

ANNUAL REPORT

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CEO'S FOREWORD

Devoteam achieved sales revenues of €150 million and a net profit of €5.8 million in 2004. These good results are the first results of the plan for transformation and recovery of margins, markets and teams, launched last year. 2004 was thus a year marked by sustained growth in the telecom sector and also by the first fruits of our voluntary referencing policy at major clients.

In marketing and sales, the strengthening of our traditional offerings in consulting and integration for infrastructure/telecoms with the acquisitions of Cesmo and SRIT (a Siemens subsidiary) allows us to offer our clients relevant accompaniment and support throughout the various phases of their projects. In addition, the successful launch of an offering for the operation of infrastructures (Technologies & Operations) lets us look forward to major growth in the field in 2005, particularly on account of the partnership signed with the Pierre Fabre laboratories.

Finally, we are keeping to our targets in recruitment and sales development for the year, and we are convinced that our steady investments in knowledge management provide staff that join us with the operational excellence that is the Group's hallmark.

Stanislas and Godefroy de Bentzmann



On the left, Stanislas de Bentzmann, on the right, Godefroy de Bentzmann.

DEVOTEAM IN 2004

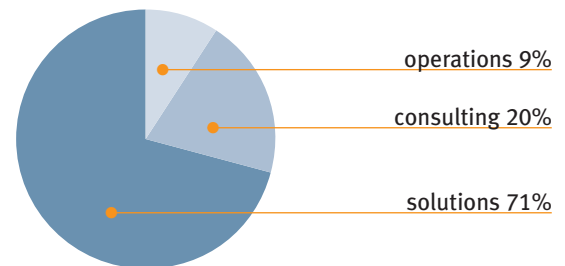
In ten years, Devoteam has become the largest company in Europe for consulting and engineering in IT infrastructure. Combining a consulting offer and top-notch technological expertise enables Devoteam to provide its customers with effective solutions that meet their strategic objectives (IT performance, infrastructure optimization, applications leverage) in complementary areas: networks and telecoms, system infrastructure, security, application servers. We owe this success to the confidence and loyalty of our clients and our partners, and to the commitment of our teams.

Key figures

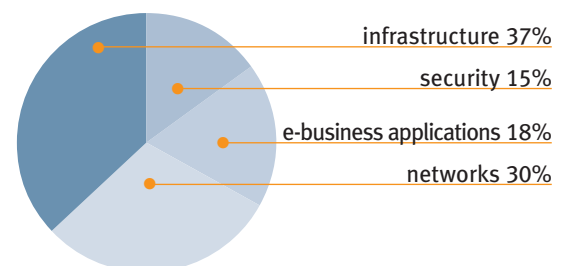
In M€	2003	2004
Turnover	126	150
Operating profit	3.0	8.7
Operating margin (%)	2.4	5.8
Net profit (*)	(1.5)	5.8
Head count	1,450	1,750

(*) before goodwill amortization

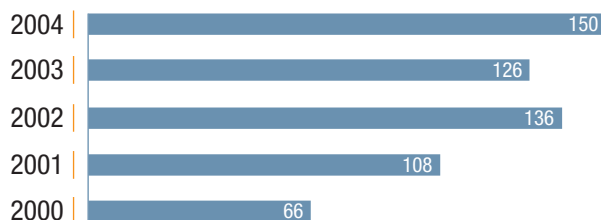
Type of services



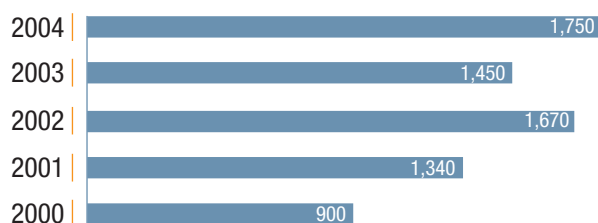
Technological offers



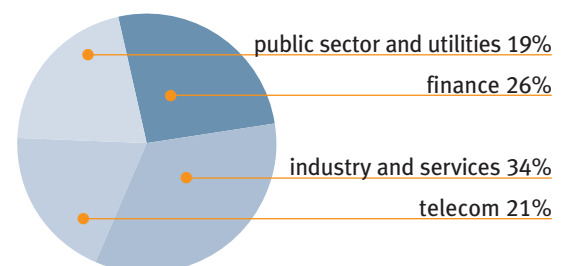
Turnover (in M€)



Head count progression



Economic sector



■ Highlights 2004

January

Devoteam established a subsidiary in the Middle East. Based in Dubai, Devoteam Middle East offers consulting services in telecommunications, infrastructure, e-business and security in Saudi Arabia, the United Arab Emirates, Jordan and Iran.

March

15th Eurosec Exhibition, specializing in IT security and organized by XP Conseil.

April

Devoteam opened an office in Prague in the Czech Republic, thereby kicking off its growth strategy in Eastern Europe.

June

Devoteam set up a subsidiary in Switzerland, based on its partnership with BMC Software.

September

Devoteam announced the creation of Uperto, a business unit dedicated to open source, and concluded a partnership with Novell.

October

Devoteam acquired the IT consulting group Cesmo. Set up in 1989 and based in Paris, Cesmo joins Devoteam Group to reinforce its Consulting offer and strengthen its leadership position in France on telecom and IT consulting.

November

Nomination of Alexis Ménadier and Jacques Record Managing Director and Deputy Director of Devoteam Solutions in France.

December

Devoteam took over SRIT. Created in 1998, SRIT has about a hundred engineers based in Lannion. SRIT strengthens Devoteam telecoms integration business in partnership with Siemens, while it develops the group presence in the west of France.

January 2005

Signature of an IT outsourcing contract for over €100 million with Pierre Fabre laboratories and taking a 51% share in the capital of Pierre Fabre Informatique, based in Castres. This partnership will let Devoteam expand its strategy of consulting and outsourcing to the operation of networks and infrastructure.

ACTIVITIES AND LOCATIONS

■ Three skills areas



Devoteam Consulting offers strategic and technological consulting to upper management and staff at the early stages of projects. This unit brings together three main skills :

- consulting in marketing strategy and client relations management (CRM);
- consulting in telecoms, infrastructure and IT management;
- consulting in IT security.

Our experience in consulting is handled by Cesmo, Devoteam Fischer & Lorentz, Devoteam OSI Consult, Siticom Consulting and XP Conseil.

Devoteam Solutions designs and implements solutions that match the specific requirements of clients, to ensure the success of their projects.

In France, Apogée Communications strengthens the skills of Devoteam Solutions in Service and System Management and Security projects. Our integration missions, with a commitment to results, cover the entire life cycle of projects.

Devoteam SRIT, development center and integration platform, is mainly active in the telecommunications operators market, contributes to strengthening telecoms integration activity at Devoteam.

Devoteam Operations

The insourcing and outsourcing offerings mainly handled by our shared operations platform based in Castres (service desk and IT system management) position Devoteam Operations in the IT management market as a credible player with a reasonable size.

Technologies & Operations (TOP), a French subsidiary of Devoteam, is committed to operational and technical support, and offers services for deployment, technical solutions, operations, administration and outsourcing of functions for major accounts.

International expansion

- Saudi Arabia
- Austria
- Belgium
- Denmark
- United Arab Emirates
- Spain
- France
- Morocco
- The Netherlands
- Czech republic
- United-Kingdom
- Switzerland



For our clients, partners and consultants, Europe is a daily reality. Present in nine European countries as well as in the Middle East, Devoteam thus has a network that helps sharing experience and carrying out international projects.

In addition, Devoteam Consulting is part of the ITIC Group. This Group, made up of consulting companies that specialize in telecommunications and IT lets us accompany our clients in most of Europe to share information and best practices.



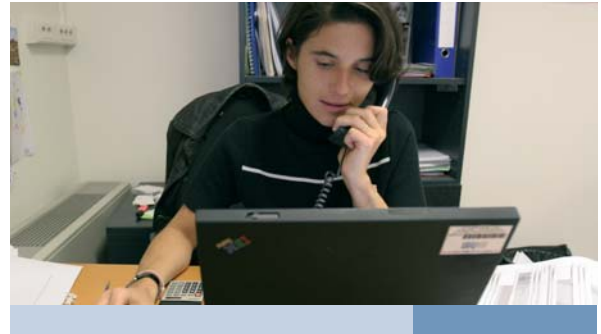
MISSION AND BUSINESS

Our mission

The Devoteam group supplies its clients solutions suited to the demands of their professions. Optimization of the management of IT systems infrastructure, based on a Business Relationship Management initiative and adapted to the ITIL (IT Infrastructure Library) and to the COBIT methods has effectively become today a major issue for IT management.

We accompany our clients in four key areas:

- cost reduction,
- aligning the IT system with the organization's strategy,
- risk management,
- quality improvement.

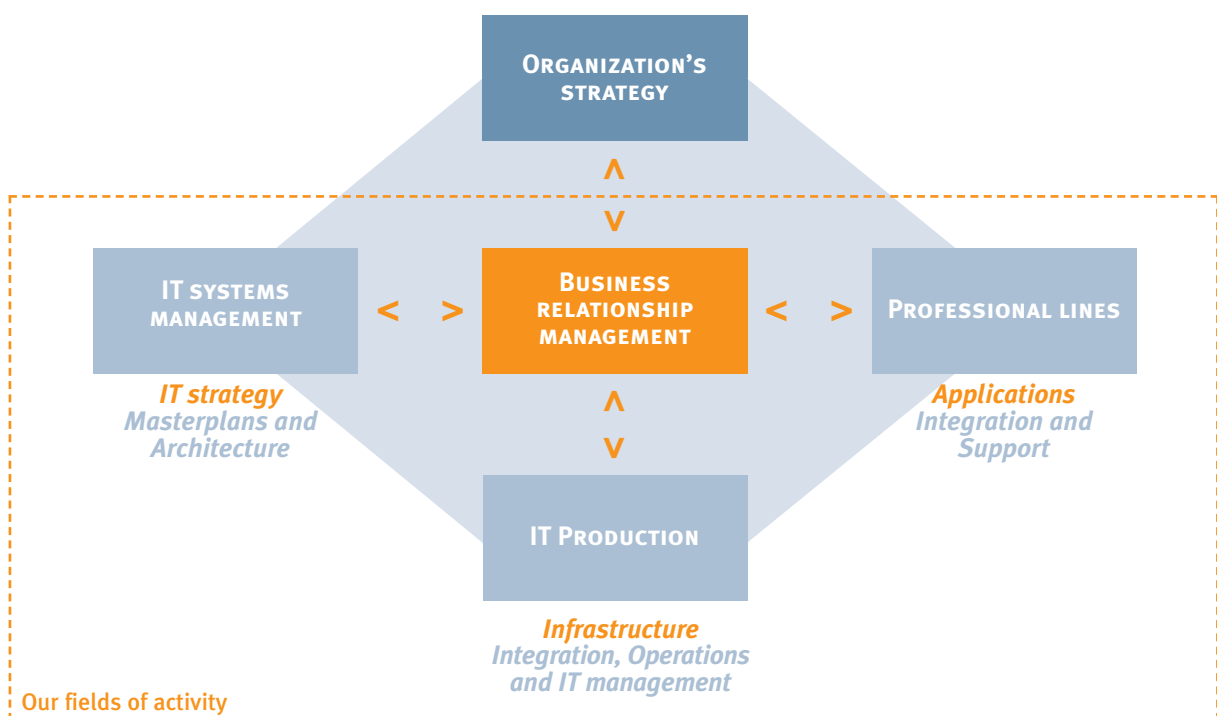


Devoteam offers its clients the technical know-how throughout a project life cycle (analysis, design, development, putting into production, support) and works with line management (project manager, project leader, functional consultant, consultant, and others).

Think up

Our positioning as infrastructure specialists has let us develop unique skills in complementary technological fields: Networks and telecoms, security, system infrastructure.

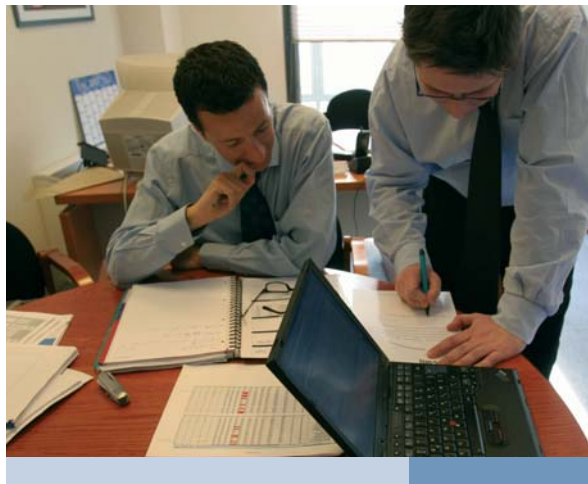
“Understand our clients’ core business and requirements, and use technology to serve their strategic goals.”



■ Our partners

Devoteam Solutions has signed partnership agreements with the best software editors. These facilitate the best responses to clients' problems, while ensuring knowledge sharing with our consultants, which keeps them permanently up to date on technological developments.

The main partners are BMC Software, EMC Legato, HP, IBM, Microsoft, Peregrine, Symantec Veritas.



■ A project and quality approach

Work up

Our rigorous, structured and industrial approach to projects is based on the following fundamentals:

- implementing a quality system within our projects;
- ongoing completion control;
- a formalized project management mode with our clients;
- ongoing know-how capitalization in our offerings;

In order to control all elements of a project, project teams include all Devoteam Group's skills (applications servers, infrastructure, networks, security). This flexible organization facilitates activating at the right time the skills required in both number and quality to secure the projects' delivery.

■ Our clients

Create up

In 2004 Devoteam diversified its client portfolio and strengthened its presence with its ten main clients in telecoms (France Telecom, Cegetel), finance (Société Générale, Crédit Agricole, BNP-Paribas, Axa), industry (Total, EDF) and the public sector (SNCF, Dutch Foreign Ministry).

PEOPLE AND KNOWLEDGE



■ The enterprise project

Devoteam's enterprise project is based on key personal values, the foundation of better performance and improved service for our clients. The daily employment of values such as performance, respect and courage increases efficiency.

Devoteam is not made up of the sum of individual skills but rather of their integration into consistent teams, motivated by a shared spirit of initiative and which contribute to the success of the enterprise. The involvement and dedication of our teams is one of the conditions for achieving the top-notch service demanded by our clients.

Devoteam looks after each member of staff in their professional development, giving them access to knowledge and creating an attitude conducive to exchange within continuing education and communities. Our policy of human resources management is at the heart of the enterprise project and is based on the principles of homogeneity and quality in recruitment, complying with a certain number of basic values, individual monitoring of consultants and ongoing, internal training.

■ Our ethical code

Since its creation in 1995 the Devoteam Group has always attached great importance to respect for human dignity and keeping one's word. These values are expressed every day in the convictions we bring to our clients every day, whether it is a matter of selecting a technological option, defending the value of a consultant or a commitment made to upper management.

We have formalized an ethical code that addresses behavior and attitudes towards our partners, clients and suppliers. Financial transparency, a refusal to pay secret remuneration or requests for unofficial services rendered are the main fundamentals.

This code, which was the initiative of Allan Fischer, Group Vice President and a director of the Transparency International organization, has been approved and signed by all the Devoteam Group's managers.

It facilitates a healthy working spirit that is the signature of our teams, and it is the pride of our staff who, beyond their individual performance, are committed to the success of the group whose values they support.

■ Devoteam University

An integral part of the group, continuing education in 2004 means:

- 25,000 hours of training provided;
- 70 training modules, of which 70% available as e-learning;
- 10 technical laboratories, of which the Cisco laboratory is the most complete on the market;
- 160 trainer-consultants
- 750 consultants trained.

Knowledge Management

Knowledge Management is:

- training on Devoteam's methodologies, which are upgraded permanently;
- running seminars to share best practices;
- the dissemination of our technological and sector monitoring;
- the provision of a comprehensive document reference system, via adapted capitalization tools;

Knowledge Communities

Knowledge communities group engineers together according to relevance to 20 specific communities. Every community is lead by a consultant-leader, and uses various methods: documentary base, discussion groups and shared work tools. The purpose of the Knowledge Communities is:

- to provide support for the consultants (support while on a job, exchanges between experts);
- to anticipate technological developments through monitoring;
- to enhance the Group's technological offering;
- to continually develop the technical and functional skills of the consultants.



■ Knowledge Management and Sharing

Since its creation Devoteam has committed annually about 5% of its sales revenues to Knowledge Management and training, key factors for differentiation, growth and collaboration. The Group's KM policy aims at enhancing tangible benefits for our consultants (creation of up-to-date knowledge, usable and proven experience), our clients (skilled resources availability, experience feedback and best practice) and for the Group (European scale technological monitoring, niche detection).

This investment lets us integrate new employees, ensures a flow of knowledge between teams and countries, and enables us to rapidly train engineers on leading subjects and the best adapted to clients' needs. Our consultants' personal development is a key factor for our company. The improvement of their technical expertise and the sharing of their know-how are the daily expression of this fact.

FINANCIAL REPORT

■ Financial information

Activities and results of the parent company

In 2004 the company saw a resurgence in client demand in an environment of price stability. This recovery allowed for net recruitment of about 50 staff, with the staff of Devoteam SA thus going from 871 employees to 920. Sales revenues were € 91,605k in 2004, compared with € 83,273k in 2003, up 10%. Operating profits increased to € 845k, which was 0.9% of sales revenues, as compared with - € 2246k a year earlier. The improvement in profitability is mainly explained by an increase in the company's average activity rate, which went from 73.5% in 2003 to 76% in 2004 (non-accounting data). This rate is calculated by adding the number of days billed to the number of billable days, vacation and training included (i.e. based on 225 days). In 2004 the company achieved net profits which brought profitability to € 961k, compared with - € 5,827k in 2003, mainly thanks to the end of restructuring and a correlative improvement in exceptional items, which was - € 1,082 in 2004 compared with - € 4,403 in 2003.

Consolidated activity and results of group

In 2004, the consolidation scope remained more or less stable:

- Taking of a 60% share in the capital of Devoteam Middle East, based in Dubai, in January;
- Establishment of Devoteam Switzerland in June;
- Acquisition of 87 % of the Cesmo Group at the end of October;
- Acquisition of 100 % of Siemens Networks IT and Telecoms (SRIT) at the end of December;
- Liquidation of Siticom GmbH (end of March) and of Acamas (end of November).

The average activity rate of the Devoteam Group rose from 72.5 % in 2003 to 75% in 2004. The consolidated turnover came to €150,161k, up 19.2 % from its 2003 value, which stood at €125,944k. Consolidated operating profit rose 191.3% to €8,662k, a 5.8% EBIT margin, compared with € 2,974k and a 2.4% margin 2003.

Net profits of consolidated companies before goodwill amortization was € 5,388k in 2004, 3.6% of sales revenues, compared with - €1,462k and - 1.2% in 2003, principally due to the end of restructuring. Group consolidated net profit marks a return to profitability at € 2,657k, compared with - € 6,078 in 2003.

Progress achieved

The financial year was marked by:

- A major recruiting and sales development effort, which translated into growth in activity above that of the market;
- Control of costs and increased level of activity, which led to restoring group profitability;
- Strengthening offerings in consultancy and networks/telecoms integration, with the acquisitions of Cesmo and SRIT (a Siemens subsidiary);
- Creating an offering for the operation of infrastructures, which had a very strong start, which has continued into 2005, especially thanks to the partnership signed with Pierre Fabre Laboratories.

Forecasts

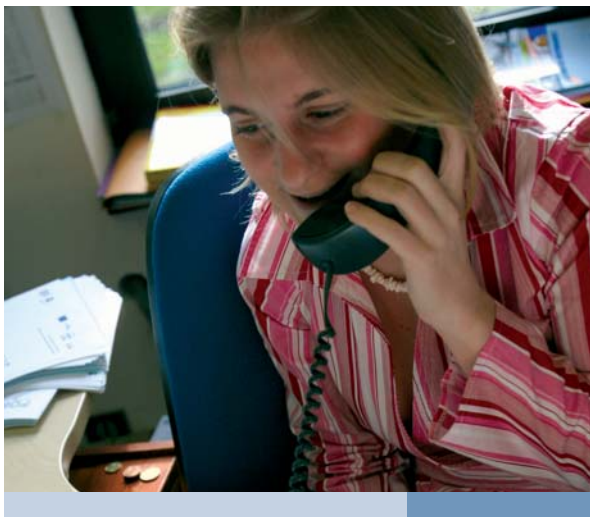
Even though certain difficulties persist, especially concerning prices, the market has picked up with a positive dynamic. The 2005 financial year should let Devoteam maintain double-digit growth while continuing to improve profitability.

Devoteam expects to benefit from its solid financial base, with € 28.5 m in cash (net of financial debts), to seize external growth opportunities and speed-up its growth.

Key events that have occurred since the end of the year

Devoteam SA has taken a 51% share in the capital of Pierre Fabre Informatique SAS for €19,482 on 1st January 2005.

Stock Market information



Capital and stockholders

On account of the increase in capital through the contribution in kind of the Siticom shares, and the exercise of BCEs (founder equity warrants) and share options in 2004, the nominal capital increased to € 1,415k, divided into 9,330,859 shares.

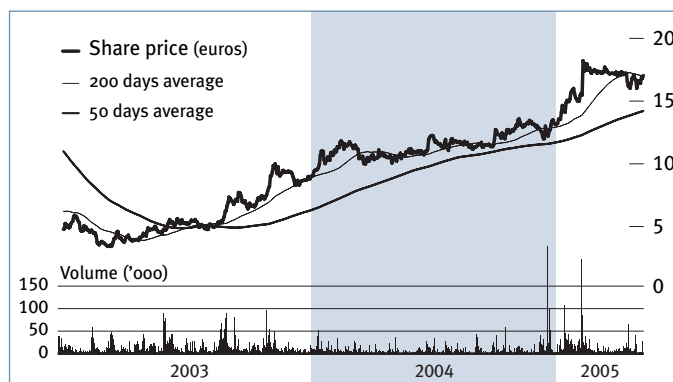
There was no special movement among stockholders during 2004.

At December 31, 2004	N° shares	% of capital
De Bentzman Family	2,346,708	25.2
Tabag	655,963	7.0
Siticom Founders	357,234	3.8
Oddo Asset Management	345,533	3.7
Société Générale Asset Management	325,836	3.5
Fidelity	254,105	2.7
Employees	201,240	2.2
Treasury shares	111,287	1.2
Free Float	4,732,953	50.7
TOTAL	9,330,859	100

At the end of 2004 employees held 1.6% of the company's capital. 152,171 shares result from the exercising of stock options and 49,069 are held through the Devoteam Corporate Mutual Fund (FCPE), as part of a company saving plan.

Stock price

In 2004, the Devoteam share price gained 50.8%, to be compared with 29% for the Nouveau Marché index. The share price went from € 8.59 on January 1, 2004 to € 12.95 on 31st December 2004. The Company's stock market capitalization at end 2004 was € 120.4 million. Daily average volume of trading during 2004 was 11,000 shares. i.e. €126,000.



Stock-options

Share purchasing and subscription options as well as BCEs (founder equity warrants) were granted to the Group's employees. On 31. December 2004, 63,541 stock purchase options, 664,466 subscription options, and 712,659 BCEs, respectively, were outstanding. As at 31. December 2004, the potential dilution resulting from the options or BCEs that were "in the money" (including Siticom) stood at 1,621,687 Devoteam shares for striking prices ranging between € 3.20 and € 11.65.

Dividends

The General Meeting in June 2005 has voted a dividend of €0.10 per share, for a total distribution of € 0.9m.

DEVOTEAM AT A GLANCE

Legal Information

Company registered as

Public Limited Company with a Management Board and a Supervisory Board

Head Office

86, rue Anatole-France – 92300 Levallois-Perret.

Registered at the

Nanterre of commerce Register under the number 402 968 655, on December 7, 1995

Share capital of

€1,415,189.57 split into 9,330,859 shares

Management

Board of directors

Stanislas & Godefroy de Bentzmann (co-Chairmen)

Vice-president

Allan Fischer-Madsen

General Secretary

Roland de Laage de Meux

CFO

Pierre Raguideau

Investor relations

Grégoire Cayatte

Marketing & communication

Nicolas Saint-Cast

2005 Agenda

Quarterly results

May 10, July 28, November 9, February 13 2006

Half year results

September 13, March 14 2006

General Meeting:
June 10, 2005

Financial Information

IPO conducted on

October 28, 1999, at a share price of Euros 16,10

Listed on: Euronext Paris Eurolist compartment C

Market capitalization

M€ 120.4 as of 31/12/2004

Part of the

NextEconomy, CAC SMALL 90,
SBF 250 of Euronext Paris

Codes

ISIN (FR 0000073793), Reuters (DVTM.LN),
Bloomberg (DEVO FP)

Corporate Governance

Supervisory Board

François de Laage de Meux (chairman),
Patrice de Talhouët, Philippe Tassin,
Bertrand de Bentzmann, Yves de Talhouët,
Roland de Laage de Meux

Non Executive Director

Michel Bon

Audit Committee

François de Laage de Meux, Bertrand de Bentzmann,
Patrice de Talhouët

Compensation Committee

François de Laage de Meux, Patrice de Talhouët

Auditors

KPMG-NSK Fiduciaire

Financial analysts

Arête (Élisabeth Buckley), CDC Ixis
(Stéphane Nières-Tavernier), ETC (Antonin Baudry),
Euroland Finance (Sonia Fasolo), Exane BNPP
(Brice Mari), Gilbert Dupont (Emmanuel Parot),
ING (Derric Marcon), Odco Mid Cap (Alex Henry),
Wargny (Lionel Pelicer)

Simplified company's statements	14
• Balance sheet	14
• Profit & loss account	15
Consolidated financial statements	16
• Balance sheet	16
• Profit & loss account	17
• Cash flows statement	18
• Notes to the consolidated statements	19

FINANCIAL REPORT

SIMPLIFIED COMPANY'S STATEMENTS

BALANCE SHEET ON December 31, 2004

ASSETS

(K€)	12/31/2004	12/31/2003
Intangible fixed assets	12,824	14,905
Tangible fixed assets	983	1,130
Financial assets		
Investments in subsidiaries	34,396	28,750
Other financial assets	828	308
Investments in companies accounted for using the equity method	665	498
FIXED ASSETS	49,696	45,591
Inventories and work in progress	0	0
Receivables	28,077	25,472
Other receivables and accruals	3,834	3,411
Marketable securities	14,680	10,900
Cash	303	1,443
Prepaid expenses	844	683
CURRENT ASSETS	47,738	41,909
Deferred charges	244	1,551
Positive translation adjustments	59	7
TOTAL ASSETS	97,737	89,058

EQUITY & LIABILITIES

(K€)	31/12/2004	31/12/2003
Capital stock	1,415	1,402
Additional paid-in capital	63,948	69,264
Statutory reserves	124	124
Others	0	0
Net income	961	(5,827)
SHAREHOLDERS' EQUITY	66,448	64,963
PROVISIONS FOR RISKS AND CONTINGENCIES	847	346
FINANCIAL DEBT		
Bank loan	10	8
Long term and miscellaneous debt	238	113
CURRENT LIABILITIES		
Accounts payable	6,805	3,662
Tax and social security liabilities	19,051	17,694
MISCELLANEOUS LIABILITIES		
Other liabilities and adjusted accounts	2,900	1,703
Deffered income	1,421	530
LIABILITIES	30,425	23,710
Negative translation adjustments	17	39
TOTAL EQUITY & LIABILITIES	97,737	89,058

INCOME STATEMENT

(K€)	12/31/2004	12/31/2003
NET REVENUES	91,605	83,273
Operating subsidies	0	0
Write-back of depreciation and provisions, transfers of charges	223	183
Other incomes	0	0
TOTAL OPERATING INCOME	91,828	83,456
Raw materials and goods purchases	(3,251)	(2,092)
Changes in raw materials and goods inventory	0	0
Other purchases and external expenses	(20,927)	(13,671)
Taxes and duties	(2,700)	(2,589)
Salaries	(41,385)	(43,381)
Social security contributions	(18,550)	(18,930)
Asset depreciation allowance	(4,018)	(4,983)
Current assets reserve allocations	(37)	(16)
Provisions for risks and contingencies	(75)	0
Other expenses	(40)	(40)
TOTAL OPERATING EXPENSES	(90,983)	(85,702)
OPERATING RESULT	845	(2,246)
Financial income	3,757	7,571
Financial expenses	(2,706)	(6,723)
FINANCIAL RESULT	1,051	848
PRE-TAX INCOME ON ORDINARY ACTIVITIES	1,896	(1,398)
Extraordinary income	91	455
Extraordinary expenses	(1,173)	(4,884)
EXTRAORDINARY RESULT	(1,082)	(4,429)
Profit-sharing	0	0
Income tax	147	0
NET-EARNINGS	961	(5,827)

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS

(K€)	See notes (*)	12/31/2004	12/31/2003
Goodwill	4.2	14,504	15,496
Intangible fixed assets	4.1	341	270
Tangible fixed assets	4.1	2,271	2,098
Financial assets			
Investments in subsidiaries	4.3	0	0
Other financial assets	4.3	1,018	988
Associate companies	4.3	(10)	31
FIXED ASSETS		18,123	18,883
Inventories and work in progress	4.4	0	0
Receivables	4.4	50,849	42,178
Deferred taxes	4.4	1,760	2,534
Other receivables and accrued income	4.4	8,048	3,227
Marketable securities	4.6	21,394	16,783
Cash		7,728	8,231
CURRENT ASSETS		89,779	72,953
TOTAL ASSETS		107,902	91,836

EQUITY & LIABILITIES

(K€)	See notes (*)	12/31/2004	12/31/2003
Capital stock	4.7	1,415	1,403
Additional paid-in capital	4.7	5,086	10,402
Consolidated reserves / Group share	4.7	39,824	40,433
Treasury shares	4.7	(2,307)	(1,907)
Group conversion reserve	4.7	36	18
Consolidated income / Group share	4.7	3,096	(6,078)
EQUITY		47,150	44,271
MINORITY INTERESTS	4.8	211	53
PROVISIONS FOR LIABILITIES AND CHARGES	4.5	4,156	3,955
NEGATIVE GOODWILL	4.2	1,602	
FINANCIAL DEBT			
Bank loan	4.4	565	757
Long-term and miscellaneous debt	4.4	0	0
OPERATING LIABILITIES			
Account payable	4.4	10,880	6,393
Tax and social security liabilities	4.4	35,168	29,776
Deferred tax liabilities	4.4	120	65
MISCELLANEOUS LIABILITIES			
Other liabilities and deferred income	4.4	8,051	6,566
LIABILITIES		54,784	43,557
TOTAL EQUITY & LIABILITIES		107,902	91,836

(*) Notes are an integral part of the consolidated statements.

INCOME STATEMENT

(K€)	12/31/2004	12/31/2003	12/31/2003 pro forma
NET REVENUES	150,161	125,944	139,745
Operating subsidies	3	10	10
Write-back of depreciation and provisions, transfer of charges	562	1,064	1,054
Other incomes	6	62	82
TOTAL OPERATING INCOME	150,732	127,080	140,891
Raw materials and goods purchases	(7,159)	(3,405)	(4,125)
Changes in raw materials and goods inventory	(6)	(64)	(39)
Other purchases and external expenses	(26,723)	(18,007)	(24,452)
Taxes and duties	(3,727)	(3,280)	(3,716)
Salaries & wages	(75,820)	(71,325)	(79,194)
Social securities contributions	(26,927)	(25,896)	(29,157)
Assets depreciation & amortization	(1,158)	(1,515)	(1,658)
Current assets write down	(181)	(109)	(109)
Provisions for liabilities & charges	(294)	(419)	(2,699)
Other expenses	(74)	(86)	185
TOTAL OPERATING EXPENSES	(142,069)	(124,106)	(145,335)
OPERATING PROFIT (EBIT)	8,663	2,974	(4,444)
Financial income	504	750	901
Financial expenses	(217)	(240)	(772)
FINANCIAL RESULT	287	510	129
PRE-TAX INCOME ON ORDINARY ACTIVITIES	8,950	3,484	(4,315)
Extraordinary income	2,925	1,343	9,755
Extraordinary expenses	(4,523)	(7,075)	(6,874)
EXTRAORDINARY RESULT	(1,598)	(5,732)	2,881
Employee profit-sharing		0	0
Income tax	(1,526)	786	749
NET EARNINGS OF CONSOLIDATED COMPANIES	5,825	(1,462)	(685)
Earnings share of divested companies		(86)	(86)
Earnings share of companies accounted for using the equity method	(42)	(4)	(4)
Goodwill amortization	(2,741)	(4,574)	(4,992)
Minority interest	54	48	48
CONSOLIDATED PROFIT - GROUP SHARE	3,096	(6,078)	(5,719)
Earning per share	0.34	(0.66)	(0,58)
Diluted earnings per share	0.31	(0.66)	(0,58)

CONSOLIDATED FINANCIAL STATEMENTS

CASH FLOW STATEMENT

(K€)	12/31/2004	12/31/2003
Operating cash flows	5,905	(1,508)
Change in net working capital	(892)	4,808
CASH FLOWS FROM OPERATING ACTIVITIES	5,013	3,300
Fixed assets acquisitions	(802)	(1,257)
Incidence of changes in consolidation scope	138	1,053
CASH FLOWS FROM INVESTING ACTIVITIES	(664)	(204)
CASH FLOWS FROM FINANCING ACTIVITIES	343	229
NET CHANGE IN CASH	4,692	3,325
Net cash at year start	23,345	20,020
Net cash at year end	28,037	23,345

IMPLEMENTATION OF IFRS STANDARDS

Transition to IFRS standards is a project being undertaken by teams from the Finance Department within the Group.

An initial awareness of the main differences between local and IFRS standards was carried out by the administrative and finance directors of the Group in June 2004. To round off this information, a group manual in English about the IFRS standards was prepared and sent to every finance director in the Group.

A second approach was carried out by the Group Finance Department, which analyzed the more transverse problems. The main differences between the existing and IFRS standards have been identified as follows:

- reprocessing of consolidation transactions: consolidation of companies and true value of assets acquired;
- modification of depreciation on acquisition variations;
- posting of benefits for staff, the first area to be affected being France;
- posting a charge following valuation of stock-option plans.

An estimate of the impact of these differences has been carried out. However, the Finance Department could not be certain that this was the complete list of reprocessing linked to implementation of IFRS, since only qualitative information was provided.

NOTES TO THE CONSOLIDATED STATEMENTS

NOTE 1 - Type of activity and characteristic features

Devoteam S.A. (the "Company"), incorporated in 1995, is a limited company organized under French law.

Devoteam is a group of consulting and engineering companies specializing in information technologies: networks and systems infrastructures, e-business applications, and information systems security.

The main striking facts for the period are: the taking a 60% share in Devoteam Middle East, based in Dubai, the acquisition of Cesmo Group on October 1st and of Siemens Réseaux Informatiques et Télécommunications (SRIT) from the Siemens Group on 31 December.

NOTE 2 - Scope, methods and principles of consolidation

2.1 - Scope of consolidation

2.1.1 - Consolidated companies

The companies included in Devoteam's scope of consolidation at December 31, 2004 are detailed below.

All companies are fully consolidated, except for Netcom Technologies (Morocco), which is accounted for using the equity method.

CONSOLIDATED FINANCIAL STATEMENTS

Companies (Siren)	Addresses	Share of capital held in % (*)
FRANCE		
Devoteam SA (402 968 655)	86, rue Anatole-France 92300 Levallois-Perret	Parent
XP Conseil (330 440 637)	Idem	99.96
Siticom Group (412 077 000)	Idem	99.67
Technologies & Opérations (418 180 683) (**)	Idem	100
Devoteam Apogée (388 748337)	15 av. du Cap-Horn 94940 Les Ulis	100
Apogée Communications (391 691 896) (***)	Idem	100
Cesmo Group (349 820 050)	54, rue Dombasle 75015 Paris	87.01
Cesmo Technologies (382 450 989)	Idem	86.98
Cesmo Consulting (411 496 029)	Idem	87.01
SRIT (420 199 473)	3, rue Blaise-Pascal 22300 Lannion	100
BELGIUM		
Devoteam Belgium	146, rue Royale 1000 Bruxelles	99.96
AUSTRIA		
Devoteam OSIconult	Löwengasse 47 A-1030 Vienne	99.67
UNITED ARAB EMIRATES		
Devoteam Middle East	PO Box 500612 Dubai Internet City	60
THE NETHERLANDS		
Devoteam Netherland (****)	Villawal 11 3432 NX Nieuwegein	100
Devoteam Columbi	Idem	99.67
Columbi Consulting	Idem	99.67
Columbi Resourcing	Idem	99.67
CMS	Idem	99.67
UK		
Devoteam FrontRunner Ltd	40, Bernard Street WC1N1 Londres	100
Siticom Ltd	Idem	99.67
DENMARK		
Devoteam Fischer & Lorenz A/S	Tuborg Parkvej 10 Dk 2900 Hellerup	99.67
TOP DK	Idem	99.67
SPAIN		
Devoteam Fringes	Gran Via 67, 8a 28013 Madrid	100
MOROCCO		
Netcom Technologies	Route de Nouacer RS 114 & CT 1029 Casablanca	19.84
SWITZERLAND		
Devoteam Suisse	AV. de Gratta-Paille 2 WTC 1018 Lausanne	100

(*) represents the fraction of capital held directly or indirectly by Devoteam S.A.

(**) the ownership of the securities was transferred from Siticom Group to Devoteam SA.

(***) Merger of Apogée Communications and Asthéra Engineering, then transfer of ownership of shares in Devoteam Apogée to Devoteam SA.

(****) Devoteam Mainland has been renamed Devoteam Netherland

The main movements that took place in 2004 are the following:

Entry	Entry date	Exit	Exit date
Devoteam Middle East (UAE)	January 9 th	Siticom GmbH	March 31 st
Devoteam Switzerland	June 18 th	Acamas	November 29 th
Cesmo Group (*)	October 1 st		
SRIT	December 31 st		

(*) and its subsidiaries Cesmo Technologies and Cesmo Consulting

2.1.2 - Description of the group's main acquisitions

For each company or interest acquisition, Devoteam applies the following principle:

- the acquisition price is allocated to the assets acquired on the basis of their estimated values on the acquisition date.
- The balance is accounted for as goodwill and amortized according to the straight-line method over a maximum of 15 years (see 4.2).

The total price for the 60% of the capital of Devoteam Middle East acquired on January 9 was €114k, of which €41k was paid in cash.

The acquisition of Cesmo Group was for €287k, and of SRIT for €1,100k. These acquisitions were also paid in cash.

2.2 - Consolidation method

The consolidated companies are those held, either directly or indirectly, by the parent company with more than 20% of voting rights, except for companies whose size is not significant. The consolidation methods used are the following:

- full consolidation, for controlled companies (direct or indirect holding of more than 50% of voting rights),
- proportionate consolidation for jointly controlled companies (where control is shared between shareholders),
- accounting based on the equity method, for companies in which Devoteam has significant influence (direct or indirect holding ranging from 20% to 50% of voting rights).

2.3 - Consolidation principles

2.3.1 - Frame of reference

The consolidated financial statements were prepared in accordance with the accounting principles set out in French law on the consolidation of individual financial statements and, in particular, Rule CRC 99.02.

It is pointed out that the Group has decided to use the derogation provided for by Rule CRC 99.02 regarding the prospective processing of acquisition and disposal operations.

Consequently, the goodwill allocated to the additional paid-in capital during previous financial years, has not been adjusted.

2.3.2 – Elimination of intra-group operations

All transactions and intra-group assets and liabilities between the companies consolidated by the full consolidation method are eliminated.

2.3.3 – Conversion of financial statements of foreign companies

Financial statements of foreign subsidiaries are converted into euros as follows:

- balance sheet items, except for equity items, are converted using the year end closing exchange rate;
- equity amounts are converted at their historic exchange rates,
- income statement items are converted using the average exchange rate for the year.

Differences between the historic or average price, on the one hand, and the closing price, on the other hand, are accounted for as Goodwill in the equity.

2.3.4 – Cost of acquiring capital assets

Direct charges associated with acquiring financial assets are included in the acquisition cost for the actual amount, net of the corresponding tax savings.

2.3.5 – Goodwill

Up to 12.31.1999, goodwill was offset against the additional paid-in capital from the capital increase used to finance the operation.

As of January 1, 2000, goodwill derived from acquisition of equity holdings is stated as intangible fixed assets, in accordance with Rule CRC 99.02. Such goodwill is depreciated over a maximum period of 15 years. Negative goodwill is stated as a liability on the balance sheet, and in the profit and loss statement treated in straight line over a maximum of 15 years.

As a result of the posting of extraordinary depreciations as at 12/31/2002 and 2003, the new net book value of goodwill has been depreciated over its residual lifetime.

Evaluation based on future discounted cash flows may lead to extraordinary depreciations. The main assumptions retained for this method are the projections made from 2006 to 2010 in line with 2005 budgets, with a cycle peak in 2007; a discount rate ranging from 10.98% to 12.1% depending on the entity; and a growth rate of 2.5% in the infinite.

CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - accounting rules and methods

3.1 – Capital increase costs

Costs relating to a capital increase are offset against the additional paid-in capital net of tax.

3.2 – Intangible fixed assets

Intangible fixed assets mainly relate to purchased software and are depreciated over one year.

As of January 1, 2003, purchased software has been straight line depreciated over 3 years.

3.3 - Tangible fixed assets

Tangible fixed assets are recorded at cost (purchase value and incidental expenses). Depreciation periods and methods are calculated on the basis of the probable life of the assets and are determined as follows:

Fixed assets category	Duration	Method
Leasehold improvement	10 years	Straight line
Second-hand shipping equipment	2 to 4 years	Straight line
Office equipment	5 years	Straight line
Computer equipment (*)	3 years	Reducing balance
	5 years	Straight line
Office furniture	10 years	Straight line
	3 years	Straight line

(*) Assets on finance leases are depreciated over their estimated useful life or the remaining useful life when the asset may be purchased at the end of a lease. The related depreciation is included in depreciation charges.

3.4 - Financial assets

The gross value of investments in subsidiaries corresponds to the historic acquisition price of non-consolidated company shares. The difference observed between the subscription value and the utility value is subject, if applicable, to a provision for depreciation.

3.5 - Debts receivable and payable

Debts receivable and payable are presented at their nominal value, after allowing, if necessary, for exchange differences in the consolidated profit and loss account to adjust for foreign currency balances based on the year-end closing exchange rate.

3.6 - Doubtful debts

The risk of doubtful debtors is regularly estimated based on a case by case analysis of debts, and potential losses for unrecoverable debts are provided for in provisions.

3.7 – Investment securities

The gross value consists of the purchase price excluding incidental expenses. When the net book value is lower than the gross value, a depreciation allowance is recorded against the difference.

When company-owned shares are redeemed with a view to allocating them to employees, a depreciation allowance is recorded if the average market price for the last month of the financial year is lower than the average repurchase price.

3.8 - Provisions for risks and contingencies

In accordance with CRC rule no.2000-06, the major risks and charges identified upon the closing date of the financial statements, display a reserve as soon as, upon the closing of the fiscal year, the company has an obligation to a third party, which is likely to cause an expense to the benefit of said third party, without any equivalent counterpart being expected from same.

3.9 - Retirement commitments

Retirement, complementary retirement, retirement indemnities, and similar benefit commitments to employees and directors have not been provided as the total amount is not considered material, given the average age of the employees and the fact that the Company was established relatively recently.

Retirement commitments relative to companies that joined the group since Rule CRC 99-02 was first applied are subject to provisions for charges in the context of estimating the net value of the assets and liabilities concerned on their acquisition date. Provisions are not discounted at the end of the financial year.

Any variance is accounted for in the off-balance sheet commitments given in the Annex.

3.10 - Revenue recognition principles

Revenues invoiced per hour are recognized when services are performed. Performed services which are not yet invoiced are recorded as accrued income. Services invoiced but not yet performed are posted as deferred income. Fixed price contracts carried out over several financial years are accounted for under the percentage of completion method. Based on the foreseeable costs to complete a contract, if the contract is considered to be loss making as of the end of the financial year, a corresponding provision is recorded that matches the probable loss at year end. To date the Group has no loss making contracts.

3.11 - Income tax

Some readjustments to the annual statements of the consolidated companies, carried out in order to harmonize them with the accounting principles used for consolidated statements, as well as certain deferred taxes specific to the annual statements, display temporary differences between the taxable result and the readjusted result.

These differences are accounted for in deferred tax assets or liabilities using forecast tax rates taking into account the taxation conditions known at the end of the financial year.

Deferred taxes on deficits that can be postponed, can be posted as assets, as soon as they originate from an entity whose future short term profitability is sufficiently evidenced in the budgets and forecasts of the coming fiscal years.

3.12 – Net earnings per share

The net earnings per share is calculated by dividing the net profit or loss by the weighted average number of shares outstanding during the year, minus the average number of treasury shares for the period.

The net diluted earnings per share is the ratio between the net earnings and the diluted weighted average number of shares outstanding during the financial year, taking account of the diluting effect generated by stock options and capital increases.

When the basic earnings per share are negative, the diluted earnings per share are identical to the basic earnings.

3.13 – Net earnings of transferred companies

The group uses the derogation provided by rule CRC 99-02. Therefore, the Group's earnings share of transferred companies is displayed on one single line of the income statement if of a material amount.

3.14 – Distinction between extraordinary & current profit

Current profit is profit accruing from activities in which the Group is engaged as part of its business, as well as from activities it undertakes on an accessory basis or in extension of its normal business.

Extraordinary profit results from unusual events or operations, distinct from the business, and which are not expected to re-occur regularly.

CONSOLIDATED FINANCIAL

NOTE 4 - Note to the balance sheet

4.1 - Intangible and tangible fixed assets

4.1.1 - Movements affecting fixed asset items

The main changes recorded in 2004 are as follows:

K€	Gross value at 01/01/04	Changes in consolidated scope	Acquisitions in the year	Disposals in the year	Other (including upratings)	Foreign currency translation difference	Gross value as of 12/31/04
Goodwill	77,976	940					78,916
SUBTOTAL 1	77,976	940					78,916
Software and brands	963	310	71	(60)			1,284
Other intangible fixed assets	1,458		156	(16)	(6)		1,592
SUBTOTAL 2	2,421	310	227	(76)	(6)		2,876
Constructions	158				(8)	(1)	149
Leasehold improvement	530	261	94			(1)	884
Shipping equipment	135	38	66	(41)		(2)	196
Office and hardware equipment	5,943	54	647	(910)	(41)	4	5,697
Office furniture	1,172	66	18	(63)	(2)		1,191
Other tangible fixed assets	516	1,881	12		41		2,450
SUBTOTAL 3	8,454	2,300	837	(1,014)	(10)	-	10,567
TOTAL	88,851	3,550	1,064	(1,090)	(16)	-	92,359

4.1.2 - Depreciation

The following table shows the amount of depreciation applied for each category of intangible and tangible fixed assets during the financial year:

K€	Accumulated depreciation as of 01/01/04	Changes in consolidated scope	Depreciation Allowance	Disposals	Other (including upratings)	Foreign currency translation difference	Cumulative depreciation 12/31/04
Goodwill	62,480	(809)	2,741 (*)				64,412
SUBTOTAL 1	62,480	(809)	2,741				64,412
Software and brands	820	302	72	(60)			1,134
Other intangible fixed assets	1,331		92	(16)	(6)		1,401
SUBTOTAL 2	2,151	302	164	(76)	(6)		2,535
Construction	30		6		(8)		28
Leasehold improvement	143	178	92				413
Shipping equipment	48	35	42	(39)		(1)	85
Office and hardware equipment	5,055	47	749	(896)	(41)	5	4,919
Office furniture	632	46	125	(43)	(2)		758
Other tangible fixed assets	448	1,591	20	(7)	41		2,093
SUBTOTAL 3	6,356	1,897	1,034 (**)	(985)	(10)	4	8,296
TOTAL	70,987	1,390	3,939	(1,061)	(16)	4	75,243

(*) in K€631 in extraordinary depreciation allowance

(**) in K€356 in reducing balance depreciation

CONSOLIDATED FINANCIAL STATEMENTS

4.2 - Goodwill

In 1999 the goodwill released on the shares of subsidiaries (Devoteam SI and Dataverse merged with Devoteam SA in 2001) being €15,102k was deducted from the premium. The consolidated profit & loss account therefore does not include the depreciation relative to that goodwill. The theoretical annu-

al depreciation expense relating to this goodwill, calculated over 10 years, amounts to €1,510k. In respect of extraordinary depreciation, on goodwill recorded in 2004 no extraordinary change had to be entered in the accounts.

Depreciation to December 31, 2004 was distributed as follows:

K€	Gross goodwill	Remaining depreciation period (number of year)	Depreciation over the period (excluding extraordinary depreciation)	Extraordinary depreciation for the period	Net goodwill
Devoteam Mainland	23,854	7	272		1,629
XP Conseil	4,026	3	377		753
Devoteam FrontRunner UK	2,228	3	315	631	0
Télécom & Opérations	3,063	13.25	47		621
Devoteam Columbi	4,172	13.25	58		1,034
Devoteam Middle East	83	4	21		62
Devoteam Fischer & Lorenz	9,104	13.25	137		1,781
Devoteam OSiconsult	3,902	13.25	59		763
Siticom Group	22,446	13.25	337		3,775
Devoteam Apogée	3,034	7	433		2,600
Cesmo Group	229	7	8		221
Cesmo Consulting	619	7	22		597
Cesmo Technologies	686	7	24		662
SRIT	(1,602)				(1,602)
Fringes	1,291				
Other	179				6
TOTAL	77,314	-	2,110	631	12,902

The acquisition of Apogée took place at the end of 2003. A €75k pension commitment net of tax was calculated after closure of the accounts and was therefore not taken into account in the correct valuation for 2003. It was therefore accounted for on January 1, 2004. In addition, as permitted by Rule 99-02, the Apogee goodwill was also modified for costs of acquisition net of tax, in the sum of €33k.

The acquisition of a minority holding of 0.46% in Siticom Group generated goodwill of €96k, and goodwill on F&L Denmark for €69k, €52k for TOP and €29k for OSI.

Goodwill for taking a 60% share in Devoteam Middle East has been calculated on the true value of €64k at 01/01/04.

On the other hand, acquisition of 87.3% of the Cesmo Group generated goodwill of €1,534k, based upon the true valuation of the part acquired at €(1,217k).

In addition, the acquisition of SRIT involved recording negative goodwill of €1,602k, based on a true value at 31/12/04 of €2,767k and a purchase price of €1,100k. This negative goodwill is shown as a liability.

Valuation based on discounted future cash flows led to an extraordinary depreciation of the goodwill of €631k.

4.3 – Financial assets

The securities accounted for using the equity method come to €(10k).

Other financial assets primarily cover down payments and loans to employees, for a net value of €1,018k.

4.4 - Additional information concerning debtors and liabilities

Except for deferred tax repayments due within 2 years, all receivables and debts are due within less than one year.

Receivables (K€)	Gross value
Accounts receivable	50,849
Deferred tax assets	1,760
Other receivables	5,743
– including receivables from the State	2,270
– including deferred expenses	-
Pre-paid expenses	2,305
TOTAL	60,657

Repayable deferred taxes result from temporary differences and the activation of carried forward deficits of Devoteam SA and Siticom Group. Part of the carried forward profits of Devoteam SA, €1,301k, were used up.

In respect of 2004 earnings and the budget for 2005, residual brought forward losses should be used in the coming financial year.

In respect of the subsidiaries, only Siticom Group has deferred, repayable tax matching brought forward losses, being €270k.

Liabilities (K€)	Gross value
Credit institution loans	565
Accounts payable and secured loans on fixed assets	10,880
Tax and social security liabilities	35,168
Deferred tax liabilities	120
Other liabilities	4,229
Deferred income	3,822
TOTAL	54,784

Deferred, payable taxes are largely explained by time offsets between the accounting and fiscal years.

4.5 - Provisions

The following table shows the details of changes in provisions and their amounts by main category:

K€	As of January 1, 2004	Changes in consolidation scope	Depreciation allowance	Reversal	Other (including upratings)	As of December 31, 2004
PROVISIONS FOR RISKS AND CONTINGENCIES						
Provisions for risks	1,278	925	793	(583)	76	2,489
Provisions for charges	2,677	1,026	282	(2,246)	(72)	1,667
	3,955	1,951	1,075	(2,829)	4	4,156
DEPRECIATION PROVISION1						
Provisions for financial assets	63		1	(25)	(31)	8
Provisions for inventory	-		12			12
Provisions for investment securities	1,623			(154)		1,469
Provisions for doubtful clients	422	2	157	(65)		516
Provisions for other receivables	51			(51)		-
	2,159	2	170	(295)	(31)	2,005

Provisions for risks of € 2,489k are mainly provisions for legal action, of which:

- €1,583k provisions for labor court litigation, with €238k and €122k provision for the year for Devoteam SA and Siticom Group respectively
- €484k provisions for client litigation, of which €312k for Devoteam Apogee and €172 for Siticom Group.

Provisions for charges include in particular:

- €938k for restructuring, of which €147k for Apogee and €829 k for variation of scope due to the Cesmo Group. A reserve of €2,246k includes €2,106k of reserve for Apogée's planned redundancy scheme.
- €567k provisions for pensions.

CONSOLIDATED FINANCIAL STATEMENTS

4.6 - Investment securities

4.6.1 - Company owned shares

Company owned shares have been redeemed for the purpose of allocation to employees in the context of stock option plans. Given the allocation purpose, these shares are not available. Movements occurring in the course of the year were as follows:

(K€)	Quantity	Value
Company-owned shares as at 12/31/2003	136,587	1,833
Shares delivered to the employees in 2004 as part of the stock option plans	(6,350)	(43)
Company-owned shares reclassified in financial assets	(60,000)	(400)
Company-owned shares as at 12/31/2004	70,237	1,390

The company was floated on the stock exchange on October 28, 1999 at a price of €16.10. As at 12/31/2004, the price of the

Devoteam share was €8.58. A reserve for depreciation was posted for €154k.

4.6.2 - Other investment securities

Other investment securities are €20,511k in UCITS. The stock market value at December 31, 2004 of €20,781k includes the acknowledgement of a hidden surplus of €270k which was re-incorporated in the accounts.

4.7 - Shareholders' equity

4.7.1 - Nominal capital

At December 31, 2004 the nominal capital of Devoteam S.A. was €1,415,189 divided into 9,330.859 shares.

4.7.2 - Variations in the shareholders' equity of the Group

The variation in shareholders' equity in 2003 and in the period ending December 31, 2004, was as follows:

In K€	Capital stock	Additional paid-in capital	Consolidated reserves	Net income for the year	Foreign currency translation difference	Shares in parent company	Total equity
AT 01.01.2003	1,400	95,406	11,194	(56,301)	(3)	(2,002)	49,694
Capital increase	3	56	-	-	-	-	59
2002 profit appropriation	-	(85,060)	28,759	56,301	-	-	-
Variation of owned shares	-	-	(57) (*)	-	-	95	38
2003 earnings	-	-	-	(6,078)	-	-	(6,078)
Variation of translation difference	-	-	-	-	21	-	21
Other movements	-	-	537	-	-	-	537
AT 12.31.2003	1,403	10,402	40,433	(6,078)	18	(1,907)	44,271
Capital increase	12	511	-	-	-	-	523
2003 profit appropriation	-	(5,827)	(251)	6,078	-	-	-
Variation of owned shares	-	-	-	-	-	(400)	(400)
2004 earnings	-	-	-	3,096	-	-	3,096
Variation of translation difference	-	-	-	-	18	-	18
Other movements	-	-	(358)	-	-	-	(358)
AT 12.31.2004	1,415	5,086	39,824	3,096	36	(2,307)	47,150

(*) cash from the disposal of company-owned shares.

Other movements affect mainly reclassification of €386k in minority debtors.

4.8 - Minority interests

	In K€
As at 01/01/2004	53
Net income for the year	(54)
Other movements	212
As at 12/31/2004	211

Other movements refer to the minority shares in Cesmo Group and Devoteam Middle East, and the reclassification of minority debtors in group shares.

4.9 - Net earnings per share

	12/31/2004	12/31/2003
Consolidated net profit (K€)	3,096	(6,078)
Average weighted number of shares	9,196,047	9,194,157
Net earning per share (euros)	0.34	(0.66)
diluted earnings per share	0.31	(0.66)

NOTE 5 - Notes to the income statement

The 2003 consolidated income statement included only one month of activity of the former Apogee group (joined the consolidation as of December 1, 2003). 2003 comparative information should be provided on account of the significant impact caused by the acquisition of Apogee on the income statement. To facilitate a comparison of the consolidated income statement to 31/12/04, a pro-forma income statement to 31/12/03 has been created, including 12 months of activity of the Apogee group. This income statement is not necessarily representative of the performance that could have been achieved had the acquisition taken place at January 1, 2003. As is usual, elements of the acquisition such as the acquisition price, the value of assets and liabilities acquired and goodwill used were those set at the effective date of acquisition, namely December 1, 2003. Depreciation charges for goodwill were calculated as though the acquisition had taken place at January 1, 2003.

5.1 - Sector information

5.1.1 - Breakdown of net sales and operating result

The breakdown of net sales by geographical area is as follows:

Turnover K€	12/31/2004	12/31/2003	12/31/2003 12 months Apogée
France	114,419	94,516	108,497
Rest of the world	35,742	31,428	31,248
TOTAL	150,161	125,944	139,745

The net earnings per share, excluding extraordinary items and goodwill depreciation, was €0.81 as at December 31, 2004, as against €0.40 at December 31, 2003.

The diluted net earnings per share, excluding extraordinary items and goodwill depreciation, was €0.75.

The net earnings per share includes the net profit divided by the average weighted number of shares outstanding in the financial period, minus the average number of company-owned shares transferred to fixed assets in the period. When net earnings per share are negative, the diluted earnings per share are equal to the net earnings per share.

For the diluted earnings per share, the weighted average number of shares is adjusted for the maximum impact of the conversion of diluting instruments. A detailed list of these instruments can be found in note 6.2.1.

Operating result K€	12/31/2004	12/31/2003	12/31/2003 12 months Apogée
France	6,956	1,571	(5,847)
Rest of the world	1,707	1,403	1,403
TOTAL	8,663	2,974	(4,444)

5.2 - Income tax and profit-sharing scheme

5.2.1 Breakdown by type of tax

The breakdown by type of tax is as follows:

K€	12/31/2004	12/31/2003
Current income tax	(742)	(301)
Deferred tax variation	(784)	1 087
TOTAL	(1 526)	786

All the French companies within the consolidation as at December 31, 2003 are together in a common fiscal unit created during the financial year.

This fiscal combination facilitated a tax saving of €171k.

The variation in deferred taxation results mainly from the use of carried forward prior losses of €1,301k by Devoteam SA., use of the brought forward €270k debit balance of the Siticom Group and temporary differences.

CONSOLIDATED FINANCIAL STATEMENTS

5.2.2 - Reconciliation between the total tax liability and the theoretical tax liability

The reconciliation between corporation tax in the income statement and the theoretical taxation is as follows:

In K€	12/31/2004
CONSOLIDATED NET PROFIT	3,042
INCOME TAX	(1,526)
PROFIT BEFORE TAX	4,568
Goodwill amortization	2,741
Net long term capital gains	(307)
Elimination of internal provisions	(717)
Earnings shares of companies accounted for using the equity method	42
Parent company/subsidiary' tax system	42
Permanent differences	211
Others	7
PROFIT BEFORE TAX SUBJECTED TO COMMON LOW TAX RATE	6,587
BALANCED TAX RATE FOR THE GROUP	35.60%
THEORITICAL TAX	2,345
Non recorded deficits	407
Fiscal integration	(42)
Utilization of previous non recorded deficits	(1,186)
Complementary local authority taxes	
Miscellaneous	3
CALCULATED TOTAL TAX	1,526
TOTAL TAX LIABILITY	1,526

5.2.3 - Employee profit-sharing scheme

No employee profit-sharing has been recorded for the financial year ended December 31, 2004.

5.3 - Financial income and expenses

The main components of financial income and expenses are as follows:

Financial expenses (K€)	
Financial reserves	-
Negative exchange rate difference	(177)
Net expenses on investment securities disposal	
Interest and similar expenses	(40)
Other expenses	
TOTAL	(217)

Financial income (K€)	
Financial reversals	179 (*)
Positive exchange rate difference	6
Revenue resulting from the disposal of net investment securities	195
Loan income	96
Other revenues	28
TOTAL	504

(*) including K€. 154 of reserves for provision for company-owned shares (see § 4.6.1).

5.4 - Extraordinary income and expenses

The major components of the extraordinary income and expenses are as follows:

Extraordinary expenses (K€)	
- from operating activities	(3,757)
- from financing activities	(31)
Extraordinary depreciation allowance	(735)
TOTAL	(4,523)

Extraordinary income (K€)	
- from operating activities	191
- from financing activities	43
Provision and expense transfer reversals	2,691
TOTAL	2,925

Reserves for provisions and transfer of charges are made up mainly of the reserve of €2,018k for the provision for restructuring Devoteam Apogee. The charge matching this reserve is in extraordinary charges on management transactions, and comes to €1,844k.

Other extraordinary charges on management transactions are mainly guarantees on transactions. Extraordinary allocations are largely allocations to provisions for risks and charges.

NOTE 6 - Commitments received and given

6.1 - Commitments received

None.

6.2 - Commitments given

6.2.1 - Options and warrants granted to employees

Stock purchase and subscription options, as well as equity warrants on new business creator shares (BCEs) were granted to the company's employees.

On December 31, 2004, 63,541 stock purchase options, 664,466 subscription options, and 712,659 BCEs, respectively, were outstanding.

When implementing the merger with Siticom, Devoteam undertook to ensure the liquidity of Siticom options and BCEs on the basis of 47 Siticom shares for 14 Devoteam shares. This undertaking could be assured by an increase in capital, the

maximum number of shares to be issued is 198,793 Devoteam shares.. The maximum potential resulting dilution is 2.10%.

At December 31, 2004 options or BCEs for 1,621,687 Devoteam shares were "in the money" at prices for the financial year of €3.20 to €11.65.

6.2.2 - Other commitments given

Certain acquisition contracts provide price complements in 2004 on the basis of financial performance (turnover, operating margin) and/or criteria tied to the consolidation within Devoteam.

These commitments are posted as soon as their payment becomes likely. Price complements not included in the acquisition price of the shares because of their doubtful nature, came out to €520k as at 12/31/2004.

NOTE 7 - Other information

7.1 - Employee breakdown

The average number of employees in the year stood at 1,668, compared with 1,623 in 2003, and almost all of them were consultants or managerial staff.

7.2 - Remuneration of the Board of Directors and Supervisory Board

Remuneration of the Board of Directors and the Supervisory Board was €449k for the year ending December 31, 2004.

NOTE 8 - Significant events after 31 December 2004

On January 1, 2005 Devoteam SA took a 51% share in the limited stock company Pierre Fabre Informatique for a price €19,482. Devoteam SA holds 100% of the beneficial interest in the shares making up the capital of Pierre Fabre Informatique SAS.

Conception and realisation: Idé
Photos credits: Castano

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- Siticom
- XP Conseil

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- Apogée
- Devoteam SRIT

Devoteam Opérations

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