note 15	446	313
TOTAL CURRENT LIABILITIES		86,030	68,192
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		225,466	189,963

2.2. CONSOLIDATED INCOME STATEMENT (FOR THE YEAR ENDED DECEMBER 31, 2011)

(€000s)	Notes	2011	2010
Sales of goods		13,177	7,131
Sales of services		270,134	232,437
REVENUES		283,311	239,568
Purchases consumed		(11,229)	(5,778)
Salaries and related expenses	*Note 16*	(179,211)	(154,788)
External expenses	*Note 17*	(58,883)	(49,003)
Taxes and duties		(5,296)	(4,198)
Allocations to amortization and depreciation	*Note 18*	(3,069)	(2,605)
Allocations to provisions	*Note 18*	(120)	(615)
Asset impairment	*Note 18*	(14)	(61)
Other income	*Note 19*	771	1,868
Other expenses	*Note 19*	(158)	(196)
Other operating income	*Note 20*	12	421
Other operating expenses	*Note 20*	180	(65)
OPERATING PROFIT		26,294	24,547
% OF REVENUES		9.3%	10.2%
Financial income		2,556	748
Financial expenses		(64)	(37)
Net financial profit	*Note 21*	2,492	711
PRETAX PROFIT		28,786	25,258
% OF REVENUES		10.2%	10.5%
Income tax	*Notes 22/23*	(11,747)	(10,320)
PROFIT FOR THE PERIOD FROM ONGOING ACTIVITIES		17,039	14,938
% OF REVENUES		6.0%	6.2%
PROFIT FOR THE YEAR		**17,039**	**14,938**
Including:			
Profit attributable to parent company shareholders (Group share)		**14,799**	**13,192**
Profit attributable to minority equity investments		**2,240**	**1,746**
Undiluted earnings per share (Group share) – in euros		*0.63*	*0.57*
Number of shares*		*23,606,046*	*23,286,861*
Diluted earnings per share (Group share) – in euros		*0.62*	*0.56*
Nombre d'actions*, stocNumber of shares*, stock options & exercisable bonus shares allocated		*23,999,249*	*23,701,440*

* Number of shares weighted over the period.

2.3. OTHER CONSOLIDATED FINANCIAL ITEMS

Statement of consolidated comprehensive income for the year ended December 31, 2011

(€000s)	12/31/2011	12/31/2010
Profit for the year	**17,039**	**14,938**
Translation adjustments – activities abroad	1	
Other items in comprehensive income	1	-
Comprehensive income	17,040	14,938
Including:		
• share attributable to parent company shareholders (Group share)	14,800	13,192
• share attributable to minority equity investments	2,240	1,746

Consolidated statement of cash flows for the year ended December 31, 2011

(€000s)	12/31/2011	12/31/2010
Consolidated profit before minority interests	**17,039**	**14,938**
Elimination of non-monetary items:		
• Net allocations to amortization and provisions	2,728	3,153
• Expenses / (Income) related to stock options and similar items	802	847
• Effect of discounting receivables and debts maturing in more than one year	194	144
• Capital losses / (gains) from disposals, net of tax	(961)	5
• Capital losses / (gains) from disposals of consolidated securities, net of tax	-	-
Cash flow from operating activities after net financial income and tax	**19,802**	**19,087**
• Net financial income	(1,543)	(711)
• Tax	11,747	10,320
Cash flow from operating activities before net financial income and tax	**30,006**	**28,696**
Cash variation in:		
• Working capital requirement for operations	(8,499)	(5,171)
• Corporate tax	(13,210)	(8,738)
CASH FLOW FROM OPERATIONAL ACTIVITIES (2)	8,297	14,787
Acquisitions of intangible and tangible assets	(4,889)	(2,817)
Disposals of fixed assets, net of tax	149	44
Proceeds from sales of financial assets	3,802	66
Acquisition of financial assets	(646)	(686)
Acquisition of companies minus the acquired cash and cash equivalents	(298)	(245)
Securities bought from minority shareholders of subsidiaries	-	(2,075)
Subscriptions to capital increases by minority interests of subsidiaries	794	-
Disposal of consolidated securities, net of tax	48	102
CASH FLOW FROM INVESTMENT ACTIVITIES	(1,040)	(5,611)
Capital increase – sums received from the exercise of stock options	278	364
Company buy-back and sale of its own securities	-	279
Dividends paid to parent company shareholders	(1,417)	(1,628)
Dividends paid to minorities of subsidiaries	(869)	(289)
New loans	1	78
Loan repayments	(157)	(87)
Net financial interest	1,543	711
CASH FLOW FROM FINANCING ACTIVITIES	(621)	(572)
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,636	8,604
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	68,417	59,813
EFFECT OF EXCHANGE VARIATIONS ON CASH AND CASH EQUIVALENTS	(2)	
CASH AND CASH EQUIVALENTS AT CLOSING	75,051	68,417

The settlement of the acquisition cost of companies acquired concerns the amounts disbursed in 2011 for the Novactor and Arondor acquisitions and the additional cost for Eliance.

Statement of changes in consolidated shareholders' equity (for the year ended December 31, 2011)

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 12/31/2009	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	-	-	-	-	-	13,192	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
• Bonus shares delivered	-	-	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
Movements for FY 2011									
- Consolidated profit for the year	-	-	-	-	-	14,799	14,799	2,240	17,039
Translation adjustment			1				1	-	1
- Total of other items in comprehensive income			1				1	-	1
Comprehensive income	-	-	*1*	-	-	*14,799*	*14,800*	*2,240*	*17,040*
• IFRS 2 restatements - stock options & bonus shares	-	-	-	802	-	-	802	-	802
• Capital transactions (Exercise of stock options)	25	254	-	-	-	-	279	-	279
• Sale of treasury shares	-	-	(649)	-	990	-	341	-	341
• Allocation of 2010 profit	-	-	14,039	(847)		(13,192)	-	-	-
• Dividends paid by the parent company (€0.06 per share)	-	-	(1,417)	-	-	-	(1,417)	-	(1,417)
• Change in scope	-	-	386	-	-	-	386	1,198	1,584
Total transactions with shareholders recognized directly in shareholders' equity	*25*	*254*	*12,359*	*45*	*990*	*(13,192)*	*391*	*1,198*	*1,589*
- Minorities' share in subsidiaries' dividend distributions	-	-	-	-	-	-	-	(828)	(828)
SHAREHOLDERS' EQUITY AT 12/31/2011	9,449	30,986	73,370,	802	0	14,799	129,406	9,721	139,127

* 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).

*** Including exchange provision (1 thousand euros in 2011).

2.4. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY IDENTIFICATION

NEURONES is a public limited company, whose head office is located at 205, avenue 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 8, 2012, the Board of Directors closed the 2011 consolidated financial statements presented in this document, to be presented for approval at the Shareholders Meeting of June 7, 2012.

NEURONES' consolidated financial statements for the year ended December 31, 2011 include the company and its subsidiaries (together referred to as the "Group") and the share in Affiliates or companies under joint control.

3. DECLARATION OF COMPLIANCE

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

4. ACCOUNTING PRINCIPLES

The accounting methods presented below have been applied consistently for all periods shown in the consolidated financial statements. They are identical to the accounting methods used in the financial statements at December 31, 2010.

The accounting methods were applied uniformly by Group entities.

4.1. Basis for preparing the consolidated financial statements

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

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

4.2. Use of estimates

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

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

The estimates and underlying assumptions are reexamined continuously. The impact of changes in accounting estimates is recognized during the period of change if it only affects this period, or during the period of change and subsequent periods, if they too are affected by the change. At the year-end closing, NEURONES did not foresee any changes in the key assumptions used or sources of uncertainty that would present a major risk of leading to a significant adjustment in the amounts of assets and/or liabilities during the following period.

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

4.3. Consolidation methods

Subsidiaries

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

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

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

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

Affiliates and associates

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

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

Joint ventures

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

Transactions eliminated in the financial statements

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

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

At December 31, 2011, all companies included in the scope of consolidation were subsidiaries. Subsidiaries' accounting principles have been modified to ensure homogeneity with the Group's accounting methods.

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

4.4. Intangible assets

Business combinations and goodwill

For the acquisitions completed since January 1, 2010, the Group values the goodwill as:
- the fair value of the consideration transferred,
- plus the amount recognized for any non-controlling investment in the acquired company,
- plus, if the business combination is done in phases, the fair value of any prior stake in the acquired company,
- less the net amount recognized (generally at fair value) for identifiable acquired assets and assumed liabilities.

When the difference is negative, a bargain purchase profit is recognized immediately in income.

Since January 1, 2010, the method for determining the fair value of the consideration transferred is as follows:
- the consideration transferred excludes the amounts related to the payment of pre-existing relationships and compensation for employees or former owners for future services,
- Acquisition- related costs that the Group incurs, other than those related to a debt or share issue are expensed when they are incurred,
- any potential consideration due is recognized at its fair value at the acquisition date. The potential consideration that was recorded in shareholders' equity is not restated and its payment is recognized in shareholders' equity. On the other hand, for potential consideration recorded as debt, subsequent variations in its fair value are recognized in profit or loss.

For the acquisitions completed between January 1, 2004 and January 1, 2010, the goodwill represents the difference between the acquisition cost and the Group's interest in the assets, liabilities and identifiable contingent liabilities acquired. When a company enters the scope of consolidation, its assets, liabilities and identifiable contingent liabilities are entered on the consolidated balance sheet at their fair value and valued according to the Group's accounting principles.

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

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

Contracts and contractual customer relationships

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

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

4.5. Other intangible assets

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

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

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

4.6. Tangible assets

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

The Group has not opted to use the revaluation method for its assets. Loan costs are excluded from the cost of fixed assets pursuant to IAS 23.

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

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

Case of business leases and long-term finance leases

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

4.7. Impairment of fixed assets

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

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

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

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

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

Tangible and intangible assets with a definite useful life

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

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

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

Main criteria used to apply the DCF method of valuation

- the discount rate used is 7.87% after tax compared to 10.4% at December 31, 2010, based on the risk-free rate, the risk premium and the beta. This decrease is explained by the revaluation of the company’s effective beta.
- the length of the explicit period is 5 years,
- the growth assumptions retained for revenues, operating margin, working capital requirements and capital expenditures are specific to each company, based on their size and business sector.

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

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

4.8. Financial assets

Non-consolidated securities

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

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

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

Financial assets at fair value through the income statement

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

Other financial assets

The other financial assets that mature in more than one year and do not earn interest are initially recognized at fair value, plus the directly attributable transaction costs. After the initial recognition, they are valued at amortized cost calculated according to the effective interest rate less any impairment.

The interest rate used was 5%.

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

4.9. Deferred taxes

Pursuant to IAS 12, deferred taxes are recognized in the income statement and the balance sheet to account for the time lag between the book values and tax bases of certain assets and liabilities, except for the following items:
- goodwill
- time lag related to investments provided they will not inverse in the foreseeable future.

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

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

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

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

Since the year ended December 31, 2010, the Contribution to Companies’ Value Added falls within the scope of IAS 12.

4.10. Inventory

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

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

4.11. Receivables

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

4.12. Cash and cash equivalents

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

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

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

Variances in fair value are recorded in profit/(loss) for the period under the “Financial income” category.

4.13. Treasury shares

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

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

4.14. Share-based compensation

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

4.15. Employee benefits

Defined benefits plan: provision for retirement benefits

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

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

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

4.16. Other personnel commitments

Rewards for long service

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

4.17. Provisions

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

Non-current provisions are discounted when the effect is significant.

4.18. Financial liabilities

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

The other financial liabilities correspond primarily to bank overdrafts.

4.19. Other non-current liabilities

No non-current liabilities were identified at December 31, 2011.

4.20. Trade and other accounts payable

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

4.21. Recognition of "service" revenues

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

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

Fixed-price projects

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

Annual or long-term contracts

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

Services sold in the form of spendable checks

Some Group companies pre-sell checks for services, which represent days of service by engineers, developers, technicians or trainers. Revenues in the form of spendable checks are recorded as the services are provided and therefore as the checks are used.

Unused checks are recorded as prepaid income.

Long-term perennial outsourcing contracts

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

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

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

Earnings per share was calculated in accordance with IAS 33.

4.23. Operating segments (IFRS 8)

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

The information transmitted internally to the CEO and Executive Vice-President is presented by legal entity, since line management's performance is assessed at this level. In this context, each of these entities would correspond to an operating segment. NEURONES does not consider this highly detailed level of information is necessary for the reader to have a better understanding of the Group's performance. All of the legal entities operate in the Consulting and IT Services market and present marketing methods and cost structures that are often comparable. Consequently, the Group has not identified operating segments to present under IFRS 8.

4.24. Management of financial risk (IFRS 7)

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

The purpose of this note is to provide information about the exposure to each of the risks as well as the policies set up to minimize them. Given the Group's current size and the daily involvement of two directors (CEO and Executive Vice-President) combined with the geographic proximity of most Group companies and subsidiary managers' participation in the share capital, it has not been deemed necessary to form a centralized risk management committee. Moreover, the Group's general and/or financial management is directly responsible for some risks.

Credit risk

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

Concerning receivables, the credit risk exposure depends on the individual characteristics of the legal entities invoiced. The Group has a very broad spectrum of uniformly distributed customers in multiple business sectors, with the largest customer not accounting for more than 10.8% of consolidated revenues. This customer is a major group whose multiple decision centers order services independently from each other. Moreover, Group companies took out a Coface credit insurance policy when their customer portfolio justified taking specific coverage guarantees.

Regarding cash and cash equivalents, the credit risk exposure is limited by only investing excess cash in money market type funds and and certificates of deposit issued by the Group's banking partners.

Liquidity risk

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

This risk is theoretical given the excess cash position in all Group companies.

Market risk

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

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

Moreover, the Group is not in debt.

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

Capital management

By design, managers and employees hold 77% of the capital, which by nature gives third parties' confidence.

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

The Company wants to have the possibility to buy-back its own shares. As such, every year the Shareholders' Meeting is asked to approve such an authorization.

4.25. New standards and interpretations

IFRS measures, mandatory as of January 1, 2011, applied without impact on the Group's financial statements at December 31, 2011

- Amendments to IFRS 1: Exemption limited to the presentation of comparative information related to IFRS 7,
- IAS 24 revised: Related parties,
- Amendments to IAS 32: Classification of subscription rights issued,
- Amendment to IFRIC 14: Minimum financing prepayments,
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments,
- Annual improvements to IFRS (published in May 2010).

Provisions to be implemented after December 31, 2011 and not applied in advance

- Amendments to IFRS 1: Severe hyperinflation and elimination of fixed dates for first time adopters,
- Amendments to IFRS 7: Information to provide regarding financial asset transfers,
- Amendments to IAS 12: Deferred tax liabilities/credits – Recovery of underlying assets,
- Amendments to IAS 1: Presentation of "Other items" in comprehensive income,
- Amendments to IAS 19: Post-employment benefits.

5. SCOPE OF CONSOLIDATION

5.1. List of consolidated companies

Companies consolidated by full consolidation	Registered head office	Commercial Register No.	12/31/2011			12/31/2010		
			% Stake	% Control	Consolidation Method	% Stake	% Control	Consolidation Method
Parent company								
NEURONES	205, av. Georges Clemenceau 92024 NANTERRE	331,408,336	-	-	-	-	-	-
Subsidiaries								
Arondor	22, rue de la Pépinière 75008 PARIS	444,720,460	51%	51%	FC	-	-	-
AS Delivery	26, rue N.-D. des Victoires 75002 PARIS	538,868,001	99%	100%	FC	-	-	-
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	26, rue N.-D. des Victoires 75002 PARIS	451,310,502	99%	100%	FC	99%	100%	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
Axones Tunisie	21, rue de Jérusalem 1002 Belvédère - TUNIS	N/A	96%	100%	FC	-	-	-
Codilog-Knowledge	205, av. Georges Clemenceau 92024 NANTERRE	432,673,838	76%	76%	FC	80%	80%	FC
Colombus Consulting	38, avenue Hoche 75008 PARIS	422,993,154	71%	71%	FC	71%	71%	FC
Deodis (ex-IMS)	171, av. Georges Clemenceau 92024 NANTERRE	439,832,353	92%	99%	FC	92%	99%	FC
Edugroupe	205, av. Georges Clemenceau 92024 NANTERRE	415,149,830	98%	98%	FC	98%	98%	FC
Edugroupe MP	205, av. Georges Clemenceau 92024 NANTERRE	494,800,121	98%	100%	FC	98%	100%	FC
Eliance	26, rue de la Pépinière 75008 PARIS	451,720,700	76%	100%	FC	64%	80%	FC
Finaxys	27, rue des Poissonniers 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	94%	94%	FC
Help-Line Tunisia	21, rue de Jérusalem 1002 Belvédère - TUNIS	N/A	93%	100%	FC	93%	100%	FC
Intrinsec	215, av. Georges Clemenceau 92024 NANTERRE	402,336,085	78%	78%	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
Novactor	22, av. J-J Rousseau 78800 HOUILLES	494,513,815	32%	60%	FC	-	-	-
Pragmateam	205, av. Georges Clemenceau 92024 NANTERRE	411,264,641	56%	56%	FC	56%	56%	FC
RS2i	121-123, rue Edouard Vaillant 92300 LEVALLOIS-PERRET	385,166,640	85%	85%	FC	85%	85%	FC
Viaaduc	205, av. Georges Clemenceau 92024 NANTERRE	432,104,503	98%	100%	FC	98%	100%	FC

FC = Consolidation by full consolidation

5.2. Significant events

Impact of scope variations in shareholders' equity

(€000s)	% Stake at 12/31/2011	% Stake at 12/31/2010	Variation (%)	Impact on shareholders' equity attributable to parent company shareholders.	Impact on minority equity investments
Intrinsec	78.0	82.1	(4.1)	412	356
Codilog-Knowledge	76.4	80.2	(3.8)	(131)	131
Arondor	51.0	0.0	51.0	0	741
Others (< +/- 100,000 euros)	-	-	-	105	(30)
TOTAL	-	-	-	386	1,198

Changes in percentage stakes

During FY2011 various transactions were carried out with certain minority partners in subsidiaries. They resulted in a slight change in percentage stakes.

New companies acquired

The scope of the applications activity increased following two acquisitions:

- one entered the consolidated financial statements on April 1, 2011 (majority interest acquired in Novactor). The net cash flows from this acquisition and its contribution to Group revenues at December 31, 2011 do not exceed 100,000 euros,
- the second entered the consolidated financial statements on December 31, 2011. This involved a takeover of Arondor. Its contribution to Group revenues at December 31, 2011 was nil.

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

The price was paid in cash, with additional future payments partially indexed to operating profit in 2011 and 2012.

Pursuant to the standard IFRS 3R, part of the 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 €1.513 million.

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

When the Arondor acquisition entered the scope of consolidation, its main totals were:

ASSETS (€000s)	Amount
NON-CURRENT ASSETS	
Intangible assets	-
Tangible assets	36
Financial assets	40
Deferred tax credits	5
NON-CURRENT ASSETS	
Deferred tax credits due	21
Trade accounts and notes receivable	1,999
Cash and cash equivalents	1,216
TOTAL ASSETS	3,317

CAPITAUX PROPRES ET PASSIF (€000s)	Amount
SHAREHOLDERS' EQUITY RESTATED AT FAIR VALUE	772
Minority interests	741
NON-CURRENT LIABILITIES	
Non-current provisions	1
Non-current financial liabilities	-
CURRENT LIABILITIES	
Current provisions	-
Taxes due	-
Trade and other accounts payable	1,803
Other financial liabilities	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,317

6. NOTES TO THE BALANCE SHEET

Note 1 – Intangible assets

(€000s)	12/31/09	↗	Reclass.	↘	12/31/10	Change in scope	↗	Reclass.	↘	12/31/11
Goodwill (details in Note 2)	34,514	408	(91)	-	34,831	1,585	-	-	-	36,416
Patents and licenses	1,576	248	-	153	1,674	-	663	657	36	2,958
Contracts and contractual relationships	575	-	-	-	575	-	-	-	-	575
GROSS TOTAL	36,665	656	(91)	153	37,080	1,585	663	657	36	39,949
Amortization and depreciation	(1,155)	(413)	-	(153)	(1,417)	-	(423)	(657)	(36)	(2,461)
Impairment	(787)	(61)	-	-	(848)	-	(14)	-	-	(862)
NET TOTAL	34,723	182	(91)	-	34,815	1,585	226	-	-	36,626

The acquisitions primarily correspond to computer software for the “cloud computing” activity, service centers, outsourcing contracts and finally internal use.

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). The cumulative depreciation for these assets amounted to €575,000. No intangible assets have been pledged as security.

The reclassifications reflect adjustments to variations in prior years.

Note 2 – Goodwill

(€000s)	12/31/09	↗	Reclass.	↘	12/31/10	↗	Reclass.	↘	12/31/11
Companies concerned:									
Colombus Consulting	10,386	-	-	-	10,386	-	-	-	10,386
AS International Group	8,874	-	-	-	8,874	-	-	-	8,874
Help-Line Victoria	5,179	-	-	-	5,179	-	-	-	5,179
RS2I	3,460	-	-	-	3,460	-	-	-	3,460
Axones	3,238	-	-	-	3,238	-	-	-	3,237
Codilog-Knowledge	2,179	-	-	-	2,179	-	-	-	2,179
Arondor	-	-	-	-	-	1,444	-	-	1,444
Others (< 1 million)	1,198	408	(91)	-	1,515	141	-	-	1,656
GROSS TOTAL	34,514	408	(91)	-	34,831	1,585	-	-	36,416
Impairment	(287)	-	-	-	(287)	-	-	-	(287)
NET TOTAL	34,227	408	(91)	-	34,544	1,585	-	-	36,129

The variation for the period corresponds to the Arondor and Novactor acquisitions.

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)	12/31/09	↗	Reclass.	↘	31/12/10	Change in scope	↗	Reclass.	↘	12/31/11
Agencements et installations	3,567	800	-	93	4,274	-	1,138	(33)	28	5,352
Matériel de transport	1,174	334	-	177	1,331	20	306	25	243	1,439
Matériel informatique & bureau	5,883	1,558	-	303	7,138	103	2,746	1,111	372	10,725
Agencements en crédit-bail	-	-	-	-	-	-	-	-	-	-
Matériel informatique en crédit-bail	52	78	-	-	130	-	-	-	130	-
Immobilisation en cours	1	-	-	1	-	-	-	-	-	-
TOTAL BRUT	10,677	2,769	-	574	12,873	123	4,191	1,102	773	17,516
Amortissements	(7,043)	(2,193)	-	(525)	(8,711)	(65)	(2,647)	(1,102)	(658)	(11,867)
TOTAL NET	3,634	577	-	49	4,162	58	1,544	-	115	5,649

The investments correspond to the:
- equipment used for the “cloud computing” activity,
- equipment used in our service centers or on customer sites, as part of outsourcing contracts or even for internal use,
- fixtures used to furnish new premises,
- service vehicles.

The bulk of the increase in FY2011 comes from the investments in “cloud computing.”
No tangible asset has been pledged as security.

The reclassifications reflect adjustments to variations in prior years.

Note 4 – Financial assets

(€000s)	12/31/09	↗	Reclass.	↘	12/31/10	Change in scope	↗	Reclass.	↘	12/31/11
Non-consolidated securities	13	-	-	0	13	10				23
Loans	707	366	(12)	-	1,062	-	415		323	1,154
Other financial assets	565	179	12	65	690	37	359		186	900
GROSS TOTAL	1,286	545	-	66	1,765	47	774		509	2,077
Impairment	-	-	-	-	-	(7)				(7)
NET TOTAL	1,286	545	-	66	1,765	40	774		509	2,070

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

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

Furthermore, €2.667 million of financial assets, purchased on the market in 2008, were sold in the first half of 2011.

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

(€000s)	12/31/11	12/31/10
Held-to-maturity investments	23	13
Financial assets designated at fair value through the income statement	2,047	4,419
TOTAL FINANCIAL ASSETS	2,070	4,432

Note 5 – Deferred tax credits

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

	ASSETS		LIABILITIES	
(€000s)	12/31/11	12/31/10	12/31/11	12/31/10
Employee statutory profit sharing	753	909	-	-
Other temporal differences	527	282	-	-
Provision for retirement benefits	106	138	-	-
Present value of receivables maturing in more than one year	452	386	-	-
Tax losses deferrable indefinitely	91	123	-	-
Provision to neutralize Social Security costs related to servicing bonus share plans	-	-	-	341
DEFERRED TAXES CALCULATED	1,929	1,838	-	341
Compensation by tax entity	-	(341)	-	(341)
TOTAL DEFERRED TAXES	1,929	1,497	-	-

Note 6 – Inventory

(€000s)	12/31/11	12/31/10
Goods	403	148
GROSS TOTAL	403	148
Impairment	(24)	(13)
NET TOTAL	379	134

No inventory has been pledged as security.

Note 7 – Trade accounts and notes receivable

(€000s)	12/31/11	12/31/10
Trade receivables	76,737	59,986
Invoices to be issued	11,655	6,407
Payables: credit notes receivable	170	142
VAT and other taxes	10,233	7,188
Other receivables	143	408
Prepaid expenses	2,702	1,758
GROSS TOTAL	101,640	75,889
Impairment	(764)	(387)
NET TOTAL	100,876	75,501

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

Note 8 – Cash and cash equivalents

(€000s)	12/31/11	12/31/10
Term deposits	44,770	29,770
Monetary funds	14,138	16,132
Available funds	15,192	22,127
Accrued interest on commercial paper	1,393	581
GROSS TOTAL	75,493	68,609
Bank overdrafts	(442)	(193)
NET TOTAL	75,051	68,417

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

Banking institution	Amount *(€000s)*	Due date	Fixed rate*
Term deposits			
Crédit Agricole	15,100	03/31/2014	3.75%
Crédit Agricole	11,270	04/27/2012	3.48%
Société Générale	8,000	06/28/2014	3.10%
LCL	4,000	03/23/2013	2.25%
Crédit Agricole	2,400	10/02/2012	2.50%
Banque Palatine	2,000	12/13/2016	4.10%
BCME	1,000	N/A	2.00%
Crédit Agricole	1,000	01/11/2013	2.54%
TOTAL	44,770		

* The rates shown correspond to the yields at maturity. The yields for these deposits (based on progressive rate scales) were valued in the financial statements at the yield in these scales at 12/31/2011.

Note 9 – Shareholders' equity

Note 9.1 – Capital

At December 31, 2011, the share capital amounted to €9,449,103.60, comprised of 23,622,759 fully paid-up shares of the same class with a face value of 0.40.

During FY2011, 61,666 stock options were exercised, which resulted in the creation of 61,666 new shares:
- 4,763 options were exercised at a price of €7.50, including a face value of €0.40 and €7.10 of additional paid-in capital (Plan No. 2),
- 11,903 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),
- 3,000 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),
- 30,000 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),
- 12,000 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 €24,666.40 and the additional paid-in capital by €253,087.50.

At December 31, 2010, the Company held 200,000 treasury shares. These shares were delivered in January 2011 to the beneficiaries of the bonus shares plan B. Consequently, at December 31, 2011, the company no longer held any treasury shares.

It is noted that during FY2011, the Board of Directors decided not to grant any bonus shares and therefore did not use the authority on this subject vested in it by the Shareholders' Meeting of June 9, 2011.

The variation in the number of shares in circulation during FY2011 breaks down as follows:

Number of shares in circulation at 01/01/2011*	Increase**	Decrease	Number of shares in circulation at 12/31/2011
23,361,093	261,666	-	23,622,759

* net of 200,000 treasury shares
** including 61,666 stock options exercised and 200,000 treasury shares delivered to the beneficiaries of the bonus shares plan B

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
Shareholders' Meeting:	11/29/99 & 06/09/11	11/29/99 & 06/09/11	11/29/99	06/25/03 & 06/25/04	06/25/04
Board of Directors meeting:	07/27/00 & 03/31/11	07/11/01 & 03/31/11	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	07/26/15	07/11/16	02/28/11	10/14/12	06/30/14
Number of beneficiaries	171	238	69	60	39
- including managers	-	-	-	-	-
Number of shares granted	304,363	320,210	174,000	257,000	93,000
Number of expired options at 12/31/2010	(239,108)	(143,412)	(56,000)	(109,000)	(25,500)
Number of shares already subscribed at 12/31/2010	-	(139,781)	(112,000)	(100,000)	(23,000)
Number of options that expired during the period	(8,574)	(952)	(3,000),	-	-
Number of shares subscribed during the period	(4,763)	(11,903)	(3,000)	(30,000)	(12,000)
- including managers	-	-	-	-	-
- including employees	(4,763)	(11,903)	(3,000)	(30,000)	(12,000)
Number of options in circulation at 12/31/2011	51,918	24,162	-	18,000	32,500
Number of exercisable options at 12/31/2011	51,918	24,162	-	18,000	32,500
Subscription price (in euros)	7.5	3.8	3.2	4.2	5.1
Potential dilution (excluding cancelled options): % of capital at 12/31/2011	0.22%	0.10%	0%	0.07%	0.14%
TOTAL POTENTIAL DILUTION	-	-	-	-	0.53%

It is noted that plan No. 2 was initially set to expire in July 2010. Recognizing a clerical error, the Board of Directors decided on March 31, 2011 to extend the term of this plan by 5 years, a decision approved at the Shareholders' Meeting of June 9, 2011. Consequently, a substantial number of Plan No. 2 options reported as expired during FY2010 (in the 2010 annual report) became exercisable again during FY2011.

By the same reasoning, the same Shareholders' Meeting approved the Board of Directors' decision to extend the term of plan No. 3 by 5 years.

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

During FY2011, the Board of Directors did not grant any bonus shares and, in particular, did not use the authority vested in it by the Shareholders' Meeting of June 9, 2011, for a period of 24 months, to make one or more attributions of bonus shares up to a maximum of 235,000 common shares. This delegated authority was the only one on the subject still valid during FY2011 that was not wound up.

The various 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 D
Shareholders' Meeting:	06/24/05	06/14/07	06/11/09	06/10/10
Board of Directors meeting:	06/28/06	12/21/07	07/24/09	12/14/10
End of acquisition period	07/01/09	01/01/11	08/01/12	12/15/13
End of retention period	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 granted	230,000	230,000	167,000	230,000
Number of cancelled shares at 12/31/2010	(41,000)	(30,000)	(32,000)	-
Number of shares subject to an acquisition period at 12/31/2010	-	200,000	135,000	230,000
Number of shares that were cancelled during the acquisition period during the year	-	-	(23,000)	(21,500)
Number of shares subject to an acquisition period at 12/31/2011	-	-	112,000	208,500
Number of shares subject to a retention period at 01/01/2011	189,000	-	-	-
Number of shares subject to a retention period at 12/31/2011	-	200,000	-	-
Potential dilution (excluding cancellations) - % of current capital at 12/31/2011	-	-	0.48%	0.88%
TOTAL POTENTIAL DILUTION	-	-	-	1.36%

No performance condition was established for the plans attributed and described above and no company officer has been granted bonus shares since the plan B decided by the Board of Directors on December 21, 2007.

The main criteria retained for the fair value valuation of the options and bonus shares for the plans attributed after November 7, 2002 (date when a new accounting standard applicable to stock options and other share-based payments took effect) are as follows:

	Plans No. 4 & 5	Plan No. 6	Plans A & B	Plan C	Plan D*
Life	4 years	4 years	3 years	3 years	3 years
Volatility	35%	35%	35%	35%	21%
Risk-free rate	4.50%	4.50%	4.50%	4.44%	4.33%
Dividend payout rate	0%	1%	1%	1%	1%

* The volatility and the risk-free rate of plan D have been discounted.

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:

(euros)	Date of final allocation	Exercise price	Fair value	Price at the final 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	-	8.748	-

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

Note 9.3 – Earnings per share

	2011	2010
Number of shares at the beginning of the year	23,561,093	23,474,388
Average number of shares issued	44,953	52,806
Average number of treasury shares	-	(240,333)
Average number of shares in circulation during the year	23,606,046	23,286,861
Dilutive instruments	393,203	414,580
Average number of shares in circulation after dilution	23,999,249	23,701,441
Earnings – Group share (€000s)	14,799	13,192
Earnings per share (Group share) – undiluted	**0.63**	**0.57**
Earnings per share (Group share) – diluted	**0.62**	**0.56**

Note 10 – Non-current provisions

(€000s)	12/31/09	Allocation for the year	Write-backs for the year (provision used)	12/31/10	Change in scope	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/11
Provision for retirement benefits	359	56	10	406	1	97	-	194	309
TOTAL	359	56	10	406	1	97	-	194	309
Impact (net of expenses incurred)	-	-	-	-	-	-	-	-	-
Operating profit	-	56	-	-	-	97	-	194	-
Net cost of financial debt	-	-	-	-	-	-	-	-	-

Note 11 – Non-current financial liabilities

At December 31, 2011, the Group did not have any non-current financial assets. The medium-term loan was reclassified as a short-term liability since it is due to expire in April 2012.

Note 12 - Other non-current liabilities

At December 31, 2011, the Group did not have any other non-current liabilities. The debts on acquisitions of equity investments were reclassified as current liabilities.

Note 13 – Current provisions

(€000s)	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	Change in scope	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/11
Provisions	486	19	666	191	35	945	6	440	658	40	694
TOTAL	486	19	666	191	35	945	6	440	658	40	694
Impact (net of expenses incurred)	-	-	-	-	-	-	-	-	-	-	-
Operating profit	-	-	666	-	35	-	-	440	-	40	-
Net cost of financial debt	-	-	-	-	-	-	-	-	-	-	-

The current provisions primarily correspond to employer Social Security contribution risks and losses on contracts, where the expected date when resources will be expended is less than 12 months.

The write-backs of provisions used correspond primarily to write-backs of tax risks.

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)	12/31/2011	12/31/2010
Trade and other accounts payable	14,529	11,009
Employee statutory profit sharing and optional profit sharing	4,356	3,887
Taxes and employer Social Security contributions	57,256	46,433
Other debts	3,199	1,643
Prepaid income	3,728	2,504
TOTAL	83,068	65,476

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

All operating debts are due in less than one year.

Note 15 – Other financial liabilities

(€000s)	12/31/2011	12/31/2010
Bank overdrafts	442	193
Medium-term loan: portion less than 1 year	–	117
Subtotal bank overdrafts, loans and finance leases	**442**	**309**
Security deposits received	4	4
Subtotal security deposits received	**4**	**4**
TOTAL	446	313

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

7. OPERATING SEGMENTS

The Group has not identified any operating segments (see Note 4.23 “Operating sectors” on page 52).

8. NOTES TO THE INCOME STATEMENT

Note 16 – Salaries and related expenses

(€000s)	2011	2010
Salaries and related costs	120,474	103,402
Employer Social Security contributions	55,603	47,709
Employee statutory profit sharing	2,429	2,784
Stock options & bonus shares	802	847
Provision for retirement benefits	(97)	46
TOTAL	179,211	154,788

Note 17 – External expenses

(€000s)	2011	2010
Subcontracting purchases	40,776	34,048
Purchases of materials and supplies not stored	388	291
Outside personnel	800	685
Other outside services	16,823	13,933
Rents and finance leases	96	45
TOTAL	58,883	49,003

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

(€000s)	2011	2010
Amortization of intangible assets	423	413
Depreciation of tangible assets	2,646	2,193
Allocations to amortization and depreciation	**3,069**	**2,605**
Net contingency provisions	(257)	475
Net provisions on current assets	377	140
Net allocations to provisions	**120**	**615**
Impairment of “Contracts and contractual customer relationships”	14	61
Asset impairment	**14**	**61**

Note 19 – Other income and expenses

(€000s)	2011	2010
Operating subsidies	362	1,522
Other income	409	346
Other income	**771**	**1,868**
Other expenses	158	196
Other expenses	**158**	**196**
NET OTHER INCOME / OTHER EXPENSES	613	1,672

Operating subsidies include research tax credits of € 149,000 (see Note 22 hereafter).

Note 20 – Other operating income and expenses

(€000s)	2011	2010
Capital gain/(loss) on disposal of assets	12	(4)
Impairment of goodwill	-	-
Other	180	360
TOTAL	192	356

Note 21 – Analysis of the net cost of financial debt

(€000s)	2011	2010
Dividends received (non-consolidated equity investments)	-	30
Other interest and similar income	1,405	601
Capital gains on disposal of cash equivalents	202	117
Capital gain on disposal of financial assets	949	-
Write-backs of provisions	-	-
TOTAL FINANCIAL INCOME	2,556	748
Interest and similar expenses	64	37
Allocations to provisions	-	-
TOTAL FINANCIAL EXPENSES	64	37
FINANCIAL PROFIT (LOSS)	2,492	711

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

Note 22 – Income tax

(€000s)	2011	2010
Corporate tax	8,770	8,225
Contribution to the value added	3,031	2,382
Taxes due	**11,801**	**10,607**
Deferred taxes	(54)	(286)
TOTAL	11,747	10,320

In FY2011, several Group companies recognized, after review, a research tax credit for a total of € 149,000. 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.

Since the closing at December 31, 2010, the contribution based on businesses' added value is recognized in income tax.

Note 23 – Proof of tax

(€000s)	2011			2010		
	Basis	Rate	Tax	Basis	Rate	Tax
Pre-tax income, capital gain on sale of consolidated shares	28,786	34.43%	9,912	25,258	34.43%	8,697
Non-deductible calculated expenses	689	34.43%	237	847	34.43%	292
Impact of definitively non-deductible expenses	133	34.43%	46	220	34.43%	76
Social Security contribution on profits (3.3% of the amount exceeding €763,000 of corporate tax)		-	(101)	-	-	(50)
Generation / (Use) of tax losses not activated	(128)	34.43%	(44)	239	34.43%	82
Tax credits	-	-	(178)	-	-	(268)
CVAE impact on tax	-	-	1,989	-	-	1,569
Rate difference between parent company and subsidiaries	-	-	(114)	-	-	(77)
EFFECTIVE TAX EXPENSE	-	-	11,747	-	-	10,320
Average tax rate	-	-	40.8%	-	-	40.9%

Note 24 – Information about related parties

Legal entities

NEURONES has no sister company.

There are no economic transactions with Host Développement, a 45.69% shareholder in NEURONES, other than the payment of dividends, when applicable.

Managers

Managers' gross remuneration due during FY2011 is shown below:

(in €)	2011 Gross remuneration due				Cumulative PDR* provision end 2011	2010 Gross remuneration due				Cumulative PDR* provision end 2010	Number of bonus shares allocated
	Fixed	Variable	In kind	Total		Fixed	Variable	In kind	Total		
Luc de Chammard	162,000	10,000	6,960	178,960	29,761	162,000	-	6,960	168,960	24,308	-
Bertrand Ducurtil	135,000	55,000	-	190,000	6,276	135,000	45,000	-	180,000	6,252	25,000 (Plan A) 18,000 (Plan B)

* Payments due on retirement

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

9. MISCELLANEOUS INFORMATION

9.1. Security given

No security was given at December 31, 2011.

9.2. Off balance sheet commitments

There are no off balance sheet commitments.

9.3. Auditors' Fees

	2011						2010					
	Bellot Mullenbach & Associés		KPMG		M. Feutry		Bellot Mullenbach & Associés		KPMG		M. Feutry	
(€000s)	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Audit												
Auditorship, examination of separate and consolidated financial statements	105	100%	91	100%	0	100%	101	100%	84	100%	11	100%
Ancillary assignments (due diligence, etc.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	105	100%	91	100%	0	100%	101	100%	84	100%	11	100%
Other services	-		-		-		-		-		-	
TOTAL	105		91		0	100%	101		84		11	100%

9.4. Average number of employees

	2011	2010
Managers	1,657	1,454
Employees	1,558	1,394
TOTAL	3,215	2,848

9.5. Subsequent events after the closing at December 31, 2011

No event known at March 8, 2012, date when the financial statements were released, has a significant impact on the Group's financial structure.

9.6. Dividend distribution

In its meeting on February 8, 2012, the Board of Directors decided to propose to the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2011, to pay a dividend of €0.06 per share.

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

To the shareholders:

In accordance with the terms of our appointment at your Shareholders' Meeting, we hereby submit our report for the year ended December 31, 2011, 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, 2011 and of the results of its operations for the year then ended in accordance with IFRS as adopted for use in the European Union.

2. Basis of our assessments

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 (respectively notes 2.4.4.21, 2.4.4.11 and 2.4.4.12).

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 consolidated financial statements and verified that they were applied properly.

Note 2.4.4.7. "Impairment of fixed assets" specifies that the Group performs an impairment test on:

- goodwill and intangible assets with an indefinite useful life whenever there is a sign of impairment and at least once a year,
- tangible and intangible assets with a definite useful 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 6, 2012
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, financial and intangible property 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/her name, or in the name of the intermediary duly registered on his/her behalf, three working days before the meeting, either in the registered share accounts or the bearer share accounts held by his/her 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-up shares for which there is proof that they have been registered for at least four years in the name of the same shareholder. 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%), eighteen twentieths (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 declare to the company and to the AMF the objectives it intends to pursue over the next six months, within five trading days and before the close of trade.

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/she 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, which were used in full to cover the delivery of shares to the beneficiaries of the bonus share distribution plan B in January 2011.

The Combined Shareholders' Meeting held on June 9, 2011 authorized the Company to buy back its own shares subject to the main terms below:
- duration of the plan: 18 months with effect from the date of the meeting (i.e. up until December 8, 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 replaces the one given by the Combined Shareholders' Meeting of June 10, 2010, which the Board of Directors did not use.

A motion will be put to the Combined Shareholders' Meeting on June 7, 2012 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 plan: 18 months with effect from the date of the meeting (i.e. up until December 6, 2013),
- maximum share of the capital to be acquired: 10% of the capital,
- maximum purchase price: 11 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 9, 2011.

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 and regulatory 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/depreciation 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, 2011, the company's share capital amounted to €9,449,103.60 divided into 23,622,759 fully paid-up shares with a face value of €0.40.

Other securities providing access to the capital

All stock option and bonus share plans are set out in Note 9.2 above (Chapter 6. Notes to the consolidated financial statements).

The Combined Shareholders' Meeting on June 9, 2011 authorized the Board of Directors to distribute up to 235,000 ordinary shares (validity 24 months) under the bonus share plan. The Board of Directors has not yet made use of this authorization.

After deducting the options and bonus share allocations that have expired plus the options already exercised, at December 31, 2011 there were still 447,080 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 12/31/2011)	% of capital
Exercisable stock options (Plans No. 2, 3, 4, 5 and 6, less expired and already exercised stock options)	126,580	0.53%
Bonus shares in the acquisition period (Plans C and D, less expired stock options)	320,500	1.36%
TOTAL ALLOCATED STILL EXERCISABLE	447,080	1.89%

Authorized capital

The Combined Shareholders' Meeting of June 9, 2011, 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 (i.e. until August 8, 2013), marketable securities giving access, immediately or in the long term, 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
08/15/1985	Capital increase	F210,000	-	2,100	10,100	F1,010,000
06/30/1993	Company buy-back of its own securities (capital reduction)	-	-	(4,954)	5,146	F514,600
06/30/1993	Capital increase by incorporating reserves and raising the share face value from 100 to 200 francs	F514,600	-	-	5,146	F1,029,200
12/30/1997	Capital increase by incorporating reserves and raising the share face value from 200 to 4,000 francs	F19,554,800	-	-	5,146	F20,584,000
11/29/1999	Capital increase by incorporating reserves, converting capital into euros and raising the share face value to €1,500	F30,049,320.83	-	-	5,146	€7,719,000
11/29/1999	Share face value divided from €1,500 to €2	-	-	-	3,859,500	€7,719,000
04/05/2000	Share face value divided from €2 to €0.40	-	-	-	19,297,500	€7,719,000
05/23/2000	Capital increase during the listing on the Nouveau Marché (New Market)	€1,389,420	€29,872,530	3,473,550	22,771,050	€9,108,420
12/31/2004	Capital increase following the exercise of BSPCE (company creator stock options)	€30,488	€213,416	76,220	22,847,270	€9,138,908
12/31/2005	Capital increase following the exercise of BSPCE (company creator stock options) / stock options	€166,260	€1,163,820	415,650	23,262,920	€9,305,168
12/31/2005	Decrease in capital following the cancellation of a repurchased block of shares	-	-	(98,000)	23,164,920	€9,265,968
12/31/2006	Capital increase following the exercise of stock options	€33,353.60	€276,359.60	83,384	23,248,304	€9,299,321.60
12/31/2007	Capital increase following the exercise of stock options	€53,809.20	€402,778.20	134,523	23,382,827	€9,353,130.80
12/31/2008	Capital increase following the exercise of stock options	€10,916.40	€89,871.40	27,291	23,410,118	€9,364,047.20
12/31/2009	Capital increase following the exercise of stock options	€25,708	€238,298	64,270	23,474,388	€9,389,755.20
12/31/2010	Capital increase following the exercise of stock options	€34,682	€329,517	86,705	23,561,093	€9,424,437.20
12/31/2011	Capital increase following the exercise of stock options	€24,666.40	€253,087.50	61,666	23,622,759	€9,449,103.60

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

	Situation at December 31, 2009				Situation at 12/31/2010				Situation at 12/31/2011			
	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 managers												
Host Développement	10,790,444	46.0%	14,322,944	42.2%	10,790,444	45.8%	21,419,531	52.0%	21,419,531	45.7%	21,419,531	52.2%
Luc de Chammard	6,210,000	26.5%	12,420,000	36.6%	6,210,000	26.4%	12,420,000	30.1%	11,829,000	25.1%	11,829,000	28.8%
Bertrand Ducurtil	836,167	3.6%	1,607,334	4.7%	836,167	3.5%	1,607,334	3.9%	1,485,334	3.4%	1,485,334	3.6%
Other managers with registered shares	355,016	1.5%	355,016	1.0%	311,014	1.3%	311,014	0.8%	577,686	2.4%	577,686	1.4%
SUBTOTAL	18,191,627	77.5%	28,705,294	84.5%	18,147,625	77.0%	35,757,879	86.8%	35,311,551	76.6%	35,311,551	86%
Employees with registered shares	59,750	0.3%	63,500	0.2%	90,052	0.4%	93,802	0.2%	201,502	0.8%	201,502	0.5%
Treasury shares	244,000	1.0%	-	-	200,000	0.9%	-	-	-	-	-	-
Public*	4,979,011	21.2%	5,208,483	15.3%	5,123,416	21.7%	5,353,088	13.0%	5,531,091	22.6%	5,531,091	13.5%
TOTAL	23,474,388	100%	33,977,277	100%	23,561,093	100%	41,204,769	100%	41,044,144	100%	41,044,144	100%

* Registered shares (other than Group managers and employees) and bearer shares.

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

Crossing of thresholds

No threshold crossings were disclosed in 2011.

Share transactions carried out by company managers (Article L.621-18-2 of the French Monetary and Financial Code)

During the 2011 financial year, the following transactions on company shares were carried out by managers.

Between November 22 and December 30, 2011, the Host Développement company (held by Luc de Chammard) bought 10,201 company shares on the market (not included in the above-mentioned registered shares) for €73,221.98.

On September 27, 2011, Bertrand Ducurtil sold 90,000 company registered shares on the market, for €657,000.

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

Lock-up undertakings

Under Article 885 I b of the French General Tax Code, a collective lock-up undertaking was concluded between Luc de Chammard, Host Développement and Bertrand Ducurtil in November 2010 for a period of two years. This undertaking replaces the previous undertaking concluded on December 15, 2003 between NEURONES' Chairman and CEO and its Executive Vice-President on the same basis.

Under Article 885 I b of the French General Tax Code, a collective lock-up undertaking was concluded in December 2011 for a period of two years between Luc de Chammard, Host Développement and a company officer of two Group entities.

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. On the same basis, a fresh collective undertaking was concluded in March 2011 between Luc de Chammard, Bertrand Ducurtil and 16 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. 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 (May 23, 2000). 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 12 months have been as follows:

Month	Highest price (in €)	Lowest price (in €)	Average closing price (in €)	Number of shares traded (000s)	Number of trading sessions
January 2011	7.47	6.85	7.25	187	21
February 2011	8.10	7.39	7.63	260	20
March 2011	9.05	8.00	8.44	450	23
April 2011	9.04	8.40	8.67	124	19
May 2011	9.10	8.75	8.87	157	22
June 2011	9.00	7.85	8.58	150	22
July 2011	8.86	8.01	8.44	183	21
August 2011	8.55	7.15	7.75	167	23
September 2011	7.95	7.00	7.37	205	22
October 2011	8.14	7.45	7.76	125	21
November 2011	7.90	6.95	7.42	203	22
December 2011	7.38	7.10	7.22	294	21
Highest, lowest and average for 2011	**9.10**	**6.85**	**7.95**	**209**	**257**

Source: NYSE Euronext.

The average volume traded daily in 2011 was approximately 9,700 shares.

3.4. CORPORATE GOVERNANCE

Board of Directors

Members

The Board of Directors is comprised of five 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
Marie-Françoise Jaubert	Director	NEURONES	None
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*	Shareholders' Meeting on June 7, 2012
Bertrand Ducurtil	June 30, 1999	Shareholders' Meeting on June 7, 2012
Jean-Louis Pacquement	December 5, 1984*	Shareholders' Meeting on June 7, 2012
Hervé Pichard	October 15, 2004	Shareholders' Meeting on June 7, 2012
Marie-Françoise Jaubert	June 9, 2011	Shareholders' Meeting on June 7, 2012

* NEURONES' founding date.

Jean-Louis Pacquement is a director who has over 12 full years of seniority. Hervé Pichard is also the Group's legal advisor. They are very familiar with NEURONES' organization and its businesses, and have never had executive functions in the Group. Jean-Louis Pacquement, in addition to his finance and merger-acquisition skills, has the detachment and the perspective of a "long-standing" director. He has never had business dealings with the company. Hervé Pichard brings his skills in legal affairs and company administration. He is one of the company's advisors, which gives him excellent knowledge early on of the main strategic files and their background. The latest director appointed, with proven experience in law and in particular private law, can be described as independent.

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

Three quarters of the capital is represented on the Board by just one of the five 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 7 times in 2011. The attendance rate of members of the Board of Directors in 2011 was 84%.

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, 2011. Accordingly, and in accordance with the by-laws, a motion will be submitted to the meeting's vote to approve the renewal of their term of office for one year.

Remuneration of directors

No directors' fees have been paid since the company was created.

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 made 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 rules at its meeting on June 10, 2010.

The Board's rules 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 FY 2010 and FY 2011 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 very marginal supplier of the Group.

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

3.5. EMPLOYEE PROFIT SHARING

Stock options and bonus shares

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

For all of these plans, there were still 447,080 options or bonus shares in circulation at December 31, 2011 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 or share purchase 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:	11/29/99 & 06/09/11	11/29/99 & 06/09/11	11/29/99	06/25/03 & 06/25/04	06/25/04
Board of Directors meeting:	07/27/00 & 03/31/11	07/11/01 & 03/31/11	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	07/26/15	07/11/16	02/28/11	10/14/12	06/30/14
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 12/31/2010	(23,818)	(16,000)	(10,000)	(22,000)	(4,000)
Number of shares already subscribed at 12/31/2010	-	(65,000)	(57,000)	(42,000)	(19,000)
Number of options that expired during the period	(3,811)	-	-	-	-
Number of shares subscribed during the period	-	-	-	(28,000)	(3,000)
- including managers	-	-	-	-	-
- including employees	-	-	-	*(28,000)*	*(3,000)*
Subscription price (in euros)	7.5	3.8	3.2	4.2	5.1
Number of options in circulation at 12/31/2011	6,669	-	-	-	7,000
Number of exercisable options at 12/31/2011	6,669	-	-	-	7,000

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:	06/24/05	06/14/07	06/11/09	06/10/10
Board of Directors meeting:	06/28/06	12/21/07	07/24/09	12/14/10
End of acquisition period	07/01/09	01/01/11	08/01/12	12/15/13
End of retention period	07/01/11	01/01/13	08/01/14	12/15/15
Number of beneficiaries	11	11	10	10
- including officers	*1*	*1*	-	-
Number of bonus shares granted	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 12/31/2010	(17,000)	(24,000)	(17,000)	-
Number of shares subject to an acquisition period at 01/01/2011	-	99,000	55,000	68,000
Number of shares that were cancelled during the acquisition period during the year	-	-	(10,000)	(5,000)
Number of shares subject to an acquisition period at 12/31/2011	-	-	45,000	63,000
Number of shares subject to a retention period at 01/01/2011	158,000	-	-	-
Number of shares subject to a retention period at 12/31/2011	-	99,000	-	-

Statutory profit sharing and optional profit sharing

In addition to the potential benefits derived from 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)	2007	2008	2009	2010	2011
Statutory profit sharing	463	2,007	1,912	2,708	2,283
Optional profit sharing	118	147	95	76	146
TOTAL (statutory + optional profit sharing)	581	2,154	2,007	2,784	2,429

3.6. 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 on June 9, 2011.
End of appointment: appointment expires at the Ordinary Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2016.

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 on June 11, 2009.
End of appointment: appointment expires at the Ordinary Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2014.

Alternate Auditors

KPMG Audit IS
Immeuble Le Palatin – 3, cours du Triangle – 92939 Paris La Défense cedex
Represented by Jay Nirsimloo.
Date of first appointment: appointed during the Combined Shareholders' Meeting on June 9, 2011.
Date of current appointment: appointed during the Combined Shareholders' Meeting on June 9, 2011
End of appointment: appointment expires at the Ordinary Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2016.

Monsieur 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 on June 11, 2009.
End of appointment: appointment expires at the Ordinary Shareholders' Meeting called to rule on the financial statements for the year ended December 31, 2014.

Person in charge of information

Luc de Chammard – NEURONES – Immeuble “Le Clemenceau 1”
205, avenue Georges Clemenceau – 92024 Nanterre Cedex
Tél.: 01 41 37 41 37 – Fax.: 01 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

3.7. 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 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 14, 2010 under number D.10-0261.
- the consolidated financial statements for FY 2010 established in accordance with the French accounting standards, plus the related statutory auditors’ report, shown on pages 43 to 64 of the 2010 annual report filed with the AMF on April 21, 2011 under number D.11-0348.

Publicly available documents

The following documents in particular are available on the company website (www.neurones.net):
- this 2011 reference document,
- the 2008, 2009 and 2010 reference documents filed as an annual report with the Autorité des Marchés Financiers on April 27, 2009, April 14, 2010 and April 21, 2011 under numbers D.09-0319, D.10-0261 and D.11-0348.

The company by-laws can be consulted at NEURONES’ headquarters: 205, avenue Georges Clemenceau – 92024 Nanterre Cedex (France).

The 2008, 2009 and 2010 reference documents are also available on the AMF website (www.amf-france.org), as is this 2011 reference document.

2011 REFERENCE DOCUMENT

This reference document was filed with the Autorité des Marchés Financiers on April 12, 2012 in compliance with Article 212-13 of its general regulations. It can only be used as support for a financial transaction if it is accompanied by an offering memorandum certified by the AMF. This 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 the 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.

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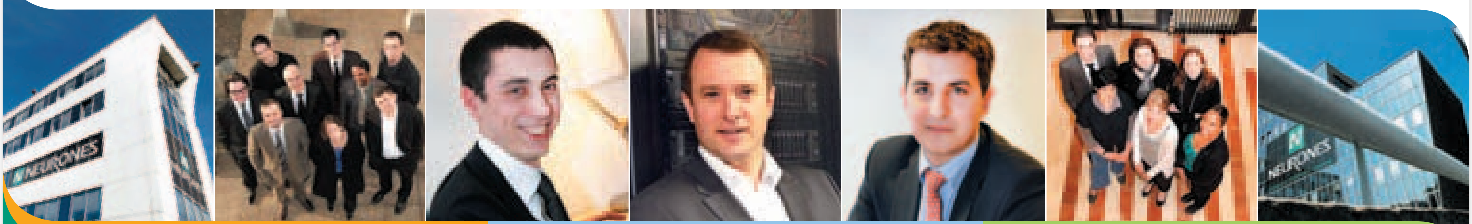
© Photos: NEURONES and NEURONES employees!

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 16,300 sq. m of infrastructure and the 3,500 people behind the Group's current and future achievements.

Forward together...®



NEURONES

Immeuble "Le Clemenceau 1" - 205, avenue Georges Clemenceau - F-92024 Nanterre Cedex
Tel.: +33 (0)1 41 37 41 37 - Fax: +33 (0)1 47 24 40 46 - e-mail: investisseurs@neurones.net - www.neurones.net