



NEURONES



Annual
Annual report 2001
report 2001

Profile

Founded in 1985, NEURONES is an IT services company employing 1,200 people whose business is split into three pillars:

- system and network **integration** (20% of 2001 revenues): this traditional business of the group, for long exercised exclusively in turnkey mode, enabled NEURONES to develop a culture of commitment and a host of technical skills,
- **facilities management** in the distributed environment of NT, Unix and DBMS (39% of revenues): this high recurring business is geared to clients requiring an efficient administration and management of their distributed systems,
- “**e-Services**” (41% of revenues), vectors of growth: Internet Security, Internet Development, CRM and decision support, SAP integration and support, setting up help-desks and web call centers and training in new technologies.

With an age below 40, most of the NEURONES executive are:

- graduate of France's “Grandes Écoles” (advanced technical and commercial colleges), with solid industry experience,
- share- or option- holders,
- senior specialists in their respective fields of specialty.



The NEURONES
Management
Committee

- with an annual average growth of 30% over the last 17 years, mainly organic and profitable growth, the group achieved consolidated revenues of 85.9 M€ in 2001 (+ 30% compared with 2000) and net profit after goodwill of 5.2 M€ (+ 49%).

Chairman's Message



2001 revenues

+30%

2001 net profit

+49%

Operating profit

9.6% of revenues

Dear current and future shareholders,

In our message last year, we forecasted 40% growth of EPS for 2001. NEURONES with its 1,200-strong staff at year-end, did even better than expected, posting 49 %, without taking over other companies to achieve this.

Revenues amounted to a little more than the figure of 85 million euros announced. Operating margin after profit-sharing (9.6 %) and net attributable profit after goodwill (5.2 million euros, or 6.1 % of net margin) reached record highs. Cash flow generated by operations was also very satisfactory.

At the beginning of 2002, not only did your company have very solid fundamentals (with practically no debt, substantial equity net of goodwill), but it had the means to practically double in size thanks to its cash alone.

NEURONES will pursue its growth strategy on this firm base with three imperatives:

- serve clients where they need us. Beyond our complementary offers of INTEGRATION, OUTSOURCING and e-SERVICES, the spectrum of our services can be increased to answer new emerging needs or client expectations unsatisfied by the market.
We must also increase our position in one of our fast-growing specialties: Outsourcing of distributed computing ;
- stimulate the success of our personnel. Our entrepreneurial model, the quality of projects entrusted by clients to our technical teams, numerous gateways among our professions, culture of training, autonomy and empowerment, selective distribution of stock options are so many invitations to involve everyone and reward the most dynamic;
- create real value for our shareholders. The ongoing rise in profits for our areas of business requires careful balancing between organic and external growth. With our cash, in better times, new entrepreneurs and their companies will join us. They will be chosen on exacting criteria making such transactions lastingly relative.

In these conditions, NEURONES could change dimension – and that is our intention – so joining the leading major IT services companies on a market that has no limits.

Thanks to our clients, our personnel, our shareholders and partners who have enabled us to follow in the paces of real “success stories” on our market, namely the ones who are still here.

Luc de CHAMMARD

Chairman & CEO

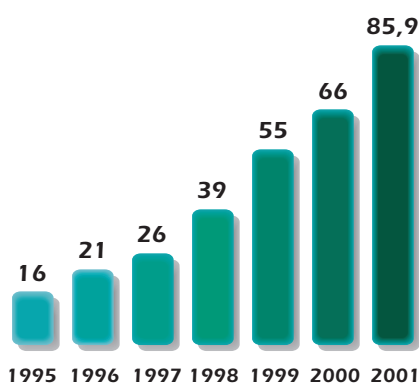
Key indicators

Recurring revenues 2001

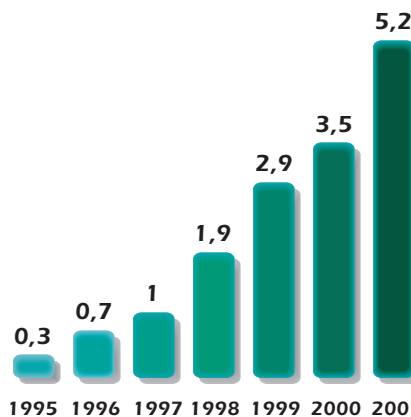
61%

Operating profit 2001

9.6%



Consolidated revenues
(in M€)



Net profit after goodwill
(in M€)

Key events in 2001

January

- TotalFinaElf entrusted NEURONES with the development of help-desk at their new head office after the merger with Elf (1,800 users).

February

- Framework agreement with Alcatel CIT for 2001.
- SAN partnership with EMC2.

March

- Signature of a first mixed NT and Unix outsourcing contract, for Nexans head office. This consolidates synergies intended when merging with AS international.

April

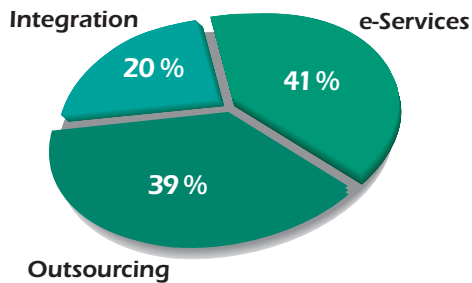
- Launch of "Cit@delle", security portal.

May

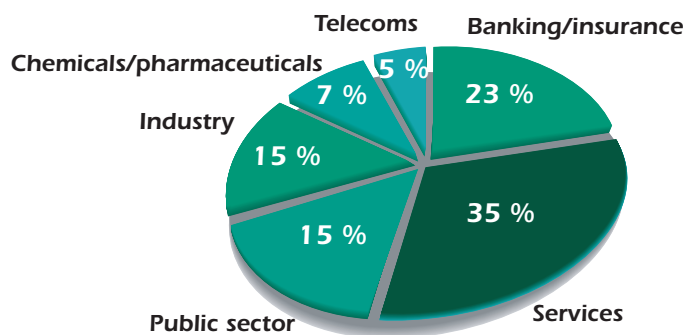
- Signature with LVMH and EFS (Etablissement Français du Sang) of the first mixed SAP and workstation support contracts.

June

- Design / development of a datawarehouse backed by SAP for Danone (BO, Informatica). Project lasting a year and a half.



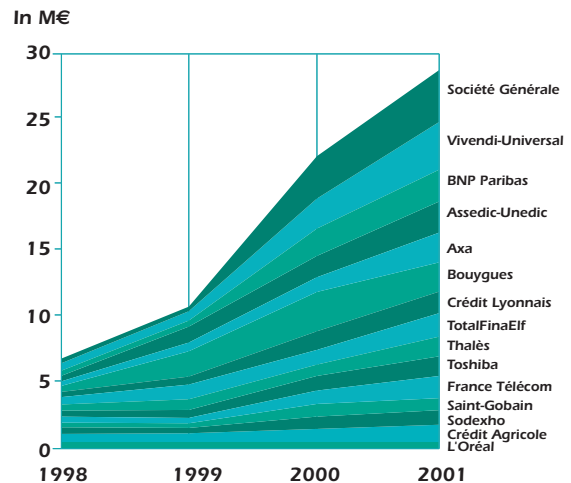
2001 revenues
by business segment



2001 revenues
by sector of business

Main client revenues in 2001

4.5%



Progress of revenues from historic clients

July/August

- New logo, new group web site.

September

- Extension of the help-desk perimeter at Orange (head office buildings and regional sales outlets). NEURONES has been involved in the help-desks for 22 groups on the CAC40.
- NEURONES, takes part in the "Le stratège des valeurs de croissance" (growth stock strategy) competition organized by La Tribune, KPMG and Fidal, selected among the 6 finalists in the "information – communication – leisure" category.

October

- New version of the "green book" of management rules between group entities.
- Delivery for Carrefour of a highly integrated Websphere application, managing store malfunctions.

November

- Following a promotion, the major project and outsourcing team has at least one member from each entity of group systems and networks.

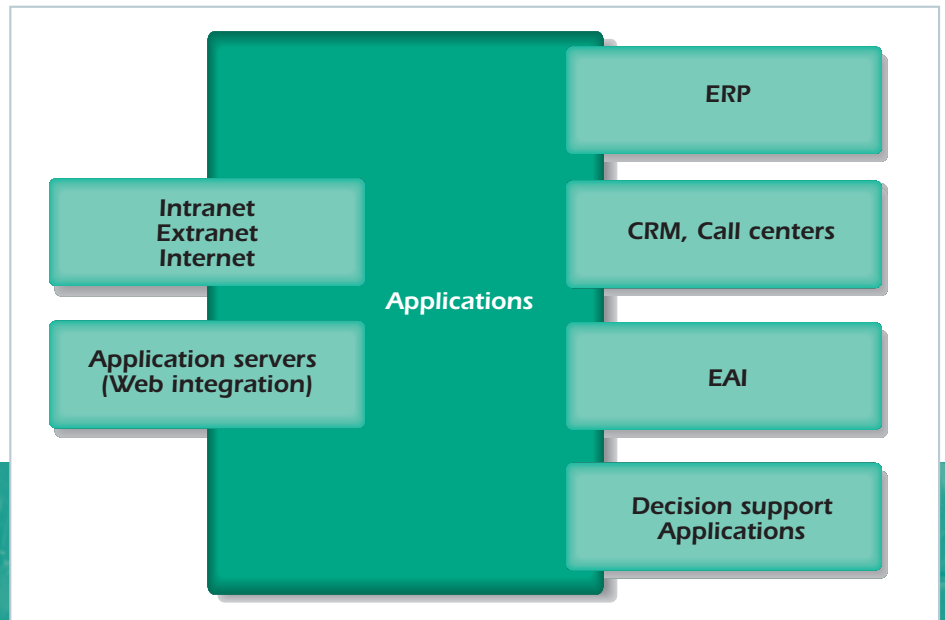
December

- Cooptation: 145 new staff joined us in 2001. The winner of the internal competition went to San Francisco for a week.

A global offer

The various NEURONES businesses were selected and then developed in order to create a homogenous global offer:

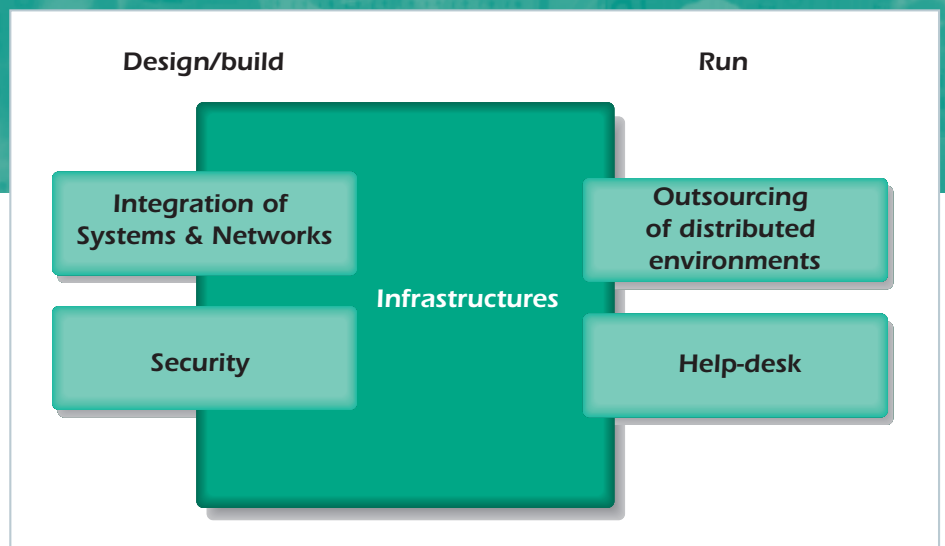
Complementary businesses for a coherent offer



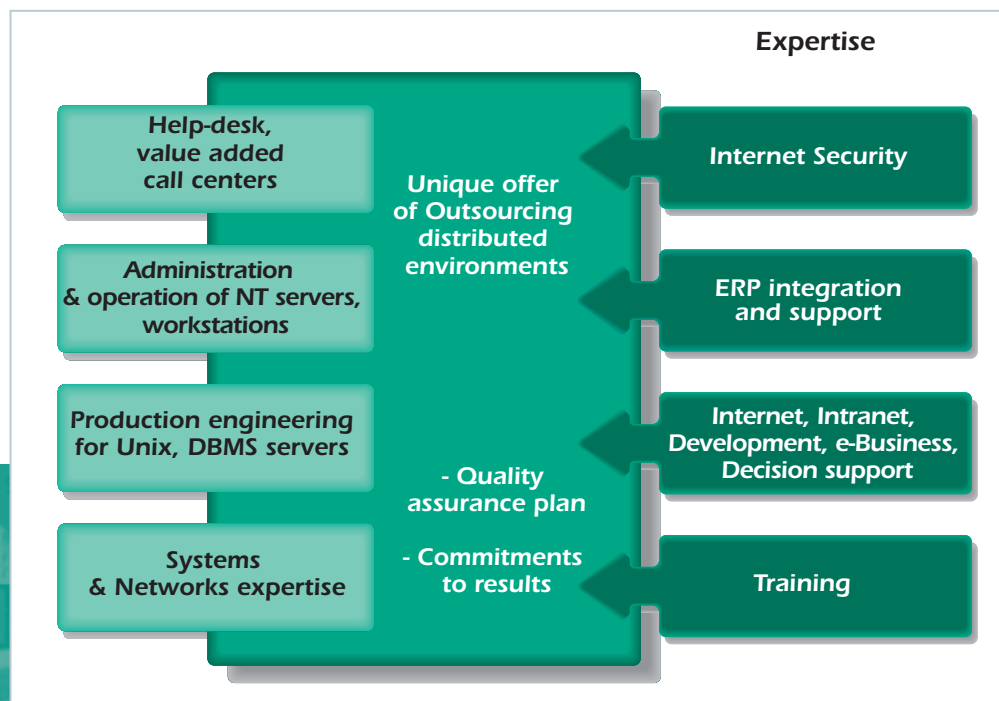
The capacity to manage relations globally with a major account

In support of the different business sales forces, a central team performs the following:

- management of global relations with the main corporate customers,
- piloting and management of large projects in the context unique prime contracting.



Unique prime contracting for outsourcing of distributed environment contracts



In the context of unique prime contracting, NEURONES allows clients to benefit from its outsourcing offer backed by the resources of entities specialized by business: help-desk, running of servers and stations, Unix production and data bases, systems and networks expertise.

During build-up or during the contract, the person in charge of the account calls upon complementary expertise: security, ERP integration and support, applications developments, training.

Integration

This is the original business of NEURONES. It involves design and implementing all or part of computing systems and networks requiring integration of multi-vendor elements in distributed environments. It is a project-oriented business, most of the time in turnkey mode.

Main types of projects in systems and networks integration

- Audit, consulting.
- LAN and WAN architecture. Quality of service (QOS). Optimization of the pass band.

- Design of servers and stations, migrations, deployments (Windows 2000, etc.). Setting up of management methods for evolution of masters.
- Company directories (NDS, Active Directory).
- Message systems and groupware, (Notes, Exchange, Groupwise).
- SAN solutions (EMC, Compaq, HDS) and clusters. Consolidation of servers.
- Thin client solutions (TSE, Citrix).
- Mobile Internet and processing of nomads (laptops, PDA, etc.). Remote access.
- Setting up of systems and networks supervision tools.



Networks assistance contracts

For networks without a manager on location or for large organizations, NEURONES created a server operation offer. This offer includes the following made-to-measure services depending on configurations:

- preventive visits,
- dedicated engineering hot-line (assistance for backups, etc.),
- operation and remote operation (alarms reporting, systematic check, creation of accounts, etc.),
- priority to maintenance and guarantee of maintenance (within 24 hours, nights and week-ends).

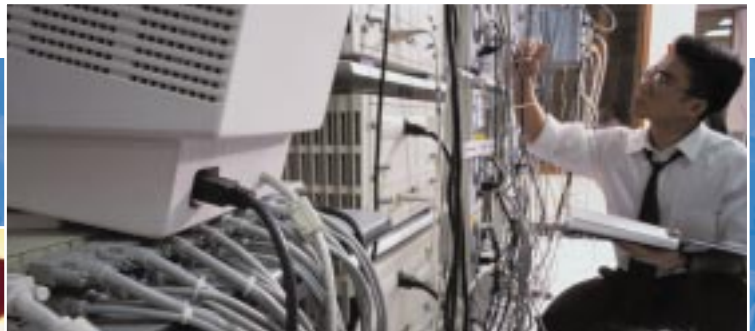
At the end of 2001, 400 servers are under contract.

Share of this segment
in global revenues

20%

Examples of achievements in 2001

- For a management group of 65 franchised hotels, analysis of the existing system environment at the head office (15 NT, Metaframe, Exchange servers); creation of a documentary base; recommendations for site conformity. Total: 100 man days.
- For a lawyer's office in two buildings, creation of switched architecture up to the station (redundant 1 gigabit backbone; servers in gigabit; Cisco switches), with a centralized administration tool (performances, errors, management of configurations).
- For the internal computing of a large French media group, design with mock-up stage for migration to Windows 2000 with Active Directory, in a multi-vendor context (Unix, Novell 3.20, Windows NQ4, EMC bay) with 80 servers and 2,500 users (900 on Macintosh).
- For a software publisher with rising memory needs, creation of a storage solution using Compaq SAN with 3 bays and approximately 1.6 Tera bytes capacity.
- For a central administration, setting up a range of Citrix servers in load balancing, with piloting, for qualification of passage to thin client at a national level (2,500 users, 100 sites).
- For a reinsurance firm spread over thirty sites (central site in Paris, 1,000 client stations) requiring to optimize administration costs of these stations, study, modeling and creation of the pilot for the deployment of an overall administration tool (Microsoft SMS).



Up-market positioning

NEURONES has 17 years experience in fixed price projects. The technical managers of NEURONES, coming from central host site environments at the end of the 80s, imported their know-how to the world of the workstation and local servers and did their utmost to provide their clients with:

- a methodology and systematic formalization of their maintenance: documentation for servers and typical stations, procedure documentation, etc.

- permanent quality: mandatory details of formalized service, review of offers, review of contracts and supply of services, satisfaction questionnaires at the end of project, approval of potential sub-contractors, technical HR management under quality assurance.

The NEURONES Integration segment is also a source of technical skills for the group systematically consulted before making commitments in management of distributed environments. They do the initial engineering services on startup of outsourcing contracts.

Outsourcing

This business covers all assignments related to administration and operation of distributed environments (Unix and NT servers, workstations and related active elements):

- complete running of sites with commitments to levels of service (Outsourcing). In this case, the sales cycle is approximately six months and contracts traditionally for a period of three years or more, with commitments to result,

- simple technical support, outsourcing of services assignments (with teams partially on client site and partially in NEURONES sites operating remotely).



Services

- Help-desk.
- Production computing servers Unix, VMS and NT: consulting, administration and operation of systems, administration of data bases (Oracle, Sybase, Ingres). This business calls upon the following different types of profile: pilots, operating analysts (support, piloting, preparation), production engineers, system engineers and production project leaders.
- Maintenance on stations.
- Management of the overall system.
- Management of the purchase cycle.
- Structuring and control of services.

NEURONES experience and skills

Having developed its distributed environments outsourcing offer since 1995, NEURONES now manages several dozen sites of 200 to several thousands workstations.

Examples of achievements in 2001

- For a large energy-related firm, outsourcing of all operations and administration of distributed systems in Microsoft environment (2,000 workstations and 110 servers).
- For a local municipal body with 1000 stations and 100 servers spread over 200 sites, help-desk on platform and administration / supervision / remote-maintenance. Control of services real time by Extranet.
- Administration of systems (Unix, NT, networks, VMS), administration of data bases (Oracle, Sybase, Ingres) on the main computing production sites of a large French bank. More than 300 applications in production.
- Consulting assignment in view of automation and industrialization of computing production for a large French banking group.
- Design of a back up plan and planning of back up exercises for a major insurance company.



Type of contracts

Share of this segment
in global revenues

39%

e-Services

Help-desks and call centers

NEURONES designs its help-desk business like a cog in the computing division of a company, an intermediary between computing system users and computer experts, to optimize the flows between both groups. This high value added service is particularly concentrated on methods and human resources. The business covers consulting, help-desk from NEURONES platforms and help-desks on site. The consulting teams for installing the help-desk also work on the Value added Call Centers (VACC) market, with or without CTI (Couplage Telephony Computing).

Internet security

This business covers qualification assignments (audits and intrusion tests), consulting (security policies and plans), development and integration of solutions (virus protection, data protection, access management, identification, authentication and confidentiality), security monitoring (administration, hosting, support and maintenance) of training and finally, technological watch.



Application development

Consulting, intranets, extranets, portals, applications built with application servers (Websphere or .Net, web clients and traditional data bases), support decision (BI), CRM, EAI. NEURONES skills allow us to offer clients a unique Project manager, capable of mastering different technologies, human and organizational aspects. NEURONES runs mixed projects requiring global solutions using new technologies.

Share of this segment
in global revenues

41%

Examples of achievements in 2001

- For a French mobile telephony leader, prime contracting and operation of the dedicated help-desk for the 7 sites in Paris (2,400 users).
- "Cit@delle": secure Intranet allowing NEURONES clients to review all known weaknesses and corresponding remedies. Several dozen corporate customers subscribe. Guaranteed response time.
- For a world player in retailing: creation of a store malfunction management system with client web and central data base interface.
- For two segments of a leading luxury product operator, SAP support along with traditional workstation support. Presence of NEURONES teams on site and NEURONES platforms, transparent for the user.
- For a world producer of office automation and computing equipment: Knowledge evaluation tests, definition of individual training courses and "Pass-Card" (professional phone assistance, interactive distance training and conferences on line).



ERP integration and support

This business is largely concentrated on SAP and relies on two lines of expertise:

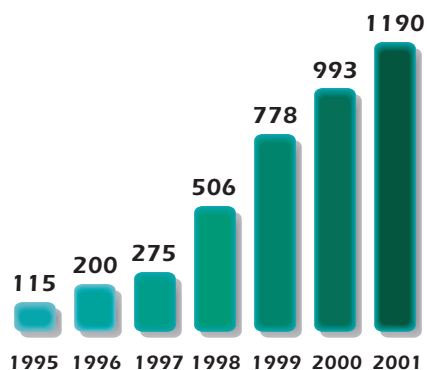
- ERP integration (consulting and deployment) with functional experience and specific knowledge of the retail business sector;
- help users familiarize with ERP systems thanks to documentation, training, support, third-party maintenance of applications, filing processing.

Training in new technologies

This business covers sessions of training, consulting to devise training plans (training engineering), outsourcing of training plans management (orchestration of training plans), training courses, distance learning, e-learning. NEURONES training centers are naturally specialized in made-to-measure training related to large projects (support in specific courses, planning management, synchronization with deployments, etc.).

Human resources

NEURONES puts human resources as priority n°1 and as a major condition for its success. To work on its firm growth, NEURONES hired 550 people in 2001 (15th recruiter in the business).



Ten times as many employees in 6 years



Specialized entities
managed by independent entrepreneurs



National recruiting
campaign



School forums
and recruiting shows

Average age of staff

29 years

The main issues in group HR policy

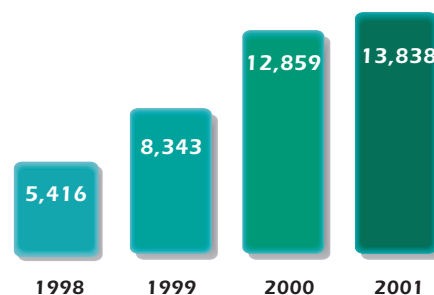
- A great effort in training: 8 % of the payroll, approximately 8 days a year per employee, helped by the fact that NEURONES has its own training centers. NEURONES encourages staff to pass certifications validated by the main market players (Microsoft, Novell...).
- The "Masters": a theoretical and practical training (6 weeks of course, followed by an internship of 4 weeks with a NEURONES client) intended for young, non-computer engineers with 4 or 5 years education after high school. 120 masters have already been trained.
- General profit-sharing and stock options plans (more than 300 beneficiaries of stock options).
- Internal gateways that allow colleagues to develop and change specialization within the group.
- "Laboratories" and latest generation technical test platforms available to technology buffs.
- Selective recruiting procedures under quality assurance (13,838 CVs handled in 2001, two mandatory interviews, mandatory technical multiple choice questionnaires, etc.).
- An ambitious HR institutional communications campaign to boost NEURONES' reputation among candidates, very handsome internal communication budgets (Intranets, competitions, cooptation...).



Intranet group



In-house magazine



Number of candidatures received

Summary financial statements

Simplified income statement 2001 (in M€)

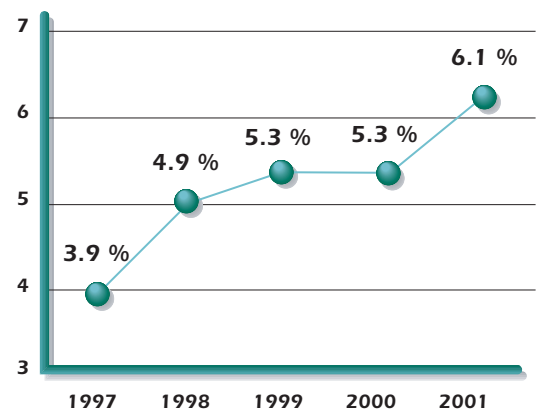
	2001	2000	1999
Revenues	85.9	66.0	55.0
Operating profit	8.2	5.0	5.0
% revenues	9.6 %	7.6 %	9.1 %
Profit before goodwill	5.9	3.8	3.0
Deprec. of goodwill	0.6	0.1	0.0
Minority interests	0.1	0.2	0.1
Net profit	5.2	3.5	2.9
% revenues	6.1 %	5.3 %	5.3 %

Balance sheet as of 31/12/2001 (in €)

	Assets	Liabilities
Goodwill	9.9	
Fixed assets	2.3	
Current assets	26.7	48.1
		Equity (incl. minorities: 0.7 & provisions: 0.2)
Cash	35.6	1.9
		Financial debts
		Other liabilities
	74.5	74.5

2001 Revenues
+30%

Rate of net margin
(net attributable profit/revenues)
(after goodwill)



2001 Net profit

+49%

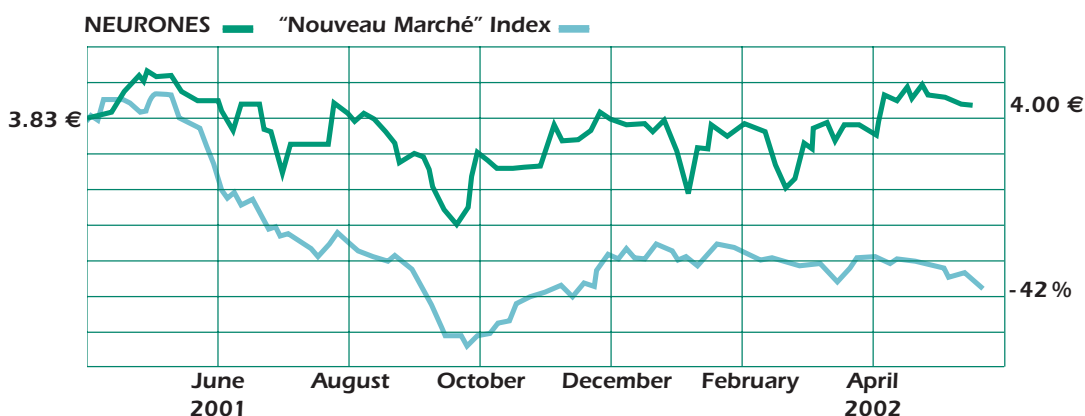
The NEURONES share

Average daily volume: 16,400 (1st quarter 2002)

Month	Hi (in €)	Lo (in €)	Average price closing (in €)	Number of shares traded (in thousands)	Number of sessions
May 2001	4.39	3.90	4.20	238	22
June	4.10	3.14	3.98	149	20
July	4.00	2.95	3.64	126	22
August	4.30	3.18	3.76	119	23
September	3.54	2.52	3.13	112	20
October	3.87	3.21	3.46	244	23
November	3.90	3.51	3.77	320	22
December	3.97	3.07	3.63	92	18
January 2002	3.81	3.15	3.66	204	22
February	3.94	3.05	3.59	523	20
March	4.20	3.65	3.96	283	20
April	4.15	3.82	4.02	261	21
Total				2,671	253 days

(Source : Euronext)

Market price (in €), from 20 April 2001 to 19 April 2002



- 22,771,050 shares
- Price on 19/04/2002: 4,00€
- Market capitalization on 19/04/2002: 91.1 M€
- Shareholding: 80 % founder and managers 20 % public.

Key financial dates

- 1st half 2002 revenues: 24 July 2002
- 1st half 2002 profits : 26 September 2002
- 3rd quarter 2002 revenues: 24 October 2002

EPS 2001
(before goodwill)

0.255

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FINANCIAL REPORT 2002

Reference document



In application of regulation 95-01, the Commission des Opérations de Bourse (the French stock market authority) registered this reference document on June 10 2002 under the number R02-145. It may only be used as support to a financial transaction if completed by a transaction report signed by the Commission des Opérations de Bourse. This reference document was prepared by the issuer and incurs the responsibility of the signatories. After examination of the relevance and coherence of information concerning the company's situation, this registration does not imply authentication of the accounting and financial elements presented..

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1. Businesses

1.1. General presentation

With approximately 1.200 staff, NEURONES is among the leading fifty IT services companies on the French market and in the first fifteen French computer service companies listed on the Paris stock exchange.

The group was formed by setting up profession-specialized subsidiaries with their own technical know-how and even their own commercial brand. The assignment of these entities was to acquire critical mass in their domain rapidly so as to provide the best possible service under firmly controlled economic conditions. Teams from the various professions worked on group contracts involving several complementary businesses.

Created from scratch, NEURONES has developed firmly and constantly since 1985. This was more than 90% due to virtuous organic growth (on average + 30 % a year). As a result, NEURONES formed a very solid base to nurture internal dynamism and expand by taking over companies with similar or complementary professions.

1.1.1. Historic

1985-1993: Expertise in Wintel local networks

- As of 1985, NEURONES was one of the first local network integrators on Wintel platforms.
- Each year, all profits were systematically reinvested to create new service structures.
- From the start of the 1990s, several group managers from central site environments imported and fine-tuned management procedures and rules for distributed environments (Unix, Novell, NT servers, active elements and workstations) as part of the first site management contracts.

1994-1996: Help desk. Outsourcing of distributed environments. Quality

- NEURONES set the pace by investing in a business specialized to remote technical support (help desk).
- The help desk speeded up development of the outsourcing business.
- NEURONES structured HRD and applied quality assurance to its main procedures:
 - project approach (review of bids, review of contracts),
 - precontractual stage (compulsory formulation of service details),
 - quality assurance plans and standardized contracts,
 - recruiting procedures (multiple choice question papers, workflow tracking of candidates, etc.).

1997-1999: Internet, creation and development of the e-Services segment

The arrival of Internet allowed all organizations to provide not just a universal message system and institutional sites but transactional applications using the Internet navigator as a universal interface (Intranets, Extranets, trading sites, etc.). NEURONES completed the following stages:

- creation of an Internet application development entity staffed by 80 engineers: Intranets/Extranets, e-business, CRM, decision support,
- hiring of a well-known specialist in computer security and editor of a secure Internet payment software,
- for requirements of outsourcing contracts, availability on Extranet of all data bases for business tracking (help desk tracking, on-site maintenance...).

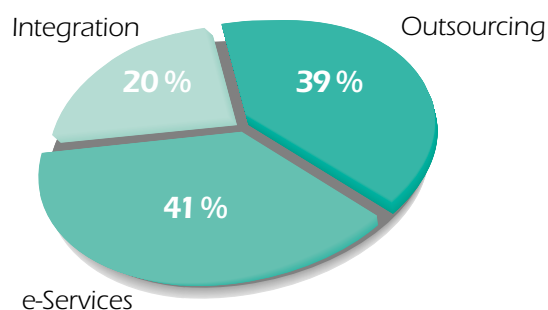
2000-2001: Entry to the Bourse, start of external growth

- May 2000: listed on the Nouveau Marché.
- Company founding stock option and stock purchase warrant plan for 240 employees.
- September 2000: acquisition of AS International (Unix production engineering, DBMS).
- December 2000: takeover of Label Systems telecom/GSM business (deployment and operation of telecommunication networks).

1.1.2. Business segments

The NEURONES businesses are divided into three business segments of comparable size with substantial synergies between them:

- a System and network integration segment,
- a distributed environment outsourcing segment,
- an e-Services segment.



Répartition du CA par pôle d'activité

1.1.3. Detail of professions making up the segments

Each business segment consists of one or several professions.

Each profession is housed in a specific legal structure, giving the group a straightforward legal structure patterned on its organization by profession. Minority shares are exclusively owned by managers of subsidiaries who thus operate as real entrepreneurs. In the summer of 1999, the company INTRINsec was taken over, BrainSoft in October 1999, AS International in October 2000. Knowledge was founded in 2000.

Entities	Business	N° SIREN	% interest and control	
			12/01	12/00
Parent company				
NEURONES		331 408 336	-	-
Subsidiaries				
INTEGRATION POLE				
NEURONES Solutions	System and network integration	428 210 140	100 %	100 %
OUTSOURCING POLE				
SKILLS Consulting	Consulting and operating assistance	428 209 308	100 %	100 %
AS International	Unix production engineering, DBMS	421 255 829	100 %	100 %
E-SERVICES POLE				
Help-Line	Help-desk and call centers	398 300 061	85 %	85 %
BrainSoft	Application development			
	(Intranets, e-business, decisional, CRM...)	410 219 943	85.9 %	83.9 %
UpGrade	New technology training	415 149 830	100 %	100 %
Intrinsec	Internet Security	402 336 085	90 %	90 %
Knowledge	ERP support and optimization	432 673 838	74 %	74 %

At the start of 2002, NEURONES increased its holdings in Help-Line to 88 % and in Knowledge to 88 %.

1.1.4. Global transverse offers, management of global relations with corporate customers

For several years now, NEURONES opted for and then developed its profession entities with the strategic aim of building and then permanently improving its global offers, especially outsourcing of distributed environments.

A central team was set up at group level in a practical manner. It fulfils the following two basic assignments:

- management of global relations with corporate customers: a person in overall charge of the account coordinates the work of entity sales engineers, who are specialized by type of service and sector of business for the main corporate customers. This person also reports on the business according to the desired frequency;
- piloting and management of major projects especially outsourcing of distributed environments: the central team takes charge of the entire precontractual stage: organization and coordination of the solution (presentations, references, forming of the adequate team...).

Once the project is launched, the person is also in charge of tracking the project:

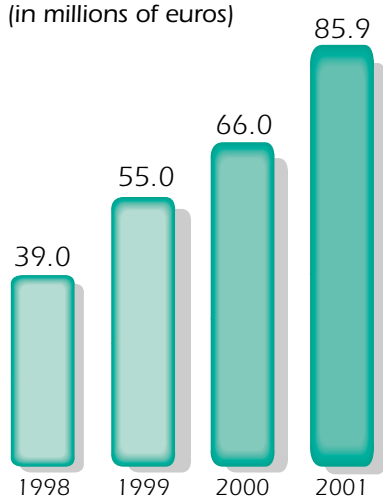
- probation stage,
- quality tracking during the current operating stage.

For a project involving several entities, the person is responsible for all the group's commitments towards the client.

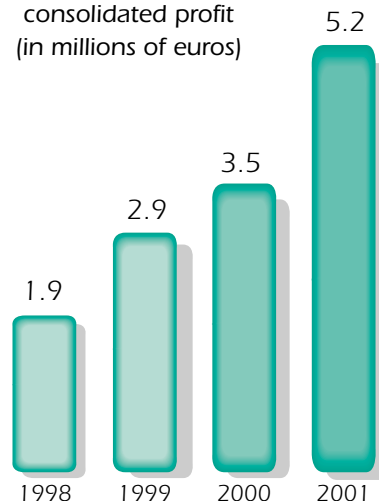
The rules governing relations between entities are formalized in a regularly updated group document.

1.1.5. Key figures

Consolidated revenues
(in millions of euros)



Net attributable
consolidated profit
(in millions of euros)



Changes to NEURONES key figures are as follows:

(in millions of euros)	1998	1999	2000	2001
Consolidated revenues	39.0	55.0	66.0	85.9
Operating profit after employee profit-sharing	3.0	5.0	5.0	8.2
Operating margin	7.7 %	9.1 %	7.6 %	9.6 %
Profit before depreciation of goodwill	1.9	3.0	3.8	5.9
Depreciation of goodwill	0.0	0.0	0.1	0.6
Minorities	0.0	0.1	0.2	0.1
Net attributable profit after depreciation of goodwill	1.9	2.9	3.5	5.2
Net attributable profit after depreciation of goodwill / revenues	4.9 %	5.3 %	5.3 %	6.1 %
Employees at year-end	506	778	993	1,190

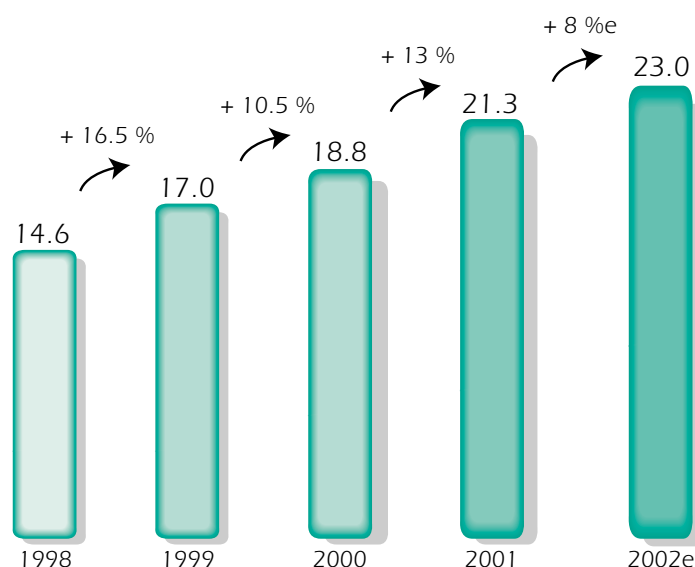
1.2. IT services market

According to Syntec, the software and computer services market grew 13 % in 2001, higher than between 1999 and 2000 when growth was 10.5 % (+ 16.5 % between 1998 and 1999).

After a good first half (+ 17 %), the second half of 2001 was marked by weaker growth (+ 9 %).

Syntec also forecast two contrasting but reverse halves for 2002: + 5 % in the first half and + 11 % in the second, up substantially. Growth for 2002 will rise an overall 8 % (Syntec estimate at the beginning of April 2002) compared with French GDP growth of 1.3 %.

The computer services market in France 1998-2002 (billions of euros)
(Source: Syntec)



In 2002, growth will be driven by:

- consulting in high technologies (or external research and development): + 14 %,
- outsourcing: + 10 %,
- third-party maintenance of applications: + 12 %,
- client relation management software, logistics management and EAI.

Growth will be slower in simple technical support (+ 4 %) and training (+ 2 %).

The transport/tourism and insurance sectors are expected to grow less than the average (+ 5 %). Banking should be the strongest sector (+ 10 %). The public sector should perform well too.

Again according to Syntec, the environment should be calmer: the intercontract rates should stabilize, turnover of employees should be lower and pay policy should be moderate.

For the medium term, the market should perform well until at least 2005. The Gartner Group reckons that the world computer services market is set to report annual average growth of 11 % between now and 2005.

1.3. Group professions

Contribution to consolidated revenues of the various business segments and changes in 2001 compared with 2000 is as follows:

(in millions of euros)	2001	2000	Variation	Including organic
Integration services revenues	7.9	6.5	+ 22 %	+ 22 %
Outsourcing services revenues	33.5	18.8	+ 78 %	+ 26 %
e-Services revenues	34.9	28.0	+ 25 %	+ 25 %
Total service revenues	76.3	53.3	+ 43 %	+ 25 %
Licenses and equipment revenues	9.6	12.8	(25 %)	(25 %)
Total revenues	85.9	66.0	+ 30 %	+ 16 %

The various business segments contributed as follows in the operating margin of 9.6 % in 2001:

(in millions of euros)	% OP 2001	OP 2001	OP 2000	Variation
Integration	4.9 %	0.8	0+	ns
Outsourcing	15.7 %	5.3	2.7	+ 96 %
e-Services	6.0 %	2.1	2.3	(9 %)
Total	9.6 %	8.2	5.0	+ 64 %

1.3.1. System and network integration

This business involves the design and implementing of all or part of computer systems and networks requiring the integration of heterogeneous elements in distributed environments (local and remote networks): Unix, NT, Netware servers, active and passive elements, workstations. In the framework of its system and network integration business, NEURONES operates as prime contractor working on general specifications supplied by the contracting authorities.

It is a project-based profession, most of the time for a fixed price (approximately 70 % of the cases for NEURONES).

Unlike mainly proprietary central site or mini-computer computing, distributed computing implies a large number of "layers" of software and equipment designed by various editors and constructors, that must be "piled up" coherently and constantly over time.

The expertise in this profession consists of identifying long-lasting, productive and operationally robust solutions. Given the broad diversity of products and their rapid evolution, it is common that several technical experts are required to estimate a worksite. A project manager coordinates these experts and is in sole charge of all NEURONES' commitments. Quality assurance is applied to the entire client response process since 1995.

In the framework of global projects, NEURONES provides system softwares, network equipment and servers, switches, routers, etc. Although this business is considered as very marginal in terms of added value, it does afford hands-on contact. Actual practice of implementing products with rapidly changing versions is necessary to complete the experience acquired by NEURONES engineers during training with constructors and editors. This servitude, which comes at a certain cost, is a value added profession compared with so-called "technical support" companies.

The technical employees in this business are committed to maintaining a "technical base" of at least 80 operational and keyed-up engineers and technicians. These teams have to provide a rapid answer to complex demands from clients as well as the needs of other group professions. They also monitor technological developments in their domain.

The size of the fixed-price integration teams at NEURONES and their capacity to provide prime contracting services for major projects is a big factor in setting them ahead of the pack.

Key figures

(in millions of euros)	2000	2001	01/00
Service revenues	7.9	10.1	+ 28 %
Licenses and equipment revenues	12.8	8.9	- 31 %
Total revenues	20.7	19.0	- 8 %

Sales of licenses and equipment, a non strategic business, are down for the second consecutive year. The low point has surely been reached. There is no real reason to get rid of this business.

Examples of typical assignments

- Preparation of servers, design of standard stations, deployment and recovery of old stations with a synchronized training program: Hachette Filipacchi (migration to Windows 2000), Ricoh (head office and 10 regional divisions), Holcim (1,200 workstations in 50 sites in France and Belgium).
- Lan/Wan architecture, creation of "thin clients", clusters: Guilbert, SAN solutions: Brinks (4 Tera).
- Audit and reworking of directory services: NRJ (1,500 users), Eiffel (400 users).
- Message systems: France 5.
- Processing of mobility, firewalls, remote access: numerous projects.

1.3.2. Outsourcing in the distributed environment

1.3.2.1. On-site operation of servers and workstations

This business covers all assignments related to running client sites: simple technical support assignments, outsourcing of services (with teams partially on the client site and partially in NEURONES sites operating remotely), complete operation of sites with commitments to levels of service (Outsourcing). The technical scope assumed by NEURONES is traditionally as follows: workstations, local and remote servers and active elements (switches, routers, etc.).

For the outsourcing in the distributed environment business, the entry barrier is high because a candidate must have the following skills:

- capacity to provide the prime contracting function,
- capacity to implement and operate a help desk,
- technical expertise in systems and networks (remote administration, remote distribution, deployment of technical productivity and control tools, etc.),
- capacity to assign a team to the project rapidly.

As a result, NEURONES regularly bids against the same limited number of competitors. Some of them are global outsourcers (central sites and distributed computing, application system outsourcing, etc.). Others are outsourcers whose business, like NEURONES, is specialized in distributed computing.

The outsourcing sales cycle is about six months. Relatively large teams are required during the precontractual stage (creation of quality assurance plans, etc.) and the ramping up stage.

There is a lot of repeat business here as contracts are generally signed for at least three years.

Simple technical support assignments are subject to purchase referencing unlike outsourcing contracts, negotiated then started at general or computer division level.

Key figures

(in millions of euros)	2000	2001	01/00
Revenues	16.9	21.4	+ 27 %

Examples of typical assignments

- Sites with more than 1,000 stations: CEA, Thales, TPS. One or several outsourced functions. Outsourcing of functions in one or several stages.
- Several tens of sites with 200 to 400 stations.
- Sites with a help desk on the platform and remote administration/supervision/maintenance: 200 sites of 5 workstations each for the Carif (Ile-de-France region and Ministry of Labor and Solidarity).

1.3.2.2. Unix production engineering and DBMS (data bases)

This business is also a distributed environment outsourcing business. Computer production using Unix servers, Open VMS and data base management systems (DBMS like Oracle, Sybase...) calls upon the following different types of profiles: pilots, operating analysts (support, piloting, preparation), production engineers, system engineers and production project managers.

Today, computer production deals mainly with real-time applications and has developed considerably as have the methods and software tools on which it relies. Apart from Unix, this business requires expertise in the principal market schedulers (\$Universe and Control M), supervision and alert tools and the main back-ups (Netbackup, Networker).

It was strategically important for NEURONES to have expertise and critical mass in these environments because numerous clients with both NT and Unix servers in production, want to work with a single service provider.

Clients of this business mainly consist of corporate customers in the banking/insurance sector.

Key figures

(in millions of euros)	2000	2001	01/00
Revenues	11.0	14.7	+ 34 %

The sub-group AS International joined up with NEURONES on 1 October 2000. Revenues for 2000 correspond to the full financial year.

Examples of typical assignments

- System administration (Unix, NT, networks, VMS), data base administration (Oracle, Sybase, Ingres) in the main computing production sites of Société Générale. More than 300 applications in production.
- Consulting assignment for the automation and industrialization of computing production with BNP-Paribas.
- Organization of the back up plan and scheduling of back up exercises for a leading insurance firm.

1.3.3. e-Service segment professions

1.3.3.1. Help desk and call centers

A help desk is a structure (telephone, computing and human) intending to welcome and handle all requests from information system users, solve them or have them solved by other entities ("escalation"). A help desk may be located on the site of a company or elsewhere on the service provider's platform.

The use of such specialized structures is becoming common in large organizations: complete tracking of the business, quality, professional response times, etc.

Set up in 1994 at the right time to market and backed by the technical skills of NEURONES, the business help desk grew briskly and by April 2002 had a staff of about 400.

Setting up a help desk is a major project requiring heavy commitment of project leaders (there are fifteen help desk project leaders in the group specialized by market software: Remedy, Peregrine, Staff & Line, Network Associates, etc.). Once the help desk is up and running, the professional attitude of the support technicians in answering the phone is as important as their technical knowledge. Our employees are regularly trained in client service techniques.

Since 1995, clients can consult data bases listing incidents in real time on specialized Extranets. This faculty sets us apart from the competition once again.

The group also provides a hot-line for editors and constructors, the relative proportion of this business is declining (13 % of revenues in 2001). The purpose of the hot-line is to welcome, diagnose, solve or escalate an incident for a given software or equipment.

Help desk teams are involved in all group outsourcing projects.

Thanks to these infrastructures, the help desk naturally developed more complex offers notably: SAP support (world leader in integrated management software packages) now in subsidiary form, sales force support after assimilation of the main market software packages (medical world: Cegedim, Dendrite, etc.).

Finally, our consulting teams set up a value added help desk specialized to the call center market, with or without CTC (Coupling Telephony Computing). In this case, our services are deliberately limited to consulting and integration but not to the actual running of the call centers. Call centers are structures (buildings, phone system, computer system, etc.) intended to receive phone calls. The NEURONES help desk subsidiary handles the call center aspect of NEURONES CRM (Customer Relationship Management) offers, the rest of the offer is dealt with by the group application development entity.

Key figures

(in millions of euros)	2000	2001	01/00
Revenues	15.2	20.1	+ 32 %

Examples of typical assignments

- Consulting upstream: HSBC (3,000 users). Help desk on the client site: case of a corporation head office. Traditionally, from 1,000 to 3,000 users in a head office or several sites. Handling of all incidents encountered by the user (network, printing, profession office automation applications, etc.). Examples: LVMH, St-Gobain, TotalFinaElf, AbnAmro, City of Boulogne, etc.
- Platform help desk: case of organizations with numerous sites throughout France. From 1,000 to 10,000 users. Examples: Orange, Bouygues BTP Structis (Challenger and 35 sites), Sita, Suez, etc.
- Integration of technologies for value added front office call centers: Accenture, Lyreco. Consulting in GRC: Velux.

1.3.3.2. Consulting and development of the Internet application

As of 1996, NEURONES felt the need to join up with a consulting and application development business when finding that the rapid diffusion of Internet was leading to a rising imbrication of technical system and application skills. To have a pertinent technical opinion on these projects requires a good-sized application development department.

That is how the application development business came into being in new technologies, now structured in four large domains:

- consulting (including transversally: Knowledge Management problems),
- e-Solutions: Intranets, Extranets, gateway sites, web integration projects: Websphere, .Net, groupware,
- BI-Solutions (Business Intelligence): datawarehouses, decision support, queries, etc.
- IT-Solutions: data bases, client/server (C++, SQL...), EAI approach.

With an information system culture, the specialized group entity only marginally developed its offer in e-business sites disconnected from production data bases. There were no web designers in the teams and the graphics part of the work was sub-contracted and not integrated. As there were no start-ups among the clients, the group was not affected by the collapse of the dotcoms market and the explosion of the Internet bubble in 2000.

Conversely, for corporate customers, this entity was solicited for numerous web integration projects: universal Internet client interface connected via an application server to production data bases. The businesses Websphere of IBM and Microsoft.net took off in 2001.

Furthermore, it deals with the Internet stages of the group CRM offer and hosts in partnership with UUnet. Run by former staff of consulting firms, it is developing solid expertise in stages upstream of projects.

Finally, although the vocation is not to become an editor, it has developed reusable software block mainly in the context of groupware offer.

Key figures

(in millions of euros)	2000	2001	01/00
Revenues	5.6	7.1	+ 27 %

Examples of typical assignments

- Consulting: KM: Medef , AG2R, Telecom Developpement, Renault.
- E-Solutions Intranets/Extranets/groupware/web-integration: Carrefour, Group Envergure.
- BI-Solutions (decision support business intelligence): Cogema, Suez, Noos, Paris City Hall.
- IT-Solutions: Bouygues.

1.3.3.3. Outsourcing of ERP

This business was set up in 2000 from scratch. NEURONES found that numerous corporate customers, especially clients of the help desk business who started production of one or more ERP modules (Enterprise Resource Planning –Integrated Management Software Packages), had major concerns of post-implementation and an ill-satisfied support need.

NEURONES provides three types of service:

- support for assimilation and ERP in place (documentation, training, help desk, processing start-up problems),
- management of changes for the ERP solution in place (new versions, new modules, reworking, roll-out),
- third-party maintenance of applications (TMA).

We expect this business will expand fast.

Key figures

(in millions of euros)	2000	2001	01/00
Revenues	0.4	0.7	+ 75 %

Knowledge was set up in 2000.

Examples of typical assignments

- SAP support along with workstation support: LVMH Wines and Spirits, Perfumes and Cosmetics, Etablissement Français du Sang (EFS).
- Second-level maintenance for some group clients with SAP in production and formalizing of the documentary base (FAQ, etc.): St Gobain.
- Documentation and user training for SAP 3 4.0: Grohe.
- Processing of post-start-up problems for some modules: Unedic, Sanofi Synthélabo.

1.3.3.4. ERP integration

At the outset of 2002, NEURONES took a majority stake in an ERP integrator that made revenues of approximately 2.5 million euros in 2001. This organization is run by two former "big five" employees. This merger gives the group further access to the ERP market. There are a substantial number of additional revenue-producing synergies expected from these two ERP entities.

Consultants of the ERP integrator are exclusively functional contrary to consultants in the ERP support entity who are technical.

1.3.3.5. Computer security

The security market developed as information systems became more widespread making them more fragile: message systems, systematic opening to Internet, interconnections between a company, clients and suppliers, generalized remote access from computers or portable terminals (nomad workers, access from home, etc.).

The security business covers the following assignments:

- qualification: audit and intrusion tests,
- consulting: definition of policies and security plans, assistance to the contracting authority,
- development and integration of solutions: virus protection, content control, data protection, access management, identification, authentication and confidentiality,
- outsourcing security: administration, hosting, support and maintenance,
- training,
- technological watch.

It uses the following technologies especially:

- authentication/access control: PKI instead of passwords, electronic signature, SSO (Single Sign On) replacing passwords,
- integrity/confidentiality/availability: encryption, VPN.

What is more the group security entity developed numerous open source environment intranets as a second line of business. The group maintains a technological watch making a permanent comparison between state of the art developments on conventional architecture and open source developments.

To ensure the technological watch, a secure intranet ("Citadelle") is available to clients. The latter will find there all known weaknesses and their corresponding remedies, and an exchange forum guaranteeing an answer within eight hours. This offer already includes several tens of corporate customers clients subscribing by the year.

Key figures

(in millions of euros)	2000	2001	01/00
Revenues	1.5	2.1	+ 40 %

Examples of typical assignments

- e-RAR: development of a complete technical platform enabling exchange of e-mails with acknowledgement of receipt certificates.
- Confidentiality commitments made by the group for audit security and intrusion test assignments prohibits us mentioning the names of companies concerned.

1.3.3.6. Training for new technologies

This business covers sessions of training, consulting for the design of training plans (training engineering, orchestration of training plans), training programs, distance learning, training using Internet tools ("e-learning").

NEURONES training centers are naturally specialized in customized training for deployment projects (specific supports to training courses, planning management, synchronization with deployment, etc.).

In 2001, group training centers provided about 44,000 trainee training days. Offering 4,400 trainee training days for the group, i.e. most of the NEURONES in-service training plans. In other words, business achieved on behalf of the group alone accounts for approximately one tenth of the business of our training centers.

In the last three years, given the chronic scarcity of computer engineers, NEURONES developed training courses of several months. These courses concern either new, non-computer engineers or central site engineers in the framework of their reconversion to distributed environments. These businesses are in decline since September 2001.

Like the marketing and communication budgets, training budgets are sensitive to the general economy.

Key figures

(in millions of euros)	2000	2001	01/00
Revenues	6.9	7.2	+ 4 %

1.4. Partners

A policy of impartial prescription

For 17 years now, NEURONES has remained strictly independent of all editors, service company or constructor so as to provide clients complete impartiality, an essential factor in working with companies to acquire their confidence over the long-term.

Principal partners and certifications

This does not stop NEURONES from being recognized as a technological partner in the various professions exercised by the group, often for a large number of years.

System and network integration: Microsoft Certified Partner - Lotus Business Partner Premium - Novell Business Expert - Cisco Pro Premier Reseller - Citrix Gold Partner - EMC - Value Added System Integrator - HP Partner Commercial - IBM Partner Commercial - Compaq Pro Reseller Integrator - Oracle - Sun Microsystems.

Groupware: Lotus Notes - Microsoft Exchange.

ERP, CRM, management of sales forces: SAP - Siebel - Vantive - Clarify - Cegedim-Dendrite.

Decision support: Business Objects - Brio Technology - Cognos - Informatica.

Internet consulting and development, I*net and e-business: WebSphere, Site Server, Microsoft.Net, Visual Interdev, Ariba.

Client/Server: Oracle - Delphi - Microsoft Visual Basic.

Help desk: Peregrine-Remedy - eGain - Omnicontact - Rialto.

Telephony: Nortel Networks - Alcatel.

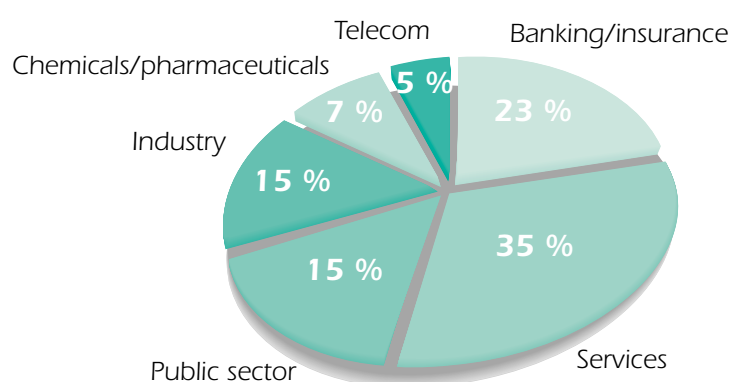
CTI: Genesys.

Training: Microsoft Certified Technical Education Center - Lotus Authorized Education Center - Novell Authorized Education Center - NetG Authorised Channel Partner - Vue Authorized Testing Center - GTS Partner - Caldera Authorized Education Center - Caliber Global Learning Alliance - Igeneration.

1.5. Clients

The NEURONES client base is made up of large and medium-size organizations (more than 200 workstations). NEURONES accomplished intermediate projects on their behalf (up to 3 million euros a year).

Breakdown of group 2001 revenues by sector is as follows:



Contribution of the 20, 10 and 5 foremost clients to group revenues is:

	1999	2000	2001
20 foremost clients			
In value	17.2 M€	28.2 M€	35.6 M€
As % of revenue	28.6	39	41.4
10 foremost clients			
In value	11.9 M€	20.4 M€	23 M€
As % of revenue	19.7	28	26.9
5 foremost clients			
In value	7.7 M€	13.8 M€	14.5 M€
As % of revenue	12.8	19	16.9

In 2001 as in 2000, the main client represented 4.5 % of revenues and NEURONES invoiced more than 2,000 clients.

In 2001, the 20 foremost NEURONES clients in alphabetical order: Axa, Assedic, BNP-Paribas, Crédit Agricole, Crédit Lyonnais, group Bouygues, CEA, France Telecom, Generali, LVMH, RFF, Saint Gobain, Sodexho, Société Générale, Suez, Thales, Toshiba, TPS, TotalFinaElf, Vivendi Environment.

Five of them appear in the list for the first time this year (CEA, Generali, LVMH, RFF and TPS).

1.6. Organization

Operational organization chart

NEURONES has its head office in Nanterre (92 – Hauts-de-Seine) with 6,950 m² of the total 8,000 m² used by the group. The other locations are:

- a training center in the 8e arrondissement of Paris,
- a help desk in Ivry,
- a sales branch in Lille,
- premises on rue du Faubourg Saint Honoré in Paris where AS International has its head office.

The following functions are centralized:

- group management,
- human resources division,
- group marketing and communication,
- financial division (finance, consolidation, management control, legal),
- quality division,
- outsourcing and major projects task-force.

Operational subsidiaries ensure the following functions:

- management,
- marketing,
- sales,
- production service (allocation of teams, drafting and follow-up of contracts),
- HR relays,
- quality correspondent,
- accounting and management,
- computing and general means.

The group is built around profit centers with a very broad autonomy with central functions reduced to a minimum. The group has a brand policy, each subsidiary communicates on its profession in its own name.

Overall coherence is guaranteed by the information system: sales and human resources.

The sales business (accounts, contacts, business underway, actions) is tracked in an internal common information system. A task-force group organizes solutions for projects involving several entities (approximately 20 % of projects) and implementation of services.

All HR relays and group HRD share a pooled information system:

- "CV-library" managing all candidates encountered by the group during recruiting interviews and tracking of candidatures,
- ADP GSI's Zadig manages all personnel files of group employees.

The management committee is made up of 14 executive staff, either shareholders of the company they manage or have created, or with stock-options, or both.

Technical organization

The technical divisions are spread among the subsidiaries, profession by profession. Only the “task-force” studies outsourcing projects at group level. Each subsidiary manages its technical knowledge in its Intranets, which always include a technical part. A group portal completes the system.

Formal meetings (“the Technological College”) among the profession technical divisions are organized to deal with transverse themes.

For projects involving several professions, technical project managers meet in the context of quality procedures: during the precontractual stage, review of the offer and the contract.

Sales organization

The NEURONES sales organization consists of two levels:

- the profession sales forces spread among the entities, profession by profession. Sales engineers are specialized by type of service and sector of client business,
- for the main corporate customers and as a complement, a central team at NEURONES level. In this team, the person in overall charge of the account coordinates the actions of the sales engineers from the various entities. He also ensures reporting of the business according to the frequency desired.

While employees of the profession sales forces are in the majority, the central team is expanding steadily and in a practical manner.

To ensure coherence of the client approach and to make the most of its commercial experience, sales forces have a common commercial management business base. This internal tool - “Prospector” under Oracle, makes it possible to allocate several sales engineers (one per profession) to the same account. It automates commercial business reports.

For reasons of independence, NEURONES has always refused to follow in the steps of a major constructor or editor. As a result of having to count on its own sales forces, the group has developed a strong culture in this domain. NEURONES very rarely works in a sub-contracting role for a peer company.

Marketing and communication organization

The marketing and communication service depends on general management. This team designs and implements operational marketing for the sales force and marketing of group reputation and image for the long term. It covers both external communications (clients, recruiting and investors) and internal communications.

NEURONES shares its marketing and communication budget (stable at approximately 1 % of revenues per year) on various actions and does not take part in any big event or sponsoring of sports, boat races, etc., nor in institutional communications (in the press, bill-boards, radio, television, etc..)

Administrative and financial organization

Centralized functions are:

- cost control,
- budget procedure,
- monthly consolidation,
- consideration to expansion projects,
- the legal function in liaison with group consultants.

Each subsidiary deals with its own accounts and manages its working capital requirement.

Internal control

Internal control at NEURONES is based on two processes:

- the forecast process: annual budget in November and December for year N-1, new forecast in September of year N,
- the work monitoring process: monthly financial reporting (situation consolidated at the end of the month available the 20th of the following month) with complete application each month of consolidation rules. In addition, operational business is tracked by a management reporting of changes in employees and physical indicators by profession (number of applications received, occupancy rate, etc.).

Furthermore, NEURONES has a regularly enhanced "group management rules" manual listing management procedures and rules applicable for all subsidiaries.

Human resources organization

Transversally, the Human resources division provides the following key functions for all technical employees:

- allocation of employees to departments (centralization of requests for resources, allocation of available resources),
- management of training plans for the technical workforce (8 % of the pay package with 90 % of training in our own training centers and certification tests for Unix, Cisco, Sun, Nortel, Microsoft, Citrix, Lotus, Novell, etc.),
- management of medium term evolution and changes among departments,
- recruiting (Internet, ads in the press, fairs and leading engineering schools, etc.).

Quality approach

NEURONES embarked on the ISO 9001 certification process (version 2000) and for each of its professions it already has:

- a quality manual,
- a series of formalized procedures.

The quality system is being installed in the NT outsourcing entity and workstations. Historic of quality management reporting are being formed. The group reckons on certification in this entity before the end of 2002.

The quality approach has already simplified and secured the following processes:

- recruiting,
- management of the training plan,
- choice of sub-contracting service providers,
- pre contractual stage ("go/no go" procedures, bid review, contract review),
- measuring of client satisfaction on completion of the service.

Information systems

The NEURONES information system relies on the following main software tools:

- management of group prospection: "Prospector" under Oracle (internal development),
- planning: internal tools under Notes,
- entry of time/production for the month: internal tools under Oracle and Notes or software packages specialized per entity,
- commercial and accounting management: Sage software package,
- consolidation: Concept Agresso,
- management of candidatures and the recruiting cycle: "CV-thèque" (internal development under Notes),
- human resources management: standard Zadis software package from ADP GSI.

1.7. Human resources

An active recruiting policy

Since 1995, NEURONES has a structured HRD along the lines of the major audit and consulting firms. The recruiting procedures subject to quality assurance provide for:

- technical multiple choice questionnaires by speciality,
- at least one technical interview,
- at least one personality interview.

The entire recruiting process is tracked with a groupware tool ("CV-thèque"). This system enables monitoring over time of the degree of selectivity of group recruiting (on average one person recruited for 25 candidates). With our rationalized procedures, albeit with a constant concern for respect of the candidate, 14,000 candidatures were processed in 2001. By 1 January 2002, our "CV-thèque" had more than 44,000 CVs on file.

NEURONES, is among the leading fifty French IT companies, in fifteenth place for the profession in terms of recruiting, with 550 people recruited in 2001.

Almost 300 executives and employees have stock-options (November 1999, July 2000 and July 2001 plans).

Remember that one of the main objectives in floating the company on the market was to ensure liquidity of stock-options thereby making executives faithful to the group.

The career development plan

The following measures were implemented to enhance mobility:

- personnel files and especially annual evaluations are recorded in a computing system (Zadig Hypervision) consulted selectively by the HR departments and authorized managers,
- the group has set subsidiary managers internal mobility objectives for their employees.

Constant and original in-house training

The presence in the group of a training business, France's fifth computer training company with revenues of 7.2 million euros in 2001, is an important factor. 90 % of the group training plan (more than 7,000 days in 2001) takes place in our own classrooms: simplified registration/cancellation procedures, availability of course supports, in-house certification (the group is certified as an exam and technical certification center by organizations like Drake). NEURONES encourages staff to sit the exams and validating certifications.

Training accounts for 8 % of the payroll. This percentage is that much more surprising as:

- the cost of training is based on an inter-group price and not that of the market,
- group personnel is young (29 years) and already well-trained in new technologies before joining the group.

The "NEURONES masters"

The group training entity has developed training programs for young, non-IT trained engineers and central site engineers from IT peer companies, who wish to reconvert to distributed environments.

Training plans in prime contracting for our project leaders

The ability to ensure prime contracting is a key factor in large projects and outsourcing assignments.

A specific training plan is prepared each year with top-level trainers from outside the group and some highly experienced in-house project managers. The aim of this plan is to train our future project managers, used to the technical aspects, in project management and challenges of prime contracting. This program trained thirty or so project managers in 2001 as in 2000.

Internal communications: group Intranets

Each subsidiary profession has its own Intranet, the group has a portal site. There are many non-technical games available - necessary to the life of any IT services company but not always sufficient.

Average age: 29 years old

As the group came into being just when distributed computing and new technologies were developing, hence its absence in central site computing and proprietary system businesses, the average age of employees (29) is not very old.

Changes in numbers of employees and turnover

	1996	1997	1998	1999	2000	2001
Employees at year-end	200	275	506	778	993	1,190

After a steady rise over three quarters, the number of employees stabilized as of 1 October:

- slower demand,
- cut in recruiting without ending test periods underway,
- sharp drop in turnover.

Similarly, the job market calmed and the pay policy was more moderate from that time on.

In 2001, turnover (the number of departures during the year compared with the average number of employees in the year) settled between 15 % and 19 % according to the sector after a turbulent 2000. Remember that all our businesses are in the region of Paris where turnover is traditionally much higher than in other regions of France.

Turnover was down hard as of the last quarter of 2001 (average for the first three quarters: 22 %, last quarter 2001 and first quarter of 2002: 13 %).

The breakdown of departures by destination is as follows: 70 % of people leave to corporate customer users, 10 % to the provinces or abroad and 20 % to constructors, editors and sister IT companies.

1.8. Brands and patents - Industrial and intellectual property

Software

The group owns:

- all software used in "e-payment", secure payment range on Internet integrated in the Payline range sold by Experian,
- software e-business bricks "e-shop",
- trade management software under Oracle "Prospector",
- candidature management software under Notes "CV-thèque".

Patents

In compliance with the law, software cannot be patented as such, there are no patent license contracts.

Brands

The group owns the brands used for the commercial denomination of its entities, as it does those used for its ranges.

1.9. Investment policy

Investments are decided and managed by the group management Committee. The investment plan (mainly renewal investments) amounts to 0.8 to 1 million euros a year:

(in € thousands)	1999 actual	2000 actual	2001 actual	2002 forecast
Fittings	228	218	258	150
Transport equipment	104	102	162	100
Computer equipment and telephony	465	453	494	500
Software	152	52	133	150
TOTAL	949	825	1 047	900

Every year it is almost the same as for depreciation expenses. In 2001, the investment plan was financed by free cash from the various NEURONES entities without calling on medium-term credit.

The group rents all premises that it uses (as of 1 January 2002, approximately: 8,000 m² in all, with 6,950 m² in Nanterre, 400 m² in Ivry, 350 m² boulevard Haussmann Paris 8e, 250 m² rue du Faubourg-Saint-Honoré Paris 8e, 50 m² in Lille) from external owners with no links to NEURONES managers.

Research and development

Research and development investments are not centralized at group level but scheduled and applied by individual subsidiaries. Days spent in technological watch and research and development are not immobilized on the balance sheet.

Financial investments

The group has no stake in an unconsolidated company, except for a 4 % investment in Réseau Aredia sarl, a network of independent companies covering the whole of France for its system and network integration business.

1.10. Insurance policies

The main insurance policies of NEURONES cover the entire group for the following risks:

- professional civil liability: 1.5 million euros (material damage and pure financial loss),
- operational civil liability: 7.5 million euros,
- loss (theft/fire) with operational loss: 15 million euros of gross margin with a contractual indemnity limit of 3.8 million euros,
- client credit insurance (except for entities providing recurring services for which NEURONES reckons a halt to these services is sufficient coverage),
- directors' insurance.

1.11 Subcontracting

Subcontracting upstream

NEURONES generates a very small part of its revenues (in the region of 1 %) as sub-contractor to a constructor, editor or peer company.

Subcontracting downstream

NEURONES occasionally calls on independent sub-contractors integrated in project teams. NEURONES does not outsource projects, either partially, or completely, to others. Calling on independents is very concentrated in two businesses: training and Unix and DBMS production engineering.

In 2001, the amount of subcontracting purchases amounted to 8.7 % of group revenues.

1.12. Competition

NEURONES is in competition on its markets with all IT companies doing business related to new technologies and distributed environments. Consequently, the group thinks that, above all, it is dealing with competition by profession rather than global rivals.

System and network integration: the market is largely disputed by divisions of large IT companies, constructor divisions (IBM, HP, Compaq, Unisys) and dedicated companies of various sizes (remote network integrators uniquely, for example).

Outsourcing of distributed environments: in view of the cost of entering this profession, the group is up against only a dozen players who are, either global infomanagers like IBM Global Services, EDS, Cap Gemini-Ernst & Young, Atos-Origin and Sema, or infomanagers specialized in distributed computing like Steria, CS-SI, Eurware or Thalès-SI (ex-Syseca).

Help desk: the specialist entity of the group, leader on its market, is primarily in competition with infomanager help desks or company in-house solutions.

ERP Integration and Outsourcing: in integration, competitors are mainly the big five or specialized divisions of large IT companies (IBM, EDS, CGEY, etc.). TMA and training are relatively well covered, whereas support seems less so and poised to develop hard.

Internet application development: specialist competitors like Micropole-Univers, Business and Decision, Coheris or divisions of large IT companies such as Cap Gemini-Ernst & Young, Unilog, GFI.

Security computing: in this young profession, players are still very fragmented.

Training: the dedicated NEURONES subsidiary is among the leading five players specialized in computer training in France with Cegos, Azlan, GKN and Learning Tree (apart from the training divisions of constructors, editors or IT companies).

1.13. Risk factors

Risks related to recruiting and keeping personnel

The group cannot guarantee it has the capacity to recruit and retain engineers and technicians required to achieve its ambitious objectives.

Despite a turnover that is high for the Paris region, the capacity of NEURONES to recruit has been sufficient to date without lowering its recruiting standards.

Risks related to competition

The information technology market presents few entry barriers likely to stop the arrival of newcomers, which can be a threat for some businesses in the group.

The businesses the least threatened are:

- the help desk: barrier due to the investment on entry,
- outsourcing: barrier due to the necessary size to have all the skills (prime contracting, help desk, technical systems and networks expertise, ability to assign sizeable teams) and to the fact that the sales cycle is long.

Technological risks

Markets where NEURONES operates typically change very rapidly technologically-speaking, with changes in industrial standards, arrival of new competitors and frequent appearance of new services, softwares and other products. The future success of the group will depend partially on its ability to adapt its offer without delay to satisfy changing needs of clients at the lowest possible price.

Client risks

The group's main client has never accounted for more than 5 % of revenues. The majority of sales derive from corporate customers. The risk of such a client defaulting on payment is consequently relatively low.

Risks related to non respect of an obligation of result

Since the beginning, NEURONES operates part of its business in the form of fixed price contracts, which means an obligation of result:

	Syst. and networks Integration	Outsourcing	Help desk	Internet Dev.	Internet Security	ERP Integration	ERP Support	Training
Time spent	30 %	70 %	100 %	70 %	90 %	20 %	90 %	100 %
Fixed price	70 %	30 %	0 %	30 %	10 %	80 %	10 %	0 %

The risk of not respecting an obligation of result is very small as it is analyzed permanently:

a) During the stage prior to sale

Technically-speaking, the answer to client tenders is validated by 2 or 3 people (depending on the size of the project) during bid reviews.

Legally speaking, standard group contracts are used whenever possible. If the client imposes a contract model, it is discussed and validated by the group's legal advisers.

Economically speaking, contractual commitments do not exceed 0.5 million euros of services per contract. Licenses and equipment underway are ensured by Euler-SFAC.

b) During project application

The project team scrupulously follows quality control stages. Project progress is recorded in the NEURONES information system every month by the project manager and his immediate boss. Any discrepancy with forecasts is instantly detected. Systematic audits are run by the person in charge of quality to find potential problems. Finally, a risk committee, made up of the person in charge of quality, staff from general management, administrative and financial management and control management meets regularly to analyze risks incurred in all projects. By its reactivity, the rapidity of corrective actions and their tracking, this committee allows rapid control of a situation.

Overall, although you cannot eliminate the risk of fixed price projects going awry, experience shows that it is limited:

- the group has never lost a client due to non respect of an obligation of result,
- in case of an accident, NEURONES is covered by legal and professional liability insurance policies.

Risks related to acquisition operations

In future acquisition operations, NEURONES will select medium-size enterprises whose teams can be integrated in the group. In all instances, managers will share a culture similar to that of current managers, enabling their entities to remain autonomous yet creating synergies with other group companies. Special attention will be applied so that owners and managing or key executives moving over to NEURONES find financial motivation comparable to their previous situation.

Foreign exchange and rate risks

Group operations in foreign currency are for the present quite rare. As a result, the foreign exchange risk is insignificant.

The group has no net debt and tends to use its excess cash for acquisitions. Consequently, the rate risk is actually relatively low.

Risks related to investments and debt

NEURONES excess cash is invested in cash instruments with remuneration very similar to the money market. It has never been invested in equity or bond base supports. NEURONES has never, for the time being, owned its own securities.

In the past, medium-term credits arranged were always on a fixed rate basis. Given its situation of excess cash, NEURONES does not have an average rate of cost of debt.

Off balance sheet commitments

NEURONES off balance sheet commitments are as follows:

- complements of target purchase prices dependent on net profit of 2002 and subsequent years. As of 31 December 2001, the maximum amount of price complements to be potentially paid amounted to 450,000 euros. That is well below the net profits that conditioned the price complements in question,
- office rentals: traditional commercial leases of 3, 6, 9 years,
- maintenance rentals and contracts relating to standard office equipment (photocopier maintenance over 3 years, etc.).

NEURONES has no other off balance sheet commitment (not matured discounted notes, conditional commitments, financial guarantees, conveyance, etc.).

Exceptional facts, litigation and cases underway

To the knowledge of NEURONES, there is no exceptional fact or litigation in the recent past likely to have or have had significant negative incidence on the business, assets or financial standing of the group.

1.14. Strategy and development

Development strategy

To keep a step ahead of the market in its domain, NEURONES deploys a strategy operating on the following principles:

- **profit from the groundswell of outsourcing services related to distributed computing (more generally to infrastructures). Acquire a leading position in distributed computing. Increase the number of renewed contracts:** the group has the necessary means to work with its clients in the framework of increasingly elaborate contractual forms:
 - simple technical support,
 - service contracts with invoicing per unit,
 - finally, outsourcing contracts over several years with invoicing by workstation.

Development and investment are aimed at increasing the rate of outsourcing contracts over several years.

The key factors of success and choice of service providers for such contracts are:

- capacity of the service provider to provide prime contracting,
- technical and organizational skills in network management (typical supervision stations, remote distribution, etc.),
- help desk expertise,
- capacity to allocate resources rapidly to work alongside the client;

- **investing the e-Services sector. Participate in its consolidation:** "Internetting" of information systems is the heavy trend. All related service businesses will experience higher than average service growth in the next five years;

- **broadening relations with corporate customers:** NEURONES believes that offering a high quality service is essential in the building of relations with existing clients. NEURONES currently works with only approximately 200 clients of the 600 or more French corporate customers. The group reckons that there is a deep reserve for growth in the very corporate customers who will be targeted more methodically. The size of central teams in charge of overall relations with corporate customers is increasing regularly;
- **welcoming original start-ups within the group as regards services:** organization of the group in autonomous profit centers, with their own operating accounts and means, gave NEURONES practice in dealing with associate entrepreneurs. NEURONES provides the means, commercial structure and experience in service start-ups in support to their specific know-how. So long as one respects the personality and strengths of these firms, the marriage of two cultures has so far proved to be very promising;
- **participating in restructuring of the IT company sector:** NEURONES is a serious candidate for the inevitable restructuring of the sector that has already started. NEURONES acquisition criteria are as follows:
 - profitable companies,
 - constant management,
 - operations that boost EPS;
- **expansion by geographic coverage (regions, international):** to achieve critical mass, NEURONES has so far concentrated its energies on professions. The group remained in Paris and the surrounding region, neglecting other geographic zones that are potential sources of growth. NEURONES is now ready as a function of the opportunities and client demands to develop its professions in a selective manner elsewhere in France and abroad.

Permanent principles

Apart from these strategic points of development, NEURONES relies on the following permanent principles that correspond, according to the management, to fundamental demand of corporate customer clients and guarantee group presence on the market for the medium and long term:

- **recruiting, training and encouraging top-level consultants with special emphasis on the ability for project prime contracting:** NEURONES is looking to recruit the most qualified consultants offering them a rich and dynamic environment and culture, a handsome pay package and promising career possibilities. The group offers them the opportunity to accelerate their professional development by working on real prime contracting tasks in complex projects;
- **maintaining sufficient fixed-price teams:** the natural tendency leads all IT companies to prefer service offers in consulting and expertise form (invoicing for time spent and engineers generally on the client site for long periods) compared with turnkey service project offers.

Given increasing environmental complexity, NEURONES finds that numerous complementary technical experts need to be gathered to give a pertinent opinion on a client project.

Group managers are convinced that long-term presence on the market involves providing a pertinent and rapid technical solution to increasingly complex problems. To do that, it is essential to maintain and retain a strong technical kernel of expert engineers working uniquely on fixed-price projects, otherwise it is not feasible to ensure real project prime contracting. This group also allows for a profound technical link among teams, in addition to the necessary tools of knowledge management, Intranets and other formal and transverse technical meetings;

- **maintain under quality assurance the two basic processes for the consulting and fixed price professions:** recruiting and precontractual stage in response to client projects: to control future growth, NEURONES regularly develops its organization and infrastructures, HRD, financial and legal departments, quality division, information systems, all in a flexible manner.

Beyond, NEURONES considers it fundamental for firm control of growth to master the following two processes under quality assurance since 1996. The group has installed the necessary systems and tools for complete tracking of them both:

- recruiting: 14,000 candidatures received in 2001, mandatory multiple choice questions, mandatory personal interview, management of candidatures using the "CV-library" tool,
- the precontractual stage in response to client demand: "go/no go" procedures with evaluation of risks, mandatory formalized detail of the service, systematic allocation of a single person in charge for all replies to a client demand.

1.15. Recent developments and prospects

Financial 2001 saw strong internal growth in the first three quarters (+ 30 % in services) and a slower final quarter (+ 15 % in services):

(in millions of euros)	Q1	Q2	Q3	Q4	Total
Services revenues	18.6	19.2	18.3	20.2	76.3
% 01/00 (like-for-like)	+ 30 %	+ 30 %	+ 27.6 %	+ 14.5 %	+ 24.9 %
Licenses and equipment revenues	2.6	2.2	2.0	2.8	9.6
Total revenues					85.9

Despite the poorer economy in the fourth quarter 2001, NEURONES maintained its operating margin:

	Q1	Q2	Q3	Q4	2001
Operating margin	9.4 %	9.6 %	9.4 %	9.6 %	9.6 %

Recent developments

For the first quarter 2002 and in a slack market, consolidated revenues rose 6 % to 22.5 million euros (21.2 million euros in 2001). Like-for-like, growth works out at 5 %.

The services business, that now account for 85 % of total business (compared with 15 % for sales of software and equipment), climbed 3 % in that period (+ 2 % like-for-like).

The group demonstrated flexibility and adaptability to generate operating margin (after profit-sharing) of more than 8 % of revenues (non audited figure).

In the first four months of 2002, average turnover amounts to 13 %, a record low. The number of group employees was stable during that time.

On 1 March 2002, NEURONES acquired 70 % capital control of a company specialized in ERP integration. The operation had an immediate relative effect. The company is based in the Paris region and makes revenues of approximately 2.5 million euros a year. Its business (functional consultants specialized in integration) is complementary to that of the group entity specialized in ERP support (technical consultants specialized in ERP outsourcing). Commercial synergies will be exploited.

Published first quarter revenues of the major IT companies confirmed that the computer services market was stable in the first quarter of 2002 compared with 2001: + 0.3 % (Les Echos of 25 April). Economists who saw 8 % growth in the market for 2002, now reckon on 4 or 5 % (PAC Les Echos of 25 April).

At the end of April, NEURONES felt no significant start-up to the business. Given the very low turnover, the recruiting plan was revised sharply down (300 instead of 550).

In 2001, rates of business were as follows:

	Rate of business 2001 (*)
Integration	65 %
Outsourcing NT workstations	91 %
Outsourcing Unix, data bases	95 %
e-Services	Non significant

(*) For technical production employees: ratio between days invoiced for a period and all days paid in that same period (paid holidays excluded).

For integration businesses where fixed price projects are many, daily sales prices include time spent before sales, technological watch and training time on software and equipment.

The rate of 65 % is substantially higher than 2000 with 55 % and is not directly comparable with outsourcing businesses.

For outsourcing businesses, non-invoiced days correspond to "inter-contract" days.

Finally, for e-services, the occupancy rate is not significant. In fact, it must be analyzed in addition to productivity indicators (number of calls processed by technicians on the help desk for example) and rate of classroom filling (number of trainees per room, number of rooms used for training for example) to explain use of technical resources coherently.

For the first four months of 2002, the rate of business was identical to the average in 2001 (integration 65 %, NT station outsourcing 91 %, Unix outsourcing, data bases 95 %).

Forecasts 2002

NEURONES forecasts for 2002 are as follows:

- internal growth of at least 1.0 % of revenues,
- constant rate of operating profit at 9.6 % of revenues.

The following scenarios are retained to forecast 2002 operating profit:

- 35 hour working-week effect: as of 2001 and until the end of 2004, NEURONES will see the URSSAF aid drop each year by 152 euros per year and per employee (1,520 euros per year and per employee in 2000 ; 914 euros in 2004, no more aid as of 1 January 2005). This reduction is included in forecasts,
- employee profit-sharing calculated according to the rules in force,
- stable tangible investments: 0.9 million euros in 2002.

Furthermore, net attributable profit is expected to remain as it was in 2001 in relation to operating profit after the following two effects:

- lower remuneration of excess cash: a rate of 3.5 % is estimated for 2002,
- lower rate of corporate tax 2002 at 34.33 %.

2. Financial performance

2.1. Board of Directors report to the General Meeting on 27 June 2002

Combined general meeting of Thursday 27 June 2002 Board of directors report

Dear Shareholders,

We are gathered in the combined general meeting in compliance with legal and statutory regulations to inform you of our group's business in the past financial year, submit for your approval the annual and consolidated accounts for the financial year ending 31 December 2001, to inform you of future prospects and, finally, to ask you to approve modifications to the by-laws necessary for the application of the NRE law dated 15 May 2001.

Consolidated accounts

Remarks on group business in 2001

In 2001, the French computer services market grew by 13 % or so (source Syntec) on a weaker economy in the last quarter of the year.

In this context, NEURONES achieved global organic growth of + 16 %, including + 25 % for the "services" business and - 25 % for the "sale of licenses and equipment" business.

Organic growth of the "services" business, representing 89 % total group revenues at the end of 2001, amounted to + 30 % in the first three quarters, and to + 14.5 % in the fourth quarter, placing NEURONES among the most dynamic IT service companies. The decline of revenues from the "sale of licenses and equipment" business, considered as non-strategic for the group, accelerated during 2001 but is expected to stabilize in 2002.

Consolidated revenues rose 30 % to 85.9 million euros compared with 66 million euros in 2000.

Operating profit rose 64 % to 8.2 million euros compared with 5 million euros the previous year and represents 9.6 % of revenues, compared with 7.6 % the previous year. This rate was stable for all four quarters of the year in spite of weaker market growth in the last quarter of 2001. The group managed to adapt its overheads and handle recruiting so as to maintain profitability throughout the year.

Financial income rose from 0.8 million euros to 1.2 million euros despite the fall in the rate of investment returns during 2001. This is the result of investing large sums during the IPO in May 2000 and not yet used, and group capacity to generate cash from its operations.

The corporate tax charge increased to 3.3 million euros, compared with 2.1 million euros the year before. The increase was due to a higher tax base, whereas the rate was down by 1 %. All companies, except Knowledge and Intrinsec (less than 4 % of group revenues for both entities) owe tax.

Net profit after depreciation of goodwill amounts to 5.2 million euros, compared with 3.5 million euros last year, and now represents 6.1 % of consolidated revenues.

Comments on the consolidated financial position

ASSETS

Gross goodwill rose by 0.3 million euros, related to the repurchase of subsidiary shares from minority shareholders and the earn out for the acquisition of AS International. Gross goodwill is depreciated over twenty years, except for goodwill generated on the buyout of minority shares in 2001, amortized over one year due to their insubstantial amount.

Tangible assets rose by 0.2 million euros, investments for the year amounted to 0.9 million euros, mainly corresponding to investments in computer equipment for internal use and company vehicles.

Working capital requirement, excluding variation of corporate tax debt, was stable despite business rising by 30 %. This was mainly due to firm control of the Receivables item. Deferred tax assets mainly correspond to deferred tax on employee profit-sharing.

Cash generated for the year 2001 is higher than net profit, amounting to 7.8 million euros, cash generated by operations amounted to 9.2 million euros. Adjusted for the positive effect of deferred payment of corporate tax, cash generated remains higher than net profit, which is a remarkable performance. Net cash as of 31 December 2001 amounts to 34.4 million euros.

LIABILITIES

Provisions for risks mainly correspond to provisions for operating risks.

Tax and welfare debt, excluding corporate tax, rose substantially, from 10.2 million euros to 13.4 million euros, in proportion to the higher number of employees.

Future prospects

The economists envisage two main hypotheses in preparing business forecasts for French IT service companies in 2002 :

- the first is based on forecast growth of PIB by 1.5 % in 2002. The IT service company sector could then rise by 6 to 8 %,
- the second, provides for an abrupt stabilization of client orders at the beginning of 2002. In this scenario, growth would be zero in the first half, but with a significant recovery expected in the second half. As a result, annual growth of IT service company business would be limited to 3 % to 4 %.

In this context, NEURONES expects double-digit organic growth of the business and the same rate of net profit in 2002 as for 2001.

Acquisitions of shares

During 2001, NEURONES bought the securities of subsidiaries held by founding minority shareholders. NEURONES bought 2 % of BrainSoft and 2 % of Knowledge shares. NEURONES made no other acquisition in 2001.

Subsidiary businesses

Businesses of the NEURONES group are divided into three business units:

- "System and network integration",
- "Outsourcing of distributed environments",
- "e-Services".

NEURONES subsidiaries, their belonging to the various units, and contributions to the main consolidated aggregates in 2001 are summarized below:

(in € thousands)

Unit	Company	Revenues 2001	Operating results 2001	Net profit/loss 2001
Parent company	NEURONES	(2)	(320)	(168)
System and network integration	NEURONES Solutions	16,862	854	578
Outsourcing of distributed environments	SKILLS Consulting	19,008	2,887	1,913
	Sub-group AS International	14,492	2,588	1,723
e-Services	Help-Line	19,239	1,084	562
	BrainSoft	6,996	600	345
	Intrinsec	2,011	(10)	26
	UpGrade	6,588	643	343
	Knowledge	679	(119)	(86)
TOTAL		85,873	8,207	5,236

“System and network integration” business unit

Revenues for the “System and network integration” business unit fell 8.5 % between 2000 and 2001, with 19 million euros in 2001 compared with 20.7 million euros in 2000. Having said that, this decline conceals a change in mix that considerably improved corporate profitability. The sale of software and equipment dropped 28 % to 8.9 million euros compared with 12.5 million euros in 2000, whereas the sale of services rose 22 % to 10 million euros compared with 8.3 million euros the previous year. Operating profit is up sharply to 0.9 million euros. This performance was largely achieved thanks to a cost restructuring and reduction plan that took effect in the second half of 2000. Net profit amounts to 0.5 million euros. 2002 looks promising and should allow for higher returns in this business unit.

“Outsourcing of distributed environments” business unit

Revenues of the company dedicated to “Outsourcing NT networks and workstations” rose 25 % to 21.3 million euros. In 2001, the company achieved to the same level of profitability as in 1999, after a difficult 2000 when the market was frozen in the first half. Operating profit amounts to 3.1 million euros, up 45 %, and net profit amounts to 1.9 million euros, compared with 1.3 million euros the previous year. This subsidiary managed the slowdown well from October onwards. The business occupation rate is down but higher than 90 %. The start of 2002 was not very dynamic (postponements, pressure on prices). Nevertheless, the slowdown in the rate of recruiting at the end of 2001 ensured a similar business occupation rate at the outset of the year as for the fourth quarter of 2001. Recovery is expected for the second half of 2002.

The sub-group AS International, taken over in October 2000, met its targets. Integration in the outsourcing business unit was successfully achieved. The company reports a 33 % rate of growth in revenues. They amount to 14.6 million euros, with operating profit of 2.6 million euros and net profit of 1.7 million euros. Growth prospects are encouraging for 2002.

“e-Services” business unit

The company dedicated to help-desks continued growing a rapid pace of internal growth. Revenues amounted to 19.7 million euros in 2001, compared with 15.3 million euros in 2000, up 29 %. On the opposite, the way profits evolved was disappointing. Operating profit fell 18 % to 1.3 million euros. An action plan to improve returns is underway and is expected to produce results in the second half of 2002. Net profit also dropped 14 % to 0.7 million euros. Business at the beginning of 2002 was good, recurrence is typical of this business segment.

The Internet applications development company achieved its targets in 2001. Revenues rose by 25 %, amounting to 7.1 million euros compared with 5.7 million euros. Operating profit amounted to 0.7 million euros, compared with 0.5 million euros in 2000. Net profit worked out at 0.4 million euros, compared with 0.3 million euros in 2000. On the contrary, 2002 started out on a difficult note and a return to growth is only expected for the second half of 2002.

The company specialized in security had a very good year (revenues up 40 %), with investments in human resources (doubling of staff) and sales. The business occupation rate declined in the second half and the company ended the year with a slight loss of 0.054 million euros.

Revenues of the training business rose 5 % to 7.2 million euros, but fell short of targets and grew weakly compared with 2000 already down on the year before. Returns improved to 0.7 million euros, compared with 0.3 million euros in 2000. Net profit reached 0.3 million euros, compared with 0.2 million euros the previous year. In this business, the start of 2002 was particularly difficult. The CEO was replaced at the beginning of 2002. An action plan was immediately started by his successor.

Finally, the company dedicated to ERP support, set up in 2000, was slower in gathering momentum than forecast. It ended the year on a loss of 0.1 million euros. The offer is promising and we hope to see financial indicators improve this year.

Financial statements – NEURONES S.A.*Comments on NEURONES S.A. business in 2001*

Revenues amounted to 3 million euros, compared with 1.6 million euros the previous year. Revenues come from fees for services to group subsidiaries, and charging back of revenues earned by group companies with corporate customers who listed the parent company as the supplier representing the group, where NEURONES S.A. plays the role of “letter box”.

An operating loss of 332 thousand euros was reported. The net loss amounts to 365 thousand euros, largely due to financial income of 0.9 million euros generated when investing the balance of sums not used after the IPO.

Future prospects

Since 1 January 2000, NEURONES S.A. is a holding company concentrating the functions of general management, human resources, group communication and financial management.

The company balances its operating expenses by charging back its services to various group subsidiaries.

Allocation of profit

We suggest allocating the profit for the year, i.e. 365,155 euros as follows:

- allocation to retained earnings, 365,155 euros, which increase from 29,643,673 euros to 30,008,828 euros.

We also remind you that the company has not paid out dividends in the last three years.

Operations accomplished on behalf of employee stock option subscription

The Extraordinary general meeting of 29 November 1999 approved the NEURONES stock subscription plans, whose specifics are provided below:

Stock purchase warrant plan

The Extraordinary general meeting granted stock purchase warrant to 49 NEURONES S.A employees. These warrants may be exercised as of 29 November 2004 for a period of one year. Holders of warrants, employed by the company at that time, will have the option to subscribe to 476,385 shares with a par value of 0.40 euro, for a subscription price of 3.2 euros. As of 31 December 2001, the maximum number of exercisable warrants corresponds to 428,745 shares, representing 1.88 % of the capital.

Stock option plan (No. 1, No. 2, and No. 3)

At the same time, the Extraordinary general meeting approved that the Board of directors grant stock options for a maximum 964,875 shares (i.e. a maximum 4.23 % of the current capital of 22,771,050 shares), to be issued in one or several times to the benefit of all or part of group employees. This delegation is valid for five years.

Pursuant to this authorization, the Board of director's meeting of 30 November 1999 granted 165,550 options to 19 employees of NEURONES subsidiaries, exercisable as of 29 November 2004, at a price of 3.2 euros. As of 31 December 2001, the maximum number of exercisable options of plan No. 1 amounts to 156,020, representing 0.69 % du capital.

Similarly, the Board of director's meeting of 27 July 2000 granted 304,363 options to 171 employees of NEURONES subsidiaries, exercisable as of 27 July 2005, at a price of 7.5 euros. As of 31 December 2001, the maximum number of exercisable options in plan No. 2 amounts to 220,531, representing 0.97 % of the capital.

Finally, the Board of director's meeting of 11 July 2001 granted 360,210 options to 240 employees of NEURONES subsidiaries, exercisable as of 11 July 2006, at a price of 3.8 euros. As of 31 December 2001, the maximum number of exercisable options in plan No. 3 amounts to 301,210, representing 1.32 % du capital.

In addition, we inform you that the General meeting of the UpGrade Company shareholders, a company wholly-owned by NEURONES, approved on 18 December 1998, that the Board of directors grant UpGrade stock options to company's CEO. He was granted 25,000 options at a price of 15.52 euros. These options expired in January 2002, when the manager of UpGrade was replaced. A similar plan for a further five-year period will take place for his successor.

Renewal of directors mandate

The mandate of directors expired at the end of the Ordinary general meeting to approve accounts as of 31 December 2001, we suggest the General meeting renews their mandates for a year, according to the by-laws.

Authorization for the company to buy its own shares

The company would like to have the possibility of buying its own shares, especially to:

- Intervene in buying and selling depending on market situations,
- Proceed in the sale, exchange or transfer of securities bought depending on opportunities especially in the context of acquisitions,
- Attribute securities bought to employees and/or legal representatives who have been granted options,
- Support the company's market price by systematically counter-acting negative effects on the share's behavior whenever it is listed.

We ask you to authorize the Board of directors and delegate the faculty of implementing share purchasing programs in the context defined below:

- the delegation is valid for 18 months, as of this meeting,
- purchase of shares may be by support on the market or by buying blocks, with no special limit for the acquisition of blocks,
- the maximum purchase price is set at 12 euros, the minimum sale price is set at 4 euros,
- the maximum number of shares likely to be bought by the company is limited to 10 % of the total number of shares in the legal capital, i.e. 2,277,105 shares, representing a maximum purchase amount of 27,325,260 euros,
- this number of shares and capping on share sales and purchases will, if necessary, be adjusted at the time of any financial operations made by the company or on decisions affecting the legal capital,
- this program shall not result in any cancellation of shares.

The Board of directors shall provide shareholders with all information concerning the buying and selling of shares in its report to the annual general meeting.

This authorization replaces that given by the Combined general meeting of 26 June 2001.

Remuneration of directors and list of mandates performed

Mr. Luc de Chamard is Chairman of the NEURONES board of directors. He is also director of UpGrade and Knowledge, both NEURONES subsidiaries.

Mr. Bertrand Ducurtil is Chief executive, director of NEURONES. He is also Chairman of Neurones Solutions, Chairman of Skills Consulting, director of BrainSoft, director of Help-Line, manager of AS Technologies and AS Télécom & Réseaux, all these companies are direct and indirect subsidiaries of the group.

Mr. Ducurtil is also manager of the S.A.R.L. Host, a company not part of the NEURONES group.

Mr. de Catuelan is director of NEURONES. He is also director of S.A. Immopark, manager of FCH participations, director of the company Activités Auto Contrôle S.A. and co-manager of S.A.R.L. Auto Contrôle Voisins. These companies are not part of the NEURONES group.

Mr. Pacquement is director of NEURONES and has no other mandates.

In 2001, Mr. de Chamard was paid a gross annual amount of 156,086 euros, including 6,220 euros in fringe benefits. Mr. Ducurtil was paid a gross sum of 106,714 euros. Messrs. de Catuelan and Pacquement received no payment for their function as directors.

Identity of shareholders

We inform you that Mr. Luc de Chamard owns directly and indirectly more than two thirds of the capital and voting rights in the company.

Modification to the by-laws

Finally, we ask you to approve the modification of articles 11, 12 and 13 of the by-laws to have them conform to the NRE law of 15 May 2001.

Under the terms of the NRE law of 15 May 2001, general management of the company can be performed either by the Chairman of the board of directors, or by any other person appointed by the Board of directors, assuming the title of Chief executive. The project to modify the by-laws provides that the Board of directors by majority of the members freely chooses between the two methods of general management and may at any time, on majority of the members, modify their choice.

Conclusion

We ask you to approve financial statements for the financial year ending 31 December 2001, the management report drafted by your Board of directors and, consequently, approve the management for the financial year and adopt the resolutions subject to your vote.

The Board of directors

(in euros)	1997	1998	1999	2000	2001
Capital at year-end					
Legal capital	3,138,011	3,138,011	7,719,000	9,108,420	9,108,420
Number of existing ordinary shares	5,146	5,146	3,859,500	22,771,050	22,771,050
Number of existing preferred shares (without voting right)	-	-	-	-	-
Maximum number of future shares to be created					
By conversion of bonds	-	-	-	-	-
By exercise of voting rights	-	-	-	-	-
Operations and results for the year					
Revenues excluding taxes	22,867,040	29,032,732	37,555,000	1,579,429	3,084,992
Profit before taxes, employee profit-sharing					
Depreciation and amortizations	358,016	5,069,603	3,657,213	27,543,996	611,845
Corporate taxes	113,270	726,612	1,132,906	(660,978)	252,395
Employee profit-sharing due for the year	-	249,302	379,706	-	-
Profit after taxes, employee profit-sharing					
Depreciation and amortizations	149,211	4,215,613	2,118,519	28,168,793	365,155
Distributed earnings	54 915	-	-	-	-
Earnings per share					
Profit after taxes, employee profit-sharing but before depreciation and amortizations	47.56	795.51	0.55	1.24	0.02
Profit after taxes, employee profit-sharing depreciation and amortizations	29.00	819.21	0.55	1.24	0.02
Dividend attributed to each share	10.67	-	-	-	-
Personnel					
Average number of employees during the year	71	179	323	5	5
Amount of the payroll for the year	2,694,275	5,318,861	9,378,181	449,723	594,270
Amount of sums paid in social benefits for the year (Social security, benefits, etc.)	1,232,880	2,353,642	4,525,074	162,984	230,415

2.2. Extract from the special report of the board of directors to the meeting

The Extraordinary general meeting of 29 November 1999 granted stock purchase warrants. From 29 November 2004 and until 28 November 2005, holders of such warrants, working in the company, will have the option to subscribe to 476,385 shares with a par value of 0.40 euro, for a subscription price of 3.2 euros. As of 31 December 2001, the maximum number of exercisable warrants corresponds to 428,745 shares, representing 1.88 % of current capital of 22,771,050 shares.

At the same time, the Extraordinary general meeting of 29 November 1999 approved the Board of directors grant stock options for a maximum 964 875 shares, i.e. 4.23 % of current capital of 22,771,050 shares.

Pursuant to this authorization, the Board of director's meeting of 30 November 1999 granted 165,550 stock options. These options are exercisable at a price of 3.2 euros between 29 November 2004 and 29 November 2014 (plan No. 1).

The Board of director's meeting of 27 July 2000 granted 304,363 stock options. These options are exercisable at a price of 7.5 euros between 27 July 2005 and 27 July 2015 (plan No. 2).

The Board of director's meeting of 11 July 2001 granted 360,210 stock options. These options are exercisable at a price of 3.8 euros between 11 July 2006 and 11 July 2016 (plan No. 3).

Mr. de Chammard, Chairman of the NEURONES board of directors is owner of 28,584 stock purchase warrants, giving him the right to subscribe to 142,920 shares at a price of 3.2 euros between 29 November 2004 and 29 November 2005. These warrants were granted in November 1999.

Mr. Ducurtil, NEURONES Chief executive and director is owner of 14,292 stock purchase warrants, giving him the right to subscribe to 71,460 shares at a price of 3.2 euros between 29 November 2004 and 29 November 2005. These warrants were granted in November 1999.

The top ten employees by number of options granted were given a total: 23,820 stock purchase warrants (1 warrant for 5 shares) and 148,560 stock options:

- the 23,820 stock purchase warrants were granted in November 1999, giving the right to subscribe to 119,100 shares at a price of 3.2 euros and are exercisable between 29 November 2004 and 29 November 2005 ;
- of the 148,560 stock options, 84,560 were granted in November 1999, giving the right to subscribe to 84,560 shares at a price of 3.2 euros and are exercisable between 29 November 2004 and 29 November 2014 ;
- the remaining 64,000 stock options were granted in July 2001, giving the right to subscribe to 64,000 shares at a price of 3.8 euros and are exercisable between 11 July 2006 and 11 July 2016.

2.3 Resolutions proposed to the combined meeting on 27 June 2002

First resolution

The General meeting, after listening to the management report of the board of directors and the auditors' report on the financial year ending 31 December 2001, as well as the additional explanations provided and the various observations exchanged during the session:

- wholly approve these reports as well as the financial statements and appendices for this financial year posting a net book profit of 365,155 euros,
- approve the consolidated financial statements,
- approve, in addition, all operations and measures translated by these accounts or summarized in the board of directors management report.

Second resolution

The General meeting decides to allocate the profit for the year of 365,154.58 euros as follows:

- the sum of 365,154.58 euros to retained earnings.

The balance of retained earnings increases from 29,643,673.09 euros to 30,008,827.67 euros.

According to legal dispositions, the General meeting takes cognizance of the fact that no dividend was paid out in 1999, 2000 and 2001.

Third resolution

The meeting approves and ratifies, as may be required, the conventions that the Auditors reported upon in their special report drafted in application of the provisions in article L. 225-38 of the Code de commerce.

Fourth resolution

The General meeting decides to renew the mandates of the following directors:

- Mr. Luc de Chamard,
- Mr. Bertrand Ducurtail,
- Mr. Patrick de Catuelan,
- Mr. Jean-Louis Pacquement.

For one year, until the day of the ordinary general meeting called to approve financial statements for the year ending 31 December 2002. They declare they accept renewal of their functions.

Fifth resolution

The General meeting entirely, definitively and without reserve approves the management of the Board of directors as of 31 December 2001.

Sixth resolution

The General meeting, ruling in application of the provisions of article L. 225-209 of the new Code de commerce, and after hearing the board of directors report, authorizes, as of this meeting and for a maximum of eighteen months, the Board of directors to purchase shares of the company so as to:

- Intervene in buying and selling shares depending on market situations,
- Proceed in the sale, exchange or transfer of securities bought depending on opportunities especially in the context of acquisitions,
- Attribute securities bought to employees and/or legal representatives who have been granted options,
- Adjust the company's market price by systematic support in counter-tendency on the market where the share is listed

The purchase of shares may be by support on the market or by buying blocks, with no special limit for the acquisition of blocks.

The maximum purchase price per share is set at 12 euros, the minimum sale price is set at 4 euros.

The maximum number of shares likely to be thus bought by the company is limited to 10 % of the total number of shares in the legal capital, i.e. 2,277,105 shares, representing a maximum purchase amount of 27,325,260 euros.

The number of shares and buy/sell price limits will, if necessary, be adjusted at the time of any financial operations made by the company or on decisions affecting the legal capital.

This program shall not result in any cancellation of shares.

The General meeting grants all powers to the Board of directors, that it may delegate, to make all stock market orders, sign agreements, make all declarations and carry out formalities with all organizations and, generally speaking, do whatever is necessary.

The Board of directors shall provide shareholders with all information concerning the buying and selling of shares in its report to the annual general meeting.

This authorization supersedes that given by the Combined general meeting of 26 June 2001.

Seventh resolution

The General meeting decides to modify company by-laws as follows, in order to have them comply with the NRE law of 15 May 2001.

1 – Articles 11, 12, 13 of the by-laws are replaced by the following terms:

Article 11 – Administration

The company is administered by a Board of directors that decides on business strategy and supervises its implementation.

Without prejudice to the powers granted to shareholder meetings and within the limits of the corporate charter, the board may deal with any matter concerning the correct functioning of the company and settle related affairs by its proceedings.

The Board of directors shall implement the checks and verifications it deems necessary.

The Board of directors, appointed in compliance with the law, is made up of between three and eighteen members, the last figure may be increased under conditions laid down by law.

During the period of his mandate, each director shall be owner of at least one share. Directors are appointed for one year and may be re-elected.

The functions of a director end on completion of the annual general meeting of shareholders held to approve accounts for the past year in the year when the director's mandate expires.

Article 12 – Proceeding of the board of directors

Directors are invited to board meetings by all means, even by word of mouth. Board meetings may be held in any place chosen by the person issuing the summons.

A director may be represented by another director at a board of directors' meeting. A director may, however, represent only one other director by proxy. Unless the Code du commerce requires the effective presence or representation of directors, they may participate in meetings of the board of directors by videoconference, under conditions stipulated by law.

As provided by law, proceedings are by quorum and majority. In case of division of opinion, the chairman of the session has the casting vote.

Minutes are drafted and copies or extracts of proceedings are delivered and certified according to the law.

2 – Article 14 – Remuneration of directors is renumbered article 13 – Remuneration of directors.

3 – Article 15 – Chairman and general managers is renumbered article 14 – Chairman and general managers, and is modified as follows:

Article 14 – Chairman and general managers

The Board of directors elects a chairman from among its members.

The chairman represents the Board of directors. He organizes and conducts work subsequently reporting to the General meeting. He checks that all organizations in the company operate correctly, especially ensuring that directors are able to fulfil their assignments.

General management of the company is assumed under his authority or that of the chairman of the board of directors, or by another person appointed by the Board of directors holding the title of Chief executive.

The Board of directors by majority of members freely chooses one of two methods to exercise general management and may at any time, on majority of members, change that choice.

The Board of directors may appoint under legal conditions one or several persons to assist, either the chairman if he assumes the functions of Chief executive, or the Chief executive, with the title of Assistant chief executive. The number of assistant general managers may not exceed five.

The powers of the Chairman of the board of directors if he ensures general management, and those of the Chief executive, are stipulated by law.

In the context of internal company organization, these powers may be limited by decision of the board of directors.

The Board of directors decides under legal conditions, the extent and duration of the powers conferred to assistant general managers. Assistant general managers have the same powers as the Chief executive with regard to third parties.

4 - Articles 16, 17, 18, 19, 20 and 21 are renumbered 15, 16, 17, 18, 19 and 20.

Eighth resolution

The General meeting gives all powers to the bearer of a copy or extract of the minutes of this meeting to fulfil all formalities for its deposit and legal publication.

2.4. Consolidated financial statements as of 31 December 2001

Assets			
(in € thousands)	Notes	31/12/2001	31/12/2000
Fixed assets			
Goodwill	Note 1	9,853	10,058
Intangible assets	Note 2	201	198
Tangible assets	Note 3	1,564	1,380
Financial assets	Note 4	560	392
TOTAL FIXED ASSETS		12,178	12,029
Current assets			
Inventories	Notes 5/14	319	346
Trade accounts and notes receivable	Notes 6/14	24,326	19,763
Other receivables	Notes 7/9	2,021	2,321
Investment securities	Note 8	32,473	16,924
Cash		3,176	10,990
TOTAL CURRENT ASSETS		62,314	50,343
TOTAL ASSETS		74,492	62,372

Liabilities			
(in € thousands)	Notes	31/12/2001	31/12/2000
Equity (group share)			
Capital		9,108	9,108
Premiums		28,509	28,509
Retained earnings and consolidated profit		9,650	4,414
Equity (group share)	Note 10	47,268	42,032
Minority interests		701	600
Provisions	Notes 9 / 11	180	174
Payables			
Financial debts	Note 12	1,911	1,863
Suppliers and related accounts	Note 13	5,575	4,752
Other payables	Note 13	18,858	12,951
TOTAL PAYABLES		26,344	19,566
TOTAL LIABILITIES		74,492	62,372

Consolidated income statement for the financial year ending 31 December 2001

(in € thousands)	Notes	2001	2000
Revenues	Note 15	85,873	66,043
SALE OF EQUIPMENT BUSINESS			
Revenues		9,565	12,793
Cost of sales		(8,414)	(11,258)
Gross margin		1,151	1,535
% Gross margin		12.0 %	12.0 %
BUSINESS SERVICES			
Revenues		76,308	53,251
Other income	Note 16	502	606
Wages and social costs	Note 17	(51,795)	(37,354)
Other operating charges	Note 18	(15,036)	(10,531)
Taxes and duties		(1,947)	(1,397)
Depreciation and amortization		(974)	(1,074)
Operating profit	Note 19	8,207	5,036
% Revenues		9.6 %	7.6 %
Financial income	Note 20	1,152	773
Current income from consolidated companies		9,360	5,809
% Revenues		10.9 %	8.8 %
Extraordinary item	Note 21	(140)	121
Corporate tax	Notes 22/23	(3,320)	(2,088)
Net income from consolidated companies		5,900	3,842
% Revenues		6.9 %	5.8 %
Goodwill depreciation		(536)	(145)
Net profit		5,364	3,697
- incl. group share		5,236	3,519
- incl. minority interests		129	178
Net profit (group share) per share (*) - in euros		0.23	0.17
Net diluted profit (group share) per share - in euros		0.22	0.16

(*) Average number of shares in the year.

Statement of cash-flows for the financial year ending 31 December 2001

(in € thousands)	2001	2000
Net profit	5,364	3,697
Elimination of non-monetary elements:		
- Depreciation and amortizations	1,400	982
- Variance deferred tax	(90)	167
- Capital losses / (gains) from disposals, net of tax	5	(1)
Operating Cash flow of consolidated companies	6,680	4,846
Variation of cash on:		
- Working capital	138	(6)
- Corporate tax	2,382	(1,474)
Cash generated by the operations	9,200	3,366
Acquisitions of intangible and tangible assets	(1,048)	(894)
Disposal of fixed assets, net of tax	3	2
Variation of long-term investments	(168)	(83)
Payment of sums for companies acquired during the year	-	(10,160)
Shares bought from subsidiary minority shareholders	(53)	-
Free cash of subsidiaries acquired during the year	-	1 438
Cash allocated to investments	(1,266)	(9,697)
Increase of capital in cash		29,899
Dividends paid to minority shareholders of consolidated companies		(46)
Borrowings reimbursement	(123)	(134)
Cash allocated to financing operations	(123)	29,719
Variation in cash	7,811	23,388
Cash on opening	26,625	3,237
Cash on closing	34,436	26,625

Statement of variance in consolidated equity

Equity, group share

(in € thousands)	Capital	Premiums	Consolidated retained earnings	Result for the year	Total equity
Equity as of 31 December 1999	7,719		(2,006)	2,901	8,614
Movements in 2000					
- Increase of capital in cash, net of charges (IPO)	1,389	28,509			29,899
- Allocation of profit 1999			2,901	(2,901)	-
- Consolidated profit for the year				3,519	3,519
Equity as of 31 December 2000	9,108	28,509	895	3,519	42,032
Movements for 2001					
- Allocation of profit 2000			3,519	(3,519)	-
- Consolidated profit for the year				5,236	5,236
Equity as of 31 December 2001	9,108	28,509	4,414	5,236	47,268

Minority interests

(in € thousands)	Minority interests
Minority interests as of 31 December 1999	362
Movements for the year 2000	
- Profit for the year – Minority share	178
- Dividends paid to minorities	(46)
- Variance in scope	107
Minority interests as of 31 December 2000	600
Movements for the year 2001	
- Profit for the year - Minority share	129
- Variance in scope	(28)
Minority interests as of 31 December 2001	701

Minority interests correspond to shares held by managers in subsidiaries.

Appendix to consolidated financial statements

Accounting principles

Consolidated accounts

Consolidated accounts are prepared according to the CRC regulation No. 99-02. They are presented in euros, with due respect to principles of care, independence of financial exercises, constant accounting methods and in the context of ongoing operations.

Principles and scope of consolidation

Companies in which NEURONES S.A. has exclusive control are consolidated according to the global method integration.

Companies are consolidated on the basis of their company accounts, in harmony with accounting principles used by the group. All companies end their financial years on December 31. No company has been excluded from the scope.

Transactions, flows, results and capital gains within the group are written off.

Goodwill and purchase discrepancy

When a company enters the scope of consolidation, its identifiable assets and liabilities are posted to the consolidated balance sheet at their fair value. The difference between this and the book value of each item of the balance sheet of the audited company form the purchase discrepancy.

The difference between the acquisition cost of a company's shares and the share of the acquiring company in the assets and liabilities evaluated at their fair value, identified on the date of acquisition form the goodwill, posted to the "goodwill" item in balance sheet assets.

This goodwill is amortized, on a case-by-case basis, using the straight-line method for no more than 20 years. Significant negative changes arising in the items used in determining the amortization schedule lead to an exceptional depreciation or modification of the amortization schedule, as any provision for depreciation is excluded. If significant positive changes arise, they lead to a modification of the future amortization schedule excluding any writeback of depreciation.

Intangible assets

- Goodwill is amortized in the consolidated financial statements, for a given period on a case-by-case basis, but for no more than 20 years.
- Development expenses are not capitalized in the consolidated financial statements. Expenses activated in subsidiary company financial statements are restated at the consolidated level.
- Other intangible assets, especially software acquired for in-house use, are depreciated over one year.

Tangible assets

Tangible assets are evaluated at acquisition cost. They are depreciated according to the following methods:

Fixture and equipments	Straight-line method 5 to 10 years
Transport equipment	Straight-line method 2 to 4 years
Computer equipment	Accelerated and straight-line method 3 years
Office equipment	Straight-line method 5 to 10 years

Fixed assets acquired on lease are adjusted. The original value is posted to assets on the balance sheet and depreciated according to the methods described above. The corresponding financial debt is posted to liabilities. At income statement level, the leasing charge is neutralized and replaced by a depreciation expense and a financial charge.

Financial assets

Non consolidated shares are representative of shares in companies not controlled by NEURONES S.A. They appear in the balance sheet at their acquisition value. A provision for depreciation is posted when the going value of the investment falls below its acquisition cost. The going value appreciates especially as a function of prospects of profitability.

Inventories

Inventories of merchandise are evaluated at acquisition cost, according to the average weighted cost method. A provision for depreciation is made on a case-by-case basis when the selling value is below the balance sheet value.

Statement of "services" revenues

Fixed price projects

Revenues made from fixed price projects are booked as and when the project technically progresses. The difference between invoicing and revenues calculated on progress is taken into consideration in invoices to be prepared or in prepaid income, depending on the case. As soon as the risk of potential loss is anticipated, a provision is set aside for the entire loss.

Annual contracts

Revenues from annual contracts or over several years are booked prorata temporis.

Services sold in the form of vouchers to be spent

Some companies in the group sell vouchers for services in advance, representing days of engineering or technician maintenance or training.

Revenues earned through the sale of service checks are booked as the services are performed.

Deferred taxes

Deferred taxes, assets or liabilities, are calculated according to the variable deferment method, on all existing temporary differences between book income and tax income of each consolidated tax entity, and consolidation-specific restatement.

The rate of tax retained for deferred tax on closing for the year is the estimated tax rate for the following year.

Losses carry-forward are booked when a return to profits is probable in the short-term.

Receivables

Receivables are evaluated at their nominal value. A provision for depreciation is made on a case-by-case basis when the balance sheet value is below the book value.

Investment securities and cash

Values posted to assets correspond to the historic cost of acquisition.

Accrued interest on cash notes and certificates of deposit are booked prorata temporis on the accrued period until the closing date.

If necessary, a provision for depreciation is made on a case-by-case basis when the balance sheet value is below the book value.

Provision for pension allowances

This provision is to deal with commitments corresponding to the current value of rights acquired by employees concerning the conventional indemnities to which they are entitled on retirement. It is the result of a calculation made using a retrospective method that takes account of seniority, life expectancy and the personnel movement rate, as well as the hypotheses of wage adjustments and discounting.

The main parameters used correspond to an average of facts observed in the last three years (personnel movement rate between 5 % and 15 % depending on the business, wage growth rate of 5 %, discounting rate of 7 %).

Method of calculating diluted EPS

The number of shares taken into account in the calculation of diluted EPS is made up of the average number of shares in the year, plus the number of stock purchase warrants attributed plus the number stock options attributed.

Scope of consolidation

List of consolidated companies

Fully-consolidated companies	Head office	No. SIREN	% holding and control	
			12/01	12/00
Parent company				
NEURONES S.A.	205, av. Georges Clemenceau 92024 Nanterre Cedex	331 408 336	-	-
Subsidiaries				
NEURONES Solutions S.A.S.	205, av. Georges Clemenceau 92024 Nanterre Cedex	428 210 140	100	100
SKILLS Consulting S.A.S.	205, av. Georges Clemenceau 92024 Nanterre Cedex	428 209 308	100	100
Help-Line S.A.	171, av. Georges Clemenceau 92024 Nanterre Cedex	398 300 061	85	85
BrainSoft S.A.	205, av. Georges Clemenceau 92024 Nanterre Cedex	410 219 943	85.9	83.9
UpGrade S.A.	205, av. Georges Clemenceau 92024 Nanterre Cedex	415 149 830	100	100
Intrinsec S.a.r.l.	205, av. Georges Clemenceau 92024 Nanterre Cedex	402 336 085	90	90
Knowledge S.A.	177, av. Georges Clemenceau 92024 Nanterre Cedex	432 673 838	74	72
AS International Group	83, rue du Fbg St-Honoré 75008 Paris	421 255 829	100	100
AS International	83, rue du Fbg St-Honoré 75008 Paris	349 528 356	100	100
AS Télécom & Réseaux	83, rue du Fbg St-Honoré 75008 Paris	400 332 524	100	100
AS Technologies	83, rue du Fbg St-Honoré 75008 Paris	417 586 609	100	100

Variance in scope

No new entries in the scope of consolidation took place in 2001.

In 2001, NEURONES bought the shares of subsidiaries held by the employees of these companies:

- 2 % of BrainSoft shares in January 2001,
- 2 % of Knowledge shares in July 2001.

The new percentage of holding was set for the whole period.

Pro forma financial statements

A pro forma consolidated income statement for 2000, including data on the whole year relative to controlling interests entering the scope of consolidation in 2000, is presented below:

(in € thousands)	2001	2000
REVENUES	85,873	73,931
Sale of equipment business		
Revenues	9,565	12,803
Cost of sales	(8,414)	(11,268)
Gross margin	1,151	1,535
Business services		
Revenues	76,308	61,128
Other income	502	620
Wages and social costs	(51,795)	(41,499)
Other operating charges	(15,036)	(13,021)
Taxes and duties	(1,947)	(1,558)
Depreciation and amortization	(974)	(1,115)
OPERATING PROFIT	8,207	6,090
% Revenues	9.6 %	8.2 %
Financial income	1,152	468
CURRENT INCOME FROM CONSOLIDATED COMPANIES	9,360	6,558
% Revenues	10.9 %	8.9 %
Extraordinary Item	(140)	142
Income tax	(3,354)	(2,402)
PROFIT BEFORE GOODWILL DEPRECIATION	5,900	4,298
Goodwill depreciation	(536)	(511)
NET PROFIT	5,364	3,788
- incl. group share	5,236	3,610
- incl. minority interests	129	178

Restatements made to pro forma accounts

The income statement for 2000 was adjusted so as to take account of the financial interest charge related to the acquisitions of various companies during the year, for a net amount of tax, and goodwill depreciation expenses, booked on entry in the scope of consolidation, also for the full year.

Notes in appendix to the balance sheet

Note 1 - Goodwill

(in € thousands)	31/12/00	↗	↘	31/12/01
Companies concerned				
BrainSoft	100	24		124
INTRINsec	356			356
AS International Group	9,754	305		10,059
Knowledge		1		1
GROSS TOTAL	10,210	330		10,540
Depreciation	(151)	(536)		(687)
NET TOTAL	10,058	(206)		9,853

Gross goodwill of BrainSoft, INTRINsec and AS International Group are depreciated over 20 years.

Gross goodwill resulting from the purchase of shares from minorities in 2001 was totally depreciated as of 31 December 2001, according to their insignificant value.

Note on the acquisition of AS International

- The contract provides for a payment schedule until June 2003 and a possible premium depending on future profits. As of 31 December 2001, and for the first two years (2000 and 2001), a premium of 305,000 euros to be paid on 30 June 2002, was integrated in the value of investments and will be depreciated as of 1 January 2002, for the remaining period of goodwill considered on entry in the scope of consolidation.

Note 2 - Intangible assets

(in € thousands)	31/12/00	↗	Transfer from account to account	↘	31/12/01
Startup costs	5				5
Concessions, patents, licenses	266	104	(8)	14	348
Goodwill	70				70
Fixed assets in progress		29			29
GROSS TOTAL	342	133	(8)	14	453
Depreciation and amortization	(144)	(122)		(14)	(252)
NET TOTAL	198	11	(8)	-	201

Note 3 - Tangible assets

(in € thousands)	31/12/00	↗	Transfer from account to account	↘	31/12/01
Fixtures and equipments	761	258	2		1 021
Transport equipment	211	162		17	356
Computer and office equipment	1,718	494	6	25	2,193
Fixtures on lease	77				77
Computer equipment on lease	89				89
GROSS TOTAL	2,857	914	8	42	3,737
Depreciation	(1,477)	(730)		(34)	(2,173)
NET TOTAL	1,380	184	8	8	1,564

Investments for the year mainly correspond to computer equipment for in-house use, company vehicles and fittings for new premises.

Note 4 - Financial assets

(in € thousands)	31/12/00	↗	Transfer from account to account	↘	31/12/01
Non-consolidated shares	39				39
Borrowings	78	130	55	8	255
Other financial assets	296	47	(55)	1	287
GROSS TOTAL	413	177	-	9	581
Amortization	(21)				(21)
NET TOTAL	392	177	-	9	560

Other long-term investments mainly correspond to deposits made in the form of borrowings in the framework of the 1% housing aid contribution.

Note 5 - Inventories

(in € thousands)	31/12/01	31/12/00
Merchandises	453	526
GROSS TOTAL	453	526
Amortization	(134)	(181)
NET TOTAL	319	346

Note 6 - Trade accounts and notes receivable

(in € thousands)	31/12/01	31/12/00
Client receivables	23 912	19 222
Invoices to be made	655	724
GROSS TOTAL	24 567	19 946
Provisions for bad debts	(241)	(183)
NET TOTAL	24 326	19 763

Note 7 - Other receivables

(in € thousands)	31/12/01	31/12/00
Down payments on orders		6
Suppliers – Credit notes on future orders	43	144
VAT	969	790
Corporate tax receivable	167	533
Deferred taxes – assets	273	188
Other accounts receivable	167	238
Prepaid expenses	402	422
TOTAL	2 021	2 321

Other receivables are due within one year.

Note 7.1 - Prepaid expenses

(in € thousands)	31/12/01	31/12/00
Prepaid rents, charges and taxes	238	191
Other prepaid overheads	164	231
TOTAL	402	422

Note 8 - Investment securities

(in € thousands)	31/12/01		31/12/00	
	Purchase value	Market value	Purchase value	Market value
Cash note	8,823	8,862	7,501	7,566
Money market fund	23,650	23,650	9,422	9,423
TOTAL	32,473	32,512	16,924	16,989

Note 9 - Deferred taxes

Note 9.1 - Deferred taxes booked

Deferred taxes appearing in the balance sheet concern the following items:

(in € thousands)	31/12/01	31/12/00
Employee profit-sharing	244	136
Other temporary tax differences	17	39
Provision for pension allowances	12	13
Deferred taxes, assets	273	188
Restatement of depreciation (UpGrade net brought assets)	3	8
Deferred taxes, liabilities	3	8

Note 9.2 - Losses to be carried forward (not booked)

As of 31 December 2001, tax losses to be carried forward generated in 2000 and 2001, for 189,000 euros, were not booked. Losses to be carried forward at the common law rate and not used represent a potential savings of 65,000 euros as of 31 December 2001. Due to their random nature, these potential assets whose analysis by maturity and type is presented below, are not booked and will be, if necessary, as and when they are effectively used.

(in € thousands)	Base	Tax savings
Losses (to be carried forward until 2005)	73	25
Losses (to be carried forward until 2006)	116	40
TOTAL	189	65

Note 10 - Equity**Note 10.1 - Capital**

As of 31 December 2001, legal capital is made up of 22,771,050 shares with a nominal value of 0.4 euro and totals 9,108,420 euros.

80 % of the capital is held by group managers and 20 % by the public. The company is listed on the "Nouveau Marché" at the Paris Stock Exchange.

Note 10.2 - Stock option plan

The Extraordinary general meeting of 29 November 1999 approved stock option subscription plans with the following characteristics:

Stock purchase warrant plan:

The Extraordinary general meeting granted 49 NEURONES S.A. employees. 95,277 stock purchase warrants, representing 2.47 % of the capital. These warrants may be exercised as of 29 November 2004 for a period of one year. Holders of warrants, employed by the company at that time, will have the option to subscribe to shares of the company at a nominal price of 2 euros, to be issued, at a rate of one share for one warrant, for a subscription price of 16 euros per share. Following the Extraordinary general meeting of 5 April 2000 and the splitting of the share, a warrant now gives right to subscribe 5 shares with a par value of 0.40 euro, for a subscription price of 3.2 euros. As of 31 December, the maximum number of exercisable warrants is 85,749, representing 1.88 % of capital.

Stock option plans:

At the same time, the Extraordinary general meeting approved that the Board of directors grant stock options for a maximum 5 % of the capital, to be issued in one or several times to the benefit of all or part of group employees. This delegation is valid for five years.

The Board of director's meeting of 29 November 1999 granted 33,110 options, representing 0.86 % of the capital to 19 NEURONES S.A. subsidiaries' employees, exercisable as of 29 November 2004, at a price of 16 euros.

Following the Extraordinary general meeting of 5 April 2000 and the splitting of the share, the number of stock options was multiplied by 5, one option giving the right to subscribe to one share at a nominal price of 0.40 euro, for a subscription price of 3.2 euros. As of 31 December, the number of exercisable options amounts to 156,020, and represents 0.69 % of the capital.

The Board of director's meeting of 27 July 2000 granted 304,363 options, representing 1.34 % of the capital to 171 NEURONES S.A. and its subsidiaries' employees, exercisable as of 27 July 2005, at a price of 7.5 euros. As of 31 December, the number of exercisable options amounts to 220,531 and represents 0.97 % of the capital.

The Board of director's meeting of 11 July 2001 granted 360,210 options, representing 1.58 % of the capital to 240 NEURONES S.A. and its subsidiaries' employees, exercisable as of 11 July 2006, at a price of 3.8 euros. As of 31 December, the number of exercisable options amounts to 301,210 and represents 1.32 % of the capital.

Payment of plans

Plan	Date GM / board	Due date plans	Number beneficiaries	Number options granted	Maximum number of shares to subscribe (null on 31/12/2001 deducted)	Exercise price (in €)	% Capital
Warrants	29/11/99	29/11/04	49	95,277 (*)	428,745	3.2	1.88 %
Stock-	29/11/99	29/11/04	19	165,550 (**)	156,020	3.2	0.69 %
options	27/07/00	27/07/05	171	304,363 (**)	220,531	7.5	0.97 %
	11/07/01	11/07/06	240	360,210 (**)	301,210	3.8	1.32 %
							4.86 %

(*) Parity of warrants = 1 warrant gives the right to subscribe to 5 shares.

(**) Parity of stock-options = 1 option gives the right to subscribe to one share.

The stock subscription price by the beneficiaries is decided on the day the options are granted by the Board of directors and cannot be less than 80 % of the average price in the 20 market sessions prior to the day the options will be granted.

A maximum number of 134,752 options remain to be allocated in the framework of the authorization given to the Board of directors by the Extraordinary general meeting of 29 November 1999. The total number of options that can be granted for a maximum 5 % of the capital is calculated before expiry of options becoming null due to personal movements.

Note 11 - Provisions

(in € thousands)	31/12/00	Provision for the year	Recovery of the year (provision used)	Recovery of the year (provision not used)	31/12/01
Provision for contingencies and losses	82	130	70		142
Provision for restructuring	46		15	31	-
Prov. for pension allowances	38	5	8		35
Provision for deferred taxes	8		5		3
TOTAL	174	135	98	31	180
Impact (net of incurred charges)					
Operating profit		20		31	
Financial income					
Extraordinary Item		115			

Note 12 - Financial debts

The schedule of financial debts is as follows:

(in € thousands)	Total	Amount < 1 year	Amount > 1 year and < 5 years	Amount > 5 years
Borrowings from banks + 2 years origin	62	62		
Bank overdrafts	1,213	1,213		
Sub-total borrowings and payables to banks	1,275	1,275		
Employee profit-sharing	631	631		
Deposits received	5			5
Sub-total borrowings and various financial payables	636	631		5
TOTAL	1 911	1 906		5

Employee profit-sharing is due within one year, the sums are managed outside the company.

Note 13 - Suppliers and related accounts, other payables

The schedule of these two items is as follows:

(in € thousands)	Total	Amount < 1 year	Amount > 1 year and < 5 years	Amount > 5 years
Suppliers payable and related accounts	5,575	5,575		
Sub-total suppliers payable	5,575	5,575		
Down-payments from clients	209	209		
Tax and social payables	13,370	13,370		
Corporate tax debt	2,108	2,108		
Other payables	2,303	1,236	1 067	
Prepaid income	868	868		
Sub-total other payables and adjustment accounts	18,858	17,791	1,067	
TOTAL	24,433	23,366	1,067	

Prepaid income corresponds to annual contracts invoiced in advance, and “service checks” sold to clients and remaining to be used.

All other operational payables fall due within one year, except for the long-term debt on acquisition of AS International group, for an amount of 1,372,000 euros. This debt, whose interest is included, is payable according to the following schedule:

- 305,000 euros on 30 June 2002,
- 762,000 euros on 30 June 2003,
- 305,000 euros on 31 December 2003.

Note 14 - Variance in provisions on current assets

(in € thousands)	31/12/00	↗	↘	31/12/01
Inventories	181	20	67	134
Clients	183	116	58	241
TOTAL	364	136	125	375

Notes in appendix to the income statement**Note 15 - Breakdown of revenues**

Breakdown of revenues by business units is as follows:

(in € thousands)	2001	%	2000	%
Business units				
System and network integration	16,860	20	19,258	29
Outsourcing of distributed environments	33,500	39	18,723	29
e-Services	35,513	41	28,002	42
TOTAL	85,873	100	66,043	100

Revenues come from France.

Note 16 - Other income

(in € thousands)	2001	2000
Other income	102	155
Operating subsidies	117	161
Adjustments on provisions	247	268
Expense transfer	35	22
TOTAL	502	606

Note 17 - Wages and social costs

(in € thousands)	2001	2000
Wages and charges	51,164	36,971
Employee profit-sharing	631	384
TOTAL	51,795	37,354

Note 18 - Other operating charges

(in € thousands)	2001	2000
Outsourcing purchases	7,089	4,828
Materials and supplies purchased	332	313
Outside personnel	1,069	494
Other outside services	6,481	4,720
Other charges	65	176
TOTAL	15,036	10,531

Note 19 - Breakdown of operating profit by business units

Breakdown of operating profit by sector of business is as follows:

(in € thousands)	2001	%	2000	%
Business units				
System and network integration	822	10	35	3
Outsourcing of distributed environments	5,269	64	2,692	51
e-Services	2,116	26	2,309	46
TOTAL	8,207	100	5,036	100

Note 20 - Breakdown of financial income

(in € thousands)	2001	2000
Capital gains on money market funds	599	355
Other interest	658	488
Total financial income	1,257	843
Interest	99	68
Financial expenses – leasing	2	2
Foreign exchange gains/losses	4	-
Total financial charges	105	70
FINANCIAL INCOME	1,152	773

Note 21 - Breakdown of Extraordinary Item

(in € thousands)	2001	2000
Extraordinary income from management operations	70	123
Income from disposal of assets sold	4	4
Total extraordinary income	74	127
Extraordinary charges from management operations	57	2
Net book value of assets sold	8	3
Provisions	149	1
Total Extraordinary charges	214	6
EXTRAORDINARY ITEM	(140)	121

Provisions correspond to:

- depreciation of 50 % of Label business, bought in December 2000, for 34,000 euros,
- the cost of laying off a group subsidiary manager for 115,000 euros.

Note 22 - Corporate tax

(in € thousands)	2001	2000
Corporate tax payable	3,410	1,056
Deferred taxes	(90)	1,032
TOTAL	3,320	2,088

Note 23 – Tax proof

(in € thousands)	Base	Rate	Tax
Earnings before corporate tax and goodwill depreciation	9,220	35.33 %	3,257
Impact of charges definitively not deductible	21	35.33 %	8
Impact of the variation in rate of deferred taxes 2001-2002			
on temporary differences	719	1 %	7
Impact of the difference of rate in the carry-back of losses	80	2 %	2
Unbooked tax losses	116	35.33 %	41
Restatement not taxed	(85)	35.33 %	(30)
Difference of rate on supplementary tax contribution (amount of tax greater than 762,000 euros)			35
Effective tax charge			3,320
Average tax rate			36 %

Various information**Tax regime of group companies**

As of 1 January 2000, NEURONES opted for the tax consolidation regime for years 2000 to 2004. The consolidated group includes NEURONES S.A., NEURONES Solutions SAS, SKILLS Consulting SAS and UpGrade S.A.

Average number of employees

	2001	2000
Executives	581	378
Employees	528	472
TOTAL	1,109	850

Remuneration of members of management bodies

The total amount of remunerations allocated to members of the NEURONES S.A. board of directors is 262,800 euros for the year 2001.

2.5. Auditors' report on consolidated accounts (financial year ending 31 December 2001)

Pursuant to the assignment that was entrusted to us by the General meeting, we report below on the consolidated accounts of NEURONES for the financial year ending 31 December 2001.

Consolidated accounts were closed by the Board of directors. It is for us, on the basis of our audit, to express an opinion on these accounts.

We performed our audit according to the standards of the profession applicable in France ; these standards require deployment of diligence guaranteeing reasonable assurance that the consolidated accounts contain no significant anomalies. An audit involves examining by sampling pertinent elements justifying the data in these accounts. It also involves appreciating accounting principles used and the significant estimates retained in closing of the accounts and the appreciation of their overall presentation. We believe our verifications provide a reasonable basis for the opinion expressed below.

We certify that the consolidated accounts, prepared in compliance with rules and accounting principles applicable in France, are regular and sincere and present fairly the assets, the financial position and the results of all consolidated group companies.

Furthermore, in compliance with professional standards applicable in France, we also verified the information relating to the group given in the management report.

We have no observations to make on the fairness and consistency with the consolidated accounts.

22 April 2002

The Auditors

FCC Audit and Consulting
Thierry Bellot

Ernst & Young Audit
Any Antola

2.6. Financial statements as of 31 December 2001

Assets

(in euros)	Notes	Gross	31/12/2001 Depreciation and provisions	Net	31/12/2000 Net
Concessions, patents and similar rights		20,443	19,812	632	1,083
Goodwill		1,524		1,524	1,524
Intangible assets	Note 1	21,968	19,812	2,156	2,607
Other tangible assets		35,470	21,986	13,484	12,729
Tangible assets	Note 2	35,470	21,986	13,484	12,729
Investments		47,634 344		47,634,344	47,276,111
Other shares		6,098	6,098	-	-
Loans		52 240		52,240	59,839
Other financial assets				-	-
Financial assets	Notes 3/4	47,692 682	6,098	47,686,584	47,335,951
TOTAL FIXED ASSETS		47,750,120	47,896	47,702,224	47,351,287
Trade accounts and notes receivable	Note 5	652,334		652,334	236,400
Other receivables	Note 6	766,748		766,748	1,122,373
Investment securities	Note 7	22,617,070		22,617 070	12,767,059
Cash		442,245		442,245	8,386 232
TOTAL CURRENT ASSETS		24,478,397	-	24,478,397	22,512,063
Prepaid expenses	Note 6	6,587		6,587	16,300
TOTAL ASSETS		72,235,104	47,896	72,187,208	69,879,650

Liabilities

(in euros)	Notes	31/12/2001	31/12/2000
Legal capital		9,108,420	9,108,420
Premium		27,720 444	27,720,444
Legal reserve		910,842	339,857
Retained earnings		29,643,673	2,045,864
Profit for the year		365,155	28,168,793
TOTAL EQUITY	Note 8	67,748,534	67,383,379
Provisions for contingencies		-	15,284
TOTAL Provisions	Note 9	-	15,284
Bank overdrafts		165,191	82,854
Supplier payables and related accounts		606,281	360,352
Tax and social payables		1,903,086	78,656
Other payables		1,764,115	1,959,126
TOTAL PAYABLES	Note 10	4,438,674	2,480,988
TOTAL LIABILITIES		72,187,208	69,879,650

Income statement

(in euros)	Notes	2001	2000
Merchandise revenues		1,617	-
Service revenues		3,083,375	1,579,429
Net revenues	Note 13	3,084,992	1,579,429
Including exports		-	-
Operating subsidies		-	7,379
Adjustments for provisions and depreciations, expense transfer		6,220	6,220
Other income		8,528	14,478
OPERATING INCOME		3,099,740	1,607,505
Purchase of merchandise		1,617	-
Variance in inventories		-	-
Other purchases and external charges		2,493,981	844,554
Taxes, duties and assimilated payments		77,384	117,850
Wages and salaries		609,140	427,303
Social security charges		236,873	151,893
Provisions on fixed assets		9,579	20,896
Provisions on current assets		-	-
Contingencies and loss provisions		-	15,284
Other charges		3,473	1,956
OPERATING CHARGES		3,432,048	1,579,735
OPERATING PROFIT		(332,308)	27,770
Dividendes from subsidiaries		-	259,102
Other interests		570,551	451,465
Net income from the sale of marketable investment securities		437,910	306,477
FINANCIAL INCOME		1,008,462	1,017,045
Interests and charges		68,710	29,309
FINANCIAL CHARGES		68,710	29,309
FINANCIAL INCOME		939,751	987,736
CURRENT INCOME BEFORE TAX		607,443	1,015,506
Extraordinary income from management operations		8,690	332
Extraordinary income from capital operations		-	27,089,482
Adjustments for provisions and transfer of charges		15,284	
EXTRAORDINARY INCOME		23,973	27,089,814
Extraordinary charges from management operations		13,867	-
Extraordinary charges from capital operations			597,504
EXTRAORDINARY CHARGES		13,867	597,504
EXTRAORDINARY ITEM		10,106	26,492,310
Employee profit-sharing		-	-
Corporate taxes	Note 14	252,395	(660,978)
Total income		4,132,175	29,714,364
Total charges		3,767,020	1,545,571
PROFIT / (LOSS)		365,155	28,168,793

Appendix to financial statements

Introduction

Financial statements for the financial year ending 31 December 2001 are presented in euros and are prepared in compliance with legal and statutory provisions in force in France, respecting the principles of care, independence of financial exercises, constant accounting methods and in the context of ongoing operations.

Accounting rules and methods

Intangible assets

Software acquired for in-house use is depreciated according to the straight-line method over one year.

Goodwill is not amortized. If necessary, a provision for depreciation is made when the book value falls below the going value.

Tangible assets

Tangible assets are evaluated at acquisition cost. They are amortized according to the following methods:

Fixtures and equipments	Straight-line method 5 to 10 years
Transport equipment	Straight-line method 2 to 4 years
Computer equipment	Accelerated and straight-line method 3 years
Office equipment	Straight-line method 5 to 10 years

Financial assets

Investments are evaluated at acquisition cost. A provision for depreciation is made when the going value of the investment falls below its acquisition cost. Going value is appreciated mainly as a function of prospects of returns.

Receivables and payables

Receivables and payables are evaluated at their nominal value.

If necessary, a provision for depreciation is made on a case-by-case basis when the balance sheet value is below the book value.

Investment securities and cash

Securities posted to assets correspond to the historic acquisition price.

Accrued interest on cash notes and certificates of deposit are booked prorata temporis on the period accrued until closing date.

If necessary, a provision for depreciation is practised on a case-by-case basis when the balance sheet value is below the book value.

Notes in appendix to the balance sheet

Note 1 - Intangible assets

Gross value (in euros)	31/12/00	↗	↘	31/12/01
Concessions, patents, licenses	18,614	1,830		20,444
Goodwill	1,524			1,524
TOTAL	20,138	1,830		21,968

Acquisitions mainly concern software for in-house use.

Depreciation (in euros)	31/12/00	↗	↘	31/12/01
Depreciation concessions, patents, licenses	17,531	2,281		19,812
TOTAL	17,531	2,281	-	19,812

Note 2 - Tangible assets

Gross value (in euros)	31/12/00	↗	↘	31/12/01
Fixtures and equipments	-	7,338		7,338
Transport equipment	7,318			7,318
Computer and office equipment	20,099	715		20,814
TOTAL	27,417	8,053		35,470

Acquisitions concern fixtures in new rented premises and computer equipment for internal use.

Depreciation (in euros)	31/12/00	↗	↘	31/12/01
Fixtures and equipments	-	989		989
Transport equipment	7,318	-		7,318
Computer and office equipment	7,370	6,309		13,679
TOTAL	14,688	7,298	-	21,986

Note 3 - Long-term investments

Gross value (in euros)	31/12/00	↗	↘	31/12/01
Investments	47,276,111	358,233		47,634,344
Other investments	6,098			6,098
Loans	59,839		7,599	52,240
TOTAL	47,342,048	358,233	7,599	47,692,682

A table presenting information on subsidiaries and controlling interests is at the end of the appendix.

Increases for the year in the controlling interests item correspond to the acquisition of:

- 2 % of shares in BrainSoft bought in January 2001 from a founding shareholder of the company, for 45,735 euros,
- 2 % of shares in Knowledge bought in July 2001 from a founding shareholder of the company, for 7,600 euros,
- an earn out in the contractual price for AS International of 304,898 euros for 2000 and 2001 results. This premium, to be paid in June 2002, was booked to the balance sheet, with an offsetting debt as of 31 December 2001. In addition, the contract provides for a premium of 457,347 euros for 2002 results, to be paid in June 2003. This commitment is not booked to accounts, as it depends on achieving a certain level of income in 2002.

Other financial assets mainly correspond to deposits made in the form of loans in the framework of the 1 % housing aid contribution.

Note 4 - Provisions on financial assets

Provisions (in euros)	31/12/00	↗	↘	31/12/01
Other capitalized securities	6,098			6,098
TOTAL	6,098			6,098

Note 5 - Trade accounts receivables and notes receivable

(in euros)	31/12/01	31/12/00
Client receivables	645,314	236,400
Invoices to be made	7,020	
GROSS TOTAL	652,334	236,400

Note 6 - Schedule of receivables on closing for the year

(in euros)	Gross amount	Maximum 1 year	More than 1 year
Of fixed assets			
Loans	52,240	7,830	44,410
TOTAL	52,240	7,830	44,410
Of current assets			
Trade accounts receivables and notes receivable	652,334	652,334	
VAT	64,983	64,983	
Current accounts	685,145	685,145	
Other	16,620	16,620	
TOTAL	1,419,082	1,419,082	
Prepaid expenses	6,587	6,587	
GENERAL TOTAL	1,477,909	1,433,499	44,410

Current accounts are used to book movements related to corporate tax (tax burden, payments of corporate tax) as part of the tax consolidation scheme implemented by NEURONES S.A. and subsidiaries concerned by group tax consolidation.

Note 7 - Investment securities

(in euros)	31/12/01		31/12/00	
	Purchase value	Market value	Purchase value	Market value
Cash note	8,823,055	8,861,950	7,501,275	7,565,661
Money market fund	13,794,015	13,794,015	5,265,784	5,265,784
TOTAL	22,617,070	22,655,965	12,767,059	12,831,445

Note 8 - Equity

Note 8.1 - Capital

As of 31 December 2001, legal capital consists of 22,771,050 shares with a nominal value of 0.4 euro and amounts to 9,108,420 euros.

The capital is 80 % held by managers of the group and 20 % by the public. The company is listed on the Nouveau Marché of the Paris Stock Exchange.

Note 8.2 - Stock option plan

The Extraordinary general meeting of 29 November 1999 approved the stock option subscription plans with the following characteristics:

Stock purchase warrants plan

The Extraordinary general meeting granted 49 NEURONES S.A. employees 95,277 stock purchase warrants, representing 2.47 % of the capital. These warrants may be exercised as of 29 November 2004 for a period of one year. Holders of warrants, employed by the company at that time, will have the option to subscribe to company shares at a nominal of 2 euros, to be issued on the basis of one share for one warrant, for a subscription price of 16 euros per share. Following the Extraordinary general meeting of 5 April 2000 and the splitting of share nominal, a warrant now gives the right to subscribe to 5 shares with a par value of 0.40 euro, for a subscription price of 3.2 euros. As of 31 December, the maximum number of warrants exercisable is 85,749 representing 1.88 % of the capital.

Stock option plans

At the same time, the Extraordinary general meeting approved the Board of directors to grant stock options for a maximum 5 % of the capital and to be issued in one or several times to the benefit of all or part of group employees. This delegation is valid for five years.

The Board of director's meeting of 29 November 1999 granted 33,110 options, representing 0.86 % of the capital to 19 NEURONES S.A. subsidiary employees, exercisable as of 29 November 2004, at a price of 16 euros.

At the end of the Extraordinary general meeting of 5 April 2000 and the splitting of share nominal, the number of stock options was multiplied by 5, one option giving right to subscribe to one share with nominal of 0.40 euro, for a subscription price of 3.2 euros. As of 31 December, the number of exercisable options amounts to 156,020 and represents 0.69 % of the capital.

The Board of director's meeting of 27 July 2000 granted 304,363 options, representing 1.34 % of the capital to 171 NEURONES S.A. and its subsidiaries' employees, exercisable as of 27 July 2005, at a price of 7.5 euros. As of 31 December, the number of exercisable options amounts to 220,531 and represents 0.97 % of the capital.

The Board of director's meeting of 11 July 2001 granted 360,210 options, representing 1.58 % of the capital to 240 NEURONES S.A. and its subsidiaries' employees, exercisable as of 11 July 2006, at a price of 3.8 euros. As of 31 December, the number of exercisable options amounts to 301,210 and represents 1.32 % of the capital.

Payment of plans

Plan	Date GM / Board	Due date plans	Number beneficiaries	Number options granted	Maximum number of shares to subscribe (null on 31/12/2001 deducted)	Exercise price (in €)	% Capital
Warrants	29/11/99	29/11/04	49	95,277 (*)	428,745	3.2	1.88 %
Stock-	29/11/99	29/11/04	19	165,550 (**)	156,020	3.2	0.69 %
options	27/07/00	27/07/05	171	304,363 (**)	220,531	7.5	0.97 %
	11/07/01	11/07/06	240	360,210 (**)	301,210	3.8	1.32 %
							4.86 %

(*) Parity of warrants = 1 warrant gives the right to subscribe to 5 shares.

(**) Parity of stock-options = 1 option gives the right to subscribe to one share.

The stock subscription price paid by the beneficiaries is decided on the day the options are granted by the Board of directors and cannot be less than 80 % of the average price in the 20 market sessions prior to the day the options will be granted.

The maximum number of options remaining to attribute in the context of the authorization given the Board of directors by the Extraordinary general meeting of 29 November 1999 is 134,752 options. The total number of options that can be granted for a maximum 5 % of the capital is calculated before options expire, becoming null following departure.

Note 8.3 – Variance in stockholders' equity

Variance in equity during the year is as follows:

(in euros)	31/12/00	↗	↘	31/12/01
Legal capital	9,108,420			9,108,420
Premium	27,720,444			27,720,444
Legal reserve	339,857	570,985		910,842
Retained earnings	2,045,864	27,597,809		29,643,673
Profit for the year 2000	28,168,793		28,168,793	-
Profit for the year 2001		365,155		365,155
TOTAL	67,383,379	28,533,949	28,168,793	67,748,534

Note 9 - Provisions

(in euros)	31/12/00	↗	↘	31/12/01
Provisions for contingencies	15,284		15,284	-
TOTAL	15,284		15,284	-

The amount provisioned as of 31 December 2000 corresponds to a URSSAF adjustment for the amount notified.

Note 10 – Schedule of payables on closing for the year

(in € thousands)	Total	Amount < 1 year	Amount > 1 year and < 5 years	Amount > 5 years
Borrowings from banks				
Less than 2 years from the origin	165,191	165,191		
More than 2 years from the origin				
Trade payables	606,281	606,281		
Tax and social payables	1,903,086	1,903,086		
Other payables	1,764,116	696,973	1,067,143	
TOTAL	4,438,674	3,371,531	1,067,143	-

The amount for more than 1 year corresponds to the part of debt for the acquisition of AS International Group, payable according to a payment schedule on 30 June 2003 and 31 December 2003.

Note 11 - Accruals

(in euros)	31/12/01	31/12/00
Accrued receivables		
Invoices to be made	7,020	-
Accrued interest receivable	38,895	98,673
TOTAL	45,915	98,673
Accrued payables		
Accrued interest of payables to banks	1,371	-
Trade payables	85,041	186,509
Tax and social payables	63,380	38,590
Other payables	76,798	71,651
TOTAL	226,590	296,750

Note 12 - Elements concerning affiliated companies and controlling interests

(in euros)	Affiliated companies	Companies with which the company has an interest
Assets		
Investments	47,634,344	
Trade accounts receivable and notes receivable	127,209	
Current debtor accounts	725,778	
TOTAL ASSETS	48,487,331	-
Liabilities		
Trade payables	479,447	
TOTAL LIABILITIES	479,447	-
Results		
Operating income	1,397,653	
Financial income	19,311	
Other purchases and external charges	1,803,710	
Financial charges	10,569	

Notes in appendix to the income statement

Note 13 - Analysis of revenues

Revenues mainly come from invoicing the various group subsidiaries for head office expenses, and revenues for which NEURONES S.A. centralizes invoicing and then passes them on to national corporate customers.

Note 14 - Breakdown of corporate tax

(in euros)	Profit before tax	Year tax	Profit after tax	Previous year Profit after tax
Current income	607,443	215,327	392,116	748,451
Extraordinary item				
	10,106	3,594	6,512	26,492,188
Employee profit-sharing				139,200
Group tax consolidation profit (charges booked to premium)				788,955
Supplement 1 % tax rate(> 762 K€) (tax consolidation)		33,474	33,474	
NET PROFIT	617,549	252,395	365,155	28,168,793

Other information

Note 15 – Commitments for pension allowances

As of 31 December 2001, the amount of commitments related to pension allowances is subject to evaluation according to the retrospective method, but has not been booked. The total commitment at the end of December 2001 amounts to 3,500 euros.

Note 16 - Average number of employees

	2001	2000
Executives	8	5
Employees		
TOTAL	8	5

Note 17 - Remuneration of members of management bodies

Total remuneration for 2001 allocated to members of the NEURONES S.A. board of directors is 262,800 euros.

Note 18 - Increase and decrease of the future tax burden

(in euros)	2001	2000
Reintegration for the year to be deducted the following year		
Organic	4,006	2,053
TOTAL	4,006	2,053

Note 19 – Tax regime for group companies

As of 1 January 2000, NEURONES opted for the tax consolidation regime for 2000 to 2004. The consolidated group includes NEURONES S.A., Neurones Solutions SAS, Skills Consulting SAS and UpGrade S.A.

Methods of breaking down corporate tax based on the results of the entire group:

The tax burden is paid by consolidated companies, the parent and subsidiaries, as when there is no tax consolidation. This charge is calculated on the actual tax result after booking all their prior losses.

Tax savings achieved by the group thanks to losses are retained in their entirety by the parent company. When the subsidiaries make a profit, the parent company then pays the tax.

Savings achieved by the group not related to the loss, are also retained by the parent company.

Difference between tax booked and tax paid:

Tax booked	252,395 euros
Tax paid	1,907,009 euros

Difference between tax booked and tax supported when there is no tax consolidation:

Tax booked	252,395 euros
Tax supported when there is no tax consolidation	218,911 euros

Note 20 - Identity of the company preparing the consolidated accounts

NEURONES S.A. is the parent company of the group preparing consolidated accounts.

Table of subsidiaries and controlling interests

(in € thousands)

Company	Capital	Other equity (1) held	Share of capital (as %)	Book value of investments		Loans and advances	Guarantees and commitments	Revenues (excl. tax)	Profit 2001	Dividends collected
				Gross	Net					
I - Subsidiaries (more than 50 % held)										
- HelpLine	400	2,142	85.00	324	324	-	-	20,114	682	
- BrainSoft	480	977	85.92	775	775	-	-	7,086	385	
- UpGrade	3 813	1,078	99.99	3 811	3 811	-	-	7,193	322	
- INTRINsec	480	31	90.00	466	466	-	-	2,074	(54)	
- NEURONES Solutions	7,373	555	100.00	7,371	7,371	-	-	18,992	551	
- SKILLS Consulting	22,875	3,144	100.00	22,867	22,867	-	-	21,385	1,863	
- Knowledge	380	(189)	73.97	281	281	-	-	679	(116)	
- AS International Group	555	1,179	100.00	11,739	11,739	-	-	1,771	83	
II - Controlling interests (10 to 50 % held)										
III - Other securities										
- Sicoop				6	-					
TOTAL				47,640	47,634					-

(1) Before breakdown.

2.7. Auditors' general report on annual accounts (financial year ending 31 December 2001)

Pursuant to the assignment that was entrusted to us by the general meeting, we present our report relating to the financial year ending 31 December 2001, on:

- the audit of Neurones annual accounts, as attached to this report,
- specific verifications and information provided for by law.

Annual accounts were closed by the Board of directors. It is for us, on the basis of our audit, to express an opinion on these accounts.

I. Opinion on annual accounts

We performed our audit according to the standards of the profession applicable in France ; these standards require deployment of diligence guaranteeing reasonable assurance that the annual accounts contain no significant anomalies. An audit involves examining by sampling pertinent elements justifying the data in these accounts. It also involves appreciating accounting principles used and the significant estimates retained in closing of the accounts and the appreciation of their overall presentation. We believe our verifications provide a reasonable basis for the opinion expressed below.

We certify that the annual accounts, prepared in compliance with rules and accounting principles applicable in France, are regular and sincere and present fairly the results of operations for the past year, the financial position and assets of the company at the end of this year.

II. Specific verifications and information

We also performed, in compliance with professional standards applicable in France, specific verifications as provided by the law.

We have no observation to make on the sincerity and concordance information provided in the board of director's management report with annual accounts and in the documents sent to shareholders on the financial position and annual accounts.

In accordance with the law, we have ascertained that the various information relating to the identity of the owners of capital and voting rights were communicated to you in the management report.

22 April 2002

Auditors

FCC Audit and Consulting
Thierry Bellot

Ernst & Young Audit
Any Antola

2.8. Special report of the Auditors on statutory agreements (financial year ending 31 December 2001)

As Auditors to your company, we present our report on statutory agreements.

In accordance with article L. 225-40 of the Code de commerce, we were informed of the agreements previously approved by your Board of directors.

It is not our duty to look for other agreements, but on the basis of information provided, we inform you of the essential characteristics and methods of those we know about, without an opinion as to their utility and merits. According to the terms of article 92 of the decree of 23 March 1967, it is for you to appreciate the interest of these agreements.

We accomplished our work according to professional standards; these standards require deployment of diligence to verify the concordance of information provided with the basic documents from which it comes.

Agreements reached with Knowledge

Directors concerned: Luc de Chammard and Bertrand Ducurtil.

1. Agreement of making available holding resources

Type and purpose:

The functions of general, financial, human resources, communication and marketing management are centralized by NEURONES S.A., the group holding.

Methods:

Annual costs supported by NEURONES S.A. and charged to all subsidiaries are shared on a fixed price basis.

Annual costs invoiced to Knowledge amounted to 1,829 euros net of tax on the basis of a monthly fixed amount of 152.5 euros net of tax.

2. Making available of premises

Type and purpose:

NEURONES S.A. makes premises available to Knowledge, located at 205, avenue Georges Clemenceau in Nanterre.

Methods:

The cost of premises paid by NEURONES S.A. is invoiced to Knowledge on a prorata basis for the surface area occupied.

In 2001, NEURONES S.A. invoiced Knowledge 11,529 euros net of tax.

3. Agreement of centralized cash management

Type and purpose:

NEURONES S.A., SKILLS Consulting, NEURONES Solutions and Help-Line agreed to an algebraic pooling of their bank positions at the UBP. NEURONES S.A. is invoiced for interest on the consolidated position.

Since January 2001, Knowledge is party to this agreement by rider to the agreement between NEURONES S.A. and Knowledge.

Methods:

Depending on individual positions of each company party to the agreements, NEURONES S.A. invoices or pays subsidiaries according to the following methods:

- overdraft position invoiced at EONIA rate + 0.6 % (overdraft condition applied by banks),
- credit position paid at EONIA rate - 0.6 %,
- difference in borrower / lender rate going to NEURONES S.A.

In 2001, Knowledge invoiced your company 495 euros net of tax.

Furthermore, in application of the decree of 23 March 1967, we were informed of the execution of the following agreements, approved in prior years and continuing this last year:

Agreements reached with the following group companies:

- NEURONES Solutions,
- SKILLS Consulting,
- Help-Line,
- BrainSoft,
- UpGrade.

1. Agreement of making available holding resources

Type and purpose:

The functions of general, financial, human resources, communication and marketing management are centralized by NEURONES S.A., the group holding.

Methods:

Annual costs supported by NEURONES S.A. and charged to all subsidiaries are shared on a fixed price basis.

In 2001, NEURONES S.A. invoiced the following amounts net of tax:

- 365,878 euros to NEURONES Solutions,
- 640,286 euros to SKILLS Consulting,
- 58,540 euros to Help-Line,
- 20,123 euros to BrainSoft,
- 23,782 euros to UpGrade.

2. Making available of premises

Type and purpose:

NEURONES Solutions makes premises available at 205, avenue Georges Clemenceau in Nanterre.

Methods:

The cost of premises paid by NEURONES Solutions is invoiced to NEURONES S.A. on a prorata basis for the surface area occupied.

In 2001, NEURONES Solutions invoiced NEURONES S.A. 88,542 euros net of tax.

3. Telephone and Internet access costs

Type and purpose:

The initial cost, paid by NEURONES Solutions, is knocked on to group companies.

Methods:

Telephone and Internet access costs, paid by NEURONES Solutions on behalf of NEURONES S.A., are invoiced according to an estimated standard consumption, for a monthly amount of 15.24 euros net of tax for Internet access and 76.22 euros net of tax for telephone costs.

In 2001, NEURONES S.A. took into consideration a charge of 183 euros net of tax for Internet access and 915 euros net of tax for telephone costs.

4. Centralized cash management agreement

Type and purpose:

- NEURONES S.A., SKILLS Consulting and NEURONES Solutions agreed to centralize cash in a mirror account, movements by value date of operational accounts are integrated in a central account. This system is implemented with BNP and the Société Générale. Operational accounts are paid or invoiced on the basis of their respective balances, appearing in the central account.
- NEURONES S.A., SKILLS Consulting, NEURONES Solutions and Help-Line agreed to an algebraic pooling of their bank positions at the UBP. NEURONES S.A. is invoiced for interest on the consolidated position.
- NEURONES S.A., SKILLS Consulting, NEURONES Solutions, BrainSoft and UpGrade agreed to an algebraic pooling of their bank positions at the Crédit Agricole. NEURONES S.A. is invoiced for interest on the consolidated position.

Methods:

Depending on individual positions of each company party to the agreements, NEURONES S.A. invoices or pays subsidiaries according to the following methods:

- Account positions at the BNP, Société Générale and UBP:
 - overdraft position invoiced at EONIA rate + 0.6 % (overdraft condition applied by banks),
 - credit position paid at EONIA rate - 0.6 %,
 - difference in borrower / lender rate going to NEURONES S.A.
- Account positions at Crédit Agricole:
 - overdraft position invoiced at EONIA rate + 0.8 % (overdraft condition applied by banks),
 - credit position paid at EONIA rate - 0.8 %,
 - difference in borrower / lender rate going to NEURONES S.A.

In 2001, NEURONES S.A. invoiced the following amounts net of tax:

- 11,927 euros to NEURONES Solutions,
- 8,743 euros to Help-Line,
- 42 euros to UpGrade.

In 2001, BrainSoft invoiced NEURONES S.A. 756 euros net of tax.

In 2001, SKILLS Consulting invoiced NEURONES S.A. 6,869 euros net of tax.

5. Agreement for invoicing training expenses

Type and purpose:

UpGrade, whose business is training, may be called upon to perform services for the group.

Methods:

These services are invoiced at a fixed price of 175.32 euros net of tax per day of training.

In 2001, UpGrade invoiced your company 1,433 euros net of tax.

Paris, 22 April 2002

Auditors

Members of the Compagnie régionale de Paris

FCC Audit and Consulting
Thierry Bellot

Ernst & Young Audit
Any Antola

3. The company and its capital

3.1. General information concerning the company

3.1.1. Company name

NEURONES.

3.1.2. Trading name

NEURONES.

3.1.3. Registered head office

Immeuble "le Clemenceau I" 205, avenue Georges Clemenceau 92024 Nanterre Cedex.

3.1.4. Legal form

The company was set up as a French société anonyme with a Board of directors governed by the new Code de commerce and the decree of 23 March 1967 on commercial companies.

3.1.5. Nationality

French.

3.1.6. Date of incorporation and duration of the company

The company was set up for a duration of 99 years, as of its registration in the Company Register on 15 January 1985.

It shall end on 15 January 2084, unless extended or early ending decided by an extraordinary general meeting.

3.1.7. Corporate charter (article 3 of the by-laws)

The purpose of the company in France, overseas territories or abroad, is all operations directly or indirectly concerning consulting, design, fabrication, development, implementing, installation, support, running, distribution of all electronic computing systems, both as concerns services and software, applications and material, and generally speaking any operation relating to processing of information, communication and training.

To achieve its purpose, the company may:

- process, sub-contract, represent and commission,
- import and export,
- possess, acquire, rent, outfit, equip, transform buildings, worksites, warehouses, stores,
- take positions and controlling interests by all competitive or support in all similar companies or ones that might be likely to boost development of its business, and, in general, perform all commercial, industrial, financial or real estate operations directly or indirectly relating to the purpose of the company.

3.1.8. Company Register

331 408 336 R.C.S. Nanterre.

3.1.9. Financial year

The financial year starts on 1 January and ends on 31 December of each year.

3.1.10. Place where documents and information concerning the company may be consulted.

By-laws, accounts and reports, minutes of general meetings may be consulted at the NEURONES head office.

3.1.11. General meetings

General meetings of shareholders are called and convened under conditions set by the law.

Meetings take place at the head office or any other place specified in the notice of convocation.

Any owner of shares, dating from at least five days prior to the meeting, may attend or be represented at the meeting on simple justification of their identity and an inscription in the share account at least five days before the General meeting is held, either in the form of a nominative inscription, or the deposit within the same time limit of the certificate of an authorized intermediary at the place mentioned in the notice of convocation stating the non-availability of shares registered till the date of the meeting.

Meetings are presided by the Chairman of the board of directors or, in his absence, by a director especially delegated for that purpose by the Board.

Minutes of the meeting are drawn up and their copies certified and issued according to the law.

Subject to legal requirements, postal vote can also be used by shareholders. To be taken into account, the company must receive postal voting forms at least three days before the date of the meeting.

Each member of the meeting has as many votes as shares they own or represent. Nevertheless, a double voting right is granted to all fully paid shares so long as they have been registered in the name of the shareholder for at least four years. This right is granted from the time of issue to nominative shares freely attributed to a shareholder holding old shares entitled to this right. Shares changing owner lose this double voting right: Nevertheless, transfer of ownership following inheritance, settling of communal estate between spouses on behalf of one spouse or relation entitled to inherit is not a reason to lose this acquired right and does not interrupt the four year period so long as it is underway. The merger of the company has no effect on the double voting right that may be exercised within the absorbing company if the by-laws so provide.

3.1.12. Disposal and transmission of shares

No clause in the by-laws restricts the transfer of shares.

3.1.13. Double voting right

A shareholder has as many votes as they own shares or represent, without any limit except those provided by law.

Nevertheless, a double voting right is attributed to all fully paid shares so long as they have been owned by the same shareholder in nominative form for at least four years.

3.1.14. Thresholds and crossing of thresholds

Every shareholder has the obligation to inform the company if holding or no longer holding directly, indirectly or jointly one of the legal thresholds of 5 %, 10 %, 20 %, one third and two thirds of the legal capital or voting rights.

Moreover, every shareholder has an additional obligation to inform the company if holding directly, indirectly or jointly 2 % of the legal capital or voting rights.

3.1.15. Purchase by the company of its own shares

Since its launch on the Paris Stock Exchange, the company has so far made no operation on its own shares and to date owns none.

3.1.15.1. Purchase program of the Combined general meeting of 26 June 2001

This program fits into the context of article L. 225-209 of the new Code de commerce.

The Combined general meeting held on 26 June 2001 approved that the company purchases its own shares subject to the main guidelines below:

- duration of the program: eighteen months as of the date of the meeting (until 26 December 2002),
- maximum amount of the capital to be acquired: 10 % of the capital,
- maximum purchase price: 12 euros per share,
- minimum selling price: 4 euros per share.

The company has not purchased any shares in the context of this program.

3.1.15.2. Purchase program proposed to the Combined general meeting on 27 June 2002

Deployment of this program fits into the context of article L.225-209 of the new Code de commerce.

It was proposed to the Combined general meeting on 27 June 2002 (sixth resolution) to authorize the company to buy its own shares subject to the main guidelines below:

- duration of the program: eighteen months as of the date of the meeting (until 27 December 2003),
- maximum amount of the capital to be acquired: 10 % of the capital,
- maximum purchase price: 12 euros per share,
- minimum selling price: 4 euros per share.

This second program cancels and replaces that authorized by the Combined general meeting of 26 June 2001.

The effective launch of this second program is subject to a decision of the board of directors. If necessary and after decision of the board of directors, the company shall have the Commission des Opérations de Bourse endorse a memorandum concerning the program and publish it within the statutory period. The purchase program can then be effectively launched.

3.1.16. Statutory distribution of profits (article 19 of the by-laws)

The profit or loss for the year is formed by the difference between income and charges for the year, after deduction of depreciation and provisions, as reported in the income statement.

From the profit for the year, with prior losses deducted if necessary, a minimum five percent is first deducted and allocated to the legal reserve. This deduction is no longer mandatory once the legal reserve has achieved one tenth of the legal capital.

If there are sums outstanding, the General meeting decides, either to distribute or carry them over, or to allocate them to one or several reserves of which it controls the allocation and use.

After acknowledging the existence of reserves that it provides, the General meeting may decide to distribute the sums taken from these reserves. In this case, the decision specifies to which reserves the amounts are to be allocated.

The General meeting can grant shareholders, all or part of the dividend or partial payment of distributed dividends, with the option to pay the dividend or part thereof in cash or in shares.

3.1.17. Identifiable bearer shares (article 7 of the by-laws)

The company has the right to ask the organization responsible for custody of shares, at any time and for a fee, the identity of shareholders bearing the immediate or future right to vote in its own shareholder meetings, as also the quantity of shares held by each person and whatever restrictions, such shares may be subject to, if any.

3.2. General information concerning the capital

3.2.1. Legal capital

On 4 April 2002, the capital of the company is 9,108,420 euros divided into 22,771,050 fully paid shares.

3.2.1.1. Stock options plan

(Extraordinary general meeting of 29 November 1999)

The Extraordinary general meeting of 29 November 1999:

- delegated for a five-year period the necessary powers to the Board of directors to grant, in one or several times, options giving right to subscribe to new shares of the company to be issued as part of a capital increase, or to shares purchased by the company under prevailing legal conditions,
- decided that the total number of options so granted may contain the right to subscribe or purchase a maximum of 192,975 NEURONES shares at 2 euros nominal (or 964,875 current shares at 0.4 euro nominal),
- decided, that in case of subscription or purchase, from the time NEURONES is listed on the Nouveau Marché, the stock subscription price paid by beneficiaries will be decided on the day the options are granted by the Board of directors and cannot be less than 80 % of the average price quoted in the twenty market sessions prior to the day the options are granted, nor can it be less than 80 % of the average purchase price of shares held by the company under the terms of articles 217-1 and/or 217/2 of the law of 24 July 1966,
- took cognizance that the present authorization comprises specific waiver by shareholders, to the benefit of beneficiaries, to their pre-emptive right to subscribe to shares to be issued as stock options are exercised.

3.2.1.2. Attribution of stock options (Board of director's meeting of 30 November 1999) – Plan n° 1

The Board of director's meeting of 30 November 1999 granted 33,110 NEURONES option to 19 group executives, at the former nominal of 2 euros for a subscription price of 16 euros, corresponding to 165,550 shares at the current nominal of 0.4 euro for a subscription price of 3.2 euros per share. As of 31 December 2001, there were 156,020 outstanding options exercisable for this attribution (9,530 null excluded).

3.2.1.3. Stock purchase warrants plan

(Extraordinary general meeting of 29 November 1999)

The Extraordinary general meeting du 29 November 1999 decided to issue stock purchase warrants giving the holder the right to subscribe to company shares.

The General meeting issued 95,277 warrants for 49 beneficiaries by suppressing the pre-emptive right of shareholders to warrants issued and freely attributed.

Holders of warrants can subscribe to shares of the company at the nominal of 0.4 euro, to be issued, at a rate of 5 shares for one warrant (476,385 shares), for a subscription price of 3.2 euros per share with a nominal value of 0.4 euro.

The warrants may be exercised as of 29 November 2004 for a period of one year. As of 29 November 2005, warrants not exercised will lose all value.

As of 31 December 2001, there were 428,745 outstanding options exercisable (47,640 null excluded).

3.2.1.4. Attribution of stock options (Board of director's meeting of 27 July 2000) – Plan n° 2

The Board of director's meeting of 27 July 2000 granted 304,363 NEURONES options to 171 group employees, at a nominal of 0.4 euros, at an exercise price of 7.5 euros per share. As of 31 December 2001, there were 220,531 outstanding options exercisable (83,832 null excluded).

3.2.1.5. Attribution of stock options (Board of director's meeting of 11 July 2001) – Plan n° 3

The Board of director's meeting of 11 July 2001 granted 360,210 NEURONES options to 240 group employees, at a nominal of 0.4 euros, at an exercise price of 3.8 euros per share. As of 31 December 2001, there were 301,210 outstanding options exercisable (59,000 null excluded).

3.2.1.6. Other securities giving access to the capital.

There are no other securities giving access to NEURONES capital.

3.2.2. Authorized capital

Authorizations to issue

The Extraordinary general meeting of 14 April 2000 approved that the Board of directors, or by delegation its Chairman, issue marketable securities for a period of 26 months from the time of issue, in France or abroad, giving immediate or future access to company capital.

These issues may involve the support or suppression of the pre-emptive subscription right and cannot give place to (excluding adjustments relating especially to incorporation of profits, reserves or capital premiums, or the reservation of rights of bearers to marketable securities or warrants) a nominal increase of capital greater than 10 million euros (including the increase of capital at the time of the IPO).

As the increase of capital at the IPO amounted to 1,389,420 euros and there have been no other operations since, the ceiling for a nominal increase of capital is no longer 10 million euros but 8,610,580 euros.

The Extraordinary general meeting of 14 April 2000 also authorized the Board of directors to issue one or several bond issues in one or several tranches and at times it deems best, in France and/or abroad, in euros, foreign currency or account unit made up of several currencies for a maximum 60 million euros, represented by bonds convertible to new shares and/or in exchange for existing company shares.

The Board of directors has to date not used this option.

Past general meetings authorized no other issue possibilities and the General meeting of 27 June 2002 provided for no more.

3.2.3. Statement of changes in legal capital since the founding of NEURONES

Date	Type of operation	Increase of capital	Premium shares issued and contribution	Number of	Accumulated amount of legal capital	
					Nb of shares	Capital
Dec. 1984	Creation of the company				8,000	FF 800,000
15/08/85	Increase of capital	FF 210,000	-	2,100	10,100	FF 1,010,000
30/06/93	Purchase by the company of its own shares					
	Reduction of capital			- 4,954	5,146	FF 514,600
30/06/93	Increase of capital by incorporation of reserves and raising of nominal from FF 100 to FF 200	FF 514,600	-		5,146	FF 1,029,200
30/12/97	Increase of capital by incorporation of reserves and raising of nominal from FF 200 to FF 4,000	FF 19,554,800	-		5,146	FF 20,584,000
22/11/99	Increase of capital by incorporation of reserves, conversion of capital to euros					
	Nominal of shares					
	Raised to 1,500 A	FF 30,049,320.83	-		5,146	7,719,000 A
22/11/99	Division of nominal from 1,500 A to 2 A		-		3,859,500	7,719,000 A
05/04/2000	Division of nominal from 2 A to 0.4 A		-		19 297 500	7 719 000 A
23/05/2000	Increase of capital on introduction to the Nouveau Marché	1,389,420 A	29,872,530 A	3,473,550	22,771,050	9,108,420 A

3.2.4. Breakdown of capital and voting rights

On 4 April 2002:

Shareholders	Number of shares	%	Number of voting rights	%
Luc de Chamnard	13,604,495	59.74	27,208,990	66.39
Host Sarl	3,532,500	15.51	7,065,000	17.24
Bertrand Ducurtail	1,072,335	4.71	2,144,670	5.23
Various individuals	3,760	0.02	7,520	0.02
Public	4 557 960	20.02	4,557,960	11.12
TOTAL	22 771 050	100.00	40,984,140	100.00

Host Sarl is 100 % held by Luc de Chamnard.

3.2.5. Changes in breakdown of capital in the last three years

There have been no major changes in the breakdown of capital in the last three years, except for the IPO:

Shareholders	Before the IPO	%	The day after the IPO	%	On 4 April 2002	
	Number of shares		Number of shares		Number of shares	%
Luc de Chamard	14,414,990	74.70	13,604,495	59.74	13,604,495	59.74
Host Sarl	3,532,500	18.31	3,532,500	15.51	3,532,500	15.51
Bertrand Ducurtil	1,342,500	6.96	1,072,335	4.71	1,072,335	4.71
Various individuals	7,510	0.04	7,510	0.04	3,760	0.02
Public	0	0.00	4,554,210	20.00	4,557,960	20.02
TOTAL	19,297,500	100.00	22,771,050	100.00	22,771,050	100.00

Host Sarl is 100 % held by Luc de Chamard.

To the knowledge of NEURONES, no other shareholder has declared owning directly, indirectly or jointly 2 % or plus of the capital or voting rights.

3.2.6. Shareholder pacts/jointly owned shares

N/A.

3.2.7. Securities on deposit

N/A.

3.2.8. Commitment to retain shares

No commitment to retain shares has been taken by the managers owning shares.

3.3. Dividends

Financial year ending	Total net amount distributed	Dividend per share	
		Net dividend	Tax credit
31 December 2001	-	-	-
31 December 2000	-	-	-
31 December 1999	-	-	-
31 December 1998	-	-	-

At the Combined general meeting of 27 June 2002, it was proposed to distribute no dividend for 2001.

There is no intention to pay a dividend over the next few years.

In compliance with legal provisions, dividends and partial payments are prescribed for a period of five years to the profit of the state.

3.4. The market for company shares

NEURONES shares are currently listed on the Nouveau Marché of the Paris Stock Exchange (code Euroclear 7597 – code Bloomberg NEUR FP – code Reuters Neur LN). From its creation in January 2002, NEURONES has been part of the Euronext “NextEconomy” segment.

Since the IPO, shares are quoted continuously. The shares are part of the SBF 250 and IT CAC indices since the IPO.

The NEURONES share is among the thirty largest capitalizations of the Nouveau Marché of 164 shares (March 2002), in the last eighteen months the performance was as follows:

Month	High closing price (in euros)	Average closing price (in euros)	Low closing price (in euros)	Number of shares traded (in thousands)	Number of sessions
November 2000	4.05	2.85	3.46	597	22
December 2000	4.39	2.35	3.12	973	19
January 2001	4.35	3.22	3.71	342	22
February	4.63	3.15	3.86	511	20
March	4.08	3.35	3.86	189	22
April	3.90	3.02	3.52	116	19
May 2001	4.39	3.90	4.20	238	22
June	4.10	3.14	3.98	149	20
July	4.00	2.95	3.64	126	22
August	4.30	3.18	3.76	119	23
September	3.54	2.52	3.13	112	20
October	3.87	3.21	3.46	244	23
November	3.90	3.51	3.77	320	22
December	3.97	3.07	3.63	92	18
January 2002	3.81	3.15	3.66	204	22
February	3.94	3.05	3.59	523	20
March	4.20	3.65	3.96	283	20
April 2002	4.15	3.82	4.02	261	21
Extreme or average last 12 months	4.39	2.52	3.74	223	
TOTAL (LAST 12 MONTHS)					2,671
253 DAYS					

Source: Euronext.

The average daily traded volume in the first quarter of 2002 is 16,400 shares a day.

4. Administration and management

4.1. Members of the board of directors

Chairman-Chief executive: **Luc de Chammard**. Other mandates (in the group):

Director	UpGrade	205, av. Georges Clemenceau	92024 Nanterre Cedex
Director	Knowledge	205, av. Georges Clemenceau	92024 Nanterre Cedex

Chief executive: **Bertrand Ducurtail**. Other mandates in the group:

Chairman	Neurones Solutions	205, av. Georges Clemenceau	92024 Nanterre Cedex
Chairman	Skills Consulting	205, av. Georges Clemenceau	92024 Nanterre Cedex
Director	BrainSoft	205, av. Georges Clemenceau	92024 Nanterre Cedex
Director	Help-Line	171, av. Georges Clemenceau	92024 Nanterre Cedex
Manager	AS Technologies	83, rue du Faubourg Saint-Honoré	75008 Paris
Manager	AS Télécom & Réseaux	83, rue du Faubourg Saint-Honoré	75008 Paris

Other mandates (outside the group):

Manager	Sarl Host	58, rue Pottier 78150 Le Chesnay	Versailles B 339 788 713
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Director: **Patrick de Catuelan**. Other mandates (outside the group):

Director	SA Immopark	23, rue de la Rochefoucauld 92100 Boulogne	Nanterre B 352 244 446
Manager	Sarl FCH Participations	38, rue du Mont-Thabor 75001 Paris	Paris B 422 712 844
Director	SA Activités Auto Contrôle (AAC)	34, rue Abel-Hovelacque 75013 Paris	Paris B 344 557 426
Co-manager	Sarl Auto Contrôle Voisins (ACV)	rue aux Fleurs 78960 Voisins-le-Bretonneux	Versailles B 410 867 155

Director: **Jean-Louis Pacquement**.

NEURONES has set up no special structure concerning corporate governance.

4.2. Managers' interests

The total gross amount of remunerations and fringe benefits attributed to members of the NEURONES board of directors in 2001 is detailed in the Board's management report to the Meeting – Special report (see paragraph 2.2. of this annual report - page 36).

No NEURONES managers or members of their families hold directly or indirectly assets used by NEURONES, especially real estate.

They have no holdings in the capital of NEURONES subsidiaries, nor in clients or suppliers of the NEURONES group, except for a stake in a company of five people, an occasional supplier of the group.

No loans or cautions have been granted or formed in favor of members of administrative and management bodies.

4.3. Employee profit-sharing

A stock option plan was set up for 49 group executives on 29 November 1999, giving an option to subscribe to 476,385 shares (current shares with a nominal of 0.4 euro), i.e. 2.09 % of the current capital of 22,771,050 shares.

At that time, the General meeting approved options for a maximum 964,875 shares (current shares with a nominal of 0.4 euro), i.e. 4.24 % of the current capital of 22,771,050 shares.

Applying this authorization, the Board of directors granted stock-options on three occasions:

- on 30 November 1999: 165,550 shares for 19 group executives (plan n° 1),
- le 27 July 2000: 304,363 shares for 171 other group executives (plan n° 2),
- le 11 July 2001: 360,210 shares for 240 group executives (plan n° 3).

After these three plans, there remain 134,752 options attributable in the context of the authorization of the General meeting of November 1999 (964,875 – 165,550 – 304,363 – 360,210), i.e. 0.59 % of the capital.

	stock options	Plan n° 1	Plan n° 2	Plan n° 3
Date of the meeting	29/11/99	29/11/99	29/11/99	29/11/99
Date of the board of directors		30/11/99	27/07/00	11/07/01
Total number of shares that can be subscribed to	476,385 (1)	165,550 (1)	304,363 (1)	360,210 (1)
Number of beneficiaries	49	19	171	240
Number of managers concerned	2	None	None	None
Starting point of option exercise	29/11/04	30/11/04	27/07/05	11/07/06
Expiry date	28/11/05	30/11/14	27/07/15	11/07/16
Subscription price	3.2 euros (1)	3.2 euros (1)	7.5 euros (1)	3.8 euros (1)
Number of shares bought to date	None	None	None	None
Number of voided shares as of 31/12/01	47,640	9,530	83,832	59,000
Maximum options exercisable remaining as of 31/12/01	428,745	156,020	220,531	301,210
Dilution potential (null deducted)	1.88 %	0.69 %	0.97 %	1.32 %

(1) Expressed in current shares with a nominal of 0.4 euro.

At the current capital of 22,771,050 shares, potential dilutions are as follows:

	Number of shares maximum	% of capital
stock options granted (null deducted)	428,745	1.88
Options authorized	964,875	4.24
Options granted plans n° 1 + n° 2 + n° 3 (null deducted)	677,761	2.98
TOTAL STOCK OPTIONS AND OPTIONS PLANS N° 1, 2 AND 3 1,106,506		4.86

Furthermore, employees benefit from the legal profit-sharing scheme once their business entity fulfils the required conditions.

5. People in charge

5.1. Person in charge of the reference document and attestation

"To the best of my knowledge, the data in this reference document complies with reality; all necessary information for investors to form an opinion on the assets, business, financial position, results and prospects of NEURONES are included herein. There are no omissions likely to alter their impact."

Luc de Chamnard
Chairman-Chief executive

5.2. People in charge of auditing accounts and auditor's attestations

5.2.1. Incumbent auditors

Ernst & Young Audit

4, rue Auber 75009 Paris.

Represented by Mrs. Any Antola.

Date of the mandate: appointed at the Annual general meeting of 29 November 1999.

End of mandate: mandate expiring at the Annual general meeting summoned to approve the accounts for the financial year ending 31 December 2004.

FCC Audit and Consulting

14, rue Clapeyron 75008 Paris.

Represented by Monsieur Thierry Bellot.

Date of the mandate: appointed at the Annual general meeting of 30 June 1997.

End of mandate: mandate expiring at the Annual general meeting summoned to approve the accounts for the financial year ending 31 December 2002.

5.2.2. Substitute auditors

Monsieur Guy Papouin

25, square de la Brèche, 92000 Nanterre.

Date of the mandate: appointed at the Annual general meeting of 29 November 1999.

End of mandate: mandate expiring at the Annual general meeting summoned to approve the accounts for the financial year ending 31 December 2004.

Monsieur André Cresteil

14, rue Clapeyron 75008 Paris.

Date of the mandate: appointed at the Annual general meeting of 30 June 1997.

End of mandate: mandate expiring at the Annual general meeting summoned to approve the accounts for the financial year ending 31 December 2002.

5.2.3. Auditor's report on the reference document

As Auditors of the NEURONES and in application of regulation COB 95-01, in compliance with professional standards applicable in France, we verified the information on the financial position and historic accounts provided in this reference document.

This reference document was prepared under the responsibility of the Chairman of the board of directors of the company. It is for us to pronounce an opinion on the sincerity of the information it contains on the financial position and accounts.

In compliance with professional standards applicable in France, our proceedings consisted in appreciating the sincerity of information on the financial position and accounts, in verifying their concordance with reported accounts. It also involved reading other information contained in the reference document, so as to identify, if necessary, the significant incoherences with information on the financial position and accounts, and to indicate any patently erroneous information that we may have found on the basis of our general knowledge of the company acquired in the context of our assignment. Concerning the isolated forecast data resulting from a structured preparatory process, this reading took account of the hypotheses retained by the managers and their interpretation in figures.

The annual accounts and consolidated accounts of NEURONES for the financial years ending 31 December 2000 and 2001, closed by the Board of directors, were audited by us according to the standards of the profession applicable in France, and were certified without reserve or observation.

On the basis of our proceedings, we have no observation to make on the sincerity of information concerning the financial position and accounts presented in this reference document.

Paris, 10 June 2002

Auditors

Members of the " Compagnie régionale de Paris "

FCC Audit and Consulting
Thierry Bellot

Ernst & Young Audit
Any Antola

5.3. Person in charge of information

Bertrand Ducurtil

NEURONES 205, avenue Georges Clemenceau, F-92024 Nanterre Cedex

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6. Table of compliance

In order to facilitate reading of this annual report, the following table identifies the main items of the instruction to apply rule 95-01 of the Commission des Opérations de Bourse.

COB 95-01	Annual report Part	Annual report Pages
1. Person in charge of the reference document and people in charge of auditing accounts Attestation of people in charge Name and address of legal auditors	Part 5	Page 82 Pages 82 and 83 Page 82
2. General information concerning the company Statutory clauses	Part 3	Page 72 Pages 73 to 75
2. General information concerning capital General information Statutory clauses Current breakdown of capital and voting rights Shareholder pacts/joint-owned shares	Part 3	Page 75 Page 75 Page 76 Page 77 Page 78
2. Dividends	Part 3	Page 78
2. Securities market	Part 3	Page 79
3. Information on company business	Part 1	Pages 4 to 23
3. Analysis of risks	Part 1	Pages 23 to 25
3. Investment policy	Part 1	Page 22
3. Recent changes and prospects	Part 1	Pages 27 and 28
4. Assets, financial position and results Consolidated accounts Auditors attestation Company accounts Auditors attestation	Part 2	Page 40 Pages 40 to 57 Page 57 Pages 58 to 68 Page 48
5. Information concerning administration and management.	Part 4	Page 80
5. Manager's holdings in company capital	Part 4	Page 80

7. Glossary

System and network integration

Lan (local area network). It is mainly made up of the following elements: servers, workstations, peripheral devices, active elements, enabling the transfer of information between servers and stations. The main active elements are routers (that enable liaisons between sites) and switches (that enable liaisons between elements of the same site).

Wan (wide area network). Concerns all links between different Lans of an organization.

Integration of systems: all services for design and implementation that concern system applications situated on Lan and Wan networks of an organization: OS (operating systems) servers, OS stations, light client OS, emulators, message systems, remote access, Internet access, business-specific applications, utilities (remote distribution, supervision, alarm reporting, back-ups, management of disk racks, clusters, etc.).

The term system integration can be used in a different sense. Global IT company system integrators are considered to be able to process both the functional aspects of a major evolution of an information system (like installing an ERP for example) and to set up the necessary technical infrastructures to support them. It is then a question of "information system integration (SI)".

Integration of networks: all design and implementing services that concern the layers of local and remote networks of an organization. A network integrator designs the basics and flowrates but does not take part in the higher server and client station application layers..

Central site (mainframe or large system): high-power computer centrally used in large organizations (IBM S9000, Bull DPS7-8, etc.). An extensive range of specific applications have been developed in these environments, they remain in production in large organizations. These applications are relayed to workstation by an emulator.

Proprietary systems: these are mini-computers whose hardware and operating system (OS) are developed and marketed by a single constructor (IBM's AS400, Dec's Vax, etc.). The term is used in opposition to Unix, OS NT and Netware which are independent of constructors.

Distributed computing: servers (Unix, NT, Netware, etc.), workstations, peripheral devices, active and passive elements (mainly routers and switches).

Outsourcing of distributed environments

Outsourcing/facilities management: for a company, outsourcing involves entrusting all or part of its computing to a service provider, in the context of a fixed price contract over several years, assuming its operational responsibility and developing it.

The contract may or may not involve transfer of employees. It may or may not involve transfer of equipment and software. The service teams are generally spread among the client and infomanager sites (personnel and machines shared in the infomanager's computer processing centers).

A reversibility clause allows the client to resume their own computing or to give it to another provider. A restrictive quality assurance plan requires frequent meetings between the owner (client) and the prime contractor (service provider). Much sought after by IT companies because of the potential promise of return business, outsourcing is not always what it is made out to be. Frequently, it is simple outsourcing, without the contractual rigor of facilities management. Outsourcing is also known as facilities management (FM).

IDC classifies the outsourcing market in five categories:

- Outsourcing of equipment/infrastructures (generally central site environments),
- Outsourcing of applications (third-party maintenance of applications or TMA),
- Outsourcing of distributed systems,
- Outsourcing of networks,
- Global outsourcing (Source: IDC, 2000).

Data centers: processing centers belonging to the service provider who tries to generate gains by sharing hardware, software and services. These centers are most often used for mainframe systems where outsourcing is generally accompanied by purchase of the client's equipment ("outsourcing of ownership"). In the case of facilities management in the distributed environment, machines are generally dedicated. The benefit of pooling lies in remote maintenance services: supervision, remote distribution, alarm reporting, remote overriding.

Management of distributed systems: support, operation, administration and deployment of shared computing environments: workstations (micro-computers), servers, peripheral devices and associated networks (Lan and Wan), as part of a service.

Outsourcing of distributed systems: outsourcing of distributed systems is a contractual agreement for a period of 3 to 5 years generally when the service provider assumes administration and operation of the distributed systems.

Help desk and call centers

Hot line: consists in answering requests on a specific subject. Example: support of a publisher's software or business-specific application of an end-customer.

Help desk: unique contact point for users asking computing assistance (in the broad sense). In the case of a help desk for users of computer workstations in a large organization, a support technician handles approximately 20 incidents a day.

Call centers: generic business of contact point between an entity and clients (it does not include the hot line or the help desk).

Outgoing call centers: this mainly concerns telemarketing operations for prospects, or surveys for existing clients.

Incoming call centers: clients of an organization call platforms that provide information on the offer, take orders, open and deal with after-sales files (bank accounts, accident files for insurers, etc.). These platforms are more efficient and profitable than the old multi-function agencies with very tight territorial coverage. Local agencies become simple "boutiques" without personnel, often intended to deal with one-off commercial operations. The pioneers of this type of organization were the insurance mutuals. These organizations are becoming more widespread due to changes in the following technologies: switchboards, CTI, call management systems, use of Internet.

Low added value call centers: call centers processing simple requests. Typically, call centers of mobile telephone operators, insurance platforms, banks, and private card managers.

Added value call centers: call centers processing complex requests requiring a high degree of training, skills and sophisticated behavior.

Web call center: call center organized in such a way that the client user chooses the way he wants to contact the company: Web site connection, send an e-mail, phone call to a call center. The user can also change media as the transaction advances and use several methods of communication in parallel.

“Internet voice button” or “click and talk” or “push and talk” (reference publisher: Cosmocom): important function for the development of electronic business. It involves allowing an internaut on a web site to connect to a call center in order to discuss with a consultant. When talking with the consultant, he keeps the Internet screen open and can so continue working while benefiting from the operator's assistance.

“Messaging mix” in the help desk and call center professions is the problem of simultaneous management of several telephone, e-mail, Internet communication channels that must appear in the same form for the operator.

CTI (computer telephony integration) (reference publisher: Genesys). CTI ensures exchange of information - mainly, the call number - between telephone and computer systems. Help desk or CRM applications then connect the call number to information stored in a data base concerning the called or calling party, presented in real time on the user's screen. CTI can be implemented locally, on a workstation, or in a call center. For a call center, CTI has a number of interests especially the “pop up screen” and making the contact more personal.

Internet application development

Browser (Internet Explorer from Microsoft or Netscape Navigator): software giving access to the Internet. Before, when an application was deployed, you had to install one part on the server and the other part on each user station (client station in our jargon). Now, you just have to install an application on the server, Internet serves as the universal client: The user can connect to more and more applications from a terminal (PC, Palm Pilot, etc.) equipped with a browser and connected to Internet. The costs of application deployment are considerably reduced. Most corporate customers will use this technique for the next generation of their computer architecture (“inter-netting” of IS or total reengineering of the information system around Internet).

Intranet: secure Internet application used internally by users in the same organization.

Extranet: secure Internet application used by clients or suppliers and users of a large organization. It is traditionally a matter of providing third parties with information that concerns them (tracking of business, process progress, etc.). There is no development or deployment to be done with third parties who use their standard browser to enter the application via Internet. Since 1996, Neurones makes its data bases concerning infomanager or application development help desk business available to clients. Clients thus have information available in real time. Clients and Neurones save a large number of low added value phone calls.

Business intelligence (equivalent of decision support): term covering all disciplines related to decision-making, supply from the datawarehouse to publication of information (on Internet or othermedia), via the designing of multi-dimensional cubes (datamarts). Also included in this category are applications of datamining and analysis front-ends, previously called infocenters, EIS (executive information system) or information and decision support systems.

Groupware: family of applications enabling cooperation at the level of a department, company or group. These applications include functions of communication (message system), cooperation (pooling of documents, access management) and coordination (management of processes or workflows, rights, signatures, etc.).

KM (knowledge management): all systems and tools to formalize a process or know-how. Knowledge management overcomes the limitations of electronic document management systems (EDM) providing a digital and indexed form of information, so far only available in analog form (paper, voice, image, etc.). There remains a mass of knowledge (present on the Web and totally diffuse in personal user documents) that could never be totally structured and accessible through a database. One then speaks of knowledge management to describe all the tools and techniques that offset the weaknesses of the indexing system by, for example, letting you extract the sense of a document (cognitive engineering), scan the entire content (integral research or full text) or to interpret a user's question. These tools also rely on expert system technologies and case-based reasoning.

ISP (Internet service provider or Internet host): Internet service supplier, and not only an Internet access supplier. An ISP generally offers access to Internet, but also hosting of sites on Web servers, even the development of these sites. Some also have business site development skills. They are sometimes called business service providers.

E-Vap (electronic value added provider): invented by the analysts Markess International, the name e-Vap covers a disparate series of companies started with Internet and its applications. Some are IT companies working on new technologies, others simple access suppliers. Most come from fields of communication, advertising or marketing. All work on developing Web and Intranet sites. They accumulate technical, graphic and communication skills.

Portal: a portal is a Web site listing numerous other sites intended to act as Internet entry points and to generate maximum traffic. Alongside these general service portals (dominated by search engines) theme portals are developing, their purpose is to synthesize responses to the supposed needs of a surfer interested in a given subject or belonging to a community. Another recent category is the company portal for clients and company prospects. Characteristics common to all these portals: more or less extensive complementary services, ranging from meta search engines to personal Web page hosting, news dispatches or personalized site interface. In other words, everything to keep the visitor loyal.

Application server (web integration): "webbing" of information systems can be defined as the construction of a new generation of applications using an Internet navigator as the client part ("universal client" not requiring installation on workstations) and an application server as the server part giving access to data bases (Oracle type) of the company information system. Several solutions currently concern the market but none has emerged as a standard: Sun ePlanet and Java, IBM Websphere, free solutions like Tomcat/pages PHP/Apache, BEA, Microsoft 2IS/ASP and dotnet.

Object: software element representative of a real world element (person, order, invoice, etc.). An object describes a series of behaviors (methods) and data (attributes) required to achieve these behaviors. By extension, the following are qualified as objects: programming languages (Java, C++, etc.), design methods (UML, etc.), data bases (Versant, etc.), middlewares (ORB), etc.

ERP Integration and assistance

ERP (enterprise resource planning): regroups in principle all management applications required for the company – either so-called horizontal management applications (accounting, human resources management, etc.) or vertical (production management, stock management, etc.), possibly specialized by industry. Unlike a group of specific software packages, ERP have a unique common infrastructure (shared data bases, exchange mechanisms between modules) and generally include cooperation tools (groupware, workflow). Dealing traditionally with back office operations, ERP are gradually assuming decision support and front office functions. They are also open, their APIs (Application Programming Interface) have been made public by their publishers so as to facilitate interfacing with more specialized software packages- for example, EAI support tools (see definition below).

CRM (customer relationship management) covers all enterprise functions aimed at winning and retaining clients. This term, a substitute for front office, regroups marketing operation management, sales support, client service, call centers and the help desk. CRM market software packages ensure one or several of these functions.

SCM (supply chain management): reduces inventories, delivery times while raising the standard of client service, such as the first assignments of SCM tools. At operational level, they correlate information on demand and production capacity for the preparation of production plans and delivery parameters. At a tactical level, they rely on statistical techniques – typically datamining tools - to optimize procurement, smoothing of production and finding the best delivery paths. At a strategic level, by means of simulations, they help find the best possible location of manufacturing units and distribution network, and even the frequency of product renewal depending on the target. The main challenge is to automatically reinject this data into the management system (typically the ERP).

EAI (enterprise application interface): is the art of interfacing enterprise applications – production management with inventory management, CRM with ERP, even two ERPs between themselves in the same group, etc. – with the aim of homogeneous or consolidation of the information system. Often accomplished by exchanging files, but without the real time element, integration of two applications requires development of interfaces, called connectors, between corresponding APIs. In addition to formatting of data using tools similar to those used for extraction and conversion of data to data warehouses, there is a middleware type component ensuring mutual comprehension of messages exchanged. OAG (open application group) proposed an API standardization system - Oagis – without much success. One-off solutions are available, managing a restricted number of market software packages.

Security computing

Security computing: the fact that information systems are increasingly open (connected to Internet, interconnected between sites, open to client and supplier third parties, accessible remotely from nomad staff cell-phones and their homes, etc.) encouraged development of businesses related to computer security to the point of making it a specialty in its own right. The scope of computer security is difficult to define. It covers: entry protection solutions (antivirus, firewall, proxy-mask, detection of intrusion and inspection of content), access protection (VPN encryption, administration, access authorization) and security administration (including detection of weaknesses). Services related to security are mainly: consulting, architecture, audit, surveillance and administration.

This specialty is part of a larger general security problem with which it should not be confused. General security includes in addition: emergency plans, deployment of emergency means, rules and procedures, physical security of premises and access, etc.

Virus / antivirus program: a virus is a program, generally malevolent, capable of reproducing itself and infecting others. An antivirus is a computer program that detects and eradicates viruses. As there is no universal antidote, the antivirus program must be updated regularly as it only detects and destroys viruses for which it has the antidotes.

Firewall: firewalls filter incoming and outgoing access between two different IP networks. There are several filtering techniques: filtering of packets depending on incoming and outgoing IP addresses, stateful inspection with analysis of session header files, proxy with translation of addresses to mask internal user addresses from outside eyes. On the market, firewalls are offered in various forms: firewall software, router-firewall and equipment firewall.

Proxy mask: the proxy server serves to regulate the security policy of incoming and outgoing messages to Internet at application layer level (FTP-transfer of files, HTTP-navigation on the net, SMTP-message system) contrary to the firewall that acts on the lower layers. For example, it is the proxy function that prohibits access to some Web sites that have nothing to do with professional business. Often the proxy function is integrated with the firewall.

Inspection of content: analysis of content lets you filter the content of mails or Web sites to avoid abusive use. Analysis of content also detects mobile codes: small applications like Java, ActiveX .exe that are often attached to mails and are malevolent.

Intrusion tests: after client approval and on a previously agreed perimeter, the provider tries to penetrate the computer system using various attack techniques to test system weaknesses. Intrusion tests are subject of a report. New remedies correct weaknesses found.

VPN (virtual private network): a VPN is a network using a public telecoms infrastructure like Internet, but guaranteeing integrity of data sent thanks to encryption and tunneling.

Encryption/cryption of data: coding of information to make it incomprehensible for anyone other than the addressee. Since the inter-ministerial committee of 19 January 1999, France liberalized encryption, adopting the rules accepted by the other main states of the G7.

Authentication or identification/PKI (private key infrastructure): existing authentication solutions are: a simple, widely used but fragile password, PKI certificate, token, smartcard, biometry. Despite heavy administration, PKI certificates have a great future ahead: to enter an application, you need not only a password but a special software module to be installed on the user's machine.

Single sign-on (SSO): physical key associated with a unique password at login that replaces all passwords associated with each application.

Security of transactions: a transaction is certified if the parties are identified, if its integrity is ensured and finally if it not repudiated by either party (certification = identification + integrity + non repudiation). In addition, transaction confidentiality should be added to certification.

Quality of service (QOS): this denomination covers problems of performance and availability for a given application or group of applications. The quality of service does not, in the strict sense, concern security, but administration and supervision of systems and networks. On the market there are software packages generating management reporting including data concerning performance, availability and security.

Training in new technologies

e-learning: all distance learning techniques using especially Internet, Intranets, teleconference tools and Cd-roms.

General considerations

ADSL (asymmetric digital subscriber line): this technology lets you send high flowrates through standard copper wire(France Telecom's current network). It is especially designed for individuals who may thus enjoy much faster access to Internet. Companies will surely be concerned by derivatives like HDSL more adapted to their type of traffic.

Wap (wireless application protocol): this protocol was launched by a consortium of cell-phone constructors, including Nokia, Ericsson and Motorola. with the boom of Internet and development of mobiles, it is easy to access Internet from your mobile phone. The small screen does not, however, let you display HTML pages. Wap is a light version of HTTP (HTML transport protocol) to display WML (wireless markup language) pages, adapted to small screens.

ASP (application services provider): operator hosting and providing applications (all types of applications are possible: ERP, GED, decision support, office automation, etc.). The client is not the owner of the application, he rents the right to access use. The ASP model is a new marketing model of applications and mainly concerns medium-size companies.

Founded in 1985, NEURONES is an IT services company employing 1,200 people whose business is split into three pillars:

- system and network **integration** (20% of 2001 revenues): this traditional business of the group, for long exercised exclusively in turnkey mode, enabled NEURONES to develop a culture of commitment and a host of technical skills,
- **facilities management** in the distributed environment of NT, Unix and DBMS (39% of revenues): this high recurring business is geared to clients requiring an efficient administration and management of their distributed systems,
- **"e-Services"** (41% of revenues), vectors of growth: Internet Security, Internet Development, CRM and decision support, SAP integration and support, setting up help-desks and web call centers and training in new technologies.



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- with an annual average growth of 30% over the last 17 years, mainly organic and profitable growth, the group achieved consolidated revenues of 85.9 M€ in 2001 (+ 30% compared with 2000) and net profit after goodwill of 5.2 M€ (+ 49%).



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