



Transition to IFRS standards



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1. Introduction

1.1. Change of accounting standards

In application of Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting standards, the consolidated financial statements of the GFI Informatique Group for the year ending 31 December 2005 will be prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) applicable at that date as approved by the European Union. The first statements published under the new standards will be those for the year ended 31 December 2005, which will be presented with 2004 comparatives prepared by reference to the same standards, except for IAS 32 and IAS 39 that are being applied from 1 January 2005.

This document is being published in connection with the publication of comparative financial statements for the 2005 financial year and in accordance with the recommendation issued by the AMF, the French Financial Markets Regulator, regarding financial disclosures during the transition period.

1.2. Timetable for the first-time adoption of IAS/IFRS

Based solely on the requirements contained in the International Financial Reporting Standards and in the texts for the application of these standards by European companies, in principle it is only in 2006 that the companies concerned are required to publish 2005 consolidated financial statements complying with the new standards.

However, given the requirement to present comparative figures prepared in accordance with the same accounting standards, the effective transition date is 1 January 2004.

The first complete set of financial statements prepared under IAS/IFRS by GFI Informatique, and in accordance with the requirements of IFRS 1 "First-time adoption of International Financial Reporting Standards", will be the 2005 financial statements.

The 2005 first-half financial statements will be prepared following the instruction 99-01 of the CNC (Conseil National de la Comptabilité) and the IAS/IFRS rules.

Financial information prepared under IAS/IFRS will not be provided in respect of 2003. Moreover, the adoption of the new standards being definitive, pro forma accounts prepared under French generally accepted accounting principles will not be produced for 2005 and subsequent years.

GFI Informatique Group has therefore prepared financial information for 2004 dealing with the first-time adoption of IAS/IFRS and, by way of preliminary information, the quantified expected impact of first-time adoption on the following:

- The balance sheet at the transition date, namely 1 January 2004, being the date at which the final impact of the first-time adoption will be dealt with in the consolidated reserves upon the publication of the 2005 consolidated financial statements (the impact resulting from the first-time adoption of IAS 32 and IAS 39 will be recorded in consolidated reserves as at 1 January 2005).
- The financial situation at 31 December 2004 and the results for the year then ended.

2004 financial information on the quantified impact expected as a result of the first-time adoption of IFRS rules was prepared by applying International Financial Reporting Standards and interpretations that GFI Informatique Group considered needed to be applied for the preparation of its 2004 comparative consolidated financial statements as at 31 December 2005. The basis for the preparation of this 2004 financial information, which is described in the notes, therefore results from:

- International Financial Reporting Standards and Interpretations whose application is compulsory as at 31 December 2005, such as are currently known;

- International Financial Reporting Standards and Interpretations whose application is compulsory subsequent to 31 December 2005, but for which the Group has opted for early adoption;

- The resolution, as anticipated by GFI Informatique, of technical questions and projects being considered by IASB and IFRIC and which might be applicable when the 2005 consolidated financial statements are published.

- Options and exceptions, being those that GFI Informatique will in all likelihood exercise when preparing its first consolidated financial statements under IFRS for 2005.

For all these reasons, it is conceivable that the audited opening balance sheet will not be the opening balance sheet from which the 2005 consolidated statements will effectively be prepared.

All this information has been reviewed by the Audit Committee and by the Board of Directors and has been the object of due diligence procedures on the part of the Independent Auditors.

1.3. Organisation of Conversion Project

The GFI Informatique Group anticipated the first-time application of the new International Financial Reporting Standards through the diagnostics and analyses produced upstream by the Group's Consolidation Department. This work made it possible to:

- Highlight the main differences between these new standards and the Group's practices;
- Analyse the various accounting options;
- Assess the organisational, functional and IT implications stemming from the adoption of these new standards.

1.4. Restatements linked to the first-time adoption of IAS/IFRS

In accordance with the options offered by IFRS 1 "First-time adoption of International Financial Reporting Standards", GFI Informatique has chosen:

- Not to present comparative information relating to the adoption of IAS 32 "Financial Instruments: Disclosure and Presentations" and IAS 39 "Financial Instruments : Recognition and Measurement" on financial instruments for the year 2005;
- Not to make the restatements required under IFRS 3 in respect of business combinations completed before 1 January 2004;
- To record unamortized actuarial differences at 1 January 2004 directly against reserves. This had an impact of €0.2m on opening reserves at 1 January 2004;
- To reclassify in the consolidated reserves the translation adjustments of the accounts of foreign subsidiaries, after taking into account IFRS restatements to the opening balance sheet for a total amount of €3m. This reclassification has no effect on total reserves or on shareholders' equity. As a result, translation adjustments as at 1 January 2004 now amount to zero.

Regarding the application of all other International Financial Reporting Standards, the restatement of the opening value of assets and liabilities was performed retroactively as if these standards had always been applied.

Finally, GFI Informatique opted for the early application of IFRS 5 "Non-current assets held for sale and discontinued operations". Accordingly, this standard was applied as from 1 January 2004.

1.5. Impact of first-time adoption of IAS/IFRS

Besides new requirements regarding the presentation of the financial statements, the main impacts resulting from the first-time adoption of International Accounting Standards and International Financial Reporting Standards concern:

- The treatment of goodwill on acquisition, which is no longer amortised on a straight-line basis from 1 January 2004; and the new definition of the Cash Generating Units as per the specifications of the rule IAS 36 "Impairment of assets";
- The translation using the closing exchange rate of goodwill on foreign acquisitions;
- The recording at their present value of other long-term employee benefits.

2. Modifications to the presentation of the financial statements on the first-time adoption of the new standards

2.1. Income statement

IAS 1 "Presentation of financial statements" offers the possibility:

- To analyse expenses by nature or by function;
- To organise freely the structure of the income statement from the line "revenue" to the line "finance costs".

The notions of "Results of Operating Activities" and "Extraordinary items" are not retained under the new standards.

To facilitate comprehension of the accounts and in accordance with the recommendations issued by France's National Accounting Board (Conseil National de la Comptabilité - CNC) and Financial Markets Regulator (Autorité des Marchés Financiers - AMF), GFI Informatique has chosen to report on a separate line significant non-recurring items in arriving at the operating profit, which means therefore the income statement will contain one line being "Operating profit from ordinary operations" and another line being "Other operating income and costs". The latter shall include only a limited number of unusual and infrequent items that are particularly material, which generally give rise to disclosure in the Group's financial communication.

Moreover, in connection with the adoption of the rule IFRS 5 "Non current assets held for sale and discontinued operations"

Given that the result of operating activities is being replaced by the operating profit from current operations and the operating profit under IFRS, the Group will adapt its financial communication accordingly.

Finally, finance costs require separate disclosure under IFRS.

2.2. Balance sheet

IAS 1 "Presentation of Financial Statements" requires the preparation of a classified balance sheet, separating current and non-current assets and liabilities. Current assets and liabilities correspond to items associated to the Group's normal operating cycle, generally with a maturity of less than 12 months.

Under IFRS, minority interests are presented as a component of shareholders' equity, but such interests are not material in the case of GFI Informatique.

2.3. Cash flow statement

As the first-time adoption of the new standards does not modify the net cash balance, the components comprising changes in the net cash balance are unchanged under IFRS.

3. Presentation of impacts resulting from the first time adoption of the new standards

3.1. Goodwill on acquisition

Under the revised IAS 36 "Impairment of Assets", goodwill on acquisition is longer to be amortised on a straight-line basis. Goodwill must now be tested for impairment at least annually and whenever there is an indication that an asset may be impaired.

Goodwill on acquisition has been tested for impairment since 2002.

The realisable value was determined by reference to the net present value of the cash flows they are expected to generate. This valuation rule used for the assessment of the realisable value of the assets tested complies with the rule IAS 36 "Impairment of assets".

The level at which the impairment tests were performed has been redefined to follow the rule on Cash Generating Units. On the transition date, goodwill was allocated to "cash-generating units", being homogenous groups of assets generating identifiable cash flows.. When it was established that the realisable value of a "cash-generating unit" was less than its net book value, an impairment loss was recognised and allocated in priority to the related goodwill. The impact on the opening balance sheet of teh newly defined Cash Generating Units was a €3.7m reduction in the net book value of the goodwill concerning the "cash-generating units" in Germany and Italy.

Goodwill denominated in a foreign currency is now translated at the closing exchange rate. On first time application, this resulted in a €3.0m reduction in the net book value of the goodwill.

The first-time application of IAS 36 " Impairment of Assets" has a positive impact of €10.5m on the 2004 results, due mainly to:

- The reversal of the straight-line amortisation charges;
- The impact of the reversal of straight-line amortisation charges on the profit or losses on assets sold;
- Adjustments to impairment losses arising from the review of the realisable value of the goodwill denominated in foreign currencies and the realisation of impairment tests at the newly defined level of the Cash Generating Units.

Furthermore, and as required by IAS 38 "Intangible Assets", GFI Informatique has reclassified the intangible assets representing the right to do business ("fonds de commerce") as goodwill on acquisition as these assets do not follow the definition of the other intangible assets.

3.2. Software development costs

In accordance with IAS 38 "Intangible Assets", and since 2003, costs incurred in respect of software developed internally are capitalized when they meet the criteria set out in this standard. These development costs are amortised as from the date on which internal delivery of the project is completed, over the estimated commercial life of the software.

3.3. Tangible fixed assets

Tangible fixed assets continue to be reported at cost on the balance sheet. They have not been the object of any revaluation.

The application of IAS 16 "Property, plant and equipment" had no impact on the accounts given the depreciation periods used by the Group. Furthermore, the component approach is not applicable given the nature of the tangible fixed assets

3.4. Deferred charges

IAS 38 "Intangible assets" does not permit current or future deferred charges to be recognised as assets in the balance sheet.

Nevertheless, deferred charges relating to the 2003 issue of bonds with redeemable share warrants (OBSAR) were maintained in GFI Informatique's balance sheet until 31 December 2004 given the group's decision not to present comparatives for the year 2005 linked to the first-time adoption of IAS 32 and IAS 39 regarding financial instruments. As from that date, these issuance costs - which amounted to €1.0m on 31 December 2004 - will be accounted for in accordance with standards applicable to financial instruments.

3.5. Leases

The Group applies the method recommended by Regulation CRC 99-02, which requires finance and similar leases qualifying as direct financing leases to be capitalised.

GFI Informatique has performed a complete review of all leases in the light of the criteria set out in IAS 17 "Leases" to identify any direct financing leases that might not have been restated in accordance with the requirements of Regulation CRC 99-02. Following this review, it was established that the application of IAS 17 had no new effect.

3.6. Revenue recognition

IAS 18 "Revenue" and IAS 11 "Construction contracts" are applied to all the Group's activities. IAS 11 applies to fixed price projects. The application of these standards did not have a material impact on revenue recognition.

Technical assistance, consulting, and systems integration performed on a subcontracted basis

Revenues generated by these activities are recognised when the service is rendered. Revenues are determined by reference to the sale prices as contractually agreed and to the time spent to the extent it is billable. Accordingly, this leads to the recording of invoices to be issued or accrued income when invoicing does not reflect the stage of completion.

Services billed for a flat amount

Revenues generated by these activities are recognised to reflect the stage of completion, based on costs already incurred and all future costs to completion. A provision for losses on completion is recorded as soon as a loss is foreseen, on a case-by-case basis. Accordingly, this leads to the recording of invoices to be issued or accrued income when invoicing does not reflect the stage of completion.

Systems integration bundled with the sale of software and/or hardware

The part of the revenues relating to the sale of software and/or hardware is recognised when the risk is transferred. This transfer generally occurs on delivery, except in cases when contracts present an unusually high degree of complexity.

The part of the revenues relating to the provision of services is recognised to reflect the stage of completion, based on costs already incurred and all future costs to completion.

Sale of software and/or hardware

In the case of software and/or hardware sold without any services being provided, revenues are recognised when the risk is transferred, which occurs on delivery.

Maintenance

Revenues generated by these activities are recognised pro rata temporis over the length of the contract.

3.7. Employee benefits

GFI Informatique previously applied the method recommended by the French National Accounting Board in Regulation CRC 99-02, which means that provisions are set aside in respect of retirement benefits. These provisions are determined in accordance with recommendation 2003-R-01 issued by France's National accounting Board on 1 April 2003.

As permitted by IFRS 1 "First-time Adoption of International Financial Reporting Standards", GFI Informatique has elected to recognise all unamortised actuarial differences as at 1 January 2004, which amounted to €0.2m, under provisions for retirement benefits and similar benefits by debiting shareholders' equity.

The valuation, as per IAS 19 "Employee Benefits", of the Group's commitment in respect of end-of-service indemnities payable in Italy had a positive impact of €0.1m in the opening net equity as at 1st January 2004 and a positive impact of €0.1m on the 2004 profit.

3.8. Segment reporting

In application of IAS 14 "Segment reporting", the primary and secondary segments chosen by GFI Informatique correspond respectively to geographical segments and business segments.

Geographical segments correspond to the countries in which GFI Informatique does business, while business segments correspond to the following activities:

- Systems administration and integration, and consulting;
- Software publishing.

GFI Informatique will complete the notes to its financial statements accordingly.

3.9. IAS 32 "Financial Instruments : Disclosure and Presentation" and IAS 39 "Financial Instruments : Recognition and Measurement"

It will be recalled that requirements relating to the recognition, disclosure, measurement and presentation of financial instruments contained in IAS 32 and IAS 39 will be applied from 1st January 2005 onwards. These requirements will be applied by GFI Informatique as from 1 January 2005, but without providing comparatives for 2004.

Differences compared with valuations determined in accordance with French generally accepted accounting principles will be recorded in the net equity as at 1 January 2005. This means, therefore, that IFRS reserves as at 1 January 2005 will differ from IFRS reserves at 31 December 2004.

The main impacts stemming from the application of these standards will arise from:

- The valuation of the bond issue;
- The accounting treatment of hedging instruments;
- The discounting of long-term monetary assets and liabilities;
- The treatment of doubtful debtors provision calculated on a statistical basis.

Finally, and given the multiple objectives of the share buyback programme, own shares are already deducted from shareholders' equity for the amount at which acquired. In this respect, therefore, the first-time application of IAS 32 as from 1 January 2005 is not expected to have any impact on the accounting for own shares.

4. Impact of first-time adoption of IAS/IFRS on 1 January 2004

4.1. Balance sheet at 1 January 2004 prepared under IAS/IFRS

(in euros '000)	31/12/2003					01/01/2004	
	French GAAP accounts with IFRS presentation	Other Intangible assets (fonds de commerce) reclassified as goodwill	Goodwill translated using closing exchange rate and reclassification	Impairment tests. Change in CGU in Germany and Italy	Cancellation of actuarial	Restatement of end of service indemnities in Italy	IFRS accounts
Goodwill on acquisition	172 835	1 887	-2 972	-3 652			168 098
Intangible fixed assets	5 650	-1 887					3 763
Tangible fixed assets	10 797						10 797
Financial assets	3 415						3 415
Deferred tax assets	1 402				63		1 465
Other non current assets	0						0
NON CURRENT ASSETS	194 099	0	-2 972	-3 652	63	0	187 538
Goods purchased for resale	3 441						3 441
Trade receivables	185 577						185 577
Other receivables	16 460						16 460
Prepayments	4 808						4 808
Marketable securities	12 702						12 702
Cash	13 721						13 721
CURRENT ASSETS	236 709	0	0	0	0	0	236 709
TOTAL ASSETS	430 808	0	-2 972	-3 652	63	0	424 247
Capital and reserves							
Share capital	86 306						86 306
Share premium	14 048						14 048
Reserves (including retained profit)	68 560		-5 651	-3 652	-116	130	59 271
Other	-1 381						-1 381
Foreign exchange translation reserve	-2 679		2 679				0
NET EQUITY - group share	164 854	0	-2 972	-3 652	-116	130	158 244
Minority interests	-81						-81
NET EQUITY	164 773	0	-2 972	-3 652	-116	130	158 163
Long-term borrowings	65 878						65 878
Deferred tax liabilities	0						0
Long term provisions	13 177				179	-130	13 226
NON CURRENT LIABILITIES	79 055	0	0	0	179	-130	79 104
Short term provisions	4 675						4 675
Short term borrowings	19 370						19 370
Trade payables	48 807						48 807
Tax and social security	87 089						87 089
Other payables (including accruals)	27 039						27 039
CURRENT LIABILITIES	186 980	0	0	0	0	0	186 980
TOTAL LIABILITIES	430 808	0	-2 972	-3 652	63	0	424 247

4.2. Balance sheet at 31 December 2004 prepared under IAS/IFRS

(en milliers d'euros)	31/12/2004									31/12/2004
	French GAAP accounts with IFRS presentation	Other Intangible assets (fonds de commerce) reclassified as goodwill	Goodwill translated using closing exchange rate and reclassification	Valuation of goodwill on acquisition at 2004 closing rate	Variation of charge in foreign currencies. Average/closing rate taken to translation adjustments	Impairment tests. Change in CGU in Germany and Italy	Cancelation of actuarial differences	End of service indemnities - Italy	Goodwill, 2004 impairment losses under IFRS	IFRS Accounts
Goodwill on acquisition	143 450	6 524	-2 972	-107	192	-3 652		10 483	153 917	
Intangible fixed assets	12 880	-6 524							6 356	
Tangible fixed assets	10 409								10 409	
Financial fixed assets	3 558								3 558	
Financial assets	-								0	
Deferred tax assets	496						63		559	
Other non current assets	1 273								1 273	
ACTIFS NON COURANTS	172 066	0	-2 972	-107	192	-3 652	63	0	176 072	
Goods purchased for resale	3 996								3 996	
Trade receivables	183 294								183 294	
Other receivables	15 527								15 527	
Prepayments	4 076								4 076	
Marketable securities	5 016								5 016	
Cash	17 167								17 167	
CURRENT ASSETS	229 076	0	0	0	0	0	0	0	229 076	
TOTAL ASSETS	401 142	0	-2 972	-107	192	-3 652	63	0	405 148	
CAPITAL AND RESERVES										
Share capital	86 308								86 308	
Share premium	14 053								14 053	
Reserves	66 841		-5 651			-3 652	-116	130	57 552	
Profit for the year 2004	-27 231						130	10 483	-16 618	
Other	-1 845								-1 845	
Foreign currency translation reserve	-2 050		2 679	-107	192				713	
NET EQUITY - group share	136 076	0	-2 972	-107	192	-3 652	-116	260	140 163	
Minority interests	1 171								1 171	
NET EQUITY	137 247	0	-2 972	-107	192	-3 652	-116	260	141 334	
Long term borrowings	59 228								59 228	
Deferred tax liabilities	508								508	
Long term provisions	12 582						179	-260	12 501	
Non current financial liabilities	0								0	
Other non current liabilities	2 182								2 182	
NON CURRENT LIABILITIES	74 500	0	0	0	0	0	179	-260	74 419	
Short term provisions	9 129								9 129	
Short term borrowings	13 618								13 618	
Trade payables	49 827								49 827	
Tax and social security	90 182								90 182	
Short term financial liabilities	0								0	
Other short term payables	26 639								26 639	
CURRENT LIABILITIES	189 395	0	0	0	0	0	0	0	189 395	
Non current liabilities held for sale and discontinued activities									0	
TOTAL LIABILITIES	401 142	0	-2 972	-107	192	-3 652	63	0	405 148	

4.3. Income statement for the year ended 31 December 2004 prepared under IAS/IFRS

(in euros '000)	2004					2004	
	P&L - French GAAP with IFRS presentation	Operating profit - reclassification of exceptional items	Finance costs: reclassification of other financial items	Profit for discontinued operations	2004 Impairment losses in IFRS	Actualisation of the TFR provision - Italy	IFRS accounts
Revenues, net	517 916			-1 555			516 361
Purchase and external charges	-180 707			758			-179 949
Taxes (other than corporation tax)	-9 781						-9 781
Staff costs	-301 648			834			-300 814
Depreciation (other than goodwill)	-4 895			38			-4 857
Provisions, net of write-backs	-68			-399			-467
Other operating income (charges)	1 663	-215		373	243		2 064
OPERATING PROFIT from ordinary operations	22 480	-215	0	49	243	0	22 558
Restructuring charges	0	-8 550					-8 550
Profit (losses) on disposal	0	-1 034			-560		-1 594
Goodwill impairment	-29 826			2 321	10 800		-16 705
Other operating income (charges)	-9 799	9 799					0
OPERATING PROFIT	-17 145	0	0	2 370	10 483	0	-4 292
Interest received and similar income	0		126				126
Interest costs	0		-2 297				-2 297
FINANCE COSTS NET	0	0	-2 171	0	0	0	-2 171
Other financial income and charges	-2 250		2 171			130	51
Corporation tax	-7 669			6			-7 663
PROFIT - Continued operations	-27 064	0	0	2 376	10 483	130	-14 075
PROFIT - Discontinued operations	0			-2 376			-2 376
NET PROFIT	-27 064	0	0	0	10 483	130	-16 451
Group share	-27 231	0	0	0	10 483	130	-16 618
Minority interests	167	0	0	0	0	0	167

4.4. Cash flow statement for the year ended 31 December 2004 prepared under IAS/IFRS

(in euros '000)	2004		2004
	French GAAP	IFRS Impact	IFRS accounts
Cash flows from operating activities			
Net Profit	-27 064	10 613	-16 451
Depreciation, provisions	38 406	-10 613	27 793
Profit or losses on asset disposals	1 682		1 682
Deferred taxes	1 551		1 551
Operating cash flow	14 575	0	14 575
Change in working capital requirements	5 176		5 176
NET CASH FLOW FROM OPERATING ACTIVITIES	19 751	0	19 751
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of intangible fixed assets, net of debt	-8 291		-8 291
Acquisition of tangible fixed assets, net of debt	-3 524		-3 524
Disposals of intangible and tangible fixed assets	414		414
Acquisitions and disposals of share in consolidated subsidiaries			
• Net purchase consideration including price adjustments	-4 199		-4 199
• Net cash of newly consolidated subsidiaries	2 365		2 365
• Net proceed on sale of investment	1 838		1 838
• Net cash on subsidiaries sold	119		119
Sale or decrease in financial assets	361		361
Acquisition of financial assets	-403		-403
Change in debt relating to shares in consolidated companies	2 433		2 433
NET CASH FLOW FROM INVESTING ACTIVITIES	-8 887	0	-8 887
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	-1 719		-1 719
Capital increase	7		7
Variation in amount drawn down in connection with factoring activities	2 564		2 564
Own shares	-325		-325
Net change in borrowings	-15 031		-15 031
NET CASH FLOW FROM FINANCING ACTIVITIES	-14 504	0	-14 504
Impact of change in exchange rate	-28		-28
Change in cash and cash equivalents	-3 640	0	-3 640
Cash and cash equivalent - Opening balance	25 623		25 623
Cash and cash equivalent - Closing balance	21 955		21 955

4.5. Statement of changes in shareholders' equity to 31 December 2004 prepared under IAS/IFRS

(in euros '000)	Share capital	Share premium	Group reserves	Profit for the year	Own shares	Other	Translation adjustment	Net equity - Group share	Minority interests	Net Equity - Total
Situation as at 1st January 2004 (French GAAP°)	86 306	14 048	67 088	1 472	-483	-898	-2 679	164 854	-81	164 773
Goodwill conversion using closing exchange rate							-2 972	-2 972		-2 972
Impairment test using CGU			-3 652					-3 652		-3 652
Cancellation of the actuarial adjustment			-116					-116		-116
End of contract indemnity - Italy			130					130		130
Reclassification of translation adjustment			-5 651				5 651	0		0
IFRS situation as at 1st January 2004	86 306	14 048	57 799	1 472	-483	-898	0	158 244	-81	158 163
Appropriation of the 2003 profit			1 472	-1 472				0		0
Dividends paid			-1 719					-1 719		-1 719
Redeemable share warrant	2	5						7		7
2004 profit				-16 618				-16 618	167	-16 451
Own share					-464			-464		-464
Change in consolidation perimeter								0	1 102	1 102
Share capital increase								0	1	1
Change in translation adjustment							713	713	-18	695
Situation IFRS au 31 décembre 2004	86 308	14 053	57 552	-16 618	-947	-898	713	140 164	1 171	141 335

5. Specific Auditors' Special Report on the IFRS financial statements for the year ended 31 December 2004

To the Shareholders

At the request of GFI Informatique and in our capacity as the Company's Independent Auditors, we have audited the accompanying document, which, in the form of reconciliation, presents the impact of the first-time adoption of International Financial Reporting Standards ("IFRS"), as adopted in the European Union, on the consolidated shareholders' equity and results of the Company for the year ended 31 December 2004 ("IFRS reconciliation").

The IFRS reconciliation were prepared under the responsibility of the Company's directors in connection with the conversion to International Financial Reporting Standards as adopted by the European Union for the preparation of consolidated financial statements for periods beginning on or after 1 January 2005 from the consolidated financials statements for the year ended 31 December 2004 prepared under French generally accepted accounting principles ("GAAP consolidated financial statements"), which were audited by us in accordance with French auditing standards and for which we issued an unqualified opinion. Our responsibility is to express an opinion on the IFRS reconciliation based on our audit.

We conducted our audit in accordance with French auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the IFRS reconciliation are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts contained in these reconciliation. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of these reconciliation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the IFRS reconciliation have been prepared, in all material respects, in accordance with the basis set out in notes to this document, which indicate how IFRS 1 and other international accounting standards adopted in the European Union were applied, and which show the accounting standards, interpretations, rules and methods that the Company's directors consider are likely to be applied when preparing the 2005 consolidated financial statements in accordance with International Financial Reporting Standards as adopted in the European Union.

Without qualifying our opinion, we draw your attention to Note 1.2 explaining why IFRS reconciliation for the year ended 31 December 2004 presented in the 2005 consolidated financial statements could differ from the accompanying IFRS reconciliation.

Furthermore, you are reminded that, regarding the preparation for conversion to International Financial Reporting Standards as adopted in the European Union for the preparation of consolidated financial statements for periods beginning on or after 1 January 2005, the IFRS reconciliation do not constitute a complete set of financial statements established in accordance with International Financial Reporting Standards as adopted in the European Union, which alone can provide a fair presentation of the financial position, results of operations and cash flows of the companies included in the consolidation scope.

21 July 2005
Paris and Paris-La Défense

The Independent Auditors

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ERNST & YOUNG Audit

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