



Annual Report
Summary document

2005



Séché
environnement
Séché global solutions



Dear Shareholders,

In this section, the General Management will point out the highlights of 2005 and answer a number of questions put forward by Manuel Andersen, Head of Investor Relations at Séché Environnement:



Strategic Vision



« Séché Environnement has been closely involved with the key challenges facing society for the past 20 years and will continue to grow by anticipating the issues of tomorrow ».

Joël Séché
Chairman



«Sustainable waste treatment means putting the protection of health and the environment at the top of our agenda in everything we do, as we are, in effect, accountable to the outside world ».

Philippe Leblanc
CEO



Commitments



« Our challenges and those of society as a whole are one and the same. We cannot deliver financial performance unless we have a strong, clearly defined ethic in place ».

Didier Gauthier
General Secretary
in charge of Sustainable
Development



«Product and energy recovery are just some of the many fields in which a focus on R&D and the continuous development of our industrial processes are paramount ».

Christian Blond
CTO



Performance



« Following a successful strategic turnaround, in 2005 we created shareholder value through organic growth achieved by refocusing on high-technology activities with strong growth potential. »

Jean Geissler
CFO

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1985 - 2005: 20 years at the heart of society's issues



« In 20 years' time,
I believe the company
will still be focused
on the future of society,
and our growth will
continue to come
from the markets
of tomorrow. »

Joël Séché
Chairman

Manuel Andersen: Séché Environnement turned 20 in 2005. What was your approach when you set up a waste storage company in 1985?

Joël Séché: « I had no grand plan or vision of the future. I simply believed we needed new ways of carrying out an activity that was, at the time, devalued and poorly perceived. The business needed to respond to society's new expectations, and particularly the key issues in the health and environmental fields.

It also needed to meet the needs of waste producers in the wake of the 1975 law that made them responsible for the disposal of the waste they produce, by offering them a service that not only took account of these new regulations but also factored in more stringent requirements in the future.

M.A.: What lessons can you draw from 20 years of building France's third-largest player in the waste treatment market?

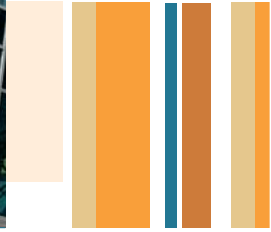
J.S.: In our case, I believe corporate development and wealth creation stem from meeting our commitments and respecting our values. It is these values above all else that have enabled us to forge ahead and overcome obstacles. In my opinion, our corporate culture plays a critical role and should be preserved at all costs, as it is true that we outdo ourselves in meeting our professional commitments. What's more, I have found it exciting to have been involved in an issue as central and all-encompassing to society as the environment for the past 20 years. The history books are in the process of being written, and it is very intellectually stimulating to play a role in the very first pages. It is essential that we remain abreast

of developments in numerous fields, such as green chemistry and renewable energy sources. Environmental issues are ever expanding, and all of them are of interest and concern to us.

M.A.: What sort of a Group do you think Séché Environnement will be 20 years from now?

J.S.: It is hard to give any precise answer to this question as the global economy is changing rapidly. Some markets are growing extremely fast, and this includes our core businesses of health and the environment. More than ever, these markets will have to meet the critical need to preserve our energy resources. These are areas in which Séché Environnement will undoubtedly have broadened the scope of its activities and increased its know-how. We will probably have extended our geographical reach to other similar markets and countries. Above all, retaining our focus on anticipation will enable us to grasp the issues of the future and carry on growing. Our business is designed to grow in line with the changing needs of the time, so we must maintain our ability to





adapt, like a living organism. The environmental field is one of great creativity in which many people propose projects. It is up to us to remain 'porous' and receptive to them.

In 1985, no one wanted to work with me. Today, people are proud to be part of this Group, and applications to all sites are high. The features of the current company that will endure into the future are first and foremost

its values and its friendliness. These assets are the cornerstone of our success and have created the building blocks of our Group and our growth.

In 20 years' time, I think the Group will still focus on meeting the challenges faced by society, and will continue to grow in the markets of tomorrow. »



A Group 20 years young

1980

Major worldwide momentum for society

1972

Stockholm Summit.

1987

Bruntland Report (definition of sustainable development concept).

1980

1980

A dynamic regulatory environment

1975

The first French laws are enacted covering waste materials, defining waste and setting the parameters for the various processes involved (collection, beneficiation, treatment, etc.) and establishing the responsibility of «the polluter pays the bill».

1976

The law on classified facilities to protect the environment goes in to effect, regulating the creation, operation and control of hazardous businesses which could produce pollution. An operating permit means the operator is responsible for emissions : waste materials in the air, water and soil are regulated and must be treated.

1980

Séché: step by step

1980

Joël Séché took over his family's small public works company. His persistence and vision enabled him to gradually position the Company in the environmental business.

1985

A Class 2 landfill is opened (for household waste and similar) in Changé (53). From this time on, Joël Séché is careful to keep in constant touch with its neighbors and all stakeholders.

1980





1990

2000

1992

Earth Summit in Rio.

1998

Creation of Global Reporting Initiative (GRI) under United Nations' sponsorship.

1999

Creation of Global Compact by Kofi Annan, General Secretary of United Nations.

2002

Johannesburg Summit.

2005

Kyoto protocole on climate warming up come into effect.

1990

2000

1990

2000

1992

Implementation of waste management planning. Major guidelines are fixed, such as short distances to minimize transportation, encouraging savings at the source and recycling, keeping landfills for the Final Wastes (the Lalonde Law).

2002

Maturity of Lalonde law (closure of raw landfills). Definition of an European Waste nomenclature, more stringent and imposing identification of waste by its risk level and its traceability.

2006

Moving towards a new «National Waste Materials Policy», which will update the 1992 policy, particularly in regard to questions about obsolete products, dispersed hazardous waste, the producer's financial liability for waste, and how it is managed in the country.

1990

2000

1994

Creation of the Waste Business Park, an innovative concept which brings together many different services to treat waste from industries and local authorities.

1997

Opening of a biocenter and of a unit of treatment for hospital waste.
IPO on Paris Stock Exchange (Second Marché).

1996

Recognition of the company's success with ISO 14001 environmental certification, the first issued anywhere in the world for this type of business.

2001

The Company gains national status with the purchase of Alcor.

2002

Acquisition of Trédi reinforcing the Group's positioning toward industrial customers.
Firt certification health and security for employees: OHSAS 18001.

2004

Refocusing on the core business: treatment and storage of waste.
Peripheral businesses (collection, sorting, recycling) are sold to specialists of those markets.

2005

Extension of authorized capacities at Trédi Salaise, Drimm and SVO.

1990

2000



A sustainable growth strategy



Philippe Leblanc
CEO

Manuel Andersen:
Séché Environnement's markets continued their upward trend in 2005. What are the foundations for this growth, and are they sustainable?

Philippe Leblanc: « Again in 2005, the main growth driver in our markets was the tightening of regulatory requirements.

The waste treatment and storage markets are regulated markets. The introduction of new standards not only boosts the rate at which waste volumes increase, but also treatment costs as a result of the higher quality imposed by the new regulations.

In 2005, more non-standard compliant landfill sites and incinerators were closed down. The waste previously treated at such sites has to be redirected to duly authorized, standard-compliant, approved collective facilities.

This phenomenon is not new, but is sustainable and has accelerated in recent years thanks to the introduction of a principle that is fundamental to our businesses, namely the criminal responsibility of the waste

producer. Waste producers, both corporates and local authorities, are increasingly aware of their responsibilities, and as a result, rising volumes of waste are sent to facilities like ours, which respect the highest technical, regulatory and approval standards in terms of environmental protection.

In addition to these regulatory factors, the nature of waste itself is also changing. New types of waste with as yet unknown toxicities are emerging. These will always need to be treated in accordance with the highest standards. Changes in the methods of production and in regulations have led to the appearance of new waste deposits, similar to the sludge from purification stations a few years ago.

The factors underpinning our sustainable growth are therefore numerous, but of particular note are our positioning as a waste treatment specialist and the commitment of all our employees.

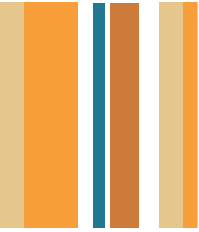
M.A.: What do you see as the Group's particular strengths and assets?

Ph.L.: First, our identity. Séché Environnement's core businesses are the treatment and storage of waste, which is the responsibility of the producer. It is important for the producer to have a secure, direct relationship with Séché Environnement, and also that we are able offer them all types of treatment for all different types of waste.

Our second asset is that virtually all our sites are certified. This constitutes both a mark of safety and a guarantee that the technologies used at our sites are the best available.

Our ability to bring waste producers a global, tailored offer is founded on our strengths of a particularly high-quality supply in the treatment of different kinds of waste, our ability to work in partnership with our customers and meet or even exceed regulatory requirements and our high-performance industrial facilities. Our





presence throughout France means we are always in close proximity to our customers' sites and able to respond appropriately to all the types of waste they produce. Another factor that sets us apart is our strong brand image, an asset that our customers are keen to take advantage of.

M.A.: What strategic plans have you laid out for the future?

Ph.L.: Over the next few years we will see the optimization of our industrial facilities at all sites. Significant availability at our storage and treatment facilities is turning Séché Environnement into a leading player. The main focuses of our growth strategy for the waste treatment markets are an extension of our treatment offer, the diversification of our facilities and new operating permit extensions.

Broadening our offer based on our waste treatment services, increasing the value-added of our know-how, and expanding geographically into regulated markets will allow us to better meet the global needs of our customers in the future.

In all cases, this growth will go hand in hand with a strengthening of our commitment to be a responsible, socially-aware player, without which sustainable or profitable growth would be impossible. »





Positioning as a specialist

Operating within a well-defined legal framework

Séché Environnement has frequently anticipated the regulatory requirements in areas such as thermal treatment, storage with energy recovery and specific tools for certain types of waste. The Group systematically certifies all its sites in compliance with the highest standards. These efforts were strengthened in 2005 when the Group obtained extensions to the licenses from Prefect's office for its storage and incineration activities at three sites: the Drimm and SVO storage sites and the Salaise site with its three incinerators.

A unique positioning

In activities downstream of waste collection, focusing on the most technically advanced end of the waste market

Séché Environnement is a key player and the leading specialist in the French waste treatment market, serving the environment – its end customer.

Séché Environnement's core business is dealing with the pollution generated by human activity and developing different means of recovering waste.

Séché Environnement has chosen to concentrate on the treatment and storage of

final waste, downstream of collection and sorting activities. Over time, this specialist strategy has enabled the company to develop the widest range of high-performance facilities capable of processing all types of waste from all types of customers.

Choosing the most suitable treatment process

A critical stage, ensuring that waste is treated in the most financially viable and technically-advanced manner

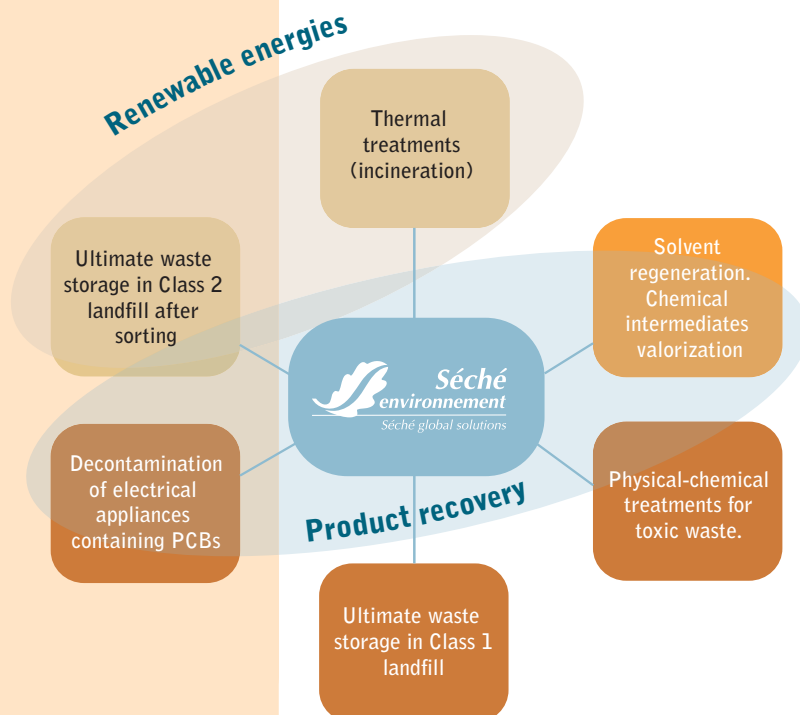
The Group offers waste producers a service that combines safety, regulatory compliance, sophisticated processes and recovery.

The Group has a nationwide presence and the capacity to cover the entire waste treatment chain, providing the full range of services, from waste sorting to final storage, including renewable energy, product recovery, physical-chemical treatment and site rehabilitation.

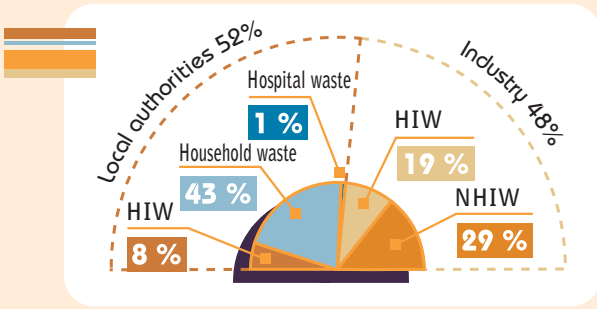
The choice between different technical processes

The different types of waste are transferred to the appropriate waste treatment facilities depending on their chemical composition, physical form or bacteriological characteristics. The choice of treatment solution is governed by technical (feasibility), regulatory (authorizations) and economic requirements. While there can be a degree of choice in terms of what treatment method is used, in most cases it is determined by these constraints.

As such, there is only limited competition between the different activities (storage and



Breakdown of 2005 sales (by volume)



incineration, for example). This is why it is important for Séché Environnement to have the widest range of tools at its disposal to meet the needs of all its customers for all types of waste.

Customers and types of waste

In order to achieve this mission, Séché Environnement has gradually built up the broadest range of high-performance facilities complying with regulatory requirements (thermal treatments and storage with energy recovery, specific tools for particular types of waste) to enable it to take on as many different kinds of waste as possible. The Group treats and stores the various types of waste flows generated by industry and households while ensuring respect for humankind and for nature. Its activity is the last stage in the life cycle of manufactured and non-manufactured goods.





A foundation for growth and profitability

Restrictive legislative framework for waste producers persists

- **1975:** Promulgation of the first french law on waste, defining the term « waste », preparing the ground for the various processes required (collection, recovery, treatment, etc.) and establishing the « polluter-pays » principle.
- **1976:** Application of the law governing facilities classified for environmental protection purposes, organizing the set up, operation and control of hazardous activities likely to pollute. The operating license requires the company concerned to treat emissions released into the air, water and land.
- **1992:** Implementation of waste management planning. Guiding principles laid down, such as proximity in order to limit transportation, encouragement of savings at source and recycling, limiting storage to final waste (the Lalonde Law).
- **2002:** Expiry of the Lalonde Law on the closure of crude dumps. Definition of a new official waste classification system at the European level. This classification is more restrictive than its predecessor and requires the identification of waste as well as its hazardousness and traceability in order to treat it using the best adapted facilities.
- **2006:** On line for a new waste policy in France which will update the 1992 policy on issues of commercial products at the end of their life cycle, diffuse hazardous waste, regional management and the financial liability of the waste producer.

Séché Environnement's core businesses of waste treatment and storage are highly regulated fields.

These regulations are more and more restrictive for waste producers and increasingly demanding for waste treatment operators. They also act as barriers to entry for potential new entrants into these markets.

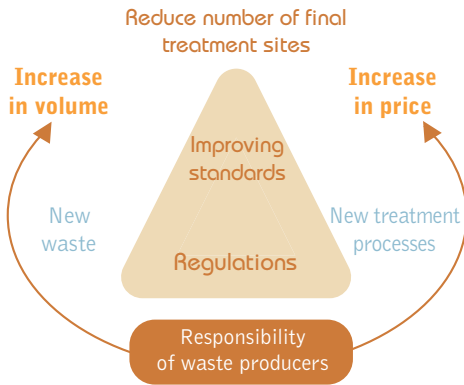
2005: A year of regulatory developments

Additional regulatory provisions introduced in 2005 increased the requirements of waste producers and the constraints of waste treatment and storage operators in order to bring them into line with environmental standards.

In the hazardous industrial waste market for example, changes made to the tally sheet at the end of 2005 increasingly lead waste producers to outsource waste treatment and make it easier for the authorities to monitor compliance with these obligations. The volume of waste affected by this change is significant given that around 50% of industrial waste is still thought to be treated internally. These volumes should gradually trickle through to the market for the treatment and storage of hazardous waste.

In the non-hazardous industrial waste and household waste markets, the December 28, 2005





Buoyant growth by value and volume underpinned by regulatory changes



deadline for the compliance of incinerators with standards was met, except in very rare cases, and non-compliant incinerators were closed either temporarily or permanently. This is a clear sign of the public authorities' desire to force unscrupulous operators to comply with highly restrictive waste treatment regulations.

As for waste storage, at the National Waste Conference held in La Baule in September 2005, the French Minister of the Environment and Sustainable Development, Nelly Olin, reiterated her intention to close almost 700 non-compliant landfill sites by March 2007. Closure of these sites, on top of the high financial incentives resulting from a further doubling of the GTPA (general tax on polluting activities) for non compliant sites, should help to boost the volumes of waste sent to compliant sites meeting the highest environmental requirements.

Other financial incentives, such as the introduction of a new tax of up to EUR 3 a ton

paid to local authorities welcoming classified facilities, are also encouraging the expansion of existing sites that can offer the highest environmental standards and have invested in ensuring the appropriate socio-economic integration into their neighborhoods.

Finally, the Minister announced the intention to promote renewable energy sources such as biogases, thereby opening up new opportunities in the waste treatment and storage market in the field of energy recovery.

Health

STAKEHOLDERS

Transparency

The future

Preservation

Environment

Safety

Mobilization

Responsibility

RECOVERY

Greenhouse effect

Traceability

Commitments



Alexandra, 34 years old, Public relation

"Health problematic linked to waste treatments are among legitimate concerns for citizens. I like to share my convictions with the site visitors about the social and environmental usefulness of our professions."





Action driven by a thorough understanding of the issues



Didier Gauthier
General Secretary
in charge of Sustainable Development

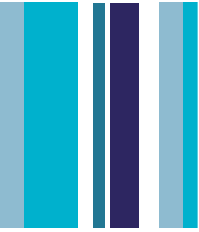
Manuel Andersen: What are Séché Environnement's key commitments and values?

Didier Gauthier: « Séché Environnement's values and commitments are outlined in a Code of practice which is distributed to all staff and open to their comments. For the most part, these values and commitments are also embodied in the Group's QSSE (Quality, Safety, Health and Environment) policy. In drawing up these guidelines, considerable attention is paid to the issues of sustainable development and social and societal responsibility. We have set up a certification process to formalize the values we hold: respect for men and women within or outside the company, respect for our immediate surroundings, careful attention to local residents living close to our sites and an ongoing concern for the environment. Consequently, at the end of 2006, all the Group's units will be certified under ISO 9000, 14000 or even OHSAS 18001 (primarily a health and safety certification) standards.



M.A.: How does the Group ensure that it meets these commitments to all its stakeholders?

D.G.: Our declarations are backed by effective organization. This organization is driven not only by regulatory standards, but also by our own requirements in terms of traceability and the potential for comparison and continuous improvement. Our commitments regarding transparency are very strict, which helps us to steer our corporate culture in the right direction. As a result, we will all live and act out these convictions, which will in turn become an integral part of the professionalism of each and every one of us. We are on the right track but must remain vigilant. Our ethics cannot be forgotten for one minute. Data is collected through the reporting systems we have introduced, quality is being monitored and analyses carried out in order to bring to our attention any potential irregularities. True 'snapshots' foster the managerial logic of continuous improvement at our sites. Today, the issue of health is paramount. People are no longer concerned with environmental issues such as the thickness of fumes. Their concern is zero risk. Communities no longer allow industrial companies to expose them to risks, even those deemed minimal or even insignificant. We attach great importance to these issues and try to anticipate them on a continuous basis. In the past we have focused on assessing the concentration of a given substance in the air. Today, we understand that the problem stems from the mixture of a number of substances. We therefore introduced bio-sensors into the environment which enable us to reliably assess the true impact of our activities, not just on humans, but also on biodiversity in general by analyzing moss and fungus, passive sensors that naturally help measure the amount of pollution.

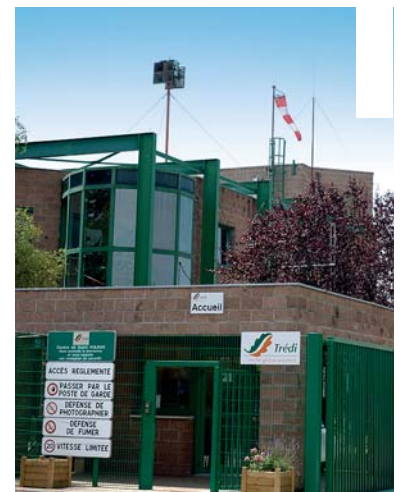


M.A.: What challenges is Séché
Environnement likely to face in the future?

D.G.: Our challenges are common to society as a whole. Firstly, a strong, clearly-defined ethic is a prerequisite to financial performance. Healthy financial results cannot be achieved without concern for health and the environment. The second challenge is this pipe dream of zero risk that has resulted from technological advances that now enable us to « find everything in nothing » and to detect levels of concentration of substances that would have been unimaginable a few years ago.

As a Swiss alchemist once said: "all things are poison and nothing is poison, only the dose makes the poison." This is the simple concept the public needs to grasp. The potential danger posed by a substance or its concentration is not necessarily a risk. We have an educational role in conveying this reality. This is why we open our doors and talk to people. These are issues of public interest that need to be shared. In addition, the general public has realized that our

businesses are like others. Real or perceived shortages of raw materials, global warming, and the emergence of waste recovery result in considerations that did not exist before. Today, we reflect on final waste. The thinking has expanded, and this is vital for progress. Even though an expert's credibility may still be challenged, it still steers us in the right direction ».





Commitments to our stakeholders



The concerns of society as a whole are also those of the stakeholders of Séché Environnement and are reflected in the Group's actions.

These stakeholders include traditional players in the company mainly associated with its activities such as its employees and customers, more peripheral players such as the press and local residents and a more distant and diversified circle, namely society as a whole. All these stakeholders want to make their voices heard and defend the interests they represent. Despite their many differences, the Group's stakeholders defend their right to live in a protected environment that does not damage their health.

Initially the stakeholders simply requested information on a « right to know » basis, but today they are increasingly claiming a direct or indirect association with the Company and now demand the « right to participate ».

Séché Environnement has decided to use the increasing involvement in the Company of all parties to guide its actions and determine its commitments to each of them.

Risks management

The risk management system is the basis of Séché Environnement's sustainable development policy. It applies to the company's permanent employees and to any sub-contractors who may work at the sites.

There are no successful companies without a business ethic or organization. And there can be no continuous improvement without questioning practices and systematically requesting feedback.

The safety management system

Séché Environnement's activities inevitably bring the Group up against a number of risks that it strives to manage.

Three levels of prevention are in place to tackle industrial risks, environmental risks, and political risks relating to international activities:

- Technical barriers, comprising all types of preventive (alarms, protective equipment) and curative (e.g. firefighting equipment) safety measures.
- Organizational barriers, ranging from risk analysis to the monitoring of regulatory compliance and management systems (OHSAS, ISO) and feedback.
- Human barriers, based on the qualification and professional training of operators and their involvement and motivation levels in their jobs.

Managing feedback

Procedures and operating methods have been drawn up to control any operations liable to affect safety and the environment. These are updated regularly in line with internal and external feedback (based on a complete list of recorded waste treatment accidents combined with a voluntary program of sharing experience in the field of safety with French and European trade associations).

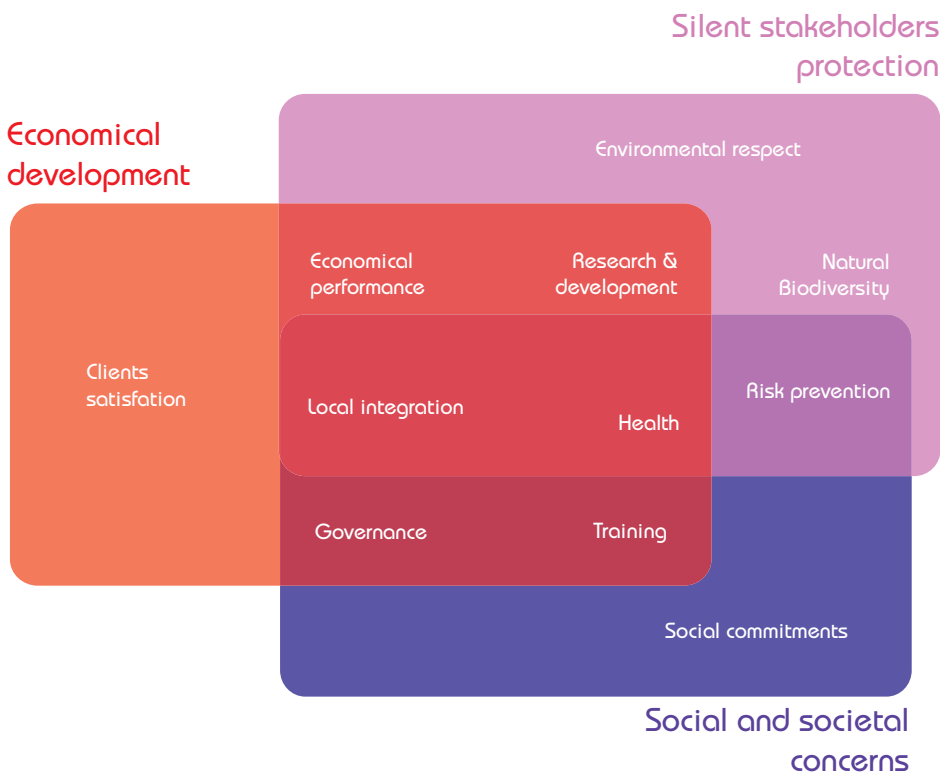
Managing quality, environment and security

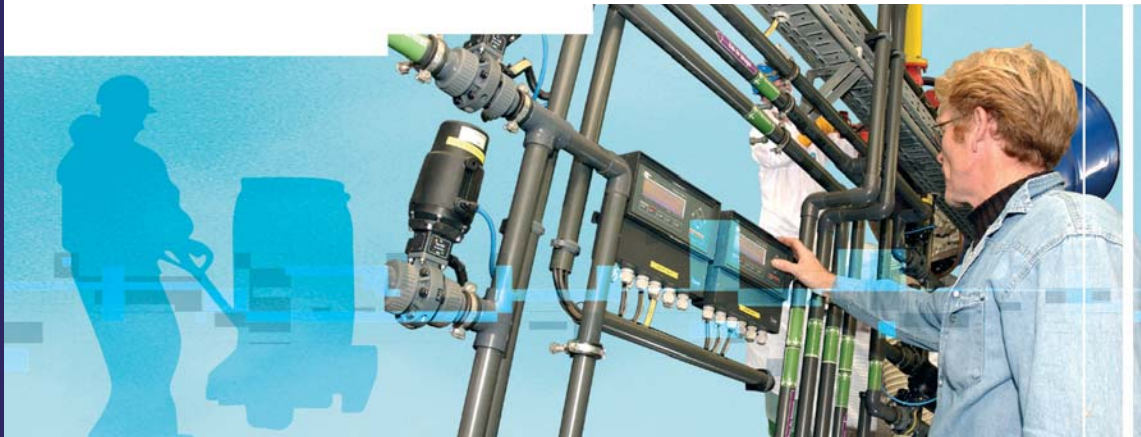
Standards in the 9000 (quality), 14000 (environment) and 18000 (health and safety) certifications are based on four guiding principles that support the above pillars and to which Séché Environnement fully adheres:



- Put in place organizational principles that offer all employees points of reference while encouraging job satisfaction by allowing them to make full use of their expertise;
- Analyze situations objectively so as to better understand the direction to be taken and implement the measures to be taken through a fully understood participation-based approach;
- Report on Group activities using quality traceability based on recognized relevance indicators;
- Introduce a collective level of responsibility lending full credit to the social responsibility principles which are now a globally recognized concept (place of each stakeholder).

These are the reasons why Séché Environnement adheres to the standards mentioned, which are leading benchmarks. And these are the reasons why the Group has decided to apply these standards systematically. Certification itself is simply the most obvious expression – a recognition of comprehensive, correctly applied processes. Certification is a communications tool, or even requirement, but in no way an end goal. On the contrary, mobilization and improvement must be continuous.





Managing regulatory compliance

The operating permits obtained from the Prefect's office are of a permanent nature, and generally have no expiry date. However, where a site fails to comply with the relevant provisions, the authorities may take the measures necessary. Regulatory compliance at Sèche Environnement is based on the following:

- permanent monitoring of regulatory developments
- participation in professional working groups set up to anticipate regulatory developments
- statutory audits by trained professionals with respect to the enforcement of rules and the identification of instances of possible non-compliance
- timely corrective measures where necessary.

Preventing and reducing the impact of accidents

The systems implemented are designed to protect employees, populations and the environment at the time of an accident and include the internal emergency plan and/or the special intervention plan depending on the size of the site and the regulations applicable.

In order to safeguard the plant, firefighting equipment in particular is available on all sites. This equipment is checked periodically by insurance experts and continuous improvement programs are in place. The communications angle is similarly prioritized, with an emergency communications committee designed to provide as much information as possible to stakeholders in times of crisis.





Inductive analysis method

Risk analysis entails identifying all the dangerous situations that could arise within an organization, assessing the seriousness and frequency of such events and then ranking them in a risk matrix.

Most of the methods used are what are called inductive analysis methods, involving a bottom-up analysis (i.e. from the causes to the consequences) of the accident sequence. The combinations and successive chains of events that can result in an accident are then identified. The methods used include HAZOP and APR.



Adapting facilities, a constant challenge



Christian Blond,
CTO

Manuel Andersen: *What particular strengths can the Group call on to meet its commitments and maintain growth?*

Christian Blond: « Our first strength is probably that we constantly monitor technology and regulations. We are continuously adapting to keep abreast of trends in the waste market so that we can meet the needs of our clients and satisfy new requirements laid down by regulators.

Waste evolves from one year to the next, and we have to adapt our processes continuously: new production techniques change its chemical composition, and new regulations create new waste categories, etc. All of this poses a challenge to our expertise and to our industrial facilities. We must always be able to offer a processing chain that is fully developed at every stage and backed up by demanding procedures and the best possible control of risks.

To face these challenges, we keep our technology under constant review. We have 70 people working in our laboratories, spread across the Group's sites. As soon as a new type of waste is identified, our research lab in Nancy determines how it can be stabilized and what can be

recovered using the appropriate treatment systems. Then our technical services take over, designing and implementing the processes on site. At the same time, we keep a constant watch on regulations. This is partly the responsibility of specialized teams, but we also promote the awareness of this issue amongst all our workers. I believe that the new certifications and the important extensions of our activity attest not only to the high quality of our processes but also, and this is our second major strength, to the involvement and commitment of all our staff, including executives and top management, with regard to these aims. That is easy to say, but our policy of transparency with clients, government bodies and local residents means that our approach is approved by a large number of people. This is another major strength, which becomes clear when you visit the sites.

M.A.: *How would you rate the performance of Séché Environnement's industrial facilities by availability, security and productivity in 2005?*

C.B.: In 2005, our facilities met client needs and regulatory requirements. The processes at our landfill sites are well ahead of current regulations and look forward to the future of the business. Similarly, analyses of emissions from our incinerators testify to the quality of our facilities and show we are meeting standards well ahead of official deadlines. In a purely commercial sense we have successfully developed our global offer, widening our range of services to add ever more value for the client. We can now deal with highly complex waste management issues by intervening directly at our clients' site and channeling their waste towards our most appropriate treatment facility. Obviously, there is always room for improvement. That is the point of our culture of continuous progress. The availability rate of our facilities is today broadly optimized, and results are on a clear upturn. All sites upgraded their processes in 2005, and we can expect more productivity gains going





our traditional activities and also opens up a whole new business.

That said, recovery is nothing new for S  ch   Environnement as regards non-hazardous industrial waste or household waste. Ever since the Group was created, we have been recovering energy from waste via methanization to generate steam or electricity. This waste can also be used as a fuel that could substitute for other sources of energy, notably fossil fuels.

Similarly, when hazardous industrial waste is incinerated, a great deal of heat is produced, and we have to cool the facilities. There too, we are generating steam that we can sell to industrial clients or turn into electricity and sell to EDF.

Energy recovery is also a major way to enhance our client offer. It is one way to tackle global issues of waste generation and disposal. It is also a way of exporting our waste offer beyond our sites, something that our customized global services are already starting to do.

Energy recovery is thus both an increase in the value added of our offer and a strong incentive to prepare for future changes in the business ».

forward. In the waste storage business, the gradual application of extensions tends to enhance economies of scale and boost profitability. In incineration, we have been working on the waste mix, to find the best balance between calorific value and tonnage treated. The better the mix, the better the combination of tons burnt with thermal power, and the greater the improvement in productivity.

M.A.: How far can the waste businesses take recovery and how can this enhance the offer to clients?

C.B.: Recovery, either of energy or materials, is an area of major development for the Group. It adds an exciting new dimension to





Energy recovery

Thermal recovery

Incineration is used for organic waste or waste containing organic pollution. The client catchment area for the different solutions depends on the type of waste. The most toxic waste requires custom facilities and thus forms a nationwide or even international market.

Incinerable hazardous industrial waste and non-hazardous industrial waste is produced by all areas of industry, but particularly by the chemicals and oil sectors.

The client base for household waste and non-hazardous industrial waste (packaging) is made up of local authorities and commercial businesses.

Renewable energy from treated waste

The process involves the direct oxidation of waste in a furnace which fully transforms its organic content into a totally inert form.

The waste has enough calorific value to complete the combustion, and no additional fossil fuel (e.g. fuel oil, natural gas) is needed. The heat produced in this combustion process is recovered in the form of steam in a boiler, which can be used to drive a turbine generator to produce electricity. Energy is recovered as steam and electricity, leaving only final waste for storage, in limited quantities and with controlled toxicity (unburned materials and slag).

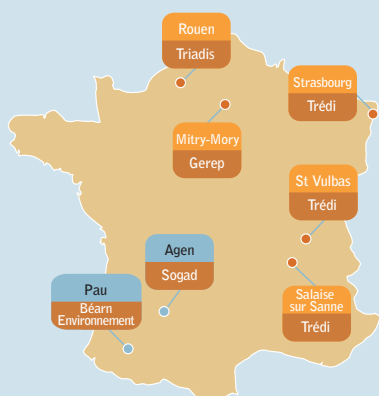
In this way, the renewable energy generated also has a positive impact on the greenhouse effect

Security barriers for man and environment

The technical design of the Group's plants depends on the type of waste to be incinerated at each site. In particular, the type of furnace used (fan-assisted or grate furnace) and its size depend on the proportion of solid to liquid products, their calorific value and the desired capacity. The chemical content of the waste (especially its halogen content) influences how emissions are treated.

Gases produced during the combustion process are subject to post-combustion (additional burning) at very high temperatures in order to complete their oxidation. Sudden cooling of the gases prevents the molecules from recombining, in particular undesirable molecules such as dioxins. Special techniques to purify the emissions complete the treatment prior to their controlled release into the atmosphere.

Water used for certain gas-scrubbing processes is treated by specific filtering systems and, after a number of tests and analyses, reused in the process before being emitted.



- Incinerators for industrial waste
- Incinerators for household waste

Renewable energies, a European ambition

Europe currently imports more than 50% of its energy needs and the recent surge in oil prices has focused governments' concern on the need to secure its supplies. Some experts claim that, if nothing is done, Europe could be 70% dependent on foreign sources of energy by 2030.

In France RTE (the French electricity grid) recently announced that by 2009 the country could face a shortage in installed generating capacity of around 1,000 MW. This has led to the implementation of a number of projects.

The Group has two sources of energy to draw on: waste with calorific value, which can be recycled into heat or electricity through its thermal installations, and biogas from its landfill sites of household and similar waste.

It therefore plans to actively embrace the production of renewable energy and so help meet Europe's environmental targets while also reducing France's energy dependence on other countries.

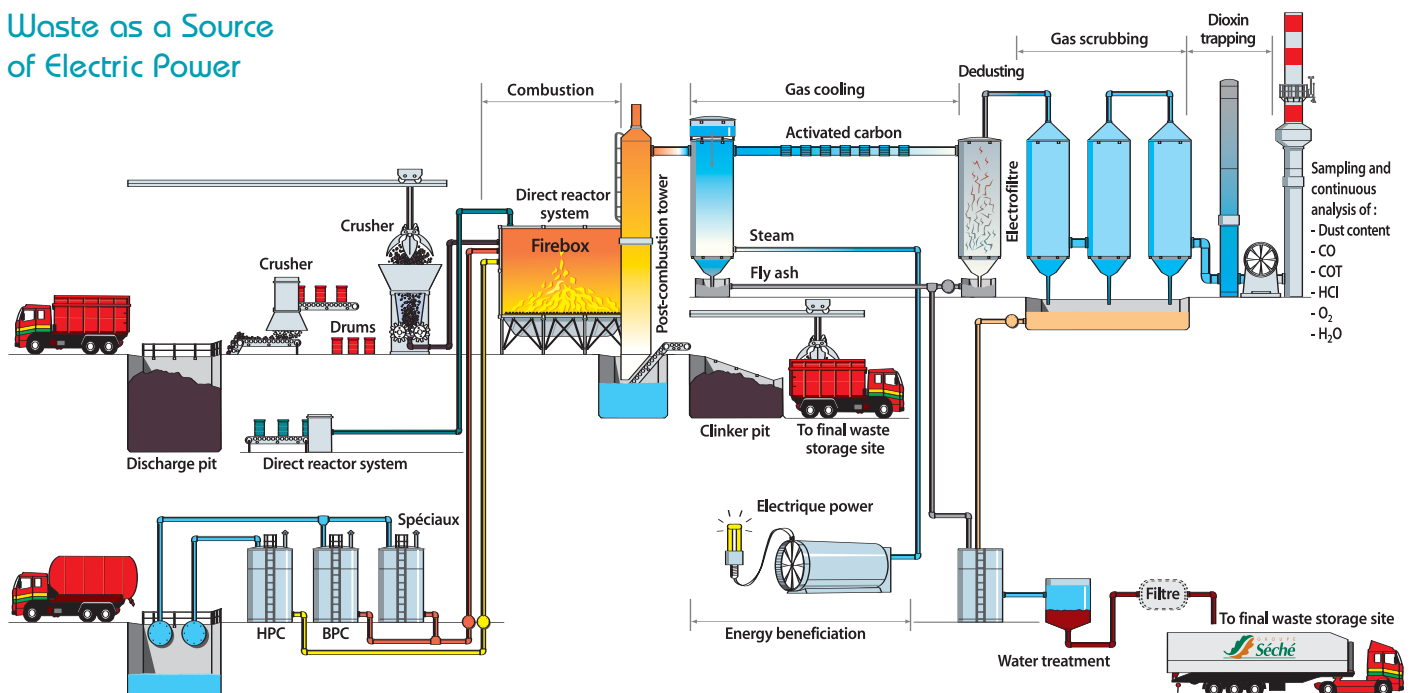


Thermal treatment has undeniable advantages

Incineration offers a number of advantages for all combustible waste. It prevents microbic or bacteriological contamination and considerably reduces the volumes to be stored: fly ash and slag represent less than 20% of the pre-treatment weight of the waste. Similarly, it is used to produce « green » energy in the form of steam or electricity.



Waste as a Source of Electric Power





Recovery of biogas

Storage of household and similar waste is only used as a solution for the final waste, i.e. the part that cannot be recycled or recovered under current technological or economic conditions.

The client base includes local authorities, for both household waste and non-hazardous industrial waste, and industry for non-hazardous industrial waste.

Catchment areas for household and similar waste are regional.

When waste is stored properly, its ecological advantages are undeniable. That is why the Group's facilities are built with maximum attention to long-term security considerations going beyond the basic regulatory requirements.

The Group pays close attention to the passive security provided by the impermeability of the site. It takes special care in maintaining the quality of the clay layer and the geomembranes that line the base and sides of the cells. Stored waste is thus isolated from the environment, particularly from water sources.

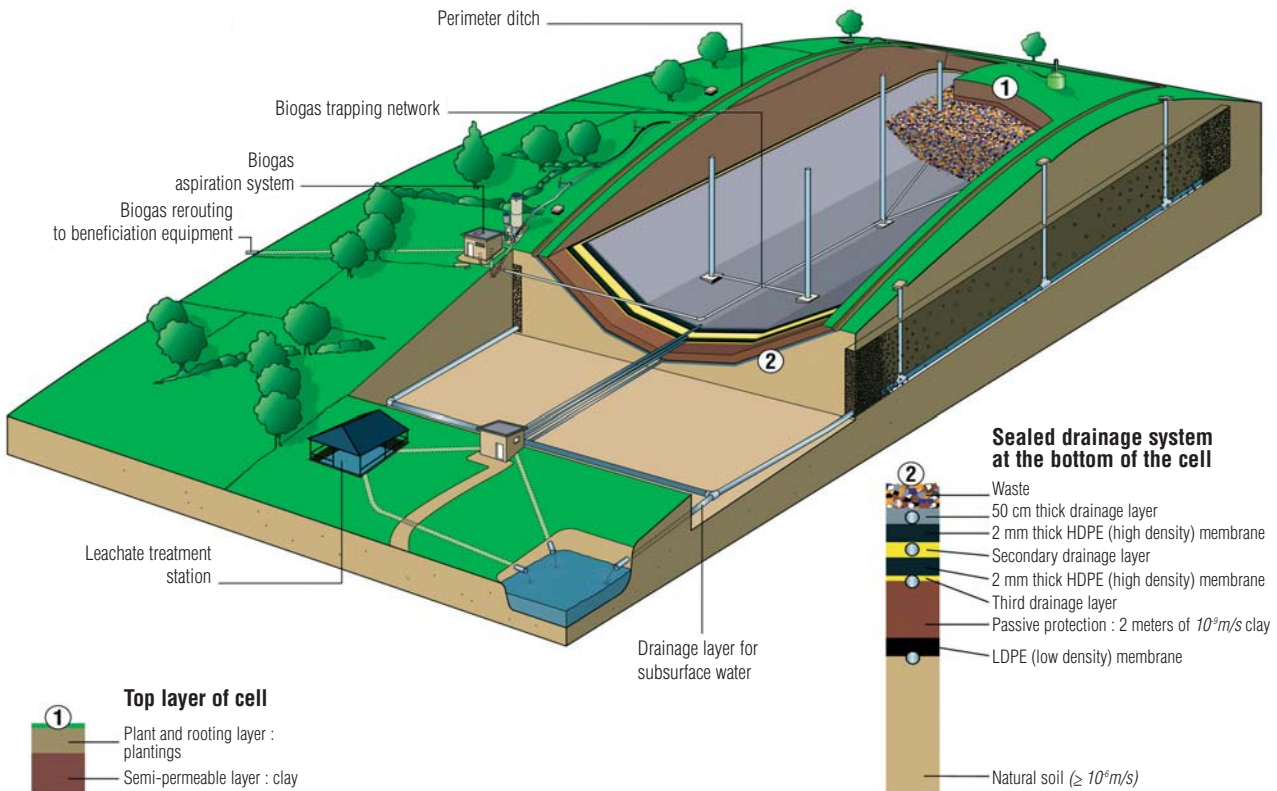
Active security is ensured through a drainage system. This allows gravity drainage of leachates (liquid emissions released by decomposing waste) for processing in a wastewater treatment site using the latest technologies (inverse osmosis).

Biogases (chiefly methane) are captured over the whole life of the landfill and are in most cases recovered as renewable energy for on-site applications or applied in local partnerships such as the fodder dehydration initiative with an agricultural cooperative in Changé.





Waste as a Source of Power in the Form of Biogas



Class 2 cell diagram





Product recovery and treatment of hazardous waste

Point of view:

Waste treatment and conservation of natural resources

« By treating waste, we get to know and understand it better. This is how we first discovered that the storage and burning of waste could be used to generate energy. Now the Group produces 90% of the energy it uses through these processes. The main priority is always to treat the waste safely and to make the substances secure.

If we can generate energy at the same time, particularly cheap energy, then we win on both ends. But this is still a sideline, since the purchase price of the energy has to justify setting up the infrastructure required to produce it. A number of regulatory measures to promote energy recovery have been put in place.

The total cost of recycling, once all impacts are measured, may be far higher than the price of the raw material in many products. This is why, every day, waste is exported to emerging markets to be recycled there. Recycling creates responsibilities for all those involved. We must not lose sight of these responsibilities in the pursuit of short-term profitability, or we risk having an irreversible impact on the environment or on public health ».

Philippe Leblanc

Treatment of hospital waste

Besides its incineration and waste storage activities, Séché Environnement is also responsible for the treatment of medical waste. Two alternative technologies are used:

- sanitization before storage or incineration in household waste incinerators
- incineration at very high temperatures in hazardous waste incinerators designed and authorized for this purpose.

Decontamination of electrical appliances containing PCBs

Polychlorobiphenyls or PCBs, more commonly known by their brand names of Pyralene or Askarel, used to be widely used as dielectric agents in transformers and capacitors because they are chemically stable and non-flammable.

Their production was eventually halted in the 1980s due to the impact of these highly complex products on both health and the environment. Under a European directive, all these transformers must be disposed of by the end of 2010 and all associated pollution (contaminated land) treated.

There are only a few companies in the world that can decontaminate these devices, and Trédi has established an international reputation in the field. Its St Vulbas and Izeaux sites can decontaminate and recycle the metals in these transformers (copper, electrical sheets, etc.) and chlorine in the form of hydrochloric acid. The Group is active in this market sector and also treats other insulators that pose hazards or risks such as SF6.



The hazardous waste is then incinerated on-site, in conditions that provide failsafe security and traceability.

Physical-chemical treatment

Physical-chemical treatment is reserved for liquid hazardous industrial waste, often in mineral form, oil-based waste and toxic waste (heavy metals, cyanide, arsenic or chromium), waste with an extreme pH level (basic or acid) or where hydrocarbons are present. The main producers of this type of waste are the chemicals, metals and oil industries, surface treatment specialists and mechanical workshops. The client catchment area is regional for simple waste and nationwide for more hazardous waste (higher value added). Depending on the nature of the waste, it can be subject to various treatments, which include:

- pH neutralization (acid/basic)
- precipitation of metallic hydroxides
- decyanidation, dechromation
- treatment of ion-exchanging resins
- cracking of oily emulsions by centrifugation and separation of phases: biological treatment can be applied to this waste individually or as a finishing treatment.



- Hospital waste treatments
- Physical-chemical treatments
- PCBs treatments



Purification of chemical intermediates and solvent regeneration

The Group has developed a business line purifying chemical synthesis intermediates by distillation as a service for the pharmaceutical, cosmetics, perfume, agrochemical and chemicals industries. It purifies the synthesis intermediates needed to produce the final product and provides back-up for the production process. It is one of only a few international players to master the technique of high vacuum rectification.

The Group also offers purification, mainly as a service, of cleaning solvents used in traditional industries that make or use solvent based products such as paints, inks and varnishes (manufacturers) or auto manufacturing, printing and building (users). In this segment the Group essentially relies on the competitive facilities of its subsidiary, Speichim Processing, which offer unique flexibility of processing (distillation columns with different diameters and number of trays).

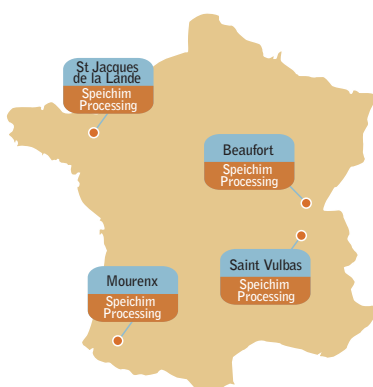
Storage of hazardous waste

Storage of hazardous waste (class 1) is used for final waste produced by industry, i.e. the part that cannot be recycled or recovered, often residues from initial waste treatments which have removed the useful materials or energy, generally in mineral and solid form.

Residues from purification of incineration fumes from household waste are also stored in class 1 landfills for local authority clients.

Waste is governed by a strict acceptance procedure. It is stabilized before storage if required due to its physical or chemical state. Traceability procedures in the storage cells are carried out using a three dimensional GPS topographic survey system that allows identification of waste that can then be stored in specially-designed cells.

The catchment area is nationwide.

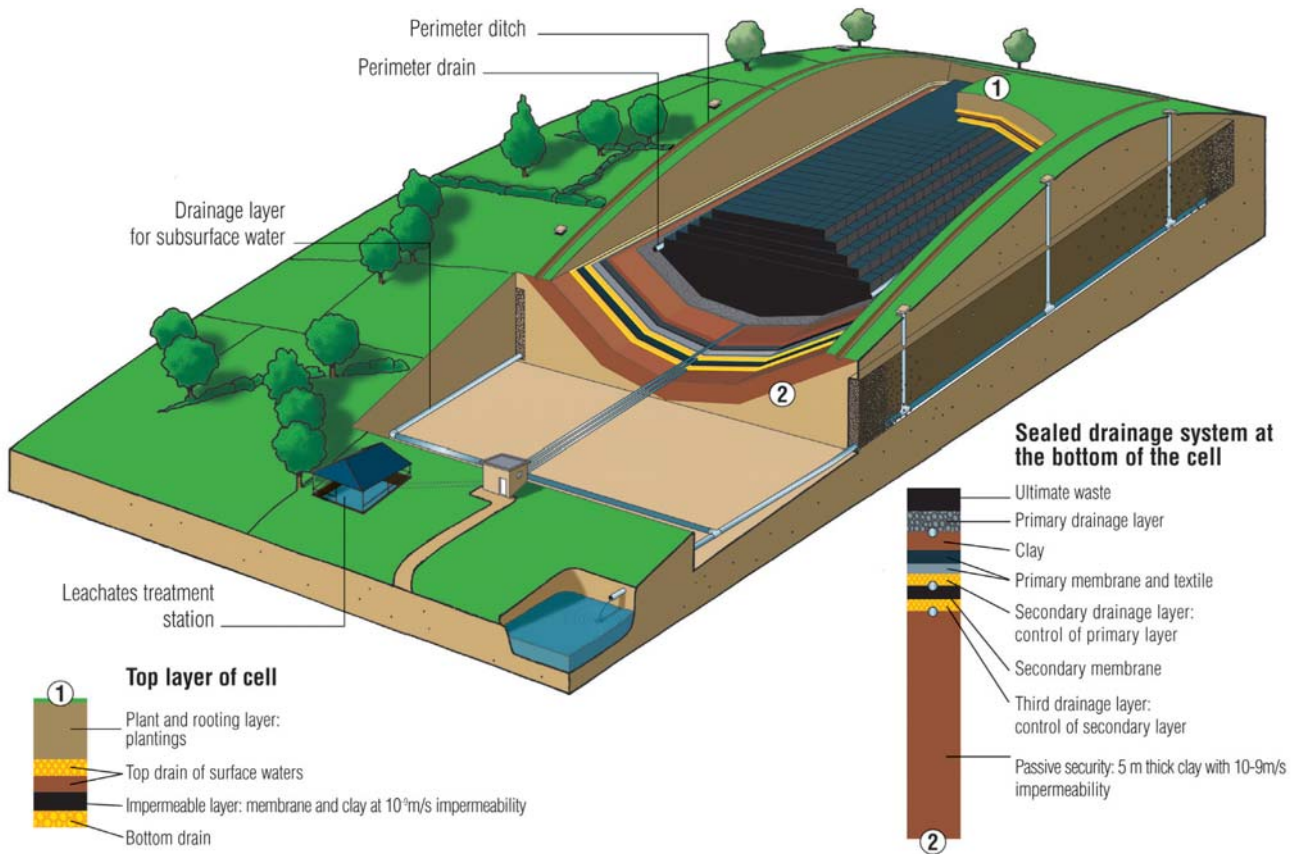


● Solvent regeneration and chemical purification plants





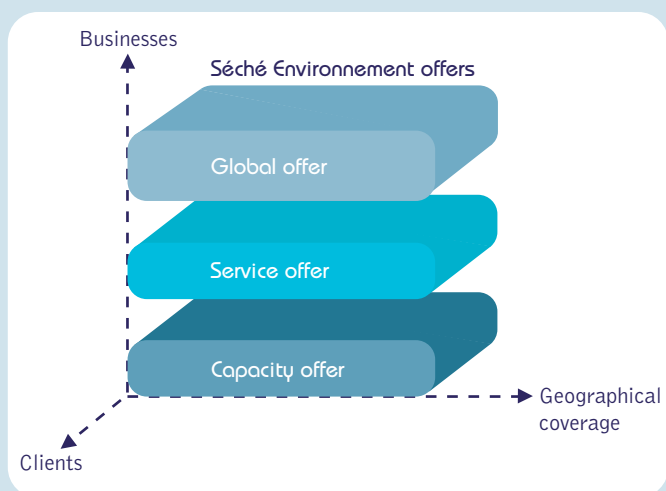
Class 1 cell diagram





Global offers and eco services

An offer dedicated to each client's needs



Séché Environnement is mobilizing synergies from its businesses to serve the needs of its industrial and service sector clients.

The complementary aspects of its activities allow the Group to improve its competitiveness in the face of increasing environmental concerns by its clients and ever tighter regulation.

Séché Environnement allows clients to outsource their environmental services, taking charge of their waste issues under global management contracts and leaving the clients free to focus on their own core business.

The creation of Séché Eco-Services at the start of 2005, specializing in the design and implementation of global offers has strengthened Séché Environnement's competitive position with all client groups nationwide, in the highest value chain of any of its markets.

Logistics

A response team qualified to deal with chemical risks and transport hazardous materials goes into industrial sites to remove waste to its centers in accordance with regulations. These intermediate centers provide close-at-hand solutions: collection, mixing, transit, sorting, packaging or pre-treatment before the waste is handled using the appropriate treatments. All processes are carried out in total security by qualified chemists.

Séché Environnement seeks to offer its clients a complete range of services and therefore has a dedicated waste transport subsidiary, compliant with the European





agreement on the international carriage or dangerous goods by road (ADR). The service is OHSAS 18001 certified and equipped to handle any type of residue, packaged or loose, liquid or solid. In addition to optimizing management of waste streams and controlling transport logistics, the service can also intervene rapidly in the event of accidental pollution.

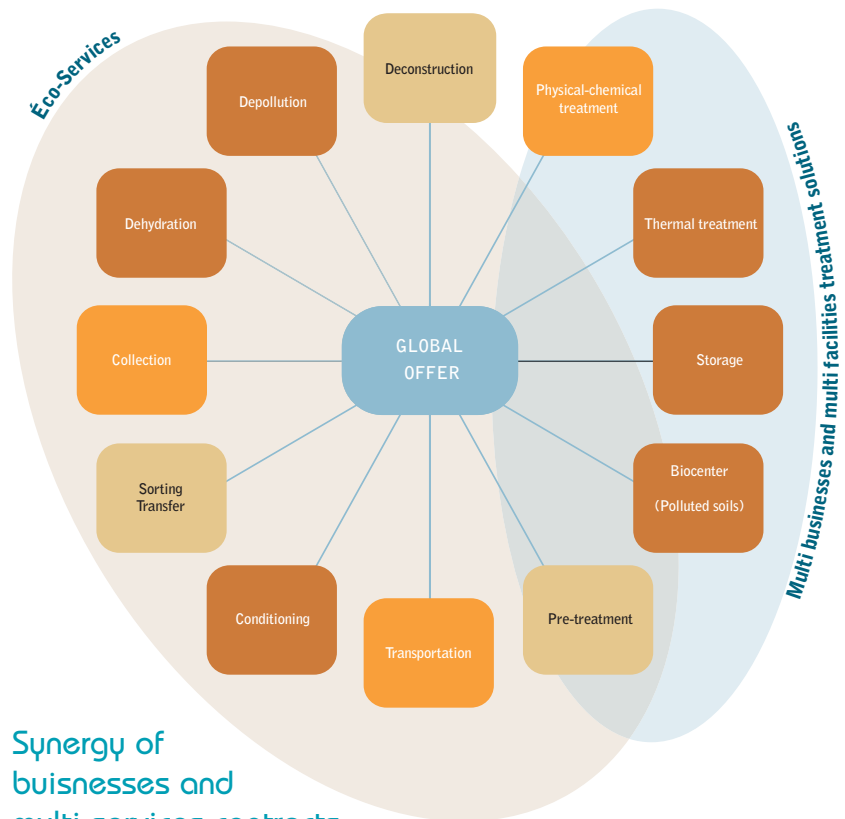
Site remediation

Séché Environnement offers to manage all stages of polluted site remediation for its clients. Rigorous analysis of the situation, carried out in concert with the site owner, defines the aims and technical approach. Séché Eco-services has mobile units to decommission, treat and decontaminate industrial facilities and carry out necessary earth-moving and confinement work. It has the technical qualifications Qualibat 1112 (demolition), 1312 (earth-moving) and 1513 (asbestos removal).

Sludge dewatering

In treating their industrial effluents, companies produce volumes of sludge that must be treated or recovered. Séché Environnement offers global solutions for the handling of these industrial sludges. Séché Eco-services' custom offer includes consulting, appraisal and management solutions for residual sludge.

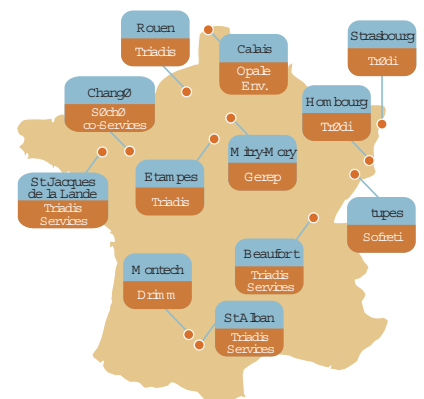
Fixed or mobile dewatering units use a procedure developed in-house to treat all sludge. Sludge is taken from a sludge lagoon or directly from a treatment plant and first



Synergy of businesses and multi services contracts

homogenized with an iodine based flocculent, then dewatered in a fixed or mobile unit by either centrifugation or filtration. The water recovered in this phase of the process is then treated.

The dewatered sludge is packaged and sent on for either disposal or, where possible, recovery of materials or energy.



● Sorting and transfer platforms



Value creation

Investment
Growth

Leverage

Profitability

Cash flow

Market capitalization

Development

Dividends

Return on Capital

Enterprise value

Financial and stock market performance



Franck, 32 years old,
Cell waterproofness specialist

"I am in charge of preparing the cell and of checking its impermeability before bringing it into service. It is a job full of responsibility to set in the right way."





2005: strategy brings results

Manuel Andersen:
What were the strong points of Séché Environnement's growth in 2005?

Jean Geissler: The first point to stress is the vigor of Séché Environnement's growth in 2005. We achieved growth of 7%, twice that of 2004.

This trend attests to a strong performance over the year, since growth was held back by a weak first quarter, particularly in household and similar waste, and by a challenging comparison base in the fourth quarter for hazardous industrial waste.

A key point is that growth accelerated over the year in all markets to 8.2% in the second half.

The HIW market, which generates nearly 62% of sales, has expanded in line with our forecasts (by 5.7% over the year) with a strong performance in the second half.

After a slight falloff in the first quarter, the market for non-hazardous industrial waste and household waste (NHIW-HW) performed well, growing by 8.5% over the year. This reflects Séché Environnement's capacity to capture growth in its markets given the reduced treatment supply.

Upstream activities grew sharply (+10%) after we pulled out of non-core activities in 2004. This was thanks to the successful transfer of all our eco-logistics activities to the new subsidiary Séché Eco-Services, specialized in the promising market for waste management outsourcing.

In geographical terms, Séché Environnement is now firmly refocused on the French market, with just 8% of sales coming from abroad. International subsidiaries made a stable contribution to consolidated sales, despite further disposals this year, thanks to the strong growth in business in 2005 (20%). This represents a positive sign for the turnaround Séché Environnement has been pursuing since 2003.

That said, we still lack critical mass in these markets, and Séché is still planning to withdraw from international activities outside Europe, with a few exceptions.

One final point to note is the performance of the subsidiaries specializing in chemical purification and solvent regeneration: Speichim Processing in France and Valls Quimica in Spain.

In 2005, Séché Environnement decided to keep this high-quality facility, which is active in high value-added markets and grew by 7.4% in 2005, in line with the waste treatment and storage businesses.

M.A.: **In profit terms, 2005 was notable for another improvement in profitability indicators. Could you comment on this improvement?**

J.G.: After a marked improvement in 2004, operating profit and net profit continued to improve in 2005 and are now nearing the ambitious targets we set for the medium term. This is the result of our repositioning, now nearly complete, on the high value-added activities of waste treatment and storage in France.



Jean Geissler
 CFO



Our operating performance also reflects the successful integration of the different businesses and the generation of industrial and commercial synergies between the different treatment and storage facilities. We can track this every day in our sales figures, in the success of our global offers, for instance.

Integration is also a key factor in our control of operating costs, particularly in incineration, and scale effects in the storage businesses, which also help to boost operating profit.

Net margin made an impressive recovery, fully reflecting this improvement in operating conditions. It also benefited from the favorable impact on healthy net financials, rapid debt reduction and the fall in refinancing costs after renegotiating the bank debt in March 2005.

Overall, 2005 results underline the high quality of the work being done by everyone at Séché Environnement to strengthen the Group further and reinforce its competitive advantages in line with its development strategy.

M.A.: How do you see 2006?

J.G.: We are looking ahead to 2006 with great confidence, in terms of growth and profit outlook.

Waste markets are on a growth trend, and Séché Environnement is fully equipped to take advantage of this growth.

Notably, the extension of operating licenses awarded in 2005 in the storage and incineration businesses create sources or growth for the medium term, which we will be able to roll out as our clients' needs increase. As a complement to our waste treatment and storage business we are also working on

developing the material and energy recovery businesses. Both these areas are ideally suited to the long-term needs of the French economy with energy sources becoming increasingly expensive over the long term. These businesses will, over the next few years, provide a fresh avenue of growth and a source of extra profitability.

Rising sales, high margins... We are holding investment at around 10% of sales. This will allow us to build up resources, strengthening the Group's balance sheet and putting us in a position to seize any value-enhancing investments that may arise.

2006 will be in many respects the year in which we see the fruits of the strategy we have been following ever since flotation, alternating phases of organic expansion and growth through acquisitions, of which our shareholders are seeing the benefits today.

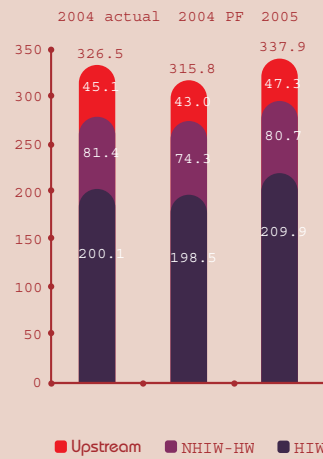




2005 highlights

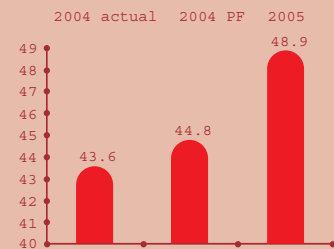
Strong sales growth, in line with targets:

Sales growth in EUR m (IFRS)

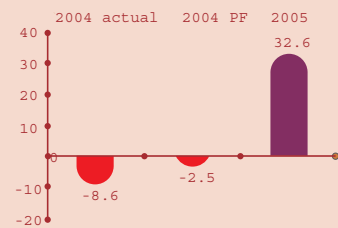


Restoration of profitability

Current operating income in EUR m

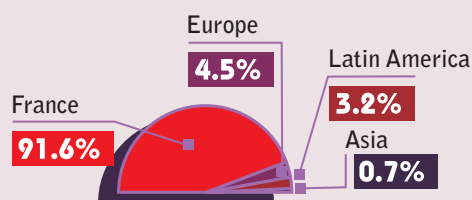


Net income (Group share) in EUR m (IFRS)



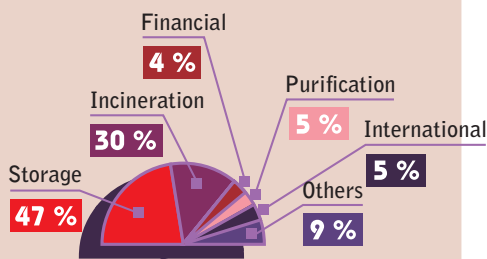
...refocus on France:

2005 Sales





Tight control on investment



Investment in 2005: EUR 26.7 m vs. EUR 25.7 m in 2004 (PF IFRS)

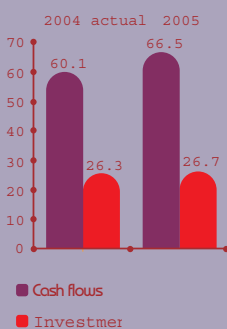
Strengthened financial structure

Shareholders' equity (including minorities) and net debt in EUR m



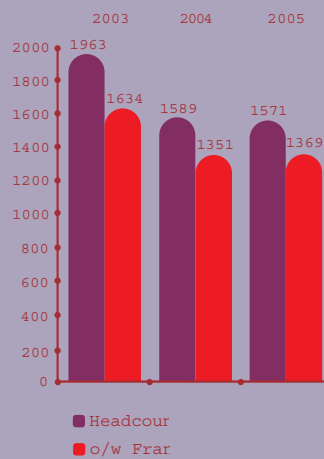
Growth largely financed from cash flow

Investment and cash flow in EUR m



Stable headcount

As at December 31





Activity in 2005 (extracts from management report)

Note: This summary does not replace the full management report published in the Reference Document submitted to the AMF (French Market Authority), March 28, 2005.



Highlights for the period

The Group actively furthered its policy of increasing its storage and incineration facilities in France in 2005, as evidenced by the following examples:

- The licenses for the storage of final waste at Montech (annual operating license and license to undertake complementary activities) were extended significantly, and the annual operating license for the final waste storage centre at Vigeant was also extended. As a result, the Group has been able to increase its commercial presence in southern and western/central France and is now a leading operator in this area.
- When the operating license for the plants at the Salaise site was reviewed in 2005, the Group also obtained approval for an increase in its incineration capacity. The technical and administrative conditions are now in place to enable the Group to capitalize on the Salaise site to achieve growth in the incineration sector.

In 2005, the Group also restructured its principal activities in France: Triadis Services (formerly Crédia) merged with Sorège Développement and Trédi Services. Consequently, Triadis and Triadis Services are responsible for virtually all of the business in France, thus ensuring uniform national coverage.

The ongoing policy of disposing of activities abroad resulted in the Group divesting itself of the company CASMA (Spain) and the operating activities of Trédi New Zealand. These disposals, which were booked in the second half of the year, had a minor positive impact (EUR 0.2 million) on the operating results for the period. In 2005, these activities contributed EUR 1.6 million to sales, EUR 0.3 million to EBITDA and EUR 0.2 million to current operating income.

The Group also refinanced its debt in 2005. This involved a club deal set up on the initiative of Séché Environnement. The new loans replace the syndicated loans and shareholder loans arranged when Trédi was acquired in 2002. Under the new loan agreement, the Group has access to EUR 180 million via three separate lines:

- a line of EUR 100 million amortizable on a straight-line basis over five years;
- a revolving facility of EUR 50 million available for drawdown in line with cash flow requirements and with final repayment in five years;
- a one-year bridging loan of EUR 30 million.

Pursuant to this new loan agreement, Séché Environnement can extend the term of its debt, reduce financial expenses and afford the Group the flexibility required to pursue its growth.



2005 Activity and Results

Activity in 2005

In 2005, Séché Environnement realized consolidated sales of EUR 337.9 million. Pro forma sales increased by 7%. At constant exchange rates, sales rose by 6.6%.

Sales growth was driven by treatment activities: Hazardous Industrial Waste (HIW), and Non-Hazardous Industrial Waste and Household Waste (NHIW-HW), which alone account for 86% of the Group's sales. After restructuring, upstream activities accounted for 14% of Group sales, as against 13.6% in 2004.

Treatment of HIW expanded by 4.5% in 2005 based on the published figures and by 5.7% on a pro forma basis (of which 4% in France).

The highly satisfactory growth in the waste treatment sector during the period was underpinned by a buoyant second half. This was also true of the incineration segment, which reached a low point in the first quarter and was affected by a strong base effect at the end of 2004. Within the sector, chemical purification and solvent regeneration activities (Speichim Processing in France and Valls Quimica in Spain) realized growth in line with the other treatment activities (up 7.4% to EUR 32.2 million).

Séché Environnement has a share of the NHIW and HW market through its sorting, storage and incineration facilities. The reported figures for these activities dipped slightly (0.9%) as a result of changes in

scope. However, the pro forma figures increased by 8.5%. The strength of this business reflects the sound fundamentals on this promising market. This healthy trend is likely to continue in 2006 as a result of the extensions to the operating license.

Upstream activities posted sales of EUR 47.3 million in 2005, an increase of 4.9% in the published figures and of 10.1% in the pro forma figures, 9.6% of which related to France.

In contrast to the downturn seen in 2004, upstream activities in France benefited from the considerable growth of Séché Eco-Services in the site decontamination and waste management segments (global offers) in 2005.

In 2005, the Group was active in the following sectors abroad, through the subsidiaries of Trédi SA:

- waste treatment (Hungary and Brazil);
- solvent regeneration (Spain);
- waste collection and upstream activities (Latin America, Asia and Italy).

In 2005, Séché Environnement continued its policy of disposing of its non-strategic activities abroad. In addition, the international activities that were retained posted satisfactory growth, with their contribution remaining stable at around 8%.

Once the present round of disposals is finalized, Séché Environnement's only remaining activities abroad will be the commercial activities and the facilities in Hungary, Spain and Mexico.





During the period, the activities abroad experienced a further recovery, contributing EUR 28.3 million to the consolidated results at the end of 2005, as compared to EUR 23.5 million at the end of 2004, on the basis of the pro forma figures under IFRS.

EBITDA (earnings before interest, tax, depreciation and amortization)

The Group recorded EBITDA of EUR 85.4 million in 2005, or 25.3% of sales. The pro forma EBITDA increased by 7.3%.

- EBITDA in France totaled EUR 82.6 million, as against the pro forma figure of EUR 77.7 million in 2004. This represents an increase of EUR 4.9 million, or 6.3%. This increase was especially marked in the second half of the year, when EBITDA rose by EUR 5.5 million, offsetting the poor performance in the first half of the year (a decrease of EUR 0.6 million). The level of profitability increased slightly, from 26.6% in 2004 to 26.7% in 2005. This improvement stems from the Group's initiatives to boost productivity, which started to bear fruit in the second half of the year;
- abroad, EBITDA increased by EUR 0.9 million, from EUR 1.9 million in 2004 to EUR 2.8 million in 2005 in pro forma terms. This increase reflects the ongoing rationalization of activities abroad, primarily in the second half of 2005.

Current operating income

At December 31, 2005, current operating income was in line with the Group's forecasts at EUR 48.9 million, representing 14.5% of sales, representing a 9.1% increase compared with 2004 current operating income of EUR 44.8 million on a pro forma

basis. What is more, current operating income is increasing more rapidly than sales.

Current operating income in France was EUR 48.7 million, as compared to EUR 46.1 million in 2004 on a pro forma basis, up 5.6%. This marked increase results from the healthy performance in terms of EBITDA, mainly in the second half of the year. This reflects the effectiveness of the strategy of refocusing on activities in France since the end of 2003, which has now been finalized, and improvements in productivity.

Abroad, 2005 current operating income came out at EUR 0.1 million, marking an improvement on the pro forma figures for 2004 (a loss of EUR 1.4 million). This increase was primarily due to the improvement in the EBITDA referred to above.

Operating income

The Group posted operating income of EUR 48.5 million in 2005, 2.6 times higher than the 2004 pro forma figure.

An analysis of the Group's main business projections confirmed the absence of any significant loss of value on the Group's assets and the accuracy of the assumptions used during the initial assessment of goodwill. In fact, the depreciation test on goodwill for the 2005 financial year (in accordance with the procedures set out in the accounting principles and methods in the Notes to the Consolidated Financial Statements) confirmed the validity of the data used.

Net financial income

Net financial income consists of the net cost of financial debt and other financial expenses and income.





The net cost of financial debt was EUR 6.4 million, which is a marked improvement on the pro forma figure of EUR 3.9 million for 2004. It includes:

- the cost of financial debt of EUR 5.8 million (including leasing), a sizeable reduction of EUR 4.1 million thanks to the Group's refinancing initiatives in 2005;
- the cost of interest-rate risk hedging, EUR 1.3 million;
- income from investments totaling EUR 0.6 million.

Most of the other financial expenses and income relate to exchange gains of EUR 3.8 million in 2005 (overall result of changes in exchange-rate parities).

Consolidated net income

In view of the strong operating performance and the improved financial position resulting from the lower debt, consolidated net income increased considerably compared to the previous year, reaching EUR 32.7 million as at December 31, 2005. It represents 9.7% of Group sales, as against the pro forma figure of -0.8% in 2004.

Cash flow

As a result of the disposal of non-core activities, a policy of strict control of investment and expansion of its core business, Séché Environnement has made significant headway in improving its financial flexibility. In order to optimize its financial policy, Séché Environnement has established a single, centralized cash management system for France.

Séché Environnement is responsible for hedging the interest-rate risk on the Group's entire variable-rate debt.

At December 31, 2005, net bank debt stood at EUR 125.7 million, as against EUR 146.3 million at December 31, 2004, a decrease of EUR 20.6 million, or 14.1%. Gross financial debt totaled EUR 161.6 million, of which EUR 121.1 million in debts with banks and EUR 40.5 million in commitments to leasing companies. After accounting for interest-rate hedging instruments, 32% of gross bank debt was at a fixed rate and 68% at a variable rate of interest.

Net cash from operating activities

The group's cash flow for 2005 was EUR 66.5 million, as compared to EUR 60.1 million in 2004 based on reported IFRS figures.

Net cash from investments

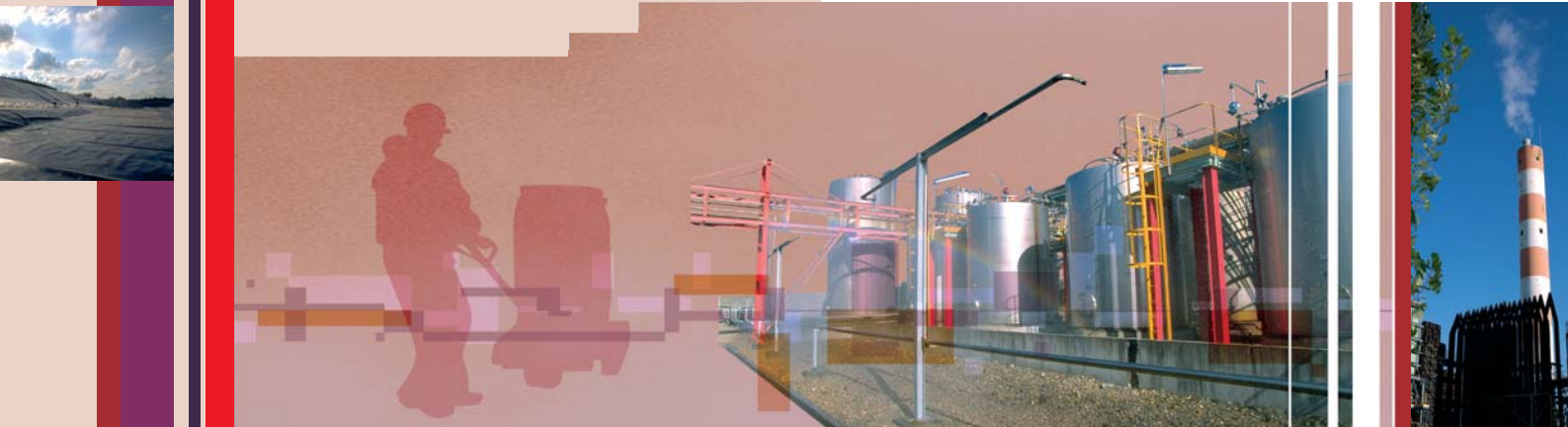
In 2005, net cash flow from investments stood at EUR 24.1 million. Disbursements relating to acquisitions of fixed assets totaled EUR 26.7 million and were funded entirely by cash flow.

Séché Environnement's investment policy focuses on the waste treatment business. In 2005, as in 2004, Séché Environnement gave priority to:

- investment in maintenance, primarily in incineration activities, in order to enable the plant to run at full capacity;
- investment in boosting capacity, primarily in storage activities, ahead of the forecast increase in business in the years to come.

Industrial investments related chiefly to storage (EUR 13.8 million) and incineration (EUR 8.8 million). EUR 6.2 million was invested in other activities. All of these investments were funded by cash flow. The major investments for the storage division





involved constructing storage cells and building up a real estate portfolio. In incineration, the main investment involved bringing the Salaise and Saint Vulbas sites in compliance with standards before the deadline of December 28, 2005.

Net cash from financing activities

In 2005, the main items under net cash from financing activities were as follows:

- arranging funding lines of EUR 130.8 million;
- loan repayments of EUR 160.4 million;
- dividend payments in 2005 totaling EUR 5.6 million.

The Group's ratio of cash flow to investments (reported data) stood at 231%, broken down as detailed in the table below. This reflects the company's considerable capacity to fund its own investments.

Séché Environnement SA - parent company

In 2005, Séché Environnement SA generated sales of EUR 13.2 million, compared with EUR 13.7 million in 2004. The company received dividends on its equity holdings





totaling EUR 20.1 million versus EUR 23.4 million in 2004.

The tax consolidation scope of which Séché Environnement SA is the parent company was expanded to include Sotrefi. As from 2006, it will be extended to include GEP, as the parent company's indirect stake in this company increased to over 95% in 2005. In 2005, the Group restructured the shareholder base of Speichim Processing, previously wholly owned by Trédi SA and now held solely by Séché Environnement SA. Net income for the period was EUR 41.2 million, as compared to EUR 3.9 million in 2004. It includes financial income of EUR 37.8 million, which was considerably impacted by the write-backs of provisions for equity investments, and extraordinary income of EUR 1.3 million, which corresponds to a write-back of provisions pending the return to profitability of Group subsidiaries, under a tax consolidation agreement.

Subsidiaries and Stakeholders

Acquisitions in 2005

Under a transaction agreement signed by the various shareholders of GEP on December 1, 2004, Séché Environnement SA acquired the shares of GEP held by minority shareholders through its subsidiary Trédi SA, bringing its stake in the company to 99.72%.

Disposals in 2005

In keeping with the Group's policy of refocusing on its core businesses, Séché Environnement, through its subsidiaries, sold its equity holdings in CASMA and disposed of its holding in Trédi NZ.

In addition, following the restructuring undertaken in the Latin American region since the end of 2003, the Group continued to optimize its legal structure and wound up Trédi Hispanoamericana, a holding company that no longer has any equity holdings in the operating subsidiaries.

Research and development expenses

The Group did not incur any material research and development expenses during the period. No research and development expenses were booked under assets in the Group's financial statements.

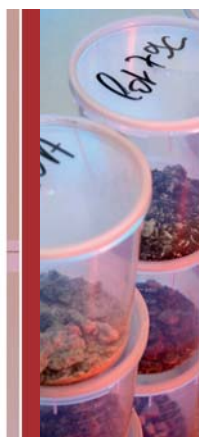
Subsidies

The Group did not receive any investment or operating subsidies in connection with the expansion of its waste treatment activities in 2005.

Key events since the end of the financial year

The Group is aware of no significant event occurring after the closing of accounts likely to have a significant impact on the Group's assets, financial position or operating results. As far as the company is aware, there is no litigation, arbitration or exceptional event occurring after the closing likely to have or to have had in the recent past a significant effect on the financial position, earnings, business or assets of the company or the Group.





Outlook for 2006

The 2006 outlook for growth and earnings is positive.

The waste treatment and storage sectors are experiencing steady growth, underpinned by changes in regulations that broaden the concept of waste, notably hazardous waste, and impose more stringent treatment requirements on waste producers.

In the hazardous industrial waste sector, the reforms to the waste monitoring bill introduced in December 2005 make it easier to trace hazardous waste. It also means that producers of toxic waste are increasingly required to outsource treatment processes. Moreover, these reforms enhance the government's power to monitor compliance with these new obligations. In the near future, this is likely to result in hazardous waste that was previously treated by producers in-house finding its way onto the treatment market. It will also bring accelerated growth in outsourcing of global waste management.

In the non-hazardous and similar industrial waste sector, the government has announced the closure of 700 non-compliant landfill sites before March 2007. As a result, increased amounts of waste will be redirected to compliant sites. The further doubling of the

GTPA (general tax on polluting activities) at the beginning of 2006 has increased the competitive edge of sites that are approved and certified over non-compliant sites, proving that these closures are being duly implemented.

Thanks to its status as a waste treatment and storage specialist, Sécché Environnement is well poised to take advantage of the growth on these markets.

With the significant extensions to licenses in both the storage and incineration activities in 2005, the Group has the additional treatment facilities to benefit from these volume effects in the long term.

Sécché Environnement will also be able to capitalize on the favorable price effects stemming from the scarcity of long-term final treatment sites and the increasing complexity of treatments used. The Group notably intends to take a proactive stance in furthering its growth strategy in the profitable waste management outsourcing segment by promoting its global offers. These are comprehensive packages that provide industrial customers and local authorities with integrated waste management solutions. These global offers focus on waste management as one of the major problems in industrial production. As a result, the Group's activities extend to businesses related to waste treatment. In 2006, the Group will therefore focus on developing its expertise in these high value-added segments, including energy recovery.

Sécché Environnement intends to retain its French subsidiary, Speichim Processing, and Valls Quimica, in Spain, both of which specialize in chemical purification and solvent regeneration. These valuable subsidiaries have strong growth and profit prospects. Abroad, the Group will, bar a few exceptions, continue

to sell off its interests outside of Europe. Based on this outlook, Séché Environnement anticipates consolidated growth in 2006 similar to that in 2005.

The Group should also be able to maintain the high level of profitability achieved in 2005, due to a combination of:

- a further improvement in operating profit, due to sound cost control and the favorable trend in the range of waste activities, notably in incineration;
- net financial income maintained at a low level, due to the reduction in the Group's debt and the full-year impact of the debt restructuring in the first quarter of 2005.

Investment should be controlled, totaling around 10% of 2006 sales, which should help boost the available cash flow.

In terms of strategic development, the Group will capitalize on its improved financial structure and healthy outlook for its core business to make an objective appraisal of acquisition opportunities in complementary activities with high added-value in France and Europe.



General Shareholders' Meeting of May 19, 2006 - Resolutions

To be considered at the Ordinary Meeting



First resolution

(Review and approval of transactions and parent company financial statements for the year ended December 31, 2005)

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, having been informed of the Board of Directors' and Statutory Auditors' reports and the parent company financial statements having been presented by the Board, approves the financial statements at December 31, 2005, as presented, showing a net income after income tax of EUR 41,214,438.38 and the transactions reflected in the financial statements and summarized in the reports.

In compliance with article 223 quater of the French tax code, the General Meeting notes that no expense covered by Article 39-4 of said code was booked in the annual financial statements at December 31, 2005.

As such, it grants full discharge to members of the Board of Directors for their management during the period to December 31, 2005.

Second resolution

(Review and approval of the consolidated financial statements for the year ended December 31, 2005)

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, having been informed of the Board of Directors' and Statutory Auditors' reports on the consolidated financial statements and the consolidated statements presented by the Board, approves the consolidated financial statements at December 31, 2005, as presented, showing Group net income of EUR 32,550,453.90 as well as the transactions reflected in the financial statements and summarized in the reports.

Third resolution

(Allocation of income and dividend payment)

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, after noting the profit for the period of EUR 41,214,438.38, approves the proposed allocation and distribution made by the Board of Directors:

- Distribution of EUR 6,832,692.70.
- Allocation of EUR 34,381,745.68 to retained earnings.
- The dividend payment for the year is set at EUR 0.85 per share.

The dividend will be paid as of June 15, 2006. Under Article 243 bis of the French Tax Code, the dividend paid in respect of 2005 entitles individual shareholders to the 40% tax deduction. We also report below the dividend paid on each share with respect to the three preceding fiscal years, and the corresponding tax credit and deduction, as follows:

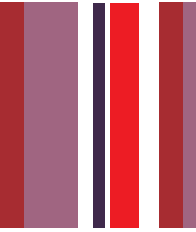
Year	Dividend	Tax credit
2002	EUR 0.60	EUR 0.30
2003	EUR 0.50	EUR 0.25

Year	Dividend	Entitlement to deduction
2004	EUR 0.70	50%

Fourth resolution

(Approval of agreements covered by Articles L.225-38 and following of the French Commercial Code)

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, having been informed of the special report of the Statutory Auditors on agreements covered by Articles L.225-38 and following of the Commercial Code, approves the transactions described in this report, and grants the directors discharge in this respect.



→ Fifth resolution

(Renewal of the director's mandate of Joël Séché)

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report, decides to renew the director's mandate of Joël Séché for a six-year period. The mandate will terminate at the end of the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2011.

→ Sixth resolution

(Renewal of the director's mandate of Thérèse Bigeon)

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report, decides to renew the director's mandate of Thérèse Bigeon for a six-year period. The mandate will terminate at the end of the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2011.

→ Seventh resolution

(Renewal of the director's mandate of Jean-Pierre Vallée)

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report, decides to renew the director's mandate of Jean-Pierre Vallée for a six-year period. The mandate will terminate at the end of the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2011.

→ Eighth resolution

(Renewal of the mandate of Acorex Audit as statutory auditor)

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report, decides to renew the mandate of Acorex Audit as statutory auditor for a six-year period. The mandate will terminate at the end of the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2011.

→ Ninth resolution

(Renewal of the mandate of KPMG SA as statutory auditor)

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report, decides to renew the mandate of KPMG SA as statutory auditor for a six-year period. The mandate will terminate at the end of the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2011.

→ Tenth resolution

(Renewal of the mandate of Benoît Fournier as substitute statutory auditor)

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report, decides to renew the mandate of Benoît Fournier as substitute statutory auditor for a six-year period. The mandate will terminate at the end of the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2011.

→ Eleventh resolution

(Renewal of the mandate of Christian Gouville as substitute statutory auditor)

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report, decides to renew the mandate of Christian Gouville as substitute statutory auditor for a six-year period. The mandate will terminate at the end of the Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2011.

→ Twelfth resolution

(Authorization for the company to purchase its own shares)

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, takes note of the report of the Board of Directors and in accordance with Articles L.225-209 and following of the French Commercial Code and EC





regulation 2273/2003 of December 22, 2003 applying Directive 2003/6/EC of January 28, 2003 and Articles 241-1 to 241-6 of the General Regulations of the French Financial Markets Authority (AMF) or any provision that replaces such regulations, authorizes the Board of Directors, with the option to delegate as provided for by the law and Company by-laws, to purchase, on behalf of the Company, its own shares representing up to 10% of the total number of shares comprising the share capital at any time, i.e. 803,846 shares on the date this General Meeting was called, or up to 5% of the number of shares comprising the share capital at any time, i.e. 401,923 shares on the date this General Meeting was called, if the shares are acquired with a view to be held and subsequently used as payment or exchange in a merger, demerger or contribution of assets.

The General Meeting decides that the Board of Directors, with right of delegation provided for by law, may buy the Company's own shares or have them bought by another party for the following purposes:

- to allow market-making or liquidity enhancement of the Sêché Environnement share by an investment services provider under a liquidity agreement in compliance with the code of conduct charter recognized by the Financial Markets Authority,
- to allocate shares to employees and/or senior officers of the Company and/or Group or to allow employees to share in the profits generated by the company's expansion, under the terms and conditions provided for by law, notably for stock purchase plans or as part of Company savings plans or free share allocations
- to hedge securities redeemable now or in the future for shares in the Company's capital in accordance with stock market regulations,
- to grant shares in exchange or payment as part of a merger or acquisition,
- to cancel the shares acquired under this authorization, or any shares acquired under previous share buyback programs. Such cancellation would require prior authorization granted at a future Extraordinary Shareholders' Meeting, and, for these purposes, to hold, sell or

exchange the shares by any of the methods listed below in accordance with applicable regulations, and particularly by their sale on the stock market or over the counter, by public sale or exchange offer, by the use of options or derivatives, and/or the cancellation of shares thus acquired as well as those acquired under previous authorizations to buy back shares, subject to authorization at an Extraordinary Shareholders' Meeting.

The maximum purchase price is set at EUR 150 per share. The maximum amount that the company may allocate to buying back its own shares is set at EUR 120,576,900.

The General Meeting decides that the purchase, sale or exchange of its own shares may be completed and paid for by any means, including options, derivatives or warrants, according to the terms authorized by the market authorities and that any amount of capital up to the total amount of the share buyback program can be transferred in the form of blocks of securities.

The General Meeting decides that the Company may use this resolution and continue to implement this buyback program in the event of bids for the Company's shares or other securities or bids initiated by the Company.

The General Meeting grants the Board of Directors full powers, with delegation rights as provided for by law and Company by-laws, to approve all resolutions, conclude all agreements, carry out all formalities and, in general, take any steps necessary to the implement this resolution.

This authorization is granted for a period of eighteen (18) months. It terminates and replaces the previous authorization granted under the eighth resolution of the Company General Meeting of May 12, 2005.

➔ Thirteenth resolution

(Powers)

The General Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, takes note of the Board of Directors' report and grants all the necessary powers to holders of a copy or an original or an abstract of the minutes of this meeting to carry out, wherever necessary, all formalities pertaining to the same.





To be considered at the Extraordinary Meeting

➔ Fourteenth resolution

(Authorization for the Board of Directors to reduce the share capital by canceling shares)

The General Meeting, under the conditions required for Extraordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report and the special report of the statutory auditors:

- authorizes the Board of Directors to cancel all or part of the shares acquired under the share buyback program approved by the twelfth resolution in this Joint General Meeting or under previously or subsequently authorized buyback programs, in accordance with Article L.225-209 of the French Commercial Code,
- and accords the Board of Directors full powers to reduce the share capital by canceling shares thus acquired in the ways and amounts it deems fit, within a limit of 10% of the share capital, adjusted, where necessary, to take into account transactions carried out after this Meeting, per 24-month period, to decide on the definitive amount of the capital write-down, to establish the terms and conditions thereof and note its completion, to amend the by-laws accordingly, and generally complete all necessary formalities. This authorization is granted for a period of eighteen (18) months as of the date of this Meeting.

➔ Fifteenth resolution

(Delegation of powers to issue shares or other securities with preferential subscription rights)

The General Meeting, under the conditions required for Extraordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report and the special report of the statutory auditors, under Articles L.225-127, L.225-129, L.225-129-2 and L.228-92 and following of the French Commercial Code:

- Terminates with immediate effect the authorization granted at the Extraordinary General Meeting of May 19, 2004 in its tenth resolution.
- Delegates the Board of Directors for a period of twenty-six (26) months from the date of this General Meeting, powers to issue on its sole authority, on one or more occasions, in the proportions and on the dates it deems fit, in France or abroad, in euros or foreign currency or in monetary units fixed by reference to several currencies, shares or securities with preferential subscription rights for shareholders – including share subscription warrants granted either freely or in exchange for payment or share purchase warrants – redeemable or potentially redeemable for capital or for debt securities, subscribed for either in cash or in settlement of debts. This delegation of powers may allow one or more issues under Article L.228-93 of the French Commercial Code.
- Decides that the nominal amount of any immediate or future capital increase resulting from these issues, based on the authorization granted to the Board of Directors under this resolution, is limited to six hundred thousand euros (EUR 600,000) or the equivalent value in any other authorized currency. Also: (i) this amount is set irrespective of any adjustment to the capital under laws and regulations following the issue of securities redeemable for capital in the future and (ii) this amount counts towards the overall limit of one million two hundred eighty thousand three hundred and eighty-five euros (EUR 1,280,385) set by the twentieth resolution.





■ Decides that the Board of Directors may grant shareholders the right to subscribe on a revocable basis to shares or securities awarded in proportion to their subscription rights and within the limit of their request. If irrevocable and, where applicable, revocable subscriptions do not fully absorb the volume the issue, the Board of Directors may make use of one or more of the powers stated below in any order it deems fit:

- limit, in accordance with the law, the issue to the amount of subscriptions received provided that this equals at least three-quarters of the amount initially decided,
- freely distribute all or part of the unsubscribed securities,
- offer all or part of them to the public.

■ Recognizes that the issue of securities redeemable for shares in the capital implies the renunciation by shareholders of their preferential subscription rights over any securities issued as a result.

■ Decides that the sum paid or due to the Company for each outstanding or future share under the above mentioned delegation of powers, adjusting for the issue price of any share subscription or allocation warrants issued, shall be at least equal to the minimum legal and/or regulatory price applicable at the date of issue, whether or not the securities to be issued either immediately or on a deferred basis are assimilable to shares already in issue.

Securities issued by this method may be debt securities, namely bonds or similar or associated instruments, or other instruments, such as intermediate securities, which authorize the issue of such securities. They may be in the form of term or perpetual subordinated debt and denominated either in euros, or in foreign currencies, or in other monetary units established by reference to several currencies. The maximum nominal amount of these debt securities cannot exceed EUR 400 million or the equivalent value at the date their issue is decided. This amount should apply to all debt securities that may be issued by the Board of Directors under authorizations granted at this Meeting.



These may be a mix of fixed- and/or variable-rate securities or could be in the form of capitalization shares, redeemable with or without a premium or amortization. They may also be part of a stock market bid or share exchange offer carried out by the Company.

In the event of an issue of debt securities, the Board of Directors would have full powers, with the right to delegate under the terms set down by law and Company by-laws, notably to decide on whether or not the securities are subordinated, to set their yield, maturity, fixed or variable redemption price, whether with or without premium, terms of amortization and the conditions in which these securities confer rights over the Company's shares.

The Board of Directors shall have full powers, with the right to delegate said powers, in accordance with the law and Company by-laws, to carry out the issues allowed under this authorization and determine their terms, note their completion and amend the by-laws accordingly. It may notably set the dates, terms and procedures for any issue and the form and features of the securities to be created, conclude any agreement and more generally take all necessary steps to successfully complete the issues and ensure the quotation of the instruments issued on financial markets. It shall set the amount of the issue, the issue and subscription price of shares or other securities, with or without premium, their value date, which may be retroactive, the method of payment and, where necessary, the term and exercise price for warrants or the terms of exchange, conversion, redemption or allocation of any other sort of capital securities or securities redeemable for capital.



The General Meeting states that the Board of Directors, with right of delegation as provided by law and Company by-laws:

- must determine, in accordance with the law, the procedures for amending the terms under which securities, including warrants, may be redeemed for future capital;
- can, in the case of free allocation of warrants, for example, freely decide on how fractions should be treated;
- can decide on the specific terms in the issue contract;
- can provide for the possible suspension of rights attached to the securities over a period that must not exceed the maximum period provided for by applicable laws and regulations;
- can set the terms for the free allocation of subscription warrants and determine the terms under which securities and/or warrants can be bought or exchanged on the stock market, allocated or redeemed;
- can set the terms under which outstanding or futures securities may be bought or exchanged on the markets either at any time or at fixed periods;
- can make any charges against premiums, notably for the costs of issuance;
- shall be granted all necessary powers to uphold the rights of holders of securities redeemable for Company shares in accordance with applicable law and regulations.

→ Sixteenth resolution

(Delegation of powers to issue shares or other securities without preferential subscription rights)

The General Meeting, under the conditions required for Extraordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report and the special report of the statutory auditors, under Articles L.225-127,

L.225-129, L.225-129-2, L.225-135, L.225-136 and L.228-92 and following of the French Commercial Code:

- Terminates with immediate effect the authorization granted by the Extraordinary General Meeting of May 19, 2004 in its eleventh resolution.
- Delegates to the Board of Directors for a period of twenty-six (26) months from the date of this General Meeting, powers to issue on its sole authority on one or more occasions and in the proportions and on the dates it deems fit, in France and abroad, in euros or foreign currency or in monetary units fixed by reference to several currencies, shares or securities - including subscription warrants in exchange for payment or share purchase warrants - redeemable or potentially redeemable for shares in the capital or conferring rights to the award of debt securities, subscribed for either in cash or in settlement of debts. This delegation of powers may allow one or more issues under Article L.228-93 of the French Commercial Code.
- Decides to cancel shareholders' preferential subscription rights to these shares, or capital or other securities.
- Decides that the nominal value of any immediate or future capital increase resulting from these issues based on the authorization granted under this resolution is limited to six hundred thousand euros (EUR 600,000) or the equivalent value in any other authorized currency. Also, (i) this amount is set irrespective of any adjustment to the capital under laws and regulations following the issue of securities redeemable for capital in the future and (ii) this amount counts towards the overall limit of one million two hundred eighty thousand three hundred eighty-five (EUR 1,280,385) set by the twentieth resolution.





- In accordance with the law, empowers the Board of Directors to decide whether there is reason to grant shareholders a priority period for revocable and/or irrevocable subscriptions and set this period (there is a legal minimum period set by decree) and its terms and conditions, in accordance with Article L.225-135 of the French Commercial Code.

If the subscriptions do not fully absorb the issue, the Board of Directors may make use of one or more of the powers stated below in any order it deems fit:

- limit, in accordance with the law, the issue to the amount of subscriptions received, provided that this equals at least three-quarters of the amount initially decided,
- freely distribute all or part of the unsubscribed securities,
- offer all or part of them to the public.

- Recognizes that the issue of securities redeemable for capital entails the waiver by shareholders of their preferential subscription rights over any securities acquired as a result.

- Decides that the sum paid or due to the Company for each outstanding or future share under this delegation of powers, adjusting for the issue price of any share subscription or allocation warrants issued, shall be at least equal to the minimum legal and/or regulatory price applicable at the date of issue, whether or not the securities to be issued either immediately or on a deferred basis are assimilable to shares already in issue.

Securities issued by this method may be debt securities, namely bonds or similar or associated instruments, or other instruments, such as intermediate securities, which authorize the issue of such securities. They may be in the form of term or perpetual subordinated debt and denominated either in euros, or in foreign currencies, or in other monetary units established by reference to several currencies. The maximum nominal amount of these

debt securities cannot exceed EUR 400 million or the equivalent value at the date their issue is decided. This amount should apply to all debt securities that may be issued by the Board of Directors under authorizations granted by this Meeting.

In the event of an issue of debt securities, the Board of Directors shall have full powers, with the right to delegate under the terms set down by law and Company by laws, notably to decide on whether or not the securities are subordinated, to set their yield, maturity, fixed or variable redemption price, whether with or without premium, terms of amortization and the conditions in which these securities confer rights over the Company's shares.

The Board of Directors shall have full powers, with the right to delegate said powers, in accordance with the law and Company by-laws, to carry out the issues allowed under this authorization and determine their terms, note their completion and amend the by-laws accordingly. It may notably set the dates, terms and procedures for any issue and the form and features of the securities to be created, conclude any agreement and more generally take all necessary steps to successfully complete the issues and ensure the quotation of the instruments issued on financial markets. It shall set the amount of the issue, the issue and subscription price of shares or other securities, with or without premium, their value date, which may be retroactive, the method of payment and, where necessary, the term and exercise price for warrants or the terms of exchange, conversion, redemption or allocation of any other sort of capital securities or securities redeemable for capital.

The General Meeting states that the Board of Directors, with right of delegation as provided by law and Company by-laws:

- must determine, in accordance with the law, the procedures for amending the terms under which securities, including warrants, may be redeemed for future capital;



- can decide on the specific terms in the issue contract;
- can provide for the possible suspension of rights attached to the securities over a period that must not exceed the maximum period provided for by applicable laws and regulations;
- can set the terms under which outstanding or futures securities may be bought or exchanged on the markets either at any time or at fixed periods;
- can make any charges against premiums, notably for the costs of issuance;
- shall be granted all necessary powers to uphold the rights of holders of securities redeemable for Company shares in accordance with applicable law and regulations.

→ Seventeenth resolution

(Delegation of powers to issue shares or securities of various types in remuneration of contributions in kind made to the Company)

The General Meeting, under the conditions required for Extraordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report, under Article L.225-147, paragraph 6, delegates full powers to the Board of Directors, for a period of 26 months from the date of this General Meeting, to issue shares, capital securities or other securities, including securities redeemable or potentially redeemable against the Company's capital, up to 10% of the share capital at the date of the issue, in order to remunerate contributions in kind made to the Company in the form of capital securities or securities redeemable for shares, in cases where the provisions of Article L.225-148 of the French Commercial Code do not apply. The General Meeting specifies that, in accordance with the law, the Board of Directors shall act on the report of the auditors appointed to appraise the transaction with regard to contributions covered by Article L.225-147 of the Code.

The General Meeting decides that the sum paid or due to the Company for each outstanding or future share under this delegation of powers, shall be at least equal to the minimum legal and/or regulatory price applicable at the date of issue, whether or not the securities to be issued either immediately or on a deferred basis are assimilable to capital already in issue.

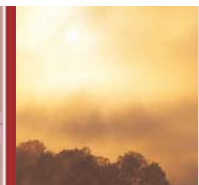
The General Meeting also grants the Board of Directors full powers notably to approve the assessment of the contributions, complete the necessary formalities, charge all fees and other charges against premiums, with the balance allocated as decided by the Board of Directors or the Ordinary General Meeting, increase the Company's share capital and amend the by-laws correspondingly.

→ Eighteenth resolution

(Authorization to grant share subscription and/or purchase options to Group employees and/or senior officers of Group companies)

The General Meeting, under the conditions required for Extraordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report and the special report of the statutory auditors, authorizes the Board of Directors, under Articles L.225-177 and following of the French Commercial Code for a period of twenty-six (26) months from the date of this General Meeting, to grant, on one or more occasions, to some or all employees and senior officers of the company and affiliated companies, under the terms of Article L.225-180 of the French Commercial Code and in accordance with applicable legislation in force, stock options for the subscription of new Company shares to be issued by way of a capital increase and/or stock options for the purchase of shares acquired by the company as provided for by law. The total number of shares that may potentially be subscribed for under options outstanding and not yet exercised may not exceed





legal limits or the maximum amount stipulated in the twentieth resolution of this General Meeting.

This implies the waiver by shareholders of their preferential subscription rights on shares thus issued, in favor of beneficiaries of the stock options.

The Board of Directors will set the subscription or purchase price of the shares on the date the options are granted, in compliance with the provisions laid down by law.

The stock options may be exercised by beneficiaries within ten (10) years of being granted.

The value date of resulting shares is the first day after the exercise of the option.

The General Meeting decides to authorize the Board of Directors, within the limits set above and those set in the by-laws, to delegate, as provided for by law and Company by-laws, full powers necessary to apply this resolution, including powers to:

- set the dates on which the options will be granted;
- set the date of each allocation, the conditions in which they will be granted (including any clauses pertaining to the minimum holding period for some or all of the shares), approve the list of beneficiaries and decide on the number of shares each beneficiary can subscribe for or purchase;

- set the conditions for exercise of the options and notably the exercise period or periods, it being specified that the Board of Directors may temporarily suspend exercise of options under the conditions provided for by law and regulations in effect;
- establish the conditions governing the adjustment of the price and number of shares to be subscribed for or purchased, in the cases authorized by the law;
- determine the time limit, which may not exceed ten (10) years, within which the beneficiaries shall be entitled to exercise their options and the exercise periods of the options;
- carry out all necessary formalities to complete any capital increases carried out under this authorization;
- amend the by-laws accordingly, and generally carry out all necessary formalities.

The Board of Directors will inform the Ordinary Shareholders' Meeting of transactions carried out under this authorization each year.

This authorization replaces and terminates with immediate effect the delegation of powers granted by the thirteenth resolution of the General Meeting of May 19, 2004.

Nineteenth resolution

(Delegation of powers to increase share capital for Group employees)

The General Meeting, under the conditions required for Extraordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report and the special report of the statutory auditors, as provided for under Article L.443-1 and following of the French Labor Code and Article L.225-138-1 of the French Commercial Code and in accordance with the provisions of Articles L.225-129-2 and L.225-129-6 of the French Commercial Code:



■ Delegates powers to the Board of Directors for a period of twenty-six (26) months from the date of this General Meeting, on one or more occasions, to (i) issue new shares or other securities reserved for employees of the Company and/or affiliated companies as provided for under Article L.225-180 of the French Commercial Code, who are members of a company savings plan or a voluntary employee savings partnership plan, and/or of any mutual fund through which they can subscribe for the new shares (ii) allocate free of charge to these employees shares or other securities redeemable for Company shares within the limits set by Article L.443-5 of the French Labor Code.

■ Decides that the nominal amount of any immediate or future capital increase resulting from these issues of shares or capital or other securities, based on the authorization granted to the Board of Directors under this resolution, is eighty thousand three hundred eighty-five (80,385) euros or the equivalent value in any other authorized currency. Also, (i) this amount is set irrespective of any adjustment to the capital under laws and regulations following the issue of securities granting future access to the capital and (ii) the nominal amount of the capital increase under this authorization counts towards the overall limit of one million two hundred eighty thousand three hundred eighty-five (EUR 1,280,385) set by the twentieth resolution.

■ Decides that the subscription price of the shares issued under this authorization will be determined in line with the provisions set out in Article L.443-5 of the French Labor Code.

■ Decides to cancel the preferential subscription rights of existing shareholders in respect of shares issued under this resolution in favor of current or former employees who are members of a company savings plan or voluntary employee salary partnership savings plan run by the Company or one of its affiliated companies as

stipulated in Article L.225-180 of the French Commercial Code and Article L.444-3 of the French Labor Code.

The General Meeting grants all necessary powers to the Board of Directors, with right of delegation as provided for by law and Company by-laws, to act on this delegation of powers, on one or more occasions in compliance with the stipulated conditions, and notably to set the conditions for any issues carried out under this authorization, in particular:

- determine whether the securities shall be issued directly to the beneficiaries or via collective investment schemes;
- determine the terms and conditions of issues carried out under this authorization, including the value date and the means of payment for the shares;
- set the subscription price for the shares in accordance with the law;
- set the opening and closing dates for subscriptions;
- set the time limit for payment for the shares which shall not exceed the maximum limit set by applicable legislation and regulations as well as any length-of-service thresholds restricting employee participation in the plan and employer contributions by the Company;





- amend the by-laws as necessary and generally carry out all necessary formalities, charging, if it deems fit, capital increase costs against the relevant share premiums for each increase and deducting from this amount the sums necessary to bring the legal reserve to one tenth of the new capital after each increase.

➔ Twentieth resolution

(Overall limit on capital increases)

The General Meeting, under the conditions required for Extraordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report, in accordance with Article L.225-129-2 of the French Commercial Code sets the overall limit for any immediate or future capital increase resulting from all issues of shares, capital securities or other securities under the authorizations granted to the Board of Directors as part of the powers granted by the fifteenth, sixteenth, eighteenth and nineteenth resolutions at a total nominal amount of one million two hundred eighty three hundred eighty-five euros (EUR 1,280,385), irrespective of any adjustment to the capital required by laws and regulations in effect following the issue of securities redeemable for shares. Included in this overall limit are:

- issues with preferential subscription rights carried out under the fifteenth resolution may not result in a capital increase of more than six hundred thousand euros (EUR 600,000),
- issues without preferential subscription rights carried out under the sixteenth resolution may not result in a capital increase of more than six hundred thousand euros (EUR 600,000),

- issues of shares to redeem share subscription options carried out under the eighteenth resolution may not result in a capital increase in excess of the legal limits, set independently of b),
- issues to employees carried out under the nineteenth resolution may not result in a capital increase of more than eighty thousand three hundred eighty-five (80,385) euros.

All these amounts are irrespective of any resulting adjustment to the capital required by laws and regulations in effect following the issue of securities redeemable for shares.

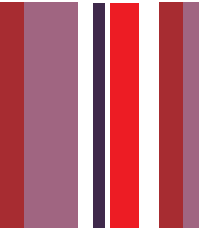
➔ Twenty-first resolution

(Amendment of the Company by-laws to comply with Law 2005-842 of July 26, 2005 promoting economic confidence and modernization)

The General Meeting, under the conditions required for Extraordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report decides, in accordance Law 2005-842 of July 26, 2005 promoting economic confidence and modernization, to amend articles 35, 36 and 37 of the by-laws to bring them into compliance with the new law, as follows:

« Article 35 - Provisions specific to Ordinary General Meetings

2°) - An Ordinary General Meeting shall only be validly held on first call if the shareholders present in person or by proxy own at least one fifth of the voting rights as provided for under Article 33 above.



On second call no quorum is required.

Resolutions are adopted on a simple majority of votes held by shareholders present in person or by proxy ».

(The rest of the article is unchanged)

« Article 36 - Provisions specific to Extraordinary General Meetings

2°) - An Extraordinary General Meeting shall only be validly held if the shareholders present in person or by proxy own at least one quarter of the voting rights on first call and at least one fifth on second call as provided for under Article 32 above.

If this latter quorum is not met, the second Meeting may be postponed by a maximum of two months following the date originally called.

Resolutions are adopted on a two-thirds majority of votes held by shareholders present in person or by proxy ».

(The rest of the article is unchanged)

« Article 37 - Provisions specific to special meetings

Third paragraph:

Special meetings are called and held on the same terms and conditions as Extraordinary General Meetings. However, special meetings may only be validly held if the shareholders present in person or by proxy hold at least one third of the voting rights at first call and one fifth of the voting rights at second call on shares whose rights may be amended at the meeting ».

(The rest of the article is unchanged)

➔ **Twenty second resolution**

(Powers)

The General Shareholders' Meeting, under the conditions required for Ordinary Meetings as to quorum and majority, takes note of the Board of Directors' report and grants all the necessary powers to holders of a copy or an original or an abstract of the minutes of this meeting to carry out, wherever necessary, all formalities pertaining to the same.



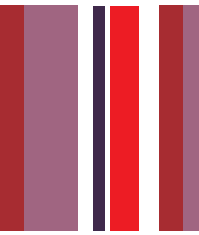
Consolidated financial statements as at December 31, 2005

Simplified balance sheet

Assets**(in thousands of euros)**

	2005			2004
	Gross N	Amort. N	Net N	Net N-1
Goodwill	262 597	53 612	208 985	209 395
Intangible Fixed Assets	12 130	7 070	5 060	4 965
Tangible Fixed Assets	472 613	314 416	158 197	164 099
Long-term Investments	11 100	6 293	4 807	3 823
Securities accounted for under the Equity Method	1 072		1 072	941
Differed taxes	6 678		6 678	7 631
Other non current assets	3 577		3 577	3 795
Total fixed assets	769 768	381 391	388 376	394 649
Inventories	6 159	170	5 988	5 427
Trade and Accounts Receivable	104 418	3 220	101 198	95 405
Other Receivables	15 973	561	15 412	17 472
Accruals and Deferred Expenses	1 113		1 113	1 202
Cash and cash equivalents	36 015		36 015	43 348
Current assets	163 678	3 951	159 727	162 854
TOTAL ASSETS	933 446	385 342	548 103	557 503





Liabilities (in thousands of euros)

	2005 N	2004 N-1
Share Capital	1 608	1 608
Issue Premium	213 452	213 452
Corporate Reserves	-34 834	-33 167
Consolidated Reserves	21 635	36 178
Net Income (group share)	32 550	-8 636
Shareholders' Equity	234 412	209 435
Minority interests	7 033	2 745
Total equity	241 445	212 180
Financial debts	105 750	147 358
Long term provisions for risks and charges	10 865	12 203
Other liabilities	840	0
Long term liabilities	117 455	159 561
Similar financial debts	56 568	45 957
Short term provisions for risks and charges	16 580	17 717
Other short term liabilities	115 055	122 088
Current liabilities	188 204	185 762
TOTAL LIABILITIES	548 103	557 503



Consolidated financial statements as at December 31, 2005

Consolidated income Statement (in thousands of euros)

	31/12/2005		pro forma 31/12/2004		31/12/2004	
Sales	337 938	100%	315 848	100%	326 428	100%
Production, inventory, fixed assets and operating subsidy	3 599	1,1%	229	0,1%	78	0,0%
Transferred Charges	517	0,2%	2 170	0,7%	2511	0,8%
Operating Expenses						
Purchases and changes in stocks	22 743	6,7%	20 409	6,5%	22 995	7,0%
Purchases and outside services	134 520	39,8%	124 767	39,5%	131 562	40,3%
Taxes and Taxes other than on Income	28 512	8,4%	25 462	8,1%	25 686	7,9%
Salaries, Wages and Payroll Taxes	70 870	21,0%	68 013	21,5%	70 811	21,7%
Gross Operating Margin	85 408	25,3%	79 595	25,2%	77 963	23,9%
Other Operating Income	468	0,1%	843	0,3%	1803	0,6%
Carried Forward to Amortization and Provisions	5 214	1,5%	8 088	2,6%	8 198	2,5%
Allowances for Amortizations and Provisions	40 539	12,0%	42 793	13,5%	43 410	13,3%
Other Operating Expenses	1 687	0,5%	951	0,3%	953	0,3%
Total Operating Income	347 736	102,9%	327 178	103,6%	339 018	103,9%
Total Operating Expenses	298 872	88,4%	282 397	89,4%	295 417	90,5%
Current Operating Income	48 863	14,5%	44 781	14,2%	43 600	13,4%
Assets reevaluation	0	0,0%	0	0,0%	0	0,0%
Sales gains	68	0,0%	-692	-0,2%	-3 435	-1,1%
Goodwill amortization	-410	-0,1%	-25 483	-8,1%	-26 532	-8,1%
Operating income	48 521	14,4%	18 606	5,9%	13 633	4,2%
Cash products and equivalents	685	0,2%	807	0,3%	781	0,2%
Gross financial cost	-7 099	-2,1%	-11 150	-3,5%	-11 277	-3,5%
Net financial cost	-6 414	-1,9%	-10 343	-3,3%	-10 496	-3,2%
Other financial product	3 445	1,0%	467	0,1%	-565	-0,2%
Taxes	12 923	3,8%	11 102	3,5%	11 130	3,4%
Consolidated Income	32 629	9,7%	-2 372	-0,8%	-8 557	-2,6%
Share of Income for Companies Accounted for Using the Equity Method	164	0,0%	-17	0,0%	269	0,1%
Net result before result of abandoned activities	32 793	9,7%	-2 389	-0,8%	-8 289	-2,5%
Abandoned activities	0	0,0%	0	0,0%	0	0,0%
Group Net Income	32 793	9,7%	-2 389	-0,8%	-8 289	-2,5%
Minority Interests	243	0,1%	142	0,0%	348	0,1%
Net Income (Group share)	32 550	9,6%	-2 530	-0,8%	-8 636	-2,6%



Consolidated Statement of Cash Flows (in thousands of euros)

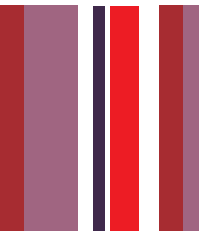
	31/12/2005	31/12/2004
Operating Activities		
Income from Consolidated Companies	32 629	-8 557
Elimination of Non-cash and Financial Expenses		
- Profit or Loss differential	8	3
- Amortization and Provisions	36 053	52 897
- Change in Deferred Taxes	-2 411	3 543
- Sales gains net of taxes	-163	12 062
- Subsidies Allocated to Profits or Losses		
- Cash Flow Conversion Differential	337	163
Gross Cash Flow	66 454	60 111
Dividends Received from Companies Accounted		
Changes in Working Capital Requirements	-14 481	10 547
Changes in Shared Charges		
Cash Flow from Operating Activities	51 973	70 658
Cash Flow From Investment Activities		
Fixed Asset Acquisitions	-26 742	-26 304
Sales of Fixed Assets	1 136	4 329
Effects of Changes in Consolidation Scope	1 479	8 745
Cash Flow From Investment Activities	-24 127	-13 229
Cash Flow from Financing Activities		
Dividends Paid to Shareholders in the Parent Company	-5 588	-4 019
Dividends Paid to Minority Shareholders in the Consolidated Companies	-314	-279
Capital Increase in Cash		
Changes in Other' Shareholders' Equity	-116	-2 609
Borrowings	130 770	1 235
Repayment of Borrowings	-160 428	-49 782
Cash Flow from Financing Activities	-35 677	-55 453
CHANGES IN CASH AND CASH EQUIVALENTS	-7 831	1 976
Impact of Currency fluctuations	756	-17
Cash at the beginning of the period	42 904	40 945
Cash at the end of the period	35 829	42 904

Parent Company financial statements as at December 31, 2005

Assets (in euros)

	2005			2004	2003
	Brut	Amortizations	Net	Net	Net
Fixed Assets					
Intangible Fixed Assets	1 610 896	1 185 862	425 034	296 151	299 727
Tangible Fixed Assets	2 620 449	1 938 547	681 902	799 439	939 888
Investments :					
- Holdings	327 738 521	51 485 033	276 253 488	234 812 481	257 799 305
- Other Investments					
- Similar Receivables	55 749 575	77 398	55 672 177	9 818 043	13 906 964
- Other Financial Fixed Assets	3 630 544	1 800	3 628 744	3 437 222	724 203
Total Fixed Assets	391 349 985	54 688 640	336 661 345	249 163 336	273 670 087
Current Assets					
Trade and Accounts Receivable	680 004	17 998	662 006	362 385	1 249 208
Other Receivables	25 987 197		25 987 197	23 124 464	14 593 524
Marketable Securities	26 992 677		26 992 677	33 957 089	23 908 762
Cash and Cash Equivalents	1 314 480		1 314 480	1 405 531	2 923 488
Total Current Assets	54 974 358	17 998	54 956 360	58 849 468	42 674 982
Accruals and Deferred Expenses	223 126		223 126	426 649	340 861
TOTAL ASSETS	446 547 469	54 706 638	391 840 831	308 439 453	316 685 930





Liabilities (in euros)

	2005	2004	2003
Shareholders' Equity			
Share Capital	1 607 692	1 607 692	1 607 692
Issue Premium	213 452 237	213 452 237	213 452 237
Legal Reserve	82 399	82 399	82 399
Regulatory Reserves	0	2 941	2 941
Other Reserves	(32 307 000)	(30 643 428)	8 429 930
Earnings	41 214 438	3 921 721	(35 054 127)
Regulatory Provisions	374 777	291 655	328 665
Total Shareholders' Equity	224 424 543	188 715 221	188 849 737
Conditional Advances			
Total Conditional Advances			
Provisions for Risks and Charges	15 190 786	16 678 463	15 262 444
Total Provisions for Risks and Charges	15 190 786	16 678 463	15 262 444
Debts			
Similar Financial Debt	136 823 390	96 576 782	103 442 953
Trade and other Payables	15 402 112	6 468 985	9 130 796
Total Debt	152 225 502	103 045 767	112 573 749
TOTAL LIABILITIES	391 840 831	308 439 453	316 685 930

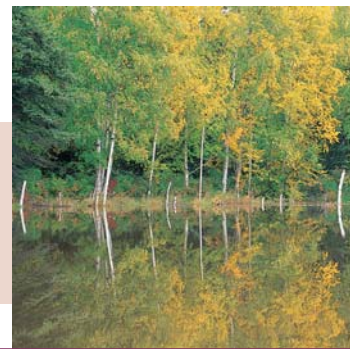
Simplified balance sheet



Parent Company financial statements as at December 31, 2005

Income statement

Income Statement (in euros)	2005	2004	2003
Operating Revenues			
Sales	13 174 498	13 679 068	16 777 592
Total Sales	13 174 498	13 679 068	16 777 592
Other Operating Income	69 996	6 510	159 784
Carried Forward to Amortization and Provisions and Transferred Charges	202 330	189 301	337 224
Total Operating Revenues	13 446 824	13 874 879	17 274 600
Operating Expenses			
Other Purchases and Outside Services	8 427 079	6 557 260	7 154 650
Taxes and Taxes other than on Income	380 547	264 874	268 562
Salaries, Wages and Payroll Taxes	5 121 152	5 007 305	5 696 626
Allowances for Amortizations and Provisions	716 322	745 746	750 489
Other Expenses	7	8 091	77 658
Total Operating Expenses	14 645 107	12 583 275	13 947 985
Operating Income	(1 198 283)	1 291 603	3 326 615
Financial Income	43 306 846	60 457 247	34 881 532
Financial Charges	5 546 895	27 762 395	66 518 458
Net Financial Income	37 759 950	32 694 852	(31 636 926)
Underlying Profit Before Tax	36 561 667	33 986 455	(28 310 311)
Exceptional Income	1 301 842	(38 320 712)	(14 614 449)
Employee Profit Sharing			
Profit Tax	(3 350 929)	(8 255 982)	(7 870 633)
NET INCOME	41 214 438	3 921 725	(35 054 127)



Cash Flow Statement (in euros)

	2005	2004	2003
Cash Flow from Operating Activities			
Gross Cash Flow	18 088 355	28 439 995	24 474 065
Dividends Received from Companies Under the Equity Method			
Changes in Working Capital Requirement	729 399	3 760 255	(1 295 796)
Cash Flow from Operating Activities	18 817 754	32 200 250	23 178 269
Cash Flow from Investment Activities			
Cash in Hand net of Acquisitions and Sales of Subsidiaries	(18 808 545)	1 071 472	(3 992 754)
Fixed Asset Acquisitions	(72 429 539)	(6 002 411)	(2 186 337)
Sales of Fixed Assets, net of tax	26 538 828	6 184 453	8 765 276
Net Cash Flow From Investment Activities	(64 699 256)	1 253 514	2 586 185
Cash Flow from Financing Activities			
Dividends Paid to Shareholders in the Parent Company	(5 588 239)	(4 019 231)	(4 823 077)
Change in Other Shareholders' Equity			
Capital Increase in Cash			
Borrowings	130 769 716	769 172	689 315
Repayment of Borrowings	(86 211 694)	(21 823 749)	(11 767 208)
Net Cash Flow from Financing Activities	38 969 783	(25 073 808)	(15 900 970)
Changes in Cash and Cash Equivalents	(6 911 720)	8 379 956	9 863 484
Cash at the beginning of the period	35 203 231	26 823 275	16 959 791
Cash at the end of the period	28 291 511	35 203 231	26 823 275
Impact of currency fluctuations			

Cash flow statement



Stock market performance

« Quality financial information - based on transparency, awareness and dialogue - is one of Séché Environnement's major commitments to its shareholders and an indication of the share's appeal among investors. »



A very popular share

« There are many signs confirming the high level of investor interest in our shares in 2005. The first, most direct sign is the share performance, noting growth of nearly 75%, from EUR 51.50 on January 2, 2005 to EUR 89.70 on December 30. This increase is all the more remarkable as it followed the 140% rise in the share price in 2004. Séché Environnement therefore easily outperformed the Euronext Paris indices on which it is listed - the CAC 40 and the CAC Mid100.

This could reflect merely the renewed quality of Séché Environnement's results in 2005, but a number of other indicators also attested to the high level of investor confidence in the Group's prospects.

For instance, the number of shares traded in each session remained high, averaging some 11,000 per session, thus showing a marked increase in the average amount of unit trades considering the rise in the share price in 2005. This serves as an indication of investors taking larger positions in our shares and the shares' high liquidity. For example, the capital turnover rate remained high, at almost 32%.

The number of brokerage firms that monitor our company and make regular recommendations on our shares has increased from seven at the beginning of 2005 to more than fourteen at present. And there is probably no finer proof of investor interest in our company than the enlargement of our shareholder base, which increased from around 5,500 in 2004 to almost 6,500 in 2005, i.e. a 15% increase.

This is the most obvious sign of Séché Environnement's enduring appeal among shareholders in France.

Concrete, proactive communication campaigns to engage in dialogue with shareholders

Since it went on public, Séché Environnement is dedicated to maintaining a transparent communication policy, based on regular information, extensive circulation and a concern for providing commentary and analysis to help reassure investors of the Group's prospects. Communication is not, however, a uniform tool. We tailor our approach to the different expectations of both individual and institutional investors, either French or foreign. We also customize information for investors with a specific focus, such as ethical investment funds or socially responsible investment funds with a particular interest in our company.

In addition to the Annual General Meeting, we make a special point of increasing the channels of information and the opportunities for contact and dialogue.

Management holds a meeting every six months at which it presents the Group's results to financial analysts and institutional investors. These meetings bring together several dozen market players with a special interest in our share.

TROPHÉE MIDCAPS
SÉCHÉ ENVIRONNEMENT
LAURÉAT 2005



Trophée décerné par :
Euronext, MiddleNext et Oddo et Cie



Similarly, we also meet shareholders by regularly attending the Actionaria Investor Fair held in November every year. This fair affords us the opportunity to provide several thousand individual investors with information on our strategy and lines of business and reply to their various questions. This summary report is a prime example of this policy of maintaining close contact with shareholders. Issued for the first time in 2005, it aims to enable as many people as possible to gain a further understanding of the Group, beyond that offered by the required legal publications such as the reference document and the social responsibility report.

Lastly, we organize regular visits to our industrial plants, both storage facilities, such as the Changé site - the Group's historical core, and treatment sites, including Salaise-sur-Sanne. We have been proud to welcome scores of investors on these practical on site visits and to introduce them to our business.

Increased interest in our share on the financial markets

As part of this highly proactive approach to shareholders - be they individual or institutional, existing or potential - Séché Environnement takes every opportunity to participate in investor meetings organized by French and foreign financial institutions. Séché Environnement views such meetings as the opportunity to clarify its position, strategy and performance.

During the past year, the Group took part in a number of road shows in London, Edinburgh, Frankfurt, Geneva and Paris. This gave us the opportunity to meet dozens of French and foreign financial institutions with a particular interest in our Group because of its quite unique profile in Europe.

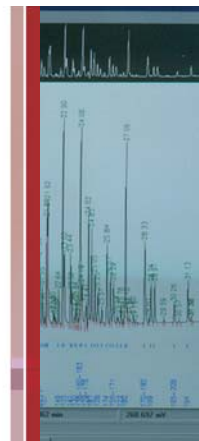
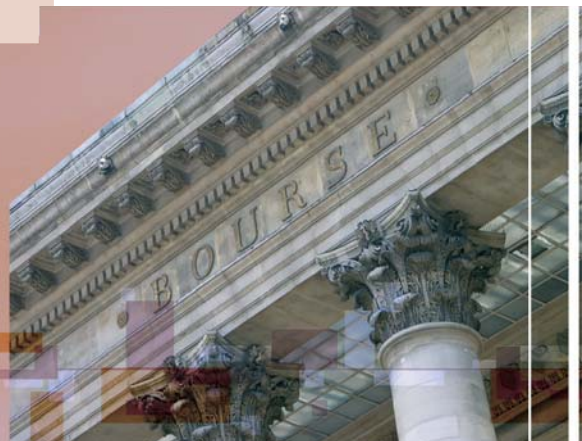
The investor profile has changed considerably over the past year, and we have succeeded in attracting many new investors who appreciate the durable quality of our shares as well as the Group's fundamental values, including our commitment to sustainable development. Of note are the ethical funds that have joined the ranks of our institutional shareholders.

This commitment is one of the Group's basic tenets and has played an integral role in enhancing our stock market reputation among investors. It is also widely acknowledged by most market operators. This was especially true in 2005, when Euronext Paris, MiddleNext and Oddo & Cie (a broking house) awarded us the MIDCAP 2005 trophy for our social commitment. The panel particularly valued Séché Environnement's social strategy on mergers in 2002/2003. »

Increased proximity in order to foster sustainable relations

« Our objective is to constantly develop direct, productive and strong links with our shareholders. Since it went on public, Séché Environnement has had a policy of regular, transparent communication with shareholders. We consider our shareholders to be major stakeholders in the Group as well. As such, we are working on projects aimed at strengthening the already close links with our individual and institutional shareholders. In 2006, we plan to use the Internet to provide even more comprehensive information through a new website that covers areas beyond stock market performance. This website will include a dedicated section offering individual shareholders the same direct service as that available to both French and foreign institutional investors. Email alert systems will ensure the circulation of information to our shareholders in real time, and a Q&A section will provide immediate answers to any questions. The Group's Newsletter will keep our shareholders up to date on its achievements in real time. The Group will therefore be involved in many projects in the field of financial communication in 2006. »

Manuel Andersen
Head of Investor Relations



Stock market trends

Share ownership and voting rights

Surveys of shareholders show that the free float is held by some 6,000 institutional and individual shareholders. Apart from the Séché family and Apax Partners, only one shareholder - la Caisse des Dépôts et Consignations - declared a holding in excess of the threshold of 3% of the capital or voting rights.

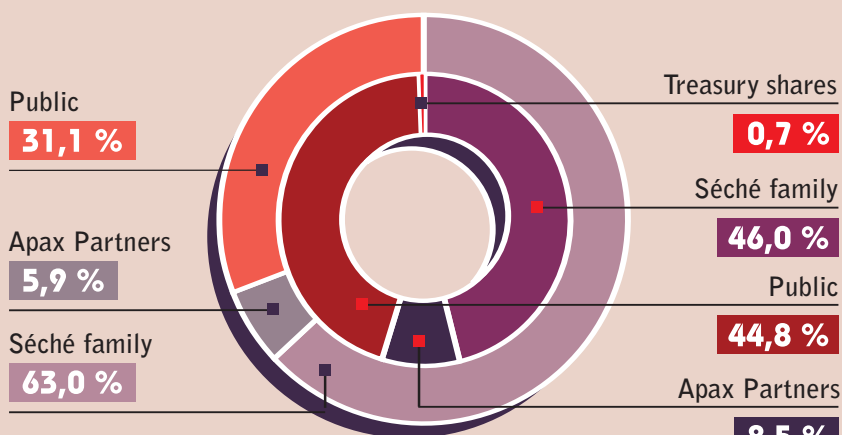
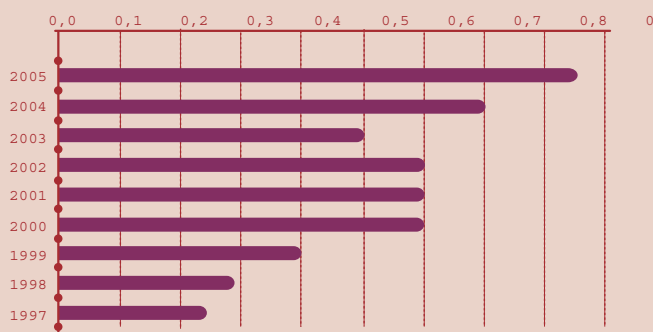
Pursuant to a resolution adopted by the Extraordinary General Meeting of October 8, 1997, a double voting right is attributed to all fully paid-up shares registered in the same shareholder's name for at least four years.

A shareholder agreement of June 11, 2002, between the Séché family and Apax Partners, stipulates that Apax Partners is entitled to appoint a member to the Board of Directors of Séché Environnement as long as it holds a stake in Séché Environnement equating to at least 5% of its share capital.

The Séché family has a pre-emptive right on the shares held by Apax Partners subject to specific conditions.

Joël Séché has a controlling interest in Séché Environnement. Management as a whole holds 54.5% of the capital and 68.6% of the voting rights.

Net dividend / share in euros



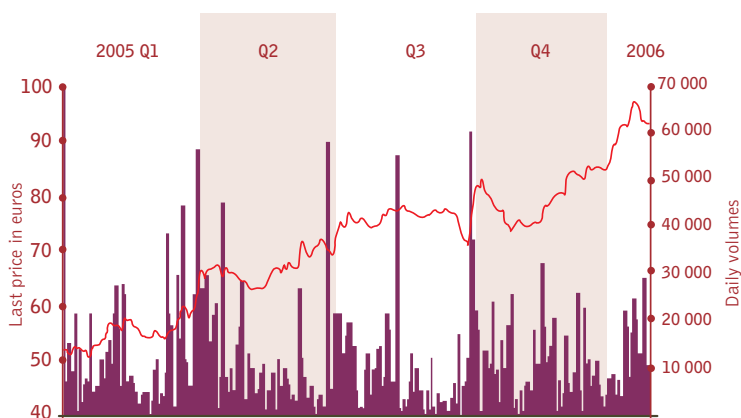
11.571.562
voting rights

8.038.462
shares

Table of share ownership and voting rights



Changes in share price and trading volumes



The share price remained fairly volatile in 2005 due to significant profit taking with the sharp rise in the share price. Only on four occasions during the year was the closing price close to the low for the month, which highlights the steady and consistent rise in the share price.

Sch Environnement is included in several stock market indices, such as the SBF 250 (representing the Paris market) and the CAC Mid 100, which comprises companies of a similar size or capitalization. Sch Environnement has a weighting of 0.04% and 0.54% respectively in these indices, which it outperformed in 2005.

Important dates for shareholders

- **May 19, 2006:** General Shareholders' Meeting
- **June 15, 2006:** Dividend payment
- **July 31, 2006:** Sales at June 30, 2006
- **September 19, 2006:** Half-yearly results at June 30, 2006
- **October 27, 2006:** Sales at September 30, 2006
- **November 17-18, 2006:** Participation in the Actionaria Investor Fair

Per share data	2005	2004
Net result (Group)	4,05€	(0,31€)
EBITDA	10,63€	9,90€
Shareholders equity	29,16€	26,06€
Net dividend	0,85€	0,70€
Stock market data		
High	89,70€	55,60€
Low	50,10€	21,95€
last	89,70€	52,00€
Number of shares at Dec.31	8 038 462 shares	8 038 462 shares
Market capitalization at Dec.31	721 M€	418 M€
Average monthly volume	217 351 shares	211 870 shares
Annual turnover rate	32,4 %	31,6 %

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Glossary

Each term in the glossary is preceded by a symbol indicating its area of reference:

- **Businesses** ▼
- **Environmental information** ◆
- **Social standards** ●
- **Economic or financial terminology** ■

◆ ADEME (Agence de l'environnement et de la maîtrise de l'énergie)

French government agency, of an industrial and commercial nature, placed under the supervision of the ministers in charge of research, the environment and energy.

◆ ADR

European agreement on the international carriage of dangerous goods by road.

◆ Agenda 21

A project defining the objectives and resources needed to ensure the sustainable development of an area or company.

It involves the coordination of the objectives of a community and all of its socio-economic players. Following an analysis of the situation, an action plan is defined, which is in turn assessed using a set of indicators in order to determine the next measures to be taken, if any.

▼ Biocenter

Collective industrial center for the biological treatment of polluted soil.

▼ Biogas

Gas produced by anaerobic breakdown of organic matter contained in household and similar waste.

■ CAPEX (capital expenditure)

Investments in tangible and intangible assets, excluding financial investments.

■ Cash flow

Cash generated by operating activities on an annual basis.

◆ ● CLIS or CLIC

Local Information and Surveillance Commission or Local Information and Coordination Commission.

◆ CMR

Carcinogens, mutagens and reproductive toxicants. There are 504 substances in this category excluding complex substances derived from coal and oil. The French Decree of February 1, 2002 regulates the prevention of these risks.

▼ ◆ Cogeneration

Simultaneous production of electricity and thermal energy (steam) in facilities specially designed for this purpose. This system maximizes energy yield.

▼ Collection

Operations consisting of removing waste and delivering it to a site for transfer, sorting, processing, recovery or storage.

▼ Composting

The transformation of organic waste by micro-organisms (fungi, bacteria, etc.) in the presence of water and oxygen into a humus like substance.

■ Consolidated net debt

Total financial debt less available cash. It represents the Group's real debt.

■ Current operating income

Amount of resources generated by the company from its operating cycle for its recurrent operations.

■ Debt-to-equity ratio

The ratio of net debt to shareholders' equity (also referred to as gearing).

▼ Dechlorination

The chemical decomposition of molecules containing chlorine such as PCB by adding reagents such as metallic sodium or certain solvents.

▼ Dechromatation

Transformation of hexavalent chromium in liquid waste (e.g. surface treatment baths) into less toxic trivalent chromium by adding reagents such as sodium bisulphate, and then precipitation in the form of hydroxides by adding lime. The chromium can be recovered in some cases.

▼ Decyanidation

A process allowing for the transformation of toxic cyanides into non-toxic cyanates through oxidation, most often by alkaline chlorination using reagents such as sodium hypochlorite.

◆ ● Dioxins

Toxic chemical compounds produced during the combustion of certain organic matter. There are 210 dioxins, 17 of which are considered toxic.

◆ ● DRIRE

Regional government department for industry, research and the environment.

Earnings per share

Consolidated Group net income after deduction of minority interests divided by the number of outstanding shares.

■ EBITDA

Earnings before interest tax depreciation and amortization.

▼ Effluents

Any fluid emitted by a source of pollution.

▼ Energy recovery

Use of waste treatment as a source of energy.

▼ Evapo-incineration

Separation of aqueous and generally oily (but also mineral in some cases) phases of waste by evaporation. The resulting steam is thermally oxidized and the oily concentrate can be used as a combustible for incinerators.

▼ Final waste

Treated or untreated waste that cannot be treated further under present day technical and economic conditions, for instance to recover any useful portion or by reducing its pollutant or dangerous character.

Defined by Environment Ministry Circular of April 28, 1998 as waste from which the recoverable part has been extracted as well as any various pollutants, e.g. batteries, accumulators, etc., This definition depends on the time and place. (Article L.541-1 of the French Environmental Code and the Circular of April 28, 1998 concerning departmental programs for the disposal of household and similar waste).

▼ Final waste storage site (FWSS)

Site set up for the permanent storage of waste. Distinctions are made between:

- "Class 1" for hazardous industrial waste,
- "Class 2" for household and similar waste,
- "Class 3" for inert waste, aggregates and excavated materials.

Also known as a landfill site or dump (familiar).

▼ Fly ash

Residue from incineration plants including boiler fines, residue from dust removal and fume control residue (except for wet processes). Fly ash must be treated and stabilized before being placed in a final waste storage center.

▼ ● FNADE

Fédération Nationale des Activités de la Dépollution (National Federation of Waste and Environment Activities).

■ Free Cash-flow

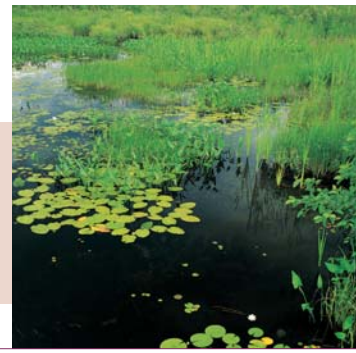
Cash flow after deducting maintenance investments and taking into account changes in the working capital requirement.

● Global Compact

An agreement initiated by the UN Secretary General in July 2000 at the World Economic Forum in Davos which includes ten universal principles on human rights, labor standards and the environment. It embodies the voluntary contribution and the commitment of companies to promoting planetary sustainable development at a global level.

● Global Reporting Initiative - GRI

The GRI is an initiative developed in partnership with UNEP (see below) based on long-term international and multilateral action involving companies, NGOs, associations, etc. Its purpose is to define and publish general guidelines for sustainability reporting used by companies to take account of the economic, environmental and social consequences of their activities.



◆ ● Greenhouse gases

Gases, such as carbon dioxide and methane, which contribute to the greenhouse effect whereby the heat from the sun is trapped in the atmosphere. The significant increase in greenhouse gases produced by human activity is in part responsible for global warming and its consequences on the ecosystem.

■ Group net income

Total net income (income generated by all consolidated companies) less the share attributed to third party shareholders of subsidiaries that are not fully owned by Séché Environnement.

◆ GTPA

General tax on polluting activities.

▼ HIW - Hazardous Industrial Waste

Waste which, due to its chemical composition, must be treated in authorized storage facilities.

▼ Hazardous waste in dispersed quantities HWDQ

Waste produced in small quantities by craftsmen, businesses, individuals, etc. They are collected in waste collection centers or through special collection circuits.

▼ Household waste

Waste generated by households in their own residence.

Household waste does not include:

- waste from professional activities even if produced in an individual's home.
- waste produced by individuals outside of their home.

▼ HWIU

Household waste incineration unit.

▼ ICPE - Facility classified for environmental protection purposes

Law 76-663 of July 19, 1976 defines an ICPEs as factories, workshops, tips, sites, quarries, and more generally any facilities operated or owned by an individual or public or private sector legal entity that may be dangerous or unsuitable for the neighborhood, health, safety, sanitation, for the protection of nature and the environment or for the preservation of sites or historic monuments. A distinction is made between facilities subject to declaration to the Prefect's Office and those subject to authorization from the Prefect's Office after public inquiry. Waste treatment plants come under the latter category.

▼ Incineration

Treatment based on combustion with excess air. This treatment can be carried out with or without energy recovery. The European directive of December 4, 2000 on incineration defines an "incineration facility" as any thermal treatment facility that uses processes of incineration by oxidation, pyrolysis, gasification or plasma treatment.

▼ Inert waste

As defined by the Order of July 16, 1991, inert waste is waste containing mineral solids that cannot undergo any physical, chemical or biological transformation after dumping.

▼ Ion exchanging resins

Technique used for the detoxification of effluents the quality of products or services, aimed at ensuring permanent client satisfaction. The certification is now mainly based on the notion of continuous improvement.

◆ ● ISO 9001

International management standards governing the quality of products or services, aimed at ensuring permanent client satisfaction. The certification is now mainly based on the notion of continuous improvement.

◆ ● ISO 14001

International environmental management standard describing corporate organizational methods.

▼ Leachates

Liquid containing bacteria and chemicals resulting from the degradation of waste after water has flowed through stored waste.

▼ Leaching

Extraction of a soluble compound from a powdered substance, through washing and percolation processes.

■ Market capitalization

Value attributed to a company by the stock market determined by multiplying the share price by the number of outstanding shares.

▼ Mechanical dehydration

Process required to reduce water content, thereby reducing the volume and increasing the calorific value (sludge) of waste, generally using band or press filters.

▼ Medical Waste

Potentially infectious waste from healthcare activities.

▼ Methanization

Production of biogas by controlled anaerobic breakdown of organic waste.

◆ METOX

Index used to calculate the toxicity of waste including multiple metals based on the formula: METOX= 10 Pb + 50 Hg + 50 Cd + Cr total + 5 Ni + Zn + 5 Cu + 10 As.

▼ Mixing

The optimization of waste transport involves mixing waste produced in small quantities at specialized facilities. Mixing of this waste can involve processing or pre-treatment before it is sent on to the appropriate treatment facility.

▼ Neutralization

The neutralization of an effluent involves bringing its pH (through acidification or alkalization) to a value near neutral (7).

▼ NHIW - Non-hazardous industrial waste

Waste produced by companies, tradesmen and small businesses that can be treated in the same facilities as household waste: cardboard, glass, kitchen waste, packaging, etc.

▼ Non-recoverable waste

Industrial waste which is not recoverable after sorting. Some refuse can be treated in other ways.

◆ ● OHSAS 18001

British standard for the management of health, safety and welfare in the workplace.

■ Operating income

Current operating income plus any income from the sale of assets (including consolidated shareholdings) less any impairment in the value of goodwill.

■ Organic growth

Growth at constant Group structure, exchange rates and accounting methods.

■ Payout ratio

Percentage of net income paid to shareholders in the form of a dividend.

◆ PCB or Polychlorobiphenyls

Oil used in electrical appliances - transformers and capacitors - valued for its dielectric properties. Most commonly sold as Pyralene or Askarel. Poor burning of PCB generates dioxins (thermal pollution). The manufacture of PCB has been banned since the early 1980s and appliances still in use must be decontaminated by 2010 (European directive 95/59/EC of September 16, 1996).

▼ Physical-chemical treatment

These treatments include cracking of emulsions, neutralization, dechromatation, decyanidation, dehydration, regeneration of resins, dechlorination, etc.

▼ Pre-treatment

Processing to change the chemical composition or physical characteristics of waste before treatment or storage in an FWSS. The main aim is to mix and separate various phases so that each part of the waste can be sent to its most economic destination.

■ Price/earnings ratio PER

The share price divided by earnings per share.

▼ Product recovery

Use of all or part of waste to replace an element or material.

▼ Fume purification residue

Residue from dust removal and the neutralization of incinerator emissions. May sometimes be confused with fly ash.

- RPIFIW: Residue from the purification of incineration fumes from industrial waste.

- RPIFHW: Residue from the purification of incineration fumes from household waste. Includes ashes from dust removal and the residues from the neutralization of fumes. The combustion of one metric ton of household waste produces between 20 kg and 50kg of RPIFHW depending on the process used (wet or dry).

▼ Pyrolysis or thermolysis

Thermal treatment with restricted air supply. Oxidation is incomplete. The process can create a combustible sub product which must then be treated appropriately.

▼ Reclaimed waste

Recycled waste which is used for an application other than its original purpose.

▼ Recovery

Generic term covering the reuse, reclaiming, regeneration, recycling, organic recovery or energy recovery of waste.

▼ Recycling

Use of materials recovered from waste in a production process in order to partially or fully replace first use raw materials.

▼ Regeneration

Process which restores the physical or chemical characteristics to waste enabling it to be used to replace first use raw materials.

■ Return on capital employed - ROCE

Ratio of operating income to capital invested. This measures the company's capacity to generate a return on the capital provided by shareholders and lenders.

▼ Reuse

Process by which a product used, designed and manufactured for a specific use is reused for the same use or a different purpose. Reclaiming and reprocessing are special types of reuse.

▼ Salvaging

Collection and/or sorting of waste in order to recover products and matter contained in the waste.

▼ Secondary raw materials

Products resulting from recycling which are given a new use as a raw material in a new industrial process.

■ Shareholders' equity

Difference between net assets and total debt, which is broken down into a part attributed to the consolidating entity (Group shareholders' equity) and a part attributed to third party shareholders of consolidated subsidiaries (minority shareholders).

▼ Slag

The non-combustible residue of waste left after incineration.

It can be recovered for use in public works or stored.

Also known as clinkers.

▼ Sorting

Separation of different types of waste into categories (cardboard, plastic, wooden crates, etc.) to facilitate its disposal or recovery.

▼ Sorting center

Facility where waste is mechanically sorted before being sent for recovery.

▼ Stabilization

The aim of stabilization is to make pollutants contained in waste inert by chemical and/or physical reactions. This can be done either through "cold" processes using hydraulic or organic binders and different reagents, or through "hot" processes such as vitrification. Due to the nature of the processes, the waste is also solidified.

◆ Sustainable development

Sustainable development factors in the environmental, economic and social aspects of activities in order to preserve the available resources and the quality and diversity of natural environments for future generations.

● SYPRED

Syndicat professionnel pour le recyclage et l'élimination des déchets industriels (union for industrial waste recycling and disposal).

▼ Thermal treatment

Treatment of waste using heat, in particular incineration, pyrolysis and thermolysis.

▼ Transfer or transit

Change of vehicles between collection and sorting, treatment or storage to optimize transport. Several transfers may take place.

▼ Treatment

Physical, thermal, chemical or biological processes that change the characteristics of waste so as to reduce its volume or dangerous nature, making it easier to handle or recover.

▼ Transport

Moving waste to one point or another without collection.

● UIC

Union des Industries Chimiques (French Union of Chemical Industries).

● UNEP

United Nations Environment Program.

▼ Vacuum evaporation

Separation of the aqueous phase and generally oily phase of waste through evaporation. The aqueous phase is biologically degraded and the oily concentrate is incinerated.

▼ Waste

According to French law No. 75-633 of July 15, 1975, waste is any residue from the production, transformation or use of any substance, material, product or more generally any personal property that its owner has thrown away or intended to dispose of.

▼ Waste collection center

Pursuant to the circular of May 11, 1989, a waste collection center is a center open to the public for the selective and transitory deposit of waste that cannot be disposed of satisfactorily by means of the normal collection of household waste because of its size, quantity or type.

● Workplace injury frequency rate

Number of work-related accidents resulting in leave over the period, multiplied by one million and divided by the total number of hours worked.

● Workplace injury seriousness rate

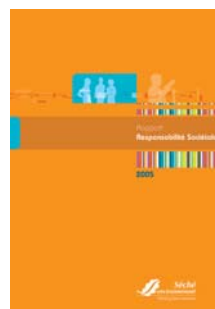
Number of days lost due to work-related accidents over the period, multiplied by one thousand and divided by the total number of hours worked.



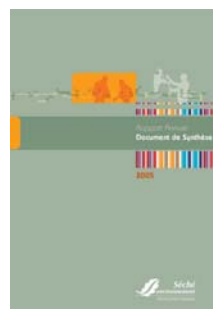
The full economical, social, environmental and juridical data are available in the Reference Document for 2005 registered by the French Financial Markets Authority (AMF) on March 28, 2006 according to article 212-13 of AMF General Regulation.

Those data are complementary to this Document which present the full accounts for 2005 and to the Societal responsibility report for 2005.

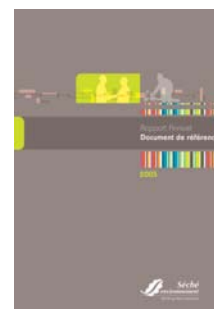
All these Documents can be sent on request or referred to on the Group's website.



Societal Responsibility Report 2005



Annual report 2005 Summary Document



Annual report 2005 Reference Document



CD available on request



- Legal Form: French "société anonyme" with a Board of Directors
- Share Capital: 1,607,692.40 euros
- Head Office: Les Hêtres, P.O. Box 20, Changé (53810)
- Registration: Laval Business and Company Register number B 306 917 535
- APE code: 741 J
- Stock Exchange listing: Euronext Paris since November 27, 1997 (Eurolist compartment B) ISIN Code: FR0000039109



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