CONSOLIDATED FINANCIAL STATEMENTS

STATUTORY AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2007

To the Shareholders,

Following our appointment as Statutory Auditors by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Cap Gemini S.A. for the year ended December 31, 2007.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the consolidated Group as at December 31, 2007, and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- Note 1.F to the consolidated financial statements sets out the methods used to account for revenues and costs related to long-term contracts. As part of our assessments, we ensured that the above-mentioned accounting rules and principles were properly applied and verified that the information provided in the note above was appropriate. We also obtained assurance that the estimates used were reasonable.
- During the year, the Company completed the acquisition of Kanbay International for a total cost of €954 million. Note 2 to the consolidated financial statements sets out the allocation of the acquisition price, under which the Company recognized €831 million in goodwill. As part of our assessments:
  - We obtained an understanding of the procedures implemented by the Group concerning the allocation of the acquisition price and in particular, we reviewed the report prepared by the independent expert appointed by the Company to carry out the above-mentioned work.
  - We obtained assurance that the allocation of €831 million in goodwill in respect of Kanbay to the Group's main cash-generating units was reasonable.
- Net intangible assets carried in the consolidated balance sheet include €2,577 million in unamortized goodwill. The accounting principles used and the methods applied to determine the value in use of these assets are described in Note 10 to the consolidated financial statements. As part of our assessments, we verified whether the approach applied was correct and that the assumptions used and resulting valuations were consistent overall.
- Deferred tax assets amounting to €907 million are recorded in the consolidated balance sheet. Note 12 to the consolidated financial statements describes the methods used to calculate these assets. As part of our assessments, we verified the overall consistency of the information and assumptions used to perform these calculations.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The Statutory Auditors

Neuilly-sur-Seine, February 14, 2008

PricewaterhouseCoopers Audit

Serge Villepelet Edouard Sattler

Paris La Défense, February 14, 2008

KPMG Audit

Division of KPMG S.A.

Frédéric Quélin

Partner

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2005, 2006 AND 2007

in millions of euros	*Notes*	2005 Amount	2005 %	2006 Amount	2006 %	2007 Amount	2007 %
Revenues	3	**6,954**	**100**	**7,700**	**100**	**8,703**	**100**
Cost of services rendered	4	5,377	77.3	5,920	76.9	6,518	74.9
Selling expenses	4	524	7.6	508	6.6	607	7.0
General and administrative expenses	4	828	11.9	825	10.7	938	10.7
Operating margin		**225**	**3.2**	**447**	**5.8**	**640**	**7.4**
Other operating income and expense, net	5	(11)	(0.1)	(113)	(1.5)	(147)	(1.7)
Operating profit		**214**	**3.1**	**334**	**4.3**	**493**	**5.7**
Finance costs, net	6	(24)	(0.4)	(10)	(0.1)	(4)	-
Other financial income and expense, net	7	(14)	(0.2)	(18)	(0.2)	(3)	-
Finance expense, net		**(38)**	**(0.6)**	**(28)**	**(0.3)**	**(7)**	**(0.1)**
Income tax expense	8	(35)	(0.5)	(13)	(0.2)	(48)	(0.6)
Share in profit of equity-accounted companies		-	-	-	-	2	-
Profit for the year		**141**	**2.0**	**293**	**3.8**	**440**	**5.1**
Attributable to:							
Equity holders of the parent		141	2.0	293	3.8	440	5.1
Minority interests		-	-	-	-	-	-

	Note	2005	2006	2007
Weighted average number of ordinary shares		**131,391,243**	**132,782,723**	**144,744,128**
Basic earnings per share (in euros)	9	1.07	2.21	3.04
Weighted average number of ordinary shares (diluted)		**138,472,266**	**147,241,326**	**159,292,070**
Diluted earnings per share (in euros)	9	1.06	2.07	2.84

CONSOLIDATED BALANCE SHEETS

AT DECEMBER 31, 2005, 2006 AND 2007

ASSETS

in millions of euros	*Notes*	December 31, 2005	December 31, 2006	December 31, 2007
Goodwill	10	1,809	1,849	2,577
Intangible assets	10	142	122	171
Property, plant and equipment	11	399	375	442
Total fixed assets		**2,350**	**2,346**	**3,190**
Deferred taxes	12	828	888	907
Other non-current assets	13	164	295	96
TOTAL NON-CURRENT ASSETS		**3,342**	**3,529**	**4,193**
Accounts and notes receivable	14	1,798	2,063	2,318
Other receivables and income taxes	15	250	214	374
Short-term investments	16	1,805	2,460	1,594
Cash at bank	16	416	442	648
TOTAL CURRENT ASSETS		**4,269**	**5,179**	**4,934**
TOTAL ASSETS		**7,611**	**8,708**	**9,127**

EQUITY AND LIABILITIES

in millions of euros	*Notes*	December 31, 2005	December 31, 2006	December 31, 2007
Share capital		1,053	1,153	1,164
Additional paid-in capital		2,229	2,659	2,682
Retained earnings and other reserves		(673)	(408)	(435)
Profit for the year		141	293	440
Capital and reserves attributable to equity holders of the parent		**2,750**	**3,697**	**3,851**
Minority interests		-	-	-
TOTAL EQUITY		**2,750**	**3,697**	**3,851**
Long-term financial debt	16	1,145	1,160	1,059
Deferred taxes	12	121	118	138
Provisions for pensions and other post-employment benefits	17	696	591	621
Non-current provisions	18	14	74	57
Other non-current liabilities	19	138	122	146
TOTAL NON-CURRENT LIABILITIES		**2,114**	**2,065**	**2,021**
Short-term financial debt and bank overdrafts	16	171	107	277
Accounts and notes payable	20	1,881	2,019	2,120
Advances received from customers	14	609	683	743
Current provisions	18	20	24	28
Other payables and income taxes	21	66	113	87
TOTAL CURRENT LIABILITIES		**2,747**	**2,946**	**3,255**
TOTAL EQUITY AND LIABILITIES		**7,611**	**8,708**	**9,127**

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005, 2006 AND 2007

in millions of euros	*Notes*	2005	2006	2007
Profit for the year		**141**	**293**	**440**
Depreciation, amortization and write-downs of fixed assets	10-11	200	167	192
Net additions to provisions and other net non-cash items (excluding current assets)		28	97	(27)
Gains and losses on disposals of assets		(166)	6	5
Expense relating to stock options and share grants	5	12	17	22
Finance costs, net	6	24	10	4
Income tax expense	8	35	13	48
Unrealized gains and losses on changes in fair value and other		6	8	1
Cash flows from operations before finance costs, net and income tax (A)		**280**	**611**	**685**
Income tax paid (B)		(36)	(31)	(79)
Change in accounts and notes receivable and advances received from customers		17	(181)	(159)
Change in accounts and notes payable		188	59	70
Change in other receivables/payables		93	120	(20)
Change in operating working capital (C)		**298**	**(2)**	**(109)**
NET CASH FROM/(USED IN) OPERATING ACTIVITIES (D=A+B+C)		**542**	**578**	**497**
Acquisitions of property, plant and equipment and intangible assets	10-11	(106)	(101)	(149)
Proceeds from disposals of property, plant and equipment and intangible assets		14	27	5
		(92)	**(74)**	**(144)**
Acquisitions of consolidated companies		(3)	(33)	(900)
Cash and cash equivalents of companies acquired		(6)	6	72
Proceeds from disposals of businesses and consolidated companies		194	-	-
Net proceeds/payments on disposals/acquisitions of non-consolidated companies		5	(136)	1
Payments related to derivative instruments		(16)	-	-
Net proceeds/payments relating to other investing activities		(2)	19	(10)
		172	**(144)**	**(837)**
NET CASH FROM/(USED IN) INVESTING ACTIVITIES (E)		**80**	**(218)**	**(981)**
Increase in share capital		5	517	34
Dividends paid		-	(66)	(101)
Net proceeds/payments relating to treasury stock transactions		(2)	2	1
Increase in financial debt	16	474	45	37
Repayments of financial debt	16	(183)	(108)	(132)
Finance costs, net	6	(24)	(10)	(4)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES (F)		**270**	**380**	**(165)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (G=D+E+F)		**892**	**740**	**(649)**
Effect of exchange rate movements on cash and cash equivalents (H)		12	(17)	(59)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (I)	**16**	**1,232**	**2,136**	**2,859**
CASH AND CASH EQUIVALENTS AT END OF YEAR (G+H+I)	**16**	**2,136**	**2,859**	**2,151**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2005, 2006 AND 2007

in millions of euros	Number of shares	Share capital	Additional paid-in capital	Treasury stock (1)	Consolidated retained earnings and other reserves	Translation reserves	Total equity (2)
AT JANUARY 1, 2005	**131,383,178**	**1,051**	**2,226**	**-**	**(511)**	**(10)**	**2,756**
Increase in share capital upon exercise of options (3)	198,800	2	3	-	-	-	5
Transiciel earn-out payment	-	-	-	-	2	-	2
Adjustment to the number of treasury shares held under the share buyback program (4)	-	-	-	(2)	-	-	(2)
Consolidation and elimination of 576,438 shares attributed or attributable to employees of the Capgemini Group (3)	-	-	-	(16)	19	-	3
Valuation of stock options (3)	-	-	-	-	11	-	11
Income and expense recognized directly in equity	-	-	-	-	(192)	26	(166)
Profit for the year	-	-	-	-	141	-	141
AT DECEMBER 31, 2005	**131,581,978**	**1,053**	**2,229**	**(18)**	**(530)**	**16**	**2,750**
Increase in share capital upon exercise of options (3)	790,393	7	12	-	-	-	19
Dividends paid out for 2005	-	-	-	-	(66)	-	(66)
Issue of 312,127 shares in connection with the Transiciel earn-out mechanism	312,127	2	9	-	-	-	11
Reversal of provision for the Transiciel earn-out mechanism	-	-	-	-	(11)	-	(11)
Issue of 11,397,310 new shares in connection with the increase in share capital of December 6, 2006	11,397,310	91	407	-	-	-	498
Disposal of 84,779 treasury shares returned to the Company	-	-	2	-	1	-	3
Adjustment to the number and value of treasury shares held under the share buyback program (4)	-	-	-	(1)	2	-	1
Remeasurement and elimination of shares attributed or attributable to employees of the Capgemini Group (3)	-	-	-	6	(3)	-	3
Valuation of stock options (3)	-	-	-	-	15	-	15
Income and expense recognized directly in equity	-	-	-	-	198	(17)	181
Profit for the year	-	-	-	-	293	-	293
AT DECEMBER 31, 2006	**144,081,808**	**1,153**	**2,659**	**(13)**	**(101)**	**(1)**	**3,697**
Increase in share capital upon exercise of options (3)	1,343,701	11	23	-	-	-	34
“OCEANE 2005” bonds converted into shares	1	-	-	-	-	-	-
Valuation of stock options (3)	-	-	-	-	19		19
Dividends paid out for 2006	-	-	-	-	(101)	-	(101)
Adjustment to the number and value of treasury shares held under the share buyback program (4)	-	-	-	(1)	-	-	(1)
Remeasurement and elimination of shares attributed or attributable to employees of the Capgemini Group (3)	-	-	-	4	(1)	-	3
Income and expense recognized directly in equity	-	-	-	-	(69)	(171)	(240)
Profit for the year	-	-	-	-	440	-	440
AT DECEMBER 31, 2007	**145,425,510**	**1,164**	**2,682**	**(10)**	**187**	**(172)**	**3,851**

(1) See Note 1.K. – “Treasury stock”.
(2) There were no minority interests at December 31, 2005, 2006 or 2007 (see Note 2 – “Changes in Group structure” and Note 30 – “List of the main consolidated companies by country”).
(3) The method for recognizing and measuring stock options and share grants is described in Note 9.A. – “Stock option plans and share grants”.
(4) See Note 9.B. – “Share buyback program”.

CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE

FOR THE YEARS ENDED DECEMBER 31, 2005, 2006 AND 2007

in millions of euros	2005	2006	2007
Profit for the year	**141**	**293**	**440**
Purchase of a call option on Cap Gemini shares to neutralize the dilutive impacts of the "OCEANE 2003" convertible/exchangeable bonds issued on June 24, 2003 (1)	(16)	-	-
Equity component of the June 16, 2005 bond issue ("OCEANE 2005") (2)	40	-	-
Actuarial gains and losses related to provisions for pensions and other post-employment benefits (3)	(220)	150	(84)
Deferred taxes recognized in equity (4)	5	43	15
Translation adjustments	26	(17)	(171)
Other income and expense	(1)	5	-
Income and expense recognized directly in equity	**(166)**	**181**	**(240)**
TOTAL RECOGNIZED INCOME AND EXPENSE	**(25)**	**474**	**200**

(1) Simultaneously to the "OCEANE 2005" bond issue, the Group decided to neutralize in full the potential dilutive impact of the "OCEANE 2003" convertible/exchangeable bonds issued on June 24, 2003 for a nominal amount of €460 million and maturing on January 1, 2010. This was achieved by purchasing a call option for €16 million (before tax) on approximately 9 million Cap Gemini shares, representing the total number of shares underlying the "OCEANE 2003" convertible/exchangeable bond issue.

(2) On June 16, 2005, the Group issued bonds convertible/exchangeable into new or existing Cap Gemini shares ("OCEANE 2005") for a nominal amount of €437 million. These bonds mature on January 1, 2012 (see Note 16 – "Net cash and cash equivalents").

(3) See Note 17 – "Provisions for pensions and other post-employment benefits". Actuarial gains and losses related to provisions for pensions and other post-employment benefits in the table above are based on the average exchange rate for each corresponding accounting period.

(4) In 2005, 2006 and 2007, deferred taxes mainly relate to the actuarial gains and losses for the period recognized in equity. In 2005, this item also includes deferred tax liabilities relating to the equity component of the bonds issued on June 16, 2005 for an amount of €14 million (see (2) above) and deferred tax assets of €6 million relating to the call option on Cap Gemini shares (see (1) above). Deferred tax assets for 2006 include the deferred tax asset recognized in the United Kingdom in an amount of €52 million. This concerns items recognized directly in equity between 2004 and 2006 and relates to provisions for pensions and other post-employment benefits.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ACCOUNTING POLICIES

Pursuant to European Commission Regulation No. 1606/2002 of July 19, 2002, the 2007 consolidated financial statements have been prepared in accordance with the international accounting standards issued by the International Accounting Standards Board (IASB). These international accounting standards comprise the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the related interpretations endorsed by the European Union at December 31, 2007 and published in the Official Journal of the European Union.

The Group also takes account of the positions adopted by Syntec Informatique – an organization representing major consulting and computer services companies in France – regarding the application of IFRSs.

The Group is concerned by the following new standards and amendments effective as of January 1, 2007:
- IFRS 7 – "Financial Instruments: Disclosures";
- Amendment to IAS 1 – "Presentation of Financial Statements: Capital Disclosures".

These new standards and amendments introduce additional disclosure requirements in the notes to the financial statements regarding the Group's exposure to risk arising from the use of financial instruments.

The Group has not opted for early application of certain standards and interpretations issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC) and endorsed by the European Union at December 31, 2007. This essentially concerns IFRS 8 – "Operating segments". Early adoption of this standard in 2007 would not have substantially altered the presentation of segment information.

The Group has not opted for early application of certain standards and interpretations issued by the IASB or IFRIC but not yet endorsed by the European Union at December 31, 2007. This concerns mainly the revised IAS 1 – "Presentation of Financial Statements". Early adoption of this revised standard in 2007 would not have had a material impact on the presentation of the financial statements for 2007, due mainly to the Group's adoption of the amended version of IAS 19 in 2006 resulting in the inclusion of a statement of recognized income and expense.

The 2007 consolidated financial statements and related notes were approved by the Board of Directors of Cap Gemini S.A. on February 13, 2008.

The principal accounting policies applied in the preparation of the consolidated financial statements are described hereafter :

A) Consolidation methods

The accounts of companies directly or indirectly controlled by Cap Gemini S.A. are fully consolidated. Cap Gemini S.A. is deemed to exercise control over an entity when it has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Investments in companies which Cap Gemini S.A. directly or indirectly controls jointly with a limited number of other shareholders are accounted for by the method of proportional consolidation. This method consists of consolidating the income and expenses, assets and liabilities of jointly-controlled companies on a line-by-line basis, based on the Group's percentage interest in their capital.

Investments in associated companies over whose management Cap Gemini S.A. exercises significant influence, without however exercising full or joint control, are accounted for by the equity method. This method consists of replacing the cost of the shares with an amount corresponding to the Group's equity in the underlying net assets and recording in the income statement the Group's equity in net income.

Details of the scope of consolidation are provided in Note 30 – "List of the main consolidated companies by country".

All consolidated companies prepared their accounts at December 31, 2007 in accordance with the accounting policies and methods applied by the Group.

Intragroup transactions are eliminated on consolidation, as well as intercompany profits.

The Group does not control any special purpose entities that have not been consolidated.

B) Use of estimates

The preparation of financial statements involves the use of estimates and assumptions which may have an impact on the reported values of assets and liabilities at the balance sheet date or on certain items of income and expense for the year. Estimates are based on economic data and assumptions which are likely to vary over time and are subject to a degree of uncertainty. They mainly concern revenue recognition on fixed-price contracts accounted for on a percentage-of-completion basis, the recognition of deferred tax assets, asset impairment tests, and current and non-current provisions.

C) Foreign currency translation

The consolidated financial statements presented in this report have been prepared in euros.

Balance sheets of foreign subsidiaries are translated into euros at year-end rates of exchange with the exception of equity accounts, which are carried at their historical values. Income statements of foreign subsidiaries are translated into euros at the average rates of exchange for the year. However, for certain material transactions, it may be relevant to use a specific rate of exchange. Differences arising from the translation at different rates are recognized directly in equity under "Translation reserves" and have no impact on profit.

Exchange differences arising on monetary items which form an integral part of the net investment in foreign subsidiaries are recognized in equity under "Translation reserves", for their net-of-tax amount.

Exchange differences on receivables and payables denominated in a foreign currency are recorded as operating income or expense or financial income or expense, depending on the type of transaction concerned.

The exchange rates used to translate the financial statements of the Group's main subsidiaries into euros are as follows:

	Average exchange rates			Year-end exchange rates		
	2005	2006	2007	2005	2006	2007
US dollar	0.80461	0.79710	0.73072	0.84767	0.75930	0.68064
Pound sterling	1.46235	1.46681	1.46177	1.45921	1.48920	1.36091
Canadian dollar	0.66459	0.70258	0.68154	0.72860	0.65441	0.69498
Swedish krona	0.10779	0.10808	0.10809	0.10651	0.11061	0.10584
Australian dollar	0.61292	0.60016	0.61179	0.62077	0.59913	0.59769
Norwegian krona	0.12485	0.12434	0.12476	0.12523	0.12139	0.12541
Indian rupee	0.01823	0.01760	0.01767	0.01867	0.01716	0.01733
Polish zloty	0.24873	0.25682	0.26447	0.25907	0.26103	0.27766

D) Statement of income

Income and expenses are presented in the consolidated statement of income by function to reflect the specific nature of the Group's business more accurately. Under the line item presenting revenues, operating expenses are broken down into cost of services rendered (corresponding to costs incurred for the execution of client projects), selling expenses, and general and administrative expenses.

These three captions together represent ordinary operating expenses which are deducted from revenues to obtain operating margin, one of the main Group business performance indicators.

Operating profit is obtained by deducting other operating income and expense, net, from operating margin. Other operating income and expense, net, include the charge resulting from the deferred recognition of the fair value of shares and stock options granted to employees, and non-recurring revenues and expenses such as provisions for impairment of goodwill, capital gains or losses on disposals of consolidated companies or businesses, restructuring costs incurred under a detailed formal plan approved by the Group's management – the main features of which have been announced, the cost of integrating companies recently acquired by the Group, and the effects of curtailments and settlements relating to defined benefit plans.

Profit for the year is subsequently obtained by taking into account the following items:

- finance costs, net, which include interest on borrowings calculated based on the effective interest rate, less income from cash and cash equivalents;
- other financial income and expense, net, which primarily corresponds to the impact of remeasuring financial instruments at fair value, disposal gains and losses and the impairment of investments in non-consolidated companies, net interest costs on defined benefit plans, exchange gains and losses on financial items, and other financial income and expense on miscellaneous financial assets and liabilities calculated using the effective interest method;
- current and deferred income tax expense;
- share in profit of equity-accounted companies.

E) Earnings per share

Earnings per share are measured as follows:

- basic earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period, excluding treasury stock. The weighted average number of ordinary shares outstanding is adjusted by the number of ordinary shares bought back or issued during the period and is calculated by reference to the date of redemption or issue of shares during the year;
- diluted earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding

as used to calculate basic earnings per share, both items being adjusted, where appropriate, for the effects of all potential dilutive financial instruments corresponding to (i) stock options (see Note 9.A. – "Stock option plans and share grants"), and (ii) bonds convertible/exchangeable into new or existing Cap Gemini shares.

F) Recognition of revenues and the cost of services rendered

The method for recognizing revenues and costs depends on the nature of the services rendered:

A. TIME AND MATERIALS CONTRACTS:

Revenues and costs relating to time and materials contracts are recognized as services are rendered.

B. LONG-TERM FIXED-PRICE CONTRACTS:

Revenues from long-term fixed-price contracts, including systems development and integration contracts, are recognized under the "percentage-of-completion" method.
Costs related to long-term fixed price contracts are recognized as they are incurred.

C. OUTSOURCING CONTRACTS:

Revenues from outsourcing agreements are recognized over the life of the contract as the services are rendered. When the services are made up of different components which are not separately identifiable, the related revenues are recognized on a straight-line basis over the life of the contract.

The related costs are recognized as they are incurred. However, a portion of costs incurred in the initial phase of outsourcing contracts (transition and/or transformation costs) may be deferred when they are specific to a given contract, relate to future activity on the contract and/or will generate future economic benefits, and are recoverable. These costs are allocated to work-in-progress and any reimbursement by the client is recorded as a deduction of the costs incurred.

When the projected cost of the contract exceeds contract revenues, an expense is recognized for the amount of the difference.

Revenues receivable from these contracts are recognized in assets under "Accounts and notes receivable" when invoiced to customers or "Accrued income" when they are not yet invoiced.

G) Goodwill and intangible assets

A. GOODWILL

Business combinations are accounted for using the purchase method. Under this method, the identifiable assets, liabilities and contingent liabilities of the acquiree are recognized at their fair values at the acquisition date and may be adjusted after completion of the initial accounting within 12 months of the combination.

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the assets, liabilities and contingent liabilities of the acquiree. When the cost of a business combination is less than the fair value of the assets acquired and liabilities assumed, the difference is recognized immediately in the statement of income.

Goodwill is not amortized but tested for impairment at least annually, or more frequently when events or changes in circumstances indicate that it may be impaired.

B. INTANGIBLE ASSETS

Computer software and user rights acquired on an unrestricted ownership basis, as well as software developed for internal use which has a positive, lasting and quantifiable effect on future results, are capitalized and amortized over three to five years.
The capitalized costs of software developed for internal use represent costs that directly relate to its production, i.e., the salary costs of staff that developed the software concerned, as well as a directly attributable portion of production overheads.

H) Property, plant and equipment

The carrying amount of property, plant and equipment corresponds to the historical cost of these items, less accumulated depreciation and impairment. No items of property, plant and equipment have been revalued. Buildings owned by the Group are measured based on the components approach.

Subsequent expenditure (costs of replacing and/or bringing assets into compliance) are capitalized and depreciated over the remaining useful lives of the assets concerned. Ongoing maintenance costs are expensed as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets concerned. It is calculated based on acquisition cost less residual value.

Property, plant and equipment are depreciated over the following estimated useful lives:

Buildings	20 to 40 years
Fixtures and fittings	10 years
Computer equipment	3 to 5 years
Office furniture and equipment	5 to 10 years
Vehicles	5 years
Other equipment	5 years

Residual values and estimated useful lives are reviewed at each balance sheet date.

The sale of property, plant and equipment gives rise to disposal gains and losses corresponding to the difference between the selling price and carrying amount of the asset concerned.

I) Impairment of goodwill, intangible assets, and property, plant and equipment

Intangible assets and property, plant and equipment are tested for impairment when there is an indication at the balance sheet date that their recoverable amount may be less than their carrying amount. Goodwill is tested for impairment at least once a year. The impairment test consists of assessing the recoverable amount of each asset or group of assets generating cash flows that are separate from the cash flows generated by other assets or groups of assets (cash-generating units – CGUs). The CGUs identified by the Group represent geographic areas as well as Sogeti's Local Professional Services business.

The assessment is notably performed using the discounted cash flows method and the recoverable amount of each CGU is calculated based on various parameters used in the budget procedure and three-year strategic plan extrapolated over a period of five years, including growth and profitability rates considered reasonable. Standard discount rates (based on the weighted average cost of capital) and standard long-term growth rates for the period beyond five years are applied to all valuations of CGUs. These rates are determined based on analyses of the business segments in which the Group operates. When the recoverable amount of a CGU is less than its carrying amount, the impairment loss is deducted from goodwill to the extent possible and charged to operating profit under "Other operating income and expense, net".

J) Leases

Contracts and agreements entered into by the Group are analyzed to determine if they are, or contain, leases.

Leases that do not transfer to the Group substantially all the risks and rewards incidental to ownership are classified as operating leases, and give rise to lease payments expensed as incurred over the lease term. However, when the Group assumes substantially all of the risks and rewards incidental to ownership, the lease is classified as a finance lease and is recognized as an asset at the lower of the fair value of the leased asset and the present value of future minimum lease payments, with the related obligation recorded in liabilities within financial debt. The asset is depreciated over the period during which it is expected to be used by the Group and the obligation is amortized over the lease term. Deferred tax is recognized accordingly.

K) Treasury stock

Cap Gemini S.A. shares held by the Company or by any consolidated companies are shown as a deduction from equity, at cost. The proceeds from sales of treasury stock are taken directly to equity, net of the tax effect, so that the gain or loss on the sale has no impact on profit for the period.

L) Deferred taxes

Deferred taxes are recorded to take into account temporary differences between the carrying amounts of certain assets and liabilities and their tax basis.

Deferred tax is recognized in profit or loss for the period when the related transaction or other event is recognized in profit or loss, except to the extent that the tax arises from a transaction or event which is charged or credited directly to equity, in which case the related deferred tax is also recognized directly in equity (see the consolidated statement of recognized income and expense).

Deferred taxes are accounted for using the balance sheet liability method and are measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date. Adjustments to deferred taxes for changes in tax rates (or tax laws) previously recognized in the statement of income or in equity are recognized in the statement of income or in equity, respectively, for the period in which these changes become effective.

Deferred tax assets are recognized when it is probable that taxable profits will be available against which the deferred tax asset can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date. This amount is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of all or part of that deferred tax asset to be utilized. Any such reduction is reversed when it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset if, and only if, the subsidiaries have a legally enforceable right to set off current tax assets against current tax liabilities, and when the deferred taxes relate to income taxes levied simultaneously by the same taxation authority.

M) Financial instruments

Financial instruments consist of:

- financial assets, which include certain other non-current assets, accounts receivable, certain other receivables, cash at bank and short-term investments;
- financial liabilities, which include long and short-term financial debt and bank overdrafts, certain accounts payable, and certain other payables and non-current liabilities.

Financial instruments are recognized at inception and on subsequent dates in accordance with the methods described below. These methods draw on the following interest rate definitions:

- the coupon interest rate or coupon, which is the nominal interest rate on a bond;
- the effective interest rate, which is the rate that exactly discounts the estimated cash flows through the expected life of the instrument, or, where appropriate, a shorter period to the net carrying amount of the financial asset or liability at initial recognition. The effective interest rate takes into account all fees paid or received, transaction costs, and, where applicable, premiums to be paid and received. This rate is also denominated as notional interest rate, and the corresponding financial expense, the notional financial expense;
- the market interest rate, which reflects the effective interest

rate recalculated at the date of measurement based on current market parameters.

Financial instruments (assets and liabilities) are initially recognized in the balance sheet at their fair value.

The subsequent measurement of financial assets and liabilities is based on either their fair value or amortized cost depending on their classification in the balance sheet. Financial assets measured at amortized cost are subject to tests to assess their recoverable amount as soon as there are indicators of a loss in value, and at least at each balance sheet date. Any loss in value is recognized in the statement of income.

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Amortized cost corresponds to the initial carrying amount (net of transaction costs), plus interest calculated using the effective interest rate, less cash outflows (coupon interest payments and repayment of principal, and redemption premiums where applicable). Accrued interest (income and expense) is not recorded on the basis of the financial instrument's nominal interest rate, but of its effective interest rate.

Financial instruments (assets and liabilities) are derecognized when the related risks and rewards of ownership have been transferred, and when the Group no longer exercises control over the instruments.

a) Recognition and measurement of financial assets

Other non-current assets

Other non-current assets chiefly comprise:

(i) Shares in non-consolidated companies

The Group holds shares in certain companies over whose management it does not exercise significant influence or control. These shares mainly represent long-term investments supporting strategic alliances with the companies concerned.

(ii) *Aides à la construction* (building aid program) loans in France, security deposits and guarantees, and other long-term loans;

(iii) Receivables due from the French Treasury resulting from an election to carry back tax losses (see section b) below – "Recognition and measurement of financial liabilities");

(iv) Receivables which are expected to be settled beyond the normal operating cycle of the business to which they relate;

(v) Non-current derivative instruments.

These other non-current assets are carried at amortized cost, with the exception of:

- shares in non-consolidated companies, which are recognized at fair value: these are treated as available-for-sale securities and are therefore carried at fair value. For listed shares, fair value corresponds to the share price. If the fair value cannot be determined reliably, the shares are recognized at cost.

  Shares in non-consolidated companies are recorded as follows:
  - any change in the fair value of shares in non-consolidated companies after initial recognition is recorded through equity;
  - in the event of an objective indication of a decrease in fair value (in particular, a significant or prolonged decline in the asset's value), an impairment loss is recognized in profit or loss;
  - when the impact of a change in fair value has previously been recognized in equity and there is objective evidence that the shares are impaired, or in the event of their disposal, the impairment loss or impact of derecognition of the shares is dealt with through financial income and expense, and offset where appropriate by a full or partial write-back of the amount recorded in equity.
- non-current derivative instruments, which are recognized at fair value (see section c) below – "Derivative instruments").

Accounts and notes receivable

Accounts and notes receivable correspond to the fair value of the expected consideration to be received. Where payment is deferred beyond the usual periods applied by the Group and this has a material impact on the fair value measurement, the future payments concerned are discounted.

Cash and cash equivalents

Cash and cash equivalents include short-term investments and cash at bank, less bank overdrafts. All components of cash and cash equivalents are carried at their fair value at the balance sheet date. The effects of changes in fair value are recognized in finance expense, net.

b) Recognition and measurement of financial liabilities

Financial debt

Financial debt mainly consists of bond debt, loans granted by credit institutions, obligations under finance leases, and liabilities recognized in respect of amounts receivable under the option to carry back tax losses (see section a) (iii)).

All financial debt is initially recognized at fair value in the balance sheet, and subsequently measured at amortized cost up to maturity.

Fair value corresponds to the present value of future cash outflows discounted at the market interest rate, minus transaction costs and any issue premiums.

Regarding convertible bonds, the difference between the nominal amount of the bonds and the fair value of the liability component as calculated above is recorded under equity.

In each subsequent period, the interest expense recorded in the statement of income corresponds to the theoretical interest charge

calculated by applying the effective interest rate to the carrying amount of the loan. The effective interest rate is calculated when the loan is taken out and corresponds to the rate that exactly discounts estimated future cash payments through the expected life of the loan to the initial fair value of the liability component of the loan.
The difference between interest expense thus calculated and the nominal amount of interest is recorded in financial expense, with the corresponding adjustment posted to liabilities.

Other financial liabilities
With the exception of derivative instruments carried at fair value (see section c) below – "Derivative instruments"), other financial liabilities consist primarily of accounts and notes payable measured at amortized cost in accordance with the principles set out above.

c) Derivative instruments
Derivative instruments comprise mainly forward foreign exchange currency contracts and interest rate swaps.
Derivative instruments are initially recognized at fair value. Except as described below in the case of instruments designated as cash flow hedges, changes in the fair value of derivative instruments, estimated based on market rates or data provided by the bank counterparties, are recognized in profit or loss at the balance sheet date.
When cash flow hedges are eligible for hedge accounting, (i) the effective portion of the hedge is recognized in equity and subsequently transferred to profit or loss when the hedged item itself affects profit or loss and (ii) the ineffective portion of the hedge is recognized immediately in finance expense, net.
The effectiveness of a hedge is demonstrated by means of prospective and retrospective tests performed at each balance sheet date. These tests are designed to validate whether the hedge qualifies for hedge accounting, by demonstrating that the hedging relationship is effective. The 80% to 125% range set by IAS 39 for retrospective tests is also used for the prospective tests.

N) Net cash and cash equivalents
Net cash and cash equivalents comprise cash and cash equivalents less short and long-term financial debt.
Cash and cash equivalents correspond to short-term investments and cash at bank, less bank overdrafts and derivative instruments when these relate to financial transactions.

O) Pensions and other post-employment benefits
Defined contribution plans
Defined contribution plans are funded by contributions paid by employees and Group companies to the organizations responsible for managing the plans. The Group's obligations are limited to the payment of such contributions which are expensed as incurred. The Group's obligation under these plans is recorded in "Accounts and notes payable". Defined contribution plans are operated in most European countries (France, the Netherlands, Germany and Central Europe, Nordic countries, Italy and Spain), in the United States and in the Asia-Pacific region.

Defined benefit plans
Defined benefit plans consist of either:
- unfunded plans, where benefits are paid directly by the Group and the related obligation is covered by a provision corresponding to the present value of future benefit payments. Estimates are based on regularly reviewed internal and external parameters. These unfunded plans correspond to retirement gratuities and healthcare assistance;
- funded plans, where the benefit obligation is covered by external funds. Group contributions to these external funds are made in accordance with the specific regulations in force in each country.

Obligations under these plans are generally determined by independent actuaries using the projected unit credit method. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each of these units is valued separately in order to obtain the amount of the Group's final commitment.

The resulting obligation is discounted by reference to market yields on high quality corporate bonds, of a currency and term consistent with the currency and term of the post-employment benefit obligation.
For funded plans, only the estimated deficit is covered by a provision.

Current and past service costs – corresponding to an increase in the obligation – are recorded within operating expense, respectively on an as-incurred basis in the period and over the residual vesting period of the rights concerned.

Gains or losses on the curtailment or settlement of defined benefit plans are recognized in «Other operating income and expense, net».

The impact during the year of discounting pension benefit obligations, as well as any changes in the expected return on plan assets, is recorded in «Other financial income and expense, net».

Actuarial gains and losses correspond to the effect of changes in actuarial assumptions and experience adjustments (i.e., differences between projected actuarial assumptions and actual data) on the amount of the defined benefit obligation or the value of plan assets. They are recognized in full within equity in the year in which they arise.

P) Stock options granted to employees
Stock options may be granted to certain Group employees entitling them to purchase Cap Gemini shares over a period of five or six years, at an exercise price set when the options are granted.

Stock options are measured at fair value, corresponding to the value of the benefit granted to the employee on the grant date. The amount is recognized in "Other operating income and expense, net" in the statement of income on a straight-line basis over the option vesting period, with a corresponding adjustment to equity.

The fair value of stock options is calculated using the Black and Scholes option pricing model which incorporates assumptions concerning the option exercise price and option life, the share price at the date of grant, implicit share price volatility, and the risk-free interest rate. The expense recognized also takes into account staff attrition rates for eligible employee categories. These assumptions are reviewed each year.

Q) Provisions
A provision is recognized in the balance sheet if, and only if, (i) the Group has a present obligation (legal or constructive) as a result of a

past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. Provisions are discounted when the impact of the time value of money is material.

R) Consolidated statement of cash flows

The consolidated statement of cash flows analyzes cash flows from operating, investing and financing activities.

S) Segment information

The Group analyzes its business activities by geographic area, business segment and client business line. Geographic entities constitute profit centers for which detailed performance measurements exist. The primary reporting segment corresponds to the geographic areas housing the Group's operations. The secondary reporting format corresponds to the Group's business segments.
Costs relating to operations and incurred by Group holding companies on behalf of geographic areas and business lines are allocated to the segments concerned either directly or on the basis of an allocation key. Items that have not been allocated correspond to headquarters' expenses.
Inter-segment transactions are carried out based on competitive market prices.

T) Exchange gains and losses on intragroup transactions

The results and financial position of a foreign subsidiary are included in the Group's consolidated financial statements using normal consolidation procedures, such as the elimination of intragroup balances and intragroup transactions. However, an intragroup short or long-term monetary asset (or liability) cannot be eliminated against the corresponding intragroup liability (or asset) without showing the results of currency fluctuations in the consolidated financial statements. This is because the monetary item represents a commitment to convert one currency into another and exposes the Group to a gain or loss through currency fluctuations. Accordingly, in the consolidated financial statements, such an exchange difference continues to be recognized in profit or loss or is classified in equity if the underlying forms an integral part of the net investment in the foreign operation.

NOTE 2 – CHANGES IN GROUP STRUCTURE

A) 2005 AND 2006

The main changes in Group structure in 2005 and 2006 were as follows:

In January 2005, the Group sold its 25.22% stake in IS Energy for €21 million, further to the exercise by E.ON of the call option it held on IS Energy's shares.

On June 16, 2005, the Group sold its US healthcare business to the Accenture group for €143 million.

On August 12, 2005, the Group entered into an alliance with the Japanese group NTT Data Corporation to sell 95% of its stake in Capgemini Japan K.K. for €30 million.

On September 30, 2006, the Group acquired 100% of the capital of German group FuE. The FuE group is Germany's leading aerospace consulting and engineering firm. The Group has some 250 employees.

On October 11, 2006, the Group purchased 51% of the capital of Unilever Shared Services Limited (renamed Capgemini Business Services India Ltd.), a subsidiary of Hindustan Lever Limited (Unilever group). The company is an administrative, financial and control service center for Unilever in India, and employs nearly 600 service professionals. Capgemini Business Services India Ltd. is fully consolidated.
The purchase agreement includes a call/put option for Capgemini/Hindustan Lever Limited on the remaining 49% of Capgemini Business Services India Ltd., exercisable from October 1, 2008 for a period of six months. If exercised, the Group would own 100% of Capgemini Business Services India Ltd. The Group recognized a financial liability for an amount equal to the present value of the option at that date. The difference between the present value of the option and the carrying amount of the related minority interests is recorded in goodwill.

B) 2007

The main changes in Group structure in 2007 were as follows:

a) Kanbay International Inc.

At the end of October 2006, the Group acquired 14.7% of Kanbay International Inc. ("Kanbay") for a total of USD 170 million, and recorded its investment under "Shares in non-consolidated companies". On February 8, 2007, Kanbay's annual shareholders' meeting approved the acquisition of the company's entire share capital by Capgemini in accordance with the terms and conditions of the agreement dated October 26, 2006. On the same date, the Group therefore acquired the remaining 85.3% of Kanbay's capital for a total amount of USD 1,090 million.
Founded in 1989 and listed on the Nasdaq since 2004, Kanbay provides highly integrated management consulting, technology integration and development and outsourcing solutions through its single global delivery platform specialized in financial services, but also covering the consumer products, the telecommunications, media, life sciences and travel and leisure sectors. In January 2007, Kanbay had a worldwide headcount of approximately 6,900. Kanbay is headquartered in Rosemont, Illinois. It has

offices in North America, London, Singapore, Hong Kong, Tokyo and Melbourne, and owns production sites in India at Pune, Hyderabad, Chennai and Bangalore.

Under the terms of the agreement, Capgemini undertook to pay a consideration of USD 29 per Kanbay share. After taking account of restricted shares, stock options and equity warrants exercisable prior to the acquisition date (February 8, 2007), the total cost of the transaction amounts to €954 million, including €8 million in fees directly attributable to the acquisition.

Kanbay was fully consolidated in 2007. Based on an evaluation carried out by an independent expert, its acquisition price was allocated as follows at December 31, 2007:

in millions of euros	
Net assets acquired, excluding existing goodwill	82
Amortizable intangible assets, net of deferred tax liabilities	41
Goodwill	831
Total acquisition price	**954**

Net assets acquired break down as follows:

in millions of euros	
Property, plant and equipment and intangible assets	64
Shares in equity-accounted companies	20
Net current and deferred taxes	4
Accounts and notes receivable and payable	(6)
Provisions for pensions	(1)
Financial debt	(72)
Cash and cash equivalents	72
Other adjustments to assets and liabilities at fair value, net of deferred taxes	1
Total net assets acquired, excluding existing goodwill	**82**

Accounts and notes receivable and payable include a provision equal to the value of the stock options and restricted shares granted by Kanbay to its employees since 2003 and that had not yet vested at the acquisition date (February 8, 2007). As Kanbay is no longer listed, the Capgemini Group decided, while retaining the terms and conditions of existing stock option and restricted share plans, to set the exercise price and pay a cash consideration based on a price of USD 29 per option and/or share at the vesting date. These stock options and restricted shares will be settled in favor of Kanbay employees mainly between 2007 and 2008 on condition that the beneficiaries are employed by the Group at the final vesting date.
The total estimated cost of these stock options and shares amounts to €24 million and is recorded on a straight-line basis between the various grant dates and the final vesting date. A €15 million provision has therefore been recognized in the post-acquisition balance sheet with respect to services rendered between the grant date and the acquisition date. For the period between the acquisition date and the various final vesting dates, an expense is recognized in the statement of income. The expense recognized with respect to these stock options and shares for 2007 is €6 million (see Note 5 – "Other operating income and expense, net").

Amortizable intangible assets identified during the process of allocating the acquisition price consist of customer relationships carried at fair value, which are amortized over useful lives ranging from five to ten years.

Goodwill represents the integrated management model developed by Kanbay for its onshore and offshore teams (known as the "one team model"). This model will be rolled out by the Group through its I^3 transformation program. Goodwill was allocated to the Group's key geographic areas (North America, France, United Kingdom, Benelux, Germany and Central Europe and Nordic countries) based on their "Technology Services" and "Outsourcing Services" revenues generated in the "Financial Services", "Energy and Utilities", "Manufacturing, Retail and Distribution" and "Telecommunications, Media and Entertainment" sectors, as well as in Sogeti's two operating entities. These regions and entities are the Group's priority in rolling out its "one team model" (see Note 10 – "Goodwill and intangible assets").

Financial debt mainly corresponds to USD 96 million (€72 million) in drawdowns on a USD 150 million credit facility agreed with a banking syndicate on March 9, 2006. On February 9, 2007, the drawdowns were reimbursed and the credit facility was cancelled in advance of maturity.
Kanbay is consolidated with effect from January 1, 2007. Its activities were transferred to the Group's operating entities during the year.

b) Software Architects Inc.

On March 1, 2007, Sogeti USA LLC finalized the acquisition of the entire share capital of Chicago-based company Software Architects Inc., which has more than 500 employees and operations in 10 US cities.

At December 31, 2007, the provisional allocation of the acquisition price can be analyzed as follows:

in millions of euros	
Net assets acquired, excluding existing goodwill (1)	7
Amortizable intangible assets, net of deferred tax liabilities	3
Goodwill	44
Total acquisition price	**54**

(1) Of which €1 million in cash and cash equivalents.

Software Architects Inc. is consolidated within the Group's accounts as of March 1, 2007, and was merged into Sogeti USA LLC as of April 1, 2007.

NOTE 3 – REVENUES

Revenues break down as follows by geographic area:

	2005		2006		2007	
in millions of euros	Amount	%	Amount	%	Amount	%
North America	1,353	20	1,341	17	1,721	20
United Kingdom and Ireland	1,738	25	2,126	28	2,230	26
Nordic countries	415	6	441	6	539	6
Benelux	956	14	1,046	14	1,168	13
Germany and Central Europe	443	6	514	7	558	6
France	1,666	24	1,816	23	1,971	23
Southern Europe	310	4	339	4	390	5
Asia-Pacific	73	1	77	1	126	1
TOTAL	**6,954**	**100**	**7,700**	**100**	**8,703**	**100**

The year-on-year increase in revenues in 2007 is 13.0% taking into account changes in Group structure and exchange rates, and 9.0% on a like-for-like basis (constant Group structure and exchange rates).

NOTE 4 – OPERATING EXPENSES BY NATURE

The analysis of operating expenses by nature is as follows:

	2005		2006		2007	
in millions of euros	Amount	% revenues	Amount	% revenues	Amount	% revenues
Personnel costs	4,175	60.0	4,336	56.3	4,906	56.4
Travel expenses	309	4.5	340	4.4	393	4.5
	4,484	**64.5**	**4,676**	**60.7**	**5,299**	**60.9**
Purchases and sub-contracting expenses	1,808	26.0	2,068	26.9	2,268	26.1
Rent and local taxes	240	3.5	268	3.5	285	3.3
Depreciation, amortization and provisions	197	2.8	241	3.1	211	2.4
TOTAL	**6,729**	**96.8**	**7,253**	**94.2**	**8,063**	**92.6**

Personnel costs break down as follows:

in millions of euros	2005	2006	2007
Wages and salaries	3,283	3,429	3,936
Payroll taxes	803	818	874
Pension costs related to defined benefit plans and other post-employment benefit expenses (1)	89	89	96
TOTAL	**4,175**	**4,336**	**4,906**

(1) See Note 17 – "Provisions for pensions and other post-employment benefits".

NOTE 5 – OTHER OPERATING INCOME AND EXPENSE, NET

in millions of euros	2005	2006	2007
Restructuring costs	(164)	(94)	(90)
Integration costs relating to acquired companies	-	-	(27)
Expenses relating to stock options and share grants (1)	(12)	(17)	(22)
Capital gains on the disposal of consolidated companies or businesses	166	-	-
Other operating income and expense, net	(1)	(2)	(8)
TOTAL	**(11)**	**(113)**	**(147)**

(1) These expenses are calculated as explained in Note 9.A - "Stock options plans and share grants".

In 2005, other operating income and expense, net, primarily related to restructuring costs associated with workforce reduction measures (€83 million), measures taken to streamline the Group's real estate assets (€66 million), accelerated amortization of software in North America (€15 million), and capital gains on disposals of consolidated companies (IS Energy and Capgemini Japan K.K.) or business lines (North American healthcare business).

In 2006, this category essentially related to restructuring costs incurred within the scope of the Margin Acceleration Program ("MAP") for streamlining the Group's outsourcing activities, breaking down as follows: €67 million associated with workforce reduction measures, €16 million with steps taken to streamline the Group's real estate assets and €11 million in industrialization and migration costs relating to the implementation of the Rightshore strategy.

In 2007, restructuring costs mainly include:

- costs incurred in implementing the MAP program for the Outsourcing businesses;
- costs related to reducing the workforce assigned to the HM Revenue & Customs contract in the United Kingdom in line with the expected fall in business under the contract.

Restructuring costs by nature represent:

- costs related to workforce reduction measures in Europe (€64 million, including €35 million due to the HM Revenue & Customs contract);
- expenses related to measures taken to streamline the Group's real estate assets, principally in the United Kingdom (€13 million);
- industrialization and migration costs incurred in connection with rightshoring solutions (€13 million).

The integration costs of recent acquisitions was €27 million, where Kanbay (€25 million) was the main component, comprised of:

- €8 million in costs related to workforce reduction measures and site closures;
- €13 million in consultancy costs incurred during the integration process, and other costs directly attributable to the integration of personnel from acquirees;
- €6 million in costs linked to the stock option and restricted share plans granted by Kanbay and maintained by Capgemini, concerning the period from the acquisition date to the various final vesting dates (see Note 2 – "Changes in Group structure").

NOTE 6 – FINANCE COSTS, NET

Finance costs, net, can be analyzed as follows:

in millions of euros		2005	2006	2007
Gross finance costs	I	(57)	(67)	(70)
Income from cash and cash equivalents	II	33	57	66
FINANCE COSTS, NET		**(24)**	**(10)**	**(4)**

I. GROSS FINANCE COSTS

Gross finance costs can be broken down as follows:

in millions of euros	2005	2006	2007
Interest on convertible bonds	(30)	(43)	(44)
Other interest expense	(27)	(24)	(26)
TOTAL	**(57)**	**(67)**	**(70)**

Interest on convertible bonds relates to interest expense on the "OCEANE 2003" and "OCEANE 2005" bonds convertible/exchangeable into new or existing Cap Gemini shares, issued on June 24, 2003 and June 16, 2005, respectively. This includes €41 million in notional interest (of which €16 million relating to interest paid on bonds) and €3 million in interest due under the "OCEANE 2003" bond issue interest rate swap.

In 2007, other interest expense mainly includes:

- €11 million in notional interest related to finance leases (mainly concerning the United Kingdom and France);
- €6 million in notional interest related to the financial debt recognized following the reinstatement in the balance sheet of carry-back tax credits sold in 2003 and 2004. The recognition of the tax credits at amortized cost generates a gain for the same amount included in operating income;
- €5 million in notional interest related to the recognition in financial debt of the present value of the put option granted to the TXU group in connection with the 10-year outsourcing contract signed on May 17, 2004.

II. INCOME FROM CASH AND CASH EQUIVALENTS

The year-on-year increase in income from cash and cash equivalents in 2007 essentially results from the increase in returns on cash invested mainly by Cap Gemini S.A., which was partially offset by a reduction in the average available cash (see Note 16 – "Net cash and cash equivalents").

NOTE 7 – OTHER FINANCIAL INCOME AND EXPENSE, NET

in millions of euros	2005	2006	2007
Interest rate hedging instruments at fair value (A)	-	1	2
Ineffective portion of currency hedging instruments classified as cash flow hedges	-	-	5
Currency hedging instruments at fair value (B)	2	3	1
Exchange gains on financial transactions (C)	3	4	25
Gains on disposal and reversal of provision on investments in non-consolidated companies	3	-	3
Other	1	5	2
TOTAL OTHER FINANCIAL INCOME	**9**	**13**	**38**
Interest rate hedging instruments at fair value (A')	-	(5)	-
Currency hedging instruments at fair value (B')	(2)	(4)	(17)
Exchange losses on financial transactions (C')	(4)	(7)	(7)
Expenses related to the measurement of financial liabilities at amortized cost	(4)	(3)	(3)
Net interest cost on defined benefit plans (1)	(8)	(9)	(6)
Loss on disposal and impairment of investments in non-consolidated companies	(3)	-	(3)
Other	(2)	(3)	(5)
TOTAL OTHER FINANCIAL EXPENSE	**(23)**	**(31)**	**(41)**
TOTAL OTHER FINANCIAL INCOME AND EXPENSE, NET	**14**	**(18)**	**(3)**

(1) See Note 17 – "Provisions for pensions and other post-employment benefits".

"Other financial income and expense, net" was negative by €3 million in 2007, showing a €15 million year-on-year improvement on 2006 (net financial expense of €18 million in 2006), and mainly comprise:

- interest rate hedging instruments at fair value (A): these correspond to derivative instruments aimed at hedging interest rate risks on financial transactions. In 2007, these derivative instruments generated a financial income of €2 million, largely because of changes in the market value of the «OCEANE 2003» bond interest rate swap. The increase in the fair value of this swap (generating an income of €1 million in 2007 versus an expense of €5 million in 2006 – see (A')) accounts for most of the €6 million year-on-year improvement in «Other financial income and expense» arising on interest rate hedging instruments at fair value;

- ineffective portion of currency hedging instruments classified as cash flow hedges: these correspond to derivatives aimed at hedging currency risks on intragroup operations involving India. Currency hedging instruments classified as cash flow hedges generated a net financial income of €5 million in 2007. This income reflects the change in the ineffective portion of the hedges' fair value (see Note 24 - "Hedge accounting");

- currency hedging instruments at fair value (B): these correspond to derivative instruments aimed at hedging currency risks on financial transactions. Currency hedges at fair value generated a net financial expense of €16 million in 2007 (see (B)-(B')), primarily due to changes in the fair value of a currency swap aimed at hedging an intragroup loan between Capgemini UK and Cap Gemini S.A.. This expense, which results from the rise in the value of the euro against the pound sterling over 2007, was largely offset by a €15 million unrealized exchange gain on the said intragroup loan. This gain was included in "Exchange gains on financial transactions (C)" at year-end. Other exchange gains realized on financial transactions (around €10 million) include those arising in connection with hedges of various intragroup loans, in particular:
  - gains on hedges of the above-mentioned loan between Capgemini UK and Cap Gemini S.A. (€3 million);
  - gains on hedges contracted in connection with intragroup lending and borrowing activities within the scope of the Group's international cash pooling arrangements (€3 million). These were fully offset by exchange losses for the same amount on the underlying currency positions at year-end (recorded in "Exchange losses on financial transactions (C')").

  The net change in (i) income and expenses on currency hedging instruments at fair value, and (ii) exchange gains and losses on financial transactions between 2006 and 2007 is an increase of €6 million (from a negative €4 million in 2006 to a positive €2 million in 2007);

- net interest cost on defined benefit plans (mainly in the United Kingdom and Canada) was €6 million in 2007 (2006: €9 million), representing a decrease of €3 million.

NOTE 8 – INCOME TAX EXPENSE

Income tax expense can be analyzed as follows:

in millions of euros	2005	2006	2007
Current income taxes	(34)	(49)	(78)
Deferred income taxes	(1)	36	30
TOTAL	**(35)**	**(13)**	**(48)**

Current income tax expense for 2007 includes:

- €68 million in income taxes on profits, chiefly relating to the Netherlands, the United Kingdom and Germany;
- €10 million in taxes not based on taxable income and other taxes, mainly related to North America and Italy.

Net deferred tax income for 2007 primarily reflects:

- the write-back of €101 million from a provision for deferred tax assets recognized on tax loss carry-forwards arising in prior years, mainly in France (€81 million) and in Sweden;
- the recognition of €6 million in net deferred tax income on temporary differences, mainly in France and the United Kingdom;
- the utilization against 2007 taxable profits of tax loss carry-forwards previously recognized in the balance sheet for €75 million, mainly in France (€58 million) and Germany.

The difference between the French standard rate of income tax and the effective tax rate of the Group can be analyzed as follows:

in millions of euros	2005	2006	2007
STANDARD TAX RATE IN FRANCE (%)	**34.9**	**34.4**	**34.4**
Tax (expense)/income at the standard rate	**(61)**	**(105)**	**(168)**
Impact of:			
Deferred tax assets unrecognized or depreciated on temporary differences and tax loss carry-forwards	(16)	(11)	5
Impact of revaluation of deferred tax assets generated in France (1)	36	40	81
Recognition of deferred tax assets on temporary differences and tax loss carry-forwards arising prior to January 1	10	53	19
Utilization of previously unrecognized tax loss carry-forwards	4	41	7
Difference in tax rates between countries	1	6	11
Permanent differences and other items	(9)	(37)	(3)
Tax expense at the effective rate	**(35)**	**(13)**	**(48)**
EFFECTIVE RATE OF INCOME TAX (%)	**19.9**	**4.2**	**9.8**

(1) Calculated based on the parameters set out in Note 12 – "Deferred taxes".

During 2007 and in previous financial years, some Group companies underwent tax audits leading in some cases to tax reassessments. A number of these reassessments have been challenged and certain litigation proceedings were in progress at the balance sheet date.

NOTE 9 – SHAREHOLDERS' EQUITY

A) Stock option plans and share grants

At the May 23, 2000 and May 12, 2005 Annual Shareholders' Meetings, the Board of Directors was given a five-year authorization in respect of the May 23, 2000 plan ("2000 Plan"), and an authorization period of 38 months in respect of the May 12, 2005 plan ("2005 Plan"), to grant stock options to certain Group employees on one or several occasions.

The main features of these plans and their bases of calculation are set out in the table below:

	Plan 2000		Plan 2005	Total
Date of Shareholders' Meeting	May 23, 2000		May 12, 2005	
Maximum number of shares to be issued on exercise of options	12,000,000		6,000,000	
Date options first granted under the plan	September 1, 2000	October 1, 2001	Octobre 1, 2005	
Deadline for exercising stock options after their grant date (based on progressive tranches)	6 years	5 years	5 years	
Exercise price as a % of the average share price over the twenty stock market trading days preceding the grant date	80%	100%	100%	
Exercise price (per share and in euros) of the various stock option grants:				
Low	139.00	21.00	30.00	
High	139.00	40.00	55.00	
Maximum number of shares to be issued on exercise of outstanding options at December 31, 2006	6,665,265		3,853,445	**10,518,710**
Number of new stock options granted during the year	Plan expired		2,332,500	**2,332,500**
Number of options forfeited or canceled in 2007	850,486		365,850	**1,216,336**
Number of options exercised in 2007	1,296,776 (1)		46,925 (2)	**1,343,701**
Maximum number of shares to be issued on exercise of outstanding options at December 31, 2007	4,518,003 (3)		5,773,170 (4)	**10,291,173**
Residual weighted average life (in years)	1.68		3.84	-

(1) At December 31, 2007, the following stock options had been exercised: 834,959 stock options granted at a price of €24; 101,150 stock options granted at a price of €40; 30,874 stock options granted at a price of €31; 231,894 stock options granted at a price of €21; and 97,899 stock options granted at a price of €27.
(2) Representing 45,825 stock options purchased at a price of €30; and 1,100 stock options purchased at a price of €43.
(3) Representing 752,350 shares purchased at a price of €40; 201,842 shares at €31; 2,455,161 shares at €21; and 1,108,650 shares at €27.
(4) Representing 1,574,870 shares purchased at a price of €30; 1,950,800 shares at €43; 323,000 shares at €55; and 1,924,500 shares at €44.

The Group has no contractual or implicit obligations to purchase or settle the options in cash.
In the event of a notice of authorization of a tender offer or public exchange offer for some or all of the Company's shares published by Euronext, option holders would be entitled, if they so wish, to exercise all of their remaining unexercised options immediately.

Fair value of options granted and impact on the financial statements
Based on the calculation parameters used to determine fair value under the Black & Scholes option pricing model (described in the table below), the expense to be recorded in "Other operating income and expense, net" amounts to €19 million. The total expense to be amortized between 2008 and 2011 in respect of the eight option grants is €29 million.

Summary	2000 Plan				2005 Plan			
Grant dates:	October 1, 2003	April 1, 2004	October 1, 2004	April 1, 2005	October 1, 2005	October 1, 2006	April 1, 2007	October 1, 2007
Number of shares initially granted	1,406,000	566,000	3,634,500	1,623,000	1,915,500	2,067,000	400,000	1,932,500
Exercise price (per share and in euros) of the various stock option grants	40	31	21	27	30	43	55	44
Share price at the grant date	35.88	31.19	19.09	27.06	32.59	41.84	57.00	42.98
Number of shares subscribed at December 31, 2007	117,450	52,676	467,539	128,347	62,380	1,100	-	-
Principal market conditions at the grant date								
Volatility	37.0-38.0%	38.1-38.8%	37.5-38.5%	32.4-33.8%	27.4-29.4%	32.4-35.9%	31.7-32.7%	34.8-35.7%
Average length of the option exercise period (in years)	3.5-4.25	3.5-4.25	3-4.25	3-4.25	3-4.25	3-4.25	3-4.25	3-4.25
Risk-free interest rate	2.7-3.1%	2.8-3%	3-3.3%	2.2-2.9%	2.3-2.7%	3.5-3.6%	4.1-4.2%	4.1%
Expected dividend rate	1%	1%	1%	1%	1%	1%	1.5%	1.5%
Off-market conditions:								
Employee presence within the Group at the exercise date	yes	yes	yes	yes	yes	yes	yes	yes
Other	no	yes (1)	no	no	no	no	no	no
Pricing model used to calculate stock option fair values	Black & Scholes model							
Range of fair values in euros	8.7-10.3	9.2-10.3	4.5-5.7	6.2-7.8	7.6-9.4	10.7-11.7	14.5-17.1	10.6-12.6
Maximum number of shares to be issued on exercise of outstanding options at December 31, 2007	752,350	201,842	2,455,161	1,108,650	1,574,870	1,950,800	323,000	1,924,500

(1) The final number of stock options was based on a percentage of target adjusted gross operating profit achieved by Sogeti.

Share grants made in connection with agreements signed on the May 2000 acquisition of Ernst & Young's consulting business

These agreements included an employee-retention scheme applicable over a maximum five-year period for the key employees of Ernst & Young's consulting business who joined the Group. This scheme was based on the gradual acquisition of ownership of shares granted to the sellers of Ernst & Young's consulting business. If a person covered by this scheme left the Group, he or she could be required to return a portion of the shares received in May 2000. The agreements also provided that ownership of a portion of the shares thus returned would automatically be transferred to Cap Gemini S.A. (to be subsequently canceled or sold), with the balance to be held within the local entities to which employees having left the group were attached (trusts and bank accounts) as part of the employee-retention scheme, in order to be subsequently reallocated to other employees in the countries concerned. As certain shares were sold, in accordance with the provisions of the agreements, cash amounts were also paid to these entities before the ownership of the shares fully vested in the beneficiaries concerned who subsequently left the Group. These cash amounts corresponded to the disposal gain on the shares returned, which could, where appropriate, be granted to employees in the countries concerned in the form of exceptional remuneration.
The reallocations of Cap Gemini shares under this scheme are based on the gradual vesting of the shares over a similar period to that applicable to the stock options granted by Cap Gemini S.A.

In 2007, the above-mentioned entities granted 18,700 Cap Gemini shares to their respective employees (primarily in North America). The related expense for 2007 amounts to €2.5 million and is recorded in "Other operating income and expense, net". The total expense to be amortized between 2008 and 2011 amounts to €5 million.
It should be noted this scheme is used very marginally and should come to an end in the near future as only a very limited number of shares (fewer than 18,000) may still be allocated. The corresponding expense is however recorded over the vesting period of the rights concerned.

B) Share buyback program

The share buyback program was described in a prospectus published on March 22, 2007. At December 31, 2007, the €1 million change in treasury shares held under the share buyback program (acquired exclusively in connection with a liquidity contract implemented with effect from September 30, 2005) is deducted from consolidated equity.

C) Earnings per share

Basic earnings per share

Basic earnings per share are calculated by dividing profit or loss for the year by the weighted average number of ordinary shares outstanding during the period, excluding treasury stock. The weighted average number of ordinary shares is adjusted by the number of ordinary shares bought back or issued during the period.

	2005	2006	2007
Profit for the year *(in millions of euros)*	141	293	440
Weighted average number of ordinary shares	131,391,243	132,782,723	144,744,128
BASIC EARNINGS PER SHARE *(in euros)*	**1.07**	**2.21**	**3.04**

The increase in the average number of shares between 2005 and 2006 reflects the exercise of stock options held by employees, the Transiciel earn-out payment (since August 2006), and the issue of new shares in connection with the capital increase of December 6, 2006. The impact of the earn-out payment and the share issue was significantly reduced by applying a time proportion basis.

The increase in the average number of shares between 2006 and 2007 is due to the exercise of stock options held by employees and to the full-year impact of the Transiciel earn-out payment and capital increase of December 6, 2006.

Diluted earnings per share

Diluted earnings per share are calculated by assuming conversion into ordinary shares of all dilutive instruments outstanding at the balance sheet date.

The average share price in 2007 was €49.32.

At December 31, 2007, instruments considered dilutive for the purpose of calculating diluted earnings per share include:

- employee stock options, which are considered to be potentially dilutive when the average price of ordinary shares during the period exceeds the exercise price of the options including fair value;
- "OCEANE 2005" convertible/exchangeable bonds, as the €13 million interest expense recorded (net of taxes) on the bonds is lower than basic earnings per share (see Note 16 – "Net cash and cash equivalents").

	2005	2006	2007
Profit for the year *(in millions of euros)*	**141**	**293**	**440**
Interest expense on "OCEANE 2005" bonds (net of taxes)	6	12	13
Diluted profit for the year *(in millions of euros)*	**147**	**305**	**453**
Weighted average number of ordinary shares (diluted)			
Weighted average number of ordinary shares	131,391,243	132,782,723	144,744,128
Adjusted to reflect:			
– conversion of "OCEANE 2003" bonds	-	-	-
– conversion of "OCEANE 2005" bonds (weighted average)	5,905,405	11,810,810	11,810,809
– exercise of share warrants relating to the acquisition of the Transiciel group	315,790	-	-
– exercise of employee stock options	859,828	2,647,793	2,737,133
Weighted average number of ordinary shares (diluted)	**138,472,266**	**147,241,326**	**159,292,070**
Diluted earnings per share *(in euros)*	**1.06**	**2.07**	**2.84**

The June 24, 2003 convertible/exchangeable bond issue ("OCEANE 2003"):

- was not considered dilutive at December 31, 2005 as the interest expense recorded (net of taxes) on each bond exceeded basic earnings per share;
- was not considered dilutive at December 31, 2006 and 2007 – even though the €14 million interest expense recognized on the bonds (net of taxes) in 2006 and 2007 is less than basic earnings per share (see Note 16 – "Net cash and cash equivalents") – because the Group acquired a call option in June 2005 on an equivalent number of shares to those underlying the "OCEANE 2003" bond issue (approximately 9 million shares), designed to neutralize in full the potential dilutive impact of the bonds. Accordingly, profit for 2006 and 2007 was not restated for the net-of-tax interest expense on the "OCEANE 2003" convertible/exchangeable bonds.

For information purposes, it should be noted that had the "OCEANE 2003" convertible/exchangeable bond issue been considered dilutive for the calculation of diluted earnings per share, the weighted average number of ordinary shares would have been 156,260,933 at December 31, 2006 and 168,311,677 at December 31, 2007, while diluted earnings per share would have totaled €2.04 in 2006 and €2.78 in 2007.

NOTE 10 – GOODWILL AND INTANGIBLE ASSETS

Changes in goodwill and intangible assets can be analyzed as follows by type of asset:

in millions of euros	Goodwill	Software	Internally generated intangible assets	Other intangible assets	Total
GROSS VALUE					
AT JANUARY 1, 2005	**1,786**	**184**	**39**	**154**	**2,163**
Translation adjustments	41	10	-	13	64
Acquisitions/Increase	1	19	2	5	27
Disposals/Decrease	(5)	(20)	-	(13)	(38)
Changes in Group structure	4	(16)	-	(2)	(14)
Other movements	-	8	-	(16)	(8)
AT DECEMBER 31, 2005	**1,827**	**185**	**41**	**141**	**2,194**
Translation adjustments	(13)	(3)	-	(9)	(25)
Acquisitions/Increase	-	13	9	8	30
Disposals/Decrease	-	(59)	(1)	(15)	(75)
Changes in Group structure	56	-	-	6	62
Other movements	-	(16)	12	1	(3)
AT DECEMBER 31, 2006	**1,870**	**120**	**61**	**132**	**2,183**
Translation adjustments	(149)	(7)	-	(16)	(172)
Acquisitions/Increase	-	24	2	13	39
Disposals/Decrease	-	(19)	-	-	(19)
Changes in Group structure	878	8	-	74	960
Other movements	-	4	1	(2)	3
AT DECEMBER 31, 2007	**2,599**	**130**	**64**	**201**	**2,994**
o/w finance leases				*13*	*13*
ACCUMULATED AMORTIZATION					
AT JANUARY 1, 2005		**119**	**28**	**33**	**180**
Translation adjustments		7	-	2	9
Additions		44	7	16	67
Disposals		(19)	-	(12)	(31)
Changes in Group structure		(12)	-	(1)	(13)
Other movements		2	-	-	2
AT DECEMBER 31, 2005		**141**	**35**	**38**	**214**
Translation adjustments		(3)	-	(2)	(5)
Additions		13	6	18	37
Disposals		(56)	(1)	(8)	(65)
Changes in Group structure		-	-	-	-
Other movements		-	-	-	-
AT DECEMBER 31, 2006		**95**	**40**	**46**	**181**
Translation adjustments		(5)	-	(4)	(9)
Additions		18	5	31	54
Disposals		(17)	-	-	(17)
Changes in Group structure		4	-	-	4
Other movements		2	-	(1)	1
AT DECEMBER 31, 2007		**97**	**45**	**72**	**214**
o/w finance leases				*10*	*10*
IMPAIRMENT					
AT JANUARY 1, 2005	**12**	**8**	**-**	**-**	**20**
Translation adjustments	-	-	-	-	-
Additions	6	3	-	-	9
Changes in Group structure	-	-	-	-	-
Other movements	-	-	-	-	-
AT DECEMBER 31, 2005	**18**	**11**	**-**	**-**	**29**
Translation adjustments	-	-	-	-	-
Additions	3	-	(2)	1	2
Changes in Group structure	-	-	-	-	-
Other movements	-	(7)	7	-	-
AT DECEMBER 31, 2006	**21**	**4**	**5**	**1**	**31**
Translation adjustments	(1)	-	-	-	(1)
Additions	2	-	-	-	2
Changes in Group structure	-	-	-	-	-
Other movements	-	-	-	-	-
AT DECEMBER 31, 2007	**22**	**4**	**5**	**1**	**32**
NET					
AT DECEMBER 31, 2005	**1,809**	**33**	**6**	**103**	**1,951**
AT DECEMBER 31, 2006	**1,849**	**21**	**16**	**85**	**1,971**
AT DECEMBER 31, 2007	**2,577**	**29**	**14**	**128**	**2,748**
o/w finance leases				*3*	*3*

The acquisition cost of intangible assets reported in the balance sheet (€39 million in 2007) is different from the figure provided in the cash flow statement (€32 million in 2007), as it excludes acquisitions of assets held under finance leases (€7 million in 2007).

Net value of goodwill

• The carrying amount of goodwill per cash generating unit (geographic areas and Sogeti's "Local Professional Services" business) is as follows:

In millions of euros	December 31, 2005			December 31, 2006			December 31, 2007		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
North America	222	-	222	199	-	199	454	-	454
United Kingdom	475	(4)	471	483	(6)	477	525	(7)	518
Benelux	333	(12)	321	319	(12)	307	394	(12)	382
France	136	-	136	136	(1)	135	291	(1)	290
Other	203	(2)	201	228	(2)	226	339	(2)	337
Sogeti	458	-	458	505	-	505	596	-	596
Total	**1,827**	**(18)**	**1,809**	**1,870**	**(21)**	**1,849**	**2,599**	**(22)**	**2,577**

Analysis of changes in goodwill over the period

Changes in the net value of goodwill in 2007 primarily reflect:

- goodwill of €831 million arising on the acquisition of Kanbay International Inc. (see Note 2 – "Changes in Group structure"). Of this amount, €305 million was allocated to North America, €172 million to France, €90 million to the United Kingdom, €84 million to Benelux, €72 million to Germany and Central Europe, €54 million to Nordic countries, and €54 million to Sogeti;
- goodwill of €44 million arising on the acquisition of Software Architects Inc. on March 1, 2007;
- translation losses of €149 million arising on goodwill denominated in foreign currencies.

Measurement of goodwill at December 31, 2007

Goodwill was tested for impairment at December 31, 2007 in line with the Group procedure for verifying the value of these assets. Based primarily on the discounted cash flows method, this procedure consists of assessing the recoverable amount of each cash-generating unit (CGU) within the Group.

The main assumptions used to value cash-generating units are as follows:

- basis for CGU valuation: value in use;
- number of years over which cash flows are estimated and extrapolated indefinitely: 5 years;
- perpetual growth rate: 3%;
- discount rate: 10.2% for North America and 10.1% for other cash-generating units.

No material impairment losses were recognized at December 31, 2007 as a result of these tests.

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment can be analyzed as follows by type of asset:

in millions of euros	Land, buildings, fixtures and fittings	Computer equipment	Other property, plant and equipment	Total
GROSS VALUE				
AT JANUARY 1, 2005	**461**	**525**	**128**	**1,114**
Translation adjustments	13	17	3	**33**
Acquisitions/Increase	16	89	10	**115**
Disposals/Decrease	(79)	(135)	(15)	**(229)**
Changes in Group structure	(2)	(54)	(1)	**(57)**
Other movements	19	(3)	(9)	**7**
AT DECEMBER 31, 2005	**428**	**439**	**116**	**983**
Translation adjustments	(2)	(5)	(1)	**(8)**
Acquisitions/Increase	18	100	13	**131**
Disposals/Decrease	(41)	(145)	(5)	**(191)**
Changes in Group structure	1	-	-	**1**
Other movements	3	(9)	(4)	**(10)**
AT DECEMBER 31, 2006	**407**	**380**	**119**	**906**
Translation adjustments	(16)	(15)	(2)	**(33)**
Acquisitions/Increase	35	111	23	**169**
Disposals/Decrease	(35)	(63)	(9)	**(107)**
Changes in Group structure	49	24	4	**77**
Other movements	7	(4)	(3)	**-**
AT DECEMBER 31, 2007	**447**	**433**	**132**	**1,012**
o/w finance leases	*106*	*161*	*7*	*274*
ACCUMULATED DEPRECIATION				
AT JANUARY 1, 2005	**204**	**364**	**97**	**665**
Translation adjustments	9	11	1	**21**
Additions	40	80	10	**130**
Reversals	(63)	(117)	(13)	**(193)**
Changes in Group structure	-	(39)	(1)	**(40)**
Other movements	5	(2)	(5)	**(2)**
AT DECEMBER 31, 2005	**195**	**297**	**89**	**581**
Translation adjustments	(1)	(2)	(1)	**(4)**
Additions	36	86	9	**131**
Reversals	(28)	(136)	(5)	**(169)**
Changes in Group structure	-	-	-	**-**
Other movements	(10)	-	(1)	**(11)**
AT DECEMBER 31, 2006	**192**	**245**	**91**	**528**
Translation adjustments	(9)	(10)	-	**(19)**
Additions	37	91	10	**138**
Reversals	(31)	(59)	(8)	**(98)**
Changes in Group structure	6	11	1	**18**
Other movements	3	(2)	(1)	**-**
AT DECEMBER 31, 2007	**198**	**276**	**93**	**567**
o/w finance leases	*33*	*85*	*6*	*124*
IMPAIRMENT				
AT DECEMBER 31, 2005	**3**	**-**	**-**	**3**
AT DECEMBER 31, 2006	**3**	**-**	**-**	**3**
AT DECEMBER 31, 2007	**3**	**-**	**-**	**3**
NET				
AT DECEMBER 31, 2005	**230**	**142**	**27**	**399**
AT DECEMBER 31, 2006	**212**	**135**	**28**	**375**
AT DECEMBER 31, 2007	**246**	**157**	**39**	**442**
o/w finance leases	*73*	*76*	*1*	*150*

The acquisition cost of property, plant and equipment reported in the balance sheet (€169 million in 2007) is different from the figure provided in the cash flow statement (€117 million in 2007), as it excludes acquisitions of assets held under finance leases (€52 million in 2007).

NOTE 12 – DEFERRED TAXES

I. RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

A) Analysis by recovery date

At December 31 *(in millions of euros)*	2005	2006	2007
Deferred tax assets:			
– Deferred tax assets recoverable in more than one year	737	761	791
– Deferred tax assets recoverable within one year	91	127	116
TOTAL DEFERRED TAX ASSETS	**828**	**888**	**907**
Deferred tax liabilities:			
– Deferred tax liabilities payable in more than one year	105	108	128
– Deferred tax liabilities within one year	16	10	10
TOTAL DEFERRED TAX LIABILITIES	**121**	**118**	**138**

B) Change in deferred tax assets and liabilities

in millions of euros	Deferred tax assets arising from tax loss carry-forwards	Deferred tax assets arising from the acquisition of Ernst & Young's consulting business	Deferred tax assets arising from temporary differences	Total deferred tax assets	Total deferred tax liabilities
At January 1, 2007	**583**	**125**	**180**	**888**	**(118)**
Changes in Group structure	-	-	1	1	(33)
Translation adjustments	-	(13)	(7)	(20)	6
Deferred taxes recognized in profit or loss	18	-	7	25	5
Deferred taxes recognized in equity	-	-	13	13	2
At December 31, 2007	**601**	**112**	**194**	**907**	**(138)**

Deferred taxes arising on changes in Group structure (€32 million) relate to the acquisitions of Kanbay International Inc. and Software Architects Inc. during the year (see Note 2 – "Changes in Group structure") and largely relate to amortizable intangible assets.

The breakdown of deferred taxes recognized in profit or loss €30 million) is provided in Note 8 – "Income tax expense".

Deferred tax expense recognized in equity for €15 million mainly relates to actuarial gains and losses also carried in equity (see the statement of recognized income and expense).

Deferred tax assets arising from the acquisition of Ernst & Young's consulting business in North America

The difference between the price at which Ernst & Young's North American consulting business was purchased in 2000, and the tax base of the assets and liabilities acquired (€2,719 million at December 31, 2007) is amortized over 15 years for tax purposes, representing an income tax saving of around €1,060 million based on current tax rates. Over the last few fiscal years, some or all of these amortization charges have led to an increase in tax losses that may be carried forward over a period of 20 years.

The value of the related deferred tax assets is assessed based on estimated taxable profit of the Group's North American operations over the next five years, using growth and profitability rates considered reasonable. Previously recognized deferred tax assets of USD 165 million (representing €112 million at December 31, 2007) were not remeasured at December 31, 2007. Taxable profits generated in 2007 by the Group's North American operations were entirely offset by the tax-deductible expense relating to the payment by the Group of Kanbay stock options. The Group considers that it should consolidate the improved profitability of its North American operations before reassessing the value of deferred tax assets.
Accordingly, unrecognized differed tax assets amount to €948 million at December 31, 2007.

Deferred tax assets arising from tax loss carry-forwards in France

In 2002, Cap Gemini S.A. recognized a €2.8 billion net short-term capital loss for tax purposes, further to the reorganization of the Group's North American operations. Since December 31, 2003, the corresponding tax loss may be carried forward indefinitely against future taxable profit generated in France.
At each balance sheet date, this deferred tax asset is adjusted to reflect the estimated taxable profit of the Group's operations over the

next 15 years. The calculation is based on growth and profitability assumptions considered reasonable, using the following visibility parameters:
- 100% utilization in the first five years. As from the sixth year, a provision is set aside for probable recoveries based on a standard rate of 35%, which is increased by five points per year up to 70% in the fifteenth year, and to 100% beyond the fifteenth year.

This calculation model is based on a progressive decline in visibility as regards the future realization of estimates, so that recognized deferred tax assets are utilized as follows:
- approximately 60% is utilized in the first five years,
- the remaining 40% is utilized between the sixth and fifteenth year.

At December 31, 2007, the corresponding deferred tax asset recognized in France amounts to €545 million (€522 million at end-2006), representing a revaluation of €81 million and a utilization of €58 million. Accordingly, unrecognized deferred tax assets amount to €45 million at December 31, 2007.

Other deferred tax assets recognized on tax loss carry-forwards

Deferred tax assets recognized on tax loss carry-forwards at Group level (excluding deferred tax assets recognized in France) total €56 million and relate to Sweden and Norway (€28 million), Germany (€20 million), Belgium (€3 million) and other countries (€4 million).

C) Analysis by type

Recognized deferred tax assets at December 31, 2007 can be analyzed as follows by type:

At December 31 *(in millions of euros)*	**2007**
Tax loss carry-forwards	539
Acquisition of Ernst & Young's consulting business	112
Provisions for pensions and other post-employment benefits	100
Other	40
Total deferred tax assets recoverable in more than one year	**791**
Tax loss carry-forwards	62
Provisions for pensions and other post-employment benefits	16
Amortization adjustments	9
Other	29
Total deferred tax assets recoverable within one year	**116**
TOTAL RECOGNIZED DEFERRED TAX ASSETS	**907**

Deferred tax liabilities at December 31, 2007 can be analyzed as follows by type:

At December 31 *(in millions of euros)*	**2007**
Restatement of tax-deductible goodwill amortization	50
Restatement of amortization taken on customer relationships	23
Equity component of "OCEANE 2003" and "OCEANE 2005" convertible/exchangeable bonds	16
Restatement of finance leases	13
Provisions	13
Other	13
Total deferred tax liabilities payable in more than one year	**128**
Revaluation of work-in-progress	9
Other	1
Total deferred tax liabilities payable within one year	**10**
TOTAL DEFERRED TAX LIABILITIES	**138**

II. UNRECOGNIZED DEFERRED TAX ASSETS

Unrecognized deferred tax assets can be analyzed as follows:

At December 31 *(in millions of euros)*	2005	2006	2007
Tax loss carry-forwards	524	437	369
Acquisition of Ernst & Young's consulting business	1,183	1,058	948
Temporary differences	380	188	183
TOTAL	**2,087**	**1,683**	**1,500**

At December 31, 2007, unrecognized deferred tax assets are essentially attributable to North America (€1,184 million). Of this amount, €948 million relates to Ernst & Young's consulting business, €151 million to deferred taxes on tax loss carry-forwards, and €85 million to deferred taxes on temporary differences.

At December 31, 2007, unrecognized deferred tax assets arising on tax loss carry-forwards amounted to €369 million and primarily concerned North America (€151 million), France (€45 million), and Italy (€40 million).

At end-2007, unrecognized deferred tax assets arising on temporary differences relate to:

- changes in provisions for pensions and other post-employment benefits (€72 million), essentially in the United Kingdom;
- differences in revenue recognition in the individual company accounts and the consolidated accounts (€30 million);
- differences in the methods used for capitalizing and depreciating/amortizing fixed assets in the individual company accounts and consolidated accounts (€9 million);
- restructuring costs (€8 million), provisions (€12 million) and other miscellaneous items (€52 million).

III. EXPIRY DATES OF TAX LOSS CARRY-FORWARDS

The taxable bases for tax loss carry-forwards can be analysed as follows:

	2005		2006		2007	
At December 31 *(in millions of euros)*	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Y+1	3	-	62	2	82	2
Y+2	69	2	57	1	69	2
Y+3	48	1	64	2	9	-
Y+4	43	1	8	-	14	-
Y+5	9	-	16	-	5	-
Beyond 5 years	4,442	96	4,202	95	4,033	96
TOTAL	**4,614**	**100**	**4,409**	**100**	**4,212**	**100**

Tax loss carry-forwards do not include tax-deductible amortization charges recorded against goodwill arising from the acquisition of Ernst & Young's consulting business, amounting to €1,284 million at December 31, 2007.

NOTE 13 – OTHER NON-CURRENT ASSETS

Other non-current assets can be analyzed as follows:

At December 31 *(in millions of euros)*	2005	2006	2007
Shares in equity-accounted companies	-	-	23
Shares in non-consolidated companies	5	140	3
Carry-back tax credits	116	121	-
Deposits and other long-term investments	32	23	35
Derivative instruments	-	3	3
Other	11	8	32
TOTAL	**164**	**295**	**96**

Shares in equity-accounted companies

Shares in equity-accounted companies primarily include the 48.6% interest in SSS Holding Corporation Ltd. acquired as a result of the purchase of Kanbay International Inc.

Shares in non-consolidated companies

The main change compared with December 31, 2006 relates to the acquisition of Kanbay. The Group had already acquired 14.7% of the company's capital in October 2006 and classified its investment within «Shares in non-consolidated companies» under other non-current assets in an amount of €132 million. The Kanbay acquisition was completed on February 8, 2007 and fully consolidated for the first time in 2007 (see Note 2 – "Changes in Group structure").

Carry-back tax credits
On June 26, 2003 and June 28, 2004, Cap Gemini S.A. sold a tax receivable of €90 million and an additional tax receivable of €39 million to a credit institution for €74 million and €33 million, respectively (see Note 16 – "Net cash and cash equivalents", section II c). At December 31, 2007, these receivables were reclassified from other non-current assets to other receivables due to their short-term maturities (June 2008).

Deposits and other long-term investments
Deposits and other long-term investments consist of *aides à la construction* (building aid program) loans in France, contributions to retirement plans in Canada, security deposits and guarantees, and other long-term investments.

Derivative instruments
Derivative instruments consist of interest rate and currency hedges. Hedges of borrowings are detailed in Note 16 – "Net cash and cash equivalents" section III, while cash flow hedges of operating transactions are described in Note 24 – "Hedge accounting".

Other non-current assets
This caption essentially includes €25 million in accounts receivable due in more than one year under the Schneider Electric contract in France.

NOTE 14 – ACCOUNTS AND NOTES RECEIVABLE

Trade accounts and notes receivable can be analyzed as follows:

At December 31 *(in millions of euros)*	2005	2006	2007
Accounts receivable	1,337	1,459	1,542
Provisions for doubtful accounts	(33)	(25)	(14)
Accrued income	467	530	694
Work-in-progress	27	99	96
TOTAL	**1,798**	**2,063**	**2,318**

Total accounts receivable and accrued income net of advances received from customers can be analyzed as follows in number of days' revenues:

At December 31 *(in millions of euros)*	2005	2006	2007
Accounts and notes receivable (excluding work-in- progress)	1,771	1,964	2,222
Advances received from customers	(609)	(683)	(743)
Total accounts receivable net of advances received from customers	**1,162**	**1,281**	**1,479**
In number of days' revenues	60	60	61

NOTE 15 – OTHER RECEIVABLES AND INCOME TAXES

At December 31 *(in millions of euros)*	2005	2006	2007
Income taxes receivable	21	20	31
Tax and social security related receivables	70	55	56
Prepaid expenses	134	118	134
Carry-back tax credits	-	-	127
Other	25	21	26
TOTAL	**250**	**214**	**374**

Carry-back tax credits

At December 31, 2007, these receivables were reclassified from other non-current assets to other receivables and income taxes due to their short-term maturities (June 2008).

NOTE 16 – NET CASH AND CASH EQUIVALENTS

Net cash and cash equivalents correspond to available cash and cash equivalents less short and long-term financial debt and derivative instruments when these relate to items of a financial nature.

At December 31 *(in millions of euros)*		2005	2006	2007
Cash and cash equivalents	I	2,136	2,859	2,151
Financial debt	II	(1,231)	(1,224)	(1,245)
Derivative instruments	III	(1)	(3)	(17)
NET CASH AND CASH EQUIVALENTS		**904**	**1,632**	**889**

I. CASH AND CASH EQUIVALENTS

Cash and cash equivalents reported in the consolidated statement of cash flows correspond to short-term investments and cash at bank, less bank overdrafts.

At December 31 *(in millions of euros)*	2005	2006	2007
Short-term investments	1,805	2,460	1,594
Cash at bank	416	442	648
Bank overdrafts	(85)	(43)	(91)
CASH AND CASH EQUIVALENTS	**2,136**	**2,859**	**2,151**

At December 31, 2007, short-term investments mainly consist of commercial paper and certificates of deposit.

The decrease in cash and cash equivalents in 2007 mainly reflects payments for acquisitions (€828 million net of cash acquired), in particular Kanbay International Inc. (€754 million net of cash acquired). Excluding net payments for acquisitions, cash and cash equivalents improved over the year, with net cash from operating activities (€497 million) more than offsetting cash payments made during 2007 in connection with:

- acquisitions of property, plant and equipment and intangible assets (€149 million);
- dividends (€101 million);
- net reimbursements of financial debt (€95 million).

II. FINANCIAL DEBT

A. Analysis of financial debt

Financial debt breaks down into short and long-term debt, as follows:

At December 31 *(in millions of euros)*		2005	2006	2007
"OCEANE 2003" and "OCEANE 2005" convertible/ exchangeable bonds	*(a)*	814	838	864
Obligations under finance leases	*(b)*	124	107	105
Other long-term financial debt	*(c)*	207	215	90
Long-term financial debt		**1,145**	**1,160**	**1,059**
Obligations under finance leases	*(b)*	50	49	45
Drawdowns on bank and similar facilities	*(d)*	8	6	6
Commercial paper		15	-	-
Other short-term financial debt	*(c)*	13	9	135
Short-term financial debt (1)		**86**	**64**	**186**
TOTAL FINANCIAL DEBT		**1,231**	**1,224**	**1,245**

(1) Short-term financial debt includes the current portion of long-term debt and all other financial debt due within one year.

a) Bonds convertible/exchangeable into new or existing Cap Gemini shares ("OCEANE")

"OCEANE 2005" CONVERTIBLE/ EXCHANGEABLE BONDS ISSUED ON 16, JUNE 2005

On June 16, 2005, Cap Gemini S.A. issued bonds convertible/ exchangeable into new or existing Cap Gemini shares, maturing on January 1, 2012 ("OCEANE 2005"). The issuance and settlement date of the bonds was June 24, 2005.

The total amount of the issue was €437 million, represented by 11,810,810 bonds with a nominal value of €37 each. The bonds bear interest at 1% per year.

The terms and conditions of this issue are set out in the prospectus approved by the AMF on June 16, 2005 under the reference number 05-564.

SUMMARY OF THE MAIN TERMS AND CONDITIONS OF THE "OCEANE 2005" BOND ISSUE

Conversion and/or exchange of the bonds for shares

At any time between June 24, 2005 and the seventh business day preceding January 1, 2012.

Redemption at maturity

January 1, 2012 at a price of €41.90 per bond, representing a premium of 113.2% over the bonds' nominal value.

Early redemption at the Company's option

- at any time, without limitation on price or quantity, by buying back all or some of the bonds either on or off market or by means of a public buyback or exchange offer;
- between June 24, 2009 and December 31, 2011, all outstanding bonds may be redeemed at an early redemption price calculated in such a way that the resulting yield to maturity is equal to that which would have been obtained at maturity, i.e., a rate of 2.875%, plus accrued interest, if the product of (i) the then current conversion/ exchange ratio and (ii) the arithmetic average of the opening prices quoted for the Company's ordinary shares on the Eurolist market of Euronext Paris S.A. over a period of 20 consecutive trading days, exceeds 130% of such early redemption price. Upon early redemption, the bonds may be redeemed either in cash or converted into Cap Gemini S.A. shares, at the option of the bondholders;
- at any time, for all outstanding bonds, if less than 10% of the bonds are still outstanding.

Early redemption at the option of bondholders

Bondholders may request the early redemption of all or part of their bonds in the event of a change of control of the Company.

Early repayment

At the initiative of a majority of bondholders, particularly in the event of a failure to pay sums due or to comply with other obligations set out in the documentation (beyond any "grace" periods, if applicable), cross default (in excess of a minimum threshold), liquidation, dissolution or sale of all of the Company's assets, or delisting of the Company's shares from the Eurolist market of Euronext Paris S.A.

An upgrade or downgrade in Cap Gemini S.A.'s credit rating would not constitute an early redemption event and would have no impact on the applicable interest rate.

Pari passu status
Cap Gemini S.A. has undertaken that the bonds will rank pari passu with all other bonds issued by the Company.

RECOGNITION OF "OCEANE 2005" BONDS

At December 31, 2007, the liability component of the "OCEANE 2005" convertible/exchangeable bonds amounted to €426 million (€411 million at December 31, 2006).
The annual notional interest expense recognized on "OCEANE 2005" bonds was €19 million, compared with a paid coupon of €4 million based on the bonds' nominal interest rate (1%). The notional interest expense is calculated based on an effective interest rate of 4.8%, which represents the market interest rate for an equivalent bond issue at the same date without the conversion option (4.5%), after taking into account issuance costs.

"OCEANE 2003" CONVERTIBLE/ EXCHANGEABLE BONDS ISSUED ON JUNE 24, 2003

On June 24, 2003, Cap Gemini S.A. issued bonds convertible/ exchangeable into new or existing Cap Gemini shares, maturing on January 1, 2010 ("OCEANE 2003"). The issuance and settlement date of the bonds was July 2, 2003.
The total amount of the issue was €460 million, represented by 9,019,607 bonds with a nominal value of €51 each. The bonds bear interest at 2.5% per year.
The terms and conditions of this issue are set out in the prospectus approved by the AMF on June 24, 2003 under the reference number 03-607.
An interest rate swap was entered into in connection with these OCEANE bonds in 2004, and was subsequently amended in 2006. The terms and conditions of this contract, under which Cap Gemini S.A. has swapped the 2.5% fixed rate payable on the bonds for a variable rate indexed to the 3-month post-fixed Euribor, are described in section III – "Derivative instruments".

SUMMARY OF THE MAIN TERMS AND CONDITIONS OF THE "OCEANE 2003" BOND ISSUE

Conversion and/or exchange of the bonds for shares
At any time between August 11, 2003 and the seventh business day preceding January 1, 2010.

Redemption at maturity
The bonds will be redeemed in full at par in cash on January 1, 2010.

Early redemption at the Company's option
- at any time, without limitation on price or quantity, by buying back all or some of the bonds either on or off market or by means of a public buyback or exchange offer;
- from July 2, 2007 and until the seventh business day preceding January 1, 2010, at an early redemption price equal to par plus accrued interest, if the product of (i) the then current conversion/exchange ratio and (ii) the arithmetic average of the opening quoted prices of the Company's ordinary shares on the Eurolist market of Euronext Paris S.A. calculated over a period of 20 stock exchange trading days, exceeds 125% of such early redemption price. Upon early redemption, the bonds may be redeemed either in cash or converted into Cap Gemini S.A. shares, at the option of the bondholders.

Early redemption at the option of bondholders
Bondholders may request the early redemption of all or part of their bonds in the event of a change of control of the Company.

Early repayment
At the initiative of a majority of bondholders, particularly in the event of a failure to pay sums due or to comply with other obligations set out in the documentation (beyond any "grace" periods, if applicable), cross default (in excess of a minimum threshold), liquidation, dissolution or sale of all of the Company's assets, or delisting of the Company's shares from the Eurolist market of Euronext Paris S.A.

An upgrade or downgrade in Cap Gemini S.A.'s credit rating would not constitute an early redemption event and would have no impact on the applicable interest rate.

Pari passu status
Cap Gemini S.A. has undertaken that the bonds will rank pari passu with all other bonds issued by the Company.

RECOGNITION OF "OCEANE 2003" BONDS

At December 31, 2007, the liability component of the "OCEANE 2003" convertible/exchangeable bonds amounted to €438 million (€427 million at December 31, 2006).
The annual notional interest expense recognized on "OCEANE 2003" bonds was €22 million, compared with a paid coupon of €11.5 million based on the bonds' nominal interest rate (2.5%). The notional interest expense is calculated based on an effective interest rate of 5.1%, which represents the market interest rate for an equivalent bond issue at the same date without the conversion option (4.8%), after taking into account the issuance costs.

b) Obligations under finance leases

The amount reported under this caption at December 31, 2007 corresponds mainly to the finance lease relating to the "Les Fontaines" site of the Group University located at Gouvieux (France) and investments in computer equipment made by Capgemini UK Plc and New Horizons Systems Solutions LP (Canada).

in millions of euros	Earliest start date of leases	Latest expiry date	Effective interest rate	December 31, 2007
Capgemini University (Les Fontaines)	Oct. 2002	July 2014	3-month Euribor +0.75%	59
Capgemini UK Plc	Oct. 2000	Oct. 2012	Fixed rate (9.8%)	37
New Horizons System Solutions LP	July 2003	Jan. 2012	Fixed rate (6.1%)	16
Other	Jan. 2001	June 2014	-	38
TOTAL SHORT AND LONG-TERM OBLIGATIONS				**150**

c) Other financial debt

At December 31, 2007, other financial debt of €225 million mainly consists of:

- €63 million corresponding to the present value of the put option held by the TXU group in connection with the outsourcing contract signed in May 2004 for a period of 10 years;
- €17 million in financial debt owed to TXU under the terms of the afore-mentioned contract;
- €9 million corresponding to the present value of the put option granted to Hindustan Lever Limited in connection with the acquisition of Capgemini Business Services India Ltd.;
- a €1 million loan contracted with a Swedish bank in 2004;
- €127 million relating to the recognition in the balance sheet of carry-back tax credits (see Note 15 – "Other receivables and income taxes");
- accrued interest on "OCEANE 2003" and "OCEANE 2005" bonds (€8 million at December 31, 2007).

d) Drawdowns on bank and similar facilities

Drawdowns on bank and similar facilities primarily relates to drawdowns by Group operating companies on credit lines. In some circumstances, these credit lines are secured by a guarantee from Cap Gemini S.A..

e) Syndicated credit facility obtained by Cap Gemini S.A.

On November 14, 2005, Cap Gemini S.A. signed a €500 million multi-currency credit facility with a bank syndicate maturing on November 14, 2010 at the latest. On September 14, 2006, Cap Gemini S.A. exercised the one-year extension option on this facility (approved by the syndicate banks on October 27, 2006), thereby extending its maturity to November 14, 2011.
Use of this credit facility is subject to the following conditions:

- a margin of 0.50% as of today (above Euribor or Libor 1 to 12 months). In addition, a utilization fee of 0.025% to 0.050% may apply for drawdowns in excess of certain amount of the credit facility. The margin may be adjusted according to the Company's credit rating;
- a fee on undrawn amounts initially set at 35% of the margin (i.e. currently 0.175%) that may be reduced to 30% if Cap Gemini S.A.'s rating improves.

An upgrade or downgrade of Cap Gemini S.A.'s credit rating would have no impact on the availability of this credit line.

Cap Gemini S.A. has agreed to comply with the following financial ratios (as defined in IFRS) in respect of this credit line:

- the net financial debt to consolidated equity ratio must be less than 1 at all times;
- interest coverage – i.e., the extent to which net finance costs adjusted for certain items are covered by consolidated operating margin – must be equal to or greater than 3 at December 31 and June 30 of each year (based on the 12 months then ended).

At December 31, 2007, the Group complied with these financial ratios:

The facility agreement includes covenants restricting the Company's ability to carry out certain operations. These covenants also apply to Group subsidiaries. They include restrictions primarily relating to:

- pledging certain assets as collateral;
- asset sales, mergers or similar transactions.

Cap Gemini S.A. also committed to standard obligations, including maintaining pari passu treatment.

The agreement contains the usual provisions relating to early repayment, including for failure to pay sums due, misrepresentation or failure to comply with other obligations included in the agreement (subject to any applicable "grace" periods), cross defaults (in excess of a minimum threshold), insolvency and bankruptcy proceedings, change of control, or changes which would have a significant negative impact on the financial position of the Group.

At the date of this report, no drawdowns had been made on this credit facility.

B. Analysis of movements in financial debt in the cash flow statement

The €37 million rise in financial debt reported in the cash flow statement mainly reflects an increase in bond debt (€26 million). Increases in debt relating to acquisitions of fixed assets under finance leases – amounting to €59 million – are not taken into account in the cash flow statement.
The €132 million repayment of financial debt reported in the cash flow statement largely concerns the settlement of obligations under finance leases (€62 million) and the first-quarter 2007 repayment of a €70 million loan included in Kanbay International Inc.'s net equity at the time of its acquisition.

C. Main characteristics of financial debt

In 2007, the effective interest rate on the Group's average financial debt was 5.4% (5.3% at end-2006).

At December 31, 2007, 62% of the Group's financial debt is at fixed rates, 35% is at capped variable rates, and the remainder is at variable rates (59% and 35%, respectively, at end-2006).

Analysis of the sensitivity of net finance costs to a rise in interest rates

The impact on gross finance costs of a theoretical annual average 100-basis point rise in interest rates based on an annual average financial debt position is not material in 2007 (€1 million in 2006 and €6 million in 2005).
The impact on income from cash and cash equivalents of a theoretical annual average 100-basis point rise in interest rates based on an annual average cash and cash equivalents position, is an estimated €17 million in 2007 (€20 million in 2006 and €14 million in 2005).
Accordingly, a 100-basis point rise in interest rates would have an estimated €17 million positive impact on net finance costs for 2007 (€19 million in 2006 and €8 million in 2005). Conversely, a 100-basis point fall in interest rates would have, for 2007, an estimated €17 million negative impact on the Group's financial result.

Effective interest rates (EIR) by currency

	December 31, 2007							
	Euro		US dollar		Pound sterling		Other	**Total**
	EIR %	Amount (€millions)	EIR %	Amount (€millions)	EIR %	Amount (€millions)	Amount (€millions)	**Amount (€millions)**
"OCEANE 2003" bonds	5.1%	438	-	-	-	-	-	**438**
"OCEANE 2005" bonds	4.8%	426	-	-	-	-	-	**426**
Drawdowns on bank and similar facilities	-	-	-	-	-	-	6	**6**
Obligations under finance leases	5.3%	87	6.3%	8	9.8%	37	18	**150**
Other financial debt	4.0%	145	7.5%	80	-	-	-	**225**
TOTAL FINANCIAL DEBT	**-**	**1,096**	**-**	**88**	**-**	**37**	**24**	**1,245**

III. DERIVATIVE INSTRUMENTS ON FINANCIAL TRANSACTIONS

Derivative instruments on financial transactions comprise currency and interest rate hedges of financial items.
At year-end, derivative instruments are measured at fair value and included in other non-current assets or liabilities.

A) Currency hedges

Cap Gemini S.A. enters into derivative instruments in the form of forward foreign exchange contracts and swaps to hedge the exchange risks arising on intragroup financing transactions. These contracts totaled €312 million at December 31, 2007 (€326 million at December 31, 2006) and related to amounts denominated in pounds sterling and Australian dollars.
In 2007, derivative instruments used to hedge currency risks generated a net financial expense of €16 million (€1 million in 2006), almost entirely attributable to changes in the market value of a euro/pound sterling swap aimed at hedging an intragroup loan between Capgemini UK and Cap Gemini S.A. This expense, resulting from the rise in the value of the euro against the pound sterling, was offset by €15 million in unrealized exchange gains recognized at year-end on the same intragroup loan (see Note 7 – "Other financial income and expense, net").
At December 31, 2007, the fair value of these instruments is reported in "Long-term financial debt" for an amount of €14 million (€2 million at December 31, 2006).

B) Interest rate hedges

At December 31, 2007, two interest rate hedges were outstanding in the form of swaps and options (caps and floors) on a total amount of €490 million for periods ranging from two to seven years. The main characteristics of these contracts are as follows:

- an interest rate swap in connection with the "OCEANE 2003" convertible/exchangeable bonds, contracted by Cap Gemini S.A. on October 28, 2004 for a notional amount of €460 million, and maturing in January 2010.
  In view of the increase in short-term interest rates in 2005 and 2006 and market forecasts through to the maturity of the "OCEANE 2003" bonds on January 1, 2010, the swap contract was amended on September 15, 2006. Under the revised terms of the contract, Cap Gemini S.A. swapped the 2.5% fixed rate on the OCEANE bonds for a variable rate indexed to the 3-month post-fixed Euribor, instead of the 12-month post-fixed Euribor rate -0.59% specified in the original contract. The variable rate is now capped at 3.07% (3.41% under the previous terms), while the floor is unchanged at 1.41%. The revised terms of the interest rate swap contract do not affect the zero-cost automatic deactivation clause in the event that the Company exercises its right (under certain conditions) to redeem the bonds early. The terms and conditions of the contract are set out in section II. "Financial debt" and in the prospectus approved by the AMF on June 24, 2003 under the reference number 03-607.
  The measurement of this contract at market value at December 31, 2007 resulted in a gain of €1 million recorded under "Other financial income and expense, net", compared with a loss of €5 million at end-2006. In the balance sheet at December 31, 2007, this contract is valued at €4 million and is included on the line "Other non-current liabilities";

- an interest rate swap contract maturing in July 2014, covering 50% of a finance lease taken out by S.A.R.L. Immobilière Les Fontaines (Capgemini University) in 2002, for a notional amount of €30 million. Under the terms of the swap, S.A.R.L. Immobilière Les Fontaines pays a fixed rate of 3.51% and receives 3-month Euribor.
  The measurement of this contract at market value at December 31, 2007 resulted in a gain of €0.3 million recorded under "Other financial income and expense, net", compared with a gain of €1 million at end-2006. In the balance sheet at December 31, 2007, this contract is valued at €1 million and is included within "Other non-current assets".

NOTE 17 – PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The change in pension and other post-employment benefit obligations can be analyzed as follows:

in millions of euros	2006	2007
Net obligation at beginning of year	**696**	**588**
Translation adjustments	3	(42)
Changes in Group structure	-	1
Service cost, effect of curtailments and settlements, and net interest cost	98	100
Benefits and contributions	(61)	(117)
Change in actuarial gains and losses recognized in equity	(150)	84
Other movements	2	1
Net obligation at end of year	**588**	**615**
Funding surplus recognized in assets (1)	**(3)**	**(6)**
PROVISIONS FOR PENSIONS RECOGNIZED IN LIABILITIES	**591**	**621**

(1) These amounts correspond to funding surpluses in one of the Canadian plans which are reported within "Other non-current assets" (see Note 13).

In 2007, the net expense of €100 million includes service cost (€ 82 million), recognized past service cost (€14 million), net interest cost (€6 million), and a gain of €2 million reflecting the impact of curtailments and settlements.

The amounts recognized in the balance sheet in respect of provisions for pensions and other post-employment benefits were calculated as follows:

in millions of euros		December 31, 2006	December 31, 2007
Present value of obligations under funded plans		1,957	2,002
Fair value of plan assets		(1,489)	(1,492)
Funding deficit under funded plans	I	468	510
Funding deficit under unfunded plans	II	125	137
Total net funding deficit		**593**	**647**
Unrecognized past service costs		(5)	(32)
Net provision in the balance sheet		**588**	**615**
Assets		(3)	(6)
Liabilities		591	621

I. PROVISIONS FOR FUNDED DEFINED BENEFIT PLANS

These plans exist mainly in the United Kingdom, Canada and other countries, including the United States, Ireland, Sweden, the Netherlands, Germany, Switzerland, France and India.
The funded defined benefit plans in the Netherlands and Ireland had been liquidated at December 31, 2007.

A) Analysis of obligation

	2005				2006				2007			
in millions of euros	United Kingdom	Canada	Other	**Total**	United Kingdom	Canada	Other	**Total**	United Kingdom	Canada	Other	**Total**
Present value of obligation	1,572	212	104	**1,888**	1,647	197	113	**1,957**	1,679	209	114	**2,002**
Fair value of plan assets	1,045	182	76	**1,303**	1,212	193	84	**1,489**	1,216	206	70	**1,492**
DEFICIT	**527**	**30**	**28**	**585**	**435**	**4**	**29**	**468**	**463**	**3**	**44**	**510**
o/w actuarial gains and losses recognized in equity	198	33	13	**244**	75	9	7	**91**	148	11	6	**165**
UNRECOGNIZED PAST SERVICE COSTS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(27)**	**(27)**
NET PROVISION IN THE BALANCE SHEET	**527**	**30**	**28**	**585**	**435**	**4**	**29**	**468**	**463**	**3**	**17**	**483**
Assets	-	-	-	**-**	-	(3)	-	**(3)**		(6)		**(6)**
Liabilities	527	30	28	**585**	435	7	29	**471**	463	9	17	**489**

At December 31, 2007, the net provision recognized in the balance sheet (excluding the United Kingdom and Canada) amounted to €17 million and concerned the United States (€10 million), France (€3 million), Sweden (€2 million), Germany and Central Europe (€1 million) and India (€1 million).

B) Analysis of movements in provisions

Analysis of changes in the present value of pension obligations and plan assets

in millions of euros	Present value of obligation	Fair value of plan assets	Unrecognized past service costs	Net provision in the balance sheet
At January 1, 2005	**1,203**	**(857)**	**-**	**346**
Service cost	78	-	-	78
Interest cost	73	-	-	73
Expected return on plan assets	-	(68)	-	(68)
Benefits paid to employees	(31)	28	-	(3)
Contributions paid	-	(57)	-	(57)
Changes in actuarial gains and losses	313	(120)	-	193
Translation adjustments	63	(50)	-	13
Aspire contract at the transfer date	178	(165)	-	13
Other movements	11	(14)	-	(3)
At December 31, 2005	**1,888**	**(1,303)**	**-**	**585**
Service cost	91	-	-	91
Interest cost	93	-	-	93
Expected return on plan assets	-	(89)	-	(89)
Effect of curtailments and settlements	(27)	17	-	(10)
Contributions paid by employees	6	(6)	-	-
Benefits paid to employees	(37)	37	-	-
Contributions paid	-	(57)	-	(57)
Changes in actuarial gains and losses	(81)	(73)	-	(154)
Translation adjustments	6	-	-	6
Other movements	18	(15)	-	3
At December 31, 2006	**1,957**	**(1,489)**	**-**	**468**
Service cost	74	-	-	74
Past service cost	40	-	(27)	13
Interest cost	102	-	-	102
Expected return on plan assets	-	(102)	-	(102)
Effect of curtailments and settlements	(29)	29	-	-
Contributions paid by employees	5	(5)	-	-
Benefits paid to employees	(53)	53	-	-
Contributions paid	-	(111)	-	(111)
Changes in actuarial gains and losses	58	26	-	84
Translation adjustments	(148)	104	-	(44)
Other movements	(4)	3	-	(1)
At December 31, 2007	**2,002**	**(1,492)**	**(27)**	**483**

The operating expense for the year, corresponding to current and past service costs (€87 million), mainly concerns the United Kingdom (€54 million), France (€12 million) and Canada (€11 million).

Interest cost for the year reflects the discounting of the obligation in an amount of €102 million, and relates chiefly to the United Kingdom (€85 million).

The expected return on plan assets (€102 million) mainly concerns the United Kingdom (€83 million) and Canada (€14 million).

These inputs are calculated on the basis of the assumptions detailed below.

Benefits paid to employees, totaling €53 million, mainly relate to the United Kingdom (€24 million) and Canada (€15 million).

Contributions to plan assets totaled €111 million. The main contributors were the United Kingdom (€73 million), Canada (€12 million), France (€10 million) and the United States (€10 million).

Analysis of recognized actuarial gains and losses

Actuarial gains and losses reflect increases or decreases in the present value of the obligation or the fair value of the related plan assets. Actuarial gains and losses include (i) the impacts of changes in actuarial assumptions (essentially the discount rate and expected rate of return on plan assets), and (ii) the effects of differences between the projected actuarial assumptions and actual outcomes (known as 'experience adjustments', see section III below – "Analysis of actuarial gains and losses: experience adjustments").

The €193 million actuarial loss recognized in 2005 arises essentially from the decrease in rates used to discount obligations in the United Kingdom and Canada, and from the adoption of a new mortality table in the United Kingdom.

The €154 million actuarial gain recognized in 2006 reflects changes in actuarial assumptions, mainly in the United Kingdom (€125 million), due to the 50-basis point increase in the discount rate applied.

The actuarial loss recognized in 2007 (€84 million) is attributable to the adoption of a new mortality table in the United Kingdom and revised inflation and future salary assumptions, partially offset by the increase in the applicable discount rate in the United Kingdom.

C) Analysis of plan assets

The main plan asset categories can be analyzed as follows:

in millions of euros	2005	%	2006	%	2007	%
Shares	852	65	958	64	941	63
Bonds	388	30	456	31	488	33
Real estate assets	32	3	39	3	32	2
Cash and cash equivalents	14	1	16	1	22	1
Other	17	1	20	1	9	1
TOTAL	**1,303**	**100**	**1,489**	**100**	**1,492**	**100**

Since the average age of beneficiaries of the main funded plans is 44, a large proportion of plan assets are invested in shares.

D) Employees covered by funded defined benefit plans

	2005	2006	2007			
	Total	Total	United Kingdom	Canada	Other	Total
Current employees	**10,939**	**12,183**	3,994	939	11,072	**16,005**
Former employees	**6,307**	**7,419**	6,334	44	831	**7,209**
Retirees	**936**	**1,167**	1,141	157	28	**1,326**
TOTAL	**18,182**	**20,769**	**11,469**	**1,140**	**11,931**	**24,540**

In the United Kingdom, the accrual of pensionable service will cease from March 31, 2008 for approximately 2,600 current active members of the defined benefit section of the Capgemini UK plc pension plan. These individuals will be offered membership of the defined contribution section as an alternative. The defined benefit section of the Capgemini UK plc pension plan will continue to be fully operational after that date for the 160 protected active members, the 2,600 former active members who will become In Service Deferred members of the defined benefit section, approximately 5,000 deferred members and the 1,000 existing pensioners. Following the UK Pension Regulator recommendations, Capgemini UK has committed to fund the deficit assessed as of March 31, 2006 over a 10-year period.

The increase in employees is chiefly attributable to the expansion of Group operations in India.
At December 31, 2007, these plans covered a total of 9,955 Indian employees (compared with 6,152 employees at end-2006), and the present value of the corresponding benefit obligation was €1 million. In India, the Group has taken out an insurance contract to cover its obligation to pay gratuities to employees with at least two years' service who leave the Group.

E) Principal actuarial assumptions

Discount rate and salary inflation rate

	2005	2006	2007		
(%)			United Kingdom	Canada	Other
Discount rate	2.6 - 7.4	2.6 - 8.1	5.8	5.5 - 5.8	3.4 - 8.5
Salary inflation rate	1.5 - 6.0	1.5 - 6.0	4.2	3.3	1.5 - 6.0

Expected return on plan assets

	2005	2006	2007		
(%)			United Kingdom	Canada	Other
Shares	4.8 - 8.6	6.0 - 8.5	8.0	8.5	3.1 - 8.5
Bonds	2.4 - 7.8	2.5 - 7.3	5.8	5.0 - 5.5	1.1 - 5.0
Real estate assets	6.0 - 6.5	5.0 - 6.5	6.5	-	0.2 - 4.5
Cash and cash equivalents	3.8	2.0 - 3.8	3.8	4.5	4.5

Actual return on plan assets

	2005	2006	2007		
(%)			United Kingdom	Canada	Other
Shares	6.0 - 26.4	3.0 - 18.5	6.7 - 7.6	(2.7)	0.1 - 3.1
Bonds	2.0 - 9.9	0.1 - 5.3	1.6 - 6.5	3.6	1.1 - 4.7
Real estate assets	19.8	18.0	(4.9)	-	0.2
Cash and cash equivalents	1.8 - 3.2	(2.5) - 4.7	-	1.4	4.4

F) Expected contribution to plans in 2008

The Group expects to pay €93 million in contributions into its defined benefit pension plans in 2008.

II. PROVISIONS FOR UNFUNDED DEFINED BENEFIT PLANS ASSETS

Unfunded defined benefit plans chiefly concern Canada, Germany and Central Europe, France, Italy, India and Sweden. The unfunded defined benefit plan in Italy had been liquidated at December 31, 2007.

A) Analysis of obligation

in millions of euros	2005 Total	2006 Total	2007 France	2007 Canada	2007 Germany and Central Europe	2007 Other	2007 Total
Present value of obligation/Deficit	**116**	**125**	48	37	24	28	**137**
o/w actuarial gains and losses recognized in equity	**15**	**18**	11	-	1	5	**17**
Unrecognized past service costs	**(5)**	**(5)**	(5)	-	-	-	**(5)**
NET PROVISIONS RECOGNIZED IN LIABILITIES	**111**	**120**	**43**	**37**	**24**	**28**	**132**

The net benefit obligation for other regions includes unfunded plans operated in Sweden and India.
The unfunded plan in Canada relates mainly to healthcare assistance.

B) Analysis of movements in obligation

in millions of euros	Present value of obligation	Unrecognized past service costs	Net provision in the balance sheet
At January 1, 2005	**105**	**(5)**	**100**
Changes in Group structure	(11)	-	**(11)**
Service cost	11	-	**11**
Interest cost	3	-	**3**
Effect of curtailments and settlements	-	-	**-**
Benefits paid to employees	(5)	-	**(5)**
Changes in actuarial gains and losses	13	-	**13**
Translation adjustments	3	-	**3**
Other movements	(3)	-	**(3)**
At December 31, 2005	**116**	**(5)**	**111**
Changes in Group structure	-	-	**-**
Service cost	9	-	**9**
Interest cost	5	-	**5**
Effect of curtailments and settlements	(1)	-	**(1)**
Benefits paid to employees	(4)	-	**(4)**
Changes in actuarial gains and losses	4	-	**4**
Translation adjustments	(3)	-	**(3)**
Other movements	(1)	-	**(1)**
At December 31, 2006	**125**	**(5)**	**120**
Changes in Group structure	1	-	**1**
Service cost	8	-	**8**
Past service cost	1	-	**1**
Interest cost	6	-	**6**
Effect of curtailments and settlements	(2)	-	**(2)**
Benefits paid to employees	(6)	-	**(6)**
Changes in actuarial gains and losses	-	-	**-**
Translation adjustments	2	-	**2**
Other movements	2	-	**2**
At December 31, 2007	**137**	**(5)**	**132**

Service cost for 2007, amounting to €8 million, relates chiefly to France (€4 million) and Canada (€3 million).

Benefits paid to employees concern Italy (€2 million), France (€2 million), Germany and Central Europe (€1 million) and Canada (€1 million).

C) Employees covered by unfunded defined benefit plans

	2005	2006	2007				
	Total	Total	France	Canada	Germany and Central Europe	Other	Total
Current employees	**19,989**	**23,653**	20,682	1,878	279	7,454	**30,293**
Former employees	**1,148**	**985**	-	88	107	811	**1,006**
Retirees	**120**	**282**	4	314	65	15	**398**
TOTAL	**21,257**	**24,920**	**20,686**	**2,280**	**451**	**8,280**	**31,697**

The increase in headcount is primarily due to the expansion of the Group's Indian operations, particularly following the acquisition of Kanbay on February 8, 2007. At December 31, 2007, a total of 6,081 Indian employees were covered by unfunded defined benefit plans, compared with nil at December 31, 2006.

D) Principal actuarial assumptions

	2005	2006	2007			
(%)			France	Canada	Germany and Central Europe	Other
Discount rate	3.7 - 6.0	3.9 - 5.3	4.8	5.5 - 5.8	5.5	4.0 - 8.0
Salary inflation rate	2.0 - 4.5	1.5 - 4.5	1.8	3.3	1.5 - 2.0	3.0 - 8.0

III. ANALYSIS OF ACTUARIAL GAINS AND LOSSES: EXPERIENCE ADJUSTMENTS

This analysis concerns both funded and unfunded defined benefit plans.
Experience adjustments are the effects of differences between the projected actuarial assumptions and what has actually occurred.

The amounts relating to the current year and prior years break down as follows:

in millions of euros	2004	2005	2006	2007
Experience adjustment on liabilities (1)	17	37	37	1
Experience adjustment on assets (2)	27	112	50	3

(1) +: increase in liabilities/ -: decrease in liabilities
(2) +: increase in assets/ -: decrease in assets

The experience adjustments chiefly concern the United Kingdom and Canada.

IV. ANALYSIS OF SENSITIVITY TO CHANGES IN HEALTHCARE ASSISTANCE COSTS

Healthcare assistance costs exclusively concern Canada. For 2005 and 2006 and 2007, a 1% change in healthcare assistance costs would have an impact of approximately €1 million in the statement of income (service cost and interest cost). The impact of this 1% change would range from a negative €4 million to a positive €5 million in the balance sheet at December 31, 2005 and 2006, and from a negative €5 million to a positive €6 million in the balance sheet at end-2007.

NOTE 18 – CURRENT AND NON-CURRENT PROVISIONS

Changes in current and non-current provisions can be analyzed as follows:

in millions of euros	2005	2006	2007
AT JANUARY 1	**39**	**34**	**98**
Additions	18	73	48
Reversals (utilization of provisions)	(18)	(9)	(53)
Reversals (surplus provisions)	(10)	(3)	(7)
Other	5	3	(1)
AT DECEMBER 31	**34**	**98**	**85**

At December 31, 2007, current provisions (€57 million) and non-current provisions (€28 million) mainly concern risks relating to projects and contracts amounting to €75 million (€88 million at end-2006) and risks relating to tax and labor disputes in an amount of €10 million.

The main changes in 2007 relate to the Schneider Electric contract. Further to negotiations, the schedule, pricing and scope of the Group's responsibility under the contract will be adjusted over the next few years. As a result, in 2007 the Group recognized (i) expenses that had been previously deferred; (ii) a provision reflecting the reduced scope of the new contract; and (iii) a write-back of the provision for losses on completion that had been recorded at end-2006, due to forecasts that the contract will generate an operating profit over the 2008-2016 period.

NOTE 19 – OTHER NON-CURRENT LIABILITIES

Other non-current liabilities primarily relate to restructuring costs concerning real estate streamlining measures mainly implemented in the United States and the United Kingdom; the long-term portion of the special employee profit-sharing reserve in France; and interest rate and currency hedging instruments. Instruments hedging financial debt are detailed in Note 16-III – "Net cash and cash equivalents", while cash flow hedges of operating transactions are described in Note 24 – "Hedge accounting".

NOTE 20 – ACCOUNTS AND NOTES PAYABLE

Total accounts and notes payable excluding advances received from customers (as presented separately), break down as follows:

At December 31 *(in millions of euros)*	2005	2006	2007
Accounts payable	735	817	863
Accrued taxes other than on income	294	306	316
Personnel costs	787	858	910
Other	65	38	31
TOTAL	**1,881**	**2,019**	**2,120**

NOTE 21 – OTHER PAYABLES AND INCOME TAXES

At December 31 *(in millions of euros)*	2005	2006	2007
Income taxes payable	47	65	71
Other payables	19	48	16
TOTAL	**66**	**113**	**87**

Other payables include the current portion of the special employee profit-sharing reserve and other current liabilities. Changes over the year primarily reflect the payment of employee profit-sharing bonuses in France recognized against 2001 profit.

NOTE 22 – FINANCIAL RISK MANAGEMENT

I. MARKET RISK

A) Currency risk

The Group is exposed to two types of currency risk that could impact earnings and equity: risks arising on the translation of the foreign currency accounts of consolidated subsidiaries whose functional currency is not the euro for the purpose of preparing the Group's consolidated statements, and operational risks arising on operating and financial cash flows which are not denominated in the entities' functional currency.

Capgemini does not hedge risks arising on the translation of the foreign currency accounts of consolidated subsidiaries whose functional currency is not the euro.

Furthermore, the Group has limited exposure to currency risks on operating items due to the fact that the bulk of its revenue is generated in countries where operating expenses are also incurred. However, the growing use of offshore production centers in Poland, India and China exposes Capgemini to currency risk with respect to some of its production costs.

The Group has implemented a policy aimed at minimizing and managing currency risks, resulting in particular from the growing share of Group operations in India, its main offshore production center. Where customer contracts exceeding 2 years do not include any price ajustment clause in the event of exchangeable rate fluctuations, the Group sets up hedges based on the following principles:

- the hedging strategy is defined by the Group's Chief Financial Officer based on a quarterly reporting which analyses exposure to currency risks arising on intragroup operations involving India over two-year rolling periods;
- hedges mainly take the form of forward foreign exchange transactions which are implemented and monitored locally;
- the impacts of cash flow hedges are recorded in accordance with hedge accounting rules.

In 2007, the Group hedged almost 75% of its foreign exchange risk (US dollar, euro and pound sterling) against the Indian rupee, representing a total hedged amount of €180 million (euro-equivalent). These transactions enabled the Group to partly compensate for the decrease of the US dollar against the Indian rupee by more than ten percent during 2007. The impact of cash flow hedges is described in Note 24 – "Hedge accounting".

In addition to currency risk arising on offshore production centers, Capgemini is exposed to the risk of exchange rates evolution in respect of:

- intragroup financing transactions, as intercompany lending and borrowing is systematically hedged (using currency swaps), the impact of changes in exchange rates on consolidated earnings and equity is negligible;
- fees paid to Cap Gemini S.A. by subsidiaries whose functional currency is not the euro. Although Capgemini does not systematically hedge this risk, the impact of changes in exchange rates on earnings and equity is not material due to the short average period separating the date of invoicing (in the subsidiaries' currency) and the date payment is received.

The Group's exposure to currency risks arising from transactions recognized at December 31, 2007 by Group subsidiaries and denominated in currencies other than their respective functional currencies, is as follows:

	December 31, 2007				
in millions of euros	Euro	US dollar	Pound sterling	Swedish krona	Other (1)
Total assets	72	115	118	4	24
Total liabilities	(54)	(72)	(405)	(2)	(15)
Exposure to currency risks before hedging	18	43	(287)	2	9
AMOUNTS HEDGED	**(16)**	**(18)**	**278**	**-**	**(6)**
Exposure to currency risks after hedging	2	25	(9)	2	3

(1) Other currencies essentially include Swiss francs, Canadian dollars, Polish zlotys and Norwegian krona.

At December 31, 2007, amounts hedged mainly concern Cap Gemini S.A. for with intragroup financing transactions, and Group subsidiary Capgemini Consulting India Private Ltd. for the subcontracting services it provides to other regions in which the Group has operations.

B) Interest rate risk

Capgemini's exposure to interest rate risk should be analyzed in light of:

- its cash position: at December 31, 2007, Capgemini had €2,151 million in cash and cash equivalents (including €1,594 million invested at market rates), versus €1,245 million in gross financial debt;
- the Group's conservative policy with respect to management of interest rate risk: only 38% of gross financial debt was at variable rates, of which the large majority (35%) was at capped variable rates (see Note 16 – "Net cash and cash equivalents", section II).

Consequently, based on the balance sheet at December 31, 2007, a 100-basis point rise in interest rates would have a positive impact of around €17 million on Capgemini's net finance expense. Conversely, a 100-basis point fall in interest rates would have, for 2007, an estimated €17 million negative impact on the Group's financial result. The main exposure to interest rate risk is at the level of Cap Gemini S.A., which concentrated around 78% of Group financing and 54% of Group cash and cash equivalents at December 31, 2007.

An analysis of the sensitivity of earnings to changes in interest rates is set out in Note 16 – "Net cash and cash equivalents", section II.c).

C) Equity risk

The Group does not hold any shares for financial investment purposes, and does not have significant interests in listed companies. However, it holds a small number of treasury shares following the implementation of a liquidity contract under its share buyback program (the associated liquidity line amounts to €10 million). At December 31, 2007, 127,040 treasury shares were held in connection with this contract, and in view of the very small number of treasury shares held, changes in the stock market price of the Cap Gemini share would have an insignificant direct impact on Group earnings and equity.

II. LIQUIDITY RISK

Financial liabilities comprise mainly borrowings as well as certain accounts and notes payable (see Note 23 – "Financial instruments").

A detailed analysis of financial debt is presented in Note 16 – "Net cash and cash equivalents", while Note 23 – "Financial Instruments", section c), indicates the timing and future cash payments associated with financial liabilities.

The financial liabilities whose early repayment could expose the Group to liquidity risk are mainly the two convertible bonds (OCEANE 2003 and OCEANE 2005).

To manage the liquidity risk that may arise on either early or contractual repayments of financial liabilities, the Group has implemented a conservative financing policy mainly based on:

- prudent use of debt leveraging, coupled with limited use of any clauses that could lead to early repayment of financial debt;
- maintaining a high level of available funds at all times (€2,151 million at December 31, 2007), which could be increased by the multi-currency syndicated line of credit for €500 million (undrawn to this date);
- active management of the due dates of financial liabilities, in order to limit the concentration of debt maturities;
- use of diverse sources of financing, allowing the Group to reduce its reliance on certain categories of lenders.

III. CREDIT RISK

Financial assets mainly include cash and cash equivalents, particularly financial investments, accounts and notes receivable, and other receivables (see Note 23 – "Financial instruments").

Financial assets which could expose the Group to a credit or counterparty risk mainly relate to:

- accounts receivable: at December 31, 2007, accounts receivable less provisions for doubtful accounts totaled €1,528 million (see Note 14 – "Accounts and notes receivable"). The Group's largest client, a major British public body, contributes 13% of Group revenues, while the second-largest client accounts for just 3%. The top 10 clients collectively account for 29% of Group revenues, and the top 30 a little under 42%. The creditworthiness of these major clients and the sheer diversity of the other smaller customers help limit credit risk. The economic environment could impact the business activities of the Group's clients, and consequently the amounts receivable from these clients. However, the Group does not consider that any of its clients, business sectors or geographic areas present a material risk of non-collection;
- financial investments: in accordance with Group policy, cash balances are not invested in equity-linked products, but in negotiable debt securities (certificates of deposit and commercial paper) or short-term money-market funds, generally maturing in less than one year. Minimum credit rating and diversification rules also apply.
  At December 31, 2007, short-term investments totaled €1,594 million (see Note 16 – "Net cash and cash equivalents") and comprise mainly negotiable debt securities (certificates of deposit and commercial paper) maturing within three months, issued by highly rated companies or financial institutions (minimum rating of A2/P2 or equivalent). Consequently, these short-term investments do not expose the Group to any material credit risk.
  In line with its policy for managing currency and interest rate risks, Capgemini also enters into hedging agreements with leading financial institutions. As a result, counterparty risk can be deemed negligible.
  At December 31, 2007, Capgemini had not granted material loans to any individuals or external legal entities, employees or non-consolidated entities.

Aged analysis of accounts receivable

At December 31, 2007, accounts receivable totaled €1,542 million and provisions for doubtful accounts €14 million. The low bad debt ratio reflects the fact that most invoices are only issued after the client has validated the services provided.

At December 31, 2007, past due balances totaled €420 million, or 27.5% of the total line item. This breaks down as follows:

In millions of euros	Less than 30 days	Between 30 days and 90 days	More than 90 days
Accounts receivable	**254**	**119**	**47**
As a % of accounts and notes receivable, net of provisions for doubtful accounts	16.6%	7.8%	3.1%

Past due balances concern a limited number of customers and are separately analyzed and monitored.

As no events indicated that these customers would not meet their payment obligations at end-2007, the Group did not recognize any provisions in respect of these receivables.

NOTE 23 – FINANCIAL INSTRUMENTS

A) Classification and fair value of financial instruments

Financial instruments can be analyzed as follows by category:

	CATEGORY					December 31, 2007	
in millions of euros	Fair value through profit or loss	Available-for-sale	Loans and receivables	Amortized cost	Derivative instruments	Carrying amount	Fair value
Shares in non-consolidated companies	-	3	-	-	-	3	3
Deposits and other long-term investments	-	-	35	-	-	35	35
Other non-current assets	-	-	32	-	3	35	35
Accounts receivable	-	-	1,528	-	-	1,528	1,528
Other receivables	-	-	143	-	10	153	153
Short-term investments	1,594	-	-	-	-	1,594	1,594
Cash at bank	648	-	-	-	-	648	648
FINANCIAL ASSETS	**2,242**	**3**	**1,738**	**-**	**13**	**3,996**	**3,996**
Bonds	-	-	-	(864)	-	(864)	(854)
Obligations under finance leases	-	-	-	(150)	-	(150)	(150)
Other long-term financial debt	-	-	-	(90)	-	(90)	(90)
Other non-current liabilities	-	-	-	(16)	(18)	(34)	(34)
Bank overdrafts	(91)	-	-	-	-	(91)	(91)
Other short-term financial debt	-	-	-	(141)	-	(141)	(141)
Accounts payable	-	-	-	(863)	-	(863)	(863)
Other payables	-	-	-	(29)	(2)	(31)	(31)
FINANCIAL LIABILITIES	**(91)**	**-**	**-**	**(2,153)**	**(20)**	**(2,264)**	**(2,254)**

	CATEGORY					December 31, 2006	
in millions of euros	Fair value through profit or loss	Available-for-sale	Loans and receivables	Amortized cost	Derivative instruments	Carrying amount	Fair value
Shares in non-consolidated companies	-	140	-	-	-	140	140
Deposits and other long-term investments	-	-	23	-	-	23	23
Other non-current assets	-	-	129	-	3	132	132
Accounts receivable	-	-	1,434	-	-	1,434	1,434
Other receivables	-	-	16	-	5	21	21
Short-term investments	2,460	-	-	-	-	2,460	2,460
Cash at bank	442	-	-	-	-	442	442
FINANCIAL ASSETS	**2,902**	**140**	**1,602**	**-**	**8**	**4,652**	**3,996**
Bonds	-	-	-	(838)	-	(838)	(844)
Obligations under finance leases	-	-	-	(156)	-	(156)	(156)
Other long-term financial debt	-	-	-	(215)	-	(215)	(215)
Other non-current liabilities	-	-	-	(11)	(6)	(17)	(17)
Bank overdrafts	(43)	-	-	-	-	(43)	(43)
Other short-term financial debt	-	-	-	(15)	-	(15)	(15)
Accounts payable	-	-	-	(817)	-	(817)	(817)
Other payables	-	-	-	(38)	(5)	(43)	(43)
FINANCIAL LIABILITIES	**(43)**	**-**	**-**	**(2,090)**	**(11)**	**(2,144)**	**(2,150)**

The items comprising each financial instrument category along with their basis of measurement are described below:

- items carried at fair value through profit or loss include cash and cash equivalents. Fair value is assessed by reference to prices quoted on an active market, if any. Where no active market exists, fair value is determined by applying valuation techniques based on discounted cash flow analyses or an option pricing model;
- available-for-sale financial assets comprise shares in non-consolidated companies, which are carried at fair value in the balance sheet;
- loans and receivables include mainly accounts and notes receivable, and other current and non-current receivables. Loans and receivables are measured at amortized cost using the effective interest rate method (EIR);
- liabilities carried at amortized cost calculated using the effective interest rate method comprise mainly financial debt, accounts and notes payable, and other current and non-current payables;
- derivative instruments are carried at fair value, either directly through profit or loss or in equity in line with applicable hedge accounting rules.

The fair value of financial assets and liabilities is calculated as follows:

- the carrying amount of accounts and notes receivable and payable and other current receivables and payables is deemed representative of their fair value due to their very short maturities;
- the fair value of bond debt is estimated at each balance sheet date based on an average market financing rate and the value of the credit risk incurred by the Capgemini Group for a loan with equivalent residual terms to maturity as each of the two bond issues;
- the carrying amount of obligations under finance leases is deemed to be representative of their fair value due to the wide variety and maturity of the corresponding debt.

B) Impacts of financial instruments on profit or loss

The impacts of financial instruments on profit or loss (excluding the effective portion of derivative instruments designated as cash flow hedges and the portion of loans and receivables classified under operating income and expense), are reported within financial result and described in Note 6 – "Finance costs, net" and Note 7 – "Other financial income and expense, net".

C) Maturity of financial liabilities

The amounts indicated below correspond to the undiscounted value of future contractual cash flows.

	December 31, 2007						
in millions of euros	Contractual maturity	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	Beyond 5 years
"OCEANE 2003" bonds	2010	438	495	12	12	471	-
Interest rate swap relating to "OCEANE 2003" bonds (1)	2010	4	(2)	3	3	(8)	-
"OCEANE 2005" bonds	2012	426	517	4	4	509	-
Obligations under finance leases	2008 to 2014	150	150	45	33	55	17
Other long-term financial debt	2009 to 2014	90	168	1	11	2	154
Other non-current liabilities	2008 to 2009	30	30	14	16	-	-
Bank overdrafts	2008	91	91	91	-	-	-
Other short-term financial debt	2008	141	6	6	-	-	-
Trade payables	2008	863	863	863	-	-	-
Other payables	2008	31	24	24	-	-	-
TOTAL FINANCIAL LIABILITIES		**2,264**	**2,342**	**1,063**	**79**	**1,029**	**171**

	December 31, 2006						
in millions of euros	Contractual maturity	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	Beyond 5 years
"OCEANE 2003" bonds	2010	427	507	12	12	483	-
Interest rate swap relating to "OCEANE 2003" bonds (1)	2010	6	1	3	3	(5)	-
"OCEANE 2005" bonds	2012	411	520	4	4	13	499
Obligations under finance leases	2007 to 2014	156	156	49	31	50	26
Other long-term financial debt	2008 to 2014	215	189	1	3	2	173
Other non-current liabilities	2008 to 2009	11	11	-	2	9	-
Bank overdrafts	2007	43	43	43	-	-	-
Other short-term financial debt	2007	15	6	6	-	-	-
Trade payables	2007	817	817	817	-	-	-
Other payables	2007	43	43	43	-	-	-
TOTAL FINANCIAL LIABILITIES		**2,144**	**2,293**	**978**	**55**	**562**	**698**

(1) The interest rate swap taken out in connection with "OCEANE 2003" bonds is included in the balance sheet caption "Other non-current liabilities" and described in Note 16-III – "Net cash and cash equivalents – Derivative instruments".

Future cash flows relating to the "OCEANE 2003" and "OCEANE 2005" bonds were estimated based on contractual nominal interest rates (2.5% and 1%, respectively) and on the assumption that the bonds would be redeemed in full at maturity (see Note 16 – «Net cash and cash equivalents»).
Future cash flows relating to "OCEANE 2003" bonds interest swap were estimated on the basis of market interest rates at year-end.

The debt recognized against the carry-back credits sold in 2003 and 2004 (see note 15 - «Other receivables and income taxes»), which was recorded in «Other short-term financial debt» at December 31, 2007 versus «Other long-term financial debt» at end-2006, should not give rise to any future cash flows in 2008 as the credit institution to which the tax credits were sold will be collecting the proceeds directly from the Tax Administration.

The contractual cash flows associated with obligations under finance leases represent contractual repayments of the notional liability.

NOTE 24 – HEDGE ACCOUNTING

Hedge accounting is applied to currency hedges of future cash flows entered into primarily by Capgemini Consulting India Private Ltd. for the subcontracting services it provides to other regions in which the Group has operations.

At December 31, 2007, these hedges comprised forward foreign exchange contracts maturing in 2008 and 2009 with an aggregate equivalent value of €177 million (€90 million at December 31, 2006). The hedges were taken out in respect of transactions in euros (€47 million), US dollars (USD 136 million) and pounds sterling (£27 million).

The maturity of the hedges ranges from 3 to 18 months. At end-2007, they break down as follows:

in millions of euros	Less than 6 months	More than 6 months and less than 12 months	More than 12 months	Total
Forward foreign exchange contracts	**87**	**57**	**33**	**177**

In the balance sheet at December 31, 2007, these contracts are measured at fair value in «Other non-current assets» (€2 million), «Other receivables and income taxes» (€8 million) and «Other payables and income taxes» (€1 million). At December 31, 2006, these derivatives were reported in «Other receivables and income taxes» (€5 million) and "Other payables and income taxes" (€5 million).

In 2007, an amount of €10 million was recorded in equity representing the effective portion of currency hedges (€1 million in 2006). Amounts recorded in equity and transferred to operating margin during the year totaled €6 million (€2 million in 2006).
The ineffective portion of currency hedges recognized in "Finance expense, net" represents a gain of €5 million in 2007 versus a non-material gain in 2006.

NOTE 25 – **SEGMENT INFORMATION**

I. SEGMENT REPORTING BY GEOGRAPHIC AREA

The Group has operations in the following main eight geographic areas:

Geographic area	Country
North America	Canada, Mexico, United States
United Kingdom and Ireland	Ireland, United Kingdom
Nordic countries	Denmark, Finland, Norway, Sweden
Benelux	Belgium, Luxembourg, Netherlands
Germany and Central Europe	Austria, Germany, Poland, Switzerland and other Eastern European countries
France	France, Morocco
Southern Europe	Argentina, Brazil, Spain, Italy, Portugal
Asia-Pacific	Australia, China, India, Singapore

A) Analysis of results by geographic area

Results for 2007 break down as follows by geographic area:

in millions of euros	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern europe	Asia-Pacific	Not allocated (1)	Elimi-nations	Total
Revenues											
- external (2)	1,721	2,230	539	1,168	558	1,971	390	126	-	-	8,703
- inter-geographic area	20	74	18	34	74	70	30	286	-	(606)	-
TOTAL REVENUES	**1,741**	**2,304**	**557**	**1,202**	**632**	**2,041**	**420**	**412**	**-**	**(606)**	**8,703**
OPERATING MARGIN	**111**	**152**	**45**	**176**	**74**	**86**	**21**	**32**	**(57)**	**-**	**640**
% of revenues	*6.5*	*6.8*	*8.4*	*15.0*	*13.3*	*4.4*	*5.5*	*25.3*	*-*	*-*	*7.4*
OPERATING PROFIT	**84**	**76**	**42**	**167**	**70**	**68**	**18**	**28**	**(60)**	**-**	**493**
Finance costs, net											**(4)**
Other financial income and expense, net											**(3)**
Income tax expense											**(48)**
Share in profit of equity-accounted companies											**2**
PROFIT FOR THE YEAR											**440**
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT											**440**

(1) Items not allocated correspond to headquarters' expenses.

(2) Non-Group (external) revenues are recorded in the ordering region.

Results for 2006 broke down as follows by geographic area:

in millions of euros	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia-Pacific	Not allocated (1)	Elimi-nations	Total
Revenues											
- external (2)	1,341	2,126	441	1,046	514	1,816	339	77	-	-	7,700
- inter-geographic area	12	48	23	45	60	74	28	130	-	(420)	-
TOTAL REVENUES	**1,353**	**2,174**	**464**	**1,091**	**574**	**1,890**	**367**	**207**	**-**	**(420)**	**7,700**
OPERATING MARGIN	**72**	**164**	**32**	**142**	**52**	**5**	**15**	**13**	**(48)**	**-**	**447**
% of revenues	*5.4*	*7.7*	*7.4*	*13.5*	*10.2*	*0.3*	*4.4*	*16.4*	-	-	*5.8*
OPERATING PROFIT	**66**	**127**	**29**	**131**	**40**	**(30)**	**9**	**11**	**(49)**	**-**	**334**
						Finance costs, net					(10)
						Other financial income and expense, net					(18)
						Income tax expense					(13)
						PROFIT FOR THE YEAR					**293**
						PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					**293**

(1) Items not allocated correspond to headquarters' expenses.
(2) Non-Group (external) revenues are recorded in the ordering region.

Results for 2005 broke down as follows by geographic area:

in millions of euros	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia-Pacific	Not allocated (1)	Elimi-nations	Total
REVENUES											
– external (2)	1,353	1,738	415	956	443	1,666	310	73	-	-	6,954
– inter-geographic area	17	50	17	49	42	67	22	70	-	(334)	-
TOTAL REVENUES	**1,370**	**1,788**	**432**	**1,005**	**485**	**1,733**	**332**	**143**	**-**	**(334)**	**6,954**
OPERATING MARGIN	**(26)**	**67**	**24**	**101**	**36**	**44**	**9**	**9**	**(39)**	**-**	**225**
% of revenues	*(1.9)*	*3.8*	*5.9*	*10.6*	*8.2*	*2.6*	*2.9*	*12.1*	-	-	*3.2*
OPERATING PROFIT	**20**	**56**	**14**	**85**	**50**	**16**	**5**	**8**	**(40)**	**-**	**214**
						Finance costs, net					(24)
						Other financial income and expense, net					(14)
						Income tax expense					(35)
						PROFIT FOR THE YEAR					**141**
						PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					**141**

(1) Items not allocated correspond to headquarters' expenses.
(2) Non-Group (external) revenues are recorded in the ordering region.

B) Analysis of depreciation, amortization and other expenses with no cash impact

Depreciation, amortization and other expenses with no cash impact break down as follows for 2007:

in millions of euros	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia Pacific	Not allocated	Total
Depreciation and amortization expense	(43)	(47)	(6)	(15)	(25)	(29)	(6)	(20)	(1)	(192)
Net additions to provisions (1)	(2)	(12)	-	(3)	(2)	(16)	-	(1)	-	(36)
TOTAL	**(45)**	**(59)**	**(6)**	**(18)**	**(27)**	**(45)**	**(6)**	**(21)**	**(1)**	**(228)**

(1) This item includes net movements in provisions for doubtful accounts and current and non-current provisions.

Depreciation, amortization and other expenses with no cash impact broke down as follows for 2006:

in millions of euros	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia Pacific	Not allocated	Total
Depreciation and amortization expense	(31)	(54)	(7)	(17)	(21)	(25)	(5)	(6)	(1)	(167)
Net additions to provisions (1)	(2)	(6)	-	(2)	(10)	(42)	(1)	(2)	-	(65)
TOTAL	**(33)**	**(60)**	**(7)**	**(19)**	**(31)**	**(67)**	**(6)**	**(8)**	**(1)**	**(232)**

(1) This item includes net movements in provisions for doubtful accounts and current and non-current provisions.

Depreciation, amortization and other expenses with no cash impact broke down as follows for 2005:

in millions of euros	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia Pacific	Not allocated	Total
Depreciation and amortization expense	(47)	(47)	(8)	(25)	(24)	(25)	(4)	(5)	(1)	(186)
Net additions to provisions (1)	1	(1)	-	(1)	-	(10)	(1)	1	-	(11)
TOTAL	**(46)**	**(48)**	**(8)**	**(26)**	**(24)**	**(35)**	**(5)**	**(4)**	**(1)**	**(197)**

(1) This item includes net movements in provisions for doubtful accounts and current and non-current provisions.

C) Analysis of assets and liabilities by geographic area

The location of assets corresponds to the location of the Group's clients, except for those concerning outsourcing centers such as in India.

At December 31, 2007, assets and liabilities break down as follows by geographic area:

in millions of euros	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia-Pacific	Not allocated	Elimi-nations	Total
Assets by geographic area:											
- external	1,134	1,101	361	1,076	537	1,765	238	204	166	-	6,582
- inter-geographic area	31	26	7	15	19	58	8	49	67	(280)	-
TOTAL ASSETS BY GEOGRAPHIC AREA	**1,165**	**1,127**	**368**	**1,091**	**556**	**1,823**	**246**	**253**	**233**	**(280)**	**6,582**
						Deferred income tax assets					907
						Recoverable income tax					31
						Short-term investments					1,594
						Derivative instruments					13
						TOTAL ASSETS					**9,127**
Liabilities by geographic area:											
- external	562	1,293	173	288	195	1,016	152	76	47	-	3,802
- inter-geographic area	60	35	18	36	26	91	9	(4)	9	(280)	-
TOTAL LIABILITIES BY GEOGRAPHIC AREA	**622**	**1,328**	**191**	**324**	**221**	**1,107**	**161**	**72**	**56**	**(280)**	**3,802**
						Total equity					3,851
						Deferred income tax liabilities					138
						Current income tax liabilities					71
						Financial debt					1,245
						Derivative instruments					20
						TOTAL EQUITY AND LIABILITIES					**9,127**

At December 31, 2006, assets and liabilities broke down as follows by geographic area:

in millions of euros	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia-Pacific	Not allocated	Elimi-nations	Total
Assets by geographic area:											
– external	748	1,053	316	883	420	1,455	193	103	166	-	5,337
– inter-geographic area	10	22	6	21	16	49	6	25	23	(178)	-
TOTAL ASSETS BY GEOGRAPHIC AREA	**758**	**1,075**	**322**	**904**	**436**	**1,504**	**199**	**128**	**189**	**(178)**	**5,337**
						Deferred income tax assets					888
						Recoverable income tax					20
						Short-term investments					2,460
						Derivative instruments					3
						TOTAL ASSETS					**8,708**
Liabilities by geographic area:											
– external	566	1,214	195	262	203	953	136	50	19	-	3,598
– inter-geographic area	40	33	15	25	15	39	8	(8)	10	(177)	-
TOTAL LIABILITIES BY GEOGRAPHIC AREA	**606**	**1,247**	**210**	**287**	**218**	**992**	**144**	**42**	**29**	**(177)**	**3,598**
						Total equity					3,697
						Deferred income tax liabilities					118
						Current income tax liabilities					65
						Financial debt					1,224
						Derivative instruments					6
						TOTAL EQUITY AND LIABILITIES					**8,708**

At December 31, 2005, assets and liabilities broke down as follows by geographic area:

in millions of euros	North America	United Kingdom and Ireland	Nordic countries	Benelux	Germany and Central Europe	France	Southern Europe	Asia-Pacific	Not allocated	Elimi-nations	Total
Assets by geographic area:											
– external	674	981	257	899	348	1,348	201	71	178	-	4,957
– inter-geographic area	22	22	9	19	15	65	9	18	36	(215)	-
TOTAL ASSETS BY GEOGRAPHIC AREA	**696**	**1,003**	**266**	**918**	**363**	**1,413**	**210**	**89**	**214**	**(215)**	**4,957**
						Deferred income tax assets					828
						Recoverable income tax					21
						Short-term investments					1,805
						Derivative instruments					-
						TOTAL ASSETS					**7,611**
Liabilities by geographic area:											
– external	634	1,100	159	321	174	864	143	38	28	-	3,461
– inter-geographic area	41	46	11	32	18	45	10	(1)	10	(212)	-
TOTAL LIABILITIES BY GEOGRAPHIC AREA	**675**	**1,146**	**170**	**353**	**192**	**909**	**153**	**37**	**38**	**(212)**	**3,461**
						Total equity					2,750
						Deferred income tax liabilities					121
						Current income tax liabilities					47
						Financial debt					1,231
						Derivative instruments					1
						TOTAL EQUITY AND LIABILITIES					**7,611**

D) Analysis of acquisitions of intangible assets and property, plant and equipment

Acquisitions of intangible assets and property, plant and equipment can be analyzed as follows:

At December 31 *(in millions of euros)*	2005	2006	2007
North America	38	31	30
United Kingdom and Ireland	27	47	55
Nordic countries	8	4	14
Benelux	9	6	20
Germany and Central Europe	20	26	17
France	24	30	40
Southern Europe	8	4	8
Asia-Pacific	8	13	24
TOTAL	**142**	**161**	**208**

The increase in acquisitions of property, plant and equipment and intangible assets mainly reflects:

- the increase in office space and IT installations in India;
- the development of the Outsourcing business in Benelux;
- and the continued roll-out of global IT systems at Group level.

The acquisition cost of intangible assets and property, plant and equipment reported in the balance sheet is different from the figure provided in the cash flow statement (€149 million), which excludes acquisitions of assets under finance leases (for €59 million).

II. SEGMENT REPORTING BY BUSINESS SEGMENTS

The Group's services are organized into four businesses:

Consulting Services, which involves helping to enhance the performance of organizations, based on in-depth knowledge of client industries and processes;
Technology Services, which involves integrating IT systems and applications that enable the planning, designing, managing and developping IT systems and applications;
Outsourcing Services, which involves managing all or part of a company's IT or business process needs ("Business Process Outsourcing");
Local Professional Services, which involves providing assistance and support to internal IT teams within client companies.

Revenues break down as follows by business:

	2005		2006		2007	
in millions of euros	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Consulting Services	918	13	851	11	753	9
Technology Services	2,307	33	2,619	34	3,349	38
Outsourcing Services	2,611	38	3,008	39	3,189	37
Local Professional Services	1,118	16	1,222	16	1,412	16
TOTAL	**6,954**	**100**	**7,700**	**100**	**8,703**	**100**

Operating margin breaks down as follows by business:

in millions of euros	2005		2006		2007	
	Amount	%	Amount	%	Amount	%
Consulting Services	41	4.5	86	10.1	79	10.5
Technology Services	118	5.1	196	7.5	299	8.9
Outsourcing Services	3	0.1	93	3.1	150	4.7
Local Professional Services	102	9.1	120	9.8	169	12
Not allocated	(39)	-	(48)	-	(57)	-
TOTAL	**225**	**3.2**	**447**	**5.8**	**640**	**7.4**

NOTE 26 – **NUMBER OF EMPLOYEES**

A) Average number of employees by geographic areas

	2005		2006		2007	
	Employees	%	Employees	%	Employees	%
North America	7,381	12	6,272	10	8,564	11
United Kingdom and Ireland	8,668	15	8,894	14	8,791	11
Nordic countries	3,439	6	3,480	5	3,818	5
Benelux	8,402	14	8,807	14	9,167	12
Germany and Central Europe	3,487	6	4,336	7	5,814	7
France	19,196	32	19,924	31	20,595	26
Southern Europe	5,246	9	5,982	9	6,476	8
Asia-Pacific	3,762	6	6,167	10	15,832	20
Not allocated	153	-	151	-	156	-
TOTAL	**59,734**	**100**	**64,013**	**100**	**79,213**	**100**

B) Number of employees at December 31 by geographic areas

	2005		2006		2007	
At December 31	Employees	%	Employees	%	Employees	%
North America	6,351	10	6,441	10	8,857	11
United Kingdom and Ireland	8,826	15	8,785	13	8,482	10
Nordic countries	3,429	6	3,608	5	3,942	5
Benelux	8,613	14	9,014	13	9,492	11
Germany and Central Europe	3,732	6	5,137	8	6,274	8
France	19,714	32	20,287	30	20,979	25
Southern Europe	5,591	9	6,235	9	6,836	8
Asia-Pacific	4,628	8	8,231	12	18,487	22
Not allocated	152	-	151	-	159	-
TOTAL	**61,036**	**100**	**67,889**	**100**	**83,508**	**100**

NOTE 27 – OFF BALANCE SHEET COMMITMENTS

A) Commitments given

At December 31 *(in millions of euros)*	2005	2006	2007
On non-cancelable leases	1,046	867	834
On supplier contracts	89	91	47
Other commitments given	44	42	43
TOTAL	**1,179**	**1,000**	**924**

The Group's commitments under non-cancelable leases can be analyzed as follows:

in millions of euros	Computer equipment	Offices	Vehicles	Other	Total
Y+1	13	154	51	5	223
Y+2	7	130	36	4	177
Y+3	3	109	21	1	134
Y+4	2	86	7	-	95
Y+5	-	71	-	-	71
Y+6 and subsequent years	-	134	-	-	134
December 31, 2007	**25**	**684**	**115**	**10**	**834**
December 31, 2006	**59**	**677**	**114**	**17**	**867**
December 31, 2005	**100**	**817**	**117**	**12**	**1,046**

At December 31, 2007, commitments under non-cancelable leases were mainly given in France (€130 million), Benelux (€125 million), the United Kingdom (€119 million), Germany and Central Europe (€104 million) and North America (€92 million). Lease payments recognized in the income statement during the year totaled €246 million.

The year-on-year decrease in commitments under computer equipment leases reflects the expiry of a certain number of contracts in 2007, notably in the United Kingdom, North America and France.

Office lease terms depend on the geographic area and vary between 5 and 25 years. Vehicle leases are short-term contracts of three to five years. The increase in commitments under non-cancelable office leases is primarily attributable to companies acquired by the Group in 2007.

- Commitments given on supplier contracts primarily represent purchase orders to be issued under global purchase contracts.

- Other commitments given relate mainly to:
  - bank guarantees given to the tax authorities in connection with tax disputes in France and Spain;
  - commitments relating to employees in the Netherlands and Sweden.

B) Commitments given and received

On minority interests:

On April 12, 2005, the Group entered into an alliance with the Japanese group NTT Data Corporation to sell 95% of its stake in Capgemini Japan K.K. for €30 million. The sale agreement granted a put option to the Capgemini Group on its residual 5% interest in Zacatii Consulting Inc. (formerly Capgemini Japan K.K.), and a call option to NTT Data Corporation in relation to the same shares.

These options are exercisable for a period of two years as from July 14, 2008 at the higher of the market value of the shares at the exercise date and the valuation of the shares as determined based on the initial transaction cost (i.e., €1 million for the residual 5% stake in Zacatii Consulting Inc. at December 31, 2007).

On the creation of Inovmail:

On December 10, 2007, the Group was granted a put option on its entire interest in Inovmail, a newly created company 40%-owned by the Group and 60%-owned by DOC@POST. This option can be exercised from June 1, 2009 until December 31, 2009. Under the terms of the put option, the sale of the Group's interest has been set at €2.8 million or a symbolic price of €1, depending on whether it successfully delivers a solution to La Poste's specifications.

The Group and La Poste also hold a pre-emptive right on each party's shares in the event that either of them wishes to sell its shares to a third party. This right is effective as from December 1, 2008.

C) Commitments given on client contracts

For various large contracts signed by Group entities, the Group has provided performance and/or financial guarantees, in particular concerning the "Aspire" contract signed with HM Revenue & Customs on January 5, 2004 (along with its amendments signed in 2006 and 2007) for an estimated amount of £5.5 billion; the TXU contract signed on May 17, 2004 for USD 3.5 billion; the Schneider Electric Industries SAS contract signed for €1.3 billion; Metropolitan Police for £350 million; and the framework contract with Euroclear.

The Group has also provided limited financial guarantees in connection with client contracts, for a total amount of €47 million at December 31, 2007.

Certain clients have been granted bank guarantees by the Group for an aggregate amount of €49 million at end-2007.

In addition to the standard clauses, the outsourcing contract signed with TXU Energy Company LLC and TXU Electric Delivery Company (formerly Oncor Electric Delivery Company) entitles the TXU group to terminate the contract if the Group's corporate credit rating is downgraded to below investment grade. The contract nevertheless remained in force following the downgrade of the Group's credit rating by Standard & Poor's on January 7, 2005.

D) Financial debts secured by assets

Some financial debts are secured by assets recorded in the balance sheet. At December 31, 2007, these debts included €150 million relating to obligations under finance leases, and €127 million relating to the debt recognized against carry-back tax credit sold (see Note 16 – "Net cash and cash equivalents", Note 11 – "Property, plant and equipment", and Note 15 – "Other receivables and income taxes").

NOTE 28 – **RELATED PARTY TRANSACTIONS**

A) Associates

Associates are equity-accounted companies over which the Group exercises significant influence (see Note 30 – "List of the main consolidated companies by country"). Transactions with these companies in 2007 were carried out on an arm's length basis, and were not material.

B) Other related parties

In 2007, no material transactions were carried out with:
- shareholders holding significant voting rights in the capital of Capgemini S.A.;
- members of management, including directors and non-voting directors;
- entities controlled or jointly controlled by a member of key management personnel, or over which he/she has significant influence or holds significant voting rights.

C) Management compensation

The table below provides a breakdown of compensation due to members of the Group's management team including: the Group operational management structure, 26 members at December 31, 2007 and 24 members at December 31, 2006 and the compensation of the Chairman of the Board of Directors, as well as attendance fees payable to the twelve directors and non-voting directors (same number of members as 2006).

in thousands of euros	2006 (4)	2007
Short-term benefits excluding employer payroll taxes (1)	19,552	21,387
Short-term benefits: employer payroll taxes	3,638	4,463
Post-employment benefits (2)	497	693
Share-based payment (3)	1,527	1,976

(1) Includes gross wages and salaries, bonuses, profit-sharing, directors' fees and benefits in kind.
(2) Including mainly statutory retirement indemnities.
(3) Representing the annual expense relating to the award of stock options.
(4) 2006 amount adjusted to reflect compensation accruing to the Chairman of the Board of Directors, as well as attendance fees payable to directors and non-voting directors.

NOTE 29 – SUBSEQUENT EVENTS

On January 21, 2008, Capgemini's credit rating was upgraded from BB+ to BBB- (stable outlook) by Standard & Poor's, thus moving back to the investment grade category.

Within the scope of the authorization to repurchase treasury shares granted under the seventh resolution of the Shareholders' Meeting on April 26, 2007, Capgemini bought back 2,000,000 of its own shares in January 2008 at an average price of €34.48, representing 1.4% of total share capital. The share buy-backs are aimed at neutralizing part of the potential dilution relating to financial instruments giving access to the company's share capital, in particular of employee share-based incentive instruments.

At the annual shareholders' meeting, the Board of Directors will recommend a dividend payment of €1 per share.

NOTE 30 – LIST OF THE MAIN CONSOLIDATED COMPANIES BY COUNTRY

At December 31, 2007, the main consolidated companies were as follows:

Country	Consolidated company	% interest	Consolidation Method
GERMANY	Capgemini Deutschland GmbH (Berlin)	100,00 %	FC
	Capgemini Deutschland Holding GmbH	100,00 %	FC
	Capgemini Systems GmbH (Stuttgart)	100,00 %	FC
	SD&M Software Design and Management AG (Münich)	100,00 %	FC
	Sogeti Deutschland GmbH (Berlin)	100,00 %	FC
	Cap Gemini Telecom Media & Networks Deutschland GmbH	100,00 %	FC
	FuE-Future Engineering GmbH	100,00 %	FC
ARGENTINA	Capgemini Argentina S.A.	100,00 %	FC
AUSTRALIA	Capgemini Australia Pty Ltd.	100,00 %	FC
	Capgemini Business Services Australia Pty Ltd.	100,00 %	FC
	Capgemini Financial Services Australia Pty Ltd.	100,00 %	FC
AUSTRIA	Capgemini Consulting Österreich AG	100,00 %	FC
BELGIUM	Capgemini Belgium N.V./S.A.	100,00 %	FC
	Sogeti Belgium S.A.	100,00 %	FC
	Sogeti NV/SA (Belgium)	100,00 %	FC
	Sogeti International S.A.	100,00 %	FC
BRAZIL	Network Consulting Group do Brasil Consultoria en infomatica Ltd.	100,00 %	FC
CANADA	Capgemini New Brunswick Inc.	100,00 %	FC
	Capgemini Nova Scotia Ltd.	100,00 %	FC
	Capgemini Canada Inc.	100,00 %	FC
	Inergi Inc.	100,00 %	FC
	Inergi L.P.	100,00 %	FC
	New Horizons System Solutions L.P.	100,00 %	FC
	New Horizons System Solutions Inc.	100,00 %	FC
	Kanbay Canada Inc.	100,00 %	FC
CHINA	Capgemini (Shanghai) Co. Ltd.	100,00 %	FC
	Capgemini Hong Kong Ltd.	100,00 %	FC
	Capgemini Business Services (China) Ltd.	100,00 %	FC
	Capgemini Business Services (Asia) Ltd.	100,00 %	FC
	SSS Hangzhou (China)	48,60 %	EM
	Capgemini Financial Services HK Ltd.	99,99 %	FC
DENMARK	Capgemini Danmark AS	100,00 %	FC
	Sogeti Danmark	100,00 %	FC
SPAIN	Capgemini España, S.L.	100,00 %	FC
	Sogeti España S.L.	100,00 %	FC
	InQA Test Labs S.L.	100,00 %	FC
	QAlis Solutions S.L.	100,00 %	FC
UNITED STATES	Capgemini America Inc.	100,00 %	FC
	Capgemini Applications Services LLC	100,00 %	FC
	Capgemini Holding Inc.	100,00 %	FC
	Capgemini U.S. LLC	100,00 %	FC
	Capgemini North America Inc.	100,00 %	FC
	Capgemini Technologies LLC	100,00 %	FC
	Capgemini Government Solutions LLC	100,00 %	FC
	Sogeti USA LLC	100,00 %	FC
	Capgemini Energy GP LLC	100,00 %	FC
	Capgemini Energy Holdings LLC	100,00 %	FC

FC = Full consolidation
EM = Equity method

Country	Consolidated company	% interest	Consolidation Method
UNITED STATES	Capgemini Energy LP	97,10 %	FC
	Capgemini Financial Services International Inc.	100,00 %	FC
	Capgemini Financial Services (China) Inc.	100,00 %	FC
	Capgemini Financial Services USA	100,00 %	FC
	Capgemini Financial Services Europe	100,00 %	FC
	Capgemini Financial Services Japan	100,00 %	FC
	Kanbay Managed Solution Inc.	80,00 %	FC
	Accurum Inc.	100,00 %	FC
	Strategic Systems Inc. (US)	48,60 %	EM
	Strategic Back-Office Solutions	48,60 %	EM
FINLAND	Capgemini Finland Oy	100,00 %	FC
FRANCE	Cap Gemini S.A.	Parent company	FC
	Capgemini France S.A.S.	100,00%	FC
	Capgemini Gouvieux S.A.S.	100,00%	FC
	Capgemini Service S.A.S.	100,00%	FC
	Capgemini Université S.A.S.	100,00%	FC
	Immobilière Les Fontaines S.A.R.L.	100,00%	FC
	SCI Paris Étoile	100,00%	FC
	Capgemini Consulting S.A.S.	100,00%	FC
	Capgemini Finance et Services S.A.S.	100,00%	FC
	Capgemini Industrie et Distribution S.A.S.	100,00%	FC
	Capgemini Est S.A.S.	100,00%	FC
	Capgemini Ouest S.A.S.	100,00%	FC
	Capgemini Sud S.A.S.	100,00%	FC
	Capgemini Outsourcing Services S.A.S.	100,00%	FC
	Capgemini OS Electric S.A.S.	100,00%	FC
	Cap Gemini Telecom & Media S.A.S	100,00%	FC
	Inovmail S.A.S.	40,00%	EM
	Sogeti S.A.S.	100,00%	FC
	Sogeti Infrastructure Service S.A.S.	100,00 %	FC
	Sogeti Application Service S.A.S.	100,00 %	FC
	Sogeti Régions S.A.S.	100,00 %	FC
	Sogeti Services S.A.S.	100,00 %	FC
	Sogeti High Tech S.A.S.	100,00 %	FC
UNITED KINGDOM	Capgemini UK Plc	100,00 %	FC
	CGS Holdings Ltd.	100,00 %	FC
	Sogeti UK	100,00 %	FC
	Capgemini Financial Services UK Ltd.	99.90 %	FC
	SSS Holding Corporation Ltd.	48.60 %	EM
	Strategic System Solution Ltd.	48.60 %	EM
	Strategic Back Office Solutions Ltd.	48.60 %	EM
	Strategic Training Solutions	48.60 %	EM
	Bizzkidz Ltd.	48.60 %	EM

FC = Full consolidation
EM = Equity method

Country	Consolidated company	% interest	Consolidation Method
HUNGARY	Capgemini Magyarorszag Kft	100.00 %	FC
INDIA	Capgemini Consulting India Private Ltd.	100.00 %	FC
	InQA Test Labs Private Ltd (India)	100.00 %	FC
	Capgemini Business Services (India) Ltd.	51.00 %	FC
	Capgemini India Private Ltd.	99.99 %	FC
	Pune Software Park Pvt. Ltd.	100.00 %	FC
IRELAND	Sogeti Ireland Ltd.	100.00 %	FC
ITALY	Capgemini Italia S.p.A.	100.00 %	FC
JAMAICA	Adjoined Consulting Ltd.	100.00 %	FC
LUXEMBOURG	Sogeti Luxembourg S.A.	100.00 %	FC
	Capgemini Reinsurance Company S.A.	100.00 %	FC
	Sogeti PSF Luxembourg S.A.	100.00 %	FC
MOROCCO	Capgemini Technology Services Maroc	100.00 %	FC
MEXICO	Capgemini Mexico S. de R.L. de C.V.	100.00 %	FC
NORWAY	Capgemini Norge AS	100.00 %	FC
	Sogeti Norge A/S	100.00 %	FC
NETHERLANDS	Capgemini Outsourcing B.V.	100.00 %	FC
	Capgemini Interim Management B.V.	100.00 %	FC
	Capgemini Nederland B.V.	100.00 %	FC
	Capgemini Sourcing B.V.	100.00 %	FC
	Capgemini Educational Services B.V.	100.00 %	FC
	Capgemini N.V.	100.00 %	FC
	Paul Postma Marketing Consultancy B.V.	100.00 %	FC
	Capgemini Datacenter Amsterdam B.V.	100.00 %	FC
	Sogeti Nederland B.V.	100.00 %	FC
	Capgemini International B.V.	100.00 %	FC
	Cap Gemini Telecom Media & Networks Nederland B.V.	100.00 %	FC
POLAND	Capgemini Polska Sp z.o.o.	100,00 %	FC
PORTUGAL	Capgemini Portugal, Serviços de Consultoria e Informatica S.A.	100,00 %	FC
CZECH REPUBLIC	Capgemini Czech Republic S.r.o.	100,00 %	FC
ROMANIA	Capgemini services Romania s.r.l.	100,00 %	FC
SERBIA	Capgemini d.o.o (Serbia and Montenegro)	100,00 %	FC
SINGAPORE	Capgemini Asia Pacific Pte Ltd.	100,00 %	FC
	SSS Pte Ltd. (Singapore)	48,60 %	EM
	Capgemini Financial Services (Singapore) Pte Ltd.	100,00 %	FC
SLOVAKIA	Capgemini Slovensko, s.r.o.	100,00 %	FC
SWEDEN	Capgemini AB	100,00 %	FC
	Capgemini Sverige AB	100,00 %	FC
	Sogeti Sverige AB	100,00 %	FC
SWITZERLAND	Capgemini Suisse S.A. (Zurich)	100,00 %	FC
	SD&M Schweiz AG (Zurich)	100,00 %	FC
	Sogeti Suisse S.A.	100,00 %	FC

FC = Full consolidation
EM = Equity method