

EGIS PROJECTS SA

**AUDITOR'S REPORT
CONSOLIDATED FINANCIAL
STATEMENTS**

(Financial year to 31 December 2010)

ORIGINAL



REPORT OF THE AUDITORS ON THE CONSOLIDATED ACCOUNTS

(Financial year ending on December 31, 2010)

To the Shareholders
EGIS PROJECTS SA
11, avenue du Centre
78266 Guyancourt Cedex

In performance of the remit assigned to us by your Annual General Meeting, we present our report on the financial year to 31 December 2010, on:

- the audit of the accompanying consolidated financial statements of Egis Projects,
- the justification of our assessments;
- the statutory specific verification.

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.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with accepted professional practice standards in France. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. An audit consists of verifying, on a test basis or through other selection methods, evidence supporting the amounts and disclosures included in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the elements we have collected provide enough and appropriate basis for our opinion.

In our opinion, the consolidated financial statements for the year then ended, in accordance with IFRS reference system as adopted by the EU, 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.

II - Justification of opinions

In application of the provisions of Article L.823-9 of France's *Code de commerce* (Commercial Law) on the justification of our opinions, we draw the following information your attention:

- Long term contracts

Your company recognises the results on long term contracts in accordance with the methods described in Note 1.2.8 to the financial statements. Those results depend on estimates on completion made by project managers under senior management supervision.

On the basis of information reported to us, our work consisted of assessing the data and assumptions on which the estimated completion results are based, reviewing calculations made by your company, comparing the estimates of the completion results for previous periods with the corresponding actual figures and scrutinising the approval procedures for those estimates by senior management.

- Provisions for contingencies and charges

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

- As regards risks and disputes, our work consisted of assessing the data and assumptions on which those estimates are based, reviewing the calculations made by your company, comparing the book estimates for previous periods with the corresponding actual figures and scrutinising the approval procedures for those estimates by senior management.
- As regards staff benefits, Note 1.2.12.A to the financial statements details the methods of valuing pension and long service award liabilities. Our work consisted of examining the data used, assessing the assumptions used and checking that Notes 1.2.12.A and 15.2 to the financial statements provide appropriate information.

- Shares in non-consolidated companies

Your company values shares in non-consolidated companies in accordance with the method described in Notes 1.2.5 and 7 to the financial statements. On the basis of information that was reported to us, our work consisted of assessing the reasons why those investments were not consolidated and reviewing the data and assumptions on which the valuations were made and checking in particular that Note 7 to the financial statements provides appropriate information.

EGIS PROJECTS SA

*Report of the auditors on the consolidated accounts
Financial year to 31 December 2010 - Page 3*

As part of our appraisals, we ensured that the estimates used were reasonable.

As stated in Note 1 to the financial statements, those estimates are based on assumptions which are by nature uncertain, as in reality they may sometimes vary significantly from the provisional data used.

Appraisals thus made form an integral part of our approach to auditing consolidated accounts, taken overall, and so contributed to forming the opinion given in the first part of this report.

III - Specific check

In accordance with professional standards applicable in France, we also made the specific check required by law on information about the Group given in the report by management.

We have no comments to make on its accuracy or whether it accords with the consolidated accounts.

Neuilly-sur-Seine, 31 May 2011

The Auditors
PricewaterhouseCoopers Audit

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Bruno Tesnière



EGIS PROJECTS GROUP

**CONSOLIDATED FINANCIAL
STATEMENTS AT DECEMBER 31, 2010**



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CONSOLIDATED INCOME STATEMENT AT DECEMBER 31

<i>thousands' euros</i>	Actual 2010	Actual 2009	Actual 2008
Turnover <i>Note 20</i>	116 270	113 188	83 044
Other current income from operations <i>Note 21</i>	7 885	4 587	4 715
TOTAL, CURRENT INCOME FROM REGULAR OPERATIONS <i>Note 20</i>	124 155	117 775	87 759
Other products of operational activities		53	10
TOTAL PRODUCT OF OPERATIONAL ACTIVITIES	124 155	117 775	87 769
Purchases consumed	(16 229)	(28 889)	(10 280)
External charges	(48 308)	(40 715)	(38 803)
Personnel costs <i>Note 22</i>	(40 297)	(33 898)	(27 656)
Taxes	(1 168)	(976)	(967)
Other charges from operational activities	(2 620)	(4 435)	722
Depreciation allowances	(3 152)	(2 878)	(2 723)
TOTAL, CHARGES OF OPERATIONAL ACTIVITIES	(111 774)	(111 791)	(79 707)
CURRENT OPERATING INCOME	12 381	6 037	8 062
<i>Depreciation of goodwill</i>			
<i>Income from disposals</i> <i>Note 23</i>	(94)	(313)	
OPERATING INCOME	12 287	5 724	8 062
<i>Net cost of borrowing</i>	(320)	(180)	12
<i>Other financial income and expenses</i>	9 993	1 890	1 038
FINANCIAL INCOME <i>Note 24</i>	9 673	1 710	1 050
<i>Income from associates</i> <i>Note 25</i>	714	4 006	7 985
NET INCOME BEFORE TAXES AND DISCONTINUED ACTIVITIES	22 674	11 440	17 097
<i>Tax charges</i> <i>Note 26-1</i>	(3 367)	(2 983)	(3 391)
<i>Net tax earnings/expenses from activities discontinued or to discontinue</i>			
NET RESULT	19 307	8 457	13 706
<i>Distributed between</i>			
Outside Group	631	543	700
Group's share	18 676	7 914	13 006
Net earnings per share on continued operations (note 14)	9.74	4.13	6.78
Net earnings per share (diluted = undiluted) (note 14)	9.74	4.13	6.78

OVERALL INCOME

in thousands of euros

	<u>2010</u>	<u>2009</u>	<u>2008</u>
NET CONSOLIDATED PROFITS / LOSSES	19 307	8 457	13 706
Conversion deviations	1 043	583	(1 068)
Actuarial deviations for advantages to staff	175	(174)	(81)
Cash flow coverage (integrated companies)	(1 414)	(7 472)	(15 711)
Variation of exact value of unconsolidated company shares	1 413	(2 259)	3 260
Other elements of overall income after tax	1 217	5 622	(13 600)
	<i>Note 27</i>		
TOTAL GROSS INCOME	20 524	10 079	106
Group Share Total Gross Income	19 893	13 429	(447)
Minority Interest Share Total Gross Income	631	650	553

CONSOLIDATED BALANCE SHEET AT DECEMBER 31

Assets <i>in thousands of euros</i>	Actual 2010	Actual 2009	Actual 2008
	Net amounts	Net amounts	Net amounts
NON-CURRENT ASSETS			
Intangible assets <i>Note 3</i>	1 470	1 935	426
Goodwill <i>Note 4</i>	800	800	1 838
Property, plant and equipment <i>Note 5</i>	10 981	7 725	8 243
Associates <i>Note 6</i>	4 909	4 348	5 305
Investments, unconsolidated companies <i>Note 7</i>	39 989	46 246	45 999
Other non-current financial <i>Note 8</i>	53 722	33 596	26 830
Deferred tax assets <i>Note Note 26-2</i>	117	-	-
TOTAL NON-CURRENT ASSETS	111 988	94 650	88 641
CURRENT ASSETS			
Inventories/work in progress <i>Note 10</i>	1 824	1 027	1 253
Trade & other accounts receivables <i>Note 11</i>	48 069	39 212	39 440
Income tax receivables <i>Note 26-3</i>	57	170	2
Other current financial assets and derivatives <i>Note 12</i>	932	859	694
Cash and cash equivalents <i>Note 13</i>	29 961	28 492	30 371
TOTAL CURRENT ASSETS	80 843	69 760	71 760
TOTAL ASSETS	192 831	164 410	160 401
<i>Eq/Liab</i>	Actual 2010	Actual 2009	Actual 2008
<i>thousands euros</i>			
<i>Equity</i>			
Capital	29 152	29 152	29 152
Reserves for consolidation	33 391	40 222	30 132
Translation gains/losses	1 842	798	215
Fair value on securities held for sale	22 355	20 846	23 137
Fair value on hedging of cash flows	(8 340)	(6 926)	(14 323)
Net income for the year - Group's share	18 676	7 914	13 006
Group's share in equity <i>Note 14</i>	97 076	92 006	81 319
Minority interests	605	846	713
TOTAL EQUITY	97 681	92 852	82 032
NON-CURRENT LIABILITIES			
Provisions for contingencies +charges/non-current <i>Note 15</i>	7 816	1 359	7 933
Loans and financial borrowings - non-current <i>Note 17</i>	13 408	17 680	19 918
Deferred taxes liabilities <i>Note 26-2</i>	-	-	-
TOTAL NON-CURRENT LIABILITIES	21 224	19 039	27 851
CURRENT LIABILITIES			
Provisions for contingencies+charges - current <i>Note 15</i>	4 890	4 671	3 676
Loans and financial borrowings - current <i>Note 17</i>	25 265	6 198	3 334
Income taxes debts <i>Note 26-3</i>	787	417	563
Trade (and other) accounts payable <i>Note 18</i>	38 163	32 657	36 723
Various debts et accruals <i>Note 19</i>	4 821	8 576	6 222
TOTAL CURRENT LIABILITIES	73 926	52 519	50 518
TOTAL LIABILITIES	192 831	164 410	160 401

CONSOLIDATED CASH FLOW STATEMENT AT DECEMBER 31

<i>thousands euros</i>	Actual 2010	Actual 2009	Actual 2008
Global earning	19 307	8 457	13 707
Depreciation and provisions allowances and reversals	9 680	3 870	2 302
Impact of fair value and effective rate	86	93	0
Other income and charges calculated	(1 575)	(255)	1 643
Foreign exchange unrealised gains/losses in income	0	37	0
Gains or losses on sale of assets	(18 124)	307	(512)
Dilution profit and loss	94	0	0
Associates' share in net income	(714)	(4 006)	(8 590)
Dividends received from associates	1 772	3 303	3 465
Discontinued activities	784	515	206
Net costs of financial borrowings	320	180	(12)
Tax charges (including deferred taxes)	3 367	2 983	3 390
Variation of working capital need	3 703	361	(149)
Indebtedness cost excluded received and paid interests	(50)		
Other elements of cash surplus or deficit	(1 952)	(268)	(453)
Tax paid	(2 930)	(3 164)	(3 512)
CASH FLOW LINKED TO OPERATIONS (a) <i>Note 28-1</i>	13 768	12 413	11 485
Cash outflows on acquisitions of intangible and tangible assets	(6 004)	(3 654)	(3 276)
Cash inflows on sales of tangible and intangible fixed assets.	1 027	494	121
Cash outflows on acquisitions of securities held for sale	(1 281)	(2 302)	(2 019)
Cash outflows on sales of securities held for sale	20 639	0	0
Cash inflows on sales of securities held for sale	(79)	0	2 260
Impact of changes in group structure	0	(420)	(1 169)
Income and charges relative to sales	693	0	0
Received dividends	0	1 039	(1 220)
Cash inflows or outflows on other capitalized securities	(52)	(455)	(156)
Cash inflows or outflows on financial borrowings	(24 068)	(8 813)	(1 941)
CASH FLOW LINKED TO INVESTMENTS (b)	(9 125)	(14 111)	(7 400)
Amounts received from shareholders on capital increase	0	(16)	(25)
<i>Paid by mother company shareholders</i>	0	(16)	(25)
<i>Paid by consolidated companies minority shareholders</i>	0	0	0
Variation in long term debts	(8 813)	2 119	1 192
Cash outflows on interests	(270)	(180)	12
Variation of receivables and other debts	(1 365)	(643)	2 043
Dividends paid	(15 363)	(3 358)	(6 102)
<i>Paid to parent company shareholders</i>	(14 670)	(2 743)	(5 658)
<i>Paid by consolidated companies minority shareholders</i>	(730)	(516)	(544)
Dividends to be paid	131	(100)	101
CASH FLOW LINKED TO FINANCING (c)	(25 811)	(2 078)	(2 880)
Impact of other movements (d)	0	0	363
Impact of foreign exchange variations (e)	1 236	661	(1 310)
CASH FLOW VARIATION (1) = (a)+(b)+ (c)+(d)+(e)	(19 932)	(3 115)	258
CASH FLOW AT OPENING <i>Note 29</i>	25 348	28 463	28 205
VARIATION (II)	(19 932)	(3 115)	258
CASH FLOW AT CLOSING <i>Note 29</i>	5 416	25 348	28 463

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>thousand euros</i>	Subscribed capital	Consolidated retained earnings and premium	Conversion gaps	Fair value of securities held for sale	Fair value of cash flow coverage	Actuarial gaps on Employees' benefit	Group Equity	Minority interests	Total
At December 31, 2007	29 152	37 160	1 132	19 983	0	0	87 427	703	88 130
Other items of overall income after tax	0	(15 635)	(1 068)	3 250			(13 453)	(147)	(13 600)
Earnings/loss of year 2008		13 006					13 006	700	13 706
Total des income and expenses recorded	0	(2 629)	(1 068)	3 250	0	0	(447)	553	106
Distribution of dividends		(5 658)					(5 658)	(543)	(6 201)
Other changes		(3)					(3)	0	(3)
At December 31, 2008	29 152	28 870	64	23 233	0	0	81 319	713	82 032
Conversion gap			583				583		583
Actuarial gaps on Employees' benefit		(174)					(174)		(174)
Cash flow coverage (integrated companies)		7 397					7 397	75	7 472
Fair value of unconsolidated companies securities				(2 291)			(2 291)	32	(2 259)
Other items of overall income after tax	0	7 223	583	(2 291)	0	0	5 515	107	5 622
Earnings/loss of year 2009		7 914					7 914	543	8 457
Total des income and expenses recorded	0	15 137	583	(2 291)	0	0	13 429	650	14 079
Distribution of dividends		(2 743)					(2 743)	(516)	(3 259)
At December 31, 2009	29 152	41 264	647	20 942	0	0	92 005	847	92 852
Other items of overall income after tax	0	(1 238)	1 044	1 413			1 219	(2)	1 217
Earnings/loss of year 2010		18 676					18 676	631	19 307
Total des income and expenses recorded	0	17 438	1 044	1 413	0	0	19 895	629	20 524
Distribution of dividends		(14 672)					(14 672)	(730)	(15 402)
Settlements effects with minority shareholders		(152)					(152)	(141)	(293)
At December 31, 2010	29 152	43 727	1 842	22 355	0	0	97 076	605	97 681