



NEURONES

INTEGRATION - OUTSOURCING - E-SERVICES



Annual report 2002

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2002 revenues

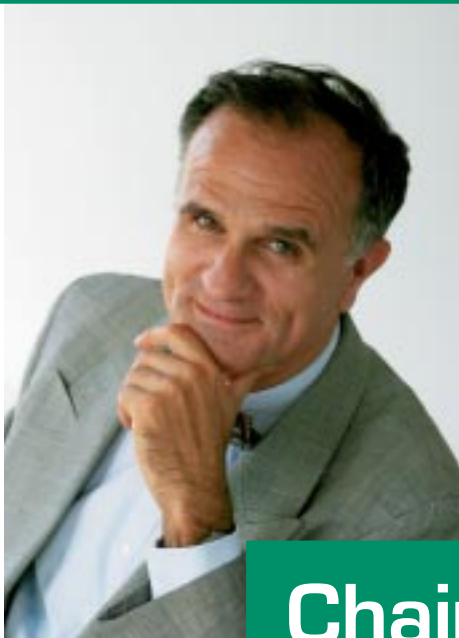
+7,9%

2002 net attributable profit
(after goodwill)

+7,7%

2002 operating margin

10,5%



Chairman's message

Dear current and future shareholders,

"The past is behind us, the present escapes us, but we must prepare the future!" as the journalist Emile de Girardin put it. How well that sums up the situation today with IT gaining speed all the time!

As is the custom, let's take a quick look to the past and enjoy the pleasure of seeing that in 2002:

- NEURONES profitability has never been so high: a record-breaking operating margin at 10.5% of revenues and net income (group share after goodwill) of 5.6 million €,
- most records of 2001 were beaten in 2002: revenues, profitability, payroll, the size of outsourcing contracts signed, etc...
- As announced, our skills continue to develop: to SAP Integration and application development,
- Our financial structure improved again: equity net of goodwill of 40.8 million €, net cash of 35.8 million €.

The Paris stock exchange welcomed this by putting NEURONES in 8th position among listed IT services companies by capitalization and the 20th largest capitalization on the Nouveau Marché.

These results come at a time when most players in our sector are talking of lower revenues, poor results, downsizing, difficulty in absorbing hazardous acquisitions or closing of their European offices.

This relative success (we prefer two-figure growth) is due to:

- A balanced breakdown among our businesses of Integration, Outsourcing and e-Services, and the fact of not being dependent on just one economic sector or very large customers,
- A business model that can be qualified as original referring specialist structures, on a human scale, reactive, with associate managers and cross-company financial controlling. This model allows us to welcome new entrepreneurs who, on joining the group, find a catalyzer for their ambitions,



- Permanent insecurity which stimulates mobility, relentless questioning, an open mind to prepare for the professions of tomorrow and the day after and to acquire mechanically the size we deserve,
- The time spent taking care of customers and colleagues rather than trying to appeal to financial markets or buying our own stock.

But for our shareholders, as for our managers and young colleagues, the important thing is to know how our forward-looking energies and financial resources will be employed. How will we accomplish our duty, and to be frank, our passion, to conquer?

Apart from the economic constraints and geopolitical events that are part of the scene for all companies, the only answer to a downturn in business lies in action and not in submission to statistics. Those of us who have learnt in the last 18 years to fight, have a duty: to fight statistics, markets and means!

Consequently, in 2003 and in the years to come, we will:

- Enlarge the range of our services: the fact of being on a customer's premises working in a given field affords opportunities to talk of the group's other services. The higher the overall volume of services with the same customer, the stronger our position,
- Increase our influence in IT services where NEURONES has a role to play: by internal growth and by playing a part in the restructuring of the small and medium-size IT services companies, which is expected to accelerate,
- Work at convincing other IT services companies that we would be stronger if we joined forces rather than going it alone. To conclude increasingly larger deals, there is every interest among profitable IT services companies, to pool the best we have, while maintaining our corporate individuality.

Over the long term, obviously our industry will experience an incredible development which, as far as NEURONES interests are concerned, can be summarized as follows:

- It will continue to be driven, as in the last forty years, by the continuous arrival of new technologies and new ways of processing information. Everyone knows that the battle to reduce costs is a matter of productivity and an increasingly more intelligent management of information,
- The frontiers of IT are endlessly expanding, for example machine rooms in mainframe computers, office automation on everyone's desk and now, mobile IT, in almost everyone's pocket,
- It profits from a strong trend and the interest for each company to depend on reliable third par-



ties to manage non-core business activities because the technological complexity can no longer be managed alone. As a result, outsourcing or calling on outside expertise is becoming that much more natural, as it is to depend on an outside source for electricity, transport (of digital information, mail and goods), advertising, certification, etc.

Before returning to prepare the second half of 2003, I would like to profit from this tribune to thank warmly:

- Our customers: before being translated into figures, the story of a service company is made up of women and men who, for both the customer and us, decided to trust each other and work together in a context where we all risk, if not their job, at least their reputation,
- Group personnel (*): before "sustainable development" was all the rage, SMEs like ours had long understood that staff render what you give them in terms of recognition,
- Our shareholders: whether they are convinced that we manage our entities as if they were our own (which is the case!) with a mix of ambition and common sense that has proved its worth, at a time when capital gains are now based on economic performances and no longer on "financial euphoria",
- The managing executives of our group: partners in the capital at various levels, who, in our human scale structures bore the brunt of the stress to generate the results of last year.

The confidence of some, the implication and determination of others turned one more page in the adventure of a group which started without any competitive edge, without a pre-existing team, without customer contacts and without complete knowledge of the business, but is far from having said their last word,...

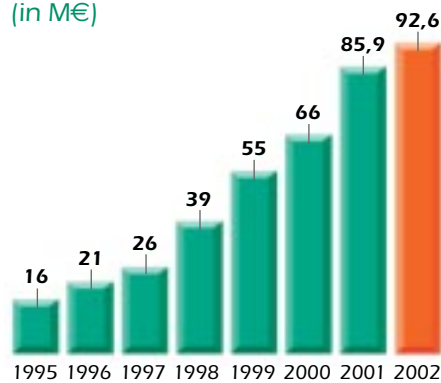
Chairman-chief executive

(*) Several of them were ready to be photographed on the job for the purpose of this annual report. We would like to thank them.
This document depicts only a small part of company infrastructures and staff responsible for our current and future success.



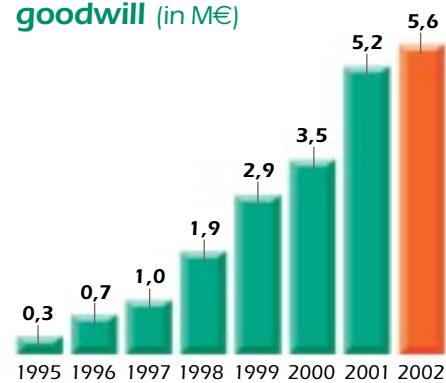
Key indicators

Consolidated revenues
(in M€)



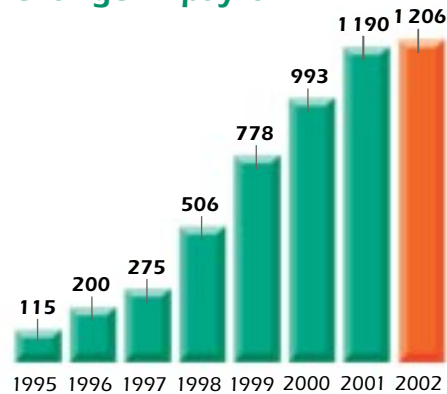
Recurring revenues in 2002 between 50 % and 60 %

Net attributable profit after goodwill (in M€)



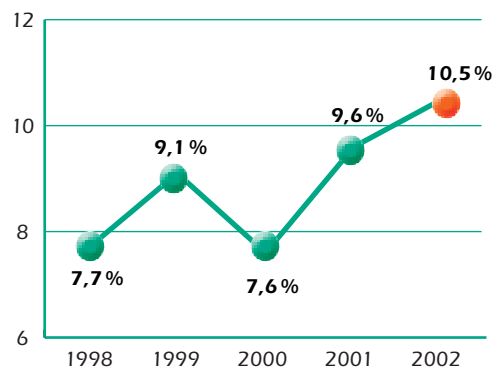
Net profit representing prepared offers

Change in payroll



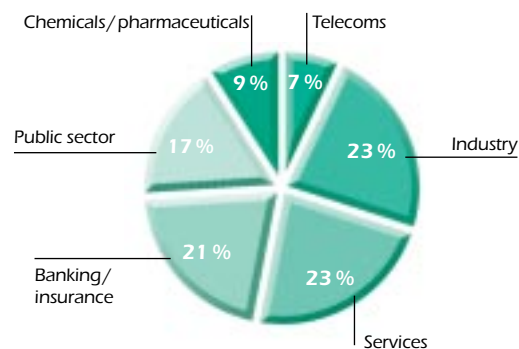
Payroll multiplied by 10 in seven years

Operating margin rate



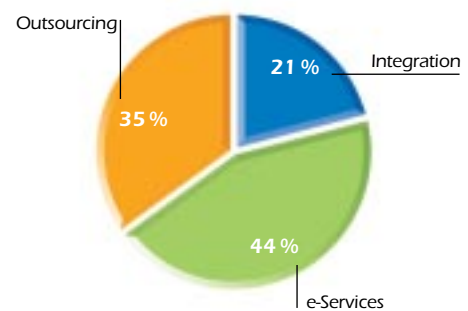
Operating profit without extraordinary items

Breakdown of revenues by sector of business in 2002



Foremost customer accounts for less than 5% of revenues

2002 revenues by business



Complementary and balanced service



Key events

January

- NEURONES is listed in the NextEconomy segment on the Euronext market.
- Urbanization of the on-line reservation system for the ENVERGURE group (Campanile, Climat de France, Kyriad, Côte à Côte, etc.). Immediate payback, substantial increase in the

- number of users two months after its installation.
- The IT intercompany venture of the Perfumes and Cosmetics division of the LVMH group entrusted outsourcing of its Service Desk to NEURONES including SAP support. The support is on two sites although users work on a single platform.

February

- Takeover of the majority share in CODILOG Conseil, SAP integrator

March

- For RICOH, migration project to Lotus Notes V5.X for 1,000 letter boxes in 16 subsidiaries and the head office.

April

- Launch of the ISO 9001 certification process for our on-site operation entity.

May

- Launch of the 1st club in France for users of "Microsoft Sharepoint Portal Server", an Intranet portal for knowledge management.
- Signature of a major contract to orchestrate training plans for PSA.

June

- Extension of the scope at ORANGE, more than 10,000 people benefit from the support of our help desk (12,000 calls/month).
- More than 50 major customer accounts subscribed to "Cit@delle", technological watch portal for IT security.

- Project of coordination and integration of IT means in the framework of installing new sites for GEFCO abroad (Eastern Europe, North Africa, etc.).

June

- NEURONES was selected as privileged partner to provide security services for SITA partners on the French market.

July

- NEURONES is nominated among the six finalists for the prize of the best annual report 2001 organized by La Vie Financière, "Nouveau Marché" category.

August

- Outsourcing contract of three years with the Ministry of Social Affairs, Labor and Solidarity (10 sites - 30 servers - 1,500 work-stations).

September

- NEURONES is selected among the six finalists of the "Growth stock strategy" competition, "Information, communication and leisure" category organized by La Tribune.

October

- Acquisition of Inexware, a company specialized in application technologies: application servers (Java, J2EE, Websphere), Groupware and Workflow (Domino, Notes). NEURONES consequently consolidated its expertise in management of content and mobility, as also the proportion of its workforce specialized in application technologies.

- The 2nd meeting of the Microsoft Sharepoint Portal Server user club in France for the Intranet knowledge management portal was a great success, with 17 corporate customers instead of 3 in May 2002.

November

- Renewal of an outsourcing contract for five years with an extension of the scope for a subsidiary of the CEA. (13 sites - 260 servers - 3,000 workstations).
- The IT Security unit of NEURONES works on a new study in the "01 Etudes" collection (01 Informatique) dedicated to intrusion tests.

December

- Signature of a three-year outsourcing contract with IRD (Institut de Recherche et Développement - ex-Orstom): 5 sites - 80 servers - 1,500 workstations.



Strategy and offer

A constant strategy for the long-term

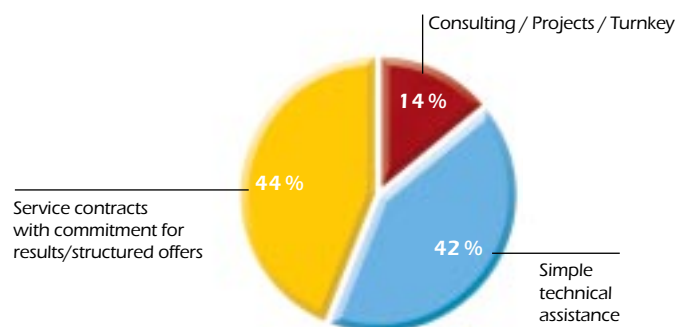
The strategic axes of NEURONES:

- steadily increase the share of structured offers in its business, thanks to regular industrialization of services,
- invest in new nascent business lines at the right time,
- maintain its diversified nature with the right balance between the various businesses (design / build / run).

The NEURONES development model relies on managers associated in the capital at various levels.

Special attention is paid to the permanent convergence of interest over the medium and long term between the latter and shareholders.

Breakdown of service revenues in 2002 by mode of operation



A quality approach

Two processes are governed by quality assurance since 1996:

- recruiting,
- turnkey projects: review of offers, review of contracts.

ISO 9001 certification (2000 version) underway in an entity.



44%

Share of overall business
of service contracts
with commitments for results

Complementary businesses and a coherent offer

NEURONES is made up of business-dedicated entities. Today, the group is present both in infrastructures and application layers. The different businesses form a coherent offer.

INFRASTRUCTURES

Projects

- System and network integration
- IT security

Operations

- Help-desk
- Company servers
- Local servers, workstations

The leading position in help-desks is a big advantage for the NEURONES outsourcing offer. A good outsourcer must be a good integrator and be totally in control of projects. The system and network Integration and Security entities, in application of the group's technical doctrine, are called upon in outsourcing contracts at the initial phase of taking over of sites. Throughout the entire period of the contract, they also provide a solid technical rear in support of the teams on site.

APPLICATIONS

Software package integration

- Integration, TMA and ERP support

Specific developments

- n-Tiers architecture, intranets and decision-making tools

Run by former leading consultants, the NEURONES teams are able to assume major and global commitments of software package integration projects like specific application developments: respecting key delivery and startup dates, but also training and management of change, resumption of data, management of changeover, etc.

TRAINING

Training for new technologies

The training activity deals mainly with the training section in projects for deployment of material and software architecture.



An integrated group

The fact that most NEURONES entities are in the same geographic location facilitates integration of offers and services.

Two functions are centralized and coordinate the actions of the different entities.

An integrated, cross-company central team manages global relations with some corporate customers

As backup to the sales forces of the different businesses, this central team fulfils the following missions:

- management of overall relations with some corporate customers,
- piloting and management of major projects in the framework of unique prime contracting.

The rules governing relations between entities are formalized in a constantly updated document: the "White book" of group procedures.

A unique piloting structure is dedicated to outsourcing

Outsourcing is a major development axis for NEURONES.

To have customers benefit from the complementarity of its various businesses, NEURONES developed a unique and integrated cross-company outsourcing offer for all its entities. This strategic offer is steered directly by the General Management. It now accounts for more than a quarter of group businesses.

The missions of the piloting structure dedicated to outsourcing is as follows:

- **Preparation of offers:** in phase with qualification of a requirement, a "Pre-sales project manager" is appointed to design and prepare technical and finan-

cial propositions. In the completion of the mission he relies on all technical experts at NEURONES,

- **Supervision of outsourcing project work:** in the operational phase an "Account manager" is appointed as unique counterpart of the contracting authority. He guarantees the quality of service and has the principal responsibility of:

- setting up of the project organization and documentation in the launch phase,
- control of service quality and the respect of commitments,
- guidance of all services and operators in a constant logic of quality and efficiency,
- checking that the Quality assurance plan is adhered to,



More than

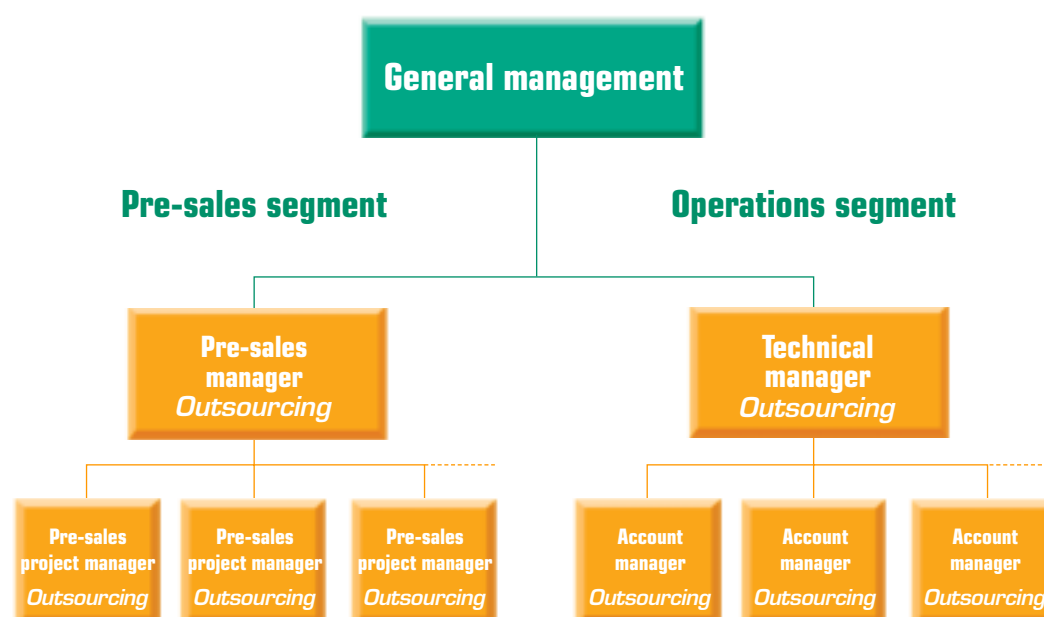
30 %

of contracts
involve several businesses

- management of changes in the scope and project documentation,
- participation in piloting and strategic committees,
- creation of service monitoring logbooks,
- assistance and consulting of the contracting authority in technical or organizational decisions.

- **Establishment of methods:** in the framework of managing the outsourcing business, the cross-company team is in charge of preparing, implementing and constant improvement of a unique reference and common methodology for the entire group in all outsourcing projects.

The piloting structure dedicated to outsourcing depends directly on general management and is organized in 2 segments:





Integration

This is the original business of NEURONES. It involves designing 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.

Up-market positioning

NEURONES has 18 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 guarantee:

- a methodology and systematic formalization of their operations: documentation for servers and typical workstations, 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.

Methodology and formalization

Systems engineers comply with formalization procedures when they work in project mode on customer production environments. NEURONES has always stressed the need to formalize operations.

In addition, NEURONES created a simple methodology, shared by all teams, for the management of deployment/ migration projects (stages, standard documents, etc.).

Achievements in 2002 (extract)

■ For a subsidized housing management organization, installation of a Lotus Domino V5 message / groupware system for the entire group; deployment of 22 Domino servers on the various sites;

installation of a SMTP gateway for the Internet; deployment of customer Notes on 580 user stations.

■ For a major plastics producer, design of a Microsoft Active Directory architecture

and reworking of Notes message architecture on a world scale (4,500 users).

■ For a biology and physics research institute, design and migration of the

system to Windows 2000 / Active Directory and the installation of a new material platform and migration of domain controllers, file servers, printing servers, DNS servers and installation of an



21%

Share of this segment
in global revenues.

Network 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 (alarm reporting, systematic checking, creation of accounts, etc.),
- priority to maintenance and guarantee of maintenance (within 2 - 4 hours, nights and week-ends).

At the end of 2002, 400 servers are under contract.

Main types of projects in System and network 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, NetWare 5.x).
Setting up of management methods for
evolution of masters.
- Company directories
(NDS, Active Directory).
- Message systems and groupware
(Lotus Notes, Exchange, Groupwise).
- SAN solutions (EMC, HP-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 system and network
supervision tools.

10

11

Active Directory (60 servers and 800 workstations).

- For a leading world construction material firm, installation of Cluster Notes in the framework of SAN architecture.

Creation of a high availability solution for the Lotus Domino existing message system version 5.x hosting more than 600 users.
Preparation / Design / Model for installation of the new configuration.

Installation of the cluster on the new configuration.
Data transfer.
Monitoring and transfer of skills on the configuration in Domino cluster.

- For a printing solutions builder, migration projects of Lotus Notes V5.x on 1,000 letter boxes through 16 subsidiaries and the head office.



Outsourcing

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

Types of missions

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

Outsourcing is a major axis of development for NEURONES

Thanks to its 18-year long expertise, NEURONES has become a recognized player for the following type of outsourcing:

- specialization in distributed environments,
- expertise in key businesses for global contracts with commitments to results

(help-desk, operation of company servers, networks, proximity servers and work-stations, security),

- efficient technical rear base,
- hosting platforms and telepiloting structure, remote administration,
- project culture.

The advantages of outsourcing as developed by NEURONES

- **the complementary strength of the different businesses** represented by each entity: each entity is independent and develops its skills in its core business,
- **the existence of an integrated cross-company outsourcing** structure directly depending on the general management: this team is in charge of preparing offers, establishing methods and supervising the accomplishment of outsourcing projects,

Achievements in 2002 (extract)

■ A services contract for an international research institute to operate their IT means. Team of 17 people including 10 in Montpellier, Orleans and Brest ; 2,000 users, 3,000 work-stations,

80 servers under Unix / Windows / Mac.

■ Renewal of an outsourcing contract for 5 years with extension of scope for a key nuclear and physics R&D player (13 sites, 260 servers,

3,000 work-stations, 300 Unix stations).

■ A three-year outsourcing contract (10 sites, 30 servers, 1,500 work-stations) for a ministry.

■ A two-year outsourcing contract for a leading subsidized housing company, help desk and piloting (VMS and Windows 2000 environment) – 1,200 users. One central site and a station in each building.



35%

Share of this segment in global revenues

- **designation of an entity as unique contracting authority and responsible for the completion of a contract:** this is the unique customer interface. This ensures respect of service contract commitments by relying on all the skills of group entities in a transparent way,
- **the monitoring of homogenous methodology** applied in all services included in outsourcing (help-desk, engineering system, office automation support on site, etc.), whichever subsidiary is appointed as contracting authority,
- **access to pooled technical infrastructures and resources,**
- **use of specific tools** to manage distributed environments remotely (monitoring, supervision, remote administration).

Main components of a global outsourcing service

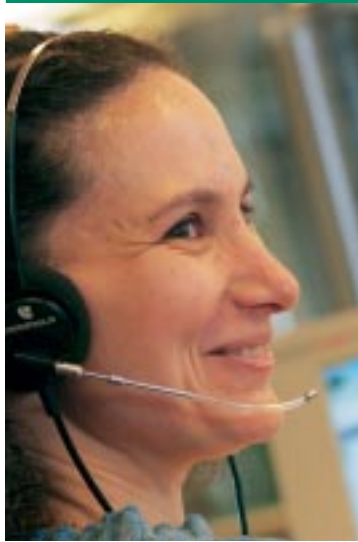
- **Help-desk.**
- **Production computing servers Unix and NT: consulting, systems administration (Unix, Dec), administration of databases (Oracle, Sybase, Ingres).**
This business calls upon the following different types of resources: pilots, operating analysts (support, piloting, preparation), production engineers and production project managers.
- **Administration and operation of NT servers,**
- **Maintenance on stations.**
- **Installations, moves and add-ons,**
- **Management of the purchase cycle.**
- **Structuring and control of services.**

Proven experience

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



- An outsourcing contract for a major player on the French natural gas market, help-desk, work-stations, servers (120 stations, 20 servers, Windows 2000, SMS environment). A central site in Paris and four in the provinces.
- An outsourcing contract for a key energy organization, help-desk, work-stations (2 sites, 400 stations, 10 servers, NT / Unix / Linux / Mac environment).
- An outsourcing contract for a leading insurance company, providing a 24 hour a day piloting service from Monday to Saturday (100 servers, VM / VSA / AS400 / Unix / NT environment).
- Outsourcing of security for the Internet and Swift scope for a major bank. Commitments of service in terms of environment availability and security.



e-Services

In 2002, a SAP integrator approached the group with the project of merging the already existing support and TMA activities.

What is more, the size of application development teams doubled with a build-up in the Websphere teams.

Finally, a new training center opened up at La Défense.

Help-desks and call centers engineering

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-desks also work on the Value added Call Centers (VACC) market, with or without CTI (Computer Telephony Integration).

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 customers and traditional databases), support decision (BI), CRM, EAI. NEURONES skills allow us to offer customers a unique Project manager, capable of mastering different technologies, human and organizational aspects.

Achievements in 2002 (extract)

- For an international hotel group, after 2 months of preparation and training of staff, opening of the national help desk in two hotel chains for distance assistance of their IT system, including specific departmental applications and all the material used in these hotels.
- Running of a security skill center for a world automobile equipment supplier. Drafting of the security policies, help in strategic choices and design of the main security plan. More than 200 working days.
- For a company specialized in intermediation between mutualists and service providers in the automobile and insurance sectors, a global solution including the plan to rework the information system and prime contracting in the n-Tiers and portal infrastructure application part.



44%

Share of this segment in global revenues

NEURONES runs mixed projects requiring global solutions using new technologies.

ERP integration and outsourcing

This business 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.

It primarily concerns SAP.

Training in new technologies

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

The new training center at La Défense



14

15

All this was topped by communication and design of the institutional Web site.

- For a telecommunications company, continued installation of the business financial

management on the SAP software package. After France and Italy, this function is now operational for the site in Germany.

- For a leading pharmaceutical laboratory, outsourcing

of management of the office automation training plan; qualification and validation of training requirements; planning of audits and training courses; training in tutored resources center; reporting and

monthly piloting committee actions; placing of course supports on line.



Human resources

NEURONES puts human resources as priority n°1 and as a major condition for its success. Vis-à-vis its teams and candidates, NEURONES believes it is important to have stable policy and behavior over time, independent of the economic cycles experienced by the IT services market.

To work on its firm growth, NEURONES hired 200 people in 2002 (40th IT services company but the 12th recruiter in the profession).

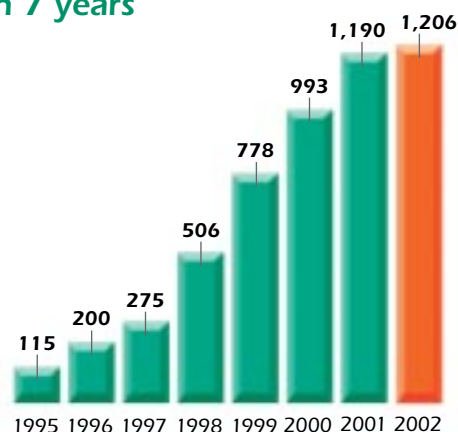
The main issues in group HR policy

- **A long-term training policy:** 1,500 days of training were held in 2002, helped by the fact that NEURONES has its own training centers. NEURONES encourages staff to pass certifications validated by the main market players (Microsoft, Lotus, Cisco, etc.).
- **The "Masters": a theoretical and practical training** (6 week-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,
- **"Laboratories" and latest generation technical test platforms** available to technology buffs,
- **General profit-sharing and stock options plans** (more than 240 beneficiaries of stock options),
- **Internal gateways** that allow colleagues to develop and change specialization within the group,
- **Selective recruiting procedures under quality assurance** (15,000 CVs handled in

2001, two mandatory interviews, mandatory technical multiply choice question papers, etc.),

- **An ambitious HR institutional communications campaign** to boost NEURONES' reputation among candidates,
- **Very handsome internal communication budgets** (Intranets, competition, cooptation, etc.),
- **Sustained and regular relations** with engineering and business schools.

Ten times as many employees in 7 years





30 years

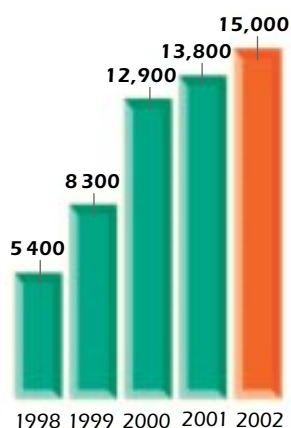
Average age of staff

Careers, developments

The objectives and ambitions of NEURONES staff are satisfied by the numerous opportunities to develop within the same line of business or horizontally. This is made easier by the fact that the group is organized in human-scale entities specialized by profession. Gateways are even created between techniques, sales and managerial functions and from one specialization to another.

All jobs open are available on the NEURONES Intranet. This job pool is enhanced and updated every month, to encourage internal mobility.

Number of candidatures received



Communication tools



National recruiting drive

Recruiting exhibitions and School Forums



Group intranet



In-house magazine



The NEURONES share

Changes over the last 12 months

Month	Hi (euros)	Lo (euros)	Average price on closing (euros)	Number of shares traded (thousands)	Number of sessions
May 2002	4.10	3.66	3.94	428	22
June	3.89	3.00	3.41	103	20
July	3.29	2.52	2.85	151	23
August	2.96	2.56	2.83	61	22
September	2.71	2.21	2.42	130	21
October	3.19	1.95	2.59	182	23
November	3.88	3.01	3.43	380	21
December 2002	3.80	3.15	3.49	145	20
January 2003	3.60	2.53	3.23	170	22
February	3.57	2.73	3.13	202	20
March	3.70	2.95	3.33	196	21
April 2003	3.95	3.35	3.65	158	20
Average monthly Hi/Lo in the last 12 months	4.10	1.95	3.18	192	
Total (last 12 months)				2,306	255 days

Source : Euronext

The average volume traded in the first quarter of 2003 was 9,000 shares per day.

EPS (before goodwill): +14 %
2001 : 0,255 € - 2002 : 0,29 €

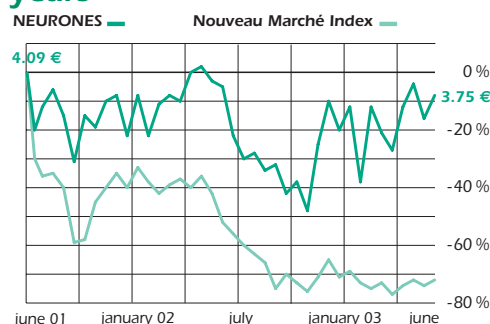
Price on 02.06.2002: 3,75 €

Market capitalization on 02.06.2002: 85,4 M€

22 771 050 shares

Shareholding:
Founders and managers 80 %
Public 20 %

Market prices over the last two years



Key financial dates

1st half 2003 revenues: 24 July 2002

1st half 2003 profits: 26 September 2002

3rd quarter 2003 revenues: 24 October 2002

Market launch: may 2000

Euroclear Code: 7597

ISIN Code: FR0004050250

IT CAC - SBF250

Reuters : NEUR.LN

Bloomberg : NEUR FP





Financial statements

summary

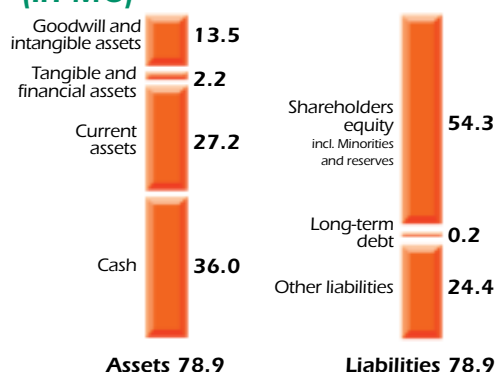
Simplified income statement 2002

in millions of euros	2002	2001	2000
revenues	92.6	85.9	66.0
Operating profit (after profit-sharing)	9.7	8.2	5.0
% revenues	10.5 %	9.6 %	7.6 %
Financial income	1.0	1.1	0.8
Extraordinary income/loss	0.0	(0.1)	0.0
Income tax	(3.7)	(3.3)	(2.1)
Profit before goodwill	7.0	5.9	3.9
Deprec. of goodwill	(1.0)	(0.6)	(0.2)
Minorities	(0.4)	(0.1)	(0.2)
Net attributable profit (Gp share)	5.6	5.2	3.5
% revenues	6.1 %	6.1 %	5.3 %

Cash-flows 2002

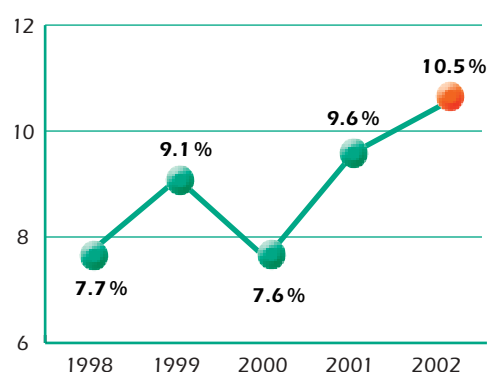
in millions of euros	2002	2001	2000
Net profit	5.9	5.4	3.7
Depreciation and provisions	1.9	1.3	1.1
Cash-flow	7.8	6.7	4.8
Change in WCR (increase) / diminution	(1.7)	2.5	(1.4)
Net industrial investments	(0.9)	(1.2)	(1.0)
Free cash-flow	5.2	8.0	2.4
Net financial investments	(3.8)	-	(8.8)
Increase of capital	-	-	29.9
Other items	-	(0.2)	(0.1)
Change in cash	+1.4	+7.8	+23.4
Cash at year-end	35.8	34.4	26.6

Balance sheet as of 31.12.2002 (in M€)



Shareholders' equity net of goodwill and high net excess cash

Operating margin rate



Operating profit, without 'extraordinary items', representative of current offers



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Financial report 2002

Reference document

1



In application of regulation 95-01, the Commission des Opérations de Bourse (the French stock market authority) registered this reference document on 12 June 2002 under the number R03-114. 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 1,200 staff, NEURONES is among the leading forty IT services companies on the French market and in the first ten French IT services 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. An integrated cross-company team coordinates entities working 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 internal 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 in 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 the 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 databases for business tracking (help desk tracking, on-site maintenance, etc.).

2000-2002 : IPO (Initial Public Offering), start of external growth

- May 2000: listed on the Nouveau Marché.
- Company founding of stock option and stock purchase warrant plan for 240 employees.

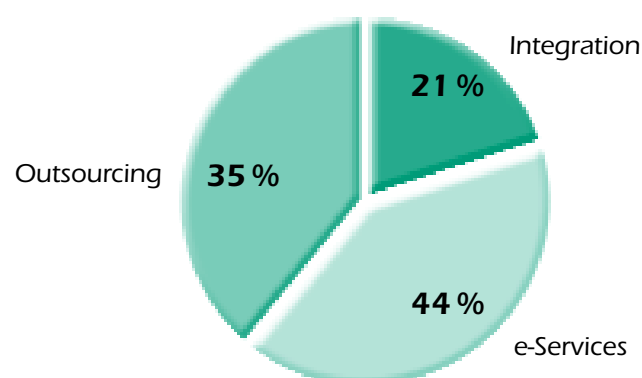
- September 2000: acquisition of AS International (Unix production engineering, DBMS).
- December 2000: takeover of Label Systems telecom/GSM business (deployment and operation of telecommunication networks).
- March 2002: a majority stake taken in a SAP integrator, with the intention of creating a SAP network in the group with already existing support businesses.
- October 2002: acquisition of an application development company to increase the total number of personnel in the business to 150 people and better absorb technological watch and structure costs.
- Production of system supervision and developed networks tools internally from free software blocks.

1.1.2. Business units

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.

Breakdown of 2002 revenues by business segment



The relative change in business segments was as follows:

(in millions of euros)	2000 Pro forma (*) %	2001	%	2002	%
INTEGRATION	27 %	16.9	20 %	19.5	21 %
OUTSOURCING	37 %	33.5	39 %	32.3	35 %
E-SERVICES	36 %	35.5	41 %	40.8	44 %
TOTAL CA	100 %	85.9	100 %	92.6	100 %

* Including AS International for all of financial year 2000.

Geographically, NEURONES business is conducted in France, mainly in the region of Paris.

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 stakes are exclusively owned by managers of subsidiaries who thus operate as real entrepreneurs.

Entities	Business	N° SIREN	% interest and control	
			12/02	12/01
Parent company				
NEURONES		331 408 336	-	-
Subsidiaries				
INTEGRATION SEGMENT				
Neurones Solutions	System and network integration	428 210 140	100 %	100 %
OUTSOURCING SEGMENT				
Skills Consulting	Consulting and operating assistance	428 209 308	100 %	100 %
AS International	Unix production engineering, DBMS	421 255 829	100 %	100 %
E-SERVICES SEGMENT				
Help-Line	Help desk and call centers	398 300 061	85 %	85 %
BrainSoft	Application development (Intranets, e-business, decisional, CRM, etc.)	410 219 943	85.9 %	83,9 %
Inexware Services	Application development			
UpGrade	New technologies training	415 149 830	100 %	100 %
Intrinsec	Security Internet - Development	402 336 085	90 %	90 %
	Open Source			
Codilog Conseil	ERP integration	419 766 811	70 %	NA
Knowledge	ERP support and optimization	432 673 838	90 %	74 %
NA = Not Applicable				

Between 1 January and 30 April 2003, NEURONES changed its stake in BrainSoft from 85.9% to 86.7% and in Inexware Services from 100% to 99%.

1.1.4. Global cross-company 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 appropriate team, etc.).

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

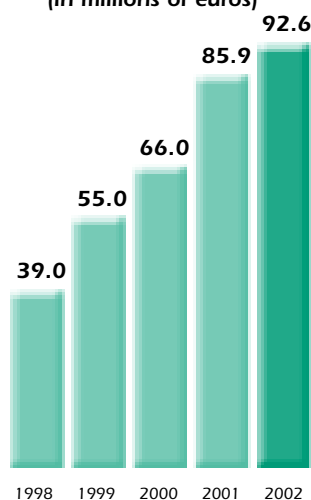
- probation stage,
- quality tracking during the current operating stage.

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

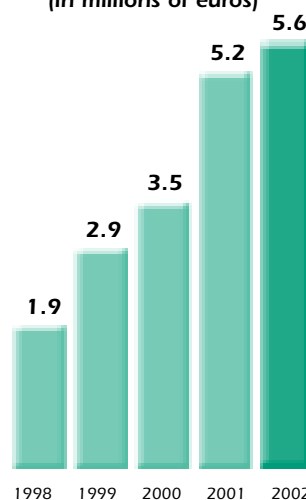
The rules governing relations between entities are formalized in a regularly updated group document.

1.1.5. Key figures

Consolidated revenues
(in millions of euros)



Net attributable profit (group share)
(in millions of euros)



Changes to NEURONES key figures are as follows:

(in millions of euros)	1998	1999	2000	2001	2002
Consolidated revenues	39.0	55.0	66.0	85.9	92.6
Operating profit after employee profit-sharing	3.0	5.0	5.0	8.2	9.7
Operating margin	7.7 %	9.1 %	7.6 %	9.6 %	10.5 %
Profit before depreciation of goodwill	1.9	3.0	3.8	5.9	7.0
Depreciation of goodwill	0.0	0.0	0.1	0.6	1.0
Minorities	0.0	0.1	0.2	0.1	0.4
Net attributable profit (group share) after depreciation of goodwill	1.9	2.9	3.5	5.2	5.6
Net attributable profit (group share) after depreciation of goodwill / revenues	4.9 %	5.3 %	5.3 %	6.1 %	6.1 %
Employees at year-end	506	778	993	1 190	1 206

1.2. Computer services market

According to various forecasters Syntec, IDC, Pierre Audoin Consultants, the software and computer services market fell in 2002, which has not happened since 1993. This decline was estimated at -3% by Syntec on April 4 2003.

The following businesses suffered the most:

- consulting in management and information systems: - 7%,
- systems integration: postponing and/or cancellation of projects,
- simple technical assistance: -12% (especially for application layers, to a lesser degree for infrastructures): non renewal of missions, pressure on prices, limiting of the number of referenced service providers,
- training: decline in training plans (especially training of IT experts).

The high technology consulting market (or outsourced R & D) in 2002 experienced the same as technical assistance markets in general, of which they are a sub-family.

On the contrary, the following businesses enjoyed the strongest growth:

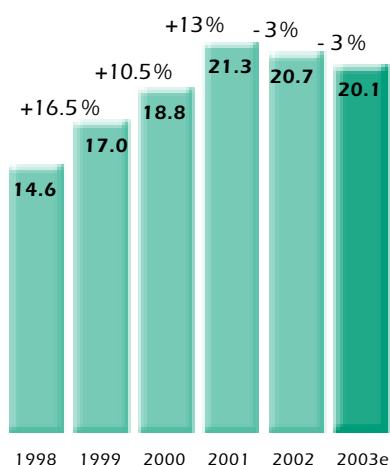
- Outsourcing (global, distributed environments): + 9%,
- Third-party Maintenance Applications (TMA): + 11%.

The telecoms and media sectors (- 9%) and insurance (- 8%) were the most affected. Sectors that grew were the public sector (+ 6%) and utilities (+ 1%).

Overall payroll in the profession fell in 2002. The 2,000 companies who are members of the Syntec (approximately 71% of the total software and services market in France) reported 4,000 new arrivals and 10,000 departures, representing a total of 200,000 people at the end of 2002. The number of departures was also high in the first quarter of 2003. Confirming these estimates, La Tribune on 10 April 2003 reckoned that the total payroll in the IT services and software publishing sector went from 285,000 to 275,000 in 2002 (- 4%).

The computer services market in France between 1998 and 2003 (billions of euros)

(Source: Syntec – Les Echos of 4 April 2003)



According to the Syntec estimate on 4 April 2003, the market will fall again by 3% in 2003 compared with 2002 (- 5% in H1 and stable in H2) with the same differences in types of service:

- a persistent sharp decline in consulting, integration and technical assistance in H1 then stabilization in H2. Only technical assistance is expected to be lastingly weak,
- TMA and outsourcing rising throughout 2003.

1.3. Group professions

Contribution to consolidated revenues of the various business segments and changes in 2002 compared with 2001 is as follows:

(in millions of euros)	2002	2001	Variation	Including internal
Integration services revenues	8.8	7.9	+ 11 %	+ 11 %
Outsourcing services revenues	31.8	33.5	- 5 %	- 5 %
e-Services revenues	39.6	34.9	+ 13 %	+ 5 %
Total services revenues	80.2	76.3	+ 5 %	+ 1 %
Licenses and equipment revenues	12.4	9.6	+ 29 %	+ 29 %
TOTAL REVENUES	92.6	85.9	+ 7.9 %	+ 4,4 %

The various business segments contributed as follows to the operating margin of 10.5% in 2002:

(in millions of euros)	% OP 2002	OP 2002	% OP 2001	OP 2001	Variation
Integration	6.7 %	1.3	4.9 %	0.8	+ 59 %
Outsourcing	17.2 %	5.6	15.7 %	5.3	+ 6 %
e-Services	6.9 %	2.8	6.0 %	2.1	+ 33 %
TOTAL	10.5 %	9.7	9.6 %	8.2	+ 18 %

For the rest of paragraph 1.3., revenues presented come from company accounts of the company concerned.

1.3.1. System and network integration

This business involves designing and implementing all or parts of computer systems and networks requiring the integration of multi-vendor elements in distributed environments (local and remote networks): Unix, NT, Linux, Netware servers, active and passive elements, workstations. In the framework of its system and network integration business, NEURONES operates as a contracting authority 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 has been applied to the entire client response process since 1995.

In the framework of global projects, NEURONES provides system software, 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. The 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	2002	02/01
Service revenues	7.9	10.1	11.4	+ 13 %
License and equipment revenues	12.8	8.9	11.2	+ 26 %
Total revenues	20.7	19.0	22.6	+ 19 %

NEURONES' performance was more related to the increased maturity of the sales force of this entity than to the integration market that was on the decline in 2002.

Examples of assignments:

- Preparation of servers, design of standard stations, deployment and recovery of old stations with a synchronized training program: ADP, Logement Français,
- Lan/Wan architecture, creation of “thin clients”, clusters, SAN solutions: Lafarge (HP-Compaq clusters),
- Audit and reworking of directory services, message systems: Plastic Omnium (Notes message systems),
- Processing of mobility, firewalls, remote access: RFF.

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 (local and company 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 rapidly assign a team to the project.

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 infomanagers 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.

Many rivals announce their desire to launch into outsourcing presented as a new Eldorado. NEURONES signed its first contracts in 1995-1996 and reckons that it takes several years to achieve cruising speed.

Key figures

(in millions of euros)	2000	2001	2002	02/01
Revenues	16.9	21.4	20.4	- 5 %

The overall 5% decline is the result of progress in outsourcing and a stronger fall in simple technical assistance (volume and price pressure). Note that the rate of outsourcing business, the resultant of these two contrary trends, led to an improvement in 2002 compared with 2001.

Examples of assignments:

- Contracts of more than 1,000 to 3,000 work-stations: these contracts generally concern a central site and some other sites often in the provinces. One or several functions are outsourced. Outsourcing of functions is performed in one or several stages. Often, another contractor, along with NEURONES is in charge of TMA. Ten or so contracts underway.
- Contracts of 200 to 1,000 stations. Several tens of contracts underway.
- Organization contracts for numerous basic sites of a few stations (hotels, service stations, etc.). The help desk is based on the NEURONES platform. Administration/supervision and interventions are done remotely, travel to the site is limited.

1.3.2.2. Unix production engineering and DBMS (databases)

This business is also a distributed environment outsourcing business. Computer production using Unix servers, Open VMS and database management systems (DBMS like Oracle, Sybase, etc.) 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 is 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	2002	02/01
Revenues	11.0	14.7	14.3	- 3 %

(*)The sub-group AS International joined up with NEURONES on 1 October 2000.

Revenues for 2000 correspond to the full financial year.

Examples of assignments:

- System administration (Unix, NT, networks, VMS), database 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 engineering

A help desk is a structure (telephone, computing and human) designed 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 2003 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 databases 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 2002). The purpose of the hot-line is to welcome, diagnose, solve or escalate an incident for a given software or equipment.

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

What is more, our consulting teams set up a value added help desk specialized in the call center market, with or without CTI (computer telephony integration). 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 entities.

Finally, help desk teams are involved in all group outsourcing projects.

Key figures

(in millions of euros)	2000	2001	2002	02/01
Revenues	15.2	20.1	22.5	+ 12 %

Examples of assignments:

- Consulting, prime contracting assistance on existing help desks or those to be created.
- Help desk customer on site: traditional case for a corporate 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: St Gobain, Total, Bosch, Veolia Environment sites, etc.
- NEURONES platform help desk: case of organizations with numerous sites throughout France. From 1,000 to 10,000 users. Examples: Orange, Bouygues, LVMH, Ministry of Education, etc.
- Hot line for editors and constructors. Example: Microsoft.
- Integration of technologies for value added front office call centers.

1.3.3.2. Consulting and development of the Internet application

As of the end of 1996, NEURONES felt the need to join up with a consulting and application development business when finding that the rapid diffusion of the Internet was leading to a rising imbrication of technical systems 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, groupware, web integration projects: Websphere (IBM), Net (Microsoft),
- BI-Solutions (Business Intelligence): datawarehouses, decision support, queries, etc.
- IT-Solutions: databases, 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 databases. 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 databases.

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 a software publisher, it has developed reusable software blocks mainly in the context of groupware offer.

Key figures

(in millions of euros)	2000	2001	2002	02/01
Chiffre d'affaires	5.6	7.1	7.6	+ 7 %

The figures above are those of the two application development entities in the group.

They include 1.4 million euros of revenues of the entity acquired as of October 1 2002.

Examples of assignments:

- Consulting and KM: Medef, Renault, Invivo,
- e-Solutions intranets/extranets/groupware/Web-integration: Crédit Agricole, Bayer,
- BI-Solutions (decision support business intelligence): Worldcom,
- IT-Solutions: Havas.

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 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).

Key figures

(in millions of euros)	2000	2001	2002	02/01
Revenues	0.4	0.7	1.0	+ 42 %

The business was set up in 2000.

Examples of 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,
- Processing of post-start-up problems for some modules.

1.3.3.4. ERP integration

On March 1 2002, NEURONES took a majority stake in an ERP integrator. This organization is run by two former "big four" employees. This merger gives the group further access to the ERP market. Consultants of the ERP integrator are exclusively functional contrary to consultants in the ERP support entity who are technical.

The aim of this acquisition was to create a SAP network in the group. It is planned to merge the two ERP entities with effect from January 1 2003.

(in millions of euros)	2002
Revenues	1.7

Revenues indicated in 2002 correspond to achievements in the last ten months of 2002, since the company became part of the group.

Examples of assignments:

- Turnkey projects to change over to SAP with commitment on the start-up date by batch (including the changeover plan, training and double entry, resumption of data, etc.): Alcatel.
- Specialization in the SAP retail version: Grandvision.
- Roll-out countries: installation in France then in other European countries: Glaxo SmithKline.

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 the 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 (Citadelle offer).

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.

In addition, 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.

In 2002, supervision tools remote from the servers were developed for group requirements on the basis of free software blocks (HPOV type, Patrol detectors). Since then, these tools are systematically integrated in our offers of outsourcing, network assistance and security supervision (supervision of firewalls especially).

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 customer clients subscribing by the year.

Key figures

(in millions of euros)	2000	2001	2002	02/01
Revenues	1.5	2.1	2.6	+24 %

Examples of assignments:

Confidentiality commitments made by the group for audit security and intrusion test assignments prohibits us from 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 2002, group training centers provided about 40,000 trainee training days. This year, IT services companies substantially reduced their training plans. Our centers offered 1,300 trainee training days for the group, i.e. most of the NEURONES in-service training plans (1,500 days in 2001). Training on behalf of the group alone accounts for approximately 3.5% of our training centers' activity.

The courses concerning either new, non-computer engineers or central site engineers in the framework of their reconversion to distributed environments have been suspended due to the current glut of computing skills on the market.

Like the marketing and communication budgets, training budgets are sensitive to the general economy, and they fell in 2002.

Key figures

(in millions of euros)	2000	2001	2002	02/01
Revenues	6.9	7.2	7.1	- 1 %

1.4. Partners

A policy of impartial prescription

For 18 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 – Citrix Gold Partner – Novell Business Expert – Cisco Pro Premier Reseller – EMC Value Added System Integrator – HP Partenaire Commercial – IBM Partenaire Commercial – Oracle – Sun Microsystems.

Groupware : Lotus Notes – Microsoft Exchange.

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

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

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

Customer / Server: Oracle – Delphi – Microsoft Visual Basic.

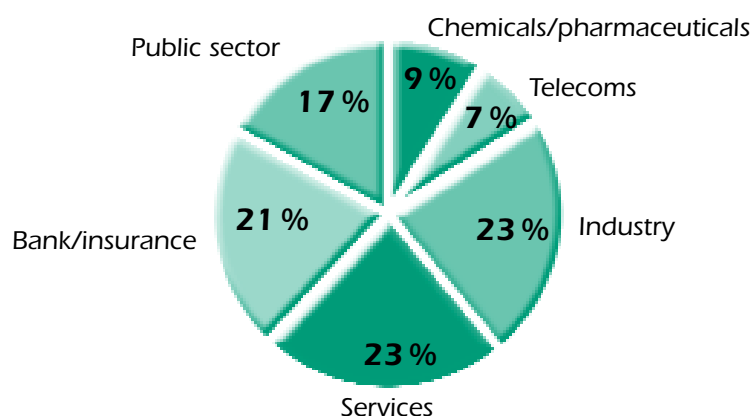
Help desk / Telephony / CTI: Peregrine – Remedy – eGain – Omnicontact – Rialto – Nortel Networks – Alcatel – Genesys.

Training: Microsoft Gold Certified Partner for Learning Solutions – 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 (generally more than 200 work-stations). NEURONES accomplished intermediate projects on their behalf (up to 3 million euros a year).

Similar to that of 2001, breakdown of 2002 revenues by sector is as follows:



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

(in millions of euros)	1999	2000	2001	2002
20 foremost customers				
In value	17.2	28.2	35.6	43.0
As % of consolidated revenue	28.6 %	39 %	41.4 %	46.4 %
10 foremost customers				
In value	11.9	20.4	23	29.7
As % of consolidated revenue	19.7 %	28 %	26.9 %	32.1 %
5 foremost customers				
In value	7.7	13.8	14.5	17.0
As % of consolidated revenue	12.8 %	19 %	16.9 %	18.4 %

In 2002, the main client represented 4.8% of revenues (compared with 4.5% in 2001) and NEURONES invoiced more than 2,000 clients.

Among NEURONES clients, 90% of them are groups on the CAC 40.

In 2002, the 20 foremost NEURONES clients in alphabetical order are Accor, Alcatel, Axa, Assedic-Unedic, BNP-Paribas, Crédit Agricole, Crédit Lyonnais, groupe Bouygues, CEA, France Telecom, Glaxo Smithkline, Lafarge, LVMH, Saint-Gobain, Société Générale, Suez, Thales, Toshiba, Total, Veolia Environment.

Four of them appear in the list for the first time this year (Accor, Alcatel, Glaxo, Lafarge).

As of 31/12/2002, client accounts represent 76 days of revenues, NEURONES uses neither factoring nor exchange of securities for debt.

1.6. Organization

Operational organization chart

NEURONES has its head office in Nanterre (92 – Hauts-de-Seine) with 6,950 m² of the total 8,100 m² used by the group. The other locations are:

- a training center in the 8e arrondissement of Paris,
- a help desk in Ivry,
- three sales branches in Aix en Provence, Lille and Toulouse,
- the historic head office of one of the entities on rue du Faubourg Saint Honoré in Paris.

The following functions are centralized:

- group management,
- financial division (finance, consolidation, financial controlling, legal),
- human resources division (coordination of recruiting, training, changes, HR communication),
- group marketing and communication,
- outsourcing and major projects task-force,
- quality.

Operational subsidiaries ensure the following functions:

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

As of 31/12/2002, cash-generating staff represented 85% of the total payroll.

The group is built around profit centers with a very broad autonomy with central functions reduced to a minimum. Each subsidiary communicates on its profession in its own name. Overall coherence is guaranteed by the information system: sales, human resources and financial controlling.

The sales business (accounts, contacts, business underway, actions) is tracked in an in-house common information system. A group task-force 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" (in-house tool) managing all candidates encountered by the group during recruiting interviews and tracking of candidatures,
- "Zadig" (standard software) manages all personnel files of group employees.

The management committee is made up of 16 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 gateway completes the system.

Formal meetings ("the Technological College") among the profession technical divisions are organized to deal with cross-company themes.

For projects involving several professions, technical project leaders 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 in-house tool - "Prospector" under Oracle, makes it possible to allocate several sales engineers (one per profession) to the same account. It automates commercial business reports and organizes sharing of knowledge.

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.

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, shareholders and investors) and in-house 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:

- financial controlling,
- 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

At the cross-company level, the Human resources division provides the following key functions for all employees:

- allocation of employees to departments (centralization of requests for resources, allocation of available resources),
- management of training plans for the technical workforce (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. Histories of quality management reporting are being formed. The group reckons on certification in this entity by the summer of 2003.

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 system

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

- management of group prospecting: “Prospector” under Oracle (internal development),
- planning: in-house tools under Domino Notes,
- entry of time/production for the month: in-house tools under Oracle and Notes or software packages specialized per entity,
- commercial and accounting management: Sage software package,
- consolidation: Concept,
- management of candidatures and the recruiting cycle: “CV-library” (internal development under Notes),
- human resources management: standard Zadig software package from ADP GSI.

Parent company/subsidiary relations

NEURONES invoices its subsidiaries for the centralized functions performed on their behalf. In 2002, management fees amounted to 1.2 million euros.

1.7. Human resources

More than 98.5% of the staff are full-time, the remainder are temporary staff or short-term contracts, especially qualification contracts.

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:

- multiples choice technical questions by speciality,
- at least one technical interview,
- at least one personal interview.

The entire recruiting process is tracked with a groupware tool. This system enables monitoring over time of the degree of selectivity of group recruiting (on average one person recruited for 25 candidates).

NEURONES recruited 200 people in 2002 (compared with 550 in 2001 and 450 in 2000). The first four months of 2003 maintained the trend observed in 2002.

Almost 20% of employees own stock options

These plans were approved in November 1999, July 2000, July 2001 and January 2003. 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 with 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 7.1 million euros in 2002, is an important factor. 90 % of the group training plan (1,500 days in 2002, 5,000 days in 2001, 8,000 days in 2000) 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.

In 2002, the effort in adult professional training (approximately 1.5% of the payroll package) was higher than the legal requirement.

Active in-house communications

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

A positive average age

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 - 30.5- is not very old.

Changes in numbers of employees and turnover

	1996	1997	1998	1999	2000	2001	2002
Employees at year-end	200	275	506	778	993	1,190	1,206 (*)

(*) including 78 hired during the year.

Generally speaking, the profession experienced a decline in the number of employees in the region of 10,000 people making a total of around 275,000 at the end of 2002 (see paragraph 1.2. above: IT services market). Thanks to its diversified businesses and contracts spread over several years, NEURONES did not need to spend money on restructuring during the year (no extraordinary charges).

In 2002, turnover (the number of departures during the year compared with the average number of employees in the year) settled at 15%. Remember that all our businesses are in the region of Paris where turnover is traditionally much higher than in other regions of France.

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 services companies.

1.8. Brands and patents - Industrial and intellectual property

Software

The group owns:

- all software used in "e-payment", secure payment range on the 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-library".

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.

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 of euros)	1999 actual	2000 actual	2001 actual	2002 actual	2003 forecast
Fittings	228	218	258	270	250
Transport equipment	104	102	162	116	125
Computer equipment and telephony	465	453	494	311	400
Software	152	52	133	145	150
TOTAL	949	825	1,047	842	925

Every year it is almost the same as for depreciation expenses. In 2002, the investment plan was financed by free cash from the various NEURONES entities.

The group rents all premises that it uses (as of 1 January 2003, approximately: 8,100 m² in all, with 6,950 m² in Nanterre, 400 m² in Ivry, 350 m² boulevard Haussmann Paris 8^e, 250 m² rue du Faubourg-Saint-Honoré Paris 8^e, 150 m² in Aix en Provence, Lille and Toulouse) from external owners with no links to NEURONES shareholders or its subsidiaries.

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, held by the System and network integration entity.

In the three years from 2000 to 2002, NEURONES made four acquisitions for a total as of 31/12/2002 of 12.6 million euros, plus a further 2 million euros to be spent in 2003 and a potential maximum of 0.7 million euros in 2004 and thereafter. These investments were financed by free cash flow generated by operations over the same period (15.6 million euros), as shown in the simplified statement of changes in financial position for the last three years:

(in millions of euros)	2000	2001	2002
Net profit	3.7	5.4	5.9
Depreciation and provisions	1.1	1.3	1.9
Cash flow	4.8	6.7	7.8
Change in WCR (increase) diminution	(1.4)	2.5	(1.7)
Net industrial investments	(1.0)	(1.2)	(0.9)
Free cash flow	2.4	8.0	5.2
Net long-term investments	(8.8)	-	(3.8)
Increase of capital	29.9	-	-
Other items	(0.1)	(0.2)	-
Change in cash flow	+ 23.4	+ 7.8	+ 1.4
Cash flow at year-end	26.6	34.4	35.8

1.10. Insurance policies

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

- professional civil liability: 3 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.

Total premiums (excluding vehicle insurance) amounts to about 0.25% of consolidated revenues.

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 colleague 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 2002, the amount of subcontracting purchases amounted to 9% of group revenues (compared with 8.7% in 2001).

1.12. Competition

NEURONES is in competition within its markets with all IT services 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: divisions of large IT services companies, constructor divisions (IBM, HP-Compaq, Unisys) and dedicated companies of various sizes (remote network integrators uniquely, for example) are the main players competing for this market.

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 SchlumbergerSema, or infomanagers specialized in distributed computing like Steria, CS-SI, Euriware or Thalès-SI (ex-Syseca).

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

ERP Integration and outsourcing: in integration, competitors are mainly Accenture or specialized divisions of large IT services 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 or divisions of large IT services 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 services companies).

1.13. Risk factors

Risks related to recruiting and retaining 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, software 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. For all major customers, several entities of the NEURONES group contract with the numerous and various divisions or companies of the client group. The majority of sales derive from corporate customers. The risk of such a client defaulting on payment is consequently relatively low and are mainly insured with Euler-SFAC.

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:

	Integration syst & networks	Outsourcing	Help-desk	Dev. Internet	Security Internet	Integration ERP	Support ERP	Training
Time spent	30 %	70 %	100 %	70 %	90 %	20 %	90 %	100 %
Turnkey	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:

• 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.

• 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 staff from general management, the person in charge of quality, 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 managers 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 (or earn-out) dependent on net profit of 2003 and subsequent years. As of 31 December 2002, the maximum amount of price complements to be potentially paid amounted to 760,000 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.).

Earn-outs are calculated depending on the degree achieved of the net profit objective of the purchased company. When net profit objectives are exceeded, a ceiling is put on earn-outs.

NEURONES has no other off balance sheet commitment (no matured discounted notes, conditional commitments, financial guarantees, conveyance, etc.).

Extraordinary facts, litigation and cases underway

To the knowledge of NEURONES, there is no extraordinary fact or litigation in the recent past likely to have or have had significant negative impact 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 in 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 significant opportunity 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 services 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 or their divisions,
 - 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 services 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 cross-company 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: 15,000 candidatures received in 2002, 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

Growth and operating profit by quarter

(in millions of euros)	Q1	Q2	Q3	Q4	2002
Revenues	22.5	22.9	23.0	24.2	92.6
% 02/01	+ 5.9 %	+ 7.4 %	+ 12.9 %	+5.6 %	+ 7.9 %
Of which % internal	+ 4.9 %	+ 5.4 %	+ 10.7 %	- 2.5 %	+ 4.4 %

Largely thanks to the good pace of business at year-end, NEURONES achieved the following operating margins:

	Q1	Q2	Q3	Q4	2002
Operating margin	8.2 %	9.0 %	13.5 %	11.1 %	10.5 %

Rates of business

In 2002, rates of business were as follows:

	Rate of business 2002 (*)	Rate of business 2001 (*)
Integration	78 %	65 %
Outsourcing NT work-stations	92.5 %	91 %
Outsourcing Unix, databases	95 %	95 %
e-Services	Non significant	Non significant

(*) For the technical production staff: ratio between the days invoiced in a given 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 78% is substantially higher than 2001 with 65% because part of the integration teams worked on outsourcing projects.

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 2003, the rate of business was disappointing in integration and satisfactory in outsourcing.

Recent developments

Revenues in the first quarter of 2003 were as follows:

(in millions of euros)	Q1 2003	Q1 2002	%
Revenues	23.5	22.5	+ 4.6 %
of which Services	21.2	19.2	+ 10 %
of which Licences and Equipment	2.3	3.3	- 30 %

The services businesses reported growth of 10%, of which 2% was internal, in a poor economy. Like-for-like, overall revenues fell 3%, affected by the weakness in the quarter of sales of licenses and equipment (- 30%).

During this quarter, the group made an operating profit (after profit-sharing) of more than 7.2% of unaudited revenues, compared with 8.2% in the first quarter of 2002 and 8.6% in the first half of 2002. The payroll was stable during the period. There were no extraordinary charges in the quarter, as was the case in 2002 and previous years.

Forecasts 2003

If there is no effective recovery in the market in the second half of 2003, NEURONES forecasts revenues for the whole year in excess of 94 million euros, excluding any acquisitions, and operating profit up by more than 8%.

The following scenarios are retained to forecast 2003 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,
- business tax: 1.5% of added value for businesses with revenues of more than 7.6 million euros (1.2% in 2000, and 1.5% since 2001 inclusive). Approximately 60% of the Neurones group applies this rule. Business tax of small entities, in the region of 40% of the group, will no longer be based on fixed assets in 2003 but on wages (complete franchise as of 2003),
- stable tangible investments: 0.9 million euros in 2003.

Furthermore, net attributable profit (group share) is expected to remain as it was in 2002 in relation to operating profit after the following effects:

- lower remuneration of excess cash: a rate of 3% is estimated for 2003 (compared with 3.5% in 2002),
- a decline in depreciation of goodwill which is forecast, for the current scope of consolidation and without extraordinary depreciation, at 0.7 million euros in 2003 compared with 1 million euros in 2002.

Corporate tax in 2003 will amount to 34.33% with no change on 2002 (reminder, 2001: 35.33%, 2000: 36.66%).

2. Financial performance

2.1. Board of directors report to the combined general meeting on 25 June 2003

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 2002 and to inform you of future prospects.

Consolidated accounts

Remarks on group business in 2002

The IT services market in France fell 3% according to Syntec in 2002, the first time since 1993.

In this context, NEURONES achieved global growth of +7.9%, including +4.4% in internal growth, the difference between organic and global growth was due to the integration of Codilog in the scope of consolidation as of March 1 2002 and Inexware Services as of October 1 2002. Revenues amounted to 92.6 million euros, including 80.2 million euros for services and 12.4 million euros from the sale of licenses and equipment.

Growth of the "services" business, representing 87% total group revenues at the end of 2002, amounted to + 5% over the full year including +1% in internal growth. The "sale of licenses and equipment" business picked up in relation to 2001, posting growth of +29% to 12.4 million euros.

Operating profit rose both in volume and in ratio to revenues. Amounting to 9.7 million euros in 2002, compared with 8.2 million euros in 2001, accounting for 10.5% of revenues, compared with 9.6% in 2001. This is the best ever performance made by NEURONES, especially in a poor market context. The improvement in operating margin came about in equal proportion due to a better intrinsic performance of the group and the positive effects of acquisitions.

Most IT services companies working primarily in technical assistance saw operating margins slump in 2002. Thanks to its elaborate offer (especially in outsourcing) and the steady build-up in the past few years, as also to the system for motivating and implicating managers, NEURONES was among the very few players to improve operating margin despite the economy. In absolute terms, the score of 10.5% (without extraordinary result) places NEURONES in the forefront of IT services companies employing more than 500 people.

Financial income fell slightly, from 1.2 million euros to 1 million, due to a lower interest rate for investments during 2002. Nevertheless, the fall in financial income was limited thanks to a substantially higher average level of free cash during the year in relation to 2001.

The corporate tax burden increased to 3.6 million euros, compared with 3.3 million euros the year before. The increase was due to a higher tax base, whereas the rate was down by 1% between 2002 and 2001. The average corporate tax rate was 34.5%.

Depreciation of goodwill went from 0.5 million euros to 1 million euros, partially due to the increase in gross value of goodwill (as a result of acquisitions and premiums paid), and the accelerated depreciation plan in one of the subsidiaries.

Net attributable profit (group share) after depreciation of goodwill amounts to 5.6 million euros, compared with 5.2 million euros last year, and now represents 6.1% of consolidated revenues, equal to the year before.

Comments on the consolidated financial position

Assets

Gross goodwill rose by 2.9 million euros, breaking down as follows:

- the acquisition made in March 2002,
- premiums paid,
- and to a lesser extent repurchase of subsidiary securities from minority shareholders.

Goodwill is amortized over twenty years, except for goodwill generated on the buyout of minority stakes amortized over one year due to their insubstantial amount.

Gross intangible assets rose by 1.7 million euros. Mainly due to the purchase of a business in bankruptcy in the framework of a disposal.

Net tangible assets were stable, investments for the year amounted to 0.7 million euros and mainly corresponding to investments in computer equipment for in-house use and company vehicles.

Working capital requirement, excluding variation of corporate tax debt, was stable. This was mainly due to firm control of the Receivables item. Current deferred tax mainly corresponds to raising of tax on employee profit-sharing.

Cash generated for the year 2002 is higher than net profit, amounting to 6.2 million euros. This remarkable performance, realized for the second year running is the outcome of strict management of our working capital requirement. Net cash as of 31 December 2002 amounts to 35.8 million euros.

Liabilities

Provisions for risks mainly correspond to provisions for operating risks.

Other liabilities items are more or less stable, the sign of weaker growth, especially with regard to employees.

Future prospects

Prospects for recovery in 2003 are weak and visibility is poor. The Syntec forecasts a further fall in the market of 3%. If there is no real recovery in the second half of 2003, NEURONES reckons on revenues in excess of 94 million euros for the whole year, excluding new acquisitions, and operating margin higher than 8% of revenues.

Acquisition of stakes

During 2002, NEURONES made the following acquisitions:

- The purchase of a 70% stake in Codilog Conseil,
- Creation and 100% control of Inexware Services, the company bought the business of a bankrupt company as part of a disposal plan,
- What is more, percentage stakes were increased in Knowledge (purchase of 15.8% from historic minority shareholders) and in Help-Line (purchase of 2% of shares from the founder, before the planned disposal to his right-hand man).

Subsidiary businesses

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

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

NEURONES subsidiaries, their belonging to the various segments, and contributions to the main consolidated aggregates in 2002 are summarized below:

(in thousands of euros)
Segment

	Company	Revenues 2002	Operating results 2002	Net profit 2002
Parent company	NEURONES SA	24	(328)	(806)
System and network integration	Neurones Solutions	19,533	1,353	898
Outsourcing of distributed environments	Skills Consulting	18,433	3,153	2,126
	Sous-Groupe AS International	13,877	2,602	1,770
e-Services	Help-Line	21,314	1,950	1,127
	BrainSoft	6,148	78	60
	UpGrade	6,773	(47)	(42)
	Intrinsec	2,498	161	104
	Knowledge	970	57	55
	Codilog	1,701	705	320
	Inexware Services	1,352	15	13
TOTAL		92,623	9,699	5,625

Data provided is calculated on the basis of contributions to consolidated aggregates, including operations of internal elimination (revenues, consolidated adjustments, etc.).

System and network integration segment

2002 was a dynamic year for this segment. Revenues rose an overall +19%, including +25% from the sale of licenses and equipment and +13% from the sale of services. Operating profit rose sharply 61% and stands at 6.6% of revenues, compared with 4.9% in 2001. The improvement in operating profit is due to a combination of higher volume in sales of licenses and equipment, with gross operating margin rising slightly, adequate management of production staff (a higher rate of engineer and technician activity), and firm control of overheads (stable).

Outsourcing of distributed environments segment

2002 was a difficult year for the company dedicated to outsourcing networks, neighborhood servers and work-stations, in terms of activity, with revenues falling 5%. The simple technical assistance market was tight in volume and pressure on prices. Conversely, there was a brisk rise in outsourcing business (offers over several years, multiservices, with commitments to service results). This sub-segment of the market was the only one that remained very buoyant (double digit growth). In this context, development of the outsourcing offer over several years served to amortize compared with its more technical assistance oriented colleagues. Even operating profit rose 8.6%, largely thanks to more business (startup of outsourcing contracts offset the end of simple technical assistance mission), and strict management of recruiting and expenses.

The sub-group AS International also suffered from market effects, but to a lesser extent. The fall in revenues was limited to 3%, operating profit was maintained at 2.6 million euros, a sign of tight financial controlling.

e-Services segment

The company dedicated to remote IT assistance continued its path of firm internal growth at 12%. Furthermore, the action plan to improve returns, started at the end of 2001, was totally successful in 2002. Operating profit rose 92%, net profit was up 80%. The company is steadily confirming its leading position on the IT help desk market in France.

The Internet applications development company saw revenues fall 12.5%. Operating profit was directly affected, falling 87%. Several factors had a negative impact on margins: postponements or cancellations of some turnkey projects, pressures on prices in simple technical assistance. The result was a rise in the intercontract rate, especially in the first and fourth quarters of 2002.

The acquisition in October 2002 of Inexware Services, a company also working in application development will enable better absorption of structural and technological watch charges in our application development business. Both companies now form an entity with 150 engineers. Inexware Services is made up of young teams with an average age of 26 and dedicated exclusively to latest generation technologies (Java, Websphere). The three months of the first year struck even, despite assuming for the period 102 thousand euros of non-recurring charges relating to the takeover.

The security business reported a good year with growth of 18%. After two contrasted half-years, operating profit for the year is over 5% of revenues. Our security experts mainly worked on sites where the group has outsourcing contracts.

ERP support reported growth of 42% and the company made a profit for the first time.

SAP integration, part of the group since 1 March 2002, forms the basis of an ERP network. The plan to integrate this entity went off as planned. The contribution made by this company was profitable to the group, both financially and as regards the professional quality of teams. The idea is to merge the two support and ERP integration entities as of 1 January 2003. Consequently the two businesses (SAP Support user for Knowledge and ISAP integration for Codilog) could be integrated in a single legal entity with just one management.

In a hard-hit market, the training business had a rough year. Revenues fell 1% to 7.1 million euros, and are below objectives. An action plan was applied to reduce breakeven point of the training businesses in our centers that are mainly intended for computer experts (diminution of room capacity and number of in-house trainers), but the drop in revenues, and marketing expenses necessary to promote the business did not allow the business to end the year at breakeven and a loss of 42 thousand euros was reported.

Financial statements – Neurones S.A.

Comments on NEURONES S.A. business in 2002

Revenues amounted to 4.5 million euros, compared with 3 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 388 thousand euros was reported. Net profit amounted to 173 thousand euros, largely due to financial income of 651 thousand 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. 173,084 euros as follows:

- allocation to retained earnings, 173,084 euros
- which increase from 30,008,828 euros to 30,181,912 euros.

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

Events after the date of closing accounts

No major event, likely to put accounts presented here into question, occurred between the time of closing accounts and the date of this report.

Research and development operations

Neither NEURONES nor its subsidiaries are involved in R&D. The time invested for future development of group business corresponds to adult training and development of sales offers. Costs are booked at the time of their payment.

Environmental risks

NEURONES nor any of its subsidiaries causes any special risk to the environment in the performance of IT services and consulting.

Consequences on employees

The average payroll for 2002 amounts to 1,143 people, compared with an average 1,109 in 2001. This average increase of 34 is due to an increase of 28 following acquisitions and 6 people being hired. The average age stands at 30.5 as of 31/12/2002. The total payroll package increased 4%, with staff rising by 3%. The 1% difference is due to combined effects of individual increases, changes in mix and turnover. The latter has been on a constant decline for three years and stood at 15% in 2002, compared with 19% in 2001, 24% in 2000 and 19% in 1999. There was less training in 2002 amounting to 1,500 days, compared with 5,000 days in 2002. This is, nevertheless, more than the minimum legal requirement. Group companies pay the legal participation when statutory conditions are met. Participation management is entrusted to a bank outside of the group. What is more, stock options plans, details of which are given in the following paragraph, have been deliberately granted to a large proportion of group employees (more than 25%). Finally, a contribution of 0.2% of the payroll package is paid to the worker's council of companies fulfilling statutory conditions.

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 warrants 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 nominal value of 0.40 euro, for a subscription price of 3.2 euros. As of 31 December 2002, the maximum number of exercisable warrants corresponds to 422,790 shares, representing 1.86 % 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 29 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 2002, the maximum number of exercisable options of plan No. 1 amounts to 153,640, representing 0.67% 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 2002, the maximum number of exercisable options in plan No. 2 amounts to 178,139, representing 0.78% of the capital.

The Board of director's meeting of 11 July 2001 granted 320,210 options to 240 employees of NEURONES subsidiaries, exercisable as of 11 July 2006, at a price of 3.8 euros. As of 31 December 2002, the maximum number of exercisable options in plan No. 3 amounts to 269,833, representing 1.18% du capital.

Finally, a Board of director's meeting of 23 January 2003 granted 174,000 options (plan N° 4) to 60 group employees, with the option to subscribe to 174,000 shares with a nominal value of 0.40 euro, for a subscription price of 3.20 euros, so completing the authorization given to the Board of directors at the meeting on 29 November 1999.

Authorization to create options or stock option plans within a limit of 1.09% of the capital

The Board of directors granted a total of 964,123 subscription options four times (29 November 1999, 27 July 2000, 11 July 2001, 23 January 2003). It has fulfilled the authorization of 29 November 1999 for the 964,875 options, the remaining 752 options are of little consequence. As NEURONES capital consists of 22,771,050 shares, the total stock purchase warrants and options already granted (expired options and warrants deducted as of 31/12/2002) represent a maximum potential dilution of 4.49% (and 5.26% after plan n° 4 granted in January 2003). Expired options and warrants as of 31/12/2002 (stock option plans and options – plans 1 to 3) amount to 242,106 options.

We ask you to authorize the Board of directors to grant a total of 250,000 subscription options or options for a period of five years. This number corresponds to the options that expired in the previous plans (stock option plans + options). The maximum potential dilution in this new authorization for 250,000 options is 1.09%.

Authorization to increase capital under the conditions stipulated in article L. 443-5 of the Labor code

Furthermore, and in compliance with the law 2001-152 dated 19 February 2001, we ask you to vote for a resolution authorizing the Board of directors to increase capital under the conditions provided in article L.443-5 of the Labor code if shares held by company personnel and affiliate companies in the sense of article L.225-180 represent less than 3% of the capital.

Given the fact that there are founder stock purchase warrant plans and a stock option plan, we would ask you to decide if it is not time to increase the capital under the conditions provided in article L.443-5 of the Labor code. In compliance with the law dated 25 July 1994, we inform you that employees hold no company shares in the framework of a company savings plan, investment company for employees or for the period of non-availability provided in articles L.225-194 and L.225-197 of the code de commerce and article L.442-7 of the Labor code.

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 wherever 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 3 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 ordinary general meeting.

This authorization replaces that given by the Combined general meeting of 27 June 2002.

Renewal of directors mandate

The mandate of directors expired at the end of the Ordinary general meeting to approve accounts closing on 31 December 2002, we suggest the General meeting renews their mandates for a year, in compliance with the by-laws.

Remuneration of directors and list of mandates performed

Mr. Luc de Chamard is Chairman and chief executive of NEURONES. He is also director of UpGrade and Knowledge, both NEURONES subsidiaries.

Mr. Bertrand Ducurtil is Chief executive and 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 2002, Mr. de Chamard was paid a gross annual sum of 157,689 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 Chammard owns directly and indirectly more than two thirds of the capital and voting rights in the company.

Monsieur Bertrand DUCURTIL owns more than 5% of voting rights.

Renewal of one of the Auditor's mandates

The mandate of one of the two Auditors (FCC Audit et Conseil), as also that of the substitute (Mr. André CRESTEIL), expire at the end of this meeting. We suggest you renew the mandates for a period of six years, until the ordinary general meetings held to approve accounts ending on 31 December 2008.

Method of company management

In the context of application of the NRE law of 15 May 2001, we asked you at the previous general meeting to approve the modifications to the by-laws especially as regards the method of managing the company. We would remind you that article 14 of the by-laws stipulates that 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 Board of directors decided at their meeting on 27 June 2002 that the general management of the company would continue to be ensured by the chairman of the Board of directors.

Conclusion

We ask you to approve accounts and the balance sheet for the financial year ending 31 December 2002, 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)	1998	1999	2000	2001	2002
Capital at year-end					
Legal capital	3,138,011	7,719,000	9,108,420	9,108,420	9,108,420
Number of existing ordinary shares	5,146	3,859,500	22,771,050	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	29,032,732	37,555,000	1,579,429	3,084,992	4,542,728
Profit before taxes, employee profit-sharing depreciation and provisions	5,069,603	3,657,213	27,543,996	611,845	269,756
Corporate taxes	726,612	1,132,906	(660,978)	252,395	89,437
Employee profit-sharing due for the year	249,302	379,706	-	-	-
Profit after taxes, employee profit-sharing depreciation and provisions	4,215,613	2,118,519	28,168,793	365,155	173,084
Distributed earnings	-	-	-	-	-
Earnings per share					
Profit after taxes, employee profit-sharing but before depreciation and provisions	795.51	0.55	1.24	0.02	0.01
Profit after taxes, employee profit-sharing depreciation and provisions	819.21	0.55	1.24	0.02	0.01
Dividend attributed to each share	-	-	-	-	-
Personnel					
Average number of employees during the year	179	323	5	8	9
Amount of the payroll for the year	5,318,861	9,378,181	449,723	594,270	616,454
Amount of sums paid in social benefits for the year (Social security, benefits, etc.)	2,353,642	4,525,074	162,984	230,415	254,587

2.2. Other information relating to stock option plans

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 nominal value of 0.40 euro, for a subscription price of 3.2 euros. As of 31 December 2002, the maximum number of exercisable warrants corresponds to 422,790 shares, representing 1.86% 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 29 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 Chamard, 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 28 November 2005. These warrants were granted in November 1999.

Mr. Ducurtail, 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 28 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 28 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 general meeting on 25 June 2003

To be decided by the ordinary general meeting:

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 2002, as well as the additional explanations provided and the various observations exchanged during the session:

- approve these reports in their totality and in all sections as well as the balance sheet, the income statement and appendices for this financial year posting a net book profit of 173,084 euros,
- approve the consolidated accounts,
- 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 173,084.28 euros as follows:

- the sum of 173,084.28 euros to retained earnings.

The balance of retained earnings increases from 30,008,827.67 euros to 30,181,911.95 euros.

In compliance with legal provisions, the General meeting takes cognizance of the fact that no dividend was paid out in 2000, 2001 and 2002.

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 Ducurtil,
- Mr. Patrick de Catuelan,
- Mr. Jean-Louis Pacquement.

For one year, or until the day of the ordinary general meeting called to approve accounts for the year ending 31 December 2003. 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 2002.

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 for 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 3 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 27 June 2002.

SEVENTH RESOLUTION

The general meeting takes cognizance of the fact that the mandate of one of the two Auditors (FCC Audit et Conseil), as also that of the substitute (Mr. André CRESTEIL), expire at the end of this meeting, and decides to renew the mandates for a period of six years, until the ordinary general meeting held to approve accounts ending on 31 December 2008.

To be voted by the Extraordinary general meeting:

EIGHTH RESOLUTION

The general meeting takes cognizance of the fact that Board of directors granted a total of 964,123 subscription options four times (29 November 1999, 27 July 2000, 11 July 2001, 23 January 2003). It cancels the authorization of 29 November 1999 for the 964,875 options, the remaining 752 options are of little consequence.

The general meeting having taken cognizance of the Board of directors report and the Auditor's special report, and in compliance with the provisions of articles L.225-177 and L.225-179 of the code de commerce:

- delegates, for a period of thirty eight months, the necessary powers to the Board of directors to grant, in one or several times, options giving the right to subscribe to new shares to be issued in capital increases, or, to purchase existing shares after buybacks performed under legal conditions in force,
- decides that the beneficiaries of these options may only be the employees or some of them and legally approved directors of NEURONES and all other French and foreign companies directly or indirectly associated according to the conditions of article L.225-180 of the code de commerce. Beneficiaries must be working as employees or directors continuously from the time they are granted the options until they exercise them,
- decides that the maximum number of shares subject to subscription or purchase options granted is set at 250,000,
- decides in case of subscription, 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,
- decides in case of purchase option, the share purchase 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, nor less than 80% of the average price of shares held by the company according to articles L.225-206 and L.225-209 of the code de commerce,
- recognizes that in application of article L.225-178 of the code de commerce, this authorization admits the deliberate renunciation of shareholders' preferential subscription right to shares issued when taking up subscription options, to the profit of beneficiaries,

- decides that the Board of directors shall have all powers to implement, under legal conditions in force, this delegation with the purpose of:
 - a) setting the conditions in which options shall be granted and drawing up the list of option beneficiaries, to decide on conditions for price adjustment and the number of shares,
 - b) setting the period(s) for exercise of granted options, on the understanding that they cannot be for a period longer than ten years as of the time these options are granted,
 - c) accomplishing all acts and formalities to finalize the capital increase(s) permissible by virtue of this authorization, to modify the by-laws in consequence and do whatever is necessary.

At the first meeting following the end of each financial year, the Board of directors shall state, if necessary, the number and amount of shares issued during the year following the exercise of options and make the resulting modifications to by-laws. The Board of directors may also perform these operations during the year if it deems preferable. The Board of directors may also delegate the power to perform these operations to the chairman.

The Board of directors shall have all necessary powers to set all other conditions and modalities of the operation and fulfill the resulting formalities.

NINTH RESOLUTION

The general meeting taking cognizance of the provisions of article 29 of law 2001-152 of 19 February 2001 concerning employee savings, having heard the reports of the Board of directors and the Auditors, authorizes the Board of directors, in application of the provisions of articles L.225-129 and L.225-138 of the code de commerce and under the conditions stipulated in article L.443-5 of the Labor code, to increase the capital, in one or several times, and on their decision alone, for a maximum nominal amount of 280,000 euros per year by issue of shares to be subscribed in cash and reserved, by separate tranches if necessary, for employees and former retired or early retired employees of the company member of a company savings plan or a voluntary company employee partnership savings plan.

This delegation carries the deliberate renunciation of shareholders to their authorized preferential right to subscribe to increases of capital. The delegation is valid for a period of five years as of this meeting. The general meeting delegates all powers to the Board of directors to accomplish the authorized increase of capital, and especially to:

- determine, if necessary, those companies whose employees and former retired or early retired employees may subscribe to shares issued in application of this authorization,
- decide on all conditions and modalities of the operation(s) to perform and especially:
 - set, if necessary, the conditions of seniority that beneficiaries of the new shares must fulfill and the time afforded for subscription to liberate these shares,
 - decide on the amount of the issue, the subscription price, the duration of the subscription period, the accrual date, even retroactive, of the new shares, and more generally, all modalities for each issue; it is stipulated that the stock subscription price cannot be higher than the average prices quoted in the 20 market sessions prior to the day of the decision of the Board of directors setting the date of subscription opening, nor less than 20% of this average,
 - on its decision alone, after each increase of capital, charge operation expenses to the amount of related premiums,
 - accomplish all acts and formalities so that on each increase of capital the amount of shares are actually subscribed for, make the related modifications to by-laws, proceed to all publication and, more generally, with a faculty of substitution, do all that is useful and necessary.

TENTH RESOLUTION

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

2.4. Consolidated accounts

Consolidated balance sheet as of 31 December 2002

ASSETS		31 December	
(in thousands of euros)	Notes	2002	2001
FIXED ASSETS			
Gross goodwill	Note 1	11,765	9,853
Intangible assets	Note 2	1,719	201
Tangible assets	Note 3	1,525	1,564
Long-term investments	Note 4	678	560
TOTAL FIXED ASSETS		15,688	12,178
CURRENT ASSETS			
Inventories	Notes 5 / 14	284	319
Trade accounts and notes receivable	Notes 6 / 14	24,018	24,326
Other receivables and adjustment accounts	Notes 7 / 9	2,891	2,021
Investment securities	Note 8	31,471	32,473
Cash		4,520	3,176
TOTAL CURRENT ASSETS		63,184	62,314
TOTAL ASSETS		78,872	74,492

LIABILITIES		31 December	
(in thousands of euros)	Notes	2002	2001
EQUITY (GROUP SHARE)			
Capital		9,108	9,108
Premiums		28,509	28,509
Reserves and consolidated results		15,275	9,650
EQUITY (GROUP SHARE)	Note 10	52,893	47,268
Minority stakes		1,221	701
Contingencies and loss provisions	Notes 9 / 11	168	180
PAYABLES			
Sundry debts and liabilities	Note 12	205	1,280
Suppliers and related accounts	Note 13	5,052	5,575
Other payables and adjustment accounts	Note 13	19,332	19,489
TOTAL PAYABLES		24,589	26,344
TOTAL LIABILITIES		78,872	74,492

Consolidated income statement for the financial year ending 31 December 2002

(in thousands of euros)	Notes	2002	2001
REVENUES	Note 15	92,623	85,873
SALE OF EQUIPMENT BUSINESS			
Revenues		12,380	9,565
Cost of merchandise sold		(10,746)	(8,414)
Gross margin		1,634	1,151
% Gross margin		13.2 %	12.0 %
PROVIDING OF SERVICES			
Revenues		80,243	76,308
Other income	Note 16	500	502
Payroll charges	Note 17	(54,207)	(51,795)
Other operating charges	Note 18	(15,617)	(15,036)
Taxes and duties		(1,688)	(1,947)
Depreciation and provisions		(1,166)	(974)
OPERATING PROFIT	Note 19	9,699	8,207
% revenues		10.5 %	9.6 %
Financial income	Note 20	993	1,152
CURRENT INCOME FROM CONSOLIDATED COMPANIES		10,692	9,360
% revenues		11.5 %	10.9 %
Extraordinary item	Note 21	(36)	(140)
Income tax	Notes 22 / 23	(3,679)	(3,320)
NET INCOME FROM CONSOLIDATED COMPANIES		6,978	5,900
% revenues		7.5 %	6.9 %
Goodwill provisions		(1,019)	(536)
NET INCOME OF THE CONSOLIDATED ENTITY		5,958	5,364
- incl. group share		5,625	5,236
- incl. minority stakes		333	129
Net earnings (group share) per share (*) - in euros		0.25	0.23
Net earnings diluted (group share) per share - in euros		0.24	0.22

(*) Average number of shares in the year

Statement of cash-flows for the financial year ending 31 December 2002

(in thousands of euros)	2002	2001
NET INCOME OF CONSOLIDATED COMPANIES	5,958	5,364
Elimination of non-monetary elements:		
- Depreciation and provisions	1,947	1,400
- Variation of deferred tax	(63)	(90)
- Capital losses / (gains) from disposals, net of tax	(1)	5
Operating Cash flow of consolidated companies	7,841	6,680
Variation of cash on:		
- Working capital requirement	210	138
- Income tax	(1,898)	2,382
CASH GENERATED BY THE BUSINESS	6,153	9,200
Acquisitions of intangible and tangible assets	(842)	(1,048)
Disposal of fixed assets, net of tax	6	3
Variation of long-term investments	(115)	(168)
Payment of sums for companies acquired during the year	(3,136)	-
Cash from subsidiary acquired during the year	563	-
Payment on acquisition of business	(1,011)	-
Securities bought from subsidiary minority shareholders	(199)	(53)
CASH ALLOCATED TO INVESTMENT OPERATIONS	(4,733)	(1,266)
Repayment of borrowings	(62)	(123)
CASH ALLOCATED TO FINANCING OPERATIONS	(62)	(123)
VARIATION IN CASH	1,357	7 811
CASH ON OPENING	34,436	26,625
CASH ON CLOSING	35,793	34,436

Statement of changes in consolidated equity

EQUITY, GROUP SHARE (in thousands of euros)	Capital	Premiums	Consolidated reserves	Result for the year	Total equity
Equity as of 31 December 2000	9,108	28,509	895	3,519	42,032
Movements in 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
Movements for 2002					
- Allocation of profit 2001			5,236	(5,236)	-
- Consolidated profit for the year				5,625	5,625
Equity as of 31 December 2002	9,108	28,509	9,650	5,625	52,893

Minority stakes (in thousands of euros)

Minority stakes

Minority stakes as of 31 December 2000	600
Movements for the year 2001	
- Profit for the year – Minority share	129
- Change in scope	(28)
Minority stakes as of 31 December 2001	701
Movements for the year 2002	
- Profit for the year – Minority share	333
- Change in scope	187
Minority stakes as of 31/12/2002	1,221

Minority stakes correspond exclusively to shares held by managers in subsidiaries.

Appendix to consolidated accounts

Accounting principles

Consolidated accounts

Consolidated accounts are prepared in compliance with CRC regulation No. 99-02. They are presented in euros, with due respect to principles of prudence, 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 fully consolidated.

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 31 December. No company has been excluded from the scope.

Transactions, flows, results and capital gains within the group are cancelled out.

Purchase discrepancies

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 securities 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 "gross goodwill" item in balance sheet assets.

This gross 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

- Business is not amortized at consolidated accounts level. If necessary, a provision for depreciation is set aside when the book value is lower than the going value. The going value appreciates especially when there is a capacity to generate operating profit.
- Development expenses are not capitalized at consolidated accounts level. Expenses activated in subsidiary company accounts are restated at consolidated level. The amount of research and development expenses are generally insignificant and are booked as charges.
- Other intangible assets, especially software acquired for in-house use, are amortized over one year.

Tangible assets

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

Fittings and installations	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 amortized 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.

Long-term investments

Securities not consolidated are representative of inventories 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 realizable value is below the balance sheet value.

Statement of "Providing 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 checks to be spent

Some companies in the group sell checks for services in advance, representing days of engineering, 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 provisional tax rate for the following year.

Loss and depreciation carry-overs reputedly deferred are activated 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 till the date of closing.

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 turnover 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 turnover 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	
			12/02	12/01
Parent				
NEURONES	205, ave Georges Clemenceau 92024 NANTERRE	331 408 336	-	-
Filiales				
Neurones Solutions	205, ave Georges Clemenceau 92024 NANTERRE	428 210 140	100 %	100 %
Skills Consulting	205, ave Georges Clemenceau 92024 NANTERRE	428 209 308	100 %	100 %
Help-Line	171, ave Georges Clemenceau 92024 NANTERRE	398 300 061	87 %	85 %
BrainSoft	205, ave Georges Clemenceau 92024 NANTERRE	410 219 943	85.9 %	85.9 %
UpGrade	205, ave Georges Clemenceau 92024 NANTERRE	415 149 830	100 %	100 %
Intrinsec	205, ave Georges Clemenceau 92024 NANTERRE	402 336 085	90 %	90 %
Knowledge	177, ave Georges Clemenceau 92024 NANTERRE	432 673 838	90 %	74 %
AS International Group	83, rue du Fbg St Honore 75008 PARIS	421 255 829	100 %	100 %
AS International	83, rue du Fbg St Honore 75008 PARIS	349 528 356	100 %	100 %
AS Telecom & Réseaux	83, rue du Fbg St Honore 75008 PARIS	400 332 524	100 %	100 %
AS Technologie	83, rue du Fbg St Honore 75008 PARIS	417 586 609	100 %	100 %
Codilog	205, ave Georges Clemenceau 92024 NANTERRE	419 766 811	70 %	N/A
Inexware Services	205, ave Georges Clemenceau 92024 NANTERRE	443 739 693	100 %	N/A
N/A : Not applicable				

N/A : Not applicable

Change in scope

Companies entering the scope of consolidation during 2002:

- Codilog, in which NEURONES took control on 5 March 2002 by buying 70% of the shares. The company was consolidated on 1 March 2002. Codilog works in the domain of integration of integrated management software packages (ERP), especially SAP.
- Inexware Services, a company created by NEURONES in October 2002. The company is 100% held by NEURONES. It was set up to run a business that was bought, in the framework of a disposal plan, from the Tribunal de Commerce de Paris of a company in bankruptcy, with effect on 1 October 2002. Codilog works in the domain of application development.

In 2002, NEURONES bought the securities of subsidiaries held by the employees of these companies:

- 2 % of Help-Line securities in January 2001,
- 14 % of Knowledge securities in March 2002, then 1.8% in October 2002.

The new percentage of holding was retained for the entire period.

Impact of changes in the scope of consolidation on consolidated accounts

The impact on consolidated accounts in 2002 with the entry of Codilog and Inexware Services is as follows:

(in thousands of euros)	31/12/02
Assets	
Gross goodwill	1,897
Fixed assets	1,381
Current assets	1,770
Cash (acquisition price paid net of available cash)	(2,936)
	2,112
Liabilities	
Equity (income from the time of acquisition until year-end)	333
Minority interests	406
Financial debts	9
Contingencies and loss provision	-
Operating debts	1,364
	2,112
Income statement	
Revenues	2,971
Operating profit	718
Financial income	6
Extraordinary item	-
Income tax	254
Profit (group share)	333
Minority interests	137

Pro forma accounts

The accumulated contribution of Codilog and Inexware Services is less than 5% in terms of revenues, less than 10% in terms of operating profit and less than 6% in terms of net profit. As a result, proforma accounts are not presented.

Notes in appendix to the balance sheet

Note 1 - Gross goodwill

(in thousands of euros)	31/12/01	↗	↘	31/12/02
Companies concerned:				
BrainSoft	124	-	-	124
Intrinsec	356	-	-	356
AS International Group	10,059	457	-	10,516
Knowledge	1	17	-	18
Help-Line	-	100	-	100
Codilog	-	2,357	-	2,357
Gross total	10,540	2,931	-	13,471
Depreciation	(687)	(1,019)	-	(1,706)
NET TOTAL	9,853	1,912	-	11,765

Gross goodwill of BrainSoft, AS International Group and Codilog are amortized over 20 years. Goodwill of Intrinsec was fully amortized as of 31 December 2002.

Gross goodwill resulting from premiums paid are amortized over the remaining period of goodwill considered on entry in the scope of consolidation.

Gross goodwill resulting from the purchase of securities from minorities (Help-Line, Knowledge) in 2002 was totally amortized as of 31 December 2001.

Note on the acquisition of AS International

▪ The contract provides for a payment schedule until June 2003 and a possible premium depending on results in 2000 to 2002. As of 31 December 2002, and for the three years (2000, 2001 and 2002), a premium of 457,000 euros to be paid on 30 June 2003, was integrated in the value of securities and will be amortized as of 1 January 2003, for the remaining period of goodwill considered on entry in the scope of consolidation.

Note on the acquisition de Codilog

▪ The contract provides for a possible premium depending on future results. As of 31 December 2002, and for the first year (2002), a premium of 460,000 euros, to be paid on 31 March 2003, was integrated in the value of securities and will be amortized, as of 1 January 2003, for the remaining period of goodwill considered on entry in the scope of consolidation.

Off-balance sheet commitments concerning acquisitions and premiums to be paid

A maximum premium of 760,000 euros may be paid, depending on future results (2003 and thereafter) of companies bought. As of 31 December 2002, this commitment has not been booked, as it was an insignificant amount.

Note 2 - Intangible assets

(in thousands of euros)	31/12/01	↗	Transfer from account to account	↘	31/12/02
Startup costs	5	-	-	5	-
Concessions, patents, licenses	349	145	29	-	523
Business	70	1,565	-	-	1,635
Fixed assets in progress	29	-	(29)	-	-
Gross total	453	1,710	-	5	2,158
Depreciation and provisions	(252)	(192)	-	(5)	(439)
NET TOTAL	201	1,518	-	-	1,719

Note on acquisition of business:

Business acquired corresponds to:

- the buying by Inexware Services of a business that was bought, in the framework of a disposal plan, from the Tribunal de Commerce de Paris of a company in bankruptcy, with effect on 1 October 2002. The price paid amounts to 975,000 euros, in addition to the assumption of commitments in the framework of article L.122-12 (paid holidays, recovery time) for 370,000 euros,
- the buying by UpGrade of JUMP Informatique on 1 August 2002. The price paid amounts to 214,000 euros, payable in 24 installments, in addition to the assumption of commitments in the framework of article L.122-12 (paid holidays, recovery time), for 6,000 euros.

The other acquisitions mainly correspond to IT software for in-house use.

Note 3 - Tangible assets

(in thousands of euros)	31/12/01	Entry in scope	↗	↘	31/12/02
Fittings and installations	1,021	-	270	-	1,291
Transport equipment	356	-	116	19	453
Computer and office equipment	2,194	40	311	94	2,451
Fittings on lease	77	-	-	-	77
Computer equipment on lease	89	-	-	-	89
Gross total	3,737	40	697	113	4,361
Depreciation	(2,173)	(25)	(745)	(107)	2,836
NET TOTAL	1,564	15	(48)	6	1,525

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

Note 4 - Long-term investments

(in thousands of euros)	31/12/01	Entry in scope	↗	↘	31/12/02
Non-consolidated securities	39	-	-	-	39
Borrowings	255	-	85	8	332
Other long-term investments	287	3	40	2	328
Gross total	581	3	125	10	699
Provisions	(21)	-	-	-	(21)
NET TOTAL	560	3	125	10	678

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

Note 5 - Inventories

(in thousands of euros)	31/12/02	31/12/01
Merchandise	433	453
Gross total	433	453
Provisions for depreciation	(149)	(134)
NET TOTAL	284	319

Note 6 - Trade accounts and notes receivable

(in thousands of euros)	31/12/02	31/12/01
Client receivables	23,146	23,912
Invoices to be made	1,105	655
Gross total	24,251	24,567
Provisions for bad debts	(233)	(241)
PROVISIONS FOR BAD DEBTS	24,018	24,326

Note 7 - Other receivables and adjustment accounts

(in thousands of euros)	31/12/02	31/12/01
Down payments on orders	15	-
Suppliers – Credit notes on future orders	16	43
VAT	1 307	969
Tax receivable	357	167
Deferred taxes – assets	335	273
Other accounts receivable	313	167
Prepaid expenses	548	402
TOTAL	2,891	2,021

Other receivables are due within one year.

Note 7.1 - Prepaid expenses

(in thousands of euros)	31/12/02	31/12/01
Prepaid rents, charges and taxes	304	238
Other prepaid overheads	244	164
TOTAL	548	402

Note 8 - Investment securities

(in thousands of euros)	31/12/02		31/12/01	
	Purchase value	Market value	Purchase value	Market value
Cash note	9,213	9,287	8,823	8,862
Money market fund	22,258	22,397	23,650	23,650
TOTAL	31,471	31,684	32,473	32,512

Note 9 - Deferred taxes

Note 9.1 - Deferred taxes booked

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

(in thousands of euros)	31/12/02	31/12/01
Employee profit-sharing	259	244
Other temporary tax differences	54	17
Provision for pension indemnities	20	12
Restatement of depreciation (partial contribution of UpGrade assets)	2	-
Deferred taxes, assets	335	273
Restatement of depreciation (partial contribution of UpGrade assets)	-	3
Deferred taxes, liabilities	-	3

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

As of 31 December 2002, 61,000 euros of tax losses to be carried forward were booked to results, generating a tax savings of 20,000 euros.

As of 31 December 2002, tax losses to be carried forward generated in 2000 and 2001, for 128,000 euros, were not activated. Losses to be carried forward at the common law rate and not used represent a potential savings of 44,000 euros as of 31 December 2002. 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 of euros)	Base	Tax savings
Losses (to be carried forward until 2005)	12	4
Losses (to be carried forward until 2006)	116	40
TOTAL	128	44

Note 10 - Equity

Note 10.1 - Capital

As of 31 December 2002, 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:

PAYMENT OF PLANS

	Stock purchase warrant	Stock option plan n° 1	Stock option plan n° 2	Stock option plan n° 3
Date of the general meeting	29/11/1999	29/11/1999	29/11/1999	29/11/1999
Date of Board of directors meeting	-	29/11/1999	27/07/2000	11/07/2001
Plan maturity date	29/11/2004	29/11/2004	27/07/2005	11/07/2006
Plan expiry date	28/11/2005	28/11/2014	26/07/2010	11/07/2011
Number of beneficiaries	49	19	171	238
Incl. managers	2	-	-	-
Number of options granted	476,385	165,550	304,363	320,210
Number of options expired as of 31/12/2002	(53,595)	(11,910)	(126,224)	(50,377)
Maximum number of options remaining to be exercised	422,790	153,640	178,139	269,833
Number of shares bought to date	Aucune	Aucune	Aucune	Aucune
Subscription price	3,20 euros	3,20 euros	7,50 euros	3,80 euros
Potential dilution (expired options deducted)				
- % current capital	1.86 %	0.67 %	0.78 %	1.18 %
Total potential dilution				4.49 %

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.

A maximum number of 174,752 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.

A Board of directors meeting was held on 23 January 2003 and attributed 174,000 options to 60 group employees, enabling them to subscribe to 174,000 shares at a nominal value of 0.40 euro for 3.20 euros, so completing the authorization to the Board of directors given by the general meeting on 29 November 1999.

Note 11 - Provisions for contingencies and losses

(in thousands of euros)	31/12/01	Provision for the year (provision used)	Recovery of the year (provision not used)	Recovery of the year	31/12/02
Provision for contingencies and losses	142	102	134	-	110
Prov. for pension indemnities	35	23	-	-	58
Provision for deferred taxes	3	-	3	-	-
Total	180	125	137	-	168
Impact (net of incurred charges)	-	-	-	-	-
Operating profit	-	125	-	-	-
Financial income	-	-	-	-	-
Extraordinary Item	-	-	-	-	-

Note 12 - Sundry debts and liabilities

The schedule of sundry debts and liabilities is as follows:

(in thousands of euros)	Total	Amount < 1 year	Amount > 1 year and < 5 years	Amount > 5 years
Bank overdrafts	198	198	-	-
Sub-total borrowings and payables to banks	198	198	-	-
Deposits received	7	-	-	7
Sub-total borrowings and various financial payables	7	-	-	7
TOTAL	205	198	-	7

Note 13 - Suppliers and related accounts, other payables and adjustment accounts

The schedule of these two items is as follows:

(in thousands of euros)	Total	Amount < 1 year	Amount > 1 year and < 5 years	Amount > 5 years
Suppliers payable and related accounts	5,052	5,052	-	-
Sub-total suppliers payable	5,052	5,052	-	-
Employee profit-sharing	837	837	-	-
Tax and social payables	14,067	14,067	-	-
Corporate tax debt	497	497	-	-
Other payables	2,692	2,692	-	-
Prepaid income	1,239	1,239	-	-
Sub-total other payables and adjustment accounts	19,332	19,332	-	-
TOTAL	24,384	24,384	-	-

Payment of employee profit-sharing falls due within one year, as the management of this is outsourced, payment is due the year after. Furthermore, debt relating to employee profit-sharing was posted as an operating debt in 2002 and 2001.

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.

Note 14 - Variation of provisions on current assets

(in thousands of euros)	31/12/01	Entry in scope	↗	↘	31/12/02
Inventories	134	-	16	1	149
Clients	241	16	121	145	233
TOTAL	375	16	137	146	382

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

Breakdown of revenues by sector of business is as follows:

(in thousands of euros)	2002	%	2001	%
BUSINESSES				
System and network integration	19,557	21%	16,860	20 %
Outsourcing of distributed environments	32,310	35%	33,500	39 %
e-Services	40,756	44%	35,513	41 %
TOTAL	92,623	100 %	85,873	100 %

Revenues mainly come from France.

Note 16 - Other income

(in thousands of euros)	2002	2001
Other income	164	102
Operating subsidies	24	117
Adjustments on provisions	281	247
Expense transfer	31	35
TOTAL	500	502

Note 17 - Payroll charges

(in thousands of euros)	2002	2001
Wages and charges	53,410	51,164
Employee profit-sharing	797	631
TOTAL	54,207	51,795

Note 18 - Other operating charges

(in thousands of euros)	2002	2001
Outsourcing purchases	8,312	7,089
Non stored materials and supplies purchased	340	332
Outside personnel	758	1,069
Other outside services	5,665	6,481
Other charges	542	65
TOTAL	15,617	15,036

Note 19 - Analysis of operating profit by sector of business

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

(in thousands of euros)	2002	%	2001	%
BUSINESSES				
System and network integration	1,309	14 %	822	10 %
Outsourcing of distributed environments	5,566	57 %	5,269	64 %
e-Services	2,824	29 %	2,116	26 %
TOTAL	9,699	100 %	8,207	100 %

Note 20 - Analysis of financial income

(in thousands of euros)	2002	2001
Capital gains on money market funds	682	599
Other interest and assimilated income	431	658
Writeback of provision	15	-
Total financial income	1,128	1,257
Interest and assimilated charges	130	99
Financial expenses – leasing	-	2
Foreign exchange gains/losses	1	4
Net charges on disposal of investment securities	4	-
Total financial charges	135	105
Financial income	993	1,152

Note 21 - Analysis of Extraordinary Item

(in thousands of euros)	2002	2001
Extraordinary income from management operations	-	70
Income from disposal of assets sold	6	4
Total extraordinary income	6	74
Extraordinary charges from management operations	3	57
Net book value of assets sold	5	8
Provisions	34	149
Total Extraordinary charges	42	214
Extraordinary Item	(36)	(140)

Provisions correspond to:

depreciation of 50 % of Label business, bought in December 2000, for 34,000 euros, taking the total depreciation to 100% or 68,000 euros.

Note 22 - Income tax

(in thousands of euros)	2002	2001
Tax payable	3,712	3,410
Deferred taxes	(33)	(90)
TOTAL	3,679	3,320

Note 23 - Evidence of tax

(in thousands of euros)	Base	Rate	Tax
Earnings before taxes and goodwill depreciation	10,657	34.33 %	3,659
Impact of charges definitively not deductible	53	34.33 %	18
Use of tax deficits	(61)	34.33 %	(20)
Restatement not taxed	(24)	34.33 %	(8)
Difference of rate on supplementary tax contribution (amount of tax greater than 762,000 euros)			30
Effective tax charge			3,679
Average rate of tax			34.5 %

Note 24 – Current tax saving by the group in the framework of tax consolidation

A tax consolidation scope was formed on the sub-scope of the group and in 2002 includes NEURONES, Neurones Solutions, Skills Consulting and UpGrade.

Tax booked by the parent company	89,437 euros
Tax assumed by the parent company, for lack of tax consolidation	90,744 euros

By convention, profits generated by the group subsequent to losses made by subsidiaries are not paid back.

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. As of 1 January 2003, Inexware Services is part of the consolidated group for tax purposes.

AVERAGE NUMBER OF EMPLOYEES	2002	2001
Executives	613	581
Employees	530	528
TOTAL	1,143	1,109

REMUNERATION OF MEMBERS OF MANAGEMENT BODIES

The total amount of remunerations allocated to members of the NEURONES S.A. board of directors is 264,403 euros for the year.

2.5. Auditors' report on consolidated accounts (financial year ending 31 December 2002)

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 2002 as attached to this report.

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.

30 April 2003

The Auditors

FCC Audit et Conseil

ERNST & YOUNG Audit

Thierry Bellot

Jean-Luc Loir

Any Antola

2.6. Annual accounts as of 31 December 2002

Annual accounts as of 31 December 2002

ASSETS (in euros)	Notes	31/12/02			31/12/01 Net
		Gross	Depreciation and provisions	Net	
Concessions, patents and similar rights		20,443	20,443	-	632
Business		1,524	-	1,524	1,524
INTANGIBLE ASSETS	Note 1	21,968	20,443	1,524	2,156
Other tangible assets		40,736	28,590	12,146	13,484
TANGIBLE ASSETS	Note 2	40,736	28,590	12,146	13,484
Controlling interests		53,486,666	-	53,486,666	47,634,344
Other capitalized securities		6,098	6,098	-	-
Loans		44,410	-	44,410	52,240
Other long-term investments		17,600	-	17,600	-
LONG-TERM INVESTMENTS	Notes 3/4	53,554,775	6,098	53,548,677	47,686,584
TOTAL FIXED ASSETS		53,617,478	55,131	53,562,347	47,702,224
Trade accounts and notes receivable	Note 5	949,911	-	949,911	652,334
Other receivables	Note 6	432,800	-	432,800	766,748
Investment securities	Note 7	19,634,974	-	19,634,974	22,617,070
Cash		660,728	-	660,728	442,245
TOTAL CURRENT ASSETS		21,678,413	-	21,678,413	24,478,397
Prepaid expenses	Note 6	28,572	-	28,572	6,587
TOTAL ASSETS		75,324,464	55,131	75,269,332	72,187,208

LIABILITIES

(in euros)	Notes	31/12/02	31/12/01
Legal capital		9,108,420	9,108,420
Paid-in capital		27,720,444	27,720,444
Legal reserve		910,842	910,842
Retained earnings		30,008,828	29,643,673
PROFIT FOR THE YEAR		173,084	365,155
TOTAL EQUITY	Note 8	67,921,618	67,748,534
Provisions for contingencies		-	-
TOTAL CONTINGENCIES AND LOSS PROVISIONS		-	-
Borrowings and payables to banks		8,644	165,191
Supplier payables and related accounts		1,341,866	606,281
Tax and social payables		182,908	1 903,086
Other payables		5,814,297	1,764,115
TOTAL PAYABLES	Note 9	7,347,714	4,438,674
TOTAL LIABILITIES		75,269,332	72,187,208

INCOME STATEMENT

(in euros)	Notes	2002	2001
Sale of merchandise		12,107	1,617
Service production sold		4,530,621	3,083,375
NET REVENUES	Note 12	4,542,728	3,084,992
Including exports		-	-
Operating subsidies		-	-
Adjustments for provisions and deprecations, expense transfer		6,220	6,220
Other income		1,326	8,528
OPERATING INCOME		4,550,274	3,099,740
Purchase of merchandise		8,488	1,617
Variation in inventories		-	-
Other purchases and external charges		3,991,402	2,493,981
Taxes, duties and assimilated payments		37,906	77,384
Wages and salaries		629,551	609,140
Social security charges		260,678	236,873
Provisions on fixed assets		7,235	9,579
Provisions on current assets		-	-
Contingencies and loss provisions		-	-
Other charges		3,050	3,473
OPERATING CHARGES		4,938,310	3,432,048
OPERATING PROFIT		(388,036)	(332,308)
Financial income from controlling interests		-	-
Other interest and assimilated income		365,561	570,551
Net income from the sale of marketable investment securities		358,669	437,910
FINANCIAL INCOME		724,230	1,008,462
Interest and assimilated charges		73,673	68,710
FINANCIAL CHARGES		73,673	68,710
FINANCIAL INCOME		650,557	939,751
CURRENT INCOME BEFORE TAX		262,521	607,443
Extraordinary income from management operations		-	8,690
Extraordinary income from capital operations		-	-
Adjustments for provisions and transfer of charges		-	15,284
EXTRAORDINARY INCOME		-	23,973
Extraordinary charges from management operations		-	13,867
Extraordinary charges from capital operations		-	-
EXTRAORDINARY CHARGES		-	13,867
EXTRAORDINARY ITEM		-	10,106
Employee profit-sharing		-	-
Corporate taxes	Note 13	89,437	252,395
TOTAL INCOME		5,274,504	4,132,175
TOTAL CHARGES		5,101,419	3,767,020
PROFIT / (LOSS)		173,084	365,155

Appendix to annual accounts

Introduction

Annual accounts 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 prudence, 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 amortized according to the straight-line method over one year. Business 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:

Fittings and installations	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

Long-term investments

Capitalized securities 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 practiced 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)	31/12/01	↗	↘	31/12/02
Concessions, patents, licenses	20,444	-	-	20,444
Business	1,524	-	-	1,524
TOTAL	21,968	-	-	21,968

DEPRECIATION

(in euros)	31/12/01	↗	↘	31/12/02
Depreciation concessions, patents, licenses	19,812	631	-	20,443
TOTAL	19,812	631	-	20,443

Note 2 - Tangible assets

GROSS VALUE

(in euros)	31/12/01	↗	↘	31/12/02
Fittings and installations	7,338	2,650	-	9,988
Transport equipment	7,318	-	-	7,318
Computer and office equipment	20,814	2,616	-	23,430
TOTAL	35,470	5,266	-	40,736

Acquisitions mainly concern computer equipment for internal use.

DEPRECIATION

(in euros)	31/12/01	↗	↘	31/12/02
Fittings and installations	989	1,774	-	2,763
Transport equipment	7,318	-	-	7,318
Computer and office equipment	13,679	4,830	-	18,509
TOTAL	21,986	6,604	-	28,590

Note 3 - Long-term investments

GROSS VALUE

(in euros)	31/12/01	↗	↘	31/12/02
Controlling interests	47,634,344	5,928,572	76,250	53,486,666
Other capitalized securities	6,098	-	-	6,098
Loans	52,240	-	7,830	44,410
Other financial assets	-	17,600	-	17,600
TOTAL	47,692,682	5,946,172	84,080	53,554,775

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

Les mouvements de l'exercice du poste participations correspondent aux flux suivants :

- Increases for the year in the controlling interests item correspond to acquisition of:
 - 3% of shares in Help-Line for 228,750 euros, then the sale of 1% for 76,250 euros,
 - 15.8% of shares in Knowledge during 2002 from the founding shareholders of the company, for 46,760 euros,
 - a complement in the contractual price for AS International of 457,347 euros for 2000 to 2002 results. This premium, to be paid in June 2003, was booked to the balance sheet, with an offsetting debt as of 31 December 2002.
 - acquisition of Codilog, or 70% of shares, for 2,485,700 euros,
 - a complement in the contractual price for Codilog for 460,000 euros for 2002 results. This premium, to be paid in March 2003, was booked to the balance sheet, with an offsetting debt as of 2002. Furthermore,

the contract provides for an additional complement in price of a maximum of 760,000 euros for 2003 to 2004 results. This commitment, dependent on reaching an accumulated level of results by the end of 2003 and 2004, is not booked to accounts as of 31 December 2002. The estimate made for the probable amount to be paid for 2003 and 2004 is insignificant,

- acquisition of 100% of Inexware Services shares for 2,250,000 euros. The company was set up in October 2002, fully capitalized for the sum of its shares, with the intention of taking over a business in bankruptcy in the framework of a disposal plan.

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

Note 4 - Provisions on long-term investments

PROVISIONS

(in euros)	31/12/01	↗	↘	31/12/02
Other capitalized securities	6,098	-	-	6,098
TOTAL	6,098	-	-	6,098

Note 5 - Trade accounts receivables and notes receivable

(in euros)	31/12/02	31/12/01
Client receivables	949,911	645,314
Invoices to be made	-	7,020
TOTAL BRUT	949,911	652,334

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	44,410	4,676	39,734
Other financial assets	17,600		17,600
TOTAL	62,010	4,676	57,334
OF CURRENT ASSETS			
Trade accounts receivables and notes receivable	949,911	949,911	
Status: VAT	206,156	206,156	
Status: Corporate taxes	137,768	137,768	
Others	88,876	88,876	
TOTAL	1,382,711	1,382,711	
Prepaid expenses	28,572	28,572	
GENERAL TOTAL	1,473,293	1,415,959	57,334

Current accounts are used to book movements related to corporate tax (tax burden, down payments and liquidation 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)	31/12/02		31/12/01	
	Purchase value	Market value	Purchase value	Market value
Cash note	9,212,887	9,286,801	8,823,055	8,861,950
Money market fund	10,422,087	10,560,594	13,794,015	13,794,015
TOTAL	19,634,974	19,847,395	22,617,070	22,655,965

Note 8 - Equity

Note 8.1 - Capital

As of 31 December 2002, 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:

PAYMENT OF PLANS

	Stock purchase warrant plan	Stock option plan n° 1	Stock option plan n° 2	Stock option plan n° 3
Date of the meeting	29/11/1999	29/11/1999	29/11/1999	29/11/1999
Date of Board of directors meeting	-	29/11/1999	27/07/2000	11/07/2001
Maturity date of plans	29/11/2004	29/11/2004	27/07/2005	11/07/2006
Expiry date of plans	28/11/2005	28/11/2014	26/07/2010	11/07/2011
Number of beneficiaries	49	19	171	238
incl. managers	2	-	-	-
Number of options granted	476,385	165 550	304,363	320,210
Number of expired options as of 31/12/2002	(53,595)	(11,910)	(126,224)	(50,377)
Maximum number of options remaining exercisable	422,790	153,640	178,139	269,833
Number of shares bought to date	None	None	None	None
Subscription price	3.20 euros	3.20 euros	7.50 euros	3.80 euros
Potential dilution (expiries deducted)				
- % current capital	1.86 %	0.67 %	0.78 %	1.18 %
Total potential dilution				4.49 %

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 174,752 options.

A Board of directors meeting held on 23 January 2003, attributed 174,000 options to 60 group employees, allowing them to subscribe to 174,000 shares with a nominal value of 0.40 euro for 3.20 euros, finalizing the authorization given to the Board of directors by the meeting on 29 November 1999.

Note 8.3 - Changes in stockholders' equity

Changes in equity during the year is as follows:

(in euros)	31/12/01	↗	↘	31/12/02
Legal capital	9,108,420	-	-	9,108,420
Paid-in capital	27,720,444	-	-	27,720,444
Legal reserve	910,842	-	-	910,842
Retained earnings	29,643,673	365,155	-	30,008,828
Result for the year 2001	365,155	-	365,155	-
Result for the year 2002	-	173,084	-	173,084
TOTAL	67,748,534	538,239	365,155	67,921,618

Note 9 - Schedule of payables on closing for the year

(in euros)	Total	Amount < 1 year	Amount > 1 year and < 5 years	Amount > 5 years
Borrowings from banks				
▪ less than 2 years originally	8,644	8,644		
▪ more than 2 years originally				
Suppliers payable and related accounts	1,341,866	1,341,866		
Tax and social payables	182,908	182,908		
Other payables	5,814,297	5,814,297		
TOTAL	7,347,714	7,347,714	-	-

Payables are all due within one year.

Note 10 - Adjustment accounts

(in euros)	31/12/02	31/12/01
ACCRUED INCOME		
Invoices to be made	-	7,020
Accrued interest receivable	212,421	38,895
TOTAL	212,421	45,915
CHARGES PAYABLE		
Accrued interest of payables to banks	-	1,371
Suppliers payable and related accounts	70,101	85,041
Tax and social payables	84,753	63,380
Other payables	85,832	76,798
TOTAL	240,686	226,590

Note 11 - Elements concerning affiliated companies and controlling interests

(in euros)	Affiliated companies	Companies with which the company has an interest
ASSETS		
Controlling interests	53,486,666	-
Trade accounts receivable and notes receivable	127,479	-
Current debtor accounts	-	-
TOTAL ASSETS	53,614,145	-
LIABILITIES		
Suppliers payable and related accounts	1,198,165	-
Current creditor accounts	3,733,596	-
TOTAL LIABILITIES	4,931,761	-
RESULTS		
Operating income	1,272,700	-
Financial income	-	-
Other purchases and external charges	3,425,942	-
Financial charges	1,595	-

Notes in appendix to the income statement

Note 12 - Analysis of revenues

Revenues came mainly from the re invoicing of head office expenses to various group subsidiaries, and revenues for which NEURONES SA centralizes re invoicing, the latter being referenced with some major national corporate customers.

Note 13 - Breakdown of corporate income tax

(in euros)	Year			Previous Year
	Pretax profit	Tax	Profit after tax	Profit after tax
Current income	262,521	90,784	171,737	392,116
Extraordinary income	-	-	-	6,512
Profit from tax integration		(19,737)	(19,737)	
Additional 1% tax (> 762 K€) (Tax integration)		18,390	18,390	33,474
Net book profit	262,521	89,437	173,084	365,155

Other information

Note 14 - Off-balance sheet commitments

Retirement commitments - As of 31 December 2002 the amount of retirement-related commitments was assessed with a retrospective method, but was not booked to accounts.

The amount of the commitments at the end of December 2002 amounted to 4.5 thousand euros.

Other commitments - There are no off-balance sheet commitments, apart from the additional acquisition prices paid for securities mentioned in note 3.

Note 15 - Average payroll

	2002	2001
Executives	9	8
Employees		
TOTAL	9	8

Note 16 - Remuneration of members of management bodies

The total amount of remunerations allocated to members of the NEURONES S.A. board of directors is 264,403 euros.

Note 17 - Increase and decrease of the future tax burden

(in euros)	2002	2001
REINTEGRATION FOR THE YEAR TO BE DEDUCTED THE FOLLOWING YEAR		
Organic	5,905	4,006
TOTAL	5,905	4,006

Note 18 - 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.

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	89,437 euros
Tax paid	1,716,191 euros

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

Tax booked	89,437 euros
Tax supported when there is no tax consolidation	90,784 euros

Note 19 - 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 of euros)

Company	Capital equity (1)	Other of capital held (as %)	Share of stocks held	Book value advances granted Gross	Loans and Guarantees commitments data Net			Revenues tax excl.	Result 2002	Dividends collected
I - SUBSIDIARIES										
(more than 50 % held)										
- Help-Line	400	3,365	87.00 %	476	476	-	-	22,544	1,224	-
- BrainSoft	480	1,086	85.92 %	775	775	-	-	6,200	109	-
- UpGrade	3 813	1,046	99.99 %	3,811	3,811	-	-	7,119	(31)	-
- Intrinsec	480	121	90.00 %	466	466	-	-	2,598	90	-
- Neurones Solutions	7 373	1,429	100.00 %	7,371	7,371	-	-	22,608	873	-
- Skills Consulting	22 875	5,271	100.00 %	22,867	22,867	-	-	20,359	2,126	-
- Knowledge	380	(128)	89.77 %	328	328	-	-	971	61	-
- AS International Group	555	1,591	100.00 %	12,196	12,196	-	-	1,597	412	-
- Codilog	150	1,204	70.00 %	2,946	2,946	-	-	2,900	730	-
- Inexware Services	2 250	13	100.00 %	2,250	2,250	-	-	1,357	13	-
II - CONTROLLING INTERESTS										
(10% to 50% held)										
III - OTHER SECURITIES										
- SICOOP				6	-					
TOTAL				53,492	53,486					

(1) Before breakdown

2.7. Attached notes annexes – inventory of investment securities held as of 31/12/2002

(in euros)		31/12/2002	
	Purchase value	Net asset value	Latent capital gain
Money market funds			
- BNP Monejour	3,775,838	3,775,838	
- Moneplus Société Générale	1,507,193	1,507,193	
- Crédit Lyonnais Monétaire large	914,000	914,000	
- BMTN Société Générale	4,225,056	4,363,563	138,507
Sub-total money market funds	10,422,087	10,560,594	138,507
Commercial paper			
- Général Motors			
Maturing 14 January 2003 - 3.44%	8,915,658	8,987,221	71,563
- FCE Bank PLC			
Maturing 14 January 2003 - 3.39%	297,229	299,580	2,351
Sub-total commercial paper	9,212,887	9,286,801	73,914
TOTAL	19,634,974	19,847,395	212,421

2.8. Auditors' general report on annual accounts (financial year ending 31 December 2002)

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 2002, 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.

30 April 2003

Auditors

FCC Audit et Conseil

ERNST & YOUNG Audit

Thierry Bellot

Jean-Luc Loir

Any Antola

2.9. Special report of the Auditors on statutory agreements (financial year ending 31 December 2002)

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 the standards applicable in France; these standards require deployment of diligence to verify the concordance of information provided with the basic documents from which it comes.

Agreements reached with Neurones Solutions

Director concerned :

Mr Bertrand Ducurtil

Type and purpose:

Neurones Solutions centralizes the functions of management accounting.

Methods

Costs supported by Neurones Solutions are re-invoiced to Neurones S.A. on the basis of a monthly fixed amount of 600 euros net of tax. In 2002, Neurones Solutions invoiced Neurones S.A. 7,200 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, Knowledge

a. Type and purpose

By means of an agreement making available holding resources, 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 2002, Neurones S.A. invoiced the following amounts net of tax:

- 367,200 euros to Neurones Solutions
- 657,600 euros to Skills Consulting
- 69,600 euros to Help-Line
- 25,200 euros to Upgrade
- 24,000 euros to Brainsoft
- 2,400 euros to Knowledge

b. Type and purpose

Neurones Solutions and Upgrade make premises available at 205 avenue Georges Clemenceau in Nanterre.

Methods

The cost of premises paid by Neurones Solutions and Upgrade is invoiced on a prorata basis for the surface area occupied. In 2002, Neurones Solutions and Upgrade respectively invoiced Neurones S.A. 1 17,420 euros and 26,290 euros net of tax.

c. Type and purpose

Telephone costs paid by NEURONES Solutions are invoiced to group companies.

Methods

Telephone costs paid by NEURONES Solutions on behalf of NEURONES S.A., are invoiced according to an estimated standard consumption, for a monthly amount of 100 euros net of tax.

In 2002, Neurones S.A. booked a charge of 1,200 euros net of tax for telephone costs.

d. Type and purpose

In a centralized cash management agreement, 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, Help-Line, Inexware and Knowledge 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:

- 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 2002, Neurones S.A. invoiced the following amounts net of tax:

- 4,288 euros to Help-Line,
- 2 euros to Knowledge,
- 4,246 euros à Neurones Solutions,
- 1,497 euros to Upgrade.

In 2002, Neurones S.A. paid its subsidiaries the following amounts net of tax:

- 1,502 euros to Skills Consulting,
- 975 euros to Brainsoft,
- 334 euros to Inexware.

30 April 2003

Auditors

FCC Audit et Conseil
Thierry Bellot Jean-Luc Loir

ERNST & YOUNG Audit
Any Antola

2.10. Fees paid to Auditors by the group for the financial year 2002

Year concerned: 2002

(in thousands of euros)

	FCC Audit & Conseil		ERNST & YOUNG	
	Amount	%	Amount	%
	2002	2002	2002	2002
AUDIT				
- Auditing, certification, inspection of individual and consolidated accounts	51	85 %	39	100 %
- Accessory missions (due diligence, etc.)	9	15 %	-	-
Sub-total	60	100 %	39	100 %
OTHER SERVICES				
- Legal, tax, social	-	-	-	-
- Information technologies	-	-	-	-
- Internal audit	-	-	-	-
- Others	-	-	-	-
Sub-total	-	-	-	-
TOTAL	60	100 %	39	100 %

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 1" – 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 means 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 in May 2000, 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 27 June 2002

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

The Combined general meeting held on 27 June 2002 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 2003),
- maximum amount of the capital to be acquired: 10 % of the capital,
- maximum purchase price: 12 euros per share,
- minimum selling price: 3 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 25 June 2003

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 25 June 2003 (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 24 December 2004),
- 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 27 June 2002.

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. 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 2002, there were 422,790 outstanding options exercisable (53,595 null excluded).

3.2.1.3. Attribution of stock options

(Board of director's meeting of 30 November 1999) – Plan n° 1

The Board of director's meeting of 29 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, exercisable from 29/11/2004 until 28/11/2014. As of 31 December 2002, there were 153,640 outstanding options exercisable for this attribution (11,910 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 2002, there were 178,139 outstanding options exercisable (126,224 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 2002, there were 269,833 outstanding options exercisable (50,377 null excluded).

3.2.1.6. Attribution of stock options

(Board of director's meeting of 23 January 2003) – Plan N°4.

The Board of director's meeting of 23 January 2003 granted 174,000 NEURONES options to 60 group employees, at a nominal of 0.4 euros, at an exercise price of 3.2 euros per share, exercisable from 01/03/2007 until 28/02/2011. This operation finalizes the options authorized by the general meeting of 29 November 1999.

3.2.1.7. Subscription options plan (General meeting of 25 June 2003)

The combined general meeting of 25 June 2003 again authorizes 250,000 subscription options (eighth resolution). This number corresponds to the total number of options that expired as of 31/12/2002 in plans N°1 to N°4 and the stock purchase warrant plan. The corresponding maximum potential dilution amounts to 1.09% of the capital.

3.2.1.8. 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 25 June 2003 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 and contribution	Number of shares issued	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	FF 30,049,320.83	-		5,146	€ 7,719,000
22/11/99	Division of nominal from € 1 500 to € 2		-		3,859,500	€ 7,719,000
5/4/2000	Division of nominal from € 2 to € 0,4		-		19,297,500	€ 7,719,000
23/5/2000	Increase of capital on introduction to the Nouveau Marché	1,389,420 €	29,872,530 €	3,473,550	22,771,050	€ 9,108,420

3.2.4. Breakdown of capital and voting rights

On 4 April 2003:

Shareholders	Number of shares	%	Number of voting rights	%
Luc de CHAMMARD	13,604,495	59.74	27,208,990	66.39
Host Sarl	3,532,500	15.51	7,065,000	17.24
Bertrand DUCURTIL	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 %	40,984,140	100 %

Host Sarl is 100 % held by Luc de Chammard.

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 (May 2000):

Shareholders	Before the IPO		The day after the IPO		On 4 April 2003	
	Number of shares	%	Number of shares	%	Number of shares	%
Luc de CHAMMARD	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 %	22 771 050	100 %	22 771 050	100 %

Host Sarl is 100 % held by Luc de Chammard. 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 2002	-	-	-
31 December 2001	-	-	-
31 December 2000	-	-	-
31 December 2009	-	-	-
31 December 2008	-	-	-

At the Combined general meeting of 25 June 2003, it was proposed to distribute no dividend for 2002. 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 twenty largest capitalizations of the Nouveau Marché of 150 shares (March 2003), in the last eighteen months the performance was as follows:

Month	High (in euros)	Low (in euros)	Average closing price (in euros)	Number of shares traded (in thousands)	Number of sessions
November 2001	3.90	3.51	3.77	320	22
December 2001	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
May	4.10	3.66	3.94	428	22
June	3.89	3.00	3.41	103	20
July	3.29	2.52	2.85	151	23
August	2.96	2.56	2.83	61	22
September	2.71	2.21	2.42	130	21
October	3.19	1.95	2.59	182	23
November	3.88	3.01	3.43	380	21
December 2002	3.80	3.15	3.49	145	20
January 2003	3.60	2.53	3.23	170	22
February	3.57	2.73	3.13	202	20
March	3.70	2.95	3.33	196	21
April 2003	3.95	3.35	3.65	158	20
Extreme or average in the last 12 months	4.10	1.95	3.18	192	
TOTAL (last 12 months)				2,306	255

Source : Euronext

The average daily traded volume in the first quarter of 2003 is approximately 9,000 shares a day, as was the case in the last twelve months (March 2002 to April 2003).

4. Administration and management

4.1. Members of the Board of directors and management

Chairman : **Luc de CHAMMARD**.

Other mandates:

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

Chief executive: **Bertrand DUCURTIL**.

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 Technologie	83 rue du Faubourg Saint Honoré	75008 Paris
Manager	AS Télécom et 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**.

Directors' mandates are renewed each year:

Director	Date of first nomination	Date mandate expires
Luc de Chammard	5 December 1984 (*)	GM of 25 June 2003
Bertrand Ducurtil	30 June 1999	GM of 25 June 2003
Patrick de Catuelan	5 December 1984 (*)	GM of 25 June 2003
Jean-Louis Pacquement	5 December 1984 (*)	GM of 25 June 2003

(*) Date of creating NEURONES.

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 2002 is detailed in the Board's management report to the Meeting – Special report (see page 29).

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 an indirect stake in a one-man business, 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 purchase warrant plan was set up on 29 November 1999. At that time, the General meeting approved options.

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

- on 29 November 1999 (plan n° 1),
- on 27 July 2000 (plan n° 2),
- on 11 July 2001 (plan n° 3).
- on 23 January 2003 (Plan N°4) finalizing the authorization of the general meeting on 29 November 1999.

Characteristics of these plans are provided in appendix to consolidated accounts Note 10.2 (see page 51).

At the current capital of 22,771,050 shares, maximum potential dilution is as follows:

	Number of shares maximum as of 31/12/2002	% of capital
Stock options granted (null deducted)	422,790	1.86 %
Options granted plans n° 1 + n° 2 + n° 3 (null deducted)	601,612	2.63 %
Options granted plan N°4	174,000	0.76 %
TOTAL stock options and options plans n° 1, 2,3 and 4	1,198,402	5.26 %

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 CHAMMARD
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 ET CONSEIL**
14, rue Clapeyron 75008 Paris

Represented by Monsieur Thierry Bellot and Jean-Luc Loir.

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 2001 and 2002, 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, 11 June 2003

Auditors
Members of the "Compagnie régionale de Paris"

FCC Audit et Conseil

ERNST & YOUNG Audit

Thierry Bellot

Jean-Luc Loir

Any Antola

5.3. Person in charge of information

Bertrand DUCURTIL
NEURONES – 205, avenue Georges Clemenceau 92024 Nanterre Cedex
Tél. : 01 41 37 41 37
Fax : 01 47 24 40 46
e-mail : bertrand_ducurtil@neurones.net

6. Table of certification

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.

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7. Glossary

System and network integration

LAN (local area network) : network local. 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 services 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 services 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.

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). Apart from the help desk and the hot line, NEURONES only operates in the "added-value call centers" mentioned below.

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 the 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 database 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, the Internet serves as the universal client. The costs of application deployment are considerably reduced. Most corporate customers will use this technique for the next generation of their computer architecture (“internetting” of IS or total reengineering of the information system around the 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 databases 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 other media), via the designing of multi-dimensional cubes (datamarts). Also included in this category are applications of data-mining 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 the 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 the Internet and its applications. Some are IT services 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 databases (Oracle type, SQL, DB2, etc.) 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-Weblogic, Microsoft 2IS/ASP and .Net.

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.), databases (Versant, etc.), middlewares (ORB), etc.

ERP Integration and outsourcing

API (Application Programming Interface) equivalent of connectors: it is a means to access a software when you want to interface several softwares among themselves to communicate.

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 databases, 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 relation 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 the 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 the 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 the 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 the Internet, Intranets, teleconference tools and Cd-roms.

General considerations

ADSL (Asymetric 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 the 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 the Internet and development of mobiles, it is easy to access the 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.

Notes

Notes

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

- System and network **integration** (21% of 2001 revenues): this traditional business of the group, 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 (35% of revenues): this high recurring business is geared to customers requiring an efficient administration and management of their distributed systems,
- **"e-Services"** (44% 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 annual average growth of 30% over the last 18 years, mainly internal and profitable growth, the group achieved consolidated revenues of 92.6 million € in 2002 (+ 7.9% compared with 2001) and net attributable profit after goodwill of 5.6 million € (+ 7.7%).



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