



3 Avenue de Norvège - ZA Courtaboeuf
91120 VILLEBON/YVETTE
FRANCE

REFERENCE DOCUMENT

Year ending March 31, 2006



This reference document was presented to the Financial Market Authority [French "Autorité des Marchés Financiers"] on September 14, 2006, in compliance with Article 212-13 of its general regulations. It may duly be used to support a financial operation if it is supplemented by a securities note (note d'opération) approved by the French Stock Exchange Operations Commission (Autorité des Marchés Financiers, or AMF)

In compliance with Article 28 of the European ruling n° 809/204 of April 29, 2004, the following information is included by reference in the present document:

Concerning the year ending March 31, 2005:

The business review and the consolidated accounts, the statutory auditors' report on the latter (respectively pages 113 to 118, 60 to 79, 97), the Management Review, the social accounts, the general statutory auditors' report on these accounts (respectively pages 99 to 113, 79 to 89, 98), the statutory auditors' special report on the statutory agreements (page 118) of the reference document presented on October 10, 2005 under the number D.05-1198 and D 05.1198 01.

Concerning the year ending March 31, 2004:

The Business Review and the consolidated accounts, the statutory auditors' report on the latter (respectively Appendix 5, pages 52 to 73, Appendix 2), the Management Review, the social accounts, the general statutory auditors' report on these accounts (respectively Appendix 4, pages 73 to 84, Appendix 3), the statutory auditors' special report on the statutory agreements (Appendix 6) of the reference document presented on September 16, 2004 under the number D.04-1222.

This document is available at no cost from Company Registered Office, and an electronic version is available on the AMF web site (www.amf-france.org) and on the Company web site (www.ares.fr).

The dates in this document are indicated in European Format : day/month/year.

CONTENTS

1.	RESPONSIBILITY	5
1.1	PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT	5
1.2	DECLARATION OF THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT	5
1.3	PERSON RESPONSIBLE FOR PROVISION OF INFORMATION.....	5
2.	STATUTORY AUDITORS.....	6
2.1	STATUTORY AUDITORS WITH TENURE.....	6
2.2	DEPUTY STATUTORY AUDITORS	6
2.3	STATUTORY AUDITORS WHO HAVE RESIGNED, HAVE BEEN REMOVED FROM OFFICE OR HAVE NOT HAD THEIR TERM OF OFFICE RENEWED.....	6
3.	SELECTED FINANCIAL INFORMATION	6
4.	RISK FACTORS.....	8
4.1	LIQUIDITY RISK.....	8
4.2	INTEREST RATE RISK.....	8
4.3	FOREIGN EXCHANGE RISK	9
4.4	RISKS ON INTANGIBLE ASSETS.....	9
4.5	BUSINESS-RELATED RISKS	9
4.5.1	<i>Risks with respect to customer projects</i>	<i>9</i>
4.5.2	<i>Customer risks.....</i>	<i>10</i>
4.5.3	<i>Supplier risks</i>	<i>10</i>
4.6	SHARE HOLDINGS RISKS.....	10
4.7	ENVIRONMENTAL RISKS	10
4.8	LEGAL RISKS	10
4.9	INSURANCE	11
5.	INFORMATION CONCERNING THE ISSUER.....	12
5.1	HISTORY AND EVOLUTION OF THE COMPANY	12
5.2	INVESTMENTS.....	13
5.2.1.	<i>Main investments</i>	<i>13</i>
5.2.2.	<i>Main investments decided on by senior management.....</i>	<i>13</i>
6.	GROUP BUSINESS REVIEW	14
6.1	MAIN ACTIVITIES	14
6.2	DESCRIPTION OF ACTIVITIES.....	15
6.2.1	<i>The Technology division provides a full service offering for infrastructures</i>	<i>15</i>
6.2.2	<i>Industry Solutions Division: the Application Dimension.....</i>	<i>18</i>
6.3	ARES GROUP STRATEGY	20
6.4	MAIN MARKETS.....	21
6.5	THE COMPETITION	23
7.	GROUP ORGANIZATION CHART AS OF 31 MARCH 2006	25
8.	REAL ESTATE, FACTORIES AND EQUIPMENT.....	26
8.1	SIGNIFICANT TANGIBLE ASSETS	26
8.2	ENVIRONMENT	26
9.	ASSESSMENT OF FINANCIAL SITUATION AND INCOME.....	26
9.1	HIGHLIGHTS.....	26
9.2	GROUP FINANCIAL RESULTS	27
10.	CASH POSITION AND CAPITAL.....	30
10.1	TABLE OF CHANGE IN SHAREHOLDER'S EQUITY.....	30
10.2	FINANCING	30
10.3	ANY RESTRICTIONS IN THE USE OF CAPITAL.....	30

11.	RESEARCH AND DEVELOPMENT, PATENTS, LICENSES	31
11.1	RESEARCH AND DEVELOPMENT.....	31
11.2	PATENTS AND TRADEMARKS	31
12.	INFORMATION CONCERNING TRENDS	31
12.1	MAIN TRENDS SINCE LAST FISCAL YEAR.....	31
12.2	IDENTIFIED TRENDS, UNCERTAINTIES, REQUESTS FOR COMMITMENT OR EVENTS REASONABLY LIKELY TO INFLUENCE THE COMPANY'S FUTURE PROSPECTS.	31
13.	FORECASTS AND ESTIMATES AS REGARDS EARNINGS.....	32
14.	EXECUTIVE OFFICERS AND MEMBERS OF THE BOARD.....	33
14.1	GENERAL INFORMATION RELATING TO COMPANY EXECUTIVE OFFICERS AND MEMBERS OF THE BOARD	33
14.2	CONFLICTS OF INTEREST WITH RESPECT TO ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES	35
15.	COMPENSATION AND BENEFITS	36
15.1	COMPENSATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT 36	
15.2	SHARE SUBSCRIPTIONS OR PURCHASE OPTIONS EXERCISED BY MEMBERS OF THE BOARD AND SENIOR MANAGEMENT.....	36
15.3	PROVISIONS MADE BY THE COMPANY FOR PAYMENT OF PENSION PLANS, RETIREMENT AND OTHER BENEFITS FOR MEMBERS OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD [DIRECTOIRE]	36
15.4	LOANS AND GUARANTEES GRANTED OR CONSTITUTED BENEFITTING OF MEMBERS OF ADMINISTRATIVE BODIES AND SENIOR MANAGEMENT	37
15.5	TRANSACTIONS CONCLUDED WITH MEMBERS OF ADMINISTRATIVE BODIES AND SENIOR MANAGEMENT	37
16.	FUNCTIONING OF ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES.....	38
16.1	SENIOR MANAGEMENT	38
16.1.1.	<i>Joint holding of the functions of Chief Executive Officer and Chairman of the Board of Directors</i>	38
16.1.2.	<i>Terms of appointment for Members of the Board</i>	38
16.2	SERVICE CONTRACTS BETWEEN MEMBERS OF ADMINISTRATIVE BODIES AND THE COMPANY .	38
16.3	AUDIT AND COMPENSATION COMMITTEE	38
16.4	CORPORATE GOVERNANCE.....	39
16.5	REPORT ON CORPORATE GOVERNANCE AND INTERNAL CONTROL.....	39
16.5.1	<i>Chairman's report relating to the conditions of preparation and organization of the company's Board of Directors and related internal control procedures.</i>	39
16.5.2	<i>Report of Statutory Auditors on the Chairman's report to the Board of Directors on internal control procedures used in processing accounting and financial data - fiscal year closing March 31, 2006.</i>	43
17.	STAFF.....	44
17.1	NUMBER OF STAFF AND BREAKDOWN BY FUNCTION	44
17.2	SHARE SUBSCRIPTIONS AND PURCHASE OPTIONS GRANTED TO MEMBERS AND STAFF	44
17.3	CONTRACTS INVOLVING GAIN AND EQUITY SHARING / PARTICIPATING INTERESTS	44
17.4	ALLOCATION OF FREE SHARES	44
18.	MAIN SHAREHOLDERS	45
18.1	BREAKDOWN OF CAPITAL AND VOTING RIGHTS AS OF JULY 31, 2006	45
18.2	SIGNIFICANT SHAREHOLDERS NOT REPRESENTED ON THE BOARD OF DIRECTORS.....	45
18.3	VOTING RIGHTS OF MAIN SHAREHOLDERS	45
18.4	STAFF SHARE PLANS.....	45
18.5	COMPANY PURCHASE OF OWN SHARES	46
18.6	CONTROLLING INTERESTS.....	46
18.7	AGREEMENTS WHICH COULD BRING ABOUT A CHANGE IN CONTROLLING INTEREST OF THE COMPANY	46

18.8	REPORT ON ARES SHARE COLLATERAL AGREEMENTS	46
19.	RELATED PARTY TRANSACTIONS	46
20.	FINANCIAL STATEMENT CONCERNING ASSETS, FINANCIAL POSITION, AND EARNINGS OF THE ISSUING BODY.....	47
20.1	CONSOLIDATED ACCOUNTS AS OF 31/03/2006 AND AS OF 31/03/2005.....	47
	APPENDIX TO THE CONSOLIDATED ACCOUNTS ON 31 MARCH 2006	51
20.2	VERIFICATION OF CONSOLIDATED HISTORICAL ANNUAL FINANCIAL INFORMATION	74
20.2.1	<i>Auditors' reports on the consolidated accounts relative to the period ending 31 March 2006.</i> 74	
20.3	AUDITORS' FEES.....	75
20.3.1	<i>Statutory auditors' fees as of 31 March 2006</i>	75
20.3.2	<i>Substitute Auditors' fees</i>	75
20.4	FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2006	75
20.5	DIVIDENDS PAID OUT AND DISTRIBUTION POLICY	76
20.6	LEGAL AND ARBITRATION PROCEDURES.....	76
20.7	SIGNIFICANT CHANGES	76
21.	ADDITIONAL INFORMATION	77
21.1	REGISTERED CAPITAL	77
21.1.1.	<i>Amount of Registered Capital</i>	77
21.1.2.	<i>Non issued authorised capital</i>	77
21.1.3.	<i>Potential capital</i>	78
21.1.4.	<i>Shares not representative of the capital</i>	78
21.1.5.	<i>Number , book and par value of shares held by Company on its own behalf</i>	78
21.1.6.	<i>Complex securities</i>	78
21.1.7.	<i>Options or agreements bearing on the Company capital</i>	78
21.1.8.	<i>Evolution of the company capital since the creation of the Company</i>	78
21.2	FORMATION AND ARTICLES OF INCORPORATION	81
22.	IMPORTANT CONTRACTS.....	85
23.	INFORMATION COMING FROM THIRD PARTIES, DECLARATIONS OF EXPERTS AND STATEMENTS OF INTEREST.....	85
24.	DOCUMENTS ACCESSIBLE TO THE PUBLIC	86
25.	INFORMATION ON OWNERSHIP INTERESTS	86
	APPENDIX1: RESOLUTIONS PROPOSED TO COMBINED GENERAL ASSEMBLY DATED SEPTEMBER 27, 2006.....	87
	APPENDIX 2: REPORT OF THE BOARD OF DIRECTORS TO THE JOINT SHAREHOLDERS MEETING OF SEPTEMBER 27, 2006	97
	APPENDIX 3: THE STATUTORY AUDITORS' SPECIAL REPORT ON STATUTORY AGREEMENTS - FISCAL YEAR ENDING ON MARCH 31, 2006	112

In the present reference document:

- *the terms "ARES GROUP" or "Groupe ARES" refer to the holding company of the Group,*
- *the term "ARES SA" refers to the 100% subsidiary company of the ARES GROUP, the operating company,*
- *the terms "The ARES Group", "the Group" and "ARES" refer to the consolidated business as a whole,*
- *The notion of "goodwill" used in the present document is composed of the goodwill depreciation and the depreciation of business assets.*

1. RESPONSIBILITY

1.1 Person responsible for the reference document

Mr Maurice BOURLIER, Chairman of the Board of Directors

1.2 Declaration of the person responsible for the reference document

I, the undersigned, hereby attest, having used all reasonable means for this, that the information contained in the present document, is, to my knowledge, a true presentation of the facts and contain no omissions susceptible to distort its import.

I have obtained an end-of-assignment letter (lettre de fin de travaux) from the statutory auditors, in which they mention that they have performed, according to the applicable French professional standards, the verification of the consistency of the information pertaining to the financial position and statements contained in this reference document and the reading of the entire reference document.

The historical financial information presented in this prospectus was the subject of a statutory auditors' report. The report on the consolidated accounts on March 31, 2006, given in paragraph 20.2.1 of the present reference document, contains a remark concerning the uncertainty about continuing operations presented in note 1.2 "Bases of preparation", included in the note "Accounting principles" in the appendix to the consolidated accounts (paragraph 20.1 of the present reference document).

The report on the consolidated accounts on March 31, 2005, contains a remark concerning the changes in accounting methods resulting from the anticipatory application, for the first time on March 31, 2005, of the regulation n°2004-06 of November 23, 2004 concerning the definition, posting and evaluation of assets. This report is included in the reference document 2005.

Maurice BOURLIER
Chairman of the Board of Directors

1.3 Person responsible for provision of information

Mr Christophe DEMARE
Administrative and Financial Director
3 to 9 Avenue de Norvège
BP 390
91959 Courtaboeuf 1 Cedex
Phone: +33 (0)1.69.86.60.00
Fax: +33 (0)1.69.28.19.18
cdemare@ares.fr

2. STATUTORY AUDITORS

2.1 Statutory auditors with tenure

KPMG S.A

Represented by Mr Emmanuel ANGUIS
2 bis rue de Villiers
92309 LEVALLOIS-PERRET cedex,

Date of first appointment: September 6, 2002

Date of end of term of office:

General Assembly which will approve the accounts
for the year ending March 31, 2008

PRAXOR AUDIT

Represented by Mr Bernard MAILLET
156 bd Haussmann
75008 PARIS

Date of first appointment: September 15, 2003

Date of end of term of office:

General Assembly which will approve the accounts
for the year year ending March 31, 2011.

2.2 Deputy statutory auditors

Mr Frédéric QUELIN

1 Cours Valmy
92923 PARIS LA DEFENSE cedex

Date of first appointment: September 6, 2002

Date of end of term of office:

General Assembly which will approve the accounts
for the year ending March 31, 2008

Mr Henri GRILLET

156 bd Haussmann
75008 PARIS

Date of first appointment: September 15, 2003

Date of end of term of office:

General Assembly which will approve the accounts
for the year year ending March 31, 2011.

2.3 Statutory Auditors who have resigned, have been removed from office or have not had their term of office renewed

None

3. SELECTED FINANCIAL INFORMATION

Ares has realized sales of 456.3M€ during the year 2005/2006 compared with 483.1M€ in the previous year, which is a decrease of 5.6%.

Consolidated Key Figures

The data below is extracted from previous accounts presented in chapter 20 of the present reference document and should be read in the light of said chapter.

In millions of euros	31/03/2006 IFRS	31/03/2005 IFRS
Sales	456.3	483.1
<i>Growth rate</i>	<i>-5.5%</i>	<i>2%</i>
Operating profit or loss	(3.8)	8.5
<i>% of sales</i>	<i>-0.83%</i>	<i>1.86%</i>
Net cost of financial indebtedness	(2.6)	(3.1)
<i>% of sales</i>	<i>-0.57%</i>	<i>-0.68%</i>
Result before goodwill	(3.6)	3.0
<i>% of sales</i>	<i>-0.79%</i>	<i>0.66%</i>
Goodwill value loss	(1.4)	(0.1)
<i>% of sales</i>	<i>-0.31%</i>	<i>-0.02%</i>
Net profit or loss (attributable to Group)	(4.9)	2.9
<i>% of sales</i>	<i>-1.08%</i>	<i>0.64%</i>
Earnings per share	- 0.55	0.33

The operating loss of -3.8 million euros was impacted by counter-performance of the development and sales of *Médecare* software and counter-performance of the distribution of Commodities (PCs, printers, IT consumables).

Also, the Ares group undertook a depreciation of 1.4 million euros of goodwill for the companies with a loss of value.

The financial loss is -2.6 million euros.

The group share of the net loss is 4.9 million euros.

The indebtedness of the group by IFRS standards is 71.3 million euros at March 31, 2006, an increase compared with the previous tax year. The gearing ratio (net indebtedness / shareholders' equity) is 2.3 (compared with 1.8 on March 31, 2005). The liquidity ratio (realizable assets / payable liabilities) is 1.02, which allows the group to deal with a situation in which it would have to cover its liabilities rapidly in the short term.

4. RISK FACTORS

4.1 Liquidity risk

In order to finance operations, the Group has the following resources:

1. a confirmed overall operating loan of 39.7 M€, in the form of a bank overdraft authorization, secured by a framework agreement of assignment of professional accounts receivable as a guarantee in a pool of eleven banks,
2. a factoring line of credit, to which approximately half of sales are assigned, at an average annual cost of 3 months Euribor + 0.70% (not including factoring commission). This line is authorized to an amount of 80 M€; actual use runs between 40 and 60 M€,
3. mobilizable short-term loans by blocks of 5.2 M€ granted by seven of the eleven financial establishments participating in the global operating loan program,

On March 31, 2006, the Group had unused medium-term credit lines with 3 establishments for a total of 12 M€.

The medium term loan of 0.7 M€ at March 31, 2006 enabled the financing of a property acquisition.

4.2 Interest rate risk

On March 31, 2006, the financial debt of the Group was 73.95 million €, the details of which are given below:

	31/03/2006	NON CURRENT		
		CURRENT	From 1 to 5 years	More than 5 years
LOANS & FINANCIAL DEBT		One year at most		
Fixed rate loans from credit institutions	723	74	243	406
Loans (leveraged real estate financing lease)	1 766	179	1 034	553
Loans (direct financing lease)	3 486	1 786	1 700	
Participating interest time deposits	2 386	2 386		
Sale of professional receivables	4 688	4 688		
Bank guarantees	20 246	20 246		
Shareholders' current accounts	6	6		
Factoring financing	40 654	40 654		
Interest accrued on loans & financial debt				
Total	73 955	70 019	2 977	959

The short-term financial indebtedness of the Group is contracted at a variable rate.

A 1% change in the interest rate would have an impact of 739 K€ on the Group's income.

The amount of capital covered at March 31, 2006 is analysed as follows:

STATEMENT OF GROUP INTEREST RATE EXPOSURE				
(in kCurrency)				
AMOUNT	DATE START	DATE TERM	RATE	
Exchange in interest-rate conditions at LCL	10 000	28/10/05	29/10/07	Euribor 3M / Euribor 12M
Exchange in interest-rate conditions at SG	15 000	31/3/06	31/3/08	Euribor 3M / 3.32 à 3.80 %
Ceiling rate guarantee - BNP PARIBAS	10 000	3/10/05	1/10/06	0

4.3 Foreign exchange risk

Group business is usually carried out in euros, with the main exception of operations carried out in US dollars with CISCO. Consequently, the Group's exposure to foreign exchange risk on trade transactions is naturally limited.

The supplier foreign exchange risk is generally covered at about 50% by the customer foreign exchange risk. Consequently, exposure to foreign exchange risk on trade operations is naturally limited. The remaining risk on the US dollar is partly covered by forward purchases in currency. The maturity of exchange operations is linked to the normal operational cycle.

At March 31, 2006, exposure to foreign exchange risk was as follows (Kcurrency):

STATEMENT OF GROUP EXCHANGE RISK EXPOSURE			
(in kCurrency)			
	USD	CHF	GBP
Operating receivables	5 608	96	34
Operating payables	4 811	-	-
Off balance sheet	-	-	-
Forward purchase contracts	2 250	-	-

It should also be noted that the frequent variations in the US dollar exchange rates interfere with the mechanisms for fixing prices of CISCO equipment in euros. In a period of rapid growth in value of the US dollar, trade margins have proven to be lower than anticipated.

This cover policy has enabled us to generate a net exchange profit of 213K€ during the year ending March 31, 2006.

4.4 Risks on intangible assets

Goodwill is not depreciated but is tested for loss in value on March 31 each year, and upon release of interim figures if loss in value is evident.

The method used for value tests is specified in the Appendices of the consolidated accounts in the paragraph "Goodwill".

Losses in value noted in the profit and loss account amounted to 1.37 million euros at March 31, 2006.

The losses in value noted mainly concern acquisitions: Eurogis at 0.25 M€ and DCV at 1.1 M€.

4.5 Business-related risks

4.5.1 Risks with respect to customer projects

The ARES Group is involved in IT projects that are sometimes complex, as a software publisher or as a service provider. Because of this, the Group is exposed to claims from customers who consider that Group products or consultants have not met the expected objectives or have caused the customer damages. In such cases, the company may then have to pay any damages and interests awarded by the court, or agree to litigation in order to avoid being taken to court.

Internal control procedures have been set up to ensure that no non-standard commitments are made or codified with a customer, and that the projects are implemented as planned. These procedures are specified in the internal control report given in chapter 16 of the present reference document.

4.5.2 Customer risks

Customers of the ARES Group are mainly major private or public companies.

The balanced spread of the customer portfolio places the Group in a situation of low dependency on any one particular customer. In fact, the largest customer only represents 6.9% of sales, the 5 largest customers 18.7%, the 10 largest 25.2% and the 20 largest 32.6%.

The ARES Group may decide not to renew certain major contracts for sales of infrastructures when the margins are likely to be too small. For this reason, the non-renewal of certain major contracts for infrastructure sales is a risk that needs to be emphasized.

Customer payment practices are stable compared with the previous fiscal year, i.e. 100 days of sales including VAT compared with 99 days as of March 31, 2005.

4.5.3 Supplier risks

ARES has signed distribution contracts with most main hardware manufacturers (HP, IBM, CISCO, EMC, SUN, FUJITSU-SIEMENS, NEC, TOSHIBA, LEXMARK, etc...) and software publishers (ORACLE, MICROSOFT, CITRIX, BUSINESS OBJECT). These contracts include the obligation, for ARES, to achieve a certain level of business to get the best market conditions, and the obligation to develop certified technical teams, of a minimum size; ARES makes the corresponding investments each year.

Since its creation, the ARES Group has always respected eligibility criteria with partnering manufacturers and software publishers. Given its strong market position, there is no particular risk of losing ARES distribution contracts.

The ARES Group is not exposed to any particular risk of dependency on one or several suppliers or sub-contractors. In fact, as of March 31, 2006, the major supplier of the Group represented 16% of the total amount of purchases consumed, the 5 largest suppliers 47% and the twenty largest suppliers 72%.

4.6 Share holdings risks

Whenever the Group has a positive cash position, liquid assets are invested as a precaution in securities consisting solely of OPCVM monétaires [Money market funds].

The ARES Group holds a portion of its own shares, shown in the balance sheet in reduction of shareholders' equity for an amount of 112 K€.

A variation of 10% in the value of ARES Group shares as of March 31, 2006 would have had an incidence of approximately 11.2 K€ on the Group consolidated shareholders' equity.

4.7 Environmental risks

The ARES Group is a service provider. For this reason, environmental risk is considered to be low.

4.8 Legal risks

In the context of its business, the Group may be confronted with legal action in social or other domains. Each time the Group relies on the opinions of legal counsel in establishing a precautionary contingency reserve. The total amount of all contingency reserves for coverage of Group litigation is 1.64 M€ as of March 31, 2006.

To the best knowledge of the Company, there is no other litigation, arbitration or unusual facts other than those described in paragraph 6 of the consolidated accounts appendix, likely to have any significant effect on the financial situation, income, business and assets of the Company or the Group.

4.9 Insurance

The ARES Group and its subsidiaries are covered by the following insurance policies:

- Civil liability coverage for chief executive officers for 3 million euros
- Civil liability after delivery and/or professional liability for 9.15 million euros per year of insurance
- Operations civil liability insurance for 9.15 million euros per claim
- "Fully comprehensive except" policy, covering theft, damage to goods, additional operating expenses in case of incidents, inventory
- "Transported merchandise" policy
- "Automotive fleet" policy
- "Workforce mission" policy covering personal vehicles used for professional trips
- "Fully comprehensive exhibitions" policy covering demonstration equipment used in trade fairs and seminars
- "Business loss" insurance: not applicable

As of March 31, 2006, the total financial cost of the insurance policies listed above was 1 190 292 €.

5. INFORMATION CONCERNING THE ISSUER

5.1 History and evolution of the company

Trading name

GROUPE ARES SA

Place and registration number of the issuing body (French Chamber of Commerce – Evry - 91 France)

388 127 425 RCS EVRY
Siret Code: 388 127 425 00048
NAF Code: 741 J

Date of company formation and duration

The Company was registered on July 15, 1992 for an initial duration of 99 years, i.e. until June 18, 2091 except in the case of prior dissolution or prorogation as stipulated by law.

Registered Office and legal form of the issuing body

Registered Office: 3 avenue de Norvège - ZA de Courtaboeuf - 91140 VILLEBON-SUR-YVETTE - FRANCE

Telephone: +33 (0)1.69.86.60.00

Internet Site: www.ares.fr

Legal form: Joint Stock Company under French law (Société Anonyme) with a Board of Directors.

Legal framework applicable to the issuing body: Limited Company under French law legislated by the French Commercial Code, the decree of March 23, 1967 and subsequent texts on commercial companies.

Fiscal year

The trading year starts on April 1 and ends on March 31 each year.

Noteworthy events in the development of the ARES Group

1986	Creation of the ARES Group by Maurice BOURLIER, current Chairman of the Board of Directors. ARES was born out of the merger of GTI, created in 1985 by Maurice BOURLIER and specialised in the development of IT servers, and COGELOG, publisher of application software packages, created in 1977. Around this double nucleus, and thanks to an active external development policy, ARES has progressively developed an overall IT offer based on a lucrative, balanced growth model.
1988	Development of a strong partnership with ORACLE and redevelopment of the ABSOLU range of software running under ORACLE. The range of software is sold under the name ARCOLE.
1990	Enjoys a position as a major player in the open systems integrator business, particularly in the world of UNIX systems through a strong partnership with Hewlett Packard.
1992	ARES first started as a service provider through the development of applications and large scale development of complete IT solutions for the mass retail market.
1995	Development of partnerships in mainframe systems, particularly with IBM.
1997-1999	Reinforcement in engineering and services activities through various acquisitions and strengthening regional presence.
1999	The ARES Group is listed in the Second Market of the Paris Stock Exchange.
2000-2001	Reinforcement in application engineering and facilities management and acquisition of a leadership position in networking.
2003	ARES designs, develops, installs and supports the entire information system for the 9 th

	World Championships in Athletics, in Paris. Four of the five business lines are involved in this world scale project.
2003-2004	Development of business applications and creation of specialized business lines (Industry, Medical).
2004-2005	Reinforcement of the organization into two areas: Technology & Industry Solutions.
2005-2006	The group launched a vast sales reengineering program.

5.2 Investments

5.2.1. Main investments

Current investments: Mainframes, workstations, logistics, automotive fleet; this item represents about 2.2 M€ annually and is almost totally financed by leasing or long-term hire.

Property investments: given the characteristics of local property markets, it seemed logical to have offices built for some regional agencies in certain cases. Financing solutions can include setting up a long-term loan (the solution chosen for the Bordeaux branch) or a leveraged financing lease (the solution chosen for the Lille-Villeneuve d'Ascq branch). There have been no property investments during the year ending March 31, 2006.

Investments - external growth:

There have been no acquisitions during the year ending March 31, 2006.

Some units acquired during the previous tax year included complementary "earn out" mechanisms depending on the performance of the acquired unit. The acquisition value entered as an asset in the balance sheet includes the complementary price estimated at purchase date. This estimation is adjusted depending on the change noted in performance and on the effective amount of earn out.

As of March 31, 2006, the STYLUS acquisition is the only remaining acquisition with the capacity for incurring potential earn out payments for a total amount estimated at 293 K€.

Development investments:

During the last fiscal year, the ARES Group spent about 1.15 K€ on development, including

- a) 80 K€ for developing the features of ARCOLE software,
- b) 442 K€ for developing new software modules for the Health business line in the company,
- c) 66 K€ for developing new software modules for mobility,
- d) 558 K€ for developing features of Actipidos software.

Research costs are entered as expenditure during the tax year. For very individualized projects for which there are real possibilities of technical success and market profitability, development costs have been entered as intangible fixed assets.

5.2.2. Main investments decided on by senior management

Apart from these growth and renewal investments needed to develop its activity, the Group does not today foresee any significant investment.

6. Group Business Review

The ARES Group's strength lies in two areas of expertise in infrastructures and technology solutions.

The unique positioning of Ares places it at the crossroads of both infrastructures and applications, at the heart of the information/data processing business, with:

- Technology Solutions - including 3 business lines (architecture et infrastructures, systems and networks, facilities management and hosting) in order to provide a full range of services for IT infrastructures (supply, consultancy, integration and support)
- Industry Solutions - broken down into 2 business lines (research and development, software solutions) which deal with customer industrial applications, make it one of the leading players among French IT solution providers.

Ranks number 10 among French IT solution providers (source: Pierre Audoin Consultants - May 2005), with a workforce of over 1800 people in 15 branches throughout France, for many years now, the Group has been providing service for integrating information and communication management technologies, using many products and solutions in the context of customer projects. These many and various projects have enabled the Group's engineering staff to refine their expertise and experience over the years.

The Group is a valued partner of the major IT players (HP, IBM, CISCO, EMC2, ORACLE, MICROSOFT, CITRIX and AUTODESK), and enables its engineers to access top level resources and maintain multi-environment integration skills that are recognized in the market.

ARES ensures the consistency of Customer information systems, thanks to its technological approach to IT infrastructures and its business approach to IT applications. It is this global offer that characterizes the ARES strategy.

6.1 Main activities

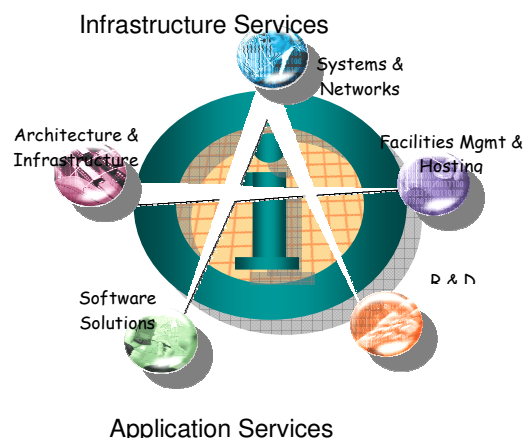
ARES's vocation is to assist customers in providing value-added IT infrastructure services, to meet the requirements of their business applications.

To meet this new demand, ARES has set up two complementary divisions, Technology and Industry Solutions:

- The Technology division offers full service in infrastructure management, including consultancy and expertise in selecting appropriate hardware and software solutions, specifying and implementing architecture (particularly network and storage), and providing maintenance and deployment. With over 1 200 staff, the ARES technology division has uniquely skilled engineering staff with expertise covering all mission critical areas.
- The Industry Solutions division works on specific software integration and development projects, some of which are published by ARES. The Industry Solutions division employs 550 staff. In addition to more general services, the division has specialized in the following specific markets: Health/social, local and national government, industry.

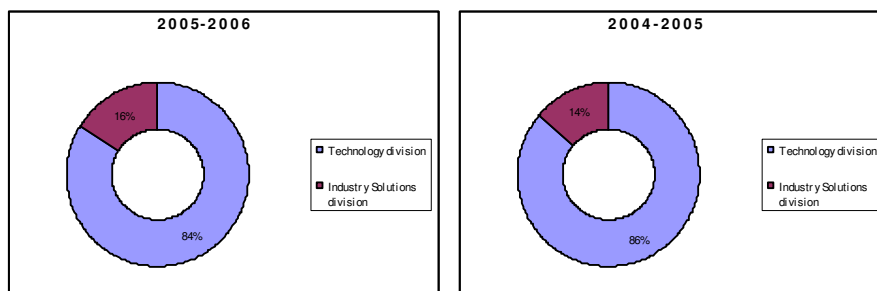
The "Markets" Business Units run the commercial coordination of these business lines. ARES GLOBAL SERVICES architects, project managers and project directors are in charge of coordinating engineering and operations, both pre-sales and in production. ARES Global Services is represented in each of the regional branches.

ARES Group organization chart

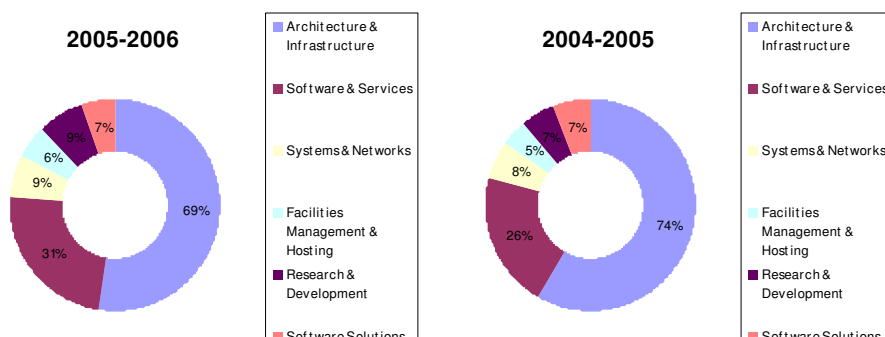


ARES Group - breakdown of sales by division

% of sales	31/03/2006	31/03/2005
Technology division	83.81%	86.10%
Industry Solutions division	16.19%	13.90%
Total	100.00%	100.00%



Breakdown of sales by division in % of sales	31/03/2006	31/03/2005
Architecture & Infrastructure	68.83%	73.70%
Software & Services	31.17%	26.30%
Systems & Networks	8.72%	7.50%
Facilities Management & Hosting	6.26%	4.90%
Research & Development	9.12%	6.50%
Software Solutions	7.07%	7.40%
Total	100.00%	100.00%



6.2 Description of activities

6.2.1 The Technology division provides a full service offering for infrastructures

IT investment patterns have evolved along with technology and business trends. While once considered secondary, networking issues and facilities management options are now a major source of upstream input in the decision-making process.

By uniting within its Technology Division the "Systems & Networks", "Facilities Management & Hosting", and "Architecture & Infrastructures" business lines, ARES offers a full range of infrastructure management facilities. There is no equivalent on the French market to the diversity of skills available in the ARES Technology Division.

The ARES Technology Division is ISO 9001 certified (version 2000).

Systems & Networks: consulting and expertise in technology and engineering

ARES offers value-added expertise, consulting and support services, both in specification of IT architecture and systems integration. Systems & Networks also ensures technology watch services within the group.

Systems & Networks has over 15 years' experience in providing infrastructure integration services, helping customers:

- Build open, reliable, secure and scaleable IT infrastructures,
- Provide capability of monitoring the compliance and consistency of hardware and software components,
- Empower technology convergence to catapult new user facilities,
- Optimize corporate data management, which is increasingly recognised as a true corporate asset (data mining, etc.).

This division concentrates on two engineering areas:

- **Systems engineering** is mainly involved in SAN technology and data management, but also in open source implementations, which have become increasingly popular in government.
- **Networks engineering** is increasingly involved in areas of vital importance to IP services, particularly VoIP and mobility solutions.

We also offer horizontal solutions to systems management and security issues which involve both of these technology areas.

The current craze for mobility solutions, an area in which ARES has become a key player, shows the importance of a broad engineering approach, because mobility solutions require impeccable systems, networks and security management.

A true technology integrator, with more than 500 engineers and technicians, the "Systems & Networks" business line provides technical consulting, implementation and support services, and enjoys an excellent reputation on the market thanks to its many references in the field.

- ARES is a CISCO "Gold" partner, and is very present in the field of Networks and telecom.
- The Group is a major partner of EMC², and is recognized for its expertise in implementing storage area networks (SANs).
- ARES has also been awarded the coveted HP Platinum Partner certification, for its proven expertise in the HP Openview supervision platform. ARES is one of the few companies in France to have been awarded this distinction, which is a testimony to the level of engineering skills we deploy in multiple leading edge technologies. This business line offers both technical assistance and full-fledged development projects on a flat rate basis.

Particular emphasis is given to developing our Business Continuity services (ACS) and the help-desk. A vast skills and shared knowledge base contribute to the effectiveness of this service.

The main Systems & Networks areas include:

- Consulting, implementation and support for LAN & WAN network environments,
- Consulting, implementation and support for storage and data security solutions,
- Consulting, implementation and support for system environments, fault tolerance solutions,
- Consulting, implementation and support for system administration tools,
- Consulting, implementation and support for communication solutions, (VoIP, mobility, etc.)
- Facilities management & Hosting:

Facilities Management & Hosting: from specific infrastructure services to management of operations

The continual changes in IT technology, as well as the high level of skills required to manage such technology, the need for our customers to concentrate on their core business and the enormous pressure to reduce overhead, have led many companies to reexamine the opportunities provided by facilities management.

From mainframes to client workstations, ARES provides everything from local/remote maintenance and application hosting, to turnkey operational facilities.

ARES has designed a modular offering based on:

- Systems & Networks infrastructure facilities management
- Application facilities management
- IT office automation facilities management

This branch, which was strengthened through the acquisitions of SYTEX, LRI and ARSI-MICRODYNE, is capable of managing the whole enterprise IT system, from infrastructure to business and technology applications.

With a specialized engineering staff of 500, the Facilities Management & Hosting teams are skilled in both centralized and distributed architectures. Our engineers are supported by a Quality Assurance Plan compliant with ITIL guidelines, and deploy specific performance metrics facilities.

The Facilities Management & Hosting business line handles:

- Management of IT production,
- MVS, Unix, Linux systems,
- ERP, Tivoli, BMC environments,
- Systems management,
- Management of distributed systems,
- Windows, NT, XP, NetWare systems,
- Installed base management.

Architecture & Infrastructure: infrastructure sales.

ARES is France's leading player for medium-and large-scale servers, working in partnerships with most leading manufacturers and software publishers. The privileged commercial and technical relationships we enjoy with our many partners mean that our customers can rely on totally consistent architecture in diverse computing environments, including UNIX, NT/XP, and Linux. Subsequent to the convergence of various IBM platforms since 2002, ARES has kept up with the latest evolutions in the IBM i-series (formerly AS400) and z-series (mainframes).

The *Architecture & Infrastructure* business line is there to help customers choose the right hardware and software for their specific business requirements; available services include installation and implementation. The department currently employs more than 450 staff.

Storage and storage technology have become vital to e-business architecture and are experiencing exponential growth. Thanks to relentless technology intelligence and through the strategic acquisition of DCV, ARES enjoys a strong position in the storage and server consolidation markets, combining internal resources and strategic partnerships.

6.2.2 Industry Solutions Division: the Application Dimension

The increasing availability of faster and more powerful - yet less costly - technologies for information sharing and distribution is a permanent concern for all economic stakeholders. For this reason, companies in most industrial sectors (industry, governments, health, tertiary) are streamlining their business processes through the use of new technologies and capabilities offered by evolving information systems. In their own right, applications are having more impact on the choice of infrastructures; increasingly, computing capacity requirements are determined by the applications that will be making use of computing resources.

In order to respond to this increased demand, and to ensure consistency in the hardware/software architecture, ARES has grouped together more than 550 staff from Research & Development and Software in the Industry Solutions division.

The Industry Solutions division works in conjunction with the Technology Division in order to provide off-the-shelf and specifically developed client software solutions on appropriately scaled hardware platforms.

Research & Development

ARES engineering teams provide a variety of value-added services, such as application compliance audits and Third Party Maintenance; full-scale development of robust client applications on standard platforms, or using emerging technology. The pool of available expertise in the group is far-ranging, embracing the Health and Social sectors, a broad variety of industrial settings as well as solutions for local communities.

The ARES "Research & Development" division works in applications, with expertise in a wide range of engineering tools:

In applications engineering, ARES is recognized for its expertise in Oracle and Microsoft design and development tools (.net) and open source tools (Java, J2EE).

For more specific applications, ARES provides expertise in the existing specialized software implementations from partners such as:

- AUTODESK (CAD/CAM),
- PTC (Product Lifecycle Management, or PLM) and
- Business Objects (Decision Support).

The Research & Development team employs more than 300 engineers specialized in applications development. ARES teams handle both technical assistance and full-fledged development projects on a flat rate basis, as well as third party application maintenance (TPAM). ARES teams are experienced in virtually all available technologies.

Significant software development projects have been implemented in the fields of decision support (data warehousing, data mining) in partnership with Business Objects; in CAD/CAM with Autodesk; and in PLM with PTC.

In support of the other business lines in the Group, Research & Development provides real added value to the truly global offering that has become an ARES trademark. The R&D business line has enabled the group to add web application services to the many other services provided. The main fields in which

The main fields in which Research & Development work are:

- Application service audits,
- Development of specific applications,
- Internet and Intranet environments,
- Third party application maintenance,
- Technical assistance and development projects on a flat rate basis.

Software Solutions

The ARES ARCOLE™ range of software provides highly scalable and robust solutions for mid-market finance, sales and human resources departments.

Both off-the-shelf PC software packages and major ERP integrated software platforms have found their respective markets in SMEs and major international groups; however middle-sized enterprises (from 200 to 10 000 staff) tend to choose business solutions based on independent software products interfaced together. In this category, constraints in terms of planning, flexibility and budget have led to adoption of modular and scaleable solutions.

Accounting and budget, payroll, human resources, time management, procurement and reporting: the ARCOLE range of software covers all major corporate management needs. ARES management software from the ARCOLE™ range, with external product add-ons where necessary, is used on over 4000 sites. These modules are gradually being ported to ASP for access via the internet.

The ARCOLE™ range is a modular, integrated software suite of applications covering all main enterprise functions:

ARCOLE COMPTA:	Accounts and Finance Management
ARCOLE AFFAIRE:	Business Management
ARCOLE ACHATS:	Purchasing and Inventory Management
ARCOLE RH:	Payroll and Human Resources Management
AR-Chronos:	Time and Activity Management
NODHOS:	Sales Management
AXAPTA:	Production Management
Qweby:	Reporting and Dashboards

The *Software Solutions* business line, with approximately 250 staff, has also developed specific offerings for vertical markets in industry and the building trade.

Today, Ares enjoys a leader position in the distribution and integration of tools for CAD/CAM, technical data management (TDM) and product life cycle management (PLM).

By combining the expertise of engineers working on the Arcole suite and those concentrating on industry and construction solutions, Ares is a major player in ERP integration based on Microsoft's Axapta.

Additional Activities:

▪ Financial engineering

To help our customers optimize their financing strategies, ARES created a financial engineering department, in operation since 1999: ARES FINANCE

Financial engineering plays a growing role in the IT investment process. It should be noted that 12% of ARES infrastructure sales have special financing. Working in partnership with major finance institutions, ARES Finance advises Group customers on the choices that best meet their needs, both in effective financing strategies and installed base management. ARES FINANCE provides financing, mainly through 12- to 48-month scaleable leasing programs, for all products and services sold by ARES or other vendors.

▪ International:

ARES' international development is supported by Allied Computing Service Ltd (ACSL) , a Belgian firm in which the Group has a 23% holding, along with other European and American partners.

ACSL's mission is to apportion major international projects between some 150 major national partners in order to provide global presence in local markets. Broadly supported by major manufacturers in the IT industry, ACSL enjoys a steady flow of business from this source. Originally an association, in 1999 ACSL took on the status of a Public Limited Company, thus allowing it to contract directly on the half of its shareholders.

ACSL's contribution to ARES' success is twofold: first, the ARES group handles the French end of all international business generated and managed by ACSL, and secondly, it benefits from ACSL's international stature in order to provide major French corporations with global services for their international affiliates.

During the 2005-2006, ACSL pursued a campaign to bolster direct marketing to major potential global customers, reinforcing its role as an international coordinator in facilities management on behalf of its shareholders.

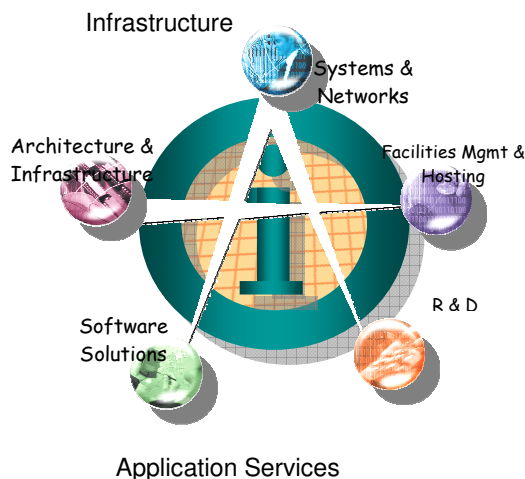
Either directly, or through ARES MAGHREB (in Algiers), ARES MAROC (in Casablanca) and ARES WECA (in Gabon) of which ARES holds between 19 and 49% of the capital, the ARES Group's Technology Division is gradually developing business in emerging African markets.

Given the economic upturn in these countries, this business is an important potential growth area for ARES.

6.3 ARES Group Strategy

Both the historical legacy and strategy of ARES have contributed to developing and maintaining expertise in engineering, methods and tools, enabling our customers to benefit from the best that leading edge technology has to offer. This is why increasing numbers of corporations have come to trust ARES as the partner of choice in bringing their business-critical IT projects to successful completion. ARES's strategy: be the best at providing technology that makes access to information both simple and reliable. This strategy is focused on two important areas:

- Providing a best-of-class **Infrastructure services offering**, freeing the enterprise from technology issues so as to better concentrate on its core business. This approach leverages the combined technological expertise available in our Systems & Networks division, the organizational know-how in our Facilities Management & Hosting division, and the world-class manufacturing partnerships through Architecture & Infrastructures division.
- Providing value-added **Application services**, to ensure that customers leverage the best leading edge technology in order to gain competitive advantage. This is the vocation of the seasoned engineers working in our Research & Development and Software Solutions divisions.

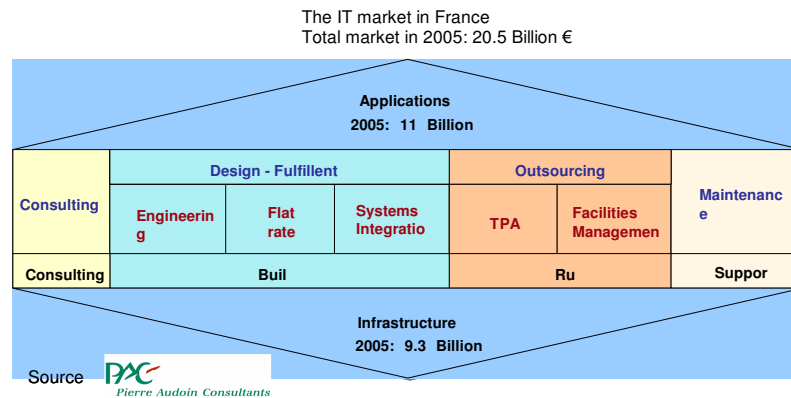


6.4 Main markets

The ARES group works in the infrastructure services market as well as in applications development.

ARES enjoys a unique position in the IT market due largely to its combination of expertise in Infrastructures and Industry Solutions. Due to the traditional gap between hardware and software, most players in the French IT market are generally specialized in one of two categories.

On the one hand, there are service providers who market application development and value-added services; on the other, there are distributors who are, for the most part, hardware vendors sometimes providing integration services. In the current IT market, however, a more global approach is better able to provide a comprehensive response to customer requirements; this also makes it possible to diversify into a wide variety of activities-- helping offset the effects of the cyclical nature of some of these businesses. The breakdown of the "services" potential in these two markets is fairly balanced, as shown in the diagram below.



Changes in technology, and the rapid adoption of technology by corporate customers, have radically modified the basic precepts in the IT market. This phenomenon has frequently led to consolidation and to the opening of windows of opportunity for a new generation of players on the market. The enterprise Information System must now be considered as a whole; it is present at all levels of the enterprise and is key to maintaining business continuity.

The main growth drivers, which in 2004 had led to an uptake in IT investments, are still very much present in 2005:

- **Adaptation to change** especially with respect to new standards and regulatory issues: Deregulation, European integration, compliance with accounting standards, reinforced security regulations both from the public safety and financial accountability points of view, etc.;
- **The optimization of Information Systems** with a view to making them more flexible, proactive, and productive;
- **Innovative projects for enterprise makeovers** in order to gain competitive advantage, bolster market share, and increase sales.

In the same way, the selection criteria customers will use to choose between vendors over the coming years are still valid:

- Reinforcement of strategic governance, implying an increasing need in developing applications targeted for each business line,
- Development of new, more selective and more segmented sourcing strategies for vendors -- global sourcing, niche sourcing, facilities management, etc.
- Importance of quality and performance factors in information systems: security, flexibility, interoperability, etc.

More specifically, there is a marked trend towards strong growth in data processing for scientific and technical purposes, and for on-board applications. In the same way, the marketing of on-demand computing as a service is a trend that has been observed in two distinct areas:

- On the technology side, the move to Services Oriented Architecture (SOA) is a key contributor to change in IT

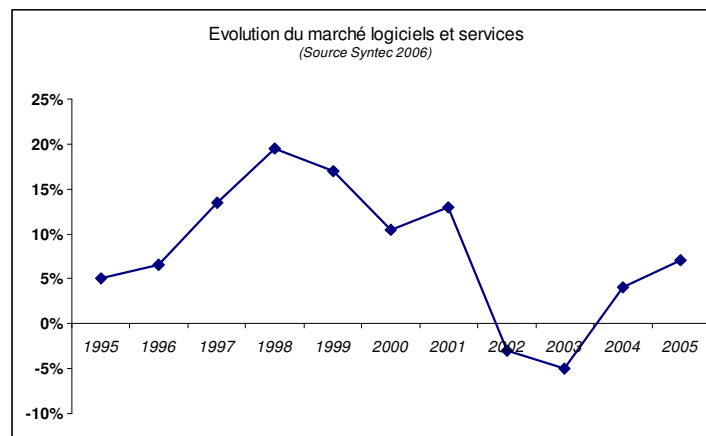
- and also represents a significant area of investment for customers.
- On the software side, software publishers are developing economic models for marketing "Software as a Service"

Henceforth, the objective of both large and small enterprises is to derive more added value from their information systems. These changes have upset the IT landscape-- IT solution providers now need to provide expert and precisely targeted solutions to help their corporate customers reach their goals for innovation.

ARES is organized into two divisions -- Technology & Industry Solutions -- and this is a definite asset in helping enterprises succeed in converging their IT technologies with their business processes. The skills developed by the group in Facilities Management and Interoperability have enabled it to respond proactively to this new trend in customer requirements. A good level of penetration into SMEs, especially in outlying regions, constitutes an additional advantage.

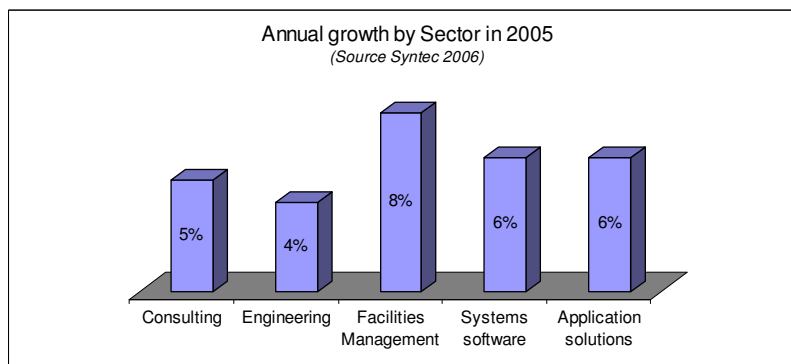
Business Report - 2005

After a two-year recession, 2005 confirmed the trend towards positive growth (+7%) that had already been observed in 2004 (+4%). This trend is likely to continue in the coming year, since growth forecasts for 2006 are on the order of 6 to 8% (source: Syntec).



From the telecoms sector, which is currently making heavy investments in IT and networks (plus 10% in 2005), to the generally more conservative and traditional retail markets, most sectors of activity have experienced growth in IT funding.

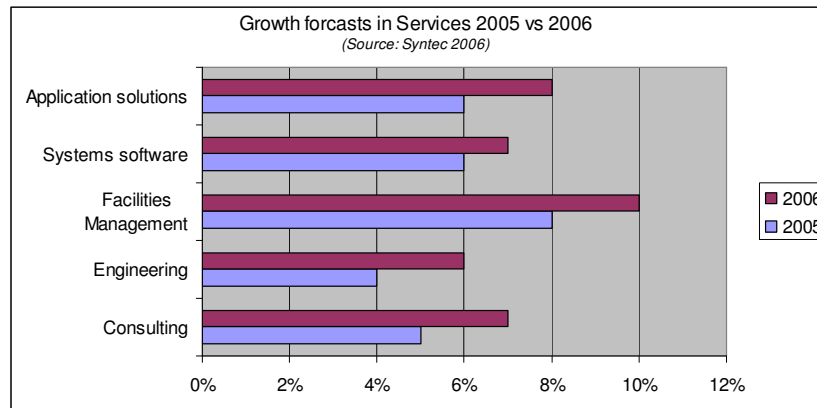
This growth has favorably impacted various sectors in the IT market; Facilities Management is increasingly popular, and engineering and consulting have continued along the lines of the growth trends that were observed starting in 2004. Day rates, which were strongly penalized in 2004, have now stabilized and have even increased for top services, especially in technology consulting.



Market forecasts for 2006 - 2007

The slowdown over a period of several years in IT investments had put many IT projects "on hold". These projects are now coming back, and are benefiting from a more mature and more robust technological offering. Issues such as communications convergence (ToIP), WiMAX and mobility, will lead decision-makers to think in a new way, with a view to reducing underlying cost structures even more-- and yet obtain significant gains in both productivity and quality. The upcoming new markets will likely bring about a new period of sustainable and profitable growth for those IT service providers who have taken the necessary steps to benefit from these changes.

For 2006, Syntec Informatique predicts a market growth in Software & Services of between 8 and 10%. The forecast growth should involve all activities, with facilities management once again experiencing better than average growth.

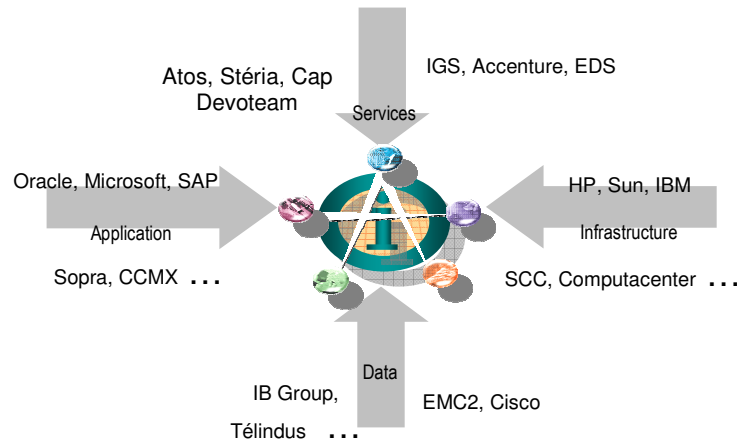


The Ares group should benefit from the forecast growth in these various sectors in all of its services activities. However, activities related to "volume-based" infrastructure distribution (PCs, printers, consumables, etc.) will predictably decline, in accordance with the group's new strategic orientation.

6.5 The Competition

The unique positioning of Ares places it at the crossroads of both infrastructures and applications, at the heart of the information/data processing business. ARES has several families of competitors:

1. Competitors whose approach to the market is based on computer **infrastructure sales**, including:
 - Computer hardware manufacturers (HP, IBM, Sun), when they sell directly to the final customer;
 - Traditional retailers and chain stores in the Wintel universe, of a similar size to Ares: SCC, Computacenter, etc.;
 - Specialized UNIX distributors, generally much smaller than Ares: IB Group-Medasys, Synstar-APX, etc.;
2. Competitors whose approach to the market is based on **Data transport and storage**:
 - Computer equipment manufacturers (EMC2, Cisco), when they sell directly to the final customer;
 - Network specialists: Telindus, Axians, Dimension Data etc.;
 - Storage and systems specialists: MIBS, Antemeta, Bull, etc.;
 - most IT solution providers and manufacturers in facilities management.
3. Competitors whose approach to the market is based on **IT services**:
 - Large Facilities Management outfits: Atos, Cap, Steria, etc.
 - Infrastructure consulting firms: Devoteam, IGS, Accenture, etc.
4. Competitors whose approach to the market is based on **applications and software solutions, including**:
 - Software publishers (Oracle, Microsoft), when they sell directly to the final customer;
 - Most IT solution providers in Research & Development;
 - Business software publishers, especially midmarket: Sage, Adonix, etc.;



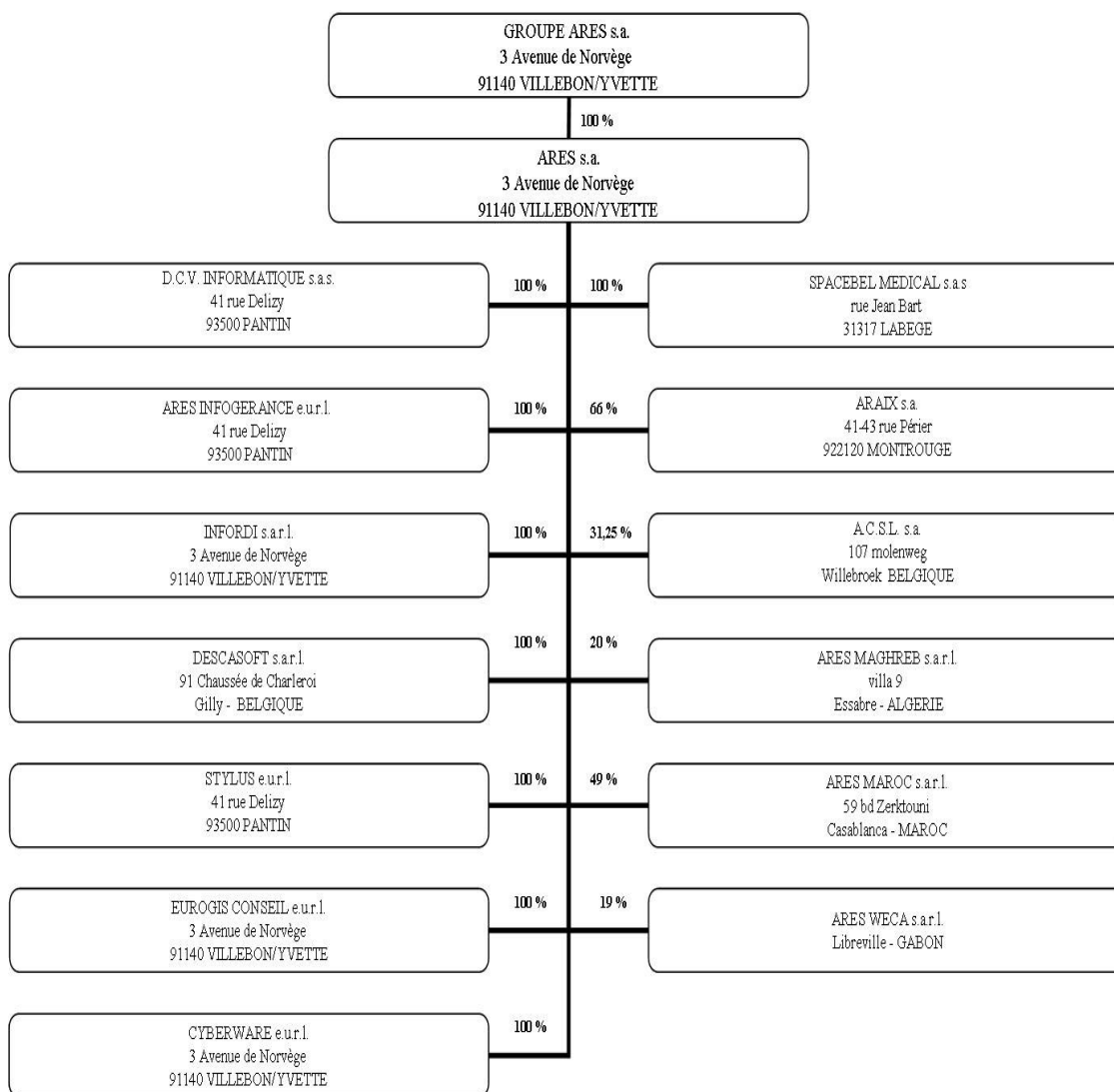
ARES possesses resources and skills comparable to these various players, with a fundamental differentiator: by working with Ares, the customer can obtain all of these various competencies from a single provider. This is why Ares is one of the few service providers in France that is capable of making a global commitment with respect to a customer's Information System.

- The current positions of the Groupe ARES (*Sources: PAC – May 2005 internal Ares data*):
 - Number ten French IT solution provider (*PAC – May 2005*)
 - Leading French Unix solution integrator
 - Leading French Oracle business software developer
 - Number two French storage solution integrator
 - Number three French corporate network integrator

7. Group Organization Chart as of 31 March 2006

The GROUPE ARES holding company, which is quoted on the French Stock exchange, has a 100% holding in: ARES SA, the operational unit in the group.

On March 31, 2006, the legal structure of the group was as follows:



8. REAL ESTATE, FACTORIES AND EQUIPMENT

8.1 Significant tangible assets

Given the characteristics of local real estate markets, it seemed logical to have offices built for some regional agencies in certain cases. Financing solutions can include setting up long-term credit (the solution chosen for building the Bordeaux agency) or a lease-loan (the solution chosen for the Lille-Villeneuve d'Ascq agency).

8.2 Environment

Not significant

9. ASSESSMENT OF FINANCIAL SITUATION AND INCOME

The financial situation of the group, as well as the profit and loss statement, are provided in the consolidated accounts and in the appendices to the consolidated accounts (see Chapter 20).

All financial data concerning the financial year ending 31st March 2006, is provided compliant with IFRS standards, as required by European accounting regulations.

9.1 Highlights

- **Infrastructure services (Technology division)**

During 2005-2006, the "Systems and Networks" and "Facilities Management and Hosting" business lines underwent considerable changes in terms of management; In "Systems and Networks", a large part of management was changed, especially in Project Management and Technical Support activities. In "Facilities Management and Hosting", additional new managers were hired to reinforce existing teams. These modifications made it possible to successfully take on the increased work load arising from the major projects won over the year.

Additionally, the ISO 9000 – 2000 accreditation of these business lines, which was first obtained during 2004-2005, was renewed in the framework of the annual audit procedure. In parallel with the ISO accreditation renewal, important strides were taken in training and implementation of the ITIL method. Architecture & Infrastructure activities are now run in an ITIL framework and the group has become a member of the ITSMF (IT Service Management Forum).

Facilities Management activities have developed extensively in the greater Paris area -- where our growth rate outperforms the market -- and FM has also made great strides through regional channels in sales to local SMEs and communities.

The comprehensive offering available from our Architecture & Infrastructure business line is one of our major assets.

- **Software & Services**

The acceleration in our Software & Services activities was confirmed in 2005-2006; The "Research & Development" business line landed several new specific software development contracts in health, industrial, banking, and administration sectors.

In the Health field, the group continued its development by winning a number of projects in various regions in France, with hospitals of varying sizes. In addition, major development contracts, or Third Party Applications Maintenance contracts, kept our development teams fully booked.

In the industry sector, one particularly visible contract was signed with a major player in the aerospace industry, for a product lifecycle management (PLM) implementation, in the framework of a partnership agreement signed between the Ares group and the PTC software publishing company. The "Software Solutions" business line also logged several major successes, and now has a significant installed base, with more than 800 customers. However, because this particular activity is by nature

cyclical, and because this particular period was less favorable, the year 2005-2006 yielded mixed results.

- **Re-engineering of Sales in the greater Paris area**

The group launched a vast sales reengineering program in the greater Paris area. The purpose of this program was to redefine our sales strategy to adapt to the requirements of a market in continual movement, and to cater to customers whose business models had radically changed. As a consequence, our sales teams were redeployed depending upon their skill sets and their particular areas of expertise.

A new sales manager was hired to oversee the implementation of the plan. The effective implementation of this plan provides for the specialization of one part of the sales teams on specific business lines, and the specialization of a more selective group of staff in handling more global and complex projects with a broader scope.

- **Strategic withdrawal from the "volume" distribution market**

General management of the Ares group has decided upon a strategy of withdrawal from the "volume" distribution market. This activity concerns hardware and software which are often peripheral to the information system (PCs, printers, consumables). This business line has in the past required a significant level of expenditure to cover logistics and back office overhead; the structural costs in providing these services is considered to be too high with respect to the very low margins that they produce. In the past, this activity enabled the group to develop, but it is no longer economically viable to pursue this course of action. From a strategic point of view, this is also an activity which does not enable us to couple value added services.

This plan, which was launched at the beginning of the calendar year, should be completed by the beginning of the second half-year in fiscal year 2006-2007.

- **Project to transfer medical/hospital software development projects**

The results of the medical/hospital software publishing activity demonstrate the contrasting evolution of various product lines in a promising market; this particular activity is one that requires too significant a level of investment to be pursued. Given the context, the group intends to sell this particular business line during the second half of fiscal year 2006-2007.

9.2 Group Financial Results

(in thousands of euros)	31/03/2006	31/03/2005
Sales	456,341	483,068
Purchases used in Production	- 351,956	- 375,154
Staff expenditures	- 99,591	- 93,413
External contributions	185	- 116
Duty & taxes	- 5,259	- 4,672
Depreciation expense	- 2,858	- 2,711
Other income	1,035	1,929
Other operating expenses	- 1,681	- 445
Operating Income	- 3,784	8,486
Cash income or equivalent	-	-
Gross cost of financial indebtedness	- 2,640	- 3,095
Net cost of financial indebtedness	- 2,640	- 3,095
Tax burden	- 1,470	2,479
Equity income	12	-
Income	- 4,942	2,912
<i>Net income attributable to the Group</i>	<i>- 4,942</i>	<i>2,912</i>
<i>Minority holdings</i>	<i>-</i>	<i>-</i>
Earnings per share	- 0.55	0.33
Fully diluted earnings per share	- 0.52	0.27

SALES

Ares has realized sales of 456.3M€ during the year 2005/2006 compared with 483.1M€ in the previous year, which is a decrease of 5.6%.

Per half-year period, the breakdown on sales is as follows:

In M€	1 st semester	2 nd semester
Half-year sales	213.7	242.6
% of annual sales	47%	53%

The seasonal nature of our activities may be explained by the following factors:

- Certain maintenance activities are invoiced in the month of January.
- There is an increase in hardware infrastructure sales toward the end of the calendar year (in November and December).

In M€	Architecture & Infrastructures	Software & Services
2005/06 Sales	314.0	142.6
2004/05 Sales	359.5	123.6
% Variation	-12.6%	53%

The decrease in the Architecture & Infrastructures sales may be explained mainly by the following factors:

- Unix and storage servers: Negligible decrease despite competition from Intel servers.
- Commodities: Strong decline in sales due to heightened competition between hardware manufacturers.

The Software & Services business line, however, has posted significant gains due to our strategy to invest in these areas.

- Systems & Networks: Pursuit of investments in high potential profiles (architects, project directors, etc.)
- Facilities Management & Hosting: Sizable contracts signed with several major accounts
- Research & Development: Development of a Mobility solution combined with a secured access solution,
- Software solutions: Major projects were awarded in the medical/hospital software business line and with Arcole

INCOME STATEMENT

a) Operating income

Operating income prior to depreciation of consolidated goodwill is negative, i.e. -2.4M€ (+8.5M€ in 2004/05 and +8.4M€ in 2003/04).

In millions of euros	31/03/2006	31/03/2005
Group	-2.4	8.5
Architecture & Infrastructure	-6.4	0.5
Software & Services	4	5.8

Two business lines generated most of the losses in operating income in 2005/06:

- Development and sale of medical/hospital software generated a loss of -1,8M€ in Software & Services
 - Commodities distribution (PCs, Printers, office consumables) generated most of the operating losses in Architecture & Infrastructures, which motivated our decision to restructure the Commodities Distribution business line.
- Additionally, negative goodwill was observed with respect to Eurogis (-250K€) and DCV (-1,1M€); Lastly, operating income, after taking into account negative goodwill, is approximately -3.8M€ as compared to +8.5M€ in the previous year.
 - Over a half year period, the operating figures are broken down as follows:

In M€	1 st half-year	2 nd half-year
Operating income before depreciation	-3.4	+1.0
Consolidated goodwill		
Operating income after depreciation.	-3.7	-0.1
Consolidated goodwill		

- The seasonal nature of our operating income is strongly correlated with the seasonal nature of sales indicated above.

b) Financial Profit or Loss

- The financial income is negative, i.e. -2.6 M€ compared to -3.1M€; These figures reflect the high level of net indebtedness of the group; It should be noted, however, that overall net financial expenses were reduced despite an increase in average net indebtedness, due to the fact that in 2005/06 the group incurred a lower amount in currency exchange losses than in the previous year (454K€ compared to 739K€ in 2004/05).

c) Net Income

- The tax burden is in fact positive (+1.5M€); This situation is essentially due to the recognition of tax loss carry forwards (+1.7M€) and to the write-off of permanent differences (-0.3M€).
- The net income attributable to the Group is a loss of 4.9 M€ as compared to a profit of +2.9 M€ during the year 2004/05.

10. CASH POSITION AND CAPITAL

10.1 Table of change in shareholder's equity

The table of change in shareholder's equity is available in chapter 20, paragraph 5 in this reference document.

10.2 Financing

The table below is taken from the Financing table in Chapter 20, Paragraph 4 in this reference document.

(in thousands of euros)	31/03/2006	31/03/2005
Consolidated Income Statement	- 4,942	2,912
= Cash flow after taxes & net cost of financial indebtedness	- 382	5,802
= Cash flow before tax & net cost of financial indebtedness	695	10,645
= Change in working capital requirements	3,504	- 6,087
Net cash flow generated by activity (A)	4,199	4,558
Net cash flow linked to investments (B)	5,316	1,731
Net cash flow deriving from financed operations (C)	2,679	- 3,030
Cash income and cash equivalents at opening	1,117	1,320
Cash flow variation (A) - (B) + (C)	1,562	203
= Cash and cash equivalents at closing	2,679	1,117

- Group cash flow capacity is +0.7M€; Both the working capital requirements and taxes paid have decreased, which generates cash resources of +3.5M€; As a result, the activity has produced an excess cash position of +4.2M€ whereas investments represented a cash outlay of 5.3M€.
- The total change in net indebtedness amounted to -4.3M€. After taking into account the gross change in indebtedness, the change in available cash is +1.6M€.

10.3 Any restrictions in the use of capital

There are no particular restrictions in the use of capital by the enterprise.

11. RESEARCH AND DEVELOPMENT, PATENTS, LICENSES

11.1 Research and development

During the last fiscal year, the ARES Group spent about 1.15 K€ on development, including

- e) 80 k€ for development of ARCOLE software features,
- f) 442 K€ for development of new software modules for the Health business line,
- g) 66 k€ for development of new software modules for mobility,
- h) 558 k€ for development of the Actipidos software product.

Research costs are entered as expenditures during the fiscal year. For very specific projects for which there are real possibilities of technical success and market profitability, development costs have been entered as intangible fixed assets.

11.2 Patents and Trademarks

The group does not currently own any patents. The main trademarks owned by the group are listed below: ARES, ARES INFOGERANCE, ARCOLE, ARES la SSII¹, MEDICARES, TRIADE, and VISIWIN.

12. INFORMATION CONCERNING TRENDS

12.1 Main trends since last fiscal year

Sales figures for first fiscal quarter (April-June 2006)

Sales (K€)	2006/2007	2005/2006	Change
1st quarter (April-June)	97,480	109,074	-11%
Services part	25,890	22,890	+13%
Infrastructures part	71,590	86,184	-17%

For the first quarter in fiscal 2006/2007, sales for the ARES Group (gross amounts invoiced) amounted to 97,480 M€, down 11% with respect to the same period the previous year. This decline was influenced resulted to a great extent from reduced sales of PC products. During the same period, sales for Services activities increased by 13%.

12.2 Identified trends, uncertainties, requests for commitment or events reasonably likely to influence the company's future prospects.

Taking into account the poor results posted during fiscal 2005/2006 by the Ares group, as well as the trends observed in certain group markets, a turnaround plan was launched over the past few months; this plan has led to the implementation of a certain number of decisions which are currently ongoing:

- Project to sell off Medical/Hospital software development: this non-strategic activity represents approximately 3M€ in sales with an installed base of quality; It generated significant losses in 2005/06 (-1.8M€); The market is demanding, still immature, and new international competitors are currently appearing on the scene; The sale of this activity is currently ongoing, a potential acquiring party has sent a letter of intention and due diligence is currently underway. This operation could be concluded during the second half year period of fiscal 2006/2007.

- Project to sell off Commodities distribution activities in the greater Paris region: these activities (sale of PCs, printers and consumables) generated approximately 76M€ in sales during fiscal 2005/2006; they were also the main cause of losses incurred by the group; the poor performance observed in these activities is due to continually decreasing margins in a business line that requires full end-to-end control over the supply chain; the Ares group is not currently positioned to effectively manage this type of activity, which contributes very limited added value; the group has thus decided to sell off this business line, which is also extremely demanding in terms of working capital requirements; a potential acquiring party has sent a letter of intention and due diligence is currently underway. This operation could be concluded during the second half year period of fiscal 2006/2007.
- Employment Safeguard Plan (PSE): in order to lower the breakeven point of the group, and to provide the required supporting services in the framework of the ongoing transfer of certain activities, a process for implementation of a PSE, involving 120 staff, was launched several months ago; this process is nearing completion: an augmented notification ["avis motivé": legal requirement under French labor law] was obtained from the Works Council at the end of August, a voluntary departure schema was launched until mid-September, and the first departures could take place at the beginning of October.
- Reinforcement of Shareholder's Equity: ARES Group plans to reinforce shareholder's equity through implementation of a program which would also involve the main executives and management team in the group.

With this in mind, the accounts have been closed based on the principle of continuity of operations.

13. FORECASTS AND ESTIMATES AS REGARDS EARNINGS

Taking into account the recovery plan that has been implemented over the past few months, the ARES Group will not be issuing communications dealing with forecasts or estimates for sales or earnings.

14. EXECUTIVE OFFICERS AND MEMBERS OF THE BOARD

14.1 General information relating to company executive officers and members of the board

Members of the Board of Directors as of March 31, 2006

Members of the Board of Directors	Main occupational function in the company	Other mandates and functions exercised within the group	Other mandates and functions exercised outside the group
BEAUVILLAIN Kléber			Member of the board at S.A LAFAYETTE INTERNATIONAL Vice Chairman of the Board of Surveillance S.A. ESKER Member of the board at SA GALILEO Member of the board at ALPHA MOS
BOURLIER Maurice	CEO	Chairman - Member of the board at SA ARAIX Director SARL CYBERWARE Director SARL INFORDI Director SCI NOVA	Member of the Supervisory Board at CEITEL (resigned on June 15, 2005) Member of the board at CFD
DERATHE Patrice			Member of the board at SAFEM Chairman LAFAYETTE II (end of mandate 26/06/2005) Member of the board at ATTEL
SALOMON Jean-Jacques	Delegate General Director	Director SARL STYLUS Member of the board and General Manager at SA ARAIX Director SARL EUROGIS CONSEIL Director SARL ARES INFOGERANCE Director SPRL DESCASOFT Legal representative of SAS SPACEBEL MEDICAL Legal representative of SAS DCV INFORMATIQUE	Member of the board at I.G.I.R.S, HUMANIS Group
SABATON-BOURLIER Geneviève		General Manager at SA ARAIX (until 10/11/2005) Permanent Representative at SA ARAIX (until 10/11/2005) Permanent Representative at SA ARES (until 10/11/2005) Member of the board at SA STYLUS (until 29/06/2005)	Member of the Supervisory Board at ETS SABATON

There are no family relationships between the persons listed above.

In compliance with article 14 in the Company Articles of Incorporation, each member of the board must own at least one share.

Mandates and duties performed by legal representatives in all companies over the past five years

Monsieur Maurice BOURLIER, CEO

Year	Mandates and duties outside of the Group
03/31/2004 to 31/03/2005	Member of the Supervisory Board at CEITEL
01/04/2001 to 03/31/2004	Member of the Supervisory Board: CEITEL HUBWOO SA Member of the board at TELISMA

Ms. SABATON-BOURLIER Geneviève, Member of the board

Year	Mandates and duties outside of the Group
01/04/2002 to 31/03/2005	Member of the Supervisory Board at SABATON SA

Mr. Kléber BEAUVILLAIN, Member of the board

Year	Mandates and duties outside of the Group
01/04/2002 to 31/03/2005	Member of the board: S.A LAFAYETTE INTERNATIONAL SA GALILEO S.A. ALPHA MOS Vice Chairman of the board at Suveillance SA SA ESKER
01/04/2001 to 03/31/2002	Member of the board: SA GALILEO S.A. ALPHA MOS Vice Chairman of the board at Suveillance SA SA ESKER
01/04/2000 to 03/31/2001	Member of the board: SA ESKER ALPHA MOS CYRANO Vice Chairman of Supervisory board at GALILEO

Mr. Patrice DERATHE

Year	Mandates and duties outside of the Group
01/04/2004 to 31/03/2005	Member of the board SAFEM ATTEL Chairman LAFAYETTE II (until 06/26/2005)
01/04/2003 to 03/31/2004	SAFEM/ATTEL/LAFAYETTE II
01/04/2002 to 03/31/2003	SAFEM/ATTEL/LAFAYETTE II
01/04/2001 to 03/31/2002	SAFEM/ATTEL/LAFAYETTE II
01/04/2000 to 03/31/2001	SAFEM/ATTEL/LAFAYETTE II

SALOMON Jean-Jacques

Year	Mandates and duties outside of the Group
01/04/2004 to 31/03/2005	Member of the board at I.G.I.R.S.
01/04/2001 to 03/31/2004	Manager SARL LE SISMOGRAPHE Member of the board at I.G.I.R.S.
01/04/2000 to 03/31/2001	Manager SARL LE SISMOGRAPHE

Experience and expertise of members of the Board of Directors

The management experience and expertise of the members of the board are the result of the various management and or other positions they occupied in the past or continue to occupy in other companies or organizations.

Possible convictions for fraudulent offenses, company liquidation, or sanctions against members of the board

To the extent that the Company is aware and as of this Document date, during the past five years, no Director has been:

- Convicted of fraud;
- Prohibited from managing a company;

Nor has any member

- Been convicted or subject to official public sanctions pronounced by statutory or regulatory authorities.
- Been involved either as a senior manager or member of the Board of Directors in any bankruptcy or receivership procedure.

To the extent that the Company is aware and as of this Document date, during the past five years, no Member of the Board has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

14.2 Conflicts of interest with respect to administrative, management or supervisory bodies

To the extent that the Company is aware, no conflicts of interest exist with respect to any member of the Board of Directors, and no service contract has been signed between any member of the Board of Directors and the Company.

15. COMPENSATION AND BENEFITS

15.1 Compensation paid to members of the Board of Directors and Senior Management

For the year ending March 31, 2006, and compensation paid to members of the Board of Directors were as follows:

Members of the Board of Directors	Gross Wages	Fringe benefits	Variable amounts	Total	Ownership interest	Gain and equity sharing	Director's fees
BOURLIER Maurice	246,999 €	8,166 €	-	255,165 €	-	-	4,576 €
SABATON-BOURLIER Geneviève	69,563 €	1,294 €	-	70,857 €	12 €	-	4,573 €
BEAUVILLAIN Kléber	-	-	-	-	-	-	7,622.45 €
DERATHE Patrice	-	-	-	-	-	-	7,622.45 €
SALOMON Jean-Jacques	260,001 €	7,599 €	-	267,600 €	-	-	4,573 €

It is hereby specified that no bonus has been paid to any incoming Member of the Board, and that no bonuses for leaving members of the Board have been provided for by contract. No complementary pension plan has been implemented specifically for Members of the Board.

15.2 Share subscriptions or purchase options exercised by Members of the Board and Senior Management

As of 31 March 2006, the share subscriptions granted to two members of the Board of Directors amounted to 213,849 shares; none were exercised. The breakdown of share allotments is as follows:

Beneficiary	No. Plan	Number of shares	Exercise price	Term
Geneviève BOURLIER	1	4,500*	5.21 euros	15/09/2006
	2	4,500*	10.90 euros	11/01/2007
	3	1,100	8.00 euros	06/04/2008
	4	-	-	-
	5	6,250	3.45 euros	27/10/2010
	6	0	-	-
	7	0	-	-
SALOMON Jean-Jacques	1	15,000*	5.21 euros	15/09/2006
	2	22,500*	10.90 euros	11/01/2007
	3	30,000	8.00 euros	06/04/2008
	4	-	-	-
	5	99,999	3.45 euros	27/10/2010
	6	-	-	-
	7	30,000	2.87 euros	30/01/2013

*After three way split of shares

15.3 Provisions made by the Company for payment of pension plans, retirement and other benefits for members of the Supervisory Board and Management Board [Directoire]

The global amount of all provisions made by the Company with a view to honoring pension plan commitments is 107.34 KE for salaried administrators of the Group.

15.4 Loans and guarantees granted or constituted benefitting of members of Administrative bodies and Senior Management

Liability insurance [Responsabilité Civile] benefitting members of the Board.

15.5 Transactions concluded with members of Administrative Bodies and Senior Management

None

16. FUNCTIONING OF ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES

16.1 Senior Management

16.1.1. Joint holding of the functions of Chief Executive Officer and Chairman of the Board of Directors

On May 19, 2006, the Board of Directors of the Company decided to separate the functions of Chief Executive Officer from those of Chairman of the Board of Directors.

16.1.2. Terms of appointment for Members of the Board

Members of the Board of Directors	Position	Date of first appointment	Date of end of term of office*
BEAUVILLAIN Kléber		28/01/1999	2010*
BOURLIER Maurice	CEO and Chairman of the Board	04/09/1996	2008*
DERATHE Patrice		14/09/2004	2010*
SALOMON Jean-Jacques	Deputy Chief Executive Officer	28/01/1999	2010*
SABATON-BOURLIER Geneviève	Chief Administrative Officer (until March 31, 2006)	04/09/1996	2008*

* After the annual shareholders meeting for approval of yearly accounts for fiscal year ending on 31 March.

16.2 Service contracts between Members of Administrative Bodies and the Company

As of this Document date, no service contracts have been signed between any member of the Board of Directors and the Company.

16.3 Audit and Compensation Committee

These specialized Board committees implemented are as follows:

- Accounts committee: committee comprised of three members of the board, the majority of whom are independent and competent in financial or accounting matters;
- Compensation and Appointments Committee: committee comprised of three members of the Board, the majority of whom are independent.

16.4 Corporate governance

The company is compliant with applicable corporate governance requirements in France.

The Articles of Association [règlement intérieur] governing the operation of the Board of Directors, adopted on March 18, 2004, stipulate that (...) *"Members of the board shall declare all transactions made involving shares of the Company, in compliance with legal and regulatory requirements".* »

16.5 Report on Corporate Governance and Internal Control

16.5.1 Chairman's report relating to the conditions of preparation and organization of the company's Board of Directors and related internal control procedures.

Ladies and Gentlemen,

In accordance with the provisions of Article L 225-37 line 6 of the French Commercial Code, I respectfully submit, in the present report:

- the conditions for preparation and organization of the Board of Directors' work during the fiscal year closing on March 31, 2006;
- the internal control procedures implemented by the company;
- the extent of authority granted to the CEO/Chairman

1. Preparation and organization of the Board of Directors' work

Composition of the Board of Directors as of March 31, 2006

The Company Board of Directors is composed of 5 members, including two independent members. The list of Company Directors, including the positions they hold in other companies, is as follows:

Surname and name of member	Date of 1st appointment	Date of end of term of office*	Main position in the company	Other mandates and functions exercised in any company outside of the group
BEAUVILLAIN Kléber 68, rue Pernety 75014 PARIS	28/01/1999	2010*		.Member of board at S.A LAFAYETTE INTERNATIONAL .Vice Chairman of Board at Suveillance SA ESKER . Member of board at SA GALILEO . Member of board at SA ALPHA MOS
BOURLIER Maurice 17, Boulevard Emile Augier 75116 PARIS	04/09/1996	2008*	CEO and Chairman of the Board	. Member of the Supervisory Board at SA CEITEL Member of board at CFD
DERATHE Patrice 11 rue Whilhem 75016 PARIS	14/09/2004	2010*		. Member of Board at SAFEM . Member of Board at ATTEL
SALOMON Jean-Jacques 295, rue Saint Jacques 75005 PARIS	28/01/1999	2010*	Deputy Chief Executive Officer	Member of Board at I.G.I.R.S.
SABATON-BOURLIER Geneviève 93 rue Michel Ange 75016 PARIS	04/09/1996	2008*	Chief Administrative Officer	Member of the Supervisory Board at SA SABATON

There is no statutory limit with respect to renewal of terms of office.

The Articles of Association [règlement intérieur] governing the operation of the Board of Directors were adopted on

March 18, 2004.

1.2. Frequency of Board meetings

During the last fiscal year, the Board of Directors held 6 meetings.

These Board meetings were scheduled as follows:

- April 21, 2005;
- June 28, 2005;
- October 21, 2005;
- December 12, 2005;
- January 20, 2006;
- March 27, 2006.

All Members of the Board were present at each of the meetings of the Board.

1.3. Convening of the Members of the Board

In accordance with article 16 of the Articles of Incorporation [Statuts], and Article 2.5 in the Articles of Association [Reglement interieur], the Members of the Board shall meet as often as required in the interests of the Company, upon notice by the Chairman by any convenient means, including word-of-mouth.

In accordance with the provisions of Article L 225-238 of the French Commercial Code, the appointed Chartered Accountants were duly convened to the meetings of the Board of Directors, and duly examined and approved both the intermediary accounts as well as the yearly accounts.

1.4. Provision of information to Members of the Board

All documents, technical files and information necessary to accomplishing their tasks were provided to Members of the Board in due time and in compliance with legal requirements.

1.5. Venue of Board meetings

Meetings of the Members of the Board were held either at Company Headquarters or at the location indicated on the convening notice.

1.6. Special Committees:

The specialized Board committees were organized as follows:

- Accounts committee: committee composed of three members of the Board, the majority of whom are independent and competent in financial or accounting matters;
- Compensation and Appointments Committee: committee composed of three members of the board, the majority of whom are independent

1.7. Decisions taken

During the past fiscal year, other than the acceptance of annual and half yearly accounts, the Board of Directors has taken the following noteworthy decisions:

- Implementation of a new Share Subscription Options plan;
- New organization at the ARES Group;

1.8. Minutes of board meetings

Minutes of the meetings of the Board of Directors were duly drawn up after each meeting, and immediately sent to all members; the minutes were duly entered into the company Register after signature by the Chairman and one Member of the board.

1 INTERNAL CONTROL PROCEDURES

Our company has developed Internal Control Procedures with a view to providing, to the greatest extent possible, rigorous financial management and risk control, and with a view to producing statements for shareholders on the Company's financial situation and accounts.

The Internal Control Procedures implemented are based on the following organization and methods:

2.1. General organization of Internal Controls

Internal Controls are performed under the responsibility of General Management, which is responsible for informing the Chairman of the Board and the Board of Directors, and for supervising the Finance Department.

For the implementation of the Internal Control procedures, General Management avails themselves of:

- the Management Accounting Department which, during the monthly assessment of any operational variations, identifies any errors or omissions in the management process,
- the Quality Assurance Department which, in the framework of its Quality Assurance processes, ensures the inventory and tracking of any dysfunctions. Customer claims are handled centrally by the Quality Department,
- the Customer Credit and Collections Department, which applies for any required trading authorizations for customers not meeting predetermined standards, and alerts Management to any issues involving outstanding receivables,
- the Accounting Department, which applies for any required trading authorizations for suppliers not meeting predetermined standards, and alerts management to any issues involving reception of supplier invoices,
- the Legal department, which assesses all contracts signed, especially trading contracts,
- the Human Resources Department, for issues involving labor laws and remuneration policies.

Lastly, General Management avails itself of the recommendations provided by its Chartered Accountants and external Quality Auditors.

2.2. Implementation of internal controls

The Management Accounting Department produces a monthly statement for each Business Unit (BU). Each BU is assessed in detail by the assigned Management Accounting Auditor. A physical inventory of stock is performed twice yearly, and random spot checks are performed several times during the year. A detailed assessment of outstanding accounts is performed twice a year. Additionally, The Management Accounting department publishes a comprehensive statement of company dashboards, in order to enable both General Management and all Business Unit managers to keep close account of daily activity.

Twice yearly, the Quality Department organizes a General Management Committee meeting in order to review Quality indicators. The Quality Department keeps General Management regularly informed of any issues observed during the course of the year.

The Finance department deals directly with the appropriate parties when issues are escalated by either the Customer Credit and Collections department or the Accounting department, in order to handle any dysfunctions identified in the procurement or invoicing processes. The Business Unit Managers, both in the Paris area and in outlying regions, anticipate and relay the initiatives taken by the Finance Department in this respect.

Unless other measures have been specifically taken, the only persons authorized to sign contracts (trading, partnership, employment, etc.) are the CEO and the Chairman of the Board. All investments, even current investments, must be approved by General Management. Sales and Marketing campaigns may only be validated after approval by the Director of the Communications Department and General Management. Any equipment purchase orders for either resale or subcontracting purposes may only be issued if the corresponding customer order has been duly recorded. It is specifically up to the Sales Department to ensure that the procedures involved are complied with.

Lastly, payroll issues are directly reviewed by General Management each month prior to payment.

In addition to the Chairman of the Board and the CEO, signatory rights may only be granted to two other persons, one of whom has only limited authority. The corporate treasurer handles all transactions, but does not have signatory power on the bank account.

2.3. Preparation and verification of the accounting and financial information provided to shareholders

During the meeting of the Board at which half yearly and annual accounts are submitted for acceptance, the CEO presents Members of the board with a complete statement of corporate activities, and reviews the various prudential items listed above.

The half yearly and annual accounts are validated by the Chartered Accountant before being submitted to the Board. The auditors perform their verifications directly in the relevant Department, without the intervention of General Management.

Our major vendors (IBM, HP, Microsoft etc.) perform a yearly audit to ensure that procedures are being respected by the group. Factoring companies, in the same way, also assess the quality of the invoicing process.

2 AUTHORITY CONFERRED TO THE CEO

No limit has been assigned to the powers conferred to the CEO

Signed in Villebon, August 22, 2006
Maurice BOURLIER
Chairman of the Board of Directors

16.5.2 Report of Statutory Auditors on the Chairman's report to the Board of Directors on internal control procedures used in processing accounting and financial data - fiscal year closing March 31, 2006.

This report is in application of the final line in Article L 823-9 of the French Commercial Code on the Chairman's report to the Board of Directors concerning the internal control procedures used in processing accounting and financial data for the "GROUPE ARES".

Ladies and Gentlemen,

In our role as Statutory Auditors for the company "GROUPE ARES", and in application of the final line in Article L 823-9 of the French Commercial Code, we hereby present our report on the Chairman's report in compliance with the provisions of Article L 225-37 of the French Commercial Code for the fiscal year closing on March 31, 2006.

Under the responsibility of the Board of Directors, it is up to management to identify and implement the specific procedures necessary to ensure effective internal control. It is the duty of the Chairman to prepare a report concerning the conditions of preparation and organization of the Board of Director's work and the internal control procedures implemented in the enterprise.

It is our responsibility to duly notify any relevant observations with respect to the information and declarations contained in the Chairman's report concerning internal control procedures relative to the preparation and processing of accounting and financial data.

We have performed this task according to accepted professional practice applicable in France. Such practices require the implementation of audit procedures intended to appreciate the sincerity of the information provided in the Chairman's report, concerning internal control procedures relative to the preparation and processing of accounting and financial data. These practices consist, notably, in the following:

- becoming familiar with the objectives and the general organization of the internal control, as well as the internal control procedures relative to the preparation and processing of accounting and financial data presented in the Chairman's report;
- becoming familiar with the underlying work used to produce the data given in the report.

On the basis of the application of these practices, we have no observations to make concerning the information provided with respect to the internal control procedures used in the company in preparation and processing of financial and accounting data, contained in the Chairman's report to the Board of Directors, drawn up in application of the provisions of the last line in Article L 225-37 in the French Commercial Code.

Signed in Paris-La Défense and Paris, on September 8, 2006

KPMG Audit
Department of KPMG S.A.
Emmanuel ANGUIS
Partner

PRAXOR AUDIT
Bernard MAILLET
Partner

17. STAFF

17.1 Number of staff and breakdown by function

On March 31, 2006, there were 1898 members of staff:

General Management and BUM*	42
Sales	349
Production (Engineers and Technicians)	1312
Administrative	195
Total	1898

*BUM: Business Unit Managers & Branch Managers

Executives account for 58% of staff. Non-executives account for 42% of staff.

Temporary work contracts have been signed with 4% of staff, unlimited duration contracts have been signed with 96% of staff. 5% of staff work part time.

Staff turnover as of December 31, 2005 for fiscal 2005 (number of resignations and dismissals as compared to the average staffing levels over the year) amounted to: 14.18% (source: 2005 social responsibility report)

The percent recourse to temporary workers with respect to total staff is 3.58% (68 temporary workers/1898)

17.2 Share subscriptions and purchase options granted to members and staff

The Board of Directors of the Ares Group granted share purchase plans at an agreed price to certain members of salaried staff and certain managers and legal representatives of the company and its affiliates.

The features of these plans are provided below:

PLAN	No. 1	No. 2	No. 3	No. 4	No. 5	No. 6	No. 7
Date of decision by Board of Directors	15/09/99	11/01/00	06/04/01	16/07/02	28/10/03	25/05/04	30/01/06
Date of expiry	14/09/06	10/01/07	05/04/08	15/07/09	27/10/10	24/05/11	29/01/13
Number of beneficiaries	76	100	105	22	17	5	29
Exercise price in euros	5,21	10,90	8,00	6,80	3,45	4,32	2,87
Shares allocated	111 750	132 000	151 950	30 000	200 000	15 000	150 000
Options exercised	3 000	-	-	-	-	-	-
Options abandoned (*)	45 000	46 650	42 500	1 000	13 281	9 000	-
Potential dilution	63 750	85 350	109 450	29 000	186 719	6 000	150 000

17.3 Contracts involving Gain and equity sharing / Participating interests

A legal participating interest agreement was signed on the June 11, 1999, providing that the amounts constituting the special reserve for the participating interest agreement are allocated:

- Either to an F.C.P.E in the framework of a P.E.E
- or to a Company investment fund.

17.4 Allocation of free shares

No provisions were made at the General Shareholders Meeting of the Company envisaging possible distribution of free shares to staff.

18. MAIN SHAREHOLDERS

18.1 Breakdown of capital and voting rights as of July 31, 2006

Main nominally registered shareholders	Situation as of 31/07/2006		
	Number of shares	% capital	% voting rights
	2,992,474	33.37	49.17
<i>M. Maurice BOURLIER</i>	2,284,296	25.48	38.95
<i>Geneviève BOURLIER</i>	255,001	2.84	4.35
<i>3i investment fund</i>	218,211	2.43	1.86
<i>SG Capital Development</i>	129,966	1.45	2.22
<i>SNVB Participations</i>	105,000	1.17	1.79
Other shareholders	5,808,878	64.82	49.66
FCPE ARES	137,000	1.53	1.17
SELF OWNED	25,372	0.28	
Total	8,963,724	100.00	100.00

In December 2005, the Company mandated a survey of identifiable bearer securities, involving 4818 shareholders.

To the best knowledge of the Company, there are no other shareowners who hold, either directly or indirectly, more than one 20th, one 10th, one 5th, one 3rd, one half or two thirds of capital or voting rights in the General Assembly.

18.2 Significant shareholders not represented on the Board of Directors

None

18.3 Voting rights of main shareholders

Owners of registered, fully-paid shares who can substantiate, at least five days prior to the date of the Assembly, that they have been nominally registered as shareholders in the Company's records for at least two years without interruption, shall have double voting rights.

In case of capital increase through capitalization of reserves, profits or share premiums, owners of new shares freely allocated to shareholders already benefiting from double voting rights shall immediately benefit from double voting rights on the new shares issued.

Double voting rights will terminate automatically for any shares converted to bearer form or transferred unless otherwise stipulated by law.

18.4 Staff Share Plans

A Company savings plan was made available to all members of staff in the group in 1999.

An "ARES" investment fund [Fonds Commun de Placement] was instituted so as to expedite the acquisition and management of shares in the Ares group. This FCPE was duly approved under No. Fce 1999 01 58 by the AMF on August 17, 1999. On July 31, 2006, this FCPE was managed by BNP PARIBAS Asset Management. As of July 31, 2006, this FCPE held 1.53% of capital.

18.5 Company purchase of own shares

The Combined General Assembly held on September 26, 2005, approved in its fifth resolution the possibility for the Company to operate in the stock market on its own shares so as to regulate the share price level.

Within the framework of this authorization, over the fiscal year closing on March 31, 2006 the following transactions were made:

Reason for operation	Number of shares purchased From September 26, 2005 to July 31, 2006	Average share purchase price	Number of shares sold From September 26, 2005 to July 31, 2006	Average share selling price
Share price regulation	275,655	3.23 €	276,229	3.27 €
External growth	-	-	-	-
Program balance: - 574 shares General balance on July 31, 2006: 25,372 shares				

During the fiscal year, a maximum of 39,000 shares were held, representing 0.44% of capital.

18.6 Controlling interests

As of this reference document date, no shareholder has a controlling interest in the Company.

18.7 Agreements which could bring about a change in controlling interest of the Company

To the extent that the Company is aware, there are no agreements which could, at a later date, bring about a change in the controlling interest of the Company.

18.8 Report on ARES share collateral agreements

NONE

19. RELATED PARTY TRANSACTIONS

Companies proportionately consolidated:

None

Companies consolidated by equivalence:

31.25% holding in ACSL.

There were no regulated related party transactions under listing rules.

20. FINANCIAL STATEMENT CONCERNING ASSETS, FINANCIAL POSITION, AND EARNINGS OF THE ISSUING BODY

20.1 Consolidated accounts as of 31/03/2006 and as of 31/03/2005

1. CONSOLIDATED BALANCE SHEET

ASSETS (in thousands of euros)	31/03/2006	31/03/2005
Non current assets	32 465	31 361
Goodwill	20 845	22 197
Other intangible assets	2 839	1 475
Tangible assets	7 181	6 069
Equity method shares	36	-
Non current financial assets	786	844
Deferred tax assets	778	776
Current assets	176 508	191 212
Inventory	9 423	15 131
Current tax assets	2 328	1 139
Customer and other accounts receivable	162 078	173 825
Cash and cash equivalents	2 679	1 117
TOTAL ASSETS	208 973	222 573

LIABILITIES AND SHAREHOLDERS' EQUITY (in K€)	31/03/2006	31/03/2005
Shareholders' equity	31 301	36 897
Capital	11 388	11 371
Share premiums	4 792	4 740
Consolidated reserves	20 063	17 874
Consolidated earnings	-	2 912
<i>Group portion of earnings</i>	<i>31 301</i>	<i>36 897</i>
<i>Minority portion of earnings</i>	<i>-</i>	<i>-</i>
Liabilities	177 672	185 676
Non current liabilities	5 460	6 386
Non current provisions	1 348	854
Financial liabilities	3 936	4 897
Deferred tax liabilities	176	635
Current liabilities	172 212	179 290
Current provisions	295	270
Tax payable to the tax authorities	7 578	9 221
Suppliers and other accounts payable	94 320	106 639
Other short-term liabilities	70 019	63 160
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	208 973	222 573

2. CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	31/03/2006	31/03/2005
Sales	456 341	483 068
Purchases used in Production	- 351 956	- 375 154
Staff expenditures	- 99 591	- 93 413
External expenses	185	116
Duty & taxes	- 5 259	- 4 672
Depreciation expense	- 2 858	- 2 711
Other operating income	1 035	1 929
Other operating expenses	- 1 681	- 445
Operating profit or loss	- 3 784	8 486
Cash income or equivalent	-	-
Gross cost of financial indebtedness	- 2 640	- 3 095
Net cost of financial indebtedness	- 2 640	- 3 095
Tax burden	- 1 470	- 2 479
Equity income	12	
Net profit or loss	- 4 942	2 912
<i>Group portion</i>	<i>- 4 942</i>	<i>2 912</i>
<i>Minority holdings portion</i>	<i>-</i>	<i>-</i>
Earnings per share	- 0,55	0,33
Fully diluted earnings per share	- 0,52	0,27

3. INCOME AND EXPENSES DIRECTLY RECOGNISED AS EQUITY (SORIE TABLE)

(in thousands of euros)	31/03/2006
Difference on pension commitments	- 184
Income and expenses directly recorded into equity	- 184
Net profit or loss	- 4 942
Profit or loss after income and expense directly recorded into equity	- 5 126
<i>Group portion</i>	<i>- 5 126</i>
<i>Minority holdings portion</i>	<i>-</i>

4. CONSOLIDATED CASH FLOW SITUATION

(in thousands of euros)	31/03/2006	31/03/2005
Consolidated net earnings	4 942	2 912
Depreciation expense	2 859	1 901
Loss in value	1 378	746
Capital gains or losses resulting from sales	128	12
Operating income and expenses related to stock options	249	37
Other calculated expenses and income	214	194
Equity income	12	-
=Cash flow after taxes & net cost of financial indebtedness	382	5 802
Net cost of financial indebtedness	2 640	3 229
Change in tax (including deferred taxes)	1 563	1 614
=Cash flow before tax & net cost of financial indebtedness	695	10 645
Tax paid	1 632	2 091
Change in inventory	5 708	1 839
Change in trade and other accounts receivable	11 747	11 599
Change in trade and other accounts payable	12 319	9 442
= Change in working capital requirements	3 504	6 087
Net cash flow generated by activity (A)	4 199	4 558
Acquisition of fixed assets	5 596	4 224
Sale of fixed assets	280	2 109
Impact of changes in scope	-	384
Net cash flow linked to investments (B)	5 316	1 731
Cash capital increase	69	13
Reductions in shareholders' equity (*)	-	1 600
Dividends paid out	536	445
Increases in financial debt	14 394	10 086
Repayments of loans & financial debt	8 496	7 887
Company trading in own shares	112	32
Financial interest paid	260	306
Other cash flow to/from financing	2 380	2 923
Net cash flow deriving from financed operations (C)	2 679	3 030
Cash income and cash equivalents at opening	1 117	1 320
Cash flow variation (A) - (B) + (C)	1 562	203
Cash & equivalents at closing	2 679	1 117

(*)- following a change in accounting rules and methods

5. VARIATION OF CONSOLIDATED SHAREHOLDERS' EQUITY

	Number of shares	Registered Capital	Share premiums	Treasury shares	Consolidated cap. reserves	Shareholders' capital
Shareholders' equity as of 01/04/2004	8 948 296	11 368	4 730	- 2	19 850	35 946
Profit or loss as of 31/03/2005					2 912	2 912
Distribution of dividends					- 445	- 445
Items entered directly into equity					- 1 600	- 1 600
Change in Capital	2 448	3	10			13
Treasury shares					34	34
Cost of stock options programs					37	37
Change in scope						-
Shareholders' equity as of 31/03/05	8 950 744	11 371	4 740	- 2	20 788	36 897
Profit or loss as of 31/03/06					- 4 942	- 4 942
Distribution of dividends					- 536	- 536
Change in Capital	12 980	17	52			69
Treasury shares				- 112		- 112
Cost of stock options programs					249	249
Change in scope						-
Items entered directly into equity					- 324	- 324
portion which is difference on pension commitments					- 184	
portion which is provision for positions in equity-method investments					- 140	
Shareholders' equity as of 31/03/06	8 963 724	11 388	4 792	- 114	15 235	31 301

APPENDIX TO THE CONSOLIDATED ACCOUNTS ON 31 MARCH 2006

I. ACCOUNTING PRINCIPLES

1.1. Changes in accounting principles and comparability of financial statements

The consolidated accounts of the GROUPE ARES company on 31 March 2006 have been drawn up in compliance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB), in compliance with European Regulation EC n°1606/2002 of 19 July 2002, as adopted by the European Union.

These financial statements are the first to be established according to the IFRS references. The provisions of IFRS 1 have been applied.

Financial statements prior to 1 April 2005, initially prepared in compliance with Regulation 99-02 of the *Comité de Réglementation Comptable*, have been reprocessed according to IFRS standards, with the exception of IAS 32/39 standard which was applied solely from 1 April 2005.

The impact on the financial situation of the transition to IFRS, the financial performance and the group cash flow have been analysed in note V.

The consolidated annual accounts of the company GROUPE ARES, covering the 12-months of activity from 1 April 2005 to 31 March 2006 have been approved at meetings of the company Board on 16 and 28 August 2006.

1.2. Preparation base

The financial statements presented are in thousands of euros.

The accounting methods have been applied on a consistent basis to all the periods presented for the various entities of the group.

In order to limit its working capital requirements and improve its profitability, the group has undertaken to divest its commodity sales activity (PC, printers, consumables) and its medical-hospital software package development. These two operations should be completed during the second half of the 2006/2007 accounting period.

Moreover, the company has undertaken an Employment Conservation Plan (PSE – Plan de Sauvegarde de l'Emploi) which should be coming into force during the second half year of 2006/2007.

In addition, during this same period, Groupe ARES is planning to carry out an operation to strengthen its equity situation.

With this in mind, the accounts have been closed based on the principle of continuity of operations.

1.3. Consolidation methods

The following consolidation methods have been used by the company GROUPE ARES:

✓ Companies over which GROUPE ARES has exclusive control have been fully consolidated. Control is presumed to exist when the parent company holds, directly or indirectly, the authority to direct the financial and operational policies of a company so as to take advantage of its activities.

✓ Companies over which GROUPE ARES has joint control have been consolidated through proportional integration.

✓ Companies in which GROUPE ARES has considerable influence over management decisions without however exercising exclusive or joint control are consolidated by the equity method

Affiliates are included in the scope of consolidation from the date at which control is effectively transferred to the group, whereas divested affiliates are excluded from the date of loss of control.

Intragroup transactions (reciprocal accounts as well as the profits resulting from operations between the group's companies) have been eliminated.

1.4. Intangible assets

Intangible assets are accounted for on the basis of their cost minus depreciation and cumulated loss in value.

Development costs undertaken in the context of software package development (new projects and

development of new modules) are accounted for as intangible assets as soon as they meet the following criteria:

- ✓ The project is clearly defined and the project costs can be reliably assessed,
- ✓ the technical feasibility of the project has been shown,
- ✓ the group intends to follow through with its project and to use or sell the solutions resulting from it,
- ✓ there is a market on which the group will be able to sell the solutions that have been developed,
- ✓ it is probable that the future economic advantages will benefit the group,
- ✓ the group has the necessary resources to carry through with the project.

Their evaluation is carried out on the basis of the direct salary costs plus social contributions and a coefficient to account for operating expenses and, as the case may be, sub-contracting expenses.

Development costs are depreciated according to the expected average marketing duration.

Expenses related to projects which are not yet finalised are not subject to depreciation. Such projects are subjected to value-loss tests which, in some cases, may lead to a finding of depreciation.

Development costs that do not meet the criteria outlined above are accounted for as current expenses in the year in which they are incurred.

The software and wholly owned usage and distribution rights are booked at their acquisition cost and are depreciated over their probable usage duration (one to three years).

1.5. Goodwill

Goodwill represents the difference between the cost of acquiring the consolidated companies and the fair value of the identifiable net assets acquired when taking over the company, after allocating the goodwill of the first consolidation to intangible or tangible assets.

Negative goodwill resulting from an acquisition is immediately booked as a loss.

Goodwill cannot be depreciated but is nevertheless subjected to depreciation tests. These tests are carried out every year, or more frequently if events or circumstance show that a reduction in value is likely.

The goodwill is allocated to Cash flow Generating Units.

The evaluation method retained is that of actual future cash flow. This evaluation is based on budgeting figures as validated by Management.

The updating of cash flow figures is carried out indefinitely based on the following elements:

- ✓ year 0 includes the budget data,
- ✓ data for the following four years are based on the group's budget process and the Management's analysis, based on growth and profitability assumptions that take into account past performance, foreseeable changes in the economic environment and expected market developments,
- ✓ a maximum annual growth rate of 2% is used starting in year five.

The discounted rate retained refers to a weighted average between the cost of the debt and the cost of equity, to Cash flow risk a risk coefficient is added to take into account financial market conditions and the sensitivity of an integration service provider to this market.

The rate retained for this closing is fixed at 10.1% before tax as compared to 9.0% for accounts closed on 31 March 2005.

When the current value is considered to be lower than the net book value, a depreciation entry is made. Depreciations observed are considered to be final and may not be recovered.

The depreciation booked for the present accounting period amounts to 1,352 k€.

1.6. Tangible assets

Tangible assets are accounted for in the balance sheet on the basis of their acquisition cost minus depreciation and cumulated loss in value.

Because of the nature of the assets held, the application of a component-based approach, in compliance with IAS 16, has no impact on group accounts.

Moreover, the analysis of economic life span does not show any significant differences with respect to group accounts.

Depreciation plans applied to individual accounts are therefore maintained in the consolidation. Depreciation is calculated based on a straight-line or sliding scale based on the probable usage duration of the various categories of fixed assets.

Goods financed via lease financing are consolidated in order to show the value of the leased goods on the asset side and the corresponding financial debt on the liabilities side.

The usual duration of depreciation is as follows:

✓ Buildings	20 years
✓ Equipment and tooling	3 to 5 years
✓ Installation fittings	5 to 10 years
✓ Computer equipment	2 to 5 years
✓ Office equipment	2 to 5 years
✓ Office furniture	5 years
✓ Transport equipment	3 to 5 years

1.7. Lease financing contracts

Lease financing contracts are booked in the assets of the consolidated balance sheet as if they were purchase on credit. As a compensating entry, financial debt is booked to liabilities in the same balance sheet.

Sale lease-backs essentially concern transport and IT equipment.

Leveraged real estate financing leases only concern the property in Villeneuve d'Ascq. These transactions were booked in the consolidated accounts as a loan. Interest and capital in instalments have been broken down according to the conditions stipulated in the contract: payback of principal for the duration of the lease, with a residual value of 1€ excl. tax and a TEC10 interest rate on May 2002 + 1.05%, i.e. 6.31%.

Amortization and depreciation methods of these goods are identical to those used for fixed assets.

1.8. Inventory and ongoing work

Merchandise inventory, which essentially consist of micro-computer equipment, is assessed according to cost price using the weighted average cost method.

Inventory was depreciated, if required, in order to bring them down to their probable net sale value.

1.9. Customer and other accounts receivable

Accounts receivable are included in the balance sheet at their historical face value.

They are individually appreciated and, if necessary, are subjected to depreciation to take into account any possible recovery difficulties.

The group uses factoring facilities.

The IAS 39 standard defines the rules for

derecognition of financial assets. As the contracts do not transfer the essential part of the risks relating to the accounts receivable, the group has kept the transferred accounts on the asset side of the balance sheet and reclassified the net debt to the assignee as a bank guarantee.

Accounts receivable assigned under factoring contracts amounted to 51,674 k€ on 31 March 2006 and 50,055 k€ on 31 March 2005.

1.10. Cash income and cash equivalents

Securities available for sale are valued at their fair value.

All transactions concerning Treasury shares held in the context of a liquidity contract are valued at their closing price and are booked in deduction from equity.

Divestment income is directly booked to shareholders' equity and is not booked as income in the current accounting period.

1.11. Pension package

Groupe Ares grants its employees benefits after employment. These are evaluated in accordance with IAS 19 by an independent actuary.

The group's employees receive a pension package that is fixed by the Syntec collective agreement, i.e. one fifth of the gross monthly salary per year of seniority, starting with five years of seniority.

Pension packages are estimated

- ✓ on the basis of the foreseeable salary at the end of the employee's career,
- ✓ weighted by the turnover rate of the personnel calculated according to age groups and life expectancy,
- ✓ given the period remaining until the employee's retirement

The discounted rate used is that of private company bonds. The discount rate amounts to 3.56% for the year closing on 31 March 2006 (4.26% on 31 March 2005).

The amount of pension package commitments is revaluated every year and booked in consolidation under "non current provisions".

By anticipation, the group applies the IAS 19 amendment. Actuarial gains or losses resulting from experience effects and changes in the actuarial assumptions are booked directly as shareholders' equity in the year they occur.

1.12. Provisions for risks and charges

A provision is set up when there is a legal or implicit obligation resulting from a past event that will likely generate charges representing future economic benefits, the amount of which can be reliably estimated. The amount of provisions booked at closing represents the best estimate of the expense required to extinguish the current obligation at the date of closing.

1.13. Payment in shares

Stock option plans allow certain employees to purchase shares. This allocation represents a benefit granted to the beneficiaries and as such constitutes additional compensation whose cost is borne by the group.

As these are operations which do not give rise to monetary transactions, the benefits thus granted are booked as expenses for the period of acquisition of rights as a compensating entry to an increase in shareholders' equity.

The cost of the stock option plans is determined by referring to the fair value of the shares issued, as of the date of granting.

For this evaluation the group applies the Black-Scholes option valuation model.

The group has used the transitional provisions of the IFRS 2 standard, limiting its application only to the compensation granted after 7th November 2002.

1.14. Deferred taxation

Deferred taxes are calculated according to the variable carry-forward method. They are noted in the P&L account and the balance sheet, to take into account:

- ✓ losses eligible for tax deferment,
- ✓ temporary discrepancies existing between the fiscal earnings and book earnings,
- ✓ adjustments applied to consolidated accounts,
- ✓ elimination of the incidence of transactions booked exclusively for the purposes of fiscal legislation.

By applying the variable carry-forward method, the effect of possible variations in taxation rates on deferred taxes observed previously is recorded in the P&L for the accounting period during which these rate changes take effect.

Future tax relief resulting from the use of tax loss carryforwards (including amounts that can be carried forward indefinitely) are only accepted if the latter have a significant chance of being recovered.

The tax rate used for calculating taxes deferred to 31 March 2006 is 34.43%.

1.15. Information by sector

The IAS 14 standard on segmental reporting requires analysing the company's performance according to primary and secondary segments corresponding the activity and the geographical area.

The Ares group enjoys a unique position in the IT market by combining thorough expertise in infrastructure with extensive expertise in industry processes.

ARES' role is to help customers select and implement solutions that are better adapted to the requirements of their business applications.

To deal effectively with these requirements, the group is organized into two divisions: Technology and Industry Solutions, which are themselves segmented in branches.

Primary information by segment is therefore provided based on the five branches of ARES, i.e.:

- ✓ Technology
 - ◆ Systems & Networks
 - ◆ Facilities Management & Hosting
 - ◆ Architecture & Infrastructures
- ✓ Industry Solutions
 - ◆ Research & Development
 - ◆ Software solutions

The information provided per segment relates only to the operational elements of the balance sheet and P&L:

- ✓ Sales
- ✓ Operating profit or loss
- ✓ Goodwill
- ✓ Development costs

Ares has adopted a centralised management of its assets and liabilities, as well as its taxes; the corresponding elements in the balance sheet and P&L are not allocated to the various activity segments.

Considering the geographical spread of its customer base, essentially concentrated in France, the group has not instituted a secondary

geographical segment corresponding to the definition under IAS 14.9.

1.16. Recognition of receivables

The conditions of recognition of revenue are measured in accordance with IAS 18.

- ✓ For products relative to the sale of goods, the booking of the sale is done on the date at which the vendor transfers the risks and benefits inherent in the ownership of the goods to the buyer.
- ✓ The accounting treatment for provision of services is based on the percentage of completion method.

The ARES Group books all the CISCO maintenance transactions to billing, both for the acquisition of maintenance rights through CISCO fees, and for sales.

1.17. Calculation of earnings per share

Earnings per share are calculated by dividing the earnings by the average weighted number of shares during the accounting period.

The calculation of diluted earnings is performed by dividing the earnings by the sum of the average weighted number of shares considering the number of shares that would have resulted from the exercising of all the share subscription options at

closing.

As Treasury shares are deducted from shareholders' equity, such securities are thus excluded from the calculation of the average weighted number of shares in circulation.

1.18. Estimates

Establishing financial statements based on IFRS standards requires making estimates and formulating assumptions which impact the amounts figuring in the financial statements, in particular as regards the following elements:

- ✓ Evaluation of provisions and pension commitments,
- ✓ Evaluations used for loss in value tests
- ✓ Valuation of share-based payment

These estimates are based on the assumption of continuity of operations and are established on the basis of information available at the time they are made.

Underlying estimates and assumptions are re-examined on an on-going basis. The impact of changes in book value estimates is accounted for during the period of the change if it impacts only that period or during the change period and subsequent periods if these are also impacted by the change.

II. SCOPE OF CONSOLIDATION

2.1. Evolution in scope of consolidation

A full transfer of assets and liabilities from the legal entity "RETURN" was made to its parent company SA ARES on 1 April 2005.

This legal operation does not constitute a change in scope and has no impact on the consolidated accounts.

2.2. List of consolidated companies on 31st March 2006

All the companies consolidated in the group GROUPE ARES are French companies, with the exception of the companies DESCASOFT and ACSL which are Belgian.

CONSOLIDATED COMPANIES	% Control	% Interest	Method of Consolidation	Tax Integration
SA GROUPE ARES	Parent company		G.I.	YES
SA ARES	100	100	G.I.	YES
EURL ARES INFOGERANCE	100	100	G.I.	YES
EURL CYBERWARE	100	100	G.I.	YES
SAS DCV	100	100	G.I.	YES
SPRL DESCASOFT	100	100	G.I.	NO
EURL EUROGIS CONSEIL	100	100	G.I.	YES
EURL INFORDI	100	100	G.I.	YES
SAS SPACEBEL MEDICAL	100	100	G.I.	YES
EURL STYLUS	100	100	G.I.	YES
SA ARAIX	65,96%	100% (*)	G.I.	NO
ACSL	31,25%	31,25%	EM	NO

G.I.: Global Integration

EM: Equity method

(*) Taking into account the accumulated losses of the company ARAIX, the group also bears the share of the minority interests, inasmuch as the minority interests have no commitment to the company in terms of sharing the losses.

2.3. Non consolidated companies

NON CONSOLIDATED COMPANIES	% Control	Gross value of shares	Net value of shares
ARES MAGHREB	20,00%	22	22
ARES MAROC	49,00%	18	18
ARES WECA	20,00%	50	50
Total		90	90

These companies do not meet the criteria for consolidation, as they are not subject to any control or influence on the part of the companies in the group.

III. NOTES ON THE BALANCE SHEET AND THE INCOME STATEMENT

3.1. Goodwill

GROSS AMOUNTS	01/04/2005	Acquisitions	Sales- Disposals	Changes in Scope	item to item	31/03/2006
Goodwill	33 366					33 366
Total	33 366	-	-	-	-	33 366

DEPRECIATION	01/04/2005	Expenses	Sales- Disposals	Variations in Scope	item to item	31/03/2006
Goodwill	11 169	1 352				12 521
Total	11 169	1 352	-	-	-	12 521

NET AMOUNTS	01/04/2005					31/03/2006
Goodwill	22 197					20 845
Total	22 197					20 845

3.2. Other intangible assets

GROSS AMOUNTS	01/04/2005	Acquisitions	Sales- Disposals	Variations in Scope	item to item	31/03/2006
Development costs	1 359	1 147				2 506
Licenses, patents	1 985	360	488			1 857
Total	3 344	1 507	488	-	-	4 363

DEPRECIATION AND AMOR	01/04/2005	Expenses	Sales- Disposals	Changes in Scope	item to item	31/03/2006
Development costs	-	81				81
Licenses, patents	1 869	62	488			1 443
Total	1 869	143	488	-	-	1 524

NET AMOUNTS	01/04/2005					31/03/2006
Development costs	1 359					2 425
Licenses, patents	116					414
Total	1 475					2 839

3.3. Tangible assets

GROSS AMOUNTS	01/04/2005	Acquisitions	Sales- Disposals	Changes in scope	Item to item	31/03/2006
Land	422					422
Constructions	2 886					2 886
Equipment and Tooling	344	1				345
Other tangible	15 048	3 908	5 367			13 589
Total	18 700	3 909	5 367	-	-	17 242

AMORTIZATION	01/04/2005	Expense	Sale- Disposals	Changes in scope	Item to item	31/03/2006
Land	-					-
Constructions	618	142				760
Equipment and Tooling	338	4				342
Other tangible	11 675	2 569	5 285			8 959
Total	12 631	2 715	5 285	-	-	10 061

NET AMOUNTS	01/04/2005					31/03/2006
Land	422					422
Constructions	2 268					2 126
Equipment and Tooling	6					3
Other tangible	3 373					4 630
Total	6 069					7 181

3.4. Equity method shares

ACSL is the only company that is consolidated using the equity method. The value of the equity method shares corresponds to the fraction of shareholders' equity to which they are equivalent in the issuing company.

EQUITY METHOD SHARES	GROUP SHARE	100%
Own capital	24	78
Result	12	37
Net position	36	115
Gross value of shares	165	
Provision on ACSL shares	129	
Share equivalence	36	

3.5. Non current financial assets

GROSS AMOUNTS	01/04/2005	Acquisitions	Sales- Disposals	Changes in scope	Item to item	31/03/2006
Unconsolidated shares	187	68		-	165	90
Other amortised shares	1	10				11
Deposits and Sureties	656	98	69			685
Total	844	176	69	-	-	786

PROVISIONS	01/04/2005	Expense	Sale- Disposals	Changes in scope	Item to item	31/03/2006
Unconsolidated shares	-					-
Other amortised shares	-					-
Deposits and Sureties	-					-
Total	-	-	-	-	-	-

NET AMOUNTS	01/04/2005	31/03/2006
Unconsolidated shares	187	90
Other amortised shares	1	11
Deposits and Sureties	656	685
Total	844	786

3.6. Non current deferred tax assets

DEFERRED TAX ASSETS	31/03/2006	31/03/2005
Tax loss carryovers	155	227
Temporary differences	86	224
Consolidation adjustments	537	325
Total	778	776

3.7. Inventory

INVENTORY	31/03/2006	31/03/2005
Finished goods	11 878	16 836
Gross total amount	11 878	16 836
Inventory write-downs	2 455	1 705
Net total amount	9 423	15 131

3.8. Tax assets payable

CURRENT TAX ASSETS	31/03/2006	31/03/2005
Corporate income tax	1 671	579
VAT	608	504
Other receivables	49	56
Total	2 328	1 139

3.9. Customers and other accounts receivable

TRADE RECEIVABLES	31/03/2006	31/03/2005
Customers	130 005	133 075
Trade receivables in the form of bills of exchange	2 014	2 476
Doubtful customer accounts receivable	611	939
Customers - pending invoices	18 387	22 883
Gross total amount	151 017	159 373
Depreciation of customer receivables	1 371	2 102
Net total amount	149 646	157 271

OTHER ACCOUNTS RECEIVABLE	31/03/2006	31/03/2005
Suppliers - Pending credit notes	4 351	10 331
Supplier accounts receivable	132	258
Staff & social contributions	164	172
Other accounts receivable	255	260
Prepaid expenses	7 626	5 629
Gross total amount	12 528	16 650
Depreciation of other receivables	96	96
Net total amount	12 432	16 554

3.10. Cash and cash equivalents

CASH AND CASH EQUIVALENTS	31/03/2006	31/03/2005
Assets held for sale	6	-
Available funds	2 673	1 117
Total	2 679	1 117

3.11. Provisions

NON CURRENT PROVISIONS	01/04/2005	Expenses	Decrease (writeback)	Other Variations	31/03/2006
Long-term employee benefits	854	214		280	1 348
Total	854	214	-	280	1 348

CURRENT PROVISIONS	01/04/2005	Expenses	Decrease (writeback) Used	Decrease (writeback) Unused	31/03/2006
Provisions for risks and charges	270	166	141		295
Total	270	166	141	-	295

3.12. Non current and current financial liabilities

LOANS & FINANCIAL DEBT	01/04/2005	Increase	Decrease	Changes in Scope	31/03/2006
Fixed rate loans from credit institutions	854		131		723
Loans (leveraged real estate financing lease)	1 921		155		1 766
Loans (direct financing lease)	2 614	3 131	2 259		3 486
Participating interest time deposits	2 656	455	725		2 386
Sale of professional receivables	-	7 982	3 294		4 688
Bank guarantees	22 178		1 932		20 246
Factoring financing	37 828	2 826			40 654
Shareholders' current accounts	6				6
Interest accrued on loans & financial debt	-				-
Total	68 057	14 394	8 496	-	73 955

	31/03/2006	CURRENT	NON CURRENT	
LOANS & FINANCIAL DEBT		One year at most	From 1 to 5 years	More than 5 years
Fixed rate loans from credit institutions	723	74	243	406
Loans (leveraged real estate financing lease)	1 766	179	1 034	553
Loans (direct financing lease)	3 486	1 786	1 700	
Participating interest time deposits	2 386	2 386		
Sale of professional receivables	4 688	4 688		
Bank guarantees	20 246	20 246		
Shareholders' current accounts	6	6		
Factoring financing	40 654	40 654		
Interest accrued on loans & financial debt				
Total	73 955	70 019	2 977	959

3.13. Non current deferred tax liabilities

DEFERRED TAX LIABILITIES	31/03/2006	31/03/2005
Elimination of provisions for intra-Group advances	164	163
Consolidation adjustments	12	-
Development costs	-	472
Total	176	635

3.14. Tax debt

TAX DEBT	31/03/2006	31/03/2005
Corporate income tax	-	-
VAT	5 756	7 534
Other taxes due	1 822	1 687
Total	7 578	9 221

3.15. Suppliers and other accounts payable

ACCOUNTS PAYABLE	31/03/2006	31/03/2005
Suppliers	48 666	64 045
Accrued invoices	4 862	6 245
Accounts Payable	5 093	7 058
Total	58 621	77 348

OTHER ACCOUNTS PAYABLE	31/03/2006	31/03/2005
Personnel & related accounts	7 505	7 253
Social contributions	9 464	8 563
Social liabilities	16 969	15 816
Customers - accrued credit notes	6 784	3 746
Customer accounts payable	1 951	1 887
Other accounts payable	310	899
Deferred revenue	9 685	6 943
Other debt	18 730	13 475
Total	35 699	29 291

3.16. Segmental reporting

TECHNOLOGY DIVISION	Systems & Networks	Facilities management & Hosting	Architecture & Infrastructures
Sales	39 780	28 573	314 113
Operating profit or loss	2 785	2 237	7 555
<i>incl. depreciation of goodwill and business assets</i>	-	-	1 104
Net goodwill and business assets	1 199	5 839	3 340
Net development costs	-	-	-

INDUSTRY SOLUTIONS	Research & Software	Solutions Development	Total as of 31/03/2006
Sales	41 607	32 268	456 341
Operating profit or loss	- 378	873	3 784
<i>incl. depreciation of goodwill and business assets</i>	248	-	1 352
Net goodwill and business assets	8 419	2 318	20 845
Net development costs	-	2 425	2 425

3.17. Operating income and charges

PURCHASES USED IN PRODUCTION	31/03/2006	31/03/2005
Purchases	320 031	353 364
Changes in inventory	5 707	1 838
Supplier discounts	- 841	1 208
Other purchases and external expenses	27 059	24 836
Total	351 956	375 154

STAFF EXPENDITURES	31/03/2006	31/03/2005
Salaries	67 313	62 618
Social contributions	32 054	30 173
Employee stock ownership	10	391
Provisions for long-term employee benefits	214	231
Total	99 591	93 413

EXTERNAL EXPENSES	31/03/2006	31/03/2005
Patent and licensing fees	-	45
Director's fees	29	26
Other expenses and income from operations	- 214	45
Total	- 185	116

DEPRECIATION EXPENSE	31/03/2006	31/03/2005
Depreciation of intangible assets	143	494
Depreciation of tangible assets	2 715	2 217
Total	2 858	2 711

OTHER OPERATING INCOME	31/03/2006	31/03/2005
Proceeds from disposal of fixed assets	211	91
Other income	93	1 669
Write-downs of customer receivables	731	169
Total	1 035	1 929

OTHER OPERATING EXPENSES	31/03/2006	31/03/2005
Capital gain on disposal of tangible assets	83	102
Other expenses	246	166
Depreciation of other receivables	-	96
Amortization of goodwill	248	81
Depreciation of business assets	1 104	-
Total	1 681	445

3.18. Cost of gross financial indebtedness

GROSS COST OF FINANCIAL INDEBTEDNESS	31/03/2006	31/03/2005
Financial earnings	773	1 177
Income from trade credit	43	63
Currency gains	667	628
Sale of quick assets	-	1
Other financial income	63	485
Financial expenses	3 413	4 272
Interest on loans	260	306
Interest on factoring accounts	1 309	1 273
Bank charges	855	1 304
Interest on trade debt	440	440
Interest on employee profit sharing and stock ownership	95	129
Currency losses	454	739
Other financial expenses	-	81
Total	- 2 640	- 3 095

3.19. Tax burden

Deferred tax assets which were not booked because of the unlikelihood of recovery, are assessed as follows:

DEFERRED TAXES	TOTAL
Tax loss carryovers	99
Total	99

Reconciliation of statutory & actual taxes	AMOUNT
Consolidated net earnings	- 4 942
Amortization of goodwill	1 351
Consolidated Tax burden (incl. due and deferred)	- 1 470
Consolidated Income before tax	- 5 061
<i>Theoretical tax rate (rate applicable to parent company)</i>	33,33%
Theoretical tax burden	- 1 687
Foreign tax rate differential	- 1
Unrecoverable annual flat-rate tax (IFA-imposition forfaitaire annuelle)	1
Share of earnings in equity-method holdings	- 4
Internship tax credit	- 45
Change in tax rate	- 20
Unused tax losses	5
Permanent differences	280
Miscellaneous	1
Actual tax burden	- 1 470
<i>Effective rate of income tax</i>	29,04%

IV. OFF BALANCE SHEET INFORMATION

4.1. Senior Management compensation

WAGES PAID	Members of the Board	Senior Management
Gross Wages	594	(*)
Director's fees	29	(*)
Stock-option plan	50	(*)
Provision for long-term employee benefits	108	(*)
Total	781	

(*) The information on the comprehensive compensation granted to managers who have a mandate as members of the board is included in the gross compensation paid to the members of the board, since this would otherwise lead to revealing individual compensation packages.

4.2. Average headcount

AVERAGE HEADCOUNT	31/03/2006	31/03/2005	31/03/2004
Executives	1 044	981	975
Non executives	788	750	741
Total	1 832	1 731	1 716

4.3. Commitments given and received

COMMITMENTS GIVEN	31/03/2006	31/03/2005
Eurofactor guarantees collateralized for banks	1 220	1 220
Trade credit transferred to guarantee bank loans	20 238	21 385
Mortgage of a building located in Mérignac	700	749
Interest rate hedge warranted to INDOSUEZ	-	15 000
Interest rate hedge warranted to BNP PARIBAS	10 000	5 390
Interest rate hedge warranted to Société Générale	15 000	-
Interest rate hedge warranted to LCL	10 000	-
Deposit paid to IBM as part of Gold contract	5 000	5 000
Deposit paid to Société Générale (TOTAL gas payment cards)	43	43
Deposit paid to Société Générale (rental payments)	29	29
Deposit paid to Société Générale (customer completion deposits)	248	175
Security to IBM on products changing ownership	5 000	5 000
Total	67 478	53 991

COMMITMENTS RECEIVED	31/03/2006	31/03/2005
Interest rate hedge warranted to INDOSUEZ	-	15 000
Interest rate hedge warranted to BNP PARIBAS	-	5 390
Interest rate hedge warranted to CREDIT DU NORD	-	7 500
Interest rate hedge warranted to LCL	10 000	-
Interest rate hedge warranted to Société Générale	15 000	-
Guarantee for liabilities received from former shareholder of Spacebel Médical	-	4 200
Total	25 000	32 090

4.4. Issuance of new shares with warrants attached (BSA)

Based on the authorisation granted by the General Meeting on 15 September 2003, the Board of Directors on 29 September 2003 decided to issue and freely allocate on 3 October 2003 8,943,000 BSA with warrants attached to the GROUPE ARES shareholders as follow:

✓ The total number of BSA shares with warrants attached issued and allocated freely to the shareholders was 8,943,000. Exercising the totality of these shares with warrants attached would generate 1,490,500 new shares.

✓ One free share with warrant attached was allocated for every GROUPE ARES share held on 2 October 2003.

✓ Six shares with warrants attached gave the holder the right to subscribe one GROUPE ARES share without face value for a price of 5.30 euros.

✓ The shares with warrants attached could be exercised at any moment between 3 October 2003 and 3 October 2005 included, that is to say a period of 2 years. Shares with warrants attached not exercised before 3 October 2005 shall be deemed null and void and will have lost all value.

Number of BSA (stock warrants) in circulation	31/03/2006
Issue dated October 2, 2003	8 943 000
Cancellation of self-held warrants	66 920
BSA exercised during previous fiscal years	46 464
BSA exercised during the current fiscal year	77 880
BSA having expired during the current fiscal year	8 751 736
Potential dilution in number of shares	-

4.5. Stock options

The Board of Directors of Groupe Ares has granted to certain members of its salaried personnel and to certain executive officers and directors of the company and its affiliates, stock option plans at an agreed price.

The characteristics of these plans are as follows:

PLAN	No. 1	No. 2	No. 3	No. 4	No. 5	No. 6	No. 7
Date of decision by Board of Directors	15/09/99	11/01/00	06/04/01	16/07/02	28/10/03	25/05/04	30/01/06
Date of expiry	14/09/06	10/01/07	05/04/08	15/07/09	27/10/10	24/05/11	29/01/13
Number of beneficiaries	76	100	105	22	17	5	29
Exercise price in euros	5,21	10,90	8,00	6,80	3,45	4,32	2,87
Shares allocated	111 750	132 000	151 950	30 000	200 000	15 000	150 000
Options exercised	3 000	-	-	-	-	-	-
Options abandoned (*)	45 000	46 650	42 500	1 000	13 281	9 000	-
Potential dilution	63 750	85 350	109 450	29 000	186 719	6 000	150 000

(*) Options lost following resignation or dismissal

4.6. Earnings per share

	31/03/2006	31/03/2005
Earnings attributed to the Group (in thousands of euros)	- 4 942	2 912
Weighted average number of shares	8 946 022	8 949 281
Earnings per share in euros	- 0,55	0,33
Adjustment for dilution effect of stock options	630 269	1 984 721
Fully diluted earnings per share in €	- 0,52	0,27

4.7. Information concerning group exposure

Concerning foreign exchange risks, the group's activities are usually carried out in euros, with the exception of transactions with the supplier CISCO which are in US dollars. Consequently, exposure to foreign exchange risk on trade operations is naturally limited.

STATEMENT OF GROUP EXCHANGE RISK EXPOSURE				
(in kCurrency)				
	USD	CHF	GBP	
Operating receivables	5 608	96	34	
Operating payables	4 811	-	-	
Off balance sheet	-	-	-	
Forward purchase contracts	2 250	-	-	
STATEMENT OF GROUP INTEREST RATE EXPOSURE				
(in kCurrency)				
	AMOUNT	DATE START	DATE TERM	RATE
Exchange in interest-rate conditions at LCL	10 000	28/10/05	29/10/07	Euribor 3M / Euribor 12M
Exchange in interest-rate conditions at SG	15 000	31/3/06	31/3/08	Euribor 3M / 3.32 à 3.80 %
Ceiling rate guarantee - BNP PARIBAS	10 000	3/10/05	1/10/06	

V. CHANGE TO IFRS STANDARDS ON 31 MARCH 2005

European Council Regulation No. 1606.2002 of 19 July 2002 on international standards requires the use of the IFRS (International Financial reporting Standards) guidelines for drawing up the consolidated accounts of companies listed on a regulated market in any of the Member States, beginning with the accounting periods starting on 1 January 2005.

Consequently, the consolidated accounts of the group on 31 March 2006 have been produced in compliance with these new regulations, which also requires a comparison with the accounts closed on 31 March 2005 produced according to the same principles.

In this context, the GROUPE ARES has prepared statements explaining the change from French standards to IFRS standards for the following elements:

- ✓ Opening equity on 1 April 2004,
- ✓ Balance sheet on 31 March 2005
- ✓ Profit and loss statement for the period 2004/2005
- ✓ Cash flow statement for the period 2004/2005

5.1. Main options used in the framework of the first implementation of IFRS standards

The company has applied to the opening balance sheet the full standards in force on the date of the change to IFRS, with the exception of standards relative to financial instruments.

Indeed, the company has availed itself of the possibility stated in IFRS standard 1.36A of using the 1 April 2005 as the date for first application of the standards IAS 32 and IAS 39. This option concerns three financial instruments under the category of derivative products (interest rate cap and interest rate swap transactions).

The data presented hereafter, relative to the situation on 31 March 2005, differ from those presented in the note for the change to IFRS published in the 2005 reference document, because of the reconsolidation of receivables transferred in the context of factoring contracts.

In fact, IFRS interpretations of the IAS 39 standard relative to criteria for derecognition have significantly changed during the period (cf § below on IAS 39).

5.2. Opening shareholders' equity

PARTICULARS	in k€	NOTES	STANDARDS
SHAREHOLDERS' EQUITY AS OF APRIL 1, 2004 - FRENCH STANDARDS	36 396		
Employee benefits	590	(*)	IAS 19
Lease financing contracts	58		IAS 17
Start-up costs	40		IAS 38
Amortization of goodwill	-	(***)	IAS 36
Payment in shares	-	(**)	IFRS 2
Treasury shares	2		IAS 32
Total adjustments before tax	690		
Effect of tax on IAS/IFRS adjustments	240		
Total adjustments after tax	450		
SHAREHOLDERS' EQUITY AS OF APRIL 1, 2004 - IFRS STANDARDS	35 946		

Following the provisions of IFRS 1, the groupe ARES has made the following choices as to the retrospective adjustments of assets and liabilities according to IFRS standards:

- ✓ The group has decided to exercise the option provided under IFRS 1 standards allowing former actuarial gains and losses to be offset directly against retained earnings. **Note (*)**
- ✓ For payments on the basis of shares, the group has decided to apply IFRS 2 for share plans after 7 November 2002. **Note (**)**
- ✓ The group has chosen not to make adjustments according to the provisions of IFRS 3 the company groupings prior to 1 April 2004. **Note (***)**
- ✓ For all other standards, the adjustment of the entry values of assets and liabilities on 1 April 2004 has been carried out retrospectively as if these standards had always been applied.

5.3. Summary of impacts on principal financial aggregates

✓ IAS 17 Standard

The IAS 17 standard requires the booking of lease financing charges to the assets of the consolidated balance sheet. As a compensating entry, financial debt is booked to liabilities in the same balance sheet.

The impact on the opening capital amounts to – 58 k€. The impact on the P&L amounts to – 50 k€.

✓ IFRS 2 and IAS 19 standards

IFRS2 requires booking as expenses the fair value of services obtained in the context of share subscription plans granted to employees to be offset against an

increase in shareholders' equity, as they are "consumed". The period for consuming the services is assumed to correspond to the period of acquisition of the rights to benefit from such instruments/.

Options are evaluated on the date they are granted. For this evaluation the group applies the Black-Scholes option valuation model.

The impact on the opening capital amounts to – 0 k€.

The impact on the P&L amounts to – 37 k€.

IAS 19 makes it mandatory to book as benefits to staff any form of compensation granted by the company to its employees in exchange for services rendered. The ARES group is impacted by this standard in the framework of mandatory retirement packages under the fixed benefits scheme.

The discounted rate for these commitments has been determined by referring to market rates for first rate private company bonds on the date of closing.

Actuarial assumptions (mortality, mobility, retirement age...) have been reviewed. They are consistent with the statistics available and are adapted to the forward-looking nature of the evaluation.

The impact on the opening capital amounts to – 590 k€.

The impact on the P&L amounts to – 194 k€.

✓ IAS 38 and IAS 36

IAS 38 does not allow for depreciation of formation expenses, transformation expenses, or set-up costs, as these costs do not correspond either to the definition nor to the conditions for booking tangible assets.

The impact on the opening capital amounts to – 40 k€.

The impact on the P&L amounts to + 12 k€.

IAS 38 does not allow for the depreciation of acquired brands. Such assets must therefore be subjected to depreciation tests.

The impact on shareholders' equity amounts to 0 k€.

The impact on the P&L amounts to + 15 k€.

IAS 36 does not allow depreciation of positive goodwill and business assets. They must be subjected to a loss in value test as soon as there are any indications of loss in value and at the very least once a year.

For this test, goodwill and business assets are valued as Cash Generating Units, which correspond to homogeneous sets that generate identifiable cash flows. Implementation of these tests has been described in detail in this appendix at paragraph I.4.

These tests have led to removing the depreciation carried out for the period ending 31 March 2005, respectively for 1,931 k€ for goodwill and 522 k€ for business assets. In parallel, a loss index has been observed for a goodwill leading to a provision of 81 k€.

The impact on the opening capital amounts to 0 k€.

The impact on the P&L amounts to + 2 372 k€.

✓ IAS 32 Standard

IAS 32 envisages that all Treasury shares must be deducted from consolidated equity, independently from the objective of acquisition and/or holding and of their booking classification in the individual accounts of the holding companies.

Similarly, no profit or loss should be maintained in the P&L on account of the depreciation, sale, issue or cancellation of own shares. These profits or losses must be presented in the financial statements as a variation of the consolidated equity.

The impact on the opening capital amounts to – 2 k€.

The impact on the P&L amounts to + 34 k€.

✓ IAS 39 Standard

Standard 39 defines the conditions for derecognition of financial assets. Financial asset sales transactions must be analysed not on the basis of the transfer of legal ownership but on the basis of their substance.

Considering the substance of the contracts, the group must adjust factoring transactions in accordance with this standard.

Accounts receivable assigned under factoring agreements are maintained in the balance sheet and the sums received from the assignees are booked as banking contributions.

The impact on the opening capital amounts to 0 k€.

The impact on the P&L amounts to + 0 k€.

5.4. Balance sheet on 31 March 2005: from French standards to IFRS

ASSETS	FRENCH STANDARDS	Reclassifications			IAS/IFRS Adjustments	IAS/IFRS STANDARDS
		current/ non current	Deferred Tax	Duty and taxes		
Non current assets	25 615	-	-	-	4 970	31 361
Goodwill	15 589				6 608	22 197
Intangible assets	5 724				- 4 249	1 475
Tangible assets	3 458				2 611	6 069
Non current financial assets	844				-	844
Deferred tax assets		776			-	776
Current assets	154 194	- 776	-	-	275	191 212
Inventory	15 131				-	15 131
Current tax assets		- 776	495	1 139	281	1 139
Customers and other accounts receivable	137 944		- 495	- 1 139	37 515	173 825
Cash and cash equivalents	1 119				- 2	1 117
Total	179 809	-	-	-	5 245	222 573

LIABILITIES	Reclassifications					IAS/IFRS STANDARDS
	FRENCH STANDARDS	current/ non current	Deferred Tax	Duty and taxes	IAS/IFRS Adjustments	
Shareholders' equity	35 050				1 847	36 897
Capital	11 371				-	11 371
Share premiums	4 740				-	4 740
Consolidated reserves	18 253				- 379	17 874
Consolidated net earnings	686				2 226	2 912
Group portion of earnings	35 050				1 847	36 897
Minority portion of earnings	-				-	-
Non current liabilities	28 590			-	3 154	6 386
Non current provisions	975	- 270	- 635		784	854
Financial liabilities	27 615	- 25 088			2 370	4 897
Deferred tax liabilities			635		-	635
Current liabilities	116 169		-	-	244	179 290
Current provisions	-	270			-	270
Tax payable to the tax authorities	-			9 221	-	9 221
Suppliers and other accounts payable	116 169			- 9 221	- 309	106 639
Other short-term liabilities	-	25 088			38 072	63 160
Total	179 809	-	-	-	5 245	222 573

5.5. Profit and loss statement for the period 2005: from French standards to IFRS

INCOME STATEMENT	FRENCH STANDARDS	Reclassifications				Adjustments IAS/IFRS	INCOME STATEMENT
		Financial Earnings	Extraordinary Items	Expenses / Decrease (withdrawal)	Employee Benefits	Other	
Sales	483 068						Sales
Other operating income	#REF!						Other operating income
Purchases used in Production	- 376 834			-	676	142	Purchases used in Production
Staff expenditures	- 94 679				41	1 456	Staff expenditures
External expenses	- 581				465		External expenses
Duty & taxes	- 4 672						Duty & taxes
Provisions	- 2 830				2 830		Provisions
Depreciation expense	- 1 175				-	-	Depreciation expense
Other operating income	5 598	67	594	-	2 564	1 456	Other operating income
Other operating expenses			- 268	-	96		Other operating expenses
Operating profit or loss	#REF!					332	Operating profit or loss
Other income and operating expenses	326		- 326				Other income and operating expenses
Operating profit or loss	#REF!					332	Operating profit or loss
Cash income or equivalent	-						Cash income or equivalent
Gross cost of financial indebtedness	- 3 083	67				-	Gross cost of financial indebtedness
Net cost of financial indebtedness	- 3 083					- 79	Net cost of financial indebtedness
Other receivables and financial expenses	-						Other receivables and financial expenses
Tax burden	2 521					-	Tax burden
Amortization of goodwill	- 1 931					1 931	Amortization of goodwill
Net profit or loss	#REF!					2 226	Net profit or loss
Group portion	#REF!						Group portion
Minority holdings portion							Minority holdings portion

5.6. Cash flow statement as of 31 March 2005: from French standards to IFRS

(in thousands of euros)	FRENCH STANDARDS	IAS/IFRS ADJUST	IAS/IFRS STANDARDS
Consolidated net earnings	686	2 226	2 912
Depreciation expense	1 175	726	1 901
Loss in value	1 771	- 1 025	746
Capital gains or losses resulting from sales	12		12
Operating income and expenses related to stock options	-	37	37
Other calculated expenses and income	-	194	194
= Cash flow before taxes & net cost of financial indebtedness	3 644	2 158	5 802
Net cost of financial indebtedness	3 150	79	3 229
Change in tax (including deferred taxes)	1 653	- 39	1 614
= Cash flow after taxes & net cost of financial indebtedness	8 447	2 198	10 645
Tax paid	- 2 091		- 2 091
Change in inventory	- 1 839		- 1 839
Change in trade and other accounts receivable	- 4 883	- 6 716	- 11 599
Change in trade and other accounts payable	9 685	- 243	9 442
= Change in working capital requirements	872	- 6 959	- 6 087
Net cash flow generated by activity (A)	9 319	- 4 761	4 558
Acquisition of fixed assets	1 813	2 411	4 224
Sale of fixed assets	2 109		2 109
Impact of changes in scope	- 384		- 384
Net cash flow linked to investments (B)	- 680	2 411	1 731
Cash capital increase	13		13
Reductions in shareholders' equity (*)	- 1 600		- 1 600
Dividends paid out	- 445		- 445
Increases in financial debt	22 935	9 329	32 264
Repayments of loans & financial debt	- 27 955	- 2 110	- 30 065
Company trading in own shares		32	32
Financial interest paid	- 227	- 79	- 306
Other cash flow to/from financing	- 2 923		- 2 923
Net cash flow deriving from financed operations (C)	- 10 202	7 172	- 3 030
Cash income and cash equivalents at opening	1 322	- 2	1 320
Cash flow variation (A) - (B) + (C)	- 203	-	- 203
= Cash and equivalents at closing	1 119	2	1 117

20.2 Verification of consolidated historical annual financial information

20.2.1 Auditors' reports on the consolidated accounts relative to the period ending 31 March 2006.

Dear Sirs,

Fulfilling the assignment entrusted to us by your general [shareholders'] meetings, we have audited the consolidated accounts of the company Groupe Ares S.A. relative to the period ending 31 March 2006, as included with this report.

The consolidated accounts have been approved by the Board of Directors. It is our duty, based on our audit, to give an opinion on these accounts. These accounts have been prepared for the first time in accordance with the IFRS guidelines adopted by the European Union. They include for purposes of comparison the data relative to the period ending 31 March 2005 adjusted according to the same rules, with the exception of standards IAS 32 and IAS 39 which, in compliance with the option offered by IFRS 1, are applied by the company as of 1 April 2005.

I. Opinion concerning the consolidated accounts

We performed our audit in compliance with the professional standards in force in France; these standards require the due diligence in order to obtain reasonable assurance that the consolidated accounts do not present any significant anomalies. An audit consists in examining, by spot checks, the convincing items justifying the data contained in these accounts. It also consists in appreciating the accounting principles used and the significant estimates retained for the closing of the accounts and appreciating their overall presentation. We consider that our verifications provide a reasonable basis for the opinion expressed hereafter.

We certify that the consolidated financial statements of the period, with respect to the IFRS guidelines as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and net results of the consolidated group of companies and staff.

Without questioning the opinion expressed above, we draw your attention to the uncertainty relative to the continuity of operations as indicated in note 1.2 "Basis of preparation", included in the "Accounting principles" note in the appendix of the consolidated accounts.

II. Justification of assessments

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

- On the basis of our work and the information communicated to us to date, and in the context of our assessment of the accounting principles followed by your company, we consider that the notes of the appendix to the consolidated accounts provide appropriate information regarding the group's situation considering the uncertainty, mentioned above, that weighs on the continuity of operations.
- Prior to each closing, the company systematically carries out a test for depreciation of goodwill and business assets, and also assesses if there has been any loss in value index for long-term assets, according to the terms described in note 1.5 of the appendix to the consolidated accounts. We have examined the terms and conditions of the implementation of this depreciation test as well as the cash flow forecasts and assumptions used and we have verified that note 1.5 provides appropriate information.
- In the context of our appreciation of the accounting principles followed by your company, we have examined the terms for including development costs among the assets as well as the terms retained for their amortisation and for verifying their recoverable value, and we have made sure that note 1.4 of the appendix to the consolidated accounts provides appropriate information.
- Note 1.9 of the appendix to the consolidated accounts presents the accounting method relative to the receivables assigned under factoring contract agreements. In the context of our appreciation of the accounting principles followed by your company, we have verified the appropriateness of the accounting method described above and of the information provided in the notes of the appendix to the consolidated accounts and we are assured that they have been correctly applied.

Our assessments on these matters were made in the context of the performance of our audit of the consolidated financial statements

taken as a whole, and have therefore contributed to the forming of our opinion expressed in the first half of this report.

III. Specific verification

In addition, we have also proceeded, in accordance with the professional standards applicable in France, to verify the information provided in the group management report. With the exception of the possible impact of the facts exposed above, we have no matters to report regarding its fair resonance and conformity with the consolidated financial statements.

Paris La Défense and Paris, 8 September 2006

KPMG Audit
Department of KPMG S.A.

Emmanuel ANGUIS
Partner

PRAXOR AUDIT

Bernard MAILLET
Partner

20.3 Auditors' fees

20.3.1 Statutory auditors' fees as of 31 March 2006

	KPMG 1 cours Valmy 92923 PARIS LA DEFENSE cedex		PRAXOR 156 bd Haussmann 75008 PARIS	
	Amount	%	Amount	%
Audit				
- chartered accountants, audits of and opinions on company and consolidated accounts				
SA GROUPE ARES	28		15	
SA ARES	94		35	
SA ARAIX	3			
SA DCV			10	
- Other subsidiary assignments and other audits				
Sub-total	125	100%	61	100%
Other services				
- Legal, Fiscal & Social	-		-	
- Internal audit	-		-	
- Other	-		-	
Sub-total	-	0%	-	0%
TOTAL	125	100%	61	100%

20.3.2 Substitute Auditors' fees

None

20.4 Financial statements for the year ending 31 March 2006

The Groupe Ares Financial statements are available on simple request from the Company Registered Office.

In accordance with the recommendations of the AMF (French Market Authority), Groupe ARES has decided to no longer present its Financial statements in this reference document.

20.5 Dividends paid out and distribution policy

Since its listing on the French Second Market, the Company has applied the policy of dividend distribution according to plan, i.e. approximately 15 to 30% of the net consolidated profit Group share, before goodwill:

Closing date	Consolidated Income	Dividends
31/03/1999	21,267,466.46 F (3,242,204.36 €)	4,886,879.65 F (745,000.00 €)
31/03/2000	42,077,026.24 F (6,414,601.30 €)	9,773,759.70 F (1,490,000.00 €)
31/03/2001	44,629,032.21 F (6,803,652.10 €)	10,555,660.04 F (1,609,200.00 €)
31/03/2002	7,142,237.08 €	1,609,740 €
31/03/2003	82,904.97 €	447,150 €
31/03/2004	709,338.36 €	447,414 €
31/03/2005	685,724 €	537,044 €
31/03/2006	-	-

In addition, The Combined General Assembly held on 28 January 1999 approved the measure authorizing the Company to proceed with the payment of dividends in shares.

In compliance with article 2277 of the French Civil Code, dividends not claimed within five years from the date of their payment are lapsed.

20.6 Legal and arbitration procedures

There is no state, judicial or arbitration procedure, including any procedure of which the company has knowledge which is suspended or which represents a threat to the company, that could or effectively did during the last 12 months have a significant effect on the financial position or profitability of the Company.

20.7 Significant changes

The Company has not undergone any significant change in its financial or trading position since the closing of the accounting period ending 31st March 2006.

21. ADDITIONAL INFORMATION

21.1 Registered Capital

21.1.1. Amount of Registered Capital

The registered capital of the Company as of 31 March 2006 stands at 11,387,590.91 Euros. It is divided into 8,963,724 shares, fully paid. Taking into account the shares held by Groupe ARES which do not have voting rights, the number of voting rights on 31 March 2006 is 11,722,5002.

21.1.2. Non issued authorised capital

Financial authorizations in effect on 31 March 2006 are as follows:

Delegations granted par the General Assembly	Date of the General Assembly granting delegation	Duration of the delegation and term	Total amount of delegation (value in euros)	Use made of the delegation during the accounting period	balance
Delegation to the Board of Directors for granting share subscriptions and purchase options to members of staff and legal representatives.	15 September 2003	38 months or 5% of capital 15 November 2006	5% maximum of the number of shares making up the capital on 15 September 2003 or 447,150 shares	During the period 150,000 subscription options were issued, representing 1.68 % of the number of shares making up the capital on 15 September 2003	0,92% (82,150) of the number of shares making up the capital on 15 September 2003
Delegation to the Board of Directors to issue shares and securities giving access to company capital, with preferential subscription rights for the shareholders.	26 September 2005	26 months 26 November 2007	5,716,837.75 € or 4,500,000 shares		
Delegation to the Board to issue shares and securities giving access to company capital, with suppression of the preferential subscription rights for the shareholders.	26 September 2005	26 months 26 November 2007	5,716,837.75 € or 4,500,000 shares		

21.1.3. Potential capital

21.1.3.1. Plan for share subscription options

The Board of Groupe Ares has granted for the benefit of certain members of its salaried personnel and certain managers and directors of the company and its affiliates plans for purchasing shares at an agreed price.

The characteristics of these plans are as follows:

PLAN	No. 1	No. 2	No. 3	No. 4	No. 5	No. 6	No. 7
Date of decision by Board of Directors	15/09/99	11/01/00	06/04/01	16/07/02	28/10/03	25/05/04	30/01/06
Date of expiry	14/09/06	10/01/07	05/04/08	15/07/09	27/10/10	24/05/11	29/01/13
Number of beneficiaries	76	100	105	22	17	5	29
Exercise price in euros	5,21	10,90	8,00	6,80	3,45	4,32	2,87
Shares allocated	111 750	132 000	151 950	30 000	200 000	15 000	150 000
Options exercised	3 000	-	-	-	-	-	-
Options abandoned (*)	45 000	46 650	42 500	1 000	13 281	9 000	-
Potential dilution	63 750	85 350	109 450	29 000	186 719	6 000	150 000

21.1.4. Shares not representative of the capital

None

21.1.5. Number , book and par value of shares held by Company on its own behalf

On 31st March 2006 the company held 22,424 of its own shares for a book value of 82,296 €.

21.1.6. Complex securities

None

21.1.7. Options or agreements bearing on the Company capital

None

21.1.8. Evolution of the company capital since the creation of the Company

EVOLUTION OF THE COMPANY CAPITAL SINCE ITS CONSTITUTION						
Date	Nature of transaction	Increase of capital	Contribution or issue premium	Total number of shares	Par value of shares	Amount of capital
15/07/1992	Formation of the Company	250,000 F	-	2 500	100 F	250,000 F
31/01/97	Capital increase by contribution of ARES shares	36,356,700 F	0 F	366,067	100 F	36,606,700 F
	Capital increase in cash	18,193,300 F	0 F	548,000	100 F	54,800,000 F
28/01/1999	Capital increase by conversion of convertible bonds into shares	9,200,000 F	0 F	640,000	100 F	64,000,000 F
	Division of the par at 25 F i.e. 3.81 euros	-	-	2 560 000	25 F	64,000,000 F
	Transformation of capital into euros	-	-	2,560,000	Removal of the mention from the statutes	9,756,737.10 €

26/02/1999	Increase of capital on the occasion of the listing on the Second Market	1,600,714.68 € 10,500,000.00 F	5,119,285.32 € 33,580,310.40 F	2,980,000	-	11,357,451.78 € 74,500,000.00 F
25/09/2000	Division of the shares by three	-	-	8,940,000	-	11,357,451.78 € 74,500,000.00 F
31/03/2002	Increase of capital on the occasion of exercising of options	3,811.22 €	11,828.28 €	8,943,000	-	11,361,263.00 €
31/03/2004	Increase of capital on the occasion of the exercising of shares with warrants attached	6,728.08 €	21,340.72	8,948,296	-	11,367,991.08 €
31/03/2005	Increase of capital on the occasion of the exercising of shares with warrants attached	3,109.95 €	9,864.45 €	8,950,744	-	11,371,101.03 €
31/03/2006	Increase of capital on the occasion of the exercising of shares with warrants attached	16,489.88 €	52,304.12 €	8,963,724	-	11,387,590.91 €

* before charging for issuance costs

Evolution of the shareholding structure over the last three years:

	Position as of 31/03/2006			Position as of 31/03/2005			Position as of 31/03/2004		
	Number of shares	% capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Main nominally registered shareholders	2 993 974	33,39	49,17	3 022 332	33,76	49,43	4 322 680	48,29	64,86
Mr Maurice Bourlier	2 285 796	25,50	38,95	2 280 196	25,47	38,92	2 331 277	26,05	34,98
Ms Geneviève Bourlier	255 001	2,84	4,35	255 001	2,85	4,35	495 039	5,53	7,43
All of the 3i investment funds	218 211	2,43	1,86	252 169	2,82	2,15	1 207 479	13,49	18,11
CIMB (1)							53 919	0,60	0,81
SG Capital Development (2)	129 966	1,45	2,22	129 966	1,45	2,22	129 966	1,45	1,95
SNVB Participations (3)	105 000	1,17	1,79	105 000	1,17	1,79	105 000	1,17	1,58
Other shareholders	5 969 750	66,61	50,83	5 928 412	66,24	50,57	4 625 616	51,71	35,14
Total	8 963 724	100,00	100,00	8 950 744	100,00	100,00	8 948 296	100,00	100,00

- (1) CIMB: investment club created on the initiative of Mr Maurice BOURLIER
- (2) Investment fund of Société Générale Group
- (3) Investment fund of SNVB Group, a subsidiary of CIC/Crédit Mutuel

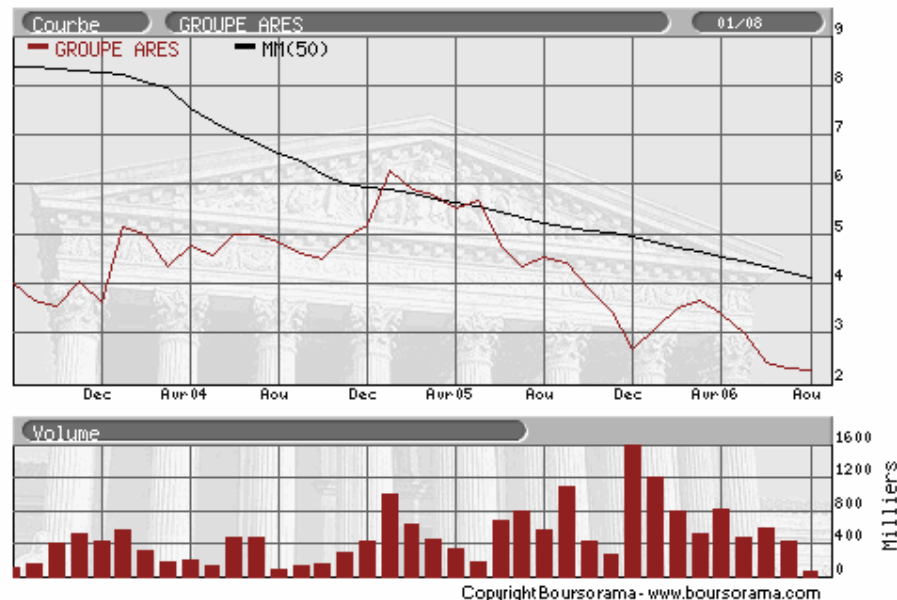
Issuers securities market

GROUPE ARES shares are listed on Eurolist of Euronext Paris since March 1999 – Code ISIN FR0000072167 – Segment NextEconomy – FTSE 972 nomenclature (Computer Services). Since the reform of the Euronext stock market on 21st February 2005, the share is a part of compartment C of the Euronext Eurolist and the MIDCAC index. The Group signed with CM-CIC Securities a ??? contract as well as a liquidity contract.

The information hereafter, coming from Euronext, has been faithfully reproduced and no fact has been omitted that could render it inexact or misleading.

	Number of listing sessions	Price for lowest month	Price for highest month	Number of shares exchanged
2004				
January	21	3,79	5,14	562 313
February	20	4,93	5,5	319 456
March	23	4,34	5	176 915
April	20	4,35	4,8	206 866
May	21	4,3	4,74	122 722
June	22	4,55	5,05	472 003
July	22	4,87	5,28	470 511
August	22	4,61	4,97	71 161
September	22	4,58	4,84	132 489
October	21	4,28	4,78	141 620
November	22	4,39	4,97	277 337
December	23	4,57	5,28	432 887
2005				
January	21	5,2	6,5	999 064
February	20	5,73	6,81	626 455
March	21	5,21	6,1	456 716
April	21	5,39	5,94	326 814
May	22	5,32	5,95	181 591
June	22	4,58	5,71	665 402
July	21	3,9	4,9	794 961
August	23	4,33	4,81	549 785
September	22	4,3	5,3	1 084 683
October	21	3,7	4,49	431 941
November	22	3,28	3,98	268 460
December	21	2,48	3,5	1 584 260
2006				
January	22	2,63	3,26	1 079 845
February	20	3,02	3,96	515 149
March	23	3,47	3,87	496 119
April	18	3,32	4,14	742 656
May	22	2,73	3,46	450 667
June	22	2,35	3,05	505 618
July	21	2,21	2,5	312 223

Evolution of the GROUPE ARES share price from January 2004 to July 2006



21.2 Formation and Articles of Incorporation

(Article 27 of Articles of Incorporation)

The purpose of the company, both in France and in all other countries is:

- the subscription, purchase, sale, in particular with a view to financial investments, of all securities issued by companies whether listed or not, French or foreign, and any types of securities,
- to provide consulting services in the field of computer technology and all services in the financial and administrative fields, all on behalf of direct or indirect affiliates,
- and more generally to undertake all financial, commercial, industrial, civil, real estate or trading operations that could either directly or indirectly be linked to one of the stated purposes or any similar or related purpose likely to favour the development of the company's assets.

Each fiscal year shall last for one year, beginning on 1st April and finishing on 31st March.

Statutory or other provisions relative to the members of the company's administrative and governing bodies

Board of Directors (Article 14 of Articles of Incorporation)

The company is administered by a board of directors consisting of three members at the least and eighteen members at the most. The duration of their office is six years; it ends following the meeting of the Ordinary General Meeting that is called on to approve the accounts of the preceding accounting period and held in the year during which the mandate expires.

A legal entity that is appointed as a member must, upon its appointment, appoint a person as a permanent representative and provide for that person's replacement if he or she is revoked or is prevented in any way from carrying out his or her duties.

The directors are appointed by the Ordinary General Shareholders' Meeting. However, in case of a merger or split, the appointment of the members may be made by an extraordinary general shareholders' meeting.

Each member must be the owner of at least one share.

Organisation of the Board of Directors (Article 15 of Articles of Incorporation)

The board of directors elects from among its members a Chairperson who must necessarily be a physical person, otherwise the appointment will be null and void, and it fixes the duration of the Chairperson's office without this being able to exceed the person's mandate as a Member.

The Chairperson must not be older than sixty-five years of age. If the Chairperson in office reaches and exceeds that age, he or she is considered to be resigning as a matter of course.

Meetings and decisions of the Board of Directors – Minutes (Article 16 of the Articles of Incorporation)

The Board of Directors meets as often as the interests of the Company require, being called to do so by its Chairperson. The CEO or, if the Board has not met for over two months, one third at least of the directors, may ask the Chairperson, who is duty bound by this request, to convene a meeting of the Board of Directors for an agreed agenda.

The convening is done by all and any means including orally. Meetings of the Members of the Board were held either at Company Headquarters or at the location indicated on the convening notice.

The board may appoint one or more vice-chairs, chosen among the directors, whose role it will be to chair the meetings of the board in the absence of the Chairperson and who shall be appointed for the duration of their mandate as a Member.

The board may appoint, at each meeting, a secretary, even from outside the directors.

The Board may only decide validly if at least half of the directors are present. Decisions are taken by a majority of the members present or represented.

The directors may participate in the discussions and the votes of the deliberations of the board using videoconferencing means. They will in this case be considered to be present for the purpose of calculating the quorum and the majority. The board of directors will draw up the Articles of Association (règlement intérieur) that will determine the methods of implementation of the use of videoconferencing facilities for its meetings.

The videoconferencing facilities will not however be able to be used for the adoption of the following decisions:

- appointment, remuneration, revocation of the chairperson, the CEO and delegated general managers.
- closing the annual accounts and the consolidated accounts,
- drafting of the management report and the group management report.

In case of split votes, the vote of the session's Chair is predominant.

Powers of the Board of Directors (Article 17 of the Articles of Incorporation)

The Board of Directors determines the orientations of the Company's activities and ensures their implementation. With all due reservations as to the powers granted by law to the shareholders' meetings and within the limits of the company purpose, the board deals with any question of interest for the good operation of the Company and by its deliberations settles the Company's business.

In its relations with third parties, the Company is committed even by the actions of the Board of Directors that are not related to the purpose of the Company, unless the latter can prove that the third party knew that the action went beyond the said purpose and that it could not be unaware of this considering the circumstances, it being understood that the mere publication of the Articles of Incorporation may in no way be considered to be sufficient proof.

The Board of Directors carries out the audits and controls it considers appropriate. Each member of the Board receives all the information necessary for fulfilling his or her mission and may request to receive all documents he or she considers useful.

General Management (Article 18 of the Articles of Incorporation)

1 – Methods of operation

The general management of the company is carried out under its responsibility, either by the Chairperson of the Board of Directors, or by another person appointed by the Board and having the title CEO ("Directeur Général").

The Board of Directors chooses between these two methods of carrying out the general management.

The deliberation of the Board relative to the choice of the method for undertaking the general management is taken by the majority of directors present or represented. The shareholders and third parties are informed of this choice in the conditions governed by the regulations in force.

The change in the method of carrying out the general management does not entail a change in the Articles of Incorporation.

When the general management of the company is handled by the chair of the board of directors, the following provisions relative to the managing director are applicable to him or her.

2 – CEO

The CEO is a person chosen from among the directors or not.

The duration of the office of CEO is decided by the Board at the moment of his or her appointment.

No one may be appointed to be CEO if he or she is over sixty-five years of age. When the CEO reaches the age limit, he or she is considered to be automatically resigning.

The CEO may be revoked at any time by the Board of Directors. If the revocation is decided without a just motive, it may give rise to the payment of damages, unless the CEO is also the Chair of the Board of Directors.

The CEO is invested with the most wide ranging powers to act in all circumstances on behalf of the Company. He or she exercises those powers within the limits of the company's purpose and with the reservations of the limits attributed expressly to shareholders' assemblies and to the Board of Directors.

He represents the Company in its relations with third parties. In its relations with third parties, the Company is committed even by the actions of the Board of Directors that are not related to the purpose of the Company, unless the latter can prove that the third party knew that the action went beyond the said purpose and that it could not be unaware of this considering the circumstances, it being understood that the mere publication of the Articles of Incorporation may in no way be considered to be sufficient proof.

3 - Deputy Executive Officers

Following a proposal by the CEO, whether this office is assumed by the Chair of the Board of Directors or by another person, the Board of Directors may appoint one or more persons responsible for assisting the CEO, with the title of Deputy Executive Officer.

The Board may choose the deputy executive officers from among its directors or not and may not appoint more than 5.

The age limit is set at 65. When a Deputy Executive Officer reaches the age limit, he or she is considered to be automatically resigning.

The deputy executive officers may be revoked at any time by the Board of Directors, following a proposal by the CEO. If the revocation is decided without any just motive, it may give rise to the payment of damages.

When the CEO ceases or is prevented from exercising his office, the deputy executive officers keep, unless otherwise decided upon by the Board, their offices and duties until the appointment of a new CEO.

In agreement with the CEO, the Board of Directors determines the scope and duration of the powers conferred on the deputy executive officers. The deputy executive officers have the same powers as the CEO in dealings with third parties.

(Article 13 of the Articles of Incorporation)

Type of shares (Article 10 of the Articles of Incorporation)

The shares are either nominally registered or bearer shares. They are duly registered in accordance with the conditions and terms governed by published or future legislative and regulatory provisions.

Rights and obligations attached to the shares (Article 13 of the Articles of Incorporation)

All the shares are of the same category and confer the same rights both in terms of distribution of earnings and of the liquidation profits.

With all due reservations as stipulated in the following paragraph, the voting right attached to capital or bonus shares is proportional to the quota of capital they represent, each share giving the right to the same number of votes, with a minimum of one vote.

Owners of registered, fully-paid shares who can substantiate, at least five days prior to the date of the Assembly, that they have been nominally registered as shareholders in the Company's records for at least two years without interruption, shall have double voting rights.

In case of capital increase through capitalization of reserves, profits or share premiums, owners of new shares freely allocated to shareholders already benefiting from double voting rights shall immediately benefit from double voting rights on the new shares issued.

Double voting rights will terminate automatically for any shares converted to bearer form or transferred unless otherwise stipulated by law.

procedure for modifying shareholder's rights

Shareholders' rights as laid out in the Company Articles of Incorporation may not be modified other than by an extraordinary general shareholders' meeting.

(Article 23 of the Articles of Incorporation)

The collective decisions of the shareholders are taken in general meetings; these take place at the head office of the company or any other place stated in the notification.

The general meetings are convened in accordance with the conditions fixed by law.

Any shareholder may participate in the meetings in person, or through a proxy.

In order to participate or be represented in the meetings owners of bearer shares must either hand in a certificate established by the intermediary who holds their account and taking note of the fact that their shares are unavailable until the date of the meeting at the place shown in the said notification, at least five days before the date fixed for the meeting.

In order to participate or be represented at the meetings the owners of registered shares must be able to substantiate, at least five days prior to the date of the Assembly, that they have been nominally registered as shareholders in the Company's records.

The board of directors may cancel or shorten the five day period mentioned in the previous paragraphs but only for the benefit of all shareholders.

The voting right belongs to the usufructuary for ordinary general meetings and for owners without usufruct for extraordinary general meetings.

The general meeting is chaired by the Chair of the Board of Directors or, in his or her absence, by the Vice-Chair or otherwise by a Member of the Board specifically delegated for this task by the Board. If there is no chairperson appointed, the meeting itself elects its chair.

The office of scrutineer is filled by the two shareholders, who are present and accept, disposing, both for themselves and as proxys, of the largest number of votes.

The officers then designate a secretary who cannot be a shareholder.

Provisions for delaying, postponing or preventing a change in the control of the company

The statutes of the Company do not make any provisions for delaying, postponing or preventing a change in the control of the company.

Overstepping statutory thresholds

The declarations informing of the overstepping of thresholds and the declarations of intent to be made in case these thresholds are overstepped will be made and sanctioned in the conditions governed by the regulations in force.

Acquisition of a block conferring the majority of the capital or of the voting rights of the Company – Share price guarantee

Where a person or an entity acting on their own or jointly according to the terms of article L. 233-10 of the French Commercial Code acquire or agree to acquire, directly or through the intermediary of one or more companies controlled by the initiator of such a move according to the terms of article 233-3 of the Commercial Code, one or several blocks of shares conferring, by virtue of the shares or voting rights that the initiator already holds, a majority of the capital or of the voting rights of the Company, the initiator of the offer shall propose to all the other shareholders the possibility of acquiring all the shares they respectively hold on the day the above mentioned threshold is overstepped, and in compliance with the terms and conditions governed by articles 235-1 and following of the General Rules of the Financial Markets Authority (AMF) if the Company shares are admitted to trading on the regulated market and to articles 235-4-1 and following of the General Rules of the Financial Markets Authority (AMF), or any text that may replace them in the future, if the Company's shares are admitted to trading in an organised multilateral trading system.

Special stipulations governing changes in the capital

There are no special stipulations in the Company Articles of Incorporation governing changes in its capital.

22. IMPORTANT CONTRACTS

The Company has not signed any contracts (other than contracts concluded in the normal course of business) since its creation.

23. INFORMATION COMING FROM THIRD PARTIES, DECLARATIONS OF EXPERTS AND STATEMENTS OF INTEREST

None

24. DOCUMENTS ACCESSIBLE TO THE PUBLIC

For as long as the documents are valid, the following documents may, if necessary, be consulted:

- Articles of incorporations and statutes of the Company
- All reports, letters and other documents, historical financial information, assessments and statements made by an expert upon request by the Company, of which a part is included or referred to in the document,
- The historical financial information of the Company and its affiliates for each of the two accounting periods preceding the publication of the document.

These documents may be consulted at the Company's Registered Office.

All the elements of information communicated by the company are available on the website: www.ares.fr.

An annual summary brochure is also published.

25. INFORMATION ON OWNERSHIP INTERESTS

This information appears in paragraph 7 "Group Organisational Chart on 31st March 2006" of this reference document.

APPENDIX1: RESOLUTIONS PROPOSED TO COMBINED GENERAL ASSEMBLY DATED SEPTEMBER 27, 2006

COMBINED GENERAL ASSEMBLY

September 27, 2006

TEXT OF RESOLUTIONS

Ordinary Resolutions

First Resolution: Approval of Financial statements for the year ending 31 March 2006

The Combined General Assembly, under the conditions required for Ordinary Shareholders Meetings as to quorum and majority, having been informed of the Board of Directors' and Statutory Auditors' reports, approves the financial statements for the year ending March 31, 2006, including the balance sheet, the income statement and the appendix as presented, as well as the transactions reflected in these statements and described in the reports. The General Meeting approves net loss of 2,757,142.61 euros.

The General Meeting gives final discharge to the Members of the Board of Directors for performance of their mandate for the year ending March 31, 2006.

In accordance with article 223 quarter of the French General Tax Code, The General Meeting approves the expenses and charges under article 39-4 in the latter Code, which amount to 5,825 €.

Second Resolution: Approval of Financial statements for the year ending 31 March 2006

The Combined General Assembly, under the conditions required for Ordinary Shareholders Meetings as to quorum and majority, having been informed of the Board of Directors' and Statutory Auditors' reports, approves the financial statements for the year ending March 31, 2006, including the consolidated balance sheet and income statement and the appendix as presented, as well as the transactions reflected in these statements and described in the reports, resulting in a consolidated loss of 4,942,825.71 €.

The General Meeting gives final discharge to the Members of the Board of Directors for performance of their mandate for the year.

Third resolution: Allocation of earnings

The Combined General Assembly, under the conditions required for Ordinary Shareholders Meetings as to quorum and majority, having been informed of the Board of Directors' and Statutory Auditors' reports:

- Resolves, in application of Article L. 225-210 line 4 of the French Commercial Code, retroactively to the date of the General Shareholders Meeting held on September 26, 2005, to allocate the dividends received by the company on its own shares held as of October 30, 2005, the date of payment of the dividend, for an amount of 1 740 € to retained earnings.

- Takes note that the Company has paid dividends on 12,980 new shares issued through the exercise of share subscription warrants between March 31, 2005 and October 3, 2005, for an amount of 778.80 €.

- Resolves to allocate the full amount of loss for the financial year to retained earnings, which now amounts to 2,010,551.64 €.

It is noted that dividends distributed over the preceding three fiscal years were as follows:

Fiscal year	Earnings per share
March 31, 2003	0.05 €
March 31, 2004	0.05 €
March 31, 2005	0.06 €

* Dividend eligible for 50% rebate for physical persons.

Fourth resolution: Approval of regulatory statements

The Combined General Assembly, under the conditions required for Ordinary Shareholders Meetings as to quorum and majority, having been informed of the Statutory Auditors' special reports on the conventions mentioned in Article L225-38 of the French Commerce Code, takes note of the conclusions of this report and approves the conventions therein.

While not every interested party cast a vote on agreements touching him or her, this resolution was unanimously adopted by the other shareholders present or present by proxy.

In accordance with article L. 225-115 of the Commercial Code, the titles and subjects of the standard agreements that bear on current operations were read aloud.

Fifth Resolution: Authorizing the Board of Directors to let the Company deal in its own shares

The Shareholders Meeting, ruling that the conditions for a quorum and a majority in an ordinary general meeting have been met, and after reading the report of the Board of Directors,

-- terminates, with respect to the unused portion and effective immediately, the authorization given to the Board of Directors by the joint Shareholders Meeting in resolution 5 to buy back Company stock;

-- authorizes the Company, in accordance with articles L. 225-209 & ff. of the Commercial Code, to buy its own stock up to a maximum of 896,372 shares or 10% of the corporate equity as of March 31, 2006, with the following conditions:

The maximum purchase price shall not exceed €7 per share, with the stipulation that in the event of changes to capital stock, particularly by capitalizing reserves, awarding stock and/or splitting or reverse-splitting shares, this price will be adjusted accordingly and that, if shares so acquired were used for awards of stock pursuant to articles L. 443-1 & ff. of the Employment Code, then the sales price or the monetary exchange-value of the awarded shares would be determined according to the specific legal provisions that apply;

Consequently, the upper limit on funds for the buy-back program is €6,274,604, a calculation based on the corporate equity as of March 31, 2006, though this maximum can be adjusted to reflect corporate equity as of the day of the Shareholders Meeting.

The acquisition or sale of such shares, including during public offerings (within the terms and, especially, the volume and price limits stipulated by laws in effect at the time of the proposed transactions) may be accomplished by any means, whether on the market, over the counter or otherwise, by block-trading, or by using options or any derivative product. Part or all of the capital acquired or sold under the program may be in the form of blocks of shares.

This authorization is valid for a period of eighteen months.

The purpose of this authorization is to allow the company to become involved in trading its own stock, with the following goals:

To stimulate the market in Ares Group stock through an investment services provider as part of a liquidity contract, in keeping with the statement of professional ethics accepted by the AMF [French regulatory commission];

To hold onto its stock for later trading or for use as payment in any external growth operations the Company might undertake;

To sell or give its shares to corporate employees or agents within the Group as part of stock purchase or awards plans for the benefit of such individuals;

To offer its shares when rights thereto are exercised in connection with securities representing any sort of present or future claim by conversion, exercise, redemption or exchange and to do so on terms specified by the market authorities;

To implement any market practice deemed acceptable in law or by the AMF.

The Board of Directors shall inform the shareholders at the annual meeting of all purchases and sales made in this way, and of how any purchases of stock relates to the various objectives pursued.

The Shareholders Meeting confers on the Board of Directors, with the option of delegating same, full power to order all trades, to execute all agreements, to draw up all documents, to make all declarations to the AMF or any other body, to carry out all formalities and generally to do whatever is called for in this regard.

The Shareholders Meeting also confers on the Board of Directors full power, should the law or the AMF extend or add to the objectives authorized for the share buy-back program, to make an amendment that incorporates such changes in objective.

Sixth Resolution: Ratification by the Meeting of the nomination by the Board of Directors of a director to replace one who has resigned

The Board of Directors named as a director Mr. Michel BERJAMIN, provisionally as required by article L 225-24 ¶ 1 of the Commercial Code and pending ratification by the Shareholders Meeting, for the remainder of his predecessor's term, that is, through the regular Shareholders Meeting to be held in 2010 to act upon the financial statements for the period ending March 31, 2010.

The chairman asked the Meeting to ratify the nomination of Mr. Michel Berjamine as a director of the company.

Extraordinary business

Seventh resolution: Delegating power to the Board of Directors to make additions to equity, either by issuing, while keeping intact priority subscription rights, new shares, warrants and/or other securities with immediate or future entitlement to Company shares, or by capitalizing premiums, reserves, earnings or other credits.

The Meeting, ruling that conditions for a quorum and a majority in an extraordinary meeting have been met, after the report of the Board of Directors and the special report of the auditors have been read, and ruling in accordance with articles L. 225-129-2, L. 228-92 and L. 228-93 of the Commercial Code:

1) delegates to the Board of Directors the power to undertake, without further consultation, an increase in corporate capital, on one or more occasions, in the amounts and at the times it judges best:

a) by issuing in France or abroad, in euros or in foreign currency or any legal denomination, common stock, naked warrants either for payment or not, and/or securities (except for preferred shares, non-voting preferred shares or non-voting shares) giving immediate or future rights, dated or undated, to the Company's stock, whether by subscription, conversion, exchange, redemption, presentation of warrant or in any other manner;

b) and/or by adding to equity premiums, reserves, profits or any item that the law and by-laws allow to be capitalized, whether or not followed by an award of stock through the creation of new shares;

2) resolves to set limits, as set forth below, to the amounts authorized for issue, should the Board of Directors make use of this delegation of power.

a) The maximum nominal amount of additions to equity contemplated in paragraph 1(a) above may not exceed €6,352,042.36, that is, 5,000,000 new shares, to which amount shall be added, if necessary, the value of additional shares issued in order to preserve, in accordance with law, the rights of the owners of securities entitling them to shares;

b) The maximum nominal amount of additions to equity resulting from capitalizing as equity the reserves, premiums and profits contemplated in paragraph 1(b) above, increased by the amount necessary to preserve, in accordance with law, the rights of owners of securities entitling them to shares and independently of the €6,352,042.36 ceiling set in paragraph 2(a), may not exceed the value of reserves, premiums and profits that was showing at the time the additions to equity were made.

3) In the event the Board of Directors makes use of this delegation of power as part of the issue(s) contemplated in 1(a) above, the Shareholders Meeting:

a) resolves that the issue(s) shall be preferentially reserved for existing shareholders, who may purchase as of right;

b) confers on the Board of Directors the option of granting to shareholders the ability to purchase not as of right a number of shares greater than that to which they are entitled as of right, proportionally to the purchase rights they possess and, at all events, within the limits of demand;

c) resolves that if the purchases made as of right and, if need be, not as of right do not absorb all the shares issued, the Board of Directors may, under the conditions specified by law and in an order of the Board's choosing, take one or more of the

following steps:

- limit the increase in equity to the amount subscribed, so long as this attains at least three-quarters of the planned increase;
- split in any way all or part of the shares issued but not subscribed,
- offer the public, on the French market, all or part of the unsubscribed shares;

4) resolves that any issue of the company's warrants may be used either as an offer to subscribe under the terms set forth above or for distribution without cost to the holders of existing shares;

5) fully empowers the Board, who may choose to delegate further, to implement this authorization under the terms set by law and in particular:

a) to establish the terms for the increase(s) to equity and/or the issue(s);

b) for any issue intended by 1(a) above:

- to determine the number of shares, warrants and/or securities to issue, their initial price and the amount of premium, if any, that must be discharged at the time of issue;
- to determine the dates and method of issue and the nature and form of securities to be created, which may mean subordinated or not and with or without an expiry period;
- to determine the methods for discharging the shares and/or securities issued;
- to set, if appropriate, the methods for exercising the rights associated with the securities issued or to be issued and especially to fix the date, even if retroactively, from which the new shares shall have dividend rights, as well as all other conditions and methods for bringing out the issue(s);
- to set the methods by which the Company shall, if necessary, have the option of buying or trading on the exchange, at any time or for set periods, the securities issued or to be issued;
- to provide the option of suspending, if need be, the exercise of the rights associated with these securities for a period not to exceed three months;
- to set the methods for preserving, if necessary, the rights of security owners with future entitlement to Company stock, all in accordance with legal and regulatory provisions;
- on its own initiative, to include the expenses of the addition(s) to equity in the relevant premiums and to withhold therefrom the amounts necessary to keep the legal reserve of one-tenth of new capital after each addition.

c) for any addition to equity of premiums, reserves, profits or other items:

- to set the level and the nature of amounts to be added to equity;
- to set the number of shares to be issued,
- to choose the date, even if retroactively, from which the new shares shall have dividend rights;
- To decide, when necessary and as an exception to the provisions of article L. 225-149 of the Commercial Code, that any rights to fractions of shares will be non-transferable and the corresponding shares will be sold; proceeds from the sale being allocated to the holders of rights to fractional shares, at the latest 30 days following the date on which the whole number of shares to which they are entitled is recorded in their share account;

d) generally to enter into any agreement, especially in furtherance of the intended issue(s), to take any measures or formalities helpful to the issue and to financing the securities issued under this authorization, as well as to the exercise of associated rights, to see that each increase to equity is in fact carried out and to make appropriate changes to the by-laws.

6) resolves that this authorization, which overrides any previous authorization of the same character, is valid for a term of twenty-

six months from the date of this Meeting.

Eighth resolution : Delegating power to the Board of Directors to undertake additions to equity, by issuing, without priority subscription rights, new shares, warrants and/or other securities with immediate or future entitlement to Company shares;

The Shareholders Meeting, ruling that conditions for a quorum and a majority in an extraordinary meeting have been met, after the report of the Board of Directors and the special report of the auditors have been read, and ruling in accordance with articles L. 225-129-2, L. 225-135, L. 228-92 and L. 228-93 of the Commercial Code;

1) delegates to the Board of Directors the power to proceed without further consultation with an increase in corporate capital, on one or more occasions, in the amounts and at the times it judges best:

a) by issuing in France or abroad, in euros or in foreign currency or any legal denomination, common stock, self-issued warrants either for payment or not, and/or securities (except for preferred shares, non-voting preferred shares or non-voting shares) giving immediate or future rights, dated or undated, to the Company's stock, whether by subscription, conversion, exchange, redemption, presentation of warrant or in any other manner, with the stipulation that such securities may be issued for the purpose of paying on securities that might be presented to the Company as part of a public offering in exchange for securities meeting the conditions set forth in article L. 225-148 of the Commercial Code;

2) resolves to cancel shareholders' priority subscription rights to the securities issued by the Board under this resolution, nevertheless leaving the Board the option, should it see fit, to confer on the shareholders a subscription priority that does not lead to the creation of negotiable rights and to do so in whatever timeframe and by whatever methods it shall determine, for all or part of an issue;

3) resolves that the nominal maximum for additions to equity that may be made under this authorization, on a present or future basis, is € 6,352,042.36, that is, 5,000,000 new shares, this amount deriving from the ceiling set in paragraph 2(a) of the seventh resolution;

The nominal value of securities representing claims on the Company that are so issued may not exceed € 6,352,042.36.

4) acknowledges that this authorization entails by operation of law, to the benefit of the owners of securities issued, surrender by the shareholders of their priority rights to the securities to which the issued securities give rights;

5) resolves that the market proceeds that accrue or may accrue later to the Company with each issue under this authorization shall be at least equal to the weighted average share price on the Euronext Paris Eurolist market over the latest three trading sessions preceding the initial pricing, less a possible discount of up to 5%. This average shall be corrected, if need be, for any differences of ex-dividend dates. In the event warrants for Company shares are issued, the sum received by the Company at the time the warrants are subscribed shall be included in this calculation;

6) fully empowers the Board, who may choose to delegate further, to implement this authorization under the terms set by law and in particular:

a) to set the terms for the issue(s);

b) to determine the number of shares, warrants and/or securities to issue, their initial price and the amount of premium, if any, that must be discharged at the time of issue;

c) To determine the dates and method of issue and the nature and form of securities to be created, which may mean subordinated or not and with or without an expiry period;

d) To determine the method for discharging the shares and/or securities issued;

e) to set, if appropriate, the method for exercising the rights associated with the securities issued or to be issued and especially to fix the date, even if retroactively, from which the new shares shall have dividend rights, as well as all other conditions and methods for bringing out the issue(s);

f) to set the method by which the Company shall, if necessary, have the option of buying or trading on the exchange, at any time or for set periods, the securities issued or to be issued;

g) to provide the option of suspending, if need be, the exercise of the rights associated with these securities for a period not to exceed three months;

h) to decide whether the balance of unsubscribed shares shall be totally or partially allocated, at its behest, or the issue shall

be limited to the amount subscribed, with the stipulation that the Board of Directors may use one or more of the above options, in the order it chooses;

i) more especially, if shares are issued in consideration of securities tendered for a public exchange offer:

- To draw up the list of securities tendered for exchange,
- To set the terms of the issue, the rate of exchange and, where applicable, the balance to be paid in cash,
- To determine the method of issuance: as part of a public exchange offer or a purchase-or-exchange offer, or else of a general public offer to buy or exchange together with a restricted public offer to buy or exchange.

j) on its own initiative, to include the expenses of the addition(s) to equity in the relevant premiums and to withhold therefrom the amounts necessary to hold the legal reserve of one-tenth of new capital after each addition.

k) generally to enter into any agreement, especially in furtherance of the intended issue(s), to take any measures or formalities helpful to the issue and to financing the securities issued under this authorization, as well as to the exercise of associated rights, to see that each increase to equity is in fact carried out and to make appropriate changes to the by-laws;

7) resolves that this authorization, which overrides any previous authorization of the same character, is valid for a term of twenty-six months from the date of this Meeting;

8) acknowledges, insofar as necessary, that this authorization does not nullify the authorizations given to the Board to grant stock options to employees and agents of the company and related companies or groups under the conditions contemplated in article L. 225-180 of the Commercial Code, or to make equity increases reserved for employees.

Ninth resolution: Authorizing the Board to increase the issue amount in the event of over-demand

After hearing the report of Board of Directors, the Meeting resolves that, subject to their approval, for each issuance declared pursuant to the seventh and eight resolutions, the Board of Directors may increase the number of shares issued under the terms of article L.225-135 of the Commercial Code and within the limits of the overall ceiling imposed in paragraph 2(a) of the seventh resolution, should an excess demand become apparent.

In accordance with the provisions of article 155-4 of the Decree of March 23, 1967 for business corporations, the Meeting authorizes the Board of Directors to employ this option within a 30-day period from the close of subscriptions and within the limit of 15% of the initial offering and at the same price as the initial offering.

Tenth Resolution: Delegating the Board to issue securities with present or future entitlement to a fixed amount of equity, without priority subscription rights for stockholders, in favor of certain categories of person, in accordance with article L.225-138 of the Commercial Code

The Meeting, after hearing the report of the Board of Directors and the special report of the auditors and in accordance with the provisions of articles L. 225-129-2 and L. 225-138 of the Commercial Code:

1) delegates to the Board of Directors power to undertake on one or more occasions the issuance of common stock in the Company or of any securities with present or future entitlement to Company stock, on behalf of categories of person hereinafter defined, the discharge of which may be made either in cash or on credit;

2) resolves that the nominal maximum for additions to equity that may be made as a result of the credits so delegated, on a present or future basis, is € 6,352,042.36, that is, 5,000,000 new shares, this amount deriving from the ceiling set in paragraph 2(a) of the seventh resolution;

3) resolves to cancel shareholders' priority subscription rights to common stock and/or stock equivalents to be issued under this resolution in favor of the following categories of person:

- French or foreign investment companies or managed mutual funds investing in holding companies in the real estate and/or financial services sector, North American, EU and Swiss insurance companies and groups operating in these sectors; the Board drawing up a list of same with the stipulation that the number of recipients may not exceed fifteen per issue;
- Shareholders of companies acquired by the Company;
- Within the provisions of article 163 (G) of the General Income Tax Code, to salaried employees of the Company or related companies as defined in article L 225-180 of the Commercial Code, as well as to executives with the tax status of employees;

- Resolves that the subscription price of shares issued by the Board of Directors under this authorization shall be at least equal to the weighted average share price on the Euronext Paris Eurolist market over the latest three trading sessions preceding the initial pricing, less a possible discount of up to 5%. This average shall be corrected, if need be, for any differences of ex-dividend dates.

4) delegates to the Board of Directors responsibility for determining the list of recipients within these categories and the number of shares to allocate to each of them

5) finds and resolves that this authorization entails a surrender by the shareholders of their priority subscription rights on the equity shares to which the securities to be issued give rights, in favor of the recipients of such securities;

6) resolves that the Board of Directors shall be fully empowered to implement this authorization within the terms set by law and the by-laws, particularly with respect to setting the dates, the terms and the method of any issuance, as well as the form and features of the shares or securities to be issued, with or without premium. In particular, it shall determine the amounts to be issued, the ex-dividend date, possibly retroactive, of the shares or securities to be issued, how they shall be discharged, as well as, if need be, the duration and the exercise price of warrants or the means of exchange, conversion, redemption or award of any other sort of equity shares or share equivalents, within the limits set by this resolution;

7) resolves that the Board of Directors shall have complete authority to implement this authorization and to undertake, on one or more occasions and in the amounts and at the times it judges best, the aforementioned issuance of securities for making additions to equity, to enter into any and all agreements for accomplishing the purpose of the planned issues, to see that they are carried out and to make appropriate changes to the by-laws;

More generally, the Meeting resolves that the Board of Directors shall be fully empowered to:

- determine, within legal requirements, the means of adjusting the terms for securities with future entitlement to equity;
- Suspend if need be the exercise of rights associated with such securities for a period of no more than three months;
- decide all allocations to the premiums, particularly issuance expenses.
- Ensure the rights of owners of securities with future entitlement to Company equity and to do so in conformance with legal and regulatory provisions;
- Take all steps and proceed with all formalities required for the listing of the securities so issued;

8) resolves that this authorization, which overrides any previous authorization of the same character, is valid for a term of twenty-six months from the date of this Meeting.

Eleventh resolution: Authorizing the Board to make awards of existing or created shares to salaried employees or certain categories of same and/or certain agents of the Company

The Extraordinary Meeting, after hearing the report of the Board of Directors and the special report of the auditors and in accordance with articles L. 225-197-1 and L. 225-197-2 of the Commercial Code:

1) authorizes the Board of Directors to undertake, at its sole discretion and on one or more occasions, the awarding at no cost of existing or yet to be issued shares in the Company to salaried employees or agents of the Company who meet the legal requirements or to those of directly or indirectly related companies within the meaning of article L 225-197-2 of the Commercial Code, or to certain categories of same;

2) resolves that the total number of shares awarded at no cost under this authorization may not exceed 10% of existing corporate equity as of the day the first award is conceded by the Board, that the award of stock to the recipients shall become final after a vesting period of at least two years and that the recipients' minimum holding period is fixed at two years. The Board shall have the option of increasing the length of these two periods.

3) resolves that the Board of Directors shall be fully empowered to:

- Set the terms and where applicable the criteria for awarding stock;
- Determine the identity of recipients as well as the number of shares awarded to each;

- Determine the impact on the recipients' rights of transactions that change equity or are liable to affect the value of stock awarded during the vesting and holding periods and consequently to modify or adjust if necessary the number of shares awarded so as to preserve the recipients' rights;

And if need be:

- See that reserves are sufficient and to make with every award a deposit into a committed reserve of the amounts required to discharge the new shares being awarded;
- Decide, when the time comes, on the increase(s) to equity made by adding reserves, premiums or profits as part of the award of new shares at no cost.
- To acquire the shares required by the stock buy-back program and put them into the award plan
- Take all useful measures to ensure that the recipients observe their obligatory holding period
- And generally do everything within the law which the execution of this authorization may require.

4) resolves that this authorization entails the express waiver by the shareholders of their rights to that part of reserves, premiums and profits which is added to equity to allow the discharge of awarded shares;

5) sets at thirty-eight months from the day of this Meeting the time this authorization shall be valid.

Twelfth resolution : Authorizing the Board of Directors to award certain employees and agents of the Company or related companies with subscription or purchase options under the plan set forth in article L. 225-177 of the Commercial Code

The Meeting, after hearing the report of the Board of Directors and the special report of the auditors and in accordance with articles L. 225-177 & ff of the Commercial Code:

1) authorizes the Board of Directors at its sole discretion and on one or more occasions to grant options on existing or yet to be issued shares in the Company to certain employees or agents of the Company or companies or groups meeting the legal requirements or companies related within the meaning of article L. 225-180 of the Commercial Code.

2) resolves that the total number of options granted under this authorization may not entitle the subscription or purchase of more than 5% of the shares which today make up the corporate equity, that the recipients of these options shall have a period of seven years after the Board has awarded an option to exercise it. Past this period the option shall be completely null and void.

Excluded from receiving such options are those employees or agents of the Company and related companies as contemplated in article L. 225-180 of the Commercial Code who own more than 10% of the Company's equity.

3) resolves that the proceeds or proceeds due to the Company for each common share existing or issued at the time a recipient exercises a subscription option under this authorization shall be at least equal to:

- 80% of the weighted average price on the stock exchange over the twenty trading sessions preceding the pricing, whenever the exercise of an option involves the issuance of new shares;
- 80% of the average purchase price of shares previously bought back by the Company under articles L 225-208 and L. 225-209 of the Commercial Code.

No option may be granted

- less than twenty exchange sessions after a coupon date entitling dividends or additions to equity.
- during the ten-session period preceding and following the date on which the consolidated financial statements or, failing that, the annual statements are made public;
- during the period between the date when the authorities become aware of information which, if it were made public, could have a significant impact on the Company's stock price and the date ten sessions after the date such information is made public.

4) resolves that the Board of Directors shall be fully empowered, within the following limits, to:

- Set the start and end dates of the options;
- Draw up the list of recipients;
- Set the terms on which the options will be granted and the amount of stock they will cover;
- Choose the conditions under which the price or number of shares may be adjusted to take into account financial transaction by the Company and, if necessary, the conditions under which the exercise of the options may be suspended;
- Set forth the Company restrictions or the notice that set(s) the purchase price and the means by which the recipients of such options can exercise their rights;
- Produce or have produced all the documents and formalities to make definitive the increase(s) in equity that may be made under this authorization and to change the by-laws accordingly;
- At its sole discretion and if it deems appropriate, to put the expenses of adding to equity on the premiums associated with such additions and to take from this amount after each addition the sums necessary to maintain the legal reserve of one-tenth of new equity;
- And generally to do all that is called for in this regard.

5) Resolves that this resolution entails the express waiver by the shareholders, in favor of the recipients, of their subscription priority on shares that may be issued under this authorization.

6) resolves that this authorization, which overrides any previous authorization of the same character, is valid for a term of thirty-eight months from the date of this Meeting.

Thirteenth resolution : Authorizing the Board of Directors to make an addition to equity reserved for members of the Ares Group Savings Plan

The stockholders' meeting, ruling that conditions for a quorum and a majority in an extraordinary meeting have been met, after the report of the Board of Directors and the special report of the auditors have been read, and ruling in accordance with articles L. 225-138 and L. 225-129-6 of the Commercial Code and article L. 443-5 of the Employment Code,

-- terminates, with respect to the unused portion and effective immediately, the authorization given to the Board of Directors by the joint shareholders' meeting of September 26, 2005 in the eleventh resolution;

-- authorizes the Board of Directors for the next twenty-six months following this Meeting to add to the corporate equity on one or more occasions and at its sole discretion through the issuance of stock reserved for the members of a company savings plan, and this decision entails the express waiver by the shareholders, in favor of the recipients, of their priority subscription rights;

1. resolves that the recipients of additions to equity as authorized hereby shall be the members of the savings plan of the Ares Group or related companies as defined by article L. 225-180 of the Commercial Code and which further fulfill any requirements the Board of Directors may establish;
2. resolves to set at €300.00 the total nominal amount of additions to capital that may thus be realized by the issuance of stock;
3. resolves that the subscription price of shares to be paid by the recipients indicated above may be neither less than, by more than 5%, the average opening price per share on the Euronext Paris Eurolist market during the twenty trading sessions preceding the Board's decision setting the start date of subscriptions nor greater than this average, which shall if necessary be corrected in the event of differing ex-dividend dates;
4. fully empowers the Board of Directors to implement or delegate, to the extent allowed by law, this authorization, doing so within the limits and under the conditions set forth above, and especially to:
 - set the terms which must be satisfied by the recipients of new shares arising from the additions to equity subject to this resolution,
 - lay out the terms of the issue and decide in particular on the amount to be issued, the offering price, and the dates and means of each issue;
 - set the timeframe in which the subscribers may discharge their shares,
 - choose the date, even if retroactively, from which the new shares shall have dividend rights;

- see to, or have others see to, the implementation of the additions to equity, up to the number of shares that are actually subscribed, or decide to increase the amount of said additions to equity so that all subscriptions received can in fact be fulfilled,
- on its own initiative, to include the expenses of the additions to equity in the relevant premiums and to withhold therefrom the amounts necessary to hold the legal reserve of one-tenth of new capital after each addition;
- generally to take all measures to carry out the additions to equity, perform the attendant formalities and make appropriate changes in the by-laws.

Fourteenth Resolution: Granting powers for formalities

The Meeting fully empowers the bearer of copies or abstracts of these minutes to perform all the legal formalities.

APPENDIX 2: REPORT OF THE BOARD OF DIRECTORS TO THE JOINT SHAREHOLDERS MEETING OF SEPTEMBER 27, 2006

Ladies and Gentlemen,

In accordance with law and our by-laws, we have called this Joint Shareholders Meeting in order to inform you of the condition and activities of our Company during the period ending March 31, 2006 and to submit for your approval the financial statements for the period. We will also be asking you to vote on renewing several authorizations given to your Board of Directors.

The shareholders, empowered in joint general meeting, are therefore called to enact:

Ordinary Business

- Reading of the management report prepared by the Board of Directors and of the general report of the auditors on the corporate financial statements as of March 31, 2006;
- Reading of the Board of Directors' report and of the auditors' report on the consolidated statements as of March 31, 2006,
- Reading of the special report from the Chairman on the preparation for and organization of the Board's work and on internal control procedures,
- Reading of the auditors' special report on the internal control system;
- Reading of the Board of Directors' supplementary report on the use of broad delegations of power for purposes of increasing corporate equity;
- Reading of the Board of Directors' supplementary report on the use of broad delegations of power for purposes of increasing corporate equity;
- Approval of the financial statements for the year ending March 31, 2006 and full discharge of the Board;
- Approval of non-deductible expenses;
- Distribution of the year's earnings;
- Reading of the auditors' special report on the agreements contemplated in article L. 225-38 of the Commercial Code and approval of said agreements;
- Reading of the special report on the publicizing of options to subscribe and purchase shares;
- Continuation of the Company's program to buy back its own stock;
- Ratification of the Board's nomination on August 28, 2006 of a replacement Director following the resignation of Mr. Jean Jacques Salomon;
- Miscellaneous matters;

Extraordinary business

- Delegating power to the Board of Directors to make additions to equity, either by issuing, while keeping intact priority subscription rights, new shares, warrants and/or other securities with entitlement to Company shares, or by capitalizing premiums, reserves, earnings or other credits;
- Delegating power to the Board of Directors to make additions to equity by issuing, without priority subscription rights, new shares, warrants and/or other securities with immediate or future entitlement to Company shares;
- Authorizing the Board to increase the issue amount in the event of over-demand;
- Delegating the Board to issue securities with present or future entitlement to a fixed amount of equity, without priority subscription rights for shareholders, in favor of certain categories of person, in accordance with article L.225-138 of the Commercial Code;
- Authorizing the Board to make awards of existing or created shares to salaried employees or certain categories of same and/or certain agents of the Company;
- Authorizing the Board to award certain executives and managers of the Company or related companies options to subscribe or purchase shares, together with a waiver by the shareholders of their priority subscription rights on shares issued as part of said plan for purchase options;
- Authorization of the Board to increase corporate equity by issuing stock reserved to members of a company savings plan as provided in the Commercial Code and article L. 443-5 of the Employment Code;

- Granting powers for formalities.

I. BUSINESS REVIEW FOR YEAR ENDING MARCH 31, 2006

I.1. Key Figures

Sales

Ares has realized sales of 456.3M€ during the year 2005/2006 compared with 483.1M€ in the previous year, amounting to a decrease of 5.6%.

Per half-year period, the breakdown on sales is as follows:

In M€	1 st half-year	2 nd half-year
Half-year sales	213.7	242.6
% of annual sales	47%	53%

The seasonal nature of our activities may be explained by the following factors:

- Certain maintenance activities are invoiced in the month of January.
- There is an increase in hardware infrastructure sales toward the end of the calendar year (in November and December).

In M€	Architecture & Infrastructures	Software & Services
2005/06 Sales	314.0	142.6
2004/05 Sales	359.5	123.6
% Variation	-12.6%	53%

The decrease in the Architecture & Infrastructures sales may be explained mainly by the following factors:

- Unix and storage servers: negligible decrease despite competition from Intel servers.
- Strong decline in Commodities sales due to heightened competition between hardware manufacturers.

The Software & Services business line, however, has posted significant gains due to our strategy to invest in these areas.

- Systems & Networks: pursuit of investments in high potential profiles (architects, project directors, etc.)
- Facilities Management & Hosting : sizable contracts signed with several major accounts
- Research & Development: development of a Mobility solution combined with a secured access solution,
- Software solutions: major projects were awarded in the medical/hospital software business line and with Arcole

OPERATING PROFIT OR LOSS

a) Operating profit or loss

Net operating expenses over the year were 459,090 k€ as compared to 476,511 k€ (1) for the previous year, amounting to a negative variation of -3.66%.

- (1) The current operating loss for the year was -3,784 k€ (after adjustment to IFRS standards) as compared to 8,486 k€ (after adjustment to IFRS standards) for the previous year, or a variation of -144.5%.

Operating income prior to depreciation of consolidated goodwill is negative, i.e. -2.4M€ (+8.5M€ in 2004/05 and +8.4M€ in 2003/04).

In millions of euros	31/03/2006	31/03/2005
Group	-2.4	8.5
Architecture & Infrastructure	-6.4	0.5
Software & Services	4	5.8

Two business lines generated most of the losses in operating income in 2005/06:

- Development and sale of medical/hospital software generated a loss of -1,8 M€ in Software & Services
- Commodities distribution (PCs, Printers, office consumables) generated most of the operating losses in Architecture & Infrastructures, which motivated our decision to restructure the Commodities Distribution business line.
- Additionally, negative goodwill was observed with respect to Eurogis (-250 K€) and DCV (-1.1 M€). Lastly, operating income, after taking into account negative goodwill, is approximately -3.8M€ as compared to +8.5M€ in the previous year.
- Over a half year period, the operating income figures are broken down as follows:

In M€	1 st half-year	2 nd half-year
Operating income before depreciation	-3.4	+1.0
Consolidated goodwill		
Operating income after depreciation. Goodwill	-3.7	-0.1

- The seasonal nature of our operating income is strongly correlated with the seasonal nature of sales indicated above.

b) Financial earnings

- The financial income is negative, i.e. -2.6 M€ compared to -3.1M€. These figures reflect the high level of net indebtedness of the group. It should be noted, however, that overall net financial expenses were reduced despite an increase in average net indebtedness, due to the fact that in 2005/06 the group incurred a lower amount in currency exchange losses than in the previous year (454 K€ compared to 739 K€ in 2004/05).

c) Net Income

- The tax burden is actually positive (+1,5 M€) as compared to a tax burden of 2,479 k€ (1) for the previous year; this situation is essentially due to the recognition of tax loss carry forwards (+1.7 M€) and to permanent differences (-0,3M€).

The year ending March 31, 2006 resulted in a net Group loss of 4,942 K€ as compared to a net Group profit of 2,912 k€ (1) for the previous year, or a variation of -269.71 %.

1.2. OBJECTIVE ASSESSMENT OF BUSINESS, INCOME AND FINANCIAL POSITION TRENDS OF GROUP

In compliance with Article L225-100 line 3 of the French Commercial Code, we hereby present you with an objective and exhaustive assessment of the business, income and financial position trends of the Group:

1.2.1 Main trends since last fiscal year

Sales figures for first fiscal quarter (April-June 2006)

Sales (K€)	2006/2007	2005/2006	Variation
1st quarter (April-June)	97,480	109,074	-11%
Services part	25,890	22,890	+13%
Infrastructures part	71,590	86,184	-17%

For the first quarter in fiscal 2006/2007, sales for the ARES Group (gross amounts invoiced) amounted to 97,480 M€, down 11% with respect to the same period the previous year. This decline resulted to a great extent from reduced sales of PC products. During the same period, sales in Service activities increased by 13%.

1.2.2 Foreseeable trends

Taking into account the poor results posted during fiscal 2005/2006 by the Ares group, as well as the trends observed in certain group markets, a turnaround plan was launched over the past few months. This plan has led to the implementation of a certain number of decisions which are currently ongoing:

- Project to sell off Medical/Hospital software development: this non strategic activity represents approximately 3M€ in sales with an installed base of quality; it generated significant losses in 2005/06 (-1.8M€); The market is demanding, still immature, and new international competitors are currently appearing on the scene; The sale of this activity is currently ongoing, a potential acquiring party has sent a letter of intention and due diligence is currently underway. This operation could be concluded during the second half year period of fiscal 2006/2007.
- Project to sell off Commodities distribution activities in the greater Paris region: these activities (sale of PCs, printers and consumables) generated approximately 76 M€ in sales during fiscal 2005/2006; they were also the main cause of losses incurred by the group; the poor performance observed in these activities is due to continually decreasing margins in a business line that requires full end-to-end control over the supply chain; the Ares group is not currently positioned to effectively manage this type of activity, which contributes very limited added value; the group has thus decided to sell off this business line, which is also extremely demanding in terms of working capital requirements; a potential acquiring party has sent a letter of intention and due diligence is currently underway. This operation could be concluded during the second half year period of fiscal 2006/2007.
- Employment Safeguard Plan (PSE) : in order to lower the break even point of the group, and to provide the required supporting services in the framework of the ongoing transfer of certain activities, a process for implementation of a PSE, involving 120 staff, was launched several months ago; this process is nearing completion: an argued notification ["avis motivé" : legal requirement under French labour law] was obtained from the Works Council at the end of August, a voluntary departure scheme was launched until mid-September, and the first departures could take place at the beginning of October.
- Reinforcement of Shareholder's Equity: ARES Group plans to reinforce shareholder's equity through implementation of a program which would also involve the main executives and management team in the group.

With this in mind, the accounts have been closed based on the principle of continuity of operations.

I.3. EVENTS PRIOR TO CLOSING OF FISCAL YEAR

- On May 19, 2006, the Board of Directors appointed Mr. SALOMON Jean-Jacques as CEO of the company, replacing Mr. Maurice BOURLIER, who resigned.
- On July 3, 2006, the Board of Directors appointed Mr. Michel BERJAMIN as CEO of the company, subsequent to the revocation of Mr Jean-Jacques SALOMON by the Board of Directors on June 29, 2006.

A graduate of ICG, Mr. Michel BERJAMIN, currently 48 years old, has more than 25 years' experience in managing corporations in the IT services industry. In 1990 he was hired as CEO of the Transiciel Group, a firm quoted on the first market of the French Stock exchange, employing 9000 staff, with sales of €500 million. After the firm was acquired by Capgemini, he was placed in charge of the Sogeti-Transiciel merger as CEO.

- On August 28, 2006, the Board of Directors provisionally nominated Mr. Michel BERJAMIN as a member of the board

I.4. POSITION OF ALL COMPANIES IN CONSOLIDATION

1.4.1 Affiliates and participating interests

Below we provide information with respect to the business activity and results of the affiliates and participating interests of our company, and the companies that we control, since the company GROUPE ARES and directly owns only the ARES company.

Trading name	% Holdings	closing date	Sales	Net profit or loss
SA ARAIX	65.96	31/03/06	-	- 14,579.11€
ARES	100	31/03/06	448,900,682 €	- 966,189.45 €
EURL ARES INFOGERANCE	100	31/03/06	-	383,825.74 €
ARES MAGHREB	20	31/12/05	Not provided	Not provided
ARES MAROC	49	31/12/05	Not provided	Not provided
ARES WECA	20	31/12/05	Not provided	Not provided
CYBERWARE	100	31/03/06	408,265 €	6,677.26 €
D.C.V.	100	31/03/06	9,896,515 €	- 1,063,614.99 €
DESCASOFT	99.87	31/03/06	650,080 €	977.76 €
EUROGIS	100	31/03/06	-	16,590.65 €
INFORDI	100	31/03/06	75,610 €	4,567.84 €
SAS SPACEBEL MEDICAL	100	31/03/06	848,421 €	201,317.50 €
STYLUS	100	31/03/06	1,526,944 €	- 950,124.93 €
ACSL	31	31/12/2005	421,188 €	37,362.13 €

We inform you that the RETURN company was dissolved as of April 1, 2005, subsequent to the transfer of all assets and liabilities to the parent company, ARES SA.

1.4.2 Review of Research & Development Activities

During the last fiscal year, the Group spent about 1.15 K€ on development, including:

- 80 K€ for developing features of ARCOLE software,
- 442 K€ for developing new software modules for the Health business line in the company,
- 66 K€ for developing new software modules for mobility,
- 558 K€ for developing features of Actipidos software.

Research costs are entered as expenditures during the current fiscal year. For very specific projects for which there are real possibilities of technical success and market profitability, development costs have been entered as intangible fixed assets.

1.4.3 Acquisition of participating or controlling interests

During the year, you are hereby informed that your company has not modified its direct participating interests. The affiliate ARES has, however, made the following transactions:

- acquisition of a 19% participating interest on April 14, 2005 in sarl ARES WECA, with registered capital 5,000,000 FCFA, based in Gabon, for an amount equivalent to 50,000 €.
- acquisition of a 49% participating interest on September 29, 2005, in sarl ARES MAROC, with registered capital 100,000 Dirhams, based in Casablanca, for an amount equivalent to 18,330 €.

1.4.4 Controlling interests

Your company currently has a controlling interest in ARES SA, a French "société anonyme" with registered capital 11,000,000 €.

1.4.5 Employee participating interests

You are hereby informed that the percentage of capital representing shares held in the FCPE by staff, as defined under Article L. 225-102 of the French Commercial Code, was, on March 31, 2006, 1.18%.

1.5. REVIEW OF STATEMENTS AND INCOME

The consolidated statements of the GROUPE ARES on 31 March 2006 have been drawn up in compliance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB), in compliance with European Regulation EC n°1606/2202 of 19 July 2002.

Financial statements prior to 1 April 2005, initially prepared in compliance with Regulation 99-02 of the Comité de Réglementation Comptable, have been reprocessed according to IFRS standards, with the exception of IAS 32/39 standard which was applied solely from April 1, 2005.

The consolidated financial statements of the GROUPE ARES, covering the twelve months of activity from 1 April 2005 to 31 March 2006, have been approved at meetings of the company Board of Directors on 16 June and 28 August 2006.

1.5.1 Consolidation methods

The following consolidation methods have been used by the GROUPE ARES:

- ✓ Companies over which GROUPE ARES has exclusive control have been fully consolidated. Control is presumed to exist when the parent company holds, directly or indirectly, the authority to direct the financial and operational policies of a company so as to derive benefit from its activities.
- ✓ Companies over which GROUPE ARES has joint control have been consolidated through proportional integration.
- ✓ Companies in which GROUPE ARES has considerable influence over management decisions without, however, exercising exclusive or joint control are consolidated by the equity method.
- ✓ Affiliates are included in the scope of consolidation from the date at which control is effectively transferred to the group, whereas divested affiliates are excluded from the date of loss of control.

Intangible assets

Development costs undertaken in the context of software development (new projects and development of new modules) are accounted for as intangible assets as soon as they meet the following criteria:

- ✓ The project is clearly defined and the project costs can be reliably assessed,
- ✓ The technical feasibility of the project has been shown,
- ✓ The group intends to follow through with its project and to use or sell the solutions resulting from it,
- ✓ There is a market to which the group will be able to sell the solutions that have been developed,
- ✓ It is probable that the future economic advantages will benefit the group,
- ✓ The group has the necessary resources to carry through with the project.

The assessment is carried out on the basis of the direct salary costs plus social contributions and a *pro rata* coefficient to account for operating expenses and, as the case may be, sub-contracting expenses.

Development costs are depreciated according to the expected average duration of the prospective market.

Expenses related to projects which are not yet finalised are not subject to depreciation. Such projects are subjected to value-loss tests which, in some cases, may lead to a finding of depreciation.

Development costs that do not meet the criteria outlined above are posted as current expenses in the year in which they are incurred.

The software and wholly owned usage and distribution rights are booked at their acquisition cost and are depreciated over their probable usage duration.

Customer and other accounts receivable

Accounts receivable are included in the balance sheet at their historical face value.

They are individually appreciated and, if necessary, are subjected to depreciation to take into account any possible recovery difficulties.

The group uses factoring facilities.

The IAS 39 standard defines the rules for derecognition of financial assets. As the contracts do not transfer the essential part of the risks relating to the accounts receivable, the group has kept the transferred accounts on the asset side of the balance sheet and reclassified the net debt to the assignee as a bank guarantee.

Accounts receivable assigned under factoring contracts amounted to 51,674 k€ on 31 March 2006 and 50,055 k€ on 31 March 2005.

I.6. MAIN FACTORS OF RISK

Concerning foreign exchange risks, the group's activities are usually carried out in euros, with the exception of transactions with the supplier CISCO which are in US dollars. Consequently, exposure to foreign exchange risk on trade operations is naturally limited.

STATEMENT OF GROUP EXCHANGE RISK EXPOSURE			
(in kCurrency)			
	USD	CHF	GBP
Operating receivables	5 608	96	34
Operating payables	4 811	-	-
Off balance sheet	-	-	-
Forward purchase contracts	2 250	-	-

STATEMENT OF GROUP INTEREST RATE EXPOSURE				
(in kCurrency)				
	AMOUNT	DATE START	DATE TERM	RATE
Exchange in interest-rate conditions at LCL	10 000	28/10/05	29/10/07	Euribor 3M / Euribor 12M
Exchange in interest-rate conditions at SG	15 000	31/3/06	31/3/08	Euribor 3M / 3.32 à 3.80 %
Guarantee ceiling rate - BNP PARIBAS	10 000	3/10/05	1/10/06	0

I.7. INFORMATION BY SEGMENT

The IAS 14 standard on segmental reporting requires analysing the company's performance according to primary and secondary segments, which are respectively the activity and the geographical area.

The Ares group enjoys a unique position in the IT market by combining thorough expertise in infrastructure with extensive expertise in industry processes.

ARES' role is to help customers select and implement solutions that are better adapted to the requirements of their business applications.

To deal with this issue, the group has been organised into two divisions: Technology and Industry Solutions, which are in turn segmented into branches.

Primary information by segment is therefore provided based on the five branches of ARES, i.e.:

The *Technology Division*, which includes the following three branches: *Systems & Networks*, *Facilities Management & Hosting*, *Architecture & Infrastructures*

The *Industry Solutions Division*, which includes the following two branches: *Research & Development* and *Software Solutions*

The information provided per segment relates only to the operational elements of the balance sheet and P&L, i.e.: Sales, Operating profit or loss, Goodwill, Development costs.

Ares has adopted a centralised management of its assets and liabilities, as well as its taxes; the corresponding elements in the balance sheet and P&L are not allocated to the various activity segments.

Considering the geographical spread of its customer base, essentially concentrated in France, the group has not instituted a secondary geographical segment corresponding to the definition under IAS 14.9.

TECHNOLOGY DIVISION	Systems & Networks	Facilities management & Hosting	Architecture & Infrastructures
Sales	39 780	28 573	314 113
Operating profit or loss	2 785	2 237	7 555
<i>incl. depreciation of goodwill and business assets</i>	-	-	1 104
Net goodwill and business assets	1 199	5 839	3 340
Net development costs	-	-	-

INDUSTRY SOLUTIONS	Research & Software	Solutions Development	Total as of 31/03/206
Sales	41 607	32 268	456 341
Operating profit or loss	- 378	873	3 784
<i>incl. amortization of goodwill and business assets</i>	248	-	1 352
Net goodwill and business assets	8 419	2 318	20 845
Net development costs	-	2 425	2 425

II. OWN ACTIVITY OF THE COMPANY GROUPE ARES

Since the April 1, 2004, general management of the group and management personnel have become salaried staff of the company, so as to improve corporate governance. The services provided by General Management are invoiced by GROUPE ARES to the other companies in the Group.

GROUPE ARES provides to group affiliates consulting services and assistance in the fields of administrative, financial and commercial management. These services are paid for on an "ongoing" basis to GROUPE ARES by its affiliates.

As during previous fiscal years, your company has additionally continued playing its role as a holding company, as 99.9% shareholder of the company ARES, which is the operational unit in the ARES group. In the framework of its role as a holding company, your company has contracted loans benefiting the group and has granted guarantees benefiting its affiliates.

II.1. ALLOCATION OF EARNINGS

2.1.1 Review of statements and income

We hereby submit the financial statements for the year to for your approval; these statements were drawn up in accordance with existing legislation as to the presentation and methods used. The summary of the previous year's statements are also provided for purposes of comparison.

Sales for the year ending on March 31, 2006 were 1,195,724 € as compared to sales of 1,167,374 for the previous year, or a variation of 2.42%. The amount of salary and wages was 588,720 € compared to 616,943 € for the previous year, or a variation of -4.57%. The amount of social contributions and fringe benefits was 225,276 € as compared to 233,543 € for the previous year, or a variation of -3.53%. The average headcount was 5 as compared to 6 for the previous year.

Net operating expenses over the year were 1,350,182 € compared to 1,331,781 € for the previous year, or a variation of 1.38%.

Earnings for the fiscal year were -154,378 € compared to -164,398 € for the previous fiscal year, or a variation of 6.09%. The liquidity contract, whose purpose is to ensure market animation on company shares, recorded a loss of 31 k€ as compared to a profit of 28 k€ over the previous fiscal year.

As to the net current earnings before tax, taking into account the financial earnings of 1,082,820 € and the company share of earnings from joint ventures of 31,252, this amounts to 897,190 € as compared to 900,391 € for the previous fiscal year.

After taking into account nonrecurring income of 5,700,000 € as compared to 34,002 € for the previous fiscal year, and the positive tax burden of 2,045,667 € (essentially deriving from the positive effects of tax integration) as compared to 553,674 € for the previous fiscal year, the year ending 31 March 31, 2006 produced a loss of 2,757,142.61 € as compared to a profit of 1,488,066.94 € for the previous fiscal year, or a variation of -285%. The company proceeded to a financial debt write-off without any clause governing the return to a more profitable financial situation for an amount of 5,700 k€ with respect to its subsidiary ARES SA due to the difficulties the latter has encountered.

2.1.2 Proposal for allocation of earnings

We remind you that the company received, on October 25, 2005, a total dividend of 1740€ on its own shares; this dividend is to be posted to the "retained earnings" account, in compliance with the decision of the General Shareholders Assembly on September 27, 2001.

We also remind you that the company paid dividends on 12,980 new shares issued through the exercise of share subscription warrants between March 31, 2005 and October 3, 2005, for an amount of 778.80 €.

Retained earnings shall therefore be as follows:

Retained earnings prior to allocation of earnings from previous fiscal year	4,766,733.05 €
Retained earnings after allocation of dividends received on own shares (1,740€)	4,768,473.05 €
Retained earnings after dividends paid out on new shares (778.80 €)	4,767,694.25 €

We request your approval of the annual statements (balance sheet, income statement, and appendix) as presented, which indicate a loss over the period of 2,757,142.61 €, and to approve the allocation of the total amount of this loss to "retained earnings", which will as a result amount to 2,010,551.64 €.

After this allocation, the shareholders equity in the Company will be 18,821,180.20 €.

In accordance with the provisions in Article 243 bis of the French General Tax Code, we remind you that the dividends distributed over the three previous fiscal years were as follows:

FISCAL YEAR	NET DIVIDEND
31 March 2003	0.05 €
31 March 2004	0.05 €
31 March 2005*	0.06 €

* Dividend eligible for 50% rebate for physical persons.

II.2. INFORMATION CONCERNING SHAREHOLDERS

As of March 31, 2006, the Registered Capital of GROUPE ARES, was composed of 8,963,724 shares.

In compliance with Article L 233-13 of the French Commercial Code, we hereby indicate to you the identity of the nominally registered shareholders holding more than one 20th, one 10th, three 20ths, one-fifth, one third, one half, two thirds, or 19 twentieths of the Registered Capital and voting rights in General Shareholders Assemblies, at the closing date of the fiscal year, as well as their holdings at the opening of the fiscal year, making it possible to determine the variations that have occurred over the fiscal year:

Shareholders	At opening date of fiscal year as of 01/04/2005				At closing date of fiscal year as of 31/03/2006			
	Number of shares	% of Capital	Voting rights	% voting rights	Number of shares	% of Capital	Voting rights	% voting rights
M. Maurice BOURLIER	2,280,196	25.47	4,560,392	38.92	2,285,796	25.50	4,565,992	39.85

II.3. CHANGES IN PARTICIPATING OR CONTROLLING INTERESTS

During the year, you are hereby informed that your company has not modified its direct participating interests. The affiliate ARES has, however, made the following transactions:

- Acquisition of a 20% participating interest on April 14, 2005 in sarl ARES WECA, with registered capital 250,000 €, based in Gabon, for an amount equivalent to 50,000 €;
- Acquisition of a 49% participating interest on September 29, 2005, in sarl ARES MAROC, based in Casablanca, for an amount equivalent to 18,330 €.
- Signature, on June 30, 2005, of a securities repurchasing agreement with the company SELECTIS. The subsidiary ARES purchased 67 shares of SELECTIS through a subscription to a capital increase for an amount of 11,256 euros, for a period of three years, at which time the shares will be sold.
- Subscription to a capital increase on June 29, 2005 in its affiliate STYLUS for an amount of 968,240 €

II.4. CONTROLLING INTERESTS

Your company currently has a 99.99% controlling interest in the ARES company, a French "société anonyme" with registered capital 11,000,000 €.

II.5. EMPLOYEE PARTICIPATING INTERESTS

You are hereby informed that the percentage of capital represented by shares held by staff, as defined under Article L. 225-102 of the French Commercial Code, was, on March 31, 2006, 1.18%.

II.6. LAW ON TREASURY SHARES

In compliance with Article L 233-13 of the French Commercial Code, we hereby inform you that as of March 31, 2006, the company held 22,424 of its own shares.

II.7. NON-TAX-DEDUCTIBLE EXPENSES

Lastly, in accordance with article 223 quarter of the French General Tax Code, we hereby request your approval of expenses and charges under article 39-4 in the latter Code, which amount to 5,825 €.

II.8. COMPANY EARNINGS OVER THE PAST 5 FISCAL YEARS

In compliance with the provisions in Article 148 of the French decree dated March 23, 1967, please find below a table showing Company earnings over the past five fiscal years:

	2006	2005	2004	2003	2002
Capital at end of fiscal year					
Registered Capital (in euros)	11,387,590.91	11,371,101.03	11,367,991.08	11,361,263.00	11,361,263.00
Number of common shares	8,963,724	8,950,744	8,948,296	8,943,000	8,943,000
Maximum number of future share issue	630,269	1,984,721	2,007,951	380,300	369,300
Transactions and profit or loss for the year (in euros)					
Sales excluding tax	1,195,724.00	1,167,374.00	0.00	0.00	0.00
Net profit or loss before tax, staff participating interests, depreciation expense and provisions	(4,802,810.00)	934,392.94	677,213.00	2,204,402.00	1,934,230.67
Profit tax (+) or Tax credit (-)	(2,045,667.00)	(553,674.00)	(255,945.00)	318,568.00	(268,191.00)
Staff participating interests due over the fiscal year	0.00	0.00	0.00	0.00	0.00
Net profit or loss after tax, staff participating interests, depreciation expense and provisions	(2,757,143.00)	1,488,066.94	1,029,729.00	1,789,263.00	2,171,230.67
Income distributed	0.00	537,044.64	447,414.80	447,150.00	1,609,740.00
Earnings per share (in euros)					
Net profit or loss after tax, staff participating interests, depreciation expense and provisions	(0.31)	0.17	0.10	0.21	0.25
Net profit or loss after tax, staff participating interests, depreciation expense and provisions	(0.31)	0.17	0.12	0.20	0.24
Dividend paid out per share	0.00	0.06	0.05	0.05	0.18
Personnel					
Average headcount of staff employed during fiscal year	5	6	0	0	0
Amount of wages and salary paid over the fiscal year	588,720.00	616,943.00	0.00	0.00	0.00
Amount paid out in social contributions over the fiscal year	225,276.00	233,543.00	0.00	0.00	0.00

II.9. AGREEMENTS CONCLUDED UNDER ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE

In compliance with Article L. 225-40 of the French Commercial Code, we request your approval of the agreements entered into under Article L. 225-38 of the French Commercial Code concluded during the past fiscal year, after having been duly authorized by your Board of Directors.

Your Statutory Auditors were duly informed of these agreements which they have described in their Special Auditors Report.

II.10. ADMINISTRATION AND CONTROL OF THE COMPANY

2.10.1 Information concerning legal representatives

In compliance with legal provisions, we hereby inform you of the total compensation as well as all types of benefits paid over the past fiscal year to each member of the Executive Board, by the Company or by controlled companies. We also provide you with a list of mandates and functions performed, over the past fiscal year, by the Executive Board of the GROUPE ARES in any other company, including companies outside of the Group.

In compliance with Article L.225-102-1 line 1 of the French Commercial Code, we hereby inform you that there has been no allocation of capital shares or Asset Backed Securities or Mortgage-Backed Securities or other

securities providing access to capital, or granting rights to the allocation of securities of subsidiaries of which the company holds directly or indirectly more than one half of capital.

It is hereby specified that no bonus has been paid to any incoming Executive board members, and that no bonuses for leaving Executive board members have been provided for by contract. No complementary pension plan has been implemented specifically for Members of the Executive Board.

Functions of Executive Board members in GROUPE ARES	Mandates and functions outside in the Group	Mandates and functions outside of the Group	Gross Compensation	Gross variable Compensation	Incl. fringe benefits	Director's fees
BOURLIER Maurice CEO and Chairman of the Board	. CEO and Chairman of the Board of ARES SA . Chairman - Member of the board at SA ARAIX . director S.A.R.L. CYBERWARE . Director SARL INFORDI . Director SCI NOVA	. Member of the Supervisory Board at CEITEL (until June 15, 2005) . Member of the board at CFD	255,165 €	none	8,166 €	4,573 €
BOURLIER Geneviève Member of the board	. Deputy Chief Executive Officer at SA ARAIX (until November 10, 2005) . Permanent Representative at SA ARAIX (until 10/11/2005) . Permanent representative at S.A. ARES (until 10/11/2005) . Member of the board at SA STYLUS (until 29/06/2005)	. Member of the Supervisory Board ETS SABATON	70,857 € ⁽¹⁾	none	1,294 € ⁽¹⁾	4,573 €
BEAUVILLAIN Kléber Member of the Board	-	. Member of the board at S.A LAFAYETTE INTERNATIONAL . Vice Chairman of the Supervisory Board at SA ESKER . Member of the board at SA GALILEO . Member of the board at SA ALPHA MOS	-		-	7,622 €
DERATHE Patrice		. Member of the Board at SAFEM . Chairman at LAFAYETTE II (Until 26/06/2005) . Member of the board at ATTEL				7,622 €
SALOMON Jean-Jacques Member of the Board	. Director SARL STYLUS . Member of the board and Deputy Chief Executive Officer at SA ARES . Member of the board and CEO at SA ARAIX . Director SARL EUROGIS CONSEIL . Director SARL ARES INFOGERANCE . Director SPRL DESCASOFT . Legal representative of SAS SPACEBEL MEDICAL . Legal representative of SAS DCV INFORMATIQUE	. Member of the board at I.G.I.R.S.	267,600 €	none	7,599 €	4,574 €

(1) compensation from the subsidiary ARES S.A. for the period from April 1, 2005 to 31 March 2006

All Members of the Board of Directors were present at all meetings of the Board during the last fiscal year.

- Ratification by the General Assembly of the appointment by the Board of Directors on August 28, 2006 of an administrator to replace Mr. Jean Jacques SALOMON, who resigned.

Following the provisional appointment of Mr. Michel BERJAMIN as a Member of the Board by the Board of Directors on August 28, 2006, we request that you ratify this appointment during the General Assembly.

II.11. Company purchase of own shares

Shareholders are invited to renew the authorization given to the Board of Directors to continue with the program for Company purchases of own shares, for the following purposes:

- To ensure market animation of GROUPE ARES shares through an investment service provider by concluding a Liquidity Contract in compliance with the ethics charter recognized by the French *Autorité des Marchés Financiers* (Financial Market Authority);
- To keep self-owned shares for later exchange or payment in the framework of any external growth transactions undertaken by the Company;
- To sell self-owned shares to staff and members of the Executive Boards of the companies in the Group in the framework of share purchasing or share allocation programs benefiting such persons;
- To remit shares to beneficiaries when rights attached to securities are exercised providing access by all means, whether immediately or after a set period, by conversion, exercising, reimbursement or exchange, to allocation of company shares, under the conditions provided for by the market authorities;
- To implement any market practice which may in the future be recognized by the law or by the *l'Autorité des Marchés Financiers* (French Financial Market authorities).

This authorization is granted in the framework of the provisions of Articles L225-209 and further of the French Commercial Code:

- It is valid for a period of 18 months, starting on the date of the General Assembly;
- The ceiling value for the authorization is fixed at 10% of the Registered Capital of the Company;
- The authorization is granted for a maximum purchase price fixed at 7 euros per share.

In compliance with Article L225-211 line 2 of the French Commercial Code, we hereby inform you that the preceding own-share purchase program voted on September 26, 2005, was used to enable the Company to perform the following transactions:

Reason for transaction	Number of shares purchased From September 26, 2005 to July 31, 2006	Average share purchase price	Number of shares sold From September 26, 2005 to July 31, 2006	Average share selling price
Share price regulation	275,655	3.23 €	276,229	3.27 €
External growth	-	-	-	-
Program balance: - 574 shares General balance on July 31, 2006: 25,372 shares				

II.12. List of transactions made during the fiscal year provided in compliance with Article L-621-18-2 of the French Monetary and Financial Code (Code Monétaire et Financier)

In compliance with the provisions of Article L-621-18-2 of the French Monetary and Financial Code (*Code Monétaire et Financier*) and 222-15-3 of general AMF regulations, we provided below a list of transactions carried out by the persons mentioned in article L-621-18-2 % of the French Monetary and Financial Code (*Code Monétaire et Financier*) of which we have been made aware:

	Description of the financial instrument	Type of transaction	Number of securities	Date of transaction	Price/share	Amount of transaction
<u>BOURLIER Maurice</u>	Share	Sale	2,100	19/09/2005	4.84 €	10,109 €
	Share	Sale	3,350	20/09/2005	5.06 €	16,852 €
		Purchase	1,500	06/07/2005	4.29 €	6,435 €
		Sale	1,000	07/07/2005	4.03€	4,030 €
		Purchase	1,000	08/07/2005	4.11€	4,110 €
<u>BEAUVILLAIN Kléber</u>	Share	Sale	1,800	15/12/2005	2.75 €	4,950 €
		Purchase	5,780	06/01/2006	2.89 €	16,704 €

During the fiscal year, the maximum number of shares held was 39,000 shares, representing 0.44% of capital.

You will also be informed by your Board of Directors, in a special report drawn up in compliance with the provisions of article L. 225-209 line 2 of the French Commercial Code, concerning transactions made during the previous program.

Your Board of Directors invites you to vote to approve the text of the resolutions submitted for your vote, after perusal of the statements presented by your Statutory Auditors.

Members of the Board of Directors

APPENDIX 3: THE STATUTORY AUDITORS' SPECIAL REPORT ON STATUTORY AGREEMENTS - FISCAL YEAR ENDING ON MARCH 31, 2006

Ladies and Gentlemen,

In our capacity as Auditors of your Company, we hereby present you with our Special Report on statutory agreements.

Agreements entered into during the current fiscal year

In application of Article L.225-40 of the French Commercial Code, we were advised of an agreement which had obtained prior approval by your Board of Directors.

It is not our role to look for any other existing agreements, but to inform you, on the basis of information given to us, of the characteristics and basic terms and conditions of those of which we have been notified, without having to express an opinion on their usefulness or their validity. In accordance with the terms of Article 92 of the decree of 23 March 1967, it is your role to evaluate the interest in concluding these agreements with a view to their approval.

- On March 27, 2006, the Board of Directors of your company authorized your company to grant on March 31, 2006, a financial debt write-off without any clause governing the return to a more profitable financial situation for an amount of 5,700,000 € to the benefit of its subsidiary ARES SA due to the difficulties the latter has encountered.

The persons concerned by this agreement are Mr. Maurice BOURLIER, Mr. SALOMON Jean-Jacques, and Mrs. SABATON-BOURLIER.

Agreements approved in previous fiscal years whose execution has pursued during this fiscal year.

Additionally, in application of French decree dated March 23, 1967, we have been informed that the execution of the following agreements, approved during previous fiscal years, continued during the past fiscal year.

- Agreements for tax integration with the companies ARES SA, CYBERWARE, DCV INFORMATIQUE, EUROGIS BOARD, INFORDI, EURL ARES INFOGERANCE, SPACEBEL MEDICAL and STYLUS.

Type and purpose of agreement:

Continuance of effects of Agreements for tax integration with the companies ARES SA, CYBERWARE, DCV INFORMATIQUE, EUROGIS BOARD, INFORDI, EURL ARES INFOGERANCE, SPACEBEL MEDICAL and STYLUS.

Terms and conditions:

According to Article 1 of the tax consolidation agreement ("convention d'intégration fiscale"), "At the close of a tax year recording a loss, the subsidiaries shall hold no receivables from the Ares Group, even in the event the latter company holds tax credits from opting to carry-back consolidated losses."

Effects:

For the fiscal year ending March 31, 2006 the company GROUPE ARES posted tax savings generated by consolidation of all subsidiaries for an amount of 960,007 €.

Agreements signed after March 31, 2006

We hereby inform you that on July 3, 2006, your Board of Directors authorized the following agreement:

Type and purpose of agreement:

Compensation and severance pay of Mr. Michel Benjamin in the framework of his employment as Chief Executive Officer

Terms and conditions:

Mr. Michel BERJAMIN shall receive a gross yearly compensation of 300,000 € in consideration of the performance of his duties as Chief Executive Officer. In addition to this compensation, except in cases of unprovoked resignation or serious professional misconduct ("faute lourde") as defined under the French Labor Law applicable to salaried workers and applicable case law, such as may be determined in case of dispute by the "Tribunal de Commerce" de Paris, France, Mr. Michel BERJAMIN shall receive severance pay in the case of termination of his mandate within the Company, for an amount equal to the gross compensation he received during the 12 months preceding said termination of his functions, it being specified that if the termination of his mandate occurs during the first 12 months of his appointment, Mr. Michel BERJAMIN shall receive compensation equivalent to one year of gross compensation, or 300,000 €.

The person concerned by this agreement is Mr. Michel Benjamin, Chief Executive Officer of GROUPE ARES as of July 3, 2006.

We have performed our tasks according to accepted professional practice applicable in France; these standards require the performance of due diligence in order to verify the consistency of the information provided to us with the source documents from which they were derived.

Signed in Paris La Défense and Paris, September 8, 2006

KPMG Audit

Department of KPMG SA

Emmanuel ANGUIS

Partner

PRAXOR AUDIT

Bernard MAILLET

Partner