# June 30, 2008

# INTERIM FINANCIAL REPORT

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# FINANCIAL HIGHLIGHTS

| | CONSOLIDATED FINANCIAL STATEMENTS | | | |
|---|---|---|---|---|
| *in millions of euros* | First-half 2005 | First-half 2006 | First-half 2007 | First-half 2008 |
| **REVENUES excluding sales tax** | **3,472** | **3,784** | **4,397** | **4,374** |
| OPERATING EXPENSES | 3,410 | 3,603 | 4,128 | 4,042 |
| **OPERATING MARGIN** | **62** | **181** | **269** | **332** |
| % of revenues | 1.8% | 4.8% | 6.1% | 7.6% |
| **OPERATING PROFIT** | **123** | **139** | **229** | **288** |
| % of revenues | 3.5% | 3.7% | 5.2% | 6.6% |
| **PROFIT FOR THE PERIOD** | **58** | **71** | **168** | **231** |
| % of revenues | 1.7% | 1.9% | 3.8% | 5.3% |
| **EARNINGS PER SHARE** | | | | |
| *Number of shares at period-end* | *131,388,178* | *131,753,496* | *144,819,065* | *145,686,996* |
| Earnings per share at period-end (in euros) | 0.44 | 0.54 | 1.16 | 1.59 |
| **NET CASH AND CASH EQUIVALENTS at period-end** | **498** | **789** | **452** | **533** |
| **AVERAGE NUMBER OF EMPLOYEES** | **59,382** | **62,230** | **77,669** | **84,646** |
| **NUMBER OF EMPLOYEES AT JUNE 30** | **59,190** | **63,680** | **79,981** | **86,487** |

# INTERIM FINANCIAL REVIEW

## First-half 2008 highlights

Demand for consulting and IT services remained robust throughout 2008. The crisis in the banking sector has so far had a much greater impact on the financial markets than on the real economy, and even though isolated pockets of sluggish growth surfaced during the period, they were offset by the Group's sparkling sales performance in line with full-year targets.

Revenue growth during the first six months of the year was 5.3% on a like-for-like basis (constant Group structure and exchange rates). On a reported basis, revenues edged back 0.5% due to the sharp rise in the value of the euro in relation to the pound sterling and US dollar, both of which shed 13% year-on-year.

The robust trading environment was also reflected in the number of new orders taken during the period, which jumped 3.9% like-for-like on first-half 2007 to €4,327 million. Bookings were especially buoyant for Consulting Services and Technology Services, as well as for Sogeti, which expanded their order books by 12%. The first-half 2008 book-to-bill ratio stands at 1.15 for these businesses.

The first six months of the year were also characterized by further improvements in Group profitability: operating margin yielded a €332 million profit, which at 7.6% advanced 1.5% compared to the same year-ago period.
Operating income moved up in equal measure, coming in at 6.6% of revenues for the six months ended June 30, 2008. Net profit for the period surged 37.5% and represented 5.3% of consolidated revenues.

Taking into account the usual increase in working capital requirement during the period, net cash and cash equivalents totaled €533 million at period-end, after payment of a €1 per-share dividend (€143 million), the acquisition of two million treasury shares in order to partially neutralize the potential dilutive impact of employee share-based incentive instruments (€70 million), and the financing of acquisitions for €32 million (mainly shared service centers from Unilever in Latin America).

Group headcount continued to advance in the first half of the year, rising by 8.1% to stand at 86,487 employees at June 30, 2008, versus 79,981 one year earlier. In line with the Group's strategy, the headcount increases mainly concerned offshore locations such as India – which remains the focus of growth efforts – but also Latin America where the Group acquired three shared service centers as part of the expansion of its Business Process Outsourcing (BPO) offering, and Morocco. Sogeti was the only business to significantly expand its headcount in the Group's traditional operating regions, as the nature of its Local Professional Services offering leaves less scope for offshoring.

The rollout of the $I^3$ transformation program continued apace in the first six months of the year. An important milestone was reached in the Industrialization leg of the program, with the launch of new organization and production models aimed at gradually combining onshore and offshore teams. The long-term objective is to achieve perfectly integrated teams along the lines of Kanbay's One Team Model, which underpins the organizational structure of the Financial Services division as well as the BPO unit. For example, all Outsourcing Services and Technology Services entities in North America and the United Kingdom have adopted an integrated model whereby certain offshore resources are placed under their immediate authority. This optimizes direct production costs and also helps to rein in indirect costs as well as sales and administrative expenditure.
Progress was also made in the two other legs of the $I^3$ program. In the Innovation program, the first six months of the year saw the ramp-up of sector-based knowledge centers in India, notably Crescent (Cap Gemini Retail Solutions Center) for the retail market, and a Bangalore center focused exclusively on the telecoms sector. In its Technovision 2012 platform, the Group has also created a powerful and customized tool designed to analyze client IT issues and challenges. Lastly, during the first half of the year, all the business units fine-tuned their client portfolio mapping and reviewed the allocation of their sales-side resources. This represents a significant landmark in the implementation of the Intimacy program.

## Operations by geographic area

| | % of total revenues | Growth* versus H1 2007 | Operating margin | |
|---|---|---|---|---|
| | | | H1 2007 | H1 2008 |
| **France** | 24% | 7.0% | 2.5% | 5.0% |
| **United Kingdom and Ireland** | 23% | -3.6% | 6.7% | 8.2% |
| **North America** | 19% | 5.4% | 5.4% | 5.8% |
| **Benelux** | 14% | 10.8% | 14.3% | 14.4% |
| **Nordic countries** | 7% | 17.2% | 7.3% | 9.1% |
| **Germany and Central Europe** | 7% | 4.4% | 11.7% | 13.6% |
| **Southern Europe and Latin America** | 5% | 14.4% | 4.2% | 4.7% |
| **Asia-Pacific** | 1% | -4.0% | 15.2% | 28.5% |

*on a like-for-like basis.

During the first six months of 2008, revenues posted by France climbed 7% to 24.2%, as it reclaimed the number one spot among the Group's regions. Revenue growth was spread fairly evenly among the businesses, except for Consulting Services, where an apparently steady performance masks a sharp increase in volumes generated with other Group businesses, notably Outsourcing Services. The advance in revenues for Outsourcing Services in 2007 continued apace in the first half of 2008, and together with improvements on the Schneider contract, contributed to a significant overall reduction in losses. Profitability in France came in at 5% in the first half of the year, double the figure one year ago, spurred by an increase of more than one percentage point in operating margin for the three other businesses.

The United Kingdom and Ireland (accounting for 22.6% of revenues) was one of the few Group regions to suffer a fall-off in revenues compared with the first six months of 2007 (down 3.6% like-for-like and 15.9% on a reported basis, reflecting the fall in value of the pound sterling). However, this decline was due solely to the anticipated decrease in revenues generated with the British tax authorities on the HMRC contract. Excluding the HMRC contract, revenue gains came in at almost 4% and were especially robust in the rest of the Outsourcing Services business owing to the ramp-up of new contracts, notably in the public sector (Learning and Skills Council, Department for Children Schools and Families). Consulting Services also made great strides in the public sector during the period, notably with the delivery of the eBorders contract for which Capgemini is one of the main consultants. All of the Group's businesses improved their profitability, with operating margin for the region coming in at 8.2%, up on both first-half and full-year 2007.

Growth in the North America region (representing 18.5% of revenues) came in slightly above the Group average at 5.4%. However, as for other businesses, the sharp fall in the value of the US dollar resulted in a decrease in reported revenues, which dropped 6.2% compared to first-half 2007. Revenue gains were especially strong at Sogeti, with growth surging in excess of 11%, and to a lesser extent, in Outsourcing Services. Consulting Services and Technology Services also advanced, but at a slower pace, with the sharp growth in business volumes delivered by onshore and/or offshore resources partially diluted by a significant cut in sub-contracting. However, these businesses also made contributions to a number of Outsourcing Services contracts. New orders for Consulting Services, Technology Services and Local Professional Services were at especially high levels in the first six months of the year. These businesses also improved their year-on-year profitability by more than one percentage point, thereby boosting operating margin for the region to 5.8%.

Benelux accounts for 14.4% of Group revenues and saw revenues surged 10.8% during the period. Outsourcing Services led the way, following a buoyant sales-side performance in 2007 that culminated in a number of major contract wins. As a result, nearly half of the region's revenue gains were generated by that business. Sogeti and Consulting Services also reported brisk trading performances, while Technology Services held firm compared to 2007. At 14.4%, profitability in the region remained at the high level of the same year-ago period, as advances in the Group's other businesses helped to absorb the impact of the ramp-up of new Outsourcing Services contracts with slightly lower margins in their first years.

Business in the Nordic countries remained buoyant through the first six months of the year. This region posted a 17.2% leap in revenues for the period and now accounts for 7.1% of the Group total. This trend was apparent right across the region – barring Denmark where the completion of two major projects dented performance. All of the Group's businesses also enjoyed revenue growth, although a slightly patchy performance by Consulting Services saw a decrease in volumes in Sweden, offset in particular by a surge in Finland. Revenue gains in this region sparked a fresh improvement in profitability, with operating margin up 1.8 percentage point at 9.1%.

Germany and Central Europe advanced 4.4% and accounted for 6.7% of Group revenues. The slowdown in growth in this region is partly due to the reorganization of certain businesses which hampered performance in the early part of the year, as well as the focus on reducing sub-contracting, particularly in Eastern Europe. However, operating margin moved up almost two percentage points to 13.6% of revenues in the wake of particularly strong profitability improvements achieved by Consulting Services and Outsourcing Services.

Revenues recorded by the Southern Europe and Latin America region (comprising Italy, Spain and Portugal on the one hand, and Argentina, Brazil, Chile and Mexico on the other) advanced 14.4%. This region accounted for 5.3% of Group revenues during the period. Business was especially robust for Consulting Services and Technology Services, with Portugal and Italy the two star performers. Despite potentially troubling signs in the broader economy, Spain managed to post strong revenue growth for the period and reaped the first rewards of investments undertaken by the Group in Latin America, which provide this country with competitive language barrier-free resources. Profitability in the region moved up 0.5 percentage point to 4.7% despite these investments, and thanks to significant progress made in Italy.

First-half revenues slipped back 4.0% for the Asia-Pacific region, where a sharp slowdown in Australia overshadowed significant advances in other countries. Although Asia-Pacific appears to represent a low 1.3% of total revenues, Group accounting policies mean that the revenue figures for the region only include sales to external customers. In reality, three-quarters of revenues in the region (most of the activity in India and a substantial part of Chinese business) are generated with Group entities that have opted to offshore a portion of their processes and/or production. As an illustration, while India only represents a marginal proportion of revenues, it accounted for 21.6% of worldwide headcount at June 30, 2008 with 18,745 employees. Operating margin for the Asia-Pacific region is particularly high, since a portion of the profits are recognized in the offshore centers, while revenues with end customers are recognized in the ordering region.

## Operations by business segment

| | % of total revenues | Growth* versus H1 2007 | Operating margin | |
|---|---|---|---|---|
| | | | H1 2007 | H1 2008 |
| **Technology Services** | 39% | 4.1% | 7.7% | 9.2% |
| **Outsourcing Services** | 35% | 3.2% | 4.5% | 4.7% |
| **Local Professional Services** | 18% | 11.4% | 9.6% | 11.5% |
| **Consulting Services** | 8% | 7.6% | 8.1% | 13.3% |

*on a like-for-like basis.

Technology Services accounted for 38.7% of consolidated revenues for the period, and remained the Group's number one business. Revenues advanced 4.1% compared with the same year-ago period, but this does not take into account the growing volume of business generated with other Group businesses, notably Outsourcing Services. When this is factored back into the calculation, revenue growth would have come in more than two percentage points higher. Special attention was paid during the period to scaling back sub-contracting costs. Except for Spain, all of the Group's geographic areas posted improved profitability, with the United Kingdom and Ireland leading the way.

Outsourcing Services advanced 3.2% during the period, and retained the number two spot in the Group (35.3% of revenues). While this growth may appear only moderate on the surface, it should be viewed in the context of the sharp (but expected) fall in revenues on the HMRC contract. Growth was therefore robust not only in the United Kingdom (excluding the HMRC contract), but also in all of the other regions, which outstripped the Group average. Outsourcing Services also achieved a modest improvement in operating margin, which stood at 4.7% of revenues for the period.

Sogeti (Local Professional Services – 17.6% of revenues) turned in the strongest performance of all of the Group's businesses with revenues advancing 11.4%. All regions posted growth of more than 7%, with North America, Benelux, Germany and particularly the Nordic countries among the star performers. Coupled with the rigorous management of general and administrative expenses, these bright performances lifted operating margin to 11.5%.

Consulting Services posted revenue gains of 7.6%, and accounted for 8.4% of consolidated revenues in the first six months of 2008. The advance in revenues was particularly steep in the United Kingdom, Benelux and Southern Europe, but was also robust in North America which witnessed the successful creation of a dedicated Consulting Services unit at the start of the year and the early rewards of a new organizational structure that already proved its worth in Europe during 2007. On the performance front, Consulting Services recorded both the highest level of profitability (13.3%) and the biggest operating margin gains (up 5.2 percentage points).

### CONSOLIDATED STATEMENT OF INCOME

**Revenues** for first-half 2008 came in at €4,374 million, versus €4,397 million in first-half 2007, a rise of 5.3% on a like-for-like basis (constant Group structure and exchange rates) and a slight decrease of 0.5% based on published figures.

**Operating margin** for the first six months of 2008 yielded a €332 million profit, compared to a €269 million profit in the same year-ago period, or 7.6% versus 6.1% in first-half 2007.
The increase in operating margin compared to full-year 2007 reflects the Group's tighter control over the cost of services rendered, as well as a marked fall in general and administrative expenses which more than offset the selective sales-side investments carried out by the Group.

**Other operating income and expense** was an expense of €44 million in first-half 2008, slightly higher than the same year-ago figure. This item includes restructuring costs of €28 million for the period which also came in above first-half 2007 (€22 million), although they were offset by a decrease in the cost of integrating acquisitions into the Group in 2007, notably in relation to Kanbay. Expenses relating to stock options and share grants remained flat at €11 million. Lastly, the "Other" item includes an expense of €19 million recognized due to the non-accrual as from March 31, 2008 of pensionable service for the defined benefit section of Capgemini UK Plc. main pension plan. However, this was partially offset by income of €15 million following the transfer of responsibility of the defined benefit pension plan of Canadian employees who joined the Group as part of the outsourcing agreement entered into with Hydro One in 2002. The approval of the transfer by the Financial Services Commission of Ontario (Canada) was obtained in March 2008.

**Operating profit** came in at €288 million for the six months to June 30, 2008 (6.6% of revenues), versus €229 million for first-half 2007 (5.2% of revenues).

**Net finance expense** stood at €15 million in first-half 2008, compared with €3 million for the six months to June 30, 2007. The deterioration in net finance expense is mainly attributable to:

- an unfavorable €6 million change in the fair value of the interest rate hedging instruments, mainly on the interest rate swap relating to the "OCEANE 2003" convertible and/or exchangeable bonds issued on June 24, 2003, which represented a loss of €4 million in first-half 2008 compared with a €2 million gain in the same year-ago period;
- the change in accounting treatment of currency instruments hedging operational cash flows, in light of the nature of the transactions hedged. The full impact of changes in fair value of these instruments is now recorded within operating margin, whereas a portion (representing income of €5 million) was recorded in net finance expense in first-half 2007;
- a €5 million increase in the first half of 2008 compared to the prior-year period in expenses incurred on obligations linked to defined benefit pension plans, mainly in the United Kingdom as a result of higher interest rates;
- a €3 million expense recognized in the first half of the year in respect to an amount owed to Hydro One concerning the above-described transfer of responsibility of pension liabilities for Canadian employees.

**Income tax expense** for the period amounted to €42 million and was made up solely of current income taxes. The net balance of deferred taxes for the period was zero, reflecting: (i) the utilization of tax loss carry-forwards against taxable income for the period in an amount of €36 million, and (ii) net deferred tax expense of €12 million relating to temporary differences and changes in tax rates. These amounts were offset in full by the recognition of deferred tax assets for €48 million, mainly in France and the United Kingdom.

**Net profit** attributable to Group shareholders for the period surged to €231 million for the six months to June 30, 2008, from €168 million in first-half 2007. At June 30, 2008, basic earnings per share stood at €1.61 based on 143,336,055 shares, versus €1.16 at June 30, 2007 based on 144,414,280 shares. Diluted earnings per share at period-end came in at €1.52 based on 156,723,998 shares, versus €1.09 at June 30, 2007 based on 159,767,912 shares.

At June 30, 2008, **consolidated shareholders' equity** stood at €3,850 million, virtually unchanged on the December 31, 2007 figure. This stability is analyzed as follows:
- various share capital increases upon exercise of stock options, for €6 million;
- the payment of dividends to shareholders in an amount of €143 million, or €1 per share;
- the elimination of treasury shares held under the share buyback program for €70 million;
- the recognition in equity of actuarial gains related to provisions for pensions and other post-employment benefits in first-half 2008 for €106 million, net of the deferred tax effect, and the negative change in the fair value of currency derivative instruments relating to cash flow hedge accounting in India, for €29 million;
- a decrease in translation reserves amounting to €113 million;
- attributable net profit for the period of €231 million.

**Non-current assets** stood at €4,047 million at June 30, 2008, a decrease of €146 million compared with December 31, 2007, mainly related to the following changes:
- the €96 million decrease in net goodwill, intangible assets and property, plant and equipment essentially attributable to translation losses on assets denominated in US dollars and pounds sterling;
- a €39 million decrease in deferred tax assets, which breaks down as follows:
  - the tax effect of actuarial gains (relating to provisions for pension obligations) recognized in equity;
  - translation adjustments on deferred tax assets denominated in foreign currency, mainly concerning the US dollar;
  - the negligible impact on the income statement of the above-described "income tax expense".

**Non-current liabilities** excluding long-term financial debt amounted to €728 million at June 30, 2008, a decrease of €234 million compared with December 31, 2007, due mainly to the decrease in provisions for pensions and other employee benefit obligations (€187 million), corresponding to (i) a net actuarial gain of €132 million, mainly attributable to the United Kingdom (€124 million) where the increase in the discount rate was partially offset by the impact of negative experience adjustments on the expected return on plan assets, and (ii) the net negative €17 million impact of benefits paid and expenses. In addition, a negative translation adjustment was recorded for €35 million due to the fact that most of its pension plans are located in the United States and the United Kingdom.

**Accounts and notes receivable**, comprising trade receivables, amounted to €2,557 million at June 30, 2008, versus €2,318 million at December 31, 2007. Accounts receivable net of advances received from customers stood at €1,774 million at the period-end, compared with €1,645 million at June 30, 2007 and €1,479 million at December 31, 2007. The six-day increase in the collection ratio compared to June 30, 2007 mainly results from (i) the reduced weight of North America and the United Kingdom (countries in which this ratio is traditionally low) in the total Group ratio due to the fall in the value of the US dollar and pound sterling against euro; (ii) the rise of this indicator in countries that experienced fast-paced growth (notably Iberia and Scandinavia); and (iii) a downturn in the ratio in the Netherlands.

**Accounts and notes payable**, consisting mainly of trade payables, amounts due to personnel and accrued taxes, stood at €1,981 million at June 30, 2008, compared with €2,056 million at June 30, 2007 and €2,120 million at December 31, 2007.

At June 30, 2008, **net cash and cash equivalents** stood at €533 million, compared with €889 million at December 31, 2007. The €356 million decrease in this item is essentially attributable to:
- net operating cash outflows of €123 million, reflecting €350 million in cash flows from operations before net finance costs and income tax and a €426 million change in working capital requirements linked to the seasonal nature of the business cycle, and a deterioration in the collection ratio for trade receivables;
- cash flows used in investing activities of €80 million, relating primarily to:
  - cash outflows (net of cash and cash equivalents acquired) in respect to acquisitions in the amount of €30 million, mainly in relation to Capgemini Business Services in Chile and Brazil,
  - payments relating to net acquisitions of fixed assets, for €51 million;
- net cash outflows of €70 million relating to treasury stock transactions, partially offset by €6 million in inflows for various share capital increases upon exercise of options;
- the payment of a dividend to shareholders totaling €143 million;
- the €129 million impact resulting from the settlement of the financial debt corresponding to the sale of carry-back tax credits on the French Treasury in 2003 and 2004, following their reimbursement. The receivables sold were previously recorded within "Other receivables" and were not therefore included in net cash and cash equivalents. This impact was partially offset by the negative €81 million effect of foreign currency fluctuations.

## Outlook for second-half 2008

On the back of the performance in the first six months of the year which was in line with the Group's targets and buoyed by the volume and quality of bookings taken during the period, Capgemini is now anticipating like-for-like revenue growth of between 4% and 5% for full-year 2008, and reaffirms its target operating margin of 8.5% (versus 7.4% in 2007).

## CONSOLIDATED STATEMENTS OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2007, AND THE SIX-MONTH PERIODS ENDED JUNE 30, 2007 AND JUNE 30, 2008

| | Notes | Full-year 2007 | | First-half 2007 | | First-half 2008 | |
|---|---|---|---|---|---|---|---|
| *in millions of euros* | | Amount | % | Amount | % | Amount | % |
| **Revenues** | 3 | **8,703** | **100** | **4,397** | **100** | **4,374** | **100** |
| Cost of services rendered | 4 | 6,518 | 74.9 | 3,334 | 75.8 | 3,271 | 74.8 |
| Selling expenses | 4 | 607 | 7.0 | 299 | 6.8 | 322 | 7.4 |
| General and administrative expenses | 4 | 938 | 10.7 | 495 | 11.3 | 449 | 10.2 |
| **Operating margin** | | **640** | **7.4** | **269** | **6.1** | **332** | **7.6** |
| Other operating income and expense | 5 | (147) | (1.7) | (40) | (0.9) | (44) | (1.0) |
| **Operating profit** | | **493** | **5.7** | **229** | **5.2** | **288** | **6.6** |
| Finance costs, net | 6 | (4) | - | (5) | (0.1) | 1 | - |
| Other financial income and expense | 7 | (3) | - | 2 | - | (16) | (0.3) |
| **Finance expense, net** | | **(7)** | **(0.1)** | **(3)** | **(0.1)** | **(15)** | **(0.3)** |
| Income tax expense | 8 | (48) | (0.6) | (59) | (1.3) | (42) | (1.0) |
| Share in profit of equity-accounted companies | | 2 | - | 1 | - | - | - |
| **Profit for the period** | | **440** | **5.1** | **168** | **3.8** | **231** | **5.3** |
| Attributable to: | | | | | | | |
| Equity holders of the parent | | 440 | 5.1 | 168 | 3.8 | 231 | 5.3 |
| Minority interests | | - | - | - | - | - | - |

| | Note | Full-year 2007 | First-half 2007 | First-half 2008 |
|---|---|---|---|---|
| **Weighted average number of ordinary shares** | | **144,744,128** | **144,414,280** | **143,336,055** |
| Basic earnings per share (in euros) | 9 | 3.04 | 1.16 | 1.61 |
| **Weighted average number of ordinary shares (diluted)** | | **159,292,070** | **159,767,912** | **156,723,998** |
| Diluted earnings per share (in euros) | 9 | 2.84 | 1.09 | 1.52 |

# CONSOLIDATED BALANCE SHEETS AT DECEMBER 31, 2007, JUNE 30, 2007 AND JUNE 30, 2008

| **ASSETS**<br>*in millions of euros* | **Notes** | **December 31, 2007** | **June 30, 2007** | **June 30, 2008** |
|---|---|---|---|---|
| Goodwill | 10 | 2,577 | 2,692 | 2,503 |
| Intangible assets | 10 | 171 | 199 | 159 |
| Property, plant and equipment | 10 | 442 | 458 | 432 |
| **Total fixed assets** | | **3,190** | **3,349** | **3,094** |
| Deferred taxes | | 907 | 875 | 868 |
| Other non-current assets | 11 | 96 | 197 | 85 |
| **TOTAL NON-CURRENT ASSETS** | | **4,193** | **4,421** | **4,047** |
| Accounts and notes receivable | 12 | 2,318 | 2,430 | 2,557 |
| Other current receivables and income taxes | 13 | 374 | 251 | 265 |
| Short-term investments | 14 | 1,594 | 1,342 | 1,288 |
| Cash | 14 | 648 | 410 | 379 |
| **TOTAL CURRENT ASSETS** | | **4,934** | **4,433** | **4,489** |
| **TOTAL ASSETS** | | **9,127** | **8,854** | **8,536** |

| **EQUITY AND LIABILITIES**<br>*in millions of euros* | **Notes** | **December 31, 2007** | **June 30, 2007** | **June 30, 2008** |
|---|---|---|---|---|
| Share capital | | 1,164 | 1,159 | 1,166 |
| Additional paid-in capital | | 2,682 | 2,672 | 2,686 |
| Retained earnings and other reserves | | (435) | (269) | (233) |
| Profit for the period | | 440 | 168 | 231 |
| **Capital and reserves attributable to equity holders of the parent** | | **3,851** | **3,730** | **3,850** |
| Minority interests | | - | - | - |
| **TOTAL EQUITY** | | **3,851** | **3,730** | **3,850** |
| Long-term financial debt | 14 | 1,059 | 1,187 | 1,051 |
| Deferred taxes | | 138 | 158 | 138 |
| Provisions for pensions and other post-employment benefits | 15 | 621 | 647 | 434 |
| Non-current provisions | | 57 | 67 | 29 |
| Other non-current liabilities | | 146 | 112 | 127 |
| **TOTAL NON-CURRENT LIABILITIES** | | **2,021** | **2,171** | **1,779** |
| Short-term financial debt and bank overdrafts | 14 | 277 | 110 | 81 |
| Accounts and notes payable | | 2,120 | 2,056 | 1,981 |
| Advances received from customers | 12 | 743 | 683 | 689 |
| Current provisions | | 28 | 27 | 48 |
| Other payables and income taxes | | 87 | 77 | 108 |
| **TOTAL CURRENT LIABILITIES** | | **3,255** | **2,953** | **2,907** |
| **TOTAL EQUITY AND LIABILITIES** | | **9,127** | **8,854** | **8,536** |

# CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2007, AND THE SIX-MONTH PERIODS ENDED JUNE 30, 2007 AND JUNE 30, 2008

| *in millions of euros* | Notes | Full-year 2007 | First-half 2007 | First-half 2008 |
|---|---|---|---|---|
| **Profit for the period** | | **440** | **168** | **231** |
| Net depreciation, amortization and write-downs of fixed assets | | 192 | 96 | 87 |
| Net additions to/reversals of provisions and other net non-cash items (excluding current assets) | | (27) | 17 | (22) |
| Gains and losses on disposals of assets | | 5 | 3 | - |
| Expense relating to stock options and share grants | 5 | 22 | 10 | 11 |
| Finance costs, net | 6 | 4 | 5 | (1) |
| Income tax expense | 8 | 48 | 59 | 42 |
| Unrealized gains and losses on changes in fair value and other | | 1 | 4 | 2 |
| **Cash flows from operations before finance costs, net and income tax (A)** | | **685** | **362** | **350** |
| Income tax paid (B) | | (79) | (45) | (47) |
| Change in accounts and notes receivable and advances received from customers | | (159) | (306) | (310) |
| Change in accounts and notes payable | | 70 | 91 | 28 |
| Change in other receivables/payables | | (20) | (168) | (144) |
| **Change in operating working capital (C)** | | **(109)** | **(383)** | **(426)** |
| **NET CASH FROM/(USED IN) OPERATING ACTIVITIES (D=A+B+C)** | | **497** | **(66)** | **(123)** |
| Acquisitions of property, plant and equipment and intangible assets | | (149) | (83) | (60) |
| Proceeds from disposals of property, plant and equipment and intangible assets | | 5 | 4 | 9 |
| | | **(144)** | **(79)** | **(51)** |
| Acquisitions of consolidated companies | | (900) | (917) | (32) |
| Cash and cash equivalents of companies acquired | | 72 | 73 | 2 |
| Net proceeds/payments on disposals/acquisitions of non-consolidated companies | | 1 | - | - |
| Net proceeds/payments relating to other investing activities | | (10) | 2 | - |
| Dividends received from equity-accounted companies | | - | - | 1 |
| | | **(837)** | **(842)** | **(29)** |
| **NET CASH FROM/(USED IN) INVESTING ACTIVITIES (E)** | | **(981)** | **(921)** | **(80)** |
| Increase in share capital | | 34 | 19 | 6 |
| Dividends paid | | (101) | (101) | (143) |
| Net proceeds/payments relating to treasury stock transactions | | 1 | - | (70) |
| Increase in financial debt | | 37 | 30 | 20 |
| Repayments of financial debt | | (132) | (106) | (34) |
| Finance costs, net | 6 | (4) | (5) | 1 |
| **NET CASH FROM/(USED IN) FINANCING ACTIVITIES (F)** | | **(165)** | **(163)** | **(220)** |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS (G=D+E+F)** | | **(649)** | **(1,150)** | **(423)** |
| Effect of exchange rate movements on cash and cash equivalents (H) | | (59) | 3 | (81) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD (I)** | **14** | **2,859** | **2,859** | **2,151** |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD (G+H+I)** | **14** | **2,151** | **1,712** | **1,647** |

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2007, DECEMBER 31, 2007 AND JUNE 30, 2008

| *in millions of euros* | Number of shares issued | Share capital | Additional paid-in capital | Treasury stock | Consolidated retained earnings and other reserves | Translation reserves | Total equity (1) |
|---|---|---|---|---|---|---|---|
| **At January 1, 2007** | **144,081,808** | **1,153** | **2,659** | **(13)** | **(101)** | **(1)** | **3,697** |
| Increase in share capital upon exercise of options | 737,256 | 6 | 13 | - | - | - | 19 |
| Conversion of "OCEANE 2005" bonds into shares | 1 | - | - | - | - | - | - |
| Valuation of stock options | - | - | - | - | 8 | - | 8 |
| Dividends paid out for 2006 | - | - | - | - | (101) | - | (101) |
| Adjustment to the number and value of treasury shares purchased under the share buyback program | - | - | - | - | 1 | - | 1 |
| Remeasurement and elimination of shares attributed or attributable to employees of the Capgemini Group | - | - | - | 2 | - | - | 2 |
| Income and expense recognized directly in equity | - | - | - | - | (27) | (37) | (64) |
| Profit for the period | - | - | - | - | 168 | - | 168 |
| **At June 30, 2007** | **144,819,065** | **1,159** | **2,672** | **(11)** | **(52)** | **(38)** | **3,730** |
| Increase in share capital upon exercise of options | 606,445 | 5 | 10 | - | - | - | 15 |
| Valuation of stock options | - | - | - | - | 11 | - | 11 |
| Adjustment to the number and value of treasury shares purchased under the share buyback program | - | - | - | (1) | (1) | - | (2) |
| Remeasurement and elimination of shares attributed or attributable to employees of the Capgemini Group | - | - | - | 2 | (1) | - | 1 |
| Income and expense recognized directly in equity | - | - | - | - | (42) | (134) | (176) |
| Profit for the period | - | - | - | - | 272 | - | 272 |
| **At December 31, 2007** | **145,425,510** | **1,164** | **2,682** | **(10)** | **187** | **(172)** | **3,851** |
| Increase in share capital upon exercise of options | 261,486 | 2 | 4 | - | - | - | 6 |
| Valuation of stock options | - | - | - | - | 10 | - | 10 |
| Dividends paid out for 2007 | - | - | - | - | (143) | - | (143) |
| Adjustment to the number and value of treasury shares held under the share buyback program (2) | - | - | - | (71) | 1 | - | (70) |
| Remeasurement and elimination of shares attributed or attributable to employees of the Capgemini Group | - | - | - | - | 1 | - | 1 |
| Income and expense recognized directly in equity | - | - | - | - | 77 | (113) | (36) |
| Profit for the period | - | - | - | - | 231 | - | 231 |
| **At June 30, 2008** | **145,686,996** | **1,166** | **2,686** | **(81)** | **364** | **(285)** | **3,850** |

(1) There were no minority interests in 2007 and at June 30, 2008.

(2) At June 30, 2008, in addition to 189,000 treasury shares held within the scope of the liquidity agreement implemented since 2005, Cap Gemini S.A. holds 2,000,000 treasury shares (representing 1.4% of the share capital as at December 31, 2007) acquired through CA Chevreux between January 17 and January 25, 2008 at an average price of €34.48. These share buybacks relate to equity instruments issued by the Company and are aimed at neutralizing part of the dilution concerning employee share-based incentive instruments.

# CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2007, DECEMBER 31, 2007 AND JUNE 30, 2008

| *in millions of euros* | First-half 2007 | Second-half 2007 | First-half 2008 |
|---|---|---|---|
| **Profit for the period** | **168** | **272** | **231** |
| Actuarial gains and losses related to provisions for pensions and other post-employment benefits (1) | (24) | (60) | 132 |
| Deferred taxes recognized in equity (2) | (4) | 19 | (26) |
| Translation adjustments | (37) | (134) | (113) |
| Other (3) | 1 | (1) | (29) |
| **Income and expense recognized directly in equity** | **(64)** | **(176)** | **(36)** |
| **Total recognized income and expense** | **104** | **96** | **195** |

(1) See Note 15 – “Provisions for pensions and other post-employment benefits”.
(2) In 2007 and the first half of 2008, deferred taxes relate to movements in actuarial gains and losses recognized in equity.
(3) In 2008, other income and expense essentially concern the fair value of derivative instruments in the framework of cash flow hedge accounting in India.

# NOTES TO THE GROUP CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## Note 1 – Accounting policies

The 2008 interim consolidated financial statements have been prepared in accordance with the recognition and measurement principles set out in International Financial Reporting Standards (IFRS). These international accounting standards comprise the IFRSs, IASs (International Accounting Standards) and the related interpretations endorsed by the European Union at June 30, 2008 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 certain IFRSs/IASs.

The condensed 2008 interim consolidated financial statements have been prepared in accordance with IAS 34 – "Interim Financial Reporting". These consolidated financial statements include comparative data consisting of the consolidated statements of income for the six months ended June 30, 2007 and the year ended December 31, 2007, as well as the consolidated balance sheets at June 30, 2007 and December 31, 2007. The consolidated financial statements for the six months ended June 30, 2008 should be read in conjunction with the information contained in the 2007 Annual Report.

The accounting policies are the same as those applied by the Group in preparing its consolidated financial statements at December 31, 2007.

The consolidated financial statements and related notes for the six months ended June 30, 2008 were drawn up under the responsibility of the Board of Directors and approved by the Board of Directors' meeting of July 30, 2008.

## Note 2 – Changes in Group structure

### A) 2007

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

- On February 8, 2007, the annual shareholders' meeting of Kanbay International Inc. ("Kanbay") approved the acquisition of the company's entire share capital by Capgemini in accordance with the terms of the agreement dated October 26, 2006. By the end of 2006, the Group had acquired 14.7% of Kanbay's share capital for an amount of USD 170 million. As a result, in 2007, the Group acquired the remaining 85.3% of Kanbay's capital for a total amount of USD 1,090 million. In January 2007, Kanbay had a worldwide headcount of approximately 6,900 and production sites in India at Pune, Hyderabad, Chennai and Bangalore, as well as sales offices in North America, London, Singapore, Hong Kong, Tokyo and Melbourne.

- On March 1, 2007, Sogeti USA acquired the entire share capital of Chicago-based company Software Architects Inc.. This company has a total headcount of more than 500 located in 10 US cities.

### B) First-half 2008

The main changes in Group structure in the first half of 2008 are as follows:

- On May 2, 2008, the Group acquired from the Unilever group, the entire share capital of Chile-based Asesorias Latin America Shared Services Ltda. (renamed Capgemini Business Services Chile) and Brazil-based ARD-Prestaçao de Serviçios Administrativos Lda. (renamed Capgemini Business Services Brazil). These companies were previous to the acquisition, administrative and financial service centers for Unilever in South America. They have a combined headcount of around 400 professionals (175 in Chile and 225 in Brazil) and are fully consolidated since May 2, 2008.

At June 30, 2008, the provisional allocation of the acquisition price is summarized as follows:

| *in millions of euros* | |
|---|---|
| Net assets acquired (1) | 2 |
| Amortizable intangible assets | 4 |
| Goodwill | 15 |
| **Total acquisition price** | **21** |

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

The contribution of these companies to the Group's first-half 2008 revenues is €2 million.

- In the Netherlands, as part of an outsourcing services agreement, Capgemini Outsourcing BV took over, on February 1, 2008, an IT division through Maxeda IT Services BV (renamed Capgemini Retail Solutions BV). The cost of the net assets was allocated among the individual identifiable assets and liabilities based on their relative fair values at the date of takeover.

## Note 3 – Revenues

Revenues by geographic area break down as follows:

| | Full-year 2007 | | First-half 2007 | | First-half 2008 | |
|---|---|---|---|---|---|---|
| *in millions of euros* | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| North America | 1,721 | 20 | 865 | 20 | 811 | 19 |
| France | 1,971 | 23 | 988 | 23 | 1,057 | 24 |
| United Kingdom and Ireland | 2,230 | 26 | 1,174 | 27 | 988 | 23 |
| Benelux | 1,168 | 13 | 571 | 13 | 632 | 14 |
| Nordic countries | 539 | 6 | 265 | 6 | 309 | 7 |
| Germany and Central Europe | 558 | 6 | 278 | 6 | 291 | 7 |
| Southern Europe and Latin America | 390 | 5 | 195 | 4 | 230 | 5 |
| Asia-Pacific | 126 | 1 | 61 | 1 | 56 | 1 |
| **Total** | **8,703** | **100** | **4,397** | **100** | **4,374** | **100** |

The year-on-year increase in revenues on a like-for-like basis in 2008 is +5.3% (constant Group structure and exchange rates), and -0.5% taking into account changes in Group structure and exchange rates.

## Note 4 – Operating expenses by nature

The analysis of expenses by nature is as follows:

| | Full-year 2007 | | First-half 2007 | | First-half 2008 | |
|---|---|---|---|---|---|---|
| *in millions of euros* | **Amount** | **% of revenues** | **Amount** | **% of revenues** | **Amount** | **% of revenues** |
| Personnel costs | 4,906 | 56.4 | 2,498 | 56.8 | 2,539 | 58.1 |
| Travel expenses | 393 | 4.5 | 198 | 4.5 | 192 | 4.4 |
| | **5,299** | **60.9** | **2,696** | **61.3** | **2,731** | **62.5** |
| Purchases and sub-contracting expenses | 2,268 | 26.1 | 1,182 | 26.9 | 1,063 | 24.3 |
| Rent and local taxes | 285 | 3.3 | 143 | 3.3 | 146 | 3.3 |
| Depreciation, amortization and provisions | 211 | 2.4 | 107 | 2.4 | 102 | 2.3 |
| **Total** | **8,063** | **92.6** | **4,128** | **93.9** | **4,042** | **92.4** |

## Note 5 – Other operating income and expense

| *in millions of euros* | Full-year 2007 | First-half 2007 | First-half 2008 |
|---|---|---|---|
| Restructuring costs | (90) | (22) | (28) |
| Integration costs relating to acquired companies | (27) | (8) | (2) |
| Expenses relating to stock options and share grants | (22) | (10) | (11) |
| Other | (8) | - | (3) |
| **Total** | **(147)** | **(40)** | **(44)** |

A) 2007

Restructuring costs mainly include:
- costs incurred in pursuing the MAP program for the Outsourcing businesses;
- €35 million in costs relating to the reduction of the workforce assigned to the HM Revenue & Customs contract in the United Kingdom during the second half of 2007, given the expected fall in business under the contract.

Restructuring costs by nature represent:
- costs related to workforce reduction measures in Europe (€64 million of which €8 million relate to the first half of the year);
- expenses related to measures taken to streamline the Group's real estate assets, principally in the United Kingdom (€13 million of which €10 million relate to the first half of the year);
- industrialization and migration costs incurred in connection with the rightshoring solutions (€13 million of which €4 million relate to the first half of the year).

The cost of integrating recent acquisitions amounts to €27 million, and is mainly attributable to Kanbay.

B) First-half 2008

Restructuring costs by nature chiefly include:
- costs related to workforce reduction measures mainly in France, the Netherlands, Germany and the United States amounting to €20 million;
- expenses relating to measures taken to streamline the Group's real estate assets amounting to €7 million, essentially in France.

Other operating income and expense mainly consists of:
- €19 million in expenses relating to the impact of the closure on March 31, 2008 of the defined benefit section of Capgemini UK Plc's main pension plan (see Note 15 – "Provisions for pensions and other post-employment benefits");
- €15 million in income following the transfer of responsibility of the defined benefit plan of Canadian employees who joined the Group in the context of the outsourcing deal signed in 2002 with Hydro One. The approval for the transfer by the Financial Services Commission of Ontario (Canada) was obtained in March 2008 (see Note 15 – "Provisions for pensions and other post-employment benefits").

## Note 6 – Finance costs, net

Finance costs, net, are analyzed as follows:

| *in millions of euros* | | Full-year 2007 | First-half 2007 | First-half 2008 |
|---|---|---|---|---|
| Gross finance costs | I | (70) | (35) | (34) |
| Income from cash and cash equivalents | II | 66 | 30 | 35 |
| **Finance costs, net** | | **(4)** | **(5)** | **1** |

### I. Gross finance costs

Gross finance costs can be broken down as follows:

| *in millions of euros* | Full-year 2007 | First-half 2007 | First-half 2008 |
|---|---|---|---|
| Interest on convertible bonds | (44) | (22) | (23) |
| Other interest expenses | (26) | (13) | (11) |
| **Total** | **(70)** | **(35)** | **(34)** |

Other interest expenses mainly include interests on finance leases, the put option held by the TXU group and financial debt recognized in respect of carry-back tax credits sold in 2003 and 2004; the latter being derecognized at June 30, 2008 (see Note 13 – "Other current receivables and income taxes" and Note 14 – "Net cash and cash equivalents").

### II. Income from cash and cash equivalents

The increase in cash and cash equivalents, mainly recorded in Cap Gemini S.A., is attributable to higher yields on short-term investments.

## Note 7 – Other financial income and expense

| *in millions of euros* | Full-year 2007 | First-half 2007 | First-half 2008 |
|---|---|---|---|
| Interest rate hedging instruments at fair value | 2 | 3 | - |
| Ineffective portion of currency hedging instruments on cash flows | 5 | 5 | - |
| Currency hedging instruments at fair value | 1 | - | 18 |
| Exchange gains on financial transactions | 25 | 7 | 2 |
| Other | 2 | - | 2 |
| **Total other financial income** | **35** | **15** | **22** |
| Interest rate hedging instruments at fair value | - | - | (4) |
| Currency hedging instruments at fair value | (17) | (4) | (1) |
| Exchange losses on financial transactions | (7) | (2) | (20) |
| Expenses related to the financial liabilities at amortized cost | (3) | (2) | (1) |
| Net interest expense on defined benefit plans | (6) | (3) | (8) |
| Other | (5) | (2) | (4) |
| **Total other financial expenses** | **(38)** | **(13)** | **(38)** |
| **Total other financial income and expense** | **(3)** | **2** | **(16)** |

Other financial income and expense mainly consists of:

- changes in the fair value of the interest rate swap relating to the "OCEANE 2003" bonds;
- exchange gains and/or losses on financial transactions and the related hedging instruments. In the first half of 2008, exchange losses on financial transactions (€20 million) mainly concern a loan denominated in pounds sterling granted by Capgemini UK Plc. to Cap Gemini S.A.. The €18 million impact of hedge on this loan is recorded under "Currency hedging instruments at fair value",
- net financial expense related to defined benefit plans.

The net change in other financial income and expense compared to first-half 2007 is essentially attributable to:

- an unfavorable €6 million change in the fair value of the interest rate swap relating to the "OCEANE 2003" bonds;
- a €5 million decrease in income from currency instruments classified as cash flow hedges, due to a review of the accounting treatment of the effective portion, which leads to a change in 2008 in the presentation of the impacts of cash flow hedge accounting in the income statement.
  In view of the nature of the hedged transactions, the full impact of changes in the fair value of these currency instruments hedging operational cash flows is now recorded within operating margin, whereas a portion (corresponding to income of € 5 million) was recorded in net finance expense in the first-half 2007,
- a €5 million increase in financial expenses on obligations related to defined benefit pension plans, mainly in the United Kingdom and chiefly attributable to the increase in interest rates;
- €3 million in other financial expenses concerning a debt owed to Hydro One that was recognized following the transfer of responsibility of the defined benefit plan of Canadian employees who joined the Group in the context of the outsourcing deal signed in 2002 with Hydro One. The approval for the transfer by the Financial Services Commission of Ontario (Canada) was obtained in March 2008 (see Note 15 – "Provisions for pensions and other post-employment benefits").

## Note 8 – Income tax expense

Income tax expense can be analyzed as follows:

| *in millions of euros* | Full-year 2007 | First-half 2007 | First-half 2008 |
|---|---|---|---|
| Current income taxes | (78) | (35) | (42) |
| Deferred income taxes | 30 | (24) | - |
| **Total** | **(48)** | **(59)** | **(42)** |
| **Effective income tax rate (%)** | **9.8** | **26.0** | **15.4** |

Current income taxes for the six months ended June 30, 2008 comprise:

- €35 million in income taxes on profits, notably in the Netherlands, Canada, the United Kingdom and India,
- €7 million in taxes not based on taxable income and other taxes, mainly related to North America and Italy.

Deferred income taxes at June 30, 2008 comprise:

- €36 million in deferred tax expense corresponding to the utilization of tax loss carry-forwards against taxable income for the period, mainly in France (€29 million) and the Nordic countries,
- €12 million in net deferred tax expense relating to temporary differences and changes in tax rates, mainly in the United Kingdom and Germany,
- €48 million in deferred tax income on tax loss carry-forwards arising during the period and in prior periods, mainly in France (€23 million), based on the model described in Note 12 – "Deferred taxes" of the 2007 Annual Report, and the United Kingdom (€18 million) as a consequence of an adjustment on deductible research and development expenditure for the period 2002 to 2007.

The change in the effective tax rate between first-half 2007 and first-half 2008 is mainly attributable to the recognition during 2008 of deferred tax assets as a consequence of an adjustment on deductible research and development expenditure in the United Kingdom.

The change in the effective tax rate between full-year 2007 and first-half 2008 is mainly due to the write-back in 2007 of provisions for deferred tax assets recognized on tax loss carry-forwards arising in prior periods mainly in France and Sweden.

## Note 9 – Earnings per share

### A) Basic earnings per share

Basic earnings per share are calculated using the same method as at June 30, 2007 and December 31, 2007.

### B) Diluted earnings per share

At June 30, 2008, diluted earnings per share take into account the following dilutive financial instruments:

- Employee stock options considered to be potentially dilutive when the average market price of ordinary shares during the period exceeds the exercise price of the option including its fair value.
- The 11,810,809 "OCEANE 2005" convertible bonds issued on June 16, 2005, as the €7 million interest expense recorded (net of taxes) on the bonds is lower than basic earnings per share. These bonds are convertible at any time until the seventh business day preceding January 1, 2012, when they will be redeemable at a price of €41.90 per bond, representing 113.2% of the bonds' nominal value.

The June 24, 2003 convertible/exchangeable bond issue ("OCEANE 2003") is not considered dilutive at June 30, 2007, December 31, 2007 or June 30, 2008 – even though the respective €7 million, €14 million and €7 million interest expense recognized on the bonds (net of taxes) is less than basic earnings per share. This is because in June 2005 the Group acquired a call option 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, net profit and the weighted average number of shares have not been adjusted to reflect, respectively, the interest expense (net of taxes) and the number of "OCEANE 2003" convertible bonds.

Had the "OCEANE 2003" convertible/exchangeable bond issue been considered dilutive at June 30, 2008, the weighted average number of ordinary shares would have stood at 165,743,605 (168,311,677 at December 31, 2007 and 168,787,519 at June 30, 2007) and diluted earnings per share would have amounted to €1.48 in first-half 2008 (€2.78 in full-year 2007 and €1.07 in first-half 2007).

## Note 10 – Fixed assets

In the first-half 2008, the €96 million decrease concerning net goodwill, intangible assets and property, plant and equipment essentially relates to negative effect of translation adjustments, €95, €9 and €13 million respectively, and resulting mainly from assets denominated in US dollars and pounds sterling.

There is no indication of goodwill impairment at June 30, 2008.

## Note 11 – Other non-current assets

This item is mainly composed of shares in equity-accounted companies (mainly 48.6% of SSS Holding Corporation Ltd), and long-term deposits and receivables, essentially in France.

## Note 12 – Accounts and notes receivable

Trade accounts and notes receivable can be analyzed as follows:

| *in millions of euros* | December 31, 2007 | June 30, 2007 | June 30, 2008 |
|---|---|---|---|
| Accounts receivable | 1,542 | 1,479 | 1,534 |
| Provisions for doubtful accounts | (14) | (18) | (13) |
| Accrued income | 694 | 867 | 942 |
| Work-in-progress | 96 | 102 | 94 |
| **Total** | **2,318** | **2,430** | **2,557** |

Total accounts receivable, net of advances received from customers, are analyzed as follows in number of days' revenues:

| *in millions of euros* | December 31, 2007 | June 30, 2007 | June 30, 2008 |
|---|---|---|---|
| Accounts and notes receivable (excluding work-in-progress) | 2,222 | 2,328 | 2,463 |
| Advances received from customers | (743) | (683) | (689) |
| **Total accounts receivable net of advances received from customers** | **1,479** | **1,645** | **1,774** |
| In number of days' revenues | 61 | 67 | 73 |

## Note 13 – Other current receivables and income taxes

The decrease in other current receivables and income taxes compared to December 31, 2007 relates to the fall due and derecognition of the carry-back tax credits held on the French Treasury, which were sold in 2003 and 2004 to a credit institution (equivalent value of €129 million at June 30, 2008). The counterpart for these carry-back tax credits was recognized in financial debt (see Note 14 – "Net cash and cash equivalents").

## Note 14 – 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.

| *in millions of euros* | | December 31, 2007 | June 30, 2007 | June 30, 2008 |
|---|---|---|---|---|
| Cash and cash equivalents | I | 2,151 | 1,712 | 1,647 |
| Financial debt | II | (1,245) | (1,257) | (1,112) |
| Derivative instruments (1) | | (17) | (3) | (2) |
| **Net cash and cash equivalents** | | **889** | **452** | **533** |

(1) Derivative instruments recognized in assets are shown under "Other current and non-current assets", while derivative instruments recognized in liabilities are shown under "Other current and non-current liabilities". These derivatives relate to interest rate and currency hedges.

### I. Cash and cash equivalents

| *in millions of euros* | December 31, 2007 | June 30, 2007 | June 30, 2008 |
|---|---|---|---|
| Short-term investments | 1,594 | 1,342 | 1,288 |
| Cash | 648 | 410 | 379 |
| Bank overdrafts | (91) | (40) | (20) |
| **Cash and cash equivalents** | **2,151** | **1,712** | **1,647** |

The decrease in cash and cash equivalents during first-half 2008 is chiefly attributable to:

- cash outflows relating to acquisitions (net of cash and cash equivalents acquired) for €30 million, mainly Capgemini Business Services Chile and Capgemini Business Services Brazil;
- €143 million in dividends paid;
- net cash outflows for €70 million relating to treasury stock transactions;
- negative cash flows used in operating activities in first-half 2008 for €123 million and acquisitions of fixed assets net of disposals for €51 million.

### II. Financial debt

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

| *in millions of euros* | December 31, 2007 | June 30, 2007 | June 30, 2008 |
|---|---|---|---|
| "OCEANE 2003" and "OCEANE 2005" convertible/exchangeable bonds | 864 | 851 | 877 |
| Obligations under finance leases | 105 | 118 | 97 |
| Other long-term financial debt | 90 | 218 | 77 |
| **Long-term financial debt** | **1,059** | **1,187** | **1,051** |
| Obligations under finance leases | 45 | 46 | 40 |
| Drawdowns on bank and similar facilities | 6 | 17 | 5 |
| Other short-term financial debt | 135 | 7 | 16 |
| **Short-term financial debt** (1) | **186** | **70** | **61** |
| **Total financial debt** | **1,245** | **1,257** | **1,112** |

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

The decrease in other short-term financial debt is essentially linked to the derecognition at June 30, 2008 of the carry-back tax credits held on the French Treasury – sold in 2003 and 2004 to a credit institution (equivalent value of €129 million at June 30, 2008) – following the reimbursement by the French Treasury to the transferee (see Note 13 – "Other current receivables and income taxes"). The counterpart for these carry-back tax credits was recognized in financial debt in the same amount.

In the first half of 2008, new finance leases total €22 million, while repayments under existing leases amount to €30 million.

## Note 15 – 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* | December 31, 2007 | June 30, 2007 | June 30, 2008 |
|---|---|---|---|
| **Net obligation at beginning of period** | **588** | **588** | **615** |
| Translation adjustments | (42) | 1 | (35) |
| Changes in Group structure | 1 | 1 | - |
| Service cost, effect of curtailments and settlements, and net interest cost | 100 | 56 | 37 |
| Benefits and contributions | (117) | (36) | (54) |
| Change in actuarial gains and losses recognized in equity | 84 | 24 | (132) |
| Other movements | 1 | - | (9) |
| **Net obligation at end of period** | **615** | **634** | **422** |
| Surplus recognized in assets | (6) | (13) | (12) |
| **Provisions for pensions recognized in liabilities** | **621** | **647** | **434** |

### A) 2007

In first-half and full-year 2007, the change in actuarial gains and losses essentially relates to the United Kingdom and is mainly attributable to the adoption of a new mortality table as well as higher inflation and future salary assumptions, partially offset by the increase in the applicable discount rate.

### B) First-half 2008

The decrease in the service cost in first-half 2008 is linked to the termination of the accrual as from March 31, 2008 of pensionable service for most of the members of the defined benefit section of Capgemini UK Plc. main pension plan.
As an alternative, these individuals were offered membership of the defined contribution section. This closure concerns around 2,600 current active service members and led to an expense of €19 million recorded under "Other operating income and expense" (see Note 5). The defined benefit section of the Capgemini UK pension plan continues to be operational for 160 protected active members.

The change in actuarial gains and losses in the first half of 2008 corresponds to a net actuarial gain of €132 million, mainly attributable to the United Kingdom (€124 million), where the increase in the discount rate is partially offset by the impact of negative experience adjustments on the return on plan assets.

"Other movements" are related to an outsourcing agreement entered into in Canada in 2002 between Hydro One and Inergi, a Group subsidiary, under which Inergi acquired 920 employees from Hydro One, along with pension rights accrued under the defined benefit pension plan which had vested at that date. As part of the agreement, Inergi created a defined benefit pension plan with benefits equal to those previously provided by Hydro One.
In 2002, Hydro One petitioned the Financial Services Commission of Ontario to convey the plan assets and liabilities of the transferred employees to the Inergi pension plan, as required under the agreement. Due to a challenge by certain employees of Hydro One, regulatory approval for the asset and liability transfer was only obtained in March 2008.
The agreement provided for an offsetting payment between the parties to make up for any difference in the amount of assets and liabilities transferred. Accordingly, in the first half of 2008 Inergi recorded a net increase of €7 million in plan assets, and a corresponding debt of €10 million owed to Hydro One (the difference reflecting actuarial gains and losses arising between the theoretical and effective dates of the transfer).
In addition, the agreement provided for a payment as contingent compensation to be made for differences between the actual plan performance and the expected plan performance over the period 2002-2004. As a result, Hydro One made a payment of €15 million to Inergi, which was recorded in first-half 2008 as negative goodwill under "other operating income and expense" (see Note 5). In addition, €3 million in net interest expense relating to the payments due by the parties was recorded in "other financial expenses" (see Note 7).

## Note 16 – Segment information

### I. SEGMENT REPORTING BY GEOGRAPHIC AREA

At June 30, 2008 the Group has operations in the following eight geographic areas:

| Geographic area | Countries |
|---|---|
| North America | Canada, United States |
| United Kingdom and Ireland | Ireland, United Kingdom |
| Nordic countries | Denmark, Finland, Norway, Sweden |
| Benelux | Belgium, Luxembourg, Netherlands |
| Germany and Central Europe | Austria, Czech Republic, Germany, Hungary, Poland, Romania and Switzerland |
| France | France, Morocco |
| Southern Europe and Latin America | Argentina, Brazil, Chile, Italy, Mexico, Portugal, Spain |
| Asia-Pacific | Australia, China, India, Singapore |

Segment profit for first-half 2008 breaks down as follows:

| *in millions of euros* | North America | France | United Kingdom and Ireland | Benelux | Nordic countries | Germany and Central Europe | Southern Europe and Latin America | Asia-Pacific | Not allocated (1) | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | | | | | |
| - external (2) | 811 | 1,057 | 988 | 632 | 309 | 291 | 230 | 56 | - | - | 4,374 |
| - inter-geographic area | 13 | 34 | 28 | 18 | 8 | 44 | 13 | 155 | - | (313) | - |
| **TOTAL REVENUES** | **824** | **1,091** | **1,016** | **650** | **317** | **335** | **243** | **211** | **-** | **(313)** | **4,374** |
| **OPERATING MARGIN** (2) | **47** | **53** | **81** | **90** | **28** | **40** | **11** | **16** | **(34)** | | **332** |
| *% of revenues* | *5.8* | *5.0* | *8.2* | *14.4* | *9.1* | *13.6* | *4.7* | *28.5* | *N/A* | | *7.6* |
| **OPERATING PROFIT** | **54** | **38** | **63** | **85** | **27** | **34** | **8** | **14** | **(35)** | | **288** |
| | | | | | | Finance costs, net | | | | | 1 |
| | | | | | | Other financial income and expense | | | | | (16) |
| | | | | | | Income tax expense | | | | | (42) |
| | | | | | | Share in profit of equity-accounted companies | | | | | - |
| | | | | | | **Profit for the period** | | | | | **231** |
| | | | | | | **Profit attributable to equity holders of the parent** | | | | | **231** |

(1) Items not allocated correspond to headquarters' expenses.
(2) In case of intragroup sub-contracting, external revenues are recorded in the ordering region. The percentage of operating margin is calculated based on these revenues, and therefore comes out higher for the Asia-Pacific region, where intragroup sub-contracting makes up the bulk of the business.

Segment profit for first-half 2007 breaks down as follows:

| *in millions of euros* | North America | France | United Kingdom and Ireland | Benelux | Nordic countries | Germany and Central Europe | Southern Europe and Latin America | Asia-Pacific | Not allocated (1) | Eliminations | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | | | | | |
| - external (2) | 865 | 988 | 1,174 | 571 | 265 | 278 | 195 | 61 | - | - | 4,397 |
| - inter-geographic area | 9 | 30 | 41 | 16 | 9 | 35 | 14 | 90 | - | (244) | - |
| **TOTAL REVENUES** | **874** | **1,018** | **1,215** | **587** | **274** | **313** | **209** | **151** | **-** | **(244)** | **4,397** |
| **OPERATING MARGIN** (2) | **47** | **25** | **78** | **82** | **19** | **33** | **8** | **9** | **(32)** | | **269** |
| *% of revenues* | *5.4* | *2.5* | *6.7* | *14.3* | *7.3* | *11.7* | *4.2* | *15.2* | *N/A* | | *6.1* |
| **OPERATING PROFIT** | **40** | **19** | **58** | **79** | **18** | **33** | **7** | **8** | **(33)** | | **229** |
| Finance costs, net | | | | | | | | | | | (5) |
| Other financial income and expense | | | | | | | | | | | 2 |
| Income tax expense | | | | | | | | | | | (59) |
| Share in profit of equity-accounted companies | | | | | | | | | | | 1 |
| **Profit for the period** | | | | | | | | | | | **168** |
| **Profit attributable to equity holders of the parent** | | | | | | | | | | | **168** |

(1) Items not allocated correspond to headquarters' expenses.
(2) In case of intragroup sub-contracting, external revenues are recorded in the ordering region. The percentage of operating margin is calculated based on these revenues, and therefore comes out higher for the Asia-Pacific region, where intragroup sub-contracting makes up the bulk of the business.

Segment profit for full-year 2007 breaks down as follows:

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

(1) Items not allocated correspond to headquarters' expenses.
(2) In case of intragroup sub-contracting, external revenues are recorded in the ordering region. The percentage of operating margin is calculated based on these revenues, and therefore comes out higher for the Asia-Pacific region, where intragroup sub-contracting makes up the bulk of the business.

## II. SEGMENT REPORTING BY BUSINESS SEGMENT

Revenues break down as follows by business:

| *in millions of euros* | Full-year 2007 Amount | % | First-half 2007 Amount | % | First-half 2008 Amount | % |
|---|---|---|---|---|---|---|
| Consulting Services | 753 | 9 | 389 | 9 | 367 | 8 |
| Technology Services | 3,349 | 38 | 1,678 | 38 | 1,693 | 39 |
| Local Professional Services | 1,412 | 16 | 697 | 16 | 772 | 18 |
| Outsourcing Services | 3,189 | 37 | 1,633 | 37 | 1,542 | 35 |
| **Total** | **8,703** | **100** | **4,397** | **100** | **4,374** | **100** |

Operating margin breaks down as follows by business:

| *in millions of euros* | Full-year 2007 Amount | % | First-half 2007 Amount | % | First-half 2008 Amount | % |
|---|---|---|---|---|---|---|
| Consulting Services | 79 | 10.5 | 31 | 8.1 | 49 | 13.3 |
| Technology Services | 299 | 8.9 | 129 | 7.7 | 157 | 9.2 |
| Local Professional Services | 169 | 12 | 67 | 9.6 | 88 | 11.5 |
| Outsourcing Services | 150 | 4.7 | 74 | 4.5 | 72 | 4.7 |
| Not allocated (1) | (57) | - | (32) | - | (34) | - |
| **Total** | **640** | **7.4** | **269** | **6.1** | **332** | **7.6** |

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

## Note 17 – Number of employees

### A) Average number of employees by geographic area

The breakdown of average headcount across the Group's main geographic areas is as follows:

| | Full-year 2007 | | First-half 2007 | | First-half 2008 | |
|---|---|---|---|---|---|---|
| | **Employees** | **%** | **Employees** | **%** | **Employees** | **%** |
| North America | 8,564 | 11 | 8,545 | 11 | 8,741 | 10 |
| France | 20,595 | 26 | 20,473 | 26 | 20,975 | 25 |
| United Kingdom and Ireland | 8,791 | 11 | 8,951 | 12 | 8,296 | 10 |
| Benelux | 9,167 | 12 | 9,034 | 12 | 9,697 | 11 |
| Nordic countries | 3,818 | 5 | 3,753 | 5 | 4,041 | 5 |
| Germany and Central Europe | 5,814 | 7 | 5,527 | 7 | 6,561 | 8 |
| Southern Europe and Latin America | 6,476 | 8 | 6,336 | 8 | 7,209 | 9 |
| Asia-Pacific | 15,832 | 20 | 14,896 | 19 | 18,968 | 22 |
| Not allocated | 156 | - | 154 | - | 158 | - |
| **Total** | **79,213** | **100** | **77,669** | **100** | **84,646** | **100** |

### B) Number of employees at period-end by geographic area

The breakdown of headcount at period-end across the Group's main geographic areas is as follows:

| | December 31, 2007 | | June 30, 2007 | | June 30, 2008 | |
|---|---|---|---|---|---|---|
| | **Employees** | **%** | **Employees** | **%** | **Employees** | **%** |
| North America | 8,857 | 11 | 9,004 | 11 | 8,609 | 10 |
| France | 20,979 | 25 | 20,453 | 26 | 20,953 | 24 |
| United Kingdom and Ireland | 8,482 | 10 | 8,802 | 11 | 8,089 | 9 |
| Benelux | 9,492 | 11 | 9,067 | 11 | 9,861 | 11 |
| Nordic countries | 3,942 | 5 | 3,828 | 5 | 4,069 | 5 |
| Germany and Central Europe | 6,274 | 8 | 5,850 | 7 | 6,862 | 8 |
| Southern Europe and Latin America | 6,836 | 8 | 6,419 | 8 | 7,638 | 9 |
| Asia-Pacific | 18,487 | 22 | 16,402 | 21 | 20,250 | 24 |
| Not allocated | 159 | - | 156 | - | 156 | - |
| **Total** | **83,508** | **100** | **79,981** | **100** | **86,487** | **100** |

## Note 18 – Off balance sheet commitments

### A) COMMITMENTS GIVEN

| *in millions of euros* | December 31, 2007 | June 30, 2007 | June 30, 2008 |
|---|---|---|---|
| **Commitments given:** | | | |
| - on non-cancelable leases | 834 | 856 | 809 |
| - on supplier contracts | 47 | 72 | 38 |
| - other commitments given | 43 | 42 | 31 |
| **Total** | **924** | **970** | **878** |

### B) OTHER COMMITMENTS GIVEN AND RECEIVED

There is no material change in other commitments given (mainly to customers) compared with those described in Note 27 – "Off-balance sheet commitments" of the 2007 Annual Report.

Commitments received, as described in Note 27 – "Off-balance sheet commitments" of the 2007 Annual Report also remain unchanged. These commitments concern the put option on Synaxio shares (formerly Inovmail) granted by DOC@POST, and the call option granted by NTT Data Corporation on its residual 5% interest in Zacatii Consulting Inc..

## Note 19 – Subsequent events

On July 25th, 2008, the Group has reached an agreement in principle with Getronics PinkRoccade (GPR) for the acquisition of its subsidiary, Getronics PinkRoccade Business Application Services BV (BAS BV). This division brings together GPR's applications services activities (applications development, maintenance and management) in the Netherlands. BAS BV offers services for the entire applications lifecycle, from applications management consulting support and maintenance), to project development, integration and implementation. Among its main clients, BAS BV counts some major names in the Dutch public sector such as planning organizations, large State administrations and social security bodies as well as major players in the insurance and banking world.
BAS BV had a turnover of close to €300 million in 2007 and employs 2,200 professionals working on more than 600 projects.
This acquisition amounts to €255 million. The transaction includes some liabilities compensated by a tax credit which present value is of an equivalent amount. The transaction should be finalized by the end of the year, subject to the approval of the European Commission and to the consultation of the relevant Workers Council in Netherlands.

# STATUTORY AUDITORS' REVIEW REPORT ON THE 2008 INTERIM FINANCIAL INFORMATION

*This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of articles L. 232-7 of the French Commercial Code (*Code de commerce*) and L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Cap Gemini S.A. for the six months ended June 30, 2008;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

**1. Conclusion on the financial statements**

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

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

**2. Specific verification**

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

The Statutory Auditors

Neuilly-sur-Seine, July 30, 2008

PricewaterhouseCoopers Audit

Serge Villepelet

Edouard Sattler

Paris La Défense, July 30, 2008

KPMG Audit
*Division of KPMG S.A.*

Jean-Luc Decornoy
Partner

Jacques Pierre
Partner

# STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

"I hereby declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the six-month period ended June 30, 2008 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the company and the undertakings in the consolidation taken as a whole, and that the interim financial review gives a fair description of the material events that occurred in the first six months of the financial year and their impact on the financial statements, as well as a description of the principal risks and uncertainties for the remaining six months of the year."

Paul Hermelin
Chief Executive Officer