TURNING CLIENT VISION INTO RESULTS

2006 HALF-YEAR REPORT

CONTENTS

1 FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDED 30 JUNE 2006 4

2 CEO MESSAGE 6

3 THE IT SERVICES MARKET 8

4 OPERATIONAL REVIEW 12

5 ACTION PLAN 21

6 HUMAN RESOURCES REVIEW 26

7 FINANCIAL REVIEW 29

8 HALF-YEAR FINANCIAL REPORT 33

9 SUPERVISORY BOARD 60

10 COMMON STOCK EVOLUTION AND SHARE PERFORMANCE 60

11 SHAREHOLDER RELATIONS 64

12 PERSONS RESPONSIBLE FOR THE DOCUMENT AND THE AUDIT OF THE FINANCIAL STATEMENTS 65

13 GLOSSARY – DEFINITIONS 66

14 CONTACTS 71

Atos Origin

We design, build and operate IT-enabled business processes.

We integrate business and technology, globally.

We focus on carefully chosen market sectors.

We improve the effectiveness of our clients' businesses.

About Atos Origin

Atos Origin is an international information technology services company. Its business is turning client vision into results through the application of consulting, systems integration and managed operations. The Company's annual revenues are EUR 5.5 billion and it employs over 47,000 people in 40 countries. Atos Origin is the Worldwide Information Technology Partner for the Olympic Games and has a client base of international blue-chip companies across all sectors.

Atos Origin is quoted on the Paris Eurolist Market and trades as Atos Origin, Atos Euronext Market Solutions, Atos Worldline and Atos Consulting.

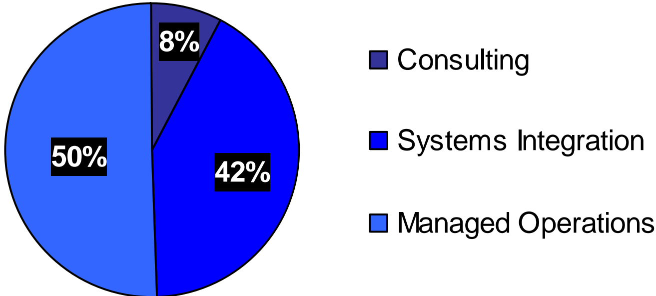
1 FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDED 30 JUNE 2006

(in EUR million)	6 months ended 30 June 2006	6 months ended 30 June 2005	% Change
Income Statement			
Revenue	2,696	2,725	-1.1%
Operating margin	139	183	-24%
% of revenue	*5 .1%*	*6.7%*	
Operating income	59	196	-70%
% of revenue	*2.2%*	*7.2%*	
Net income (Group share)	10	121	-91%
% of revenue	*0.4%*	*4.5%*	
Normalised net income (Group share) (c)	86	112	-23%
% of revenue	*3.2%*	*4.1%*	
Earnings per share (EPS)			
Basic EPS (a)	0.15	1.81	-91%
Diluted EPS (b)	0.15	1.79	-91%
Normalised basic EPS (a) (c)	1.28	1.68	-24%
Normalised diluted EPS (b) (c)	1.27	1.66	-24%

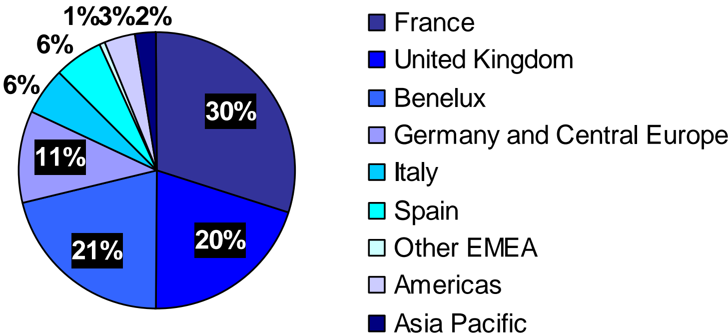
(in EUR million)	30 June 2006	31 December 2005	% Change
Other Key Indicators			
Net debt to equity ratio	16%	9%	
Employees at period end	47,761	47,684	+0%

(a) In euros, based on a weighted average number of shares.
(b) In euros, based on a diluted weighted average number of shares.
(c) Based on net income (Group share) before unusual, abnormal and infrequent items (net of tax).

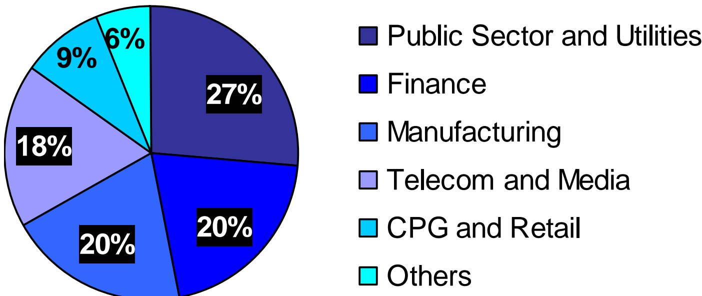
6 months Revenue by service line



6 months Revenue by geographical area



6 months Revenue by industry sector



2 CEO MESSAGE

In July, the Group issued two important announcements, the Half Year revenues, including a downgrade of our previous guidance, and the acquisition of Banksys and Bank Card Company (BCC). The short-term miss in our guidance, concentrated in the United Kingdom, does not affect the Group's capacity or determination to develop its business, particularly in its speciality businesses which are stock exchanges, payment systems and medical BPO, and win new contracts.

In the Half Year Revenue announcement, we have had to lower our 2006 revenue growth and profitability targets due to delays in new business acquisition and a new estimate of costs to complete on a few contracts in the United Kingdom. The issues we have are well identified and limited in scope. To improve our results and deliver the new targets, a number of specific actions are being taken to strengthen the United Kingdom and generate more business. I am confident that the action plan will deliver the required results and I am pleased to say that for the rest of the Group progress is being made in line with expectations.

As a listed company, we are obliged to inform our shareholders about any deviations in the financial forecasts, as this can influence the share price. As expected, the market reacted strongly to our announcement resulting in a considerable drop in our share price. However, it is important to understand that the size of the Group today allows us to experience these difficulties without jeopardizing the overall business. Atos Origin remains healthy and strong with profit margins that are above the market average.

Group revenues for the first half of 2006 amounted to EUR 2,696 million, representing an organic increase of +2.9% compared with the same period last year on a constant scope and exchange rates basis, with a slight acceleration in the second quarter to +3.2%, as expected, after +2.7% in the first quarter. Nevertheless, the second quarter performance was lower than our initial target, due to slower than expected new businesses in the United Kingdom. In the rest of the world, revenue growth remains exactly in line with our expectations, up +6.0%.

The first half operating margin was slightly above 5% due to the new estimate of costs to complete of several United Kingdom public sector legacy contracts, as mentioned above. The delay in the signature of several large contracts will have an effect on 2006 organic growth. While reducing our target, we still expect to see growth at around +3%.

The other major impact in our accounts in this first half 2006 is an impairment charge of our Italian goodwill of EUR 60 million. As a result, our net income for the first half was reduced to EUR 10 million. Normalised net income before unusual items and normalised basic EPS reached EUR 86 million and 1.28 euros, respectively.

Despite good new business wins this year, the Italian market is getting more and more difficult and profitability is deteriorating. As a result, we have taken the decision to implement a significant restructuring programme in the country to reduce costs and re-profile our portfolio of skills to better match our clients' needs. The programme will be completed by the fourth quarter and the costs will be taken in the second half. We are convinced that this will enable us to generate growth and sustainable profitability in the future in Italy.

The cash flow from operating activities before working capital reached EUR 189 million, or 7.0% of revenues in the first half 2006 compared with 5.8% in first half 2005. This performance is temporarily offset by an increase in working capital of around EUR 197 million in the period due to seasonal effects, as last year at the same period. After inclusion of other cash items, net debt at 30 June 2006 increased to EUR 326 million versus EUR 363 million at 30 June 2005.

Atos Origin business in the United Kingdom has undergone a major change over the last few years, moving from a Consulting & Systems Integration organization to a fully-fledged "design, build and operate" organization. At the same time, it has established 4 service lines (Consulting, Systems Integration, Managed operations and BPO Medical services) capable of competing with the best. This dual positioning of "best-in-class" service line capability combined with an ability to aggregate the services into a "design, build and operate" proposition is key for the future.

The UK team has been focused on competing for several large deals, resolving and closing the difficult contracts and reorganising its sales organisation.

Several specific commercial actions are being implemented to strengthen the commercial effort to reflect Atos Origin's strong strategic position and operational capacity. This includes :

- Increasing the commercial capacity of the consulting operations with the recruitment of new Consulting partners by July 2007 to win new business and thereby improve the utilization rate,

- Reorganizing the UK Systems Integration sales teams, by focusing on one hand on large account management for large, end-to-end contracts at the United Kingdom level, and, on the other, pushing the dedicated sales teams down in to the business units in order to bring them closer to the business for more reactivity and speed to market,

- Rebalancing the public / private sector mix, currently at 62%/38% and the mix of large to small and medium-sized deals.

In the United Kingdom, we are confident that the action plan will deliver the desired results and generate a pick-up in activity. As we go into the second half, the pipe-line is strong and under-performing contracts have been cut, our sales organizations are being reorganised to accelerate growth in new business and there are some good opportunities nearing completion. In the last few months, we have been awarded preferred bidder status on contracts worth a total of EUR 900 million, including the NHS Scotland renewal and extension, two regions for the UK diagnostics centres, the Gateway contract, and NFUM.

In the rest of the Group, progress is being made in line with expectations.

In Europe, Atos Origin strategy is constant : the Group deploys a design, build and operate approach, with a balanced mix of consulting, systems integration and managed operations. The Group has strong client base with long-term relationships. We have also carved out some strong niche positions in Exchanges, Payments Systems and Medical BPO services that are all expected to generate higher growth as demand consolidates.

The acquisition of Banksys and Bank Card Company (BCC) demonstrates our continuous commitment to expand our business and develop key areas of expertise such as the payments services. This new partnership will allow Banksys and BCC to play a key role in the current international market and it will allow Atos Origin to become a European leader in payment services.

Banksys and BCC will become an integral part of Atos Worldline and together they will create substantial development synergies and will be able to respond to the challenges and opportunities presented by SEPA, the process of European standardization. The combined unaudited proforma 2005 revenues of the new Atos Worldline activities would have reached EUR 600 million.

I am pleased that the four main shareholders of Banksys and BCC (Dexia, Fortis, ING, KBC) have expressed their confidence in our ability to further improve the already high service level and the future positioning in the European payment processing market by confirming their commercial relationship with the new entity for at least 5 years. The agreement was signed on 19 July 2006 and we aim to finalize the acquisition by the end of 2006, subject to approval by the European Competition Authorities.

We are also awaiting an outcome on the potential merger between Euronext and the New York Stock Exchange as this could provide an exciting development opportunity for AEMS.

Based on these healthy fundamentals, the Group is confident in its capacity to grow profitably in its key markets. Decisions taken in 2006 will prepare the Group for a rebound in 2007.

Bernard Bourigeaud

3 THE IT SERVICES MARKET

3.1 MARKET

3.1.1 Market Conditions

A recovering European economy will drive renewed growth across the IT Services market in the Eurozone. GDP growth is set to improve from 1.3% in 2005 to 2.0% in 2006. Business confidence is relatively high across Europe.

By country, Germany is back on track. Spain remains upbeat, while Italy remains flat to depress. The situation is improving in the Netherlands and France. The United Kingdom still leads the pack in terms of its adoption of full outsourcing, adoption of BPO and offshore, according to Ovum. 43% of deals tracked by Forrester Research were in the United Kingdom. This represents the 9th consecutive quarter in which the United Kingdom has lead in number of outsourcing deals signed.

Overall drivers in the market include Merger & Acquisitions at an all-time high and multi-nationals reporting record profits. At the micro level – MFID (Markets in Financial Instruments Directive), SEPA (Single Euro Payments Area), Compliance and cost reduction (to a lesser extent) are on the agenda. Many major contracts are up for renewal which is resulting in lower costs (therefore TCV) via offshoring. The number of deals in the market is increasing but contracts tend to be smaller in size. Second and third generation deals are becoming increasingly more business-driven and complex in scope due to a more sophisticated and experienced client.

3.1.2 Competitive environment

The market supplier base currently consists of the global firms, multi-nationals, the locals and the pure play offshore firms. We feel that we play in the global arena as we have clients, contracts and follow the sun delivery capabilities spanning 40 countries.

Results from the global ESPs have been mixed. Consolidation in the IT services market continues, as CSC and ACS have seemingly been taken off the market, and rumours on disposal of SBS persists. We are seeing targeted acquisitions and divestitures in certain geographic markets as several players have exited the Nordic markets, while LogicaCMG recently announced the acquisition of WM-Data. Getronics has exited several Central European markets. Accenture has made several targeted acquisitions recently supporting its BPO offering. We see offshore firms buying boutique consulting or firms in specific domains to gain footholds in local markets and then leveraging offshore delivery models with minimal, albeit higher profile onshore work. The one example of a larger deal involving a major Indian pure-play is the rumoured TCS deal with Vertex. TCS claims that it has the backlog and pipeline to justify the assimilation of the large number of UK based personnel.

There has been limited high profile acquisitions in India where there are 3000 IT services firms operating. The highest profile deal is EDS buying a stake in Mphasis for USD 380 million. Valuations are still running a premium, risk of attrition is high and the recent Mumbai train bombing shows there is still some political risk.

The stellar numbers continue to come from the offshore providers, namely the top five Indian firms TCS, Wipro, Infosys, Satyam and HCL.

3.1.3 Trends

With many deals multi-sourced today, we feel that multiple deals within the client will eventually be managed by a prime or an aggregator. Clients do not always have the skill sets to manage multi-vendor relationships and need to develop these skills. We have extensive experience in the area developed through complex engagements, for example, the Olympic Games. We expect to compete for these roles with firms with less IT knowledge and more program management capabilities - firms such as Serco which has developed these skills managing large scale projects in the manufacturing sector.

A global delivery platform is now seen as fundamental and almost as a “me too” ability. It is included in almost every proposal we see. This is truly a global capability which includes on-site, onshore, near-shore and offshore. Successful firms must demonstrate this ability.

According to Morgan Chambers, initial long lists for potential deals tend to include the global players along with the appropriate multi-nationals or locals depending on the scope. Most long lists now include offshore firms (sometimes as stalking horses). In the past, more second tier players would more likely round out the long list instead of the offshore firms.

At the top end of the market, the major ESPs are bundling consulting services with outsourcing - this includes more BPO especially in the United Kingdom. All deals have global delivery models addressed in the solution and most clients prefer vendors which have an industry focus. Multi-process BPO deals are growing and include procure to pay, order to cash and even speed to market for new products/services. BPO has lead growth as BPO services appeared in 19% of deals up from 14% last quarter.

Cost reduction is still a driver though not as much as in previous years. The key drivers of the outsourcing agenda continue to be to deliver flexibility, manage price variability, business process enablement and management of change / risk. End to end solutions – those solutions which span the enterprise - such as compliance and security are being targeted making business line owners and corporate finance more aware of integration and transparency issues.

3.1.4 Service lines

Consulting

In consulting, the general feeling in the market is that 2006 will not be as strong as 2005. There seemed to be some pent-up demand in 2005, not seen in 2006. Ovum's latest UK IT consulting forecast is for 2.7% growth. The growth prospects for the consulting market are generally pegged around 5% for 2006. Larger scale strategic UK government consulting deals have diminished - smaller tactical deals still happening – as spending has gone back to "normal" after several years of "excess" resulting in a slight downturn in UK government consulting.

Attrition rates this year have peaked in the industry and slowed from mid to late last year. Rates seemed to have stabilized but not fallen. Computerwire has stated that billing rates have certainly stabilized and increased slightly (probably no more than 5 - 10%) in the last 18 months.

We see the major offshore firms using consulting more as a defensive move to protect client positioning, to raise credibility at higher levels and to fend off perception of pure body-shopping. In short – we do not see a general trend for offshore firms to build on shore consulting as a separate service line to generate business. Overall, we do not believe that Indian firms are having a big impact in the consulting space at the moment, although they are recruiting.

Clients are structuring longer term consulting deals in similar terms as IT outsourcing, in that the price and rates should decrease over time. Business consulting is more subject to procurement rules in the United Kingdom – GBP 1 million deals which used to fly under the radar and now even some GBP 100 thousand deals are being subject to formal procurement.

Systems Integration

Applications Outsourcing agenda is similar to IT outsourcing in that the market is looking for vendors to deliver flexibility, price variability, business process enablement and management of change/risk.

The Application Management market is healthy but still accounts for less than 40% of the outsourcing market, according to Ovum. ADM (Application Development & Maintenance) deals are increasing to where it is a component to 23% of deals in the market, according to Forrester Research.

We continue to see relatively strong demand for ERP projects and services. We continue to see ERP as a key application to drive efficiencies in the back office and continue to invest in these applications as they grow in scope to front office, supply chain and to industry expertise.

We were recently granted partnership status with SAP, for example, in the Manufacturing sector. We also are one of only five global hosting partners for SAP which allows clients to engage SAP in a different delivery model. With Oracle, we were selected to implement Oracle in the largest-ever deployment of Oracle Applications Solution in the French hospital sector. We have won several SAP industry awards and an Oracle award in the last few months.

Ovum confirms that project services have become a growth driver - corporate investment is back in a number of countries (the Netherlands, Nordic, France). No “killer” application has emerged in the market. There continues to be a consolidation of applications towards SAP, legacy application transformation and overall efforts to lower TCO. We recently signed a global alliance with Microsoft to develop and market Atos Origin solutions based on a wide array of Microsoft products including Windows Vista, Office 2007 and Windows Server “Longhorn”.

Offshore vendors are expanding services outside of application services R&D services and BPO and are investing more in near-shore and onsite delivery. These firms are working for positioning as credible business partners. European labour laws continue to be restrictive to certain vendors building global delivery models which can be restrictive to growth.

Managed Operations

Sales/Bids are becoming increasingly complex in terms of finance and business solution pushing the capabilities of the account teams – firms which invest in this area will be poised to take business going forward.

Clients are looking for innovation –not only technology but also process, financial models and deal structure. We have shown the ability to develop flexible and innovative deal structures – Atos Euronext Market Solutions (AEMS) is an example. This activity is not normally client led.

Many contract restructurings are currently in the market – revenue at risk for major providers – as a result of more knowledgeable and sophisticated clients than in previous rounds of deals. This trend creates both commodity price pressure but also opportunities for more business and sophisticated deals. Clients tend to resource and to manage deals more effectively. Of the 90 current deals in TPI’s pipeline – 18 of them are restructurings.

We feel payment systems, going forward, are a major opportunity. We feel uniquely positioned in the market along with the accompany work in integration and integration. SEPA along with the chip and pin in the United Kingdom are the key drivers.

Mega-deals have been less common in the market pipeline. Deals are smaller in TCV and are trending toward the truly multi-sourced model. The recent ING and the ABN AMRO deals along with the Renault deal are classic examples of multi-sourced deals. According to TPI, in the private sector, there were eight mega deals (2 in Europe – Unilever and BAE) in the first half of 2006 but there are only two mega deals in the pipeline for the balance of 2006.

Price pressure, the competitive environment and the offshore hit prices in infrastructure activity, slowing down ITO growth.

In spite of price erosion in pure ITO deals, there is some additional profitability potential in bringing more business impact to deals and the potential to offshore some aspects of the service.

According to TPI, the financial services and public sectors have been the strongest for consulting spending in recent quarters. The Financial sector is still the hottest for outsourcing with manufacturing strong as well. Deals in the Retail Sector are increasing rapidly – Forrester Research.

3.1.5 Future

The growth in the market appears to be slight to relatively flat. The best guesses in the market are that 5% growth will be hard to achieve (Ovum, TPI and Gartner).

However, going forward, we feel that we have both client intimacy and the global capabilities within end to end solutions almost unparalleled in Europe. We can demonstrate capabilities in supply chain (Actis - B2B), back office and front office along with the processes, applications and IT infrastructure which supports the enterprise. We leverage COEs (centres of excellence) and competency centres such as Atos Euronext Market Solutions (AEMS), Atos Worldline which are truly unique to the market. The key to our success is the ability to focus all of these capabilities across service lines and geographic boundaries to effectively deliver the business solution to the client.

In addition, many analysts believe that the future involves multi-process BPO deals (although only 7% of deals today) which play well into our design, build and operate strategy. In short, Atos Origin is uniquely positioned to deploy sector based, end to end solutions over the entire client supply to demand value chain leveraging Atos Consulting, Systems Integration and Managed Operations using our global delivery platform.

3.2 MARKET SHARE AND COMPETITORS

According to Gartner, Atos Origin is the fourth largest IT services company in Europe. IT service market share rankings in Western Europe were as follows:

Ranking in Europe	Competitors in Europe	Western Europe Revenues 2005 (a)	Western Europe Market share
1	IBM	10,408	8.0%
2	Accenture	5,829	4.5%
3	Capgemini	5,443	4.2%
4	**Atos Origin**	**5,045**	**3.9%**
5	T-Systems	4,975	3.8%
6	EDS	4,703	3.6%
7	BT	4,258	3.3%
8	Computer Sciences Corporation (CSC)	3,353	2.6%
9	Siemens Business Services	3,011	2.3%
10	Fujitsu	2,811	2.2%
Total market size Western Europe		**130,270**	**38.3%**

Source: Company Information – IT Services Europe Preliminary Market Share Gartner : May 2006 in USD with 1 USD = 0.80435 EUR

(a) In EUR million, based on Professional Services include Consulting Services (Consulting for Atos Origin), Development and Integration Services (Systems Integration for Atos Origin), IT Management (Managed Services for Atos Origin) and Process Management (On-line Services and BPO for Atos Origin), but excluding Product Support (Hardware and Software Maintenance and Support).

According to Gartner, based on 2005 figures for external IT spending, Professional Services market shares in each main country were as follows:

Country	Market Size (in EUR million)	Weight	Atos Origin Market Share	Atos Origin Ranking	Market Leader
United Kingdom	43,823	34%	2.7%	9	British Telecom
Germany	27,897	21%	2.0%	8	T-Systems
France	16,718	13%	9.1%	2	Capgemini
Italy	9,585	7%	3.1%	7	IBM
The Netherlands	8,812	7%	11.6%	1	Atos Origin
Spain	6,693	5%	4.1%	5	IBM
Other Europe	16,743	13%	1.2%		
Western Europe	**130,270**	**100%**	**3.9%**	**4**	

Source: Company Information – IT Services Europe Preliminary Market Share Gartner : May 2006 in USD with 1 USD = 0.80435 EUR

4 OPERATIONAL REVIEW

4.1 OPERATING PERFORMANCE

The underlying operating performance of the on-going business is presented within Operating Margin, while unusual, abnormal or infrequent income or expenses (other operating income/expenses) are separately itemised and presented below the operating margin, in line with the CNC recommendation of 27 October 2004, before arriving at operating income.

(in EUR million)	6 months ended 30 June 2006	% margin	6 months ended 30 June 2005	% margin	% change	% organic change
Revenue	2,696		2,725		-1.1%	+2.9%
Operating margin	138.7	5.1%	183.1	6.7%	-24%	-24%
Other operating income (expenses)	(80.2)		13.1			
Operating income	58.5	2.2%	196.3	7.2%	-70%	-59%

(*) Organic growth at constant scope and exchange rates

The Group achieved an operating margin of EUR 139 million (5.1% of revenue) in H1 2006, compared with EUR 183 million (6.7% of revenue) in H1 2005. The first half of the year suffered from the new estimate of the cost to complete on some loss-making government legacy contracts in systems integration in the United Kingdom, which were delivered in June and impacted the first half operating margin by EUR 25 million, 1 point. Excluding the specific costs to complete, the operating margin of the first half 2006 is in line with the Group's financial target.

Other operating income/expenses included an impairment charge of EUR 60 million, fully attributable to Italian goodwill, a charge of EUR 8 million for reorganisation and rationalisation, a stock option expense of EUR 6 million, EUR 13 million of other infrequent items, partly compensated by a net release of EUR 6 million for opening balance sheet provisions no longer needed, enabling the Group to report operating income of EUR 59 million for H1 2006.

4.2 REVENUE

4.2.1 Organic growth

Revenues for the first half ended 30 June 2006 amounted to EUR 2,696 million, down 1% against EUR 2,725 million for the equivalent period last year.

In the past 12 months, the Group has disposed of a number of businesses, which removed EUR 119 million from the comparative revenue base – mainly the Nordic business (EUR 88 million) sold in June 2005 and the Middle-East operations (EUR 26 million) sold at the beginning of 2006.

Exchange rate movements resulted in a positive adjustment of 12 million euros on a comparable year-on-year basis, mainly from dollar-linked currencies and Brazilian real.

After adjusting for disposals and at constant exchange rates, the H1 2005 revenue base was EUR 2,619 million.

(in EUR million)	6 months ended 30 June 2006	6 months ended 30 June 2005	% change
Published revenues	**2,696**	**2,725**	**-1.1%**
Disposals		(119)	
Exchange rate impact		12	
Organic revenues (*)	**2,696**	**2,619**	**+2.9%**

(*) Organic growth at constant scope and exchange rates

Revenues in H1 2006 represented an organic growth of +2.9%, of which +2.7 % in the first quarter, and a slight acceleration in the second quarter to +3.2%.

(In EUR million)	Quarter 1 2006	Quarter 2 2006	Half-year 1 2006
Revenue	1,342	1,354	2,696
% published growth	-1,0%	-1,2%	-1,1%
% organic growth (*)	+2,7%	+3,2%	+2,9%

(*) Organic growth at constant scope and exchange rates

The second quarter performance was slightly lower than the Group's objectives due to slower than expected new businesses and more staff allocated to fix the difficult contracts with no revenue recognition in the United Kingdom, as it will be explained further on.

In the second quarter, revenues in the United Kingdom were down 4.6% on an organic basis, but it was better than in the first quarter (-10.8%).

In the rest of the world, H1 organic revenue growth of 6% was exactly in line with budget.

4.2.2 Revenue by geographical area

The revenue performance by **geographical area** was as follows:

(in EUR million)	6 months ended 30 June 2006	6 months ended 30 June 2005	% growth	% organic growth (*)	2006 revenue breakdown
France	809	731	+10.6%	+10.6%	30%
United Kingdom	541	588	-7.9%	-7.8%	20%
The Netherlands	519	508	+2.1%	+2.8%	19%
Germany + Central Europe	289	273	+5.8%	+5.8%	11%
Rest of EMEA	375	467	-19.8%	+6.2%	14%
Americas	98	93	+6.1%	-3.1%	3%
Asia – Pacific	65	65	-1.0%	-5.6%	2%
Total	**2,696**	**2,725**	**-1.1%**	**+2.9%**	**100%**

(*) Organic growth at constant scope and exchange rates

In the **United Kingdom,** the organic decrease of 7.8% in H1 2006 is explained by both the end of contracts and exceptional volumes in H1 2005. The organic revenue decline is slowing as first quarter revenue was down 10.8% and second quarter decline was reduced to 4.6%.

- In managed services, as already explained last year, the end of the one-year, non-recurring and fully subcontracted call centre contract, which terminated in April 2005, had a negative impact of EUR 25 million over the 6 months period, representing almost 4.3% of organic revenue decrease in the United Kingdom. This will have no further ongoing impact in 2006.
- In managed services as well, as known by the market, the progressive winding down of the Metropolitan Police contract ending in May 2006, had an impact of EUR 22 million in H1 2006, representing another 3.7% organic revenue decrease in the United Kingdom. The full year impact is EUR 56 million, so a further EUR 34 million in H2 2006.
- In Medical BPO (part of Managed Operations), H1 2005 (mainly in Q1) was positively impacted by exceptional volumes of EUR 21 million approximately, ahead of the DTI (Depart of Trade & Industry) contract renewal in March 2005. This amount represents 3.6% organic revenue decrease in the United Kingdom. This will have no further ongoing impact in 2006.
- In consulting, the expected ramp down of a major contract with the MOD (Ministry of Defence) had an impact of EUR 18 million in H1, representing 3.1% organic revenue decrease in the United Kingdom, with a full year impact of EUR 40 million. As a result, there will be a further EUR 22 million impact in H2 2006.

Excluding these four specific factors, organic growth in the United Kingdom was +8.0% for the first half of 2006. This performance was achieved while United Kingdom operations in system integration had to allocate more resources than expected in the successful delivery of a few government legacy projects impacting revenue recognition on these contracts.

The 2006 challenge in the United Kingdom was to progressively win new business to compensate the EUR 140 million expected shortfall in 2006 revenues of the four items mentioned above. Despite an excellent pipeline since the end of 2005, new business wins are behind schedule due to significant delays in certain medium and large contracts in which we are in active commercial process. As a result, significant projects of the 2006 pipeline have been pushed back to 2007.

Revenues in **France** were +10.6% higher than last year, reflecting a strong performance in all businesses. Even excluding the effect of the new Euronext.Liffe contract, part of the extension of AEMS for which the incremental service work is delivered in the United Kingdom but recorded in France, the organic growth reached a good level of +6%.

The limited organic revenue growth in **The Netherlands** of +2.8% results from good organic revenue growth in Consulting & Systems Integration, partly offset by a small organic growth in Managed Services. The 4.2% organic growth in Q2 was significantly higher than in Q1 at 1.4%. This was due to progressive fertilization and new business compensating for the traditional contractual sharing of savings at the beginning of the year with clients such as Philips, KPN, or Akzo Nobel. More new contracts are in the pipeline to execute our on-going strategy to widen our client base in the country.

Revenues in **Germany and Central Europe** recorded 5.8% organic growth due to the flow of new contracts in the past twelve months, including E-Plus, Premiere or Symrise in H1 2006. In Germany, where annual revenues now exceed EUR 550 million, the pipeline is vigorous and will drive further operational efficiency and help the Group to win new business for the future.

In the **rest of EMEA**, the Nordic and Middle East businesses were sold at the end of June 2005 and February 2006 respectively. Partnership alliance agreements have been signed with the purchasers of both operations, to provide extended support for Atos Origin clients in these regions. In this region, the Group is focussed primarily on Spain, Italy and Belgium. Organic growth was sustained at +6.2%.

A +13% increase in **Spain** confirmed an encouraging trend, increasingly providing near-shore support for many of the Group's major international clients and a good development in financial services and telecoms.

In spite of the weak market conditions in **Italy**, organic growth was +4% in the period. As a result of focusing on larger contract bids, the Group has had some notable contract successes in Italy during 2005, including Piaggio and the Regione Sicilia, and recently in 2006 with a new project for Region Sicilia, Fiat, and new business with Telecom Italia.

The **Americas** recorded a limited year-on-year organic revenue decrease of -3.1% in H1 2006. North America was stable in the period. Revenue declined in South America but the recovery is better than planned. The Group is focussing its resources in the region into Brazil, which is developing as an important global outsourcing centre with among others Telecom Italia, Philips, Procter and Gamble, Schlumberger, Rhodia, Symrise and Akzo Nobel. The Offshore Centre has initiated the certification process for CMMi Level 4 this year.

The **Asia-Pacific** region recorded an organic decrease of -5.6% on a year on year basis resulting mainly from exceptional volume on sales of hardware in Q1 2005 linked to one new contract started last year. Nevertheless, Indian activity is up over 50%, principally from internal offshore revenue, as a result of the planned build-up in offshore capacity of the Group.

4.2.3 Revenue by service line

The revenue performance by **service line** was as follows:

(in EUR million)	6 months ended 30 June 2006	6 months ended 30 June 2005	% growth	% organic growth (*)	2006 revenue breakdown
Consulting	206	227	-9.0%	-6.9%	8%
Systems Integration	1,131	1,134	-0.3%	+3.4%	42%
Managed Operations	1,359	1,364	-0.4%	+4.2%	50%
Total	**2,696**	**2,725**	**-1.1%**	**+2.9%**	**100%**

(*) Organic growth at constant scope and exchange rates

In H1 2006, organic revenue decrease in **Consulting** was 6.9%, with revenues of EUR 206 million compared with EUR 222 million in H1 2005 on a constant scope basis.

Consulting has continued to weaken in the second quarter (-12% versus -1% in Q1) entirely due to a shortfall in new business in the United Kingdom to replace the MOD ramp down. All other countries have again achieved positive organic growth (+7.7% excluding the United Kingdom in H1), with particular strength in France and Spain.

In the United Kingdom, while continuing to provide operational transformation services to the MOD, this contract declined significantly in line with the phased contract plan in 2006. Despite active commercial activity, the volume in new business is not yet sufficient to compensate the MOD ramp down. Nevertheless the new management is positively transforming the United Kingdom consulting organisation from delivery focus to a more balanced commercial and execution practise and the utilisation rate has moved up progressively from 56% in March to 59% in June 2006. We think that with a stable staff base and more focus on pre sales and new offerings, the United Kingdom consulting practise has the capacity to generate growth in the future and is therefore in the process of recruiting new senior partners to drive new business activity.

As far as the other countries are concerned, organic growth in the first half was double digit in France, and Spain, and good in the Netherlands.

Revenues in **Systems Integration** were +3.4% higher organically in H1 2006, with revenues of EUR 1,131 million compared with EUR 1,094 million in H1 2005 on a constant scope basis. This service line has definitively returned to steady growth, with active new business.

Growth in the period was due to better volumes, with prices remaining broadly stable.

The organic growth of +3.4% in the first half, resulted from a strong Q1, up +6%, offset somewhat by a stable Q2, up only +1%, impacted by a reduced number of working days in the quarter due to the later than usual Easter holidays and the lack of revenue contribution in a few difficult contracts in United Kingdom.

All countries, except the United Kingdom, performed in line with budget. In the United Kingdom, there were delivery delays in a few government legacy contracts. These did not generate revenue during the period, with an impact in turnover of around EUR 15 million, and at the same time did not allow us to free up the people fast enough to be transferred onto the available new business. Most of these contracts have been delivered on time at the end of June, but with an estimate of the costs to complete of EUR 25 million, in the operating margin in H1 in the United Kingdom .

Excluding the United Kingdom, the rest of the Systems Integration operations continued to perform well in the first half, particularly in ERP and applications management and generated an organic growth of +6.3% in the first half.

Organic revenue growth in **Managed Operations** was +4.2%, with revenues of EUR 1,359 million compared with EUR 1,304 million in H1 2005 on a constant scope basis.

The organic growth of +4.2% in the first half was boosted by Q2 organic growth of +8%, with strong performances in all countries, including a strong rebound in the United Kingdom, in line with expectations, after the exceptionally weak first quarter (+1%), thanks to continued fertilization and penetration of existing clients combined with a myriad of new medium-sized contract wins.

Organic growth in H1 2006 resulted from positive +6% growth in IT outsourcing business, +6% increase in payment systems, partly offset by a 12% decrease in medical business process outsourcing, mainly due to the exceptional volume in H1 2005 with DTI in the United Kingdom.

Excluding the one-year Call centre in 2005 and the progressive winding down of the Metropolitan Police contracts explained above, the IT outsourcing business would have grown 11% in the period, despite the traditional contractual sharing of savings with clients at the beginning of the year. This is due to the positive impact of the extension of Atos Euronext Market Solutions signed in July 2005 and strong fertilisation of existing clients and renewals.

The +5% growth of Atos Worldline confirms the Group's strategy to focus on reinforcing its presence on fast-growing high added-value payment card and internet processing businesses. Volumes are increasing and new offerings are being launched on the market. The Group believes that regulatory changes (SEPA - Single European Payments Area) will be one of the major challenges in the next few years for the European payment market and will provide tremendous opportunities for Atos Origin, and the recent acquisition of Banksys and BCC will reinforce the Group's positioning in this area.

As far the Medical BPO is concerned, excluding the lower level of volumes with DTI (as mentioned above) growth would have been +7%. The DWP contract renewed last year is executing its transformation phase and Atos Origin has good business growth in the occupational health sector. The Group is confident that new business development in the United Kingdom should enable growth again in 2007.

4.2.4 Order input

The Book to bill ratio in H1 2006 was 93%, after 113% in Q1 and 73% in Q2. Excluding Business Process Outsourcing contracts, for which the main one was renewed last year for a long-term period, the book-to-bill ratio remained low in the first half at 96% (in comparison with last year at 116% in H1).

The book-to-bill ratio (excluding the long-term BPO activities) declined in Q2 due to the lack of any large wins during the period as significant expected signatures have been push back to year-end, and despite a particularly active contract renewals program and business fertilisation during the period.

The main signatures in renewals and new business in H1 were with clients such as : Symrise in Germany, Heijmans, Huntsman, Dutch Ministry of Defence, Mobistar, Wolters Kluwer and Nuon in Benelux, Hong Kong Government in China, EDF, SFR, Club Avantage, EADS and Airbus in France, Electrocomponents, WM Morrisons and South Wales Police in the United Kingdom, Caja Madrid in Spain, Maroc Telecom.

Full order backlog has been maintained at EUR 7.2 billion at the end of June 2006, representing 1.4 years of revenues, despite the lack of significant deals signed.

The full backlog is down on March. Delays in the signatures of several large, long-term government contracts, particularly in the United Kingdom, explain these trends. The Group expects the order in-take to pick up from Q3, as several large deals are in final stages of negotiation and others are in active commercial process. Most of these contracts will only start contributing significantly in 2007.

As a result of these delays, the full qualified pipeline reached more than EUR 2.8 billion at the end of June 2006, an increase of 9% since the beginning of the year, and +44% in comparison with last year at the end of June.

4.2.5 Revenue by industry sector

The revenue performance by **industry sector** was as follows:

(in EUR million)	6 months ended 30 June 2006	6 months ended 30 June 2005	% growth	% organic growth (*)	2006 revenue breakdown
Public Sector and Utilities	714	722	+1.1%	+2.9%	27%
Financial Services	549	473	-13.9%	+19.5%	20%
Manufacturing	533	558	+4.7%	+0.2%	20%
Telecoms and Media	484	512	+5.8%	+0.2%	18%
CPG & Retail	250	265	+5.8%	-5.3%	9%
Transport	112	129	+15.5%	-7.9%	4%
Others	53	67	+24.5%	-17.6%	2%
Total	**2,696**	**2,725**	**+1.1%**	**+2.9%**	**100%**

(*) Organic growth at constant scope and exchange rates

The Group is organised around four main industry sectors, which represent 85% of total revenues.

The Group again strengthened its **Public Sector and Utilities** position (27% of total Group revenue, with a 3% organic increase) with French, Dutch and UK government ministries and in the healthcare sector, as well as with utilities companies.

The **Financial Services** sector (20% of total Group revenue, with a 20% organic increase) benefited from new contracts such as the extension of Atos Euronext Market Solutions, and allocation by European banks of budgets to fund projects, such as Basel II, Sarbanes-Oxley, Solvency II and the move to IFRS accounting standards.

Manufacturing (20% of total Group revenue), which includes the previous Discrete Manufacturing and Process Industries, was stable over the period benefiting from new contracts such as Renault, Shell or EADS, compensating an overall decrease in high-tech, which was directly linked to a decline in the Philips account year-on-year.

Telecoms and Media represented 18% of total Group revenue, and was stable over the period, resulting from good fertilization with clients such as France Telecom – Orange and Vodafone and new business such as with Telecom Italia, offset by productivity savings with clients such as KPN.

4.3 OPERATING MARGIN AND MARGIN RATE

4.3.1 Operating margin performance

(in EUR million)	6 months ended 30 June 2006	6 months ended 30 June 2005	% growth
Revenue	2,696	2,725	-1.1%
Operating margin	**138.7**	**183.1**	**-24%**
Operating margin rate	**5.1%**	**6.7%**	**-1.6 points**

As far as seasonality is concerned, the start of the year is traditionally impacted by a contractual reduction in revenues on long-term contracts, where the Group has agreed in advance to share specific benefits with clients. There was also a global salary increase estimated to 2.5% in 2006, which had a negative impact of 1.3 points on the margin rate.

In 2006, the initial operating margin target for the first half was expected to be below last year due to an expected lower 1st half organic growth run rate as compared with last year. This was due to be compensated by an aggressive ramp-up of organic growth in the second half, which is now not going to happen because of the situation in the United Kingdom.

The operating margin for the first half of 2006 is slightly above 5%, 1 point below our initial target, due to the new estimate of the costs to complete of a few contracts in the United Kingdom, which had an impact of EUR 25 million in the first half operating margin.

Excluding the impact of these few contracts in the United Kingdom accounted in Q2 2006, operating margin improved by 2 points between Q1 and Q2 thanks to improvements in operational performance, in line with expectations.

(in EUR million)	Quarter 1 2006	% margin	Quarter 2 2006	% margin	Half-year 1 2006	% margin
Revenue	1,342		1,354		2,696	
Operating margin	68.4	5.1%	70.3	5.2%	138.7	5.1%
Costs to complete			-25.0	-1.8%	-25.0	-0.9%
Restated operating margin	**68.4**	**5.1%**	**95.3**	**7.0%**	**163.7**	**6.1%**

4.3.2 Operating costs

(in EUR million)	6 months ended 30 June 2006	% of revenue	6 months ended 30 June 2005	% of revenue	Change
Revenue	**2,696**		**2,725**		**-30**
Personnel expenses	(1,510)	-56.0%	(1,467)	-53.8%	-43
Sub-contracting costs	(284)	-10.5%	(298)	-10.9%	+14
Purchases for selling and royalties	(153)	-5.7%	(212)	-7.8%	+60
Means of production	(209)	-7.7%	(197)	-7.2%	-11
Premises costs	(115)	-4.3%	(97)	-3.6%	-18
Travelling expenses	(61)	-2.3%	(61)	-2.2%	
Telecommunications	(58)	-2.2%	(43)	-1.6%	-15
Taxes, other than corporate income tax	(15)	-0.5%	(13)	-0.5%	-1
Other operating expenses	(74)	-2.7%	(126)	-4.6%	+52
Sub-total operating expenses	**(2,478)**	**-91.9%**	**(2,515)**	**-92.3%**	**+37**
Depreciation of fixed assets	(88)	-3.3%	(62)	-2.3%	-26
Net depreciation of current assets	1	0.0%	3	0.1%	-3
Net charge to provisions	9	0.3%	32	1.2%	-23
Sub-total depreciation and provisions	**(79)**	**-2.9%**	**(27)**	**-1.0%**	**-51**
Total operating expenses	**(2,557)**	**-94.9%**	**(2,542)**	**-93.3%**	**-15**
Operating margin	**139**	**5.1%**	**183**	**6.7%**	**-44**

Operating expenses remain dominated by staff-related costs. Personnel expenses increased by 2 points of revenues over the period, due to the average salary increase of +2.5% in 2006, the average number of staff remaining globally stable.

Subcontractor costs represented 10% of revenue, a decrease as a percentage of revenue as compared with H1 2005. In 2005, Atos Origin managed a higher number of subcontractors as a result of new outsourcing and application management contracts, which were in the transition and transformation phases, such as Renault, and that are progressively replaced by Atos Origin staff.

Purchases for selling and royalties, comprising hardware and software, significantly decreased compared with last year, as a result of the strategic Group orientation to focus on sales on services in reducing pass-through revenues. This is also due to the structure of the contracts this half with a very different contract size mix of smaller accounts and strong fertilisation on the existing client base.

Other operating expenses (around EUR 530 million), including means of production and premises, decreased by 1%, in line with the revenue change in the period. This should be optimized in the second half as a result of both active cost management and the introduction of more effective procurement management.

The global improvement of operating expenses in the period (EUR +37 million) has compensated the revenue decrease of 1% (EUR -30 million), but the depreciation of assets increased, as expected, on account of the level of capital expenditure last year.

Elsewhere, the net release of provisions corresponding to the utilisation of provisions for loss-making contracts with the counterpart in operating costs, decreased over the period, as also expected.

4.3.3 Operating margin by service line

The operating margin performance by **service line** was as follows:

(in EUR million)	6 months ended 30 June 2006 (*)	% margin	6 months ended 30 June 2005 (*)	% margin	% growth
Consulting	22.8	11.0%	33.9	14.9%	-33%
Systems Integration	34.7	3.1%	65.7	5.8%	-47%
Managed Operations	116.8	8.6%	113.6	8.3%	+3%
Corporate	(35.6)	-1.3%	(30.0)	-1.1%	+19%
Total	**138.7**	**5.1%**	**183.1**	**6.7%**	**-24%**

(*) Before allocation of central structure costs classified under Corporate

The operating margin decrease in **Consulting** of EUR 11 million is due entirely to the United Kingdom, where the revenue decreased by EUR 25 million (or -25%) in the period.

Excluding the United Kingdom, the rest of the Group maintained the same good level of margin rate as last year.

Operating efficiency was down due to the United Kingdom, which represents one third of the activity. The utilisation rate was 66% in June (against 68% in December but 65% in March), including 59% in the United Kingdom (66% in December and 56% in March). The expected efficiency decline in the United Kingdom was due to the ramp-down of the large MOD consulting contract, and the timing to re-allocate the dedicated productive staff on new contracts.

In **Systems Integration**, the operating margin decrease of EUR 31 million (or EUR 29 million on a constant scope basis) is also mainly due to the United Kingdom, where the operating margin was both impacted by a revenue decrease of 12% in the period, and by the costs to complete on a few contracts accounted in Q2 2006 for EUR 25 million.

Excluding the United Kingdom, the rest of the Group reached a 5.1% margin rate, in line with expectations. The budgeted improvement in productivity was expected to accelerate in H2, thanks to expected additional volume which would compensate the salary increase and the savings sharing with clients (mainly in applications management business), and to the extended action plan to reduce subcontractors.

At 82% in June, utilisation rates were slightly better than the high level of December 2005 (81% as in March), and despite only 77% in the United Kingdom in June.

The Group maintained a reasonable margin rate of 8.6% in **Managed Operations**, an increase compared with 8.3% in the first half of 2005. This was primarily due to scale efficiencies in France, the United Kingdom, Germany and Americas. It was also due to the good performance in the Atos Worldline business and the BPO Healthcare and despite new contract wins, initially at lower margin, essentially in the Netherlands. Nevertheless, the Group expects margins in this segment to improve again in the second half, as a result of its industrialisation plan which includes the rationalisation of premises and data centre capacity, global sourcing optimisation through the higher utilisation of near-shore and offshore resources, as well as the ramp-up of productivity management on new contracts.

Corporate costs have increased year-on-year to 1.3% of total revenues, but are more in line with the level in H2 2005 of 1.4%. These costs include the Global structures for Consulting and Systems Integration and Managed Operations, which represent around 0.3% of total revenues, the corporate organisation representing 1% of total revenues, in line with the Group's operating target.

4.3.4 Operating margin by geographical area

The operating margin performance by **geographical area** was as follows:

(in EUR million)	6 months ended 30 June 2006 (*)	% margin	6 months ended 30 June 2005 (*)	% margin	% growth
France	52.7	6.5%	56.5	7.7%	-7%
United Kingdom	27.4	5.1%	48.8	8.3%	-44%
The Netherlands	53.6	10.3%	59.4	11.7%	-10%
Germany + Central Europe	18.5	6.4%	15.4	5.6%	+20%
Rest of EMEA	13.5	3.6%	26.8	5.7%	-50%
Americas	5.0	5.1%	0.7	0.7%	+610%
Asia - Pacific	3.7	5.7%	5.6	8.6%	-35%
Corporate	(35.6)	-1.3%	(30.0)	-1.1%	+19%
Total	**138.7**	**5.1%**	**183.1**	**6.7%**	**-24%**

(*) Before allocation of central structure costs classified under Corporate

All main Group countries and regions continued to generate a positive operating margin.

The United Kingdom and France are not comparable year-on-year due to the change in scope and revenue and profit allocation per country resulting from the new AEMS (Atos Euronext Market Solutions) structure, started in July 2005, with the French margin being slightly deflated and the UK margin slightly inflated. Overall the AEMS operating margin is up.

In **France**, all other activities generated slightly improved operating margins.

In the **United Kingdom**, the operating margin is negatively impacted by EUR 25 million of new estimate of costs to complete on several contracts in systems integration and is positively impacted by the first profit contribution of the AEMS business extension. Excluding these two factors the UK operating margin has slightly increased in the semester due to improvements in productivity, mainly in managed operations.

In **the Netherlands**, the operating margin comparison year on year has been influenced by specific pension costs related to negotiation engaged since two years and finalised last year and in the first semester this year. In 2005, the Netherlands operations benefited from a positive one-off pension plan amendment negotiation, and the year 2006 will be impacted by a one-off negative charge linked to increase in the legal retirement age from 62 to 65 years. Excluding this effect, operating margin rate is stable at a high level.

Germany and Central Europe continued to increase their operating margin and margin rate. This new improvement comes from the benefits of the flow of new contracts, the overall reorganization of the region and the building of a scale operation.

The decline in the **Rest of EMEA**, was partly due to the disposal of the Nordic and Middle East operations. In Italy, revenues are growing due to new business but market conditions are tough and profitability is down but still positive, hence the restructuring programme. In Spain, we have been investing in the delocalisation of people to the South and moving towards more fixed price and recurring contracts. All other countries are growing their businesses profitably.

After business disposals during the last two years, the operating margin of **North and South America** for continuing business rose by more than 4 points over the period.

In **Asia-Pacific**, the deterioration of the operating margin was due to the ramp-up of the offshore capacity which is currently under-utilised.

5 ACTION PLAN

Atos Origin is engaged in some significant transformational projects, which will contribute to sustain the profitability in the future while serving new offerings and benefits to our customers. Except the specific case of a few loss making contracts in United Kingdom and lower ramp up of large new deals in the backlog, the Group is executing its industrial plan both in United Kingdom or at Group level.

5.1 ACTION PLAN IN THE UNITED KINGDOM

At the time of the Sema-Atos Origin merger, 2 years ago, the UK operations were structured on an industry sector organization with central sales and delivery responsibility being delegated to the service lines, dominated by Consulting and Systems Integration, compared to a relatively small Managed Operations activity.

During the last two years, the UK business has been transformed into four service lines (Consulting, Systems Integration, Managed Services and Medical BPO) while reinforcing a unique ability to aggregate services in a design, build and run proposition.

From an organizational point of view, Atos Origin performed in **2005** the following actions were taken:

- Move from industry line to service line organization with P&L responsibility and part of the sales forces
- Constitution of specialized business units in each of the service lines such as application management and technical solutions (ERP) or technical consulting in Systems Integration, server or desktop management in MS, to capitalize on knowledge capability and ensure cost optimization
- Replacement of the first line of operational management

In **2006**, the reorganization continued with the following actions:

- Sales reorganization and reinforcement

During the last two years, the UK operations have faced a significant renewal phase of their major long term contracts. This renewal phase is nearing its end, with an excellent success rate, with the notable exception of Metropolitan Police. The last large contract renewals should end by Q4 this year.

At the same time, the UK operations are engaged in a number of new deals to diversify the customer base. Some of them are significant in size. In order to adequately balance the Service Line management and the ability to aggregate the design, build and run proposition without loosing commercial opportunities on large contracts, the UK sales force is being reorganized during 2006 as followed :

- Strategic accounts and complex or large multi-service line deals are managed centrally, in order to pull together all service lines into a single aggregated view for the clients. This has proven very efficient because we have been selected in the public sector as preferred bidder in some key renewals or new contracts and short listed in some new business development in the area of medical BPO business. These opportunities should come to contract by year end but with limited revenue impact for the current fiscal year.
- Dedicated sales are being pushed down to the service line. This is being done in 2 phases :

- Phase 1 was done on small accounts, generating some business fertilization in particular in managed services,
- Phase 2, will be completed by the end of Q3, systematically pushing down all the dedicated solution sales forces from central sales to the service lines, closer to the operations to improve available capacity utilisation.

- Number of partners in the Consulting division is being increased

Due to the large MOD Consulting contract execution, the UK Consulting partners were more focused in 2005 on delivery than selling. The new head of consulting has engaged an action plan to strengthen the commercial capacity of its UK Practice with :

- An infusion of new partners with client networks and relationships. The plan intends to increase the number of partners by the end of June 2007 with some already starting in Q3 and Q4 this year,
- Ensuring the current partner and associate partner population addresses the balance of delivery, administration and sales through adjustment of their short term objectives,
- Leverage best practice sales management processes to improve our lead to conversion ratio and tactical short term utilization targets.

The objective is to increase the utilization rate from 59% currently to 65% by the end of June 2007.

- Rebalance of the commercial efforts in the System Integration division

In the past, the UK Systems Integration was engaged in large legacy contracts with embedded application management contracts.

As a result of the new organization put in place by business units in 2005, a new commercial strategy has been designed to reduce dependency on large legacy contracts which are big in size and risky in execution particularly in the Public Sector.

In terms of business development, several actions have already been engaged :

- Since Q1 2006 the system integration is focusing on:
  - Application management
  - ERP (SAP, Oracle)
  - Technical Consulting

- Started last year, commercial efforts are being made to strengthen the UK operations positioning in the private sector: the share has already increased from 35% to 38% of the UK Systems Integration revenues in H1 2006.

- In H2 2006 new end to end solutions across service lines will be launched to match with customer CIO priorities :
  - Security
  - Shared services and BPO
  - Compliance and advance from legacy

- Some specific marketing actions will be implemented to increase the visibility and the market awareness like:

- Exploit the Olympics as best case study
- Leverage London 2012 Olympics as a business development tool
- Increase profile and visibility through PR, industry analyst relations
- Improve the United Kingdom brand awareness

- Improve delivery of the projects

The UK operations will be affected in 2006 in systems integration by loss making contracts. The situation was limited to a few large government legacy projects. Despite the difficulties, the Group has delivered solutions to its customers and the relationship with its customers remains promising. The rest of the systems integration business is financially sound and generates a gross margin above the average of the service line.

The Systems Integration operating model is changing to increase sales by engaging more the operations in business development, and to ensure tighter governance during delivery.

Advanced Solutions organized by markets will have the responsibility for growth and delivery on-time and on-budget. They will be the Income Statement owners across the various solutions for their markets, including professional services.

UK delivery Centres are being/have been set up to optimize offshore availability and utilisation of core competencies.

Global coordination for Systems Integration will continue to provide a supporting role.

All these actions, both in terms of organization, commercial focus on large accounts, big bids and new end to end solutions, are planned to allow the United Kingdom to return to revenue growth in 2007 and raise the win rate on the strong pipeline.

5.2 GROUP ACTION PLAN

Atos Origin has been engaged over the last year in some significant transformation projects that should provide strong opportunities for the future.

- Sales and account management

The Group has built its organic growth over the last years through large contract signatures like KPN, Euronext, KarstadtQuelle, E plus, Renault. This demonstrates our customer's recognition of the Atos Origin capability to deliver large contracts and to successfully integrate the employees coming from our customer base.

It is essential, for a Group of our size, to continue to win large deals, to widen our large account customer base and to increase our market share of each of these clients IT spending. Atos Origin will therefore continue in 2006 and 2007 to recruit and promote high quality account managers to support this strategy.

- Portfolio management

The global service lines have engaged significant efforts to design, with the regions, the best portfolio for the future. Some significant progress has been made in the last months:

Consulting

Atos Origin Consulting has 4 strong sets of solutions supported by Centres of Excellence in order to deliver impartial, objective advice, executable recommendations, and proven solutions that can generate outstanding business results in the following key areas:

Business and IT strategy, Operational transformation, financial management solutions and people and change management. These offerings are permanently updated with lessons learned from latest assignments, and best practices are being shared across the Group.

In **Systems Integration** there has been:

- Sector positioning in the telecom, public, manufacturing and heath care sectors,
- Increased Sap visibility and the launch of the MMT (SAP manufacturing) initiative,
- Focus on alliances and partnership with the world's leading technology companies. Recent examples include the Maximize Manufacturing Together (MMT) with HP and SAP and Atos Workplace Solutions with Microsoft & Intel,
- Creation of the Atos Application management and Atos Enterprise application offerings,
- Aggressive launch of global sourcing.

In **Managed Services**, the strong investments in industrialisation are allowing us to push new highly efficient offerings:

- Server consolidation,
- Technical Consulting for transformational services,
- AWS (Atos Workplace Solution) for automatised Desktop Services,
- Comprehensive international homogeneous services based upon global delivery model for Server Supervision Services, Users Helpdesk Services, ERP, Outsourcing Services and Field Services.

In Medical **BPO** in the United Kingdom **:**

Atos Origin opened late 2005 the first walk-in centres, to enter the primary care activity, demonstrating the best mobilisation capability of the industry. The Group is bidding for the Diagnostic Centre outsourcing of the NHS. This capability is being pushed out of the hospitals (secondary care) into the more commoditized primary care world, and Atos Origin is short listed for 3 of the 7 regions (this the NpfIT of diagnostics – National program for IT). The Group is extending its reach in Occupational Health.

In **Atos Wordline**, the acceleration of organic growth results from :

- Strong positioning into new sectors
- Strong offering investment in the payment area with SEPA Compatible Solutions,
- Strong internationalisation of the sales process.

▪ Industrialisation plan

In order to generate further productivity, Atos Origin has initiated in 2006 some fundamental industrialization plans in delivery services and support functions.
The related investments are heavy in 2006 and 2007 as total capital expenditure is expected to remain at the high end of the historic range of 3.5 – 4% of revenues.

In **Systems Integration**

In order to generate further productivity gains and reduce project slippage, AO has initiated in 2006 a significant industrialisation plan in SI. The quantitative objectives are to gain 2% points in Operating margin on fixed price contracts and Application Management, representing 76% of the SI business, of which half is to come from reduced project slippage and half from productivity improvements.

- Project control: A strong effort is dedicated into pushing best practice Group wide for efficient project control.

- Offshore: Systems Integration started (earlier than managed services) to offshore part of delivery. At the end of June 2006, 700 people produce projects offshore for the demand countries and we expect to increase the number of people to 1,000 by year end. The main offshore country is India; Spain and Morocco have started during the year. The Group plan is to double capacity next year.

- Industrialization platform for application management and development : in order to further increase efficiency in the qualification, testing and performance and acceptance phases of a project, systems integration is running a global project to implement common processes and tooling for these phases which will allow better tracking of KPIs and alert monitoring. This will reduce costs and improve project management execution and risk management. This will translate into more than 5000 SI staff certified CMMI- level 3 and above.

- Delocalization of competence centres: in some countries the delocalization to lower cost regions of the development resources is being studied so as to reduce the average cost, better manage the attrition rate while at the same time specializing these new regions by competence centres. This will have a further effect of improving the utilization rate and mark-up on projects.

In **Managed Services**

- Data centre consolidation and upgrade: During 2005 and 2006, following the integration of the KarstadtQuelle and Eplus contracts in Germany, the German data centres have been consolidated from approximately 10 to 3. This consolidation process will continue as and when existing capacities require upgrading or extending. In France and Holland there are two major data centre upgrades. Total data centre investment will be over EUR 20 million per annum spread over the four to five years with more than 60 data centres across the world reduced to 40.

- European mainframe consolidation: In 2006, the German mainframe consolidation has been implemented on the Essen site. At the same time, a new recovery centre is being built 5 (5 instead of 10) km away from the existing site in order to provide dual data centre capacity for the consolidation, over the next few years, of all the major European mainframe data centres. To optimize costs, the European data centre will provide twin data centres, state of the art IT infrastructure and facilities, hardware including maintenance and monitoring, Software and network management. This will improve productivity, service quality and competitiveness. A first country move will start in December 2006. The project investment in 2006 is estimated at EUR 11.5 million. Further investments will be required progressively as each consolidation occurs.

- ITIL-based offshore delivery model: the main objective is to move offshore certain defined services using an industrialized and cost effective, single delivery model. At the end of June, we had 200 staff and we should be close to 500 by the end of the year. The number is expected to double again next year. Services eligible for offshore have been defined and priority given to Service Desk management in 2006. Midrange management will be extended next year. Based on a multi-language global delivery approach, the global offshore delivery centres are based not only in India but also in Brazil, Malaysia, Morocco and Poland. This project is currently going live with the recruitment of 6 project managers to lead the implementation of the model in each supplier country.

- Tooling alignment: the main objective is to converge our country delivery approaches by rationalizing tools and implementing common standards. Benefits will be obtained from achieving economies of scale in basic components of our services, especially from offshore operations. The focus is on reducing from four to one global service management platform progressively harmonising server management and implementing a common network for Voice and services. . The Group is progressing in the migration implementation and the program is nearly complete. It will be further enhanced in the coming years.

- On site Service strategy: to define the capability per country and design a global/local industrial delivery partnership with providers for those countries or sub services not covered by Atos Origin (such as hardware maintenance). This will allow Atos Origin to design flexible cost on service management while offering at the same time a complete geographical coverage. This project should be ready to go live by end of 2006. Already one global service contract has been negotiated. Selection and negotiation of local or regional partners is due to start in Q4.

In the **support functions**

The support functions will also contribute to the enhancement of group productivity. The action plan aims to more efficiently support the operations and to transform the production mode of the functional services. The main projects are the following:

In 2007, using the expertise of the Consulting practice, the Global function will launch shared service centres for accounting and HR.

In terms of internal IT, all countries will operate with the same financial information system worldwide, including strict key contracts follow-up, pipeline and backlog management and the key CRM functionalities. The functionalities of the existing global HR system will also be significantly extended.

In terms of Human resources, the Group is focused on :

- Developing core competencies for the future either through specific training programs, university for project managers and high potential and leadership development,
- Reinforcing sales forces and account management with specific mentoring, recruitment of sales talents (such as UK partners) and reviewing sales incentive programs to boost growth.

All these actions plans either specifically in United Kingdom or at Group level are fully supported by the management and will allow the Group to generate margin improvement in 2007.

They all contribute to the transformation of the Group engaged in 2006 based on very solid fundamentals.

6 HUMAN RESOURCES REVIEW

6.1 CHANGE IN THE GROUP WORKFORCE

Total staff employed was globally stable from 47,684 to 47,761 between 1 January 2006 and 30 June 2006.

Headcount opening	**47,684**
Change in scope	-436
Hiring (*)	4,617
Leavers (*)	-3,731
Restructuring	-373
Headcount at closing	**47,761**

(*) Permanent staff only, excluding temporary staff movements

Changes in scope related to business disposals in the period, including the Middle-East operations (386 people) and Nolan Norton consulting business in the Netherlands (50 people).

The level of recruitment has been sustained, particularly in the Consulting business (+14% on the opening staff basis), with gross hiring of 4,617 in the period, representing 10% of the workforce, in line with the level that the Group had last year.

Leavers comprise voluntary permanent staff leavers, permanent staff who have been dismissed and those who have retired or were deceased. The number of leavers in H1 2006 was 3,731, higher than last year. Staff attrition rose in line with the business growth trend and increased to 11.7%, compared with 10.5% in 2005, which confirms the strength of the European market.

A total of 373 employees left the business in H1 2006 under specific and localised re-organisation programmes as part of the business transformation following the merger with Sema Group.

6.2 STAFF MOVEMENTS BY SERVICE LINE AND COUNTRY

Employees	30 June 2006	31 Dec. 2005	Change	Average 1st half 2006	Average 1st half 2005	Change
Consulting	2,776	2,734	+2%	2,740	2,613	+5%
Systems Integration	24,218	23,721	+2%	23,988	22,927	+5%
Managed Operations	20,575	21,036	-2%	20,724	21,334	-3%
Corporate	192	193	-1%	190	194	-2%
Total	**47,761**	**47,684**	**+0%**	**47,642**	**47,068**	**+1%**
France	14,336	13,886	+3%	14,158	12,812	+11%
United Kingdom	6,385	6,873	-7%	6,689	6,669	+0%
The Netherlands	8,273	8,429	-2%	8,314	8,502	-2%
Germany + Central Europe	3,859	3,749	+3%	3,841	3,615	+6%
Other EMEA	9,377	9,575	-2%	9,286	10,423	-11%
Americas	2,516	2,475	+2%	2,494	2,673	-7%
Asia-Pacific	2,823	2,504	+13%	2,671	2,180	+23%
Corporate	192	193	-1%	190	194	-2%
Total	**47,761**	**47,684**	**+0%**	**47,642**	**47,068**	**+1%**

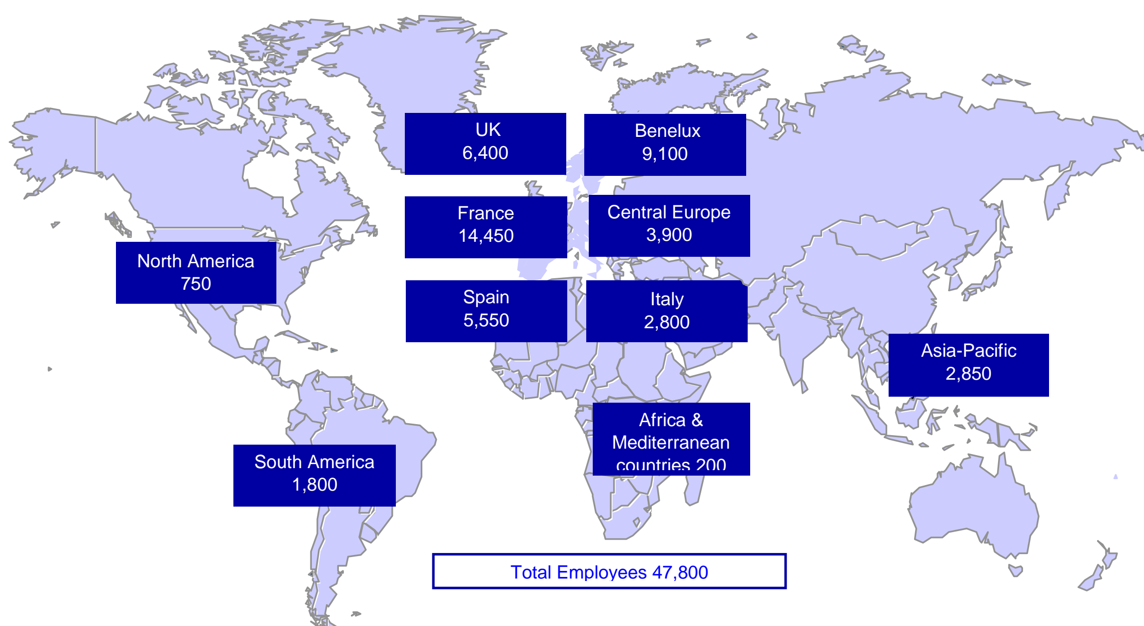
The underlying stability in staff in the first half of 2006 was lower than the organic revenue increase in the period of 3% and should therefore lead to higher staff productivity for the second half of 2006.

The level of subcontractors fell steadily during the first half of the year 2006.

The proportion of internal productive staff to total staff represented 93.0% at the end of 2005, and 93.5% at the end of June 2006. As part of the development of the Group's business model, it is one of the objectives to increase over medium term this ratio to 95% by accelerating the recruitment of offshore and near-shore resources, and continuing to replace onshore subcontractors inherited from large outsourcing deals by available internal inshore and offshore productive staff.

The indirect staff ratio (indirect staff as a percentage of full-time equivalent staff, including subcontractors) has been maintained at an efficient level of 11.0% (compared with 11.2% at the end of December 2005). This level compares with 13.4% at the end of 2003 in Atos Origin before the acquisition of Sema Group. In the medium term, the Group wants to improve indirect staff efficiency and roles by developing shared services centres.

6.3 STAFF BY REGION AT 30 JUNE 2006



6.4 EMPLOYEE AND MANAGEMENT SHAREHOLDING

Up to 2005, Atos Origin had limited employee and management shareholdings, mainly through the stock option programme. Employee stock purchase plans were issued in 1998, 2000 and 2002. At June 2006, the ownership of the Group's shares by employees relating to ownership plans such as mutual funds and corporate savings plans reached 0.3 millions of shares, or 0.5% of common stock.

It is the intention of Management to implement new share owning schemes to increase over time the ownership of Atos Origin shares to 10% of issued share capital, motivating employees and management and aligning their objectives with those of external shareholders.

At the Annual General Meeting hold on 23 May 2006, shareholders have approved :

- An extension of the current employee stock purchase plan allowing for the purchase of shares at a discount of up to 20% .
- A specific share purchase plan in which senior managers and the Management Board members may purchase shares in their own right and receive free "matching" shares that will vest in two or three years' time if certain financial performance conditions are met by the Company.

In 1998, Atos (pre-Origin) set up an employee stock purchase plan for its workforce in France, based on a corporate savings plan (PEE) managed through a fund invested 90% in Atos stock and frozen for five years. In 2000, the plan was extended to encompass employees of German and Spanish subsidiaries. An extension of this scheme enables Group employees to purchase Atos Origin stock (or shares in a fund invested in Atos Origin stock, in accordance with the relevant local legislation) from time-to-time at a 20% discount in relation to the current market price. 24 countries took part in the first issue of stock under this scheme in 2002. Since 1998, 312,831 new shares have been issued in relation to these plans.
In the continuity of the May 2006 shareholders approval the Company intends to launch in the fourth quarter a new leveraged corporate savings plan based on Atos Origin shares issued through a dedicated share capital increase with a 20% discount. It should represents a maximum 2% shares dilution in 2006. The program should be further pursued in the next years with a limited maximum dilution of 1% per year.

6.5 STOCK OPTIONS

It is the Group's policy to grant an annual issue of stock subscription options to senior and middle managers. In accordance with the recommendation of the Remuneration Committee, the annual grant since 2005 corresponds to 1.75% of outstanding shares every year, with no more than 20% of such options being granted to the Management Board.

During the first half of 2006, 1,147,990 new stock subscription options were granted (1,75% of the outstanding capital as of 31 December 2005), 494,140 stock subscription options were cancelled and 175,667 were exercised.

At 30 June 2006, a total of 6,623,615 stock subscription options had been allotted to employees, representing approximately 9% of current common stock after dilution. Details of the allocations are set out in the investor information section later.

7 FINANCIAL REVIEW

7.1 INCOME STATEMENT

The Group reported a net income (Group share) of EUR 10 million for the first half of 2006, which represents 0.4% of Group revenues in the period.

(in EUR million)	6 months ended 30 June 2006	% margin	6 months ended 30 June 2005	% margin	% growth
Operating margin	138.7	5.1%	183.1	6.7%	-24%
Other operating income / expenses	(80.2)		13.1		
Operating income	58.5	2.2%	196.3	7.2%	-70%
Net financial expense	(5.4)		(32.2)		
Tax charge	(35.0)		(39.1)		
Minority interests and associates	(7.7)		(3.7)		
Net income – Group share	**10.4**	**0.4%**	**121.3**	**4.5%**	**-91%**
Normalised net income Group share (*)	**86.1**	**3.2%**	**112.4**	**4.1%**	**-23%**

(*) Defined hereafter

7.1.1 Operating margin

Operating margin represents the underlying operational performance of the on-going business and decreased by 24% in the period, as described earlier.

7.1.2 Operating income

The main component of other operating income/expenses was an impairment charge of EUR 60 million, fully attributable to Italy. Despite reasonable growth in Italy, profitability was well below the Group average and is deteriorating due to the tough Italian environment. This, combined with higher sector risk premiums and lower sector estimates for perpetual growth since May/June, has led to the need for impairment charge of Italian goodwill.

Other components included reorganisation and rationalisation charges of EUR 8 million, stock option expenses of EUR 6 million, EUR 13 million of other infrequent items partly compensated by a net release of provisions of EUR 6 million.

As a result, the operating income for H1 2006 reached EUR 59 million, and represents 2.2% of total revenues in H1 2006 compared with 7.2% last year.

7.1.3 Net financial expense

Net financial expense amounted to EUR 5 million in H1 2006, compared with EUR 32 million in the previous year, including a net cost of financial debt and non-operational financial costs.

The net cost of financial debt was EUR 11 million, based on an average net debt of EUR 339 million during the period. The average cost of borrowing was 5.3% in H1 2006 before interests swaps (6.5% including them). The net cost of financial debt was covered 12 times by operating margin, compared with a requirement for not less than 4 times cover under the terms of the new facility.

Non-operational financial costs were EUR 6 million credit mainly relating to exchange rate variation, and income linked to better terms on return on pensions plan assets.

7.1.4 Tax charge

The tax charge for H1 2006 was EUR 35 million. The effective tax rate was 31.0% of pre-tax income before goodwill impairment.

The charge is composed of EUR 30 million of income tax and EUR 5 million of deferred tax.

7.1.5 Minority interests

Minority interests included shareholdings held by joint venture partners and other associates of the Group in the operations of Atos Euronext Market Solutions (50%) and Atos Worldline Processing Services in Germany (42%). The increase in H1 2006 is due to the extension of the Euronext contract from July 2005.

7.1.6 Normalised net income

The Group share of net income before unusual, abnormal and infrequent items (net of tax) was EUR 86 million, 3.2% of total revenues.

(in EUR million)	6 months ended 30 June 2006	6 months ended 30 June 2005
Net income Group share	**10.4**	**121.3**
Restructuring and rationalisation	(7.8)	(36.1)
Net charge/release of provision	(5.6)	13.8
Capital gain (loss)	(1.0)	(0.9)
Other operating income (expenses) basis	(14.5)	(23.2)
Fee charge on syndicated loan		(7.4)
Sum of unusual items	(14.5)	(30.6)
Sum of unusual items net of tax	**(10.0)**	**(20.9)**
Other capital gain (loss) already net of tax		52.7
Impairment losses on long-term assets	(60.0)	(9.4)
Depreciation of non current financial assets		(6.6)
Stock options (not deductible)	(5.7)	(6.9)
Sum of other unusual items not taxable	**(65.7)**	**29.8**
Normalised net income Group share	**86.1**	**112.4**

7.2 EARNINGS PER SHARE

(in EUR million)	6 months ended 30 June 2006	% margin	6 months ended 30 June 2005	% margin	% growth
Net income – Group share	**10.4**	**0.4%**	**121.3**	**4.5%**	**-91%**
Normalised net income – Group share	**86.1**	**3.2%**	**112.4**	**4.1%**	**-23%**
Weighted average number of shares	67,424,238		67,051,174		
Diluted weighted average number of shares (*)	68,022,727		67,647,280		
Basic EPS	**0.15**		**1.81**		**-91%**
Diluted EPS	**0.15**		**1.79**		**-91%**
Normalised basic EPS	**1.28**		**1.68**		**-24%**
Normalised diluted EPS	**1.27**		**1.66**		**-24%**

(*) With dilution impact only

Based on a weighted average of 67,424,238 shares in issue during the first half of 2006, earnings per share (Group share) were EUR 0.15, and on a diluted weighted average basis of 68,022,727 shares in the period, earnings per share (Group share) were EUR 0.15.

Based on the normalised net income of EUR 86 million, the earnings per share (Group share) were EUR 1.28.

7.3 CASH FLOW AND NET DEBT

The Group began the year with an opening net debt of EUR 180 million. The cash flow from operating activities reached EUR 189 million, or 7.0% of total revenues, including EUR 33 million of staff reorganisation and data centre rationalisation expenses, compared with 5.8% in H1 2005.

This represents an improvement of +20% despite a lower operating margin than last year. It results from less restructuring expenses, less release for loss-making contracts, and more depreciation of fixed assets.

This performance was temporarily impacted by an increase in working capital of around EUR 197 million in the period due to seasonal effects, as last year at the same period. The working capital position should improve sharply in the second half of the year, by the combination of a reduction in working capital as last year in H2 and higher cash flow from operations linked to a higher operating margin in H2.

Net debt at the end of June was therefore largely unchanged compared with the end of June 2005, representing a gearing of 16%, and a leverage ratio (net debt / OMDA) of 0.74.

(in EUR million)	6 months ended 30 June 2006	6 months ended 30 June 2005
Cash from operating activities	**188.9**	**157.2**
Income tax paid	(9.1)	1.2
Change in working capital	(197.2)	(105.7)
Net cash from operating activities	**(17.4)**	**52.7**
Capital expenditure	(95.5)	(81.0)
Disposal of intangible and tangible assets	1.2	0.6
Net cash from current operations	**(111.7)**	**(27.7)**
Other changes	(25.2)	14.9
Net cash before financial investments	**(136.9)**	**(12.6)**
Financial investments	(15.4)	(17.4)
Disposal of financial assets	6.9	158.2
Net financial investments	**(8.5)**	**140.8**
Net cash flow	**(145.5)**	**128.1**
Opening net debt	**180.5**	**491.6**
Closing net debt	**325.9**	**363.5**

7.3.1 Change in working capital

The negative change in working capital of EUR 197 million in H1 2006 is the result of both the negative seasonality factors, including annual bonus payments, and an increase in DSO ratio from 63 days in H2 2005 to 69 days in H1 2006, but 70 days in H1 2005.

7.3.2 Operating investments

Capital expenditure amounted to EUR 95 million in H1 2006, representing 3.5% of Group revenues, which is in line with the medium-term guidance. The off-balance sheet commitments for operating leases on IT equipment have been reduced from EUR 146 million at the end of 2005 to EUR 127 million at the end of June 2006.

7.3.3 Other changes

Other changes include common stock issues (EUR +7 million), reclassifications linked to derivative instruments and pensions (EUR +18 million), offset by financial interest paid (EUR -16 million), purchases of treasury stock (EUR -13 million) within the framework of the liquidity contract, profit-sharing amounts payable to French employees accounted as debt (EUR -8 million), negative translation differences (EUR -11 million) and dividends paid to minority shareholders of subsidiaries (EUR -2 million).

7.3.4 Net financial investments

Net financial investments concern several instalments on past acquisitions (EUR 7 million) and equity investments (EUR 8 million). Disposal of financial assets concerns sales of limited businesses such as Nolan Norton, consulting business in the Netherlands.

7.3.5 Bank covenants

The Group is substantially within its borrowing covenants, with a consolidated leverage ratio (net debt divided by OMDA) of 0.74 at the end of June 2006. The consolidated leverage ratio may not be greater than 2.5 times under the new multi-currency revolving facility.

(in EUR million)	6 months ended 30 June 2006	6 months ended 30 June 2005	Covenants 2006
Operating margin	**138.7**	**183.1**	
Depreciation of fixed assets	87.8	62.3	
Operating net charge to provisions for current assets	(0.5)	(3.2)	
Operating net charge of provisions	(6.9)	(31.9)	
Net charge of provisions for pensions	2.6	6.4	
OMDA	**221.7**	**216.7**	
Closing net debt	**325.9**	**363.5**	
Leverage ratio (Net debt divided by OMDA)	**0.74**	**0.84**	**< 2.5**

The consolidated Interest cover ratio (operating margin divided by the net cost of financial debt) was 12 times in H1 2006. It may not be less than 4 times throughout the term of the new multi-currency revolving facility.

(in EUR million)	6 months ended 30 June 2006	6 months ended 30 June 2005	Covenants 2006
Operating margin	**138.7**	**183.1**	
Net cost of financial debt	**(11.1)**	**(15.6)**	
Coverage of Net cost of financial debt by Operating margin	**12.5**	**11.7**	**> 4.0**

8 HALF-YEAR FINANCIAL REPORT

8.1 Statutory auditors' report on the half-year condensed consolidated financial statements for the period ended 30 June 2006

8.2 Half-year condensed consolidated financial statements

8.2.1 Consolidated income statement

8.2.2 Consolidated balance sheet

8.2.3 Consolidated cash flow statement

8.2.4 Consolidated statement of changes in shareholders' equity

8.2.5 Notes to the half-year condensed consolidated financial statements for the period ended 30 June 2006

- General information
- Basis of preparation and significant accounting policies
- Financial risk management
- Notes to the half-year condensed consolidated financial statements

8.1 STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST HALF-YEAR FINANCIAL INFORMATION FOR 2006

8.2 HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8.2.1 Consolidated income statement

(in EUR million)	Notes	6 months ended 30 June 2006	6 months ended 30 June 2005	12 months ended 31 December 2005
Revenue		**2,695.8**	**2,725.4**	**5,458.9**
Personnel expenses	Note 3	(1,510.4)	(1,467.4)	(2,886.8)
Operating expenses	Note 4	(1,046.7)	(1,074.9)	(2,159.1)
Operating margin		**138.7**	**183.1**	**413.0**
% of revenue		**5.1%**	**6.7%**	**7.6%**
Other operating income and expenses	Note 5	(80.2)	13.1	(25.2)
Operating income		**58.5**	**196.3**	**387.8**
% of revenue		**2.2%**	**7.2%**	**7.1%**
Net cost of financial debt		(11.1)	(15.6)	(24.7)
Other financial income and expenses		5.7	(16.6)	(9.4)
Net financial income	Note 6	(5.4)	(32.2)	(34.1)
Tax charge	Note 7	(35.0)	(39.1)	(108.1)
Share of net income from associates		(0.1)	0.2	0.3
Net income		**18.0**	**125.2**	**245.9**
Of which:				
- Group share		**10.4**	**121.3**	**235.4**
- Minority interests	Note 8	7.6	3.9	10.5

(in EUR and number of shares)				
Net income (Group share) per share	Note 9			
Weighted average number of shares		67,424,238	67,051,174	67,169,757
Basic earnings per share		**0.15**	**1.81**	**3.50**
Diluted weighted average number of shares		68,022,727	67,647,280	67,636,614
Diluted earnings per share		**0.15**	**1.79**	**3.48**

8.2.2 Consolidated balance sheet

(in EUR million) ASSETS	Notes	30 June 2006	31 December 2005
Goodwill	Note 10	2,092.6	2,172.4
Intangible assets		79.0	74.9
Tangible assets		332.7	323.5
Non-current financial assets		67.1	33.9
Deferred tax assets		261.8	265.6
Total non-current assets		**2,833.2**	**2,870.3**
Trade accounts and notes receivable	Note 11	1,557.6	1,563.0
Current taxes		55.4	52.4
Other current assets		271.9	237.6
Current financial instruments	Note 16	1.1	0.9
Cash and cash equivalents	Note 12	270.9	533.5
Total current assets		**2,156.9**	**2,387.4**
Assets held for sale and discontinued operations			**36.2**
TOTAL ASSETS		**4,990.1**	**5,293.9**

(in EUR million) LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	30 June 2006	31 December 2005
Common stock		67.6	67.4
Additional paid-in capital		1,259.0	1,252.8
Consolidated reserves		520.3	289.5
Translation adjustments		8.5	28.3
Net income for the period		10.4	235.4
Shareholders' equity – Group share		1,865.8	1,873.4
Minority interests		158.1	153.2
Total shareholders' equity		**2,023.9**	**2,026.5**
Provisions for pensions and similar benefits	Note 13	490.9	477.8
Non-current provisions	Note 14	131.7	147.5
Borrowings	Note 15	408.3	506.2
Deferred tax liabilities		22.1	20.6
Non-current financial instruments	Note 16	3.1	6.4
Other non-current liabilities		0.6	3.6
Total non-current liabilities		**1,056.7**	**1,162.1**
Trade accounts and notes payable	Note 17	595.2	587.2
Current taxes		103.1	79.3
Current provisions	Note 14	86.6	104.9
Current financial instruments	Note 16	2.3	6.2
Current portion of borrowings	Note 15	188.5	201.4
Other current liabilities	Note 18	933.8	1,110.9
Total current liabilities		**1,909.5**	**2,089.9**
Liabilities held for sale and discontinued operations			**15.4**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,990.1**	**5,293.9**

8.2.3 Consolidated cash flow statement

(in EUR million)	Notes (*)	6 months ended 30 June 2006	6 months ended 30 June 2005	12 months ended 31 December 2005
Net income Group share		**10.4**	**121.3**	**235.4**
Depreciation of fixed assets		87.8	62.3	153.0
Net charge to operating provisions		(4.8)	(28.7)	(67.0)
Net charge to financial provisions		(6.8)	6.7	3.0
Net charge to other operating provisions		44.3	(27.7)	(39.6)
(Gains) / losses on disposals of fixed assets		0.9	(59.6)	(40.2)
Unrealized gains and losses on changes in fair value			9.4	
Net charge for stock options and similar options		5.7	6.9	13.9
Minority interests and associates		7.7	3.7	10.2
Financial instruments		(4.7)	6.3	11.8
Financial interests		13.5	17.6	28.3
Tax charge (including deferred tax)		35.0	39.1	108.1
Cash from operating activities before change in working capital requirement, financial interests and taxes	a	188.9	157.2	416.9
Taxes paid	b	(9.1)	1.2	(29.2)
Change in working capital requirement	c	(197.2)	(105.7)	27.4
Net cash from / (used in) operating activities		**(17.4)**	**52.7**	**415.2**
Purchase of tangible and intangible assets	d	(95.5)	(81.0)	(173.5)
Proceeds from disposals of tangible and intangible assets	e	1.2	0.6	11.0
Net operating Investment		(94.3)	(80.4)	(162.5)
Amounts paid for acquisitions and long-term investments	f	(15.4)	(22.4)	(38.2)
Cash and cash equivalents of companies purchased during the period	g		6.5	8.6
Proceeds from disposals of financial investments	h	6.9	21.6	188.1
Cash and cash equivalents of companies sold during the period	i		(26.7)	(30.6)
Net long-term investments		(8.5)	(21.0)	127.9
Net cash from / (used in) investing activities		**(102.8)**	**(101.4)**	**(34.6)**
Common stock issues	j		-	-
Common stock issues on the exercise of stock options	k	6.5	9.4	13.2
Purchase and sale of treasury stock	l	(12.6)	-	-
Dividends paid to minority shareholders of subsidiaries	m	(2.0)	(1.4)	(5.0)
New borrowings	n	251.1	791.9	665.6
Repayment of long and medium-term borrowings	o	(363.0)	(940.8)	(979.6)
Net interest paid (including finance lease)	p	(12.0)	(22.3)	(32.3)
Net cash from / (used in) financing activities		**(131.9)**	**(163.2)**	**(338.0)**
Increase / (decrease) in cash and cash equivalents	**q**	**(252.1)**	**(211.9)**	**42.5**
Opening cash and cash equivalents		**533.5**	**465.5**	**465.5**
Increase / (decrease) in cash and cash equivalents	q	(252.1)	(211.9)	42.5
Impact of exchange rate fluctuations on cash and cash equivalents		(10.5)	27.7	25.6
Closing cash and cash equivalents		**270.9**	**281.3**	**533.5**

(*) For reconciliation to the change in net debt over the period and the cash flow by activity over the period presented in the notes.

8.2.4 Consolidated statement of changes in shareholders' equity

(in EUR million)	Number of shares at period-end (thousands)	Common Stock	Additional paid-in capital	Consolidated reserves	Translation adjustments	Items recognized directly in equity	Net income Group share	Equity – Group share	Minority interests	TOTAL
At 31/1204	**66,938**	**66.9**	**1,240.1**	**168.6**	**(2.8)**	**-**	**113.3**	**1,586.0**	**49.3**	**1,635.3**
* Common stock issued	301	0.3	9.1					9.4		9.4
* Translation adjustments					50.1			50.1	(0.3)	49.8
* Appropriation of prior period net income				113.3			(113.3)			
* Stock options				6.9				6.9		6.9
* First time adoption of IAS 32/39				2.8		(12.5)		(9.7)	(1.2)	(10.9)
* Changes in fair value of financial instruments					(0.3)	(2.6)		(2.8)		(2.8)
* Net income for the period							121.3	121.3	3.9	125.2
* Other				(0.3)	0.1			(0.1)	(1.0)	(1.1)
At 30/06/05	**67,239**	**67.2**	**1,249.3**	**291.3**	**47.1**	**(15.1)**	**121.3**	**1,761.1**	**50.7**	**1,811.9**
* Common stock issued	124	0.1	3.6					3.7		3.7
* Translation adjustments					(18.2)			(18.2)	0.9	(17.3)
* Stock options				7.0				7.0		7.0
* First time adoption of IAS 32/39				(4.4)		4.4		(0.1)	1.2	1.1
* Changes in fair value of financial instruments					(0.6)	6.9		6.3		6.3
* Net income for the period							114.1	114.1	6.6	120.7
* Other				(0.4)	(0.1)			(0.5)	93.8	93.3
At 31/12/05	**67,363**	**67.4**	**1,252.8**	**293.5**	**28.3**	**(3.8)**	**235.4**	**1,873.4**	**153.2**	**2,026.5**
* Common stock issued for cash	176	0.2	6.2					6.4		6.4
* Translation adjustments					(19.8)			(19.8)	(0.7)	(20.5)
* Appropriation of prior period net income				235.4			(235.4)	0.0		0.0
* Stock options				5.7				5.7		5.7
* Changes in treasury stock (1)						(12.6)		(12.6)		(12.6)
* Changes in fair value of financial instruments						2.5		2.5		2.5
* Net income for the period							10.4	10.4	7.6	18.0
* Other				(0.2)				(0.2)	(2.0)	(2.2)
At 30/06/06	**67,539**	**67.6**	**1,259.0**	**534.4**	**8.5**	**(13.9)**	**10.4**	**1,865.8**	**158.1**	**2,023.9**

(1) Changes in treasury stock recorded as a deduction from shareholders' equity are linked to the liquidity contract signed in February 2006 with Rothschild & Cie Banque. This contract is concluded for one year and is renewable by tacit agreement. Such agreement is compliant with the Code of Practice of the Association Française des Entreprises d'Investissement. At the end of June 2006, Atos Origin held 211 500 shares in relation to this contract for a net value of EUR 12.6 million.

8.2.5 Notes to the half-year condensed consolidated financial statements for the period ended 30 June 2006

8.2.5.1 General information

The half-year condensed consolidated financial statements of the Company for the six months ended 30 June 2006 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and jointly controlled entities.

These interim condensed consolidated financial statements were presented by the Management Board to the Supervisory Board on 5 September 2006.

8.2.5.2 Basis of preparation and significant accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2006 have been prepared in accordance with the standard IAS 34 - *Interim Financial Reporting*. As such these financials statements do not include all of the information required for annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2005.
The Company follows positions issued by Syntec Informatique, representing major IT groups, for application of the existing International Financial Reporting Standards to specificities of the IT industry.

Changes in accounting policies

The accounting policies applied by the Group in the interim condensed consolidated financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 31 December 2005, except for the adoption of the following changes in accounting policies and interpretations, mandatory for annual periods beginning on or after 1 January 2006:

- *IFRIC 4, Determining whether an Arrangement contains a Lease,* which requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. An assessment is made whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Adoption of this interpretation has no material effect on the 2005 opening equity or on the June and December 2005 and June 2006 Group financial statements.

- *IAS 19 (Amendment), Employee Benefits*. This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses, adoption of this amendment will only impact the format and extent of disclosures presented in the accounts.

- Other amendments *(IAS 21 and IAS 39*) are correctly applied in the Group and are not affecting significantly the Group results of operations or financial position.

Accounting estimates and judgments

The preparation of interim financial statements in accordance with IAS 34 requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses in the financial statements and disclosures of contingent assets and liabilities as of that date.

The estimates and assumptions that may result in a significant adjustment to the carrying amounts of assets and liabilities within the next annual financial statements are essentially related to:

Impairment tests

The Group tests at least annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated below. The recoverable amounts of cash generating units are determined based on value-in-use calculations.

Revenue recognition and associated costs on long-term contracts

Revenue recognition and associated costs, including forecast losses on completion are measured according to policy stated below. Total projected contract costs are based on various operational assumptions such as forecast volume or variance in the delivery costs and have a direct influence on the level of revenue and eventual forecast losses on completion that are recognised.

Consolidation methods

Subsidiaries

Subsidiaries are entities controlled by the Group. Control is defined by the ability to govern the financial and operating policies generally, but not systematically, combined with a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible, the power to appoint the majority of the members of the governing bodies and the existence of veto rights are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

Joint ventures

The Group's interests in jointly controlled entities are accounted for by proportionate method. Operating and shareholders' agreements are considered when assessing the joint control.

Associates

Associates are entities over which the Group has significant influence but not control or joint control, generally, but not systematically, accompanying a shareholding of between 20 and 50% of the voting rights. Investments in associates are accounted for by the equity method.

Segment reporting

The Group's operational organisation is based on regions composed of geographical areas. The primary reporting segment corresponds to these geographical areas and the secondary reporting segment to the service lines.

Presentation rules

Current and non-current assets and liabilities

Assets and liabilities classified as current are expected to be realised, used or settled during the normal cycle of operations, which can extend beyond 12 months following the period-end. All other assets and liabilities are classified as non-current. Current assets and liabilities, excluding the current portion of borrowings, financial receivables and provisions represent the Group's working capital requirement.

Assets and liabilities held for sale or discontinued operations

Assets and liabilities held for sale or discontinued operations are presented on a separate line in the balance sheet. They are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable and the assets and liabilities are available for immediate sale in their present condition.

Should these assets and liabilities represent either a complete business line or a geographical segment, the profit or loss from these activities will be presented on a separate line of the income statement.

Translation of financial statements denominated in foreign currencies

The balance sheets of companies based outside the euro zone are translated at closing exchange rates. Income statement items are translated based on average exchange rate for the period. Balance sheet and income statement translation adjustments arising from a change in exchange rates are recognised as a separate component of equity under "Translation adjustments".

The Group does not consolidate any entity operating in a hyperinflationary economy.

Translation of transactions denominated in foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement under the heading "Other financial income and expenses", except where hedging accounting is applied as explained in the paragraph "Financial assets – Derivative financial instruments".

Business combination and goodwill

A business combination may involve the purchase of another entity, the purchase of all the net assets of another entity or the purchase of some of the net assets of another entity that together form one or more businesses.

Major services contracts involving staff and asset transfers that enable the Group to develop or improve significantly its competitive position within a business or a geographical sector are considered for business combination accounting. Goodwill represents the excess of the cost of a business combination, including transaction expenses, over the Group's interest in the fair value of assets, liabilities and contingent liabilities acquired at the acquisition date.

Goodwill is not amortised and is subject to an annual impairment test and in case of a trigger event to half-year impairment test. Goodwill is allocated to Cash Generating Units (CGU) for the purpose of impairment testing. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs correspond to geographical areas where the Group has operations. The recoverable value of a CGU is based on the higher of its fair value less costs to sell and its value in use determined using the discounted cash-flows method. When this value is less than its carrying amount, an impairment loss is recognised in the operating income. The impairment loss is first recorded as an adjustment of the carrying amount of the goodwill allocated to the CGU and the remainder of the loss, if any, is allocated to the other assets of the unit.

Intangible assets

Intangible assets consist primarily of software and user rights acquired by the Group as well as internally developed software costs, provided that the following conditions are satisfied:

- the costs can be attributed to the identified software and measured reliably,
- the technical feasibility of the software has been demonstrated,
- the Group has the intention and the capability to complete the software development and to use or sell it, and
- it is probable that future economic benefits will flow to the Group.

Software is amortised on a straight-line basis over its expected useful life, generally not exceeding five years, and related depreciation is recorded in operating expenses. In the case of Business Process Outsourcing (BPO) activities, the costs of adapting software previously developed by the Group for the specific requirements of a client are capitalised in intangible assets and amortised in operating expenses over the term of the contract.

Tangible assets

Tangible assets are recorded at acquisition cost, excluding any interest expenses. They are depreciated on a straight-line or reducing-balance basis over the following expected useful lives:

- Buildings 20 years
- Fixtures and fittings 5 to 10 years
- Computer hardware 3 to 5 years
- Vehicles 4 years
- Office furniture and equipment 5 to 10 years

Leases

Asset leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Assets acquired under finance lease are depreciated over the shorter of the assets' useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Impairment of assets other than goodwill

Assets that are subject to amortisation are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable value.

Financial assets

Financial assets are accounted for at trade date.

Investments in non-consolidated companies

The Group holds shares in companies without exercising significant influence or control. Investments in non-consolidated companies are treated as assets available for sale and recognised at their fair value. For listed shares, fair value corresponds to the share price at closing date. In the absence of an active market for the shares, the investments in non-consolidated companies are carried at historical cost. An impairment cost is recognised when there is objective evidence of a permanent impairment in value. The most common financial criteria used to determine fair value are equity and earnings outlooks. Gains and losses arising from variation in the fair value of available for sale assets are recognised as "items recognised directly in equity". If there is evidence that an asset is permanently impaired, the cumulative loss is written off in the income statement under "Other financial income and expense".

Loans, trade accounts and notes receivable

Loans are part of non-current financial assets. Loans, trade accounts and notes receivable are recorded initially at their fair value and subsequently at their amortised value. The nominal value represents usually the initial fair value for trade accounts and notes receivable. In case of deferred payment over one year, where the effect is significant on fair value, trade accounts and notes receivables are discounted. Where appropriate, a provision is raised on an individual basis to take likely recovery problems into account.

Effective from 1 January 2006, certain service arrangements might qualify for treatment as lease contracts if they convey a right to use an asset in return for payments included in the overall contract remuneration. If service arrangements contain a lease, the Group is considered to be the lessor regarding its customers. Where the lease transfers the risks and rewards of ownership of the asset to its customers, the Group recognises assets held under finance lease and presents them as "Trade accounts and notes receivable" for the part that will be settled within 12 months, and "Non-current financial assets" for the part beyond 12 months.

Assets securitisation

Assets securitisation programmes, in which the Group retains substantially all the risks and rewards of ownership of the transferred assets, do not qualify for de-recognition. A financial liability for the consideration received is recognised. The transferred assets and the financial liability are valued at their amortised costs.

Derivative financial instruments

Derivative instruments are recognised as financial assets or liabilities at their fair value. Any change in the fair value of these derivatives is recorded in the income statement as a financial income or expense, except when they are eligible for hedge accounting, whereupon:

- for fair value hedging of existing assets or liabilities, the hedged portion of an instrument is measured on the balance sheet at its fair value. Any change in fair value is recorded as a corresponding entry in the income statement, where it is offset simultaneously against changes in the fair value of hedging instruments.

- for cash flow hedging, the effective portion of the change in fair value of the hedging instrument is directly offset in shareholders' equity as "items recognised directly in the equity". The change in value of the ineffective portion is recognised in "Other financial income and expenses". The amounts recorded in net equity are transferred to the income statement simultaneously to the recognition of the hedged items.

Cash and cash equivalents

Cash and cash equivalents include cash at bank, and money market securities that are convertible into cash at very short notice and are not exposed to any significant risk of impairment. Money market securities are recognised at their fair value. Changes in fair value are recorded in the income statement under "Other financial income and expenses".

Treasury stock

Atos Origin shares held by the parent company are recorded at their acquired cost as a deduction from consolidated shareholders' equity. In the event of a disposal, the gain or loss and the related tax impacts are recorded as a change in consolidated shareholders' equity.

Pensions and similar benefits

Employee benefits are granted by the Group through defined contribution and defined benefit plans. Defined contribution costs are recognised in the income statement based on contributions paid or due in respect of the accounting period when the related services have been accomplished by beneficiaries.

The valuation of Group commitments in respect of defined benefit plans is based on a single actuarial method known as the "projected unit credit method". This method relies in particular on projections of future benefits to be paid to Group employees, by anticipating the effects of future salary increases. Its implementation further includes the formulation of specific assumptions, detailed in note 13, which are periodically updated, in close liaison with external actuaries used by the Group.

Plan assets usually held in separate legal entities are measured at their fair value, determined at closing.

From one accounting period to the other, any difference between the projected and actual amounts of commitments in respect of pension plans and their related assets is cumulated at each benefit plan's level to form actuarial differences. These actuarial differences may result either from changes in actuarial assumptions used, or from experience adjustments generated by actual developments differing, in the accounting period, from assumptions determined at the end of the previous accounting period.

Group final option in terms of recognition method for actuarial differences has not been elected yet, since a new option has been introduced under IAS 19 to recognise these actuarial differences through equity. By application of the "corridor" method, the Group therefore continues to recognise in its profit and loss account only the portion of cumulated actuarial differences which is above a normative fluctuation margin of 10% of the greater, at closing, of plan commitments and their related assets. This portion is amortised over the remaining active life of the beneficiaries of each particular benefit plan.

The measurement of pension commitments is highly sensitive to the evolution of long term interest rates on which the discount rate to be used has to be based. To better reflect this significant market evolution, the Group has elected to request interim actuarial updates of the measurement of the pension liabilities, and related assets, of its main pension plans when significant rates evolution occur.

Interest costs on obligations, net of expected returns on plans assets are recognised in other financial income.

Provisions

Provisions are recognised when the Group has a present legal, regulatory, contractual or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably quantified.

Provisions are discounted when the time value effect is material. The provision revaluation at each accounting period results in a provision increase recognised in financial expenses.

Borrowings

Borrowings are recognised initially at fair value, net of debt issuance costs. Borrowings are subsequently stated at amortised costs. The calculation of the effective interest rate takes into account interest payments and the amortisation of the debt issuance costs.

Debt issuance costs are amortised in financial expenses over the life of the loan. The residual value of issuance costs for loans repaid in advance is expensed in the year of repayment.

Bank overdrafts are recorded in the current portion of borrowings.

The Group does not capitalise borrowing costs as part of the costs of acquired assets.

Minority interest purchase commitments

Firm or conditional commitments under certain conditions to purchase minority interests are similar to a purchase of shares and are recorded in borrowings with an offsetting reduction of minority interests. When the cost of the purchase exceeds the amount of minority interests, the Group had chosen to recognise the balance as goodwill. Any further change in the fair value of the minority purchase commitment will also be recorded in goodwill.

Revenue Recognition

The Group provides information technology (IT) and business process outsourcing (BPO) services. Depending on the structure of the contract, revenue is recognised accordingly to the following principles :

Revenue based on variable IT work units is recognised as the services are rendered.

Revenue from fixed price contracts such as Consulting and Systems Integration contracts, is recognised using the percentage-of-completion (POC) method. Under the POC method, revenue is recognised based on the costs incurred to date as a percentage of the total estimated costs to fulfil the contract. Revenue relating to these contracts is recorded in the Consolidated Balance Sheet under "Trade accounts and notes receivable" for services rendered in excess of billing, while billing exceeding services rendered is recorded as deferred income under "Other current liabilities".

Annual contractual revenue for long-term fixed price Managed Operations services is generally structured in a manner to reflect the cost completion over the contract term and is recognised based on this structure throughout the contract term.

If circumstances arise, that change the original estimates of revenues, costs, or extent of progress toward completion, then revisions to the estimates are made. The company performs ongoing profitability analyses of its services contracts in order to determine whether the latest estimates of revenue, costs, profits, require updating. If, at any time, these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately through a provision for estimated losses on completion.

Revenue is reported net of supplier costs when the Group is acting as an agent between the client and the supplier. Factors generally considered to determine whether the Group is a principal or an agent, are most notably whether it is the primary obligor to the client, it assumes credit and delivery risks, or it adds meaningful value to the supplier's product or service.

The Group enters into multiple-element arrangements, which may include combinations of different services. Revenue is recognized for the separate elements when they have been subject to separate negotiation, the contractor and customer have been able to accept or reject that part of the contract relating to each component, and, each component's costs and revenues can be identified. A group of contracts is combined and treated as a single contract when that group of contracts is negotiated as a single package and the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin, and the contracts are performed concurrently or in a continuous sequence.

Upfront payments to clients incurred at contract inception are recorded in "Other current assets" and spread on a straight-line basis as a reduction of revenue over the term of the contract.

Transition costs

Costs related to delivering Managed Operations services are generally expensed as incurred. However, certain transition costs incurred in the initial phases of outsourcing contracts can be deferred and expensed over the contract term, provided that they will be recovered. Capitalised transition costs are classified in "Trade accounts and notes receivable" of the Consolidated Balance Sheet and amortisation expense is recorded in operating expenses in the Consolidated Income Statements.
In case the contract turns to be loss-making, capitalised transition costs are impaired for the related forecasted loss, before recognising an additional provision for estimated losses on completion when necessary.

Other operating income and expenses

"Other operating income and expenses" covers income or expense items that are unusual, abnormal or infrequent. They are presented below the operating margin in line with the CNC recommendation of 27 October 2004.

Classification of restructuring costs in the income statement depends on the nature of the restructuring:

- Restructurings directly in relation with operations are classified within Operating Margin,
- Restructurings related to business combinations or qualified as large and unusual are classified in Operating Income.

When accounting for business combinations, the Group may record provisions for risks, litigation, etc. in the opening balance sheet for a period of 12 months beyond the business combination date. After the 12-month period, any unused provision arising from changes in circumstances are recorded through the Income Statement under “Other operating income and expenses”.

“Other operating income and expenses” also include the annual charge for stock options, restructuring costs as defined above, major litigation, capital gains and losses on the disposal of tangible and intangible assets, and impairment losses on assets other than financial assets.

Share-based payments

Stocks options are granted to management and certain employees at regular intervals. These equity-settled share-based payments are measured at fair-value at the grant date using the binomial option-pricing model. Changes in the fair value of options after the grant date have no impact on the initial valuation. The fair value of share options is recognised in “Other operating income and expenses” on a straight-line basis over the period during which those rights vest, using the straight-line method, with the offsetting credit recognised directly in equity.

In some tax jurisdictions, Group’s entities receive a tax deduction when stock options are exercised, based on the Group share price at the date of exercise. In those instances, a deferred tax asset is recorded for the difference between the tax base of the employee services received to date (being the future tax deduction allowed by local tax authorities) and the current carrying amount of this deduction, being nil by definition. Deferred tax assets are estimated based on the Group’s share price at each closing date, and are recorded in income tax provided that the amount of tax deduction does not exceed the amount of the related cumulative stock option expenses to date. The excess, if any, is recorded directly in the equity.

Corporate income tax

The income tax charge includes current and deferred tax expenses. For the purposes of the interim condensed consolidated financial statements, consolidated income tax expense is determined by applying the estimated effective tax rate for the full year to the “half-year net income before tax”. The estimated effective tax rate for the full-year is determined on the basis of forecasted current and deferred tax expense for the year in the light of full-year earnings projections.

Deferred tax is calculated wherever temporary differences occur between the tax base and the consolidated base of assets and liabilities, using the liability method. Deferred tax is valued using the enacted tax rate at the closing date that will be in force when the temporary differences reverse.

Deferred tax assets and liabilities are netted off at the taxable entity level, when there is a legal right to offset. Deferred tax assets corresponding to temporary differences and tax losses carried forward are recognised when they are considered to be recoverable during their validity period, based on historical and forecast information.

Deferred tax liabilities for taxable temporary differences relating to goodwill are recognised, to the extent they do not arise from the initial recognition of goodwill.

Earnings per share

Basic earnings per share is calculated by dividing the net income (Group share) by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net income (Group share), adjusted for the financial cost (net of tax) of dilutive debt instruments, by the weighted average number of ordinary shares outstanding during the period, plus the average number of shares which, according to the share buyback method, would have been outstanding had all the issued dilutive instruments been converted (stock options and convertible debt).

The dilutive impact of each convertible instrument is determined in order to maximise the dilution of basic earnings per share. The dilutive impact of stock options is assessed based on the average price of Atos Origin shares over the period.

8.2.5.3 Financial risk management

The Group's activities expose it to a variety of financial risks including liquidity risk, cash flow interest rate risk, credit risk and currency risk. Financial risk management is carried out by the Global Treasury Department and involves minimising potential adverse effects on the Group's financial performance.

Liquidity risk

Liquidity risk management involves maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Credit facilities are subject to financial covenants that are carefully followed by the Global Treasury Department.

Cash flow interest rate risk

Cash flow interest rate risk arises mainly from borrowings. The management of exposure to interest rate risk encompasses two types:

- A price risk on fixed-rate financial assets and liabilities. For example, by contracting a fixed-rate liability, the Group is exposed to potential opportunity losses should interest rates fall. A change in interest rates would impact the market value of fixed-rate financial assets and liabilities. However, this loss of opportunity would not impact financial income and expenses as reported in the Consolidated Income Statement and, as such, future net income of the Company up to maturity of these assets and liabilities.
- A cash-flow risk on floating-rate financial assets and liabilities should interest rates increase.

The main objective of managing overall interest rate on the Group's debt is to minimise the cost of debt and to protect the Group against fluctuation in interest rates by swapping to fixed rate a portion of the floating-rate financial debt. Authorised derivative instruments used to hedge the debt are swap contracts entered with leading financial institutions.

Credit risk

The Group has no significant concentrations of credit risk. The client selection process and related credit risk analysis is fully integrated within the global risk assessment project conducted throughout the life cycle of a project. Derivative counterparties and cash transactions are limited to high-credit quality financial institutions.

Currency risk

The Group's financial performance is not materially influenced by fluctuations in exchange rate since a significant portion of the business takes place within the euro zone and costs and revenues are generally denominated in the same currency. The main residual exposures are primarily in UK pounds and US dollars.

The Group has established a policy for managing foreign exchange positions resulting from commercial and financial transactions denominated in currencies different from the local currency of the relevant entity. According to this policy, any material exposure must be hedged as soon as it occurs. In order to hedge its foreign exchange rate exposure, the Group uses a variety of financial instruments, mainly forward contracts and foreign currency swaps.

Price risk

The Group has no material exposure to the price of equity securities, nor is it exposed to commodity price risks.

Note 1 Change of scope of consolidation

During the first semester of 2006, there has been no new business combination. Two disposals have been recorded beginning of 2006:

- The Group sold its activities located in the Middle-East area. These were mainly Systems Integration activities.
- The Group sold to its Management Nolan, Norton & Co., a specific consulting business in the Netherlands.

The effects of the disposals are the following :

(in EUR million)	Disposals
Reversal of net goodwill	1.9
Selling price	26.2
Profit on disposal	3.2
Cash and cash equivalent disposed	_
To be received in followings years	22.9
Cash-in linked to the disposals of the year	3.3

Note 2 Segment information

Primary reporting format – geographical segments

The Group is organised on a worldwide basis into seven geographical segments. Geographical segments are made of the following countries:

Geographic segments	Countries
France	France
The Netherlands	The Netherlands
United Kingdom	United Kingdom
Germany and Central Europe	Germany, Switzerland, Poland, Austria
Other European countries, Middle-East and Africa	Belgium, Luxembourg, Sweden, Norway, Italy, Spain, Portugal, Andorra, Greece, Turkey, Saudi Arabia, Dubai, Bahrain, Morocco, South Africa
Americas	United States of America, Mexico, Argentina, Brazil, Chile, Peru, Colombia, Venezuela
Asia-Pacific	China, Taiwan, Japan, Malaysia, Singapore, Thailand, Indonesia, India

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

The geographical primary segment information for the period ended 30 June 2006 is as follows:

(in EUR million)	France	United Kingdom	The Netherlands	Germany and Central Europe	Other EMEA	Americas	Asia-Pacific	Unallocated (1)	Eliminations	Total Group
Income statement										
External revenue by segment	809.1	541.4	518.6	289.2	374.6	98.3	64.7			2,695.8
%	30.0%	20.1%	19.2%	10.7%	13.9%	3.6%	2.4%			100.0%
Inter-segment revenue	23.2	57.8	14.7	7.8	19.6	5.7	15.2	14.9	(158.9)	
Total revenue	832.3	599.2	533.3	296.9	394.2	103.9	79.9	14.9	(158.9)	2,695.8
Operating margin before allocation of corporate costs	**52.7**	**27.4**	**53.6**	**18.5**	**13.4**	**5.0**	**3.7**	**(35.6)**		**138.7**
%	6.5%	5.1%	10.3%	6.4%	3.6%	5.1%	5.7%			5.1%
Allocation of corporate costs	(8.6)	(6.5)	(6.7)	(3.3)	(6.5)	(1.4)	4.7	28.2		
%	-1.1%	-1.2%	-1.3%	-1.2%	-1.7%	-1.4%	7.3%			
Operating margin after allocation of corporate costs	44.1	20.9	46.9	15.2	6.9	3.6	8.4	(7.3)		138.7
%	5.4%	3.9%	9.0%	5.2%	1.9%	3.7%	12.9%			5.1%
Operating Income before allocation of corporate costs	**42.0**	**30.1**	**54.9**	**18.2**	**(52.0)***	**5.5**	**3.7**	**(43.8)**		**58.5**
%	5.2%	5.6%	10.6%	6.3%	-13.9%	5.6%	5.7%			2.2%
Profit before tax										53.0
Income tax expense										(35.0)
Net income										18.0

(1) Central structure costs unallocated by service line

(*) Including EUR 60 million impairment charge as detailed in note 10-Goodwill

The geographical primary segment information for the period ended 30 June 2005 was as follows:

(in EUR million)	France	United Kingdom	The Netherlands	Germany and Central Europe	Other EMEA	Americas	Asia-Pacific	Unallocated (1)	Eliminations	Total Group
Income statement										
External revenue by segment	730.8	587.7	508.0	273.3	467.3	92.7	65.3	0.4		2,725.4
%	26.8%	21.6%	18.6%	10.0%	17.1%	3.4%	2.4%			100.0%
Inter-segment revenue	26.1	22.4	18.3	8.1	20.6	5.9	11.3	18.7	(131.4)	
Total revenue	756.9	610.1	526.3	281.3	487.9	98.5	76.6	19.2	(131.4)	2,725.4
Operating margin before allocation of corporate costs	**56.5**	**48.8**	**59.4**	**15.4**	**26.8**	**0.7**	**5.6**	**(30.0)**		**183.1**
%	7.7%	8.3%	11.7%	5.6%	5.7%	0.7%	8.6%	-1.1%		6.7%
Allocation of corporate costs	(7.7)	(6.9)	(6.3)	(3.1)	(6.9)	(1.2)	1.5	30.6		
%	-1.1%	-1.2%	-1.2%	-1.1%	-1.5%	-1.2%	2.3%			
Operating margin after allocation of corporate costs	48.8	41.9	53.1	12.3	19.9	(0.5)	7.1	0.5		183.1
%	6.7%	7.1%	10.5%	4.5%	4.3%	-0.5%	10.9%			6.7%
Operating Income before allocation of corporate costs	**52.2**	**47.6**	**33.5**	**16.8**	**12.7**	**(0.3)**	**6.5**	**27.1**		**196.3**
%	7.1%	8.1%	6.6%	6.1%	2.7%	-0.3%	10.0%	1.0%		7.2%
Profit before tax										164.1
Income tax expense										(39.1)
Net income										125.2

(1) Central structure costs unallocated by service line

Secondary reporting format – Information by service line

The secondary segment information for the year ended 30 June 2006 is as follows:

(in EUR million)	Consulting	Systems integration	Managed operations	Unallocated (1)	Total Group
External revenue	206.4	1,130.5	1,358.8		**2,695.8**
Operating margin before allocation of corporate costs	22.8	34.7	116.8	(35.6)	138.7
% margin	11.0%	3.1%	8.6%	-1.3%	**5.1%**

(1) Central structure costs unallocated by service line

The secondary segment information for the period ended 30 June 2005 was as follows:

(in EUR million)	Consulting	Systems integration	Managed operations	Unallocated (1)	Total Group
External revenue	226.8	1,134.3	1,364.3		**2,725.4**
Operating margin before allocation of corporate costs	33.9	65.7	113.6	(30.0)	183.1
% margin	14.9%	5.8%	8.3%	-1.1%	**6.7%**

(1) Central structure costs unallocated by service line

Note 3 Personnel expenses

(In EUR million)	6 months ended 30 June 2006	% revenue	6 months ended 30 June 2005	% revenue	12 months ended 31 December 2005	% revenue
Wages and salaries	(1,159.1)	-43.0%	(1,112.1)	-40.8%	(2,226.1)	-40.8%
Social security charges	(319.5)	-11.8%	(319.0)	-11.7%	(614.8)	-11.3%
Tax, training, profit-sharing	(29.2)	-1.1%	(29.9)	-1.1%	(63.5)	-1.1%
Net charge to provisions for pensions	(2.6)	-0.1%	(6.4)	-0.2%	17.6	0.3%
Total	**(1,510.4)**	**-56.0%**	**(1,467.4)**	**-53.8%**	**(2,886.8)**	**-52.9%**

Note 4 Operating expenses

(In EUR million)	6 months ended 30 June 2006	% revenue	6 months ended 30 June 2005	% revenue	12 months ended 31 December 2005	% revenue
Purchase for selling and royalties	(152.8)	-5.7%	(212.3)	-7.8%	(336.1)	-6.2%
Sub-contracting costs	(283.6)	-10.5%	(297.8)	-10.9%	(599.8)	-11.0%
Premises costs	(115.2)	-4.3%	(97.2)	-3.6%	(210.8)	-3.9%
Means of production	(208.5)	-7.7%	(197.2)	-7.2%	(434.8)	-7.9%
Telecommunications	(58.3)	-2.2%	(43.1)	-1.6%	(106.2)	-1.9%
Travelling expenses	(61.3)	-2.3%	(61.3)	-2.2%	(123.8)	-2.3%
Taxes, other than corporate income tax	(14.5)	-0.5%	(13.1)	-0.5%	(23.3)	-0.4%
Other operating expenses	(73.8)	-2.7%	(125.5)	-4.6%	(220.7)	-4.0%
Sub-total expenses	**(968.0)**	**-35.9%**	**(1,047.6)**	**-38.4%**	**(2,055.4)**	**-37.6%**
Depreciation of fixed assets	(87.8)	-3.3%	(62.3)	-2.3%	(153.0)	-2.8%
Net depreciation of current assets	0.5	0.0%	3.2	0.1%	7.2	0.1%
Net charge to provisions	8.6	0.3%	31.8	1.2%	42.1	0.8%
Sub-total depreciation and provisions	**(78.7)**	**-2.9%**	**(27.3)**	**-1.0%**	**(103.7)**	**-1.9%**
Total	**(1,046.7)**	**-38.8%**	**(1,074.9)**	**-39.4%**	**(2,159.1)**	**-39.5%**

Note 5 Other operating income and expenses

(In EUR million)	6 months ended 30 June 2006	6 months ended 30 June 2005	12 months ended 31 December 2005
Restructuring and rationalization	(7.8)	(36.1)	(56.5)
Net profit /(charge) relating to major litigations	(12.1)	(2.7)	3.6
Release of opening balance sheet provisions no longer needed	6.4	16.5	45.8
Capital gains and losses on disposal of assets	(1.0)	51.8	40.2
Impairment losses on long-term assets	(60.0)	(9.4)	(44.5)
Stock options	(5.7)	(6.9)	(13.9)
Total	**(80.2)**	**13.1**	**(25.2)**

The 2006 restructuring and rationalization expense is lower than 2005 as the Sema acquisition restructuring programs are almost entirely done.

The net charge relating to major litigations corresponds to extra-ordinary settlement and litigations with third parties, essentially in France and in the United Kingdom.

The release of opening balance sheet provisions no longer needed mainly relates to positive settlement on tax related exposures.

On 29 March 2006, the Group announced a stock option plan with an exercise price of EUR 59.99 under which 1,147,990 options were issued. The corresponding charge for the period is EUR 2.8 million out of a total charge of EUR 5.7 million over the period.

The EUR 60.0 million impairment losses on long-term assets result from a review of the fair value of long-term assets as detailed in note 10- Goodwill.

Note 6 Net financial income

Net cost of financial debt

(In EUR million)	6 months ended 30 June 2006	6 months ended 30 June 2005	12 months ended 31 December 2005
Net Interest expenses	**(11.3)**	**(15.0)**	**(22.8)**
Gain /(loss) on disposal of cash equivalents	2.4	2.0	3.6
Gain/(loss) on interest rate hedges of financial debt	(2.2)	(2.6)	(5.5)
Net cost of financial debt	**(11.1)**	**(15.6)**	**(24.7)**

The average net debt during the first half-year 2006 was EUR 339.4 million, with an average net cost of financial debt amounting 5.3% before interests swaps and to 6.5% after interests swaps.

Other financial income and expenses

(In EUR million)	6 months ended 30 June 2006	6 months ended 30 June 2005	12 months ended 31 December 2005
Foreign exchange income and hedge-related	1.0	1.7	6.4
Other financial income	5.0		
Financial income	**6.0**	**1.7**	**6.4**
Discounting financial expenses	(0.3)	(2.0)	(3.3)
Other financial expenses		(16.3)	(12.5)
Financial expenses	**(0.3)**	**(18.3)**	**(15.8)**
Other financial income and expenses	**5.7**	**(16.6)**	**(9.4)**

The EUR 5 million of Other financial income mainly relates to pensions, and represents the positive difference between the interests cost and the expected return on plan assets compared with a negative difference of EUR 0.2 million for the first half-year 2005.

The 2005 other financial expenses were strongly impacted by the depreciation of a non-current financial asset and by the impairment of the unamortised residual cost of the previous syndicated loan.

Note 7 Tax Charge

Current and deferred taxes

(In EUR million)	6 months ended 30 June 2006	6 months ended 30 June 2005	12 months ended 31 December 2005
Current taxes	(29.9)	(17.9)	(47.6)
Deferred taxes	(5.1)	(21.2)	(60.5)
Total	**(35.0)**	**(39.1)**	**(108.1)**

Effective tax rate

The difference between the French standard rate of tax and the effective rate is as follows :

(In EUR million)	6 months ended 30 June 2006	6 months ended 30 June 2005	12 months ended 31 December 2005
Net income before tax	53.1	164.1	353.7
French standard rate of tax	34.4%	34.9%	34.9%
Theoretical tax charge at French standard rate	(18.3)	(57.3)	(123.6)
Impact of permanent differences	(19.3)	8.3	(20.5)
Differences in foreign tax rates	9.1	8.4	26.0
Impact of unrecognized tax assets	1.6	(8.4)	19.4
Other	(8.1)	9.9	(9.4)
Group tax charge	**(35.0)**	**(39.1)**	**(108.1)**
Effective tax rate	**65.9%**	**23.8%**	**30.6%**
Effective tax rate before goodwill impairment	**31.0%**	**22.5%**	**27.1%**

The effective tax rate for the first half of 2006 is 65.9 %. Adjusted for Goodwill impairment (EUR 60.0 million), the effective tax rate for the group is 31.0%. This rate corresponds to the estimated effective tax rate for the year in accordance with IAS 34 on interim financial reporting.

Note 8 Minority interests

(In EUR million)	31 December 2005	Income Statement	Others	30 June 2006
AEMS	142.7	5.5	(0.7)	147.5
AWP GmbH	4.2	0.5	-	4.7
Others	6.3	1.6	(2.0)	5.9
Total	**153.2**	**7.6**	**(2.7)**	**158.1**

Note 9 Earnings per share

The dilutive instruments are composed of stock options which do not generate any restatement on the net income used for the diluted earnings per share calculation.

Basic and diluted earnings per share are reconciled as follows :

	6 months ended 30 June 2006	6 months ended 30 June 2005	12 months ended 31 December 2005
Net income - Group share [a]	**10.4**	**121.3**	**235.4**
Weighted average number of shares outstanding [b]	67,424,238	67,051,174	67,169,757
Impact of dilutive instruments [c]	598,489	596,106	466,857
Diluted weighted average number of shares [d]=[c]+[b]	68,022,727	67,647,280	67,636,614
Earnings per share in EUR [a]/[b]	**0.15**	**1.81**	**3.50**
Diluted earnings per share in EUR [a]/[d]	0.15	1.79	3.48

The total average number of stock options not exercised on first half of 2006 amounted to 6,639,482 shares, out of which only 598,489 have a dilutive effect on the earning per share.

Note 10 Goodwill

(In EUR million)	31 December 2005	Acquisition/ depreciation	Disposals	Others	Exchange rate fluctuations	30 June 2006
Gross value	2,218.4	0.1	(1.9)	(1.5)	(16.7)	2,198.4
Impairment loss	(46.0)	(60.0)			0.2	(105.8)
Carrying amount	**2,172.4**	**(59.9)**	**(1.9)**	**(1.5)**	**(16.5)**	**2,092.6**

Goodwill is allocated to the Group's cash generating units (CGUs) by geographical segment.
The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial business plans approved by management, covering a three-year period.

The difficult market conditions led to an update of the impairment test at Group level based on lower long term growth assumptions and higher discount rates. It led to a EUR 60 million impairment charge, fully attributable to Italy, where profitability is below the Group average and is deteriorating due to the tough Italian environment. The remaining goodwill for Italy amounts to EUR 10.4 million as of 30 June 2006.

The discount rate used for the Italian test was 9.6% corresponding to a pre-tax discount rate of 17.6% compared to respectively 8.6% and 12.4% in 2005.

Note 11 Trade accounts and notes receivable

(In EUR million)	30 June 2006	31 December 2005
Gross value	1,588.7	1,596.9
Provision for doubtful debts	(31.1)	(33.9)
Net asset value	**1,557.6**	**1,563.0**
Prepayments	(23.3)	(23.9)
Deferred income and amounts due to customers	(267.1)	(342.5)
Net accounts receivable	1,267.2	1,196.6
Number of days' sales outstanding	**69**	**63**

Note 12 Cash and cash equivalent

(In EUR million)	30 June 2006	31 December 2005
Cash in hand and short term bank deposit	262.0	530.8
Money market funds	8.9	2.7
Total	**270.9**	**533.5**

Depending on market conditions and short-term cash flow expectation, Atos Origin may from time to time invest in Money Market Funds for a maturity not exceeding three months.

Note 13 Pension

The net total amount recognised in the balance sheet in Group accounts in respect of pension plans and assimilated benefits is EUR 483.2 million.

Group commitments are located predominantly in the United Kingdom (56% of Group total obligations), in the Netherlands (35%), and in Germany (4%).

The measurement of the related liabilities is highly sensitive to long term interest rates, on which the discount rate to be used under IAS 19 is based. Reference discount rates used end of 2005 were historically very low (4.75% in the United Kingdom and 4% in the Eurozone), and have significantly increased during the first half 2006 to 5.25% in the United Kingdom and 4.8% in the Eurozone.

To better reflect this significant market evolution in its June accounts, the Group has elected to request interim actuarial updates of the measurement of the pension liabilities, and related assets, of its main pension plans. As a consequence, unrecognised actuarial losses of EUR 150.8 million as at 31 December 2005 have been more than compensated by net actuarial gains generated trough the update of discount rates and fair value of assets. The net resulting position as at 30 June 2006 is an unrecognised gain of EUR 68.5 million.

(In EUR million)	30 June 2006	31 December 2005
Amounts recognised in financial statements consist of :		
Prepaid pension asset - Post employment plans	7.7	5.5
Accrued liability - Post employment plans	(465.6)	(462.8)
Accrued liability - Other long term benefits	(25.3)	(26.4)
Net amount recognised – Total	**(483.2)**	**(483.7)**
Reconciliation of prepaid (accrued) Benefit cost		
Funded Status - post employment plans	(397.1)	(616.1)
Funded Status - other long term benefit plans	(25.3)	(26.4)
Unrecognised Actuarial (Gain) Loss	(68.5)	150.8
Unrecognised Past Service Cost	8.4	8.5
Any other amount not recognised (asset ceiling limitation, ...)	(0.7)	(0.5)
Prepaid (Accrued) Pension Cost	**(483.2)**	**(483.7)**
Of which non-current financial assets	*7.7*	*5.5*
Reconciliation of net amount recognised		
Net amount recognised at beginning of year	**(483.7)**	**(522.2)**
Net periodic pension cost – Post employment plans	(40.1)	(31.9)
Benefits paid by employer - Post employment plans	5.4	7.0
Employer contributions for - Post employment plans	31.3	61.8
Business combinations / disposals	-	8.6
Other (other long term benefit, exchange rate)	3.9	(7.0)
Net amount recognised at end of year	**(483.2)**	**(483.7)**

Note 14 Provisions

(In EUR million)	31 December 2005	Charge	Release used	Release unused	Other (a)	30 June 2006	Current	Non Current
Reorganization	30.7	14.2	(26.5)	(0.4)	(0.2)	17.8	17.8	
Rationalization	44.2	1.0	(5.0)	(0.4)	(1.7)	38.1	12.5	25.6
Project commitments	65.8	3.0	(9.5)	(2.2)	(0.8)	56.3	56.3	
Litigation and contingencies	111.6	10.7	(3.0)	(11.1)	(2.1)	106.1		106.1
Total provisions	**252.4**	**28.9**	**(44.0)**	**(14.1)**	**(4.9)**	**218.3**	**86.6**	**131.7**

(a) Other movements mainly consist of the translation adjustment resulting from the translation of the provisions of the entities outside the Euro zone.

Movements on the provisions impact the income statement aggregates as follows :

(In EUR million)	Charge	Release Unused	Sub-total	Release Used
Operating margin	(15.5)	6.2	(9,3)	16.2
Other operating items	(12.8)	7.6	(5,2)	27.7
Financial result	(0.6)	0.3	(0,3)	0.1
Total Income Statement impact	**(28.9)**	**14.1**	**(14,8)**	**44.0**

(b) « unused » means without costs in counterpart in the income statement and without cash outflow in the cash flow statement.
(c) « used » means consumed in the period with costs in counterpart in the income statement and with cash outflow in the cash flow statement.

Note 15 Borrowings

(In EUR million)	30 June 2006			31 December 2005		
	Current	Non-Current	Total	Current	Non-Current	Total
Finance leases	(26.2)	(24.7)	(50.9)	(27.1)	(32.8)	(59.9)
Bank loans	(6.1)	(364.0)	(370.1)	(5.6)	(450.5)	(456.1)
Securitization	(144.2)	-	(144.2)	(140.7)	-	(140.7)
Other borrowings	(12.0)	(19.6)	(31.6)	(28.0)	(22.8)	(50.8)
Total borrowings	**(188.5)**	**(408.3)**	**(596.8)**	**(201.4)**	**(506.2)**	**(707.6)**

Tangible assets held under finance leases had a net carrying value of EUR 51.2 million.

Non-current borrowings maturity

(In EUR million)	1 to 2 year	2 to 3 year	3 to 4 year	4 to 5 year	Over 5 years	Total
Finance leases	(15.2)	(7.2)	(1.6)	(0.7)	(0.0)	(24.7)
Bank loans	(0.7)	(0.6)	(0.2)	(360.5)	(2.0)	(364.0)
Other borrowings	(3.7)	(5.5)	(3.8)	(6.6)	(0.0)	(19.6)
As at 30 June 2006 long -term debt	**(19.6)**	**(13.3)**	**(5.6)**	**(367.8)**	**(2.0)**	**(408.3)**
As at 31 December 2005 long-term debt	(29.7)	(18.0)	(11.2)	(446.5)	(0.8)	(506.2)

Change in net debt over the period

(In EUR million)	Notes (*)	6 months ended 30 June 2006	6 months ended 30 June 2005
Opening net debt		**(180.5)**	**(491.6)**
New borrowings	-n	(251.1)	(791.9)
Repayment of long and medium-term borrowings	-o	363.0	940.8
Increase /(decrease) in cash and cash equivalents	q	(252.1)	(211.9)
Short-term financial receivables			163.0
Long and medium-term debt of companies purchased during the period	r		(1.5)
Long and medium-term debt of companies sold during the period	s		0.3
Impact of exchange rate fluctuations on net long and medium-term debt	t	(10.8)	27.3
Other changes (**)	u	5.6	2.0
Closing net debt		**(325.9)**	**(363.5)**

(*) For reconciliation to the consolidated cash flow statement and the cash flow by activity below

(**) Other changes include profit sharing amounts payable to French employees transferred to debt, IAS 32/39 impact and new finance lease over the period.

Cash flow by activity over the period

(In EUR million)	Notes (*)	6 months ended 30 June 2006	6 months ended 30 June 2005
Cash from operating activities	a	188.9	157.2
Income tax paid	b	(9.1)	1.2
Change in working capital requirement	c	(197.2)	(105.7)
Net cash from operating activities		**(17.4)**	**52.7**
Purchase of tangible and intangible assets	d	(95.5)	(81.0)
Proceeds from disposals of tangible and intangible assets	e	1.2	0.6
Net cash from operations		**(111.7)**	**(27.7)**
Other changes	j+k+l+m+p+t+u	(25.2)	14.9
Net cash before financial investments		**(136.9)**	**(12.6)**
Financial Investments	f+g+r	(15.4)	(17.4)
Proceeds from disposals of financial investments	h+i+s	6.9	158.2
Net financial investments		**(8.5)**	**140.8**
Net cash flow		**(145.5)**	**128.1**
Opening net debt		**(180.5)**	**(491.6)**
Closing net debt		**(325.9)**	**(363.5)**

(*) For reconciliation to the consolidated cash flow statement

Note 16 Fair value and characteristics of financial instruments

	30 June 2006		31 December 2005	
(In EUR million)	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	1.1	(2.3)	0.9	(6.2)
Interest rate swaps		(3.1)		(6.4)
Analysed as:				
Non-current		(3.1)		(6.4)
Current	1.1	(2.3)	0.9	(6.2)

Breakdown of the designation of the instruments per currency is as follows :

	30 June 2006		31 December 2005	
Instruments	Fair Value	Notional	Fair Value	Notional
Cash Flow Hedge				
Interest rate				
Swaps	(3.1)	413.0	(6.4)	273.0
Foreign exchange				
Forward contracts USD	(0.7)	17.8	0.6	21.5
Fair Value Hedge – Trading				
Foreign exchange				
Forward contract USD	(0.6)	34.7	(6.1)	94.3
Forward contract SEK			0.2	126.0
Forward contract GBP	0.1	1.7	(0.1)	3.7

The total EUR 413 million notional interest swaps include nine interest swaps starting on 30 June 2006 for a total amount of EUR 150 million, temporarily overlapping 5 existing interest swaps amounting to EUR 163 million which expired on 29 August 2006.

Note 17 Trade accounts and notes payable

(In EUR million)	30 June 2006	31 December 2005
Trade payables	584.0	579.6
Amounts payable on tangible assets	11.2	7.6
Total	**595.2**	**587.2**

Note 18 Other current liabilities

(In EUR million)	30 June 2006	31 December 2005
Advances and down payments received on client orders	23.3	23.9
Employee-related liabilities	263.7	305.6
Social security and other employee welfare liabilities	186.4	206.9
VAT payable	157.0	186.4
Deferred income	201.5	225.5
Other operating liabilities	101.9	162.6
Total	**933.8**	**1,110.9**

Note 19 Off-balance-sheet commitments

Contractual commitments

In EUR million	Maturing				
	30 June 2006	Up to 1 year	1 to 5 years	Over 5 years	31 Dec. 2005
Long-term borrowings (> 5 years)	370.0	6.1	362.0	1.9	456.1
Finance leases	50.9	26.2	24.7	0.0	59.9
Recorded on the balance sheet	**420.9**	**32.3**	**386.7**	**1.9**	**516.0**
Operating leases: land, buildings, fittings	576.7	107.3	360.7	108.7	587.3
Operating leases : IT equipment	127.5	53.9	73.6	0.0	146.0
Operating leases: other fixed assets	118.5	29.1	89.4	0.0	114.9
Non-cancellable purchase obligations (>5 years)	19.6	13.1	6.4	0.1	28.4
Commitments	**842.3**	**203.4**	**530.1**	**108.8**	**876.6**
Total	**1,263.2**	**235.7**	**916.8**	**110.7**	**1,392.6**

Commercial commitments

(In EUR million)	30 June 2006	31 December 2005
Performance guarantees	669.8	661.3
Bank guarantees	120.3	114.9
Pledges	1.0	1.3
Total	**791.1**	**777.5**

Note 20 Subsequent events

Acquisition of Banksys and BCC

Atos Origin, Banksys and Bank Card Company (BCC), as well as the four major shareholders of Banksys and BCC (Dexia, Fortis, ING, KBC), have announced the agreement of the acquisition of Banksys and BCC by Atos Origin. This new partnership will allow Banksys and BCC to play a key role in the current international market and it will allow the Group to become a European leader in payment services. The agreement was signed on Wednesday 19 July 2006 and the acquisition is expected to be finalized by the end of 2006, subject to approval by the European Competition Authorities.

The 2 companies have combined unaudited 2005 revenues of approximately EUR 300 million (under Belgium Gaap) and employ 1,100 people.

Announcement of the Italian restructuring programme

Despite good new business wins this year, the Italian market is getting more and more difficult and profitability is deteriorating. As a result, the Group has taken the decision to implement a significant restructuring programme in the country to reduce the number of management layers, re-profile the skills portfolio and replace sub-contractors by employees. The programme will be completed by the fourth quarter and the costs will be taken in the second half.

9 SUPERVISORY BOARD

Followings the ratification of the appointment of Vernon Sankey during the Annual Shareholders' Meeting on 23 May 2006, the Supervisory Board is now composed of the following members :

Name	Function	Date of appointment	Committee member	Term of offices (3)	Number of shares held (4)
Didier Cherpitel (1)	Chairman	2004	(a),(b),(c),(d)	2009	1,000
Dominique Bazy (1)	Member	1997	(a)	2009	20
Diethart Breipohl (1) (2)	Member	2004		2009	10
Philippe Germond (1)	Member	2003	(b),(c)	2009	50
Jan P. Oosterveld (2)	Member	2004	(b),(c),(d)	2007	10
Vernon Sankey (1) (2)	Member	2005		2007	500
Michel Soublin (1)	Member	2004	(a)	2007	500
Jean-François Theodore	Member	2000	(b),(d)	2009	10

1) Independent director
2) Foreign (non-French) national
3) Annual General Meeting to approve the fiscal year financial statements
4) Each member of the Supervisory Board must hold at least ten shares

(a) Audit Committee
(b) Investment Committee
(c) Remuneration Committee
(d) Nomination Committee

10 COMMON STOCK EVOLUTION AND SHARE PERFORMANCE

Atos Origin shares are traded on the Paris Eurolist Market under Euroclear code 5173 ISIN FR0000051732. They were first listed in Paris in 1995. The shares are not listed on any other stock exchange and Atos Origin SA is the only listed company in the Group.

10.1 TRADING OF SHARES (EURONEXT)

Number of shares traded	: 67,539,132
Sector classification	: Information Technology
Main index	: CAC AllShares
Other indices	: CAC IT, CAC IT20, CAC Next20, Euronext 100, SBF120
Market	: Eurolist segment A
Trading place	: Euronext Paris (France)
Tickers	: ATO (Euronext)
Code ISIN	: FR0000051732
Payability PEA / SRD	: Yes / Yes

10.2 COMMON STOCK

10.2.1 Common stock at 30 June 2006

At 30 June 2006, the Company's issued common stock amounted to EUR 67.5 million, comprising 67,539,132 fully paid-up shares of EUR 1 par value each. Changes in the total number of issued shares of the Company during the half-year come all from exercise of 175,667 stock subscription options.

Transactions	Number of shares issued	Common stock (in EUR million)	Additional paid-in capital (in EUR million)	Total (in EUR million)
At 31 December 2005	**67,363,465**	**67.4**	**1 252.8**	**1 320.2**
Shares issued at 31 March 2006	144,022	0.1	5.3	5.4
Shares issued at 30 June 2006	31,645	0.0	0.9	1.0
Through exercise of stock options	175,667	0.2	6.2	6.4
At 30 June 2006	**67,539,132**	**67.5**	**1 259.0**	**1 326.5**

10.2.2 Share ownership structure

Main shareholders

There was no major change in share ownership during the first half of 2006. The free-float of the Company's shares is almost 100% today.

Disclosure of interests

The Company has not been advised of any share movement in the first half of 2006.

10.2.3 Potential common stock

During the period, 1,147,990 new stock subscription options were granted to employees (of which 230,000 options were issued to the six members of the Management Board), at a share price of EUR 59.99.

This allotment is part of the 2006 annual grant to 1,248 Atos Origin employees in relation with the amount not utilized of the 8th resolution of the shareholders meeting held on 4 June 2004.

This grant corresponds to 1.70% of actual common stock. This allocation is in line with the recommendation of the Remuneration Committee meeting held on March 2005 to grant annually 1.75% of the common stock, with no more than 20% of such options being granted to the Management Board.

Number of stock subscription options at 31 December 2005	**6,145,432**
Stock subscription options granted in H1 2006	1,147,990
Stock subscription options exercised in H1 2006	-175,667
Stock subscription options forfeited in H1 2006	-20,140
Stock subscription options expired in H1 2006	-474,000
Number of Stock subscription options at 30 June 2006	**6,623,615**

A total of 494,140 stock subscription options were cancelled and 175,667 were exercised during the six months.

Based on 67,539,132 shares in issue, the common stock of the Company could be increased by 6,623,615 new shares, representing 8.9% of the common stock after dilution. This can occur only through the exercise of stock subscription options granted to employees.

In shares	30 June 2006	31 Dec. 2005	Change	% dilution	EUR million
Number of shares outstanding	**67,539,132**	**67,363,465**	**175,667**		
Stock subscription options	6,623,615	5,671,432	952,183	8.9%	402.6
Stock subscription warrants		474,000	-474,000		
Total Employees	**6,623,615**	**6,145,432**	**478,183**	**8.9%**	**402.6**
Total potential common stock	**74,162,747**	**73,508,897**	**653,850**		

The exercise of all the options and warrants would have the effect of increasing total shareholders' equity by EUR 403 million and common stock by EUR 6.6 million.

Nevertheless, 28% of stock subscription options granted to employees have an exercise price that exceeds the stock market price at 30 June 2006 (EUR 51.15), and 11% that exceeds the stock market price at 31 August 2006 (EUR 40.99)

Unused authorizations to issue shares and share equivalents

Having regard to resolutions voted during the Annual Shareholders Meeting on 23 May 2006, the unused authorizations to issue shares and share equivalents are the following :

Authorization (in EUR)	Amount authorized Par value	Amount utilized Par value	Amount not utilized Par value	Authorization expiry date
EGM 04/06/2004 8th resolution Stock subscription options	8,500,000	1,144,780 in 2005 1,147,990 in 2006	6,207,230	04/08/2007
Sub-total stock options			**6,207,230**	
EGM 03/06/2005 13th resolution Common stock increase with preferential subscription rights	22,400,000		22,400,000	03/08/2007
EGM 03/06/2005 15th resolution Common stock increase in payment for contributions in kind	6,716,075		6,716,075	03/08/2007
EGM 23/05/2006 *11th resolution* *Common stock increase without preferential subscription rights (in deduction of the 22.4 million authorization)*	*6,716,075*		*6,716,075*	*23/07/2008*
EGM 23/05/2006 14th / 15th resolutions Common stock increase reserved for employees (in connection or not with an employee savings plan)	6,750,748		6,750,748	23/07/2008 23/11/2007
Sub-total common stock			**35,866,823**	
Total			**42,074,053**	

The potential authorization to issue shares of 42 million of shares represents 62% of current issued common stock.

The following authorisation to cancel shares corresponds to 10% of the current issued common stock.

Authorisation (in EUR)	Amount authorised Par value	Amount utilised Par value	Amount not utilised Par value	Authorisation expiry date
EGM 23/05/2006 6th resolution Share cancellation	6,750,749		6,750,749	23/11/2007
Common stock			**6,750,749**	

10.3 DIVIDENDS

The AGM on 23 May 2006 approved the recommendation of the Supervisory Board not to pay a dividend this year. The Company has not paid any dividends in the last five years. The Group's current policy is to reinvest all net profits generated, in order to maximize capital growth over the medium-long term. This policy is reviewed at regular intervals.

10.4 SHARE TRADING PERFORMANCE

10.4.1 Monthly and quarterly trading volumes

Based on a closing share price of EUR 51.15 at the end of June 2006 and 67,539,132 shares in issue, the market capitalization of the Group at 30 June 2006 was EUR 3.5 billion.

Source : Euronext	High	Low	Closing	Weighted average price	Trading Volume (in thousands of shares)	Trading Volume (in EUR thousands)
		(in EUR per share)				
2006						
January	64.4	55.8	61.0	60.2	12,100	728,341
February	62.5	58.1	58.5	60.7	7,302	442,974
March	62.2	56.3	61.2	60.0	9,443	566,783
1st Quarter					**28,845**	**1,738,098**
April	65.2	57.2	59.5	61.4	8,657	531,629
May	59.9	51.7	53.7	56.0	9,631	538,977
June	55.9	49.2	51.2	51.9	9,366	486,039
2nd Quarter					**27,654**	**1,556,645**
% of capital traded during the period : 84%					**56,500**	**3,294,742**

The daily average number of shares traded during the first 6 months of 2006 was 445,000, an increase of 15% compared with the first six months last year. The monthly average trading volume during the first 6 months of 2006 was EUR 549 million, an increase of 31% compared with the first six months last year.

10.4.2 Post closing event

On 18 July 2006, the Group informed its shareholders that it was lowering its 2006 revenue growth objective to 3% and that the market consensus for the operating margin at 7.8% was too high, due to delays in new business and new estimate of costs to complete on a few contracts in the United Kingdom. As expected, the market reacted strongly to this announcement resulting in a -18% decline in Atos Origin share price from EUR 44.31 (17 July) to EUR 36.31 (18 July).

11 SHAREHOLDER RELATIONS

11.1 COMMUNICATION

The Company aims to provide regular and clear information to all its shareholders, whether private individuals or institutions. We ensure the uniformity and transparency of information through the distribution of formal financial documents, the Company's web site and personal meetings.

11.2 CONTACTS

Institutional investors, financial analysts and individual shareholders may obtain information from:

Virginia Jeanson
Tel. : + 33 (0) 1 55 91 26 32
E-mail : virginia.jeanson@atosorigin.com

Bertrand Labonde
Tel. : + 33 (0) 1 55 91 24 45
E-mail : bertrand.labonde@atosorigin.com

Or by sending requests for information to investors@atosorigin.com

11.3 SHAREHOLDER DOCUMENTATION

In addition to the Half-Year Report, which is published in English and French, the following information is available to shareholders:

An annual report
Quarterly revenue and trading update announcements
The Company's informational website at www.atosorigin.com
Regular press releases, available through the web site or via the AMF database

Legal documents relating to the Company bylaws, minutes of Shareholder Meetings, Auditors' reports, etc. may be viewed at the Company's registered office (Legal Department) by prior appointment.

11.4 REGISTRAR

The Company's share registrar and paying agent is Société Générale.

11.5 FINANCIAL CALENDAR

2006 Calendar	
▪ Tuesday, 31 October 2006	▪ Third quarter revenue for 2006
▪ Wednesday, 31 January 2007	▪ Fourth quarter revenue for 2006
▪ Wednesday, 28 February 2007	▪ Full year results for 2006
▪ Tuesday, 23 May 2007	▪ Annual General Meeting

12 PERSONS RESPONSIBLE FOR THE DOCUMENT AND THE AUDIT OF THE FINANCIAL STATEMENTS

12.1 PERSON RESPONSIBLE FOR THE DOCUMENT

Bernard Bourigeaud
Chairman of the Management Board

12.2 PERSON RESPONSIBLE FOR THE ACCURACY OF THE DOCUMENT

To the best of our knowledge, the information presented in this reference document fairly reflects the current situation and includes all information required by investors to assess the net asset position, activities, financial solvency, results and future prospects of the Company. We confirm that no information likely to have a material impact on the interpretation of these documents has been omitted.

Bernard Bourigeaud
Chairman of the Management Board

12.3 PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Statutory Auditors	Deputy Auditors
Grant Thornton Daniel Kurkdjian and Vincent Papazian	Cabinet IGEC, 3, rue Léon Jost, 75017 Paris
Appointed on: 30 May 2002 for a term of 6 years Term of office expires: at the end of the AGM held to adopt the 2007 financial statements	Appointed on: 30 May 2002 for a term of 6 years Term of office expires: at the end of the AGM held to adopt the 2007 financial statements
Deloitte & Associés Jean-Paul Picard and Jean-Marc Lumet	Cabinet B.E.A.S., 7/9, Villa Houssay 92200 Neuilly-sur-Seine
Appointed on: 23 May 2006 for a term of 6 years Term of office expires: at the end of the AGM held to adopt the 2011 financial statements	Appointed on: 23 May 2006 for a term of 6 years Term of office expires: at the end of the AGM held to adopt the 2011 financial statements

13 GLOSSARY – DEFINITIONS

Financial terms and Key Performance Indicators

- Current and non-current
- DSO
- EBITDA
- EPS
- Gearing
- Gross margin – Direct costs
- Indirect costs
- Interest cover ratio
- Leverage ratio
- Net debt
- Normalised EPS
- Normalised net income
- OMDA
- Operating income
- Operating margin
- Operational Capital Employed
- ROCE (Return Of Capital Employed)

Business Key Performance Indicators

- Attrition rate
- Backlog / Order cover
- Book-to-bill
- Direct and indirect staff
- External revenue
- Full Time Equivalent (FTE)
- Legal staff
- Order entry / bookings
- Organic revenue growth
- Permanent and temporary staff
- Pipeline
- Ratio S
- Subcontractors and interims
- TCV (Total Contract Value)
- Turnover
- Utilisation rate and non-utilisation rate

Business terms

- BPO
- CMM
- CRM
- ERP
- LAN
- MMS
- SCM
- WAN

Market terms

- Consensus
- Dilutive instruments
- Dividends
- Enterprise Value (EV)
- Free float
- Free float capitalisation
- Market capitalisation
- PEG (Price Earnings Growth)
- PER (Price Earnings Ratio)
- Volatility

13.1 FINANCIAL TERMS AND KEY PERFORMANCE INDICATORS USED IN THIS DOCUMENT

Operating margin. Operating margin comprises operating income before stock option charges, capital gains or losses on the disposal of assets, reorganisation and rationalisation costs, impairment losses on long-term assets, net charge to provisions for major litigations and the release of opening balance sheet provisions no longer needed.

Operating income. Operating income comprises net income before deferred and income taxes, net financial expenses, share of net income from associates and the results of discontinued operations.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation). For Atos Origin, EBITDA is based on Operating margin less non-cash items and is referred to as **OMDA** (Operating Margin before Depreciation and Amortisation)

OMDA (Operating Margin before Depreciation and Amortisation) is calculated as follows:

Operating margin
Less - Depreciation of fixed assets (as disclosed in the "Financial Report")
Less - Operating net charge of provisions (composed of net charge of provisions for current assets and net charge of provisions for contingencies and losses, both disclosed in the "Financial Report")
Less - Net charge of provisions for pensions (as disclosed in the "Financial Report")

Gross margin and **Indirect costs**. Gross margin is composed of revenues less the direct costs of goods sold. Direct costs relate to the generation of products and/or services delivered to customers, while indirect costs include all costs related to indirect staff (defined hereafter), which are not directly linked to the realisation of the revenue. The operating margin comprises gross margin less indirect costs.

Normalised net income. Net income (Group share) before unusual, abnormal and infrequent items, net of tax.

EPS (earnings per share). Basic EPS is the net income divided by the weighted-average number of common shares outstanding during the period. Diluted EPS is the net income divided by the diluted weighted-average number of common shares for the period (number of shares outstanding + dilutive instruments with dilutive effect). **Normalised EPS** is based on normalised net income.

Operational capital employed. Operational capital employed comprises net fixed assets and net working capital, but excludes goodwill and net assets held for sale.

Current and non-current assets or liabilities. A current and non-current distinction is made between assets and liabilities on the balance sheet. Atos Origin has classified as current assets and liabilities those that Atos Origin expects to realise, use or settle during its normal cycle of operations, which can extend beyond 12 months following the period-end. Current assets and liabilities, excluding the current portion of borrowings and financial receivables, represent the Group's working capital requirement.

Net debt. Net debt comprises total borrowings (bonds, finance leases, short and long-term bank loans, securitisation and other borrowings), short-term financial assets and liabilities bearing interest with a maturity of less than 12 months, less cash and cash equivalents (transferable securities, cash at bank and in hand).

DSO (Days' sales outstanding). DSO is the amount of trade accounts receivables (including work in progress) expressed in days' revenue (on a last-in, first-out basis). The number of days is calculated in accordance with the Gregorian calendar.

Gearing. The proportion, expressed as a percentage, of net debt to total shareholders' equity (Group share and minority interests).

Interest cover ratio. Operating margin divided by the net cost of financial debt, expressed as a multiple.

Leverage ratio. Net debt divided by OMDA.

ROCE (return on capital employed). ROCE is net income (Group share), before the net cost of financial debt (net of tax) and the depreciation of goodwill, divided by capital employed.

13.2 MARKET TERMS

Consensus. Opinion that emerges from the financial community, in which financial analysts play a prominent role. Consensus can relate to earnings outlook (individual stock consensus) or to a group of companies in the same sector (market consensus).

Dilutive instruments. Financial instruments such as bonds, warrants, stock subscription options, free shares, which could be converted into shares and have therefore a potential dilutive impact on common stock.

Dividends. Cash or stock payments from a company's profits that are distributed to stockholders.

Free float. Free float is the proportion of a Company's share capital that is regularly traded on the stock exchange. It excludes shares in the six categories listed below (source Euronext):

- *Shares held by Group companies*
  Shares of the listed company held by companies that it controls within the meaning of Article 233/3 of the French Commercial Code.
- *Shares held by founders*
  Shares held directly or indirectly by the founders (individuals or family group) when these founders have managerial or supervisory influence (management positions, control by voting rights, influence that is a matter of public knowledge, etc.).
- *Shares held by the State*
  Interests held directly by the State, or by public sector or other companies which are themselves controlled by the State.
- *Shares within the scope of a shareholders agreement*
  Shares subject to a shareholders' agreement within the meaning of Article 233/10 and 11 of the French Commercial Code, and other than those held by founders or the State.
- *Controlling interest*
  Shares held by juridical persons (other than founders or the State) exercising control within the meaning of article 233/3 of the French Commercial Code.
- *Interests considered stable*
  Interests exceeding 5%, which have not declined by one percentage point or more, excluding the impact of dilution, in the three preceding years. This category also includes shareholders that, in addition to or in association with the link represented by share ownership, have recently entered into significant industrial or strategic agreements with the Company.

Free-float capitalisation. The share price of a company multiplied by the number of free-float shares as defined above.

Market capitalisation The share price of a company multiplied by the number of its shares in issue.

Volatility. The variability of movements in a share price, measured by the standard deviation of the ratio of two successive prices.

Enterprise Value (EV). Market capitalisation + debt.

PER (Price Earnings Ratio). Market capitalisation divided by net income for a trailing (or forward) 12-month period.

PEG (Price Earnings Growth**).** Price-earnings ratio divided by year-on-year earnings growth.

13.3 BUSINESS TERMS

BPO (Business Process Outsourcing). Outsourcing of a business function or process, e.g. administrative functions such as accounting, HR management, call centres, etc.

CMM (Capability Maturity Model). CMM is a method for evaluating and measuring the competence of the software development process in an organisation on a scale of 1 to 5.

CMMI. Capability Maturity Model Integration.

CRM (Customer Relationship Management). Managing customer relationships (after–sales service, purchasing advice, utilisation advice, customer loyalty) has become a strategic component of a company's successful operation. Not only does CRM facilitate efficiency, it also leads to higher sales by building customer loyalty.

ERP (Enterprise Resource Planning). An ERP system is an integrated management software system built in modules, which is capable of integrating sales, manufacturing, purchasing, accounting and human resources systems into an enterprise-wide management information system.

LAN (Local Area Network). A local network that connects a number of computers within a single building or unit.

MMS (Multimedia Message Service). A message capable of carrying text, sounds, fixed or animated colour images, generally sent to a mobile phone.

SCM (Supply Chain Management). A system designed to optimise the logistics chain, aimed at improving cost management and flexibility.

WAN (Wide Area Network). A long–distance network that generally comprises several local networks and covers a large geographical area.

13.4 BUSINESS KPIS (KEY PERFORMANCE INDICATORS)

13.4.1 Revenue

External revenue. External revenue represents Atos Origin sales to third parties (excluding VAT, nil margin pass-through revenue).

Book-to-bill. A ratio expressed in percentage terms based on order entry in the period divided by revenue of the same period.

Order entry / bookings. The total value of contracts (TCV), orders or amendments signed during a defined period. When an offer is won (contract signed), the total contract value is added to the backlog and the order entry is recognised.

TCV (Total Contract Value). The total value of a contract at signature (prevision or estimation) over its duration. It represents the firm order and contractual part of the contract excluding any clause on the decision of the client, as anticipated withdrawal clause, additional option or renewal.

Backlog/ Order cover. The value of signed contracts, orders and amendments that remain to be recognised over their contract lives.

Pipeline. The value of revenues that may be earned from outstanding commercial proposals issued to clients. Qualified pipeline applies an estimated percentage likelihood of proposal success.

Organic growth. Organic growth represents the % growth of a unit based on a constant scope and exchange rates basis.

13.4.2 Human resources

Legal staff. The total number of employees under Atos Origin employment contracts at the end of the period. Legal staff includes those on long sickness or long absence, apprentices, trainees, and employees on maternity leave, but excludes subcontractors and interims.

FTE (Full-time equivalent) staff). The total number of staff calculated using information from time sheets on the basis of working time divided by standard contractual workable time per employee. In general, a person working on a full time contract is considered as one FTE, whereas a person working on a part time contract would be less considered than one FTE.

Calculations are based on contractual working time (excluding overtime and unpaid holidays) with potential workable time (in hours or days) = nominal time + overtime balance – unpaid vacation. For subcontractors and interims, potential workable hours are based on the number of hours billed by the supplier to Atos Origin.

Subcontractors. External subcontractors are third-party suppliers. Outsourced activities (e.g. printing or call centre activities) and fixed price subcontracting are excluded from the recorded number of subcontractors or interims.

Interims. Staff from an agency for temporary personnel. Interims are usually used to cover seasonal peaks or for situations requiring staff for a short period of time.

Direct Staff. Direct staff include permanent staff and subcontractors, whose work is billable to a third party.

Indirect staff. Indirect staff include permanent staff or subcontractors, who are not billable to clients. Indirect staff are not directly involved in the generation of products and/or services delivered to clients.

Permanent staff. Permanent staff members have a contract for an unspecified period of time.

Temporary staff. Temporary staff have a contract for a fixed or limited period of time.

Ratio S . Measures the number of indirect staff as a percentage of total FTE staff, including both own staff and subcontractors.

Staff turnover and **attrition rate** (for legal staff). Turnover and attrition rates measure the proportion of legal staff that has left the Company (voluntary and/or involuntary) in a defined period.

Turnover measures the percentage of legal staff that has left the business in a defined period.

Attrition measures the percentage of legal permanent staff that has voluntarily left the business in a defined period. Attrition rate is a ratio based on total voluntary leavers in the period on an annual basis divided by the average number of permanent staff in the period.

Utilisation rate and **non-utilisation rate**. Utilisation rate + non-utilisation rate = 100% of workable time for direct FTE, which excludes legal vacations, long-term sickness, long-term sabbaticals and parental leave. Workable time is composed of billed time, inactivity that is billable but not billed (exceptional holidays, sickness, on the bench which is between two assignments, other inactivity as delegation), and non-billable time (pre-sales, training, management meetings, research and development and travel).

Utilisation rate measures the proportion of workable time (hours or days) of direct FTE (own staff excluding subcontractors) that is billed to customer. The ratio is expressed in percentage terms based on billed hours divided by workable hours excluding vacations. Non-utilisation rate measures the workable time (hours or days) of direct FTE (own staff excluding subcontractors) that is not billed or is non-billable to clients.

14 CONTACTS

Company Headquarters

Belgium
Da Vincilaan 5
B-1930 Zaventem
Tel: +32 2 712 3777

France
Tour Les Miroirs, - Bât C
18, avenue d'Alsace
92926 Paris La Defense Cedex
Tel : +33 1 55 91 2000

Argentina
Vedia 3892 P.B.
C1430 DAL - Buenos Aires
Tel: +54 11 4546 5500

Austria
Technologiestraße 8 / Gebäude D
A-1120 Wien
Tel: +43 1 60543 0

Bahrain
Floors 6 & 7, BNH Building
Al-Seef District
P. O. Box 2677
Manama
Tel: +973 17 53 7080

Belgium
Da Vincilaan 5
B-1930 Zaventem
Tel: +32 2 690 2800

Global Consulting & Systems Integration (Global C&SI)
Da Vincilaan 5
B-1930 Zaventem
Tel: +32 2 712 3777

Brazil
Rua Itapaiuna
2434 - 2° andar - Santo Amaro
São Paulo – SP
CEP: 05707-001
Tel: +55 11 3779 2344

Chile
Av. Vitacura 2771, piso 10
Las Condes
Santiago
Tel: +56 2 462 2600

China
5th Floor, Lido Commercial Center
Jichang Road
Beijing 100004
Tel: +86 10 6437 6668

France
Tour les Miroirs - Bât C
18, avenue d'Alsace
92926 Paris La Défense Cedex
Tel: +33 1 55 91 2000

Atos Worldline France
Tour Manhattan
5-6 place de l'Iris
92926 Paris La Defense Cedex
Tel: +33 1 49 00 9000

Outsourcing
Tour Horizon
64 Rue du 8 Mai 1945
92025 Nanterre
Tel: +33 1 70 92 1340

Systems Integration
Tour les Miroirs - Bât C
18, Avenue d'Alsace
92926 Paris La Defense Cedex
Tel: +33 1 55 91 2000

Atos Consulting
6-8 Boulevard Haussmann
75009 Paris
Tel: +33 1 73 03 2000

Atos Euronext Market Solutions
6-8 Boulevard Haussmann
F - 75009 Paris
Phone: +33 1 73 03 0303

Germany
Theodor-Althoff-Str. 47
D-45133 Essen
Telefon: +49 (0) 20 14 3050

Atos Worldline GmbH
Hahnstraße 25
D-60528 Frankfurt/Main
Tel: +49 69 66566 0

Greece
18 Kifisias Avenue
151 25 Athens
Tel +30 210 688 9016

Hong Kong
Suites 1701-8, Prudential Tower
21 Canton Road
Tsimshatsui, Kowloon
Tel: +852 2830 0000

India
SDF-IV, Units 126/127
SEEPZ, Andheri (east)
Mumbai 400 096
Tel: +91 22 28 29 0743

Indonesia
Wisma Kyoei Prince, #1707
Jalan Jenderal Sudirman Kav. 3
Jakarta, 10220
Tel: +62 21 572 4373

Italy
Via Riccardo Morandi, 32
00050 Roma
Tel: +39 06 8307 4201

Piazza IV Novembre, 3
20124 Milano
Tel: +39 2 66 7221

Viale Carlo Viola, 76
11026 Pont-Saint-Martin
Tel : +39 1 25 81 0201

Japan
20/F Shinjuku Park Tower, 3-7-1
Nishi-shinjuku, Shinjuku-ku,
Tokyo 163-1020
Tel: +81 3 3344 6631

Luxembourg
Rue Nicolas Bové 2a
1253 Luxembourg
Tel.: +352 31 36 37 1

Malaysia
Suite F01, 1st Floor
2310 Century Square
Jalan Usahawan
63000 Cyberjaya
Selangor Darul Ehsan
West Malaysia
Tel: +60 3 8318 6100

Mexico
Hegel 141, Piso 1
Col. Chapultepec Morales
CP 11570
Tel: +52 55 5905 3303

Poland
ul. Domaniewska 41
02-672 Warszawa
(budynek Taurus)
Tel: +48 22 606 1900

Morocco
Rue Ahmed Balafrej, 3
10100 Souissi, Rabat
Morocco
Tel : +212 37 63 3641

Portugal
Av. 5 de Outubro, 73 - C,
1 andar
Edifício Goya, Escritório 4
1050-049 Lisboa
Tel: +351 21 359 3150

Singapore
8 Temasek Boulevard
#07-01 Suntec Tower Three
Singapore 038988
Tel: +65 6333 8000

South Africa
204 Rivonia Road, Sandton
Private Bag X136
Bryanston 2021
Tel: +27 11 895 2000

Spain
Albarracín, 25
28037 Madrid
Tel: +34 91 440 8800

Atos Consulting
Albarracín, 27
28037 Madrid
Tel: +34 91 214 9500

Switzerland
Industriestrasse 19
8304 Wallisellen
Tel: +41 1 877 6969

24, Avenue de Champel
1206 Genève
Tel: +41 22 789 3700

Switzerland (Telecom)
Binzmühlestrasse 95
8050 Zürich
Switzerland
Tel : +41 1 308 9510

Taiwan
9F, No 115 Sec 3
Ming Sheng E Road
Taipei
Tel: +886 2 2514 2500

Thailand
200 Moo 4, 25th Floor
Jasmine International Tower
Room No. 2502
Chaengwattana Road Pakkret
Nonthaburi 11120
Tel: +66 2 582 0955

The Netherlands
Papendorpseweg 93
3528 BJ Utrecht
Tel: +31 30 299 4444

Atos Consulting
Papendorpseweg 93
3528 BJ Utrecht
Tel: +31 30 299 4444

Turkey
ITU ARI Teknokent-2
Buyukdere Caddesi A Blok K.4
Maslak-Sisli 34398
Istanbul
tel: +90 212 286 4666

United Kingdom
4 Triton Square
Regent's Place
London NW1 3HG
Phone: +44 20 7830 4444

USA
5599 San Felipe
Suite 300
Houston TX, 77056
Tel: +1 713 513 3000