Press release – 31 August 2011

GFI INFORMATIQUE: FIRST-HALF 2011 EARNINGS

BACK TO ORGANIC GROWTH AND PROFITABILITY IMPROVEMENT CONFIRMED

- **Operating margin up to 6% of revenue**
- **Operating profit surges 64%**
- **Ares integration a success**
- **€50m raised to finance external growth**

Saint-Ouen (France), 31 August 2011 – At its meeting of 31 August 2011, chaired by Vincent Rouaix, the board of directors of GFI Informatique considered the condensed consolidated financial statements for the first six months of 2011.

In millions of euros	**30 June 2011**	30 June 2010	**Change**
Main profit and loss items			
Revenue	**342.7**	336.8	*+1.7%*
Operating margin	**20.5**	18.8	*+8.8%*
As a % of revenue	***6.0%***	*5.6%*	*+0.4 pt*
Operating profit	**14.9**	9.1	*+64.0%*
Net profit attributable to Group	**8.4**	2.6	*+226.5%*
Main balance sheet items			
Cash flow[1]	**20.8**	17.5	*+18.9%*
Net debt	**103.7**	102.9	*+0.8%*
Equity (Group share)	**187.6**	167.7	*+11.9%*
Net debt/Equity	**55%**	61%	*-6.1 pt*

"*During the first six months of the year, GFI Informatique continued to actively pursue its transformation strategy and is beginning to reap the fruits of its efforts in the form of revenue growth, improved profitability, a stronger balance sheet, and the successful integration of Ares," said* Vincent Rouaix, Chairman and Chief Executive Officer. "*We are on track to carry our operational plan to fruition and now have the means to seize acquisition opportunities that arise while also improving profitability."*

[1] Before net cost of borrowings, taxes paid and changes in working capital requirement.

REVENUE AND OPERATING MARGIN ADVANCING

GFI Informatique recorded revenue of €342.7m in the first half of 2011, for increases of 1.7% at current scope and 1.4% at constant scope and exchange rates, against 3.1% last year.
Operating margin advanced by 8.8% to €20.5m, which was 6.0% of revenue compared with 5.6% at end-June 2010.
Staff levels rose from 8,784 to 9,377 over the six-month period.

- **Successful integration of Ares**

GFI Informatique has successfully integrated the business and assets of Ares, which it acquired on 15 February 2011. The Ares staff now working with GFI – 404 people in France and 29 in Luxembourg, almost all carrying out billable activities – are now fully operational.
All major client accounts have been retained, and revenue was in line with our target at €10.5m.

- **France: Further growth and operating margin gains**

Revenue advanced by 3.6% in the first half to €250.0m.
Stripping out the €5.8m impact of the electronic payments activity disposal, growth in France reached 6.1% with 4.1% attributable to Ares.

Operating margin amounted to 5.4% of revenue, compared with 4.8% at end-June 2010. Growth reflected a 1.8 point increase in the activity rate as well as a 5% increase in the average daily rate. These gains were made possible by the reorganisations of 2009 and 2010 and the group's efforts to move higher up in the value chain, notably thanks to the sector-based organisation implemented in 2009. The latter has translated into significant sales successes:
- A multi-year TPAM/TPAA[2] contract with a telephony operator in France (€39m);
- An energy management applications TPAA for ERDF (€5m);
- An infrastructure outsourcing deal with Musées du quai Branly (€3m).

In a tighter labour market, the Group confirmed its ability to attract talent with 645 new hires in the first half. At 30 June, the headcount in France including Ares staff stood at 6,343, up from 5,839 at end-December 2010.

- **International: operating margin proving resilient**

Revenue generated outside France came to €92.7m, compared with €95.5m at end-June 2010, while operating margin was unchanged at 7.5%.

Iberian Peninsula (Spain and Portugal): By carefully managing local businesses in a trying economic environment, the Group was able to keep revenue practically at the same level as a year earlier (€47.3m against €48.6m in June 2010) while lifting operating margin to €1.6m from €0.8m over the period. The Spanish businesses notably finalised multi-year outsourcing deals with Ericsson (€7m) and TCS-Téléfonica (€5.8m), and these contracts will improve visibility in challenging economic times.

Belux: Revenue generated in Belux rose to €11.0m from €8.7m at end-June 2010, for an increase of 25.9% with organic growth contributing 18.7% and the integration of Ares Luxembourg 7.2%. Operating margin came to 5.2% of revenue, up from 4.9% a year earlier. In terms of new business, the Group landed a major contract that resulted in the creation of a joint services centre dedicated to Lotus Notes for the BNPP Paribas Group.

Canada: Revenue generated in Canada declined by 2.6% at constant scope. At current scope, taking into account the disposal of the healthcare software activity late in 2010, revenue in Canada contracted by 11.9% to €31.1m. Operating margin was €4.7m, or 15.0% of revenue. Margin thus remained very high, but was lower than at end-June 2010 (16.4%), due notably to the launch of the new travel software offering that is off to a slow start as the global tourism crisis is taking a toll on business.

[2] Third party applications maintenance/third party applications acceptance

SURGE IN OPERATING PROFIT, TREBLING OF NET GROUP PROFIT

Operating profit rose by 64% year-on-year, to €14.9m from €9.1m. This notably takes into account €1.9m of restructuring costs recorded during the first half, compared with €2.7m in the first half of 2010, and other operating expenses which came to €1.6m compared with €4.9m a year earlier.
The cost of borrowings was unchanged at €2m.
Net profit attributable to the Group surged to €8.4m, from €2.6m in the six months to 30 June 2010, for a year-on-year increase of 226%.
Net earnings per share (attributable to Group) thus came to €0.16.

STRONGER BALANCE SHEET

To increase the financial resources available for its acquisition strategy, GFI Informatique issued a €50m Oceane bond[3] on 30 June of this year. The issue will also help the Group diversify its funding sources and extend maturities on its debt.
As regards other financial flows, Group cash flow, before net cost of borrowings and taxes paid, reached €20.8m in the first half, for an 18.9% increase on the 30 June 2010 level.
Working capital requirement increased by €24.0m. One third of this increase was attributable to the acquisition of the Ares assets, with Working capital requirement peaking on 30 June – a change that will start to be offset in the second half. The balance of the change in Working capital requirement was chiefly attributable to seasonal factors, client payments postponed until July and to the short-term effects of the deployment of new billing and business management software.
In all, acquisitions (Ares, working capital requirement and earn-out paid for BTD Consulting, acquired in 2008) represented almost €15m of cash outflows in the first half.
At 30 June, net debt stood at €103.7m, compared with €102.9m at end-June 2010 and €87.0m at end-December 2010.

OUTLOOK

Although current economic trends suggest that great caution is in order, the Group still expects to record organic revenue growth this year and an increase in operating margin. During the second half, management will also be attentive to acquisition opportunities susceptible of helping the Group meet its profitable growth objective.

Next release: 7 November 2011, third quarter 2011 revenue.

Notice
The items in this press release other than historical facts are estimates. They do not constitute guarantees because of the inherent difficulties in forecasting results. Actual results may differ considerably from explicit or implicit forecasts.

About GFI Informatique
GFI is a major player in the IT services sector in Southern Europe with five strategic offerings: Consulting, Application Services, Infrastructure Services, Enterprise Solutions and Software. As part of its industrialisation policy, the Group has 11 skills centres, two national design and production service centres, and three offshore centres.
GFI Informatique is listed on the Paris Euronext NYSE Euronext (Compartment B) - ISIN Code: FR0004038099.

Please see our website: www.gfi.fr.

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[3] OCEANE: Bonds convertible into and/or exchangeable for new or existing ordinary GFI Informatique shares.

APPENDICES

Profit and loss account

in euro '000	6 months ended 30.06.11	6 months ended 30.06.10
Revenues, net	**342 678**	**336 826**
Staff cost	-243 462	-237 470
Purchase and external charges	-68 994	-73 885
Taxes (other than corporation tax)	-5 513	-4 636
Depreciation (other than goodwill)	-4 032	-3 842
Other operating income (expenses)	-226	1 808
OPERATING MARGIN	**20 451**	**18 801**
Operating margin %	**6,0%**	**5,6%**
Amortisation of intangibles identified on acquisitions	-1 980	-2 089
Restructuring charges	-1 896	-2 741
Profit (losses) on disposal	10	0
Goodwill impairment	0	0
Other operating income (expenses)	-1 647	-4 862
OPERATING PROFIT	**14 938**	**9 109**
Interest received and similar income	20	7
Cost of financial debt	-2 094	-2 161
NET COST OF FINANCIAL DEBT	**-2 074**	**-2 154**
Other financial income and expenses	-467	-811
Tax charge	-3 292	-1 035
NET INCOME BEFORE DISCONTINUED ACTIVITIES	**9 105**	**5 109**
Discontinued activites	0	-1 692
Result / equity method of accounting	0	0
NET INCOME	**9 105**	**3 417**
of which group share	8 437	2 584
of which minority interests	668	833

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Balance sheet

in euro '000 ASSET	30.06.11	31.12.10
Goodwill on acquisition	210 408	210 003
Intangible fixed assets	45 198	43 183
Tangible fixed assets	10 685	9 840
Non current financial assets	3 639	4 004
Deferred tax assets	3 232	2 517
Other non current financial assets	6 474	6 474
Total non current assets	**279 636**	**276 021**
Goods purchased for resale	1 533	1 666
Trade receivables	248 478	215 912
Other receivables	34 826	33 339
Prepayments	6 167	5 111
Cash and cash equivalent	56 680	30 389
Total current assets	**347 684**	**286 417**
Assets hold for sale	**0**	**0**
TOTAL ASSETS	**627 320**	**562 438**

in euro '000 LIABILITIES AND SHAREHOLDERS' EQUITY	30.06.11	31.12.10
Share capital	108 588	108 588
Share premium	36 190	36 190
Reserves (including retained profit)	36 734	28 029
Other	2 144	-2 634
Foreign exchange translation reserve	3 932	6 328
NET EQUITY - group share	187 588	176 501
Minority interest	6 711	6 333
NET EQUITY	**194 299**	**182 834**
Long term borrowings	76 582	47 142
Deferred tax liabilities	3 152	3 215
Non current provisions	21 340	19 732
Other non current financial liabilities	358	475
NON CURRENT LIABILITIES	**101 432**	**70 564**
Current provisions	4 913	6 111
Current portion of borrowings	83 803	70 250
Current financial instruments	293	719
Other current financial liabilities	3 917	7 078
Trade payables	46 205	46 822
Tax and social liabilities	137 241	131 980
Other current liabilities	11 660	11 050
Accruals	43 557	35 030
CURRENT LIABILITIES	**331 589**	**309 040**
LIABILITIES HOLD FOR SALE	**0**	**0**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**627 320**	**562 438**

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Cash flow statements

in euro '000	30.06.11	30.06.10
Net Profit	9 105	5 109
Result / equity method of accounting	0	0
Depreciations, provisions	6 033	8 542
Fair Value adjustments	33	-404
Gain or losses on asset disposals	-45	183
Dilution gain or losses	0	0
Net Borrowing costs	1 980	2 006
Financial instruments	392	1 016
Tax charge	3 292	1 035
Cash from operating activities before changes in working capital requirements, financial interests and taxes	**20 790**	**17 487**
Tax paid	-4 836	-5 909
Change in working capital requirement	-23 993	-8 490
NET CASH FLOW FROM OPERATING ACTVITIES	**-8 039**	**3 088**
Acquisition of intangible fixed assets	-4 656	-4 039
Acquisition of fixed assets	-2 205	-2 341
Disposals of intangible and tangible fixed assets	140	96
Sale or decrease in financial assets	0	-1
Change in consolidation perimeter	-5 912	62
Change in debt relating to shares in consolidated companies	485	3
NET CASH FLOW FROM INVESTING ACTIVITIES	**-12 148**	**-6 220**
Common stock issue		
• shareholders of parent company	0	0
• minority shareholders of subsidiaries	0	0
Own shares	679	27
Dividends		
• Dividends paid to shareholders of the group parent company	0	0
• Dividends paid to minority shareholders of subsidiaries	0	0
Equity variation (Oceane)	5 381	0
Repayment of borrowings	27 326	-8 341
Variation in amount drawn from factoring activities	17 377	22 015
Net interest paid	-1 996	-1 869
Financial instruments	-392	-1 016
NET CASH FLOW FROM FINANCING ACTIVITIES	**48 375**	**10 816**
Impact of exchange rate	-739	1 312
CHANGE IN CASH AND CASH EQUIVALENT BEFORE NET CASH FLOW FROM ASSETS HELD FOR SALE	**27 449**	**8 996**
NET CASH FLOW FROM ASSETS HELD FOR SALE	0	-5 058
CHANGE IN CASH AND CASH EQUIVALENT	**27 449**	**3 938**

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Revenue

Analysis of first-half revenue

H1 sales in euro '000	6 months 2011	6 months 2010	Reported growth	Growth (except disposal and change effects)	Of witch Growth from acquisitions	Of witch Organic Growth
France	250,0	241,4	3,6%	6,1%	4,1%	2,0%
Spain	34,2	33,4	2,2%	2,2%	0,0%	2,2%
Portugal	13,2	15,2	-13,1%	-13,1%	0,0%	-13,1%
Northern Europe	11,7	9,2	27,2%	29,6%	10,1%	19,5%
Canada	31,1	35,3	-11,9%	-1,9%	0,7%	-2,6%
Morocco	2,6	2,4	7,8%	8,9%	0,0%	8,9%
Total	**342,7**	**336,8**	**1,7%**	**4,7%**	**3,3%**	**1,4%**

* Belux, Switzerland

Analysis of revenue by quarter

First quater sales in euro '000	3 months 2011	3 months 2010	Reported growth	Growth (except disposal and change effects)	Of witch Growth from acquisitions	Of witch Organic Growth
France	124,5	121,7	2,4%	5,0%	3,0%	2,0%
Spain	16,8	16,3	3,0%	3,0%	0,0%	3,0%
Portugal	7,1	7,5	-5,6%	-5,6%	0,0%	-5,6%
Northern Europe	5,2	4,5	16,8%	15,9%	6,6%	9,2%
Canada	16,1	16,7	-3,9%	-1,6%	0,7%	-2,3%
Morocco	1,3	1,3	-1,6%	-1,9%	0,0%	-1,9%
Total	**171,0**	**168,0**	**1,8%**	**3,9%**	**2,4%**	**1,5%**

* Belux, Switzerland

Second quarter sales in euro '000	2nd quarter 2011	2nd quarter 2010	Reported growth	Growth (except disposal and change effects)	Of witch Growth from acquisitions	Of witch Organic Growth
France	125,4	119,7	4,8%	7,2%	5,2%	2,1%
Spain	17,4	17,1	1,4%	1,4%	0,0%	1,4%
Portugal	6,0	7,6	-20,5%	-20,5%	0,0%	-20,5%
Northern Europe	6,4	4,7	37,0%	43,4%	13,5%	29,9%
Canada	15,0	18,6	-19,1%	-2,3%	0,6%	-2,9%
Morocco	1,3	1,1	18,7%	21,8%	0,0%	21,8%
Total	**171,5**	**168,8**	**1,7%**	**5,5%**	**4,1%**	**1,4%**

* Belux, Switzerland