

FINANCIAL REPORT 1999



DEVOteam

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ANNUAL REPORT OF CONSOLIDATED ACCOUNTS

Ladies and gentlemen,

You have been invited to attend the Annual General Meeting, in accordance with legal, regulatory and statutory requirements, so that we may present our annual management report for the financial year ending 31 December 1999 and submit for your approval the company accounts of the Company and the consolidated accounts of the Group for the same financial year.

In the course of the meeting, you will also hear the reports of the co-auditors, Compagnie Fiduciaire and KPMG.

Auditors reports, the annual report, annual accounts and other relevant documents have been made available to you at the Head Office for your perusal in the conditions and time limits prescribed by law.

The accounts presented have been drawn up using the same methods as for the preceding financial year, in accordance with the chart of accounts and with regard for the principles of conservation and sincerity.

I - ACTIVITY OF THE COMPANY AND ITS SUBSIDIARIES

The key event of 1999 was the listing on 27 October 1999 of Company stock on the Nouveau Marché of the Paris Bourse.

Prior to flotation, the companies Devoteam SI (formerly Devoteam Système) and Dataverse were made subsidiaries on 26 July 1999 at virtually 100% by transfer of their shares.

Other key events were the creation in July 1999 of a Belgian subsidiary, Devoteam Belgium, and the conversion to euro of the company share capital. For your information, the Head Office has been transferred from 113 to 86, rue Anatole France, Levallois-Perret.

1.1. ACTIVITY AND RESULTS OF THE COMPANY

The Company's situation in its fourth financial year was highly satisfactory.

Revenues amounted to FF 146,410,688 (22,320,165 euros) in relation to a target of FF 140 million (21,342,862 euros).

Revenues to 31 December 1998 amounted to FF 60,489,484 (9,221,562 euros).

The operating result amounted to FF 16,742,447 (2,552,369 euros), or 11.4 % of revenues, a satisfactory result given the very high investment levels in early 1999.

Company staff numbers increased during the year from 161 to 294, which was more than expected at the start of the year.

1.2. ACTIVITY AND RESULTS OF THE GROUP

To 31 December 1999, consolidation comprised all subsidiaries: Devoteam SI (99.76 % holding), Dataverse (99.72 % holding) and Devoteam Belgium (99.84 % holding); they have been included under the full consolidation method.

To 31 December 1998, consolidation only comprised Devoteam SI (34.96 % holding); this had been included under the equity method. However, statements of pro forma consolidated accounts under the full consolidation method had also been made.

To 31 December 1999, consolidated revenues amounted to FF 228,441,039 (34,825,611 euros), an increase of 169 % in relation to the pro forma consolidated revenues of the financial year 1998, which amounted to FF 84,000,166 (12,805,742 euros).

The consolidated operating result amounted to FF 28,012,322 (4,270,451 euros), and represents almost 12.3 % of consolidated revenues, as against FF 13,206,878 (2,013,375 euros) for the financial year 1998.

The economic result of the Devoteam Group amounted to FF 15.5 million (2.36 million euros); this result comprises the Group share of FF 14.35 (2.18 million euros) and the minority interest share of FF 1.15 million (176,219 euros) acquired on 30 June 1999.

Net profitability is 6.7 % of consolidated revenues, an increase of 128 % in relation to the financial year 1998, when the pro forma consolidated net profit was FF 6.8 million (1.03 million euros).

1.3. PROFIT INCREASE

The increase in consolidated profits is mainly due to the following factors:

- the increase in sales sustained by a dynamic marketing policy;
- a highly effective recruiting department;
- the development of services with high added value;
- the development of enterprising partnerships with leaders in our market.

This good performance has been achieved even though the year's results had to support very high non-recurrent costs which explain the percentage drop in operating results:

- investment in the recruiting department which doubled its staff in early 1999;
- investment in the marketing department which increased its number of salespersons from 12 in mid-1998 to 30 in mid-1999;
- development of our "Permanent University" with 15 new training channels set up in 1999 and 10 workshops devoted to training. Devoteam training involved an expenditure of about FF 15 million in 1999;
- costs related to the opening and development of our regional (Lyons, Toulouse, Marseilles) and international (Belgium) branches.

1.4. COMPANY RESEARCH AND DEVELOPMENT ACTIVITY

As the Company is a service provider, it has no research and development activity.

1.5. PERSPECTIVES D'AVENIR

The Company and the Group will continue their development focusing on four aspects:

- organization growth of over 75 % and an objective of 800 collaborators;
- external growth with the acquisition of Western European companies, in particular in Spain, the Netherlands, Germany, etc. Targets are service providers specializing in the same or similar markets as Devoteam;

II - PRESENTATION OF ACCOUNTS AND PROFIT ALLOCATION

2.1. BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

See annex.

2.2. SUMPTUARY EXPENDITURE

In accordance with the stipulations of articles 223 (5) and 39-5 (4) of the Code Général des Impôts (Tax Code), we point out that the accounts of the preceding financial year include an overall amount of non-deductible expenditure, as laid down in article 39-4 of the said code, of FF 100,472.

2.3. VALUATION OF SECURITIES IN PORTFOLIO AT THE YEAR END

Securities to 31/12/1999 are made up of FF 7,875,915 Devoteam shares and FF 90,249,597 OPCVM shares, for a total of FF 98,125,512.

III - SUBSIDIARIES AND INTEREST

As has already been stated, prior to the listing of the Company's shares on the Nouveau Marché, the companies Devoteam SI (formerly Devoteam Système) and Dataverse were made subsidiaries at virtually 100 % on 26 July 1999.

The transfer of these subsidiaries' shares has been remunerated by an increase in capital of FF 1,167,900 along with a share premium of FF 101,028,900.

3.1. DEVOTEAM SI

To 31 December 1999, Devoteam SA held 99.76 % of the capital of Devoteam SI, a société anonyme with a share capital of FF 2,655,642. Its head office is located at 86, rue Anatole France - 92300 Levallois-Perret and it was registered with the R.C.S. in Nanterre on 18 September 1997 under the number 413735184. Its activity consists of network administration. The Company's Chief Executive Officer, Godefroy de Bentzmann, is also Chairman of the Board of Directors of Devoteam SI.

3.2. DATAVERSE

To 31 December 1999, Devoteam SA held 99.72 % of the capital of Dataverse, a société anonyme with a share capital of FF 250,000. Its head office is located at 86, rue Anatole France - 92300 Levallois-Perret and it was registered with the R.C.S. in Nanterre on 28 July 1998 under the number 419717749. Its activity consists of Internet applications. The Chairman of the Board of Directors of the Company, Guy Hubert Bourgeois, is also Chairman of the Board of Directors of Dataverse.

- building up relationships with our partners;
- development of in-house training via the "Permanent University" and creation of new areas of expertise.

1.6. IMPORTANT EVENTS BETWEEN THE YEAR END CLOSING DATE AND THE REPORT DRAFTING DATE

No important event has occurred since the end of the 1999 financial year.

2.4. TABLE OF DISTRIBUTION AND ALLOCATION OF DISTRIBUTABLE AMOUNTS PROPOSED TO THE MEETING

SOURCES	
Annual balance	FF 16,712,121
PROPOSAL: ALLOCATION TO RESERVES	
Legal reserve	FF 539,567
Other reserves	FF 16,172,554
Total	FF 16,712,121

2.5. TABLE OF RESULTS SINCE THE COMPANY WAS FOUNDED

In accordance with article 148 of the Decree of 23 March 1967, the table of results for the four preceding years is enclosed with the present report.

2.6. DISTRIBUTION OF DIVIDENDS FOR THE LAST THREE FINANCIAL YEARS

Nil.

3.3. DEVOTEAM BELGIUM

On 27 July 1999, a subsidiary was created in Belgium.

To 31 December 1999, Devoteam SA held 99.84 % of the capital of Devoteam Belgium SA, a société anonyme with a share capital of BF 406,519. Its head office is located at 146, rue Royale, 1000 Bruxelles, and it was registered with the R.C. in Brussels on 4 August 1999 under the number 634701. Its activity consists of buying and selling computing and telecommunications equipment. The Company's Chief Executive Officer, Stanislas de Bentzmann, is also Managing Director of Devoteam Belgium SA.

The table of subsidiaries and interest is annexed to the balance sheet.

3.4. CONTRIBUTION OF SUBSIDIARIES TO THE GROUP'S CONSOLIDATED PROFITS

The subsidiaries have all made a positive contribution to the Group's consolidated net profit.

This contribution to revenues and net profits is established as follows:

SUBSIDIARIES	1999 REVENUES (IN FF)	NET PROFIT (IN FF)
Devoteam SI	69,321,630	3,900,266
Dataverse	19,154,949	913,427
Devoteam Belgium	13,943,217	443,827

IV - INFORMATION ON SHARE CAPITAL

4.1. EVOLUTION OF SHARE CAPITAL AND NUMBER OF SHARES IN 1999

- to 1 January 1999, Company capital amounted to FF 2,000,000 divided into 20,000 shares with a nominal value of FF 100 each;
- at the Extraordinary General Meeting held on 26 July 1999, the share capital was increased by FF 1,167,900, to remunerate the transfer of shares of Devoteam SI and Dataverse, thus changing from FF 2,000,000 to FF 3,167,900, divided into 31,679 shares with a nominal value of FF 100 each;
- at the same Meeting, the share capital was then increased by the incorporation of FF 3,167,900 levied from the "Other reserves" account, thus changing from FF 3,167,900 to FF 6,335,800, divided into 63,358 shares with a nominal value of FF 100 each;
- at the same Meeting, the nominal value of each of the 63,358 shares was divided by 10; the capital remains unchanged at FF 6,335,800, divided into 633,580 shares with a nominal value of FF 10 each;
- at the same Meeting, the share capital was then converted into euro and set at 965,900 euros following an increase due to the incorporation of 13.52 euros levied from the "Other reserves" account; the new capital was divided into 633,580 shares with a nominal value of 1.5244 euros each;
- at the Extraordinary General Meeting held on 27 September 1999, the nominal value of each of the 633,580 shares was divided by 10; the new capital amounting to 965,900 euros, divided into 6,335,800 shares;
- on 27 October 1999, the Board of Directors noted an increase in capital due to the public offering decided at the Extraordinary General Meeting held on 27 September 1999, which brings the number of shares to 7,412, 886, i.e., a new share capital of 1,127,463 euros.

4.2. EVOLUTION OF SHAREHOLDING

Prior to the listing of Company shares on the Nouveau Marché on 27 October 1999, the shares were mainly held by the 3 co-founders.

To 31 December 1999, shareholding structure was as follows:

Shareholders	Number of shares	% of capital
Stanislas de Bentzmann	1,364,413	18.40 %
SC Bissin	45,460	0.61 %
SC Bazeille	223,491	3.02 %
Sophie et Godefroy de Bentzmann	634,404	8.56 %
Godefroy de Bentzmann	313,020	4.22 %
SC Malodeco	163,680	2.21 %
Guy Hubert Bourgeois	1,634,134	22.04 %
SYT SARL	783,544	10.57 %
Salariés	181,660	2.45 %
Devoteam (stock options)	168,340	2.27 %
Public	1,900,740	25.65 %
Total	7,412,886	100.00 %

4.3. STOCK OPTION OPERATIONS

Pursuant to the authorization approved by the Extraordinary General Meeting of 30 June 1999, the Board of Directors has granted to Group employees options whereby they may purchase shares in the company Devoteam SA on the following terms:

- on 26 July 1999, 253,400 options were allocated at a unit price of 6.67 euros. Take-up on this initial plan was 87,060 stock options.
- on 8 December 1999, 12,030 options were allocated at a unit price of 40 euros.

In the framework of these two stock option plans, the Company bought back its own shares, and transactions in the course of the financial year were as follows:

- in July 1999, 253,400 were purchased for a value of FF 11,086,841;
- in August 1999, 87,060 stock options were taken up for a value of FF 3,809,078;
- in December 1999, 2,000 shares were purchased for a value of FF 598,153, including FF 5,955 costs and VAT.

Thus on 31 December 1999 the Company held 168,340 shares of the 7,412,886 constituting its capital, i.e., about 2.27 %, for a value of FF 7,875,915.

4.4. EVOLUTION OF PRICES ON THE BOURSE

The issue price was 16.10 euros on 28 October 1999. On 31 December 1999, the Devoteam share price was 71.10 euros.

V - HUMAN RESOURCES AND PARTICIPATION

The Devoteam Group has established a policy of dynamic and effective management of its human resources to keep pace with its growth. This policy is at the core of the Company's business project and is based on principles of recruitment consistency, respect for a certain number of basic values, personal follow-up of consultants and ongoing in-house training.

The Devoteam Group increased its personnel from 237 at the end of 1998 to 508 at the end of 1999.

On 28 October 1999, following ratification by the Company's works council, the Tribunal d'Instance (magistrates' court) of Levallois-Perret noted the existence of an economic and social unit within the companies Devoteam SA, Devoteam SI and Dataverse.

Participation at Group level amounted to FF 1,698,825 for the 1999 financial year, as against FF 2,292,594 for the previous year. This decrease is due to tax deductibility with regard to flotation costs imputed, net of tax, to the share premium.

The draft resolutions submitted to you summarize the main points of this report.

We shall be grateful for your approval of them, and would like to thank you for your confidence and collaboration.

The Board of Directors

CONSOLIDATED ACCOUNTS

CONSOLIDATED BALANCE SHEET TO 31 DECEMBER 1999 – DEVOTEAM GROUP

(amounts in French francs)

Assets	31 December 1999			31 December 1998
	Gross amount	Depreciation and provisions	Net amount	1998
INTANGIBLE FIXED ASSETS	460,544	209,513	251,031	69,116
TANGIBLE FIXED ASSETS	5,508,078	1,738,286	3,769,792	1,442,452
INVESTMENTS AND DEPOSITS PAID				
<i>Investments in subsidiaries (equity method)</i>	-	-	-	1,061,675
<i>Other investments and deposits paid</i>	523,536		523,536	236,225
FIXED ASSETS	6,492,158	1,947,799	4,544,359	2,809,468
TRADE DEBTORS	89,773,830	2,500	89,771,330	21,162,005
OTHER DEBTORS	6,829,487		6,829,487	1,457,205
INVESTMENT SECURITIES		98,125,512		-
CASH AT BANK AND IN HAND	14,599,248		14,599,248	1,026,044
CURRENT ASSETS	209,328,077	2,500	209,325,577	23,645,254
PREPAID EXPENSES	1,901,305		1,901,305	3,123,900
TOTAL ASSETS	217,721,540	1,950,299	215,771,241	29,578,622
Liabilities				
Share capital			7,395,672	2,000,000
Share premium			104,664,333	-
Consolidated retained profit brought forward			2,390,322	270,703
Consolidated retained profit for the year			14,345,824	5,041,908
SHAREHOLDERS' FUNDS			128,796,151	7,312,611
PROVISION FOR CONTINGENCIES			-	49,000
BORROWINGS				
Bank loans			37,973	10,582
Other loans			1,409,422	1,581,305
OPERATING LIABILITIES				
Trade creditors and accruals			12,311,371	4,970,789
Tax and payroll charges payable			56,738,482	15,489,716
MISCELLANEOUS LIABILITIES				
Other liabilities			15,063,031	164,619
LIABILITIES			85,560,279	22,217,011
DEFERRED INCOME			1,414,811	-
TOTAL LIABILITIES			215,771,241	29,578,622

CONSOLIDATED ACCOUNTS

CONSOLIDATED BALANCE SHEET TO 31 DECEMBER 1999 – DEVOTEAM GROUP

(amounts in Euros)

Assets	31 December 1999			31 December 1998
	Gross amount	Depreciation and provisions	Net amount	1998
INTANGIBLE FIXED ASSETS	70,209	31,940	38,269	10,537
TANGIBLE FIXED ASSETS	839,701	265,000	574,701	219,900
INVESTMENTS AND DEPOSITS PAID				
<i>Investments in subsidiaries (equity method)</i>	-	-	-	161,851
<i>Other investments and deposits paid</i>	79,813		79,813	36,012
FIXED ASSETS	989,723	296,940	692,783	428,301
TRADE DEBTORS	13,685,932	381	13,685,551	3,226,127
OTHER DEBTORS	1,041,149		1,041,149	222,149
INVESTMENT SECURITIES	14,959,138		14,959,138	-
CASH AT BANK AND IN HAND	2,225,641		2,225,641	156,419
CURRENT ASSETS	31,911,860	381	31,911,478	3,604,696
PREPAID EXPENSES	289,852		289,852	476,235
TOTAL ASSETS	33,191,435	297,321	32,894,114	4,509,232
Liabilities				
Share capital			1,127,463	304,898
Share premium			15,955,975	-
Consolidated retained profit brought forward			364,402	41,268
Consolidated retained profit for the year			2,187,007	768,634
SHAREHOLDERS' FUNDS			19,634,847	1,114,800
PROVISION FOR CONTINGENCIES			-	7,470
BORROWINGS				
Bank loans			5,789	1,613
Other loans			214,865	241,068
OPERATING LIABILITIES				
Trade creditors and accruals			1,876,856	757,792
Tax and payroll charges payable			8,649,726	2,361,392
MISCELLANEOUS LIABILITIES				
Other liabilities			2,296,344	25,096
LIABILITIES			13,043,580	3,386,961
DEFERRED INCOME			215,687	-
TOTAL LIABILITIES			32,894,114	4,509,232

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDING 31 DECEMBER 1999

(amounts in French Francs)

	31/12/1999	31/12/1998 PRO FORMA
NET SALES	228,441,039	84,000,166
OPERATING SUBSIDY	20,000	-
WRITE-BACK OF DEPRECIATION AND PROVISIONS, TRANSFERS OF CHARGES	296,670	39,729
OTHER INCOME	3,609	65,215
OPERATING INCOME	228,761,318	84,105,110
Purchase of raw materials and merchandise	25,568,534	-
Other purchases and external charges	20,663,672	9,273,520
Taxes	3,237,722	605,415
Payroll expenses	104,959,209	42,454,357
Social charges	44,969,684	18,002,240
Fixed assets depreciation	1,342,261	491,391
Increase in provision from current assets	2,500	-
Increase in provision for contingencies	-	70,000
Other charges	5,414	1,309
OPERATING EXPENSES	200,748,996	70,898,232
OPERATING PROFIT	28,012,322	13,206,878
Interest receivable and similar income	85,242	10,340
Interest payable and similar charges	217,941	35,101
FINANCIAL INCOME	(132,699)	(24,761)
PROFIT BEFORE TAX	27,879,623	13,182,117
Extraordinary income	-	-
Extraordinary expenses	(*) 1,156,967	15,740
EXTRAORDINARY PROFIT	(1,156,967)	(15,740)
Profit sharing	1,698,825	2,292,595
Income tax	10,678,007	4,019,322
NET PROFIT OF CONSOLIDATED COMPANIES	14,345,824	6,854,460
Profit share of companies consolidated under equity method	-	-
Minority interest	-	1,812,552
RETAINED PROFIT FROM CONSOLIDATED COMPANIES	(*) 14,345,824	5,041,908
PRO FORMA RETAINED PROFIT FROM CONSOLIDATED COMPANIES	15,501,746	6,854,460

(*): exceptional expenses for the year ended 31 december 1999, represents minority interests in Devoteam SI and Dataverse as of june 30 1999, for FF 1,155,922.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDING 31 DECEMBER 1999

(amounts in Euros)

	31/12/1999	31/12/1998 PRO FORMA
NET SALES	34,825,612	12,805,743
Operating subsidy	3,049	-
Write-back of depreciation and provisions, transfers of charges	45,227	6,057
Other income	550	9,942
OPERATING INCOME	34,874,438	12,821,741
Purchase of raw materials and merchandise	3,897,898	-
Other purchases and external charges	3,150,156	1,413,739
Taxes	493,588	92,295
Payroll expenses	16,000,928	6,472,125
Social charges	6,855,584	2,744,424
Fixed assets depreciation	204,626	74,912
Increase in provision from current assets	381	-
Increase in provision for contingencies	-	10,671
Other charges	825	200
OPERATING EXPENSES	30,603,987	10,808,366
OPERATING PROFIT	4,270,451	2,013,376
Interest receivable and similar income	12,995	1,576
Interest payable and similar charges	33,225	5,351
FINANCIAL INCOME	(20,230)	(3,775)
PROFIT BEFORE TAX	4,250,221	2,009,601
Extraordinary income	-	-
Extraordinary expenses	(*) 176,378	2,400
EXTRAORDINARY PROFIT	(176,378)	(2,400)
Profit sharing	258,984	349,504
Income tax	1,627,852	612,742
NET PROFIT OF CONSOLIDATED COMPANIES	2,187,007	1,044,956
Profit share of companies consolidated under equity method	-	-
Minority interest	-	276,322
RETAINED PROFIT FROM CONSOLIDATED COMPANIES	(*) 2,187,007	768,634
PRO FORMA RETAINED PROFIT FROM CONSOLIDATED COMPANIES	2,363,226	1,044,956

(*): exceptional expenses for the year ended 31 december 1999, represents minority interests in Devoteam SI and Dataverse as of june 30 1999, for euro 176 219.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDING 31 DECEMBER 1999

(amounts in French Francs)

	31/12/1999	31/12/1998 PRO FORMA
Cash generated by operating activities	23,186,137	6,451,139
Change in working capital	(8,790,763)	(2,149,120)
Net cash from operating activities	14,395,374	4,302,019
Net cash from investing activities	(7,901,360)	(1,038,229)
Net cash from financing activities	97,328,787	812,522
Net increase (decrease) in cash in the year	103,822,801	4,076,312
Cash and cash equivalents at beginning of the year	1,026,044	332,740
Cash and cash equivalents at end of the year	104,848,845	4,409,052

(amounts in Euros)

	31/12/1999	31/12/1998 PRO FORMA
Cash generated by operating activities	3,534,704	983,470
Change in working capital	(1,340,143)	(327,631)
Net cash from operating activities	2,194,561	655,839
Net cash from investing activities	(1,204,555)	(158,277)
Net cash from financing activities	14,837,678	123,868
Net increase (decrease) in cash in the year	15,827,684	621,430
Cash and cash equivalents at beginning of the year	156,419	50,726
Cash and cash equivalents at end of the year	15,984,103	672,156

ANNEXES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 DECEMBER 1999 (amounts are given in French francs, unless otherwise stated)

NOTE 1 - TYPE OF ACTIVITY AND CHARACTERISTIC FEATURES

Devoteam S.A. (the "Company") created in 1995, is a société anonyme organized under the laws of the Republic of France.

Devoteam is a group of consulting and engineering companies specializing in information technology: enterprise networks, telecom operators, distributed information systems.

On 26 July 1999, Devoteam S.A. increased its holding in S.A. Devoteam SI to 99.76 % and acquired a holding of 99.72 % in S.A. Dataverse. The share transfer was remunerated by allocation of

new shares in Devoteam S.A. Dataverse being created in July 1998, its activity in 1998 is not material.

On 19 July 1999, Devoteam S.A. created a subsidiary, Devoteam Belgium, with a holding of 99.84 %.

Devoteam S.A. shares were approved for listing on the Nouveau Marché of the Paris Bourse on 28 October 1999.

NOTE 2 - FRAMEWORK AND PRINCIPLES OF CONSOLIDATION

2.1. FRAMEWORK OF CONSOLIDATION

The companies within the framework of Devoteam Group consolidated accounts to 31 December 1999 were:

Companies	Addresses	Activities	Share of capital held in %	SIREN (registration number)	Consolidation method
Devoteam S.A.	86 rue Anatole France 92300 Levallois Perret	Networks and telecom		402968655	Global consolidation
Devoteam SI	86 rue Anatole France 92300 Levallois Perret	Network administration	99.76 %	413735184	Global consolidation
Dataverse	86 rue Anatole France 92300 Levallois Perret	Internet applications	99.72 %	419717749	Global consolidation
Devoteam Belgium	rue Royal 146 1000 Bruxelles	Networks and telecom	99.84 %		Global consolidation

The companies within the framework of Devoteam Group consolidated accounts to 31 December 1998 were:

Companies	Percentage of holding to 31 December 1998	Consolidation method	Percentage of pro forma holding to 31 December 1998	Pro forma consolidation method
Devoteam S.A.	Parent company	Global consolidation	Parent company	Global consolidation
Devoteam SI	34.96 %	Equity method	100 %	Global consolidation

2.2. PRINCIPLES OF CONSOLIDATION

2.2.1. ELIMINATION OF INTRA-GROUP OPERATIONS

All transactions and reciprocal assets and liabilities between the companies consolidated by the global method will be eliminated.

2.2.2. CONVERSION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

Financial statements of foreign companies are converted into French francs as follows:

- balance sheet items are converted according to current exchange rates to the year end closing date;
- profit and loss account items are converted according to the average exchange rate for the year.

2.2.3. ACQUISITION VARIANCE

The transfer of subsidiary shares has been remunerated by a capital increase. The acquisition variance resulting from share transfer is completely offset against the share premium.

NOTE 3 - ACCOUNTING RULES AND METHODS

The consolidated accounts are drawn up in accordance with accounting principles laid down by French law governing consolidation of company accounts.

3.1. CAPITAL INCREASE COSTS

Costs of listing on the Bourse have been offset against the share premium net of tax.

3.2. INTANGIBLE FIXED ASSETS

Intangible assets mainly consist of software purchases, depreciated over a period of one year.

3.3. TANGIBLE FIXED ASSETS

Tangible assets are posted at their cost price (purchase value and auxiliary costs). Their depreciation is organized as follows:

Fixed asset category	Duration	Method
Installations, fixtures and fittings	10 years	Linear
Office equipment	5 years	Linear
Computing equipment (*)	3 years 5 years	Diminishing Linear
Office furniture	10 years	Linear

(*) Assets acquired by means of leasing contract are accounted as fixed assets for the duration of their lifetime or for the residual duration of the contract when the contract is combined with an option to purchase. The corresponding depreciation allowance is included in the depreciation costs.

3.4. DEBTS RECEIVABLE AND PAYABLE

Debts receivable and payable are presented with their nominal value after factoring, where necessary, of conversion variance to adjust closing rate balances in foreign currencies.

3.5. DOUBTFUL ACCOUNTS

The credit risk is periodically evaluated and provision made for potential losses due to irrecoverable debts.

3.6. INVESTMENT SECURITIES

The gross value consists of the purchase price excluding auxiliary costs. When the book value is lower than the gross value, the difference constitutes a provision for depreciation.

When company owned shares are redeemed with a view to allocating them to employees, a provision for depreciation is made if the fixed purchase price is lower than the average repurchase price.

3.7. INCOME TAX

Certain restatements made in the companies' consolidated annual accounts to bring them in line with the accounting principles used for consolidated accounts, as well as certain tax delays in annual accounting time, result in temporary differences between fiscal income and restated income.

These differences give rise to the statement of deferred taxes calculated using the variable deferral method which takes account of the tax conditions known at the end of the financial year.

Deferred taxes can be posted as assets, provided they originate from an entity with an adequately proved future profitability.

3.8. PRINCIPLES OF SALES STATEMENT

Contract work is taken into account as work is completed. Services not yet invoiced are recorded as future invoices.

Fixed price contracts to be executed over several financial years are posted using the progress report percentage method. When it can be expected that costs on completion of a contract will result in a loss, a risk provision is constituted to the amount of loss likely at the year end. To date, there has been no completion loss.

3.9. PROVISIONS FOR CONTINGENCIES

The major contingencies identified at the financial statement closing date are covered by a provision drawn up on the principle of conservation. There is a regular review of the items covered by the provision so that financially justified adjustments can be made.

3.10. PENSION OBLIGATIONS

Amounts committed for pensions, pension supplements, retirement benefit and allowance or similar benefits for staff members or associates and company representatives are not stated insofar as their sum total is considered immaterial due to the average age of the employees and the lifetime of the company.

NOTE 4 - INFORMATION ON THE BALANCE SHEET

4.1. INTANGIBLE AND TANGIBLE FIXED ASSETS

(a) Movements affecting fixed asset items

The main movements recorded in 1999 are resumed as follows:

	Gross value at the start of the year	Framework variations	Net acquisitions of the year	Disposals of the year	Gross value at the end of the year
Software and proprietary brands	93,156	-	224,268	-	317,424
Other intangibles	0	-	143,120	-	143,120
Installations, fixtures and fittings	174,045	-	138,989	-	313,034
Office and computing equipment	1,162,124	213,463	2,658,168	3,308	4,030,447
Office furniture	638,622	3,290	522,685	-	1,164,597
	2,067,947	216,753	3,687,230	3,308	5,968,622

The gross amount for computing equipment acquired through leasing is FF 1,778,337 to 31 December 1999.

(b) Depreciation

Depreciation is calculated on the basis of the probable lifetime of fixed assets, as described in paragraphs 3.2 and 3.3 above. The table below gives the amount of depreciation realized in 1999 for each category of intangible and tangible fixed assets.

	Accrued depreciation at the start of the year	Framework variations	Appropriation		Abatement (items disposed of)	Accrued depreciation at the end of the year
			Linear method	Diminishing method		
Software and proprietary brands	24,041	-	175,325	-	-	199,366
Other intangibles	-	-	10,147	-	-	10,147
Installations, fixtures and fittings	12,222	-	21,471	-	-	33,693
Office and computing equipment	471,272	51,134	512,253	458,396	2,263	1,490,792
Office furniture	48,846	287	164,668	-	-	213,801
	556,381	51,421	883,864	458,396	2,263	1,947,799

Depreciation of computing equipment acquired through leasing is FF 515,679 to 31 December 1999.

4.2. OTHER FINANCIAL FIXED ASSETS

Other financial fixed assets correspond to cover margins.

4.3. FURTHER INFORMATION ON DEBTS RECEIVABLE AND PAYABLE

Debts receivable and payable are given below according to their settlement dates:

Debts receivable	Gross amount	Settlement within one year	Settlement beyond one year
Current asset debts			
Trade debtors	89,773,830	89,773,830	-
Other debtors	6,829,487	6,829,487	-
Group and associates	-	-	-
Prepaid expenses	1,901,305	1,901,305	-
	98,504,622	98,504,622	-

Deferred tax assets are recorded under other debtors.

Debts payable	Gross amount	Settlement within one year	Settlement beyond one year
Bank loans	1,447,395	689,624	757,771
Other financial debts	-	-	-
Suppliers	12,311,371	12,311,371	-
Tax and social charges	56,738,482	56,738,482	-
Group and associates	-	-	-
Other debts	15,063,031	15,063,031	-
Deferred income	1,414,811	1,414,811	-
	86,975,090	86,217,319	757,771

To 31 December 1999, the amount was FF 1,234,582.

Bank loans amount to FF 1,409,424 due to the equivalent loan regarding the restatement of leasing contracts.

4.4. INVESTMENT SECURITIES

4.4.1. COMPANY OWNED SHARES

Company owned shares have been redeemed for the purposes of allocation to employees in the framework of a stock option plan. Given this allocation purpose, these shares are not available.

Movements occurring in the course of the year are as follows:

	Quantity	Value
Company owned shares redeemed in 07/99	253,400	11,086,841
Options exercised in 08/99	(87,060)	(3,809,078)
Company owned shares redeemed in 12/99	2,000	598,153
Company owned shares to 31/12/99	168,340	7,875,915

The company was listed on the Bourse on 28 October 1999 at a price of 16.10 euros. On 31 December 1999, the price of a Devoteam share was 71.10 euros.

4.4.2. OTHER INVESTMENT SECURITIES

Other investment securities correspond to OPCVM holdings amounting to FF 90,249,597.

4.5. NET SITUATION

4.5.1. SHARE CAPITAL

To 31 December 1999, the share capital of the parent company Devoteam S.A. comprised 7,412,886 shares for a capital of 1,127,463 euros.

Variations recorded in 1999 are summarized below:

	Number of shares	Nominal value
To 01 January 1999	20,000	FF 100
EGM 26 July 1999: increase of capital to remunerate transfer of Devoteam SI and Dataverse shares	11,679	FF 100
EGM 26 July 1999: increase of capital by incorporation of reserves	31,679	FF 100
EGM 26 July 1999: modification of nominal share value by decimalization of capital and conversion of capital into euro.	633,580	1.5 Euro
EGM 27 September 1999: modification of nominal share value by decimalization	6,335,800	0.15 Euro
Board Meeting of 27 October: increase of capital by public offering	1,077,086	0.15 Euro
To 31 December 1999	7,412,886	

4.5.2. 4.5.2. ANALYSIS OF VARIATIONS IN GROUP SHAREHOLDERS' EQUITY

(In francs)	Opening	Allocation of 1998 income	Capital increase by transfer of shares	Capital increase by public offering	1999 Income	Closing
Share capital	2,000,000		4,335,889	1,059,784	-	7,395,672
Legal reserve	40,000	180,000			-	220,000
Share premium	-	-	1,968,126	102,696,206		104,664,333
Other reserves	230,703	4,861,908	(2,922,289)		-	2,170,322
Retained earnings	-	-	-		-	-
Annual balance (*)	5,041,908	(5,041,908)	-		14,345,824	14,345,824
Group shareholders' equity	7,312,611	-	3,381,726	103,755,990	14,345,824	128,796,151

(*) Devoteam Belgium and Dataverse were first consolidated on 31 December 1999

The share premium, net of the acquisition variance of FF 99,060,774 (FF 55,595,129 for Devoteam SI and FF 43,465,645 for Dataverse), linked to the increase in capital remunerating the transfer of Devoteam SI and Dataverse shares is FF 1,968,126.

The share premium, net of the costs of listing on the Bourse, linked to the increase in capital by public offering is FF 102,696,206.

4.5.3. 4.5.3. INCOME PER SHARE

	31/12/1998	31/12/1998 adjusted (*)	31/12/1999 (*)
Consolidated net income	5,041,908	5,041,908	14,345,824
Average weighted number of ordinary shares	20,000	2,000,000	4,068,677
Net income per share	252 09	2 52	3 53
Consolidated net income excluding extraordinary items	5,057,648	5,057,648	15,502,791
Average weighted number of ordinary shares	20,000	2,000,000	4,068,677
Net income per share excluding extraordinary items	252 88	2 53	3 81

(*) The EGM of 26 July 1999 voted the multiplication by 10 of the number of outstanding shares and the EGM of 27 September 1999

voted the multiplication by 10 of the number of outstanding shares. Diluted income per share is the same as the net income per share.

NOTE 5 - INFORMATION ON PROFIT AND LOSS ACCOUNT

5.1. BREAKDOWN OF NET SALES

The breakdown of net sales is as follows:

	1998	1998 Pro forma	Services	Trading	Total 1999
France	60,229,134	83,739,816	190,985,028	22,330,018	213,315,046
Other countries	260,350	260,350	7,415,928	7,710,065	15,125,993
Total	60,489,484	84,000,166	198,400,956	30,040,083	228,441,039

5.2. ACQUISITION VARIANCE

The variance from acquisition of subsidiary shares, amounting to FF 99,060,774, is fully offset against the share premium. Consequently, the consolidated profit and loss account has no "acquisition variance depreciation" item. The theoretical annual depreciation cost relating to this acquisition variance, calculated over 20 years, would be FF 4,953,039.

5.3. TAXES AND EMPLOYEE PROFIT SHARING

Itemization per type of tax is as follows:

	31/12/1998	31/12/98 Pro forma	31/12/1999
Income tax	3,116,307	4,999,777	10,932,134
Deferred tax variation	(623,758)	(980,455)	(254,127)
TOTAL	2,492,549	4,019,322	10,678,007

Deferred taxes are mainly the result of temporary differences.

Employees' profit sharing for the financial year ending 31 December 1999 is FF 1,698,825. This low figure is due to the tax deductibility of costs of listing on the Bourse, offset net of tax against the share premium.

5.4. EXTRAORDINARY INCOME

The extraordinary expense of FF 1,155,922 mainly represents the minority interest to 30 June 1999 which corresponds to 65.04 % of Devoteam SI income and 100 % of Dataverse income.

NOTE 6 - COMMITMENTS

6.1. COMMITMENTS RECEIVED

Nil.

6.2. COMMITMENTS GIVEN

6.2.1. EMPLOYEE STOCK OPTIONS

Pursuant to the authorization of the Extraordinary General Meeting of 30 June 1999:

- The Board Meeting of 26 July 1999 authorized the issuance to employees of stock options for the purchase of up to 253,400 shares in Devoteam S.A. Shares are issued at a unit price of 6.67 euros. To 31 December 1999, 87,060 shares had been purchased through exercise of the options.
- The Board Meeting of 8 December 1999 authorized the issuance to employees of stock options for the purchase of up to 12,030 shares in Devoteam S.A. Shares are issued at a unit price of 40 euros.

NOTE 7 - OTHER INFORMATION

7.1. BREAKDOWN OF PERSONNEL

To 31 December 1999, the personnel comprised 508 employees, nearly all managerial staff.

7.2. YEAR 2000 AND THE EURO

The company had to give consideration to the internal adjustments required for the introduction of the euro and the year 2000 changeover. The costs of these adjustments should not be very material and will be included as they are incurred.

NOTE 8 - IMPORTANT EVENTS SINCE 31 DECEMBER 1999

No important event has occurred so far since 31 December 1999.

COMPANY ACCOUNTS

BALANCE SHEET TO 31 DECEMBER 1999 – DEVOTEAM S.A.

(amounts in French francs)

Assets	31 December 1999			31 December 1998
	Gross amount	Depreciation and provisions	Net amount	
INTANGIBLE FIXED ASSETS	317,425	199,366	118,059	69,115
TANGIBLE FIXED ASSETS	3,063,210	1,026,339	2,036,871	1,278,291
INVESTMENTS AND DEPOSITS PAID				
<i>Investments in subsidiaries (equity method)</i>	-	-	-	-
<i>Other investments and deposits paid</i>	103,200,968		103,200,968	323,625
FIXED ASSETS	106,581,603	1,225,705	105,355,898	1,671,031
TRADE DEBTORS	57,892,379	2,500	57,889,879	21,162,006
OTHER DEBTORS	6,688,986		6,688,986	833,448
INVESTMENT SECURITIES	96,543,349		96,543,349	-
CASH AT BANK AND IN HAND	5,109,297		5,109,297	1,026,044
CURRENT ASSETS	166,234,011	2,500	166,231,511	23,021,498
PREPAID EXPENSES	1,469,493		1,469,493	3,111,544
TOTAL ASSETS	274,285,107	1,228,205	273,056,902	27,804,073

Liabilities			
Share capital		7,395,672	2,000,000
Share premium		197,062,395	-
Consolidated retained profit brought forward		550,075	270,703
Consolidated retained profit for the year		16,712,121	3,447,359
SHAREHOLDERS' FUNDS		221,720,263	5,718,062
PROVISION FOR CONTINGENCIES		-	49,000
BORROWINGS			
Bank loans		37,973	10,582
Other loans		-	1,401,305
OPERATING LIABILITIES			
Trade creditors and accruals		6,247,809	4,970,789
Tax and payroll charges payable		29,200,010	15,489,716
MISCELLANEOUS LIABILITIES			
Other liabilities		15,063,031	164,619
LIABILITIES		50,548,823	22,037,011
DEFERRED INCOME		787,816	-
TOTAL LIABILITIES		273,056,902	27,804,073

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDING 31 DECEMBER 1999

(amounts in French francs)

	31/12/1999	31/12/1998
NET SALES	146,410,688	60,489,484
Operating subsidy	0	-
Write-back of depreciation and provisions, transfers of charges	122,444	16,533
Other income	2,732	65,214
OPERATING INCOME	146,535,864	60,571,231
Purchase of raw materials and merchandise	18,850,332	-
Other purchases and external charges	19,016,848	8,292,327
Taxes	2,259,495	467,680
Payroll expenses	62,069,065	30,377,660
Social charges	26,863,499	12,946,632
Fixed assets depreciation	726,307	385,249
Increase in provision from current assets	2,500	-
Increase in provision for contingencies	-	49,000
Other charges	5,371	1,308
OPERATING EXPENSES	129,793,417	52,519,856
OPERATING PROFIT	16,742,447	8,051,375
Interest receivable and similar income	84,539	2,553
Interest payable and similar charges	113,819	25,243
FINANCIAL INCOME	(29,280)	(22,690)
PROFIT BEFORE TAX	16,713,167	8,028,685
Extraordinary income	-	-
Extraordinary expenses	1,045	15,740
EXTRAORDINARY PROFIT	(1,045)	(15,740)
Profit sharing	0	1,449,279
Income tax	0	3,116,307
NET PROFIT		

ANNEXES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 DECEMBER 1999 (amounts are given in French francs, unless otherwise stated)

NOTE 1 - PRESENTATION OF THE COMPANY AND CHARACTERISTIC FEATURES

Devoteam S.A. is a société anonyme organized under the laws of the Republic of France. Devoteam, created in 1995, is a group of consulting and engineering companies specializing in information technology: enterprise networks and telecom operators.

Devoteam S.A. increased its holding in S.A. Devoteam SI to 99.76 % and acquired a holding of 99.72 % in S.A. Dataverse. The share transfer was remunerated by allocation of new shares in Devoteam S.A.

On 19 July 1999, Devoteam S.A. created a subsidiary, Devoteam Belgium, with a holding of 99.84 %.

Devoteam S.A. shares were approved for listing on the Nouveau Marché of the Paris Bourse on 28 October 1999.

NOTE 2 - ACCOUNTING PRINCIPLES, RULES AND METHODS

2.1. GENERAL PRINCIPLES APPLIED

Accounting conventions have been applied with regard to the principles of conservation in accordance with basic assumptions – operating continuity, separation of financial years –and general rules on the drafting and presentation of annual accounts in France.

The method used for evaluating recorded items is the historical accounting method.

2.2. INTANGIBLE FIXED ASSETS

Intangible assets mainly consist of software purchases, depreciated over a period of one year.

2.3. TANGIBLE FIXED ASSETS

Tangible assets are posted at their cost price (purchase value and auxiliary costs). Their depreciation is organized as follows:

Fixed asset category	Duration	Method
Installations, fixtures and fittings	10 years	Linear
Office equipment	5 years	Linear
Computing equipment	3 years 5 years	Diminishing Linear
Office furniture	10 years	Linear

2.4. FINANCIAL FIXED ASSETS

With regard to equity shares, a provision for depreciation is made, where necessary, for a difference between the issue value and the use value, the latter being assessed in relation the subsidiary's mid-term forecasts.

2.5. DEBTS RECEIVABLE AND PAYABLE

Debts receivable and payable are presented with their nominal value after factoring, where necessary, of conversion variance to adjust closing rate balances in foreign currencies.

2.6. DOUBTFUL ACCOUNTS

Provision is made and revised at the end of each financial year to cover the risks of non-payment of doubtful accounts.

2.7. INVESTMENT SECURITIES

The gross value consists of the purchase price excluding auxiliary costs. When the book value is lower than the gross value, the difference constitutes a provision for depreciation.

When company owned shares are redeemed with a view to allocating them to employees, a provision for depreciation is made if the fixed purchase price is lower than the average repurchase price.

2.8. PENSION OBLIGATIONS

Amounts committed for pensions, pension supplements, retirement benefit and allowance or similar benefits for staff members or associates and company representatives are not stated insofar as their sum total is considered immaterial due to the average age of the employees and the lifetime of the company.

2.9. SALES

Contract work is taken into account as work is completed. Services not yet invoiced are recorded as future invoices.

Fixed price contracts to be executed over several financial years are posted using the progress report percentage method. When it can be expected that costs on completion of a contract will result in a loss, a risk provision is constituted to the amount of loss likely at the year end. To date, there has been no completion loss.

2.10. PROFIT SHARING

In 1998, a group profit sharing agreement was signed by Devoteam S.A. and Devoteam SI. In 1999, the agreement was extended to include S.A. Dataverse.

NOTE 3 - INFORMATION ON THE BALANCE SHEET

3.1. INTANGIBLE AND TANGIBLE FIXED ASSETS

(a) Movements affecting fixed asset items

	Gross value at the start of the year	Net acquisitions of the year	Disposals of the year	Gross value at the end of the year
Software and proprietary brands	93,156	224,269	-	317,425
Installations, fixtures and fittings	174,045	138,989	-	313,034
Office and computing equipment	943,244	648,933	3,308	1,588,869
Office furniture	638,622	522,685	-	1,161,307
	1,849,067	1,534,876	3,308	3,380,635

(b) Depreciation

Depreciation is calculated on the basis of the probable lifetime of fixed assets, as described in paragraphs 2.2 and 2.3 above. The table below gives the amount of depreciation realized in 1999 for each category of intangible and tangible fixed assets.

	Accrued depreciation at the start of the year	Appropriation		Abatement (items disposed of)	Accrued depreciation at the end of the year
		Linear method	Diminishing method		
Software and proprietary brands	24,041	175,325	-	-	199,366
Installations, fixtures and fittings	12,222	21,471	-	-	33,693
Office and computing equipment	416,551	43,954	393,673	2,263	851,915
Office furniture	48,845	91,886	-	-	140,731
	501,659	332,636	393,673	2,263	1,225,705

3.2. FINANCIAL FIXED ASSETS

3.2.1. VARIATION OF FINANCIAL FIXED ASSETS

	31/12/1998	31/12/1999
Cover margins	236,225	510,899
Equity shares		
- Devoteam SI	87,400	58,407,400
- Dataverse	-	43,876,800
- Devoteam Belgium	-	405,869

3.2.2. TABLE OF SUBSIDIARIES AND INTEREST

The main characteristics meeting the prescriptions in the table of subsidiaries and interest (article of the Decree of 23 March 1967) to 31 December 1999 are as follows:

	DEVOTEAM SI	DATAVERSE	DEVOTEAM BELGIUM
Share capital	2 655 642	250,000	406,519
Shareholders' equity other than capital (before allocation of income)	2 430 130	-	-
Share of capital held	99,76%	99,72%	99,84%
Gross book value of shares held	58,407,400	43,876,800	405,869
Net book value of shares held	58,407,400	43,876,800	405,869
Unpaid loans and advances made by the company	-	-	-
Guarantees and endorsements given by the company	-	-	-
Pre-tax sales of the last financial year	69,321,630	19,154,949	13,943,217
Profit or loss at the end of the last financial year	3,900,266	913,427	443,827
Dividends paid by the company during the financial year	-	-	-

3.3. FURTHER INFORMATION ON DEBTS RECEIVABLE AND PAYABLE

Debts receivable and payable are given below according to their settlement dates:

Debts receivable	Gross amount	Settlement within one year	Settlement beyond one year	Debts payable	Gross amount	Settlement within one year	Settlement beyond one year
Current asset debts				Bank loans	37,973	37,973	-
Trade debtors	57,892,379	57,892,379	-	Other financial debts	-	-	-
Other debtors	3,598,457	3,598,457	-	Suppliers' debts	6,247,809	6,247,809	-
Group and associates	3,090,529	3,090,529	-	Tax and social charges	29,200,010	29,200,010	-
Prepaid expenses	1,469,493	1,469,493	-	Group and associates	-	-	-
	66,050,858	66,050,858	-	Other debts	15,063,031	15,063,031	-
				Deferred income	787,816	787,816	-
					51,336,639	51,336,639	-

3.4. CONSOLIDATED COMPANIES

Debts receivable and payable concerning the consolidated companies to 31 December 1999 are as follows:

	Debts receivable	Debts payable
Devoteam SI	1,608,368	116,106
Devoteam SI current account	482,129	
Dataverse	482,400	110,530
Devoteam Belgium	950,036	340,556
Devoteam Belgium current account	2,608,400	

3.5. OWING

SUPPLIERS Future invoices:	991,555
PERSONNEL Charges to pay:	7,587,019
STATE Charges to pay:	992,029
INTEREST Accrued to pay:	37,973

3.6. INVESTMENT SECURITIES

3.6.1. COMPANY OWNED SHARES

Company owned shares have been redeemed for the purposes of allocation to employees in the framework of a stock option plan. Given this allocation purpose, these shares are not available.

Movements occurring in the course of the year are as follows:

	Quantity	Value
Company owned shares redeemed in 07/99	253,400	11,086,841
Options exercised in 08/99	(87,060)	(3,809,078)
Company owned shares redeemed in 12/99	2,000	598,153
Company owned shares to 31/12/99	168,340	7,875,915

The company was listed on the Bourse on 28 October 1999 at a price of 16.10 euros. On 31 December 1999, the price of a Devoteam share was 71.10 euros.

3.6.2. OTHER INVESTMENT SECURITIES

Other investment securities correspond to OPCVM holdings amounting to FF 88,667,435.

3.7. NET SITUATION

3.7.1. SHARE CAPITAL

To 31 December 1999, the share capital of the parent company Devoteam S.A. comprised 7,412,886 shares for a capital of 1,127,463 euros.

Variations recorded in 1999 are summarized below:

	Number of shares	Nominal value
To 01 January 1999	20,000	FF 100
EGM 26 July 1999: increase of capital to remunerate transfer of Devoteam SI and Dataverse shares	11,679	FF 100
EGM 26 July 1999: increase of capital by incorporation of reserves	31,679	FF 100
EGM 26 July 1999: modification of nominal share value by decimalization of capital and conversion of capital into euro.	633,580	1,5 euro
EGM 27 September 1999: modification of nominal share value by decimalization	6,335,800	0,15 euro
Board Meeting of 27 October: increase of capital by public offering	1,077,086	0,15 euro
To 31 December 1999	7,412,886	

3.7.2. ANALYSIS OF VARIATIONS IN SHAREHOLDERS' EQUITY

Variation in the net situation over the financial year 1999 is as follows:

(In francs)	Opening	Allocation of 1998 income	Capital increase by transfer of shares	Capital increase by public offering	1999 Income	Closing
Share capital	2,000,000		4,335,887	1,059,785	-	7,395,672
Legal reserve	40,000	160,000			-	200,000
Share premium	-	-	101,028,900	96,033,495		197,062,395
Other reserves	230,703	3,287,359	(3,167,987)		-	350,075
Retained earnings	-	-	-		-	-
Annual balance	3,447,359	(3,447,359)	-		16,712,121	16,712,121
Shareholders' equity	5,718,062	-	102,196,800	97,093,280	16,712,121	221,720,263

NOTE 4 - INFORMATION ON PROFIT AND LOSS ACCOUNT

4.1. BREAKDOWN OF NET SALES

The breakdown of net sales is as follows:

	SERVICES	TRADING	TOTAL
France	121,781,788	22,330,017	144,111,805
Other countries	2,298,883	0	2,298,883
Total	124,080,671	22,330,017	146,410,688

NOTE 5 - COMMITMENTS

5.1. COMMITMENTS RECEIVED

Nil

5.2. COMMITMENTS GIVEN

5.2.1. LEASING

The leasing contracts finance computing equipment.

	Computing equipment
Original value	1,778,337
Depreciation	
Accrual from previous years	54,720
Appropriation for current year	460,957
Licenses paid	
Accrual from previous years	60,000
Financial year 1999	475,196
Licenses owing	
total to pay	1,391,642
within 5 years	1,391,642
Residual value within 5 years	17,783

NOTE 6 - OTHER INFORMATION

6.1. BREAKDOWN OF PERSONNEL

To 31 December 1999, the personnel comprised 294 employees, mainly managerial staff.

NOTE 7 - EVENTS SINCE THE YEAR END

No important event has occurred so far since 31 December 1999.

4.2. TAXES AND EMPLOYEE PROFIT SHARING

The lack of income tax and employee profit sharing is due to the tax deductibility of costs of listing on the Bourse. The company has a deferrable fiscal deficit of FF 815,817.

5.2.2. EMPLOYEE STOCK OPTIONS

Pursuant to the authorization of the Extraordinary General Meeting of 30 June 1999:

- The Board Meeting of 26 July 1999 authorized the issuance to employees of stock options for the purchase of up to 253,400 shares in Devoteam S.A. Shares are issued at a unit price of 6.67 euros. To 31 December 1999, 87,060 shares had been purchased through exercise of the options.
- The Board Meeting of 8 December 1999 authorized the issuance to employees of stock options for the purchase of up to 12,030 shares in Devoteam S.A. Shares are issued at a unit price of 40 euros.

6.2. YEAR 2000 - EURO

The company had to give consideration to the internal adjustments required for the introduction of the euro and the year 2000 changeover. The costs of these adjustments should not be very material and will be included as they are incurred.

TABLE OF INCOME AND OTHER ITEMS FOR THE FIRST FOUR YEARS

(in francs)	31/12/96	31/12/97	31/12/98	31/12/99
YEAR-END CAPITAL				
a) Share capital	400,000	400,000	2,000,000	7,395,672
b) Number of shares	4,000	4,000	20,000	7,412,886
OPERATIONS AND INCOME FOR THE YEAR				
a) Net sales	4,048,558	22,147,750	60,489,484	146,410,688
b) Pre-tax income, employee profit sharing, depreciation and provisions	407,573	2,559,151	8,447,194	17,391,928
c) Depreciation and provisions	23,932	116,378	434,249	679,807
d) Profit share owing for the year	0	0	1,449,279	0
e) Income tax	52,118	903,592	3,116,307	0
f) Income after tax, minority interest, depreciation and provisions	331,523	1,539,181	3,447,359	16,712,121
g) Distributed income	-	-	-	-
INCOME PER SHARE				
a) Income after tax but before depreciation and provisions	88.86	413.89	194.08	(1) 2.35
b) Income after tax, depreciation and provisions	82.88	384.80	172.37	(1) 2.25
c) Dividend allocated to each share				
PERSONNEL				
a) Average number of employees	8	40	120	226
b) Payroll	1,761,113	11,368,160	30,377,660	62,069,066
c) Amounts paid for welfare benefits	712,659	4,772,444	12,946,631	26,863,498

(1) EGM of 26/7/99: number of shares multiplied by 10; EGM of 27/9/99: number of shares multiplied by 10.

STATUORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 1999

(free translation of a French language original)

In compliance with the assignment entrusted to us by the Annual General Meeting, we have audited the accompanying consolidated financial statements of the company Devoteam S.A. in French Francs, for the year ended 31 December 1999.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies in accordance with the accounting rules and principles applicable in France.

We have also certified the information given in the group management report in accordance with the professional standards applicable in France. We have no comments as to its fair presentation and conformity with the consolidated financial statements.

Paris and Bordeaux, 22 February 2000

KPMG Audit
Fiduciaire de France

Compagnie Fiduciaire

Maïr Fereres

Jean-Marc Bordja

Christian Patrin

Statutory auditors

STATUORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 1999

(free translation of a French language original)

In compliance with the assignment entrusted to us by the Annual General Meeting we hereby report to you for the year ended 31 December 1999 on:

- the audit of the accompanying financial statements of Devoteam S.A. in French Francs;
- the specific verifications and information required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1 Opinion on the financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities as of 31 December 1999, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

2 Specific verifications and information

We have also performed the specific verifications required by law in accordance with the professional standards applicable in France.

We have no comments as to the fair presentation and the conformity with the financial statements of the information given in the management report of Board of Directors, and in the documents addressed to the shareholders with the respect to the financial position and the financial statements.

In accordance with the law, we verified that the management report contains the appropriate disclosures as to the acquisition of shares and controlling interests and as to the percentage interests and votes held by shareholders.

Paris and Bordeaux, 22 February 2000

KPMG Audit
Fiduciaire de France

Compagnie Fiduciaire

Maïr Fereres

Jean-Marc Bordja

Christian Patrin

Statutory auditors

DEVOTEAM GROUP SUMMARY OF KEY FIGURES IN EURO

	31/12/99 Company accounts (a)	31/12/98 Pro forma Consolidated Accounts	31/12/99 Consolidated Accounts
SALES	22,339,248	12,821,741	34,874,438
<i>Net sales</i>	<i>22,320,165</i>	<i>12,805,743</i>	<i>34,825,612</i>
Payroll and social charges	(13,557,682)	(9,216,549)	(22,856,512)
Depreciation and increase/decrease in provision	(111,106)	(85,584)	(205,007)
Other operating expenses	(6,118,091)	(1,506,233)	(7,542,468)
OPERATING INCOME	2,552,370	2,013,376	4,270,451
Financial income	(4,464)	(3,775)	(20,230)
OPERATING AND FINANCIAL INCOME BEFORE TAX	2,547,906	2,009,601	4,250,221
Extraordinary income	(159)	(2 400)	(176,378)(b)
Profit sharing	0	(349,504)	(258,984)
Income tax	0	(612,742)	(1,627,852)
NET PROFIT OF CONSOLIDATED COMPANIES	2,547,747	1,044,956	2,187,007
Net income of the companies consolidated under equity method	n/a	n/a	n/a
Part of the minority interests in the income	n/a	276,322	n/a
RETAINED PROFIT	2,547,747	768,634	2,187,007
TOTAL BALANCE SHEET	41,627,256	n/a	32,894,114
TOTAL SHAREHOLDER'S FUND	33,801,036	n/a	19,634,847

(a): individual accounts of Devoteam S.A.

(b): exceptional expenses for the year ended 31 december 1999, represents minority interests in Devoteam SI and Dataverse as of june 30 1999, for euro 176 219

n/a: not applicable

NB: 1 Euro = FF 6,55957



DEVO team

**86 rue Anatole France - 92300 Levallois Perret - FR
Tel. : +33 1 41 49 48 48 - Fax : +33 1 47 58 02 31**