

**VALTECH**  
**A French joint stock company (“société anonyme”)**  
**with a share capital of EUR 1,301,086.072104**  
**Registered office: Immeuble Lavoisier – 4 place des Vosges -**  
**Quartier Gambetta - LA DEFENSE V - 92400 COURBEVOIE**  
**Nanterre Trade and Companies’ Register: 389 665 167**

**Fiscal Year 2006**

**MANAGEMENT REPORT**

Dear Shareholders,

Pursuant to law and our company’s articles of incorporation, we have convened to report to you on our company’s business and operations during the fiscal year ended 31 December 2006.

We are pleased to submit to you this report for your consideration, together with the balance sheet, profit and loss account and related notes prepared as at 31 December 2006.

We remind you that, in accordance with legal requirements, all of these documents, together with the reports of the statutory auditors, remain available to you at the registered office for a period of fifteen days prior to the general meeting.

**I. PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

**I.1 GROUP ACTIVITIES DURING 2006**

2006 saw Valtech delivering against its promises of revenue and profit growth, building on larger value, longer term, key client relationships. All results were at the higher end of guidance given for the year.

This growth in activity, coupled with a new focus on cost control, places the group in an extremely strong position to drive further revenue growth and significantly increase the bottom line profitability.

With a particularly strong performance in our Denmark and UK operations, the group delivered increased profitability in each of its geographical sectors. Much of this profitability was driven by cost control as gross margins were predictably placed under pressure as we sought to build revenue. The investment in the offshore development centre in India also started to pay off with the India business recording a positive net result for the year.

**I.2 GROUP RESULTS FOR 2006**

Revenues for the year ended 31 December 2006 narrowly missed the EUR 100 million level coming in at EUR 99.6 million (an increase of 16% over the prior year).

Revenue by business sector was broadly consistent with the prior year and is distributed as follows:

Technology Consulting:	51%
Global Sourcing:	13%
Business Services:	36%

Profit from operating activities increased to 4% of revenues, totalling EUR3.6 million (up 62% from EUR 2.2 million in 2005). The strong performance in the UK and Denmark led to this sector recording double-

digit profitability and all geographical sectors achieved operating profits in excess of 5% of revenues (regional profitability is stated before contribution to corporate costs).

The only sector which did not increase both revenue and profitability was the USA/Asia region. The positive performance of the group's India operations is masked by a disappointing year for the US business where it failed to capitalise on opportunities for growth. However, management changes and a new sales approach have been implemented in September 2006 to address this and the benefits are already becoming apparent.

Sales and marketing costs reduced as a percentage of revenue to 7.4% (7.9% in 2005) despite the drive for revenue growth throughout the year. This represents management's commitment to cost control throughout the period and is mirrored in the context of administrative costs which were held at 21.9% of revenues (24.3% 2005).

Continued use of sub-contractors, where appropriate, has allowed the group to remain flexible and mitigate some of the payroll pressures being experienced across the IT sector. Issues of resourcing and salary inflation will remain high on the list of priorities for management during 2007.

The group did not experience any exceptional financial charges during the year (whereas the prior year was impacted by EUR 1.6 million following the write down of a financial investment), recording a financial negative result of EUR - 0.3 million.

We are particularly pleased to report a substantial increase in post-tax profitability to EUR 2.3 million (EUR 0.3 million in 2005), entities have continued to utilise tax credits relating to previous losses wherever possible.

During the last fiscal year the group employed an average 1,079 employees of which 85% were billable staff and of which 435 were based at the global development centre in Bangalore, India.

Total payroll costs (inclusive of all bonuses, commissions and company contributions toward social taxes) were EUR 61.1 million.

The group recorded a net cash outflow for the year of EUR 3.6 million and closed the year with cash in hand of EUR 4.2 million offset by overdrafts of EUR 6.9 million.

A summary of movements in the year is shown below:

	<b>EUR million</b>
Gross inflow from operations	3.6
Change in working capital	(3.0)
<b>Net operating cashflow</b>	<b>0.6</b>
Capital expenditure	(1.8)
Investment in Korea JV	(0.4)
Outflows relating to prior acquisitions	(1.0)
Loan repayments	(0.7)
Other movements	(0.3)
<b>Change in cash &amp; equivalent</b>	<b>(3.6)</b>

The group has continued to experience an adverse movement in working capital, driven primarily by an increase in trade accounts receivable. While this is an expected consequence of the high revenue growth demonstrated by the group in 2006, management remains committed to reducing the time taken to collect receivables.

The group made two further investments in the Korea joint venture during the year increasing the group's shareholding to 49.0%. The Korea operation is profitable but is not yet fully consolidated into the group results and no net income from Korea is included in the group profit & loss account.

The outflows relating to prior acquisitions concern deferred consideration and earn-out provisions relating to the Majoris, PN1 and ACDSI acquisitions. No new acquisition activity took place during the year.

### Financial assets (K€)

	Gross	Depreciation	Net
Investments in companies:			
JV Chusik	2,418	2,025	393
Total	2,418	2,025	393
Other investments:			
Medhost	4,384	4,098	296
Loans:			
Loan to JV Chusik	11	0	11
Other financial assets:			
Deposits::			
Unites States	35	-	35
France	317	-	317
Sweden	0	-	0
Denmark	276	-	276
Germany	3	-	3
United Kingdom	1,774	-	1,774
India	515	-	515
Total	2,920	-	2,920
Total financial assets	4,026	406	3,620

### Provision on accounts receivable

Valtech did not have any specific bad debt provisions booked at the end of 2006.

## I.3 GROUP FINANCIAL SITUATION

The group's shareholder's equity totalled EUR 28.2 million as at 31 December 2006, compared to EUR 26.8 million as at 31 December 2005. This includes goodwill of EUR 14 million in which respect of which the group undertook full impairment reviews as required by international financial reporting standards.

Although net cash flows for the year were negative, as outlined in section I.2, management believe that the group's trading performance coupled with focus on working capital management (particularly of accounts receivable) will continue to strengthen the balance sheet. With many of the exceptional outflows relating to previous acquisitions now completed, the group is well placed to benefit from its cash generative activities.

As at 31 December 2006, Valtech had off-balance-sheet liabilities of approximately EUR 12 million relating to future rental payable on office leases. This is shown net of any contracted sub-let income. Some property leases are due for renegotiation, renewal or other change during 2007 as the group company's ensure office accommodation remains appropriate to the growing business.

Valtech's credit lines and utilisation at 31 December 2006 were as follows:

Characteristics of issued securities or loans	Variable rate	Total amount of credit lines	Balance as at 31 December 2006	Expiry dates	Secured Y/N?
<b>Spot FORTIS overdraft</b>	5.26% (Euribor 3 months + 2 points)	EUR 1,600,000	EUR 1,100,000	Rolling facility - Renewal by supply of new customer invoices	Customers invoices
<b>FORTIS Overdraft</b>	Euribor 3 months + 2%	EUR 400,000	EUR 0	Rolling facility - Renewal by supply of new customer invoices	Customers invoices
<b>Factoring BNP FACTOR overdraft</b>	Euribor 3 months + 0.5%	EUR 5,000,000	EUR 3,575,685	Rolling facility - Renewal by supply of new customer invoices	Customers invoices
<b>FORTIS Mid-term Loan</b>	5.626% Euribor 3 months + 2 points	EUR 2,000,000	EUR 1,086,321		
<b>SILICON VALLEY BANK overdraft</b>	10.25 % variable	USD 3,500,000	USD 2,400,000	Rolling facility	Charge on all assets
<b>HSBC overdraft</b>	Base rate + 2%	GBP 600,000	GBP 0	April 2007 (Bank has confirmed renewal agreed)	Charge on all assets
<b>Jyske Bank overdraft</b>	9.25% variable	DKK 1,000,000	DKK 0		No security
<b>ICICI Bank (car loan)</b>	3.5% fixed	INR 1,562,400	INR 781,200		
<b>UTI Bank overdraft</b>	8% fixed	INR 39,500,000	INR 26,906,642	June 2007	Security over book debts and moveable tangible assets

#### I.4 RESEARCH & DEVELOPMENT ACTIVITY

Valtech remains committed to remaining at the forefront of software development and assists many of its customers daily in their research and development activity. However, no specific internal activity has been capitalised as R&D activity in the year 2006.

## II. PRESENTATION OF THE FINANCIAL STATEMENTS

### II.1 THE COMPANY'S ACTIVITIES & RESULTS IN 2006

#### Valtech SA Activities

Valtech SA is engaged in organisational and IT consulting services and the completion of projects in France or in cooperation with its Indian offshore centre.

The French activities have continued to surge in line with the return to profit initiated in 2005. Revenues increased by 24% and the operational margin remained stable at 5% prior to the contribution of corporate costs.

### Valtech SA Results

Valtech SA's net sales totalled EUR 34.9 million in 2006, an increase of 18.7% over the prior year.

Payroll costs increased by 14% to EUR 18.3 million, equal to 52% of net sales (a reduction of 2 percentage points compared to the prior year).

Other operating expenses also rose due to increased company activity, rising by 21.3% to EUR 17.1 million.

The company reported a net operating loss of EUR 2.7 million. This comprises a positive result from operations of EUR 195k which has been reduced by a write down of EUR 2.9 million regarding the goodwill held in the Valtech Axelboss business.

The Axelboss business was revalued as part of an annual review by management of the fair value of assets and investments. This revaluation does not impact the group consolidated result.

The company's financial income remains negative with a net value of EUR 1.78 million.

In the context of the annual review by the management of the fair value of assets and investments, the group decided to depreciate the investment in three of its subsidiaries by EUR 1.79 million in the statutory accounts of the Company at 31 December 2006 as follows:

Investment in Valtech Technologies Inc (USA)	EUR 1.00 million
Investment in JV Chusik (Korea)	EUR 0.45 million
Investment in Valtech Offshore	EUR 0.24 million

On the basis of the foregoing, the Company recorded a net loss, after tax and exceptional items, of EUR 4.569.890.

It should be highlighted that the charges relating to the depreciation of investments in subsidiaries and the reduction in the value of Axelboss goodwill, in no way impact upon the consolidated results of the Group.

### Balance Sheet

#### Changes In Share Capital During The Year Ended 31 December 2006

Valtech SA share capital increased by EUR 18,236.82408 to EUR 1,301,086.72104 in 2005. The share capital increases coupled with issue premium of an aggregate amount of EUR 410,139.19357 relate to the following transactions:

Transaction Completion Date	Transaction	Number of shares issued	Par value of share capital increase	Issue premium	Successive amounts of share capital	Combined number of shares
12/05/06 (BoD)	Exercise of stock options in the context of the plan granted on 16/02/99 – Plan A	38,920	EUR 593.1408	/	EUR 1,283,443.03776	84,200,388
12/05/06 (BoD)	Exercise of stock options in the context of the plan granted on 25/10/02	61,075	EUR 930.783	EUR 22,888.467	EUR 1,284,373.82076	84,261,463
12/05/06 (BoD)	Exercise of share warrants granted by BoD of 25/10/02	157,300	EUR 2,397.252	EUR 58,949.748	EUR 1,286,771.07276	84,418,763

12/02/07 (BoD)	Exercise of stock options in the context of the plan granted on 16/02/99 Plan A	253,570	EUR 3,864.4068	/	EUR 1,290,635.47956	84,672,333
12/02/07 (BoD)	Exercise of stock options in the context of the plan granted on 16/02/99 Plan B	241,753	EUR 3,684.31572	EUR 143,661.72025	EUR 1,294,319.79528	84,914,086
12/02/07 (BoD)	Exercise of stock options in the context of the plan granted on 25/10/02	428,174	EUR 6,525.37176	EUR 160,462.48824	EUR 1,300,845.16704	85,342,260
12/02/07 (BoD)	Exercise of share warrants granted by BoD 25/10/02	15,850	EUR 241,554	EUR 5,939.9460	EUR 1,301,086.72104	85,358,110
<b>TOTAL</b>		<b>1,196,642</b>	<b>EUR 18,236.82408</b>	<b>EUR 391,902.36949</b>	<b>EUR 1,301 086,72104</b>	<b>85,358,110</b>

### Balance Sheet Details

Valtech SA financial statements include shareholders' equity totalling EUR 55.6 million (2005: EUR 56.9 million). Financial debts total EUR 4.5 million and the Company holds cash of EUR 2.2 million.

Valtech SA's primary assets comprise its investment in its subsidiaries and the accounts receivable from such subsidiaries. Valtech continues to hold an investment in the share capital of US software publisher Medhost. This investment remains at the 2005 written down value of EUR 0.3 million.

## II.2 ACQUISITIONS & SUMMARY OF SUBSIDIARIES' BUSINESS ACTIVITIES

Valtech SA holds the following interests:

- 100% of the share capital of Valtech Training (a French subsidiary)
- 100% of the share capital of ACDSI (a French subsidiary)
- 100% of the share capital of Valtech Limited (a UK subsidiary)
- 100% of the share capital of Valtech Technologies Inc (a US subsidiary)
- 100% of the share capital of Valtech AB (a Swedish subsidiary)
- 100% of the share capital of Valtech A/S (a Danish subsidiary)
- 100% of the share capital of Synaris AG (a German subsidiary)
- 100% of the share capital of Majoris Limited (an Indian subsidiary)
- 95% of the share capital of Valtech Offshore (a French subsidiary), the other 4.99% being held by the Chesapeake Group (a US corporation);
- 49% of the share capital of JV Chusik Hoesa Valtech (a Korean company)

The turnover of each subsidiary in 2006 is as follows:

<b>In thousands of euros</b>	
Valtech Training	5,645
ACDSI	1,981
Valtech Ltd.	20,356
Valtech Inc.	18,202
Valtech AB	7,457
Valtech A/S	8,931
Synaris AG	6,812
Majoris Ltd	9,671
Valtech Offshore (95%)	-
JV Chusik Hoesa Valtech (49%)	4,916

In addition, in October 2006 two additional French companies (Valtech Axelboss SAS and Valtech Technology Consulting SAS), the share capital of which is wholly owned by Valtech SA,, were incorporated with a view to allow, if required, for the separation of the activities of the operating businesses in France

from the holding company. However no such action was taken in the year and neither company undertook any trading activity during the year.

### **II.3 VALTECH SA RESEARCH & DEVELOPMENT ACTIVITY**

Valtech SA did not significantly engage in research and development activity in 2006.

## **III. SUBSEQUENT EVENTS & OTHER PROSPECTS**

### **2007 Organisational Changes**

In March 2007 the board rearranged the structure of the operational and financial management for the group. This does not impact the composition of the board of directors.

However, the General Management of Valtech has changed due to the resignation of Olivier Cavrel from his position as Deputy General Manager. Jonathan Poole has been appointed as a new Deputy General Manager. Jean-Yves Hardy remains as Chairman and General Manager.

From an operational point of view :

- Jonathan Poole, formerly managing director of Valtech UK, takes over the operational and financial management of the group as group chief executive officer (CEO).
- Lars Bladt, formerly managing director of Valtech Denmark, was appointed as group chief operating officer (COO), under the management of Jonathan Poole.
- Olivier Cavrel moves from his position as group chief operating officer (COO) to become full time chief executive officer (CEO) of Valtech's India operations. He relocated permanently to Bangalore in August 2006.
- Andy Stephens, formerly UK finance director, has taken over as group chief financial officer (CFO).

### **Year-To-Date Activity**

The group has continued to see a positive sales pipeline, with a particularly encouraging series of client wins in the US business. Cost control remains a focus of management to ensure that growth drives profitability as well as top line revenue.

Revenues for Q1 2007 totalled EUR 27.3 million (and increase of 8% over the comparable period in 2006) and operating margins reached 4.4%.

These results are in line with the guidance given at year end.

### **Prospects**

- We reiterate our guidance for the year as given in our press release dated 8 March 2007.
- We anticipate revenue growth for the full year of 10%. Much of this growth will be achieved in the second half of the year. The first quarter will start at a slower pace (with growth of 4 to 5%) and we expect that many new client relationships formed in 2006 will ramp up as the year progresses.

- We believe that Valtech will be able to leverage the anticipated revenue growth and double our reporting operating margin, achieving a level of between 6.5 and 8 million euros. Again, the first quarter is expected to achieve slightly lower results (with operating margins of 4 to 5%) as profitability will not benefit from a number of corporate cost reductions recently.
- If we are successful in delivering enhanced margins and cost reductions as outlined above, we anticipate that earnings per share will reach a level of 5 to 6 euro-cents for the year.

#### **IV. DIVIDENDS PAID DURING THE PREVIOUS FISCAL YEARS**

The Company did not pay a dividend in any of the last three fiscal years.

#### **V. ALLOCATION OF INCOME**

We propose that the net loss of Valtech SA (for the year ended 31 December 2006) of EUR – 4,569,890 be allocated to retained earnings carried forward which would accordingly decrease from EUR – 5,505,911 to EUR – 10,075,801.

#### **VI. AGREEMENTS REFERRED TO IN ARTICLE L225-38 OF THE FRENCH COMMERCIAL CODE**

The Board of Directors has given all useful information to the statutory auditors in order to enable them to prepare their special report on the agreements referred to in article L 225-38 of the French Commercial Code, i.e., any agreement that may have been entered into between the Company and directors, executive officers or companies in which your directors or executive officers may have interests, or between the Company and any of its shareholders holding more than 5% of the share capital, or between the Company and a company controlling a company holding more than 5% of the share capital.

#### **VII. NON DEDUCTIBLE EXPENSES**

Pursuant to the provisions of Articles 223 quater and quinquès of the French Tax Code, it is specified that the financial statements for the fiscal year ended do not take into account any expenses referred to in Articles 39-4 and 39-5 of said Code, which are not deductible from taxable income.

#### **VIII. APPROVAL OF FINANCIAL STATEMENTS**

We would be grateful if you could approve the Company's consolidated and corporate financial statements submitted to you after reading the statutory auditors' reports.

#### **IX. DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES WHICH THE COMPANY IS FACING – COMPANY'S OBJECTIVES AND POLICY IN TERMS OF FINANCIAL RISK MANAGEMENT, POLICY REGARDING THE COVER OF EACH PRIMARY CATEGORY OF PROSPECTIVE TRANSACTIONS FOR WHICH COVER ACCOUNTING IS USED, COMPANY'S EXPOSURE TO PRICE, CREDIT, LIQUIDITY AND CASH-RELATED RISKS**

**IX.1 MARKET RISKS****Liquidity Risk**

As mentioned above, as at 31 December 2006, Valtech had debts totalling EUR 8,548,923 comprising:

- Relating to finance leases EUR 0.29 million
- Bank overdrafts EUR 6.98 million
- Other loans EUR 1.28 million

Characteristics of issued securities or loans	Variable rate	Total amount of credit lines	Balance as at 31 December 2006	Expiry dates	Secured Y/N?
<b>Spot FORTIS overdraft</b>	5.26% (Euribor 3 months + 2 points)	EUR 1,600,000	EUR 1,100,000	Rolling facility - Renewal by supply of new customer invoices	Customers invoices
<b>FORTIS Overdraft</b>	Euribor 3 months + 2%	EUR 400,000	EUR 0	Rolling facility - Renewal by supply of new customer invoices	Customers invoices
<b>Factoring BNP FACTOR overdraft</b>	Euribor 3 months + 0.5%	EUR 5,000,000	EUR 3,575,685	Rolling facility - Renewal by supply of new customer invoices	Customers invoices
<b>FORTIS Mid-term Loan</b>	5.626% Euribor 3 months + 2 points	EUR 2,000,000	EUR 1,086,321		
<b>SILICON VALLEY BANK overdraft</b>	10.25 % variable	USD 3,500,000	USD 2,400,000	Rolling facility	Charge on all assets
<b>HSBC overdraft</b>	Base rate + 2%	GBP 600,000	GBP 0	April 2007 (Bank has confirmed renewal agreed)	Charge on all assets
<b>Jyske Bank overdraft</b>	9.25% variable	DKK 1,000,000	DKK 0		No security
<b>ICICI Bank (car loan)</b>	3.5% fixed	INR 1,562,400	INR 781,200		
<b>UTI Bank overdraft</b>	8% fixed	INR 39,500,000	INR 26,906,642	June 2007	Security over book debts and moveable tangible assets

Specific terms of the various lending agreements are as follows:

- The first listed Fortis overdraft is held by Valtech SA and has a limit of EUR 1.6 million. This overdraft has no specific covenants although it can discontinued by Fortis in the event of “strong degradation of Valtech’s activity”, there is no further specific guidance as to that may constitute such “strong degradation”. In the event that this overdraft should be cancelled, Valtech SA believes it has sufficient headroom within its BNP Factor facility to meet all cash requirements.

- The second Fortis overdraft is held by Valtech Training and has a limit of EUR 0.4 million. This overdraft has covenants matching those of the primary overdraft of Valtech SA as outlined above.
- Valtech SA has access to a factoring facility with BNP Factor with a limit of EUR 5 million. This line of credit has no specific covenants and is dependent upon the level of eligible receivables held by the Company.
- The Silicon Valley Bank overdraft held by Valtech US has a maximum draw-down limit of USD 3.5 million. The primary covenants on this facility related to a working capital ratio and to EBITDA results on a rolling 3-month basis. The working capital ratio is to be no less than 1.5 and is defined as the relationship between the cash held in the Silicon Valley Bank account combined with the eligible accounts receivable that provide security to the bank, and accounts payable aged more than 60 days. The 3-month EBITDA test is currently subject to variation by the bank .
- The HSBC overdraft held in by Valtech UK has a limit of GBP 600,000. It has no specific covenants and is subject to annual renegotiation and renewal (renewal to take place in April each year). HSBC have indicated that there will be no issues with renewal in April 2007.

### Interest Rate Risk

EUR'000	Total	< 1 year	1 to 5 years	Beyond
<b>Financial liabilities</b>				
Overdraft (incl amounts to BNP factor)	6,981	6,981		
Finance Leases	289	289		
Other loans	1,279	928	351	
<b>Financial assets</b>				
Lease Deposits	2,910	0	1,136	1,774
Net position before management	5,639	8,198	-785	-1,774
Off-balance sheet	N/A	N/A	N/A	N/A
Net Position after management	5,639	8,198	-785	-1,774

- Bank overdrafts are subject to different interest rates in each country as outlined in the table above.
- Lease agreements relate primarily to computer equipment and have an average term of 3 years
- Deposits given relate to property leases and some accrue interest to which the group will become eligible at the end of the lease term. The deposit of EUR 1.77 million reported as continuing beyond 5-years relates to the office premises in London which are leased until 2015.

Valtech's interest-rate risk is derived from the variable interest rates on the factoring agreements and overdrafts in France, the United Kingdom and the United States. The maximum possible borrowing under these agreements amounts to EUR 10.5 million. At this maximum borrowing, a 1% increase in applicable interest rates would increase Valtech's financial expenses by EUR 105,000.

### Exchange Risk

The Group's primary risk from exchange rate fluctuations is due to the conversion of results denominated in non-euro currencies (those of subsidiaries and affiliates located in the United States, the United Kingdom, Denmark, Sweden, India and Korea) into euros (the reporting currency of Valtech SA).

Other than in relation to India, Valtech companies traditionally focus their operations within their own geographical area and operate in local currency. As such, exposure to foreign exchange risk by virtue of operations is limited.

The Valtech India business undertakes significant subcontracting activity in India in connection with projects sold in local currencies by its subsidiaries in Europe and in the United States. The costs incurred by Valtech India are recorded in "rupees." The value of the "rupee" tends to fluctuate in relationship with the US dollar.

Any significant rise or fall in the Indian “rupee” directly impacts the subcontracting cost of Valtech’s subsidiaries.

The purpose of the following table is to calculate the loss risk in currencies for assets, liabilities and off-balance sheet liabilities based on an unfavourable and uniform one-percent fluctuation in the currency in which the accounts are established against all of the currencies concerned.

	US Dollar	Pound Sterling	Swedish Crown	Danish Crown	Indian Rupee
Total assets (net of interco receivable)	6,356	5,528	30,407	43,164	143,742
Outside-zone loan in currencies *	0				
Assets in currencies after eliminations	6,356	5,528	30,407	43,164	143,742
Total assets per balance sheet (A)	6,975	5,687	30,416	44,726	310,073
Outside-zone debt in currencies (B)					
Less intercompany payables (C)	147	(716)	(866)	(3,679)	(218,132)
Liabilities in currencies after eliminations (A)+(B)-(C)	7,122	4,971	29,550	41,047	91,941
Endorsements and Guarantees given in currencies					
Net position before management [assets (less interco) – liabilities [less interco]]	(766)	557	857	2,117	51,801
Cover					
Net position after management in currencies – assets - (liabilities)	(766)	557	857	2,117	51,801
Conversion rate	0.7580	1.4852	0.1107	0.1341	0.01718
Net position before management in euros’000	(580)	827	95	284	890
Net position after management in euros’000	(580)	827	95	284	890
Unfavourable fluctuation in the currency by one cent of euro as compared to the currency	(6)	8	1	2	9

### Shares-related risk

Valtech has 214,900 treasury shares (See Note 10.2 of the appendix to the consolidated financial statements). The market value of those shares is inherently variable with trading conditions.

## IX. 2 INSURANCE AND RISK COVER

Each of Valtech’s subsidiary companies has taken out insurance policies covering the following risks:

1. insurance for employees during their professional duties,
2. insurance for the premises and equipment,
3. insurance for vehicles used by employees,
4. civil liability insurance with respect to defects affecting computer systems to which Valtech contributes,

5. insurance for each subsidiary's corporate officers.

Insurance cover in place at 31 December 2006 was as follows:

	<b>Civil Liability (4.)</b>	<b>Comprehensive insurance (including risks 1.2. and 3. above)</b>	<b>Corporate Officers' Civil Liability (5.)</b>
<b>France</b>			
Cover amount	EUR 13,000,000	EUR 1,500 984	EUR 7,700,000
Premium amount	EUR 41,040	EUR 12,455	EUR 16,059
<b>U.K.</b>			
Cover amount	GBP 5,000,000	GBP 15,000,000	GBP 1,000,000
Premium amount	GBP 28,930	GBP 20,762	GBP 1,260
<b>U.S.</b>			
Cover amount	USD 5,000,000	USD 14,451,000	USD 5,000,000
Premium amount	USD 56,815	USD 115,299	USD 29,182
<b>SWEDEN</b>			
Cover amount	SEK 12,000,000	SEK 86,400,000	
Premium amount	NIL	SEK 349,752	
<b>DENMARK</b>			
Cover amount	DKK 3,000,000		
Premium amount	DKK 45,000	DKK 113,200	
<b>INDIA</b>			
Cover amount		INR 114,198,887	
Premium amount		INR 1,384,913	
<b>GERMANY</b>			
Cover amount		EUR 60,608,000	
Premium amount		EUR 20,492	

Valtech is subject to a number of contractual confidentiality obligations in many of its operating territories. The board considers that giving further detail as to the financial cost and the levels of cover applicable in each country may breach such obligations. However, Valtech is satisfied that insurance policies taken out by each of its subsidiaries provide adequate cover for any damage or loss. Valtech consultants perform much of their work at client premises and it is not considered that any disaster (fire, explosion, etc.) occurring in any of the Valtech offices would result in a loss of sales greater than 1% of the Group's monthly turnover. Further, it is unlikely that any such loss would continue for a period beyond one month. As such, other than in the UK where Valtech operates within the City of London, Valtech businesses do not carry extensive business interruption insurance

#### **IX.4 RISK RELATING TO ADDITIONAL PRICES**

Valtech has committed to paying additional prices for the following transactions:

For PAR No. 1 Interactive A/S:

Following acquisition in October 2005 Valtech A/S holds 100% of the above company. Under the acquisition agreement certain further earn-outs may impact the purchase price. These future amounts are provided for in full in the amount of EUR 48,042 and all outstanding earn-outs will be finalised during the first half of 2007.

For ACDSI:

As above, the acquisition of ACS DI (Valtech’s French web agency business) in October 2005 included terms providing for future adjustments to the purchase price by way of earn-out. Again these future amounts are provided for in full in the amount of EUR 939,772. The earn-outs will be finalised by the end of 2008.

## X. INFORMATION ON THE ENVIRONMENTAL ISSUES RELATING TO THE COMPANY’S BUSINESS

Valtech’s business does not require any production and/or manufacturing process and consequently creates no significant environmental issues.

Local policies and procedures encourage, where possible, employees to minimise the use of finite resources including limiting travel.

There is no further specific environmental information to be given.

## XI. EMPLOYEES

### XI.1 INFORMATION ON THE SOCIAL CONSEQUENCES OF THE COMPANY’S BUSINESS

<b>Information concerning headcount</b>	
Total headcount ( <i>annual average</i> ) :	228
Hirings ( <i>annual average</i> ):	
- On an unlimited-term basis:	98
- On an limited-term basis:	6 (y.c. 5 trainees)
Any recruitment issue ( <i>analyses</i> )	No
Grounds for termination:	
- genuine and serious cause:	3
- serious misconduct:	0
- gross misconduct:	0
- followed by settlement agreement:	2
- economic reasons:	0
Overtime	Salaries based on 218 days of work a year for executives. Overtime for employees, technicians and supervisors: 0 hour
Personnel not employed by the Company	
Information relating to staff reduction and employment safeguard programmes:	N/A
- reassignment efforts	
- rehiring and follow-up measures:	
( <i>where applicable</i> )	
<b>Information relating to work time</b>	
Organisation of work time:	
- number of full-time employees:	223
- number of part-time employees:	5
Employees’ work time	Monthly 151.67 hours except travelling executives whose salary is based on 218 days of work a year. Average of 174 hours
- full time:	
- part time:	
Reasons and duration of leaves: (maternity leaves excl.)	
- sickness: (*)	586 days
- industrial accident and travel: (*)	0 day
- parental: (*)	625 days
- authorised leaves (family, training):	83,50 days for family and 355 days for training
- other reasons (unjustified and leave without pay):	304,50 days

Annual variation in remuneration: - social security taxes: - men/women equal opportunity:	+ 3 % increase in 2006 as compared to 2005  There is no salary discrimination between women and men employees
Professional relationships and outcome of collective agreements:	No union A single collective agreement: 35 hours 2 Works councils with 5 elected incumbents, on the one hand, and one incumbent, on the other – Monthly meetings 1 Central works council meeting biannually Staff Delegate: 1 elected by appointment – Monthly meetings
Health and safety conditions: - existence or not of major risks: - frequency of meetings of the Committee for Hygiene, Safety and Working Conditions: - industrial accidents rate:	N/A quarterly  0 %
Training: - training budget, including salaries: - number of employees trained in 2006	1,5 % 99
Employment and training of the disabled:	1
Charity:	NIL
Subcontracting:	Number of subcontractors on a cost plus basis : 93 Number of days: 5695 Number of subcontractors on a flat rate basis: 0
Information relating to the management by the Company of its business' territorial impact in terms of employment and territorial development	N/A
If applicable, relationships with training associations, education institutions, environment protection associations, local residents	Relationship with education institutions for trainees, recruitment
Importance of subcontracting and manner in which the Company promotes and ensures compliance, by its subsidiaries, with the provisions of the International Labour Organisation's major conventions.	N/A
Manner in which foreign subsidiaries take account of their business impact on regional development and local residents.	N/A

## XI.2 INFORMATION ON THE GROUP'S PERSONNEL

As at 31 December 2006 Valtech had a headcount of 1,130 employees or similar workers, including self-employed workers and subcontractors (115 persons).

The table below describes the distribution of employees at each yearend:

	On 31 December	On 31 December	On 31 December	On 31 December
	2003	2004	2005	2006
Valtech employees	639	1,072	1,130	1,197
Including consultants	511	906	954	1,079

The percentage of consultants used on projects was 87% in 2006.

Said percentage of use is defined as the ratio between the total number of days billed to the Company's customers on the total number of available days for billable personnel except week-ends, bank holidays and paid leave.

Billable personnel accounted for 90% of the headcount in 2006, up from 82% in 2005.

Under orientation and encouragement law No. 98-461 of 13 June 1998 relating to the reduction of time worked and law No. 2000-37 of 19 January 2000 relating to the negotiated reduction of time worked, all companies governed by French legislation employing more than 20 employees are required to observe the rules relating to the 35-hour working week. Under Article 1 of the law of 19 January 2000, the statutory working time has been retroactively applicable from 1 January 2000.

Moreover, in accordance with the current legislation above, a collective agreement was signed on 22 June 1999 between the employers' organisations and trade unions that were party to the SYNTEC agreement applicable to the technical surveys, engineering and consulting trades. Such collective agreement was extended by a ministerial decree of 21 December 1999 to the technical surveys, engineering and consulting trades.

On 21 December 1999 Valtech entered into an agreement on the reduction of the working time with trade-union organisations CFDT and CFE-CGC. This agreement relates to all of the Company's personnel other than its top executives. This agreement came into effect on 31 December 1999.

## **XII. OTHER INFORMATION ON THE COMPANY**

### **XII.1 SHARE CAPITAL AS AT 31 DECEMBER 2006**

**Number of issued ordinary shares:** 85,358,110 issued ordinary shares, all being of the same category and fully paid up.

There is no par value.

**Amount of issued capital fully paid up:** EUR 1,301,086.72104.

### **XII.2 CAPITAL AUTHORISED BUT NOT ISSUED – REVIEW OF THE USE OF GENERAL AND INDIVIDUAL AUTHORISATIONS GRANTED BY THE BOARD OF DIRECTORS**

It is recalled that the Board of Directors was granted the following delegations of powers in 2006:

#### **1. Delegation of powers to increase the share capital up to a maximum amount of EUR 457,304, while preserving shareholders' preferential subscription rights (General Meeting of 4 April 2002)**

Delegation to the Board of Directors of the powers necessary, both in France and abroad, in euros, foreign currencies or Unit of Account set by reference to several currencies, in one or more occasions, in proportions and at times that it will determine, for purposes of one or more new capital increases, to issue the Company's shares while preserving the shareholders' preferential subscription right, for which payment of the subscription may be made in cash or by debt offset; the amount of the new capital increases which can be made pursuant to the delegation referred to above, shall not be in excess of a par value of **EUR 457,304** or its exchange-value in any other authorised currency, it being specified that this ceiling is set without taking account of the effects on the capital amount of the adjustments likely to be made, in accordance with the law, further to the issue of securities including share warrants giving access to the capital on a deferred basis.

Said delegation shall be valid for a term of five years commencing 4 April 2002. Said authorisation has not been used and it has now lapsed.

**2. Delegation of powers to increase the share capital up to a maximum amount of EUR 457,304 by way of incorporation of all or part of the reserve funds, profits, etc. (General Meeting of 4 April 2002)**

Delegation to the Board of Directors of the powers necessary, in one or more occasions, in proportions and at times that it will determine, to increase the share capital by way of capitalisation of all or part of the reserve funds, profits or share premiums, or of merger or contribution; the capital increase(s) having to be made by means of the creation or grant of bonus shares or by the elevation of par or nominal value of each share forming the capital. The aggregate amount of the capital increases that may be carried out in the context of said delegation of powers shall not exceed a nominal amount of EUR 457.304.

Said delegation shall be valid for a term of five years commencing 4 April 2002. Said authorisation has not been used and it has now lapsed.

**3. Delegation of powers to issue convertible bonds (“obligations convertibles”) while preserving the preferential subscription right up to a maximum amount of borrowing instruments of EUR 50 million and of capital increase of EUR 457,304 (General Meeting of 4 April 2002)**

Delegation to the Board of Directors of the powers necessary, both in France and abroad, in euro, foreign currencies or unit of account set by reference to several currencies, on one or more occasions, in proportions and at times to be determined by the Board of Directors, while preserving the shareholders’ preferential subscription right, to issue convertible bonds (“obligations convertibles”) of the company entitling to shares in the company on a deferred basis, for which payment of the subscription may be made in cash or by debt offset; the par value of the capital increases that may be made under the above-mentioned delegation of powers shall not be in excess of a par amount of EUR 457,304 or the equivalent of said amount in any other authorised currency, it being specified that this ceiling is set without taking account of the effects on the capital amount of the adjustments likely to be made, in accordance with the law, further to the issue of securities including share warrants giving access to the capital on a deferred basis; the term of any borrowing instruments shall not exceed 20 years. The par value of the bonds that may be issued under this delegation of powers shall not exceed EUR 50,000,000 or the equivalent of said amount in any other authorised currency.

Said delegation shall be valid for a term of five years commencing 4 April 2002. Said authorisation has not been used and it has now lapsed.

**4. Suspension of delegations of powers granted by the Board of Directors within a period of public takeover bid or public exchange bid on the Company’s securities**

Under Order No. 2004-604 of 24 June 2004 and since said date, the delegations of powers granted to the Board of Directors as detailed above for purposes of increasing the Company’s share capital, have now been suspended during a period of public takeover bid or public exchange bid on the Company’s securities, unless they are used in the context of the Company’s ordinary course of business and that their use may not jeopardise the bid.

**5. Combined total ceiling of the authorisations described above (General Meetings of 4 April 2002 and 27 June 2003):**

The combined total ceiling of all said authorisations has been set at:

- EUR 457,304 euros for the maximum par amount of the immediate or deferred share capital increases, it being specified that the par amount of any additional shares to be issued to maintain the rights of the holders of the securities or options entitling to shares shall be added to this nominal amount where applicable,
- EUR 50,000,000 for the par amount of the bonds that may be issued.

**6. Tables summarising the authorisations granted and still valid in 2006 with a view to issuing capital and debt shares as well as how they have been used.**

Type of authorisation	General Meeting	Expiry	Maximum par amount of the authorised share capital increase	Share capital increases performed in connection with this authorisation	Remaining authorisation 31.12.06 (1)
Share capital increase with the preferential subscription right being preserved	04/04/2002	Lapsed since 04/04/2007	EUR 457,304	/	EUR 348,891
Share capital increase by capitalisation of reserve funds, premiums or profits	04/04/2002	Lapsed since 04/04/2007	EUR 457,304	/	EUR 348,891
Issue of convertible bonds with the preferential subscription right being preserved	04/04/2002	Lapsed since 04/04/2007	EUR 457,304 maximum amount of borrowing instruments: EUR 50,000,000	/	EUR 348,891
<b>Total maximum amount of all the authorisations above</b>			<b>EUR 457,304</b> <b>maximum amount of borrowing instruments: EUR 50,000,000</b>	/	EUR 348,891

**XII.3 SECURITIES NOT REPRESENTATIVE OF THE SHARE CAPITAL**

N/A.

**XII.4 OTHER SECURITIES PROVIDING ACCESS TO THE SHARE CAPITAL**

**XII.4.1 Potential Share Warrants**

2 607 691 autonomous (not listed) share warrants may still be issued and granted at no charge to the holders of share warrants for entrepreneurs issued prior to 30 July 2003 who could exercise their warrants until 2 November 2007. Such allocation has been contemplated in the context of the reservation of the rights of the holders of warrants to subscribe for shares existing prior to 30 July 2003. Such warrants entitle to the subscription of one new share for each 10 warrants at a price of EUR 1.50 for a period of eight days. The maximum number of shares likely to be issued in this connection amounts to 260,769 new shares.

#### **XII.4.2 Share warrants for entrepreneurs (BSPCE)**

A table summarising all of the entrepreneurs share warrants issued by the Company and still valid in the context of the authorisations granted by the General Meeting is given in **XII.4.5** below.

#### **XII.4.3 Share subscription options**

(See the special report prepared by the Board of Directors under Article L.225.184, paragraph 1, of the French Commercial Code.)

A table summarising all of the subscription options issued by the Company and still valid in the context of the authorisations granted by the General Meeting is given in **XII.4.5** below.

#### **XII.4.4 Adjustments to the conditions of exercise of the rights in complex securities issued by the Company**

It is recalled that, further to the allocation, at no charge, of the share warrants of July 30, 2003, the following adjustments were made in accordance with statutory provisions:

Pursuant to the various authorisations granted for this purpose to the Board of Directors by the general meetings having authorised or resolved the issue or grant of complex securities (shares with share warrants, autonomous share warrants, entrepreneurs' share warrants), during its meeting of 9 July 2003 and pursuant to the provisions of Article 171 of the Decree dated 23 March 1967, in order to preserve the rights of the holders of existing autonomous share warrants, shares with warrants to subscribe for shares and entrepreneurs' share warrants, the Board of Directors decided to grant at no charge to each holder of existing warrants that would exercise them one new autonomous share warrant for each new share issued in order to enable such holder to subscribe for new shares of the Company under the same conditions and in the same proportions as the current shareholders of the Company.

Each holder will therefore be granted one new autonomous share warrant for each new share issued upon the exercise of existing warrants. Such new warrants will not be listed on a regulated market and will necessarily be in registered form. However they will be transferable.

Ten new share warrants will make it possible to subscribe for one new share issued at the price of EUR 1.50.

Such new share warrants will be exercisable:

- for holders having exercised their existing share warrants and entrepreneurs' share warrants prior to the end of the exercise period of the share warrants at no charge, until the end of said period – (such warrants have thus expired since July 29, 2005 - See **XII.4.1 above**)
- for holders having exercised their existing share warrants and entrepreneurs' share warrants after the end of the exercise period of the share warrants at no charge, no later than within eight days of their exercise. Considering the expiry of the share warrants for entrepreneurs on 25 October 2007, the time limit to subscribe for such warrants will be 2 November 2007.

The principles adopted to manage and enjoy the new shares issued upon the exercise of the new non-listed share warrants at no charge shall be identical to those adopted for the new shares issued upon the exercise of the listed share warrants at no charge.

As stated in **XII.4.4** above, considering the warrants still exercisable on 31 December 2006, this decision may result in the creation of 260,769 additional new shares to be subscribed at a unit price of EUR 1.50

**XII.4.5 Tables summarising still exercisable securities and titles****Share Option Plan**

General Meeting's authorisation	09/02/99	09/02/99	05/11/99
<b>Board Meeting date</b>	<b>16/02/99</b>	<b>16/02/99</b>	<b>19/04/01</b>
Awarded options	985,410	459,660	2,440,169
<b>Potential share (1)</b>	<b>53,490</b>	<b>173,092</b>	<b>0</b>
<b>Subscription price</b>	<b>€0.01524</b>	<b>€0.60949</b>	<b>€5.5</b>
Expiry date	16/02/09	16/02/09	19/04/06
Cancelled options	247,490	0	2,317,045
Exercised options as at 31/12/2006	694,430	286,568	0

General Meeting's authorisation	05/11/99	04/04/02	04/04/02
<b>Board Meeting date</b>	<b>03/10/01</b>	<b>25/10/02</b>	<b>24/09/03</b>
Awarded options	3,680,379	4,766,784	468,131
<b>Potential share (1)</b>	<b>0</b>	<b>911,221</b>	<b>157,645</b>
<b>Subscription price</b>	<b>€1.43</b>	<b>€0.39</b>	<b>€1.03</b>
Expiry date	<b>03/10/06</b>	25/10/07	23/09/08
Cancelled options	3,414,478	1,068,516	310,486
Exercised warrants as at 31/12/2006	24,500	2,787,047	0

General Meeting's authorisation	04/04/02	04/04/02	04/04/02
<b>Board Meeting date</b>	<b>31/12/03</b>	<b>26/01/04</b>	<b>09/04/04</b>
Awarded options	1,102,500	317,600	757,071
<b>Potential share (1)</b>	<b>565,000</b>	<b>207,000</b>	<b>501,071</b>
<b>Subscription price</b>	<b>€0.90</b>	<b>€0.90</b>	<b>€0.98</b>
Expiry date	30/12/08	25/01/09	08/04/09
Cancelled options	537,500	110,600	256,000
Exercised warrants as at 31/12/2006	0	0	0

General Meeting's authorisation	04/04/02	04/04/02	04/04/02
<b>Board Meeting date</b>	<b>29/06/04</b>	<b>07/09/04</b>	<b>13/12/04</b>
Awarded options	36,000	175,000	18,500
<b>Potential share (1)</b>	<b>0</b>	<b>118,000</b>	<b>4,000</b>
<b>Subscription price</b>	<b>€0.89</b>	<b>€0.68</b>	<b>€0.96</b>
Expiry date	28/06/09	06/09/09	12/12/09
Cancelled options	0	57,000	14,500
Exercised warrants as at 31/12/2006	0	0	0

General Meeting's authorisation	04/04/02
<b>Board Meeting date</b>	<b>30/05/05</b>
Awarded options	2,128,500
<b>Potential share (1)</b>	<b>1,620,000</b>
<b>Subscription price</b>	<b>€0.87</b>
Expiry date	29/05/10
Cancelled options	508,500
Exercised warrants as at 31/12/2006	0

(1) After deduction of options allocated to employees who left the Group and whose options have since become null and void

### Share warrants for entrepreneurs

General Meeting's authorisation	04/04/02	27/06/03	27/06/03
<b>Board Meeting date</b>	<b>25/10/02</b>	<b>26/01/04</b>	<b>09/04/04</b>
Awarded warrants	5,844,675	162,000	1,311,426
<b>Potential share (1)</b>	<b>2,632,655</b>	<b>47,000</b>	<b>1,183,926</b>
Subscription price	€0.39	€0.97	€0.98
Expiry date	25/10/07	25/01/09	08/04/09
Cancelled warrants	582,741	60,000	67,500
Exercised warrants as at 31/12/2005	2,434,541 + 15?850+157,300= <b>2,607,691</b>	0	0

(1) After deduction of warrants allocated to employees who left the Group and whose warrants have since become null and void

### Autonomous share warrants (potential)

General meeting date	27/06/03
<b>Board Meeting date or Chairman's decision date</b>	<b>22/07/03</b>
Type of warrants	Non listed autonomous warrants
Potential authorised warrants	2,607,691 potential warrants for reservation of rights
Warrant subscription price	Free of charge
Subscribed warrants	/
<b>Potential share</b>	<b>260,769</b>
Warrant exercise price (10 warrants giving the right to subscribe for one share)	EUR 1.50
Expiry date to exercise the warrant	= expiry date of the validity of first securities + 8 days or no later than 02/11/07

**XII.4.6 Information relating to the possible dilution of the Company’s share capital (as at 31 December 2006)**

Nature of the instruments that may be diluted	Issue Date	Exercise Price	Holders of said instruments	Exercise Period	Number of shares entitling to said instruments	Potential dilution that may result in the exercise of said instruments
<b>Initial share capital: number of shares forming the share capital as at 31.12.06: 85,358,110</b>						
Share Subscription Options	16.02.99	€0.01524	Foreign Employees / Officers	12.04.99 to 16.02.09	53,490	0.06%
Share Subscription Options	16.02.99	€0.60949	Foreign Employees / Officers	12.04.99 to 16.02.09	173,092	0.19%
Share Subscription Options	25.10.02	€0.39	Foreign Employees / Officers	01.12.02 to 25.10.07	911,221	1.02%
Share Subscription Options	24.09.03	€1.03	Foreign Employees / Officers	24.09.04 to 23.09.08	157,645	0.18%
Share Subscription Options	31.12.03	€0.90	Foreign Employees / Officers	31.12.03 to 30.12.08	565,000	0.63%
Share Subscription Options	26.01.04	€0.90	Foreign Employees / Officers	26.01.05 to 25.01.09	207,000	0.23%
Share Subscription Options	09.04.04	€0.98	Foreign Employees / Officers	09.04.05 to 08.04.09	201,071	0.22%
Share Subscription Options	07.09.04	€0.68	Foreign Employees / Officers	07.09.05 to 06.09.09	118,000	0.13%
Share Subscription Options	13.12.04	€0.96	Foreign Employees / Officers	13.12.05 to 12.12.09	4,000	0.00%
Share Subscription Options	30.05.05	€0.87	French & Foreign Employees / Officers	30.05.09 to 29.05.10	1,620,000	2.81 %
<b>Potential dilution (options) on the basis of a number of shares increased to 89,368,329</b>					<b>4,010,519</b>	<b>4.49%</b>
Entrepreneurs share warrants	25.10.02	€0.39	French Employees / Officers	01.12.02 to 25.10.07	2,632,655	2.95%
Entrepreneurs share warrants	26.01.04	€0.97	French Employees / Officers	26.01.05 to 25.01.09	47,000	0.05%
Entrepreneurs share warrants	09.04.04	€0.98	French Employees / Officers	09.04.05 to 08/04/09	1,183,926	1.33%
<b>Potential dilution (Entrepreneurs share warrants) on the basis of a number of shares increased to 88,334,787</b>					<b>3,863,581</b>	<b>4.33%</b>
Potential dilution that may result from the reservation of the rights of holders of existing warrants or entrepreneurs warrants as at 29.07.03 (potential share warrants)	09.07.03 (Board meeting)	€1.50	Holders of existing warrants and entrepreneurs warrants as at 29.07.03		260,769	0.30%
<b>Potential dilution (Potential share warrants) on the basis of a number of shares increased to 85,618,879</b>					<b>260,769</b>	<b>0.33%</b>
<b>Total potential dilution on the basis of a number of shares increased to 93,492,979</b>					<b>8,134,869</b>	<b>8.70%</b>

**XII.5 CURRENT APPROPRIATION OF THE SHARE CAPITAL AND VOTING RIGHTS****XII.5.1 Company's shareholding as at 31 December 2006**

Shareholders	Number	% capital	% voting rights
Jean-Yves Hardy	987,505	1.16	1.16
Olivier Cavrel (and relatives)	3,022,000	3.54	3.55
Douglas Land	200,000	0.23	0.23
Jens Heimburger	2,393,132	2.80	2.81
Jean-Claude Turri (and relatives)	1,427,813	1.67	1.68
<b>Corporate Officers Total (1)</b>	<b>8,030,450</b>	<b>9.41</b>	<b>9.43</b>
Treasury shares	214,900	0.25	/
Public	77,112,760	90.34	90.57
Total	<b>85,358,110</b>	100.00	100.00

(1) Members of the Board or their relatives

Since the Company has not issued double voting right shares, the apportionment of the voting rights is the same as that of the share capital (subject to treasury shares).

**XII.5.2 Crossing of threshold**

No crossing of threshold was notified in 2006 or in 2005.

**XII.5.3 Shareholders' Agreement**

To the best of the Company's knowledge, no shareholders' agreement has to date been entered into between the shareholders and the Company.

**XII.5.4 Employee shareholding**

Under Article L.225.102, paragraph 1 of the French Commercial Code, it is specified that the employees of the company and the group do not hold any share in the company according to articles L 443-1 and subsequent and L 442-7 of the French labour code, L 214-39 and L 214-40 of the French Monetary and Financial Code. Therefore, no share is collectively held by employees of the group or is non-transferable under the above-mentioned articles.

The last proposal made to the shareholders to increase the capital on one or more occasions in favour of the employees within the framework of the ordinary and extraordinary general meeting of 27 June 2003 was refused by the aforementioned meeting.

In 2006, as the required quorum was not met, no extraordinary general meeting was held to decide, *inter alia*, on the three-year obligation to propose a share capital increased reserved for employees members of a company savings plan. We will submit such a resolution to your approval in the notice of this general meeting.

**XII.6 CHANGES IN THE SHARE MARKET PRICE OVER THE LAST FISCAL YEAR**

The Company has been listed on the "New Market" since 12 April 1999.

It is now registered on Eurolist "C".

The Company considers that the liquidity recorded in the Valtech share does not require that an agreement be entered into in connection with the market tendency. The agreement entered into with Aurel Level was terminated in 2003.

The following chart recalls the changes in the closing market price and the volume of transactions for the Company's share between October 2004 and April 2007:

**Volume of transactions and changes in the share market price in euros:**

Month	Number of trading days	Monthly Market price		Shares exchanged	Market capitalisation (EUR) (1)
		Highest	Lowest		
October 2004	21	0.84	0.76	15,362,736	62,825,314
November 2004	22	1.09	0.8	61,351,703	74,669,098
December 2004	23	1	0.83	29,395,250	71,830,162
January 2005	21	0.96	0.87	23,603,784	75,825,024
February 2005	20	1.01	0.89	15,116,280	78,533,060
March 2005	21	0.97	0.85	10,421,976	75,229,850
April 2005	21	0.92	0.84	5,017,406	73,642,723
May 2005	22	0.91	0.85	2,275,315	72,502,712
June 2005	22	0.94	0.85	4,802,018	74,780,284
July 2005	21	0.89	0.81	5,160,804	71,143,399
August 2005	23	0.87	0.77	3,500,712	63,370,074
September 2005	22	0.88	0.76	9,358,240	66,391,227
October 2005	21	0.82	0.71	3,228,845	64,621,589
November 2005	22	0.74	0.65	4,178,877	57,584,615
December 2005	21	0.69	0.62	5,533,113	54,997,943
January 2006	22	0.77	0.63	6,918,283	59,372,090
February 2006	20	0.76	0.66	9,166,237	58,534,300
March 2006	23	0.76	0.68	7,739,201	59,352,130
April 2006	18	0.85	0.67	27,204,574	62,747,050
May 2006	22	0.75	0.65	7,037,256	59,054,762
June 2006	22	0.68	0.55	4,584,893	51,802,423
July 2006	21	0.60	0.54	2,367,792	48,641,287
August 2006	23	0.64	0.54	4,424,488	49,513,440
September 2006	21	0.65	0.57	3,028,364	51,415,047
October 2006	22	0.63	0.57	3,988,631	49,807,070
November 2006	22	0.68	0.59	8,526,380	52,991,960
December 2006	19	0.67	0.58	11,538,501	51,317,722
January 2007	22	0.73	0.63	11,118,151	57,228,733
February 2007	20	0.72	0.63	7,872,620	58,683,701
March 2007	22	0.69	0.60	7,107,585	55,909,562
2 April 2007 to 20 April 2007	13	0.69	0.64	2,757,424	57,518,234

(1) Calculated on the basis of each month's average closing market prices

Source Euronext

**XII.7 INFORMATION ON THE HOLDING BY THE COMPANY OF ITS OWN SHARES AS AT 31 DECEMBER 2006**

As at 31 December 2006, the Company held 214,900 treasury shares in the following conditions in connection with plans of options to purchase shares reserved for the employees, acquired in 1998, before the company's IPO, for 67,865.

Value of the shares held at the closing assessed on the basis of the purchase price: EUR 67,865.

Net value of such shares in the balance sheet as at 31 December 2006: EUR 67,865.

Nominal value of such shares (par): EUR 0.01524

Value of such shares at the nominal value: EUR 3,275.08

Portion of the share capital represented by such shares as at 31 December 2006: 0.25%

Over the last fiscal year, the Company did not buy or sell any share.

There has not been any operation since 31 December 2004.

## **XII.8 LATEST SHARE PURCHASE PLAN**

The share purchase plan (visa No. 02-0684) dated 5 June 2002 ended on 4 December 2003. Its renewal was not submitted to the shareholders' approval in 2003 or in 2004.

An authorisation to renew was granted by the shareholders during the General Meeting of 30 June 2005 but it has not been used and no share purchase plan was performed in 2005.

An authorisation to renew was granted by the shareholders during the General Meeting of 26 June 2006 but it has not been used and no share purchase plan was performed in 2006.

An authorisation to implement a new repurchase plan is proposed at the 2007 General Meeting. The detail of this request for authorisation is given in the relevant resolution.

The purpose of this authorisation is to enable the Company to:

- Ensure the liquidity and promotion of the share market through the intermediary of an investment service provider acting independently under a market liquidity agreement in compliance with the ethic code recognised by the French Financial Markets Authorities;
- Issue title upon the exercise of the rights in the securities giving access to the Company's share capital;
- Retain shares for purposes of their subsequent delivery as payment or exchange in the context of external growth operations;
- Grant shares to employees or corporate officers of the Company or of its Group's companies under the conditions required by the law, in particular in the context of profit sharing in the case of the Company's expansion, of share purchase options or under a company-sponsored or group-level savings investment plan, or by way of the grant of shares free of charge;
- Cancel the shares subject to the Extraordinary General Meeting's consent;
- Adopt any market practice that may be acknowledged by the French Financial Markets Authorities, in particular to perform any other transaction in accordance with current legislation.

Share purchases shall be made in accordance with current legislation, by any means, in particular in or outside the stock market, over the counter, at any time, in particular over a period of purchase or exchange public offer or market price guarantee. The part of the plan that may give rise to block negotiations is unlimited and may account for the entire plan.

In the context of such authorisation, the Company may purchase its own shares in or outside the market within the limit set forth below:

- maximum purchase price: EUR 1.00 per share,

subject to any adjustments relating to operations affecting the Company's share capital.

The maximum amount earmarked for the performance of such share purchase plan is EUR 6,000,000. The maximum number of shares shall not exceed 7.03% of the share capital, i.e., 6,000,000 shares, in addition to existing treasury shares held.

### **XIII. MEMBERS OF THE MANAGEMENT AND SUPERVISION BODIES**

#### **XIII.1 DISTRIBUTION OF THE BOARD OF DIRECTORS AND OTHER DUTIES AND TERMS OF OFFICE**

The table below details the situation of Valtech SA various directors under French law and according to the French Financial Market Authorities' recommendations.

NON BINDING ENGLISH TRANSLATION FROM THE FRENCH ORIGINAL – FOR CONVENIENCE PURPOSES ONLY

Name - Forename	Date of 1 <sup>st</sup> Appointment	Expiry date of term of office	Main duties in the Company	Main duties outside the Company	Other terms of office or duties	
Jean-Yves Hardy	21.12.1992	Annual general meeting deliberating on the fiscal year 2006	Chairman & General Manager	/	<i>Valtech Group</i> Valtech Training (France) Valtech Offshore (France) VALTECH Inc. (U.S.A) Valtech Ltd ( U.K) DIGITAL ESP.Inc (USA) SYNARIS AG (Germany) VALTECH A/S (Denmark) JV Chusik Hoesa Valtech (Korea) Valtech India Majoris (India) <i>Outside the Group</i> BANG (France)	<i>Duties / Terms of office</i> Chairman Chairman and General Manager Chairman Member of the Board Chairman Chairman of the Supervisory Board Member of the Board Chairman Member of the Board Director Manager
Olivier Cavrel	3.10.1997	Annual general meeting deliberating on the fiscal year 2006	Deputy General Manager	/	<i>Valtech Group</i> VALTECH A/S (Denmark) SYNARIS AG (Germany)  Valtech Offshore (France) Valtech India (India) Majoris (India) <i>Outside the Group</i> FINAERO (France)  Seven Partners IMRAN	Member of the Board Member of the Supervisory Board  Director Member of the Board Director  Permanent Representative of HCC  Director Manager
Douglas Land	31.12.2003	Annual general meeting deliberating on the fiscal year 2006		Chesapeake Group Chief Executive Officer	<i>Valtech Group</i> Valtech Offshore SA Majoris (India)  <i>Outside the Group</i> Covansys Corporation Chesapeake Group	Director Director  Director Chef executive Officer

NON BINDING ENGLISH TRANSLATION FROM THE FRENCH ORIGINAL – FOR CONVENIENCE PURPOSES ONLY

Jens Heimburger	13.07.2000	Annual general meeting deliberating on the fiscal year 2011		/	<p><i>Valtech Group</i> Valtech A/S (Denmark) Director</p> <p><i>Outside the Group</i> Daniamant Holding A/S Chairman Genpack A/S Chairman Elinette A/S Chairman Lindon Company A/S Chairman La Familia A/S Chairman M2 A/S Chairman M2 Sommerhuse A/S Chairman M2 Fritidshuse A/S Chairman M2 Development ApS Chairman M2 Stautrup A/S Chairman Waveplane A/S Chairman Bølgeinvest ApS Chairman Fuglsang Sø A/S Chairman Dansk Generationsskifte A/S Director Dansk Generationsskifte Kapital I A/S Director Astion Pharma A/S Director Schou Holding A/S Director IQS A/S Director Krogedammen A/S Director</p>
Jean-Claude Turri	29.11.2002	Annual general meeting deliberating on the fiscal year 2007	Consulting Manager	/	<p><i>Outside the Group</i> AGARIK SA Chairman of the Supervisory Board IFIS Chairman of the Board of Directors Groupe Ouroumoff Manager Cash Affaire Member of the Supervisory Board</p>

### **XIII.2 PROPOSED RENEWAL OF THREE DIRECTOR'S TERM OF OFFICE**

Messrs. Jean-Yves Hardy, Olivier Cavrel and Douglas Land's terms of office will expire at the end of the ordinary general meeting required to deliberate on the fiscal year 2006, we propose renewing their term of office for another six year period.

### **XIII.3 INDEPENDENT DIRECTOR**

Valtech does not have any independent director sitting on its Board.

### **XIII.4 OPERATION OF THE MANAGEMENT BODIES**

*See Chairman's report on in-house audit procedures.*

### **XIII.5 CORPORATE GOVERNANCE**

For the moment, the Company does not have internal regulations although it is currently contemplating implementing such regulations.

The Valtech directors cannot purchase or sell the Valtech shares over a period of 10 days prior to the announcement of the Company's results. They cannot buy or sell the Valtech shares from the day when the Board of Directors becomes aware of decisive information that may affect the market price until the day when such information is made public.

*See also Chairman's report on in-house audit procedures.*

### **XIII.6 ATTENDANCES FEES**

In 2006, attendance fees were distributed in the amount of EUR 89,220 compared to an authorised maximum of EUR 100,000.

The Board of Directors proposed the General Meeting that a maximum aggregate amount of EUR 40,000 be distributed as attendance fees for 2007.

### **XIII.7 CORPORATE OFFICERS' 2006 COMPENSATION AND BENEFITS**

**XIII.7.1 Gross compensation and direct and indirect benefits of any kind received by each corporate officer inside and outside the Group and fees paid to companies in which the corporate officers have an interest.**

**XIII.7.1.1 – Direct compensation paid by Valtech and its subsidiaries in 2006**

Name	Titles	Type of remuneration	2006 Annual amount	2005 Annual Amount
Jean-Yves Hardy	General Manager & Chairman of the Board	General Manager (GM)	Gross fixed compensation as GM: EUR 36,000 Benefit in kind as GM: N/A Bonus compensation as GM: N/A Attendance fees : N/A	Gross fixed compensation as GM: EUR 36,000 Benefit in kind as GM: N/A Bonus compensation as GM: N/A Attendance fees : N/A
Olivier Cavrel	Deputy General Manager Director	Deputy General Manager (DGM)  CEO de Valtech India	Gross fixed compensation as DGM: EUR 36,000 Benefit in kind as DGM: N/A Bonus compensation as DGM: N/A Attendance fees : N/A Benefit in kind paid by Valtech India: EUR 18,560	Gross fixed compensation as DGM: EUR 36,000 Benefit in kind as DGM: N/A Bonus compensation as DGM: EUR 20,650 (paid in 2005 for FY 2004) Attendance fees : N/A
Douglas Land	Employee of Valtech Inc.	Attendance Fee	Attendance fees : EUR 36,480 (USD 48,000)	Gross fixed salary: USD 25,000 Attendance fees : N/A
Jens Heimburger		Attendance Fee	Attendance fees : EUR 52,740	N/A
Jean-Claude Turri	Director	Manager	Gross fixed salary: EUR 6,120 Attendance fees : N/A	Gross fixed salary: EUR 6,120 Attendance fees : N/A

Neither the company nor any of its subsidiaries has made any specific undertaking (except for mandatory contributions) for corporate officers in connection with any pension plan or in the event of termination of their term of office as such.

**XIII.7.1.2 – Indirect compensation and/or fees received by companies in which corporate officers have an interest and paid by Valtech or its subsidiaries**

Companies concerned	Type of compensation	Director concerned	% held by the Director concerned in the company concerned	2006 Annual Amount	2005 Annual Amount
Agreements between Valtech SA and Bang	Fees	Jean-Yves Hardy	69.14%	Fixed fees: EUR 225,500 Travel fees: EUR 26,400  Bonus fees relating to FY 2006: N/A Bonus fees relating to FY 2005: EUR 31,765	Fixed fees: EUR 178,833 Bonus fees: EUR 35,000
Agreements between Valtech SA and Imran	Fees	Olivier Cavrel	100%	Fixed fees: EUR 225,500 Travel fees: EUR 62,400 Bonus fees relating to FY 2006: N/A Bonus fees relating to FY 2005: EUR 20,500 Bonus fees: N/A	Fixed fees: EUR 225,500 Bonus fees: N/A
Agreements between Valtech SA and Groupe Ouroumoff	Fees	Jean-Claude Turri (1)	99.99%	Fixed fees: EUR 273,400 Travel fees: EUR 4,000 Bonus fees relating to FY 2006: N/A Bonus fees relating to FY 2005 : EUR 41,099	Fixed fees: EUR 225,000 Bonus fees: EUR 13,006
Agreements between Valtech A/S (Danish subsidiary) and Heimburger Holding ApS	Fees	Jens Heimburger	100%	Fixed fees: Nil	Fixed fees: EUR 86,080
Agreement between Valtech SA and the Chesapeake Group	Fees	Douglas Land	50%	Fees: Nil	Fees: USD 425,000

*(1) For the sake of completeness, see also the information given below in connection with the mutual business finder agreement entered into between VALTECH and IFIS in 2006.*

□ **PRESENTATION OF THE AGREEMENTS ENTERED INTO BETWEEN VALTECH AND BANG, IMRAN and GROUPE OUROUMOFF FOR 2006**

The service agreements in force in 2005 were terminated without compensation upon the execution of the new agreements presented below.

The agreements entered into by Valtech with Groupe Ouroumoff, Imran and Bang set out the services that will be provided by each of the companies; the corresponding fees were set in accordance with the same principles for all three agreements. Such agreements gave rise to payment of the monies referred to in XIII.7.1.3.

**1/ Services provided by each of the three service providers**

**GROUPE OUROUMOFF** provides Valtech and its subsidiaries with the following services:

(a) services for the Valtech Axelboss department in the following fields:

- management, in particular, financial management,
- marketing and sale,
- monitoring of the uses of French know how abroad,

(b) carrying out of the consultancy subcontracting activity with regard to end customers sold by “Valtech Axelboss”,

(c) the supervision of Valtech Germany’s non-global sourcing business, and the support of Valtech Germany in introducing Valtech management consulting services on the local market.

**IMRAN** provides Valtech and its subsidiaries with the following services:

(a) definition, development and implementation of the strategies to develop IT technology consulting activities for the entire Valtech group carried out in the USA and England;

(b) definition, development and implementation of the strategies to develop the activities of the “Global Sourcing” division for the entire Valtech group carried out in France, USA, England, Germany and India.

**BANG** provides Valtech and its subsidiaries with the following services:

(a) definition, development and implementation in France of strategies to develop:

- in France, the “Valtech Training” and “ACDSI” (or “Valtech Agency”) activities and the Valtech SA technology services; and
- in Scandinavia, the Ahead International (Valtech Denmark) and Valtech AB (Valtech Sweden) activities;

(b) definition, development and implementation of the group’s research and development strategy, in particular, for the “Valtech software Factory” project (management extranet of multinational projects);

(c) definition and project management of Valtech worldwide branding and communication strategy.

## **2/ Presentation of the remuneration for the services provided**

For each agreement, the services remuneration is determined, firstly, on the basis of fixed flat fees, coupled with additional indemnification or each day spent abroad and, secondly, by payment of performance fees calculated as follows:

1. Fees determined on the basis of the attainment or non-attainment of targets calculated on the basis of the consolidated EBIT of the Group over the last three fiscal years, l'EBIT<sub>200x</sub> being defined as the Valtech Group's earnings before interest and tax as featured in the fiscal year 200X consolidated accounts ended by the Board of Directors and certified by the auditors.
2. Fees calculated on the basis of the Valtech stock price, the stock prices attained over a given period being EUR 1.25, 1.75 and 2.25.

The yearly amount, exclusive of tax, of variable fees referred to above may not under any circumstances exceed the aggregate amount of EUR 200,000, for FY 2006, EUR 270,000 for FY 2007, and EUR 400,000 for FY 2008.

## **3/ Term, termination and termination compensation**

Each agreement has been entered into for a three years' period with effect from 1 January 2006; it may be terminated either by agreement between the Parties in accordance with mutually agreed terms and conditions or in accordance with the following terms and conditions::

- 1/ each service provider may terminate the relevant agreement unilaterally, with or without cause, subject to a termination notice of at least six months, such termination will not give rise to compensation.
- 2/ For its part, subject to compliance with certain time limits, Valtech may request the termination of the agreement in the event that the annual EBIT target upon which the variable fees rely is not attained. Valtech will then pay the service provider concerned a lump-sum termination compensation equal to 24 times the monthly fixed flat fees, exclusive of tax, of the ongoing year.
- 3/ Subject to compliance with certain time limits, and in the event that the annual EBIT target is attained, Valtech may also request the termination of the agreement but it will then pay the service provider concerned a lump-sum termination compensation equal to two times the annual fixed flat and variable fees for the ongoing year.

## **4/ Other clauses**

The agreements also contain a non-compete clause of 18 months and a non-poaching clause of 24 months, which, in case of breach, gives rise to automatic payment of a penalty.

**Such service providers have their own operating expenses. Therefore, only part of the fees thus paid may be used to remunerate the corporate officers. Such fees were validated by a prior opinion of the remuneration committee (See Chairman's Report).**

□ **VALTECH / CHESAPEAKE GROUP Agreement**

Douglas Land is a shareholder and CEO of US corporation Chesapeake Group, the purpose of which is to advise IT companies of merger and acquisition transactions. One of the Chesapeake Group's specialities is its expertise in the Indian market for IT services.

Since December 2002, the Chesapeake Group has been assisting Valtech in this context, under a service agreement entered into in December 2002, prior to Douglas Land becoming a director of Valtech. The Chesapeake Group may be called from time to time to act in the fields described above upon Valtech's request.

The Chesapeake Group also holds 5% in Valtech Offshore SA, a subsidiary of Valtech SA. Valtech Offshore SA holds 100% in Valtech India.

□ **OTHER AGREEMENTS SIGNED FOR 2006**

**1/ VALTECH A/S / M2 A/S Agreement**

Valtech A/S (Denmark) entered also into commercial arm's-length transactions during 2006 with M2 A/S, a company in which Jens Heimburger has a controlling shareholding. The transactions related to the provision of consultancy services by Valtech A/S to M2 A/S. Total revenues earned from M2 A/S were KEUR 476 (DKK 3,552 million).

**2/ VALTECH / IFIS Agreement**

It is also specified, for any useful purpose, that Jean-Claude Turri is a director of Valtech, and the shareholding officer of IFIS, which develops and markets a Business Intelligence database. IFIS has no equity links with Valtech although it is entitled to

- Sub-let, for several years, three offices on the Paris-based Valtech premises on the basis of the market prices,
- since 2006 a finder's agreement, on a reciprocal basis, remunerated by the payment of a commission equal to 5% of the amounts invoiced to the final customer and in the vent of an aggregate invoicing made only by Valtech to the final customer, the withholding by Valtech of 5% remuneration on the amounts due to IFIS. Such agreement gave rise to payment by Valtech to IFIS of EUR (VAT excluded) 56,919.06 and payment by IFIS to Valtech of EUR (VAT excluded) 59,914.80. Considering its nature, this agreement was considered as a "normal" agreement entered into on arm's-length terms.

\* \* \*

Except for their direct and/or indirect shareholding in the share capital of Valtech SA as set out in § XII.5.1 hereof, and subject to the agreements referred to above, the corporate officers do not hold any interest in any subsidiary or service provider, or customer of Valtech SA of its Group.

**XIII.7.2 – Corporate officers' interest in the issuer's share capital, in that of a company that holds its control, in that of the subsidiary or in a customer or supplier of the issuer**

*See § XIII.7.1.*

**XIII.7.3 – Information on the transactions made with the members of the management or supervision bodies**

*See the statutory auditors' special report.*

**XIII.7.4 Loans and guarantees taken out or made in favour of the management or supervision bodies**

*N/A*

**XIII.7.5 Assets directly or indirectly owned by the corporate officers or members of their families**

*N/A*

**XIII.7.6 Share subscription or purchase plan, warrants and entrepreneurs warrants (BCE)**

*XIII.7.6.1 Options to subscribe for (OS) or purchase (OA) shares and entrepreneurs warrants (BCE) granted to the corporate officers during the fiscal year 2005 and still in force*

*N/A*

*XIII.7.6.2 Options to subscribe for (OS) or purchase (OA) shares and entrepreneurs warrants (BCE) exercised by the corporate officers during the fiscal year 2005*

*N/A*

**XIII.7.7 Transactions carried out by the corporate officers, top executives, or persons to which they are closely related, in connection with their Valtech securities**

*N/A*

**XIV. INCLUSION, INTO THIS REPORT, OF THE PARTICULARS REQUIRED BY ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE WHICH MAY IMPACT A PUBLIC OFFER**

1° The structure of the Company's share capital

**See Paragraphs XII.1 and XII.5 of this report**

2° Restrictions on the exercise of the voting rights and share transfer under the Company's articles of incorporation or contract clauses brought to the Company's attention under Article L. 233-11

**See Paragraph XII.5 of this report**

3° Direct or indirect interest in the Company's share capital of which it has become aware under Articles L. 233-7 and L. 233-12

**See Paragraph XII.5 of this report**

4° List of the holders of any securities containing special controlling rights and description thereof

N/A

5° Control procedures provided as part of an employee shareholding plan when controlling rights are not exercised by the latter

N/A

6° Shareholders' agreements of which the Company is aware and which may result in restrictions on the transfer of shares and on the exercise of voting rights

**See Paragraph XII.5 of this report**

7° Rules applicable to the appointment and replacement of members of the Board of Directors as well as to the changes in the Company's articles of incorporation

**The Company's articles of incorporation do not depart from the principles commonly admitted in connection with a French *Société Anonyme*.**

8° The Board of Directors or the Directorate's powers, in particular the issue or purchase of shares;

**See Paragraphs XII.2, XII.7 and XII.8 of this report**

9° Agreements entered into by the Company that would be amended or terminated in the event of the Company's change of control, unless said disclosure would adversely affect its interests, with the exception of statutory requirements of disclosure.

**There are some customer contracts entered into by the Company that contain provisions for amendment and/or termination in the event of a change of control. However, such agreements contain either provisions preventing their disclosure (non-publicity or confidentiality terms) or are considered to be of significant commercial sensitivity to the group that disclosure would adversely affect the business operations of the Company.**

**As such, these agreements are not disclosed here.**

10° Agreements which provide for compensation for members of the Board of Directors or Directorate or the employees, where they resign or are terminated without genuine and serious cause or where their employment is terminated as a result of a public offering.

**See Paragraph XIII.7 of this report**

**In addition, members of the executive committee (Jonathan Poole, Lars Bladt and Andy Stephens) have contractual entitlements whereby a change of control would trigger automatic termination of their contracts of employment. This would entitle them to payment in lieu of contractual notice (being a minimum of 12 months).**

\* \* \*

We remain available should you require any further explanation.

The resolutions that are being submitted to you reiterate the main points of this report; we would appreciate if you could kindly approve the same in the Company's interest.

**Board of Directors**