

Egis Projects
Financial year ending on
31 December 2007

Auditor's consolidated income statement

 **ERNST & YOUNG**



Egis Projects

Financial year ending on 31 December 2007

Auditor's consolidated income report

Ladies and Gentlemen,

In the performance of the assignment entrusted to us during your general meeting, we audited the consolidated accounts of the Egis Projects Company for the financial year ending on 31 December 2007, as described in this report.

The consolidated accounts were closed by the board of directors. On the basis of our audit, we are required to express our opinion about these accounts.

I. Opinion about the consolidated accounts

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

We certify that the consolidated financial statements for the year are fairly presented and give a true view of the assets and liabilities, the financial position and the results of all the persons and entities included in the consolidation.

Without it having any bearing on the opinion given above, we would like to draw your attention to the paragraph entitled "Change of method" in note 1 of the financial statements relative to transactions with minority interests.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- Long term contracts

Your company observes the results on the long-term contracts according to the modalities described in the note 1.2.8 to financial statements. These results are dependent on estimates at completion performed by the chargés d'affaires under the control of the management.

On the basis of the information disclosed to us, our works consisted of appreciating the data and the hypotheses underlying these appraisals of results at completion of these contracts, reviewing the calculations made by your company, comparing appraisals of results at completion of the previous periods with the corresponding realizations and examining the procedures of approval of these estimates by the management.

- Provisions for contingencies and charges

Your company makes provisions for contingencies and charges based on estimates, such as described in the note 1.2.12 to financial statements.

Concerning risks and litigations, our works consisted of appreciating the data and the hypotheses underlying these estimates, reviewing the calculations made by your company, comparing the accounting estimates of the previous periods with the corresponding realisations and examining the procedures of approval of these estimates by the management.

- Investments in unconsolidated companies

Your company appraises the investments in unconsolidated companies according to the modalities described in notes 1.2.5 and 7 to financial statements. On the basis of the information disclosed to us, our works consisted of appreciating the reasons of the absence of consolidation of these investments as well as of reviewing the data and the hypotheses underlying the evaluations and verifying in particular that the note 7 to financial statements supplies an appropriate information.

Within the framework of our appreciations, we ensured the estimates adopted were reasonable.

As indicated in the note 1 to financial statements, this estimates are based on hypotheses which have by nature an uncertain character, sometimes their realisation can differ in a significant way from financial forecast data used.

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

III. Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the Group's management .

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

Paris-La Défense, June 3, 2008

Company Auditor
ERNST & YOUNG Audit

Thierry Aymonier

Egis Projects
Period ending on December 31, 2007

GROUP CONSOLIDATED ACCOUNTS

CONSOLIDATED ACCOUNTS

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CONSOLIDATED INCOME STATEMENT AT DECEMBER 31

<i>thousands' euros</i>		Actual 2007	Actual 2006	Actual 2005
Turnover	Note 20	81 100	62 045	64 502
Other current income from operations	Note 21	5 068	3 679	1 206
TOTAL, CURRENT INCOME FROM REGULAR OPERATIONS	Sub-total	86 168	65 724	65 708
Other products of operational activities		0	(17)	15
TOTAL PRODUCT OF OPERATIONAL ACTIVITIES	Note 20	86 168	65 707	65 723
Stock variations, stored production		0	(11)	(49)
Purchases		(12 653)	(12 656)	(9 658)
Purchases consumed		(12 653)	(12 667)	(9 707)
•External charges	Note 22	(35 664)	(25 793)	(28 293)
Personnel costs	Note 23	(23 653)	(18 928)	(16 260)
Taxes		(908)	(915)	(516)
Other charges from operational activities		(1 078)	(2 225)	(234)
Depreciation allowances		(3 666)	(1 962)	(1 794)
TOTAL, CHARGES OF OPERATIONAL ACTIVITIES	Sub-total	(77 622)	(62 490)	(56 804)
CURRENT OPERATING INCOME		8 546	3 217	8 919
Depreciation of goodwill		0	0	80
Income from disposals	Note 24	(334)	6 713	(153)
OPERATING INCOME		8 212	9 930	8 846
Net cost of borrowing		54	656	286
Other financial income and expenses		1 759	450	1 873
FINANCIAL INCOME	Note 25	1 814	1 106	2 159
Income from associates	Note 26	6 600	2 320	2 377
NET INCOME BEFORE TAXES AND DISCONTINUED ACTIVITIES		16 626	13 356	13 382
Tax charges	Note 27-1	(3 557)	(3 925)	(2 420)
Net tax earnings/expenses from activities discontinued or to discontinue	Note 9	0	2 228	294
NET RESULT		13 069	11 659	11 256
Distributed between				
Outside Group		540	469	347
Group's share		12 530	11 190	10 909
Earnings per share on continued activities		6,53	4,67	5,53
Earnings per share		6,53	5,83	5,69

CONSOLIDATED BALANCE SHEET AT DECEMBER 31

Assets in thousands of euros	Actual 2007	Actual 2006	Actual 2005
	Net amounts	Net amounts	Net amounts
NON-CURRENT ASSETS			
Intangible assets <i>Note 3</i>	412	295	20
Goodwill <i>Note 4</i>	-	-	-
Property, plant and equipment <i>Note 5</i>	7 730	8 666	6 490
Investments, unconsolidated companies <i>Note 7</i>	46 447	36 949	28 097
Associates <i>Note 6</i>	10 264	3 048	3 285
Other non-current financial <i>Note 8</i>	24 238	17 405	15 729
Discontinued activities and <i>Note 9</i>	-	-	4 303
Deferred tax assets	-	-	-
TOTAL NON-CURRENT ASSETS	89 091	66 363	57 924
CURRENT ASSETS			
Inventories/work in progress <i>Note 10</i>	983	708	631
Trade & other accounts receivable <i>Note 11</i>	26 771	16 524	16 720
Other receivables	6 534	4 884	4 470
Income tax receivables <i>Note 27-3</i>	81	47	126
Other current financial assets and derivatives <i>Note 12</i>	442	519	252
Cash and cash equivalents <i>Note 13</i>	28 567	28 433	20 394
TOTAL CURRENT ASSETS	63 378	51 115	42 593
TOTAL ASSETS	152 469	117 478	100 517
<i>Eq/Liab</i>	Actual 2007	Actual 2006	Actual 2005
<i>thousands euros</i>			
<i>Equity</i>			
Capital	29 152	29 152	29 152
Add. paid-in capital	-	-	-
Reserves for consolidation	23 397	24 613	18 819
Translation gains/losses	1 132	781	856
Fair value on securities held for sale	19 983	7 944	4 587
Hedging for net assets	1 233	(2 883)	-
Net income for the year - Group's share	12 530	11 190	10 909
<i>Minority interests</i>	703	600	413
TOTAL EQUITY	88 130	71 397	64 736
NON-CURRENT LIABILITIES			
Provisions for contingencies +charges/non-current <i>Note 15</i>	634	2 961	316
Subordinate loan <i>Note 16</i>	-	-	-
Loans and financial borrowings - non-current <i>Note 17</i>	10 159	7 605	7 202
Discontinued activities and liabilities to be sold <i>Note 9</i>	-	-	1 990
Deferred taxes liabilities <i>Note 27-2</i>	-	2	2
TOTAL NON-CURRENT LIABILITIES	10 793	10 568	9 510
CURRENT LIABILITIES			
Provisions for contingencies+charges - current <i>Note 15</i>	5 900	5 822	920
Loans and financial borrowings - current <i>Note 17</i>	10 368	1 018	942
Income taxes debts	742	1 460	-
Trade (and other) accounts payable <i>Note 18</i>	33 876	24 177 *	22 537
Various debts et accruals <i>Note 19</i>	2 660	3 036 *	1 872
TOTAL CURRENT LIABILITIES	53 546	35 513	26 271
TOTAL LIABILITIES	152 469	117 478	100 517

* various debts (excluding accruals) have been reclassified with other credits in the amount of € 3008 K in 2005 and € 1138 K in 2006

CONSOLIDATED CASH FLOW STATEMENT AT DECEMBER 31

thousands euros

	Actual 2007	Actual 2006	Actual 2005
Global earnings	13 070	11 658	11 256
Depreciation and provisions allowances and reversals (excluding those related to circulating assets)	3 956	6 554	2 166
Impact of fair value and effective rate	(15)	0	396
Other income and charges calculated	1 119	(232)	(2 838)
Foreign exchange unrealised gains/losses in income	10	(315)	(1 074)
Gains or losses on sale of assets	515	(9 713)	176
Earnings from discontinued activities	0	(2 228)	
Associates' share in net income	(6 600)	(2 320)	(2 377)
Dividends received from associates	2 029	2 250	672
Discontinued activities	115	0	0
SELF-FINANCING CAPACITY AFTER COST OF NET FINANCIAL DEBT AND TAXES	14 199	5 654	8 377
Net costs of financial borrowings	(54)	(657)	(286)
Tax charges (including deferred taxes)	3 557	3 925	2 420
SELF-FINANCING CAPABILITY BEFORE THE COST OF BORROWING	17 702	8 922	1 0511
Variation operating credits	(14 077)	(558)	1 547
Variation on supplier and attached debts	10018	4 512	(3 290)
Stock variation	(1 153)	455	(260)
Debts are related to personnel benefits	432		
Variation of BOC	(4 780)	4 409	(2 003)
Other elements of the cash lag	0	(632)	(4 863)
Taxes paid	(4 365)	(3 925)	(2 348)
CASH FLOW LINKED TO OPERATIONS (a)	8 557	8 774	1 297
	<i>Note 28-1</i>		
Cash outflows on acquisitions of intangible and tangible assets	(3 034)	(4 256)	(3 411)
Cash inflows on sales of tangible and intangible fixed assets.	106	(76)	2 774
Cash outflows on acquisitions of securities held for sale	(498)	126	(2 186)
Cash outflows on sales of securities held for sale	(1 033)		
Cash inflows on sales of securities held for sale	0	300	0
Impact of changes in group structure	(1038)	4 914	190
Discontinued activities	0	2 257	(533)
Income and expenses related to sales	0	0	0
Dividends received	1 600		
Cash inflows or outflows on other capitalized securities	(16)	0	0
Cash inflows or outflows on financial borrowings	(6 258)	(1 242)	(1 684)
Cash inflows or outflows on other financial assets	0	(360)	0
CASH FLOW LINKED TO INVESTMENTS (b)	(10 171)	1 673	(4 850)
	<i>Note 28-2</i>		
Amounts received from shareholders at the time of capital increases	0	28	0
Paid by parent company shareholders	0	0	0
Paid by minority Consolidated company owners	0	61	0
Received subsidy investment	0	0	0
Variation of financial debts	11 107	(656)	1 060
Cash outflows on interests	54	656	286
Variation of receivables and other debts	679	252	(1 431)
Dividends paid	(10 231)	(2 856)	(2 279)
Paid to parent company shareholders	(9 589)	(2 090)	(2 110)
Paid to minority owners-Consolidated companies	(508)	(849)	(206)
Dividends to be paid	(134)		
CASH FLOW LINKED TO FINANCING ©	1 609	(2 576)	(2 364)
	<i>Note 28-3</i>		
Impact of other movements (d)	0	(37)	(257)
Impact of foreign exchange variations (e)	269	(142)	798
CASH FLOW VARIATION (1) = (a)+(b)+©+(d)+(e)	264	7 692	(5 376)
CASH FLOW AT OPENING	27 941	20 249	25 625
	<i>Note 29</i>		
VARIATION (II)	264	7 692	(5 376)
CASH FLOW AT CLOSING	28 205	27 941	20 249
	<i>Note 29</i>		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

thousand euros

	Subscribed capital	Additional paid-up capital	Other reserves Consolidated	Conversion gaps	Fair value of securities held for sale	Group Equity	Minority Interests	Total
At 1 January 2004	29 152		16 000			45 152	193	45 345
Conversion gap				103		103		103
Recognized income and expenses attributable to equity holders	0	0	0	103	0	103	0	103
Earnings/loss of year 2004			6188			6 188	183	6 371
Total income and expenses recorded	0	0	6188	0	0	6 188	183	6 371
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	0	50 078	253	50 331
Changes in method:					4 587	4 587		4 587
Impact of changes in fair value held in view of sale								
At 1 January 2005	29 152	0	20 823	103	4 587	54 665	253	54 918
Conversion gap				753		753	1	754
Securities from unconsolidated companies					0			
Recognized income and expenses attributable to equity holders	0	0	0	753	0	753	1	754
Earnings/loss of year 2005			10 909			10 909	347	11 256
Total income and expenses recorded	0	0	10 909	0	0	10 909	347	11 256
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
Conversion gap			(32)	(75)		(107)	0	(107)
Actuarial differentials on staff benefits			(141)			(141)		(141)
Hedging of net assets			(2 854)			(2 854)	(29)	(2 883)
Securities from unconsolidated companies					474	474	82	556
Recognized income and expenses attributable to equity holders	0	0	(3 027)	(75)	474	(2 628)	53	(2 575)
Earnings/loss of year 2006			11 190			11 190	469	11 659
Total des income and expenses recorded	0	0	11 190	0	0	11 190	469	11 659
Distribution of dividends			(2 090)			(2 090)	(335)	(2 425)
Other changes			2			2	0	2
At 31 December 2006	29 152	0	35 803	781	5 061	70 797	600	71 397
Conversion gap				351		351	0	351
Actuarial differentials on staff benefits			(26)			(26)	0	(26)
Hedging of net assets			4 087			4 087	37	4 124
Securities from unconsolidated companies			(5 645)		14 922	9 277	36	9 313
Recognized income and expenses attributable to equity holders	0	0	(1 584)	351	14 922	13 689	73	13 762
Earnings/loss of year 2006			12 530			12 530	540	13 070
Total des income and expenses recorded	0	0	12 530	0	0	12 530	540	13 070
Distribution of dividends			(9 589)			(9 589)	(509)	(10 098)
Other changes						0	(1)	(1)
At 31 December 2007	29 152	0	37 160	1 132	19 983	87 427	703	88 130