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Pierre IBARBOURE
CEO, Egis Projects S.A.
signature

Egis Projects S.A.

Report of the Statutory Auditors on the consolidated
Financial statements for the financial year ended
31 December 2005



ERNST & YOUNG

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Egis Projects S.A. General report of the Statutory Auditors on the Consolidated financial statements for the year ended 31 December 2005

Ladies and Gentlemen,

Pursuant to the mission entrusted to us by your General Meeting, we have audited the consolidated financial statements of Egis Projects S.A. for the financial year ended 30 December 2005.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit. These financial statements have been prepared for the first time in accordance with IFRS as adopted in the European Union. They include for the purposes of comparison the date concerning financial year 2004 restated according to the same standards, with the exception of IAS 32 and IAS 39 which, in accordance with the option provided by IFRS 1, have only been applied by the company from 1st January 2005.

I – Opinion on the interim financial statements

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

In our opinion, the consolidated financial statements for the period then ended give a true and fair view of the financial position, assets and liabilities and net profit of the group



constituted by the persons and entities included in the consolidation, in accordance with IFRS as adopted in the European Union.

II Justification of the assessments

Pursuant to the provisions of Article L 823-9 of the Commercial Code concerning the justification of our assessments, we draw your attention to the following items :

Accounting estimates

- Long-term contracts

The company recognises income from long-term contracts according to the methods described in paragraph 2.8 of the financial statements. This income depends on estimates on completion carried out by the project manager under the supervision of management.

On the basis of the information that has been provided to us, our work consisted of assessing the data and the assumptions on which these estimates of income on completion were based, reviewing the calculations made by your company, comparing the valuations of the income on completion of the previous periods with the corresponding actual income and examining the procedures for approval of these estimates by management.

- Securities held for sale – assets and liabilities in the process of disposal – discontinued activities :

Your company values the securities held for sale according to the methods described in paragraph 2.5 and Note 4 of paragraph 5 of the financial statements. On the basis of the information that has been provided to us, our work consisted of assessing the reasons for the absence of consolidation of these investments as well as reviewing the data and assumptions on which the valuations are based and verifying, in particular, that Note 4 of paragraph 5 of the financial statements provides appropriate information.

Paragraph 3 of the financial statements specifies the reasons for the classification under the heading “Discontinued activities and assets/liabilities in the process of disposal” of certain groups of assets and liabilities of the company. On the basis of the information provided to us, we have verified the justification of the analyses carried out as well as the correct presentation which is made thereof in Note 7 of paragraph 5 of the financial statements.

As stated in the introduction to the Notes to the consolidated financial statements, all of the estimates used are based on assumptions which by nature are uncertain, with their realisation being capable of differing, sometimes significantly, from the forecast data used.



The assessments thus made form part of our audit work of the consolidated financial statements, taken as a whole, and have thus contributed to the forming of our opinion expressed in the first part of this report.

III – Specific verifications

We have also performed, in accordance with professional standards in France, the verification of the information given in the Group's management report.

We have no comments to make about the fairness of the information or its consistency with the consolidated financial statements.

Paris-La-Défense, 27 June 2006

**The Statutory Auditors
Ernst & Young Audit**

(Signature)

Thierry Aymonier



EGIS PROJECTS

**CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP
AS OF 31 december 2005**

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT TO 31 DECEMBER

<i>In € 000</i>	<u>2005 actual</u>	<u>2004 actual</u>
Sales	64 502	81 576
Other revenues from activity	460	358
TOTAL REVENUES FROM ORDINARY ACTIVITIES <i>Note 18</i>	Sub-total 64 962	81 934
Other operating revenues	15	331
TOTAL REVENUES FROM OPERATING ACTIVITIES <i>Note 18</i>	Sub-total 64 977	82 265
Purchases consumed	(9 707)	(16 660)
External costs	(28 293)	(29 752)
Staff costs	(16 260)	(21 343)
Duties and taxes	(516)	(447)
Other operating costs	(234)	(2 284)
Depreciation and amortisation	(1 794)	(1 703)
TOTAL OPERATING COSTS	Sub-total (56 804)	(72 189)
OPERATING PROFIT	8 173	10 076
<i>Amortisation of goodwill</i>	80	0
<i>Result of disposals</i>	(153)	(1 735)
OPERATING INCOME	8 100	8 341
<i>Net borrowing cost</i>	286	239
<i>Other financial income and charges</i>	2 619	2 630
FINANCIAL INCOME <i>Note 20</i>	2 905	2 869
<i>Income from companies accounted for by the equity method</i> <i>Note 21</i>	2 377	0
NET INCOME BEFORE TAX AND DISCONTINUED ACTIVITIES	13 382	11 210
<i>Tax charge</i> <i>Note 22</i>	(2 240)	(4 839)
<i>Net income from discontinued activities or being discontinued</i> <i>Note 7</i>	294	0
NET INCOME	11 256	6 371
<i>Shared between</i>		
Minority interests	347	183
GROUP NET INCOME	10 909	6 188
Earnings per share in Euros – Continuing activities (note 12)	5.53	3.23
Earnings per share in Euros (note 12)	5.69	3.23



CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

Assets		2005 actual		2004 actual	
In € 000		Gross	Depreciation and Netamortisation	Net	Net
<u>NON-CURRENT ASSETS</u>					
	Intangible fixed assets	Note 1	290	(270)	20
	Goodwill	Note 2	80	80	-
	Tangible fixed assets	Note 3	10 804	(4 314)	6 490
	Securities of non-consolidated companies	Note 4	30 051	(1 954)	28 097
	Companies accounted for by the equity method	Note 5	3 285		3 285
	Other non-current financial assets	Note 6	15 729	0	15 729
	Discontinued activities and assets in the process of disposal	Note 7	4 303		4 303
	Deferred tax assets	Note 22	-		-
			-		273
	TOTAL NON-CURRENT ASSETS		64 382	(6 458)	57 924
					40 719
<u>CURRENT ASSETS</u>					
	Stocks and work in progress	Note 8	1 946	(1 315)	631
	Accounts receivables and other debtors	Note 9	17 027	(307)	16 720
	Miscellaneous receivables	Note 9	4 470		4 470
	Taxes on results receivables		126		126
	Other current financial assets and derivatives	Note 10	252		252
	Cash and equivalents	Note 11	20 394		20 394
	TOTAL CURRENT ASSETS		44 215	(1 622)	42 593
					47 746
	TOTAL ASSETS		108 597	(8 080)	100 517
					88 465
<u>LIABILITIES AND SHAREHOLDERS EQUITY</u>					
<i>In € million</i>					
<u>SHAREHOLDERS EQUITY</u>					
	Share capital	Note 12		29 152	29 152
	Share premiums			-	-
	Consolidation reserves			18 819	14 635
	Translation differences			856	103
	Fair value on securities available for sale			4 587	
	Group net income for the year			10 909	6 188
	Minority interests			413	253
	TOTAL SHAREHOLDERS EQUITY			64 736	50 331
<u>NON-CURRENT LIABILITIES</u>					
	Provisions for contingencies and risks – non-current	Note 13		316	340
	Subordinated borrowing	Note 14		-	-
	Borrowings and financial liabilities – non-current	Note 15		7 202	4 220
	Discontinued activities and liabilities being transferred	Note 7		1 990	-
	Deferred tax liabilities	Note 22		2	125
	TOTAL NON-CURRENT LAIBILITIES			9 510	4 685
<u>CURRENT LIABILITIES</u>					
	Provisions for contingencies and risks –current	Note 13		920	1 243
	Borrowings and financial liabilities – current	Note 15		942	385
	Corporation tax payable			-	1 391
	Accounts payables and other creditors	Note 16		19 529	23 659
	Miscellaneous liabilities and accrual accounts	Note 17		4 880	6 771
	TOTAL CURRENT LIABILITIES			26 271	33 449
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			100 517	88 465



CONSOLIDATED CASH FLOW STATEMENT TO 31 DECEMBER

In € 000		2005 actual	2004 actual
	Global net income	11 256	6 371
Allowances for and releases from depreciation, amortisation and provisions (excluding those relating to current assets)		2 166	795
	Impact of the fair value and of the effective rate	396	-
	Other calculated income and costs	(2 838)	101
	Translation differences relating to the income statement	(1 074)	878
	Capital gains or losses on disposals	176	(2 675)
	Net income of discontinued activities	-	0
	Share of income from companies accounted for by the equity method	(2 377)	0
	Dividends received from companies accounted for by the equity method	672	0
	Abandonments of claims	0	1
	CASH FLOW AFTER NET BORROWING COST AND TAX	8 377	5 471
	Net borrowing cost	(286)	(240)
	Tax charge (including deferred tax)	2 420	4 839
	CASH FLOW BEFORE NET BORROWING COST AND TAX	10 511	10 070
	Change in receivables	1 574	(4 405)
	Change in accounts payable and related accounts	(3 290)	(4 139)
	Change in stocks	(260)	14 161
	Change of BFR	(2 003)	5 617
	Other differences	(4 863)	2 041
	Tax	(2 348)	(4 489)
CASH FLOW FROM OPERATIONS (a)	Note 23.1	1 297	13 239
	Acquisitions of intangible and tangible fixed assets	(3 411)	(2 194)
	Proceeds of disposals of intangible and tangible fixed assets	2 774	527
	Acquisitions of securities available for sale	(2 186)	(3 107)
	Proceeds of disposals of securities available for sale	0	3 820
	Effect of changes in scope of consolidation	190	(2 374)
	Activities discontinued or in the process of discontinuation	(533)	-
	Income and costs relating to disposals	0	-
	Disbursements or proceeds on other investment securities	-	0
	Disbursements or proceeds on financial assets	(1 684)	2 955
CASH FLOW FROM INVESTMENTS (b)	Note 23.2	(4 850)	(373)
	Amounts received from shareholders on the increase in share capital	-	(7)
	Paid by the shareholders of the parent company	-	-
	Paid by the minority interests of the consolidated companies	-	(7)
	Change in financial liabilities	1 060	111
	Interest payments	286	239
	Change in receivables and miscellaneous liabilities	(1 431)	571
	Dividends paid	(2 279)	(1 425)
	Paid to the shareholders of the parent company	(2 110)	(1 362)
	Paid to the minority interests of the consolidated companies	(206)	(124)
CASH FLOW FROM INVESTMENTS (c)	Note 23.3	(2 364)	(511)
	Effect of other movements (d)	(257)	(50)
	Effect of currency fluctuations (e)	798	123
CHANGE IN CASH POSITION (f)=(a)+(b)+(c)+(d)+(e)		(5 376)	12 428
OPENING CASH POSITION	Note 24	25 625	13 197
CHANGE		(5 376)	12 428
CLOSING CASH POSITION	Note 24	20 249	25 625



CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

In € million

	Subscribed capital	Share premiums	Other consolidated reserves	Translation differences	Fair value of securities held for sale	Group shareholder's equity	Minority interests	Total
At 1st January 2004	29 152	-	16 000	-	-	45 152	193	45 345
Net income for 2004			6 188			6 188	183	6 371
Translation differences				103		103	-	103
Distribution of dividends			(1 362)			(1 362)	(124)	(1 486)
Other changes			(3)			(3)	1	(2)
At 31 December 2004	29 152	0	20 823	103	-	50 078	253	50 331
Change of method :								
Impact of the change of fair value of the securities held for sale					4 587	4 587		4 587
At 1st January 2005	29 152	0	20 823	103	4 587	54 665	253	54 918
Net income for 2005			10 909			10 909	347	11 256
Translation differences				753		753	1	754
Distribution of dividends			(2 110)			(2 110)	(206)	(2 316)
Other changes			106			106	18	124
At 31 December 2005	29 152	0	29 728	856	4 587	64 323	413	64 736

