NEURONES

CONSULTING - INTEGRATION - OUTSOURCING

2006 ANNUAL REPORT

Contents

With more than 2,000 employees (at May 1, 2007), NEURONES is one of the 30 leading IT engineering and services companies in the French market and one of the 15 largest French IT services companies listed on the Paris stock exchange in terms of market capitalization.

Created from scratch in 1985, the Group experienced steady growth, which has gained momentum since 1995 (averaging +21% a year over the last ten years). NEURONES has based its business on proven, sound foundations to further its internal development and grow through acquisitions of companies with similar or complementary core businesses.

Since being listed in May 2000, the Group has made around ten acquisitions that now account for roughly one fifth of its business.

€130 million
2006 Revenues

€6,1 million
2006 Net profit (group share)

1,787
Employees at December 31, 2006

CHAIRMAN'S MESSAGE

Dear shareholders and prospective shareholders,

Last October, before FY 2006 was complete, observers at a major market research company announced a "real breakthrough" in computer services over the coming ten years.

At the same time a different source revealed, in another area, that before the end of the decade, the number of employees in IT engineering and services companies such as NEURONES would exceed the number of employees in companies' internal computer service teams.

Without waiting for these optimistic forecasts to pan out, let us take a look at 2006 since it is common practice, in some respects rather unusual, to review the past year's results at mid-year.

THE YEAR IN BRIEF

In 2006, the IT services market was deemed to begin one of its new ten-year expansion cycles.

In this context, your company recorded its strongest growth in five years, growing internally (12.5%) at about twice the market rate and posting overall growth (19.3%) three times greater than the average growth.

This momentum increased throughout the year (in the 4th quarter, internal growth reached 17.9% and overall growth 26.7%), which was very promising for the beginning of 2007 in terms of new market shares won.

Can we be satisfied? Not completely.

First of all, we were sometimes outranked by the "best in the class" in terms of internal growth. Furthermore, your company's profitability was hampered by starting up new outsourcing contracts, more costly than forecast, and by price pressures that were hard to avoid. Lastly, the acquisition, which marked the middle of the past year (approximately 10% of our employees at the time), remained too moderate with respect to our ambitions and cash resources.

GROWTH ACCELERATORS

And yet your company's determination to further expand through acquisitions is intact, given the obvious obstacles to internal growth, which make it difficult to post double-digit growth!

There is no lack of business combination opportunities. Some IT engineering and services companies of all sizes have been more or less up for sale, even for several years now. Price is often less of an obstacle than one could believe. What is most often missing is management

continuity and density (the key asset of an IT engineering and services company) or even the lack of a clear path towards increasing sales margins and justifying goodwill.

Customers' pressure (some will eventually have enough to manage several dozens or even hundreds of IT services companies) and the coming scarcity of human resources is likely to lead companies that are not up for sale to step up partnership initiatives and pool resources and even their assets and financial interests. This is a trend that many would like to see moving faster.

For its future business combinations, beyond a few common-sense principles, NEURONES remains flexible (in terms of size, business area, geographic location, etc.) to take advantage of opportunities that arise but... cannot be controlled!

MARKET

In the long run, the potential of your company and IT services is buoyed by the following factors:

- the services sector (including governments), which prevails in developed economies, is required to make constant productivity and efficiency gains. This is precisely the service IT has always delivered and in an increasingly surprising manner,
- the emergence of new technologies or new IT "consumption methods", has increased in pace and their integration in companies relies on players like NEURONES, which sometimes play a key part in this process,
- new small IT engineering and services companies are continuously emerging. They specialize in a new expertise or base their success on their sales teams' ambition and fighting spirit. They "regenerate" the fabric of IT service providers and feed the sector's continuous concentration, begun 40 years ago.

These identified obstacles, and the limited number of computer analysts in France, will likely be offset by the increasing use of "offshore" production capabilities and technology changes.

STRATEGY

Against this backdrop, your company has to:

- industrialize, while streamlining, its organization. Thus made more visible, efficient and transparent for customers, production processes and costs are better controlled. To a certain extent, pressure on prices can be diminished, especially if the management expenses are amortized over a broader base;
- get involved in new growth segments, corresponding notably to customers' new expectations, by seeking out the highest value-added niches;

"Each of the Group's managers knows how much we owe to the commitment, seriousness, dedication and hunger to learn of the 1,900 employees […]"

THE MANAGEMENT COMMITTEE

- continue to encourage entrepreneurship which can rely on the group's specific scope, profile and resources that complement and speed up their own success. Being part of a large group, whose name attracts quality applicants and reassures prospects and customers, has many benefits: effectively supporting smaller, more flexible, more responsive and more innovative entities without a stifling hierarchy, where everyone is given a chance and where motivation is instilled above all by the company head's leadership;
- offer the best independent, but isolated, entrepreneurs to pool together "à la carte", based on the principle that there is "strength through unity", while respecting individual ventures, assets and financial interests;
- encourage sales managers to undertake entrepreneurial initiatives in their turn, by taking over from their colleagues who want to pursue other horizons due to age or motivation.

Other issues, such as offshore set-ups or even developing a presence abroad, seem to be less of a priority. It is worthwhile having "Service Centers" (to use the neologism in fashion) in Asia, Eastern Europe or Northern Africa when there are economies of scale. Given its size, NEURONES' real priority is to develop its services towards increasing added value.

As for a possible presence abroad, this is justified especially if it involves following customers, provided that they have an objective and long-term interest to rely on the same service provider.

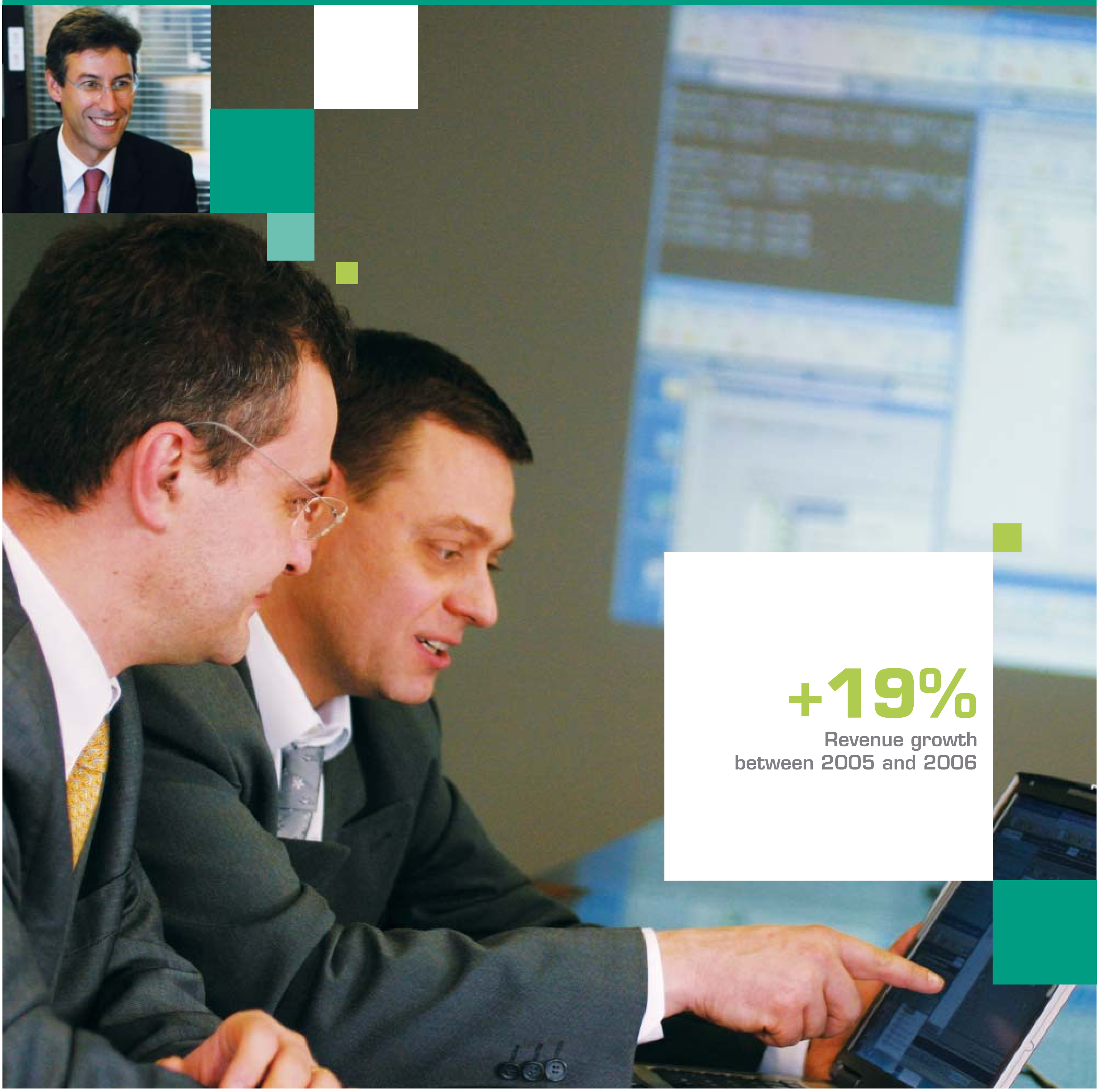
The closing words are addressed to those who contributed to the company's successes in 2006 and have been striving for several months now to build 2007. Since they were Sales Engineers or Consultants when their own companies started, each of the Group's managers knows how much we owe to the commitment, seriousness, dedication and hunger to learn of the 1,900 employees who contributed to the achievements described in this document.

Their qualities shine forth every day, both in the difficult situations and happy moments, when customers' IT managers, consultants and the service provider's sales reps celebrate the successful start-up of a new project in the same chain of solidarity and professionalism.

I also want to thank those who place orders and give us work: their trust in NEURONES' teams furthers our drive to succeed. Even if it is true that *"success is not an ultimate goal, but a means to aim higher!"*

Luc de CHAMMARD
Chairman and CEO
Shareholder

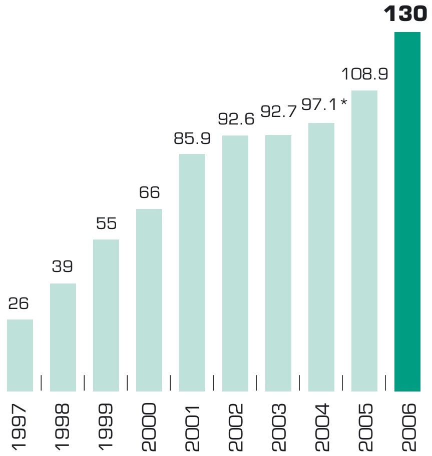
2006 KEY FIGURES



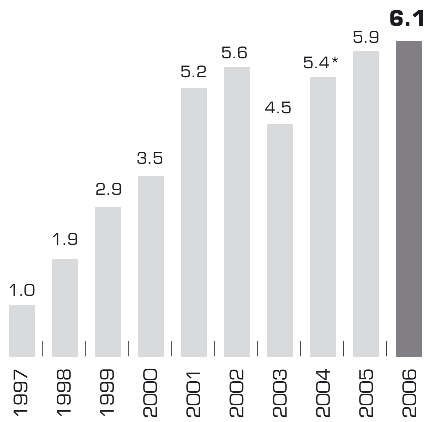
+19%

Revenue growth
between 2005 and 2006

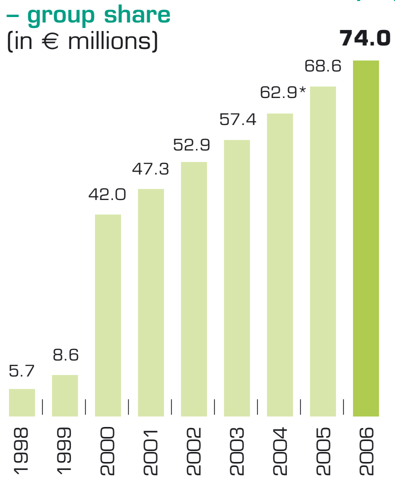
Consolidated revenues
(in € millions)



Net profit – group share
(in € millions)



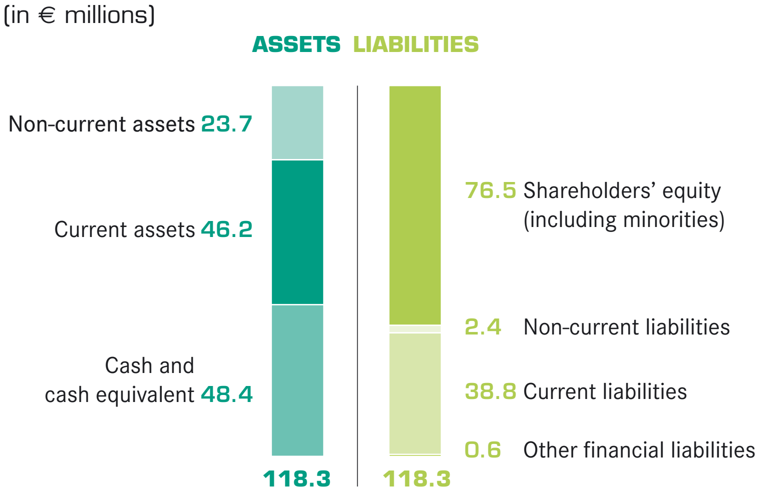
Consolidated shareholders' equity – group share
(in € millions)



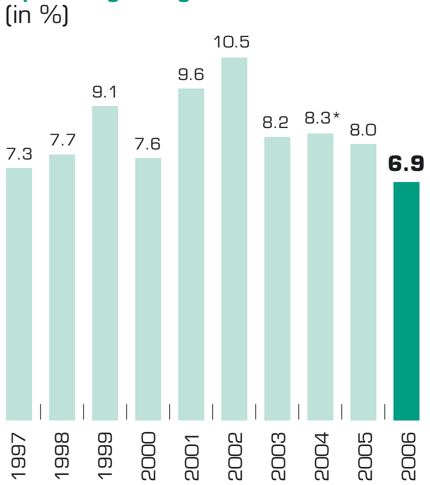
Consolidated income statement

(in € millions)	2005	2006
Revenues	108.9	130.0
EBIT	8.7	9.0
% of revenues	8.0%	6.9%
Financial income	0.9	1.1
Corporate income tax	(3.3)	(3.5)
Net profit for the period	6.3	6.6
% of revenues	5.4%	5.9%
net profit – group share	5.9	6.1
minorities	0.4	0.5

Consolidated balance sheet at 12/31/2006
(in € millions)

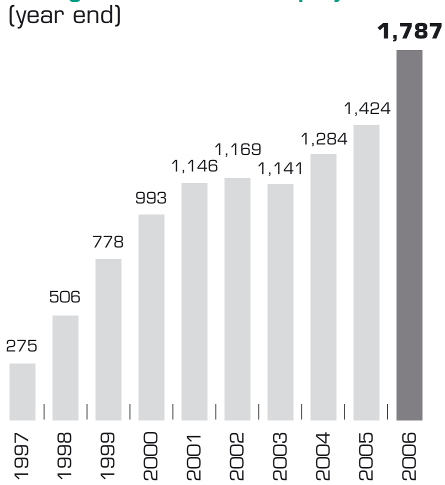


Operating margin
(in %)



In 2006, asset impairment and expenses related to free shares and stock options represented 0.5% of revenues vs. 0.15% in 2005.

Change in number of employees
(year end)



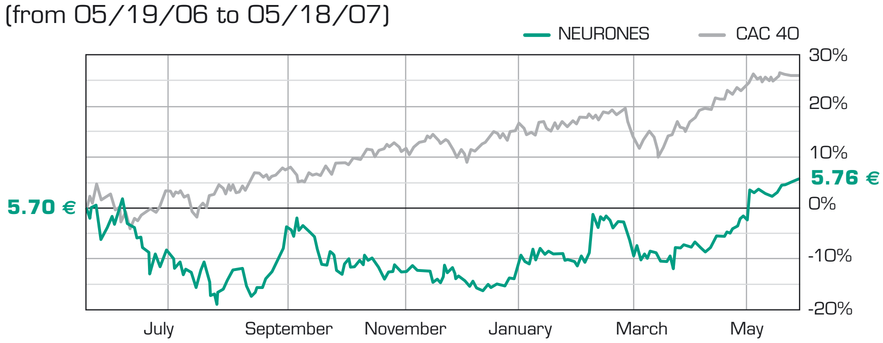
* IFRS since 2004.

SHAREHOLDER INFORMATION

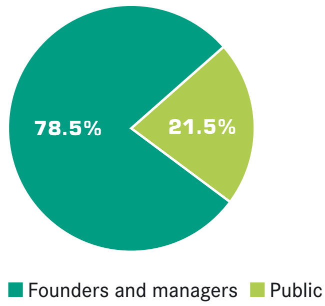
Dividend for 2006:
23%
of profit

(dividend proposed at the Shareholders' Meeting on 06/14/07: €0.06 per share)

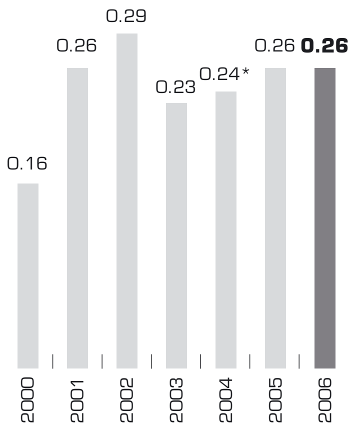
Change in NEURONES share price over the past year: +1%
(from 05/19/06 to 05/18/07)



Shareholding (breakdown of capital)

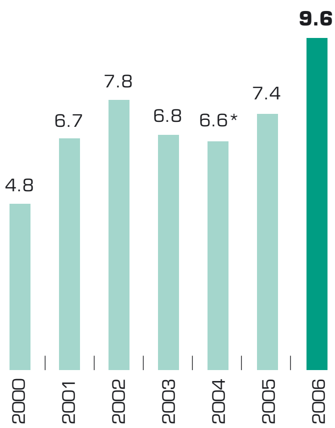


EPS – group share before goodwill
(in €)

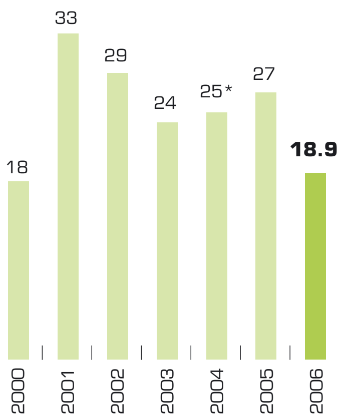


* IFRS since 2004.

Cash flows from operating activities
(in € millions)



Return on capital employed (ROCE)
(in %)



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NEURONES SHARE DATA SHEET

- Average volume traded in 2006: 14,400 shares per day
- Price on May 18, 2007: 5.76€
- Market capitalization (at May 18, 2007): €134.2 million
- 23,290,351 shares (at May 18, 2007)
- Euronext - NextEconomy - Compartment C
- ISIN Code: FR0004050250 (NRO)
- Bloomberg: NEUR FP, Reuters: NEUR.LN

CALENDAR

Shareholders' Meeting:
Thursday, June 14, 2007

2nd quarter 2007 Revenues:
Thursday, July 26, 2007

1st half 2007 Profit:
Thursday, September 27, 2007

3rd quarter 2007 Revenues:
Thursday, November 8, 2007

NEURONES

RESPONSIBLE AND SUSTAINABLE DEVELOPMENT

Since its creation in 1985, NEURONES has endeavored to pursue responsible and sustainable development within the ecosystem it operates in.

REGARDING ITS NO. 1 ASSET, HUMAN RESOURCES:

Constant job creation:

From its beginning, NEURONES has:

- been a net creator of jobs every year,
- never had to resort to redundancy plans or mass dismissals,
- through its ("Masters") IT retraining program, enabled young graduates with 4 to 5 years of higher education, who were embarked in a channel with limited employment opportunities, to find a job.

A sustained policy to attract talent and build employee loyalty:

- recurrent stock option and free share plans: 7 successive plans since 1999 providing employees access to nearly 5% of the Group's capital,
- active presence on specialized job sites, fairs and forums plus sustained and regular relations with engineering and business schools,
- significant internal communication budgets: events, internal newsletters, Intranets, competitions, cooptation, evenings, etc.

Continuous career management (development and mobility):

- gateways encouraged between different professions and functions,
- priority given to internal promotion (especially for manager and executive positions)
- annual assessment: a common procedure.

A long-term training policy:

- effort exceeds legal requirements (2,600 days of training were provided in 2006),
- simplified training plans developed: the Group, one of the leading French players in the area, uses its own training centers for some of the training,
- employees encouraged to pass validating certifications with the main market players (Microsoft, Citrix, Cisco, VMware, HP, IBM, etc).

+25%

Increase in the number of employees between the start and end of FY 2006

REGARDING ITS CUSTOMERS:

Since its creation the Group has implemented continuous improvement policies regarding its lines of services, to bring its solutions into line with IT decision-makers' needs for constantly changing information technologies , .

- **Industrialized and shared services:** 4 of today's 5 types of Service Centers were developed over the past 5 years (Remote server operation, Hosting, Workstation management and TPAM);
- **Active development of Quality:** ISO 9001 version 2000 certification for Outsourcing, Help desk and Technical Assistance activities. Moreover, 90 employees are ITIL certified (Information Technology Infrastructure Library);
- Acquisitions (10 acquisitions carried out since listing on the stock exchange) that have **complemented or strengthened the range of services** offered to customers.

REGARDING ITS MANAGEMENT:

- **Independence, profitability and a stable shareholding:** the capital structure (of which 78% are held by Group managers) allows each manager to decide his future without worrying about abrupt decisions made by capital holders located elsewhere. Everyone understands that recurrent profits guarantee that this freedom of action and the Group's autonomy are maintained;
- **A springboard for entrepreneurs:** NEURONES has always encouraged entrepreneurship and all kinds of capital structures. The majority of the entities that make up the Group were created or acquired by their current managers.
- **Independent and recognized managers:** autonomy and a sense of initiative are among the most appreciated qualities and the higher potential managers naturally benefit from stock options and free share plans.

REGARDING MARKETS, THE ECONOMIC SITUATION AND SHAREHOLDERS:

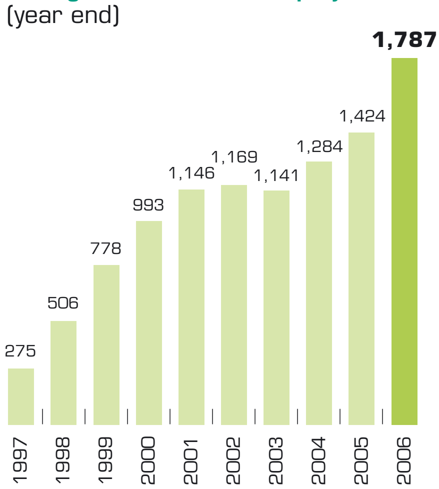
- **Profits reinvested:** for a long time profits were fully reinvested when the Company was not listed. Today approximately ¼ of the profits are distributed to shareholders and ¾ reinvested, thereby providing the Group with the means to achieve its ambitions irrespective of the financial market situation of tomorrow;
- **Regular and transparent communications:** annual (audited) profits are published less than 2 months after the year end, (unaudited) profits are published every quarter and the Group has issued a Shareholders' newsletter twice a year since 2000;
- **Proven resistance to cyclical uncertainties:** the portfolio of diversified activities and the recurrence of some core businesses have allowed the Company to get through years of market contraction (e.g.; 2002-2003) without too pronounced of an impact on profitability and without having to resort to redundancy plans.

REGARDING THE ENVIRONMENT:

Given the nature of its core businesses, NEURONES' activities have a marginal impact on the environment. Nevertheless, the Group:

- **systematically recycles consumables** (paper, printer toners, electric batteries, etc.),
- has implemented **low energy consumption systems** (lighting, HVAC, etc.),
- recruits as much as possible in job market areas close to its service centers to **limit home – work commutes.**

Change in number of employees
(year end)



Number of certifications

Microsoft	700
ITIL	90
IBM/Lotus	45
Novell	35
Other (VMware...)	35
Citrix	20
Cisco	15
Peregrine - Remedy - Staff&Line	15
HP	15
Oracle	10
Unix/RedHat	10
Business Objects	5
CheckPoint	5
TOTAL	**1,000**

STRATEGY AND SERVICES OFFERED

55%

Share of guaranteed performance service contracts in total business volume

A CONSTANT STRATEGY FOR THE LONG-TERM

NEURONES' strategic paths

- steadily increase the share of structured offers in its business through regular industrialization of services,
- invest at the right time in new growing business lines,
- maintain a diversified nature with the right balance between the various businesses: design, build (integration) and run (operation).

The Group's business development model is based on entity managers with varying stakes in the Company's share capital. Special attention is paid to ensure their assets and financial interests converge with those of NEURONES' other shareholders.

A quality approach

Two processes have been governed by quality assurance since 1996:

- recruiting,
- turnkey projects: offer reviews and contract reviews.

NEURONES is ISO 9001 (version 2000) certified for its technical assistance, service-desk and infrastructure outsourcing businesses.

Complementary businesses and a consistent line of services

NEURONES' core businesses include project activities ("design/build") and recurring activities ("run"). Made up of entities dedicated to specific core businesses, the Group is active both in infrastructures and application layers.

Infrastructures

Outsourcing relies on infrastructure-based project business (system and network integration and Security). The project teams ensure that group technical guidelines are applied correctly. They are called upon on Outsourcing contracts during the initial phase of taking on sites. Throughout the entire contract period, they also provide a solid technical rear base for on-site team support. Lastly, they design the Group's service centers (application and network servers, and workstations) and hosting centers and help them progress.

NEURONES' leading position in service-desks is a major advantage for the outsourcing service.

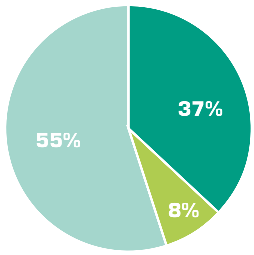
NEURONES strives to maintain a good balance between simple technical assistance and recurring contracts that include prime contracting and guaranteed performance commitment.

Substantial technical assistance enables teams to be deployed rapidly on major Outsourcing contracts.

Applications

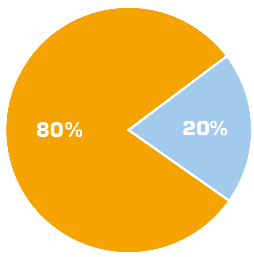
NEURONES strives to be active both in custom development (on "state-of-the-art" platforms, including open-source software) and software package integration. Emphasis is placed on the initial phases of functional analysis and the methodology of project developments (standard documentation, software engineering, standards, etc.), fields where training and supervision efforts are pooled.

Breakdown of 2006 revenues by type of service



- Simple technical assistance
- Consulting - Projects - Turnkey contracts
- Contracts with NEURONES' performance commitment and prime contracting

Breakdown of 2006 revenues by business segment



- Infrastructures
  - Design, integration and operation of systems and networks
  - Service-desk and workstation management
  - Production engineering
  - Remote server operation, hosting and security
  - Service and Asset Management consulting
- Applications
  - Consulting, development and applications maintenance
  - Consulting, integration, support and ERP TPAM
  - IT training and working with change

NEURONES' CORE BUSINESSES

OUTSOURCING – Cross-functional management

PRE-CONTRACTUAL PHASE	CONTRACT MANAGEMENT	TOTAL CORPORATE CUSTOMER RELATIONS MANAGEMENT

INFRASTRUCTURES

2006 revenues: €104.3 million
Personnel: 1,570*

DESIGN, INTEGRATION & OPERATION OF SYSTEMS AND NETWORKS

- Server infrastructures
- Message services and directories
- Light client solutions and mobility
- Network infrastructures and security
- Customer station infrastructures
- Storage
- IS management
- Onsite missions

SERVICE-DESK & WORKSTATION MANAGEMENT

- Consulting and Assistance to project management
- Service-desk implementation and optimization projects
- Workstation support: Service-desk on-site or outsourced to support centers (24/7)
- Asset management
- Pooled remote workstation management platform

PRODUCTION ENGINEERING

- Production consulting, audit and appraisal
- Systems administration
- Database administration
- Production outsourcing (engineers, analysts, drivers, etc.)
- Schedulers ($Universe and ControlM)
- Backups (Netbackup, Networker)
- System and network supervision (Patrol, Tivoli)

REMOTE SERVER OPERATION, HOSTING AND SECURITY

- Remote shared management (supervision) of servers, networks and applications (24/7)
- Hosting center (1000 server capacity)
- Security: audit and intrusion tests, design of security plans, virus protection, content control, data protection, access management, identification, authentication, confidentiality and technological watch

SERVICE AND ASSET MANAGEMENT CONSULTING

- ITIL and ISO 20 000 support: auditing and implementing best practices
- Integrating Management infrastructure and asset management software packages (BMC/Remedy, HP/Peregrine, etc.)

APPLICATIONS

2006 revenue: €25.7 million
Personnel: 220*

APPLICATIONS CONSULTING, DEVELOPMENT AND MAINTENANCE

- Project management assistance and consulting in application architectures
- Application servers (Websphere, .Net)
- Intranets, extranets, gateways
- Decision-making tools
- Distributed objects, Web services, EAI approach, content management
- Support and TPAM (Third-party Applications Maintenance)

CONSULTING, INTEGRATION, SUPPORT AND ERP TPAM

- Functional and technical SAP expertise
- SAP turnkey integration
- Retail sector expertise
- Support, training
- Documentation
- TPAM (Third-party Applications Maintenance)
- Version upgrading
- Optimization
- Archiving

IT TRAINING & WORKING WITH CHANGE

- Consulting in training plans
- Outsourcing training plan management
- Training linked to IT projects or change management
- Design of teaching tools (manuals, etc.)
- Training of IT specialists and users, certification tests, etc.
- Distance training and e-learning
- 3 to 6 month courses (masters)

* Number of employees at January 1, 2007

INFRASTRUCTURES BUSINESS

This segment is made up of the following activities:
- design and integration of systems and networks (NEURONES' initial business)
- activities related to the administration and operation of IT infrastructures,
- IT security,
- service and asset management consulting.

4 Service Centers are an integral part of this segment:
the service-desk centers, remote service and networks center (OSMOSE® service),
the hosting center and the workstation management center (EXPERTTEAM® service).

80%

Share of this segment
in total business

KEY EVENTS 2006

- Acquired a 160-person service-desk specialist.
- Rapid increase in the number of Outsourcing contracts: 90 contracts and 900 employees were involved by the end of 2006. Outsourcing's weight is growing vis-à-vis technical assistance.
- Pressures on prices continued in Outsourcing and were not easing in Technical Assistance
- As of 01/01/2006, the ITIL consulting and service management software integration entity was autonomous

ACHIEVEMENTS IN 2006 (EXTRACT)

For the world leader in construction materials, conducted a study and then migrated 60 Windows servers spread over two sites and 1,300 users to a new Microsoft Active Directory 2003/DNS architecture. Six heterogeneous Microsoft domains were consolidated into an Active Directory domain in a national directory structure.

For an industrial waste treatment company, migrated the Novell directory to the Windows 2003 Active Directory with Branch Office by installing Brocade WAFS (a tool that remote sites use to work with data consolidated at the central site). 35 Microsoft servers, a 5 Tb SAN, 800 users and 27 sites in France.

For a pharmaceutical laboratory, studied the overall architecture of the Exchange 2003 message service for France (approximately 10 sites) and 70 international sites and the migration scenarios for 16,000 Mailboxes. Implemented the Exchange 2003 message service architecture at 5 international sites and all France sites, on a 6-node central cluster connected to an EMC SAN bay. Then 6,000 France mailboxes were migrated to the cluster plus the 1,000 mailboxes at the 5 international sites.

For the leading French mutual insurance company and the third leading French general insurance company, set up a service-desk with guaranteed performance commitment for 17,000 users. After 18 months of operation, the customer confirms that it made the right choice by changing outsourcer and intends to continue the joint approach of implementing improvement plans.

For the world leader in environmental services, implemented a project to support a core business application for 1,500 key users around the world, 24/7.

For the international markets activity of a major player in the banking sector, operated in Europe, French overseas départements and territories, Africa and South America to repatriate, then test, samples of programs and data, with a view to managing all applications from a single central site in Paris (Unix environment with 35 employees).

For a French software publisher and world leader in its market, took over the Data Center activity, including: supervising the information system, message service and application servers and infrastructure, reporting alarm levels and installing servers and daily operating tasks. From 6:00 to 22:00.

6.8%
2006 operating margin

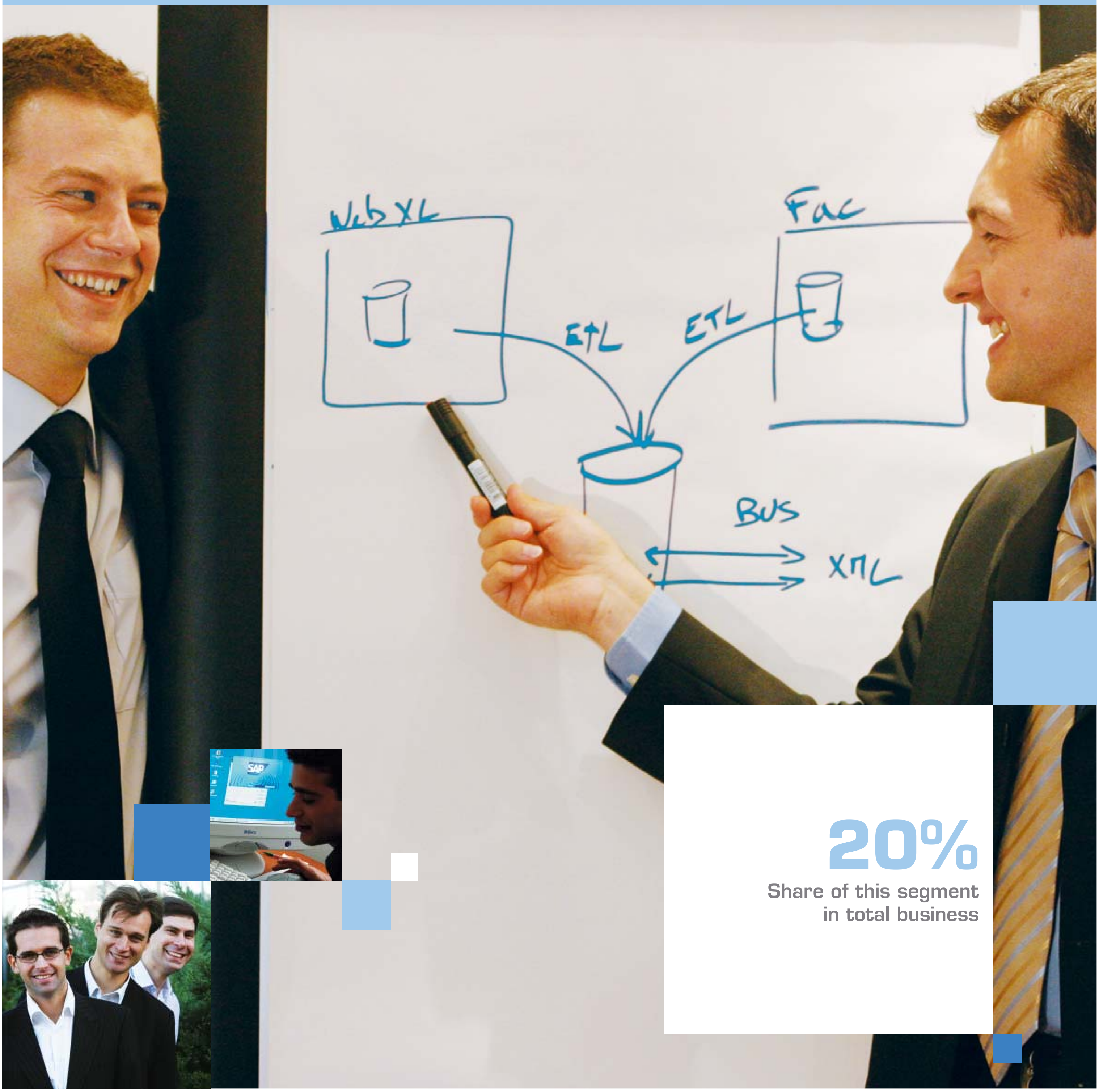
€104.3 million
2006 revenues

OUTLOOK

- At 01/01/2007, the Systems and Network Integration and Operation entities were merged to form a 450-person entity.
- Pre-sales was reorganized in Systems and network integration and the service offered was restructured.
- At 01/01/2007, the two service-desk entities were merged to form an 850-person entity.

APPLICATIONS BUSINESS

This segment covers the development of custom applications (Java, .Net, decision-making tools and mobility), the integration of SAP software packages and training and working-with-change activities.
The work includes design, integration, development, support and TPAM (Third-party Application Maintenance).
The Group's fifth Service Center is an integral part of this segment: the TPAM center (PROXIMA® line).



20%
Share of this segment in total business

KEY EVENTS 2006

- For the first time, the applications business segment is more profitable than the Group average.
- Training activities were merged operationally, according to plans.
- The PROXIMA® applications outsourcing services posted encouraging growth, especially as part of combined infrastructures and applications contracts.

ACHIEVEMENTS IN 2006 (EXTRACT)

For a major consulting firm, developed a .NET project supported by a SQL Server database and equipped with RSA security. The application lets the associates manage their current account and perform some operations like transfer orders.

For a telecom operator, implemented an extranet in order to manage and configure the routing of "0 800" numbers purchased by thousands of business customers. Provided equipment and routing configuration for numbers via a user-friendly interface. 900 development days.

For a French maxi-discount food chain, helped implement the management control module (SAP CO). Trained teams in the new functionalities (investment, budget, etc.).

For a leading French insurance company, launched a consulting project to support decision-making processes, produce and implement an operating procedure that can be used to create an overall decision-making platform for all of the company's markets.

For a subsidiary of an energy and services sector group, participated in a project to implement SAP (all modules), including functional design of "management control" and "business management" processes and support to the project team's coordination.

For a European scale French public establishment in the banking sector, helped select a new e-learning solution for office automation as part of the migration of customer stations to the Office 2007 Pack. Assisted the Contracting Authority.

For a non-profit association, on the occasion of the migration to Office 2003, designed and implemented a training system for users with a view to enhancing users' knowledge of the Office Suite software. 1,000 users and 120 delegations and branches spread throughout France.

7.4%
2006 operating margin

€25.7 million
2006 revenues

OUTLOOK

- Custom development and TPAM: the market is buoyant again, but margins are under pressure and there are problems recruiting ("talent war").
- Consulting, functional analysis and software package integration: search for acquisition opportunities.
- Training: at 01/01/2007, legally merge two training centers. Business is now segmented between training and working-with-change activities.

OUTSOURCING

As part of assignments related to IT infrastructure administration and operation, NEURONES operates based on two types of service: simple Technical Assistance without prime contracting and Outsourcing.
This second type of service involves multi-year contracts (3 to 5 years), NEURONES' prime contracting and guaranteed performance commitments in terms of service levels and related penalties.

90

Active Outsourcing contracts end of 2006

The sole person in charge of delivering services ensures that the service level agreements are complied with over time and manages the improvement plan based on a benchmark and catalogue of typical actions. It is crucial to capitalize on know-how and best practices quickly in this business. NEURONES has implemented homogeneous processes on all of its contracts by applying proven ITIL practices.

The industrialization of outsourcing services leads to strong growth in services provided from the Group's Service Centers.

KEY EVENTS 2006

- Sharp increase in the number of Outsourcing contracts: 90 contracts (including 8 from the service-desk acquisition) and 900 people involved.
- Projects to take on Outsourcing contracts were actually standardized with a view to improving the margin.
- 23% increase in the systems and networks Service Center (OSMOSE® service).
- Increase in importance of the pooled Service Center for workstations (EXPERTEAM® service).

ACHIEVEMENTS IN 2006 (EXTRACT)

For a major French industrial group, provided upgradeable Outsourcing of the workstation including an international service-desk (24/7) and administration of the message service and VPN accounts from the Nanterre Service Center (10,000 users). Responsible for the architecture and integration of the group's workstations around the world and implementing local support for 3,000 users spread over 20 sites in France.

For a French automobile component manufacturer (7,500 employees in the world, 8 sites in France and 1,250 users), managed an operation to outsource the service-desk (and local support) function, including taking on the personnel.

For one of the world leaders in pulverization and distribution systems for the beauty, hygiene and healthcare markets, started an office automation Outsourcing contract (4 sites in France with 2,000 users and 50 servers) in addition to the system already set up as part of the SAP third party applications maintenance contract launched three years ago.

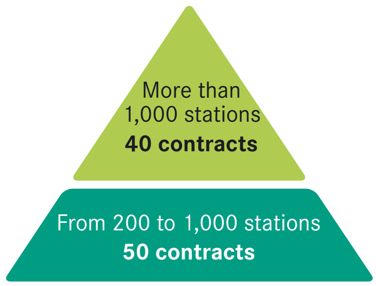
For the world's leading credit insurance group, took on Outsourcing for workstations and user support in France and a European bilingual English service-desk for group applications. Feedback after 6 months offers hope that the scope will be extended across Europe.

For a major player in strategic and operational consulting, overhauled and fully outsourced the information system. 15 virtual servers are hosted in the NEURONES' Data Center on ESX Server delivering more than 20 infrastructure services.

For the economic interest group of a major aeronautic industrial group, implemented a total Outsourcing contract (service-desk, local support and Windows servers), including: operations outsourcing (backups, application server production, MVS, Unix and Intel) and applications production.

Proven experience

Having developed its Outsourcing service since 1995, NEURONES already manages several dozen sites with 200 to several thousand workstations.



OUTLOOK

- Further industrialization of services marked by the increasing importance of Service Centers.
- Standardization of common operations on Outsourcing contracts: improvement plans (catalogue of typical actions and benchmarks) and progress in the ITIL expertise in contracts.
- Standardization of IT interfaces between the service-desk and the Servers Service Center.
- Internal project for a new generation CMDB (documentation system) currently being tested (general use planned for 2008/2009).
- Capitalize on the leading position in service-desks.

OUTSOURCING IN NUMBERS

Outsourcing

90 outsourced customers

900 employees working on contracts

4,800 servers

90,000 workstations

250,000 calls per month to the service-desk, including **110,000** calls to our support centers in Nanterre, Ivry-sur-Seine and Courcouronnes.

90 ITIL certified consultants

1 standard NEURONES documentation server (NDS) for all contracts
20 new contracts signed in 2006
+8 new contracts from the acquisition operation

Supervision, remote piloting (24/7), Network Operations Center (NOC), Security Operations Center (SOC)

50 people:
24/7 monitoring, RTMS tools (customized) and HPOV

1,600 servers supervised

900 remote-administered servers

1 industrialized workstation management platform

Hosting

105 bays (capacity)
2 useful terabits
2 backup robots
3 Cisco 7204 VXR routers as failover
100 megabits/s per operator
200 servers hosted
Air-conditioned data center
with secure access, fire protection and backup electrical power with generator

Certified ISO 9001:2000 for Outsourcing, service-desk and technical assistance activities

ITIL®
90 certified employees

itSMF
Founding member

NEURONES' Service Centers: an industrialized line of services

3 SUPPORT CENTERS

- 300 remote operators
- 24/7
- Multilingual
- Nanterre, Ivry-sur-Seine et Courcouronnes

POOLED WORKSTATION MANAGEMENT PLATFORM (EXPERTEAM®)

- Mastering
- Packaging
- Remote distribution

REMOTE SYSTEMS AND NETWORKS SERVICE CENTER (OSMOSE®)

- 60 administrators
- 2,300 tickets per month
- Supervision by in-house RTMS® tool

HOSTING CENTER

- Capacity of more than 1,000 servers
- Independent Internet service provider
- All operators
- Telecom infrastructure as failover
- Electric generator, air conditioned
- Secure access

TPAM TEAMS (PROXIMA®)

- All ERP and applications
- KM base, test tools, versioning

AN INTEGRATED GROUP

Most NEURONES teams are grouped together in a single site, which makes it easier to integrate offers and services.

More than
30%
of contracts concern several specialized entities

Two centralized structures coordinate actions spanning various entities.

A CROSS-FUNCTIONAL CENTRAL TEAM MANAGES ALL OF THE RELATIONS WITH SOME CORPORATE CUSTOMERS

To support the various businesses' sales forces, this central team fulfils the following assignments:

- organizing and coordinating the Group's sales actions,
- sounding out new business opportunities,
- consolidating projects and assignments carried out,
- preparing reports for key corporate customers.

The rules governing relations between entities are established in a regularly updated document that describes Group procedures.

A SINGLE MANAGEMENT STRUCTURE IS DEDICATED TO OUTSOURCING

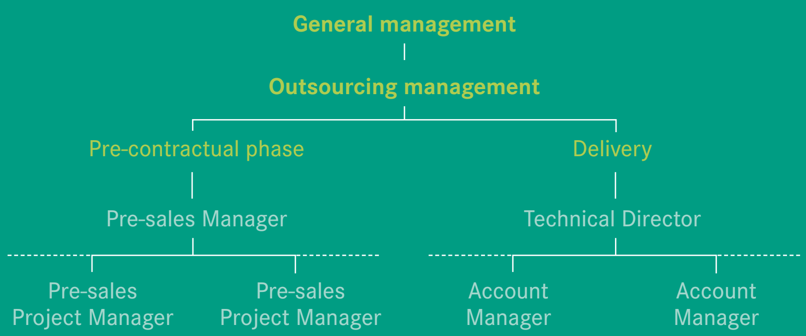
Outsourcing is a major growth area for NEURONES.

To capitalize on its experiences more quickly, the group has developed a single and cross-functional Outsourcing line of services for all its sites, so its customers can benefit from the complementarity of its various businesses. This line of services is managed directly by the General Management.

The assignments of the specialized Outsourcing management structure include:

- preparing offers and the pre-contractual phase,
- tracking the performance of Outsourcing contracts during the initial start-up phase, the operating phase and the reversibility phase,
- capitalizing on experiences, gradually industrializing and regularly updating the Group's Outsourcing standards.

THE OUTSOURCING-DEDICATED PILOTING STRUCTURE REPORTS DIRECTLY TO GENERAL MANAGEMENT AND IS ORGANIZED IN TWO SEGMENTS



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BANKING/INSURANCE
AVIVA
AXA
AZUR-GMF
BANQUES POPULAIRES
BARCLAYS
BNP-PARIBAS
CAISSES D'ÉPARGNE
CDC
CRÉDIT AGRICOLE-
CRÉDIT LYONNAIS
CRÉDIT IMMOBILIER
DE FRANCE
GENERALI
GROUPAMA
HSBC
SOCIÉTÉ GÉNÉRALE

DISTRIBUTION/ SERVICES/ CONSUMER GOODS
ACCOR
AÉROPORTS DE PARIS
AIR FRANCE-KLM
CHANEL
DANONE
GENERAL ELECTRIC
HERMÈS
INEUM
KRAFT FOODS
L'ORÉAL
LVMH
SODEXHO
UNILEVER

PUBLIC SECTOR
CAISSE DES DÉPÔTS
ET CONSIGNATIONS
CCIP
CEA
DCN
IRD
IRSN
LA POSTE
MAIRIE DE PARIS
MINISTÈRE DE L'EDUCATION
MINISTÈRE DE L'EMPLOI
MINISTÈRE DE LA CULTURE
MINISTÈRE DE LA DÉFENSE
RÉGION ÎLE-DE-FRANCE
RADIO FRANCE
RFF

ENERGY/ UTILITIES/ HEALTH
AIR LIQUIDE
BAYER
ENI
GEHIS
GLAXOSMITHKLINE
JOHNSON & JOHNSON
NOVARTIS
SANOFI-AVENTIS
SUEZ
TOTAL
VALOIS
VEOLIA ENVIRONNEMENT

INDUSTRY
ALSTOM
BOUYGUES
DASSAULT
EIFFAGE
LAFARGE
NEXANS
PSA
RENAULT
SAFRAN
SAINT-GOBAIN
SUEZ
THALES
TOSHIBA
VALEO
VINCI

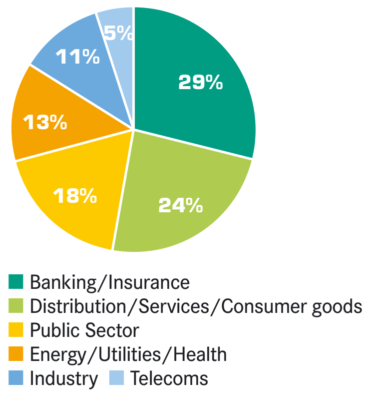
TELECOMS
ALCATEL
BOUYGUES TELECOM
BRITISH TELECOM
DEUTSCHE TELEKOM
FRANCE TELECOM
NEUF-CEGETEL
NUMERICABLE
ORANGE
PAGES JAUNES
SFR

(Extract of our references)

1,600
active customers

90%
of CAC 40 companies
put their trust in NEURONES

Present in all business sectors



NEURONES

CONSULTING - INTEGRATION - OUTSOURCING

2006 REFERENCE DOCUMENT

CONTENTS

1.1. CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2006

Consolidated balance sheet at December 31, 2006

ASSETS (In euro thousand)		12/31/2006 IFRS	12/31/2005 IFRS	12/31/2004 IFRS
NON-CURRENT ASSETS				
■ Intangible assets	Note 1 / Note 2	18,883	14,045	13,645
■ Tangible assets	Note 3	2,132	1,550	1,477
■ Financial assets	Note 4	756	623	629
■ Deferred tax credits	Note 5	1,880	470	422
TOTAL NON-CURRENT ASSETS		**23,651**	**16,688**	**16,173**
CURRENT ASSETS				
■ Inventory	Note 6	120	193	266
■ Deferred tax credits due		978	120	195
■ Trade accounts and notes receivables	Note 7	45,094	33,358	29,801
■ Cash and cash equivalents	Note 8	48,415	50,488	46,634
TOTAL CURRENT ASSETS		**94,607**	**84,159**	**76,896**
TOTAL ASSETS		**118,258**	**100,847**	**93,069**

LIABILITIES (In thousand euro)		12/31/2006 IFRS	12/31/2005 IFRS	12/31/2004 IFRS
SHAREHOLDERS' EQUITY				
■ Capital		9,299	9,266	9,139
■ Additional paid-in capital		29,672	29,396	28,723
■ Consolidated reserves and profits		35,070	29,962	25,083
TOTAL SHAREHOLDERS' EQUITY (GROUP SHARE)	Note 9	**74,041**	**68,623**	**62,945**
Minority interests		**2,472**	**2,029**	**1,757**
SHAREHOLDERS' EQUITY		**76,513**	**70,652**	**64,702**
NON-CURRENT LIABILITIES				
■ Long-term provisions	Note 10	94	63	75
■ Other non-current liabilities	Note 11	2,281		
CURRENT LIABILITIES				
■ Short-term provisions	Note 12	620	318	333
■ Deferred taxes due		306	539	999
■ Trade and other accounts payable	Note 13	37,817	28,622	26,931
■ Other financial liabilities	Note 14	628	652	29
TOTAL LIABILITIES		**118,258**	**100,847**	**93,069**

Consolidated income statement for the year ended December 31, 2006

ASSETS (In euro thousand)		12/31/2006 IFRS	12/31/2005 IFRS	12/31/2004 IFRS
Sale of goods	-	8,124	8,912	7,853
Sale of services	-	121,843	100,008	89,245
REVENUES	Note 15	**129,967**	**108,920**	**97,098**
Other income from activities	-	-	-	-
Purchases consumed	-	(7,009)	(7,779)	(6,662)
Payroll expenses	Note 19	(80,926)	(66,692)	(60,133)
External expenses	Note 20	(28,958)	(22,389)	(18,900)
Taxes and duties	-	(3,392)	(2,553)	(2,049)
Allocations to depreciation	Note 21	(1,188)	(995)	(976)
Allocations to provisions	Note 21	(61)	(52)	(173)
Impairment of assets	Note 21	(264)	(68)	-
Other income	Note 22	895	481	355
Other expenses	Note 22	(138)	(173)	(598)
OPERATING INCOME BEFORE TAXES AND EXCEPTIONAL ITEMS		**8,975**	**8,699**	**8,041**
% OF REVENUES	-	**6.9%**	**8.0%**	**8.2%**
Other operating income	Note 23	50	0	79
Other operating expenses	Note 23	-	-	-
OPERATING INCOME	Note 16	**8,975**	**8,699**	**8,041**
% OF REVENUES	-	**6.9%**	**8.0%**	**8.3%**
Financial income	-	1,511	1,099	946
Financial expenses	-	(353)	(165)	(151)
Net cost of financial debt	Note 24	1,158	934	795
PRETAX PROFIT	-	**10,133**	**9,633**	**8,836**
% OF REVENUES	-	**7.8%**	**8.8%**	**9.1%**
Income tax	Notes 25 / 26	(3,538)	(3,314)	(3,108)
PROFIT FOR THE PERIOD FROM ONGOING ACTIVITIES	-	**6,596**	**6,319**	**5,728**
% OF REVENUES	-	**5.1%**	**5.8%**	**5.9%**
PROFIT FOR THE PERIOD	-	**6,596**	**6,319**	**5,728**
Including:				
■ **Profit (group share)**	-	**6,141**	**5,927**	**5,423**
■ **Profit attributable to minority interests**	-	**455**	**393**	**305**
Earnings per share (group share) – in euros	-	0.26	0.26	0,24
Number of shares (*)	-	23,190,809	23,043,786	22,777,402
Diluted earnings per share (group share) – in euros	-	0.26	0.25	0.23
Number of shares (*), Founder stock options and attributed stock options that are exercisable	-	24,057,874	23,730,117	23,984 171

(*) Number of shares weighted over the period.

Consolidated statement of cash flows for the year ending December 31, 2006

(In euro thousand)		2006	2005	2004
Consolidated profit [1]		**6,596**	**6,319**	**5,728**
Elimination of non-monetary items:				
■ Net allocations to depreciation and provisions		1,442	1,006	1,068
■ Expenses / (Income) related to stock options and similar items		358	95	60
■ Effect of discounting receivables and debts maturing in more than one year		114	70	64
■ Variation in deferred taxes		1,088	(41)	(254)
■ Capital losses / (gains) from disposals, net of tax		-	-	(2)
■ Capital losses / (gains) from disposals of consolidated securities, net of tax		(41)	-	(41)
Cash flow from consolidated companies		**9,557**	**7,449**	**6,624**
Cash variation in:				
■ Working capital requirement for operations		(4,304)	(1,505)	(364)
■ Corporate tax		(1,045)	(364)	1,255
CASH FLOW FROM OPERATIONAL ACTIVITIES[2]		**4,208**	**5,581**	**7,514**
Acquisitions of intangible and tangible assets		(1,971)	(833)	(885)
Disposals of fixed assets, net of tax		2	6	2
Payments for long-term investments		(211)	(34)	(161)
Payments of acquisition price for acquired companies		(395)	(1,028)	(92)
Available cash from subsidiaries acquired during the year		(2,611)	111	109
Payments on acquisitions of contracts and customer contractual relationships		-	-	(257)
Securities bought from minority shareholders of subsidiaries		-	(117)	(874)
Disposal of consolidated securities, net of tax		115	-	265
CASH FLOW FROM INVESTMENT ACTIVITIES		**(5,071)**	**(1,895)**	**(1,892)**
Capital increase – sums received from the exercise of stock options		309	1,330	244
Capital decrease (company buy-back of its own securities)		-	(530)	-
Dividends paid to parent company shareholders		(1,390)	(1,144)	-
Dividends paid to minorities		(104)	(86)	-
Loan repayments (Finance leases)		(14)	(11)	-
CASH FLOW FROM FINANCING ACTIVITIES		**(1,199)**	**(441)**	**244**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(2,062)**	**3,244**	**5,866**
CASH AND CASH EQUIVALENTS ON OPENING	Note 8	**49,852**	**46,608**	**40,742**
CASH AND CASH EQUIVALENTS ON CLOSING	Note 8	**47,790**	**49,852**	**46,608**
(1) including: - interest received - interest paid		 1,511 (353)	 1,099 (165)	 946 (151)
(2) including: - tax due on the income statement - change in taxes receivable and payable		 2,449 1,045	 3,352 364	 3,351 (1,255)
Income tax paid		**3,494**	**3,716**	**2,096**

Statement of changes in consolidated shareholders' equity

SHAREHOLDERS' EQUITY (In euro thousand)	Capital	Additional paid-in capital	Consolidated reserves	Stock Options reserve	Profit for the year	Total shareholders' equity (group share)	Minority interest	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 12/31/2004	**9,139**	**28,723**	**19,600**	**60**	**5,423**	**62,945**	**1,757**	**64,702**
Movements for FY 2005								
■ Capital transactions (Exercise of Founder Stock Options & Other Stock Options)	166	1,164	-	-	-	1,330	-	1,330
■ Decrease in capital by canceling repurchased shares	(39)	(491)	-	-	-	(530)	-	(530)
■ Allocation of FY 2004 profit	-	-	5,483	(60)	(5,423)	-	-	-
■ Dividends paid (€0.05 per share)	-	-	(1,144)	-	-	(1,144)	-	(1,144)
■ Consolidated profit for the year	-	-	-	95	5,927	6,022	393	6,415
■ Dividends paid to minorities	-	-	-	-	-	-	(86)	(86)
■ Change in scope	-	-	-	-	-	-	(35)	(35)
SHAREHOLDERS' EQUITY AT 12/31/2005	**9,266**	**29,396**	**23,939**	**95**	**5,927**	**68,623**	**2,029**	**70,652**
Movements for FY 2006								
■ Capital transactions (Exercise of Founder Stock Options & Other Stock Options)	33	276	-	-	-	309	-	309
■ Allocation of FY 2005 profit	-	-	6,022	(95)	(5,927)	-	-	-
■ Dividends paid (€0.06 per share)	-	-	(1,390)	-	-	(1,390)	-	(1,390)
■ Consolidated profit for the year	-	-	-	358	6,141	6,499	455	6,954
■ Dividends paid to minorities	-	-	-	-	-	-	(104)	(104)
■ Change in scope	-	-	-	-	-	-	92	92
SHAREHOLDERS' EQUITY AT 12/31/2006	**9,299**	**29,672**	**28,571**	**358**	**6,141**	**74,041**	**2,472**	**76,513**

Minority interests correspond to the shares held by subsidiaries' managers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Company identification

NEURONES is a public limited company, whose head office is located at 205, Georges Clemenceau, 92024 Nanterre, France. It is an IT services company whose services include infrastructures (integration and outsourcing) and application layers for information systems.

Distribution of financial statements

In its meeting held February 9, 2007, the Board of Directors closed the 2006 consolidated financial statements presented in this document, which are subject to approval by the Shareholders Meeting of June 14, 2007.

NEURONES' consolidated financial statements for the year ended December 31, 2006 include the company and its subsidiaries (together referred to as the "Group") and the share in Affiliates and associates or companies under joint control.

Declaration of compliance

The consolidated financial statements were prepared in compliance with the IFRS as adopted in the European Union at December 31, 2006. The form and contents of these complete financial statements comply with the provisions of IAS 1.

New standards and interpretations not yet applied

New standards, amendments and interpretations are not yet in force for financial periods ending December 31, 2006 and have not been applied in preparing the consolidated financial statements:

- IFRS7 "Financial instruments: information to provide" and amendment of IAS 1 "Presentation of financial statements: information to provide about capital" require that more extensive information be provided about the importance of financial instruments to an entity's financial situation and performance, and qualitative and quantitative information about the extent of risks. IFRS7 and IAS1 amended, which the group will have to apply in the 2007 financial statements, will result in more detailed additional information about the group's financial instruments and capital.
- IFRIC7 "Practical methods of restating financial statements according to IAS29, Financial information in hyper-inflationist economies" concerns the application of IAS29 when an economy becomes hyper-inflationist for the first time and in particular the recognition of deferred taxes. IFIRC7, which the group will have to apply in its 2007 financial statements, should not have an impact on the consolidated financial statements.
- IFRIC8 " IFRS2 Field of application, share-based compensation" applies to the recognition of transactions whose payment is share-based, where all or part of the goods or services received are not specifically identified. IFRIC8 will have to be applied retroactively in the group's 2007 financial statements. The group has not yet determined the potential impact of this interpretation.
- IFRIC9 "Reexamination of embedded derivatives" requires that an entity reexamine whether an embedded derivative has to be separated from the underlying host contract only in case the contract is modified. IFIRC9, which the group will have to apply in its 2007 financial statements, should not have an impact on the consolidated financial statements.
- IFRIC10 "Financial information and impairment" prohibits writing back an impairment recognized during a prior interim period for goodwill, an investment in an equity instrument or a financial asset valued at cost. IFRIC10, which will have to be applied in the group's 2007 financial statements, will apply to goodwill, investments in an equity instrument or financial assets valued at cost prospectively as of the date when the group applied the IAS36 and IAS39 valuation criteria for the first time (i.e.; January 1, 2004). The application of IFRIC10 should not have an impact on the consolidated financial statements.

ACCOUNTING PRINCIPLES

The accounting methods presented below have been applied consistently to all periods shown in the consolidated financial statements. They are identical to the accounting principles used in the financial statements at December 31, 2005 and December 31, 2004.

The accounting methods were applied uniformly by Group entities.

Basis of preparing the consolidated financial statements

The financial statements are presented in euros rounded to the nearest thousand euros.

The financial statements were prepared based on historical cost except for short-term cash investments and share-based compensation, valued at fair value.

Use of estimates

Preparing financial statements in accordance with the IFRS conceptual framework requires making estimates and formulating assumptions that affect the application of accounting methods and the amounts shown in these financial statements.

The estimates and underlying assumptions are made based on past experience and other factors considered as reasonable in view of the circumstances. Consequently, they form the basis for exercising the necessary judgment to determine the book values of assets and liabilities that can't be obtained directly from other sources. The intrinsic values may differ from the estimated values.

The estimates and underlying assumptions are reexamined continuously. The impact of changes in accounting estimates is recognized during the period of change if it only affects this period or during the period of change and subsequent periods if they too are affected by the change.

At the year-end closing, NEURONES did not foresee any changes in the key assumptions used or sources of uncertainty that would present a major risk of leading to a significant adjustment in the amounts of assets and/or liabilities during the following period.

The main items where estimates are made are asset impairments, retirement commitments, the valuation of share-based compensation and provisions. The assumptions used are specified in the corresponding notes to the financial statements.

Consolidation methods

Subsidiaries

A subsidiary is an entity the Company controls. Controls exists when the Company has the power to directly or indirectly influence the entity's financial and operational policies in order to derive benefits from its activities.

To assess the control, potential voting rights that are currently exercisable or convertible are taken into consideration.

Subsidiaries' financial statements are included line-by-line in the consolidated financial statements from the date when control is obtained until the date when control ceases.

Affiliates and associates

Affiliates and associates are entities where the Company has significant influence over its financial and operational policies without having control.

The consolidated financial statements include the Group's share in the total amount of profits and losses recognized by the Affiliates and associates based on the equity method from the date when significant influence is exercised until the date when it ends. If the Group's share in the losses of an affiliate or associate is greater than its investment in this entity, the book value of the shares accounted for by the equity method is reduced to zero and the Group ceases to recognize its share in the future losses, unless the Group has a legal or implicit obligation to participate in losses or to make payments on behalf of the affiliate or associate.

Joint ventures

Joint ventures are entities where the Group exercises joint control pursuant to a contractual agreement. The consolidated financial statements include the Group's share in the assets, liabilities, revenues and expenses combined, line-by-line (proportional consolidation), with the similar items of these financial statements from the date when the joint control is obtained until the date when it ends.

Transactions eliminated in the financial statements

Balance sheet balances, unrealized gains and losses, and revenues and expenses from intra-group transactions are eliminated when the consolidated financial statements are prepared. The unrealized gains resulting from transactions with affiliates, associates and joint ventures are eliminated up to the Group's equity share in the entity.

Unrealized losses are eliminated in the same way as unrealized gains, but only insofar as they do not represent an impairment.

At December 31, 2006, all companies included in the scope of consolidation are subsidiaries. Subsidiaries' accounting principles have been modified to ensure homogeneity with the Group's accounting methods.

The list of consolidated companies is shown in the "Scope of Consolidation" note.

Intangible assets

Business combinations and goodwill

When a company enters the scope of consolidation, its identifiable potential assets and liabilities are entered on the consolidated balance sheet at their fair value and valued according to the Group's accounting principles.

The difference between the acquisition cost and the Group's share in the fair value of the identifiable assets, liabilities and potential liabilities acquired constitutes the goodwill.

The Group has chosen not to restate business combinations prior to January 1, 2004 according to the provisions of IFRS 3. The goodwill prior to January 1, 2004 has been maintained at its assumed costs, which represents the amount recognized according to the previous accounting reference.

Goodwill is valued at its cost, less cumulative impairment. It is assigned to Cash Generating Units, is not amortized and is subject to an impairment test annually or more frequently in case there are signs of impairment (see the paragraph, "Impairment of fixed asset items").

Negative goodwill is recognized immediately in profit.

Contracts and contractual customer relationships

Contracts and contractual customer relationships are recorded in assets at their acquisition cost less cumulative depreciation and impairment. For the most part they come from purchased businesses and correspond to a volume of revenues and margin generated by contracts. They are depreciated over the useful life of the corresponding contracts.

In the case of technical assistance contracts renewable periodically, the useful life is indefinite. Consequently, the period during which the contracts will generate net cash inflows to the Group's benefit is without a foreseeable limit. In this case the contracts are not depreciated and are subject to an annual impairment test or each time there is a sign of impairment (see the paragraph, "Impairment of fixed asset items").

Other Intangible assets

- The Group has not identified significant development expenses that meet the IAS 38.57 definition.
- Other intangible assets, especially software acquired for internal use, are amortized over their useful life, generally from one to three years, as soon as the asset is ready to be commissioned.

The amortization and impairment of intangible assets are recorded in operating income on the line, "Amortization."

Tangible assets

Tangible assets are recorded at their acquisition cost less accumulated depreciation and recognized impairment.
The Group has not opted to use the revaluation method for its assets.
Loan costs are excluded from the cost of fixed assets pursuant to IAS 23.
They are depreciated over their useful life and according to the following methods as soon as the asset is ready to be commissioned:

Fixtures and installations	Straight-line method	5 to 10 years
Transportation equipment	Straight-line method	2 to 4 years
Computer hardware	Declining balance and straight-line method	3 years
Office equipment	Straight-line method	5 to 10 years

Case of professional leasing and long-term finance leases

Assets acquired in the form of a professional lease or long-term finance lease have been restated. The asset is recorded on the balance sheet at the lower of the present value of the lease's minimum future payments and the asset's fair value. The asset is depreciated over its useful life or the term of the contract if the term is less. The corresponding financial debt is recorded in liabilities and amortized over the term of the contract. In terms of the income statement, the lease expense is offset and replaced by a depreciation expense and a financial expense.

Impairment of fixed assets

Goodwill and intangible assets with an indefinite useful life or intangible assets under construction

The tracking method used to test intangible assets for impairment is the DCF (discounted cash flow) method. This method is used each time there is an indication of impairment and at least once a year. To conduct this test, goodwill is broken down by Cash Generating Units (CGU) corresponding to homogenous groups that jointly generate identifiable cash flows. The division into CGUs is done by legal entity. Each subsidiary corresponds to a CGU.

The asset's book value is compared to its recoverable value and corresponds to the maximum of the fair value less disposal costs and the value in use, determined by the discounted future cash flows method.

In case of impairment, depreciation is recorded on the line "Asset depreciation" in operating income. Goodwill impairment is not reversed even if the asset's value in use recovers in future years.

Tangible and intangible assets with a definite useful life

The value in use of tangible and intangible assets with a definite useful life is tested for impairment as soon as signs of impairment appear and reviewed during the annual closure.

To perform this test, the fixed assets are grouped into Cash Generating Units (CGU). The CGUs consist of homogenous asset groups whose continuous use generates cash inflows that are substantially independent of cash inflows generated by other asset groups. The division into CGUs is done by legal entity. Each subsidiary corresponds to a CGU.

The asset's book value is compared to its recoverable value and corresponds to the maximum of the fair value less disposal costs and the value in use, determined by the discounted future cash flows method. When the book value is less than the recoverable value, impairment is recorded in operating income, on the "Asset depreciation" line.

The main criteria used to apply the DCF method of valuation are:

- The discount rate used is 10.4% after tax, based on the risk-free rate, the risk premium and ß.
- The length of the explicit period is 5 years. The growth assumptions retained for revenues, operating margin, working capital requirements and capital expenditures are specific to each company (especially AS International Group, Victoria Group and Codilog-Knowledge), based on their size and business sector.

Impairment recorded for a CGU is first allocated to reducing the book value of any goodwill allocated to the cash generating unit, then to reducing the book value of the CGU's other assets on a pro rata basis with the book value of each asset of the unit.

Impairment recorded for an asset other than goodwill is written back if there is a change in the estimates used to determine the recoverable value. An asset's book value, increased due to the write back of an impairment, should not exceed the book value that would have been determined, net of depreciations, if no impairment had been recorded.

Financial assets

Non-consolidated securities

Pursuant to IAS 39, equity investments in non-consolidated companies are analyzed as available for sale and are therefore recorded at their fair value. If this value cannot be determined reliably, the securities are recorded at their acquisition cost. In case there is an indication of impairment of the financial asset, impairment is recorded in profit. This impairment is written back from profit only when the securities are sold.

Other financial assets

Financial assets that mature in more than one year and that do not earn interest are discounted pursuant to IAS 39.

The variance related to the initial discounting is recognized in operating income. The write-back related to the discounting each subsequent year is recorded as financial income.

The discount rate used is 5%.

The Group has no derivative instruments among its financial assets and does not conduct any hedge operations.

Deferred taxes

Pursuant to IAS 12, deferred taxes are recognized in the income statement and the balance sheet to account for the time lag between the book values and tax bases of certain assets and liabilities, except for the following items:

- goodwill,
- time differences related to investments provided they won't inverse in the foreseeable future.

According to the liability method of tax allocation, deferred taxes are valued based on the known changes in tax rates that have been adopted or virtually adopted at the closing date.
Loss carry forwards are activated when it is likely one will have future taxable income that these tax losses can be charged against.
A deferred tax is recorded for assets and liabilities related to finance lease agreements.
Pursuant to IAS 12, deferred tax credits and deferred taxes are not discounted.

Inventory

Inventory is valued at the lowest cost based on the weighted price and net realizable value method. The net realizable value is the estimated sales price under normal business conditions, less the estimated costs required to complete the sale.

Impairment is recognized on a case-by-case basis when the net realizable value is less than the book value.

Receivables

Receivables are recorded at cost less recognized impairment. Impairment is recognized when the book value of the receivable exceeds its recoverable value (i.e.; the value of estimated future cash flows).

There are no payment conditions of more than one year.

Cash and cash equivalents

Short-term investments are valued at their fair value (by profit).

Pursuant to IAS 7, the Cash and cash equivalents line includes the cash on hand and demand deposits. Bank overdrafts reimbursable on demand that are an integral part of the Group's cash management constitute a component of cash and cash equivalents for the needs of the cash flow statement.

The fair value corresponds to the cash-in value of the cash asset or liability at the closing date.

Variances in fair value are recorded in profit for the period under the "Financial income" category.

Treasury shares

The amount of the consideration paid for treasury shares, including directly attributable costs, is deducted from consolidated reserves.

In case the shares are subsequently disposed of, the income and any corresponding tax effects are recorded as a variation in consolidated shareholders' equity.

Share-based compensation

Plans granted after November 7, 2002 whose rights still hadn't been acquired at December 31, 2006, are subject to a valuation according to IFRS 2. Among the options, the Black & Scholes valuation model was adopted. The fair value valuation of the service rendered as of the allocation date is accrued (or deferred) on a prorata temporis basis over the entire rights acquisition period as an expense adjustment to shareholders' equity.

The main criteria retained for the fair value valuation of the options for plans attributed after November 7, 2002 are as follows:

	Plans n° 4 & 5	Plan n° 6	Plan n° A
Life	4 ans	4 ans	3 ans
Volatility	35%	35%	35%
Risk-free rate	4.50%	4.50%	4.50%
Dividend payout rate	0%	1%	1%

Employee benefits

Defined benefits plan: provision for retirement benefits

This provision is intended to meet the commitments corresponding to the present value of rights acquired by employees regarding conventional benefits they will have a claim to when they retire. It is based on a calculation made according to the forecast credit units method, which takes into account seniority, life expectancy and the personnel turnover rate as well as assumptions about salary revisions and present value.
The main parameters used correspond to averages determined by reference to the historical numbers from the latest fiscal periods.
These main parameters are:

- retirement age 60 years
- turnover rate 15%
- discount rate 5%
- salary inflation rate 5%
- life expectancy table INSEE 99

The actuarial gains and losses generated by changes in assumptions are recorded directly in profit.
Contributions owed to a fixed contribution plan are expensed when they are incurred.

Other personnel commitments

Long-service medals

The collective bargaining agreements in force in NEURONES Group companies do not make any special provisions for long-service medals. No specific agreements have been concluded regarding this point in the Group's various subsidiaries.

Provisions

Pursuant to IAS 37, a provision is recorded when the Group recognizes a current obligation, legal or implicit, regarding a third party resulting from a past event and it is likely or certain that this obligation will cause an outflow of resources representing economic benefits whose amount may be estimated reliably.

Long-term provisions are discounted when the effect is significant.

Financial liabilities

The Group has no derivative instruments among its financial liabilities and does not conduct any hedge operations. The Group has no liabilities valued at fair value as an adjustment to profit.

The other financial liabilities correspond primarily to bank overdrafts and deposits received.

Other non-current liabilities

As part of the Victoria group acquisition, the group has negotiated moratoriums concerning payment of outstanding taxes and employer social security contributions.

These liabilities, which don't bear any interest, were subject to a discounted valuation at 5%.

Trade and other accounts payable

Trade accounts and notes receivable are valued at their fair value when initially recorded, then at depreciated cost.

There are no payment conditions of more than one year.

Recognition of "service" revenues

Revenues realized in the form of services provided are recognized based on the stage of completion in accordance with IAS 11 and IAS 18.

The stage of completion is calculated based on the costs incurred compared to the total updated forecast costs.

Fixed price projects

Revenues from fixed price projects are recorded as the service is provided, based on the stage of completion method. According to this method, revenues are recognized in the period that the service is rendered in. The variance between invoicing and revenues calculated based on the stage of completion is recorded in invoices to be prepared or in prepaid income, as required. When the forecast cost price of a contract is greater than the contractual revenues, an end of contract loss equal to the difference is recorded.

Annual or long-term contracts

Revenues from annual or long-term contracts are recorded in advance, which corresponds to a prorata temporis treatment.

Services sold in the form of spendable checks

Some Group companies pre-sell checks for services, which represent days of service by engineers, developers, technicians or trainers.

Revenues in the form of spendable checks are recorded as the services are provided and therefore as the checks are consumed.

Unused checks are recorded as prepaid income.

Long-term perennial outsourcing contracts

Long-term outsourcing contracts generally include two main types of services:

- Initial engineering, consisting of an autonomous project prior to the start of the operational contract. Revenues are recorded based on the stage of completion;
- operational contract. The invoicing terms generally involve invoicing a fixed monthly fee that is identical throughout the year. Revenues are recognized based on the stage of completion in phase with the services provided.

Method of calculating diluted earnings per share (EPS)

The number of shares taken into account in calculating diluted EPS is comprised of:

- the weighted average number of shares in the year,
- plus the weighted average number of dilutive stock options allocated and not exercised.
- plus the weighted average number of free shares allocated.

The earnings per share was determined in accordance with IAS 33.

Sector information

A sector is a distinct component of the Group, which is either involved in providing services (business sector) or in providing services in an environment (geographic sector) that is exposed to different risks and profitability than those in other sectors.

Pursuant to IAS 14, the first level of sector information identified is the business sector corresponding to the Group's different core businesses ("Infrastructures" and "Applications"). To date, the second level of sector information by geographic sector is not relevant, since the Group does most of its business in France.

SCOPE OF CONSOLIDATION

List of consolidated companies

	Head office	Commercial register number	12/31/2006 % Stake	12/31/2006 % Control	12/31/2006 Integration method	12/31/2005 % Stake	12/31/2005 % Control	12/31/2005 Integration method
Parent								
NEURONES S.A.	205, ave Georges Clemenceau 92024 NANTERRE	331 408 336	-	-	-	-	-	-
Filiales								
Neurones IT SAS	205, ave Georges Clemenceau 92024 NANTERRE	428 210 140	95%	95%	C	95%	95%	C
Skills Consulting SAS	205, ave Georges Clemenceau 92024 NANTERRE	428 209 308	100%	100%	C	100%	100%	C
Help-Line SAS	171, ave Georges Clemenceau 92024 NANTERRE	398 300 061	93%	93%	C	93%	93%	C
BrainSoft SAS	205, ave Georges Clemenceau 92024 NANTERRE	410 219 943	90%	90%	C	90%	90%	C
Edugroupe SAS	205, ave Georges Clemenceau 92024 NANTERRE	415 149 830	100%	100%	C	100%	100%	C
INTRINsec SAS	205, ave Georges Clemenceau 92024 NANTERRE	402 336 085	82%	82%	C	85%	85%	C
Codilog-Knowledge SAS	205, ave Georges Clemenceau 92024 NANTERRE	432 673 838	72%	72%	C	72%	72%	C
AS International Group SAS	83, rue du Fbg St Honoré 75008 PARIS	421 255 829	100%	100%	C	100%	100%	C
AS International SAS	83, rue du Fbg St Honoré 75008 PARIS	349 528 356	100%	100%	C	100%	100%	C
AS Telecom & Réseaux SARL	83, rue du Fbg St Honoré 75008 PARIS	400 332 524	100%	100%	C	100%	100%	C
AS Technologie SARL	83, rue du Fbg St Honoré 75008 PARIS	417 586 609	100%	100%	C	100%	100%	C
Inexware Services SAS	205, ave Georges Clemenceau 92024 NANTERRE	443 739 693	100%	100%	C	100%	100%	C
Axones SAS	205, ave Georges Clemenceau 92024 NANTERRE	450 758 040	100%	100%	C	100%	100%	C
IMS SAS	171, ave Georges Clemenceau 92024 NANTERRE	439 832 353	93%	100%	C	93%	100%	C
Ged Systèmes SAS	205, ave Georges Clemenceau 92024 NANTERRE	389 607 730	90%	90%	C	90%	90%	C
Ged Systèmes Ile-de-France (*) SARL	3, rue de Turbigo 75001 PARIS	432 103 075	-	-	C	90%	100%	C
Viaaduc SARL	205, ave Georges Clemenceau 92024 NANTERRE	432 104 503	90%	100%	C	90%	100%	C
Victoria SA (**)	171, ave Georges Clemenceau 92024 NANTERRE	403 609 092	100%	100%	C	-	-	-
Victoria Consulting SA	171, ave Georges Clemenceau 92024 NANTERRE	381 983 568	100%	100%	C	-	-	-
HPS Technologies SAS	14, route de Saint-Cyr 78440 DROCOURT	451 310 502	66%	66%	C	-	-	-

C = Consolidation

(*) GED Système absorbed GED système Ile-de-France on January 1, 2006, via an universal asset transfer.

(**) The Victoria IT Services and Axant companies, integral parts of the Victoria group when they entered the scope of consolidation on June 1, 2006, were absorbed respectively by Victoria Consulting (merger on 12/29/2006 effective retroactively to April 1, 2006) and Victoria SA (universal asset transfers on 07/03/2006 effective retroactively for tax purposes to April 1, 2006).

Changes in scope

Victoria Group Acquisitions

During FY 2006, NEURONES acquired 100% control of the Victoria subgroup, whose business involves running the service desk (user support) and integrating service desk software packages and computer equipment.

HPS Technologies Acquisition

During FY 2006, NEURONES acquired 66% control of HPS Technologies, whose business involves providing technical assistance for computer equipment.

Items concerning the transactions and contributions to the Group's consolidated financial statements are:

- **Victoria:** price paid in cash without a future price adjustment. Fair value of shareholders' equity at the acquisition date: (€4.525) million.
- **HPS Technologies:** price paid in cash, with an additional future price, based on net profits performance in FY 2006 and FY 2007. Fair value of shareholders' equity at the acquisition date: €57,000.

At the respective dates of entering the scope, the acquisitions' main totals were:

	Amount (In euro thousand)
Non-current assets	
Intangible assets	24
Tangible assets	77
Financial assets	38
Deferred tax credits	2,498
Current assets	
Deferred tax credits due	63
Trade accounts and notes receivable	4,083
Cash and cash equivalents	683
TOTAL ASSETS	**7,466**
Shareholders' equity restated at fair value	(4,468)
Non-current liabilities	
Long-term provisions	5
Deferred taxes due	-
Financial liabilities	2,508
Current liabilities	
Short-term provisions	338
Taxes due	17
Trade and other accounts payable	5,772
Other financial liabilities	3,294
TOTAL LIABILITIES	**7,466**

- The primary items contributing during the consolidation period for FY 2006 were:

Income statement items	Amount (In euro thousand)
Revenues	6 288
EBIT	690
Net profit (*)	2 220

(*) Financial debt granted by NEURONES SA to Victoria SA for €2.75 million.

- Valuation of assets, liabilities and potential liabilities is definitive, subject to unknown and unidentified items to date.

The other changes in scope involve subsidiaries' shares sold to their employees as follows:

- the sale of 0.28% of Help-Line's shares in May 2006 to a company manager,
- the sale of 2.93% of Intrinsec's shares in April 2006 to company employees.

NOTES TO THE BALANCE SHEET

Note 1 – Intangible assets

(In euro thousand)	12/31/04 IFRS	Var. Périmètre	↗	↘	12/31/05 IFRS
Goodwill (details in Note 2)	13,025	-	547	-	13,572
Patents and licenses	803	22	53	64	814
Contracts and contractual relationships	499	-	-	-	499
Gross Total	**14,327**	**22**	**600**	**64**	**14,885**
Depreciation	(613)	(20)	(131)	(61)	(703)
Impairment	(69)	-	(68)	-	(137)
NET TOTAL	**13,645**	**2**	**401**	**3**	**14,045**

(In euro thousand)	12/31/05 IFRS	Var. Périmètre	↗	↘	12/31/06 IFRS
Goodwill (details in Note 2)	13,572	-	4,922	1	18,493
Patents and licenses	814	24	349	15	1,172
Contracts and contractual relationships	499	-	-	-	499
Gross Total	**14,885**	**24**	**5,271**	**16**	**20,164**
Depreciation	(703)	-	(198)	(21)	(880)
Impairment	(137)	-	(264)	-	(401)
NET TOTAL	**14,045**	**24**	**4,809**	**(5)**	**18,883**

The acquisitions primarily correspond to computer software involving both internal administrative use and production use on outsourcing contracts.

The contracts and contractual relationships recorded in assets are related to technical assistance contracts for an indefinite useful life (refer to note on accounting principles). Over the period, total depreciation of €264,000 was recorded for impairment of certain “contracts and contractual relationships” related to a portion of contracts not renewed.

No intangible assets have been pledged as security.

Note 2 – Goodwill

(In euro thousand)	12/31/05 IFRS	↗	↘	12/31/06 IFRS
Companies concerned				
BrainSoft	89	-	-	89
AS International Group	8,874	-	-	8,874
Help-Line	545	-	1	544
Codilog-Knowledge	20	-	-	20
Codilog (merged in Codilog-Knowledge)	2,159	-	-	2,159
IMS	30	-	-	30
Inexware Services	1,345	-	-	1,345
Ged Systèmes	510	-	-	510
Victoria SA	-	4,635	-	4,635
HPS Techonologies	-	287	-	287
NET TOTAL	**13,572**	**4,922**	**1**	**18,493**

(In euro thousand)	12/31/04 IFRS	↗	↘	12/31/05 IFRS
Entreprises concernées				
BrainSoft	80	9	-	89
AS International Group	8,874	-	-	8,874
Help-Line	545	-	-	545
Codilog-Knowledge	-	20	-	20
Codilog (merged in Codilog-Knowledge)	2,159	-	-	2,159
IMS	22	8	-	30
Inexware Services	1,345	-	-	1,345
Ged Systèmes	-	510	-	510
NET TOTAL	**13,025**	**547**	**-**	**13,572**

Off balance sheet commitments

The acquisition contract for HPS Technologies provides for payment of a maximum price supplement of €100,000, subject to the achievement of a level of net profit for FY 2006 and FY 2007. At December 31, 2006, no price supplement was incorporated in the goodwill estimate in view of the probability of payment.

Note 3 – Tangible assets

(In euro thousand)	12/31/05 IFRS	Change in scope	↗	Reclass.	↘	12/31/06 IFRS
Fixtures and installations	1,813	-	396	-	97	2,112
Transportation equipment	508	2	114	-	33	591
IT and office equipment	3,652	75	909	-	200	4,436
Leased fixtures	77	-	-	-	-	77
Leased IT equipment	172	-	-	-	113	59
Fixed assets under construction	120	-	202	-	120	202
Gross Total	**6,342**	**77**	**1,621**	**-**	**563**	**7,477**
Depreciation	(4,792)	-	(990)	-	(437)	(5,345)
NET TOTAL	**1,550**	**77**	**631**	**-**	**126**	**2,132**

(In euro thousand)	12/31/04 IFRS	Change in scope	↗	Reclass.	↘	12/31/05 IFRS
Fixtures and installations	1,528	190	95	-	-	1,813
Transportation equipment	461	-	79	-	32	508
IT and office equipment	3,082	175	485	-	90	3,652
Leased fixtures	77	-	-	-	-	77
Leased IT equipment	89	83	-	-	-	172
Fixed assets under construction	-	-	120	-	-	120
Gross Total	**5,237**	**448**	**779**	**-**	**122**	**6,342**
Depreciation	(3,760)	(289)	(862)	-	(119)	(4,792)
NET TOTAL	**1,477**	**159**	**(83)**	**-**	**3**	**1,550**

The capital expenditures for the year correspond primarily to fixtures to improve new premises, IT hardware (for internal use or used in connection with outsourcing contracts) and service vehicles.

No tangible asset has been pledged as security.

Note 4 – Financial assets

(In euro thousand)	12/31/05 IFRS	Change in scope	↗	↘	12/31/06 IFRS
Non-consolidated securities	33	-	-	5	28
Loans	299	-	76	5	370
Other financial assets	306	38	100	71	373
Gross Total	**638**	**38**	**176**	**81**	**771**
Impairment	(15)	-	-	-	(15)
TOTAL NET	**623**	**38**	**176**	**81**	**756**

(In euro thousand)	12/31/04 IFRS	Change in scope	↗	↘	12/31/05 IFRS
Non-consolidated securities	33	-	-	-	33
Loans	288	-	17	6	299
Other financial assets	323	29	17	63	306
Gross Total	**644**	**29**	**34**	**69**	**638**
Impairment	(15)	-	-	-	(15)
NET TOTAL	**629**	**29**	**34**	**69**	**623**

Other financial assets correspond primarily to deposits paid in the form of loans as part of the 1% housing aid contribution plus security deposits (rent).

The present value of loans (1% housing aid contribution) and in particular the reimbursement due date have been calculated based on the reimbursement date provided for in the contract (20 year timeframe).

The present value of security deposits (primarily concerning security deposits paid for rented premises) and in particular the reimbursement due date have been calculated based on the lease's termination date (9-year term).

Note 5 – Deferred tax credits

The deferred tax credits shown on the balance sheet concern the following items:

(In euro thousand)	12/31/06	12/31/05	12/31/04
Employee profit sharing	210	177	192
Other temporary differences	108	108	83
Provision for retirement benefits	31	21	25
Elimination of internal margins – Disposal of assets	-	3	5
Present value of receivables maturing in more than one year	184	138	117
Depreciation of contracts and contractual relationships	32	23	-
Tax losses deferrable indefinitely	1,404	-	-
Present value of outstanding taxes and employer social security contributions maturing in more than one year	(89)	-	-
Deferred tax credits	**1,880**	**470**	**422**

Note 6 - Inventory

(In euro thousand)	12/31/05	↗	↘	12/31/06
Goods	341	-	100	241
Gross Total	**341**	**-**	**100**	**241**
Impairment	(148)	-	(27)	(121)
NET TOTAL	**193**	**-**	**73**	**120**

(In euro thousand)	12/31/04	↗	↘	12/31/05
Goods	407	-	66	341
Gross Total	**407**	**-**	**66**	**341**
Impairment	(141)	(7)	-	(148)
NET TOTAL	**266**	**(7)**	**66**	**193**

No inventory was scrapped during the year.

No inventory has been pledged as security.

Note 7 - Trade accounts and notes receivable

(In euro thousand)	12/31/06	12/31/05	12/31/04
Trade accounts receivable	37,288	28,588	25,565
Invoices to be issued	2,590	2,155	1,539
Suppliers – credit notes receivable	54	40	72
VAT	4,167	2,311	1,959
Other receivables	200	201	160
Prepaid expenses	1,159	509	810
Gross Total	**45,458**	**33,804**	**30,105**
Impairment	(364)	(446)	(304)
NET TOTAL	**45,094**	**33,358**	**29,801**

These items are due in less than one year, except for certain financial arrangements granted to some customers as part of outsourcing contracts. Since the amount recognized as a receivable on the balance sheet bears interest, the receivable was not discounted for present value.

Note 8 - Cash and cash equivalents

(In euro thousand)	12/31/06	12/31/05	12/31/04
Commercial paper	7,925	12,414	12,430
Term deposits	7,271	4,649	4,521
Monetary funds	21,793	23,585	20,697
Available funds	11,388	9,787	8,934
Accrued interest on commercial paper	38	53	52
Total cash and cash equivalents	**48,415**	**50,488**	**46,634**
Bank overdrafts	(332)	(636)	(26)
Factored debt (*)	(293)	-	-
TOTAL NET CASH	**47,790**	**49,852**	**46,608**

(*) This amount corresponds to the receivables sold and financed by the factor for the company that haven't been collected yet. The financing granted by the factor is only definitively vested for the company when the receivables are effectively cashed.

Additional note regarding commercial paper:

(In euro thousand)	Montant	Echéance	Taux
Euro Commercial Paper	7,925	02/03/2007	3.72%

Note 9 - Shareholders' equity

Note 9.1 - Capital

At December 31, 2006, the share capital amounted to €9,299,321,60, comprised of 23,248,304 fully paid-up shares of the same class with a face value of €0.40.

A double voting right is granted to every shareholder whose shares have been registered in his name for at least four years.

During FY 2006, 83,384 stock options were exercised, which resulted in the creation of 83,384 new shares:

- 11,910 shares were exercised at a price of €3.20, including a face value of €0.40 and €2.80 of additional paid-in capital,
- 71,474 shares were exercised at a price of €3.80, including a face value of €0.40 and €3.40 of additional paid-in capital.

The resulting capital increase amounted to €33,353.60, with an increase in additional paid-in capital of €276,359.60.

The variation in the number of shares in circulation during FY 2006 breaks down as follows:

Number of shares in circulation at 01/01/2006	Increase (Stock Options exercised)	Decrease	Number of shares in circulation at 12/31/2006
23,164,920	83,384	-	23,248,304

The company has been listed on the Paris stock exchange since May 2000.

Note 9.2 - Share based compensation

Stock option plans

- The Extraordinary Shareholders' Meeting of November 29, 1999 allocated 476,385 founder stock options and authorized the allocation of a maximum of 964,875 other stock options (representing 5% of the capital). This authorization was finally wound up in 2003 as a total of 964,123 options were allocated between 11/29/1999 and 01/23/2003. The remainder of 752 non-allocated options was cancelled at the Ordinary Shareholders' meeting on June 25, 2003.
- The Extraordinary Shareholders' meeting on June 25, 2003 authorized the Board of Directors to allocate a new stock option plan for a maximum of 250,000 options (representing 1.1% of the capital). This authorization was valid for thirty-eight months. The Board of Directors meeting on October 15, 2004 wound up this plan by allocating 250,000 stock options at a price of €4.20.
- The Extraordinary Shareholders' meeting on June 25, 2004 authorized the Board of Directors to allocate a new stock option plan for a maximum of 100,000 options (representing 0.4% of the capital). This authorization was valid for thirty-eight months. The Board of Directors meeting on October 15, 2004 allocated 7,000 stock options under this plan at a price of €4.20. The Board of Directors meeting on June 28, 2006 wound up this plan by allocating the remaining 93,000 stock options at a price of €5.10.

Free share allocation plan

- The Ordinary Shareholders' meeting on June 24, 2005 authorized the Board of Directors to allocate a plan of 230,000 free shares (representing 1% of the share capital). This authorization is valid for thirty-eight months. The Board of Directors meeting on June 28, 2006 wound up this plan by allocating 230,000 free shares.

The different stock option plans allocated by the Board of directors have the following characteristics:

Rules of the stock option plans

	Stock option plan n° 1	Stock option plan n° 2	Stock option plan n° 3	Stock option plan n° 4	Stock option plan n° 5	Stock option plan n° 6
Date of the Shareholders' meeting	11/29/99	11/29/99	11/29/99	11/29/99	06/25/03 & 06/25/04	06/25/04
Date of the Board of Directors meeting	11/29/99	07/27/00	07/11/01	01/23/03	10/15/04	06/28/06
Maturity date of the plans	29/11/04	07/27/05	07/11/06	03/01/07	10/15/08	07/01/10
Expiry date of the plans	11/28/14	07/26/10	07/11/11	02/28/11	10/14/12	06/30/14
Number of beneficiaries	19	171	238	60	60	39
including directors	-	-	-	-	-	-
Number of options granted	165,550	304,363	320,210	174,000	257,000	93,000
Number of expired options at 12/31/2005	(72,650)	(191,956)	(116,226)	(52,000)	(30,500)	-
Number of shares already subscribed at 12/31/2005	(71,460)	-	-	-	-	-
Number of options in circulation at 12/31/2006	21,440	112,407	203,984	122,000	226,500	N/A
Number of expired options during the year	-	(13,812)	(12,570)	(2,000)	(26,500)	(4,000)
Number of shares subscribed during the period	(11,910)	Aucune	(71,474)	Aucune	Aucune	Aucune
including directors	-	-	-	-	-	-
Subscription price	3.2 euros	7.5 euros	3.8 euros	3.2 euros	4.2 euros	5.1 euros
Number of options in circulation at 12/31/2006	9,530	98,595	119,940	120,000	200,000	89,000
Potential dilution (excluding cancelled options) - % of capital at 12/31/2006	0.04%	0.42%	0.52%	0.52%	0.86%	0.38%
Potential dilution						**2.74%**

Rules of the free share plans

	Free share plan n° A
Date of the Shareholders' meeting	24/06/05
Date of the Board of Directors meeting	28/06/06
Acquisition period term	01/07/09
Conservation period term	01/07/11
Number of beneficiaries	22
including directors	*1*
Number of free shares allocated	230,000
Number of cancelled shares at 12/31/2005	-
Number of shares allocated during the acquisition period at 01/01/2006	-
Number of allocated shares that were cancelled during the acquisition period in the fiscal year	-
Number of shares allocated during the acquisition period at 12/31/2006	230,000
Potential dilution (excluding cancelled options) -% of capital at 12/31/2006	0.99%
Potential dilution	**0.99%**

The share subscription price for beneficiaries is determined the day the Board of Directors grants the options and cannot be less than 80% of the average share price over the 20 stock market sessions preceding the day the options are granted.

Moreover, no performance conditions have been established for the plans allocated and described above.

Fair value of stock option plans granted after November 7, 2002

Based on the Black & Scholes model, the options' unit fair value is as follows:

Plan	Exercise price	Fair value
January 2003 (plan No. 4)	3.20 euros	1.093 euros
October 2004 (plan No. 5)	4.20 euros	1.434 euros
June 2006 (plan No. 6) – Stock Options	5.10 euros	1.597 euros
June 2006 (plan No. A) – Free shares	-	6.490 euros

The expenses related to the stock option plans are presented in note 19.

Note 9.3 - Earnings per share

	2006	2005	2004
Average of shares issued	23,190,809	23,043,786	22,777,402
Average of treasury shares	-	-	-
Average of newly created shares (capital increase)	-	-	-
Weighted average of shares	23,190,809	23,043,786	22,777,402
Retained earnings (in euro thousand)	6,141	5,927	5,423
Dilutive instruments	867,065	686,331	1,206,769
Diluted earnings per share (in euros)	0.26	0.25	0.23

Note 10 - Long-term provisions

(In euro thousand)	12/31/05	Change in scope	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/06
Provision for retirement benefits	63	5	29	3	-	94
Total	**63**	**5**	**29**	**3**	**-**	**94**
Impact (net of expenses incurred)						
EBIT	-	-	29	-	-	-
Net cost of financial debt	-	-	-	-	-	-

(In euro thousand)	12/31/04	Change in scope	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/05
Provision for retirement benefits	75	9	10	-	31	63
Total	**75**	**9**	**10**	**-**	**31**	**63**
Impact (net of expenses incurred)						
EBIT	-	-	10	-	31	-
Net cost of financial debt	-	-	-	-	-	-

Note 11 - Other non-current liabilities

(In euro thousand)	12/31/06	12/31/05	12/31/04
Tax and employer social security contribution moratoriums (principal and penalties)	2,281	-	-
Other non-current liabilities	**2,281**	**-**	**-**

As part of the Victoria group acquisition, deferments concerning payment of outstanding taxes and employer social security contributions have been obtained from various organizations.

These liabilities were subject to a discounted valuation at 5%.

At December 31, 2006, the aging for these liabilities was as follows:

(In euro thousand)	Total	less than 1 year	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years
Moratoriums	2,281	-	576	549	1,156

Note 12 - Short-term provisions

(In euro thousand)	12/31/05	Change in scope	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/06
Provisions	318	338	252	188	100	620
Total	**318**	**338**	**252**	**188**	**100**	**620**
Impact (net of expenses incurred)						
EBIT	-	-	250	-	100	-
Net cost of financial debt	-	-	2	-	-	-

(In euro thousand)	12/31/04	Change in scope	Allocation for the year	Write-backs for the year (provision used)	Write-backs for the year (provision not used)	12/31/05
Provisions	333	24	151	55	135	318
Total	**333**	**24**	**151**	**55**	**135**	**318**
Impact (net of expenses incurred)						
EBIT	-	-	151	-	135	-
Net cost of financial debt	-	-	-	-	-	-

Short-term provisions generally correspond to industrial relations risks, where the expected retirement date is less than 12 months.

Write-backs of unused provisions correspond to write-backs related to risks provisioned over previous years, where the analysis and valuation had been done with extra prudence.

Note 13 - Trade and other accounts payable

(In euro thousand)	12/31/06	12/31/05	12/31/04
Trade and other accounts payable	8,809	6,771	6,520
Subtotal trade payables	**8,809**	**6,771**	**6,520**
Employee statutory profit sharing and optional profit sharing	697	583	618
Taxes and employer social security contributions	24,333	18,149	16,469
Other debts	1,199	1,049	729
Prepaid income	2,779	2,070	2,595
Subtotal other debts and accruals	**29,008**	**21,851**	**20,411**
TOTAL	**37,817**	**28,622**	**26,931**

Prepaid income corresponds to annual contracts invoiced in advance, “checkbooks” of services sold that haven’t been consumed and the variance between revenues invoiced and revenues recognized based on stage of completion as part of fixed-rate projects.

All operating debts are due in less than one year.

Note 14 - Other financial liabilities

(In euro thousand)	12/31/06	12/31/05	12/31/04
Bank overdrafts	332	635	27
Accrued interest	-	-	-
Finance leases	-	14	-
Factored debt	293	-	-
Subtotal bank overdrafts & finance leases	**625**	**649**	**27**
Deposits received	3	3	2
Subtotal deposits received	**3**	**3**	**2**
TOTAL	**628**	**652**	**29**

All other financial liabilities are due in less than one year, including financial debts as part of long-term leases, except for deposits received that expire in more than five years.

SECTOR INFORMATION

Primary sector information

Pursuant to IAS 14 “Sector information,” the first level of information is organized by business sector. Since NEURONES generates most of its revenues in France through French companies, second level sector information by geographic sector is not presented.

Note on the presentation of information by business sector

The Group has slightly changed the presentation of information by business sector by combining the “Infrastructure – Integration” and “Infrastructure – Outsourcing” sectors into “Infrastructures.”

Note 15 - Revenue analysis

Revenues break down by business as follows:

Prior breakdown by business sector

(In euro thousand)	2006	%	2005	%	2004	%
Parent company	283	-	84	-	11	-
Infrastructures - Integration	25,797	20%	22,302	21%	17,355	18%
Infrastructures - Outsourcing	78,153	60%	65,655	60%	60,414	62%
Applications	25,734	20%	20,879	19%	19,318	20%
TOTAL	**129,967**	**100%**	**108,920**	**100%**	**97,098**	**100%**

New breakdown by business sector

(In euro thousand)	2006	%	2005	%	2004	%
Parent company	283	-	84	-	11	-
Infrastructures	103,950	80%	87,957	81%	77,769	80%
Applications	25,734	20%	20,879	19%	19,318	20%
TOTAL	**129,967**	**100%**	**108,920**	**100%**	**97,098**	**100%**

The growth rate by business sector (new breakdown) is as follows:

(In euro thousand)	% growth 2006 / 2005	% internal growth 2006 / 2005
Infrastructures	+ 18.2%	+ 11.7%
Applications	+ 23.2%	+ 14.9%
TOTAL	**+ 19.3%**	**+ 12.5%**

Note 16 - Operating income analysis

Operating income breaks down by business as follows:

Prior breakdown by business sector

(In euro thousand)	2006	%	2005	%	2004	%
Parent company	(328)	(4%)	(683)	(7%)	(288)	(3%)
Infrastructures - Integration	1,411	16%	1,649	19%	825	10%
Infrastructures - Outsourcing	5,985	67%	6,389	73%	6,188	77%
Applications	1,907	21%	1,344	15%	1,316	16%
TOTAL	**8,975**	**100%**	**8,699**	**100%**	**8,041**	**100%**

New breakdown by business sector

(In euro thousand)	2006	%	2005	%	2004	%
Parent company	(328)	(4%)	(683)	(7%)	(288)	(3%)
Infrastructures	7,396	83%	8,038	92%	7,013	87%
Applications	1,907	21%	1,344	15%	1,316	16%
TOTAL	**8,975**	**100%**	**8,699**	**100%**	**8,041**	**100%**

The operating margin by business sector (new breakdown), as a% of revenues, breaks down as follows:

(In euro thousand)	2006	2005	2004
Infrastructures	7.1%	9.1%	9.0%
Applications	7.4%	6.4%	6.8%
TOTAL	**6.9%**	**8.0%**	**8.3%**

Note 17 - Simplified balance sheet by business sector (new breakdown)

Data at 12/31/2006

BALANCE SHEET – ASSETS

(In euro thousand)	Parent company	Infrastructures	Applications	TOTAL
Goodwill	-	14,369	4,124	18,493
Intangible assets	18	327	45	390
Tangible assets	8	1,866	258	2,132
Financial assets	29	561	166	756
Deferred tax credits	20	1,777	83	1,880
Total non-current assets	**75**	**18,900**	**4,676**	**23,651**
Inventory	-	120	-	120
Deferred tax credits due	708	247	23	978
Trade accounts and notes receivable	6,061	31,446	7,587	45,094
Inter-sector eliminations	22,098	(15,502)	(6,596)	-
Cash and cash equivalents	8,911	31,781	7,723	48,415
Total current assets	**37,778**	**48,092**	**8,737**	**94,607**
TOTAL ASSETS	**37,853**	**66,992**	**13,413**	**118,258**

BALANCE SHEET – LIABILITIES

(In euro thousand)	Parent company	Infrastructures	Applications	TOTAL
Capital	9,299	-	-	9,299
Additional paid-in capital	29,672	-	-	29,672
Reserves	(660)	26,563	3,026	28,929
Profit for the period	(1,907)	6,817	1,231	6,141
Shareholders' equity (Group share)	**36,404**	**33,380**	**4,257**	**74,041**
Minority interests	**-**	**1,414**	**1,058**	**2,472**
Non-current liabilities				
Long-term provisions	13	66	15	94
Other non-current liabilities	-	2,281	-	2,281
Current liabilities				
Short-term provisions	15	496	109	620
Taxes due	-	194	112	306
Trade and other accounts payable	1,421	28,648	7,747	37,817
Other financial liabilities	-	513	115	628
TOTAL LIABILITIES	**37,853**	**66,992**	**13,413**	**118,258**

Data at 12/31/2006

BALANCE SHEET – ASSETS

(In euro thousand)	Parent company	Infrastructures	Applications	TOTAL
Goodwill	-	9,449	4,123	13,572
Intangible assets	-	341	133	474
Tangible assets	11	1,150	388	1,550
Financial assets	34	438	151	623
Deferred tax credits	41	349	80	470
Total non-current assets	**86**	**11,727**	**4,875**	**16,688**
Inventory	-	193	-	193
Deferred tax credits due	14	96	10	120
Trade accounts and notes receivable	4,278	23,774	5,306	33,358
Inter-sector eliminations	22,412	(15,666)	(6,746)	-
Cash and cash equivalents	13,393	30,514	6,581	50,488
Total current assets	**40,097**	**38,911**	**5,151**	**84,159**
TOTAL ASSETS	**40,183**	**50,638**	**10,026**	**100,847**

BALANCE SHEET – LIABILITIES

(In euro thousand)	Parent company	Infrastructures	Applications	TOTAL
Capital	9,266	-	-	9,266
Additional paid-in capital	29,396	-	-	29,396
Reserves	308	21,264	2,462	24,034
Profit for the period	(254)	5,357	824	5,927
Shareholders' equity (Group share)	**38,716**	**26,621**	**3,286**	**68,623**
Minority interests	**-**	**1,057**	**972**	**2,029**
Non-current liabilities				
Long-term provisions	10	40	13	63
Current liabilities				
Short-term provisions	-	203	115	318
Taxes due	-	499	40	539
Trade and other accounts payable	1,457	21,654	5,512	28,623
Other financial liabilities	-	564	88	652
TOTAL LIABILITIES	**40,183**	**50,638**	**10,026**	**100,847**

Note 18 - Simplified statement of cash flow by business sector (new breakdown)

Data at 12/31/2006

(In euro thousand)	Parent company	Infrastructures	Applications	TOTAL
Net profit	(1,907)	7,083	1,420	6,596
Non-monetary items (depreciation & provisions for deferred taxes, present values and capital gains)	342	2,338	281	2,961
Variation in working capital requirements	(1,816)	(3,154)	(379)	(5,349)
Cash generated by the business	**(3,381)**	**6,267**	**1,322**	**4,208**
Productive capital expenditures	(25)	(2,052)	(103)	(2,180)
Free Cash Flow	**(3,406)**	**4,215**	**1,219**	**2,028**
Net capital expenditures – acquisitions	5	(2,896)	-	(2,891)
Net capital increase	309	-	-	309
Dividend payments	(1,390)	-	(104)	(1,494)
Loan reimbursements (Fin. Leases)	-	-	(14)	(14)
Variation in cash and cash equivalents	**(4,482)**	**1,319**	**1,101**	**(2,062)**
Cash and cash equivalents at opening	13,393	29,952	6,507	49,852
Cash and cash equivalents at closing	**8,911**	**31,271**	**7,608**	**47,790**

Data at 12/31/2006

(In euro thousand)	Parent company	Infrastructures	Applications	TOTAL
Net profit	(254)	5,594	979	6,319
Non-monetary items (depreciation & provisions for deferred taxes, present values and capital gains)	97	815	218	1,130
Variation in working capital requirements	(128)	(1,389)	(351)	(1,868)
Cash generated by the business	**(285)**	**5,020**	**846**	**5,581**
Productive capital expenditures	(5)	(728)	(129)	(862)
Free Cash Flow	**(290)**	**4,292**	**717**	**4,719**
Net capital expenditures - acquisitions	(1,104)	(41)	111	(1,034)
Net capital increase	800	-	-	800
Dividend payments	(1,144)	-	(86)	(1,230)
Loan reimbursements (Fin. Leases)	-	-	(11)	(11)
Variation in cash and cash equivalents	**(1,738)**	**4,251**	**731**	**3,244**
Cash and cash equivalents at opening	15,131	25,701	5,776	46,608
Cash and cash equivalents at closing	**13,393**	**29,952**	**6,507**	**49,852**

NOTES TO THE INCOME STATEMENT

Note 19 – Personnel expenses

(In euro thousand)	2006	2005	2004
Payroll and related expenses	54,604	44,988	40,848
Employer Social Security contributions	25,267	21,026	18,607
Employee statutory profit sharing	697	583	618
Stocks options & free shares (IFRS 2)	358	95	60
TOTAL	80,926	66,692	60,133

Note 20 - External expenses

(In euro thousand)	2006	2005	2004
Subcontracting purchases	19,484	14,680	11,012
Purchases of materials and supplies not stored	396	348	323
Outside personnel	1,498	1,357	735
Other outside services	7,566	5,990	6,830
Rents and finance leases	14	14	-
TOTAL	28,958	22,389	18,900

Note 21 - Net allocations to depreciation, provisions and impairment of assets

(In euro thousand)	2006	2005	2004
Amortization of intangible assets	198	131	128
Depreciation of tangible assets	976	853	848
Amortization of finance leases	14	11	-
Allocations to depreciation	**1,188**	**995**	**976**
Long-term provisions	26	(21)	21
Provisions for risks	149	16	161
Net provisions for current assets	(114)	57	(9)
Net allocations to provisions	**61**	**52**	**173**
Depreciation of “Contracts and contractual customer relationships”	264	68	-
Impairment of assets	**264**	**68**	**-**

Note 22 - Other income and expenses

(In euro thousand)	2006	2005	2004
Operating subsidies	338	156	151
Other income	557	324	204
Other income	**895**	**480**	**355**
Other expenses	138	173	598
Other expenses	**138**	**173**	**598**
Net Other income / Other expenses	**757**	**307**	**(243)**

Note 23 - Other operating income and expenses

(In euro thousand)	2006	2005	2004
Capital gain on disposal of consolidated securities	50	-	74
Capital gain on disposal of tangible assets	-	-	5
TOTAL	50	-	79

Note 24 - Analysis of the net cost of financial debt

(In euro thousand)	2006	2005	2004
Dividends received (non-consolidated investments)	8	-	-
Other interest and similar income	805	582	417
Capital gains on monetary funds	698	517	523
Write-backs of provisions	-	-	6
Total financial income	**1,511**	**1,099**	**946**
Interest and similar expenses	351	164	151
Financial costs on finance leases	-	1	-
Allocations to provisions	2	-	-
Total financial expenses	**353**	**165**	**151**
Financial profit (loss)	**1,158**	**934**	**795**

Financial interest corresponds to expenses deducted directly by the bank as part of cash centralization systems established between NEURONES and its subsidiaries.

Note 25 - Income tax

(In euro thousand)	2006	2005	2004
Taxes due	2,449	3,352	3,351
Deferred taxes	1,089	(38)	(243)
TOTAL	**3,538**	**3,314**	**3,108**

Note 26 - Proof of tax

(In euro thousand)		2006			2005	
	Base	rate	Tax	Base	rase	Tax
Pre-tax income, capital gain on sale of consolidated shares	10,083	33.33%	3,361	9,633	33.83%	3,259
Non-deductible expenses – Stock Options (IFRS 2)	358	33.33%	119	95	33.83%	32
Impact of definitively non-deductible expenses	39	33.33%	13	20	33.83%	7
Variance in the tax rate on deferred tax credits / current PM tax rate – on temporary differences (33.33% / 33.83% / 34.33%)	PM	-	-	695	0,5 %	3
Social security contribution on profits (3.33% of the amount exceeding €763,000 of corporate tax)	-	-	4	-	-	18
Generation / (Use) of tax losses not activated (**)	(91)	33.33%	(30)	(25)	33.83%	(8)
Restatements not subject to tax	186	33.33%	62	-	-	-
Annual flat-rate tax loss	-	-	-	-	-	3
Consolidated capital gain on securities sold (*)	50	-	9	-	-	-
Effective tax expense	-	**-**	**3,538**	-	-	**3,314**
Average tax rate	-	-	34.9%	-	-	34.4%

(*) Long-term capital gains tax rate, calculated on the fiscal capital gains generated on the disposal of securities.

(**) During FY 2006, a €91,000 tax loss, which was not originally recorded for a company that entered the scope of consolidation during FY 2005, was charged against profit, thereby generating a tax saving of €30,000.

Note 27 - Information about related parties

Legal entities

NEURONES has no sister company.

There are no economic transactions with HOST, a 46% shareholder in NEURONES, other than the payment of dividends, when applicable.

Directors

Directors were remunerated as follows during FY 2006:

Director	Gross annual remuneration *(including bonuses and fringe benefits)*	Provision for retirement benefits *(including social security contributions)*	Number of free shares allocated (Plan n° A)
Luc de Chammard	155,510 *6,960*	10,244	-
Bertrand Ducurtil	136,800	2,084	25,000

The remuneration details for NEURONES' directors are limited to the above information.

OTHER INFORMATION

Security given

NEURONES SA has posted security of ¤1.944 million with the Trésor Public as part of establishing a VAT moratorium for companies in the Victoria group.

Off balance sheet commitments

Other than the existing commitment with respect to the HPS Technologies acquisition, as described in note 2, there are no other off balance sheet commitments.

Degree of exposure to interest rate and foreign exchange risks

For the time being, NEURONES rarely conducts operations in foreign currencies and it doesn't have any foreign subsidiaries. Consequently, the foreign exchange risk is not significant.

The Group is debt free and the cash surpluses are invested in monetary instruments with reputably solvent banking institutions. Consequently, the current interest rate risk is not significant.

Tax scheme of Group companies

Since January 1, 2000, the NEURONES Group has opted for tax consolidation for the years 2000 to 2004. The consolidated Group includes NEURONES, Neurones IT, Skills Consulting, Edugroupe, Inexware Services and Axones.

The tax consolidation option was renewed for the years 2005 to 2009 on the same scope.

Average number of employees

	2006	2005	2004
Managers	812	734	661
Employees	855	623	572
Total	**1,664**	**1,357**	**1,233**

Events after the year-end closure at December 31, 2006

No significant event occurred between December 31, 2006 and the date the present document was prepared.

Dividend distribution

The Ordinary Shareholders' meeting called to approve the financial statements for the year ended December 31, 2006 will be asked to approve a dividend of €0.06 per share.

2. ANNUAL FINANCIAL STATEMENTS AT DECEMBER 31, 2006

ASSETS (In euro)		12/31/2006			12/31/2005
		Gross	Depreciation and provisions	Net	Net
Dealerships, patents and similar rights		48,785	30,996	17,789	-
Goodwill		-	-	-	-
INTANGIBLE ASSETS	Note 1	**48,785**	**30,996**	**17,789**	**-**
Other tangible assets		53,411	44,861	8,550	11,248
TANGIBLE ASSETS	Note 2	**53,411**	**44,861**	**8,550**	**11,248**
Equity investments		57,121,097		57,121,097	55,090,708
Other capitalized securities		-	-	-	-
Loans		44,988	-	44,988	48,298
Other financial assets		2,459	-	2,459	5,059
FINANCIAL ASSETS	Note 3	**57,168,544**	**-**	**57,168,544**	**55,144,066**
TOTAL FIXED ASSETS		**57,270,740**	**75,858**	**57,194,883**	**55,155,314**
Trade accounts and notes receivable	Note 4	5,291,021	-	5,291,021	3,623,370
Other receivables	Note 5	1,730,507	-	1,730,507	792,658
Marketable securities	Note 6	20,862,794	-	20,862,794	22,398,229
Available funds		1,442,613	-	1,442,613	850,518
TOTAL CURRENT ASSETS		**29,326,935**	**-**	**29,326,935**	**27,664,776**
Prepaid expenses	Note 5	22,700	-	22,700	105,596
TOTAL ASSETS		**86,620,375**	**75,858**	**86,544,518**	**82,925,687**

LIABILITIES (In euro)		12/31/2006	12/31/2005
Share capital		9,299,322	9,265,968
Additional paid-in capital		28,883,060	28,606,700
Legal reserve		912,543	910,842
Retained earnings		27,899,862	29,257,865
PROFIT FOR THE YEAR		(1,390,031)	34,022
TOTAL SHAREHOLDERS' EQUITY	Note 7	**65,604,755**	**68,075,397**
Provisions for risks		15,000	-
TOTAL CONTINGENCY AND LOSS PROVISIONS		**15,000**	**-**
Loans and debts with lending institutions		-	-
Trade and other accounts payable		5,947,429	3,922,600
Taxes and employer social security contributions		1,184,931	880,889
Other debts		13,792,403	10,046,801
TOTAL DEBTS	Note 8	**20,924,763**	**14,850,290**
TOTAL LIABILITIES		**86,544,518**	**82,925,687**

INCOME STATEMENT

(In euro)		2006	2005
Sale of goods		147,345	75,297
Sale of services		19,176,286	14,387,996
NET REVENUES Including exports	Note 11	**19,323,631** -	**14, 463,294** -
Operating subsidies		-	-
Write-backs on provisions and depreciation, expense transfers		6,960	6,220
Other income		193,960	8,494
OPERATING INCOME		**19,524,551**	**14,478,007**
Goods purchased		147,345	75,297
Variation in inventory		-	-
Other purchases and external expenses		18,306,186	13,842,603
Employer Social Security contributions		77,103	42,737
Salaries and wages		777,680	741,989
Employer Social Security contributions		320,313	303,902
Allocations to depreciation on fixed assets		10,019	12,233
Provisions for current assets		-	-
Contingency and loss provisions		15,000	-
Other expenses		126,760	83,500
OPERATING EXPENSES		**19,780,406**	**15,102,260**
OPERATING PROFIT		**(255,855)**	**(624,252)**
Financial income from equity investments		260,500	216,215
Other interest and similar income		468,877	401 272
Net income from the sale of marketable securities		167,406	98,897
Write-back of provisions on financial assets		-	-
FINANCIAL INCOME		**896,783**	**716,384**
Interest and similar expenses		247,365	124,899
Other financial expenses	Note 12	2,750,000	-
FINANCIAL EXPENSES		**2,997,365**	**124,899**
FINANCIAL PROFIT (LOSS)		**(2,100 582)**	**591,485**
PRETAX INCOME FROM ORDINARY BUSINESS		**(2,356,437)**	**(32,767)**
Extraordinary income from management operations		-	-
Extraordinary income from capital operations		124,318	-
Write-backs on provisions and expense transfers		-	-
EXTRAORDINARY INCOME		**124,318**	**-**
Extraordinary expenses on management operations		-	-
Extraordinary expenses on capital operations		13,867	-
EXTRAORDINARY EXPENSES		**13,867**	**-**
EXTRAORDINARY INCOME		**110,451**	**-**
Employee profit sharing		-	-
Corporate income tax	Note 13	(855,955)	(66,789)
TOTAL INCOME		**20,545,652**	**15,194,391**
TOTAL EXPENSES		**21,935,683**	**15,160,370**
PROFIT / (LOSS)		**(1,390,031)**	**34,022**

NOTES TO ANNUAL FINANCIAL STATEMENTS

Introduction

The Company's annual financial statements for the year ended December 31, 2006 were prepared according to generally accepted accounting principles in compliance with the regulations in force, as set out in CRC rule 99-03.

Accounting rules and methods

Intangible assets

Software acquired for in-house use is depreciated based on the straight-line method over its estimated useful life from one to five years.

Tangible assets

Tangible assets are valued at their acquisition cost. They are depreciated according to the following methods:

- Fixtures and installations — Straight-line method 5 years
- Transportation equipment — Straight-line method 4 years
- Computer hardware — Declining balance method 3 years
- Office equipment — Straight-line method 5 years

Financial assets

Capitalized securities are valued at their acquisition cost. A provision for impairment is recognized when the security's value in use is less than its acquisition cost. The value in use is assessed primarily based on the profit outlook.

Receivables and debt

Receivables and debt are valued at their nominal value.

If necessary, a provision for impairment is made on a case-by-case basis when the fair market value is less than the book value.

Marketable securities and cash

Marketable securities recorded in assets correspond to historical acquisition prices.

Accrued interest on commercial paper and certificates of deposit are booked prorata temporis over the accrual period until the closing date.

If necessary, a provision for impairment is made on a case-by-case basis when the fair market value is less than the book value.

NOTES TO THE BALANCE SHEET

Note 1 - Intangible assets

GROSS VALUES (In euro)	12/31/05	↗	↘	12/31/06
Dealerships, patents and licenses	28, 290	20,495	-	48,785
TOTAL	**28,290**	**20,495**	**-**	**48,785**

DEPRECIATION (In euro)	12/31/05	↗	↘	12/31/06
Dealerships, patents and licenses	28,290	2,706	-	30,996
TOTAL	**28,290**	**2,706**	**-**	**30,996**

Note 2 - Tangible assets

GROSS VALUES (In euro)	12/31/05	↗	↘	12/31/06
Fixtures and installations	16,753	-	-	16,753
Transportation equipment	7,318	-	7,318	-
IT and office equipment	32,043	4,615	-	36,658
TOTAL	**56,114**	**4,615**	**7,318**	**53,411**

Acquisitions correspond to IT equipment for internal use.
The transportation vehicle was sold during FY 2006.

DEPRECIATION (In euro)	12/31/05	↗	↘	12/31/06
Fixtures and installations	9,334	2,361	-	11,695
Transportation equipment	7,318	-	7,318	-
IT and office equipment	28,214	4,952	-	33,166
TOTAL	**44,866**	**7,313**	**7,318**	**44,861**

Note 3 - Financial assets

GROSS VALUES (In euro)	12/31/05	↗	↘	12/31/06
Equity investments	55,090,708	2,044,256	13,867	57,121,097
Loans	48,299	-	3,311	44,988
Other financial assets	5,059	-	2,600	2,459
TOTAL	**55,144,066**	**2,044,256**	**19,778**	**57,168,544**

A table with information on subsidiaries and investment stakes is provided at the end of the notes. The main movements for the year in the equity investment item concern the following flows:

- Acquired 100% of Victoria SA (parent company of the Victoria subgroup), a company doing business in the service desk area and integration of computer hardware management systems. Moreover, during 2006, NEURONES recapitalized Victoria SA, increasing its capital by ¤2,044,243.
- Sold 0.28% of Help-Line to a company manager,
- Sold 2.93% of Intrinsec to company employees.

Other financial assets correspond primarily to deposits paid in the form of loans as part of the 1% housing aid contribution as well as security deposits.

Off balance sheet commitments concerning acquisitions

At December 31, 2006, there were no off-balance sheet commitments on acquisitions.

Note 4 - Trade accounts and notes receivable

GROSS VALUES (In euro)	12/31/06	12/31/05
Trade accounts receivable	5,291,021	3,623,370
TOTAL	**5,291,021**	**3,623,370**

Note 5 - Maturity of receivables at year-end

(In euro)	Gross amount	Up to 1 year	More than 1 year
ON FIXED ASSETS			
Loans	44,988	3,463	41,525
Other financial assets	2,459	-	2,459
TOTAL	**47,447**	**3,463**	**43,984**
ON CURRENT ASSETS			
Trade accounts and notes receivable	5,291,021	5,291,021	-
Government: Corporate tax	707,861	707,861	-
Government: VAT	975,629	975,629	-
Debit current accounts	47,017	47,017	-
TOTAL	**7,021,528**	**7,021,528**	**-**
Prepaid expenses	22,700	22,700	-
GRAND TOTAL	**7,091,675**	**7,047,691**	**43,984**

Current accounts are used to record movements related to corporate tax (tax burden, down payments and payment of corporate tax) as part of the tax consolidate scheme established between NEURONES and subsidiaries that are part of the Group tax consolidation. They are also used to record cash movements as part of a cash pooling agreement (with capital rising in value by means of a mirror account) between NEURONES and the subsidiaries that are party to this agreement.

Note 6 - Marketable securities

	12/31/2006		12/31/2005	
	Purchase value	Net asset value	Purchase value	Net asset value
Commercial paper	7,925 474	7,950,862	12,414,352	12,467,437
Monetary funds	5,645 953	5,645,953	5,334,829	5,334,829
Term deposits	7,291 367	7,304,643	4,649,048	4,649,048
TOTAL	**20,862 794**	**20,901,458**	**22,398,229**	**22,451,314**

Note 7 - Shareholders' equity

Note 7.1 - Capital

At December 31, 2006, the share capital amounted to €9,299,321,60, comprised of 23,248,304 fully paid-up shares of the same class with a face value of €0.40.

A double voting right is granted to every shareholder whose shares have been registered in his name for at least four years.

During FY 2006, 83,384 stock options were exercised, which resulted in the creation of 83,384 new shares.

- 11,910 shares were exercised at a price of €3.20, including a face value of €0.40 and €2.80 of additional paid-in capital.
- 71,474 shares were exercised at a price of €3.80, including a face value of €0.40 and €3.40 of additional paid-in capital.

These new shares increased the share capital by €33,353.60 and the additional paid-in capital by €276,359.60

The variation in the number of shares in circulation during FY 2006 breaks down as follows:

Number of shares in circulation at 01/01/2006	Increase *(Stock Options exercised)*	Decrease	Number of shares in circulation at 12/31/2006
23,164,920	83,384	-	23,248,304

The company has been listed on the Paris stock exchange since May 2000.

Note 7.2 - Share based compensation

Stock option plans

- The Extraordinary Shareholders' Meeting of November 29, 1999 allocated 476,385 founder stock options and authorized the allocation of a maximum of 964,875 other stock options (representing 5% of the capital). This authorization was wound up in 2003 as a total of 964,123 options were allocated between 11/29/1999 and 01/23/2003. The remainder of 752 non-allocated options was cancelled at the Ordinary Shareholders' meeting on June 25, 2003.
- The Extraordinary Shareholders' meeting on June 25, 2003 authorized the Board of Directors to allocate a new stock option plan for a maximum of 250,000 options (representing 1.1% of the capital). This authorization was valid for thirty eight months. The Board of Directors meeting on October 15, 2004 wound up this plan by allocating 250,000 stock options at a price of €4.20.
- The Extraordinary Shareholders' meeting on June 25, 2004 authorized the Board of Directors to allocate a new stock option plan for a maximum of 100,000 options (representing 0.4% of the capital). This authorization was valid for thirty eight months. The Board of Directors meeting on October 15, 2004 allocated 7,000 stock options under this plan at a price of €4.20. The Board of Directors meeting on June 28, 2006 wound up this plan by allocating the remaining 93,000 stock options at a price of €5.10.

Free share allocation plan

- The Ordinary Shareholders' meeting on June 24, 2005 authorized the Board of Directors to allocate a plan of 230,000 free shares (representing 1% of the share capital). This authorization was valid for thirty-eight months. The Board of Directors meeting on June 28, 2006 wound up this plan by allocating 230,000 free shares.

The different stock option plans allocated by the Board of directors have the following characteristics:

Rules of the stock option plans	Stock option plan n° 1	Stock option plan n°2	Stock option plan n°3	Stock option plan n°4	Stock option plan n°5	Stock option plan n°6
Date of the Shareholders' meeting	29/11/99	29/11/99	29/11/99	29/11/99	25/06/03 & 25/06/04	25/06/04
Date of the Board of Directors meeting	29/11/99	27/07/00	11/07/01	23/01/03	15/10/04	28/06/06
Maturity date of the plans	29/11/04	27/07/05	11/07/06	01/03/07	15/10/08	01/07/10
Expiry date of the plans	28/11/14	26/07/10	11/07/11	28/02/11	14/10/12	30/06/14
Number of beneficiaries *including directors*	19 -	171 -	238 -	60 -	60 -	39 -
Number of options granted	165,550	304,363	320,210	174,000	257,000	93,000
Number of expired options at 12/31/2005	(72,650)	(191,956)	(116,226)	(52,000)	(30,500)	-
Number of shares subscribed at 12/31/2005	(71,460)	-	-	-	-	-
Number of shares in circulation at 01/01/2006	21,440	112,407	203,984	122,000	226,500	N/A
Number of options that expired during the year	-	(13,812)	(12,570)	(2,000)	(26,500)	(4,000)
Number of shares subscribed to during the year *including directors*	(11,910) -	Aucune -	(71,474) -	Aucune -	Aucune -	Aucune -
Subscription price	3.2 euros	7.5 euros	3.8 euros	3.2 euros	4.2 euros	5.1 euros
Number of shares in circulation at 12/31/2006	9,530	98,595	119,940	120,000	200,000	89,000
Potential dilution (excluding cancelled options) - % of capital at 12/31/2006	0.04%	0.42%	0.52%	0.52%	0.86%	0.38%
Potential dilution						**2.74%**

Plan rules	Free share plan N° A
Date of the Shareholders' meeting	24/06/05
Date of the Board of Directors meeting	28/06/06
Acquisition period term	01/07/09
Conservation period term	01/07/11
Number of beneficiaries *including directors*	22 1
Number of free shares allocated	230,000
Number of cancelled shares at 12/31/2005	-
Number of shares allocated during the acquisition period at 01/01/2006	-
Number of allocated shares that were cancelled during the acquisition period in the fiscal year	-
Number of shares allocated during the acquisition period at 12/31/2006	230,000
Potential dilution (excluding cancelled options) -% of capital at 12/31/2006	0.99%
Potential dilution	**0.99%**

The share subscription price for beneficiaries is determined the day the Board of Directors grants the options and cannot be less than 80% of the average share price over the 20 stock market sessions preceding the day the options are granted.

Moreover, no performance conditions have been established for the plans allocated and described above.

Note 7.3 - Variation in shareholders' equity

The variation in shareholders' equity over the year breaks down as follows:

(In euro)	At 12/31/05	↗	↘	At 12/31/06
Share capital	9,265,968	33,354	-	9,299,322
Additional paid-in capital	28,606,700	276,360	-	28,883,060
Legal reserve	910,842	1,701	-	912,543
Retained earnings	29,257,865	32,320	1,390,324	27,899,861
Profit for FY 2005	34,022	-	34,022	-
Profit for FY 2006	-	(1,390,031)	-	(1,390,031)
TOTAL	**68,075,397**	**(1,046,296)**	**1, 424,346**	**65,604,755**

The main variations are:

- the increase in share capital and additional paid-in capital as described in note 7.1,
- dividend distribution (€0.06 per share) for €1,390,324,
- allocation of profits to the legal reserve and retained earnings.

Note 8 - Maturity of receivables at year-end

(In euro)	Total	Amount < 1 year	Amount > 1 year and < 5 years	Amount > 5 years
Loans with credit institutions				
■ Less than two years originally	-	-	-	-
■ More than two years originally	-	-	-	-
Trade and other accounts payable	5,947,429	5,947,429	-	-
Taxes and employer social security contributions	1,184,931	1,184,931	-	-
Other debts	13,792,403	13,792,403	-	-
TOTAL	**20,924,763**	**20,924,763**	**-**	**-**

Note 9 - Accruals accounts

(In euro)	At 12/31/06	At 12/31/05
Accrued income		
Accrued interest receivable	38,665	53,085
TOTAL	**38,665**	**53,085**
Accrued liabilities		
Trade and other accounts payable	69,966	80,491
Taxes and employer social security contributions	184,056	178,075
Other debts	78,470	93,784
TOTAL	332,492	352,350

Note 10 - Items concerning affiliated companies and equity investments

(In euro)	Affiliated companies	Companies NEURONES has an equity stake in
ASSETS		
Equity investments	57,121,097	-
Trade accounts and notes receivable	228,431	-
Debit current accounts	47,017	-
TOTAL ASSETS	**57,396,545**	**-**
LIABILITIES		
Trade and other accounts payable	5,788,606	-
Credit current accounts	13,713,934	-
TOTAL LIABILITIES	**19,502,540**	**-**
PROFIT		
Operating income	2,191,121	-
Financial income (dividends)	260,500	-
Other purchases and external expenses	17,427,908	-
Financial expenses	2,770,170	-

NOTES TO THE INCOME STATEMENT

Note 11 - Revenue analysis

Revenues consist primarily of head office expenses cross-charged to the various Group subsidiaries as well as revenues where NEURONES SA centralizes the cross-charging of major national accounts. Revenues, which were generated in France, break down as follows:

(In euro thousand)	2006	%	2005	%
BUSINESS ACTIVITY				
Cross-charging head office expenses	2,059	11%	1,580	11%
Cross-charging “reference accounts”	17,117	88%	12,756	88%
Other	148	1%	127	1%
TOTAL	**19,324**	**100%**	**14,463**	**100%**

Note 12 - Financial profit (loss)

NEURONES has agreed to forgive a debt valued at €2.75 million with its subsidiary, Victoria SA. This debt forgiveness is accompanied by a claw-back clause.

Note 13 - Breakdown of corporate income tax

(In euro)	Fiscal Year			Previous year
	Pretax income	Tax	Income after tax	Income after tax
Profit from ordinary business	(2,356,437)	576	(2,357,013)	45,330
Extraordinary income	110,451	8,941	101,510	-
Tax consolidation profit	-	(865,472)	865,472	189
Surplus corporate tax rate (> €763,000)	-	-	-	(11,497)
(Tax consolidation)	-	-	-	-
NET BOOK PROFIT	**(2,245,986)**	**(855,955)**	**(1,390,031)**	**34,022**

OTHER INFORMATION

Note 14 - Security given

NEURONES SA has posted security of €1.944 million with the Trésor Public as part of establishing a VAT moratorium for companies in the Victoria group.

Note 15 - Off-balance sheet commitments

Retirement commitments – At December 31, 2006, the amount of commitments related to retirement benefits was valued based on the retrospective method, but was not recorded. The amount of commitments at the end of December 2006 amounted to €13,000.

Other commitments – There are no other off-balance sheet commitments.

Note 16 - Degree of exposure to interest rate and foreign exchange risks

Due to the nature of its business, conducted in France and invoiced in euros, NEURONES SA is not exposed to any significant interest rate or foreign exchange risks.

Note 17 - Average number of employees

	2006	2005
Managers	9	9
TOTAL	**9**	**9**

Note 18 - Remuneration of officers and directors

Members of NEURONES’ Board of Director were paid total remuneration of €292,310 in FY 2006.

Note 19 - Other Company commitments related to long-service medals

The collective bargaining agreements in force in NEURONES do not make any special provisions for long-service medals.

Note 20 - Increase and lightening of the future tax debt

(In euro)	2006	2005
Reintegration for the year to deduct the following year		
Internally generated	28,613	21,547
TOTAL	**28,613**	**21,547**

Note 21 - Tax scheme for corporate groups

Since January 1, 2000, the NEURONES Group has opted for tax consolidation for the years 2000 to 2004. The consolidated Group includes NEURONES SA, Neurones IT SAS, Skills Consulting SAS, Edugroupe SAS, Inexware Services SAS and Axones SAS. The tax consolidation option was renewed for the years 2005 to 2009 on the same scope.

Methods of distributing the corporate tax based on the entire Group's profit

The consolidated companies, subsidiaries and parent, support the tax burden as if there is no tax consolidation. Consequently, this expense is calculated based on each company's own taxable income after charging all of their prior losses.

The parent company retains all tax savings earned by the Group due to losses. The parent company also keeps any non loss-related savings earned by the Group.

Difference between the tax booked and the tax incurred with tax consolidation

(In euro)	
Tax booked	(855,955)
Tax paid	131,572

Difference between the tax booked and the tax incurred without tax consolidation

(In euro)	
Tax booked	(855,955)
Tax born without tax consolidation	(856,674)

Note 22 - identity of the company preparing the consolidated financial statements

NEURONES SA is the Group's parent company and it prepares the consolidated financial statements.

Table of subsidiaries and equity investments

Company	Capital	Other shareholder's equity (1)	Share of capital held as %	Book value of securities held Gross	Book value of securities held Net	Loans and advances granted	Security and guarantees given	Revenues (ex. VAT)	2006 profit	Dividends received
I – SUBSIDIARIES (More than 50% owned)										
■ HELP-LINE	400	9,905	92.72%	1,344	1,344	-	-	40,274	1,810	-
■ BRAINSOFT	480	1,427	90.23%	875	875	-	-	6,904	20	-
■ EDUGROUPE	3,813	974	100.00%	3,811	3,811	-	-	5,583	119	-
■ INTRINSEC	480	1,665	82.07%	436	436	-	-	6,817	512	-
■ NEURONES IT	7,373	3,020	95.05%	7,006	7,006	-	-	25,178	447	-
■ SKILLS CONSULTING	22,875	11,574	100.00%	22,867	22,867	-	-	18,578	1,043	-
■ CODILOG-KNOWLEDGE	5,460	1,116	71.57%	3,307	3,307	-	-	3,576	551	261
■ AS INTERNATIONAL GROUP	555	2,447	100.00%	12,196	12,196	-	-	2,381	597	-
■ INEXWARE SERVICES	2,250	1,115	100.00%	2,250	2,250	-	-	7,928	384	-
■ AXONES	40	(3)	100.00%	40	40	-	-	-	(0)	-
■ GED SYSTEMES	360	340	90.00%	945	945	-	-	2,933	114	-
■ VICTORIA SA	2,097	64	100.00%	2,044	2,044	-	-	318	3,793	-
II – EQUITY INVESTMENTS	-	-	-	-	-	-	-	-	-	-
(10 to 50% held)	-	-	-	-	-	-	-	-	-	-
III – OTHER SECURITIES										
■ VICTORIA Consulting	84	(3,327)	0,18 %	0	0	-	-	7,273	2,780	-
TOTAL	-	-	-	**57,121**	**57,121**	-	-	-	-	**261**

(1) Before distribution.

Printed on Optimum presses (Steenvoorde, France) by a printer listed in Imprim'Vert. This label recognizes printers that have implemented industrial strategies to protect their environment (waste management, exclusion of toxic products, etc.). The paper selected for this Annual Report was produced in a plant certified ISO 9001, ISO 14001, OHSAS 18001 and EMAS (environmental management). It is certified FSC and PEFC (traceability of the wood pulp source from managed forests) and was bleached using the ECF (elemental chlorine free) process.

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