

PRESS RELEASE

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H1-2005 RESULTS

SHARPLY IMPROVED RESULTS

H1-2005 OPERATING PROFIT: 4%

Puteaux – September 19th 2005

NET2S (ISIN : FR0000075921), a consulting group specialized in the implementation of innovating solutions focused on information and communication technologies, today announced its results reviewed by the statutory auditors for the first half year 2005 ending June 30th 2005.

€m	30 June 2005 (IFRS)	30 June 2004 (French standards)
Sales	34.1	18.3
Operating profit (loss)	1.37	(0.73)
Operating margin	4%	(3.9%)
Net profit (loss)	1.7	(1.16)
EPS (EUR) ¹	0.13	N/A

The Group's operating profit came to EUR 1.37m, i.e. an operating margin of 4%, well up from the loss of EUR (0.73m) recorded in H1-2004.

H1 operating profit includes an operating charge of € 0.4m to develop an OMS (Order Management System) solution at the Quod Financials subsidiary. Excluding this operating charge, H1 operating profit on **Services and Integration activities** came to € 1.77m, i.e. an operating margin of 5.2%, significantly up from the operating margin of 3.8% in Q1-2005. This result factors in a charge of € 0.1m on stock options under the new IFRS rules. The Services and Integration activities account now for the entire sales of the NET2S Group.

H1 key figures

- **Sharp growth of sales** Half-yearly sales rise from 18.3 to 34.1 million euros, of which 30% result from internal growth.
First-half sales, reviewed by the statutory auditors and published on 4 August 2005, came to € 36.3m. However, this figure was adjusted after complete verification of the impact of the IFRS. When H1 sales were released, the statutory auditors did not have all the data needed to determine the full impact of the percentage of completion method and of the measures taken to align the accounts of Cyber Networks with the NET2S accounting standards. This impact leads to a 2.2 million euros adjustment in sales, with related costs of 1.7 million

¹ Number of outstanding shares on 30 June 2005 : 12 855 953

euros, for which the contra entry has been booked as a 0.5 million euros reduction in Cyber Networks' goodwill.

- **Headcount** 592 employees including 477 consultants and engineers
- **Non-billable staff rate** 19.4% (vs. 18.2% in H1-2004)
- **International sales** 24.2% (vs. 27.5% in H1-2004)
- **Shareholders' equity** € 19m
- **Net cash position on 08/31/2005** € 7m (after repayment of € 12.8 m, a part of the issue premium in July 2005)

NET2S Chairman Bernard Razaghi commented: "*First-half results showed significantly improved profitability. The H1 operating margin came to 4%, i.e. an operating profit of € 1.37m, up from an operating loss of € (0.73m) in H1-2004. This improvement was driven by a combination of rising sales, a higher utilisation rate and tight control of structural overheads*".

Outlook

Bernard Razaghi concluded: "*If the market does not worsen, the Group's profitability can be expected to continue improving in the second half. The Group's sound financial situation after the integration of Cyber Networks and Syntone makes it possible to look at the acquisition of other companies.*"

NET2S: www.net2s.com:

NET2S is a consulting group specialized in the implementation of innovating solutions focused on information and communication technologies. Established in Paris, London, New York, Zurich, Brussels, Madrid and Casablanca, NET2S had 592 employees (including 477 consultants and engineers) on 30 June 2005.

The combination of technological solutions and cross-functional offers, with dedicated business lines, particularly in the finance and telecoms sectors, allows NET2S to offer its customers high value added.

NET2S 2004 Pro-forma sales reached € 54 m.

Listed on Eurolist of Euronext Paris – Compartment C

ISIN: **FR0000075921**, Reuters: **NET2.PA**, Bloomberg: **NTS:FP**

Classification FTSE: 97/972



Q3-2005 sales release:

3 November 2005 after the markets close

The reference document for 2004 is available on request from the company and can be found at the following site:

www.net2s.com