



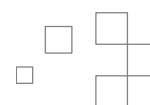
2010

ANNUAL REPORT

TABLE OF CONTENTS

1. SELECTED FINANCIAL INFORMATION	3
2. STATUTORY INFORMATION AND COMPANY MILESTONES	5
Statutory information	5
■ 2.1. Legal and commercial name	5
■ 2.2. Place of registration and registration number	5
■ 2.3. Date of incorporation and term	5
■ 2.4. Registered office and legal form	5
■ 2.5. Company milestones	5
3. BUSINESS OVERVIEW	7
3.1. Principal activities	7
3.2. Principal markets	16
3.3. Independence of the issuer	17
3.4. Competitive position	17
3.5. Basis of statements made by the issuer regarding its competitive position	18
4. ORGANIZATIONAL STRUCTURE	19
5. OPERATING AND FINANCIAL REVIEW	20
6. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES	22
6.1. Research and development expenses	22
6.2. Patents	22
6.3. Trademarks	22
7. CORPORATE GOVERNANCE	24
8. MANAGEMENT	26
9. MAJOR SHAREHOLDERS	28
10. FINANCIAL INFORMATION	29
11. STATUTORY AUDITORS' REPORT	57

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1. selected financial information

Net sales

Net sales (€ thousands)	
2010	32,704
2009	27,481
2008	26,593
2007	25,873

Net income

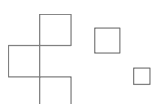
Net Income (€ thousands)	
2010	1,474
2009	1,157
2008	-1,112
2007	-1,044

Current operating income

Current Operating Income (€ thousands)	
2010	1,561
2009	716
2008	-1,097
2007	-896

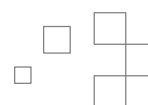
Earnings per share

Earnings per share (€)	
2010	0.33
2009	0.26
2008	- 0.24
2007	- 0.24



<i>(in thousands of euros)</i>	2010	2009
Cash flows after net financial expense	3,541	3,032
Change in operating working capital	469	-611
Net cash provided by operating activities	3,604	3,353
Net cash used in investing activities	-2,201	-1,430
Net cash used in investing activities	-182	-227
Net change in cash and cash equivalents	1,221	1,696
<i>(in thousands of euros)</i>	2010	2009
Non-current assets	8,330	7,657
Current assets	19,358	14,997
Shareholders' equity	11,126	9,270
Borrowings (current and non-current)	1,893	1,781
Other non-current liabilities	196	177
Current liabilities (excluding current borrowings)	14,468	11,426

Comments on this data are provided in *Section 5 "Operating and Financial Review"*.



2. STATUTORY INFORMATION AND COMPANY MILESTONES

Statutory information

■ 2.1. Legal and commercial name

Esker SA

■ 2.2. Place of registration and registration number

RCS Number: The company is registered in Lyon under number B 331 518 498

APE code: 5829 C

■ 2.3. Date of incorporation and term

Date of incorporation: February 7, 1985

Term: 50 years from the date of incorporation in the registry of companies saving early dissolution or extension provided for by law.

■ 2.4. Registered office and legal form

Registered office: 10 rue des Emeraudes, Immeuble "GEO Chavez" - 69006 Lyon – France - +33 (0)4 72 83 46 46

Legal form: *Société Anonyme* (a French corporation) incorporated under French law with an Executive Board and a Supervisory Board, governed by the provisions of the French commercial code.

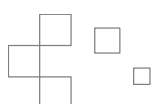
Country of origin: France

■ 2.5. Company milestones

- **In 1985** Esker was founded by Jean-Michel Bérard and Benoît Borrits after completing computer science degrees from INSA of Lyon. In its start-up phase, the company initially specialized in providing computer services that enabled it to develop experience in the markets for Unix and PC.
- **In March 1989** Esker marketed its first host access software products, notably TUN which fueled the company's expansion over the following years. Management decided to position the Company as a developer of software products and opened up its capital to outside investors. The first contracts were signed with European distributors.
- **In 1991** Esker opened its first subsidiary in the US (San Francisco), rapidly followed by subsidiaries in Germany, the United Kingdom, Italy and Spain. In 1997, Esker acquired its main distributor in Sydney providing a commercial platform for its operations in Australia.
- **2 July 1997**, Esker was listed on the *Nouveau Marché* of the Paris stock exchange to strengthen its equity to accelerate its expansion in North America and the diversification of its product portfolio.
- **In 1998**, Esker acquired Teubner & Associates (Stillwater, Oklahoma, USA).
- **In 1999**, Esker acquired Alcom (Mountain View, California, USA) and Persoft (Madison, Wisconsin, USA).
- **In 2000**, Esker acquired VSI (Lake Forest, California, USA)

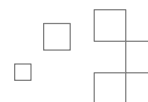
These acquisitions gave Esker access to a significant customer base and North American distributors. It also allowed Esker to diversify its activities to include fax servers. From 1988 to 2004, the contribution of the US to sales increased from 15% to 53%.

In response to a sustained decline in host access sales (-35% in 2000) Esker introduced automation solutions adapted to the evolving needs of companies. This led to the launch of Esker DeliveryWare in



2001. This was accompanied by significant measures to optimize its workforce and reduce investments devoted to its historical products.

- **In 2003**, document process automation solutions accounted for 15% of Group sales, marking a successful beginning of the company's repositioning in this market. Esker completed its automation offering by adding document archiving and production functions. A service offering was also introduced to provide large accounts with support when installing the Esker DeliveryWare solution.
- **In 2004**, a return to growth highlighted the success of the Group's new strategy. In 2004, the contribution of automation solutions increased 80% over the prior period to account for 25% of total Esker sales. More than 900 customers including Microsoft Corp., Whirlpool, France-Telecom or Groupama use these services on a daily basis.
- **In 2005**, Esker completed its document process automation line with the addition of FlyDoc making the on-demand benefits of the Esker DeliveryWare platform available to smaller size companies and users that do not have special IT expertise. Following the major success of this launch, at the end of 2005 the company raised capital to finance hardware and software expenditures to assure the development of the new service. During this same year, Esker formed a joint venture with Lippo. Based in Singapore, this entity covers all of the Chinese market in Asia. In 2005, document process automation accounted for 35% of Group sales.
- **In 2006**, the return to profitability marked the end of the strategic reorganization of the Group. Version 4.0 of Esker DeliveryWare was launched, adding value of with enhanced inbound document capture capabilities (fax and scan). This version represents the culmination of a project launched in 2000 to provide fully integrated document process automation solutions. Through this approach, the average size for sales was multiplied 1.5 times. In 2006, the Group's different document automation solutions (Esker DeliveryWare and FlyDoc) registered combined growth of 59% to account for 51% of the total sales mix.
- **In 2007**, Group sales grew 8% at constant exchange rates, a marginal deceleration in relation to 2006. This result reflects a 4% decline in US sales as large accounts adopted a wait-and-see approach in the wake of the country's credit crisis. In contrast, sales in Europe and Australia that benefited from normal economic conditions expanded 21%. Document process automation increased its share of total revenue to 64% on robust growth in the period (+31%). Strong expansion of this segment again this year was fueled by a 50% increase in the average value of transactions and sustained growth of on-demand document process automation solutions such as FlyDoc.
- **In 2008**, Group sales grew 7% at constant exchange rates. This performance highlights the Group's ability to maintain steady growth in sales even in an environment of global economic crisis. Esker's document process automation solutions provide companies tools to strengthen their competitiveness while reducing operating costs. Through its new functionalities, Version 5.0 of Esker DeliveryWare launched in September 2008 further reducing the time and cost of processing customer orders and supplier invoices. In addition, the Esker on Demand service offering (SaaS: Software as a Service) facilitates access to the solutions by reducing investments required for their implementation. Revenue from on-demand services expanded 66% over the period and currently accounts for 25% of total Group revenue.
- **In 2009**, Group sales grew 2% at constant exchange rates representing a marginal decline on 2008. This growth was driven primarily by document process automation solutions that advanced 16 % in the period to account for 73% of total Group revenue. The slowdown in North America was offset by robust growth in the Asia-Pacific region; that alone accounts for 8% of revenue, and by sustained growth in Europe, particularly in France with gains close to 20%. On-demand document process automation services, FlyDoc and Esker on Demand, also registered excellent performances, advancing 45% year-over-year sales of €10 million or more than one third of total Group revenue.
- **In 2010**, the Group had sales of €32.7 million, up 19% (14% at constant exchange rates) over the previous year. This performance was largely driven by positive momentum for document process automation solutions that grew 21%, and particularly the cloud-based offering that was up 36% on 2009 and now accounting for 41% of total revenue. This growth in revenue was accompanied by a two-fold increase in operating income to €1.75 million. This performance is in line with Group's plan for development that has been pursued for several years. Esker's focus from one year to the next is on achieving sustainable growth combined with control over operating costs while maintaining research and development investments adapted to its objectives.



3. Business overview

3.1. Principal activities

Esker designs and produces software application for companies and is a worldwide provider of document management solutions. Esker software products are sold in the form of user licenses or on-demand online services. In 2010, sales of software licenses and on-demand services accounted for 53% of revenue. The balance represented revenue from services (training and installation assistance, outsourced mailings, etc.), maintenance and product upgrades, and hardware parts (fax boards) associated with these products.

The company has three main product families:

■ Document process automation solutions

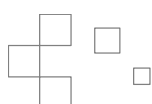
- > Esker DeliveryWare
- > Esker on Demand
- > FlyDoc

■ Fax Server products

- > Esker Fax
- > VSI-Fax

■ Host Access products

- > Tun
- > SmarTerm



DOCUMENT PROCESS AUTOMATION SOLUTIONS

Overview

Document process automation contributes to eliminating use of manual handling of paper in business processes such as invoicing, collection, order management or simply sending a letter from a workstation.

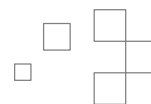
Functionalities and benefits

To achieve ongoing productivity gains, over the last 20 years companies have integrated management software applications. The purpose of these applications was to automate administrative processes such as accounting, order-taking, production runs, and even human resource management. However, whenever these processes need to communicate with the outside world (customers, suppliers, government) or with other departments within the company, obstacles are generally encountered requiring reverting to a printed document (invoice, collection letter, purchase order, etc.). Handling such printed documents involves numerous manual operations such as printing, folding, stamping, faxing, archiving, photocopying, distributing to internal departments and even telephone calls. These manual operations contribute to a loss in productivity and the risk of frequent errors while excessively adding to processing time.

Esker considers that only a part of the productivity gains related to automated management processes have been obtained through the implementation of computerized management applications (ERP, CRM, etc.). The DeliveryWare application developed by Esker makes it possible to fully automate the processes by taking over all tasks connected with document delivery inside or outside companies. The Esker DeliveryWare application replaces traditional printers and sends management documents through modern delivery channels that have been made accessible by the Internet (e-mail, Web publishing, mail on-demand, SMS, electronic archiving, automatic faxing, etc.).

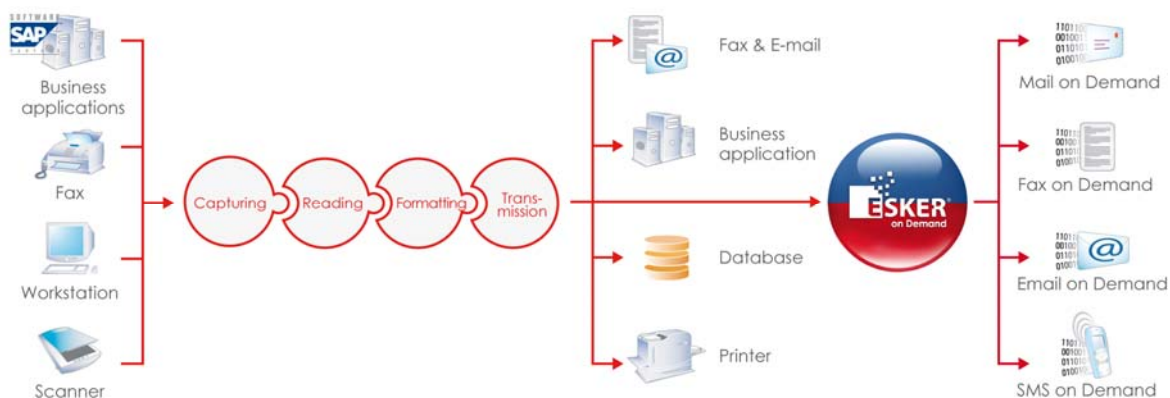
Automating processes linked to paper contribute to significant savings in working capital requirements, productivity gains by administrative departments, fewer errors, reduced costs (paper, ink, postage, telephone) and improved customer service (responsiveness, customization). Esker believes that customers recoup their investment in the Esker DeliveryWare application, on average, within six months through savings on consumables and time.

Moreover, companies have progressively implemented a number of one-off solutions to partially support the manual document processing tasks. These include equipment such as folder-inserters, photocopiers, printers, stamping machines, fax machines, filing cabinets, staplers, carbon paper, etc., that take up space in company offices and often represent costly, cumbersome, and relatively high-maintenance investments. Esker believes that the Esker DeliveryWare application can eliminate all or part of these systems while at the same time streamlining technical infrastructure.



Esker automation technologies

To respond to the document automation needs, Esker's technologies are deployed as follows:



- Our software products can capture documents regardless of their source (any company application, workstation, fax connection or a scanner);
- Our applications then "read" the documents, extracting the content and converting it into a format able to be exploited by the computer;
- The document and its content are then enhanced by the inclusion of data or images that can be added as a background object, an enclosure or data originally omitted;
- Depending on the content and routing procedures, the documents are then delivered to one or more electronic media such as a fax or e-mail device, printers or business application;
- Eliminating the requirement to use printers, folding inserting machines or costly telecommunications systems, documents can be delivered through Esker on Demand that assures the delivery of the documents through the selected media (mail, fax, SMS or e-mail).

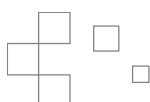
The first four points constitute the heart of the Esker document process automation technology. This solution has been patented by the USPTO (United States Patent and Trademark Office) under number 6 906 817. In 2005, on-demand document delivery services by postal mail, fax, SMS or e-mail were recognized as among the top eight "coolest" solutions of the year by the Gartner Group.

Example: Purchase order processing

> **Today:** A company receives purchase orders from customers by fax. They are then printed on a fax machine and company personnel enter the data included in the order in the ERP application. An order confirmation is then sent by fax or e-mail to the customer before copying the purchase order several times to be archived in different files. When the shipment of goods has been completed, company personnel request the printout of an invoice that is then folded inserted in an envelope mailed to the customer. Several copies of the invoice are issued for archiving purposes.

> **The Esker solution:** Our applications electronically receive the customer purchase orders sent by fax. The information included in the orders is automatically extracted to be presented to an operator for validation. After being confirmed, information is transformed to be automatically and directly integrated in the management application. At the same time, the purchase order is electronically stored and confirmation of the order automatically sent to the customer by fax or e-mail. When the shipment is completed, company personnel request issuance of an invoice to be transmitted to Esker on Demand to be converted in the form of a letter and mailed. A copy of this invoice will also be stored electronically.

In this example, with the Esker document process automation solution, all manipulation of paper is eliminated even if the customer continues to manually fax and receive invoices by mail.



The Esker document process automation

The Esker document process automation offering is organized as follows:



SaaS or Cloud offering:
The application is executed on our servers, the customer pays.



Traditional offering
The application is installed at the site of the customer who purchases a license.

The Esker DeliveryWare solution is installed by our large corporate customers behind major enterprise applications (ERP) and captures inbound and outbound documents on the basis of recognition and routing rules. Esker DeliveryWare is sold in a traditional manner. The package includes a software license installed by the customer and sold in conjunction with the service, training, product maintenance and upgrades and in some cases hardware (fax boards).

Esker on Demand offers virtually the same functionalities as Esker DeliveryWare. However, instead of being installed at the customer site, these applications are hosted and managed directly by Esker. Customers use the service on a remote basis through a secure Internet connection and are not required to install software at their site. Esker on Demand is sold in the form of a monthly subscription – at times associated with the provision of services (consulting, installation, formation). The monthly charge is based on the volume of transactions per month.

Esker DeliveryWare permits the outsourcing of certain operations to the Esker on Demand platform such as sending of mail and faxes.

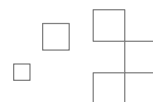
Esker FlyDoc is a simplified version of Esker on Demand. It is designed for users who do not have special IT expertise or small companies that simply wish to send mail, fax, e-mail or SMS from their workstation or small business applications. It represents an electronic post office.

The Esker DeliveryWare platform

Esker DeliveryWare is the first automated solution for company processes associated with the delivery of documents (invoicing, reminders, sales administration). It offers companies with a means to eliminate or reduce use of paper.

Esker DeliveryWare captures documents regardless of their source. These documents may originate from an enterprise application, workstation, fax connection; or be digitized by a scanner. Esker DeliveryWare then "reads" the document, extracting the content and converting it into a format able to be directly manipulated by the computer. The document and its content are then enhanced by the inclusion of data or images that can be added as a background object, an enclosure or data originally omitted. Depending on the content and routing procedures, the documents are then delivered to one or more electronic media such as a fax or e-mail device, printers or business application.

When the appropriate channel of delivery of the document has been determined, Esker DeliveryWare then routes it to one of the following electronic media:





Business application through file transfer mechanisms or special connectors. This channel is adapted for inserting content into inbound documents (invoices, purchase orders) in the enterprise system.



Mail on-demand sends the letters to the Esker on Demand platform in the form of an e-mail. Depending on their destination, they are forwarded to the most appropriate mail center, which prints, folds, inserts, stamps and mails them in real time. This media enables users to send and automate business documents (invoices, contracts, reminders) without requiring recipients to change their working practices. This service is included under Esker on Demand.



Fax on-demand which sends an electronic message by Internet to a faxing center. This service is provided by Esker on Demand and allows companies that use it to avoid the need to invest in telephone equipment (lines, modem).



Automatic faxing: for transmitting management-type documents (purchase orders, quotes) in fax format without pre-printing.



Electronic mail (e-mail), with or without electronic signatures, for sending copies of management documents to other company departments. Since reforms adopted in 2003, it has been possible to send electronic invoices in Europe.



Messages for mobile phones via SMS to forward alerts or notifications.



Electronic archiving: for saving copies of documents sent.



XML: standard global format for data presentation in a B-to-B environment for the exchange of management information between companies either directly or through a market platform.



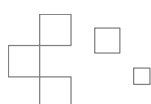
Uploading web content: Esker DeliveryWare provides a simple way to automatically publish data originating from information systems, formatted and published for private or public consultation.



Local or remote printing when the existence of hard copies is mandatory.

Any other electronic media can be integrated and used by Esker DeliveryWare by means of a specific programming interface.

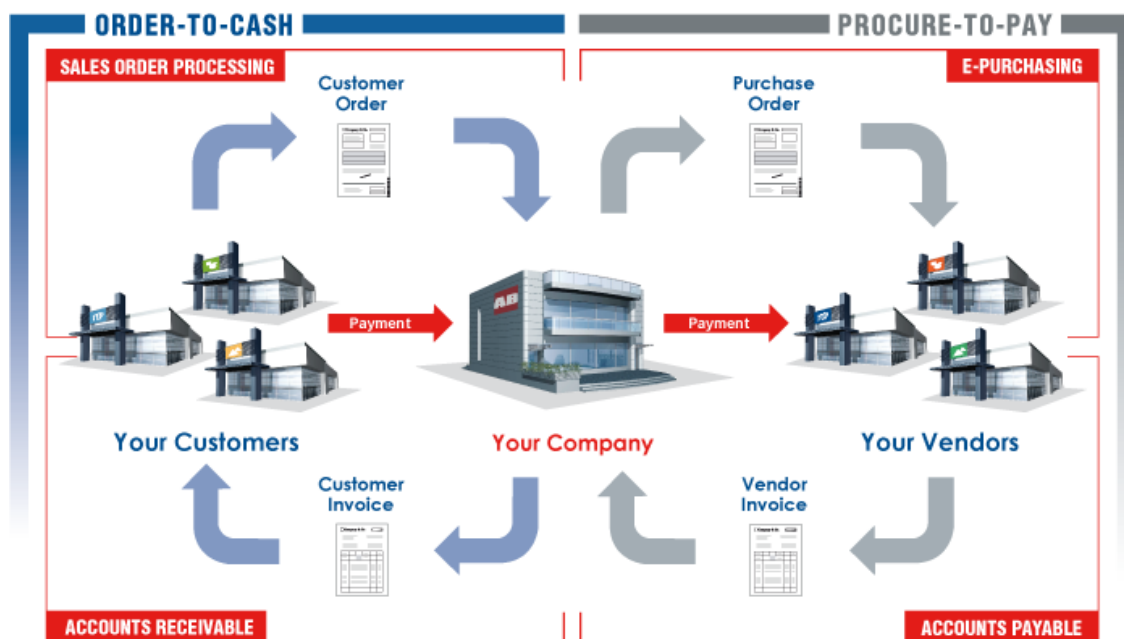
Esker DeliveryWare currently operates on Windows Server 2000, XP, 2003 or 2008 operating systems.



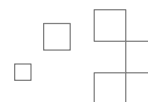
The Esker on Demand platform

The Esker on Demand service offering provides a platform to access automated document process solutions on an on-demand bases. This platform provides outsourcing solutions to send mail or faxes or process supplier invoices. Sold as a complementary service of Esker DeliveryWare, Esker on Demand sends documents in mail, fax, SMS and e-mail format without the need for printers, stamping machines or fax servers

The main services offered by Esker on Demand include:



- Processing supplier invoices:** Invoices are scanned by an accountant and sent in digital format to the Esker on Demand platform that then reads their content and presents useful data on a webpage. The accountant then approves, corrects or modifies the data that was automatically inputted. The same webpage is circulated from one user to the next to obtain authorization for payment or recognition in the accounts. Data that has been validated is then input directly in the company's management system.
- Sales order processing:** Sales orders by the Esker on Demand platform are received by fax, email or XML that then reads their content and presents pertinent data on a webpage. The sales department then approves, corrects or modifies the data that was automatically inputted. The same webpage is circulated from one user to the next to obtain authorization to deliver the services or products. Data that has been validated is then input directly in the company's management system and the corresponding documents are automatically archived on the platform.
- E-invoice services:** The Esker on Demand service replaces company printers, capturing the flow of print jobs for invoices to be relayed to the Group's mail platforms where they are reconverted back to paper form and posted prior to transmission to the postal distribution network. For customers who want to receive their invoices in digital format, they are electronically signed (in compliance with the provisions of European tax laws) by the department and sent to the recipient through a portal that retains archived copies for 10 years.
- Procurement-to-Pay processing:** The Esker on Demand service replaces the company printer, capturing the flow of vendor invoices for transmission in the form of a fax or structured electronic message. Purchase orders can be electronically signed and archived by our services.
- Outbound mail on-demand:** The Esker DeliveryWare or FlyDoc applications send letters to Esker on Demand in the form of an e-mail. Depending on their destination, they are forwarded to the most appropriate mail center, which prints, folds, stamps and mails them in real time.
- Outbound fax on-demand:** The Esker DeliveryWare or FlyDoc applications transmit faxes to be sent to Esker on Demand in the form of an e-mail. Depending on their destination, they are forwarded to the nearest fax server that completes the delivery in real-time.



- **Inbound fax on-demand:** A telephone number is assigned to each user. Every fax received at this number is automatically transferred by e-mail to the inbox of the user.
- **Automatic document archiving:** Documents submitted to the platform can be archived for up to 11 years.
- **Outbound SMS on-demand**
- **Mass email sending on-demand**

The Esker on Demand architecture consists of a cluster of secure servers located in Lyon (France), Madison (United States) and Sydney (Australia). These resources are housed in clean rooms monitored 24/7 and equipped with redundant electronic power supplies, telephone feed and Internet access. The network is managed on a remote basis by Esker personnel 24 hours a day (with the United States and Australia assuring the relay when the working day in France is completed) accompanied by a system providing for a standby service for weekends and holidays.

To send and receive faxes, Esker on Demand is supported by a platform with several hundred telephone lines.

For sending mail, Esker on Demand is linked to several mailing centers located in France, the U.S., UK and Australia. These centers have significant print capacity, folding machines and automatic postage systems.

Esker on Demand is entirely based on the Esker DeliveryWare technology.

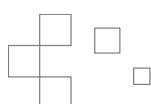
FlyDoc service

FlyDoc is the world's first online private mail service providing a complete range of delivery solutions from the user's desktop and enterprise applications via e-mail, fax, postal mail or SMS.

FlyDoc is accessible from any workstation with an Internet connection. Through a Web interface, it is possible to download of a document (Microsoft Word for example), indicate a fax number or postal address, select certain options (color/black-and-white, recto-verso, postal rate category, priority) and then send the document with the simple click of a button. The document received by FlyDoc is converted into the appropriate format and then routed to the Esker on Demand platform that assures the actual delivery (by mail or fax).

In the more advanced mode, FlyDoc provides for a specific print driver. When the user requests a print job for a document on this virtual printer a Web page is displayed to select the document delivery options. When this information has been provided, the user can then request delivery by clicking on a special button. FlyDoc provides for the delivery of documents in any application operating under Windows. It can consequently be used by a word processor or a small business application. No software needs to be installed to use the FlyDoc service. The only component (optional) to be installed is the print driver for users wishing to take advantage of the advanced functions.

FlyDoc is based entirely on the Esker DeliveryWare technology.



FAX SERVER PRODUCTS

Functionalities and specifications

At the end of the 1980s, the fax had become one of the most widely used means of business communication. Since then, the volume of pages that companies send via fax has been regularly increasing. Today, and despite the emergence of electronic mail, the fax remains, along with traditional mail, one of the most reliable and the most legally accepted means for the exchange of business documents.

With the development of the PC, word processing tools and local networks, users wanted to be able to avoid printing documents before faxing them and to send faxes directly from their workstations. The concept of the fax server was born. Software products today, such as Esker Fax, enable users to send faxes without interrupting their work by standing in line at the fax machine or performing other actions related to manual faxing. With a fax server, the facsimile is sent directly via a word processing program simply by using the program's "Print" command. For incoming traffic, fax servers receive facsimiles automatically transmitted to the recipient's inbox according to the number of the caller or called party. This technology consequently contributes to very significant gains in employee productivity.

The development of Internet has been accompanied by increasing use of fax transmission of documents originating from business applications (purchase orders, delivery slips, quotations, invoices, contracts, reminders, etc.). The fax thus offers indisputable advantages over other means of communications:

- Instantaneous transmission;
- Universal application (usable in virtually all environments around the world);
- Confirmation of documentary delivery (transmission receipt);
- Accurate presentation of the documents transmitted (page formatting is not modified by fax transmission);
- Confidentiality of document transmission through a proprietary network (the telecommunications network) and not through the Internet;
- Integrity of document content because a fax is not easily modified;
- Less expensive than mail.

These benefits constitute important factors for the selection of the fax to transmit company documents of a confidential or critical nature.

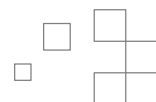
Companies seek fax server solutions offering a direct connection to the company's main information system (ERP, IBM major systems, CRM applications, etc.) to improve company response times with customers and reduce total expenses. With the growing use of internal messaging systems (Lotus Notes, Microsoft Exchange, Novell Groupwise), demand is increasing to move away from multiple messaging sources (faxes and email) to a single integrated messaging tool. Users want to send faxes the same way they send e-mails – directly from their messaging application. Similarly, they want to be able to receive and read faxes through their messaging applications. This function provides enhanced user-friendly features and improved personnel productivity.

The Esker Fax product

Esker Fax is a versatile fax server that works on Microsoft Windows 2000/2003 or XP operating systems. Esker Fax is destined principally for large companies.

In a production environment, Esker Fax provides several specific connection solutions (SAP, LPD, LPR, APPC, RJE, etc.) for most major applications used by businesses. It is certified by SAP. In the absence of a specific connector for a given environment or application, Esker Fax behaves as a printer, using GDR recognition technology specially developed by Esker. This technology enables routing information such as the fax number or the recipient's name to be recognized and extracted directly from the document to be transmitted.

Esker Fax is compatible with the main electronic messaging systems currently used by companies such as IBM Lotus Notes (Esker Fax for Notes), Microsoft Exchange or SMTP (Internet Messaging). Moreover, Esker Fax is directly accessible from the main Office automation tools such as Microsoft Word, Microsoft Excel and, in general terms, any tool that can print directly from a workstation. At present, and following the withdrawal in December 2000 of Lotus' fax server application, Esker Fax for Notes is the only fax solution in the world that offers a fully-integrated user and administrator interface in IBM Lotus Notes.



Esker Fax was specially designed to manage large volumes of faxes, integrating numerous optimized functionalities and load balancing functions. Esker Fax supports intelligent multi-channel fax boards (manufactured by Brooktrout or Eicon) able to manage up to 120 lines per server. Esker considers Esker Fax to be one of the best products in its class for managing large volumes of faxes.

VSI-Fax

This fax server was developed by US based VSI acquired by Esker in October 2000.

VSI-Fax is a production fax server operating under UNIX and Linux offering approximately the same features as the Esker Fax product for these environments. VSI-Fax is very frequently integrated into vertical applications (i.e. designed for a specific division or economic sector). The majority of VSI-Fax product customers are companies creating management software for small- and medium-sized firms.

HOST ACCESS SERVERS

Functionalities and specifications

Most management applications (accounting, inventory management, sales management, etc.) developed in the 1970s and 1980s are centralized on servers. They run on multi-station computers (IBM, UNIX, HP, SUN) and communicate with passive terminals (keyboard + screen) which enable dialog with users.

With the massive influx of PCs into the office environment in the early 1990s, companies progressively began replacing passive terminals with PCs running under Windows operating systems. To continue using legacy applications on these new workstations, businesses were required to install applications that imitated the older passive terminals. Such applications called "terminal emulators" constitute the primary function of the host access product line.

In addition to providing workstation access to host-based applications, host access products also permit:

- File Exchange with host systems (FTP client and host protocol);
- Sharing of disks or portions of disks with host systems (NFS client and host protocol);
- Use of the host system printers (LPR protocol);
- Host system access to workstation printers (LPD protocol);
- Remote execution of commands on the host system (RSH/REXEC).

Tun PLUS

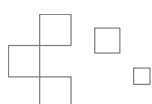
The Tun Plus product line is marketed mainly for SCO Unix, Linux, IBM AIX, HP-UX, IBM 390 and IBM AS/400 servers. Traditional clients of this line are large accounts equipped with IBM systems and software editors offering management solutions running on UNIX or Linux.

The attractiveness of this product line is based on the rich offering of emulations proposed (more than 20 today) and its flexibility and ability to incorporate global solutions developed by software companies or other value-added retailers, etc.

SmarTerm

SmarTerm was developed by Persoft (acquired in 1999). This product has leadership positions in US administrations and the health service and industrial sectors.

SmarTerm products are marketed primarily for Digital (VAX Open VMS), Data General and IBM servers. Traditional users of this line include companies and administrations of all sizes equipped with these servers. Compared to Tun Plus, advantages of this product line include its ability to provide solutions adapted to large accounts including, in particular, its high-quality integration with Digital VT environments.



3.2 Principal markets

Sales mix

Sales by product segment

<i>In thousands of euros</i>	2010		2009	
	Amount	%	Amount	%
Document automation	25,178	76.99%	20,102	73.15%
Fax servers	5,238	16.02%	5,201	18.93%
Host access	2,288	7.00%	2,178	7.93%
TOTAL	32,704	100.00%	27,481	100.00%

Sales by product sub-segment

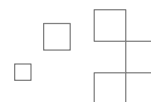
<i>In thousands of euros</i>	2010		2009	
	Amount	%	Amount	%
Licenses	4,678	14%	5,279	19%
Maintenance	9,049	28%	8,480	31%
Hardware	1,370	4%	864	3%
Traffic	12,597	39%	9,104	33%
Service	5,010	15%	3,754	14%
TOTAL	32,704	100%	27,481	100%

As document process automation solutions are more widely adopted, traffic sales should continue to experience sustained growth over the coming years.

Sales by country

<i>In thousands of euros</i>	2010		2009	
	Amount	%	Amount	%
France	10,592	32.4%	8,957	32.6%
UK	2,303	7.0%	2,167	7.9%
Germany	1,551	4.7%	1,030	3.7%
Italy	1,259	3.8%	1,201	4.4%
Spain	915	2.8%	641	2.3%
Australia	2,129	6.5%	1,616	5.9%
Asia	667	2.0%	400	1.5%
USA	13,288	40.6%	11,469	41.7%

With a geographical mix reflecting the overall breakdown of world information technology markets, international sales account for 68% of Esker revenue. According to different market studies, the United States alone represents more than half the global market for professional software. The US is also a market of reference where the major alliances are formed.



With this market accounting for 41% of total revenue in 2010, Esker now has a balanced geographical sales mix between Europe and North American. The contribution of the US market to total Group sales nevertheless declined 1 point (from 42% in 2009) in response to the significant weight of historic products in this subsidiary's business mix combined with a delayed start up for on-demand activities.

Performance in Europe is driven by France where on-demand solutions are the major contributor to revenue (more than 80%) as well as Germany that benefited from a very positive economic environment.

3.3. Independence of the issuer

Esker products are generally sold without complementary third-party products, with the exception of fax server products and Esker DeliveryWare that incorporate document format conversion modules marketed by Esker in conjunction with an intelligent fax board.

3.4. Competitive position

■ Document process automation

Esker DeliveryWare

Competitors in the Esker DeliveryWare product segment include:

Company	2010 sales ⁽¹⁾	Products or product families
Readsoft	€69m	Documents
Basware	€103.1m	
Open Text	€638.9m	
ITESoft	€20.2m	

(1) : Total company sales rather than the product line in question

In its opinion, Esker is the only provider in this segment offering solutions both for inbound and outbound document delivery and through such an extensive range of channels. Esker is unique in proposing a comprehensive on-demand offering for products in this category. On this basis, it is able to propose solutions covering the full range of needs of large groups to the smallest companies.

Esker on Demand

Competition in the SaaS segment for document process automation is still in a nascent stage. Companies operating in this sector, while not considered to represent real competitors, include SpringCM, Crossgate and Concur.

FlyDoc

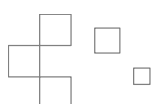
Only Maileva (a subsidiary of La Poste) proposes a viable alternative to the FlyDoc service for the delivery of mail on-demand. According to Esker, FlyDoc offers better integration with Windows applications than its French competitor. FlyDoc is also less expensive and does not impose an annual fee.

In the market for inbound and outbound fax on-demand, there are a number of competitors, primarily North American. These include J2 Global Communication, Xpedite and Graphnet.

■ The fax server market

The fax server market is very fragmented. With the exception of the world leader Opentext with approximately 25%, no other company has a market share of more than 8%. According to Esker, the main competitors include Captaris/Opentext, Topcall/Kofax, Equisys, Sagem, Omtool.

According to the Peter Davidson research firm, Esker ranks third worldwide in this segment after Captaris and Sagem.



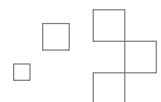
Esker considers one of the competitive advantages of Esker Fax is its capacity as a production fax to handle significant volumes and connect to any computer environment, including SAP systems, IBM S/390 mainframes and AS/400. Another exclusive feature of this product line is its compatibility with the IBM Lotus Notes messaging application.

The acquisition of VSI in October 2001 provided Esker with extensive expertise and a significant installed base in the segment of production fax servers running on UNIX and Linux.

Having focused on developing a coherent and effective range of production fax servers to process data flows regardless of their volume and origin, Esker believes it is among the companies best positioned in the fax server market today to take advantage of the trends forecasted by market analysts.

3.5. Basis of statements made by the issuer regarding its competitive position

Items providing the basis for statements made by the issuer regarding its competitive position are presented above in Section 3.4.



4. ORGANIZATIONAL structure

Legal structure of the Esker Group as of December 31, 2010



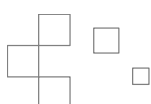
All subsidiaries are wholly-owned and fully controlled by Esker SA, with the exception of the 99.80%-controlled Spanish subsidiary.

Business relations between Esker Group companies

Business relations between Esker Group companies are defined in the list of freely contracted agreements (transactions relating to ordinary operating activities concluded under normal conditions) for fiscal 2010, established by the Supervisory Board. Amounts invoiced by the Group consisted of the following:

- Sales of products by the parent company to subsidiaries;
- Royalties;
- Re-invoicing of marketing expenses;
- Re-invoicing of staff costs;
- Interest on advances.

In fiscal 2010, Esker S.A. invoiced on this basis a total of €5,429,000 to all subsidiaries (€4,538,000 in 2009) while the subsidiaries invoiced the parent company €118,000 (€135,000 in 2009). Income and expenses relating to intercompany billings are eliminated in consolidation. As such, they have no financial impact on the Group's consolidated financial statements.



5. OPERATING AND FINANCIAL REVIEW

The operating and financial review is presented in the management discussion and analysis of the Executive Board summarized below. This information concerns the consolidated financial statements as presented in paragraph 10 of this document.

Fiscal 2010 / 2009 highlights

In 2010, the Group had sales of nearly €33 million, representing growth over the previous year of 14% at constant exchange rates and 19% at current exchange rates. This was Esker's best annual performance to date that was achieved on the strength of robust gains for document process automation solutions (+25%) and steady sales for historic products (Host Access and Fax Servers). Reflecting this trend, in 2010, document process automation solutions accounted for 77% of Group revenue.

On-demand document process automation services (FlyDoc and Esker on Demand) continued to show strong growth momentum, advancing 36% in the period. The Esker cloud-based solutions accounted for 41% of revenue in 2010 and 43% for the fourth quarter alone. On the strength of these results, Esker is today among the first software companies to have successfully made the transition to cloud computing following strategic initiatives launched in 2005.

Operating profit boosted by cost containment measures combined with a marginal rise in the dollar's value

The Group had current operating income of €1,561,000, up from €716,000 in 2009.

The combined effect of sustained growth and control over costs contributed to a twofold increase in value in operating profit. For the first time in a while, financial results were positively impacted by a marginal rise in the US dollar exchange rate.

In addition, the level of development expenditures presented in the income statement was also impacted by the capitalization of a portion of these expenditures and their amortization. In the fiscal year, development expenditures of €1,631,000 were recognized under intangible assets (€1,340,000 in 2009) for the following projects:

- Development of versions 3.6 and 3.7 of the Esker on Demand service launched in early 2011;
- Developments undertaken on the next version of Esker DeliveryWare 6.0;
- Development of version 4.0 of the Esker on Demand service to be launched mid-2011.

The net impact of capitalized development expenditures in the period, after deducting amortization expenses, was €639,000 (versus €1,334,000 at December 31, 2009)

After taking into account non-current items including notably unrealized foreign exchange losses of €245,000 (€168,000 in 2009), the Group had an operating profit €1,750,000, up from €858,000 in 2009.

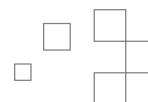
Group foreign exchange risks concerned primarily inter-company transactions in USD, GDP and AUD (see below analysis of market risks in note 1.4).

Net interest expense amounted to €60,000, up from €20,000 in 2009. Reflecting lower interest rates on investments, income from Group cash and cash equivalents declined to €16,000 (€31,000 in 2009). This interest income partially offset interest expense on debt in connection with the restatement of finance leases and Anvar advances.

On this basis, the Group had net income of €1,474,000, up from €1,157,000 in 2009.

Operating cash flows largely positive

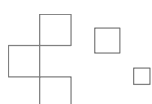
Group cash and cash equivalents increased significantly at constant exchange rates to €9,105,000 at year-end (up from €7,390,000 at December 31, 2009). Cash flow from operating activities at year-end totaled €3,604,000 versus €3,353,000 in the prior year. Cash flow from investing activities concerned primarily major investments undertaken for developments in the period.



Other financial indicators remained stable

Group borrowings totaled €1,893,000 compared with €1,781,000 in 2009 and consisted exclusively of an Anvar advance of €923,000, a €35,000 bank loan and borrowings of €934,000 in connection with finance leases capitalized in the period for print and inserting machines for the outsourcing of on-demand mail services used in connection with the FlyDoc and Esker on Demand services.

The Group's balance sheet consists primarily of shareholders' equity of €11,126,000 at December 31, 2010.



6. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

6.1. Research and development expenses

Esker has historically devoted significant resources to research and development. In 2010, the R&D budget represented 12% of total Group sales. This policy ensures that Esker maintains its technological advance, the only effective means of meeting challenges from competitors. At December 31, 2010 at the site located in Lyon, a team of 30 computer engineers work on developing Esker software programs. Thirty additional engineers are devoted to quality control, producing documentation and providing second line technical support.

The following table provides a breakdown of R&D expenses by major product lines before and after the capitalization of development expenditures: (additional information on this subject is provided in *notes 2 and 18 to the consolidated financial statements presented in Section 10 of this document*):

<i>In thousands of euros</i>	12/31/2010	12/31/2009	12/31/2008
R&D expenses for the period	-3,931	-3,336	-3,724
Capitalized development expenditures	1,631	1,134	1,181
Amortization of capitalized development expenditures	-992	-771	-547
Research and development expenses not capitalized	-3,292	-2,973	-3,090

Research and development expenditures are focused primarily on the document process automation lines. Amounts devoted to R&D for the mature products in the host access and fax segments have been in contrast progressively reduced over time.

The main development projects recorded as intangible assets in fiscal 2010 concerned:

- Development of versions 3.6 and 3.7 of the Esker on Demand service launched in early 2011;
- Developments undertaken on the next version of Esker DeliveryWare 6.0;
- Development of version 4.0 of the Esker on Demand service to be launched mid-2011.

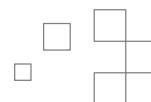
6.2. Patents

Technologies for GDR (general document recognition), analysis and routing are protected by a patent with the USPTO since 2005 (United States Patent and Trademark Office) under number 6 906 817. This technology represents a cornerstone of the company's automation solutions. In the period covering 2007, 2008 and 2009 Esker filed six new patents with the USPTO.

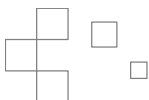
6.3. Trademarks

The following trademarks have been registered by Esker in France and other countries

- Esker
- FlyDoc
- VSI-FAX
- FaxGate
- General Document Recognition
- Smarterm
- Smartmouse
- Tun
- Tun Emul
- Tun Kernel
- Tun Mail
- Tun Plus



- Tun TCP
- Persona
- Pulse

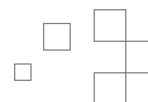


7. CORPORATE GOVERNANCE

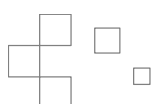
The company is managed by an Executive Board which exercises its functions under the control of a Supervisory Board.

Name	Appointment or position exercised in Esker S.A.	APPOINTMENTS EXERCISED IN OTHER COMPANIES					
		Company	Nationality	Appointment / Position	Year of initial appointment	Expiration of appointment: General Meeting ruling on the financial statements for the fiscal year ending in	Professional address (primary position)
M.C. Bernal	Chairman of the Supervisory Board	• ESKER SA	French	Chairman of the Supervisory Board	2001	2012	
		• Potentia Pharmaceuticals	US	Director, Member of the audit committee	2005	N/A	201 E. Jefferson Louisville, KY 40202
		• Apellis Pharmaceuticals	US	Director	2010	N/A	201 E. Jefferson Louisville, KY 40202
		• GNUBIO	US	Director	2010	N/A	64 Sydney Street, Cambridge, MA 02139
K. Beauvillain	Vice Chairman of the Supervisory Board	• ESKER SA	French	Vice Chairman of the Supervisory Board	1999	2010	-
		• CAPORMAK	French	Managing Partner	2008	N/A	68 Rue Pernety 75014 Paris
		• ALPHA MOS SA	French	Director	1998	2011	Toulouse
		• OREGES SA	French	Chairman of the Supervisory Board	2008	2010	Jouy en Josas
		• LAFAYETTE INT SA	French	Director	1997	2011	Les Ulis/Villebon
T. Wolfe	Member of the Supervisory Board	• ESKER SA	French	Member of the Supervisory Board	1999	2010	Esker Inc. - 1212 Deming Way, Suite 350 - Madison, WI 53717 - USA
J.M. Bérard	Chairman of the Executive Board	• ESKER SA	French	Chairman of the Executive Board	2000	2010	10 Rue des Emeraudes 69006 Lyon
E. Olivier	Member of the Executive Board	• ESKER SA	French	Member of the Executive Board	2003	2010	10 Rue des Emeraudes 69006 Lyon

- Marie-Claude Bernal** has served as Chairman of the Supervisory Board of Esker since 2000. Graduated from the HECJF School of Management in 1967, followed by an MBA from the University of Chicago in 1971, she joined the Banque de Neuflyze where she became one of the first women in France to manage a mutual fund. In 1977, she joined Wellington Management in Boston, one of America's oldest and largest independent investment management firms, where she helped launch and grow the international investment department, becoming a partner in 1994. She pursued her collaboration with this company until 2000. Marie-Claude Bernal is also a member of the Board of Directors and the Audit Committee of the US company, Potentia Pharmaceuticals.



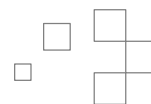
- **Kléber Beauvillain** served as Vice Chairman of the Supervisory Board since 2000. He was Managing Director of Hewlett Packard France for more than 20 years before becoming the Chairman of the Supervisory Board. He currently serves on the boards of several companies including the Alpha Mos group listed on the Paris stock exchange.
- **Tom Wolfe**, member of the Supervisory Board was the founder of Persoft Inc, acquired by Esker in 1999.



8. MANAGEMENT

Esker's management team progressively assembled under the leadership of one of the company's founders, Jean-Michel Bérard, includes eight members:

- **Jean-Michel Bérard**
49, Chairman of the Executive Board
 Jean-Michel Bérard received his computer engineering degree in 1984 from the Lyon Institut National des Sciences Appliquées. Shortly thereafter, he co-founded Esker. Since the founding, he has been primarily responsible for product strategy, implementing development programs that respond quickly to changing technology trends and creating comprehensive, market-ready products. In his current role as president of the board of directors and Worldwide Chief Executive Officer, Jean-Michel is responsible for defining and executing Esker's business plan. He also represents Esker to potential partners, the European technological community, IT analysts and the trade press. Ernst & Young named Jean-Michel Bérard European Entrepreneur of the Year in 2000. He was named as one of the Top Technology Visionaries by Start magazine in 2002.
- **Emmanuel Olivier**
43, Chief Operating Officer and Member of the Executive Board
 Emmanuel is leading Esker's operations worldwide, covering sales, marketing and consulting activities. He also supervises Esker finances and is in charge of the company's financial communication and investor relations. Emmanuel joined Esker in 1999 as Chief Financial Officer and was promoted to his current role in 2003. Prior to joining Esker, he worked as an audit manager for the international firm Ernst & Young for seven years, including two years in Philadelphia, PA, USA. Emmanuel was awarded a Master's degree in Business Administration in 1991 from the Ecole Supérieure de Commerce de Nice Sophia Antipolis and earned the CPA (Certified Public Accountant) qualification from the state of Pennsylvania.
- **Jean-Jacques Bérard**
45, Executive Vice President, Research and Development and invited member of the Executive Board
 Jean-Jacques Bérard received his engineer's degree in 1988 from Lyon Institut National des Sciences Appliquées. Before coming to Esker, he was research and development (R&D) team manager at Andersen Consulting in Lyon. He joined Esker in 1995, first as project leader for the SQL team and then advancing to R&D manager in 1997. In 1998, he was named Executive Vice President, Research and Development. In this capacity, Jean-Jacques implements product strategy and oversees product planning and development.
- **Eric Bussy**
36, Director of Marketing and Product Management and invited member of the Executive Board
 Eric Bussy received his master's degree in business administration from the Ecole Supérieure de Commerce IDRAC Lyon, France. Before joining Esker, he spent 3 years as an International Product Manager working on projects for France Air and Melink Corporation in Cincinnati, OH, USA. He then served as Field Marketing Manager for Seal's and Cdtel in France during 2 years. He joined Esker in 2002 as the Director of Marketing and Communication. His current activities include development of strategic products, services and solutions. In 2005, his responsibilities were expanded as Director of Product Management.
- **Steve Smith**
48, US Chief Operating Officer and invited member of the Executive Board
 Steve Smith joined Esker in 2003 as the Director of Sales, and is currently responsible for all operations in North and Central America. Upon graduating in 1984 from the University of Wisconsin - Whitewater with bachelor's degrees in Marketing and in Finance, Steve spent 2 years in sales at Pitney Bowes, and 17 years at Equitrac Corporation where he was the Senior Vice President of Worldwide Sales.
- **Eric Thomas**
44, Vice President of Business Development and invited member of the Executive Board
 Eric Thomas joined Esker in 1997 and started as Managing Director for France and then South European Director during 3 years. When Esker launched Esker DeliveryWare, Eric's mission changed to Director of European Business Development. In this position, Eric actively participates to the successful launch of Esker SaaS offer today called FlyDoc / Esker on Demand. After Business Administration



studies in USA (BA), Eric started his career at France Telecom EGT where he successfully held various positions in sales and sales management.

▪ **Renee Thomas**

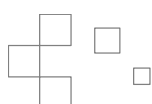
43, Director of Field Marketing, Americas, and invited member of the Executive Board

Renee Thomas joined Esker in 1998 and became the Director of Americas Field Marketing in 2001 after holding positions in Channel Sales and Marketing. Current responsibilities include lead generation strategies, lead qualification processes, customer development programs, customer service and press/analyst relations for the Americas. Previous to Esker, Renee held a Corporate Communications role at Westinghouse where she was responsible for employee and management communications, events, PR, and collateral development for one of its divisions. Renee graduated from the University of Missouri with a degree in Communications and she received her MBA from the University of South Carolina in 2000.

▪ **Anne Grand-Clément**

41, WW Vice President of Professional Services and Technical Support, and invited member of the Executive Board

Holder of three undergraduate degrees (AES, MASS & LEA), Anne Grand-Clément received her Master's Degree in Computer Science Applied to Business Administration (MIAGE) in 1991. Before coming to Esker, she spent 5 years as a consultant at Arthur Andersen Consulting. Anne then worked for Cincom as a Major Accounts Manager for 4 years. She joined Esker in the year 2000, first as manager of the French Professional Services department, and then advancing to European Technical Support Manager. In 2007, Anne was named Worldwide Director of Professional Services and Technical Support.



9. MAJOR SHAREHOLDERS

Share capital and voting rights as of December 31, 2010

Shareholders	Status	As of 12/31/2010			As of 12/31/2009			As of 12/31/2008		
		Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Jean-Michel Bérard	Registered	366,755	8.1%	13.4%	366,755	8.2%	13.4%	318,182	7.2%	12.7%
Thomas Wolfe	Registered	270,895	6.0%	10.6%	270,895	6.0%	10.6%	270,895	6.1%	10.8%
Marie-Claude Bernal	Registered	3,769	0.1%	0.1%	3,769	0.1%	0.2%	3,769	0.1%	0.2%
Emmanuel Olivier	Registered	10,000	0.2%	0.2%	10,000	0.2%	0.2%			
Kleber Beauvillain	Registered	100	0.0%	0.0%	100	0.0%	0.0%			
TOTAL MANAGEMENT		651,519	14.4%	24.4%	651,519	14.5%	24.4%	592,846	13.5%	23.7%
Odyssee Venture	Bearer	539,978	12.0%	10.6%	438,883	9.8%	8.6%	436,298	9.9%	8.7%
Treasury shares	Bearer	55,516	1.2%		21,665	0.5%		37,326	0.8%	
Registered shares	Registered	154,626	3.4%	4.1%	105,488	2.4%	3.2%	63,602	1.4%	2.0%
Free float	Bearer	3,112,836	69.0%	60.9%	3,265,871	72.8%	63.9%	3,276,193	74.4%	65.5%

To the best of the company's knowledge, there are no other shareholders other than those mentioned above that held directly or indirectly or in concert more than 5% of the share capital or voting rights at December 31, 2010.

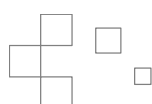
Registered shares held in the name of the same shareholder for at least two years carry double voting rights. Finally, to the best of the company's knowledge, no shareholder agreements exist.



10. FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEET

ASSETS (in thousands of euros)	Notes	12/31/2010	12/31/2009
Goodwill	3	358	358
Intangible assets	2	3,892	3,230
Property, plant and equipment	4 / 5	2,017	2,141
Equity-accounted investments		0	0
Other non-current financial assets	16	281	239
Deferred tax assets	21	1,782	1,597
Other non-current assets	6	0	92
Total non-current assets		8,330	7,657
Inventories		88	130
Trade receivables	15	8,983	6,789
Other current assets	7	1,177	688
Cash and cash equivalents	15	9,105	7,390
Total current assets		19,353	14,997
TOTAL ASSETS		27,683	22,654
SHAREHOLDERS' EQUITY AND LIABILITIES (in thousands of euros)	Notes	12/31/2010	12/31/2009
Capital stock		9,029	8,967
Additional paid-in capital		17,278	17,225
Reserves and retained earnings		-15,181	-16,922
Shareholders' equity	8	11,126	9,270
- attributable to the parent		11,126	9,270
- attributable to non-controlling interests		0	0
Non-current provisions	11	0	0
Non-current borrowings	13	1,088	1,268
Other non-current liabilities	12	196	177
Total non-current liabilities		1,284	1,445
Current borrowings	13	805	513
Trade payables	15	3,078	1,879
Tax and employee-related payables		4,480	3,331
Other current liabilities	14	6,910	6,216
Total current liabilities		15,273	11,939
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		27,683	22,654

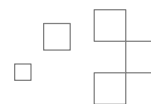


CONSOLIDATED INCOME STATEMENT

<i>(in thousands of euros)</i>	Note	12/31/2010	% of sales	12/31/2009	% of sales
Sales	17	32,704	100.0%	27,481	100.0%
Own production of goods and services capitalized	18	1,631	5.0%	1,134	4.1%
Purchases consumed		-1,460	-4.5%	-1,142	-4.2%
Change in inventory		-40	-0.1%	0	0.0%
External charges		-9,138	-27.9%	-7,952	-28.9%
Staff costs	19	-19,640	-60.1%	-16,889	-61.5%
Tax and similar expenses		-491	-1.5%	-511	-1.9%
Net allowances for amortization and depreciation		-1,865	-5.7%	-1,644	-6.0%
Net allowances for provisions		-206	-0.6%	-5	0.0%
Other operating income and expenses		66	0.2%	244	0.9%
Current operating income		1,561	4.8%	716	2.6%
Non-current operating income and expenses	20	192	0.6%	142	0.5%
OPERATING PROFIT		1,753	5.4%	858	3.1%
Income from cash and cash equivalents		18	0.1%	37	0.1%
Borrowing costs		-78	-0.2%	-57	-0.2%
Net finance costs		-60	-0.2%	-20	-0.1%
Tax	21	-219	-0.7%	319	1.2%
Share of income from equity-accounted associates		0	0.0%	0	0.0%
NET INCOME		1,474	4.5%	1,157	4.2%
Basic earnings per share in euros	22	0.33		0.26	
Diluted earnings per share in euros		0.31		0.25	

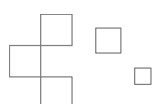
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousands of euros)</i>	12/31/2010	% of sales	12/31/2009	% of sales
Net income of consolidated operations	1,474	4.5%	1,157	4.2%
Other components of comprehensive income				
- Translation losses and gains from financial statements of subsidiaries presented in foreign currencies	208	0.6%	-255	-0.9%
TOTAL COMPREHENSIVE INCOME	1,682	5.1%	902	3.3%



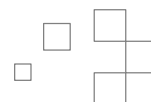
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(in thousands of euros)</i>	Capital stock and additional paid-in capital	Translation difference	Net income and retained earnings	Equity attributable to the parent	Non-controlling interests	Consolidated shareholders' equity
Balance as of December 31, 2008	26 004	-283	-17 868	7 853	0	7 853
Annual profit/(loss)			1,157	1,157		1,157
Currency translation adjustments		-255		-255		-255
Comprehensive income				902		902
Stock options	189			189		189
Treasury shares			64	64		64
Capital increase				0		0
Other changes			262	262		262
Balance as of December 31, 2009	26,193	-538	-16,385	9,270	0	9,270
Annual profit/(loss)			1,474	1,474		1,474
Currency translation adjustments		208		208		208
Comprehensive income				1,682		1,682
Stock options	115			115		115
Treasury shares			-233	-233		-233
Capital increase				0		0
Other changes			292	292		292
Balance as of December 31, 2010	26,308	-330	-14,852	11,126	0	11,126



CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in thousands of euros)</i>	12/31/2010	12/31/2009
Consolidated net income (loss)	1,474	1,157
Share in income from associates, net of dividends received	0	0
Net allowances for depreciation and provisions	2,072	1,622
Calculated expenses and income	-75	267
Gains and losses on disposals of fixed assets	70	-13
Cash flows after net financial expense	3,541	3,033
Interest expense and income	45	54
Income tax expense of the period including deferred tax liabilities	-219	-319
Taxes paid	-232	-26
Change in operating working capital	469	611
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,604	3,353
Acquisition of intangible assets	-2,159	-1,489
Acquisition of property, plant and equipment	0	110
Proceeds from the disposal of PPE and intangible assets	-42	-51
Change in non-current investments		
NET CASH USED IN INVESTING ACTIVITIES	-2,201	-1,430
Capital increases or contributions		
Issuance costs for capital increases		
Amount received from the exercise of stock options	115	101
Change in treasury shares	-240	
Repayment of borrowings – finance leases	-587	-437
Change in borrowings	530	109
NET CASH PROVIDED BY FINANCING ACTIVITIES	-182	-227
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,221	1,696
Effect of exchange rate changes on cash	494	-32
Cash and cash equivalents at beginning of year	7,390	5,726
Cash and cash equivalents at end of year	9,105	7,390



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Esker Group at December 31, 2010 were prepared by the Executive Board and submitted for approval to the Supervisory Board on 24 March 2010.

1. Significant accounting policies, basis of consolidation

■ Statement of compliance

In compliance with EC regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, Esker Group's consolidated financial statements published for fiscal 2010 and the comparative information for fiscal 2009 were prepared on the basis of IFRS (International Financial Reporting Standards) as adopted by the European Union. The standards and interpretations adopted are those published in the Official Journal of the European (OJEU) before December 31, 2010 whose application was mandatory on that date.

These standards can be consulted at the website of the European Commission, (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm) and include those approved by the International Accounting Standards Board (IASB), i.e. IFRS, International Accounting Standards (IAS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

The Group applied for the first time standards and interpretations that became mandatory for periods beginning on or after 1 January 2009:

- Revised IAS 1 – Presentation of Financial Statements that had an impact solely on the presentation of the accounts. The Group chose the option of presenting comprehensive income in two separate statements
- The application of IFRS 8 on Operating Segments resulted in a modification of the breakdown into a single segment. In effect, in compliance with this standard, each segment presented must correspond to the indicator used by the entity's chief decision-maker for decisions concerning the allocation of resources to the sector and measuring its performance.

The Chairman of the Executive Board is the Group's chief decision-maker. The internal reporting system used by the Chairman of the Executive Board that reflects the criteria for the breakdown of the Group's operating sectors represents the Group as a single entity. The Group's business is not organized on the basis of differences between products and services or geographical regions. The products and services developed by the Group are marketed uniformly across all subsidiaries. In consequence, from our perspective, none of the levels of segment information based on products or geographical area, meets the criteria for operating segments under IFRS 8. For this reason, Esker Group is treated as a single operating entity.

- Revised IAS 23 on "Borrowing Costs" had no impact on the consolidated financial statements.
- The amendment of IAS 38 regarding the accounting treatment for advertising and promotional costs had no impact on the consolidated financial statements.

The other standards and interpretations whose application became mandatory for periods beginning on or after 1 January 2009 had no material impact on the consolidated financial statements and/or their presentation.

The Group has elected to not apply in advance the standards and interpretations adopted by the European Union before the closing date that enter into effect after this date. Based on analysis in progress, the Group does not anticipate material effects on its financial statements and/or their presentation.

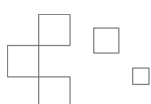
The Group has not used accounting principles that were mandatory or optional in 2010 that have not yet been accepted at the European level. However, it does not expect the standards and interpretations published by the IASB but not yet approved at the European level to have a material impact on its financial statements.

Revised IFRS 3 on business combinations whose application became mandatory for periods beginning on or after 1 July 2009 could have a material effect on the consolidated financial statements with respect to the accounting treatment of future acquisitions made by the Group.

Transition to IFRS

The financial statements of Esker Group were prepared according to IFRS for the first time for fiscal 2005 with a transition date of 1 January 2004. In consequence, the specific rules for first-time adoption of IFRS 1 were applied.

IFRSs that entered into force as of December 31, 2005 were applied on a retrospective basis in accordance with the mandatory exceptions and the following optional exceptions:



- Business combinations before 1 January 2004 were not restated (IFRS 3);
- Cumulative actuarial gains and losses on the transition date have been recorded under equity (IAS 19);
- The cancellation of cumulative translation differences on 1 January 2004 resulting from the translation of the financial statements of foreign subsidiaries (IAS 21);
- Under IFRS 2 share-based payment of equity instruments granted before 7 November 2002 and instruments fully vested on 1 January 2005 are not recognized.

■ **Basis of consolidation**

Companies in which the Group directly or indirectly exercises exclusive control are fully consolidated. Exclusive control is defined as an ability to exercise directly or indirectly authority in managing the financial and operating policies of a company so as to obtain benefits from its activities.

Equity interests in companies in which Esker Group does not have a controlling interest but exercises a material influence are recognized according to the equity method.

Intercompany receivables, payables, income and expenses of fully consolidated subsidiaries are eliminated.

The list of subsidiaries and associates included in the consolidation scope is presented in section 2 of these notes.

■ **Translation of financial statements and transactions in foreign currency**

Translation of the financial statements of foreign subsidiaries

Financial statements of foreign subsidiaries are established on the basis of their functional currency, i.e. the local currency.

Exchange rates on the balance sheet date are applied for the translation of the accounts of foreign subsidiaries:

- Assets and liabilities for which the functioning currency is not the euro are translated at the year-end exchange rate;
- Income statement items are translated according to the average exchange rate of the period;
- The resulting translation differences are recognized under equity.

Translation of transactions in foreign currency

The rules for recognizing and measuring foreign currency transactions are those defined under IAS 21 "The effects of changes in foreign exchange rates".

Transactions in currencies other than the functional currency are translated on the basis of the exchange rate in force on the transaction date or, as applicable, the hedge rate. Monetary assets and liabilities in foreign currency are translated at the exchange rate of the balance sheet date or the hedge rate that may be assigned to them. Resulting currency gains and losses are recorded in the income statement of the period under "other operating income and expenses".

Non-monetary assets and liabilities in foreign currencies are as a general rule translated at the spot rate on the transaction date except those measured at fair value and those covered by a hedge.

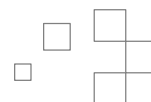
Currency gains or losses resulting from the translation of net investments in foreign subsidiaries are recognized directly under equity.

■ **Use of estimates**

In preparing financial statements in accordance with IFRS, management has recourse to estimates and assumptions that have an impact on the financial statements.

The main Group estimations concern assumptions relating to:

- The measurement and depreciation of property, plant and equipment and intangible assets (notes 2.3, 4);
- The calculation of deferred taxes (note 21);
- The measurement of retirement commitments (note 12);
- The measurement of provisions (note 11);
- The measurement of share-based payment (note 10).



These estimations are based on the best information available to management on the closing date.

■ Intangible assets

Development expenditures

In compliance with IAS 38 "Intangible assets" research costs are expensed when incurred and development expenditures recorded as intangible assets when the company can demonstrate that the following criteria have been met:

- Intention by the company and technical and financial feasibility of completing the asset;
- The asset will generate probable future economic benefits for the company;
- The cost of the asset thus created can be reliably measured.

Development expenditures incurred by Esker Group concern two types of applications and are designed to be tracked on an individual basis. These expenditures consist primarily of staff costs.

Group development activities are divided into two categories:

- **Development to create new products or introduce new functionalities to existing products.** Criteria for capitalizing expenditures under IAS 38 are determined by the marketing and R&D teams when the these projects are launched;
- **Development to extend the life of existing products** (adaptation to new operating systems corrective measures, etc.). Such expenditures do not meet the criteria of the standard and are consequently not capitalized.

Development expenditures recorded as intangible assets are amortized over useful lives of one to five years. The corresponding expenditures of projects not yet completed on the closing date are recorded as intangible assets and tested for impairment (see below the note on the impairment of fixed assets).

Other intangible assets

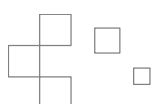
Software acquired is recognized as intangible assets and amortized on a straight-line basis over useful lives defined as five years.

Goodwill

All identifiable assets, liabilities, and contingent liabilities are measured initially by the acquirer at their fair values on the date of transfer of control in favor of the Group (acquisition date) irrespective of the extent of any minority (non-controlling) interests.

The cost of a business combination equals the purchase price, plus directly attributable acquisition costs. Any difference in the acquisition cost at fair value of acquired assets and assumed liabilities and contingent liabilities is recognized in the balance sheet under assets as goodwill.

Goodwill is not amortized but is tested for impairment when there exists an indication of impairment and at least once a year (see below the note on the impairment of fixed assets).



■ Property, plant and equipment

Property, plant and equipment

The gross value of property, plant and equipment represents the historical acquisition cost. This cost comprises directly attributable costs of transferring the asset to its place of operation and bringing the asset to working condition for its intended use.

Depreciation of property, plant and equipment reflects the pattern of consumption of the expected economic benefits on the basis of the acquisition cost, after deducting when applicable the residual value (as a general rule considered as zero). The straight-line method is applied over the following useful lives:

- General installations: 5 - 8 years
- Transportation equipment: 3 - 5 years
- Office and computer equipment: 2.5 - 8 years
- Furniture: 5 years

Leases

In compliance with IAS 17, leases that transfer to Esker the risks and rewards incidental to ownership (capital leases) are recorded as fixed assets with the corresponding financial liability recognized at fair value or, if lower, the present value of the minimum lease payments.

The corresponding fixed assets are depreciated according to the procedures described above.

The cost of repairs and maintenance are expensed when incurred except where they serve to increase productivity or to prolong the asset's useful life.

■ Impairment of fixed assets

In accordance with IAS 36 "Impairment of assets", property, plant and equipment and intangible assets are tested for impairment when there are indications of impairment at least once a year. Indefinite life fixed assets (goodwill) and intangible assets in progress (development projects) are tested for impairment at least once a year.

Intangible assets and property, plant and equipment are tested for impairment when, in connection with events or circumstances occurring in the period, it is considered that the recoverable amount over a sustained period will remain lower than the carrying value.

The recoverable amount of an asset is measured at the higher of its fair value less costs to sell and value in use. Value in use is the present value of estimated operating cash flows expected to arise from continuing use over five years and the terminal value according to the perpetual growth rate of the future cash flows.

For the purpose of this test, the values of assets are aggregated on the basis of Cash-Generating Units (CGU). CGUs represent profit centers providing the basis of the organization of Group operations and the analysis of results for internal reporting purposes. As a general rule, these profit centers represent legal entities.

When the recoverable value of a CGU is lower than the carrying value, an impairment loss is recognized in the income statement under "other operating income and expenses".

■ Inventory and work in progress

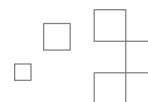
Inventory is measured at the lower of acquisition cost determined according to the method of weighted average cost per unit or the net realizable value.

■ Other non-current financial assets

Other non-current investments are recognized at amortized cost.

■ Treasury shares

Shares of the parent company held directly or indirectly through consolidated subsidiaries are deducted from shareholders' equity at their purchase price, after deducting acquisition expenses. Changes in fair value during the period treasury shares are held are not recognized. Gains and losses from the disposal of the shares are recognized directly under equity and do not impact profit or loss.



■ Cash and cash equivalents

Cash and cash equivalents consist of bank balances, cash on hand and marketable securities.

These investments have short-term maturities, are readily convertible to cash and subject to an insignificant risk to changes in value.

Securities held for trading are measured at fair value and resulting losses and gains recognized in the income statement.

Changes in cash and cash equivalents are analyzed in the statement of cash flow presented on the basis of the indirect method.

■ Provisions

In compliance with IAS 37 "provisions, contingent liabilities and contingent assets", provisions are recorded when Group management considers that it has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation without receiving equivalent consideration in exchange and the amount of the obligation can be reliably measured.

Provisions for lawsuit contingencies may be recorded notably in connection with litigation known to the Group to which it is a party. A review of this litigation is undertaken on the balance sheet date by management and outside counsel to determine the amount required to cover these estimated risks.

Provisions are divided into current and non-current liabilities according to the estimated maturity of the risk. Provisions with estimated maturities exceeding one year are adjusted to reflect their potential significant impact.

■ Employee benefits

Retirement plans

In most subsidiaries, the Group has an obligation to finance employee pensions through the payment of contributions calculated on the basis of salaries to pension fund entities. Such contributions are expensed when incurred. No other commitments exist related to these contributions.

In addition, under French law, the Group is required to pay employees on retirement an end-of-career severance benefit. The corresponding commitments are calculated annually using the projected unit credit method. This calculation is made in accordance with the provisions provided for under the applicable collective bargaining agreement (SYNTEC) according to the following criteria:

- Estimated age of retirement;
- Seniority of personnel on retirement date;
- Probability of remaining in service at the retirement age;
- Rate of salary increases;
- A discount rate.

This commitment is recognized in the balance sheet under current operating expenses and non-current liabilities.

No other commitments have been recognized for retirement benefits for other subsidiaries of the Group because they are not material or no legal obligation exists.

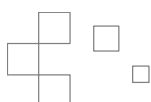
Other long-term benefits

In accordance with local laws and regulations, the Italian subsidiary must pay employees a severance benefit when leaving the company regardless of the reason (resignation, retirement, etc.). This benefit is calculated on the basis of annual salary and seniority and subject to annual increases indexed on the rate of inflation issued by the Italian government.

This commitment is recognized in the balance sheet under current operating expenses and non-current liabilities.

■ Share-based payment

In compliance with IFRS 2 "share-based payment", stock options and stock purchase options of the Group are recognized at fair value on the grant date.



Fair value is calculated according to the Black & Scholes method. Changes in value after the grant date have no impact on this valuation. Changes in value are recognized under current operating income with a reverse entry under reserves on a straight-line basis over the vesting period.

In compliance with the optional exemptions provided for under IFRS 1 and as indicated in the notes under the "statement of compliance", Esker Group has not opted to apply IFRS 2 on a retrospective basis. In consequence, only plans involving share-based transactions granted after 7 November 2002 but not yet vested on 1 January 2005 have been measured and recognized under staff costs.

■ Income taxes and deferred taxes

In compliance with IAS 12 "Income Taxes", temporary differences between the tax base of consolidated tax assets and liabilities are recognized as deferred taxes according to the liability method.

Deferred taxes are recognized when recovery is considered probable within a reasonable period. Reductions in future taxes resulting from the use of tax loss carryforwards (including amounts that can be carried forward indefinitely) are recognized only if their recovery is considered probable.

Deferred tax assets and liabilities are not discounted and are offset within the same tax entity. Deferred taxes calculated are allocated to equity items are recognized under shareholders' equity.

The 2010 Finance Act passed on 30 December 2009 eliminated the local business tax (*taxe professionnelle*) beginning in 2010, replacing it with a new tax (*Contribution Economique Territoriale* or C.E.T) with two components:

- A contribution assessed on the rental value of business property (*Cotisation Foncière des Entreprises* or CFE) that was a component of the previous local business tax;
- A contribution assessed on added value (*Cotisation sur la Valeur Ajoutée des Entreprises* or CVAE) as shown in the separate financial statements.

The Group recognizes this local business tax under operating expenses.

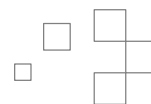
■ Revenue recognition

In compliance with IAS 18, as a general rule revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably, notably on the date the significant risks and rewards of ownership of the goods are transferred to the buyer.

Group sales originate primarily from the sale of licenses, maintenance associated services (training and installation assistance), on-demand services available online (outsourcing of fax and mail services) and equipment (fax boards).

- Sales of licenses and hardware are recognized on the date of delivery;
- Income from maintenance contracts is recognized on a straight-line basis over the term of the contract; For contracts concerning the period in progress and future periods, deferred revenue is recognized at year-end for the portion of contracts corresponding to future periods;
- Services related to software sales are recognized according to the percentage-of-completion method.

Other services are recognized on the date of performance.

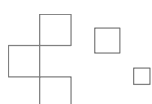


2. Group structure for consolidation

There were no changes in the Group structure with respect to consolidation in fiscal 2010.

Company	Head office	2010		2009		Consolidation method ⁽¹⁾
		Controlling interest (%)	Ownership interest	Controlling interest (%)	Ownership interest	
ESKER	Lyon (France)	Parent company				
ESKER GmbH	Essen (Germany)	100.0%	100.0%	100.0%	100.0%	F
ESKER Ltd	Derbyshire (United Kingdom)	100.0%	100.0%	100.0%	100.0%	F
ESKER Srl	Milan (Italy)	100.0%	100.0%	100.0%	100.0%	F
ESKER Iberica SI	Madrid (Spain)	99.8%	99.8%	99.8%	99.8%	F
ESKER Inc	Madison (United States)	100.0%	100.0%	100.0%	100.0%	F
ESKER Australia Pty Ltd	Sydney (Australia)	100.0%	100.0%	100.0%	100.0%	F
Esker Documents Automation Asia Pte Ltd	Singapore	100.0%	100.0%	100.0%	100.0%	F
Esker Documents Automation (M) Sdn Bhd	Kuala Lumpur (Malaysia)	100.0%	100.0%	100.0%	100.0%	F

(1) : F : full consolidation



3. Notes to the balance sheet, income statement and statement of cash flows

NOTE 1: Segment information

Pursuant to the provisions of IFRS 8, segment information is presented solely on the basis of a single sector.

Segment information relating to products and services

<i>In thousands of euros</i>	12/31/2010	12/31/2009
Software sales	4,678	5,279
Fax card sales	1,370	864
Contracts for product updates and maintenance	9,049	8,480
Services	5,010	3,754
Traffic	12,597	9,104
NET SALES	32,704	27,481

Information relating to geographical areas

As of December 31, 2010 <i>In thousands of euros</i>	France	Germany	United Kingdom	Southern Europe	Australia, Asia	USA	Total Group
External sales	10,592	1,551	2,303	2,174	2,796	13,288	32,704
Property, plant and equipment and intangible assets	5,673	5	104	37	68	380	6,267

As of December 31, 2009 <i>In thousands of euros</i>	France	Germany	United Kingdom	Southern Europe	Australia, Asia	USA	Total Group
External sales	8 957	1 030	2 167	1 842	2 016	11 469	27 481
Property, plant and equipment and intangible assets	5 005	9	147	60	71	437	5 729

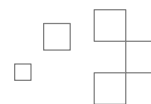
Information relating to key customers

In fiscal 2010 the largest customer represented 2.5 % of total Group revenue.

In fiscal 2009 the largest customer represented 2.1 % of total Group revenue.

NOTE 2: Intangible assets

<i>In thousands of euros</i>	12/31/2010			12/31/2009
	Gross	Depreciation	Net	Net
Software and other	893	779	114	91
Development expenditures	6,319	3,037	3,283	2,406
Intangible assets in progress	496		496	734
TOTAL INTANGIBLE ASSETS	7,708	3,816	3,892	3,230



Development expenditures recorded under intangible assets include:

- Costs incurred for the development of document process automation applications;
- Costs for the development of on-demand services and notably FlyDoc, the mail and fax outsourcing platform.

Changes in the fiscal year ended December 31, 2010

As of December 31, 2010 <i>In thousands of euros</i>	Opening balance	Increases	Decreases	Transfers	Currency effect	Closing balance
Software and other	817	75	-24		25	893
Development expenditures	4,450	1,227		642		6,319
Intangible assets in progress	734	404		-642		496
INTANGIBLE ASSETS – GROSS VALUE	6,001	1,706	-24	0	25	7,708
Software and other	726	54	-21		20	779
Development expenditures	2,044	992				3,037
INTANGIBLE ASSETS – AMORTIZATION	2,770	1,046	-21	0	20	3,816
INTANGIBLE ASSETS – NET VALUE	3,230	660	-3	0	4	3,892

Changes concerned primarily development expenditures recognized under intangible fixed assets in the period concerning notably:

- Development of versions 3.6 and 3.7 of the Esker on Demand service launched in early 2011;
- Developments undertaken on the next version of Esker DeliveryWare 6.0;
- Development of version 4.0 of the Esker on Demand service to be launched mid-2011.

Changes in the fiscal year ended December 31, 2009

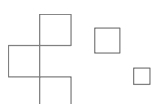
As of December 31, 2009 <i>In thousands of euros</i>	Opening balance	Increases	Decreases	Transfers	Currency effect	Closing balance
Software and other	853	33	-62		-7	817
Development expenditures	3,537	400		512		4,450
Intangible assets in progress	512	734		-512		734
INTANGIBLE ASSETS – GROSS VALUE	4,903	1,166	-62	0	-7	6,001
Software and other	733	52	-54		-5	726
Development expenditures	1,273	771				2,044
INTANGIBLE ASSETS – AMORTIZATION	2,006	823	-54	0	-5	2,770
INTANGIBLE ASSETS – NET VALUE	2,897	343	-8	0	-2	3,230

NOTE 3: Goodwill

The net value of goodwill of €358,000 at December 31, 2010 concerned Esker Inc. As an indefinite life fixed asset, this goodwill was tested for impairment according to the method described in the note "Impairment of fixed assets" under significant accounting policies.

For this purpose, a discount rate of 12.8% and a perpetuity growth rate of 3% were retained.

This test did not result in the recognition of an impairment loss on December 31, 2010. Impairment tests performed in the previous periods produced the same results.



NOTE 4: Property, plant and equipment

<i>In thousands of euros</i>	12/31/2010			12/31/2009
	Gross	Depreciation	Net	Net
Office and computer equipment	2,042	1,678	364	442
Fixtures and improvements	693	430	263	338
Machinery and equipment	2,505	1,282	1,223	1,224
Transportation equipment	47	47	(1)	6
Furniture	328	259	70	131
Tangible assets in progress	98		98	
TOTAL PROPERTY, PLANT AND EQUIPMENT	5,713	3,696	2,017	2,141

Changes in the fiscal year ended December 31, 2010

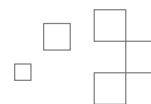
As of December 31, 2010 <i>In thousands of euros</i>	Opening balance	Increases	Decreases	Transfers	Currency effect	Closing balance
Office and computer equipment	1,928	182	-140		72	2,042
Fixtures and improvements	631	172	-143		32	693
Machinery and equipment	2,146	465	-139		33	2,505
Transportation equipment	46	1				47
Furniture	352		-24			328
Tangible assets in progress		98				98
PROPERTY, PLANT AND EQUIPMENT – GROSS VALUE	5,104	918	-445		137	5,713
Office and computer equipment	1,486	269	-141		63	1,678
Fixtures and improvements	293	131	0		6	430
Machinery and equipment	922	348			12	1,282
Transportation equipment	40	7				47
Furniture	221	44	-20		13	259
PROPERTY, PLANT AND EQUIPMENT – DEPRECIATION	2,963	800	-161		95	3,696
PROPERTY, PLANT AND EQUIPMENT – NET VALUE	2,141	118	-284		42	2,017

Significant changes in the period concerned notably:

- Investments for computer equipment and fixtures following the move at the end of January 2011 of the mail processing platform from Villeurbanne to Décines;
- Finance leases recorded under intangible assets (acquisition of €463,000 in the period) concerning equipment required for the Group mail facilities: a printing and registered mail processing system (see below note 5).

Changes in the fiscal year ended December 31, 2009

As of December 31, 2009 <i>In thousands of euros</i>	Opening balance	Increases	Decreases	Transfers	Currency effect	Closing balance
Office and computer equipment	2,055	162	-266		-23	1,928
Fixtures and improvements	610	49	-28		1	631
Machinery and equipment	2,033	102			12	2,146
Transportation equipment	68	3	-25			46
Furniture	361	7	-6		-9	352
PROPERTY, PLANT AND EQUIPMENT – GROSS VALUE	5,125	323	-325		-20	5,104
Office and computer equipment	1,347	342	-179		-24	1,486
Fixtures and improvements	228	89	-25		1	293
Machinery and equipment	577	340			6	922
Transportation equipment	54	8	-21			40
Furniture	192	43	-6		-7	221
PROPERTY, PLANT AND EQUIPMENT – DEPRECIATION	2,397	821	-232		-24	2,963
PROPERTY, PLANT AND EQUIPMENT – NET VALUE	2 728	(498)	-93		4	2 141



NOTE 5: Finance leases

Finance leases recognized under equipment and tooling in the period concerned printing machines and inserting machines for outsourced on-demand mail delivery services.

In 2010, the Group invested in printers and a registered mail processing machine.

<i>In thousands of euros</i>	Gross	Accumulated amortization	Net
As of December 31, 2008	1,875	-541	1,334
Increase		-337	-337
Decrease			
Translation difference	17	-7	10
As of December 31, 2009	1,892	-885	1,007
Increase	463	-355	108
Decrease	-138	58	-80
Translation difference	18	-10	8
As of December 31, 2010	2,235	-1,192	1,043

Finance lease commitments for the periods ended December 31, 2010 and 2009 break down as follows:

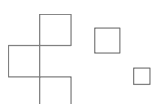
<i>In thousands of euros</i>	12/31/2010				12/31/2009			
	Less than 1 year	2 - 5 years	More than 1 year	TOTAL	Less than 1 year	2 - 5 years	More than 1 year	TOTAL
Total value of future minimum lease payments	452	508	0	960	422	598	0	1,020
Discounted value of future minimum lease payments	400	438	0	838	393	507	0	900

NOTE 6: Other non-current assets

Other non-current assets consisted of Group research tax credits. As they were immediately recoverable in the fiscal year, they were reclassified under current assets at December 31, 2010.

NOTE 7: Other current assets

<i>In thousands of euros</i>	Net 12/31/2010	Net 12/31/2009
Tax receivables	87	0
Other tax receivables	243	183
Other receivables	171	111
Prepaid expenses	676	394
TOTAL OTHER CURRENT ASSETS	1,177	688



NOTE 8: Shareholders' equity

	Amount <i>(in thousands of euros)</i>	Number of shares
Capital stock as of December 31, 2008	8 812	4 406 265
Capital increase	88	44,000
Exercise of stock options and warrants	66	33,161
Capital stock at 12/31/2009	8,966	4,483,426
Capital increase	20,	10,000
Exercise of stock options and warrants	42	21,049
CAPITAL STOCK as of December 31, 2010	9,029,	4,514,475

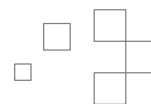
The Company is subject to no specific regulatory or contractual obligations in respect to the share capital. The Group does not have a specific policy concerning share capital. The balance between recourse to external financing and equity financing through capital increases by the issue of new shares is assured on a case-by-case basis according to the transactions under consideration. Share capital monitored by the Group includes the same components as consolidated shareholders' equity.

NOTE 9: Treasury shares

Changes in treasury shares held by the Group in fiscal 2010:

	FY 2010	FY 2009
Opening balance	21,665	37,326
Purchase of own shares (liquidity agreement)	130,436	120,312
Sale of own shares (liquidity agreement)	-96,585	-135,973
Exercise of options	0	0
Closing balance	55,516	21,665

Capital gains from disposals in connection with the purchase and sale of treasury shares under the liquidity agreement totaling €31,000 in 2010 were allocated directly to shareholders' equity and had no impact on the income statement of the period.



NOTE 10: Stock option and warrants plans

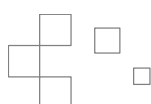
Highlights of plans for stock options, stock purchase options and warrants outstanding at December 31, 2010 are presented below

Type	Dates		Exercise price in euros	Number of options			Balance
	Grant	Expiry		granted	exercised	matured or forfeited	
Stock option plan	01/04/05	01/03/10	3.10	80,529	50,738	29,791	0
Stock option plan	07/04/05	07/03/10	4.89	37,380	18,318	19,062	0
Stock option plan	01/09/06	01/08/11	4.96	128,524	9,823	23,913	94,788
Stock option plan	07/04/06	07/03/16	5.58	99,630	718	4,802	94,110
Stock option plan	01/02/07	01/01/17	7.21	88,796		36,037	52,759
Stock option plan	07/02/07	07/01/17	10.12	69,606		18,389	51,217
Stock option plan	07/08/08	07/07/18	4.07	68,600	1,000		67,600
Stock option plan	04/03/09	04/02/19	2.74	118,300	3,087	9,369	105,844
Stock option plan	06/01/10	05/31/20	6.37	48,000			48,000
TOTAL STOCK OPTION PLANS				739,365	83,684	141,363	514,318
Stock warrants	06/23/04	22/06/19	3.88	200,000	31,300		168,700
TOTAL STOCK WARRANTS				200,000	31,300	0	168,700
Bonus share issues	04/03/09	04/02/11		51,000			51,000
Bonus share issues	06/01/10	05/31/12		41,500			41,500
TOTAL BONUS SHARES				92,500	0	0	92,500

	Stock options		Stock warrants		Bonus shares granted, not issued	
	Quantity	Weighted average exercise price in €	Quantity	Weighted average exercise price in €	Quantity	Weighted average exercise price in €
Balance exercisable as of December 31, 2009	503,275	5.27	169,700	3.88	61,000	3.30
Granted	48,000	6.37			41,500	6.60
Exercised	-20,049	4.54	-1,000	3.88	-10,000	2.79
Matured or forfeited for reason of departure	-16,908	6.08			0	0.00
Balance exercisable as of December 31, 2010	514,318	5.37	168,700	3.88	92,500	4.84

Share-based payments

In accordance with IFRS 2 grants of stock options and warrants represent share-based payments. The estimated cost of these share-based payments is €343,000 for exercise rights vested in fiscal 2010 versus €360,000 for 2009.



Valuation of stock options

Options were measured at fair value according to the accounting method described herein. This method is based notably on the following data and assumptions.

Grant date	Expected volatility	Risk-free rate	Option life	Dividend yield	Subscription price	Fair value of the option
01/04/2005	25%	3.00%	5 years	0.00%	3.10	0.89
07/04/2005	25%	3.00%	5 years	0.00%	4.89	1.78
01/09/2006	25%	3.00%	5 years	0.00%	4.96	1.66
07/04/2006	25%	3.00%	5 years	0.00%	5.58	1.75
01/02/2007	25%	3.00%	5 years	0.00%	7.21	2.17
07/02/2007	25%	3.00%	5 years	0.00%	10.12	3.31
07/08/2008	25%	3.00%	5 years	0.00%	4.07	1.03
04/03/2009	25%	2.50%	5 years	0.00%	2.74	1.24
06/01/2010	25%	2.50%	5 years	0.00%	6.37	2.58

Valuation of bonus shares

Bonus shares granted from 2008 to 2010 were measured at fair value according to the following assumptions:

Bonus share grant date	Share price on the grant date	Vesting period	Probability of meeting the condition of presence at the end of the vesting period
11/03/2008	2.79	2 years	90.91%
04/03/2009	3.40	2 years	90.91%
06/01/2010	6.60	2 years	90.91%

The maximum expense representing the fair value of shares takes into account the probability of presence at the end of the vesting period and is amortized over a two-year period. For fiscal 2010, the calculated expense amounted to €165,000. This amount will be subsequently adjusted on the basis of the actual ratio for employees leaving the company during this period.

NOTE 11: Provisions

<i>In thousands of euros</i>	01/01/2010	Increases, Allowances of the period	Payments in the period	Reversals of provisions unused in the period	Other changes	12/31/2010
Provisions for contingencies	0					0
<i>Of which the current portion</i>						
<i>Of which the non-current portion</i>	0					0

NOTE 12: Employee benefits

Commitments for retirement severance payments for Esker France employees have been measured according to the method described under significant accounting policies. At December 31, 2010 this liability represented €62,000 and was calculated on the basis of the following assumptions:



Assumptions for the measurement of retirement commitments in France

• Discount rate	4.50%
• Rate of salary increases	2.50%
• Retirement age	65 years
• Employee turnover rate	10.28%

In addition, severance benefits payable to employees of the subsidiary Esker Italy totaled €128,000 at December 31, 2010 and break down as follows:

<i>In thousands of euros</i>	12/31/2009	Increases in the period	Payments in the period	Other changes	12/31/2010
Severance benefits – Esker Italy	113	25	10		128

NOTE 13: Borrowings

<i>In thousands of euros</i>	12/31/2010	12/31/2009
OSEO Anvar loan	923	803
Finance leases	935	978
Bank debt	35	0
TOTAL BORROWINGS	1,893	1,781
<i>Current portion</i>	805	513
<i>Non-current portion</i>	1,087	1,256

OSEO Anvar debt

In fiscal 2006, OSEO Anvar granted Esker France funding for innovation of €580,000 for its development project for automation infrastructure for on-demand mail delivery. OSEO Anvar provided funding of €230,000 in the 2006 second half followed by €230,000 in the 2007 first half. The balance of €120,000 was paid by OSEO Anvar in March 2008.

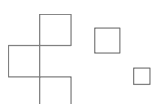
Except if the program is technically or commercially unsuccessful, funding granted must be reimbursed over a four-year period starting from September 30, 2009. In 2009, a first installment of €100,000 was repaid.

In fiscal 2008, OSEO Anvar provided Esker France innovation funding for two projects for a total of €995,000. A first amount for €450,000 concerned the project to develop a fully parameterizable automated mail platform. Of this amount, €180,000 has already been paid by OSEO Anvar for this project. In December 2010, the company decided to discontinue this project and the €180,000 was repaid to OSEO Anvar on January 31, 2011.

The second amount for €545,000 concerned the project to develop document process automation solutions on a SaaS (Software as a Service) basis. Of this funding, €218,000 was paid by OSEO Anvar in January 2009 and July 2010 with the remaining balance to be paid no later than August 31, 2011.

Except if the program is technically or commercially unsuccessful, the funding granted must be reimbursed over a four-year period starting from March 31, 2012.

This debt that is not subject to interest or a predefined date of re-payment, was subject to a discount rate over the period based on 5-year French treasury notes (OAT). At December 31, 2010, the discounted value totaled €923,000 and the €33,000 difference was recognized under financial expense for the period.



Finance leases

Borrowings recognized represent the reverse entry of capitalized finance leases as described above in note 5.

NOTE 14: Other current liabilities

<i>In thousands of euros</i>	12/31/2010	12/31/2009
Deferred revenue	5,853	5,427
Customer deposits and guarantees	1,032	756
Other payables	25	33
TOTAL OTHER CURRENT LIABILITIES	6,910	6,216
<i>Of which deferred revenue > 1 year</i>	43	320

Deferred revenue concerns primarily maintenance contracts for which sales are recognized on a straight-line basis over the duration of the contract.

NOTE 15: Financial instruments

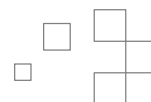
Financial assets

Presentation of different categories of financial assets as of December 31, 2010.

As of December 31, 2010 <i>In thousands of euros</i>	Available-for-sale securities	Loans and receivables	Financial assets at fair value through profit or loss	Total balance sheet
Other non-current financial assets		281		281
Trade and other receivables		9 208		9 208
Cash and cash equivalents			9 105	9 105
TOTAL FINANCIAL ASSETS	0	9 489	9 105	18 594

Other non-current assets consist primarily of deposits and guarantees paid by the Group.

As of December 31, 2009 <i>In thousands of euros</i>	Available-for-sale securities	Loans and receivables	Financial assets at fair value through profit or loss	Total balance sheet
Other non-current financial assets		239		239
Trade and other receivables		6,957		6,957
Cash and cash equivalents			7,390	7,390
TOTAL FINANCIAL ASSETS	0	7,196	7,390	14,586



Loans and receivables at amortized cost*In thousands of euros*

	12/31/2010			12/31/2009		
	Gross	Depreciation	Net	Gross	Depreciation	Net
Deposits and guarantees	211		211	175		175
Other receivables and fixed securities	70		70	64		64
Loans to personnel	0		0	0		0
Trade receivables	9,282	-299	8,983	6,887	-99	6,788
Advances and installments paid	31		31	34		34
Credits receivable	86		86	28		28
Research tax credit	87		87	92		92
Other receivables	21		21	15		15
TOTAL LOANS AND RECEIVABLES	9,788	-299	9,489	7,295	-99	7,196

Financial assets measured at fair value through profit or loss*In thousands of euros*

	12/31/2010			12/31/2009
	Current	Non-current	Total	Total
Derivative financial instruments	0		0	0
Financial instruments measured at fair value through profit or loss excluding derivatives	777		777	1,966
Cash and cash equivalents	8,328		8,328	5,424
TOTAL	9,105		9,105	7,390

Financial assets measured at fair value through profit or loss correspond to cash and cash equivalents recognized in the balance sheet for €9,105,000 at December 31, 2010. Marketable securities held for trading and sale within the near future and recognized in the balance sheet under "Cash and cash equivalents" totaled €777,000 at December 31, 2010 and were recognized at market value in accordance with the methods described under significant accounting policies.

Income from financial assets held for trading at December 31, 2010 totaled €31,000 versus €282,000 at the end of 2009.

The financial risk management policy is presented in note 16 of the financial statements.

The fair value of all these financial assets equals their balance sheet value.

Financial liabilities

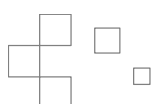
Different categories of financial liabilities at December 31, 2010.

In thousands of euros

	12/31/2010			12/31/2009
	Current	Non-current	Total	Total
Borrowings	805	1,087	1,892	1,781
Trade and other payables	3,134		3,134	1,912
TOTAL FINANCIAL LIABILITIES	3,939	1,087	5,026	3,693

Borrowings

Borrowings are analyzed in note 13.



Trade and other payables

<i>In thousands of euros</i>	12/31/2010	12/31/2009
Trade payables	3,078	1,879
Advances and down payments received	12	17
Credits to be issued	14	1
Salaried suppliers	30	15
TOTAL TRADE AND OTHER PAYABLES	3,134	1,912

The fair value of financial liabilities equals their balance sheet value. The discounted amount of the OSEO Anvar loan is disclosed in note 16 of the financial statements.

NOTE 16: Management of risks associated with financial instruments**Credit risk**

Esker sells products to customers from a diversified range of sectors in a number of countries. This reduces its exposure to credit risk. The Company regularly evaluates trade receivable risks and permanently monitors outstanding trade receivables in relation to the maximum authorized amount.

Presentation of trade receivables due by date at December 31 for 2010 and 2009 respectively:

<i>In thousands of euros</i>	Receivables due on the closing date					Receivables not depreciated	Receivables not depreciated or due	Total
	0-3 months	3-6 months	6-12 months	> 1 year	Total	Total	Total	
Receivables at 12/31/ 2010	2,040	135	33	0	2,208	299	6,775	8,983
Receivables at 12/31/2009	1,319	38	41	0	1,398	99	5,391	6,789

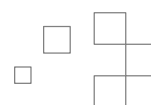
Liquidity risk

At the end of 2010, Esker Group's financial debt consisted of a €35,000 bank loan, the OSEO Anvar loan and debt associated with the restatement of finance leases. The Group also has a significant cash surplus providing adequate resources to finance operations.

The undiscounted contractual flows of outstanding financial liabilities by maturity date are presented as follows at December 31, 2010 and December 31, 2009:

As of December 31, 2010 <i>In thousands of euros</i>	2011	2012	2013	2014	2015	> 5 years	Total	Total carrying value
OSEO Anvar loan	330	290	128	140	78	0	966	925
Finance lease debt	430	296	75	73	60	0	934	934
TOTAL FINANCIAL LIABILITIES	760	586	203	213	138	0	1,900	1,859

As of December 31, 2009 <i>In thousands of euros</i>	2010	2011	2012	2013	2014	> 5 years	Total	Total carrying value
OSEO Anvar loan	130	150	370	228	0	0	878	803
Finance lease debt	386	359	230	3	0	0	978	978
TOTAL FINANCIAL LIABILITIES	516	509	600	231	0	0	1,856	1,769



Foreign exchange risk and analysis of sensitivity

The Group's foreign subsidiaries invoice customers in their local currency. In consequence, 30% of Group sales are in euros. Foreign exchange risks incurred by Esker concern primarily intercompany transactions (invoicing of products, services, royalties) in USD, GBP and AUD. Most of the transactions between subsidiaries are carried out with the parent company that in consequence incurs the foreign exchange risk.

The existing procedure for hedging foreign exchange risks is based on the analysis and monitoring of:

- Medium-term currency and economic trends;
- Existence of an established date for the collection of receivables and settlement of payables;
- The volatility of the relevant currencies.

An estimation of foreign exchange risk from an adverse one cent change for the euro (the currency used for the preparation of financial statements) against the USD, GBP and AUD (for example with the exchange risk for USD determined on the basis of an increase in the exchange rate of €1.32 for one dollar to €1.33) is provided below:

As of December 31, 2010 <i>In thousands of euros</i>	USD	GBP	AUD	SGD
Assets	607,856	1,008,239	679,517	116,509
Liabilities	-56,637	-30,859		0
Position before hedging	551,219	977,380	679,517	116,509
Hedging instruments	None	None	None	None
Net position after hedging	551,219	977,380	679,517	116,509
Foreign exchange risk on the basis of a negative currency effect of 1 euro cent	-3,137	-13,185	-3,259	-360

In compliance with AMF Interpretation 2 on risk factors, foreign exchange risks are calculated for the total net position of foreign currencies in the balance sheet. However, sales in the US accounted for close to 41 % of this total and contributed approximately €4,424,000 to the Group's current operating income before corporate expenses incurred by France.

The main foreign exchange risk of the Group in consequence concerns this contribution. Any significant change in the US dollar reduces the US contribution for the coverage of corporate expenses stated in euros. In fiscal 2010, the negative impact on Group operating profit of a 10 cent decline in the US dollar in relation to the euro would be €310,000. At constant exchange rates in relation to 2009, the contribution margin generated by the US would be less than €240,000.

Interest-rate risks

At the end of 2010, Esker Group did not hold any significant interest-bearing financial instruments. In consequence, the interest rate risk can be considered as nonexistent.

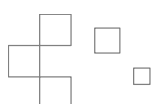
Equity risks

Investment securities held by the Group consist exclusively of capital guaranteed products and consequently do not result in any risks for the Group. The amounts in the closing balance are presented in note 15 of this document.

The Group also has a portfolio of treasury shares designed notably for the following purposes (note 10):

- Ensuring the orderly trading of the company's share through a liquidity agreement concluded with an investment service provider acting on an independent basis;
- Granting stock purchase options to Group employees.

As described in the section on significant accounting policies, treasury shares are recognized as a deduction from shareholders' equity and gains and losses that may arise on transactions are recognized directly in reserves without impacting consolidated Group earnings.



NOTE 17: Net sales

<i>In thousands of euros</i>	12/31/2010	12/31/2009
Software sales	4,678	5,279
Fax card sales	1,370	864
Contracts for product updates and maintenance	9,049	8,480
Services	5,010	3,754
Traffic	12,597	9,104
NET SALES	32,704	27,481

NOTE 18: Research and development expenses

<i>In thousands of euros</i>	12/31/2010	12/31/2009
R&D expenses for the period	-3,931	-3,336
Capitalized development expenditures	1,631	1,134
Amortization of capitalized development expenditures	-992	-771
RESEARCH AND DEVELOPMENT EXPENSES NOT CAPITALIZED	-3,292	-2,973

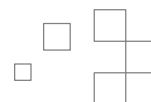
An analysis of development expenditures recorded under intangible assets in fiscal 2010 is presented in note 2.

NOTE 19: Staff costs

<i>In thousands of euros</i>	12/31/2010	12/31/2009
Employee compensation	14,697	12,521
Social security expenses	4,600	4,008
Expenses related to share-based payments	343	360
STAFF COSTS	19,640	16,889

Breakdown of personnel by country:

	France	Germany	United Kingdom	Southern Europe	Australia, Asia	USA	TOTAL
Headcount at 12/31/2010	133	4	12	15	22	72	258
Headcount at 12/31/2009	123	5	13	13	16	75	245
Headcount at 12/31/2008	127	8	17	18	13	88	271



NOTE 20: Non-current operating income and expenses

<i>In thousands of euros</i>	12/31/2010	12/31/2009
Employee-related litigation, legal and other costs	-53	-26
Realized/unrealized currency gains and losses	245	168
OTHER OPERATING INCOME AND EXPENSES	192	142

In fiscal 2010, net currency gains totaled €245,000 that included foreign exchange gains of €97,000 and unrealized foreign exchange losses of €148,000.

Foreign exchange risks of the Group concerned primarily inter-company transactions in USD, GBP and AUD (see note 16 concerning the management of risks associated with financial instruments). Unrealized currency losses were adversely impacted notably by very unfavorable foreign exchange trends of the US dollar for the period.

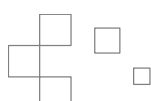
NOTE 21: Income taxes**Analysis of tax expenses**

<i>In thousands of euros</i>	12/31/2010	12/31/2009
Current tax income / (expense)	-282	-76
Deferred tax income / (expense)	63	395
TOTAL TAX EXPENSES/INCOME	-219	319

Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities break down as follows:

<i>In thousands of euros</i>	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
BALANCE As of December 31, 2008	1,244	0
Deferred taxes in the period recognized under profit or loss	395	0
Effect of exchange rate fluctuations	-42	0
BALANCE As of December 31, 2009	1,597	0
Deferred taxes in the period recognized under profit or loss	63	0
Effect of exchange rate fluctuations	122	0
BALANCE As of December 31, 2010	1,782	0



As of December 31, 2010, the Group had tax loss carryforwards not resulting in the recognition of deferred tax assets for the following amounts presented by date of expiration:

<i>In thousands of euros</i>	12/31/2010	12/31/2009
2010		171
2011	50	50
2012	307	307
2013	585	585
> 2013	10,245	12,899
TOTAL	11,187	14,012
<i>Of which indefinite carryforwards</i>	<i>9,362</i>	<i>10,710</i>

Reconciliation of tax

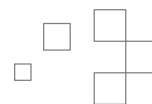
<i>In thousands of euros</i>	12/31/10	12/31/09
Net income	1,474	1,157
- Share of income from equity-accounted associates	0	0
- Tax expense/income recognized	219	-319
Net income before tax	1,693	838
Ordinary tax rate of the parent company	33.33%	33.33%
Theoretical tax expense/income	-564	-279
- Permanent tax differences	592	-156
- Tax savings on loss carryforwards	412	1,164
- Non-recognition of deferred tax assets from loss carryforwards	-405	22
- Temporary tax differences	-404	-267
- Tax rate difference	148	-146
- Other	1	-19
TAX EXPENSE/INCOME RECOGNIZED	-219	319

NOTE 22: Earnings per share

Basic net earnings per share and diluted net earnings per share are calculated by dividing the portion of net income reverting to the Group by the appropriate number of shares. For basic net earnings per share, this is the weighted average number of ordinary shares outstanding after excluding treasury shares held by the company.

For diluted net earnings per share, the calculation is based on the weighted average number of potential shares outstanding in the period. This includes notably shares taken into account to calculate basic net earnings per share plus dilutive stock options, warrants and bonus shares.

	12/31/2010		12/31/2009	
	Net earnings (in euros)	Weighted average number of shares	Net earnings (in euros)	Weighted average number of shares
Basis of calculation for basic earnings per share	1,474,000	4,483,426	1,157,000	4,483,426,
Dilutive stock options	N/A	77,870	N/A	24,151
Dilutive bonus shares	N/A	75,208	N/A	47,967
Dilutive stock warrants	N/A	65,782	N/A	N/A
Basis of calculation for diluted earnings per share	1,474,000	4,702,287	1,157,000	4,555,544,
Basic earnings per share	0.33		0.26	
Diluted earnings per share	0.31		0.25	



NOTE 23 : Transactions with related parties**Commercial relations between majority-owned Esker Group companies**

In connection with commercial relations between Esker Group member companies, amounts are invoiced for the following:

- Sales of products by the parent company to subsidiaries;
- Royalties;
- Re-invoicing of marketing expenses;
- Re-invoicing of staff costs;
- Interest on advances.

All these transactions are carried out on an arms-length basis and fully eliminated in the consolidated financial statements.

Other transactions with related parties

Compensation and benefits of any nature paid to corporate officers considered as related parties are presented below.

As of December 31, 2010 In thousands of euros	Compensation paid (gross)	Nature of compensation paid			
		Fixed salary, fees	Variable compensation	Benefits in kinds	Attendance fees
Members of the Executive Board	397	251	139	7	0
Members of the Supervisory Board	72	60		0	12
TOTAL	469	311	139	7	12

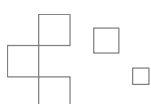
NOTE 24: Off-balance-sheet commitments and contingent liabilities

Off-balance sheet commitments and contingent liabilities are presented below.

Contractual obligations (in thousands of euros)	TOTAL	Payables by maturity			Expense of the period
		Less than 1 year	1 - 5 years	More than 1 year	
Long-term debt	-				
Lease finance obligations	Information disclosed in note 5				
Operating leases	6,333	1,445	4,888	0	1,537
Irrevocable purchase obligations	-				
Other long-term obligations	-				
TOTAL	6,333	1,445	4,888	0	1,537

Most lease agreements concern premises occupied by Group companies. Lease terms (from three to five years), price index clauses and renewal conditions are specific for each country.

Other leases concern inserting and postage machines in France and a fleet of vehicles.



Commitments by period

Other commitments given and received (in thousands of euros)	TOTAL	Commitments by period		
		Less than 1 year	1 - 5 years	More than 1 year
Credit lines(*)	0			
Letters of credit	-			
Guarantees	-			
Repurchase obligation	-			
Pledges, mortgages and collateral	-			
Other commitments given	-			
TOTAL COMMITMENTS GIVEN				
Other commitments received				
TOTAL COMMITMENTS RECEIVED				

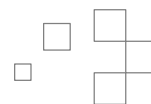
(*) Undrawn authorized credit lines: €500,000

NOTE 25: Fees paid to auditors and members of their network incurred by the Group

	Deloitte & Associés				Orfis Baker Tilly				Other			
	2010		2009		2010		2009		2010		2009	
	€ex-VAT	%	€ex-VAT	%	€ex-VAT	%	€ex-VAT	%	€ex-VAT	%	€ex-VAT	%
AUDIT												
Work as statutory auditors and certification of separate and consolidated financial statements												
- for the Issuer	36,000	60%	47,700	62%	24,000	40%	29,300	38%	0	0%	0	0%
- for fully consolidated subsidiaries	0	0%	0	0%	27,259	61%	30,444	67%	17,616	39%	15,157	33%
Accessory assignments												
- for the Issuer												
- for fully consolidated subsidiaries												
Subtotal / Audit services	36,000	34%	47,700	39%	51,259	49%	59,744	49%	17,616	17%	15,157	12%
OTHER SERVICES												
Legal, tax and employee-related services												
- for the Issuer												
- for fully consolidated subsidiaries					1,551	18%	,	,	7,222	82%	2,882	100%
Other												
- for the Issuer												
- for fully consolidated subsidiaries												
Subtotal / Other Services	0		0		1,551	18%	0	,	7,222	82%	2,882	100%
TOTAL	36,000	32%	47,700	38%	52,809	46%	59,744	48%	24,837	22%	18,040	14%

NOTE 26: Post-closing events

No significant events have been identified.



11. STATUTORY AUDITORS' REPORT

ORFIS BAKER TILLY S.A.
Le Palais d'Hiver
149 boulevard de Stalingrad
69100 Villeurbanne

DELOITTE & ASSOCIES
Immeuble Park Avenue
81 boulevard de Stalingrad
69100 Villeurbanne

ESKER

Société Anonyme
Immeuble GEO CHAVEZ
10 rue des Emeraudes
69006 LYON

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2010

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The statutory auditors' report on the consolidated financial statements includes information specifically required by French law in all audit reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report on the consolidated financial statements should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

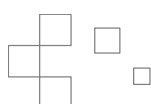
In accordance with our appointment as statutory auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2010 on:

- the audit of the accompanying consolidated financial statements of Esker,
- the justification of our assessments,
- the specific verification required by law.

The consolidated financial statements have been approved by the Management Board. 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 practice 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, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant



estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities, the financial position of the Group as of December 31, 2010 and of the results of its operations for the year then ended in accordance with IFRSs 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: :

- The "Intangible assets" paragraph in Note 1 describes the accounting rules and methods relating to the recognition, amortisation and measurement of development costs. With respect to our assessment of the accounting policies adopted by the company, we analysed the appropriateness of these rules and methods and their implementation and verified that Note 1 provides appropriate disclosure in this regard;
- The "Income taxes and deferred taxes" paragraph in Note 1 describes the accounting rules and methods relating to the recognition of deferred tax assets arising from tax loss carry-forwards. We analysed the appropriateness of these rules and methods and assessed the data and assumptions on which these estimates were based.

These assessments were performed as part of our audit approach for the consolidated financial statements taken as a whole and contributed to the expression of our opinion in the first part of this report.

III. Specific procedure

We have also verified the information on the Group provided in the management report, in accordance with professional practice standards applicable in France.

We have no comment to make as to its fair presentation and consistency with the consolidated financial statements.

Villeurbanne, 29 April 2011
The Statutory Auditors

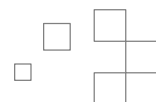
[French original signed by]

ORFIS BAKER TILLY S.A.

DELOITTE & ASSOCIES

Jean-Louis Fleche Valérie Malnoy

Alain Descoins





ESKER FRANCE ■ HEADQUARTERS

Esker SA
10 rue des Emeraudes
69006 Lyon
France
Tel : +33 (0) 4 72 83 46 46
Fax : +33 (0) 4 72 83 46 40
Email : info@esker.fr
www.esker.fr

UNITED STATES

Esker Inc.
1212 Deming Way
Suite 350
Madison, WI 53717
Tel : 800.368.5283
Fax : +1 608.828.6001
Email : info@esker.com
www.esker.com

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