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Annual report 2002

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Annual report 2002

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1. Annual Report 2002 and auditing managers

1.1 Annual Report manager

Mr Christian Aubert,
Chairman of the Board of Directors

1.2 Auditing managers

Appointed Auditor:
Mr Bernard Lelarge
61, rue La Boétie – 75008 Paris
Date of first appointment: Extraordinary General Meeting of 17th December 1997.
His mandate runs until: Annual General Meeting convened to approve the annual accounts for the year ending on 31st December 2002.

Mr Gérard Rivière
1, cours Valmy – 92923 Paris-La Défense
Date of first appointment: Extraordinary General Meeting of 5th March 1998.
His mandate runs until: Annual General Meeting convened to approve the annual accounts for the year ending on 31st December 2003.

Assistant Auditors:
Mr Jean-François Plantin
49, rue de Rome – 75008 Paris
Date of first appointment: Extraordinary General Meeting of 17th December 1997.
His mandate runs until: Annual General Meeting convened to approve the annual accounts for the year ending on 31st December 2002.

KPMG Audit – Department of KPMG SA
1, cours Valmy – 92923 Paris-La Défense
Date of first appointment: Extraordinary General Meeting of 5th March 1998.
Its mandate runs until: Annual General Meeting convened to approve the annual accounts for the year ending on 31st December 2003.

1.3 Information managers

Mr Philippe Rabasse
Chief Executive Officer
235, avenue le Jour se Lève
92651 Boulogne-Billancourt Cedex
Tel.: +33 1 46 10 67 67
Fax: +33 1 46 10 67 68
e-mail: prabasse@aubay.com

Mr David Fuks
Chief Financial Officer
235, avenue le Jour se Lève
92651 Boulogne-Billancourt Cedex
Tel.: 01 46 10 67 67
Fax: 01 46 10 67 68
e-mail: dfuks@aubay.com

2. General information on the Company and its capital

2.1 General information

Corporate name
(article 3 of the articles of association)
Aubay.

Head offices
233-235, avenue le Jour se Lève, 92651 Boulogne-Billancourt Cedex.

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

Legal form
Société anonyme, limited liability company under French law, with a Board of Directors governed by the Commercial Code and decree no. 67-236 of 23rd March 1967 relating to commercial companies.

Trade and companies register
391 504 693 RCS Nanterre.

APE code and name of the activity sector
721Z – IT Systems consultancy.

Consultation of documents and information concerning the Company
The memorandum and articles of association, accounts, reports and minutes of general meetings can be consulted at the head offices.

Corporate purpose
(article 2 of the articles of association)
The purpose of the Company, directly or indirectly, in all countries, is IT and in particular, research, creation, development and distribution, information, introduction, application, operation and marketing of any method or software.

It also includes any operations generally of an industrial, commercial or financial nature, involving securities or property, which may be directly or indirectly related to the corporate purpose, any similar or connected purposes, or which are liable to facilitate expansion and development.

The Company may acquire interests in any existing businesses or companies in France or abroad, or those yet to be formed, which may be directly or indirectly related to the corporate purpose or any other similar or associated purposes, notably businesses or companies whose purpose is liable to contribute to the achievement of the corporate purpose by whatever means, notably through subscription or purchasing of shares, interests in companies or shares in their profits, mergers, joint ventures, strategic alliances or limited partnerships.

To this end, the Company can notably: create, acquire, manage, contract out management and run any establishments, even on behalf of third parties, in accordance with legal stipulations governing any operations related directly or indirectly to its corporate object.

Annual accounting period
(article 14 of the articles of association)
From 1st January to 31st December of each year.

Exceeding thresholds
The provisions which apply to exceeding thresholds are those envisaged by the law.

General meetings
(article 12 of the articles of association)
General meetings are convened and held in accordance with legal stipulations.

They take place in the head offices or in any other place as specified in the notice to attend.

Dividend payments
(article 13 of the articles of association)
Dividends are paid out on the date and at the place specified by the General Meeting, or failing this, 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 procedure envisaged by the law and the articles of association, the General Meeting approving the annual accounts is entitled to offer each shareholder the option between payment in cash and payment in shares for all or part of the proposed dividend and interim dividend payments.

Identification of holders of bearer securities: Identifiable Bearer Securities "IBS" (article 8 of the articles of association)

In accordance with article L. 228-2 of the Commercial Code, the Company can an any time request Euroclear to undertake the identifiable bearer security procedure.

Double voting rights (article 8 of the articles of association)

Aubay's articles of association stipulate that each registered share that has been fully paid up and registered for at least two years by the same shareholder, since 17th December 1997, is entitled to a double voting right.

2.2 Information on capital

2.2.1 Share capital

On 31st December 2002, the share capital amounted to €5,729,239, divided unto 11,458,478 identical, fully paid up and subscribed shares with a nominal value of €0.5.

2.2.2 Breakdown of capital and voting rights on 31st December 2002 to the best of the Company's knowledge

To the best of the Company's knowledge, the shareholdings were as follows:

Shareholders on 31st December 2002

	Number of shares	% capital	Number of voting rights	% voting rights
Concerted action by Rabasse/Andrieux/Gauthier (1)	2,668,695	23.29	2,668,695	19.10
Aubert family	2,043,025	17.83	3,480,165	24.91
Entrecanales family	565,460	4.93	1,130,920	8.09
Own shares	319,677	2.79	319,677	2.29
Other shareholders (including the public)	5,861,621	51.16	6,371,711	45.61
TOTAL	**11,458,478**	**100.00**	**13,971,168**	**100.00**

(1) Including the interests of the holding company Capitalinvest, entirely owned by Messrs. Rabasse, Andrieux and Gauthier.

To the best of the Company's knowledge, no public shareholder owns more than 5% of the capital or voting rights.

Messrs. Andrieux, Gauthier and Rabasse have continued to strengthen their share in the Company's capital throughout the 2002 financial year, to bring their shareholding to 23.29% of the share capital.

A bearer share identification procedure was carried out on 3rd December 2002. It revealed that there were 10,794 bearer shareholders and 168 registered shareholders.

Changes in the main shareholders during the course of the years 2001 and 2000:

Shareholders on 7th March 2002

	Number shares	% capital	Number of voting rights	% voting rights
Aubert family	2,043,025	17.83	3,480,165	25.37
Concerted action by Rabasse/Andrieux/Gauthier (1)	1,909,201	16.66	1,909,201	13.92
Entrecanales family	686,120	5.99	971,580	7.08
Anstalt High Tech Invest	167,052	1.46	167,052	1.22
Own shares	124,631	1.09	122,581	0.89
Other shareholders (including the public)	6,528,449	56.97	7,065,803	51.51
TOTAL	**11,458,478**	**100.00**	**13,716,382**	**100.00**

(1) Including the interests of the holding company Capitalinvest, entirely owned by Messrs. Rabasse, Andrieux and Gauthier.

Shareholders on 31st December 2000

	Number shares	% capital	Number of voting rights	% voting rights
Aubert family	1,635,515	14.43	3,472,659	25.66
Entrecanales family	726,120	6.41	1,051,580	7.77
TRH	767,400	6.77	767,400	5.67
Anstalt High Tech Invest	184,382	1.63	184,382	1.36
Amvescap	681,862	6.02	681,862	5.04
Other shareholders (including the public)	7,337,417	64.75	7,375,738	54.50
TOTAL	**11,332,696**	**100.00**	**13,533,621**	**100.00**

2.2.3 Natural persons and legal entities holding a significant share of the Company's capital on 31st December 2002 to the best of the Company's knowledge

The Company's share capital on 31st December 2002 was mainly held by Messrs. Rabasse, Andrieux and Gauthier (23.29%), Mr Aubert and his family (17.83% of the capital) and Mr Entrecanales and his family (4.93%).

2.2.4 Changes in the share capital since formation

Date	Operation	Number of shares created	Nominal	Premium (1)	Nominal cumulated	Number of shares cumulated
02/04/97	Capital increase by incorporation of reserves	0	FRF 1,500,000	-	FRF 1,500,000	15,000
17/12/97	Reduction in nominal value	-	FRF 1,500,000	-	FRF 1,500,000	1,500,000
05/03/98	Capital increase by offsetting claims and increasing nominal value	-	FRF 1,500,000	-	FRF 3,000,000	1,500,000
05/03/98	Capital increase by cash contributions	30,000	FRF 60,000	-	FRF 3,060,000	1,530,000
31/03/98	Capital increase by cash contributions	530,000	FRF 1,060,000	FRF 100,700	FRF 4,120,000	2,060,000
23/06/98	Capital increase by cash contributions	33,523	FRF 67,046	FRF 2,279,564	FRF 4,187,046	2,093,523
04/12/98	Capital increase by cash contributions	41,477	FRF 82,954	FRF 2,820,436	FRF 4,270,000	2,135,000
31/03/99	Capital increase by contributions of shares/securities	66,500	FRF 133,000	FRF 9,842,000	FRF 4,403,000	2,201,500
25/05/99	Capital increase by contributions of shares/securities	231,667	FRF 463,334	FRF 34,286,716	FRF 4,866,334	2,433,167
12/07/99	Transfer to the Second Marché and capital increase by cash contributions	200,000	FRF 400,000	FRF 35,022,000	FRF 5,266,334	2,633,167
07/02/00	Capital increase by cash contributions	200,000	FRF 400,000	FRF 220,001,552	FRF 5,666,334	2,833,167
09/06/00	Capital increase by free allotment of shares by capitalising reserves and conversion of capital into euros	2,833,167	€ 4,802,507	-	€ 5,666,334	5,666,334
09/06/00	Halving of nominal value	5,666,334	-	-	€ 5,666,334	11,332,668
31/12/00	Subscription to 14 equity warrants (BSA)	28	€ 14	€ 1,526	€ 5,666,348	11,332,696
13/04/01	Capital increase by offsetting accounts receivable	85,782	€ 42,891	€1,348,493.04	€ 5,709,239	11,418,478
31/12/01	Subscription to 40,000 shares within the framework of the option plan of subscription to or purchase of shares	40,000	€ 20,000	€ 250,000	€ 5,729,239	11,458,478

(1) Before issue expenses.

2.2.5 Unissued capital

Simple investment securities

In the Combined General Meeting of 23rd April 2002, the Board of Directors was authorised to increase the capital once or several times over a maximum duration of 26 months, and to maintain or remove the pre-emptive share right for all securities, including autonomous warrants, giving immediate or future access to share of the company capital, except for priority shares, priority dividend shares without voting rights and investment certificates up to a maximum par value of 6,000,000 euros and/or by incorporation into the capital of reserves, profits, share premiums and any other item that can be incorporated into the capital up to a maximum par value of 6,000,000 euros.

Investment securities representing accounts receivable that give access to capital

The board was also authorised by the Combined General Meeting of 23rd April 2002 for a maximum duration of 26 months, to issue a maximum overall nominal number of securities representing amounts receivable that grant access to capital worth 150,000,000 euros.

These authorisations cancel and replace the authorisations granted for the same purpose by the previous Extraordinary General Meeting. They have not been used by the Board of Directors and there has been no undertaking to increase the capital.

2.2.6 Buyback of the Company's own shares

The Combined General Meeting of 23rd April 2002, after acknowledging the Board of Directors' report and the prospectus approved by the Commission des Opérations de Bourse number no. 02-297, authorised the Board of Directors in accordance with the provisions in article L. 225-209 of the Commercial Code to buyback company shares in order to (in decreasing order of priority):
- the cancellation of shares;
- buy and sell according to market situations;
- reassign shares for payment or exchange, notably in the context of external growth operations;
- allocate shares within the context of employee profit-sharing schemes;
- grant stock purchase options to company and/or group employees and executives, or offer them the opportunity to buy shares under the terms envisaged in articles 443-1 and thereafter of the labour code;
- allocate shares when exercising rights attached to securities offering entitlement to the allocation of the Company's shares through reimbursement, conversion, exchange, presentation of a coupon or any other manner.

Shares acquired in this way can be kept, sold or transferred.

The maximum amount of the capital that can be bought back should not permanently exceed the limit of 10% of the share capital (i.e. in terms of the number of shares on 31st December 2002 a maximum of 1,145,847 shares), the maximum purchase price of 20 euros and minimum price of 3 euros should not be exceeded, subject to potential operations on the Company's capital.

During the year ending on 31st December 2002, the Company purchased 199,796 of its own shares.

Operations on the Company's own shares during the 2002 financial year

Number of shares bought	199,796
Number of shares sold	2,700
Number of shares held at 31/12/02	319,677

Another buyback programme to be presented to the General Meeting on 23rd May 2003 will lead to the issuing of a prospectus approved by the *Commission des Opérations de Bourse* number 03-388. This programme envisages the possibility for the Company to buy back its own shares under the following conditions:

- Objectives in decreasing order of priority:
  - cancelling shares (subject to approval by the General Meeting of 23rd May 2003 of resolution no. 13 relating to the cancellation of shares);
  - buying and selling according to market situations;
  - reassigning shares for payment or exchange, notably in the context of external growth operations;
  - allocating shares within the context of employee profit-sharing schemes;
  - granting stock purchase options to company and/or group employees and executives, or offering them the opportunity to purchase shares under the conditions envisaged in articles 443-1 and thereafter of the labour code;
  - allocating shares when exercising rights attached to securities offering entitlement to Company shares through reimbursement, conversion, exchange, presentation of a coupon or any other manner.

• Maximum share of the authorised capital: the maximum share of the company's capital that can be bought back is theoretically fixed at 10% of the capital, which currently corresponds to 1,145,847 shares.

• Maximum share of the affected capital: Taking into account the 438,935 shares held by the Company on 15th April 2003, representing 3.83% of the capital, the maximum number of shares that could be held according to the latest programme would be 706,912 shares, representing a maximum theoretical sum of 3,534,560 euros, based on a maximum price of 5 euros per share.

• Maximal amount payable by the Company: 3,534,560 euros.
- Maximum purchase price: 5 euros.
- Minimum selling price: 0.5 euro.
- Financing methods: financing the buying back of shares using its cash funds or by debt.
- Operation schedule: as from the Combined General Meeting of 23rd May 2003 for a maximum duration of 18 months, i.e. until 23rd November 2004.

2.2.7 Potential capital: stock option plan and equity warrants

Features of the stock options plans

In accordance with the authorisations granted to them by the General Meetings of 25th May 1999, 9th June 2000, 13th April 2001 and 23rd April 2002, the Board has granted stock option schemes to the Group's "key" managers and employees. Details of these allocations are shown below.

Summary table of securities granting access to capital

	Stock options								
Plans	**1999**	**1999**	**1999**	**1999**	**1999**	**2000**	**2000**	**2001**	**2002**
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
Date of the Board 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
Total number of shares that can be subscribed	106,900	20,000	40,000	15,376	48,400	500	311,503	336,554	143,000
Number of people involved	53	1	1	7	2	4	198	27	11
Executive committee members	*0*	*0*	*0*	*0*	*0*	*0*	*60,000*	*60,000*	*0*
Top 10 employees	*46,400*	*20,000*	*40,000*	*15,376*	*48,400*	*500*	*97,200*	*204,000*	*140,000*
Starting point for exercising options	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
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
Subscription price (in euros)	6.75	6.82	7.24	10.56	31.75	23.52	16.06	3.91	1.33
Payments (instalments)	5 years	5 years	5 years	5 years	5 years	5 years	5 years	4 years	4 years
Number of shares subscribed on 31/12/2002	40,000	0	0	0	0	0	0	0	0
Stock options cancelled during the financial year	0	0	0	0	0	0	0	0	0
Remaining stock options	66,900	20,000	40,000	15,376	48,400	500	311,503	336,554	143,000

Summary table of the information on stock options granted by the Company to company executives

Stock options or to purchase shares offered to each company executive and options exercised by them	**Number of options allocated/ of shares subscribed or purchased**	**Price**	**Maturity dates**	**Scheme number**
Options granted:				
Mr Philippe Rabasse	15,000	€3.91	06/02/2006	8
Mr Christophe Andrieux	15,000	€3.91	06/02/2006	8
Mr Vincent Gauthier	10,000	€3.91	06/02/2006	8
Mr Modeste Entrecanales	10,000	€3.91	06/02/2006	8
Options exercised:	-	-	-	-

Subscription or share purchase options granted for the top ten employees excluding company executives beneficiaries and options exercised by them	**Total number of options allocated/shares subscribed or bought**	**Price weighted average**	**Scheme number**
Options granted during the financial year by the issuer and by any company as part of the allocation of options to the top ten employees belonging to the issuer and any other company within this context, whose number of options thus granted is the highest (global information)	204,000	€3.91	8
Options held with respect to the issuer and the aforementioned companies, exercised during the financial year, by the issuer's and these companies' top ten employees, with the highest number of options bought or granted in this manner (global information)	0	0	-

2.2.8 Shareholders' alliance

The Company is not aware of any shareholders' alliance involving its own shares.

2.2.9 Dividends

No dividend has been allocated by the Company over the past five years. The distribution of a net dividend of 0.04 euro per share will be proposed to the General Meeting on 23rd May 2003.

3. Consolidated management report

3.1 History, objectives and strategy of the Group

Aubay was founded at the end of 1997 at the initiative of Christian Aubert with the aim of operating in the high-growth, technological niches of the IT sector, by developing a consultancy and engineering activity oriented exclusively towards large clients.

The Group rapidly expanded in France and then to the three other geographic territories of Belux, Spain and Italy.

These strategic choices have enabled the Group to increase its turnover from €4.57 million in 1997, to €15.24 million in 1998, €30.48 million in 1999, and to double it again in 2000.

After a difficult year in 2001, the situation in 2002 was not favourable to resume investments in the new technologies sector.

Market recession increased competition, creating downward pressure on sales prices.

Over recent years however, information systems have become a crucial factor within large enterprises. 2002 proved that even with a very poor economic climate, major players could not reduce their expenditure, if not to improve, at least to maintain their information systems. The market remains buoyant and should start to offer high growth rates once again in 2004.

3.1.1 Aubay's business activities

Over the past two decades, information systems have become crucial within companies. The processing of all of a company's vital functions now hinges on the effectiveness of these systems, be it in a commercial context (following up orders to suppliers for provisions, the sales process itself when it takes place directly on line, delivery follow-up and restocking procedures, etc.) or for administrative procedures (invoicing, personnel management, client relations management, decision-making assistance tools and management control, etc.). The emergence of Internet in this context has enhanced the effectiveness of information systems beyond recognition, by making it possible to establish direct, lower cost, digital links between all of the IT centres within a company. Thus the competitive advantage which enables the most efficient companies to gain a foothold in their sector largely depends on the quality of this information system.

Based on this simplified description of the evolution of information systems, it is easy to identify the essential areas of activity which have enabled them to develop.

The information system as we know it today only exists insofar as it can be effectively supported by the physical means for interconnection between the IT elements of which it is composed. These interconnections have been made possible by the evolution of network technologies. Given the increasing number of IT hardware and software elements that can be connected up on these networks, the information system can only function effectively if it is built on sound architecture and its various components are perfectly integrated.

Aubay has focused its expertise on each of the strategic themes underlying these technological developments. The Group's current expansion is concentrated broadly speaking on technological consultancy and integration. The increasing operational overlap between these two activities has resulted in them being presented jointly. Also, in spite of the drastic recession in this specific sector, the Group is maintaining its longstanding expertise in network rollout. This decision is based on the certainty that the market will take off once again in the medium term and when that happened, it would be more expensive to reestablish this expertise than to continue to maintain it in the mean time.

3.1.1.1 Technological consultancy and integration

These two business activities enable Aubay to position itself at two key stages of the major IT projects that are undertaken by the Group's major clients, i.e. consultancy which takes place upstream from these projects, and integration which enables the application of recommendations resulting from the consultancy phase.

Aubay has an exceptional knowledge of the tools which now enable it to design the most effective architectures, so that all of the "functional" bricks in the information system can operate efficiently together.

The large number and diversity of these “bricks” now makes it essential to implement Enterprise Application Integration (EAI) solutions, which are all of the technologies involved in managing information flows, both within and beyond the enterprise. This has now become the heart of the information system, which is required to connect up the various bricks of the internal system (ERP, Legacy system, Supply Chain Management and other client relation management tools) and externally to interconnect the information system with partner companies via Internet. The exchange standard used is XML.

Aubay offers its clients a range of services from consultancy to project implementation. Its specific consultancy assignments include Internet strategy and project management assistance to rollout portals and market places, technical architecture design (project management and market product recommendations), validation of solutions on prototypes and pilot projects. Practical assignments involve really innovative solutions such as enterprise portals and the rollout of EAI bricks, as well as major information system overhaul projects.

More recently, Aubay naturally began to capitalise on its very high ranking position in terms of its projects and critical size to offer integrated services for various application components in its clients’ information systems. This development results from the clear advantage that a player such as Aubay enjoys over its competitors, whose clients call on it initially for technological audit assignments, prototype validations or to develop pilot projects, i.e. at the source of the clients’ strategic reflections on their information systems.

The integration market is unquestionably extremely broad and buoyant. It is made up of a very mixed group of protagonists, combined with the wide range of hardware and software products that are currently available. The expertise of a group such as Aubay is absolutely essential for any client that wants to build on its information system without necessarily calling into question the major investments decisions of the past years or even decades that have created this IT tool. Through its particularly in-depth knowledge of its clients’ information systems, Aubay is very often ideally placed to initiate and maintain long-term working relations with its clients.

3.1.1.2 Network expertise

The giant strides made in the capacity to interconnect the information system’s components are reliant upon the specialist knowledge of very high-speed communication services (fibre optic networks for backbones and ADSL, and RLL or UMTS for access networks). These enable exponential growth in data transmission capacity and promote the development and enhancement of information systems.

With its far-reaching knowledge of the most advanced technologies in this field [Fibre Optics, General Pocket Radio Service (GPRS), Universal Mobile Telecommunication System (UMTS), Asymmetric Digital Subscriber Line (ADSL) and Radio Local Loop (RLL)], Aubay has positioned itself alongside the essential actors in the telecoms world, such as the established operators and major manufacturers, and has assisted them in the vast network rollouts over the past seven years.

The rollout services that Aubay offers its clients range from consultancy to project assistance. Consultancy assignments include advice on telecoms strategy, requirements studies and the technical, financial and organisational aspects of network development scenarios, drawing up of specifications, managing invitations to tender and network security. Network engineering and expertise assignments include selecting technologies and defining network protocols, high-speed network architectures (Gigabit, ATM, etc.), virtual networks (VLAN and VPN) and the selection and sizing of equipment, etc.

After being wrong-footed when the financial bubble burst, the actors in this sector have largely slowed down their level of investment, and if the Group wants to retain this expertise in order to make the most of it when investments once again become essential (i.e. once current network capacities have been saturated and require further developments), the Group has focused its efforts over the past two years on the development of solutions aimed at the users of these networks, through its expertise in technological consultancy and integration.

3.1.2 The market

3.1.2.1 The market in 2002

The world market for IT services expanded in 2002 by 2.8% and the market for telecoms services grew 6.2% (source : Gartner Dataquest, March 2003). These promising figures were unfortunately not reflected in European markets, or more specifically the French market, which had an extremely difficult year in 2002, owing to a combination of a sharp decline in investment and increased pressure on sales prices.

Thus in the French IT services market, 2002 was one of the most difficult years in a decade, as after a succession of two-figure growth rates, it contracted by 3% (source: Syntec Informatique). This fall-back varies from one activity to another; engineering for projects, integration, management and information systems consultancy declined moderately (from – 6% to – 7%), development fell back by 12%, whereas engineering for technological consultancy increased slightly by 1%.

Syntec review

Activities	2001 M€	2002 M€	% 2002/2001
Management and information systems consulting	1,490	1,380	(7)
Engineering			
Projects and integration	3,400	3,200	(6)
Development	3,130	2,750	(12)
Technological consulting	2,550	2,570	1

Source : Syntec Informatique, 3rd April 2003.

In France, these falls in investment created various levels of decline depending on the sectors of activity. The only sectors that saw expansion were the public sectors with + 6% and "utilities" with a modest 1%.

Syntec review

Markets	2001 M€	2002 M€	% 2002/2001	Weighting % of the total
Public sector	2,530	2,680	6	13
Banks and financial services	4,150	3,940	(5)	19
Insurance	960	880	(8)	4
Telecoms and media	1,460	1,330	(9)	6.5
Industry	5,280	5,120	(3)	25
"Utilities"	940	950	1	4.5
Trade and distribution	2,660	2,580	(3)	12.5
Transport and tourism	1,050	1,000	(5)	5
Services	2,230	2,190	(2)	10.5

Source: Syntec Informatique, 3rd April 2003.

3.1.2.2 The market in 2003

All of the financial experts are expressing broad reservations on what the IT services market will be like in 2003, owing to the numerous sources of uncertainty (geopolitical context, telecoms crisis, uncertain economic recovery, etc.).

The global IT services market should grow by 6.2% and the telecoms services market by 7.3% (source: Gartner Dataquest, March 2003).

These high figures will probably not be reflected in the French market, where a difficult market is expected during the first half of 2003, comparable to the second half of 2002, followed by slightly positive market growth in the second half of the year.

Syntec outlook

Activities	2003 S1 2003/S1 2002	2003 S2 2003/S2 2002
Management and information systems consulting	fall	unchanged
Engineering		
Projects and integration	fall	unchanged
Development	fall	moderate fall
Technological consulting	moderate fall	unchanged

Source: Syntec Informatique, 3rd April 2003.

These estimates have been gathered from other studies which forecast very moderate growth in the French IT services sector for 2003.

(in M€)	2000	2001	2002	2003	2004	2005
Project services	**10,729**	**12,022**	**11,636**	**11,700**	**12,598**	**14,071**
IT Consulting	1,806	2,072	1,980	1,990	2,130	2,392
Contract Staff (T & M)	2,935	3,302	3,106	3,064	3,354	3,788
Fixed Price Development & System Integration	5,368	5,958	5,926	6,029	6,470	7,162
IT Training	620	690	624	617	644	729
Outsourcing	**4,394**	**5,225**	**5,766**	**6,450**	**7,324**	**8,321**
Captive	458	465	472	482	490	498

Source: PAC, February 2003.

These trends for 2003 should mainly result from falling prices owing to a market that is generally considered to have excess capacity and to be suffering from the aftershock of the massive recruitment campaigns during the overinvestment period between 1998 and 2001.

3.1.2.3 Future trends

The above data offers hopes for an increase in expenditure which will benefit the IT services sector in 2004. Economic analysts who have dared to forecast trends beyond that envisage a return to growth of between 5 and 7% over the subsequent three years. Syntec is basing its moderate optimism on major growth relays (mastery of complexity, refocusing the core-business, security, cost reduction, demographic evolution, industrial supply, etc.) offset by real resistance factors (reduction in the number of application platforms, consolidation of technical infrastructures, security, integration, etc.).

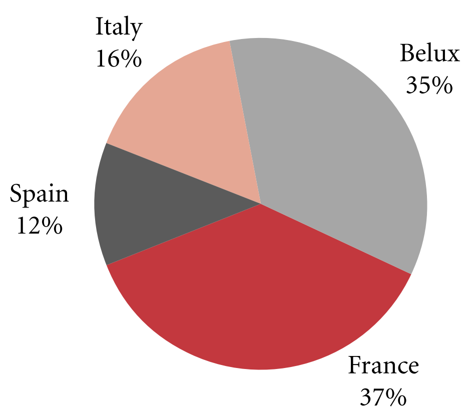
3.1.3 Strong policy aimed at widespread European presence and large account clients

All of the Group's clients, banks and telecommunications operators have resolutely European strategies nowadays. These strategies are based on seeking technological suppliers which are capable of assisting them in their development beyond their own national borders.

In 2002, 63% of Aubay's turnover was earned outside France, whereas the majority of new technology consultancy firms are still not operating internationally. The Group's aim is to maintain long term working relations with major clients and capitalise on the quality of the services it offers. These efforts are reflected by a high renewal rate in services offered to clients.

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

The turnover per country breaks down as follows:



Aubay's clients are exclusively major European businesses whose needs in terms of adaptation to new technologies are both large-scale and strategic. These clients are the only businesses which are both able and willing to invest massively in new technologies by repeatedly calling on groups such as Aubay.

The number of active clients thus increased from 40 in 1998 to 125 at the end of 2002, and these 125 active clients represent 96% of the turnover for the year. This unquestionably demonstrates the major players' increased requirements in these fields in the European and worldwide economy, as well as the Group's capacity to convince them to repeatedly call on its expertise to manage their more complex IT issues.

No single Aubay client represents a significant share of the turnover, as the largest of them represents 6% of the total sales volume (Société Générale). The top ten clients together account for less than 35% of total sales.

The list of the Group's ten largest clients is shown below:
- Société Générale,
- Orange,
- EMC,
- Council of the European Communities,
- Belgian Federal Police,
- Siemens,
- BNP Paribas,
- France Telecom,
- Eurocontrol,
- Telefónica.

Competitors

Aubay's most direct competitors are engineering and computer services companies including such firms as Unilog, Atos and Indra in Spain.

Human resources

All of the Group's consultants are highly qualified and are recruited from the leading European schools.

Between 1997 and mid-2001, the company's workforce increased from 46 to 750 people. The Group then reduced its workforce to 640 people by the end of the 2002.

Employee motivation is based primarily on the quality of the assignments with which they are entrusted. Further financial incentives range from targeted allocations of stock options, company savings schemes additional voluntary contributions and variable remuneration, guaranteeing a high level of employee commitment within the Group.

3.2 Key figures

Variation of key figures in 2000, 2001 and 2002

	2001/2002	2000/2001
Turnover	- 17.6%	+ 3.1%
Operating profits	- 53.4%	- 46.1%
Equity capital, Group share in	- 25.5%	- 3.7%
Net fixed assets	- 33.4%	+ 2.6%
Total employees at the end of the period	- 8.8%	+ 1.9%

Consolidated data for the fiscal year ending 31st December (in € 000)

	2002	2001	2000
Turnover	51,506	62,525	60,641
Operating profits	1,390	2,983	5,533
Operating profits as a % of turnover	2.7	4.8	9.1
Current income before income tax and extraordinary income	1,058	2,584	5,334
Group share of net income (before amortisation of goodwill)	(1,515)	111	2,808
Group share of equity capital end of the period	35,420	47,360	49,222
Net fixed assets	23,514	35,309	34,393
Financial debt	2,170	3,358	2,051
Cash	6,295	4,758	7,415
TOTAL BALANCE SHEET	**50,678**	**64,332**	**68,879**

3.2.1 Strategic partners

Aubay is forging strategic technological partnerships which enable it to remain at the cutting edge of consultancy services.

- 3Com, BEA, Broadvision, Cisco, IBM, Inprise, Intel, Mercator, Microsoft, Nescape, Nortel, Oracle, Sun, Swift, Symantec, Versant, Vignette, etc.

These joint-ventures are non-exclusive, to ensure total independence and to optimise the advice that we give to our clients.

The severing of any of these joint ventures is not likely to have any financial consequences on the company.

3.3 Major events during the year and since year-end

The 2002 financial year enabled the Group to restructure in order to adapt to a weaker economic climate. The workforce was reduced from 702 to 640 employees at year-end. Operating profits fell back to 1.8% during the first half of the year and increased to 3.7% during the second half, which demonstrate the effectiveness of the companies' adjustment measures. An overview of the major events of the financial year is given below.

3.3.1 Highlights of the financial year

February: Aubay Service Intégration signed a contract worth €20 million for five years and thus provided the Group with the largest ever contract so far.

March: Aubay announced its results for the 2001 financial year: Turnover of €62.5 million (+ 3.1%) and an operating margin of 5%.

April: Aubay finalised the merger of its engineering activities in France (Aubay Intégration within Aubay SA).

July: Aubay sold its Spanish subsidiary Global Concepts.

September: Aubay announced its interim results: turnover of €26.9 million and an operating result of €486,000, i.e. an operating margin of 1.8%. Merger of the Spanish subsidiaries SDS and Octo Spain within Isalia.

November: Aubay announced its cumulative results over 9 months: €38.9 million and for the first time its quarterly operating margin of 4 %.

December: Aubay ended the 2002 financial year with a total of 640 employees.

3.3.2 Major events since year-end

Aubay acquired minority holdings in its subsidiary Aubay Stratégie Technologique and thus increased its ownership to 88%.

3.4 Future outlook

Aubay has adapted its structure satisfactorily to the unauspicious market conditions. Even with no prospect of an improvement in the economic climate, Aubay will maintain its high growth rate in 2003. Turnover is thus expected to reach €53.1 million. Operating profits, which improved constantly during 2002, should continue to grow in 2003 and should reach 5.5% of turnover. Aubay aims to maintain its position as a long-standing reference player in the new technologies sector in Europe.

3.5 Aubay stock trend (Euroclear code 6373)

The 2002 financial year was marked by a continued decline in the financial markets which began in mid 2000. This decline has affected all sectors and technology companies were particularly hard hit, irrespective of their basic condition.

Aubay's shares are currently listed on the Second Marché of the Paris Stock Market (Euroclear code 6373).

Aubay share price during the 2002 financial year:

Aubay shares joined the NextEconomy compartment and are also included in the MIDCAC and ITCAC 50 share indexes.

(In €)	Trading highs and lows (1)		Monthly volume	
	High	Low	In number of securities	In thousands of euros
1999				
July(*)	30.00	26.13	163,171	4,604
August(*)	29.00	26.49	46,315	1,270
September(*)	38.00	28.30	121,596	4,262
October(*)	48.20	34.50	181,451	7,480
November(*)	99.20	42.30	300,759	24,028
December(*)	119.30	74.75	190,926	19,911
2000				
January(*)	144.00	101.20	210,155	26,494
February(*)	235.50	137.30	594,589	114,690
March(*)	279.90	185.00	371,708	88,554
April	46.50	35.65	783,680	32,066
May	45.50	31.00	418,132	16,603
June	42.63	36.50	226,269	9,340
July	36.98	22.50	386,263	11,812
August	32.00	20.25	952,425	25,014
September	32.00	21.00	570,595	15,861
October	25.59	20.00	498,679	11,021
November	26.00	13.90	373,905	8,244
December	21.50	14.90	577,534	9,805
2001				
January	19.25	14.36	722,592	12,305
February	19.70	14.70	402,782	6,852
March	18.20	15.55	218,516	3,721
April	12.40	8.98	884,930	8,859
May	11.85	10.60	532,599	6,006
June	10.50	6.30	1,566,264	12,834
July	9.38	7.70	414,812	3,466
August	8.35	6.42	305,786	2,241
September	6.50	3.65	718,870	2,290
October	5.14	3.90	535,303	2,448
November	5.14	4.00	587,618	2,673
December	4.45	3.80	913,312	3,672
2002				
January	4.12	3.75	513,226	2,017
February	4.27	3.80	444,663	1,803
March	4.61	4.04	514,071	2,237
April	4.48	3.87	426,328	1,763
May	3.90	2.93	293,873	1,271
June	2.94	2.34	402,228	994
July	2.62	1.91	289,146	612
August	2.06	1.61	175,281	302
September	1.70	0.93	427,987	516
October	1.38	0.79	438,027	469
November	1.95	1.39	326,037	566
December	2.29	1.61	287,049	542

Source: Fininfo.
(1) Closing price.
(*) Before one-to-four stock split.

3.6 Risk factors

3.6.1 General legal risks

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

3.6.2 Industrial and environmental risks

Aubay's activity mainly involves the sale of intellectual services, thus it has no industrial or environmental impact.

3.6.3 Liquidity risk

As assets are not longer-term than its liabilities, Aubay does not have any liquidity risk.

3.6.3 Exchange rate risk

Aubay undertakes most of its activity within the euro zone and since it has adopted an expansion strategy in this specific economic area, the exchange rate risk has been almost nil since 1st January 1999.

3.6.5 Interest rate risk

Aubay has no significant debts, thus the interest rate risk is extremely low. Interest rates are in any case extremely stable within the euro zone, which reduces any possibility of a short to medium-term risk.

3.6.6 Share risk

Most of the Company's cash assets are invested in cash monetary Sicavs, which by their very nature have a low risk.

As the self-regulating stock has been immobilised, the Company does not run any risk in terms of its profitability, owing to the variation of its share price.

3.6.7 Client risks

Aubay's clients are almost exclusively large organisations. This significantly reduces the risk of default in their payments. Furthermore, each client represents a very small share of the turnover: our largest client represents less than 6% of the total turnover, which eliminates a risk of dependency on any one major account.

Furthermore, Aubay has set up very prudent provision rules: any outstanding debt that is not paid after 90 days is provisioned at 50%. After 180 days, it is provisioned at 100%, except in the event of a detailed analysis by the Group's financial department. Thus major accounts which have long payment leadtimes owing to their specific administrative procedures are excluded from the overdue payments balance, except where a dispute has been notified.

3.6.8 Supplier risks

Given its activity as a supplier of IT services, Aubay does not have any particular supplier risks or in terms of payments made to them, as purchases and payments are relatively small.

3.6.9 Risks related to key personnel

Christian Aubert, the Chairman and founder of the Group, works with a dynamic, experienced team, both in the parent company and its subsidiaries.

Aubay's operational organisation is highly decentralised and all of the key managers of the companies within the Group are committed to the results of the structures which they manage, either through purchase commitments to buy minority shares that they hold in their companies, or in the form of future incentives, such as stock option plans.

3.6.10 Risk of payroll expenses

Aubay is a cutting-edge company in a sector that is highly technology-driven. In order to maintain competitiveness in such a sector, Aubay has based its performance on the quality of its employees.

However, Aubay's personnel management policy is not solely based on the salaries paid to its employees. Sustained effort (6% of business days) is devoted to maintaining the level of technological expertise of employees. As a result of this effort, Aubay can operate in the most technologically advanced markets, working with teams that can best enhance their expertise.

3.6.11 Risk of shareholder dilution

Aubay has off-balance sheet commitments as a result of promises made to purchase minority interests in its subsidiaries (cf. 3.10.11.3). These commitments can be honoured either by a cash payment, or by payments through issuing shares, as decided by Aubay. There is thus a limited risk of dilution of the company's shareholders, but only in the event that the company decides to pay in securities.

3.6.12 Competition risks

Aubay managed to establish its position though its specific knowledge and cutting-edge technologies applied within its original company structure.

With its capacity to recruit the best engineers and maintain their standard of training, Aubay should consolidate its position as a leading player in the world of new technologies.

3.6.13 Intellectual property

All of the brands required to operate the Company are deposited with the competent international institutions. Likewise, the rights to the domain names are reserved for all of the Group's entities.

3.6.14 Insurance

Third-party insurance

The Aubay group has signed a policy covering its public liability (third-party insurance) for all of its business activities in all of the countries in which it operates.

Owing to the nature of the Company's production activities (mainly assignment of staff to the Group's clients) and the low risk that this incurs, the aforementioned contract does not include cover for any operating losses.

General insurance

All of the premises and installations used by the Company are covered by appropriate general risk insurance.

3.7 Exceptional events and disputes

As a result of the Company's commercial relations, two disputes have to be settled in Spain with regard to third parties for which the Company may be responsible. As these legal proceedings are in their early stages, it would be premature to forecast the court's decision. At all events, the Company does not consider these events can significantly affect the annual accounts for the 2002 financial year.

In France, there is a dispute between Aubay and one of the former managers of one of its subsidiaries. The outcome of this dispute is still highly uncertain at this stage, although it is not liable to have any significant negative effect of the annual accounts for 2002.

The Company is not aware of any other significant dispute that is likely to affect the annual accounts for 2002.

3.8 Annual report on business activity

The Company's Board of Directors met on 31st March 2003, under the chairmanship of Mr Philippe Rabasse, in order to examine the consolidated accounts which had been compiled up to 31st December 2002.

Group business activity

Activity in 2002 continued to be affected by the highly unfavourable economic context. IT investment decisions by major clients declined, bringing with it quite logically a decline in the services sector.

In this context, the restructuring efforts undertaken by the management since the second half of 2001 led to a fall in the volume of sales. Conversely, operating margins improved steadily.

Thus after achieving €26.9 million in the first half of the year, turnover increased to €51.5 million. This turnover figure fell sharply compared with the 2001 financial year, when there was a high level of activity in the first six months, before a sudden halt in IT investments which was reflected by a significant fall in the Group's turnover as from the second half of 2001.

This figure reflects a fall in activity in all of the Group's markets, with the notable exception of Italy, which is continuing to greatly outperform its market. Spain is also rather unique, as it underwent further restructuring measures in the first half of 2002, after an initial wave of reorganisation in the second half of 2001. These restructuring measures weighed heavily on entity's activity. In the second half of the year, Spanish sales stabilised and set a record low for this country's operations.

Constant efforts by the Group's management over the past eighteen months have brought about a significant reduction in operating expenses. These efforts included such measures as:

- reductions in administrative personnel throughout the country,
- reductions in salaries either as a result of negotiations on a one-to-one basis with consultants whose profiles are currently facing the most competition, or by recruiting consultants at a lower cost,
- reductions in fixed costs such as rent, by reducing surface area in three of the 4 countries (the head offices in Paris have been transferred to the nearby suburbs, with a resulting saving of €340,000 per year, by moving the company Offis into the premises of the company Aubay SI, and by bringing Spanish operations together in a single platform).

These efforts have born fruit and the operating margins have thus been improved throughout the year, increasing from 1.8% in the first half of the year to 3.7% in the second half. Spain's return to operating profitability at the end of 2002 was a major driving force that boosted the Group's operating profitability in the second half of 2002.

The workforce, which was reduced from 701 employees at the end of 2001 to 640 employees at the end of 2002, will begin to increase again during the course of 2003.

External growth policy

Since mid 2000, Aubay has not undertaken any external growth operations. By refusing to burden its finances to fund such undertakings, the Group has chosen to follow a prudent course. The Group's situation is now extremely healthy. Its level of debt is virtually zero and its cash-flow has been significantly positive in 2002. Aubay thus remains in a position to undertake external growth operations, but is imposing the essential condition that any such operation should involve profitable entities with no significant debts. As entities which match up to such criteria are hard to come by, no such measure is envisaged in the short term.

Consolidated assessed data

The 2002 financial year closed with a turnover figure of €51.5 million a fall of 17.6% compared with 2001. This reduction can be broken down as follows: France (11%), Belux (10%), Spain (59%) and Italy + 44%. Turnover generated outside France amounted to €32.7 million, i.e. 63.4% of the Group's overall activity.

The operating result stands at €1.4 million compared with €3.0 million on 31st December 2001, i.e. a fall of 53% for the year. The operating margin was 2.7% of turnover, compared with 4.8% one year earlier.

The financial result stands at – €332,000.

Exceptional losses amount to €2.2 million mainly due to restructuring and the capital losses resulting from the sale of Global Concept.

Tax on profits amounted to €0.2 million.

There ensued a net result before writedown of (€1.5 million) compared with €0.1 million on 31st December 2001. The net margin rate before writedown is – 2.9%.

Buyback of minority interests, acquisition of shareholdings and sale of businesses

In early July 2002, the Company sold off all of its interests in the capital of the Barcelona company, Global Concept. A loss of €756,000 was recorded.

Major events since the year-end

In early 2003, the Company acquired a 23% stake in the capital and voting rights of its French subsidiary Aubay Stratégie Technologique, bringing its interest to 88%.

The Board of Directors
Philippe Rabasse

3.9 Consolidated accounts

3.9.1 Income statement

Consolidated income statement (in €000)	Note	2002	2001	2000
Operating income		**51,818**	**62,976**	**62,530**
Net turnover	(3.10.4.1.1)	51,506	62,525	60,641
Change in working progress		(46)	46	316
Operating subsidies		-	2	23
Other income and transferred charges	(3.10.4.1.2)	162	243	1,466
Write-back of provisions		196	160	84
Operating expenses		**50,428**	**59,993**	**56,997**
Other incomes and external expenses		13,241	22,107	27,152
Taxes and duties		322	271	256
Payroll expenses	(3.10.4.1.3)	35,523	35,538	28,498
Depreciation and amortisation of fixed assets		948	1,397	931
Provisions		307	379	76
Other expenses		87	301	84
Operating profit	(3.10.4.1.4)	**1,390**	**2,983**	**5,533**
As a percentage of turnover		2.7%	4.8%	9.1%
Financial income		53	111	394
Financial expenses		385	510	592
Net financial earnings	(3.10.4.1.5)	**(332)**	**(399)**	**(198)**
Pre-tax profit (before exceptionals)		**1,058**	**2,584**	**5,335**
Exceptional income		696	113	371
Exceptional expenses		2,918	1,652	636
Exceptional result	(3.10.4.1.6)	**(2,222)**	**(1,539)**	**(265)**
Income tax	(3.10.4.1.7)	192	760	2001
Net result of consolidated companies		**(1,356)**	**285**	**3,069**
As a percentage of turnover		(2.6%)	0.5%	5.1%
Minority shares		**159**	**174**	**260**
Group share of net income before amortisation of goodwill		**(1,515)**	**111**	**2,809**
Depreciation and amortisation of goodwill		**(10,003)**	**2,529**	**2,085**
Net income, Group share		**(11,518)**	**(2,418)**	**724**
Net earnings per share		-	-	-
Weighted average number of shares		11,138,801	11,325,897	11,266,001
Trading profits per share		0.06	0.15	0.27
Group share of net income before amortisation of goodwill		(0.14)	0.01	0.25
Net income, Group share		(1.03)	(0.21)	0.06
Group share of net income per diluted share		(0.96)	(0.20)	0.06

3.9.2 Consolidated balance sheet

Consolidated balance sheet assets (in €000)	Note	Gross	2002 Amort. provisions	Net	2001 Net	2000 Net
Goodwill	(3.10.4.2.3)	**36,846**	**(14,973)**	**21,873**	**32,826**	**31,039**
Intangible assets		**1,153**	**(955)**	**198**	**266**	**597**
Research and development expenses	(3.10.4.2.1)	-	-	-	-	-
Goodwill	(3.10.4.2.2)	150	(52)	98	110	123
Other intangible assets		1,003	(903)	100	156	474
Tangible assets	(3.10.4.2.4)	**3,160**	**(2,291)**	**870**	**1,813**	**2,337**
Long-term investment		**611**	**(38)**	**573**	**404**	**420**
Fixed assets		**41,771**	**(18,257)**	**23,514**	**35,309**	**34,393**
Inventorie and working progress		**-**	**-**	**-**	**113**	**422**
Receivables		**21,111**	**(671)**	**20,440**	**23,764**	**25,666**
Trade notes and tangible assets	(3.10.4.2.5)	16,959	(617)	16,342	19,383	21,381
Other receivables	(3.10.4.2.6)	4,152	(54)	4,098	4,381	4,285
Cash		**6,295**	**-**	**6,295**	**4,758**	**7,415**
Investment securities		1,214	-	1,214	828	3,960
Cash at hand		5,081	-	5,081	3,930	3,455
Circulating assets		**27,406**	**(671)**	**26,735**	**28,635**	**34,219**
Prepaid expenses and deffered charges		**430**	**-**	**430**	**388**	**268**
Accruals		430	-	430	388	259
Deferred charges		-	-	-	-	9
TOTAL ASSETS		**69,606**	**(18,928)**	**50,678**	**64,332**	**68,880**

Consolidated balance sheet - Liabilities (in €000)	Note	2002	2001	2000
Group share of shareholders' equity	(3.10.4.2.7)	**35,420**	**47,360**	**49,222**
Consolidated reserves		46,938	49,778	48,498
Income for the period		(11,518)	(2,418)	724
Minority interests	(3.10.4.2.8)	**561**	**525**	**545**
Shareholders' equity		402	351	285
Income for the period		159	174	260
Contingent liability		**142**	**216**	**8**
Provisions for risks		80	17	8
Provisions for charges		62	199	-
Debts		**14,353**	**15,382**	**16,293**
Loans and debts with credit institutions	(3.10.4.2.10)	2,170	3,358	2,051
Trade notes and accounts payable		3,353	3,546	5,454
Social and fiscal debt		8,504	8,198	8,618
Other debts		326	280	170
Debts on fixed assets		**99**	**740**	**2,423**
Accrued liabilities		**103**	**109**	**389**
Prepaid income		31	98	376
Other accrued liabilities		72	11	13
TOTAL LIABILITIES		**50,678**	**64,332**	**68,880**

3.10 Notes to the consolidated accounts

3.10.1 Highlights of the financial year

Cf. 3.3.1.

3.10.2 Accounting rules and methods

The consolidated accounts are prepared and presented in accordance with the Act of 3rd January 1985 and its implementing decree of 17th February 1986, the CRC regulation no. 99-02 and pursuant to the principles of the Group concerning:

- amortisation of goodwill (note 3.10.2.1.4),
- effective date of the acquisitions (note 3.10.2.1.5),
- goodwill (note 3.10.2.4),
- amortisation of tangible assets (note 3.10.2.5),
- trade receivables (note 3.10.2.6).

It should nevertheless be specified that since the 1st January 2002, the Aubay Group has complied with the CRC regulation no. 2000-06 relating to liabilities. This initial application has no incidence on the result or the opening capital and reserves.

3.10.2.1 Consolidation rules

3.10.2.1.1 Consolidation methods

The full consolidation method is applied to the financial statements of the companies in which Aubay has an exclusive controlling interest.

3.10.2.1.2 Principles of closing accounts

All of the companies are consolidated on the basis of their annual accounts closed on 31st December 2002 and adjusted where necessary to comply with the Group's accounting principles.

3.10.2.1.3 Conversion of the financial statements of foreign companies

• The balance sheet items are converted into euros at the exchange rate on the closing day of the financial year.

• The items in the income statement are converted at the average exchange rate calculated for the entire year.

3.10.2.1.4 Consolidated goodwill

The goodwill recorded on acquiring an interest is the difference between the purchase price paid for securities and the Group share in the restated net assets of the acquired company.

This difference in value is divided between:

• purchase price discrepancies relating to certain identifiable balance sheet items that are reclassified in the appropriate section of the balance sheet and follow their own accounting rules,

• consolidated goodwill for the non-allocated balance.

Negative goodwill is posted to liabilities in the balance sheet as provisions for risks and charges.

Consolidated goodwill is amortised over 15 years using the straight-line method. If the evolution of the acquisition does not match up to the initial prospects, the goodwill will be accounted for as extraordinary amortisation beyond the anticipated amortisation plan.

Extraordinary amortisation concerning the goodwill can be recorded when over 3 consecutive half-years, the overall inventory value of the goodwill of a country is lower than the net spread of the year for the same country. The net spread corresponds to the gross goodwill minus the net write down practised. The inventory value of goodwill is determined by applying the ratio (average Stock Market price-earnings ratio over the six months prior to closing date / consolidated turnover) to the turnover achieved by the affiliated company. It should be noted that this coefficient can not be less than 0.8 times the turnover.

3.10.2.1.5 Effective date of acquisitions

In accordance with the provisions in force, the companies entering the scope of the consolidation are effectively consolidated from the time of the legal transfer of the securities acquired. To this end, the companies acquired are required to issue a statement of account.

3.10.2.2. Research and development expenses

Expenses for the research and development of applications and products are posted as expenses for the financial year in which they are incurred.

3.10.2.3 Licences and software

Licences and software are amortised using the straight-line method over three years except for standard low-value software, which is amortised pro rata temporis over the financial year in which it was acquired.

3.10.2.4 Goodwill

Goodwill is not amortised, except in the case of the purchase merger of the Spanish company Anfri, in accordance with the local tax regulations.

3.10.2.5 Tangible assets

- Tangible assets are posted at their acquisition cost and depreciated over a period corresponding to their projected useful lives.

- Allowing for exceptions, the depreciation schemes are the same as those used for the corporate financial statements (excluding exceptional items for tax purposes).

- The main basis of depreciation is the straight-line method:

Fixtures and fittings	5 years
Computer hardware	3 years
Office equipment and furniture	3 to 5 years

3.10.2.6 Trade receivables

- Receivables are valued at par value. They are assessed individually and where appropriate, are subject to a provision for depreciation, owing to the potential recovery problems they can generate.

- Receivables that are not paid on their due date are depreciated in the consolidated accounts in accordance with the following rule:
  a. receivables due for more than 90 days: 50%,
  b. receivables due for more than 180 days: 100%.

  If these due dates are exceeded, the finance department can decide not to record any provisions if it receives information or facts which guarantee future recovery of the debts incurred. Also, major accounts which have long payment lead times owing to their specific administrative procedures are excluded from the overdue payments balance except when a dispute has been reported.

3.10.2.7 Investments

Investments are entered in the balance sheet at their acquisition cost. A provision is created when the inventory value is higher than the market price on 31st December 2002.

3.10.2.8 Operating income

Operating income mainly comes from the sale of services. Sales are invoiced on the basis of the actual time spent by consultants in performing contracts. Income from fixed-rate contracts that are spread over several financial years are recorded according to the progress method.

Furthermore, if the cost price of a contract turns out to be higher than its turnover, a provision for loss on completion is recorded when the accounts are closed.

3.10.3 Changes in the scope of consolidation

3.10.3.1 Companies included in the consolidation in 2002

No additional companies were included in the consolidation during the year.

3.10.3.2 Internal restructuring

Prior to the merger with Syntesis de Systemas, Aubay Isalia acquired 100% of the Syntesis de Systemas shares which were previously owned by the parent company Aubay.

3.10.3.3 Companies removed from consolidation in 2002

The company Global Concepts was sold off in July 2002.

3.10.3.4 Mergers

- The Spanish companies Aubay Isalia, Syntesis de Systemas and Octo Technology Spain were merged in the second half of 2002 with retroactive effect from 1st January 2002. The new structure has kept the name Aubay Isalia.

- The company Aubay Intégration was absorbed on 30th April 2002 with retroactive effect from 1st January 2002.

3.10.4 Audit

3.10.4.1 Explanatory notes to the income statement

3.10.4.1.1 Breakdown of turnover by industrial branch and by country

The Group's turnover stands at €51.5 million, a fall of 17.6% compared with 2001. It is broken down as follows:

• Per industrial branch (in M€)

	2002	%	2001	%	2000	%
Technological consultancy and engineering	46.1	90	44.6	71	34.8	58
Networks	5.4	10	17.9	29	25.8	42
TOTAL	**51.5**	**100**	**62.5**	**100**	**60.6**	**100**

• Per country (in M€)

	2002	%	2001	%	2000	%
France	18.7	37	21.0	34	16.1	27
Belux	18.2	35	20.3	32	19.3	32
Spain	6.4	12	15.5	25	21.8	36
Italy	8.1	16	5.6	9	3.4	5
Great Britain	0.1	0	0.1	0	-	-
TOTAL	**51.5**	**100**	**62.5**	**100**	**60.6**	**100**

3.10.4.1.2 Other income and transferred charges

Other income and transferred charges relate either to the charging back of expenses not connected with the activity, i.e. reimbursement from other social organisations associated with personnel costs.

3.10.4.1.3 Personnel expenses

Expenses

Personnel expenses amount to €35,523,000 and account for 70.4% of operating expenses.

Average number of employees

Our group reduced its average workforce from 724 people in 2001 to 665 people in 2002. Following the restructuring in the first half of 2002, the number of employees at the end of the year was 640 people.

Average number of employees	2002	2001	2000
France	214	237	177
Belux	236	252	255
Spain	112	160	175
Italy	102	74	49
United Kingdom	1	1	-
TOTAL	**665**	**724**	**656**
People working in production	572	-	-
Administrative and sales personnel	93	-	-
TOTAL	**665**	**-**	**-**

These workforce figures include sub-contracted production personnel.

3.10.4.1.4 Operating profit

The operating profit of €1.4 million results in a margin of 2.7%.

• Per industrial branch (in M€)

	2002	%	2001	%	2000	%
Technological consultancy and engineering	1.8	128	2.8	93	3.1	56
Networks	(0.4)	(28)	0.2	7	2.4	44
TOTAL	**1.4**	**100**	**3.0**	**100**	**5.5**	**100**

• Per country (in M€)

	2002	%	2001	%	2000	%
France	0.4	29	1.5	50	1.8	33
Belux	0.6	43	1.8	60	1.2	22
Spain	(0.7)	(50)	(1.2)	(39)	2.1	38
Italy	1.2	85	1.0	32	0.4	7
Great Britain	(0.1)	(7)	(0.1)	(3)	-	-
TOTAL	**1.4**	**100**	**3.0**	**100**	**5.5**	**100**

3.10.4.1.5 Financial result

The financial result shows a loss of €332,000 which can be broken down as follows:

(In €000)

Financial charges	(385)
Financial income	53
Financial result (loss)	(332)

The financial charges result mainly from interest paid to factoring companies and interest on loans.

The financial income is the result of interest from investments and capital gains from the sale of securities (OPCVM).

3.10.4.1.6 Extraordinary result

The extraordinary result of (€2,222,000), is composed of extraordinary income of €696,000 and extraordinary charges of €2,918,000.

Extraordinary income:

- Income from the sale of Global Concepts shares: €110,000.
- Income from the sale of fixed assets: €307,000.
- Reversal of provisions for restructuring for Aubay Services Intégration: €189,000.
- Other extraordinary income: €90,000.

Extraordinary charges:

- Restructuring expenditure: €1,064,000 comprising €299,000 for Aubay Service Intégration, €71,000 for Aubay SA, €488,000 for Aubay Isalia, €48,000 for Offis, €93,000 for Aubay Conseil en Organisation, €51,000 for Aubay Stratégie Technologique and €14,000 for Octo Technology.
- Expenses related to the move (including double rent paid): €250,000 comprising €64,000 for Aubay SA, €82,000 for Aubay Isalia, €87,000 for Offis and €17,000 for Aubay Service Intégration.
- NBV cost of Global Concepts shares: €866,000.
- NBV of fixed assets sold: €376,000.
- Loss from MGL debts: €83,000.
- Losses related to disputes with Aubay Isalia suppliers: €125,000.
- Other extraordinary charges: €154,000.

Creation of exceptional result

Operating items (in €000)	Charges		Income
Restructuring expenses	1,064	Income from the sale of Global Concepts shares	110
Removal expenses	250	Income from the sale of fixed assets	307
NBV cost of Global Concepts shares	866	Reversal of the provision for restructuring for ASI	189
NBV of fixed assets sold	376	Other extraordinary income	90
Loss from MGL debts	83		
Losses from disputes with Aubay Isalia suppliers	125		
Other extraordinary charges	154		
	2,918		**696**

Tax savings (calculated on the basis of average tax rates per country) generated by the extraordinary result amount to €872,000.

3.10.4.1.7 Income tax

Breakdown of tax (in €000)	31/12/2002
Tax generated by corporate accounts	1,088
Deferred taxes	
a. Spreading of the acquisition cost for securities	115
b. Provision for own shares	89
c. Change in the deferred tax on deferments in deficit	(1,095)
d. Other income taxes	(5)
TOTAL	**192**

Breakdown of deferred taxes

(In €000)	Start of fiscal year	Increase	Decrease	End of fiscal year
Deferred tax on the assets side				
- Fiscal deficits carried forward	937	1,121	(26)	2,032
- Temporary differences (1)	115	-	(115)	-
Total deferred tax on the assets side	**1,052**	**1,121**	**(141)**	**2,032**
Deferred tax on the liabilities side				
- Temporary differences (2)	221	89	-	310
Total deferred tax on the liabilities side	**221**	**89**	**-**	**310**

(1) Cancelling out of the tax saving on the acquisition of shareholdings.
(2) Cancelling out of the provision for depreciation of own shares.

Activation of deferred taxes principally involves Aubay SA and its subsidiaries integrated for tax purposes for €908,000.

Evidence of tax (in €000)	31/12/2002
Accounting result before taxes	(1,165)
Theoretic tax charge at the rate in force for Aubay SA	(400)
Effect of the differences between taxation rates	254
Effect of the definitely non-deductible expenses	(278)
Miscellaneous deferred taxes on the assets side	**616**
TOTAL	**192**

3.10.4.1.8 Diluted result per share

The diluted result per share takes into account the maximum effect of the dilution tools on ordinary shares. Consequently, the average weighted number of shares is adjusted by the equity warrants, and the stock options by the stock option plans, i.e. 839,233 shares.

3.10.4.1.9 Auditing and consultancy fees

	Bernard Lelarge		Gérard Rivière(*)	
Statutory auditor and certification of the annual and consolidated accounts	128,840	-	104,925	-
Incidental assignments	-	-	-	-
Sub-total	**128,840**	**100%**	**104,925**	**100%**
Other services	-	-	-	-
Legal, fiscal, social	-	-	-	-
Sub-total	**-**	**-**	**-**	**-**
TOTAL	**128,840**	**100%**	**104,925**	**100%**

(*) Including fees earned by the KPMG network.

3.10.4.2 Explanatory notes to the balance sheet

3.10.4.2.1 Research and development expenses

Nil.

3.10.4.2.2 Goodwill

The gross amount shown in the balance sheet of €150,000 is the result of intangible items acquired totalling €24,000 combined with a sum of €126,000.

Fund	Value (in €000)
Aubay customers and staff (ex- Aubay Télécoms)	24
Anfri customers and staff	126

The goodwill of Anfri, recorded in the accounts of the Spanish company Aubay SDS, is amortised over 10 years. This goodwill resulted from the acquisition merger by Aubay SDS with Anfri.

3.10.4.2.3 Changes in goodwill

(In €000)	Start of fiscal year	Acquisitions budgets	Disposals takeovers	End of fiscal year
Gross value	37,872	77	(1,103)	36,846
Amortisation	(5,046)	(10,003)	76	(14,973)
Net value	32,826	(9,926)	(1,027)	21,873

3.10.4.2.4 Tangible assets

These are mainly composed of computer equipment and office furniture and are depreciated under a scheme according to their envisaged period of use, excluding exceptional items for tax purposes.

3.10.4.2.5 Amounts receivable

Net amounts receivable total €16,342,000.

They represent 26.3% of turnover including taxes, i.e. the equivalent of 3.2 months' turnover.
It should however be noted that receivables discounted with factoring companies have been reclassified. They are posted as net values at customer-item level.

The implementation of the provisioning rule (cf. 3.10.2.6) resulted in a provision being recorded of €617,000.

3.10.4.2.6 Other amounts receivable

The "other amounts receivable" item shows €4,098,000 which is broken down as follows:

Receivables from employees	167
Receivables from social security organisations	-
Receivables from the State	1,479
Deferred tax on the assets side	2,032
Other trade receivables	397
Suppliers: advances and down payments	77
Provisions for other trade receivables	(54)

3.10.4.2.7 Changes in Group share of shareholders' equity

(In €000)	Start of	Capital of increase	Appropriation	Result of the fiscal year	Elimination own shares	Other transactions	Closing
Share capital	5,729	-	-	-	-	-	5,729
Issue premium	41,195	(15)(*)	-	-	-	-	41,180
Reserves and retained earnings	2,853	-	(2,418)	-	(406)	-	29
Consolidated results	(2,418)	-	2,418	(11,518)	-	-	(11,518)
BALANCE SHEET TOTAL	**47,359**	**(15)**	**0**	**(11,518)**	**(406)**	**-**	**35,420**

(*) €23,000 merger charges minus the corresponding taxation.

1. Own shares, which can not be allocated to employees or for the regulation of the share price, are recorded as the Group's equity. The number of securities held stands at 319,677 shares bought at an average price of 4.68 €.
2. The closing share capital comprises 11,458,478 shares.
3. The authorised potential capital stands at 839,233 shares. The conditions for exercising them are defined in section 2.2.7.

3.10.4.2.8 Changes in minority share of shareholders' equity

(In €000)	Total	Shareholders' equity	Net result
31/12/2001	**525**	**351**	**174**
Appropriation of 2001 income	-	174	(174)
Buyback of minority shares	-	-	-
Departures from consolidation	(123)	(123)	-
Other transactions	-	-	-
2002 result	159	-	159
31/12/2002	**561**	**402**	**159**

3.10.4.2.9 Breakdown of minority interests

(In €000)	Shareholders' equity	Result
Art	139	124
Octo	91	22
Global Concepts	7	(7)
Aubay Stratégie Technologique	147	18
Aubay Télécoms UK	18	(6)
Octo UK	-	8
TOTAL	**402**	**159**

3.10.4.2.10 Net debt

(In €000)	2002 Amount	2002 Less than 1 year	More than 1 year	2001 Amount
Bank loans	2,083	574	1,509	2,603
Bank credit	87	87	-	755
DEBTS	**2,170**	**661**	**1,509**	**3,358**
Investments securities	1,214	1,214	-	828
Cash at hand	5,081	5,081	-	3,930
CASH AT HAND	**6,295**	**6,295**	**-**	**4,758**
GROSS SURPLUS	**4,125**	**5,634**	**1,509**	**1,400**

Breakdown of borrowing and debts with credit institutions per nature of rate

(In €000)	31/12/2002
Fixed rate	-
Variable rate	2,170
TOTAL	**2,170**

3.10.4.2.11 Disputes

There are no other disputes known by the management and carrying significant risks to the Group's profits or financial situation, which have not been provisioned accordingly at year-end.

3.10.5 Statement of fixed assets

• By type

(In €000)	01/01/2002	Entries into scope	Acquisitions	Disposals	Other transactions	Departures from scope	31/12/2002
Setting-up charges	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-
Licences and software	990	-	39	(155)	2	-	876
Goodwill	150	-	-	-	-	-	150
Other intangible assets	121	-	36	-	-	(30)	127
Goodwill - Securities	37,872	-	77	-	(511)(*)	(592)	36,846
Fixed assets	4,124	-	347	(1,281)	-	(29)	3,161
Long-term investment	442	-	327	(86)	-	(72)	611
TOTAL	**43,699**	**-**	**826**	**(1,522)**	**(509)**	**(723)**	**41,771**

(*) Partial cancellation of the acquisition cost of Isalia shares.

• By geographic zone

(In €000)	31/12/2002 Net intangible assets of which goodwill	31/12/2002 Net tangible assets	31/12/2001 Net intangible assets of which goodwill	31/12/2001 Net tangible assets
France	4,284	386	5,534	605
Belux	9,109	123	9,850	170
Spain	4,917	76	13,648	790
Italy	3,761	283	4,060	244
TOTAL	**22,071**	**868**	**33,092**	**1,809**

3.10.6 Statement of amortisation

(In €000)	01/01/2002	Entries into scope	Allowance	Disposals	Other transactions	Departures from scope	31/12/2002
Setting-up charges	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-
Licences and software	879	-	77	(152)	2	-	806
Other intangible assets	76	-	33	-	-	(12)	97
Goodwill	40	-	13	-	(1)	-	52
Goodwill - Securities	5,046	-	10,003	-	-	(76)	14,973
Fixed assets	2,311	-	825	(821)	(2)	(22)	2,291
TOTAL	**8,352**	**-**	**10,951**	**(973)**	**(1)**	**(110)**	**18,219**

3.10.7 Statement of provisions

(In €000)	01/01/2002	Entries into scope	Allowance	Disposals	Departures from scope	Other transactions	31/12/2002
Liabilities and charges	**216**	**-**	**127**	**(201)**	**-**	**-**	**142**
Depreciation	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Long-term investment	38	-	-	-	-	-	38
- Own shares	-	-	-	-	-	-	-
- Stocks and production	23	-	-	-	(23)	-	-
- Cutomer accounts receivable	456	-	378	(196)	(21)	-	617
- Other receivables	54	-	-	-	-	-	54
TOTAL	**571**	**-**	**378**	**(196)**	**(44)**	**-**	**709**
Operation	571	-	378	(196)	(44)	-	709
Financial	-	-	-	-	-	-	-
Extraordinary	-	-	-	-	-	-	-

Reversals of provisions are offset in charges.

3.10.8 Cash flow

(In €000)	2002	2001	2000
Net result	**(11,359)**	**(2,244)**	**984**
Provision for depreciation and amortisation of fixed and intangible fixed assets for the period	10,951	3,901	3,040
Provisions for depreciation for customers, and other receivables	378	374	195
Provisions for liabilities and charges	127	-	-
Write-back of depreciation and amortisation - Customers	(196)	(129)	(77)
Write-back provisions for contingent liabilities	(201)	196	1
Provisions for depreciation of stocks	-	7	11
Change in deferred taxes	904	(495)	(336)
Income from disposal of fixed asset items	(434)	-	(259)
Net book value of disposed assets	1,328	9	221
Adjustments to net income	**11,049**	**3,863**	**2,796**
Cash flow	**(310)**	**1,617**	**3,780**

3.10.9 Statement of maturities, receivables and debts at closing of the accounting period

Statement of receivables (in €000)	Gross amount	Less than 1 year	More than 1 year
Current assets	-	-	-
Advances and down payments for orders	77	77	-
Trade notes and accounts receivable	16,959	16,959	-
Social security organisations	-	-	-
Personnel and related accounts	167	167	-
Receivables from the State	1,479	1,479	-
Deferred tax on the assets side	2,032	2,032	-
Miscellaneous debtors	397	397	-
Receivables from the disposal of fixed assets	**-**	**-**	**-**
Accruals	**430**	**430**	**-**
Deferred charges	**-**	**-**	**-**
GRAND TOTAL	**21,541**	**21,541**	**-**

Statement of debts (in €000)	Gross amount	Less than 1 year	More than 1 year
Borrowings and debts with credit institutions	2,170	661	1,509
Associates	-	-	-
Trade notes and accounts payable	3,353	3,353	-
Personnel, social security, social security organisations and related accounts	5,358	5,358	-
Income tax	221	221	-
Other tax liabilities (VAT, other income taxes and duties)	2,615	2,615	-
Deferred tax on the liabilities side	310	310	-
Debts on fixed assets and related accounts	99	99	-
Other debts	326	326	-
Accrued liabilities	**103**	**103**	**-**
GRAND TOTAL	**14,555**	**13,046**	**1,509**

Price supplements for 2001, 2002 that have not yet been paid out amount to €91,000.

3.10.10 Cash flow statements

(In €000)	2002	2001	2000
Cash flow generated by operations			
Net result of consolidated companies	(11,359)	(2,244)	984
Elimination of expenses and income which do not affect the cash situation or are unrelated to operations	-	-	-
- Amortisation and provisions	10,877	4,097	3,041
- Change in deferred taxes	(904)	(495)	(336)
- Capital gains from disposals	897	9	(38)
Gross cash-flow margin of the consolidated companies	**(489)**	**1,367**	**3,651**
Dividends received from companies consolidated by the equity method	-	-	-
Changes in working capital needs related to operations	4,282	556	(6,192)
Net cash flow generated by operations	**3,793**	**1,923**	**(2,541)**
Funds related to investment operations			
Acquisition of fixed assets	(1,329)	(1,946)	(3,201)
Disposal of fixed assets, net of tax	397	340	329
Impact of changes in scope	126	(4,807)	(26,454)
Net funds flow related to investment operations	**(1,058)**	**(6,413)**	**(29,326)**
Cash flow related to financing operations			
Dividends paid to shareholders of the parent company	-	-	-
Dividends paid to minority shareholders of consolidated companies	(1)	-	-
Capital increase in cash	(15)	270	32,754
Loan issues	-	2,774	47
Loan repayments	(510)	(158)	(190)
Net cash flow related to financing operations	**(526)**	**2,886**	**32,607**
Impact of exchange rate fluctuations	(4)	2	(1)
Changes in liquid funds	**2,205**	**(1,602)**	**739**
Liquid funds at opening of fiscal year	4,003	5,605	4,865
Liquid funds at year-end	6,208	4,003	5,604

Details of changes in working capital needs related to operations (in €000)

Changes in stock and production	114	308
Changes in advances and down payments	19	(6)
Change in operating receivables	3,141	5,489
Change in other receivables and accrued liabilities	828	592
Changes in advances and down payments received	-	-
Change in operating debts	(193)	(5,067)
Change in other debts	373	(760)
Changes in working capital needs related to operations	**4,282**	**556**

Details of the impact of changes in consolidation scope (in €000)

Acquired liquid funds / entry into consolidation	-	29
Disposed liquid funds withdrawn / departure from consolidation	(211)	-
Investment in consolidated securities	(25)	(4,836)
Sale price of consolidated securities	110	-
Expenses from previous financial years	-	-
Impact of changes in scope	**(126)**	**(4,807)**

3.10.11 Off-balance sheet commitments

3.10.11.1 Retirement

Given the average age of the workforce, no provision has been made for pensions and retirement indemnities.

3.10.11.2 Stock Options

Cf. 2.2.7.

It has been agreed that Aubay should take charge of any tax expenses that may be incurred by Belgian tax residents if the profit from options were taken from them, notably as a result of the application of provisions of the regulation governing these options. The total amount that might be payable as a result of this commitment stands at €24,000.

3.10.11.3 Estimated value of buying back minority interests in subsidiaries

The estimated amounts to be paid based on the accounts of 31st December 2002 stand at €0.8 million for minority interests. These payments could be made between 2003 and 2005. The estimated value is likely to increase or decrease in accordance with the future results of each of the subsidiaries.

3.10.11.4 Factoring or discounted receivables not due

(In €000)	**2002**	**2001**
ART	1,747	1,253
Aubay Conseil en Organisation	370	-
Aubay Isalia	151	543

Receivables due which have not yet been collected by the factoring companies at year-end are provisioned according to the conditions mentioned in section 3.10.2.6.

3.11 Scope of the consolidation on 31st December 2002

This consolidation includes all of the Group's subsidiaries.

Company	% interest	Method	Head offices	Identification no.
Aubay (merger of Aubay Télécom and Aubay Intégration)	Consolidating parent company		235, avenue Le Jour se Lève 92651 Boulogne-Billancourt Cedex	391 504 693
		Belux		
Aubay Service Intégration	100%	FC	Immeuble de Beauvoir Rue de Strasbourg, 51 2561 Luxembourg	52528
Offis	100%	FC	Rue Gatti de Gamondstraat, 145 1180 Brussels - Belgium	455405
Offis Luxembourg	100%	FC	Rue de Strasbourg, 51 L-2561 Luxembourg	28036
		Spain		
Aubay Isalia (merger of Aubay Isalia, Syntesis de Systemas and Octo Technology Spain)	100%	FC	Calle Albacete 5 28027 Madrid	A-82280124
		France		
Aubay Conseil en Organisation	100%	FC	17, avenue Didier Daurat - BP 21 31701 Blagnac Cedex	403 142 797
Octo Technology	84%	FC	62, rue de la Boétie 75008 Paris	418 166 096
Aubay Stratégie Technologique	65%	FC	235, avenue Le Jour se Lève 92651 Boulogne-Billancourt Cedex	414 946 301
Aubay Consulting Télécoms	100%	FC	235, avenue Le Jour se Lève 92651 Boulogne-Billancourt Cedex	379 120 074
		Great Britain		
Aubay Telecom UK	70%	FC	Swan Center, Fishers Lane Chiswick, London W4 1RX - UK	2941556
Octo Technology UK	67.20%	FC	Swan Center, Fishers Lane Chiswick, London W4 1RX - UK	4203502
		Italy		
Aubay Italie	100%	FC	Largo la Foppa 2 20121 Milano - Italie	29027/2000
ART	75%	FC	Largo la Foppa 2 20121 Milan - Italy	41340/1998

FC: Fully Consolidated.

Shares in subsidiaries excluded from the consolidation: Aubay NV and Aubay BS are not operational as yet and are thus not consolidated.

3.12 Pro forma income statement

The Aubay group has not acquired any companies during the course of 2002, nor undertaken any significant disposals. Consequently, it is not necessary to produce a pro forma income statement.

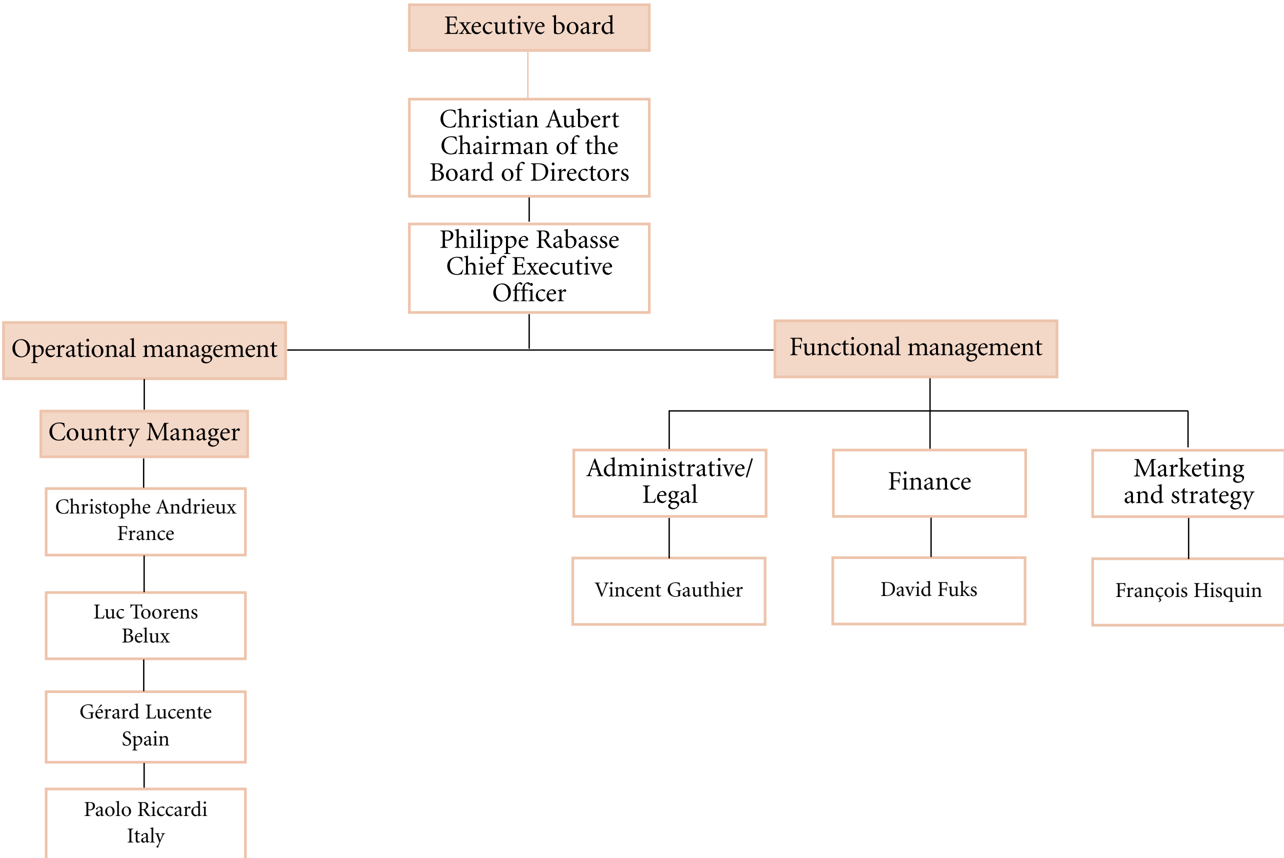
3.13 Events after year-end

Aubay acquired minority holdings in its subsidiary Aubay Stratégie Technologique and thus increased its ownership to 88%.

4. Executive and management bodies

4.1 Members of the executive and management bodies

4.1.1 Organisation



4.1.2 Composition of the Board of Directors

As on 31st December 2002, Aubay's Board of Directors was as follows:

Surname and first name or role in the company	**Date of first appointment (or when mandate began)**	**Mandate end date**	**Member's main function exercised in the Company**
Mr Christian Aubert	17th December 1997	23rd May 2003	Chairman of the Board
Mr Philippe Rabasse	5th March 1998	Year-end 2003	Chief Executive Officer
Mr Christophe Andrieux	17th December 1997	23rd May 2003	Managing Director France
Mr Modeste Entrecanales	5th March 1998	Year-end 2003	Director
Mr Patrick Grumelart	17th December 1997	23rd May 2003	Director
Mrs. Rosemary Aubert	5th March 1998	Year-end 2003	Director
Capitalinvest SA, represented by Mr Vincent Gauthier	24th October 2003	Year-end 2006	Mr Gauthier is the legal director of Aubay

The Board of Directors was convened 5 times during the 2002 financial year.

Notes

Notes

Notes

Share capital of € 5 729 239

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