aubay

2005 annual report

the ability
to foresee
innovation

www.aubay.com

Contents

Chairman's message

2005 proved another outstanding year for Aubay and one in which the Group surpassed each of its targets. Sales for the year stood at € 71.5 million (€ 87 million pro forma), with the company also able to marry a sustained organic growth rate of 8% with a dynamic acquisitions policy. Two strategic acquisitions were completed in France where the Group's development potential remains high. In addition, 2005 saw Aubay consolidate its positioning in Italy with the acquisition of a majority stake in the capital of a company that has operations in both Rome and Milan.

As announced, Aubay pursued its active recruitment policy throughout the year, and even exceeded forecasts in topping the symbolic mark of 1,000 employees. This dynamic policy which is clearly linked to the Group's sound management structures enabled us to improve on profitability within each of our subsidiaries, both in France and abroad. With an operational margin of 8 %, Aubay once again ranks amongst the highest performers in its sector.

Given these excellent results and 125 % increase in net income, the Group is delighted to offer its shareholders dividends for the year of € 0.07 per share, up 16 % on the previous period.

In a market in which all indicators are extremely positive, 2006 should see Aubay realize its target in terms of turnover of € 100 million one year ahead of schedule, and achieve an operating margin of 10% as of 2007.

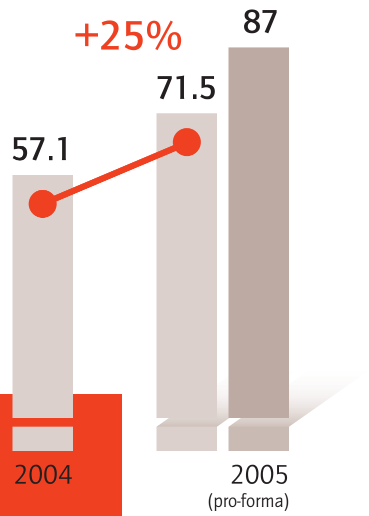
Accordingly, the Group has redefined its medium-term development strategy. Today, we are aiming for sales of € 200 million between now and 2010 for a payroll approximately 2,500. This on the back of an organic growth rate of around 10 to 15% per year, namely twice the standard market rate, as well as on the back of a number of targeted acquisitions.

I am confident of our ability to generate sustained, lasting and profitable growth and thus further reinforce your faith in the Group's future.

Christian Aubert
Chairman

Key figures

Sustained turnover growth: +25%



Turnover
(€ million)

70% of turnover realized outside France

Breakdown of turnover by geographical area

	2004	2005	
Bel/Lux [1]	41%	**40%**	+25%
France	29%	**30%**	+29%
Italie	21%	**21%**	+23%
Espagne	9%	**9%**	+21%

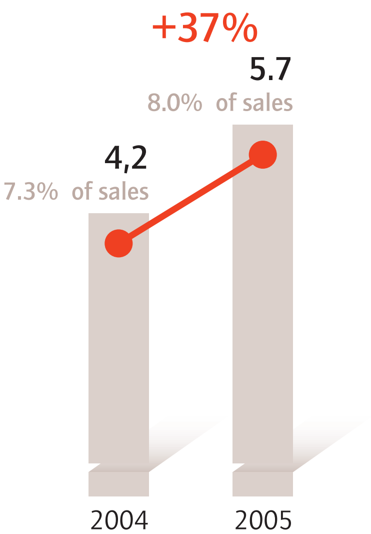
(1) Belgium and Luxembourg

Sustained organic growth of +8%

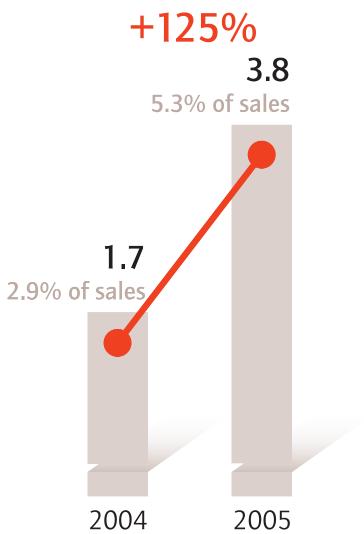
Breakdown of turnover by market/industry sector

	2004	2005
Financials	30%	**31%**
Public sector	25%	**29%**
Services	19%	**15%**
Industry	14%	**10%**
Telecoms	10%	**13%**
Retail and Distribution	2%	**2%**

An operating margin of 7.3% that ranks as one of the best in the business

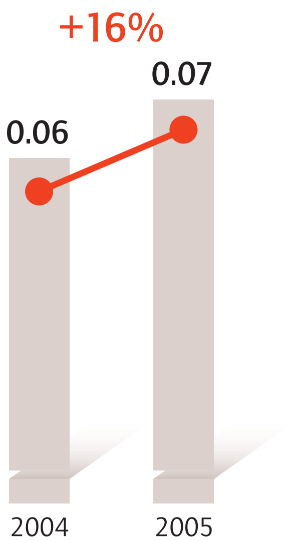


Operating income
(€ million)

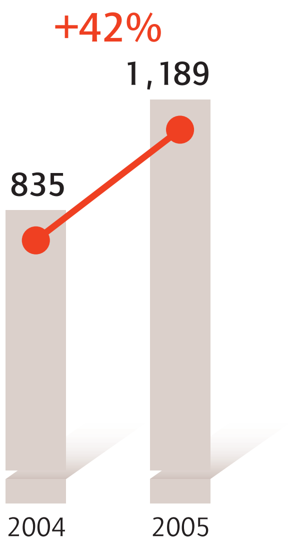


Net income
(€ million)

Over 1,000 payroll



Dividends
(in €)



Payroll
(as at December 31)

Our business

From the very outset, two distinguishing features have set Aubay apart from the competition: its business of **new technologies consulting** and its geographical presence across **Europe.**

Our major strength: two distinguishing features

New technologies consulting

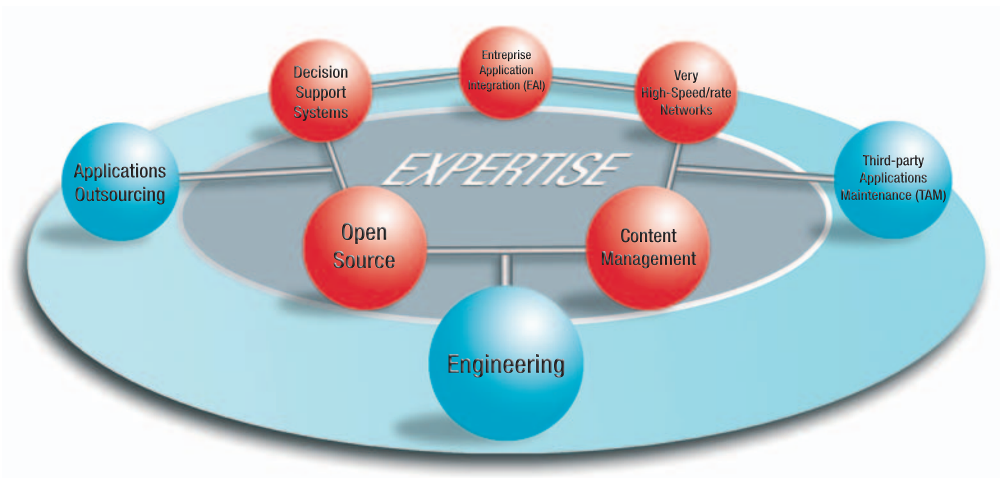
Aubay operates in five specialist areas that it has developed in line with technological changes and the needs of its main customers.

Building on its two historical business lines of **complex environment technical architectures** and **very high-speed networks**, Aubay subsequently extended its offer to cover **decision support systems, open source** and **content management.**

Today, Aubay aims to draw upon these various areas of expertise in targeting a broader market spectrum via its applications outsourcing,

Sound positioning and strong growth potential

As it intervenes well upstream of most processes, Aubay is ideally placed to offer an extensive range of services that are **minutely tailored to the specific needs** of each customer:



An impressive client portfolio

Thanks to the loyalty of its customers and quality of its services, Aubay enjoys a high contract renewal rate, making it a **key market player**.

Indeed, the Group boasts an impressive portfolio of **major customers across Europe** and constantly seeks to attract new customers.

Aubay's ten largest customers

Belgian Federal Police, Société Générale, EU Institutions, EMC, Telefónica, Alcatel, France Télécom, IW Bank, HP, Crédit Agricole.

A presence in five European countries

Aubay's mission is to meet the needs of its major customers in adapting to new technologies, Europe-wide.

Our strength: our customers and staff

Aubay's workforce at the end of 2005

1,189 employees, 92% first-rate engineers, a productivity rate of between 90% and 91% with 92% of the workforce invoicing their services.

www.aubay.com

The Management Team

Christian Aubert
Chairman

Corporate Center

Philippe Rabasse
Chief Executive Officer

Davis Fuks
Chief Financial Officer

Vincent Gauthier
Deputy Chief Executive Officer in charge of Legal Affaires

Christophe Andrieux
Deputy Chief Executive Officer
France

Paolo Riccardi
Chief Executive Officer
Italy

Operational Management

Gérard Lucente
Chief Executive Officer
Spain

Luc Toorens
Chief Executive Officer
Belgium, Luxembourg

Joël Sanzot
General Manager
Luxembourg

Market data

Calendar

May 10, 2006
General Meeting
Turnover for Q1 2006

June 5, 2006
Dividend payment

August 2, 2006
Turnover for H1 2006

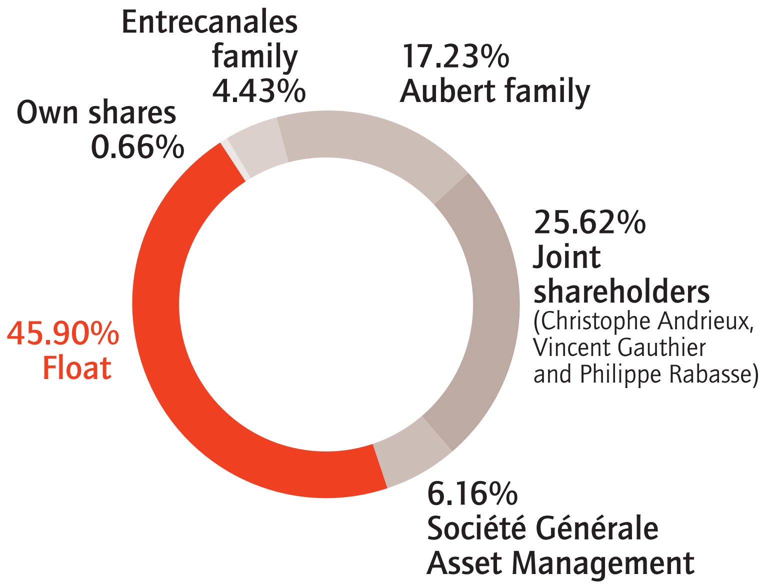
September 26, 2006
Results for H1 2006

November 14, 2006
Turnover for Q3 2006

February 13, 2007
2006 Turnover

March 2007
2006 Results

Shareholder base



Breakdown of capital
(and voting rights)

Euronext
Eurolist category C
Segment: NextEconomy
ISIN: FR0000063737-AUB
Reuters: AUBT.PA
Bloomberg: AUB
12,256,016 shares with a par value of € 0.5

Shares

Share-price trends
(in € from May 2005 to April 2006)

www.aubay.com

01

Consolidated Management Report

History, objectives and strategy of the Group

Aubay was created at the end of 1997 by Christian Aubert, and in just eight years has established itself as a major European player specialized in key technologies.

Created by engineers, Aubay has always aimed to rise above its competitors thanks to its technological added value. The development of specialized business lines offering a genuine competitive edge and significant market potential has been the springboard for the Group's expansion.

This multi-division structure has two major advantages:

- it offers better resilience to market changes and fluctuations;
- these areas of expertise set the Group apart from its non-specialized competitors, increasing its appeal to new clients.

As such, the following specialized business lines have been developed and adapted across all Group locations:

- Entreprise Application Integration (EAI),
- Very High-Speed/rate Networks,
- Decision Support Systems,
- Content Management,
- Open Source.

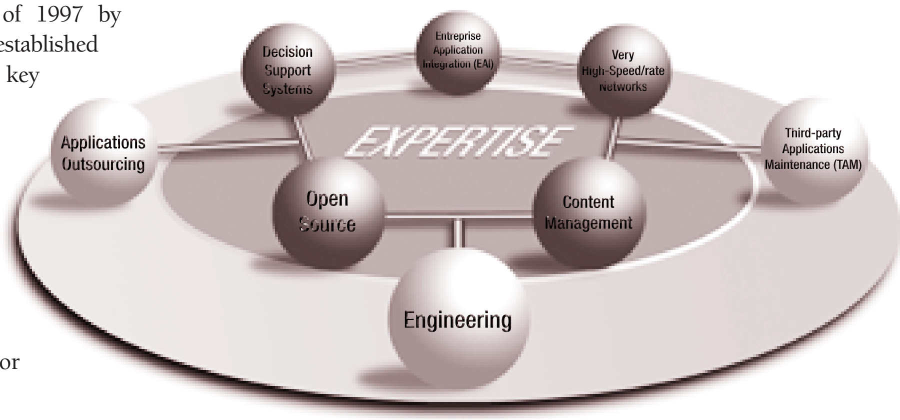
This business platform accounts for approximately 30% of Aubay's business volume, allowing for the development of other services with high growth potential and more extensive customer support:

- Engineering,
- Third-party Applications Maintenance (TAM),
- Applications Outsourcing.

By offering its clients consultancy services based on these areas of expertise, Aubay is perfectly placed to implement the recommendations resulting from its upstream solutions and to manage both engineering projects and, more generally, third-party applications maintenance or transformational outsourcing assignments.

By business line

Aubay's services are summarized as follows:



Complex environment technical architectures

Aubay boasts an extensive knowledge of the tools currently used to design the most efficient architectures that enable the functional 'building blocks' of IT systems to work together as effectively as possible. Today, the large number and diversity of these building blocks, combined with the increase in the volumes and criticality of the information flows between them, require ever more reliable and effective exchange platforms. The technologies which manage these information flows, both within and between companies, are known as 'middleware', EAI (Enterprise Application Integration), and ETL (Extract Transform Load). Today, they have become the nervous system of most information systems, essential both internally to interconnect the various blocks of the system (ERP, Legacy system, Supply Chain Management and other customer relationship management tools), and externally to interconnect information systems with partners and customers via the Internet. The exchange standard used is XML.

This field accounts for the largest share of Aubay's activity and, given the ever-increasing complexity of information systems, undoubtedly offers the greatest growth potential.

Aubay has come up with numerous solutions in this field. In fact, it assisted Spanish public sector body, AENOR, in rewriting its quality, quality management, environment and risk prevention at work software, which was formerly based on a client/server technology but has now been developed using .Net. For the French government agency, ADAE, Aubay advised on the management of the working groups dealing with *urbanization and technical architecture, and also took part in the definition of a reference framework for public sector information systems writ-large. For Entenial, Aubay oversaw the integration of CRM Pivotal with its production systems (large systems and web applications) using EAI e*Gate, as well as the creation of a datawarehouse. For a major retailer, Aubay provided architectural consultancy services and then implemented its recommendations (EAI e*Gate) for the management of flows between several applications (sales receipts, product database, etc.). For a mobile telephone operator, Aubay oversaw the implementation and management of the TAM for a central platform used to manage distribution network flows (EAI IBM Websphere Business Integration). Aubay is also reorganizing Crédit Du Nord's e-banking platform, which is central to the bank's relations with its business customers. The architecture for the new platform is based on Ascential's EAI Datastage TX. For a leading bank, Aubay was responsible for the technical coordination of the overhaul of its exchange and settlement system, which entailed carrying out the requisite market research, evaluating and selecting the various technical scenarios (bespoke development, EAI and middleware), and supervising the implementation.*

Very high-speed networks

The giant strides made in the ability to interconnect information system components hinge on specialist knowledge of very high-speed communication services (fiber optic networks for backbones and ADSL, LRL, UMTS and Wi-Fi for access networks). These services pave the way for exponential growth in data transmission capacities and facilitate the development and enhancement of information systems.

Aubay's expertise in the most advanced technologies in this field (Fiber Optics, General Pocket Radio Service (GPRS), Universal Mobile Telecommunication System (UMTS), Asymmetric Digital Subscriber Line (ADSL), Local Radio Loop (LRL) and Wi-Fi), means that it has been frequently called upon to work alongside a number of key players in the telecoms sector – whether long-standing operators or leading manufacturers - in assisting them with the extensive rolling out of their networks seen over the past seven years.

The rollout services that Aubay offers its customers range from consultancy to project management assignments. Consultancy assignments include advice on telecoms strategies, needs studies and scenarios as to the technical, financial and organizational aspects of network development, the drawing up of specifications, managing invitations to tender, and network security. Network engineering and consulting assignments involve selecting the appropriate technologies and defining the network protocols, high-speed network architectures (Gigabit, ATM, etc.) and virtual networks (VLAN, VPN), as well as the selection and provisioning of equipment.

Given the extensive investment therein by major operators in recent years, Group activity is likely to remain stable for the next two to three years.

Aubay has played a part in the rollout of almost all the major networks now covering France. Moreover, it has also coordinated the engineering and deployment of networks for several leading European operators using Fiber Optic, WDM, SDH and IPVPN technologies.

For a private operator, Aubay oversaw all engineering and project management linked to the creation of infrastructures for high-speed metropolitan data networks using Giga Ethernet, Fast Ethernet and IPVPN technologies.

It also audited and subsequently reorganized local and wide area network infrastructures for a number of manufacturers looking to connect up their different production sites across Europe. The technologies used here were Giga Ethernet, Fast Ethernet and VPNinternet.

Decision Support Systems

Increasingly, a company's ability to use its data effectively requires that all employees are able to share the information available which also needs to be collated in a way that meets the specific needs of the various types of users. This is precisely the purpose of so-called decision support system tools, which enable each type of user to access the company's resources and then to process the data in order to assist them in their decision-making.

The contribution of new technologies to this field is twofold: first the broader use (or democratization) of these tools by facilitating access to information using the web-type interfaces offered by most market tools available today, such as Business Object WebI, and second, a more exhaustive and better quality information thanks to the links that can now be made between databases using the solutions referred to above (e.g. EAI, ETL). Previously the preserve of a highly select group of company employees (i.e. its senior management) for use in strategic decisions, today, all departments have access to tools which provide them with operational indicators.

At the core of any decision support system is its datawarehouse (e.g. EMC, Oracle, IBM, Sybase, etc.), which consolidates all company data needed to produce strategic or operational indicators. This datawarehouse is fed by an ETL system (Informatice, Ascential, Sunopsis, etc.) which extracts, transforms and streamlines the data stored in the company's various applications. The stock of information built up is then exploited via tools which provide each department with a view tailored to their business line and in a format designed to highlight its relevance (multidimensional databases, and reporting tools such as SAS, Business Object, Brio, Hyperion, Cognos, Actuate, etc.).

Aubay is unique in being able to deal with front-end (the visible part of interfaces available to users) and back-end (technical architecture for the provision and storage of very large volumes of data) decision-making problems alike unlike most of its competitors which specialize in only one of these two areas of expertise.

In this field, Aubay's added value results not only from its expert knowledge of the technologies involved and its capacity to implement solutions, but also its ability to provide each of its customer's departments with performance indicators which are relevant to their business. Thus, capitalizing on their expert knowledge of the marketing and distribution of mobile phone services, Aubay's teams of consultants and engineers were able to design and produce bespoke indicators for the marketing and sales departments of mobile phone operators. For a major Paris bank, Aubay has been entrusted with a technology watch and the assessment of Business Intelligence tools as well as the provision of support to the various project teams.

The Group was appointed to provide a leading advertising company with systems for media (magazines, TV, radio, Internet, etc.) buying and billing, and the tracking of advertising campaigns, using BEA/Weblogic, Oracle, XML/SOPA and Business Object technologies under J2EE.

Enterprise Content Management

The development of new technologies has also made it possible to digitalize entire reams of documentation. By facilitating data storage, new technologies have above all enabled the optimization of documentation management. It is now possible, for example, to obtain high-quality information through web portals, all the more so because this information is relevant for the users in question and always up-to-date thanks to the careful management of its lifecycle. As such, different companies position their products along all or part of the documentary management process, from portal to archives, collaborative work or management of technical content. The main resources used here include Documentum (acquired by EMC), Vignette, Interwoven, Everteam, Panagon, Open Text, etc.

A descendent of what used to be referred to as EDM (Electronic Document Management), Aubay has been active in this field for a long time.

For the largest printing company in Luxembourg, the Group studied the implementation of an EDM system, including a review of the different phases of the process, i.e. acquisition, collaboration or workflow and archiving, and proposed the best technical solutions.

The Group was selected to manage the overhaul of the legislative database of the Direction des Journaux Officiels (the official bulletin of French laws and regulations) and the supply of data to the Internet database, Legifrance. The proposed solution is based on the Everteam product.

For a major pharmaceuticals company, Aubay implemented Documentum-based document management systems for use in R&D in the pharmacological sector (i.e. vaccinations) based on taxonomies of classification. Aubay has also worked extensively for the European institutions, which are major consumers of services designed to optimize the use of the extensive documentary resources they manage. The OOPEC (Office for Official Publications of the European Communities) thus entrusted the Group with the task of integrating Everteam into its document management logic. In addition, Aubay was also responsible for the technical management of the Electronic Credit File for a major Paris bank. The Group implemented a CMS solution based on Panagon's Filenet for a foreign ministry and for the French Ministry of Defense. For a leading French industrial group, Aubay carried out a comparative study and a POC (Proof Of Concept) for a professional online press review.

Open source

The costly solutions offered by the oligopolies that have shaped the IT industry since its emergence a few decades ago have triggered the birth of a new phenomenon, which was originally non-commercial in nature, namely the creation of free software and tools by a technical and relatively disinterested community.

Overturning the highly-profitable model which made the fortunes of the main players in the IT sector, this community has developed solutions which now offer entirely credible alternatives to software and packages sold under license.

Long ignored by major IT consumers who failed to see how they could profit from free solutions and therefore did nothing to promote them in any significant way, today, open source solutions are extensively used by all those keen to escape the clutches of software companies.

Rather than be criticized - albeit justifiably - for a lack of objectivity in the advice they gave to their customers, service providers inevitably jumped on the bandwagon. The scale of open source development finally drove the industry's giants to integrate it into their strategies and offer global, "paid-for" solutions made up of open source building blocks. In fact, in some cases, they even went as far as financing developments, as SUN did with OpenOffice and IBM for Eclipse.

Open source now extends to all fields of IT. Solutions for operating systems such as Linux offer an alternative to the all-dominant Windows, while solutions also exist for security, content management and even business applications and office suites (Open Office).

Aubay was therefore quick to respond to the phenomenon of open source with investment aimed at mastering the technologies involved for the benefit of its clients.

Aubay is advising a Belgian professional federation on the development of a single-access portal to all its internal and external applications within an architecture that is flexible enough to incorporate future applications. This project is based on J2EE technology which integrates Apache, Jetspeed, Lucene, Tomcat, Jboss, etc.

On behalf of a number of government departments and ministries, the Group has developed and implemented technical architectures and development frameworks for new applications, based entirely on open source building blocks enhanced by specific components.

A good example is the Java-based Internet application development framework that Aubay designed for the French Ministry of Foreign Affairs. In fact, along with the Ministry, Aubay is the co-author of this framework and published this open source development.

The Group also carried out a complete overhaul and reorganization of the information system of a leading Spanish reinsurer using exclusively open source technologies.

Engineering services

Given its privileged position in high-quality upstream expert services, Aubay's decision to extend its scope to engineering projects for the different offers described above was the next natural step in its development. A move further vindicated by the fact that Aubay enjoys a distinct edge over its competitors as customers call on it first for technological audit assignments, prototype validations or pilot projects, i.e. the starting point for customers' reflections on their information systems.

IT engineering is a vast and buoyant market made up of a large number of heterogeneous players coupled with a wide range of hardware and software products. The expertise of a group like Aubay is absolutely essential for any client wishing to build on their information systems without necessarily invalidating the heavy investment made over the past years or even decades in creating this system. Aubay's particularly thorough knowledge of information systems means it is often perfectly placed to initiate and maintain long-term working relations with its clients.

Aubay assisted a Spanish software company in the development of an MLS (Mobility) type application for geographical positioning. This tool is of interest to operators as well as to several major customers, and is developed under J2EE. For this solution, Aubay acts as developer/partner to its end-customers.

The Group worked with IBM and Skillteam on the Poste Front Office project of a major bank. This project entailed implementing a coherent and extendable framework to supply an integrated suite of services and applications to support the bank's finance business, and was developed under a JE22, Websphere, EntireX, XML and Oracle environment.

Aubay also helped develop – in a .Net environment - a video transmission management service using web cams for the broadband customers of a Spanish cable operator. There were two parts to this project:

- *the first part involved the development of a customer service function: a Windows application for the registration and request of video transmissions;*
- *the second involved the server service: a website application facilitating the search for, and connection to, active web cam customers.*

Aubay also developed a distributor portal for the same operator, combining user services, document management, cooperative marketing and, supply and content management in a Microsoft .Net environment.

For a major Belgian financial daily newspaper, Aubay implemented a system for the development and publication of economic graphs. The customer approached Aubay for an architecture analysis. The multi-tier architecture proposed and implemented by Aubay is J2EE-based with a BEA Weblogic application server and an Oracle database. The UML modeling was performed using Rational tools, while the development tools used were Jbuilder, Visual Source Safe, ANT and XML.

Third-party Applications Maintenance (TAM)

The increasing complexity of IT systems and the applications they comprise demand constant updating, correction and development. For many reasons, notably to reduce their dependence on the developer of a given application, customers may wish to entrust this maintenance phase to service providers even though they did not develop the application in question. Aubay undertakes assignments of this type, which are highly recurrent and therefore afford the Group a great deal of visibility.

The Directorate General of Employment of the European Commission has outsourced the entire management of its infrastructure to Aubay under a Service Level Agreement, encompassing the management of suppliers and ongoing consultancy services. The agreement covers all of the technologies used by the European Commission, including Windows, Linux, Oracle IFS, Legato, Apache, Tomcat, etc.

In addition, under the Adonis project, Aubay provides all of the Directorates General of the Commission with mail management services, through recording, scanning, distribution and storage.

Aubay's long-term contract with the Belgian Federal Police entails providing consultancy services on architecture (urbanization of its information systems), assisting its teams in the development of new technologies and providing third-party applications maintenance (TAM) services for its IT infrastructure. The contract also provides for assistance in business analysis tasks to facilitate the drawing up of development specifications.

Transformational outsourcing

'Traditional' transformational outsourcing responds to customers' needs to entrust all or part of their information systems to a third party who takes on responsibility for their operation. This solution has the advantage of entrusting any operational problems to a service provider in exchange for remuneration which is generally fixed and payable over several years.

That said, this type of outsourcing does have the disadvantage of making a customer extremely dependent on its chosen service provider and is often likened to an 'investment tunnel' which provides short-term satisfaction but hinders the long-term development of the system.

Aubay has therefore opted to offer its customers intelligent outsourcing solutions, whereby it takes charge of all or part of their information systems, not so much in a bid to manage its operation, but primarily to ensure its constant development and updating. Entrusting this development to a single service provider frees the customer from the tedious and costly tasks of developing and updating the various components of their information systems.

The market

The market in 2005

According to the Syntec report for 2005, the IT market (software and services) recorded growth of 7%, slightly exceeding expectations. All IT sectors are now growing, with engineering posting the most moderate figure of 5.5% and consulting and outsourcing at 6% and 11% respectively.

Sales prices are currently on the rise.

The most active sectors were telecoms and media, utilities, bancassurance and the public sector, followed by industry and retail/distribution.

These general trends have been incorporated into the outlook for 2006.

The market in 2006

According to Syntec, the software and services market should enjoy further growth of between 6% and 8% in 2006.

The services sector is expected to see similar trends, notably with excellent growth between 8% and 10% in outsourcing and the development of consultancy between 5% and 7% and engineering between 4% and 6%. As in 2005, sector growth is expected to be driven by telecoms, the public sector and bancassurance, followed by utilities, industry and retail/distribution.

Report on business activity in 2005

The Board of Directors met on March 27, 2006 under Chairman Philippe Rabasse to approve the consolidated financial statements for the year ending December 31, 2005, the first-time adoption of IFRS.

Group activity in 2005

Financial year 2005 benefited from the return of investment by the typical major customers, i.e. large banks and telecoms groups. The sound financial strength of these groups enables them to resume mass investment in their information systems as the technological issues they faced but did not necessarily resolve during the challenging years between 2002 and 2004 now require a major overhaul of their systems.

All countries have now returned to growth and profitability within the Group. Italy continues to maintain a high growth rate and has successfully positioned itself on growing markets. With the acquisition of Codd & Date International in August 2005, the Group should rapidly rank among the 30 largest local players while maintaining record profitability levels within the Group.

The Belgium/Luxembourg region has maintained impressive margins, posting growth of over 24%.

Spain turned in outstanding growth of more than 20% in 2005, despite high employee turnover, which is typical of the Spanish market as a whole. Margin is now very quickly nearing Group standards, which is earlier than the expectations set during the challenging period just three years ago.

Lastly, activity in France was strengthened considerably by two acquisitions (Kedros in July and Why Not in October), offering the company the opportunity to take advantage of the impact of its increase in size. Aubay is now actively working with a number of major groups in France such as France Telecom or BNP Paribas, promising the Group considerable future growth. The expected optimization of structures and sales synergies also provide ways of substantially improving performance in the country as a major contributor to the Group's total revenues.

As usual, the banking/finance sector continues to provide the lion's share of Group clients generating 31% of turnover. The public sector grew by another 3% to reach 29%, while the services/utilities segment and industry came out at 15% and 10% respectively. Retail and distribution recorded marginal growth.

Aubay signed a number of major agreements for third-party applications maintenance in different countries, including France and Italy, ensuring the Group excellent visibility and adequate margins for a growing portion of its business.

A further increase in productivity, combined with a slight like-for-like rise in prices, boosted Aubay Group's operating margin to 8% in 2005, its highest since the bursting of the Internet bubble.

Highlights of the financial year and major events after year end

In 2005, Aubay reached the symbolic 1,000 employee mark and generated € 71.5 million in sales, compared with € 57.1 million the previous year. Virtuous growth, combining internal and external growth with improving margins, marked 2005 as well, confirming that the IT services sector is strong once again.

Highlights of the year

- **February:** Aubay publishes its 2004 turnover of € 57.1 million.
- **March:** Aubay publishes its definitive results for 2004 showing a further improvement in operating margin from 6.3% to 7.3%.
- **May:** Aubay publishes its Q1 2005 turnover of € 16.4 million.
- **June:** The AGM on May 10, 2005, approves the 20% increase in net dividends to € 0.06 per share.
- **July:** Aubay acquires the Paris-based software company, Kedros, with a staff of 50 experts.
- **August:** Aubay publishes its turnover for the first half of 2005, up 22% to € 33.8 million (not including Kedros). At the same time, it acquired a 51% stake in Codd & Date International, an Italian company with a staff of about 70, 2004 turnover of € 6 million and operating margin of over 10%.
- **October:** Aubay publishes its half-yearly results for 2005, showing a sharp rise with record operating margin of 8.1%. Group net income rose by 44% to € 1.2 million. Turnover targets for 2005 are raised to € 71 million (€ 78 million pro-forma) and € 85 million for 2006.

Aubay made a strategic acquisition with a 75% stake in Why Not Engineering, which is very active with France Telecom and BNP Paribas. The company generated over € 10 million in turnover over its last financial year ended June 30.

- **November:** Aubay publishes its turnover at nine months of € 49.6 million, up 21%.
- **December:** Aubay purchases a 5% stake in O.C.E.I., increasing its ownership in its Italian subsidiary from 75% to 88%. Thanks to this acquisition, the founders and management of this very profitable Group entity will become major shareholders of Aubay Group.

Significant events since the end of the year

In March 2006, Aubay sold 16% of the voting rights and capital of French subsidiary Octo Technology, reducing its stake from 84.5% to 68.5%. These shares were sold to the founder and current manager of the company, François Hisquin, who increased his ownership to 26%.

Mergers and acquisitions policy

The Group further pursued its proactive acquisition strategy in 2005.

In a strategic move to boost its presence in France, the Group acquired two companies in Paris, adding nearly 180 employees to the staff for turnover of around € 15 million.

In Italy, building on its outstanding results, the Group boosted its presence by purchasing a majority stake in Codd & Date International, a company with 70 employees, operations in Milan and Rome, like the Group, and a business volume of about € 6 million.

Aubay's acquisition strategy is above all governed by the opportunities presented to the Group, which focuses on acquiring, at a reasonable price, entities that share its long-term goals and emphasis on profitability.

Consolidated data

Consolidated income statement

In 2005, Aubay generated turnover of € 71.5 million, up 25% on the figure published in 2004. All countries contributed therein, with growth rates ranging from 29% in France, to 25% in Belgium/Luxembourg, 23% in Italy and 21% in Spain.

Turnover outside France stood at € 50.3 million, i.e. 70% of the Group's total activity. This proportion is in line with last year's, reflecting balanced growth across all Group entities, but is expected to drop in 2006 when the acquisitions made in France at the end of the year contribute fully to the Group's total turnover.

Business proved particularly strong towards year end, above all in December, with fourth-quarter turnover totaling € 21.8 million, compared with € 16.1 million a year earlier, which equated to 35% growth.

Current operating income came in at € 5.7 million, compared with € 4.2 million posted on December 31, 2004, thus affording the Group an operating margin of 8% for the year. Business was profitable again in 2005 in all countries where Group is active. Margin per country breaks down as follows: 10.6% in Belgium/Luxembourg, 8.8% in Italy, 5.6% in France and 5.5% in Spain, with corporate expenses impacting margin by 0.3%.

The Group's net financial expense amounted to € 202,000 in 2005, compared with € 168,000 one year earlier.

Aubay Group's income tax bill was € 1.8 million, down in comparison given the increase in profits generated in countries with lower tax rates than Italy and additional deferred tax booked on tax losses carried forward in Spain.

Group net income from consolidated companies came to € 3.8 million, i.e. almost twice the previous year's € 1.7 million.

Group net income totaled € 3.5 million, up by over 143% on the previous year's figure of € 1.4 million.

Balance sheet

■ The balance sheet total for 2005 stood at € 79.0 million versus € 58.7 million in 2004. The main changes in the balance sheet include:

■ a € 10 million increase in non-current assets, mainly due to the € 8.6 million rise in goodwill following the acquisitions of Kedros, Codd & Date International and Why Not, and the in-kind payment of Aubay RT shares;

■ an € 11 million rise in trade receivables primarily attributable to the pick-up in activity;

■ an increase in shareholders' equity from € 35.2 million to € 40.9 million, mainly due to net income of € 3.5 million and the € 2.0 million increase in shareholders' equity resulting from the share exchange with the subsidiary Aubay RT.

■ the reduction in cash from € 8.2 million to € 5.1 million and the increase in debt from € 1 million to € 5.1 million excluding the valuation of minority buyouts, for a net result of zero debt, excluding commitments on minority buyouts.

Payroll

The number of staff members rose from 46 to 1,189 employees between 1997 and December 31, 2005.

This year, Aubay reached the 1,000 employee mark earlier than expected in its development plan. With a total of 920 employees forecast for the end of 2005, the Group was actually 1,189 strong by December 31, 2005, compared with only 835 one year earlier. The average headcount rose from 726 to 934 between 2004 and 2005.

All of the Group's consultants are highly qualified and are recruited from Europe's leading academic institutions (generally Masters degree equivalents).

Employee motivation stems primarily from the quality of the assignments undertaken. Moreover, financial incentives ranging from the targeted allocation of stock options, the company savings plan and bonuses guarantee a high level of employee commitment within the Group.

The productivity rate, for its part, rose again from 90% to 91%, while inter-contract downtime fell from 6.6% to 6.1%.

Minority buyouts, investments, divestments and mergers

Buyouts/Acquisitions

In application of the purchase agreements granted to the minority interests of Octo Technology, Aubay purchased an additional 0.5% stake from one of the founders of this entity in February.

Aubay purchased the Paris-based company Kedros SA in full in July 2005 (consolidated as of August 1, 2005). With a staff of 50 experts notably specialized in large IT systems, Kedros generated turnover of € 4.6 million in 2004. The company was fully acquired in cash with no future financial commitment.

In July, in application of a purchase agreement with the executive director of Promotic Group, acquired in 2004, Aubay purchased an additional 10% stake in the company, increasing its capital shareholding from 70% to 80%.

In August of 2005 through its 88%-owned Italian subsidiary, Aubay acquired a 51% stake in Codd & Date International (consolidated as of October 1, 2005). The company has operations in Milan and Rome and about 70 staff members with turnover of approximately € 6 million. The remainder of the capital is owned by the company's founders. It was fully acquired in cash and is not subject to any additional financial commitment on the minority interest not included in the purchase. At over 10%, its operating margin exceeds that of the Group.

In October, Aubay also purchased a 75% stake in the French company Why Not which was consolidated as of November 1, 2005. Why Not is very active with two strategic clients, France Telecom and BNP Paribas. It has around 130 employees and generated turnover of over € 10.2 million for the year ended in June 2005. The remainder of the capital is owned by the company's founder and CEO, who benefits from a purchase agreement staggered over four years between 2006 and 2009.

In December, Aubay purchased a 5.73% stake in the French company O.C.E.I. as part of its capital increase.

Lastly, in December Aubay increased its stake in its Italian subsidiary, Aubay RT, from 75% to 88% through an in-kind payment of 13,000 shares granted by the founders of the company.

Disposals

No disposals were made in 2005.

Mergers

Aubay's fully-owned subsidiaries, Aubay Stratégie Technologique and Aubay Consulting Télécoms, were merged at the General Meeting held on May 10, 2005, with a retroactive effect as of January 1, 2005.

European customers and major accounts: Aubay, a multi-division Group

Today, all Aubay Group customers, banks and telecoms operators have strategies which are distinctly European in focus, and which are reliant upon them finding technological service providers capable of accompanying them in their development beyond their national borders. In 2005, Aubay generated 70% of its turnover outside France, whereas the majority of new technology consultancy players remained largely domestic in focus. The Group's aim is to maintain long-term working relationships with major accounts and capitalize on the areas of expertise it develops which are rewarded by the Group's high contract renewal rate.

Aubay is currently present in France (Paris, Toulouse, Sophia Antipolis and Nantes), Spain (Madrid and Valladolid), Belux (Brussels and Luxembourg) and Italy (Milan and Rome).

Breakdown of turnover by country

In € millions	31/12/05 Turnover	31/12/04 Turnover	Change
Group	71.5	57.1	+25.2%
France	21.2	16.4	29.3%
Belgium/Luxembourg	28.9	23.2	24.6%
Italy	15.0	12.2	23.0%
Spain	6.4	5.3	20.8%
Corporate	-	-	-

Aubay's customer base is made up exclusively of major European corporates whose needs in terms of new technologies are as extensive as they are strategic. These customers are unique in being both willing and able to invest massively in new technologies and thus repeatedly call upon the expertise of companies like Aubay.

At end-2005, Aubay had 145 active customers (customers invoiced at least once during the financial year for at least € 50,000), accounting for over 96% of annual turnover. This is testimony to the Group's ability to persuade customers to make use of its expertise to manage their most complex IT problems.

The only customer that accounts for a significant share of total sales is the Belgian Government (14%). Together, the Group's top ten customers account for 48% of total turnover.

List of the Group's ten largest customers

The Group's ten largest customers are:

Belgian Government, Société Générale, European Institutions, EMC, Telefonica, Alcatel, France Télécom, IW Bank, HP and Crédit Agricole.

Competitors

Aubay's most direct competitors are IT services companies such as CapGemini, Atos Unilog, Devoteam, Indra in Spain, etc.

Key figures

Consolidated data for the year ending December 31 (€ thousands)	2005	2004
Turnover	71,485	57,131
Current operating income	5,686	4,160
Current operating margin	*8.0%*	*7.3%*
Net income	3,784	1,683
Group net income	3,480	1,430
Earnings per share	0.29	0.13
Shareholders' equity including minority interests	40,960	35,186
Cash flow before financing costs and taxes	5,761	4,198
Non-current assets	37,677	26,672
Financial debt	(3,760)	4,879
Net cash	3,615	8,215
Balance sheet total	**79,043**	**58,713**

Strategic partners

Aubay has forged a number of strategic technological partnerships that help keep the company at the cutting edge of the consultancy business. Partners include:

3com, Aonix, Ascential, Actuate, Attunity, Adobe, Borland Business Object, Calendra, Cisco, Colt, Delia, EMC Documentum, Everteam/Mediapps, Prosodie, Hewlett Packard, Hyperware, IBM, Intel, Microsoft, Netscape, Nortel, Oracle, Sun, Swift, Symantec, Tibco, Webmethods, etc.

Partnerships are non-exclusive to preserve our complete objectivity and ensure we offer the best possible advice for Aubay's clients. Some of these partnerships are governed by formal agreement (generally with an annual and renewable term), but most are informal and have an indefinite term.

The termination of any of these partnerships would not have any significant impact on the company's finances.

Aubay stock trend

(ISIN FR0000063737- AUB,
Reuters AUBT.PA, Bloomberg AUB)

Overall, stock market indexes rose sharply in 2005, boosted by the strong results posted by listed companies.

Against this favorable backdrop, Aubay's share price grew considerably, from € 3.63 at December 31, 2004 to € 5.80 at December 31, 2005. The significant and long-lasting improvement in the Group's fundamentals undoubtedly explain this rise following years of rather modest valuations throughout the sector.

Aubay share price from February 2004 to end March 2006 Eurolist Paris segment C

The sharp rise in the share price was driven by the company's outstanding results since the end of the crisis. The major correction seen in 2002 and 2003 has dissipated, and valuations are converging across the sector.

Aubay shares are now listed on Eurolist, segment C.

(In €)	(1) High/low		Monthly trading volumes	
	High	Low	In number of shares	In € thousands
2003				
January	1.72	1.38	281,263	426
February	1.44	1.22	107,559	145
March	1.43	1.18	135,203	174
April	1.70	1.35	1,306,428	2,079
May	2.80	1.73	435,293	1,068
June	2.95	2.40	376,798	1,043
July	2.82	2.59	174,686	471
August	2.95	2.79	144,890	414
September	3.56	3.12	368,118	1,238
October	3.74	3.36	267,543	957
November	3.84	3.54	245,137	906
December	3.78	3.40	168,371	606
2004				
January	3.89	3.55	193,305	715
February	3.96	3.72	180,716	697
March	3.19	3.80	289,042	1,018
April	3.73	3.57	179,792	661
May	3.73	3.50	321,801	1,175
June	3.69	3.53	124,781	452
July	3.62	3.25	84,170	289
August	3.60	3.20	98,589	339
September	3.58	3.25	119,833	405
October	3.68	3.43	230,771	836
November	4.05	3.56	340,602	1,325
December	3.97	3.70	182,383	695
2005				
January	4.32	3.77	371,905	1,531
February	4.71	4.28	523,137	2,347
March	4.39	4.16	448,524	1,924
April	4.55	4.29	222,500	984
May	4.55	4.24	206,215	894
June	4.64	4.30	477,742	2,170
July	4.84	4.60	244,008	1,148
August	4.98	4.75	332,205	1,631
September	5.87	4.94	640,932	3,383
October	5.80	5.42	518,320	2,962
November	5.86	5.51	232,496	1,337
December	5.80	5.43	347,420	1,944

(1) Closing prices.

Source: Fininfo.

Risk factors

General legal risks

Aubay's activity does not expose it to any particular legal risk in any of the countries in which it operates.

Industrial and environmental risks

As Aubay's core activity is the provision of consultancy services, it has no significant industrial or environmental impact.

Liquidity risk

Given that Aubay's assets have maturities that are equal to or shorter than its liabilities, the company bears no liquidity risk. The table below sets out the main features of Aubay S.A.'s debt.

Type of securities issued or loans contracted	Fixed or variable rate	Total credit lines at 31/12/05	Maturity	Hedging
Loan contract (1)	Variable	€ 272,000	31/07/2006	None
Loan contract (2)	Variable	€1,500,000	21/07/2007	Shares in Why Not
Loan contract (3)	Variable	€ 1,681,000	19/07/2007	Shares in Kedros

The aforementioned loans are subject to a number of standard covenants applicable to this type of financing agreement and which entitle the lender to demand early repayment if certain ratios are breached. These ratios include:

Concerning loan contract **1**:

- gearing (financial debt less investments and cash as a proportion of shareholders' equity), which must remain below 0.5,
- operating ratio (financial expenses less financial income as a proportion of operating income), which must remain below 0.4.

Concerning loan contract **2**:

- ratio of stable debt (future financial debt, blocked Group current and other accounts, bonds including convertible bonds) against consolidated net worth (consolidated shareholders' equity plus minority interests and less goodwill) must remain equal to or less than 1,
- ratio of stable debt against cash flow must remain equal to or less than 4.

No covenants apply to loan contract 3.
All ratios applied to Aubay Group were respected.

Exchange rate risk

As Aubay does most of its business within the eurozone and its growth strategy is limited thereto, it has not been exposure to any exchange rate risk since January 1, 1999.

Interest rate risk

As Aubay has no significant debt, its interest rate risk is extremely low. Furthermore, rates in the eurozone are largely stable, thereby eliminating any significant risk in the short and medium term.

Equity risk

Most of the company's cash flow is invested in money market mutual funds (SICAV), which are low risk.

Treasury stock classed as debt securities and discounted from equity has no impact on Group profitability in the event of a change in share price.

Client risk

All Aubay's clients are large corporates, which present little risk of default. Also, no one client generates a significant proportion of total turnover. Indeed, the largest single client accounts for around 14% of turnover, thereby eliminating any risk of dependence on a single large corporate customer.

Aubay has also adopted prudent provisioning rules: Unpaid receivables are provisioned at 50% after 90 days, and 100% after 180 days unless after detailed examination the Group's Finance Division decides otherwise. As large corporates tend to have long payment periods for administrative reasons, the rules tend not to be applied strictly to the receivables owed by these companies except in the case of a known dispute.

Supplier risk

As a provider of IT services, Aubay has no particular supplier risks, nor does it incur any significant expenses therein as procurement and associated costs tend to be relatively low.

Key personnel risk

Christian Aubert, founding Chairman of Aubay Group, is backed by a dynamic, experienced team in the parent company and subsidiaries alike.

Aubay's operations are highly decentralized and the remuneration of all key managers of group companies is linked to the results of their entities, either via purchase agreements on the minority stakes they hold or via stock option plans.

Payroll risk

Aubay is a cutting-edge company in a fast-developing technological sector. To remain competitive, it needs quality staff to drive performance.

That said, the company's human resources policy goes beyond remuneration. In fact, major efforts are devoted to maintaining their technical expertise. This allows Aubay to be active in the most technologically advanced markets where its teams can generate the greatest returns on their skills.

Risk of dilution for shareholders

The company issued stock options that would, if all exercised, result in maximum dilution of 9.1%. Note, however, that at December 31, 2005, only 637,684 stock options would have a dilutive effect on earnings per share based on the potential subscription price.

For certain purchase agreements with minority shareholders of a subsidiary, Aubay can opt to pay either in cash or in new shares, as it prefers. Any risk of dilution for shareholders is thus limited and will only arise if the company opts to pay in shares.

Competitive risks

Aubay has met with rapid success, thanks to its specific expertise and cutting-edge technology deployed through an original business structure. Its ability to recruit the best engineers and keep their training up to date, should allow Aubay to consolidate its position as a key player in the new technologies sector.

Intellectual property

All brands inherent to the company's business have been registered with the appropriate international bodies. Similarly, domain names have been registered for all Group subsidiaries.

Insurance

General and professional third-party liability

Aubay Group has a global professional indemnity policy with a major insurance company covering the financial consequences of any professional and general third-party liability arising as a result of its activities. The terms and conditions of this policy, including cover limits, are periodically reviewed and adjusted to take account of company turnover, activities and risks. In 2005, the limits and excesses for this global agreement were as follows:

General third-party liability	
All damage: per claim	**€ 10,000,000**
Including:	
1) Personal injury and resulting moral prejudice directly caused by	
Company restaurants – food poisoning: per insured period	€ 1,525,000
Work-related illnesses, gross negligence, work-related accidents per insured period	€ 1,000,000
2) Material damage and resulting moral prejudice, per claim	€ 5,000,000
Excess	*€ 15,000*
including material damage and/or moral prejudice to property entrusted and/or loaned to group members: per claim	€ 800,000
Excess	*€ 15,000*
including material damage and moral prejudice directly caused to employees: per claim	€ 800,000
Excess	*€ 15,000*
including damage arising from theft, breach of confidence, fraud, and/or misappropriation by employees or negligence by the company contributing to the theft: per claim	€ 800,000
Excess	*€ 15,000*
3) Moral prejudice not resulting from personal injury or material damage and moral prejudice resulting from uninsured personal injury or material damage: per claim	€ 800,000
Excess	*€ 15,000*
4) Accidental environmental damage causing personal injury and moral prejudice: per insured period	€ 305,000
Excess	*€ 15,000*

Third-party liability after delivery	
All damage (including professional third-party liability):	
per claim	€ 1,500,000
per insured period	€ 3,000,000

The total premium for this insurance policy in 2005 amounted to approximately € 64,000.

Direct damage and interruption in activity

Insurance against damage to property is arranged locally. Limits on the amounts insured are fixed in each country depending on the value of the property concerned and updated regularly.

As the Group realizes most of its turnover by seconding consultants to its clients, insurance against the risk of an interruption in activity was not deemed necessary.

Exceptional events and disputes

The company and its subsidiaries are involved in a number of lawsuits and disputes in the normal course of their business.

Amongst said lawsuits and disputes, there are some that could incur considerable gains or losses for the Group. None of the cases presently before the courts, however, is sufficient in scale to threaten the Group's development prospects.

France

Combined commercial and industrial relations proceedings oppose the company against a former shareholder and manager of the Aubay Consulting Télécom (formerly Iksen) subsidiary and another company in which he had a stake, U-Télécoms. Aubay is claiming more than € 3 million in damage, while the defendant is counter-claiming around € 300,000 and U-Télécoms € 5,485,000. This case is currently suspended. The Group's management expects no significant negative impact on finances as a result of this case.

Belgium

Aubay Belgique is being sued by a former client for € 1,047,000 but is countersuing claiming that it is owed more than € 392,000. The Group's management expects no significant negative impact on finances as a result of this case.

To the best of the company's knowledge, there are no other exceptional facts or litigation likely to have or having recently had a significant impact on the finances, profits or outlook of the company or its subsidiaries.

Significant events since the end of the year

In March 2006, Aubay sold 16% of the capital in Octo Technology, an 84.5%-owned subsidiary of Aubay as at December 31, 2005, to François Hisquin, the company's founder and CEO. As a result, Mr. Hisquin's stake in the company increased to 26%, while Aubay's was reduced to 68.5%.

Outlook

Eight years after it was founded, Aubay Group has built up a solid business base:

- low gearing;
- one of the most profitable groups in the sector;
- sound diversification of turnover:
  - by region,
  - by sector,
  - amongst 145 active clients.

Backed by these solid foundations, Aubay Group intends to take full advantage of the recovery in IT services and, in the months ahead, will be looking to maintain its strong organic growth (between 8% and 12%) and strong profitability (operating margin of at least 7.5%). The turnover target of € 100 million will be reached at least one year early based on the Group's 2003 development plan.

For the Board of Directors,

Christian Aubert
Chairman

Consolidated Financial Statements

1. Consolidated balance sheet at December 31, 2005 under IAS/IFRS

Assets (in € thousands)	Notes	31/12/2005	31/12/2004
Goodwill	6.5.8	31,149	22,518
Intangible fixed assets	6.5.9	1,164	274
Tangible fixed assets	6.5.9	1,377	962
Long-term investments	6.5.9	810	496
Deferred tax assets	6.5.4	2,136	1,974
Other non-current assets	6.5.10	448	448
Non-current assets		**36,677**	**26,672**
Inventories		53	6
Trade and other receivables	6.5.11	33,470	22,448
Other receivables and accruals	6.5.12	3,321	1,372
Investment securities		37	1,450
Cash and cash equivalents		5,078	6,765
Current assets		**41,959**	**32,041**
Total assets		**79,043**	**58,713**

Liabilities (in € thousands)	Notes	31/12/2005	31/12/2004
Capital		6,128	5,883
Additional paid-in capital and consolidated reserves		31,016	27,341
Group net income		3,480	1,430
Shareholders' equity – Group share		**40,624**	**34,654**
Minority interests		336	532
Shareholders' equity	**4**	**40,960**	**35,186**
Borrowings and financial debt: part due in over one year	6.5.15	5,641	2,293
Deferred tax liabilities	1.4	5	89
Provisions for risks and charges	6.5.16	349	386
Other non-current liabilities			
Non-current liabilities		**5,995**	**2,768**
Borrowings and financial debt: part due in under one year	6.5.15	3,234	1,043
Trade and other payables	1.17	5,389	3,397
Other debts and accruals	1.18	23,465	16,319
Current liabilities		**32,088**	**20,759**
Total liabilities		**79,043**	**58,713**

2. Consolidated income statement at December 31, 2005 under IAS/IFRS

(in € thousands)	Notes	31/12/2005	%	31/12/2004	%
Turnover	5	71,485	100%	57,131	100%
Other operating revenues					
Purchases		(19,091)		(14,974)	
Employee benefits expense	6.5.1	(45,839)		(37,128)	
Taxes		(601)		(472)	
Depreciation and amortization expense		(343)		(460)	
Change in inventories of finished goods and work in progress					
Other operating income and expenses		75		63	
Current operating income		5,686	8.0%	4,160	7.3%
Other operating income and expenses	6.5.2	133		(416)	
Operating income		5,819	8.1%	3,744	6.6%
Income from cash and cash equivalents					
Cost of net debt		(66)		(40)	
Other financial income and expenses		(136)		(128)	
Financial income	6.5.3	(202)		(168)	
Tax expenses	6.5.4	(1,833)	33%	(1,893)	53%
Share in net income of companies accounted for by the equity method					
Net income before income from divestments or disposals in progress		3,784		1,683	
Net income from divestments or disposals in progress					
Net income		3,784	5.3%	1,683	2.9%
Group share		3,480		1,430	
Minority interests	6.5.5	304		253	
Earnings per share		0.29		0.13	
Diluted earnings per share		0.27		0.12	

3. Cash flow statement under IAS/IFRS

(in € thousands)	31/12/05	31/12/04
Consolidated net income (including minority interests)	**3,784**	**1,683**
Amortization, depreciation and provisions	208	478
Expenses and income linked to stock options and similar	101	62
Other income and expenses	105	42
Capital gains and losses on disposals	(336)	-
Cash flow after cost of net financial debt and taxes	**3,862**	**2,265**
Cost of net financial debt	66	40
Tax expense (including deferred taxes)	1,833	1,893
Cash flow before cost of net financial debt and taxes (A)	**5,761**	**4,198**
Taxes paid (B)	(2,001)	(1,842)
Changes in W.C.R. linked to operations (including debt linked to employee benefits) (C)	(4,028)	2,283
Cash flow from operating activities (D) = (A+B+C)	**(268)**	**4,639**
Purchases of tangible and intangible fixed assets	(850)	(551)
Proceeds on disposals of tangible and intangible fixed assets	-	90
Purchases of long-term investments (non-consolidated securities)	(320)	-
Proceeds on disposals of long-term investments (non-consolidated securities)	352	-
Impact of changes in scope	(6,387)	(1,799)
Cash flow from investing activities (E)	**(7,205)**	**(2,260)**
Received from shareholders following capital increases	-	4
Received upon the exercise of stock options	-	-
Buyback and resale of treasury stock	681	-
Dividends paid over the year:		
Dividends paid to shareholders of the parent	(162)	(154)
Dividends paid to minority shareholders in consolidated companies	(210)	-
Proceeds from new loans	3,181	-
Repayments of borrowings	(551)	(553)
Net financial interest paid	(66)	(40)
Cash flow from financing activities (F)	**2,873**	**(743)**
Effect of foreign exchange rate changes (G)	-	-
Change in net cash position (D+E+F+G)	(4,600)	1,636
Cash at beginning of year	**8,215**	**6,579**
Cash at year end	**3,615**	**8,215**

4. Change in Group shareholders' equity under IAS/IFRS (in € thousands)

	Share capital	Additional paid-in capital and consolidated reserves	Group net income	Total (Group share)	Minorities	Total
Shareholders' equity at December 31, 2004 under IAS/IFRS	**5,883**	**27,341**	**1,430**	**34,654**	**532**	**35,186**
Capital increase	245	1,700		1,945		1,945
Recognition of share-based payments		101		101		101
Dividends		(162)		(162)	(146)	(308)
Appropriation of income		1,430	(1,430)	0		0
Net income for the year			3,480	3,480	304	3,784
Change in treasury stock		606		606		606
Change in scope				0	(213)	(213)
Other transfers				0	(141)	(141)
Shareholders' equity at December 31, 2005 under IAS/IFRS	**6,128**	**31,016**	**3,480**	**40,624**	**336**	**40,960**

5. Information by geographical region

(In € millions)	31/12/05 Turnover	31/12/05 Current operating income % margin	31/12/04 Turnover	31/12/04 Current operating income % margin
Group	**71.5**	**8.0%**	**57.1**	**7.3%**
France	21.2	5.6%	16.4	4.8%
Belgium/Luxembourg	28.9	10.6%	23.2	8.9%
Italy	15.0	8.8%	12.2	11.5%
Spain	6.4	5.5%	5.3	4.8%
Corporate	-	-0.3%	-	-0.6%

6. Notes to the consolidated financial statements

6.1 Accounting principles and methods

Accounting principles and valuation methods

Since January 1, 2005, Aubay Group's consolidated financial statements have been drawn up in accordance with IAS/IFRS as adopted by the European Union on December 31, 2005 and their presentation is compliant with European regulation 1606/2002 of July 19, 2002. The first financial statements published under IAS/IFRS are those for the 2005 fiscal year which are presented alongside comparative 2004 data, drawn up under the same standards, with the exception of IAS 32 and 39 which were applied as of January 1, 2005.

The impacts of the first-time application of IFRS are detailed hereinafter in the paragraph entitled "Changeover to IAS/IFRS".

Consolidation methods

Companies in which Aubay exercises exclusive control, whether directly or indirectly, are fully consolidated. Exclusive control is defined as all instances where Aubay holds the majority of a company's voting rights, where it exercises contractual control or where it manages a company's operations.

Accounting date

All companies are consolidated based on their annual financial statements as at December 31, 2005 restated, where applicable, in accordance with the Group's accounting principles. Companies entering the Group's scope are consolidated from the moment the legal transfer of the securities acquired takes effect. The same applies for companies leaving the Group's scope, hence the reason that accounts are drawn up for all acquired companies.

Conversion of financial statements of foreign subsidiaries

As all consolidated companies are based in the eurozone (UK companies are not consolidated), Aubay's statements are not subject to any translation differences.

Goodwill

Goodwill on acquisitions is booked when there is a difference between the acquisition cost of securities and the Group's share in the net restated assets of the company acquired. This difference in value is divided between:

(1) goodwill attributable to specific balance sheet items which are restated under the appropriate headings in accordance with accounting rules;

(2) goodwill on the non-allocated balance.

Negative goodwill is booked as a liability on the balance sheet under provisions for risks and charges.

Goodwill is subject to an annual value test based on the discounted future cash flow (DCF) method as well as a test against market values. When a loss in value is booked, the difference between the book value of the asset and the calculated value is booked under "Other operating income and expenses". However, except in exceptional circumstances, this loss in value may not be greater than a valuation equal to 0.8 times the subsidiary's turnover.

Research and development expenses

Research and development expenses for the Group's applications and products are expensed in the year that they are incurred, except when they meet the following criteria:

- the project is clearly identified and the corresponding expenses can be reliably evaluated;
- the feasibility of the project is has been proven;
- there is a market for the applications or products;
- there will be future economic benefits for the Group.

Where these criteria are met, research and development expenses are booked under intangible fixed assets.

Licenses and software

Licenses and software are depreciated over a maximum of five years using the straight-line method except for inexpensive standard software packages which are depreciated pro-rata temporis in the year they are acquired.

Tangible fixed assets

(1) Tangible fixed assets are booked at acquisition cost and depreciated over their expected useful life.

(2) Barring exceptions, the depreciation periods are the same as those applied by the parent company (excluding any tax waivers).

- Depreciation is essentially carried out using the straight-line method:

Buildings	20 years
Fixtures and fittings	5 to 10 years
IT equipment	3 to 5 years
Office furniture and equipment	3 to 5 years

Trade receivables

(1) Receivables are recorded at their nominal value. They are individually assessed and, where necessary, a provision for doubtful receivables is booked.

(2) Receivables unpaid after their due date are written down in the consolidated financial statements as follows:

a. receivables more than 90 days overdue: 50%
b. receivables more than 180 days overdue: 100%

When receivables become overdue, the Finance Division may opt not to book a provision where it is aware of information or factors that will ensure future recovery of the debt.

Also, as large corporates tend to have long payment periods for administrative reasons, receivables owed by these companies are not classed as overdue except in the case of a known dispute.

Cash flow

Cash flow includes cash assets which are immediately available for sale and do not represent a significant short-term depreciation risk. Investment securities are booked to the balance sheet at their acquisition cost. A provision for depreciation is booked if the book value is less than the acquisition cost.

Treasury stock

Aubay shares held by the parent company are deducted from consolidated shareholders' equity. In the case of disposal, income is neutralized by the change in shareholders' equity.

Provisions

The Group adheres to the requirements of IAS This regulation defines a liability as an asset with a negative value for the company, i.e. an obligation owed by the company to a third party which is probable or certain to result in an outflow of resources to said third party with no equivalent counter-payment from said third party.

Following the booking of acquisitions, the Group shall then book any provisions (for risks, disputes etc.) on the opening balance sheet. These provisions constitute liabilities which either create or increase the level of goodwill. Beyond the 12-month appropriation deadline from the date of the opening balance sheet, reversals of unused provisions following a change in estimated values as defined under IAS 8 are booked on the income statement under "Other operating income and expenses".

Provisions for pensions and similar commitments

In accordance with IAS 19, the Group books long-term benefits received after retirement or earned through accumulating service time within the Group such as pension commitments, etc. These benefits can take several different forms:

- Defined contribution plans: by virtue of which the Group pays a fixed amount to external bodies. Expenses are booked as they are paid.
- Defined benefit plans: under which the Group has an obligation towards its employees. The conditions of these schemes vary according to the legislation and regulations which apply in each country.

Commitments linked to the repurchase of minority interests

Binding or conditional commitments to buy minority interests are similar to a share buyback and are recorded under financial debt and offset by a reduction in minority interests the year in which they are booked. When the buyback value exceeds the value of the minority interests, the balance is booked as goodwill. The amounts booked are calculated according to commitments made, essentially on multiples of the income of the subsidiaries concerned. Any changes in debt from one year to the next are offset against goodwill. The treatment applied here is liable to change according to the interpretations of IFRIC (International Financial Reporting Interpretations Committee).

Turnover

Turnover corresponds to the value of the services provided and the sale of equipment as part of the current business of the Group's fully consolidated companies.

Billings are based on the time consultants spend on a contract. Earnings on flat-rate contracts over several years are booked according to the percentage completion method.

Where the costs of a project are forecast to exceed the contractual payment, a provision for loss on completion is booked at year end.

Other operating income and expenses

This includes significant unusual or irregular income or expenses. It includes the annual expenses incurred through share warrants, restructuring expenses, depreciation of goodwill and capital gains or losses on disposals, etc.

Share warrants

IFRS 2 advocates the booking of stock options at their fair value from the date on which they are granted to employees or managers. This applies to all plans taken out since November 7, 2002. The options are valued using the Black & Scholes model, the parameters of which notably include the exercise price of share options, their lifespan, the share price on the date of allocation, the implicit volatility of the share price, the employee turnover assumptions and the risk-free interest rate. The exact value of these options is fixed at their date of allocation and is amortized using the straight-line method.

Corporate income tax

Tax expenses are equal to the sum of current taxes and deferred taxes. Deferred taxes are calculated according to the expiration periods for tax liabilities under the different local tax regimes and the likelihood of the companies concerned generating sufficient profits over the period to offset against their tax losses.

Estimations

The drawing up of the financial statements under IFRS requires the use of estimations and assumptions which impact on the amounts booked in these financial statements, in particular with regard to the following:

- The valuation of provisions and pension commitments,
- The hypotheses used in any value tests,
- The valuation of payments in shares,
- The valuation of commitments to repurchase minority interests.

These estimations are based on assumptions which are drawn up using the information to hand. They may be revised if there is a change in the circumstances on which they were based or if new information comes to light. Accordingly, the actual results may differ from estimations.

6.2 Main changes introduced by the application of IAS/IFRS

6.2.1 *Income statement*

Operating income and Exceptional income two notions that have changed under IFRS. Indeed, the distinction now made between Current operating income and Operating income has resulted in infrequent, unusual elements such as restructuring costs, expenses linked to share warrants and depreciation of goodwill being booked under Other operating income and expenses.

Moreover, the cost of financial debt is also booked differently.

6.2.2 *Balance sheet*

The main changes concern:

- The breakdown of assets and liabilities between current and non-current. In general, current assets and liabilities correspond to elements in the operating cycle which are due in less than one year.
- Taking minority interests into account in shareholders' equity.
- The restatement of receivables not yet due under Other debts.
- The booking of minority interest commitments under Financial debt.

6.2.3 *Cash flow statement*

No changes need to be made to net cash flow due to the changeover to IFRS, with the exception of the cancellation of the portion of treasury stock previously booked under investment of securities.

6.3 Changeover to IAS/IFRS

6.3.1 Balance sheet as at December 31, 2004

Assets (in € thousands)	Note	Under French standards	Restatements	Adjustments	Under IAS/IFRS
Goodwill	13	18,834		3,684	22,518
Intangible fixed assets	12	196		78	274
Tangible fixed assets		962			962
Long-term investments		496			496
Deferred tax assets	1		1,974		1,974
Other non-current assets	2		448		448
Non-current assets		20,488	2,422	3,762	26,672
Inventories		6			6
Trade and other receivables (net)	5	18,167	4,281		22,448
Other receivables and accruals	6	3,794	(2,422)		1,372
Investment securities		1,450			1,450
Cash and cash equivalents		6,765			6,765
Current assets		30,182	1,859	0	32,041
Total assets		50,670	4,281	3,762	58,713

Liabilities (in € thousands)	Note	Under French standards	Restatements	Adjustments	Under IAS/IFRS
Capital		5,883			5,883
Additional paid-in capital	8	27,358		62	27,420
Consolidated reserves and income	9	(389)		1,740	1,351
Shareholders' equity – Group share		32,852	0	1,802	34,654
Minority interests	14	1,043	(511)		532
Shareholder's equity		33,895	(511)	1,802	35,186
Borrowings and financial debt: part due in over one year	3	968	(45)	1,370	2,293
Deferred tax liabilities	4		89		89
Provisions for risks and charges	10	283		103	386
Other non-current liabilities					0
Non-current liabilities		1,251	44	1,473	2,768
Borrowings and financial debt: part due in under one year	7		556	487	1,043
Trade and other payables (net)		3,397			3,397
Other debts and accruals	11	12,127	4,192		16,319
Current liabilities		15,524	4,748	487	20,759
Total liabilities		50,670	4,281	3,762	58,713

1. Restatement of deferred tax assets.
2. Carry back.
3. Breakdown of financial debt due in over/under one year (€ -556,000) + Valuation of the buyback of minority interests - part due in over one year (€ 1,881,000).
4. Restatement of deferred tax liabilities (€ 89,000).
5. Restatement of receivables not yet due (€ 4,281,000).
6. See note 1.2.
7. Breakdown of financial debt due in over/under one year (€ 556,000) + Valuation of the buyback of minority interests - part due in under one year (€ 487,000).
8. Share warrants.
9. Options (€ -62,000) + retirement benefits (€ -103,000) + Provisions for goodwill (€ 1,827,000) + Provisions for business assets (€ 78,000).
10. Retirement benefits.
11. See note 4.5.
12. Cancellation of amortization of business assets.
13. Cancellation of amortization of goodwill (€ 1,827,000) + valuation of the buyback of minority interests (€ 1,857,000).
14. Valuation of the buyback of minority interests (€ 1,857,000 of which € 511,000 transferred from Shareholders' equity – minority share).

6.3.2 Income statement as at December 31, 2004

(In € thousands)	Note	Under French standards	Restatements	Adjustments	Under IAS/IFRS
Turnover		**57,131**			**57,131**
Other operating revenues					
Purchases		(7,044)			(7,044)
Employee benefits expense	1	(37,098)	12	(42)	(37,128)
External expenses		(7,930)			(7,930)
Taxes		(472)			(472)
Depreciation and amortization expense	2	(473)		13	(460)
Change in inventories of finished goods and work in progress					0
Other operating income and expenses		75	(12)		63
Current operating income		**4,189**	**0**	**(29)**	**4,160**
Other operating income and expenses	3	(354)		(62)	(416)
Amortization of goodwill	4	(1,827)		1,827	0
Operating income		**2,008**	**0**	**(91)**	**3,744**
Income from cash and cash equivalents					
Cost of gross financial debt			(40)		(40)
Cost of net financial debt		**0**	**(40)**	**0**	**(40)**
Other financial income and expenses		(168)	40		(128)
Tax expenses		(1,893)			(1,893)
Share in net income of companies accounted for by the equity method					
Net income before income from divestments or disposals in progress		**(53)**	**0**	**0**	**1,683**
Net income from divestments or disposals in progress					
Net income		**(53)**	**0**	**0**	**1,683**
Group share		(306)			1,430
Minority interests		253			253

1. Transfer of expenses (€ 12,000 + retirement benefits (€ -42,000).
2. Cancellation of amortization of business assets (€ 13,000).
3. Share warrants (€ -62,000).
4. Cancellation of amortization of goodwill (€ 1,827,000).

6.3.3 *Cash flow statement as at December 31, 2004*

(in € thousands)	Note	Under French standards	Restatements	Adjustments	Under IAS/IFRS
Consolidated net income (including minority interests)		**(53)**		**1,736**	**1,683**
Amortization, depreciation and provisions	1	2,318		(1,840)	478
Expenses and income linked to stock options and similar	2			62	62
Other income and expenses	3	51	(51)	42	42
Capital gains and losses on disposals					
Cash flow after cost of net financial debt and taxes		**2,316**	**(51)**	**0**	**2,265**
Cost of net financial debt	4		40		40
Tax expense (including deferred taxes)	5		1,893		1,893
Cash flow before cost of net financial debt and taxes (A)		**2,316**	**1,882**	**0**	**4,198**
Taxes paid (B)			(1,842)		(1,842)
Changes in W.C.R. linked to operations (including debt linked to employee benefits) (C)		2,283			2,283
Cash flow from operating activities (D) = (A+B+C)		**4,599**	**40**	**0**	**4,639**
Purchases of tangible and intangible fixed assets		(551)			(551)
Proceeds on tangible and intangible fixed assets		90			90
Purchases of long-term investments (non-consolidated securities)					
Proceeds on disposals of long-term investments (non-consolidated securities)					
Impact of changes in scope		(1,799)			(1,799)
Cash flow from investing activities (E)		**(2,260)**	**0**	**0**	**(2,260)**
Received from shareholders following capital increases		4			4
Received upon the exercise of stock options					
Buyback and resale of treasury stock					
Dividends paid over the year:					
- Dividends paid to shareholders of the parent		(154)			(154)
- Dividends paid to minority shareholders in consolidated companies					
Proceeds from new loans					
Repayment of borrowings		(553)			(553)
Net financial interest paid	6		(40)		(40)
Cash flow from financing activities(F)		**(703)**	**(40)**	**0**	**(743)**
Effect of foreign exchange rate changes (G)					
Change in net cash position (D+E+F+G)		**1,636**	**0**	**0**	**1,636**
Cash at beginning of year		6,579			6,579
Cash at year end		8,215			8,215

1. Cancellation of amortization of goodwill (€ 1,827,000) and business assets (€ 13,000).
2. Share warrants.
3. Restatement of deferred taxes and booking of retirement benefits.
4. Cost of financial debt.
5. Tax expense.
6. See note 4.

6.4 Changes in consolidation scope

See “Minority buyouts, investments and divestments”.

Impact of new entries into the scope of the 2005 consolidated financial statements

Impact on the 2005 consolidated financial statements (in € thousands)	
Turnover	5,255
Current operating income	557
Operating margin	10.6%
Group net income	**307**

6.5 Additional notes

Explanatory notes on the Income statement

6.5.1 Employee benefits expense

(In € thousands)	31/12/05	31/12/04
Employee compensation	32,949	26,859
Social security contributions	12,665	10,149
Net provisions for pensions	225	120
Total	**45,839**	**37,128**

The employee benefits expense accounted for 64.5% of turnover in 2005 versus 65.1% in 2004.

Headcount at year end	31/12/05	31/12/04
France	388	183
Belgium and Luxembourg	348	352
Italy	288	190
Spain	165	110
Total	**1,189**	**835**
Consultants	1,089	753
% consultants	92%	90%
Administration and sales	100	82
Total	**1,189**	**835**

The Group’s headcount increased from 835 employees at year end 2004 to 1,189 at year end 2005, in line with the Group’s strong performance. Of these, the number of consultants improved once again to stand at 92%, up from 90% one year earlier. These figures include subcontractor consultants.

The productivity rate also rose once again from 90% in 2004 to 91% in 2005.

The productivity rate is measured as follows: number of days charged versus total chargeable days. The number of days charged are calculated according to the number of consultants present at the end of the period multiplied by the number of working days in the month, less any days off for holidays (paid leave and time off in lieu of France’s 35-hour working week) and illness. The number of chargeable days is equal to the number of days charged less any training and technology watch days and any time spent on other non-chargeable assignments (pre-sales, downtimes between contracts, in-house projects, etc.).

6.5.2 *Other operating income and expenses*

(In € thousands)	31/12/05	31/12/04
Share warrants	(101)	(62)
Restructuring expenses	(102)	(303)
Capital gains and losses on the disposal of assets	336	-
Other	-	(51)
Total	133	(416)

Capital gains and losses on disposals essentially include a gain of € 336,000 on the disposal of Pivolis.

6.5.3 *Other financial income and expenses*

Financial expenses were largely made up of interest paid to factoring companies and factors, and interest on loans.

Financial income came from interest on cash investments and capital gains on the sale of securities (mutual funds).

6.5.4 *Tax expense*

(In € thousands)	31/12/05	31/12/04
Current taxes	(2,001)	(1,842)
Deferred taxes	168	(51)
Total	(1,833)	(1,893)

Effective tax rate

The difference between the current tax rate in France and the effective tax rate is as follows;

(In € thousands)	31/12/05
Accounting profit before tax	5,617
Theoretical tax expense in France	1,900
Current tax rate in France	33.83%
Impact of different tax rates	436
Impact of permanent differences	76
Deduction of prior years' losses carried forward	
Recourse to losses carried forward	(407)
Unbooked deferred tax assets	
Other	(172)
Total	1,833

Breakdown of deferred taxes

(In € thousands)	Start of year	Increase	Decrease	Year end
Deferred tax assets				
Tax losses carried forward	1,974	407	245	2,137
Temporary differences				
Total deferred tax assets	1,974	407	245	2,137
Deferred tax liabilities				
Temporary differences	89	5	89	5
Total deferred tax liabilities	89	5	89	5

6.5.5 *Minority interests*

Minority interests stood at € 304,000 in 2005 and were essentially linked to Belgian subsidiaries Promotic (€ 131,000) and Octo (€ 75,000) and Italian subsidiary Codd & Date International (€ 76,000).

6.5.6 *Diluted earnings per share*

Diluted earnings per share takes account of the maximum possible dilution of ordinary shares. The weighted average number of shares is adjusted to take account of warrants offered under stock option plans, which potentially add 1,115,546 shares to the total, of which only 637,684 have a dilutive effect on net earnings per share.

6.5.7 *Audit and consultancy fees*

(In €)	Bernard Lelarge		Constantin	
Statutory Auditors, certification of annual and consolidated accounts, etc.	99,095	100%	115,090	80%
Ancillary services	-	-	-	-
Sub-total	99,095	100%	115,090	80%
Other services	-	-	29,500	20%
Legal, tax, social	-	-	-	-
Sub-total	-	-	29,500	20%
Total	99,095	100%	144,590	100%

Explanatory notes on the balance sheet

6.5.8 *Change in goodwill*

(In € thousands)	Start of the year	Acquisitions Provisions	Disposals Reversals	Year end
Gross value	40,295	8,631	-	48,926
Amortization	(17,777)	-	-	(17,777)
Net value	22,518	8,631	-	31,149

6.5.9 Fixed assets

Breakdown by type of asset:

(In € thousands)	01/01/05	Newly consolidated companies	Acquisitions	Disposals	Other transfers	Deconso lidations	31/12/05
Unpaid capital	-	-	-	-	-	-	-
R&D	-	-	-	-	-	-	-
Licenses and software	399	59	24	(28)	-	-	454
Business assets	150	-	884	-	-	-	1,034
Other intangible fixed assets	168	-	37	(1)	-	-	204
Goodwill - Securities	40,295	6,206	2,134	-	291	-	48,926
Tangible fixed assets	3,447	93	790	(348)	-	-	3,982
Investments	58	-	440	(14)	-	-	484
Deposits and guarantees	499	4	55	(177)	-	-	381
Total	45,016	6,362	4,364	(568)	291	-	55,465

Breakdown by geographical region:

Geographical region (In € thousands)	31/12/05 Net intang. assets o/w goodwill	31/12/05 Net tangible assets	31/12/04 Net intang. assets o/w goodwill	31/12/04 Net tangible assets
France	9,858	456	4,796	328
Belgium and Luxembourg	10,887	223	10,648	206
Spain	3,824	115	3,828	57
Italy	7,744	583	3,520	371
Total	32,313	1,377	22,792	962

Depreciation and amortization:

(In € thousands)	01/01/05	Newly consolidated companies	Provisions	Reversals	Other transfers	Deconso lidations	31/12/05
Start-up costs	-	-	-	-	-	-	-
R&D	-	-	-	-	-	-	-
Licenses and software	(307)	(55)	(39)	29	-	-	(372)
Other intangible assets	(138)	-	(19)	-	(1)	-	(158)
Business assets	-	-	-	-	-	-	-
Goodwill - Securities	(17,777)	-	-	-	-	-	(17,777)
Tangible fixed assets	(2,485)	(81)	(412)	373	-	-	(2,605)
Long-term investments	(61)	-	-	7	-	-	(54)
Total	(20,768)	(136)	(470)	409	(1)	0	(20,966)

6.5.10 Other non-current assets

These correspond to a carry back of € 448,000.

6.5.11 *Trade and other receivables*

(In € thousands)	31/12/05	31/12/04
Gross value	33,870	22,837
Depreciation	(400)	(389)
Net value	**33,470**	**22,448**
Advances and prepayments received	(64)	(47)
Unearned income and customer loans	(415)	(257)
Net trade receivables	**32,991**	**22,144**
Customer ratio in days of turnover	113	109

6.5.12 *Ther receivables and related accounts*

(In € thousands)	31/12/05	31/12/04
Advances and prepayments on orders	121	71
Social security receivables	301	191
Tax receivables	1,138	729
Other receivables	1,108	128
Prepayments	707	307
Provision for other operating receivables	(54)	(54)
Total	3,321	1,372

6.5.13 *Share capital*

At December 31, 2005, Aubay's share capital stood at € 6,128,008 divided into 12,256,016 shares with a par value of € 0.50, all fully paid up and all of the same class.

6.5.14 *Transactions on treasury stock in 2005*

Number of shares held at December 31, 2004	360,806
Acquisitions/Disposals in 2005	(146,912)
Number of shares held at December 31, 2005	213,894

6.5.15 *Borrowings and financial debt*

(In € thousands)	2005			2004
	Montant	Due in under one year	Due in over one year	Amount
Bank loans	3,598	272	3,326	968
Creditor banks	1,500	1,500	-	-
Other financial debt (1)	3,777	1,462	2,315	2368
Total debt	8,875	3,234	5,641	3,336
Investment securities	37	37	-	1,450
Cash and cash equivalents	5,078	5,078	-	6,765
Cash and cash equivalents	5,115	5,115	0	8,215
Net debt	(3,760)	1,881	(5,641)	4,879

(1) Including the valuation of the repurchase of minority interests in the amount of € 3,740,000. This amount may increase or decrease according to the forthcoming results of the subsidiaries concerned.

The cash balance stands at € 3,615,000, i.e. the difference between cash and cash equivalents (€ 5,115,000) and creditor banks (€ 1,500,000).

Breakdown of borrowings and loans with credit institutions by type and rate:

(In € thousands)	31/12/05
Fixed rate	-
Variable rate	5,098
Total	5,098

6.5.16 *Provisions for risks and charges*

(In € thousands)	31/12/05	31/12/04
Provisions for litigation	124	266
Provisions for pensions	225	120
Total	349	386

6.5.17 *Trade and other payables*

(In € thousands)	31/12/05	31/12/04
Supplier debt	5,389	3,347
Total	5,389	3,347

6.5.18 *Other debts and accruals*

(In € thousands)	31/12/05	31/12/04
Prepayments received from clients	64	47
Social security liabilities	10,161	7,154
Tax	6,048	4,168
Other operating debts	6,761	4,673
Unearned income	415	257
Other accruals	16	20
Total	23,465	16,319

6.5.19 *Off-balance sheet commitments*

(In € thousands)	2005	2004
Counter-guarantees on projects	-	126
Receivables not yet due	-	4,281
Mortgage pledges and real sureties	-	None
Sureties and guarantees given	2,166	1,614
Other commitments given	24	24
Total	2,190	6,045

6.5.20 Consolidation scope at December 31, 2005

All Group subsidiaries are consolidated.

Company	% holding	Method of consolidation	Head offices
Aubay	Parent company		235, avenue Le Jour se Lève 92651 Boulogne Billancourt Cedex - France
France			
Aubay Conseil en Organisation	100%	Full	17, avenue Didier Daurat BP 21 - 31701 Blagnac Cedex - France
Octo Technology	84%	Full	50, avenue des Champs Elysées 75008 Paris - France
Kedros	100%	Full	235, avenue Le Jour se Lève 92651 Boulogne Billancourt Cedex - France
Financière Why Not	75%	Full	235, avenue Le Jour se Lève 92651 Boulogne Billancourt Cedex - France
Why Not	75%	Full	235, avenue Le Jour se Lève 92651 Boulogne Billancourt Cedex - France
Spain			
Aubay Isalia	100%	Full	Calle Albacete 5 28027 Madrid - Spain
Benelux			
Aubay Luxembourg	100%	Full	Immeuble de Beauvoir rue de Strasbourg, 51 2561 Luxembourg
Offis	100%	Full	rue Gatti de Gamondstraat, 145 1180 Bruxelles - Belgique
Promotic Belgique	80%	Full	rue Chaude Voie, 39 5100 Naninne - Belgique
Promotic Luxembourg	80%	Full	Immeuble de Beauvoir rue de Strasbourg, 51 2561 Luxembourg
Promotic Strasbourg	100%	Full	3, rue de Molsheim F-67000 Strasbourg - France
Italy			
Aubay Italie	100%	Full	Largo la Foppa 2, 20121 Milano - Italy
ART	88%	Full	Largo la Foppa 2, 20121 Milano - Italy
Aubay Consulting	45%	Full	Largo la Foppa 2, 20121 Milano - Italy
Codd & Date International	44.88%	Full	Via LEONE XIII n°14, 20145 Milano - Italy

Investments are not included in the consolidation scope:

Aubay NV, Aubay BS and Aubay Telecom UK were inactive in 2005 and are therefore not consolidated.

02

Names of the persons responsible for the annual report and the auditing of the accounts

Person responsible for the annual report

Mr. Christian Aubert,
Chairman of the Board of Directors

Certification of the person responsible for the annual report

"I have obtained from the auditors of the present financial statements a letter certifying that they have verified all of the financial information and accounts presented in this reference document which they have read in its entirety."

Chairman of the Board of Directors
Mr. Christian Aubert

Names of the persons responsible for the audit of the financial statements

Named Statutory Auditors

Mr. Bernard Lelarge
1, rue de courcelles - 75008 Paris, France

Date of first appointment: Extraordinary General Meeting of December 17, 1997 and renewed by the Extraordinary General Meeting of May 23, 2003.

End of current mandate: Ordinary General Meeting called to approve the financial statements for the fiscal year ending on December 31, 2008.

Cabinet Constantin Associés
Mr. Jean-Claude Saucé
114, rue Marius Aufan 92532 - Levallois Perret Cedex, France

Date of first appointment: Extraordinary General Meeting of June 8, 2004.

End of current mandate: Ordinary General Meeting called to approve the financial statements for the fiscal year ending on December 31, 2009.

Substitute Statutory Auditors

Mr. Jean-François Plantin
1, rue de courcelles - 75008 Paris, France

Date of first appointment: Extraordinary General Meeting of December 17, 1997 and renewed by the Extraordinary General Meeting of May 23, 2003.

End of current mandate: Ordinary General Meeting called to approve the financial statements for the fiscal year ending on December 31, 2008.

Mr. Jean-François serval
C/o cabinet Constantin Associés
114, rue Marius Aufan - 92532 Levallois Perret Cedex, France

Date of first appointment: Extraordinary General Meeting of June 9, 2004.

End of current mandate: Ordinary General Meeting called to approve the financial statements for the fiscal year ending on December 31, 2009.

Persons responsible for the information given in the present annual report

Mr. Philippe Rabasse, Chief Executive Officer
235, avenue le Jour se Lève
92651 Boulogne-Billancourt Cedex, France
Tel.: +33 (0)1 46 10 67 50 Fax: +33 (0)1 46 10 67 51
Mr. David Fuks, Chief Financial Officer
235, avenue le Jour se Lève
92651 Boulogne-Billancourt Cedex, France
Tel.: +33 (0)1 46 10 67 50 Fax: +33 (0)1 46 10 67 51

03

General information on the company and its capital

General information

Corporate name (Article 3 of the Articles of Association)

Aubay

Head Offices

235, avenue le Jour se Lève
92651 Boulogne-Billancourt Cedex, France.

Date of incorporation and duration of the company

The company was incorporated on November 10, 1944, for a duration of 90 years as of the date of its registration in the Trade and Companies Register, except in the event of liquidation or extension.

Legal form

Société anonyme, a limited company under French law, with a Board of Directors and governed by the French Commercial Code and Decree No. 67-236 of March 23, 1967.

Trade and Companies Register

391,504,693 - R.C.S. Nanterre.

APE Code and sector

721Z - IT Systems Consultancy.

Consultation of documents and information concerning the company

The memorandum and Articles of Association, financial statements, reports and minutes of general meetings can be consulted at the head offices.

Corporate purpose (Article 2 of the Articles of Association)

The company's purpose, directly or indirectly and in all countries, is to provide information technology services, notably the research, creation, development, distribution, training, initiation, application, operation and marketing of any method or software therein. Its purpose also extends to any operations of an industrial, commercial or financial nature, involving securities or property, which may be directly or indirectly linked to its corporate purpose or any similar or related purpose, or which may facilitate its expansion and development.

The company may acquire interests in any existing or future businesses or companies in France or abroad that are directly or indirectly linked to its corporate purpose, or to any similar or related purpose. These may notably be businesses or companies whose purpose may contribute to the achievement of Aubay's corporate purpose, by any means including the contribution, subscription or purchase of shares or share capital or via mergers, joint ventures, alliances or limited partnerships.

To this end, the company may create, acquire, manage, contract out the management of and run any establishments, including on behalf of third parties, in accordance with the law, for any operations directly or indirectly linked to its corporate purpose.

Annual accounting period (Article 14 of the Articles of Association

From January 1 to December 31 of each year.

Breach of thresholds

The provisions which apply to breaches of thresholds are those provided for by French law.

General Meetings (Article 12 of the Articles of Association)

General Meetings are convened and held in accordance with the law. They may be held at the head offices or in any other location specified in the notices.

Dividend payments (Article 13 of the Articles of Association)

Dividends are paid at the date and place decided at the General Meeting, or failing that, by the Board of Directors. Before the annual accounts have been approved, the Board of Directors may distribute one or several interim dividends. In accordance with the law and the Articles of Association, the General Meeting called to approve the annual accounts may offer each shareholder the option of payment in cash or payment in shares for all or part of the proposed dividend and interim dividend payments.

Articles governing the appropriation of income

The Articles of Association contain no specific provisions in this respect.

Identification of holders of bearer securities: Identifiable Bearer Securities (Article 8 of the Articles of Association)

In accordance with Article L. 228-2 of the French Commercial Code, the company may at any time request bearer securities identification from Euroclear.

Double voting rights (Article 8 of the Articles of Association)

As a result of a resolution approved at the Extraordinary General Meeting of December 17, 1997, Aubay's Articles of Association stipulate that all shares that have been fully paid up and registered for at least two years with the same shareholder shall benefit from double voting rights.

Any free shares allocated to shareholders in exchange for existing shares conferring double voting rights shall also bear double voting rights.

Double voting rights shall cease to apply to any share that has been converted to a bearer share or transferred, other than transfers from registered to bearer shares as a result of an inheritance or a gift.

Double voting rights may be canceled by resolution at an Extraordinary General Meeting after approval by the General Meeting of Beneficiaries.

Information on the capital

Share capital

At December 31, 2005, Aubay's share capital stood at € 6,128,008 divided into 12,256,016 shares with a par value of € 0.50, all fully paid up and all of the same class.

Breakdown of capital and voting rights as at December 31, 2005 and to the best of the company's knowledge

To the best of the company's knowledge, its shareholder structure breaks down as follows:

Shareholder base	Situation at December 31, 2005			Situation at December 31, 2004			Situation at December 31, 2003		
	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights	Number of shares	% capital	% voting rights
Rabasse/Andrieux/ Gauthier partnership (1)	3,139,435	25.62	27.71	3,048,302	25.91	29.03	2,893,746	24.86	26.37
Capitalinvest	*1,206,537*	*9.84*	*15.21*	*1,188,256*	*10.10*	*16.01*			
Rabasse	*1,214,000*	*9.91*	*7.85*	*1,167,314*	*9.92*	*8.00*			
Andrieux	*678,282*	*5.53*	*4.39*	*653,232*	*5.55*	*4.48*			
Gauthier	*40,616*	*0.33*	*0.26*	*39,500*	*0.34*	*0.54*			
Aubert family	2,111,663	17.23	22.89	2,079,698	17.68	24.06	2,048,219	17.60	23.78
Entrecanales family	542,574	4.43	6.81	534,353	4.54	7.16	539,363	4.63	7.27
Société Générale Asset Management (2)	754,694	6.16	4.88						
Own shares (3)	81,170	0.66	0.00	360,806	3.07	0.00	326,610	2.81	0.00
Public	5,626,480	45.91	42.59	5,742,676	48.81	39.74	5,832,287	50.10	42.58
Total	**12,256,016**	**100.00**	**100.00**	**11,765,835**	**100.00**	**100.00**	**11,640,225**	**100.00**	**100.00**

(1) including the stake held by the holding company Capitalinvest, which is wholly owned by Messrs Rabasse, Andrieux and Gauthier
(2) as at September 29, 2005
(3) as at March 31, 2006

To the best of the company's knowledge, no outside shareholder holds more than 5% of the capital or voting rights.

To the best of the company's knowledge, no other partnership exists except that declared by Messrs Andrieux, Gauthier and Rabasse.

Individuals and legal entities holding a significant share of the company's capital as at December 31, 2005, to the best of the company's knowledge

At December 31, 2005, the company's share capital was mainly held by Messrs Rabasse, Andrieux and Gauthier (25.62%), Mr. Aubert and family (17.23%) and Mr. Entrecanales and family (4.43%).

Transactions carried out on Aubay's shares by its senior management

To the best of the company's knowledge, the following share movements took place during 2005:

Director	Position	Number of shares purchased	Value	Number of shares sold	Value
Philippe Rabasse	Chief Executive Officer Director	28,727	€ 165,891	0	0
Christophe Andrieux	Deputy Chief Executive Officer Director	15,000	€ 86,550	0	0
François Hisquin	Director	0	0	59,000	€ 339,920

Changes in share capital since the company was formed

Date	Transaction	Number of shares created	Nominal value	Premium [1]	Cumulative nominal value	Cumulative number of shares
02/04/97	Capital increase through the incorporation of reserves	0	FF 1,500,000	-	FF 1,500,000	15,000
17/12/97	Drop in nominal value	-	FF 1,500,000	-	FF 1,500,000	1,500,000
05/03/98	Capital increase through the offsetting of receivables and increase in nominal value	-	FF 1,500,000	-	FF 3,000,000	1,500,000
05/03/98	Capital increase through cash contributions	30,000	FF 60,000	-	FF 3,060,000	1,530,000
31/03/98	Capital increase through cash contributions	530,000	FF 1,060,000	FF 100,700	FF 4,120,000	2,060,000
23/06/98	Capital increase through cash contributions	33,523	FF 67,046	FF 2,279,564	FF 4,187,046	2,093,523
04/12/98	Capital increase through cash contributions	41,477	FF 82,954	FF 2,820,436	FF 4,270,000	2,135,000
31/03/99	Capital increase through cash contributions of securities	66,500	FF 133,000	FF 9,842,000	FF 4,403,000	2,201,500
25/05/99	Capital increase through cash contributions of securities	231,667	FF 463,334	FF 34,286,716	FF 4,866,334	2,433,167
12/07/99	Transfer to the Second Marché and capital increase through cash contributions	200,000	FF 400,000	FF 35,022,000	FF 5,266,334	2,633,167
07/02/00	Capital increase through cash contributions	200,000	FF 400,000	FF 220,001,552	FF 5,666,334	2,833,167
09/06/00	Capital increase through the free allocation of shares, incorporation of reserves and conversion of capital into euros	2,833,167	€ 4,802,507	-	€ 5,666,334	5,666,334
09/06/00	2-for-1 stock split	5,666,334	-	-	€ 5,666,334	11,332,668
31/12/00	Subscription to 14 share subscription warrants	28	€ 14	€ 1,526	€ 5,666,348	11,332,696
13/04/01	Capital increase through the offsetting of receivables	85,782	€ 42,891	€ 1,348,493.04	€ 5,709,239	11,418,478
31/12/01	Subscription to 40,000 shares through the stock option or share ownership plan	40,000	€ 20,000	€ 250,000	€ 5,729,239	11,458,478
25/06/03	Payment of dividend with the option of payment in shares	181,747	€ 90,873,50	€ 252,628.33	€ 5,820,112.50	11,640,225
06/07/04	Payment of dividend with the option of payment in shares	125,610	€ 62,805	€ 345,427.50	€ 5,882,917.50	11,765,835
07/06/05	Payment of dividend with the option of payment in sharess	135,636	€ 67,818	€ 461,162.40	€ 5,950,735.50	11,901,471
21/12/05	Remuneration from the tender of 13,000 Aubay RT shares	354,545	€ 177,272.50	€ 1,772,725	€ 6,128,008	12,256,016

[1] Before issuance expenses.

Unissued authorized capital

Single investment securities

The company's Board of Directors was authorized by the Joint General Meeting of May 10, 2005, for a maximum of 26 months, to increase the capital in one or more stages, whilst either retaining or canceling all preferential subscription rights, via the issue of all securities, including any independent warrants, giving immediate or future access to a proportion of the share capital, with the exception of priority shares, priority dividend shares with no voting rights and investment certificates with a maximum nominal value of € 6 million and/or the incorporation into the capital of any reserves, earnings, additional paid-in capital or other element with a maximum nominal value of € 6 million.

Marketable securities in lieu of receivables and giving access to the company's capital

The Board of Directors was also authorized by the Joint General Meeting of May 10, 2005, for a maximum of 26 months, to issue a maximum nominal amount of € 150 million in marketable securities in the form of receivables and giving access to the company's capital.

These authorizations canceled and replaced the autho rizations to the same effect approved by the previous Joint General Meeting. They were not used by the Board of Directors and no commitment regarding a capital increase was given.

Marketable securities in lieu of compensation in kind

The Board of Directors was authorized by the Joint General Meeting of May 10, 2005, for a period of 26 months, to issue shares, capital shares, or securities which give or may give access to the company's capital, up to a limit of 10% of the capital at the time of issue, in lieu of any compensation in kind to the Company made up of capital shares or marketable securities giving access to the capital.

The Board of Directors' meeting of December 21, 2005 made partial use of this authorization and voted to issue 354,545 new shares with a par value of € 5.50 for a nominal value of € 0.50, in compensation for the contribution of 13,000 shares from the Italian subsidiary, Aubay RT, authorized by the entity's founders and senior management. This contribution, which was valued at € 1,950,000, was approved by the auditor assigned by the French courts to control all non-cash contributions and enabled Aubay to increase its stake in the Italian subsidiary from 75% to 88%. This transaction was driven by the shared goal of Aubay's and Aubay RT's senior management, given the value of the entity for the Group's business and development, of increasing Aubay's stake in the subsidiary by tying the entity's senior management more closely to the Group's shareholder structure in which, together, they now rank amongst the main stockholders.

As this transaction only affected a marginal part of the Company's capital, it was considered to be unlikely to have a significant impact on Aubay's share price.

The impact of this transaction on Aubay's shareholder structure and notably on their share of shareholders' equity is outlined in the table below:

Based on the financial statements at June 30, 2005	Before capital increase			Capital increase		After capital increase		
	Number of shares	Shareholders' equity	Shareholders' equity/shares	Number of shares	Primes d'émission	Number of shares	Shareholders' equity	Shareholders' equity/shares
Contribution of 13,000 Aubay RT shares on December 21, 2005	11,901,471	36,648,000.00	€ 3.08	354,545	€ 1,772,725.00	12,256,016	€ 38,598,000.00	€ 3.15

Buyback by the company of its own shares

Current Program

The Joint General Meeting of May 10, 2005, having read the report of the Board of Directors and the information memorandum No. 05-271 signed by the French Financial Markets Authority (AMF), authorized the Board of Directors, in accordance with Articles 241-1 and 241-8 of the AMF's general regulations, to purchase the company's shares in order to achieve the following (in order of priority):

- to underpin the liquidity and secondary market activity of Aubay shares via a liquidity contract signed with an investment services provider in accordance with the AMF-approved compliance charter;
- to cancel shares;
- to uphold, in accordance with the law, its obligations in terms of the issue of shares following:

- the different programs affording the Group's employees and corporate officers the option to purchase the company's shares,

- the free allocation of shares to the Group's employees and corporate officers.

- to enable Aubay to purchase its own shares to hold and re-issue at a later date in exchange or as payment should it proceed with any new acquisitions.

The shares acquired may be kept, sold or transferred.

The maximum portion of the share capital authorized for repurchase stands at 10% of the company's share capital (a maximum of 1,225,601 shares at December 31, 2005) and the maximum purchase price stands at € 7, any transactions involving the company's capital notwithstanding.

Over the fiscal year ending on December 31, 2005, the company repurchased 213,204 and sold 366,690 of its own shares. These transactions were carried out in order to regulate the share price. At December 31, 2005, the company held 213,894 of its own shares, representing 1.75% of its capital.

No derivatives were used and, as such, no call or put options were implemented.

No shares were canceled in 2005.

Summary of transactions on treasury stock in 2005 and up to March 31, 2006

	Shares purchased	Weighted average price	Shares sold	Weighted average price
2005				
January	37,413	3.92	37,092	3.98
February	22,247	4.36	16,782	4.47
March	8,053	4.27	3,633	4.35
April	2,410	4.48	6,194	4.46
May (bef. 10/5)	60	4.34	3,150	4.45
May (aft. 10/5)	5,866	4.29	1,500	4.30
June	29,220	4.48	61,448	4.50
July	10,553	4.66	24,170	4.67
August	10,967	4.83	4,822	4.96
September	9,627	5.39	67,612	5.34
October	31,978	5.65	87,814	5.70
November	14,711	5.71	14,928	5.70
December	30,099	5.63	37,545	5.66
Total	**213,204**	**4.73**	**366,690**	**5.05**
2006				
January	6,076	5.72	79,401	5.87
February	5,980	6.39	46,625	6.30
March	9,306	6.61	28,060	6.81
Total	**21,362**	**6.30**	**154,086**	**6.17**

Summary of treasury stock held at March 31, 2006.

Shares allocated to liquidity contracts	7,183
Share to be kept and redistributed at a later date in exchange or as payment should the company proceed with any new acquisitions	73,987
Total	**81,170**

Description of the new program

A new share buyback program will be presented to the General Meeting on May 10, 2006. This program will allow the company to repurchase its own shares under the following conditions:

Goals

- to underpin the liquidity and the secondary market activity of Aubay shares via a liquidity contract signed with an investment services provider in accordance with the AMF-approved compliance charter;
- to cancel shares (subject to the adoption by the General Meeting of May 10, 2006 of extraordinary resolution number 6 relative to the cancellation of shares);
- to uphold, in accordance with the law, its obligations in terms of the issue of shares following:
  - the different programs affording the Group's employees and corporate officers the option to purchase the company's shares,
  - the free allocation of shares to the Group's employees and corporate officers.
- to enable Aubay to purchase its own shares to hold and re-issue at a later date in exchange or as payment should it proceed with any new acquisitions.

- **Maximum portion of the share capital authorized:** The maximum portion of the company's share capital authorized for repurchase is, in theory, fixed at 10%, which currently represents 1,225,601 shares.
- **Maximum portion of the capital targeted:** Given that the company held 81,170 of its own shares as at March 31, 2006, namely 0.66% of its capital, it will only be able to repurchase a further 9.34% of its capital, i.e. 1,144,431 shares.
- **Maximum amount payable by the company:** € 13 733 172.
- **Maximum purchase price:** € 12.
- **Financing methods:** financing of share buybacks through cash or debt.
- **Transaction calendar:** from the Joint General Meeting of May 10, 2006 for a maximum duration of 18 months, i.e. until November 10, 2007.

Potential capital: share warrants plan

Following the authorizations granted by the General Meetings of May 25, 1999, June 9, 2000, April 13, 2001, April 23, 2002 and May 10, 2005, the Board of Directors has granted share warrants to the Group's managers and "key" employees. These allocations are detailed below:

Warrants

Plans	1999	1999	1999	1999	1999	2000	2000	2001	2002	2002	2005
Date of the General Meeting	25/05/99	25/05/99	25/05/99	25/05/99	25/05/99	09/06/00	09/06/00	13/04/01	23/04/02	23/04/02	10/05/05
Date of the Board of Directors' Meeting	12/07/99	26/08/99	14/09/99	09/11/99	18/05/00	24/08/00	19/01/01	06/02/02	14/03/03	30/04/04	12/07/05
Total number of shares available for subscription [1]	202,800	20,000	50,000	23,376	48,400	1,400	333,423	336,554	143,000	105,000	75,000
Number of persons affected [1]	79	1	2	12	2	8	246	27	11	9	7
Aubay SA's corporate officers [1]	0	0	0	0	0	0	20,000	60,000	0	0	0
Aubay SA's 10 "key" employees [1]	40,000	20,000	0	1	48,400	0	82,800	85,000	40,000	30,000	25,000
Date of effect of warrants	12/07/04	26/08/04	14/09/04	09/11/04	18/05/05	24/08/05	19/01/06	06/02/06	14/03/07	30/04/08	12/07/09
Expiry date	12/07/07	26/08/07	14/09/07	09/11/07	18/05/08	24/08/08	19/01/09	06/02/10	14/03/11	30/04/12	12/07/13
Subscription price	€ 6.75	€ 6.82	€ 7.24	€ 10.56	€ 31.75	€ 23.52	€ 16.06	€ 3.91	€ 1.33	€ 3.66	€ 4.56
Terms (tranches)	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	4 years	4 years	4 years
Number of shares subscribed to at year end	40,000	0	0	0	0	0	0	0	0	0	0
Warrants canceled [2]	113,650	0	10,000	11,008	0	1,150	65,729	16,870	5,000	0	0
Warrants outstanding	89,150	20,000	40,000	12,368	48,400	250	267,694	319,684	138,000	105,000	75,000

[1] on the date of allocation [2] since allocation.

Share warrants or purchase options granted to and exercised by each corporate officer	Number of options allocated/ shares subscribed to or purchased	Price	Due date	Plan number
Options granted:	-	-	-	-
Options exercised:	-	-	-	-

Share warrants or purchase options granted to and exercised by Aubay SA's ten "key" employees who are not corporate officers	Number of options allocated/shares subscribed to or purchased		Weighted average price	Plan number
Options granted during the year by the issuer and any company included in the option allocation scope to the ten employees of the issuer and any company included in said scope, of which the number of options dont le nombre d'options ainsi consenties thus granted is the highest (overall information)	75,000		€ 4.56	11
Options held on shares in the issuer and the companies referred to above and exercised during the year by the ten employees of the issuer and its companies, of which the number of options thus purchased or subscribed to is the highest (overall information)	-	-	-	

Subscription to all allocated options would lead to the issue of 1,115,546 new shares generating a potential dilution of 9.10%.

No other form of potential capital exists.

None of the options granted were exercised in 2005.

Shareholder agreements

The company knows of no shareholder agreement relative to its own shares. Moreover, the company knows of no shareholder agreement relative to the Group's assets and notably liable to reduce the usage or salability thereof.

To the best of the company's knowledge, no shareholder owns any significant assets used by the Group.

Dividends

The General Meeting of May 23, 2003 voted in favor of the payment of a net dividend of € 0.04 per share. The General Meeting of June 8, 2004 voted in favor of the payment of a net dividend of € 0.05 per share. A tax credit for natural persons residing and paying their taxes in France of € 0.02 and € 0.025 respectively was added to these dividends. The General Meeting of May 10, 2005 voted in favor of the payment of a dividend of € 0.06 per share. This dividend gave the right to a tax credit of € 0.03, under the conditions of the French General Tax Code.

The distribution of a dividend of € 0.07 per share will be proposed at the General Meeting to be held on May 10, 2006.

These dividends are valid for five years, in accordance with applicable legislation.

Pledges and commitments on shares and assets

The company pledged:

- all Kedros shares which it holds (160,000 shares) to Société Générale,
- all Financière Why Not shares which it holds (3,000 shares) to Crédit du Nord.

04

Executive and management bodies

Composition of the Board of Directors

At December 31, 2005, Aubay's Board of Directors was composed of:

Member's name or corporate name	First appointment (or start of mandate)	Mandate expiry date	Main role in the company
Mr. Christian Aubert	May 23, 2003	Year-end 2008	Chairman of the Board of Directors
Mr. Philippe Rabasse	June 8, 2004	Year-end 2009	Chief Executive Officer
Mr. Christophe Andrieux	May 23, 2003	Year-end 2008	Deputy Chief Executive Officer
Mr. Modeste Entrecanales	June 8, 2004	Year-end 2009	Director
Mr. Patrick Grumelart	May 23, 2003	Year-end 2008	Director
Mrs. Rosemary Aubert	June 8, 2004	Year-end 2009	Director
Mr. François Hisquin	May 23, 2003	Year-end 2008	Director
Capitalinvest S.N.C Represented by Mr. Vincent Gauthier	October 24, 2001	Year-end 2006	Mr. Gauthier is Deputy Chief Executive Officer in charge of Legal Affairs

Mandates and functions exercised by company officers during the year

Mr. **Christian Aubert**, in addition to his mandate as Chairman of the Board of Directors of Aubay, held the following posts or mandates:

a) Within the Group:

- Permanent representative of Aubay SA on the Supervisory Board of Aubay Conseil en Organisation;
- Permanent representative of Aubay SA on the Supervisory Board of Octo Technology;
- Representative of Aubay SA on the Board of Directors of Aubay Isalia (Spain).

b) Outside the Group:

- Chairman of Auplata SAS;
- Director of GCCCM SA.

Mr. **Philippe Rabasse**, in addition to his roles as Chief Executive Officer and Director of Aubay, held the following posts or mandates:

a) Within the Group:

- Chairman of the Supervisory Board of Aubay Conseil en Organisation;
- Chairman of the Supervisory Board of Octo Technology;
- Permanent representative of Aubay SA for Kedros SA;
- Member of the Board of Directors of Aubay Isalia (Spain).

b) Outside the Group:

- Managing Director of Capitalinvest;
- Director of Adex SA.

Mr. **Christophe Andrieux**, in addition to his role as Deputy Chief Executive Officer and Director of Aubay, held the following posts or mandates:

a) Within the Group:

- Chairman of the Board of Kedros SA;
- Chairman of the Board of Why Not Engineering SASU;
- Chairman of the Board of Financière Why Not SAS;

b) Outside the Group:

- Managing Director of Capitalinvest;
- Director of Adex SA.

Mr. **Vincent Gauthier**, in addition to his role as Deputy Chief Executive Officer, permanent representative of Capitalinvest and Director of Aubay, held the following posts or mandates:

a) Within the Group:

- Vice-Chairman of Aubay Conseil en Organisation;
- Member of the Supervisory Board of Octo Technology;

b) Outside the Group:

- Managing Director of Capitalinvest;
- Director of YCIMN SA, Mandelieu la Napoule.

Mr. **François Hisquin**, in addition to his role as Director of Aubay, held the following posts or mandates:

a) Within the Group:

- Chief Executive Officer of Octo Technology;

b) Outside the Group:

- Chairman of Pivolis SAS (75008)
- Managing Director of SCI du blanc Seau in Vésinet (78110).

Mr. **Modeste Entrecanales**, in addition to his mandate as a Director of Aubay, is Chief Executive Officer and a member of the Board of Directors of Steria Ibérica.

Mr. **Patrick Grumelart's** sole mandate is as a Director of Aubay.

Mrs. **Rosemary Aubert's** sole mandate is as a Director of Aubay.

Corporate governance

The company has not set up any specific committees. It did, however, invite an independent Director to sit on the Board.

Employee incentive plans

An Employee Savings Fund (FCPE) has been set up for the French companies. Employees acquire units in the FCPE through the Company Savings Plans. The fund held 40,787 Aubay shares at December 31, 2005 for a total value (including cash) of € 236,092. Depending on the results of the companies, the FCPE is credited with contributions from the companies and their employees alike.

Aubay SA also signed a profit-sharing agreement which complies with all relevant legal requirements.

Compensation and benefits paid to the company's executives

The total compensation paid by Aubay or any other of the Group's companies to each of its corporate officers in 2003, 2004 and 2005 is detailed below:

	2005		2004		2003	
(In €)	**Overall gross compensation**	**Attendance fees**	**Overall gross compensation**	**Attendance fees**	**Overall gross compensation**	**Attendance fees**
Mr. Christian Aubert	97,500	15,244	97,500	15,244	97,500	5,444
Mr. Philippe Rabasse	117,000	7,622	117,000	7,622	117,000	5,444
Mr. Christophe Andrieux	117,000	7,622	117,000	7,622	117,000	5,444
Mr. Vincent Gauthier, representative of Capitalinvest S.N.C	97,500	7,622	95,905.85	7,622	97,500	5,444
Mrs. Rosemary Aubert	0	0	0	7,622	0	5,444
Mr. François Hisquin	124,200	7,622	103,500	7,622	99,700	5,444
Mr. Modeste Entrecanales	0	0	0	7,622	0	5,444
Mr. Patrick Grumelart	0	7,622	0	7,622	0	7,622.45

No commitment exists to pay any variable compensation to any member of the Board of Directors. The members of the Board of Directors do not have any particular benefits in kind, or any additional bonus upon their arrival or departure from the company.

Mr. François Hisquin benefits from a privately funded pension scheme (article 83 of the French General Tax Code) from the subsidiary Octo Technology which he manages, at a cost to the company of € 2,415.

Interests of senior management in Aubay's subsidiaries, clients or major suppliers

None.

Head office: 235 avenue le Jour se Lève
92651 Boulogne Billancourt Cedex, France

Registered with the Nanterre Trade and Companies' register under number 391,504,693

www.aubay.com

KAPARCA FINANCE AND MARC PRAQUIN AGENCY