ADMISSION TO LISTING ON THE NOUVEAU MARCHÉ OF THE PARIS BOURSE

1 JULY 1999

PRELIMINARY PROSPECTUS

Due to the specific features of companies which are to be listed on the Nouveau Marché and the risks to which investors may accordingly be exposed, investors are invited to carefully read the documents and information submitted to the Commission des Opérations de Bourse.

Société Générale
Lead Manager and bookrunner

Warburg Dillon Read
Joint Lead Manager

SG Securities (Paris) SA
Market Maker

Warburg Dillon Read (France) SA
Market Maker

COB

Pursuant to articles 6 and 7 of Government Order (Ordonnance) No. 67-833 of 28 September 1967, this Prospectus was approved by the Commission des Opérations de Bourse on 14 June 1999.(Visa No. 99-831)

The legal notice will be published in the Bulletin des Annonces Légales Obligatoires on 16 June 1999.

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This document is an indicative translation, which was proposed for information purposes only, of the French language Prospectus préliminaire in relation to the Offering of Shares in Ipsos on the Paris Nouveau Marché (which received visa n° 99-831 on 14 June 1999 from the Commission des Opérations de Bourse). In the event of any ambiguity or conflict between corresponding statements or other items contained in these documents, the relevant statements or items of the French version of the Prospectus préliminaire shall prevail.
The document does not constitute an offer or invitation to any person to subscribe Shares in Ipsos, or the circulation or distribution of this document or any other offering material, in any jurisdiction where action for that purpose is required.

The distribution of this document and the offering of Shares in Ipsos in certain jurisdictions may be restricted by law. Person s into whose possession this document comes are required to inform themselves about, and to observe, any such restrictions.

This document has not been and will not be submitted to the clearance procedures of the Commission des Opérations de Bourse and accordingly may not be used in connection with any offer or sale of Shares in Ipsos to the public in France.

Neither the delivery of this document nor any sale made in connection with offer of Shares in Ipsos shall not imply that the information herein contained is correct at any time subsequent to the date hereof or that there has not been any change in the affairs of Ipsos Group and its consolidated subsidiaries since the date of this document.

The Shares to be issued have not been and will not be registered under the United States Securities Act of 1933, an amended (the "Securities Act") and may not be offered or sold in the United States or to, or for the account or benefit of, US persons except to certain persons in offshore transactions in reliance on Regulation S under the Securities Act.

No document issued in connection with the Offering of Shares may be passed on in the United Kingdom except to a person who is of a kind described in Article 11 (3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or a person to whom this document may otherwise lawfully be issued or passed on.

No representation or warranty, express or implied, is made, and no responsibility is accepted by Société Générale and UBS AG, acting through its division Warburg Dillon Read ("Warburg Dillon Read") as to the accuracy or completeness or the information set out in this document.

Copies of the French language Prospectus preliminaire are available from:

Société Générale
29, boulevard Haussmann
75009 Paris
France

Warburg Dillon Read (France) SA
65, rue de Courcelles
75008 Paris
France

1 Responsibility for the preliminary prospectus and for the audit of financial statements

1.1 PERSONS BEARING RESPONSIBILITY FOR THE PRELIMINARY PROSPECTUS

Didier Truchot and Jean-Marc Lech
Co-Chairmen of Ipsos

1.2 STATEMENT OF THE PERSONS RESPONSIBLE FOR THE PRELIMINARY PROSPECTUS

"To the best of our knowledge and belief, the information contained in this Preliminary Prospectus is accurate and includes all the information required by investors to form an opinion on the Issuer's assets, business, financial position, results and outlook, as well as on the rights associated with the securities offered; it does not omit anything likely to affect the import of such information."

Didier Truchot and Jean-Marc Lech
Co-Chairmen

1.3 STATUTORY AUDITORS

COMPANY AUDITORS:

• ERNST & YOUNG AUDIT
Represented by Gabriel Galet
34 Boulevard Haussmann - 75009 Paris
Date of first appointment: 17 December 1998
Term expires: Annual General Shareholders' Meeting called to examine the accounts for the financial year ending 31 December 2003.

• COGERCO FLIPO
Represented by Francis Pons
9 Avenue Percier - 75008 Paris
Date of first appointment: 23 February 1988, re-appointed on 26 June 1993 and 31 May 1999
Term expires: Annual General Shareholders' Meeting called to examine the accounts for the financial year ending 31 December 2004.

• CABINET JPA
Represented by Jacques Potdevin and Mrs Danielle Bardreau-Gilbert
7 Rue de Galilée - 75116 Paris
Date of first appointment: 23 March 1991; re-appointed on 27 June 1997
Term expires: Annual General Shareholders' Meeting called to examine the accounts for the financial year ending 31 December 2002.

ALTERNATE AUDITORS:

• M. Hervé POULIQUEN
9 Avenue Percier - 75008 Paris
Date of first appointment: 23 February 1988; re-appointed on 29 June 1993 and 31 May 1999
Term expires: Annual General Shareholders' Meeting called to examine the accounts for the financial year ending 31 December 2004.

• M. Philippe CAGNAT
22 Rue de Madrid, 75008- Paris
Date of first appointment: 30 June 1994; re-appointed on 27 June 1997
Term expires: Annual General Shareholders' Meeting called to examine the accounts for the financial year ending 31 December 2002.

1.4 STATEMENT OF STATUTORY AUDITORS

(FREE TRANSLATION OF THE FRENCH ORIGINAL)

As statutory auditors of Ipsos, we verified the financial and accounting information given in this preliminary prospectus prepared for the initial public offering of the Company on the Nouveau Marché.
This prospectus is the responsibility of the Co-Chairmen of the Company. We are entitled to express an opinion on the financial and accounting data included in such Prospectus.

Historical accounting and financial information

Individual and consolidated financial statements for the year ended December 31, 1997 have been audited by JPA and COGERCO FLIPO in accordance with French auditing standards and they have issued an unqualified opinion concerning the financial statements for the aforementioned year.
Ernst & Young Audit has been appointed statutory auditors by the shareholders' meeting dated December 17, 1998.
We have audited individual and consolidated financial statements for the year ended December 31, 1998 in accordance with French auditing standards and we have issued an unqualified opinion concerning the financial statements for the aforementioned year.
Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether these financial statements are free of material misstatement.

We have reviewed the information contained in this prospectus that relate to the individual and consolidated financial statements and to other accounting information and we have nothing to report with respect to the fairness of such information.

Financial information related to the outlook

In relation with the financial data related to the outlook included in chapter 4.9.3 in this prospectus, we verified, without any opinion on the objectives and accuracy of the assumptions taken by the Company, that these financial data were extracted from estimates prepared by the Company according to assumptions mentioned in the prospectus. Based on these procedures, we have nothing to report with respect to the fairness of such information.

Other historical financial and accounting information

We verified the fairness of the other historical financial and accounting information included in the preliminary prospectus and, as necessary, its consistency with the individual and consolidated financial statements. Based on these procedures, we have nothing to report with respect to the fairness of such other historical information.

Paris, June 14, 1999

(French original signed by)

COGERPO - FLIPO	JPA	ERNST & YOUNG Audit
Francis Pons	Danielle Bardreau	Gabriel Galet
	Gilbert-Jacques Potdevin	

1.5 STATEMENTS OF LEAD MANAGERS AND MARKET MAKERS

We have performed the following duties in our capacity as Lead Managers of Ipsos, in connection with its listing on the Nouveau Marché, on the assumption that the documents on which we relied and which were provided to us were accurate and complete, and that the representations which were made to us were sincere:

• Review of documents:
- Memorandum and articles of association (statuts), management reports and accounts, minutes of General Shareholders' Meetings and meetings of the Board of Directors for the past two, and the current, financial years,
- Undertakings which the Company believes may have material impact on its future
- Undertakings by shareholders in relation to the Listing of Ipsos on the Nouveau Marché,
• Consultation of the statutory auditors of the Company,
• Taking part in various meetings with the management of the Group and its main subsidiaries and also with shareholders of and legal advisors to the Company,
• Visits of certain premises in France and United Kingdom

In addition we have hired a legal advisor for the purpose of reviewing the main contracts between the Company and its employees, partners and clients, together with the Company's tax situation. Also independent accounting firm has conducted a limited review of the internal audit process of the Company.

Certain financial targets have been prepared Ipsos and are set out in paragraph 4.9 of the present preliminary prospectus.
Neither Société Générale nor Warburg Dillon Read have independently verified the data underlying the formulation by the Company of such financial targets.
Accordingly, neither Société Générale nor Warburg Dillon Read accept any liability what so ever in relation to the financial targets of the Company, their formulation by the Company or their realisation or non realisation.

Subject to the foregoing, to our knowledge, based on the information provided to us or that we have requested, the Preliminary Prospectus does not contain any contradiction or information misleading in any material aspect.

In their capacity as Market Makers, SG Securities (Paris) SA, a wholly-owned subsidiary of Société Générale and Warburg Dillon Read (France) SA, a subsidiary of UBS AG, shall prepare (or cause to be prepared by their parent company) and distribute a equity research note on the Company at the time of its Listing on the Nouveau Marché and following the end of the next two financial years, and shall act as Market Makers for the three years following Listing under the market making agreements executed between Ipsos, Société Générale, SG Securities (Paris) SA, UBS AG and Warburg Dillon Read (France) SA.

Société Générale, *Lead Manager-Bookrunner*

Warburg Dillon Read, *Joint Lead Manager*

SG Securities (Paris) SA, *Market Maker*

Warburg Dillon Read (France) SA, *Market Maker*

1.6 INVESTOR RELATIONS

Christian Lamolinerie, Managing Director (Tel: 33 (0)1.53.68.28.18)
Laurence Stoclet, Financial Director (Tel: 33 (0)1.53.68.19.45)
99 Rue de l'Abbé Groult
75015 Paris - France

2 Information concerning the listed shares

2.1 INFORMATION CONCERNING LISTING OF THE SHARES ON THE NOUVEAU MARCHÉ

2.1.1 SHARES FOR WHICH LISTING IS REQUESTED

4,476,000 ordinary shares with a par value of FRF 5 (€ 0.76), following the division by two of the par value of the shares, to which will be added a total of approximately 791,000 shares which have not yet been issued (741,000 shares offered to the public and 50,000 shares offered to the employees) (see section 2.2.2) , resulting in a total of approximately 5,238,600 shares.

2.1.2 PERCENTAGE OF CAPITAL AND VOTING RIGHTS

The listed shares represent 100% of the capital and voting rights of the Company.

2.1.3 DATE OF LISTING

1 July 1999 for the 4,476,000 shares composing the capital of the Company and the new shares issued as part of the capital increase.

2.1.4 FORM OF THE SHARES

Following listing, the shares shall be either bearer or registered shares, at the shareholder's election. They shall qualify for SICOVAM clearing transactions.

2.1.5 DIVIDEND DATE

January 1, 1999.

2.1.6 LISTED NAME ON THE NOUVEAU MARCHÉ

Ipsos

2.1.7 SECURITIES OFFERED

Approximately 2,531,863 shares shall be offered to the public, i.e. approximately 48.3% of the share capital and 36.1% of the voting rights.
253,187 securities resulting from the exercise of the over-allotment option described in section 2.2.1 may be added to these shares.

2.1.8 PAYING AGENT

Société Générale - Services Bancaires Titres et Bourse, BP 81.236 - 44312 Nantes Cedex 3 - France.

2.1.9 LEAD MANAGER-BOOKRUNNER

Société Générale

2.1.10 JOINT LEAD MANAGER

UBS AG, acting through its division Warburg Dillon Read

2.1.11 MARKET MAKERS

SG Securities (Paris) SA
Warburg Dillon Read (France) SA

2.1.12 LISTING COSTS

Legal and administrative fees plus the aggregate remuneration of financial intermediaries are estimated at approximately FRF 16 million, exclusive of VAT (or FRF 19 million inclusive of VAT). The exact amount will be disclosed in the final prospectus. The gross cash-inflow due to the increase of capital through the initial public offering should be approximately FRF 150 million (inclusive of share premium); the cash-inflow net of the costs relating to the listing should be FRF 131 million (inclusive of share premium). The cost related to the listing procedure will be accounted to the balance sheet by reducing the share premium.

2.1.13 PURPOSE OF LISTING

In applying for listing of its shares on the Nouveau Marché of the Paris Bourse, Ipsos is seeking to raise the funding it needs to continue and accelerate its world-wide growth (in particular by means of acquisitions) as an independent company. In addition, listing will enable it to strengthen its positioning towards its major international clients, when compared to competitors which are already listed (see section 4.1.11).

2.2 INFORMATION ON THE OFFERING

2.2.1 OFFERING STRUCTURE

• Origin of the shares

– 1,790,863 shares are being sold by certain selling shareholders as set out below:

SHAREHOLDERS	NUMBER OF SHARES CURRENTLY HELD	TRANSFERS	
		Number of shares sold	% of number of shares currently held
Kurun (1)	1,506,930	1,426,930	94.7% (2)
Amstar (1)	429,120	199,220	46.4%
Société Générale Capital Développement	285,400	164,713	57.7%

(1) Kurun is a investment fund from Group Artémis (François Pinault), associate to investment fund Amstar (Walter Butler).
(2) The remaining 5.3% (approximately 80,000 shares) will be sold by Artemis (Kurun fund) to the managers of the South-American subsidiary of the Group at the Offering Price.

– In addition, up to 741,000 new shares are being offered to the public in a capital increase without preferential subscription rights approved by the Shareholders in an Extraordinary General Meeting on 31 May 1999 (cf. section 2.2.2). The new shares will be offered at the same time and on the same terms as the existing shares sold by the selling shareholders.

All new and existing shares shall be entitled to the same rights and shall be entitled to dividends as from 1 January 1999.
In addition, in the sole aim to cover eventual over-allotments occurring during the Placement, the selling shareholders have granted to Société Générale on behalf of the syndicate, in proportion of the number of shares they are selling, a call option which will allow it to buy up to a maximum of 253,187 shares (corresponding to 10% of the initial public offering), at the Offering Price. This call option can be exercised till the thirtieth day that comes after the settlement.
Depending on the number of existing shares sold and the number of new shares issued as part of the capital increase, the shares offered in this transaction will account for:

	% OF CAPITAL AND VOTING RIGHTS FOLLOWING THE CAPITAL INCREASE, BEFORE OVER-ALLOTMENT OPTION (1)		% OF CAPITAL AND VOTING RIGHTS FOLLOWING THE CAPITAL INCREASE, AFTER FULL EXERCISE OF THE OVER-ALLOTMENT OPTION (2)	
	% of share Capital	% of voting rights	% of share Capital	% of voting rights
Number of shares offered	48.3 %	36.1 %	53,2	39.7

(1) On the basis of a capital increase up to a maximum of 741,000 Shares and the sale of 1,790,863 existing shares.
(2) On the basis of a capital increase up to a maximum of 741,000 Shares and the sale of 2,044,050 existing shares, including the exercise of over-allotment option representing 253,187 shares.

– In addition, up to a maximum of 50,000 new shares will be offered to employees through a reserved capital increase without preferential subscription rights directed to employees (directly or indirectly through a mutual fund *(FCP)* set up at the time of Listing) as part of a Group Savings Plan approved by the Shareholders in an Extraordinary General Meeting on 31 May 1999 (see section 2.2.6 and 3.2.5).

– In addition, approximately 80,000 shares will be sold by Artemis (Kurun fund) to the managers of the South-American subsidiary of the Group at the Offering Price.

• Listing procedure

The Ipsos shares will be listed on the Paris Bourse by means of a Public Offering at a Fixed Price *(Offre à Prix Ferme)* combined with a Placement *(Placement Garanti)* pursuant to articles 3.2.3 and 3.2.5 of the Operating Rules *(Règles de Fonctionnement)* of the Nouveau Marché.

Approximately 15 % of the shares, i.e. approximately 379,780 shares, shall be offered through the *OPF* and approximately 85% of the shares, or approximately 2,152,083 shares shall be offered through the Placement in France and abroad, but not in the United States of America. This ratio may be adjusted in light of demand.

Following consultations between the Lead Managers and the Company, the number of shares offered through the Placement may be reduced by up to 100,000 shares in order to increase the number of shares through the *OPF*.

Conversely, the number of shares offered through the Placement may be increased by up to 100,000 shares at the expense of the *OPF* in the event that the *OPF* is not subscribed in full.

A notice shall be published by the Société du Nouveau Marché and a final prospectus approved by the *Commission des Opérations de Bourse* will set out the final terms of the *OPF* and the Placement.

2.2.2 TERMS OF THE CAPITAL INCREASES APPROVED BY THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

The share capital of the Company was modified by the Shareholders at an Extraordinary General Meeting on 31 May 1999 as follows:

- The par value of each share was divided by 2, reducing it to FRF 5, and the number of issued shares was multiplied by the same number, resulting in a total of 4,476,000 shares. The division of the share capital into shares with a par value of FRF 5 resulted in the exchange of one outstanding share, par value FRF 10, for 2 new shares, par value FRF 5.
- In addition, the Shareholders, convened in an Extraordinary General Meeting, authorised the Board of Directors to increase the share capital of the Company by issuing securities at one or more times over a period of 26 months, without preferential subscription rights, representing up to a maximum 8.5 million francs par value.

Pursuant to that authorisation, on 25 June 1999 the Board of Directors will determine final terms of the capital increase (number of shares placed on the market, price, ...) which shall be set out in a final prospectus approved by the *Commission des Opérations de Bourse.*

It is currently expected that the new shares will be underwritten no later than 25 June 1999 by Société Générale and Warburg Dillon Read. Information relative to condition precedent to the underwriting obligations of Société Générale and Warburg Dillon Read.

- In addition, the Board of Directors of the Company was authorised by the Shareholders convened in an Extraordinary General Shareholders' Meeting on 31 May 1999 to increase the share capital of the Company over a period of five years, without preferential subscription rights, at one or more times, through the issue of shares directed employees of the Company or of such companies as may be linked to it within the meaning of article 208-4 of the Act of 24 July 1966, or as part of a mutual fund *(FCP)* or through direct shareholding by employees of foreign subsidiaries pursuant to the provisions of articles 186-3 of that Act and L 443-5 of the Labour Code, subject to a ceiling of 5% of share capital on the date that the resolution is passed by the Board of Directors.

2.2.3 FEATURES COMMON TO THE *OPF* AND THE PLACEMENT

Price of the *OPF* and the Placement

The Offering Price of the shares shall be identical in the *OPF* and the Placement.

The listing price shall be determined on the eve of the commencement of the *OPF* and Placement, i.e. on 25 June 1999. It shall be calculated by matching applications by investors with shares offered for sale, using the bookbuilding method in accordance with common practice in the industry.

Once the price has been fixed, it shall be reported in a notice published by the Société du Nouveau Marché announcing the commencement of the *OPF*.

Price range

The price of the shares will be set between € 29 and € 33.5 (FRF 190.23 to FRF 219.75) per share. This information is provided solely as an indication and does not preclude a price which eventually may be set outside that range.

Elements factored into the price range

• Indicative price range per share	€ 29 and € 33.5 (FRF 190.23 to FRF 219.75)
• Consolidated shareholders' equity per share before the IPO's capital increase (on the basis of the pro forma* balance sheet as at 12/31/98)	45.9 FRF
• Consolidated shareholders' equity (on the basis of the pro forma* balance sheet at 12/31/98) per share following the IPO's capital increase by the issue of up to 788,530 shares, based on the bottom of the price range, before deduction of issue costs	67.3 FRF
• Consolidated shareholders' equity (on the basis of the pro forma* balance sheet at 12/31/98) per share following the IPO's capital increase by the issue of up to 682,608 shares on the basis of the top of price range, before deduction of issue costs	69.0 FRF

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER, 31	1998	
Revenues	MFRF 1.307.4	M€ 199.3
Group share of net earnings before goodwill amortisation	MFRF 22.3	M€ 3.4
Net earnings per share before goodwill amortisation*	FRF 5.02	€ 0.77
PER** on the basis of a price of € 29 (FRF 190.23)	37.8	
PER** on the basis of a price of € 33.5 (FRF 219.75)	43.7	
Multiple of consolidated shareholders' equity per share*		
On the basis of a price of € 29 (FRF 190.23)	4.1	
On the basis of a price of € 33.5 (FRF 219.75)	4.8	
Gross yield per share (in %)		
On the basis of a price of € 29 (FRF 190.23)	NS	
On the basis of a price of € 33.5 (FRF 219.75)	NS	
Net yield per share (in %)		
On the basis of a price of € 29 (FRF 190.23)	NS	
On the basis of a price of € 33.5 (FRF 219.75)	NS	

* On the basis of 4.447.600 shares (pro-forma balance sheet as at 31/12/98 after conversion of convertible notes and reserved capital increase on 05/31/99)
** Based on net income, group share, before amortisation of goodwill (net of tax)

Underwriting

The *OPF* and the Placement will be underwritten by Société Générale and Warburg Dillon Read. As far as the new shares to be issued in a public offering, the underwriting agreement shall include a guarantee pursuant to article 191-1 of the Act of 24 July 1966. However the underwriting agreement may be cancelled following the occurrence of certain events which may preclude or seriously compromise the offering subject hereof, such as a material adverse change in the financial position of the Ipsos Group, a change in market conditions due to the occurrence of an event of a political, financial or economic nature, or if the Paris Bourse unexpectedly closes and remains closed for an extended period of time.

Term of *OPF* and Private Placement

The *OPF* and the Placement will be carried out during the same period before listing of the shares, i.e. 28 June 1999 to 30 June 1999 inclusive. **However, the Placement may be closed in advance without prior notice, except in respect of individuals.**

Settlement

Settlement of the shares will be made on the third trading day following publication of the notice of the results of the *OPF* by the *Société du Nouveau Marché*. The shares will be registered in each purchaser's account as from the date of settlement. They shall qualify for SICOVAM clearing transactions.

Liquidity and market-making agreements

Two liquidity and market-making agreements shall be entered, at the latest on June 25, 1999, into between Ipsos, Société Générale and SG Securities (Paris) SA, on the one hand, and Ipsos and Warburg Dillon Read (France) SA on the other, which shall make a market and ensure liquidity in accordance with said agreements.
Pursuant to those agreements, SG Securities (Paris) SA on the one hand, and Warburg Dillon Read (France) SA, on the other, may make a market in Ipsos shares on the terms set out in articles 2.2.2 - 2.2.4 - 2.2.5 - 2.2.6 of the Operating Rules of the Nouveau Marché and Chapter III, section 4 of the General Regulations of the Nouveau Marché. These agreements shall be entered into for a period of three months and shall be renewed automatically.

2.2.4 PRINCIPAL TERMS OF THE *OPF*

Number of shares offered

Approximately 379,780 shares.
The number of shares offered in the OPF may be increased by up to 100,000 shares taken from the shares offered in the Placement.
In the event that the *OPF* is not subscribed in full, the number of shares offered in the *OPF* may be reduced by up to a maximum of 100,000 shares in order to increase the number of shares offered in the Placement.
The final terms of the *OPF* shall be set out in a notice published by the Société du Nouveau Marché, and in a final prospectus which shall also include the terms of the Placement, and shall be approved by the *Commission des Opérations de Bourse*, which shall state the listing price.

Buy orders that may be placed in response to the *OPF*

No applicant may place more than one buy order. The order may not be divided among several intermediaries, and must be placed through a single intermediary.
Pursuant to article 3.2.8 of the Operating Rules of the Nouveau Marché, where all of the buy orders can not be served, priority shall be given to serving the first 100 shares of an order.
The notice of the results of the *OPF* which shall be published by the *Société du Nouveau Marché* shall specify any reductions in the buy orders.

Acceptance and transmission of buy orders

Persons who wish to take part in the *OPF* shall place their buy orders with a financial intermediary licensed to carry investment business in France. Buy orders shall be irrevocable, even in the event that they are reduced.
The financial intermediaries licensed to carry investment business in France shall forward the buy orders to the *Société du Nouveau Marché* according to the timetable and on the terms set out in the notice commencing the OPF which shall be published by the *Société du Nouveau Marché*, as well as in the final prospectus that will be approved by the *Commission des Opérations de Bourse*.

Result of the *OPF*

The result of the *OPF* shall be reported in a notice published by the *Société du Nouveau Marché*.
The notice shall specify the percentage by which buy orders were reduced, if any.]

2.2.5 PRINCIPAL TERMS OF THE PLACEMENT

The final terms of the Placement shall be set out in a final prospectus, which shall also include the terms of the *OPF*, and which shall be approved by the *Commission des Opérations de Bourse*.

Number of shares offered

Along with the *OPF*, approximately 2,152,083 shares shall be offered by means of a Placement in France and abroad, but not in the United States, led by Société Générale as Lead Manager and Warburg Dillon Read as Joint-Lead Manager.
The number of shares offered in the Placement may be increased by up to 100,000 shares taken from the *OPF* in the event that it is not fully subscribed.
Conversely, the number of shares offered in the Placement may be reduced by up to 100,000 shares in order to increase the number of shares offered in the *OPF*.
In addition, in the sole aim to cover eventual over-allotments occurring during the Placement, the selling shareholders have granted to Société Générale on behalf of the syndication a call option which will allow it to buy up to a maximum of 253,187 shares at the Offering Price. This call option can be exercised till the thirtieth day that comes after the settlement.
Applications shall be directed exclusively to the managers of the Placement.

Results of the Placement

The results of the Placement shall be reported in a notice published by the *Société du Nouveau Marché*.

Selling restrictions

Distribution of the preliminary prospectus, subscription or sale of Ipsos shares may be, in certain countries, subjected to special regulations. Persons in possession of the prospectus must inquire themselves about any local selling restrictions and comply with them.
Société Générale and Warburg Dillon Read will comply with the laws and regulations in force in the countries where shares are offered, and in particular the following selling restrictions.

• Selling restrictions in the United Kingdom

Each firm participating in the placement has acknowledged and agreed:

(a) that it has not offered or sold and shall not offer or sell shares to any person in the United Kingdom for a period of six months following the issue date, with the exception of persons whose ordinary business is purchasing, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses, or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

(b) that it has complied and will comply with all of the provisions of the Financial Services Act 1986 applicable to anything done by them in connection with the shares, regardless of whether this is in the United Kingdom, from or otherwise involving the United Kingdom; and

(c) that it has only issued or passed on and will only issue or pass on, in the United Kingdom any document received by it relating to the offer or sale of shares to persons who are of a kind specified in article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or persons to whom the document may be issued or passed on in accordance with applicable law.

• Selling restrictions in the United States of America

The shares have not been and will not be registered under the US Securities Act of 1933 as amended, (hereinafter the "Securities Act"), and, subject to certain exceptions, cannot be offered or sold in the United States of America.
The shares are being offered or sold outside the United States of America in accordance with Rule S of the Securities Act.
Terms used in the above two paragraphs have the meanings they are given by Rule S under the Securities Act.

2.2.6 CAPITAL INCREASE RESERVED FOR THE ADHERENTS OF THE IPSOS GROUP SAVINGS PLAN ("PEG")

Ipsos has set up a Group Saving Plan ("PEG") reserved to French and foreign employees. The principal characteristics of this PEG are described in Section 3.2.5. This offer is reserved to employees with a local employment contract with one of Ipsos' subsidiaries. This contract has to be in force on June 1st, 1999 and still be valuable at the opening of the subscription. The total amount of subscription by employees should not exceeded one fourth of the gross annual salary.
According to the French legislation concerning the PEG, subscribed shares, including those subscribed by foreign employees, may not be resold for a period of 5 years, with the exception of the occurence of one of the unblocking cases stipulated in the French legislation.
Approximately 50,000 shares should be issued for the adherents of the Ipsos Group savings plan ("PEG").
The Board of Directors will fix the price of share subscription reserved to employees, directly or indirectly (through an Employee Shareholder Fund - FCPE), on June 25, 1999, in conformity with the conclusions of the expert report drawn up in accordance with the article 186-3 of the law of 24 July 1966 and 443-5 of the Code du Travail (labour regulations).

The price could be set between € 25 and € 29 per share (FRF 164 to FRF 190.23).
This information is exclusively supplied by way of illustration and has no influence on the Offering Price that can be set out of this range.

• *Timetable*

The subscription of employees (directly or indirectly through a FCPE Ipsos Shareholder) will open at 21 June 1999 and will close on 25 June at noon local time. Orders are revocable and employees may cancel their orders until 29 June at 5 p.m. (local time), once known the Offering Price.
In case of over souscription, orders will be reduced as follows:
- orders lower or egal to a ceiling represented by the average order, rounded to the nearest lower full number of shares, will be served in priority until this ceiling;
- orders higher than the ceiling will be served, firstly, until the ceiling. The remaining offered share will secondly be proportionnaly allocated the part of the orders beyond the ceiling.
The FCPE will subscribe on 30 June 1999 to the reserved capital increase, decided by the Board of Direction of 25 June 1999.

• *Prorogation of the offer*

If the date for the determination of the Public Offering share price is postponed until a date, which can not be later than 3 months after the decision of the Société du Nouveau Marché admission committee, the offer to the employees under the PEG (Group Savings Plan) framework will also be postponed, and new conditions and closing dates will be communicated to all employees.

• *Condition for realisation*

It is made clear that the offering to the adherents of the Ipsos Group Savings Plan will be conditionned of the IPO's fulfilment.

2.3 GENERAL INFORMATION CONCERNING THE SHARES SUBMITTED FOR LISTING

The provisions of the memorandum and articles of association set out below are those which will be in effect by the listing date at the latest.

2.3.1 RIGHTS ASSOCIATED WITH THE SHARES

All of the shares are of the same class and are entitled to the same rights, as far as the distribution of profits and liquidation are concerned.
However, the Extraordinary General Meeting of shareholders hold on 31 May 1999 resolved to create a double voting right for those shares which have been held in registered form for at least four years in the name of the same shareholder. This decision does not apply retroactively to shares held in registered form prior to said Extraordinary General Meeting of Shareholders (article 10 of the memorandum and articles of association).

2.3.2 NEGOTIABILITY OF SHARES

All of the shares are freely negotiable in accordance with the provisions of the applicable laws and regulations.

2.3.3 PLEDGES

Following the division of the par value of the shares by two, 1,484,600 Ipsos shares, or slightly less than one-third of the share capital following the capital increase carried out in connection with the listing of the shares on the Paris Bourse, will be pledged by LT Participations in favour of its lending banks, primarily to secure the financing provided by LT Participations.

2.3.4 FORM OF SHARES

Fully paid-up shares may be held in either registered or bearer form at the shareholder's election in accordance with the provisions of the applicable laws and regulations.

2.3.5 REGISTRATION OF SHARES

Following listing, the shares shall be registered as follows, at their owners' election:

- Registered shares: in an issuer registration account with the Company or in a managed registration account with a licensed financial intermediary,
- Bearer shares: in an account with a licensed financial intermediary.

Shares will qualify for SICOVAM clearing transactions.
In accordance with the law, the Company has made a provision in its memorandum and articles of association for the possibility of identifying the bearers of bearer shares (article 7 of the memorandum and articles of association).

2.3.6 TAX ISSUES

The following provisions summarise the tax provisions applicable to investors in light of the current state of the French tax law. Individuals or other entities must, however, consult their regular tax advisor to determine which tax rules apply to their particular case.
Non French tax residents must comply with the tax laws in force in their country of residence.

FRENCH TAX RESIDENTS

Individuals holding shares as private assets

Dividends

Dividends on French shares, including the 50% tax credit, are treated as investment income in calculating a taxpayer's total income. Married couples filing jointly are entitled to a FRF 16,000 deduction, whilst persons who are single, widowed, divorced or married but filing separate tax returns are entitled to a deduction of FRF 8,000.
Dividends are currently subject to the following taxes:
income tax at the graduated rate, after the standard deduction;
the social security deduction (prélèvement social) of 2%;
the general social security contribution *(CSG)* of 7.5%, of which 5.1% is deductible from the corporate income tax; the indirect tax for repayment of the social security debt *(CRDS)* of 0.5%.
The tax credit associated with dividends paid may be applied against the total income tax due, or refunded if there is a surplus.

Capital Gains

Pursuant to article 92 B of the General Tax Code, capital gains realised by individuals are taxed at a rate of 26%, including:
16% pursuant to article 200 A2 of the General Tax Code,
7.5% under the general social security contribution *(CSG)*,
2% under the social security tax,
0.5% under the indirect tax for repayment of the social security debt *(CRDS)*,
if they dispose of more than FRF 50,000 in securities during the calendar year.All capital gains by individuals who directly or indirectly hold or have directly or indirectly held more than 25% of the rights to the profits of the Company over the five years leading up to the sale of the securities are taxed at the rate indicated above.Capital losses may be applied against capital gains of the same type in the same year, and possibly over the next five years.

Special treatment of PEAs

Shares issued by French companies may qualify as assets held under a Share Savings Plan *(PEA)*, as provided for by Act No. 92-666 of 16 July 1992. Under certain conditions, dividends received and capital gains realised are exempt from income tax, but are nevertheless subject to the social security tax, the general social security contribution *(CSG)* and the indirect tax for the repayment of the social security debt *(CRDS)*.

The following table summarises the different taxes applicable at 1 January 1999, depending on the closure date of the PEA.

TERM OF PEA	SOCIAL SECURITY TAX	C.S.G.	C.R.D.S.	INCOME TAX	TOTAL
Less than 2 years	2.00 %	7.50 %	0.50 %	22.50 %	32.50 % (1)
Between 2 and 5 years	2.00 %	7.50 %	0.50 %	16.00 %	26.00 % (1)
More than 5 years	2.00 % (3)	7.50 % (2)(3)	0.50 % (4)	00.00 %	10.00 %

(1) On all income earned if the sale threshold is exceeded
(2) Limited to 3.4% for revenue between 1 January 1997 and 31 December 1997
(3) For income earned after 1 January 1998
(4) For income earned after 1 February 1996

Legal entities subject to corporate income tax

Dividends

Dividends received by legal entities which are subject to corporate income tax and the tax credit of 45% of the amount of dividends paid are taxable at 33 1/3%. The tax credits are deductible from the company tax so computed.

In addition, legal entities subject to corporate income tax are also subject to an additional indirect tax based on the amount of the company tax computed as described above, before tax credits:

– 10% for businesses with less than FRF 50 million in revenues, whose share capital is fully paid up, where at least 75% of the share capital has been consistently owned by individuals;
– 10% for other businesses, with an additional 10% for financial years ending in 1999.

When a business has qualified and opted for the parent tax treatment provided for by articles 145, 146 and 216 of the General Tax Code, dividends received are excluded from taxable income, after deducting 2.5% of the gross amount of said dividends for costs and expenses (inclusive of the tax credit). The tax credits associated with said dividends cannot be used in connection with payment of company tax, but may be applied to the withholding tax. In that case, the tax credit is equal to 50% of dividends received.

Capital gains

Capital gains on the sale of shares in the nature of equity securities, or which are treated as equity securities for tax purposes, qualify for treatment as long term capital gains provided that a special reserve for long term capital gains is set aside. They are taxed at:

– a rate of 20.9% for businesses with less than FRF 50 million in revenues, whose share capital is fully paid up, where at least 75% of the capital has been consistently held by individuals, i.e. 19% plus a temporary surcharge of 10%;
– at a rate of 22.8% for other businesses, i.e. 19% plus a temporary surcharge of 10%, and an additional 10% for financial years ending in 1999.

Sales of securities other than equity securities result in a gain or loss that will be included in taxable income:

– and taxed at a rate of 36 2/3% for businesses with less than FRF 50 million in revenues, whose share capital is fully paid up, where at least 75% of share capital has been consistently held by individuals, i.e. the normal 33 1/3% rate plus a temporary surcharge of 10%;
– at a rate of 40% for other businesses, i.e. the normal rate of 33 1/3% plus a temporary surcharge of 10% and an additional 10% for financial years ending in 1999.

Appropriations to reserves qualify for the same tax treatment as capital losses, had they been realised. Cancelled provisions are subject to the same tax treatment as was applied when those provisions were originally set aside.

Special Case of Venture Capital Corporations *(SCR)* and Venture Enterprise Investment Funds *(FCPR)*

The tax exempt portfolios of SCRs and FCPRs may include shares of companies listed on the Nouveau Marché of the Paris Bourse provided that:

– the shares were purchased less than five years after the company was listed, and have not been held for more than five years;
– the issuing company increased its capital by at least 50% of the total amount of the listing transaction, and had revenues less than or equal to FRF 500 million during the last financial year before it was listed;
– all of the conditions applicable to other securities which qualify as exempt assets of SCRs are satisfied, with the exception of those relating to non-listing.

SCRs and FCPRs, however, must consult their regular tax advisor to determine the specific tax provisions applicable to their particular case.

"DSK" Life Insurance Contracts

Under article 21 of the Finance Act of 1998, the following are exempt from income tax: products related to bonds or contracts stated in units referred to in the second paragraph of article L 131.1 of the Insurance Code (life insurance contracts and private sector savings bonds), with a term that is greater than or equal to eight years, and for which the unit is a share of a mutual fund which satisfies the following conditions: at least 50% of the assets must be listed securities and at least 5% unlisted securities which satisfy specific conditions, of which shares listed on the Nouveau Marché are a part.

PERSONS WHO ARE NOT FRENCH TAX RESIDENTS

Dividends

Dividends distributed by companies whose registered office is situated in France are subject to 25% withholding when the tax home or registered office of the actual beneficiary is situated outside France.

This withholding may be reduced or even eliminated by international tax treaties.

As an exception to the foregoing, French source dividends paid to persons whose tax home or registered office is not situated in France which entitle the recipient to transfer the tax credit under a tax treaty designed to avoid double taxation are only subject to the reduced rate of withholding provided for by the treaty when said dividends are distributed, provided, however, that the persons concerned document that they are not French tax residents within the meaning of that treaty before the dividend distribution date (Administrative Instruction 4-J-1-94 of 13 May 1994).

Capital gains

The tax provided for in article 92 B of the General Tax Code does not apply to capital gains on sales of securities for valuable consideration made by persons whose tax home is not in France within the meaning of article 4 B of that Code, or whose registered office is situated outside France (Art. 244 bis C of the General Tax Code).

2.3.7 PLACE OF LISTING

An application shall be lodged for the admission of the shares to listing on the Nouveau Marché of the Paris Bourse. No listing is pending with another stock exchange.

2.3.8 JURISDICTION

Unless otherwise provided by the New Code of Civil Procedure, when the Company is a defendant, jurisdiction of disputes shall be vested in the courts for the district in which the Company's registered office is situated, and venue shall be determined by the nature of the dispute.

3

General information about Ipsos and its share capital

3.1 INFORMATION ABOUT THE COMPANY

3.1.1 NAME OF THE COMPANY

Ipsos

3.1.2 REGISTERED OFFICE

99/101, rue de l'Abbé Groult 75015 - PARIS - FRANCE

3.1.3 DATE OF INCORPORATION AND LIFE OF THE COMPANY

The Company was incorporated on 22 October 1975. The life of the Company is 99 years, commencing on its registration with the Trade and Company Registry, unless dissolved in advance or extended.

3.1.4 LEGAL FORM

A French limited company *(société anonyme)* with a board of directors, governed by the Act of 24 July 1966.

3.1.5 COMPANY REGISTER

304 555 634 R.C.S.: Paris

3.1.6 NAF CODE AND BUSINESS SECTOR

741 E - Market research, surveys and polls

3.1.7 PLACE WHERE DOCUMENTS AND INFORMATION CONCERNING THE COMPANY MAY BE CONSULTED

The memorandum and articles of association *(statuts)*, accounts, reports and minutes of general Shareholders' Meetings may be consulted at the registered office of the Company.

3.1.8 OBJECTS (ARTICLE 2 OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION *(STATUTS)*)

The objects of the Company are:

- the conduct of market research by means of studies, surveys, statistical research or by any other means to facilitate and aid in the launch, promotion and distribution of products and services of all kinds, as well as studies, investigations, surveys, analyses and advice in the political, economic and social fields.
- the study, preparation, organisation and production, either for its own account or for the account of third parties, as a dealer, agent or otherwise, of advertising in all forms for all products in trade, including any advertising agency,
- the provision of all consulting services which may aid decision-making by companies, services or any other organisation,

- the investigation, registration, purchase, or exploitation of all patents, licensees, processes and businesses relating to the above activity,
- the acquisition of interests and holdings in any form whatsoever in all similar companies, including but not limited to by way of contribution, subscription for or purchase of shares, bonds or other securities, partnership, the creation of new companies, merger or otherwise,
- the carrying out of all financial transactions relating to its listing on a stock exchange,
- and more generally, all other transactions in securities or real estate property which may be directly or indirectly related to the objects of the Company or to any other similar or related objects.

3.1.9 FINANCIAL YEAR (ARTICLE 27 OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION *(STATUTS)*)

The financial year of the Company is from 1st January to 31st December of each year.

3.1.10 GENERAL MEETINGS OF SHAREHOLDERS (ARTICLES 20 TO 23 OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION *(STATUTS)*)

General Shareholders' Meetings are called and deliberate in the conditions fixed by the applicable law and regulations. General Shareholders' Meetings are held either at the registered office of the Company or at any other place specified in the notice of meeting.

Upon proof of his identity, any shareholder has the right to participate in Shareholders' Meetings personally, by returning a ballot by mail, or by appointing a proxy, provided:
- if he is a holder of registered shares, that he is on the share register of the Company,
- if he is the holder of bearer shares, that a certificate has been issued by a licensed intermediary, certifying that the shares recorded on the books of the Company shall be unavailable for transfer until the date of the Shareholders' Meeting, when certificate shall be deposited at the place specified in the notice of the meeting.

These formalities must be carried out no fewer than five days before the date of the Meeting.

3.1.11 APPROPRIATION AND DISTRIBUTION OF EARNINGS

No less than five percent of the profit for the financial year, less any losses carried forward, shall be set aside to form the legal reserve. This shall no longer be required once the legal reserve reaches one-tenth of the share capital.

The balance, if any, less any other sums set aside to reserves pursuant to the law and the memorandum and articles of association, plus retained earnings, constitutes the profit available for distribution.

The General Shareholders' Meeting may also decide to distribute sums taken from the reserves under its control, but shall specifically state the reserve accounts from which the sums are taken.

The General Shareholders' Meeting may appropriate any sum which it sees fit to retained earnings or to one or more reserve accounts. A cumulative regular dividend of 5% of the paid-up and unredeemed nominal value of the shares shall be paid to the shareholders out of the balance, if any, (but not including such reserves as may be approved for distribution).

3.1.12 SPECIAL CLAUSES OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION

• Disclosure obligation for certains of thresholds in equity holdings in the Company (article 8 of the memorandum and articles of association)

At the Extraordinary General Shareholders' Meeting of 31 May 1999, the shareholders resolved to impose the disclosure of equity holdings going across the threshold of 2.5% or any multiple thereof, above a threshold of 5%, of the total number of voting rights of the Company. This disclosure obligation applies when the threshold is exceeded in either direction. This obligation supplements the legal obligation to file a report whenever the thresholds of 5%, 10%, 20%, 33 1/3%, 50% and 66 2/3% are exceeded.

• Scheme of identification of holders of bearer shares: Identifiable Bearer Shares "TPI" (article 7 of the memorandum and articles of association)

Pursuant to article 263-1 of the Act of 24 July 1966, the Company may use the SICOVAM identifiable bearer share procedure at any time.

• Double voting rights (articles 10 of the memorandum and articles of association)

At the Extraordinary General Shareholders' Meeting of 31 May 1999, the Shareholders resolved to create a double voting right for shares which can be shown to have been held in registered form for at least 4 years in the name of the same shareholder. This resolution does not apply retroactively to shares which are already held in registered form.

3.1.13 REPURCHASE OF ITS OWN SHARES BY THE COMPANY

A - Objectives of the share repurchase program and use of the repurchased shares

The Company intends to use the share repurchase program in order to trade on the market for its shares, if necessary, primarily to:

- stabilise the price of its share,
- use its shares for the purpose of granting share options to employees, officers or directors of Company,
- allot the shares to its employees,
- optimise financial management of its shareholders' equity. In this scope shares may be cancelled in accordance with the fifth resolution of the Extraordinary General Shareholder's Meeting dated May 31, 1998.
- remit the shares in payment or exchange, including but not limited to in connection with acquisitions,
- allow one or more minority shareholders to dispose of their shares.

B - Legal framework

The implementation of this program, which falls within the legislative framework created by Act 98-348 of 2 July 1998 containing various provisions of an economic and financial nature, was approved by the Shareholders convened in a joint Ordinary and Extraordinary General Shareholders' Meeting on 31 May 1999, by passage of the sixth ordinary resolution:

The Shareholders:

1. Authorise the Board of Directors, for a period commencing on the date of this Shareholders' Meeting and expiring at the close of the General Shareholders' Meeting called to consider the accounts for the financial year ended 31 December 1999, to procure that the Company purchase its own shares in the conditions set out in article 217-2 et seq. of the Act of 24 July 1966 and the applicable regulations;
2. Resolve that these purchases of shares may be made by any and all means at one or more times, including during the tender offer, up to a limit of 10% of the share capital,
3. Resolve that the maximum purchase and sale prices shall be as follows:
   - maximum purchase price per share: 350% of the initial public Offering Price
   - minimum sale price per share: 30% of the initial public Offering Price,

   and that the maximum amount of funds used for the purchase of such shares is € 15 million, subject to compliance with article 217.3, section 3 of the Act of 24 July 1966.
4. Resolve that these shares may be purchased in order to:
   a) optimise financial management of the shareholders' equity of the Company
   b) stabilise the share price of the Company,
   c) grant share options to employees, officers and directors of the Company and/or its group, or offer them the opportunity to purchase shares in the conditions set out in articles 443-1 et seq. of the Labour Code, and the second paragraph of article 208-18,
   d) allot shares as part of employee profit-sharing schema
   e) remit the shares in payment or exchange, including but not limited to in connection with acquisitions,
   f) allow one or more minority shareholders to dispose of their shares.

The shares purchased in this manner may be held, sold or transferred. They may also be cancelled in accordance with the terms of the authorisation of the Extraordinary General Shareholders' Meeting provided for by the fifth resolution of that meeting.
The resolution passed unanimously.

C - Terms

a - maximum percentage of capital to be purchased and maximum amount payable by IPSOS
No more than 10% of the shares of the Company shall be held as treasury shares by the Company, i.e. 444,760 shares as of today. The Company undertakes not to directly or indirectly exceed this percentage. The maximum amount of funds to be used for the purchase of shares has been set at € 15 million. As of the date of listing, IPSOS does not hold directly or indirectly any of its own shares.
b - terms of repurchases
The shares may be purchased by any means at any time.
c - share repurchase programme: length and timetable
This programme may only be carried out in accordance with the sixth resolution of the Annual General Shareholders' Meeting of 31 May 1999 during a period commencing on the date of this Meeting and expiring at the close of the General Shareholders' Meeting called to approve the accounts for the financial year ending 31 December 1999.
d- financing the share repurchase programme
The Company shall use cash (and/or debt financing) for any repurchases of its shares and does not envisage that the financing of its investment plan will be modified for that reason.

D - Impact on the Company's financial position of the implementation of the authorisation to repurchase its own shares

The theoretical impact of implementation of the authorisation for the Company to repurchase its own shares was measured using the following assumptions:
- purchase of 1% of capital, i.e.44,476 shares,
- calculated over 12 months, on the basis of the consolidated financial statements for the year ending at 12/31/98,
- price of € 30,5 (FRF 200), or a total of € 1,356,518 (8,895,200 FRF),
- cost of financing: 4% per year, before tax.

	CONSOLIDATED FINANCIAL STATEMENTS AT 12/31/98	FOLLOWING THE PURCHASE DE 1% OF CAPITAL
Group share of shareholders' equity(*)		
(Thousands FRF)	204,151	195,256
(Thousands €)	31,123	29,767
Total shareholders' equity(*)		
(Thousands FRF)	267,833	258,938
(Thousands €)	40,831	39,475
Net financial indebtedness(*)		
(Thousands FRF)	192,568	201,463
(Thousands €)	29,359	30,713
Group share of net earnings		
(Thousands FRF)	6,807	6,594
(Thousands €)	1,038	1,005
Number of shares	4,447,600	4,403,124
Group share of net earnings per share		
(F)	1.53	1.50
(€)	0.23	0.23
Impact (in %) on net earnings per share		- 1.9%

(*) Pro forma data after conversion of the convertible notes and reserved capital increase realised on 05/31/1999.

The share repurchase programme should not have a material impact on the financial position of IPSOS or on its net earnings per share, except in respect of any income from the resale of such shares on the market.

E - Intention of principal shareholders

LT Participation does not intend to resell shares to the Company as part of the share purchase programme.

3.1.14 TRANSFERS OF SHARES

No clause of the memorandum and articles of association restricts the transferability of shares.

3.2 INFORMATION CONCERNING THE SHARE CAPITAL

3.2.1 SHARE CAPITAL

- Prior to the capital increase contemplated in relations to the listing on the Paris Bourse, the share capital of the Company was FRF 22,380,000 divided into 4,447,600 shares with a par value of FRF 5 per share, fully paid up, all in the same class.
- After a capital increase of approximately 791,000 shares in the context of the IPO, the nominal amount of the capital share will be FRF 26,193,000 divided in 5,238,600 of 5 FRF par value share.

3.2.2 CHANGES IN SHARE CAPITAL OVER THE PAST 5 YEARS

DATE	TRANSACTION	PAR VALUE	SHARE PREMIUM	CUMULATIVE PAR VALUE	NUMBER OF SHARES
Balance at 12/31/94				14,584,500 F	29,169
AM of 05/3095	Reserved capital increase	FRF 500	4,299,347 F	14,882,500 F	29,765
AM of 12/19/96	Capital increase by the issue of 1,611 shares	FRF 500	13,864,500 F	15,688,000 F	31,376
05/15/97	Creation of 110 shares by conversion of convertible notes(1)	FRF 500	793,503.70 F	15,743,000 F	31,486
AM of 01/23/98	Capital increase by the issue of 8,124 shares	FRF 500	75,926,904 F	19,805,000 F	39,610
AM of 07/28/98	Division of par value by 50	FRF 10		19,805,000 F	1,980,500
05/31/99	Creation of 193,400 shares by conversion of convertible notes (see 3.2.5) (2)	FRF 10	18,063,560	21,739,000 F	2,173,900
05/31/99	Capital increase of 49,900 shares by conversion of convertible notes (2)	FRF 10	9,327,308	22,238,000 F	2,223,800
AM of 05/31/99	Division of the par value by 2	FRF 5		22,238,000 F	4,447,600
at the IPO	Capital increase for cash				

(1) On 30 June 1995, the Company issued 266 convertible notes, with a conversion ratio of one share for each bond. The notes will reach maturity in March 1997. 156 convertible notes had been redeemed by the end of the conversion period.

(2) On 07/24/92, the Company issued 3,868 convertible notes, with a conversion ratio of one share for one bond due to 07/27/99. Following the division of par value by 50in 1998, bondholders have subscribed to 193,400 actions. In addition to the capital issue realised on 01/23/99, 49,900 shares were reserved to bondholders. Conversion of the notes and subscription to the reserved capital increase were realised on 05/31/99.

As of 31 May1999, there are no more convertible notes.

3.2.3 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

SHAREHOLDERS	PRIOR TO LISTING ON THE PARIS BOURSE (1)			AFTER LISTING ON THE PARIS BOURSE, BUT BEFORE THE OVER-ALLOTMENT OPTION IS EXERCISED (5)			AFTER LISTING ON THE PARIS BOURSE, IF THE OVER-ALLOTMENT OPTION IS EXERCISED IN FULL (5)		
	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
LT Participations (2)	2,225,150	50.0	63.7	2,225,150	42.5	56.6	2,225,150	42.5	56.6
Kurun (3)	1,506,930	33.9	24.2	0	0	0	0	0	0
Amstar (3)	429,120	9.7	7.0	229,900	4.4	3.3	0	0	0
SG Capital Développement	285,400	6.4	5.1	120,687	2.3	2.2	97,400	1.9	1.9
Individuals + Employees (4)	1,000	0.0	0.0	131,000	2.5	1.9	131,000	2.5	1.9
Public	0	0	0	2,531,863	48.3	36.0	2,785,050	53.1	39.6
TOTAL	4,447,600	100.0	100.0	5,238,600	100.0	100.0	5,238,600	100.0	100.0

(1) breakdown of capital at 05/3199, including division of the par value of the shares by 2.

(2) Holding company controlled by MM. Didier Truchot et Jean-Marc Lech, co-chairmen of Ipsos (54% of share capital), alongside senior managers of the group (25%), of investment Kurun fund from Group Artémis (François Pinault), associate to investment fund Amstar (Walter Butler) (17%) and of Société Générale Capital Développement (4%)

(3) Kurun is a investment fund from Group Artemis (François Pinault), associate to investment fund Amstar (Walter Butler)

(4) On a basis of a approximately 50,000 shares subscribed by employees adherents to the Group Savings Plan (Plan Epargne Group) which are added by approximately 80,000 shares sold by Artemis (Kurun fund) to the managers of the South American subsidiary of the Group.

(5) On a basis of a capital increase of 741,000 shares and of an over allotement option of 253,187 shares.

3.2.4 AUTHORISED, UNISSUED SHARE CAPITAL

The Board of Directors of the Company was authorised by the Shareholders convened in an Extraordinary General Shareholders' Meeting on 31 May 1999 to increase the share capital by a nominal amount of up to FRF 8,500,000 (€ 1,295,820) at one or more times over a period not to exceed 26 months, with or without preferential subscription rights, through the issue of any and all equity-linked securities, including warrants.

In addition, a cap of FRF 2,000,000 (€ 304.900) has been set on the aggregate nominal amount of capital to be increased by incorporation of reserves, profits, share premiums or any other item likely to be incorporated into share capital.

The aggregate nominal amount of issues of equity-linked debt securities shall not exceed € 30,000,000.

These authorisations may be used in the conditions provided for by law in the case of a cash or share tender offer for the shares of the Company.

In addition, the Board of Directors of the Company was authorised by the Shareholders convened in an Extraordinary General Shareholders' Meeting on 31 May 1999 to increase the share capital of the Company over a period of five years, without preferential subscription rights, at one or more times, through the issue of shares directed employees of the Company or of such companies as may be linked to it within the meaning of article 208-4 of the Act of 24 July 1996, or as part of a mutual fund *(FCP)* or through direct shareholding by employees of foreign subsidiaries pursuant to the provisions of articles 186-3 of that Act and L 443-5 of the Labour Code, subject to a ceiling of 5% of share capital on the date that the resolution is passed by the Board of Directors.

3.2.5 CAPITAL INCREASE RESERVED TO THE ADHERENTS OF THE IPSOS' GROUP SAVINGS PLAN ("PEG")

The Board of Directors of Ipsos was authorised by the Extraordinary General Meeting held on May 31, 1998 to increase the share capital, with suppression of preferential subscription right in one or more times in the period fixed by the article 186-3 of the law n°66-357 of July 24,1996, by issuing new shares reserved to employees of the company, and companies which are linked to Ipsos in the sense of the article 208-4 of the same law, who are adherents to the Group Savings Plan, in applica-

tion of the dispositions of the articles 186-3 of the same law and L-443-5 of the Code du Travail, in the limit of 5% of share capital on the date of the decision of the Broad of Directors.
The Broad of Directors will use this authorisation, before the listing on Nouveau Marché, to issue a maximum of 50,000 new shares and realise a capital increase, without share premium, of a maximum of FRF 250,000, without preferential subscription right and reserved to the subscription for, on one side to employees of Ipsos SA or the employees of the Group's subsidiaries in France through one FCPE (Fonds Commun de Placement), and on the other side, to employees of subsidiaries in Great Britain, German, Italy, Spain, Belgium, Holland and the United States. In order to subscribe, employees must have an employment contract with Ipsos or one of its subsidiaries who is adherent to the Group Savings Plans of June 3, 1999. This contract has to be in force on June 1st, 1999 and still valuable at the opening of the subscription.
The price of subscription of share reserved to the employees, will be fixed on June 25, by the Broad of Directors in conformity with the conclusion of the expert report, called in accordance with the article 186-3 of the law of 24 July 1966 and 443-5 of the Code du Travail.
The price could be set between € 25 and € 29 per share (FRF 164 to FRF 190.23).

3.2.6 POTENTIAL SHARE CAPITAL

Pursuant to articles 208-1 of the Act of 24 July 1966, the Board of Directors was authorised by the Shareholders convened in an Extraordinary General Shareholders' Meeting on 28 July 1998 to grant to all or only some employees of the group, and to officers and directors options to subscribe for new shares of the Company representing up to one third of the share capital of the Company. This right was granted for up to five years. At their meeting on 28 July 1998, the Board of Directors created a step plan which laid down the conditions for allotment of the options:
- an initial tranche of 97,662 options (following the division of par share by 50 – 28 July 1998 – and by 2 – 31 May 1999) was allotted by a resolution passed by the Board of Directors at that meeting.
- a second tranche of 92,240 options (following the division of par share by 50 – 28 July 1998 – and by 2 – 31 May 1999), in the scope of rights given on 28 July 1998 but the allotment of which was conditional upon certain profitability targets, was allotted by a resolution past by the Board of Directors dating 10 May 1999.

TOTAL NUMBER OF OPTIONS WHICH MAY BE GRANTED (*)	1/3 OF SHARE CAPITAL	
Date of allotment by the Board of Directors to beneficiaries	07/28/1998	
Date of allotment by the Board of Directors to beneficiaries	07/28/1998	05/10/1999
Numbers of options allotted by the Board of Directors (*)	97,662 2.47% of capital	98,240 2.48% of capital
Number of persons concerned	57	83
Starting date for exercise of the options	07/28/2003	05/10/2004
Expiry date for exercise of the options	07/28/2008	05/10/2009
Purchase Price	FRF 135	FRF 150

(*) following division of the par value by 50 (Extraordinary General Shareholders' Meeting of 07/28/98 and by 2 (Extraordinary General Shareholders' Meeting dated 05/31/99.

3.2.7 OTHER EQUITY-LINKED SECURITIES

There are no other equity securities of the Company.

3.2.8 NON-EQUITY SECURITIES

There are no non-equity securities of the Company.

3.2.9 SHAREHOLDERS AGREEMENTS

No shareholders agreement will exist after the listing of IPSOS on the Nouveau Marché.

3.2.10 LOCK-UP OF LT PARTICIPATIONS

It is pointed out that in accordance with the operating rules of Nouveau Marché, LT Participations has undertaken to maintain 80% of the participation it currently owns directly or indirectly in Ipsos. This undertaking is for a one-year-period starting on the initial public offering's date.

In addition, LT Participations has undertaken in the IPO contract not to place its Ipsos shares on the market from the date of the Ipsos shares' listing on Nouveau Marché unless it receives a written and preliminary authorisation by Société Générale. This undertaking is for a six-month-period starting on the initial public offering's date.

3.2.11 OTHER UNDERTAKINGS MADE IN THE CONTEXT OF THE OPERATION

Ipsos has undertaken in the IPO contract not to offer securities during a nine-month-period without the written and preliminary authorisation given by Société Générale

3.2.12 DIVIDEND POLICY

The Company intends to follow a consistent distribution policy in favour of shareholders, representing approximately 33% of consolidated net income (global net income after amortisation of goodwill, group share) provided that the interest of the Company allows it.

Ipsos has distributed the following dividends over the past 5 financial years:

FOR FINANCIAL YEAR	NET DIVIDEND PER SHARE		TAX CREDIT		ACTUAL INCOME	
	in FRF	in €	in FRF	in €	in FRF	in €
1998	None					
1997	None					
1996	134	20.42	67	10.21	201	30.64
1995	134	20.42	67	10.21	201	30.64
1994	69	10.51	34.50	5.26	103.50	15.78

Pursuant to the applicable law, unclaimed dividends and advances on dividends revert to the State after five years.

4 Information concerning the business of the issuer

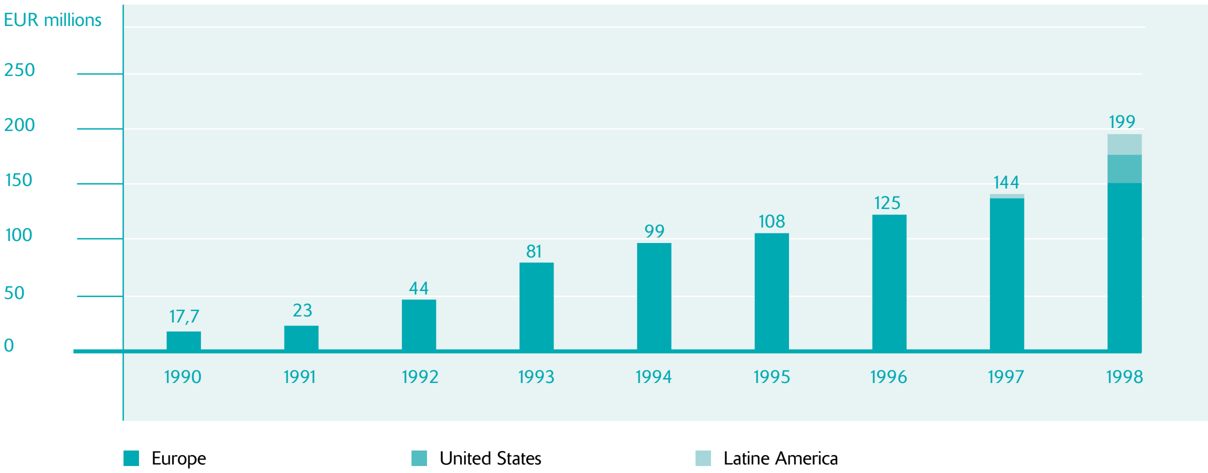
4.1 OVERVIEW OF IPSOS

Ipsos is a market research company active in several fields (marketing, advertising, media, opinion and social surveys, customer satisfaction). Its business is based on the collection, interpretation and marketing of data collected regarding the opinions, attitudes and behaviour of individuals.

Ipsos is France's leading independent market research Company and has strong position in Western Europe as well as in North and South America. As for the company and on the basis of the information given by the professional association ESOMAR, the Company is the ninth largest in its field world-wide and today more than 70 percent of its revenues is generated outside France.

With operations in 20 countries through specialised subsidiaries, Ipsos performs research on behalf of major clients in more than 60 countries.

Consolidated revenues has increased by a factor of 8 since 1990/1991, when the Company started to expand abroad.



Since 1990, the starting year of Ipsos' international development, the revenues of the Company have been multiplied by ten.

From the start of the nineties, there has been a sustained growth in the Company's business of more than 10 percent a year, higher than the combined rate for the world market industry (which has been growing at 10 percent annually since 1990 – see Section 4.3.1.1 The World Market).

	TOTAL INCREASE IN REVENUES	GROWTH RATE (*)
1990 - 1991	+ 29.3 %	+ 9.8 %
1991 - 1992	+ 104.0 %	+ 30.0 %
1992 - 1993	+ 73.8 %	+ 29.7 %
1993 - 1994	+ 22.8 %	+ 10.3 %
1994 - 1995	+ 8.3 %	+ 10.6 %
1995 - 1996	+ 15.8 %	+ 10.0 %
1996 - 1997	+ 15.5 %	+ 7.1 %
1997 - 1998	+ 38.2 %	+ 10.9 %

(*) Increase in revenues on a constant perimeter and constant currrency basis.

4.1.1 BACKGROUND

1975 -1981 : Off to a different start

Ipsos was founded in 1975 by Didier Truchot. Its objective was to introduce a new approach to market research in France, a sector dominated at the time by Sofres and Ifop, by providing clients not only with quality data but also with added value in terms of the practical meaning of that data.
The newly-formed company made a name for itself by bringing out two innovative concepts in France:

- standardised instruments for measuring the effectiveness of advertising, for each type of media;
- measurements of press readership by executives, financed jointly by several French news publications.

Ipsos succeeded in becoming one of the most influential research companies. In 1981, it generated revenues of FRF 5 million.

1981 - 1989: Success in France

The Eighties were the first period of strong growth for the Group. At the start of this period, Jean-Marie Lech, then chairman of Ifop, joined Ipsos as one of the Company's two joint chairmen, alongside Didier Truchot.
The communication sector in France exploded in the Eighties as a result of several factors:

- outstanding growth in the advertising sector;
- the development of a press targeted to executives, corresponding to a new focus by dailies and periodicals on this segment of the population;
- frequent political changes, requiring politicians to communicate better and monitor their image.

Ipsos grew very rapidly in this buoyant environment. The Company managed to gain strong positions in its market segments, acquiring a reputation for excellence in such fields as

- the media research,
- advertising research,
- opinion and social surveys.

By the end of 1989, Ipsos had annual revenues of FRF 100 million and ranked fifth in France, behind Nielsen, Secodip, Sofres and BVA.
Around that time, the two chairmen became aware of a new trend among their clients: major international companies were seeking to extend their marketing strategies to all markets and wanted to work with the same market research firms everywhere in the world, so as to obtain standardised and comparable data across markets. Ipsos therefore had to expand beyond France if it wished to continue working with clients which operated on a global scale.

1990 - 1997: Expansion in Europe

The early nineties marked the third stage of the development of Ipsos, which gained market positions in all European countries, starting with southern Europe, then moving on to Germany, The United Kingdom and central Europe.

Expansion outside France was achieved through acquisitions. The Group selected its take-over targets on the basis of clearly defined standards:

- targets had to be willing to be purchased in full, the object sought by Ipsos being to form a fully integrated group of entities;
- targets had to be significant players in their market (among the top three or four firms);
- the management of the targets had to understand the Ipsos project and subscribe to it: these were friendly take-overs, with executives of the new subsidiaries maintained in their positions;
- the business of the targets had to be related to at least one of the three principal activities of the Group (media, advertising research and opinion and social surveys).

Expansion in Europe did not interfere with the Company's continued growth in France where, in 1993, it acquired Insight (now Ipsos-Insight Marketing), the country's leading qualitative market research firm, at the same time as its existing operations were expanding. Ipsos also started its first operations outside Europe, with new subsidiaries in the United States and Latin America.

This rapid expansion, by acquisitions as well as internal growth, meant that the Company had substantial capital needs and had to raise new equity. Shares of Ipsos, of which two-thirds had been held by the two chairmen and the balance by Company executives, were offered to certain investors in July 1992, and then placed in September 1997 with Artemis (François Pinault), through Kurun in association with Amstar (Walter Butler).

By the end of 1997, Ipsos had become a company with a European scale and annual revenues of FRF 946 million. Still, the Group had to continue to expand internationally, so as to keep up with clients forever extending their global reach, and requesting suppliers with world-wide operations.

1998 - The global ambition

Ipsos made two major acquisitions in late 1997 and early 1998:

- It purchased an interest in the South American Novaction group, formed by three companies in Argentina, Brazil and Mexico and with a strong position in marketing research. Ipsos acquired 33 percent of Novaction's share capital, along with a five-year option to buy the balance of the shares;
- It acquired ASI, a US corporation (now Ipsos-ASI) and is the world leader in the copy testing of commercials.

These acquisitions improved the geographic coverage of Ipsos and increased its market share in advertising research, a sector in which Ipsos is now considered a world leader.

At the same time, Ipsos gained a foothold in Asia and the Pacific by opening an office in Hong Kong and signing contracts with China, and by acquiring Marketing for Change (now Ipsos-MfC), an Australian company, at the beginning of 1999.

At the end of 1998, Ipsos had consolidated revenues of € 199.3 million
(FRF 1,307 million). Within less than 20 years, the Company has risen to 9th place in the world, in a business where brand awareness is a key factor for securing business with major clients.

4.1.2 ORGANISATIONAL STRUCTURE OF THE GROUP

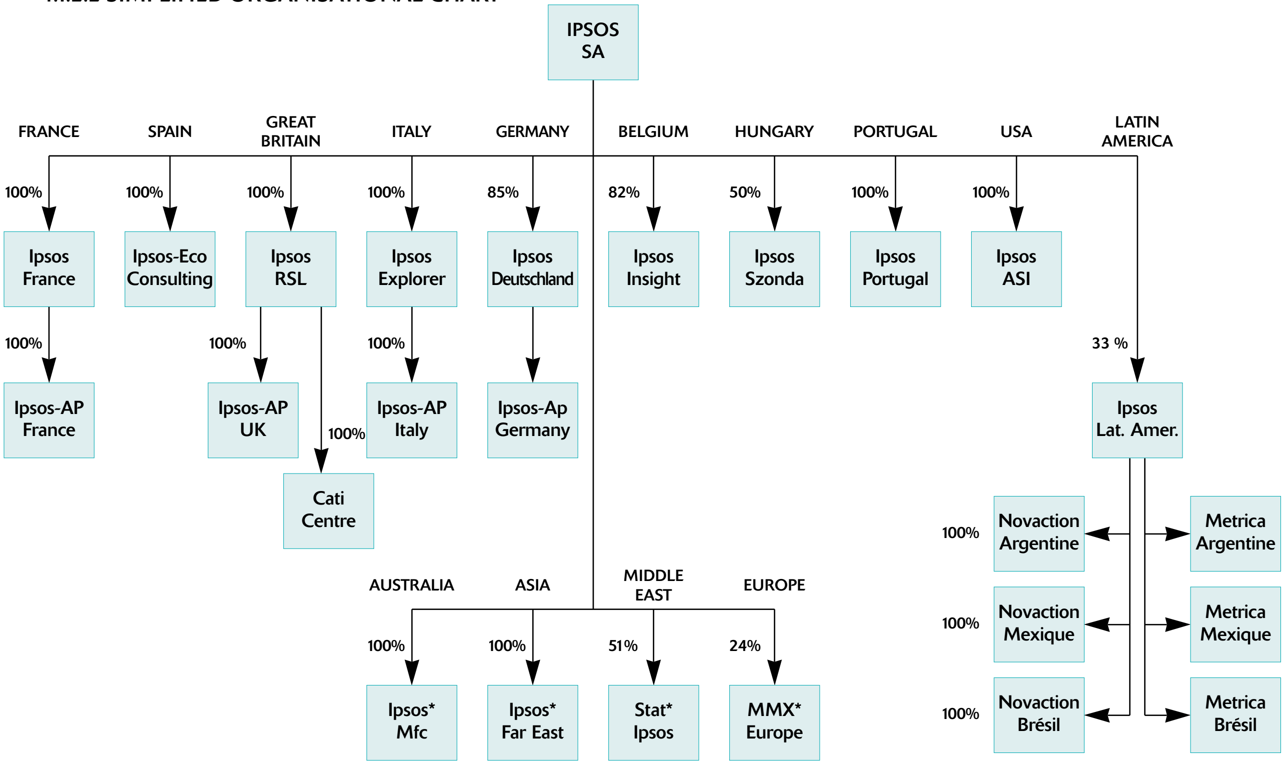
4.1.2.1 SIMPLIFIED GROUP ORGANISATIONAL CHART

Ipsos has subsidiaries in 20 countries. Each of them is assigned territories in the Ipsos world organisation.

Because the Group was assembled primarily through acquisitions made since the early 1990's, all of its subsidiaries do not do business in the five sectors in which the Group is specialised. Some have a strong expertise in specific fields:

- Ipsos-Insight Marketing in France is a European leader in qualitative marketing research;
- Ipsos-ASI in the US is the world leader in copy-testing;
- Ipsos-RSL in Great Britain is a European leader in media research;
- Ipsos Opinion in France is a European leader in the field of opinion surveys.

4.1.2.2 SIMPLIFIED ORGANISATIONAL CHART



The 67% of the share in Ipsos Latin America not owned by Ipsos are under the control of the managers of the three Novaction companies. However, Ipsos will anticipate in 1999 the acquisition of these share, initially planned for 2002.

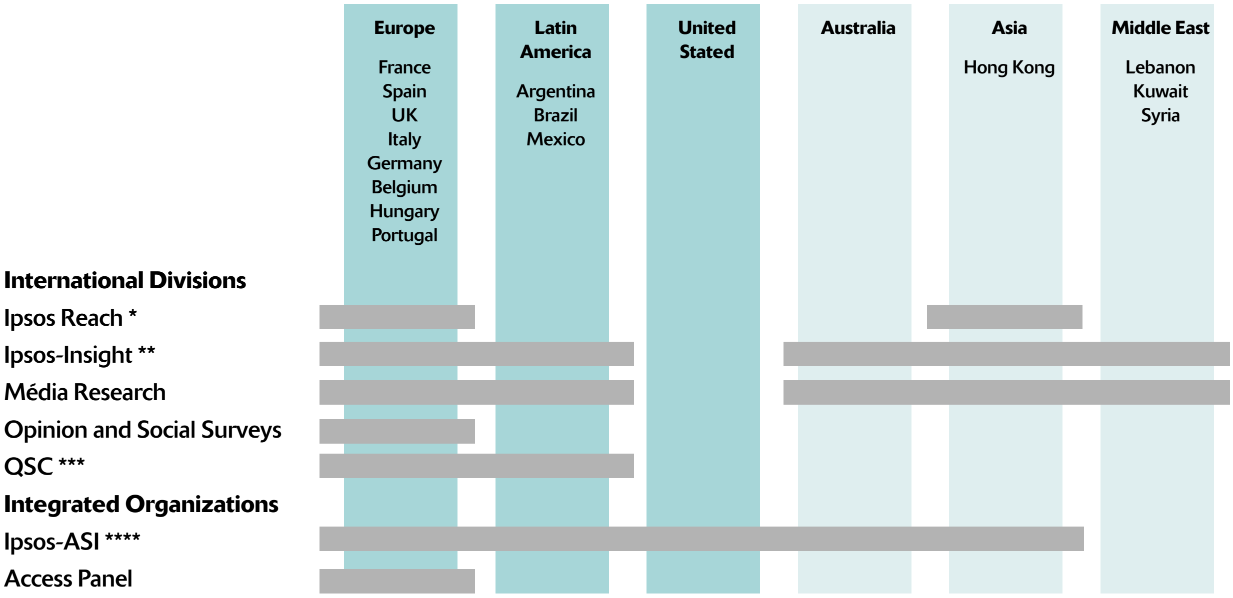
4.1.2.3 BUSINESS ORGANISATION

The new set-up based on business divisions reflects the Company's areas of specific expertise. Each division is led by an executive of the subsidiary with the strongest qualifications in that field:

- Ipsos-Insight Marketing in France supervises the international development of qualitative market research;
- Ipsos-ASI in the United States is at the head of a network of entities providing a global offer of copy-testing services;
- Ipsos-RSL in Great Britain is in charge of the Group's expansion in media research and in particular the development of such services in Asia.
- Ipsos Opinion is in charge of the global expansion of opinion and social surveys, including through the development of pan-European "Barometers";
- Ipsos Access Panel is in charge of sample panels throughout Europe;
- Ipsos CatiCentre provides companies with an effective method for contacting business executives throughout the world.

The staff of Ipsos is in fact not specialised in a single sector. Some specialisation occurs *de facto* in certain lines of business, such as in qualitative research. Management is considering how to develop a degree of specialisation among its staff, however, in narrow sectors such as the pharmaceutical and automobile industries, or financial services. Emphasis will at first be put on those countries where Ipsos already has specialised teams and where there is a strong demand on the part of clients for services on a more international scale.

Business organisation



Consolidated at 31 décembre 1998
Consolidated in 1999

* Ipsos Reach: multi-client data collection services (Capibus, CatiCentre,…)
** Ipsos-Insight: qualitative research.
*** QSC: Quality and Customer Satisfaction.
**** Ipsos-ASI: advertising research.

4.1.3 FINANCIAL HIGHLIGHTS OF THE PAST TWO YEARS

4.1.3.1 FINANCIAL RESULTS

Factors with a significant impact on the 1998 financial year included the full-year effect of the acquisition of the Novaction companies in Latin America (consolidated for three months in 1997 and for twelve months in 1998) as well as the consolidation of Ipsos-ASI (11 months in 1998).
Consolidated revenues for 1998 (FRF 1,307.4 million) were up 38.2 percent from a year earlier (FRF 945.9 million), an increase of 10.9 percent on a constant basis.
Operating income was FRF 72.8 million, an increase of 122 percent from 1997. Net income (before amortisation of goodwill) reached FRF 31.9 million (up 129 percent).
The sharp rise in profits was due to both the consolidation of entities in the Americas and the improvement of the Group’s overall productivity. The operating income of companies in the European region rose by 22 percent between 1997 and 1998.
Revenues raised from 3.5 percent in 1997 to 5.6 percent in 1998, which amounts, in terms of the ratio of operating income to gross margin, to 6.3% in 1997 and 10.1% in 1998.

Statement of income Highlights

(in millions)	1997		1998	
	FRF	€	FRF	€
Revenues	945.9	144.2	1 307.4	199.3
Gross margin	519.1	79.1	723.5	110.3
Operating income	32.8	5	72.8	11.1
Income before tax and extraordinary items	26	3.96	59.6	9.1
Résultat net, Total				
Net income before amortisation of goodwill	13.9	2.1	31.9	4.9
Net income	2,4	0.4	13.9	2.1
Net income (loss) group share	-2.4	-0.36	6.8	1.0
Average number of employees	1,300		1,538	

Breakdown of Revenues by Region

The start of the expansion of the business outside Europe had an impact on the 1997 financial results.

	1997	1998
France	36%	29%
Rest of Europe	61%	48%
United States (11 months in 1998)	-	13%
Latin America (3 months in 1997)	3%	10%

Breakdown of Revenues by Sector

Marketing and advertising research were the leading sectors for the Company, accounting for a combined 69 percent of revenues. The 1998 acquisition of Ipsos-ASI explains the growing share of advertising research in total revenues

	1997	1998
Market research	52%	44%
Advertising research	13%	25%
Mass media	18%	14%
Opinion and social surveys	10%	7%
Quality and customer satisfaction	5%	8%
Other (software)	2%	2%

Geographical breakdown

Revenues by region.

(in millions)	1997		1998		CHANGE%
	FRF	€	FRF	€	
Europe	919.14	140.12	1 015.05	154.74	10%
United States *	-	-	167.97	25.61	n/s
Latin America **	26.834	4.091	124.405	18.965	364%
Total Ipsos Group	945.97	144.21	1 307.43	199.32	38%

Operating income by region.

(in millions)	1997		1998		CHANGE%
	FRF	€	FRF	€	
Europe	40.2	6.1	49.6	7.6	23%
United States *	-	-	16.1	2.4	n/s
Latin America **	3.4	0.5	14.3	2.2	321%
Other***	-10.8	-1.7	-7.2	-1.1	-33%
Total Ipsos Group	32.8	5.0	72.8	11.1	122%

* Ipsos-ASI was acquired in 1998 and consolidated for 11 months in 1998
** Novaction and Métrica entities in Argentina, Brazil and Mexico were acquired in 1997 and consolidated for 3 months in 1997
*** Prior to allocation of administrative expenses and consolidation restatements.

4.1.3.2 FINANCIAL POSITION

Concerning the Company's financial position, consolidated shareholders' equity including minority interests totalled FRF 238 million as at 31 December 1998, vs. FRF 160 million as at 31 December 1997. Share capital was increased by FRF 80 million (including share premiums) in January 1998 to enable the company to finance part of the acquisition of Ipsos-ASI.

The Group's financial debt (including convertible notes) amounted to FRF 212.6 million as at 31

December 1998, vs. FRF 153.3 million as at 31 December 1997, due impact the acquisition of Ipsos-ASI.
The debt-to-equity ratio was 89 percent as at 31 December 1998, vs. 96 percent a year earlier, or near the historical average for Ipsos. Because the Company's capital structure provides it with considerable financial leverage, the international expansion of Ipsos and its acquisitions were financed primarily with bank borrowings.
Funds generated by operations for 1998 were FRF 71 million, up 97 percent from 1997.
The Group has control on its investments in fixed and intangible assests : FRF 42 million in 1998 vs. FRF 40 million in 1997.

Balance Sheet Highlights

(in millions)	1997		1998	
	FRF	E	FRF	E
Total Shareholders' Equity	160.0	24.4	238.0	36.3
Net equity holdings	296.0	45.13	432.6	66.0
Long-term debts *	183.8	28	262.3	39.9
Cash	30.5	4.66	49.7	7.6
Debt-to-equity ratio *	96%		89%	
Balance sheet total	696.6	106.2	924.1	140.8

* Long-term debts include FRF 20 million in convertible notes outstanding which were converted into shares on 05/31/99.

4.2 BUSINESS OF IPSOS

Ipsos is focused on market research. The Company sells information to its client companies or institutions on the behaviour, expectations and opinions of individual and groups of consumers, customers or citizens.
The information is collected in a variety of ways:
- research is based on **interviews** of individuals;
- it is designed to find out about people's **opinions** and **behaviour** (what they consume, what they like, what they think, what they dream of, etc.)
- it seeks to establish their **motivations** (why consumers or constituents act or think a certain way).

Ipsos' market research is therefore different from research in which data is collected automatically (such as the analysis of data from cash register records), which is of an essentially descriptive nature and cannot generate information as to the motivations of individuals.

The business of Ipsos is evolving as the result of several trends:
- consumers are increasingly mobile and disloyal; industrial and service companies as well as the media, etc. are therefore more often in need of information updates to keep up with changes in attitudes and consumption and/or investment patterns, and to adapt to new trends;
- the value of consumer and client information is now obvious in all sectors or the economy; in the past, market research was performed almost exclusively for manufacturers of consumer products; today, practically all sectors are using market research, including services (banks, insurance companies, etc.) as well as formerly untapped sectors (telecommunications, technology companies), which raise new issues for market research and provide new growth prospects for market research companies;
- manufacturing companies have world-wide operations and must obtain uniform data about their separate markets; they are putting a lot of pressure on market research companies to work with them in their global expansion and to provide them with consistent quality everywhere.

The Group does business in five separate segments:
- marketing research,
- advertising research,
- media research,
- opinion and social surveys,
- customer satisfaction.

4.2.1 MARKETING RESEARCH

Marketing research accounts for the major portion of the business of Ipsos, with 44 percent of 1998 revenues.
This segment is divided into two large groups, namely
- quantitative research, based on the selection and interview of large samples using statistical techniques;
- qualitative research, in which samples are much smaller (20 to 30 persons) but investigations are far more thorough and detailed.

In addition, both qualitative and quantitative research can be performed on an ad hoc basis, meaning that they can be fully tailored to the specific needs of a client as opposed to being standardised. Ipsos was a pioneer in the development of a range of standard surveys, but most of its research is performed on an ad hoc basis.
One of the French subsidiaries of Ipsos is in the business of creating brand names.

4.2.1.1 QUANTITATIVE RESEARCH

Quantitative research is based on the selection and questioning of representative samples of the population concerned, by means of personal interviews. This type of research requires extensive resources.
Ipsos offers its clients a wealth of expertise and an organisation experienced in all stages of research, including
- the definition and selection of samples;
- the drafting of questionnaires as their relevance and clarity will be a key driver of the quality of answers;
- the carrying out of interviews (in person, by telephone, in writing, now through the Internet) in accordance with strict procedures designed to produce reliable results;
- the summarising and interpretation of results: Ipsos helps its clients analyse research results and to understand their meaning in terms of operations.

Much of the value added by Ipsos comes from the Company's technical expertise and the quality of the information and recommendations it provides to its clients. Ipsos also differentiates itself because of the innovative manner in which it has been conducting market research, developing instruments that generate information faster and at a lower cost, such as
- access panels, which are made up of selected individuals who have agreed to participate in surveys at a given frequency, most often by filling out questionnaires sent directly to them. While the cost of putting together a panel is relatively high, this approach significantly lowers the subsequent cost of collecting data, since interviewers are no longer needed. Ipsos has a panel of 115,000 homes throughout Europe, of which 37,000 in France alone. This is the largest access panel in Europe and it is used exclusively in connection with consumer surveys.
- Omnibus research, in which the questions of several clients are included in the same survey and they share the cost of carrying it out. Ipsos was the first to offer European omnibus surveys ("Capibus Europe") conducted in the homes of those polled and using computer-assisted personal interviewing systems (CAPI – see Section 4.4.12 Interview Methods and Techniques). The Capibus Europe survey is performed every week on a different sample of 6,000 persons. Research is conducted in France, Great Britain, Germany, Italy and Spain, and can be done on behalf of up to ten different clients.

Ipsos has launched a similar service in Central Europe (The Eastern European Omnibus) as well as in Asia (The Asian Omnibus), jointly with local market research companies.

- Most quantitative research is still conducted on a domestic level, although there has been a sharp rise in demand for cross-border surveys. Ipsos has created the London-based International CatiCentre to respond promptly to this need. This is a multilingual facility which only handles international telephone surveys, which can be better co-ordinated because interviewers and their supervisors operate out of the same location. Besides the fact that it reduces telephone costs, the Centre has proved useful for surveys of small populations that are difficult to reach, such as senior business executives.

4.2.1.2 QUALITATIVE RESEARCH

With its 1993 acquisition of Insight, France's leading qualitative research company, Ipsos has become one of Europe's top firms in this field.

This research service is conducted through relatively independent units located in various countries, linked together by an organisation whose role is to improve the methods used in common, co-ordinate marketing and, more generally, promote synergies.

The Company is now ranked first in France and its current development is occurring mainly at the international level. The French clients of Ipsos are interested in obtaining consistent market research and have been asking Ipsos to also conduct surveys of foreign consumers. The Paris-based International Division of Ipsos initiates surveys throughout the world, using the Company's resources. In addition, the management of Ipsos-Insight marketing leads the international expansion of Ipsos qualitative research and leads the international working group on the development of consistent qualitative methods and the technical and business co-ordination of research.

4.2.1.3 THE CREATION OF BRAND NAMES

In additional to its market research business, Ipsos has formed a subsidiary specialising in the creation of trade and brand names. This business, which is conducted exclusively in France, consists of finding new names as well as checking on their availability, testing them with consumers, and then advising companies on strategies designed to promote them.

Several names for products and services that have become well known today were originally thought up by Ipsos. They include: Eurostar (French national railway company), Ola and Loft mobile phone systems (France Télécom), Candia (Yoplait dairy product), Cœur de Lion (a brand of cheese from Compagnie des Fromages), Petit Cœur (a Belin biscuit), Vizir (a Procter & Gamble laundry detergent), So Pretty (by Cartier), Tsar (by Van Cleef & Arpels), etc. Title to those trade names is held by the clients.

4.2.2 ADVERTISING RESEARCH

With the growth of advertising budgets, advertisers have an increasing need to find out how efficient their ads and commercials are, so as to assess the effectiveness of their advertising instruments and budgets.

This business covers all media, including billboards, radio and televisions spots, and now advertising on the Internet. Revenues of this segment have increased sharply and now represent 25 percent of the consolidated revenues of Ipsos.

4.2.2.1 POST-TESTS

Traditionally, Ipsos has created instruments that make it possible to assess the impact of an advertising campaign on an ex-post basis. Instruments used for that purpose (including the *Baromètre Affichage* for billboards and posters and STC Multimedia for television and movie commercial spots), were initially developed and marketed in France, Italy, Spain and Latin America. In English-speaking countries, advertiser prefer to "track" their brands on a regular basis in order to assess brand awareness, consumer support, etc., thus indirectly measuring the impact of advertising campaigns.

4.2.2.2 PRE-TESTS

Because the increasing costs of advertising campaigns, it has become necessary to measure their effectiveness before launching them, so as to avoid investing unnecessarily in messages that will not work. Copy testing techniques are used mainly in connection with television commercials, which account for 40 percent of media advertising budgets (source: Zenith Media, January 1999) and where the cost of advertising is so high that any failure could have significantly negative financial consequences.

With the acquisition in early 1998 of ASI (now Ipsos-ASI), the US leader in the copy testing of commercials, Ipsos has risen to first place among companies in that field.

Today, Ipsos-ASI has a database of some 20,000 copy-tests of advertising campaigns, providing clients with a wealth of information with which to compare the results of surveys.

The fact that Ipsos-ASI is now part of the Group means that Ipsos can provide its services on a global basis, bearing in mind that companies using American marketing techniques have long been used to copy-testing.

The Company has been acquiring a global dimension in response to the interests of the advertisers themselves. As the number of world-wide campaigns rises, tests must be performed in all markets, generating data that is comparable from one location to the next.

Ipsos, therefore, has created a world division for copy testing, under the leadership of Ipsos-ASI executives. As part of this, it has developed a unique standardised instrument, *Ipsos-ASI's Next*TV*, which will be available in ten countries this year. The system operates in a uniform manner and takes into consideration the specific culture and economic conditions of the region concerned. *Ipsos-ASI's Next*TV* replaces other services offered by some Group entities, such as Pre*vision in France, making it possible for Ipsos to meet its clients' demands for a world-wide presence and uniform data.

Ipsos-ASI's Next TV* is based on a system developed several years ago in the United States, involving the use of a single-play video cassette.

The cassette contains a TV program with commercials, including the spots being tested, and is sent to the homes of individuals in the sample. They view it under realistic conditions and the test is conducted after a single viewing of the cassette (it cannot be rerun), so that results are highly dependable and perfectly uniform.

Over the coming two years, Ipsos-ASI intends to expand the world-wide Ipsos advertising research business to include

- copy-testing for media other than television;
- brand tracking, primarily in English-speaking countries;
- post-tests capable of measuring in real time the direct impact of advertising campaigns using one or more media;
- the application of methods to the Internet, through its specialised division Ipsos-ASI Inter@ctive.

4.2.2.3 IPSOS-ASI INTER@CTIVE

Ipsos-ASI has created a division (Ipsos-ASI Inter@ctive) in charge of measuring the impact of advertising on the Internet and assessing World Wide Web as communication tools. Ipsos-ASI also performs tracking, by monitoring the image of advertisers over an extended period, identifying the impact of their communication campaigns on the Internet.

A pioneer in the assessment of the Internet, Ipsos-ASI has measured the impact of more than 350 advertising campaigns there over the past three years, acquiring unique experience in this area, which is recorded in a database considerably enhancing the value of the Company's research in such field.

This field of research is still very new for most market research firms. Nevertheless, Ipsos-ASI Inter@ctive generated revenues of USD 2.5 million in 1998 (approx. € 2.3 million) and expects 1999 revenues of USD 4 million (approx. € 3.7 million), with a significant portion generated in Europe (see also section 4.5.2).

4.2.3 MEDIA RESEARCH

The media sector represents a traditional business of Ipsos, in which the company built its reputation as an innovator. The Group's media research business is European in the sense that Group entities are involved in the measurement of media audiences in all major European countries. However, the Company is particularly active in this sector in France, as well as in Great Britain, where it has also been working on international research projects.

The media research division has two major activities, i.e.
• the measurement of media audiences,
• specialised market research
The media research division accounted for 14 percent of 1998 consolidated revenues.

4.2.3.1 MEDIA AUDIENCE MEASUREMENTS

Ipsos was one of the first to carry out readership surveys, starting at the time the Company was created in 1975. Its research project entitled "What Executives Read" *(Ce que lisent les cadres)* was issued at a time when there were still few publications aimed at business executives and became a major factor for change in France. It was then that Ipsos introduced in France the practice of pooled financing of research. Under this system, which was used to finance media audience surveys, a single survey is conducted on behalf of several clients, who divide its cost among themselves. Audience measurement covers all media, including the press, radio and television, as well as the Internet today, even though work in this field is still at an experimental level. Ipsos is among the world's research firms with the most advanced projects for the Internet, thanks to research conducted over the past few years in the United States and to the Company's ties to major firms in the sector.

This type of research is conducted on a regular basis in Western Europe and North America, under long-term (3 to 5 year) contracts. Unlike in marketing research, only domestic audiences are surveyed. Ipsos conducts press readership surveys, either alone (as in Great Britain, Spain and Argentina) or jointly with other institutions (in France, Germany, Italy and Hungary). In the United Kingdom, Ipsos-RSL also measures radio audiences and participates in rating of television channels.

Examples of surveys conducted
- Readership survey of daily newspaper (France)
- Readership survey of magazine (France)
- National Readership Survey (Great Britain)
- The British Business Survey (Great Britain)
- Survey of business executives (France)
- Survey of high-income groups (France)
- Survey of financial executives (France)
- Survey of computer and computer service company executives (France)
- European Business Readership Survey (Europe, by Ipsos-RSL)
- Asian Business Readership Survey (Asia, by Ipsos-RSL)
- Japan Business Readership Survey (Japan, by Ipsos-RSL)
- Audipress (Italy)
- Die Zeit (Germany)
- L'Observatoire de l'Opinion et de l'Information Médicale (France)
- The European Computers Decision Makers (by Ipsos Médias France)
- Radio Joint Audience Research (Great Britain)
- Broadcasters' Audience Reaction Service (Great Britain)
- Hungarian Local Radio Research (Hungary)
- Panel of TV Program acceptance (Spain)
- Affimétrie (France)

- Estudio General de Medios (Spain)
- National Media Analysis (Lebanon)
- Estudio General de Medios (Argentine)

Trends in the media research segment are as follows:

- Firstly a rapid internationalisation of the market, following in the steps of leading media which now have an audience that goes well beyond the borders of their countries of origin (international press of periodicals, satellite television broadcasts, etc.). Ipsos has therefore launched international instruments, under the leadership of its British subsidiary, Ipsos-RSL. In the field of the press, for example, Ipsos publishes the Asian Business Readership Survey (ABRS), which measures the circulation of the business press in eight Asian countries. Another survey which Ipsos originated in France for executives in the information technology sector is about to be extended to other major European markets (Germany and UK), under the name The European Computer Decision Makers.
- Another trend in this market comes from the strong rise in the number of television channels and radio stations, which has caused audience measurement methods to evolve. The same instruments cannot be used for audience measurement of only five or six channels as those involving hundreds of channels. This is a positive development for Ipsos, which has so far been a minor player in television ratings. From the standpoint of audience measurement techniques, the increase in the number of channels brings television closer to the press and radio, where Ipsos is a recognised expert and where it holds a strong position in the market.
- Measuring audience of Internet web sites.

With regards to the Internet, Ipsos signed in 1999 an agreement with Media Metrix (a US corporation) and GfK (a German company), to form a jointly-owned subsidiary, MMX Europe, for measuring the number of visitors to World Wide Web sites in Europe (see section 4.9.2).

4.2.3.2 MEDIA MARKETING RESEARCH

In addition to measuring media audiences or readership, Ipsos provides marketing research on an ad hoc basis on behalf of the editorial and advertising departments of newspapers and magazines, television channels, radio stations and billboard firms. In the case of editorial market research, the object is to position a publication or TV show or to design a new presentation, by trying out projects with readers and analysing their reactions.
In the case of advertising marketing research, the object is to help a publication, a group of journals or an entire medium to find how to position themselves in the market.

4.2.4 OPINION AND SOCIAL SURVEYS

Ipsos is one of the major international market research firms with the largest social survey division. Other players are often not active in this field, or have very little involvement with it.
Ipsos considers that consumer and the citizen is one and the same and cannot be dissociated. In fact, the degree of confidence exhibited by the citizen (or by the employees) is closely related to the moral of the consumer, pointing to the complementary nature of market research and opinion surveys.
Ipsos has increased its social survey activities since 1982, first in France through its subsidiary Ipsos Opinion, then in Hungary and Spain, where firms acquired by Ipsos are leaders in this field.
Even though the Company's social survey business is not very significant outside of these three countries, it already has an international dimension, with research being done on European issues (such as the European Consumption Barometer, which monitors consumption patterns in Europe).
In total, opinion and social survey represented 7 percent of 1998 consolidated revenues.
Opinion surveys should not be confused with political polls, which only account for a minor portion of the business of Ipsos Opinion in France.

4.2.4.1 THE PUBLIC SECTOR

Research, both quantitative and qualitative, is also conducted on behalf of the government agencies, where officials wish to get a clearer view of their constituents' needs and desires and seek feed-back on their programs. Ipsos has been working on such issues as the euro for several government agencies (the French Ministry of Finance, the European Commission, etc.), as well as on the way the French government's presence is perceived in suburban areas, the outlook of business leaders, public awareness of environmental issues, etc. These are social issues about which governments, public agencies, even certain corporates, need reliable information. Excerpts from some of the surveys have been published, including the "Barometer of trends in public opinion in Europe" which is funded by several institutions and companies, mostly French but also from other European countries.

4.2.4.2 THE PRIVATE SECTOR

There is a growing interest in social surveys whithin companies. They look at both employees and consumers.

Research of this kind is needed by human resources departments. Ipsos examines the industrial relations climate in companies, enabling management to develop a better understanding of their personnel, and of employees' expectations. Ipsos has for instance conducted a survey of Danone group executives around the world. Some of the survey results are published, such as the "Observatory of Employment" *(L'Observatoire du monde du travail)* excerpts from which are published every quarter in the French daily *Le Monde*.

Another reason why information is needed by corporates is related to their image. Whenever this is at issue, Ipsos performs surveys which come closer to market research, although they do not deal with products and services but rather with companies as such. Ipsos has been working in this area on behalf of several French and foreign companies, including Aérospatiale, Afflelou, Air France, Cartier, Française des Jeux, La Poste, Shell, Sofinco, Usinor, etc.

Corporates also need information regarding the behaviour and expectations of consumers, in their market or at the European level. Thus, jointly with Sofinco, Ipsos issues a European Consumer Barometer (covering eight countries) which looks into consumers' opinions of their economies, their expectations in respect of the new European single currency, their purchasing, savings and travel intentions, etc.

4.2.5 CUSTOMER SATISFACTION RESEARCH

Most marketing strategies have as their object to promote customer loyalty, as firms have become aware of the cost of acquiring new customers. As a result, obtaining accurate information on the degree of customer satisfaction and loyalty has become mandatory for many businesses.

Ipsos has developed a systemic approach to measuring quality and customer satisfaction. The management instrument is known by its acronym CESAR (for Customer Experience and Satisfaction Analysis and Return). It uses a series of modules to take into consideration every step of the selection, purchasing and consumption process for products and services, making the connection with the corresponding steps taken by the company and identifying key factors that contribute to customer satisfaction.

The Company's know-how in this field has been developed principally in France, Italy and the United Kingdom, as well as more recently in Argentina. Ipsos provides this type of service to major corporate clients such as Axa, Bouygues Telecom, Lufthansa, Kodak, Peugeot, Renault and Mercedes Benz.

In 1998, this division represented 8 percent of consolidated revenues.

4.3 THE MARKET RESEARCH INDUSTRY

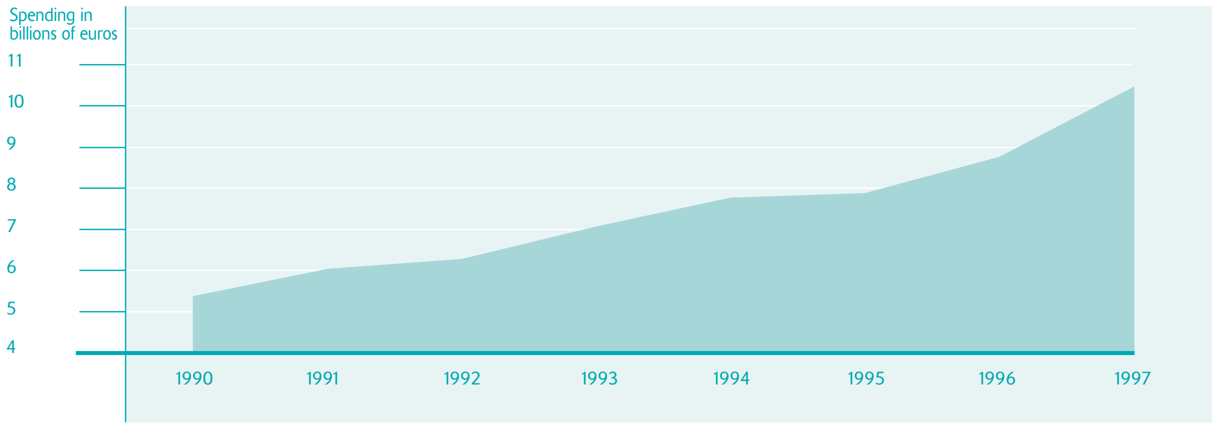
4.3.1 AN EXPANDING MARKET

The world market

According to ESOMAR, total spending on market and opinion research around the world reached € 10.43 billion in 1997, having grown on average by 10 percent annually since 1990.

Total spending amounted to € 11.4 billion in 1998 and is expected to rise by another 9.6 percent to € 12.5 billion in 1999.

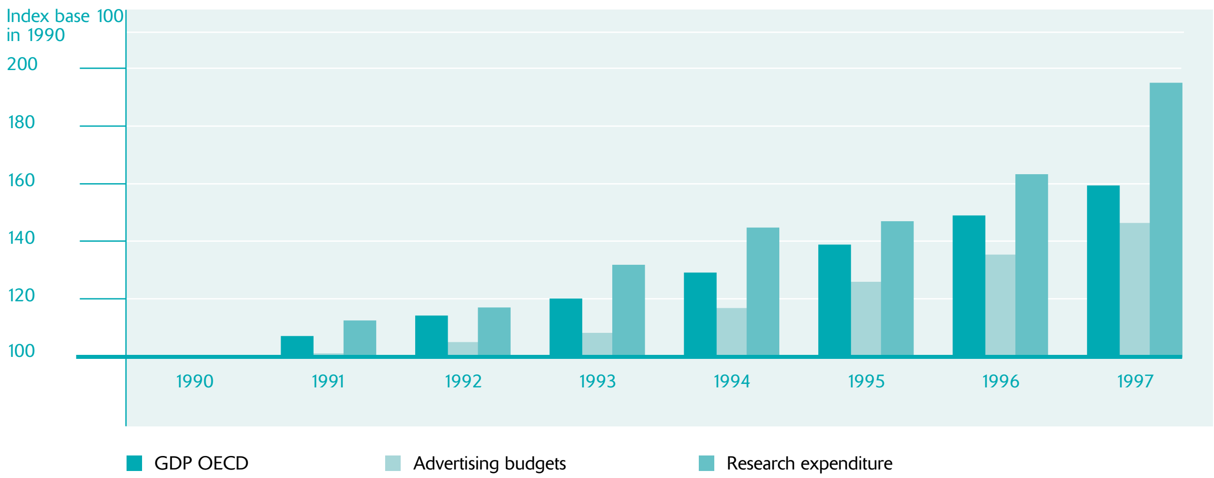
World spending on market research in billions of euros



Source : Esomar, 1998.

Since 1990, spending on market research has risen faster than advertising spending or than the growth rate of GDP. On the basis of constent currency rate, it has increased by slightly less than 10 percent a year.

Comparison of world-wide growth in market research, spending on advertising and GNP in Europe

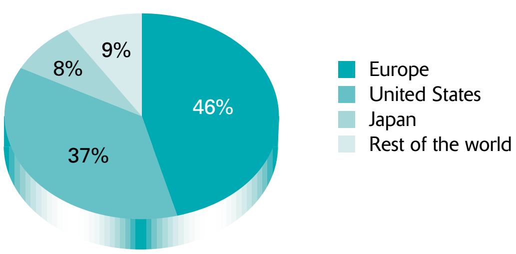


Source: Esomar, 1998; OECD Economic Outlook, December 1998; Advertising Expenditure Forecast, Zenith Media, January 1999.

Most of the spending on market research is made in industrialised countries, with Europe leading the way and growing (45 percent, up from 42 percent in 1995). The United States and Japan rank second and third, with 37 and 8 percent of total expenditures, respectively.
With the globalisation of the economy, the potential for future growth is considerable due to the expected demand for analyses of new markets, cross-border distribution, increased competition in traditional sectors (supermarkets, household appliances) as well as in new deregulated sectors (telecommunications, local services, etc.)

Breakdown of the world research market in 1987

Source : Esomar, 1998.



The European market

In Europe in 1997, 5 countries represented 75 percent of all spending on market research, led by Germany, Great Britain and France, which together represented 63 percent.

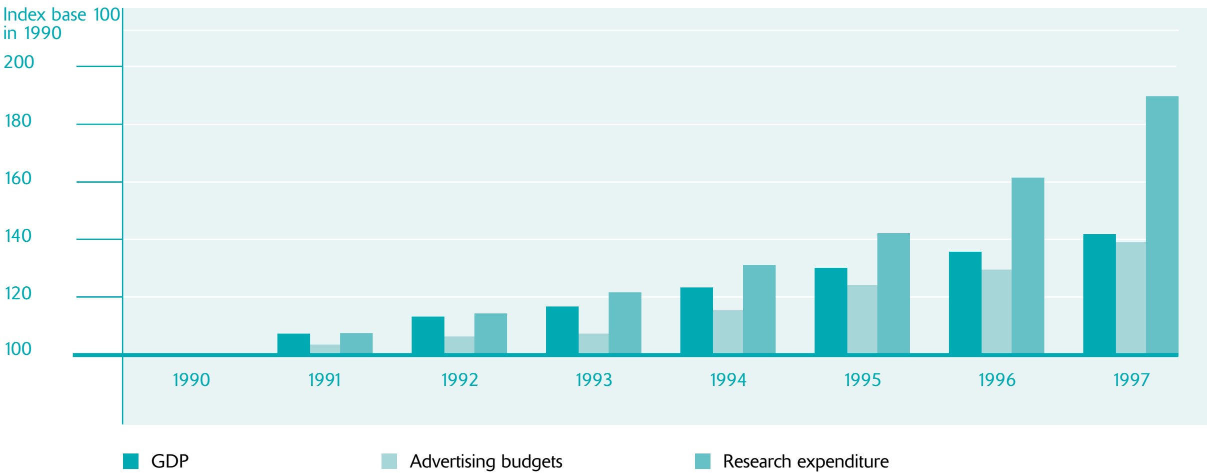
(data in € millions)

COUNTRY	1997 SPENDING	1996 TO 1997 CHANGE
Germany	1 035	15 %
United Kingdom	1 192	11 %
France	749	10 %
Italy	340	8 %
Spain	237	15 %
The Netherlands	196	13 %
Sweden	182	8 %

Source: Esomar, 1997 data

The rise in European demand for market research from 1990 to 1997 was the same as the one on a world-wide basis (9.6 percent), but was almost twice that of growth in advertising spending (4.8 percent) and in the GDP European Union (5.1 percent).

Comparison of worl-wide growth in market research, advertising spending on and GDP in Europe



Source: Esomar, 1998; OECD Economic Outlook, December 1998; Advertising Expenditure Forecast, Zenith Media, January 1999.

In terms of economic sectors, the main clients of the market research industry are producers of consumer goods, which represent one-fifth of all spending. Note should be taken of the important contribution of government agencies, which ranked third among categories of clients. The three leading sectors (consumer goods, media and government agencies) combined for almost two-thirds of all the business of market research companies.

Breakdown of the European market for research by client industry

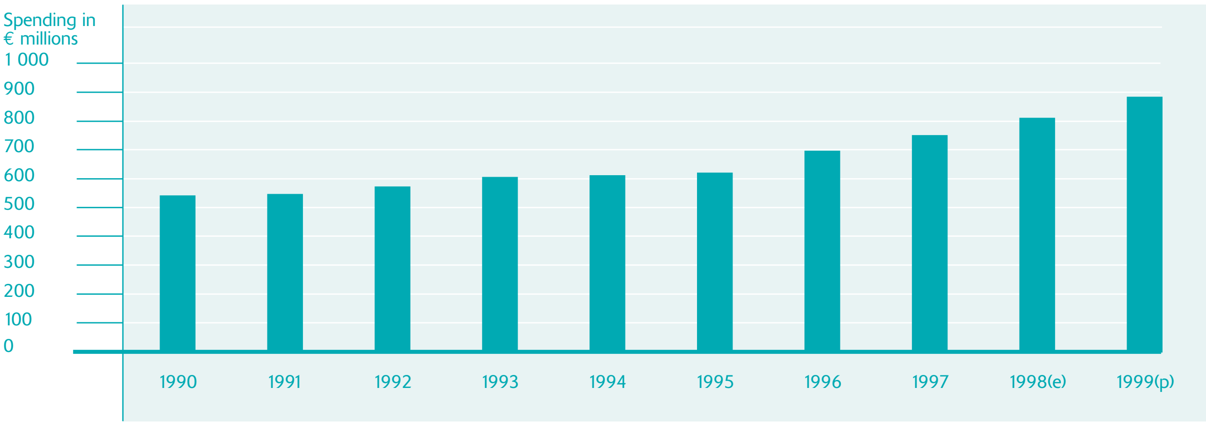
SECTORS	SHARE OF TOTAL
Consumer goods	41%
Media and advertising	13%
Government agencies	9%
Retail	6%
Financial services	5%
Health care	4%
Automotive	3%
Industry	3%
Post and telecomunications	2%
Utilities	1%
Other	13%

Source: Esomar, 1997 data

The market in France

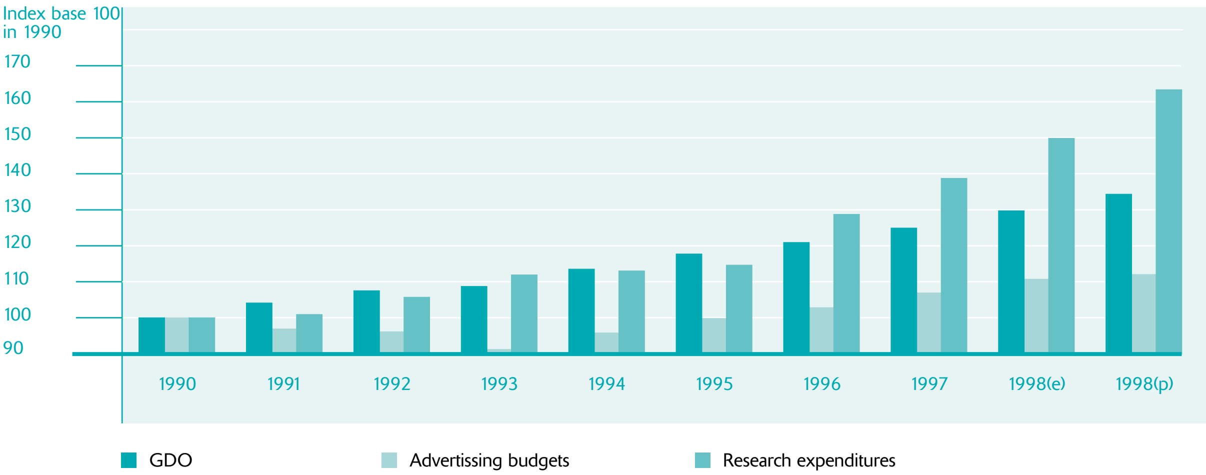
In France, spending on market research totalled € 749 million in 1997 (FRF 4.9 billion), having risen by 4.8 percent annually since 1990. Growth in the sector has been faster since 1996, due to the current economic situation that requires decision makers to access an increasing level of information. The trend is also caused by the development of new markets as a result of the expansion of the service economy in either deregulated or new sectors.

The market for research in France



Source: Esomar 1998; Xerfi 1998

Comparison of world-wide growth in market research, advertising spending and GDP in france



Source: Esomar, 1998; OECD Economic Outlook, December 1998; Advertising Expenditure Forecast, Zenith Media, January 1999.

Spending on market research has been rising significantly faster than advertising expenses or GDP in France. The difference between the rate of growth of the French economy as a whole and that of the market research sector reflects the dynamic nature of that sector as well as its expanding role in the economy.

As in the rest of Europe, the main client industries are consumer goods companies, media and advertising agencies and government agencies.

Breakdown of the French market for research by client industry

SECTORS	SHARE OF TOTAL
Consumer goods	41.0
Medias and advertising agencies	13.0
Governments agencies	8.0
Healthcare	7.0
Automotive	6.0
Retail	5.0
Postes and Telecommunications	5.0
Financial services	3.0
Industry	2.0
Utilities	1.0
Other	9.0

Source: Esomar, 1997 data

4.3.2 A HIGHLY COMPETITIVE AND CHANGING ENVIRONMENT

The world market

The market can be divided into two major categories of players: on one side the major firms, often Anglo-saxon organisations, which provide global services through operations in many countries; on the other side, smaller domestic players with exclusively local activities but often strong market positions.

These smaller firms are active primarily in the field of qualitative research, which does not require major capital investments.

At the other end of the spectrum, barriers to entry in the field of quantitative research are higher. They include

- the need for powerful and efficient operational systems and their regular upgrading which may require large investments;
- the ability to provide global services (on a world-wide scale) of a consistent nature (making it possible to compare results from different countries) entails the maintenance of resource with the proper expertise, in the main markets;
- reputation, which acts as a guarantee of reliability and experience, plays an important role in the selection process of clients, as significant corporate decisions are based on surveys.

At the world level the US corporation AC Nielsen – now an independent entity after being spun off by Dun & Bradstreet – remains the dominant player.

It should be noted that the first twenty market leaders represent 54% of the total revenues of the market. Among them, fifteen are American or British, two Japanese, one German, and one French-British; the only French player is Ipsos, which ranked ninth in 1998.

RANK	COMPANIES	COUNTRY	1997 REVENUES USD MILLIONS
1	AC Nielsen	US	1 392
2	IMS Health	US	981 (1)
3	Kantar Group	UK	540
4	Taylor Nelson Sofres	UK	463
5	Information ressources Inc	US	456
6	Nielsen Media Research	US	365 (1)
7	NFO-Infratest Burke	US	359 (2)
8	GfK	D	312
9	**Ipsos**	**F**	**203 (3)**
10	Westat	US	182
11	The Arbitron Co	US	165
12	NOP Information Group	UK	164
13	Maritz Marketing Research	US	146
14	Video Research	Japan	144
15	The NPG Group	US	110
16	Market Facts	US	100
17	Pharmaceutical Marketing Sen	US	92
18	Marketing Intelligence	Japan	83
19	Audit & Surveys Worldwide	US	69
20	The BASES Group	US	58

(1) IMS Health, the world's leading market research firm for pharmaceutical companies, and Nielsen Media Research, the US leader in TV audience measurement, were created further to the July 1998 demerger of Cognizant.

(2) NFO Worldwide (1997 revenues of € 147 million) acquired Infratest Burke (1997 revenues of € 154 million) in November 1998.

(3) Revenues includes the business of ASI, which was acquired by Ipsos in January 1998.

Rankings are based on 1997 revenues but take into account any 1998 mergers and spin-offs, to provide an up-to-date listing of research firms by size.

Since the early 1990's, the sector has witnessed the formation of international networks capable to providing clients with global services. The race to attain a critical size continues to be a key factor in the industry.

In this connection, the 1997 merger of the French Sofres company with Taylor Nelson of the UK created the fourth largest entity in the sector and the leading European group. At the end of 1998, Infratest Burke was taken over by NFO of the United States, which is now in seventh position.

Not surprisingly, acquisitions played an important role in the growth of the ten research firms posting the fastest growth rates in the period from 1992 to 1998.

In 1992, a company with revenues of about € 165 million would have ranked among the top five research firms in the world; by 1998, it would have needed to have revenues of close to € 400 million to be one of them.

New demand

There is new demand today in two areas

- one is the demand for research in emerging markets in Eastern Europe, Latin America and Asia;
- the other is the growing demand from new sectors which up to now did not focus their business strategy on the needs of customers and consumers; they include pharmaceutical, telecommunications and media companies, as well as former government agencies or utilities now under private management (transport, water, electricity, mail).

4.3.3 THE PRINCIPAL PLAYERS

Global companies

The world's top ten research firms are described below.

AC Nielsen: AC Nielsen is the world leader in market research, consumer information and behaviour analysis. The company also produces TV audience measurements outside the United States. It had revenue of USD 1,425 million in 1988.

SECTORS	SHARE OF REVENUE
Quantitative research (retail)	71%
Surveys/consumer panels	7%
Tailored research	15%
Audience ratings	7%
Total	100%

Source: ACNielsen, Rapport Annuel 1998

AC Nielsen operates on all five continents

REGION	SHARE OF 1998 REVENUE
United States	27%
Canada/Latin America	13%
Europe	41%
Asia-Pacific	18%
Total	100%

Source: AC Nielsen 1999

IMS Health: This company came into being as a result of the July 1998 demerger of Cognizant. It specialises in research for the pharmaceutical sector.
IMS Health had 1998 revenues of USD 1,186 million.

COUNTRY	SHARE OF 1998 REVENUE
United States	41%
Great Britain	6%
Rest of Europe, Asia-Pacific	53%
Total	100%

Source: IMS Health, 1998 and 1999 annual reports

Nielsen Media Research : is the new name of the former US corporation Cognizant, which changed it at the time of the demerger of its subsidiary IMS health, in July 1998.
The Company is specialised in media research, in particular TV audience measurements in the United States.
Nielsen Media Research had 1998 revenue of USD 401.9 million, mainly from the United States (97.4 percent); it also operates in Canada (2.6 percent of 1998 consolidated revenues).
Kantar Group: Kantar is the parent company for the WPP group of entities engaged in the market research and information management sector.
In 1998, the market research and information management division of the WPP Group had revenues of GBP 367.2 million, mainly from three major subsidiaries specialising in quantitative and qualitative research, audience measurements and of advertising efficiency, as well as in the management of information, namely

- Research International
- Millward Brown
- Kantar Media Research

Millward Brown is the world leader in the measurement of advertising efficiency, doing most of its business in the United Kingdom.
Information Resources is a US company specialising in the collection of marketing data using the scanner technology. It is a direct competitor of AC Nielsen.
In fiscal 1998, Information Resources had revenues of USD 511 million.
The company does most of its business in the United States:

COUNTRY	BREAKDOWN OF 1998 REVENUES
United States	78%
International	22%
Total	100%

Source: IR Inc., 1998 and 1999 annual reports

Taylor Nelson Sofres
Formed through the merger of Britain's Taylor Nelson and France's Sofres, TNS is the largest European firm in the sector. It had revenues of GBP 342 million in 1998.
Its business is divided among several areas of the world, though most of it is done in Europe.

COUNTRY	BREAKDOWN OF 1998 REVENUES
United Kingdom	29%
France	29%
Rest of Europe	22%
United States	12%
Asia-Pacific	8%
Total	100%

Source: TNS, 1999

TNS has a strong market position in quantitative research and media research.
GfK : is a major player in the field of information systems for durable goods and the monitoring of international markets. It offers a co-ordinated and consistent approach to market research at the European level.
Based in Germany, GfK operates everywhere in Europe and in eight other countries (United States, Asia, etc.). The company had 1997 revenues of USD 301 million.
NFO : was founded in 1946 and supplies market information to large corporation. The company conducts research on consumer attitudes, market evaluations, product development, brand management and advertising. Its clients are mainly in the consumer goods, health care, financial services and travel industries. The Group holds a leading position in the US.
NFO expanded its international operations by acquiring Infratest-Burke, a German company, in November 1998. It had revenues of USD 275 million in 1998 (with Infratest-Burke being consolidated for just over one month).
The geographic breakdown of NFO's business, including Infratest-Burke on a 12-month basis, is as follows:

RÉGIONS	BREAKDOWN OF 1998 REVENUES
North America	44%
Europe	47%
Asia – Middle East	9%
Total	100%

Source: NFO World Wide Web site.

Other significant competitors
Westat is a US company with initial expertise in the field of statistical research, which also developed a know-how in the field of research for government agencies. It provides services with high technology content for the collection and processing of data. Westat is owned by its employees. The company operates only in the US and had revenues of USD 183 million in 1997.

In the field of advertising research
RSC : is the world's third-ranking firm in the area of advertising research. It operates in four countries (North America, Mexico and Europe), although most of its revenues are generated in the US, where ranks third, behind Ipsos-ASI.
In the field of Internet related market research as developed by its Ipsos-ASI subsidiary, the Company's competition comes mainly from:
Millward Brown Interactive, a special division of Millward Brown.

RANK	COMPANY NAME		1997 REVENUES IN € MILLIONS
1	AC Nielsen	US	511
2	IMS Health	US	357 (1)
3	Taylor Nelson Sofres	UK-F	322
4	Kantar Group	UK	289
5	GfK	D	246
6	NFO-Infratest Burke	US-D	164 (2)
7	**Ipsos**	**F**	**137**
8	NOP Information Group	UK	98

Source: Ipsos, Esomar, 1997 data

(1) Cognizant demerged in July 1998, to form IMS Health, the leading market research firm for the pharmaceutical sector, and Nielsen Media Research, the number one TV audience measurement company in the US. Since Nielsen Media Research does not operate in Europe, the business of Cognizant in this field was transferred in its entirety to IMS Health.
(2) In November 1998, NFO Worldwilde (with European sales of € 22 million in 1997) acquired Infratest Burke (European sales of € 142 million).

The rankings are based on 1997 revenues but reflect merger and acquisition transactions that occurred in 1998, to provide an up-to-date ranking of market research firms by size.

The French market
The market in France is dominated by the subsidiaries of major international groups, i.e. Taylor Nelson Sofres, AC Nielsen, GfK and Kantar, in addition to Ipsos
Sofres: was France's leading market research firm until the end of 1997. Its revenues for 1997 were almost FRF 1.9 billion, from three entities, Sofres, Secodip and Louis Harris.
AC Nielsen and IMS international also do significant market research business in France. In 1997, they had revenues of FRF 400 million and FRF 114 million, respectively.
Research International the principal subsidiary of the Kantar Group had revenue of FRF 142 million in 1996. It is likely that the combined 1998 revenues of all Kantar entities exceeded FRF 200 million.
GfK France belongs to GfK International and operates through three subsidiaries: GfK SOFEMA (ad hoc research), GfK Marketing Services (panels and durable consumer goods) and Marketing Scan, an entity GfK owns jointly with Médiamétrie and which performs electronic tests in closed areas. GfK France had 1996 revenues of FRF 140 million.
In addition to subsidiaries of major market research firms in France and in other countries, subsidiaries of other companies are active in the sector as an adjunct to their core business, and there are some independent specialised firms. These include:

- **Téléperformance Paris,** a subsidiary of Groupe Rochefortaise Communication, which is listed on the First Monthly Settlement Market of the Paris Bourse, derives half of its revenues from telemarketing; it also performs market research and public relations for the health-care sector.
- **Independent French polling institutes** (not yet part of a world-wide network) such as **TMO-CSA** (billings of FRF 130 million in 1997), **BVA** (billings of FRF 99 million in 1997) and **IFOP** (billings of FRF 98 million in 1997).

Segmentation of the French market for research by type of firm

	LEADERS	SECOND PLAYERS
French firms	Ipsos	BVA
		Médiamétrie
		Téléperformance Paris
		TMO-CSA
		IFOP
Foreign firms	AC Nielsen	GfK France
	Taylor-Nelson-Sofres	IMS
		Research International

Source: Xerfi, 1998.

It should be noted that the French research institutes are becoming gradually more international. The share of revenues from foreign operations by affiliates of *Syntec Etudes Marketing et Opinion*, the industry association which accounts for 60 percent of billings in the sector, went up from 8.8 percent in 1993 to 14.2 percent in 1997 (source: Syntec, 1999)

4.3.4 REGULATIONS GOVERNING MARKET RESEARCH

In France and in Europe in general, there are no specific and clearly stated legal provisions applicable to the market research industry, even though market research raises significant civil rights and privacy issues (misuse of data bases, etc.). Firms active in the sector have formed trade associations and adopted a code of conduct.

Such codes of conduct include the following:
- International
The ICC/ESOMAR (International Chamber of Commerce – European Society for Opinion and Market Research) International Code of Market and Social Research Practice. The Code emphasises the anonymity of those polled and specifies the responsibilities of clients and researchers. Rules have also been adopted for the storage of data.
- In France
A fair practice code *(Code des pratiques loyales)* has been adopted by *Syntec Etudes Marketing et Opinion* (a French association of research companies with 44 affiliated firms accounting for about 60 percent of the sector).
The office of advertising practices *(Bureau de vérification de la publicité)* issues recommendations regarding the use of opinion polls for advertising purposes.
A discussion is currently going on regarding the adoption of European certification standards. In this line of thinking, *Syntec Etudes Marketing et Opinions* has already adopted quality control standards that seeks to guarantee the quality of research.
The following French laws also apply to market research firms and their activities:
- the literary and artistic property rights (copyright), which protect all research work;
- the Act of 6 January 1978 on computer data processing and civil liberties *(Informatique et Liberté).*
- the Act of 19 July 1977 governing the dissemination and publication of opinion polls.

Those are the main applicable dispositions, in particular in France. Other dispositions may apply in other countries

4.4 IPSOS CLIENTS

As a specialist in a wide range of research, Ipsos has a broad customer base which includes both companies and national and international government agencies.

Ipsos clients by sector

	1998	EXAMPLES OF CLIENTS
Consumer goods	42%	Barilla, Colgate, Danone, Johnson & Johnson, Kraft Jacob'Suchard, L'Oréal, Nestlé, Pillsbury, Procter & Gamble, Unilever
Média	19%	Leading press publishers in France, Great Britain, Germany, Spain and Italy; major radio broadcasters in France, Great Britain, Germany and Hungary; the BBC, MTV, TF1, etc.
Information, Technology, Telecom	10%	Vivendi
Durable consumer goods	8%	
Automotiv	5%	Fiat, Ford, Peugeot, Renault, Rover, Total
Government agencies and public sector	4%	Office of the Presidency, Ministry of Finance (France), Ministry of Labour (Spain), New Labour (UK), Deustche Post, La Poste, RENFE, SNCF, RATP, London Transport Authority, etc.
Financial services	3%	Abbey National, Banque Sofinco, BNP, CDC, Crédit Agricole, GAN, MAAF, Scottish Widows, Templeton
Pharmaceutical	2%	
Distribution	2%	Sainsburry, Total
Agriculture	1%	
Others	3%	La Française des Jeux

A look at which activity concerns which clients provides an overall picture of the specific nature of the business. Marketing or advertising research is carried out primarily on behalf of consumer goods companies or more generally businesses; media research is financed for the most part by the media companies themselves; opinion polls and social research are traditionally commissioned mainly by governments and governments agencies, etc.

Nevertheless, the relationship between the type of business and the nature of research does not always hold, as the market for research evolves along with the needs of all sectors of the economy to improve their knowledge and understanding of their target audience, whether this refers to consumers, citizens or employees.

Thus, corporate firms are exhibiting a growing interest in social research while market research projects are now often ordered by banks and insurance companies, which distribute their consumer services using retail channels, as well as by governments seeking to find out about people's feelings regarding public measures under consideration.

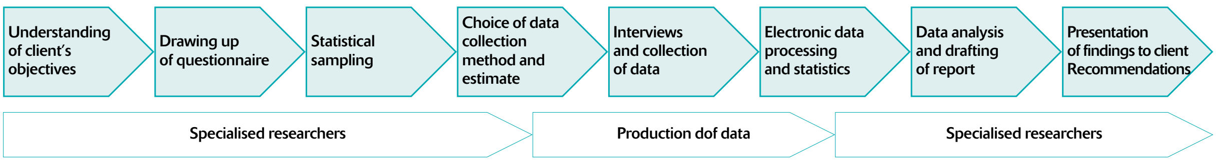
Likewise, advertisers consider that they must be involved in, or even finance media audience measurement and readership surveys, since the ultimate objective of such surveys is to help them to adequately purchase space in newspapers and magazines, or air time on radio and television, at rates based on the findings of such research.

Every year, several thousand Ipsos clients around the world use its services for research projects at the domestic or international level. The Company has a very large number of relatively small clients, none of which accounts for more than 6 percent of the Company's revenues. The ten largest Ipsos international clients generated FRF 190 million of sales in 1998, or 14.5 percent of total revenues. Much of the Company's revenues are recurring, in particular in the fields of media and public opinion and social research, where ratings and polls are conducted periodically over many years and are governed by long-term contracts (3 to 4 years).
Ipsos also has had a long-term relationship with most (90 percent) of its clients in other sectors even though contracts are for one year only or for specific research corresponding to current needs.
Research is usually paid for
- on delivery, in the case of research that requires no more than one or two months of work;
- in instalments as work progresses, in the case of longer projects.
In addition, a down payment is always required upon signing of a contract.

4.5 RESOURCES

4.5.1 INTERVIEWS

Ipsos clients expect the Company to supply them with reliable, quickly available, consistent and accurate information. In order to produce such information, Ipsos has assembled efficient databases and streamlined its production methods.
A research project can be divided graphically into the steps shown in the chart below. It is carried out in part by specialised researcher liaising with clients, and in part by technicians who supervise the production of research data, from the training of interviewers and the electronic processing of the raw data collected.



Ipsos conducts some 5 million interviews a year throughout the world, by interviewers supervised by Ipsos staff and trained in Ipsos techniques and generally using computers to ensure that data are reliable and collected rapidly.

4.5.1.1 THE RESEARCH STAFF

Conducting research requires a large staff. It ranges from part-time employees who conduct interviews in person or by telephone, to specialised consultants (frequently psychologists or sociologists) who lead focus groups and interpret survey results.
In addition to its permanent staff, Ipsos employs a large temporary staff, most of whom work for the Company on a regular basis (some 8,000 part-time employees a year). Contacts with respondents and the conducting of interviews require special skills and must be done in compliance with strict guidelines, which means that the Company has to pay particular attention to this category of staff.
The quality of survey results depends a great deal on the design of questionnaires and the interpretation of responses, but also on the manner in which interviews are conducted.
Interviewers are employed and trained by the entity conducting the research at the local level. In each country, a division or a subsidiary is in charge of producing data and, therefore, of supervising interviewing personnel.

4.5.1.2 INTERVIEW METHODS AND TECHNIQUES

In practical terms, there are four major techniques for conducting interviews:

- on a one-on-one basis, through individual interviews of consumers, during the course of which the interviewer may induce responses by showing visual or audio-visual material;
- by telephone;
- in groups, with consumers gathered in the same place and questioned as a group;
- without an interviewer, by self-conducted surveys, with respondents being asked to reply in writing (or via the Internet) to questionnaires sent to their home or workplace.

The technique selected depends on the nature of the research.

Computer-assisted techniques (CATI, CAPI)

Electronic data processing can be used to improved the quality of research in terms of reliability and speed, and reduce its cost. Ipsos was among the first research firms to generalise the use of the telephone and, starting in 1992, of computers in connection with telephone interviews (CATI system, with automatic dialling) or one-on-ones (CAPI).

The use of computers for interviews means that responses do not have to be re-keyed into a computer for their processing. It increases the reliability of research by removing the possibility of keying errors and reduces costs by eliminating a step in the processing of information. The CAPI technique has reduced the time required for quantitative research. In Great Britain, for instance, it was cut to eight days from four weeks.

The use of computers also contributes to enriching the scope of interviews and the quality of responses:

- computers update questions based on earlier responses without input from the interviewer, ensuring an error-free process;
- computers check the consistency of respondents' answers, making it possible to ask them to confirm statements in the event that there is a conflict;
- Multimedia CAPI instruments make it possible to test the consumer appeal of products, packaging and advertising copies by exposing respondents to audio-visual messages.

Computer Assisted Telephone Interviews (CATI)

To complement the resources of its affiliates, Ipsos has set up a telephone interviewing facility, the **International CatiCenter,** at Harrow in the United Kingdom. It is used exclusively for international surveys. Multilingual interviewers supervised by personnel specially trained in international surveys ensure that interviews are properly organised and conducted, free from the risk of being biased because they were carried out in a decentralised manner in various countries.

The international centre was located in a London suburb because of the cost of telecommunications, which for a while have been lower in the UK than in the rest of Europe (because the telecommunications sector was deregulated there first), as well as with the closeness of universities with a large foreign student population. It enables Ipsos to arrange for telephone surveys at the world level on a very short notice.

En 1998, the International CatiCentre conducted more than 110,000 interviews in 55 pays and 18 languages.

Computer Assisted Personal Interviews (CAPI)

The use of computers in connection with personal interviews has contributed to making them faster and more reliable. Thanks to multimedia techniques, research can be more thorough because of the possibility of including sound and pictures in the interview process.

Ipsos-Insight has developed a new version of its STC *(Suivi Télévision Cinéma)* system for post-testing television and movie commercials. Called the STC Multimedia, it shows actual commercials during interviews. Earlier, commercials were merely outlined to the person being interviewed. The new techniques produces a much higher recognition factor and ensures that the respondent is not

confusing different commercials. Furthermore, the interview can be more thorough and address more specific points, which results in a better assessment of the copy being tested.
CAPI technology is used by Ipsos in France, Germany, Great Britain, Spain and Italy. Two thousand of its interviewers in Europe have been assigned lap-top computers for this purpose.
On the other hand, the technique is not used in the United States, due to the small size of the local market for personal interviews. Data is generally collected by telephone or mail, and now, increasingly through on-line systems.

4.5.1.3 ISO 9000 CERTIFICATION

ISO 9000 certification provides a guarantee to clients who demand it, that a Company uses uniform procedures and methods. All of the Ipsos entities in France are currently in the process of securing this certification. Ipsos Interviews, which co-ordinates the conducting and processing of interviews, was granted the NF ISO 9002 label on 30 June 1998.
Quality measures are also being taken by other Ipsos subsidiaries.
Ipsos-RSL (UK) and Ipsos-Explorer (Italy) have already been certified.

4.5.2 NEW TECHNOLOGIES

Computerisation has played an important role in improving the speed and quality of market research and reducing its costs. Ipsos continues to invest in the development of new technology, with the object of moving further ahead of its competitors.
Ipsos views technology as an instrument for improving the quality of its work and for producing research on behalf of clients at a lower cost. The value added by Ipsos comes from the Company's expertise in questioning of consumers and citizens and in analysing results, i.e. from its ability to ask to the right sample the right questions and to correctly interpret the answer collected. Ipsos is not in the business of selling technology and seeks only to produce high-quality research.

4.5.2.1 THE INTERNET

Ipsos expects the Internet to bring about major changes and create new opportunities in research,
- because it is a new medium that requires analysis, and
- because it is a means of communications particularly well suited to the conduct of market research.

Ipsos is at the forefront of market research firms in this field. Its subsidiary Ipsos-ASI in the United States has gained experience through a project, in which ten companies have agreed to pool their budgets to analyse as rapidly as possible their ability to use the World Wide Web (Kodak, Sony, Procter & Gamble, British Airways, Visa, Levi Strauss & Co, General Motors, IBM, Sprint, etc.). The Company has thus been able to devise analytical tools for the Internet, including a method for conducting interviews under this new interface.

A New Medium in Need of Analysis

• The efficiency of advertising on the Internet (see also Section 4.2.2.3)
Ipsos-ASI has created a division, the Interactive Group, for assessing the impact of advertising on the Internet.
The management of Ipsos expects technological developments to make it even easier to access the Internet than today, so that its use will gradually spread to the entire population. It can even be assumed that the interactive features of the Internet may become accessible via television sets, bringing about a sort of fusion of the two media, which are currently far apart. Advertising on the Internet is therefore expected to increase exponentially in coming years.
This field is still uncharted ground for market research firms. Yet Ipsos-ASI Inter@active already conducts some 125,000 interviews on line every year.
• Counting of Internet web site visitors (see also Section 4.9.2).
With regards to the Internet, Ipsos became party to an agreement in 1999, along with the US corporation Media Metrix and the German company GfK, the object of which is to set up a jointly-owned subsidiary, MMX Europe, for measuring the number of visitors to web sites in Europe.

A New Method for Conducting Interviews

Conducting interviews currently requires a great deal of manpower. Payroll costs are high, at a time when government legislation in Europe tends to place a heavier burden on temporary employment, (most interviewers are temporary employees). The development of polling methods that do not require interviewers is therefore a topic that is being investigated as a way of increasing productivity. The use of panels is an answer to this problem, with respondents answering by mail or by telephone. The Internet would make it possible to expand this practice considerably, for both existing panels and the public at large.

Ipsos believes that the Internet is unlikely to completely replace all other forms of interviews, just as the telephone has not made personal interviews obsolete. Yet the very low cost of communicating via the Internet, together with the interactive properties of the system, make it a medium ideally suited to many types of market research, including those carried out by companies from their own websites. This trend does not pose a threat to market research companies, to the extent that their clients will continue to have a need for their expertise in drafting questionnaires, selecting sample populations and correctly analysing the information collected. On the contrary, the increase in the number of data bases and hence in the volume of information that is potentially available with Internet create new opportunities. It means that Ipsos and other firms in the sector may, at least in part, free themselves from certain basic tasks, enabling them to generate more revenue from services with higher added value.

4.5.2.2 "RADIO WATCH" RADIO AUDIENCE MEASUREMENT PROJECT

Ipsos plays an important role in the measurement of media audiences, in particular press readership. The Company's expansion into other media requires it to develop the proper technology and it has therefore been working jointly with Infratest Burke, now a subsidiary of NFO, on the design of a new system for the passive measuring of the radio listening audience. The notion of "passive" means that the behaviour of the people surveyed can be monitored without their having to actually reply to a questionnaire.

There are practical obstacles to the measuring of radio listenership, due to the fact that people listen to the radio on many different occasions, including away from home. It is not possible to use the same method as for television, where a monitoring box can be attached to the family TV in order to find out about household viewing habits.

The system being worked on by Ipsos and Infratest Burke is known as "Radio Watch" and consists of inserting a miniature listening device into the listener's wrist watch, to record in real time signals transmitted by radio stations tuned in. The data would be collected over a given period of time (probably one week), then analysed and promptly forwarded to the client.

The project is in final design stage. Field trials will take place during the second half of 1999, in Germany and France.

4.6 CAPITAL EXPENDITURES AND SUPPLIERS

4.6.1 TRENDS IN INFORMATION SYSTEMS

Technology developments are co-ordinated by the Group Systems and Technology Division, which is in charge of harmonising methods, equipment and tools, as well as maintaining a technology watch and drawing up guidelines on technological change.

4.6.1.1 THE ISIS PROJECT

The project known by the acronym ISIS (for Ipsos Secured Information System) is a new information system that will enable Ipsos to be operated in an up-to-date, forward-looking manner, anticipating trends in client demand and in the market for research.

This new integrated information and management system will be the backbone of an international structure divided along sector lines and a management system for major client accounts, governed by

rules that will be the same for all Group entities. It will make it possible to promptly access information needed by anyone, from researchers to the joint chairmen.
The natural choice of a comprehensive Enterprise Resource Planning (ERP) software program applicable to all areas (financial, production, etc.) was the One World program designed by JD Edwards (a US company)-- an integrated system with a highly flexible basic configuration.
The project began in the summer of 1998 and is expected to take two years to complete. Its extension to the five countries where the software was not year 2000 compliant is under way and will be completed by 31 December 1999. Other countries will be linked up during the year 2000.
The overall cost of the project is estimated at close to FRF 20 million. These costs will be amortized over three to five years.

4.6.1.2 THE YEAR 2000

The Ipsos Systems and Technology Division has been at work for over a year on the so-called Y2K problem. In every country, a specially designated executive is in charge of overseeing the implementation of the Group's action plan.
All computers, including CAPI portables in the field, will be tested to see that they can adapt to the change-over to the year 2000. Furthermore, Ipsos has started to ask all of its software suppliers about the compatibility of their programs and whether they need to be updated.
Management systems are being examined and will be upgraded or replaced in 1999, so as to ensure that they operate normally after 31st December 1999.

4.6.1.3 THE EURO

The conversion to the euro is discussed as part of the ISIS project (see section 4.6.1.1).
Since 1st January 1999, Ipsos has opted for the possibility of performing transactions in euros with clients and suppliers who require it, even though the Company would prefer to use domestic currencies for business transactions as much as possible, at least for the time being. The euro is therefore being treated as an additional foreign currency.
The Company plans to conduct all transactions in euros starting on 1st January 2001 at the earliest, when the single currency would become the Group's accounting currency; the general and cost accounting of companies in EMU countries is scheduled to change over to the euro at the same time. The transition will occurs no later than 1st January 2002 in any event.

4.6.2 COMPANY PREMISES

All French Ipsos operations have their offices in the 15th arrondissement of Paris.
All Ipsos operations are housed in leased premises in the countries where the Group is represented. Landlords of such premises are independent and have no relationship with the Group.

4.6.3 CAPITAL EXPENDITURES

Capital expenditures for tangible and intangible assets amounted to slightly more than FRF 40 million in 1997 and 1998.

Capital expenditures for tangible and intangible assets

(FRF millions)	1998	1997
Property, plant and equipment	23.2	32.8
Intangible assets	16.3	7.6
Research and development	2.5	–
Total	42.0	40.4

Spending on tangible assets consisted mainly of purchases of computer hardware and fixtures.
The Group today has a stock of 2,000 CAPI units, including 400 multimedia CAPI computers, along with 1,000 CATI stations, without taking into account the computers or notebooks used by the permanent staff of the Group.
Purchases of intangible assets primarily involved computer software. This is explained by the fact that interview methods and the technology of the research sector are based on the use of software and standard equipment adapted to Ipsos' needs. For example, the London telephone centre has 66 workstations that use the SPSS Quantime Telephony System (QTS) technology and CATI software.
The Company has been developing its own line of software, which is used by researchers and, in some instances, sold to clients. The software contributes considerable value to Group research projects, by enabling clients to incorporate Ipsos-generated data into their own management systems, for example.
Reference should also be made to certain media-planning software (such as Popcorn or Poppy) designed and distributed by IMS, the Group subsidiary in that line of business.
Data processing software includes Cosi, for the statistical processing of information.

Breakdown of average capital expenditures

Data collection	26%
Electronic data processing	17%
Production entities	9%
Printing and copying	4%
Communications	17%
Administration and Finance	13%
Other capital projects	13%
Total	100%

4.6.4 Suppliers

Ipsos uses a fragmented group of suppliers.
The Group's main suppliers include telecommunication companies in the countries in which it operates, Global One for the intranet currently being installed, Dell for PCs and servers and SPSS for processing software and CATI stations.
In some regions where Ipsos operates (such as the United States and Latin America, for instance) field data collection is subcontracted to specialised firms. Local companies are also used as subcontractors in the case of international surveys that cover countries where Ipsos is not directly represented.
Group average operating expenses, exclusive of the cost of interviewers, amortisation of material and the payroll expenses of research companies, can be broken down as follows:

Breakdown of average overheads

Locaux	32%
Communication	11%
Voyages et déplacements	7%
Publicité	5%
Fournitures	4%
Reprographie	4%
Courrier	2%
Autres charges d'exploitation (auditeurs, conseils externes, assurances…)	36%
Total	100%

4.7 MANAGEMENT AND HUMAN RESOURCES

4.7.1 MANAGEMENT

4.7.1.1 THE TWO CO-CHAIRMEN

Ipsos is the only research firm of its size that is still under the control of its two founders, who have been running the Company jointly since 1982.
With their shared vision, Didier Truchot and Jean-Marc Lech have contributed to the Group in complementary ways. Mr. Truchot, a trained economist, initiated the policy of standard services and the expansion into market research, copy testing and the media. Mr. Lech, who holds degrees in philosophy, sociology and political sciences, has been instrumental in, among others, the development of Ipsos in the field of social surveys.

4.7.1.2 THE EXECUTIVE COMMITTEE

The two Chairmen work with an Executive Committee made up of the Group's senior executives. The Committee sets policy guidelines and monitors the progress of Company projects. It meets at least once every two months.
The seven permanent members of the Executive Committee are the following

- Didier Truchot, joint Chairman, founded the Company in 1975,
- Jean-Marc Lech, joint Chairman since joining the Company in 1982.
- Christian Lamolinerie, Chief Executive Officer, is in charge of the organisation of the Group and its finances. Mr. Lamolinerie is a graduate of the Ecole Nationale d'Administration and started his career with the Caisse des Dépôts et Consignations.
- Carlos Harding, Chief Executive Officer, is in charge of the development of Group operations in the Americas and heads the Advertising Research Division. Mr. Harding is Chairman of the Committee of Ipsos-ASI.
- Dawn Mitchell is the Chairwoman of Ipsos-RSL, the Group's British subsidiary. Mrs. Mitchell is a media expert and is also in charge of the expansion of the Group in Asia.
- Luigi Ferrari is the Chairman and founder of Ipsos-Explorer, the Group's Italian subsidiary, and an authority on marketing research. Mr. Ferrari started his career with Procter & Gamble and was chief executive of Burke Marketing Research Italy. He supervises the division in charge of the Group's marketing research activities.
- Michael Hoppe is the Chairman of Ipsos-Deutschland. Mr. Hoppe founded the WBA market research Company, which later merged with GFM-GETAS to create Ipsos-Deutschland. He is in charge of Group policies in the field of human resources.

4.7.2 HUMAN RESOURCES AND INDUSTRIAL RELATIONS

As of 31st December 1998, Ipsos had almost 1,600 employees based in 20 countries. Of these, 81 percent were in Europe (France, Belgium, Italy, Germany, Hungary, Great Britain, Spain and Portugal), 13 percent in the United States and 6 percent in Latin America (Mexico, Brazil and Argentina).
The fast pace at which Ipsos has expanded has led it to focus its hiring efforts on two types of staff:

- experienced executives with considerable potential and expertise in key sectors (automobile, telecommunications, pharmaceuticals, etc.) or with specific skills (relations with international clients, finance, technology, etc.);
- more junior executives who are trained by Company in technical matters and research prior to being assigned to specific divisions.

Some 100 new employees are expected to join the Company and 20 to 30 leave in 1999.
The Ipsos workforce is generally young and includes a substantial number of women. The annual employee turnover rate is 10 to 20 % depending on the country. The US rate is the highest one.

Occupational sectors of permanent employees

OCCUPATIONAL SECTOR	1998
Research	52%
Production / data processing / field supervision	32%
Administration and management	16%
Total	100%

Employee representative bodies exist for all entities and groups of entities in each country. At this time, there is no employee representative body for the Group as a whole.
An incentive pay system operates for Ipsos employees, with annual bonuses based mainly on the profit generated in the region and gains in market share. The system is currently being overhauled with the assistance of an international consulting firm, to adapt it to the global nature of Ipsos.
En 1998, a share option scheme was proposed to Group executives in Europe and options were granted in two successive years (1998 and 1999). Some 60 senior executives are concerned by the scheme. In future, Ipsos intends to create a share option scheme in which all Group employees in every parts of the world will be able to participate. Employee share ownership is a key principle of the Company's human resources management.
In addition to the permanent staff, Ipsos employs close to 8,000 part-timers. In certain countries, they are considered by law to be payroll members on fixed term employment contracts. Most part-time employees work less than six months of the year for Ipsos.

4.8 RISK FACTORS

4.8.1 IMPACT OF GENERAL ECONOMIC CONDITIONS

The sectors in which Ipsos operates are intrinsically sensitive to changes in general economic conditions. European market research firms have experienced slow rates of growth during the past ten years and in particular in 1992 and from 1994 to 1996. Their traditional clients, consumer goods companies, were forced by the economic slowdown to reduce their media and non-media advertising budgets and, to a lesser extent, their spending on market research. Starting in 1997, with uncertainty prevailing over the turnaround in the economy, decision makers felt a renewed need for information, which contributed to the rise in demand for market research.
Ipsos considers that the wide-ranging and diversified nature of the Company's business provides it with an effective shield in the event of an economic downturn in a given part of the world.

4.8.2 SEASONAL FLUCTUATIONS IN BUSINESS AND RESULTS

Traditionally, the business of market research firms has been most sustained during the last quarter of the year. Consequently, six-month interim financial statements for the period to 30th June generally report less than half of the annual revenues and profit. In 1997, for example, revenues and operating income for the period to 30th June were respectively FRF 408 million and FRF 11 million, whereas the corresponding figures for the year as a whole were FRF 946 million and FRF 33 million. In 1998, revenues was FRF 582 and operating income FRF 25 million for the first six months, whereas the corresponding annual figures where FRF 1,307 million and FRF 73 million.

4.8.3 RISK OF LOSS OF BUSINESS FROM THE DEPARTURE OF KEY EXECUTIVES

As with all services of this nature, the business relationship of Ipsos with its clients depends a great deal on the nature of the relationship between its executives and their counterparts at the client companies. The departure of an executive in charge of major client accounts could therefore result in Ipsos losing a certain amount of business.

However Ipsos believes that several factors contribute to reducing its exposure, including
- the Ipsos broad customer base, with no single client accounting for more than 6 percent of consolidated revenues and business being carried out in several countries;
- the attractive remuneration of Ipsos executives and the inclusion of non-competition clauses in their employment contracts;
- the loyalty of Ipsos clients, with 90 percent continuing to do business with the Company from one year to the next;
- the fact that Ipsos offers its clients services performed not only by specialised teams of employees but also by a reputed company with operational resources and data bases, producing data that is consistent over time and between countries.

4.8.4 RISK FROM CHANGES IN EMPLOYMENT LEGISLATION

Ipsos employs a large number of people on a part-time basis to conduct interviews. In certain countries, depending on the applicable employment legislation, this personnel may be considered as part of the employer's workforce. Currently, in certain countries (Germany, United Kingdom, some Latin American countries, etc.), there is a trend toward enacting new laws or interpreting existing ones in such a way as to provide more social protection for casual employees. Such a development exposes the Company in two ways:
- to legal penalties, in the event that it should fail to grant casual employees benefits which are currently extended exclusively to its permanent staff, and in so doing found itself in violation of the law;
- to a financial risk, as these measures will tend to increase payroll costs unless Ipsos manages to raise its prices accordingly; Ipsos considers that this risk is highly relative, however, since it concerns all of the sector and would therefore not cause the Group to become any the less competitive.

4.8.5 COMPUTER RISK

The business of Ipsos is highly dependent on information technology. A malfunction of the Company's computer systems could therefore have serious consequences for its operations (loss of data collected, unavailability of data bases, etc.). In practice, however, Ipsos believes that this risk is reduced by the fact the Ipsos uses the same standard systems and software at various locations. In the event that a problem should arise, the Company could thus switch from one to the other.
Insofar as the changeover to the year 2000 and the conversion to the euro are concerned, the Company is implementing measures to adjust its computers (see Section 4.5.3 Information Systems).

INTEREST- RATE AND FOREIGN-EXCHANGE RISKS

Interest-rate risks
Of the FRF 179 million in bank borrowings outstanding at 31 december 1998, 83 percent was at a floating rate. Ipsos does not at this time use derivatives to hedge against interest-rate risks but does not rule out that option.

Foreign-exchange risk
Ipsos has operations in twenty countries and performs work in some sixty. However, the exchange risk from business transactions is very limited, as billings by Ipsos subsidiaries are almost invariably in their local currencies. The only existing currency risk comes from the translation of accounts and dividend payments of foreign subsidiaries outside the Euro zone.
The revenues' geographical breakdown is indicated in Section 4.1.3.1.

4.9 RECENT DEVELOPMENTS AND OUTLOOK

4.9.1 THE IPSOS BUSINESS STRATEGY

Over the past twenty years, Ipsos has been the European market research firm with the highest rate

of growth, thanks to its strategy based on the clear anticipation of business and market trends and on implementing the corresponding adjustments.
The object of the Company's business strategy today is to make of Ipsos a top-ranking international firm in the field of surveys and market research, of a size sufficient to enable it to work with major clients, wherever they do business. The three components of this strategy are outlined below.

4.9.1.1 FURTHER DEVELOPMENT OF EXPERTISE IN ITS BUSINESS

If Ipsos wishes to be a world leader, it must expand its operational resources in its five operating fields, namely marketing, advertising and media research, opinion and social surveys and customer satisfaction.
Doing so requires specific investments, both in internal resources for the continued expansion of R&D, and for acquiring firms with true expertise in any of those market segments.
This was the reasoning behind the purchase in early 1998 of ASI, the US leader in copy testing, which has enabled Ipsos to acquire a dominant world market share in the pre-testing of advertisements (copy-testing).

4.9.1.2 BROADENING OF THE COMPANY'S SCOPE

The expansion of multinational companies into new fields is giving rise to a new demand for research:
- Multinationals seek to obtain information regarding their new markets, including in the emerging countries of Asia and Latin America.
- Major companies have global marketing strategies for their products and are therefore in need of uniform data on their various markets.

Ipsos must therefore increase its operational capabilities. This entails three types of measures:

- Extension of operations to new regions

Further to the acquisitions of ASI in North America and the Novaction companies in Latin America in late 1997 and early 1998, Ipsos today operates primarily in Europe and the Americas. It must therefore now focus in particular on Asia and the Pacific.

- **Uniform services throughout the world**

Ipsos has elected to set up transnational operations in each of its five fields of business, so as to bring about the development of common instruments in all subsidiaries and of uniform services.
This approach is now operational in advertising research, where the division is run from the United States and offers NEXT*TV, a unique, global copy-testing service, available from all Ipsos subsidiaries.
Common international management structures also exist in the areas of marketing research, media surveys and opinion polls and social research. A specific organisation has been created in Europe for Ipsos Access Panels, with a European management and marketing teams in all countries concerned (France, Germany, Great Britain, Italy and soon Spain).
Along with the telephone survey facilities (International Cati Centre) and teams of interviewers with portable computers (Capibus and Capivision), access panels are part of a commercial and operational concept known as Ipsos Reach. It gives clients access to all modern means of collecting data and will be expanded next year with the addition of on-line systems for polling target populations in Europe, the United States and elsewhere in the world.

- **Global services for global clients**

Ipsos has created a division for major accounts order to provide better services to clients with the largest and most global operations. Executives in charge of those accounts generate increased business by improving their business, commercial and financial relationships with key Ipsos clients.

4.9.1.3 HIGHER RETURNS THROUGH AN IMPROVEMENT OF THE COST STRUCTURE

Ipsos is constantly on the look-out for better products and for ways to provide its clients with improved services at a lower cost. Its efforts at becoming more competitive are reflected in several areas:
- New approaches to conducting research

Ipsos has generalised the use on behalf of its clients of research techniques that produce the best value for money, including
- syndicated research, whereby several clients purchase the same syndicated information;
- Ipsos Reach.

• Technological advances
For Ipsos, technology provides a way to improve the quality of its services, by speeding up the collection of data and making it more consistent, while at the same time reducing its cost. By investing in new technology, the Company has been able to focus on areas where it can provide genuine added value because it understands consumers and constituents and knows how to address them and interpret their responses.
Among the leading technologies on which Ipsos is focusing is the Internet. The system holds much promise for the collection of data at a low cost. The Company pioneered research into this new medium. It plans to make full use of it over the next two years (see Section 4.5.2 New Technology).

• More effective management structures
The sharp increase in Ipsos' business volume has required the Company to bolster its management structure and reinforce the control of its subsidiaries. Starting in the third quarter of 1999, the Group's main operating entities will gradually adopt an integrated accounting and management system (ERP). It will serve as a basis for the uniform monitoring of operations and client accounts, thus helping Ipsos' subsidiaries find out about the performance of other Group entities (see Section 4.6.1.1 The ISIS project).

4.9.2 RECENT DEVELOPMENTS
During the early part of 1999, Ipsos pursued its strategy of targeted expansion.

• **Expanded world coverage**
- Ipsos acquired MfC, an Australian research firm, in February 1999, giving the Group a foothold in that part of the world.
- In Asia, the Ipsos Hong Kong office, opened in 1998, has been expanding its business. The Company intends to turn it into a subsidiary in the near future.
- Ipsos expansion in the Middle East started with a capital investment of 5% in the Lebanese company Stat. After the projected increase of its share in Stat and investments in other Middle Eastern companies (30% in AGB Stat Ipsos, a company specialised in TV audience measurement and 49% in a market research firm in Syria, Kiwan), Middle East should enter Ipsos perimeter in 1999, using the proportionate method.

• **Next*TV: The next generation of advertising research services**
In March 1999, Ipsos brought out Next*TV, a unique system for pre-testing commercials, in all countries where the company operates or is represented in Europe, North and South America and Asia. Ipsos clients have shown considerable interest in Next*TV.

• **Agreement on the counting of Internet users**
Ipsos recently signed a joint agreement with Media Metrix of the US and GfK of Germany, with the object of developing a service for counting the number of visitors to World Wide Web sites in Europe. Media Metrix is the world leader in this field. Ipsos will be in charge of the operational aspect of this business in most countries. MMX Europe, the joint subsidiary created for this purpose, will implement the methods developed by Media Metrix. The new service will provide advertisers with uniform data for all markets in Europe, the United States and Japan. Its capital will be divided among Ipsos (24 percent), Media Metrix (57 percent) and GfK (19 percent).

The agreement will enable Ipsos to accelerate the development of activities related to the Internet, a system which everyone expects to becoming a major factor. The Company already has access to a unique know-how in this area through its Ipsos-ASI subsidiary.

• Changes in the access panel activity

The Company will also acquired the balance of the equity in subsidiaries which it owned jointly with NFO Worldwide, a US company with which Ipsos has been working to set up access panels in Europe. It is about to announce the signing of reciprocal agreements with other international firms.

4.9.3 THE OUTLOOK

In future, Ipsos intends to continue expanding at a rapid pace in its current fields of business, through selective acquisitions and an internal growth in excess of that of the sector as a whole.

• Purchase of minority interests

Ipsos holds only a 33-percent interest in the equity of Novaction, which it acquired in 1997. It has agreed to purchase the balance of the shares in 2002. The 67 % of the share capital that is not owned by IPSOS is under the control of the managers of the three companies, Novaction Argentine, Brazil and Mexico. IPSOS anticipates acquiring these shares in 1999 earlier than planned. The Company also intends to anticipate acquiring the 15-percent minority interest in its German subsidiary, in 1999 if possible.

• Acquisitions

The Group intends to pursue its geographical expansion. It plans to increase its operations in Asia and Central Europe, through both joint agreements with other firms and the acquisition of controlling interests in local companies. At this time, Ipsos is in contact with several companies in this regard. The targeted acquisitions are medium-size companies with a significant share of their domestic market.

In Asia and the Pacific especially, Ipsos considers that it is insufficiently represented, in spite of the initial 1998 opening of a Hong Kong office and the 1999 acquisition of MfC in Australia. The Company plans to purchase businesses in 1999 and 2000, including in China and Japan.

Ipsos also expects to make bids for some smaller firms with expertise in fields related to its current business, such as the Internet or customer satisfaction.

Ipsos plans to acquire new subsidiaries with a combined revenues of some € 50 million for a combined price of about € 40 million. These acquisitions are not expected to have a diluting effect on the Company's shares.

In the Middle East, Ipsos intends to increase its presence by opening an office in Dubai.

• Internal growth

The strong position held by Ipsos in fast-expanding markets such as advertising research or customer satisfaction, together with the preference shown by major companies for doing business with firms capable of providing services in all regions where they operate, will enable the Company to grow faster than the research sector as a whole.

In addition to offering new services such as for the Internet, Ipsos plans to broaden its opinion survey business by setting up specialised departments in all of its European subsidiaries, as part of a division managed from its French headquarters. The Company is currently a leading firm in this field in three countries (France, Spain and Hungary).

In terms of the relative weight of the various fields of business, advertising research, customer satisfaction and opinion polls are expected to grow faster than market research, just as the Americas and Asia should gain in importance relative to Europe.

The new emphasis on certain regions and activities will generate higher returns and enable the Company to improve its profitability.

Altogether, Ipsos is seeking to increase its total revenues by 20 percent a year, on average, between now and 2001, with growth evenly divided between acquisitions and internal development, as well as to gradually bring its gross margin to a level of 58 %. It also intends to bring its operating income up to 8,2 % of total revenues. That is equal to an operating income-level of 14 % of gross margin.

Please note the following:

• the aforementioned financial targets of the Company are made public with the sole object of providing potential investors with information about the Company's view of its prospects as they appear at this time.
• Estimates are made by the Company on the basis of prevailing economic and financial, social, tax, regulatory technological and competitive conditions under which the Company currently operates, as well as on a reasonable anticipation of its future development. Any change, however minor, in these conditions could have an impact on its business and cause a significant departure from the estimates.
Given the tentative nature of all forward looking statements (in particular as far as external growth is concerned), Ipsos cannot warrant that these targets will be borne out.
Neither Société Générale nor Warburg Dillon Read, have independently verified the data underlying the formulation by the Company of its financial targets.
Accordingly, neither Société Générale nor Warburg Dillon Read accept any liability whatsoever in relation to the financial targets of the Company, their formulation by the Company or their realisation or non realisation.
Furthermore, Ipsos has undertaken not to communicate either to equity research analysts of its managers or to other players of financial market further forward looking information data than those included in the present preliminary prospectus.

4.10 EXTRAORDINARY EVENTS AND LITIGATION

Ipsos is currently involved in two law suits:
- RSC, a US company, has filed suit against Ipsos in a US court, claiming infringement of commercial secrets related to its ARS Persuasion product. To date, RSC has failed to produce any docmentary evidence in support of its allegations, unlike Ipsos, which has provided the court with all of the documents requested. Consequently, the Company believes that it is in a relatively strong position in this litigation. The case may not be resolved for another two or three years.
- Volvo. Ipsos' Belgian subsidiary of is suing Volvo for non-payment of a portion of a research fee on the grounds that Ipsos did not complete its work on time. Ipsos has set aside a provision in the amount of the unpaid half of the cost of the project, or BEF 13,9 million (FRF 2,2 million). Volvo is demanding repayment of the 50 percent down payment, along with damages.

In addition, the Company has set aside a provision of FRF 5 million to cover payments to certain categories of personnel under a profit-sharing scheme for years prior to 1997, when a collective agreement on profit sharing went into effect in the French subsidiaries of the Group. Negotiations are underway with employee representatives to decide how to distribute this portion of earnings.
The Company is not a party to any other material litigation.

GLOSSARY

Access Panel: households selected by a research firm, which have agreed to participate in several surveys annually, at a given frequency.

Ad hoc studies: personalised researches, fully tailored for the specific needs of a client. The ad hoc studies appear in the "recurrent works", such as barometers.

Advertising research: the measuring of advertising efficiency. It encompasses copy testing (pre-tests and post-tests) as well as tracking.

Barometer: research designed to monitor changes over time in indicators concerning markets, firms, brands and products, services, etc. Whenever the same methods are used (same sample mix, same questions, etc.), comparisons can be made over time.

CAPI: Computer-assisted personal interviewing system. The interviewer uses a portable computer to read questions and enter responses.

CATI: Computer-assisted telephone interviewing system. The interviewer asks the questions by telephone and enters the responses on a computer.

Copy testing: assessment of commercials (e.g. Next*TV, the global Ipsos service for pre-testing commercials).

Face-to-face: individual set of data collected by the interviewer in person from each respondent (at home, on premises or in the street).

Omnibus survey: type of quantitative research procedure in which only the population polled is determined in advance, while participating clients supply the questions. Also referred to as a multiple-client survey.

Panel: representative sample of individuals or firms polled on a regular basis using the same variables. The data can be collected automatically, without participants having to do anything (as in the case of passive surveys of television viewers). The data can also be collected from firms, using sales records (e.g. panels of distributors).

Post-test: assessment of the impact of an advertising or promotional campaign following its completion.

Pre-test: technique designed to assess the effectiveness of advertisements prior to their being disseminated.

Qualitative research: research of either an exploratory nature (to investigate an unknown sector, establish the scope of an issue, make assumptions, understand motivations, etc.) or an operational nature, based on a thorough analysis of statements made by respondents (either in a group or in person). It is generally conducted on a small sample of individuals that does not have to be representative. It is sometimes done as a preliminary step prior to quantitative research, and at other times, it is conducted alone.

Quantitative research: research that seeks to quantify attitudes or behaviour, measure the variables at work, compare and bring out correlations, etc. It is generally conducted through the polling of population samples that must be representative of the group under study. It requires the development of standard and encodable instruments (structured questionnaires).

Questionnaire: set of questions submitted to respondents for a quantitative research.

Multi-client studies: as their name indicates already, the multi-client studies are researches that are sold to several clients. The can be classified into two categories: (i) syndicated researches, realised on the behalf of several associated clients (for example, the studies measuring the audience of the media, done on the behalf of the professional associations in the different fields of the media). The results of these studies belong to the client. (ii) studies on the basis of subscription realised by IPSOS on his own. Therefore, the results of these studies belong to him and they are sold to several clients separately.

Poll: survey of a representative sample of the target population.

Field: set of operations conducted to collect data for research and determining the type of work performed by interviewers (types of individuals to be interviewed, instructions governing the choice of respondents, quotas, processing of the questionnaire, controls).

Tracking: analysis over time of a brand's advertising and promotion and of its impact on consumer attitudes and behaviour. In general, information is collected on a weekly basis, from alternating samples (as opposed to panels). A related practice has come from the recent development in France of brand tracking which seeks to analyse changes in image, reputation, etc.

5 Financial statements

5.1 CONSOLIDATED ACCOUNTS AT DECEMBER 31, 1998

5.1.1 STATUTORY AUDITORS' REPORT - CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 1998 (FREE TRANSLATION OF THE FRENCH ORIGINAL)

In our capacity as statutory auditors, we have audited the accompanying consolidated financial statements of IPSOS S.A., stated in French francs, for the year ended December 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 1998 and the results of the Company's operations included in the consolidation for the year then ended.

We have also reviewed the information contained in the Management report. We have nothing to report with respect to the fairness of such information and its consistency with the consolidated financial statements.

Paris, May 10, 1999

The Statutory Auditors
(French original signed by)

COGERPO - FLIPO	JPA	ERNST & YOUNG Audit
Francis Pons	Danielle Bardreau Gilbert-Jacques Potdevin	Gabriel Galet

5.1.2 CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 1998

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 1998

ASSETS

(amounts in thousand of French Francs)

	Notes	12/31/98			12/31/97
	n°	Gros value	Accumulated depreciation and provisions	Net value	Net Value
FIXED ASSETS					
Intangible assets	1				
Start-up costs		603	519	84	176
Other intangible assets		49,115	24,662	24,453	13,040
Goodwill		163,949	16,537	147,412	6 852
Goodwill from consolidation	1	257,251	56,307	200,944	212,711
Property, plant and equipment	1	141,943	91,578	50,365	53,172
Long-term loans and investments	2				
Equity holdings		2,779	2,029	750	1,096
Other long-term investments		8,833	200	8,633	8,982
TOTAL FIXED ASSETS		624,473	191,832	432,641	296,029
CURRENT ASSETS					
Inventories and work in progress					
Supplies		601		601	785
Research in progress		82,083	1,014	81,069	90,141
Receivables	8				
Trade receivables		305,420	6,158	299,262	232,278
Other receivables		42,189	178	42,011	30,636
Investment securities		1,184	11	1,173	2,973
Cash		48,501		48,0501	27,582
TOTAL CURRENT ASSETS	5	479,978	7,361	472,617	384,395
Prepaid expenses, deferred taxes and other assets	3	18,893		18,893	16,219
TOTAL ASSETS		**1,123,344**	**199,193**	**924,151**	**696,643**

LIABILITIES AND SHAREHOLDERS' EQUITY

(amounts in thousand of French Francs)

	Notes n°	12/31/98	12/31/97
		before appropriation of income	
SHAREHOLDERS' EQUITY			
Share capital		19,806	15,743
Premiums		153,157	77,230
Retained earnings (deficit)		-5,443	5,348
NET INCOME FOR THE PERIOD AFTER MINORITY INTERESTS		6,807	-2,400
SHAREHOLDERS' EQUITY, NET OF MINORITY INTERESTS	4	174,327	95,921
Share of minority interests in consolidated reserves		56,591	59,290
Share of minority interests in net income for the period		7,091	4,807
MINORITY INTERESTS	4	63,682	64,097
TOTAL SHAREHOLDERS' EQUITY		238,009	160,018
PROVISIONS FOR LIABILITIES AND CHARGES	5	24,509	18,306
LIABILITIES			
Convertible notes	6	19,998	19,998
Long-term debt	7	242,260	163,823
Other liabilities	8		
Advances from customers		93,121	89,505
Accounts payable		129,988	97,105
Taxes payable		137,479	114,695
Other accounts payable		17,063	19,393
TOTAL LIABILITIES		639,909	504,519
Prepaid income and other liabilities	3	21,724	13,800
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**924,151**	**696,643**

CONSOLIDATED STATEMENT OF INCOME

(amounts in thousand of French Francs)

	Notes n°	1998	1997
Revenues	1	1,307,394	945,973
Change in inventories of finished goods		-3,005	-10,666
Capitalised production		3,674	6,071
Excess provisions and depreciation, transfers of expenses		3,351	3,935
Other revenue		4,982	3,326
TOTAL OPERATING REVENUE		1,316,396	948,639
Raw material and supply purchases		1,188	937
Other purchases and expenses		628,266	433,752
Taxes		15,012	13,068
Payroll and employee benefits		559,831	439,893
Depreciation and provision allowances		34,177	25,411
Other expenses		5,079	2,821
TOTAL OPERATING EXPENSES		1,243,553	915,882
OPERATING INCOME		72,843	32,757
Financial revenue		2,765	2,096
TOTAL FINANCIAL REVENUE		2,765	2,096
Financial expenses		15,976	8,854
TOTAL FINANCIAL EXPENSES		15,976	8,854
FINANCIAL INCOME		-13,211	-6,758
INCOME FROM CONTINUING OPERATIONS FOR CONSOLIDATED COMPANIES		59,632	25,999
Exceptional income from operations		539	517
Exceptional gains from investment transactions		1,927	4,244
Reversal of provisions and transfers of charges		569	288
TOTAL EXCEPTIONAL INCOME		3,035	5,049
Exceptional operating costs		886	379
Exceptional losses from investment transactions		2,311	4,154
Depreciation and provisions		5 271	839
TOTAL EXCEPTIONAL EXPENSE		8,468	5,372
EXCEPTIONAL RESULT	2	-5,433	-323
INCOME BEFORE INCOME TAX AND EMPLOYEE PROFIT SHARING		54,199	25,676
Employee profit sharing		2,356	2,032
Company income tax	3	17,092	9,271
INCOME AFTER INCOME TAX AND EMPLOYEE PROFIT SHARING		34,751	14,373
Allowances for amortisation of goodwill		20,853	11,966
NET INCOME		13,898	2,407
Share of minority interests		7,091	4,807
NET INCOME AFTER MINORITY INTERESTS		6,807	-2,400
NET INCOME BEFORE AMORTISATION OF GOODWILL AND THE TAX IMPACT THEREOF		**31,946**	**13,861**

CONSOLIDATED STATEMENT OF CASH FLOWS

(amounts in thousand of French Francs)

	1998	1997
OPERATING ACTIVITIES		
CONSOLIDATED NET INCOME (LOSS) AFTER MINORITY INTERESTS	6,807	-2,400
NON-CASH TRANSACTIONS WITH NO IMPACT ON CASH BALANCES		
Depreciation of fixed and intangible assets	29,749	22,879
Capital losses (gains) on the disposal of assets	207	-1,339
Amortisation of goodwill	20,853	11,966
Changes in other provisions	7,286	918
Deferred taxes	-451	-626
Minority interests	7,091	4,807
Other items	-122	
Funds generated from operations	71,420	36,205
Decrease (increase) in inventories	9,269	-13,984
Decrease (increase) in trade accounts receivable	-68,117	-46,004
Decrease (increase) in other receivables	-13,076	-11,051
Increase (decrease) in accounts payable to suppliers	32,883	27,799
Increase (decrease) in accrued interest on long-term debt	481	67
Increase (decrease) in other liabilities	39,724	15,796
Change in working capital	1,164	-27,377
NET CASH PROVIDED BY OPERATING ACTIVITIES	72,584	8,828
INVESTING ACTIVITIES		
Acquisition of fixed and intangible assets (exclusive of goodwill)	-42,024	-40,495
Acquisition of goodwill	-148,193	0
Acquisition of equity holdings	-911	-32,253
Income from the disposal of fixed and intangible assets	1,293	630
Income from the disposal of equity holdings	504	191
Decrease (increase) in investment securities	1,796	225
Decrease (increase) in other investments	-1,033	-1,966
Increase (decrease) in accounts payable to fixed-assets suppliers	-7,730	6,913
Impact of changes in reporting entities and exchange rates	-3,776	2,781
NET CASH USED IN INVESTING ACTIVITIES	-200,074	-63,974
FINANCING ACTIVITIES		
Increase in share capital	79,990	967
Issuance of long-term debt instruments	106,134	67,437
Repayment of long-term debt	-31,847	-24,247
Increase (decrease) in bank overdrafts and short-term loans	4,692	16,667
Dividends paid to minority shareholders	-8,599	-6,158
NET CASH PROVIDED BY FINANCING ACTIVITIES	150,370	54,666
CASH AT BEGINNING OF PERIOD	27 582	26,647
Effect of changes in exchange rates on cash	-1,961	1,415
NET INCREASE (DECREASE) IN CASH BALANCES	22,880	-480
CASH AT END OF PERIOD	**48,501**	**27,582**

I - CHANGES IN REPORTING ENTITIES

A. Highlights of the year

The principal changes in reporting entities that occurred during the 1998 financial year were:

- The acquisition in February 1998 of the assets of ASI Inc. by Ipsos-ASI, a holding company formed for that purpose, for a total purchase price of USD 27.5 million. The new subsidiary was consolidated over the last 11 months of 1998.
- The acquisition in January 1998 of a 16 percent interest in Metrica Argentina, Metrica Brazil and Metrica Mexico by Ipsos Latin America, at their book value.
- The acquisition in August 1998 of an additional 30 percent interest in Ipsos Portugal by Ipsos SA for FRF 0.2 million, bringing its total holding to 100 percent of that company's equity.

B. Consolidated companies at December 31, 1998

The following companies have been consolidated:

Fully consolidated entities

CONSOLIDATED ENTITIES	FORM	INTEREST HELD IN %	COUNTRY	ADDRESS	SIREN ID
Ipsos	SA	Consolidating Company	France	99, rue de l'Abbé Groult 75739 Paris cedex 15	304 555 634
GIE Ipsos Europe (1)	GIE	100	France	99, rue de l'Abbé Groult 75739 Paris cedex 15	401 615 608
Ipsos France	SA	99.99	France	99, rue de l'Abbé Groult 75739 Paris cedex 15	392 901 856
Ipsos Médias	SA	99.81	France	99, rue de l'Abbé Groult 75739 Paris cedex 15	334 068 129
Ipsos Opinion Infomérie	SA	99.62	France	99, rue de l'Abbé Groult 75739 Paris cedex 15	317 839 959
Ipsos Régions	SARL	99.02	France	97, rue du Président Édouard Herriot 69002 Lyon	972 509 442
Ipsos Interviews/MLA	SA	99.96	France	99, rue de l'Abbé Groult 75739 Paris cedex 15	315 105 502
Ipsos Satisfaction de client	SA	99.85	France	99, rue de l'Abbé Groult 75739 Paris cedex 15	391 307 329
Gie Ipsos	GIE	100	France	99, rue de l'Abbé Groult 75739 Paris cedex 15	342 050 614
Ipsos Santé	SNC	100	France	99, rue de l'Abbé Groult 75739 Paris cedex 15	333 925 824
Ipsos Insight Marketing	SA	99.97	France	99, rue de l'Abbé Groult 75739 Paris cedex 15	712 047 265
Insight Marques	SARL	74.78	France	99, rue de l'Abbé Groult 75739 Paris cedex 15	312 681 471
Stat Ipsos	SA	50.8	France	99, rue de l'Abbé Groult 75739 Paris cedex 15	401 595 939
IMS	SA	99.98	France	132 boulevard Haussmann 75008 Paris	348 983 842
Popcorn	SNC	49.99	France	4, rue Louis Lejeune 92120 Montrouge	377 678 289
Sysprint	SARL	99.98	France	132 boulevard Haussmann 75008 Paris	384 721 346
G.S.T.	SA	99.98	France	4, rue Louis Lejeune 92120 Montrouge	334 077 146
Statiro	SA	99.84	France	4, rue Louis Lejeune 92120 Montrouge	722 022 944
IMS Développement	SARL	99.,98	France	132 boulevard Haussmann 75008 Paris	387 725 245
Int res	SA	82	Belgium	116, rue du Sillon 1 070 - Anderlecht	
Ipsos-RSL	Ltd Co.	100	GB	Elmgrove Road Harrow HA1 2QG	
Pricesearch	Ltd Co.	100	GB	Elmgrove Road Harrow HA1 2QG	
CatiCentre	Ltd Co.	100	GB	Elmgrove Road Harrow HA1 2QG	
Ipsos-Insight	Ltd Co.	100	GB	Elmgrove Road Harrow HA1 2QG	
Ipsos Deutschland	Gmbh	85	Germany	Langelohstrasse 134, 2 000 Hambourg 53	
Ipsos Phone	Gmbh	85	Germany	Langelohstrasse 134, 2 000 Hambourg 53	
Getas Consult	Gmbh	85	Germany	Kuuckhoffstrasse 55, 13156 Berlin	
Ipsos Explorer	SRL	100	Italy	10 Via Crocefisso, 20 122 Milano	
Explorer Opérations	SRL	100	Italy	10 Via Crocefisso, 20 122 Milano	
Ipsos Szonda	Hungarian co.	50,1	Hungary	1081 Budapest Kôztàrsaság tér 3	
Eco	SA	100	Spain	Calle Alcala, 96 28 009 Madrid	
Ipsos-Eco consulting	SA	100	Spain	Avenida de Burgos, 12 28 036 Madrid	
Ipsos USA	Inc.	100	USA	333 W. Wacker Drive Chicago, Illinois 60611 Etats-Unis	
Ipsos Portugal	LDA	100	Portugal	Rua Carlos Malhairo Dias, 11 1700 Lisboa	
Ipsos Latin America (5)	BV	33.33	Netherlands	Koningslaan 34 1075 aAD Amsterdam	
Novaction Argentina (4)	SA	33.33	Argentina	Conesa 2046 - Buenos Aires 1248	
Novaction Brazil (4)	LDA	33.33	Brazil	Av. 9 de Juuhlo, 5017 Conj. 111 CEP 01407-200 Sao Paolo	
Novaction Mexico (4)	SA	33.33	Mexico	Insurgentes Sur 933 Piso 5 mexico (DF) Colonia Naploes	
Publimetria (4)	SA	26.07	Argentina	Conesa 2046 - Buenos Aires 1248	
Metrica Argentine (4)	SA	21.9	Argentina	Conesa 2046 - Buenos Aires 1248	
Metrica Brazil (4)	LDA	21.9	Brazil	Av. 9 de Juuhlo, 5017 Conj. 111 CEP 01407-200 Sao Paolo	
Metrica Mexico (4)	SA	21.,9	Mexico	Insurgentes Sur 933 Piso 5 mexico (DF) Colonia Naploes	
Ipsos America	Inc.	100	USA	263, Tresser Blvd. Stamford, CT	
Ipsos-ASI	Inc.	100	USA	263, Tresser Blvd. Stamford, CT	

Entities consolidated using the proportionate method

CONSOLIDATED ENTITIES	FORM	INTEREST HELD IN %	COUNTRY	ADDRESS	SIREN ID
Ipsos-NFO France	SA	49.99	France	99, rue de l'Abbé Groult 75739 Paris cedex 15	392 901 856
Ipsos-NFO GIE (3)	GIE	48.87	France	99, rue de l'Abbé Groult 75739 Paris cedex 15	402 829 147
Ipsos-NFO UK	Ltd Co.	51	GB	Elmgrove Road Harrow HA1 2QG	
Ipsos-NFO Germany	Gmbh	43.35	Germany	Hobeluftchaussee 112, 20 244 Hambourg	
Ipsos-NFO Italy	SRL	51	Italy	10 Via Crocefisso, 20 122 Milano	

(1) GIE Ipsos Europe is an entity with no capital, which looks after the management of European projects exclusively on behalf of its members, who operate said entity. At 31 December 1998, its members, which have equal rights, were: Ipsos Médias, Ipsos Opinion Infométrie, Ipsos Interviews/MLA, Ipsos Régions, Ipsos France, Ipsos Satisfaction de Clientèle, Ipsos Insight Marketing, Insight Marques, Int Res, Research Services Ltd, Gfm Getas, Explorer Marketing, Explorer Opérations, Eco, Eco Consulting and Port Ipsos. The rules governing the operations of the GIE are such that it does not generate income or incur losses.

(2) GIE Ipsos is an entity with no capital, which coordinates financial management exclusively on behalf of its members, who operate said entity. At 31 December 1998 its members, which have equal rights, were: Ipsos, GIE Ipsos Europe, Ipsos Médias, Ipsos Opinion Infométrie, Ipsos Interviews/MLA, Ipsos Régions, Ipsos France, Ipsos Satisfaction de clientèle, Ipsos Insight Marketing, Insight Marques. The rules governing the operations of the GIE are such that it does not generate income or incur losses.

(3) Ipsos Info GIE is an entity with no capital, which looks after the panel business exclusively on behalf of its members, who operate said entity. At 31 December 1998 its members, which have equal rights, were: GIE Ipsos Europe, NFO USA, Ipsos NFO France, Ipsos NFO Germany, Ipsos NFO UK et Ipsos NFO Italy The rules governing the operations of the GIE are such that it does not generate income or incur losses.

(4) The Latin-American subsidiaries are fully consolidated, as Ipsos has agreed to acquire a 66.67 percent interest in those entities in 2002, subject to certain conditions (see off balance-sheet commitment No. 3, page 23) and because the Group operates these entities, pursuant to a shareholders' agreement by which it has been granted decision-making authority regarding key aspects of their business (budgets, capital projects, etc.)

II - ACCOUNTING POLICIES AND EVALUATION METHODS

The consolidated accounts have been prepared in accordance with the provisions of the Act of 3 January 1985 and its Implementing Decree of 17 February 1986. They are presented in a consistent manner and in accordance with the same rules that applied the previous year.
All amounts are stated in thousands of French francs.

A. Consolidation principles

Method of consolidation

Entities over which the Group exercises exclusive control are fully consolidated. Each item in the accounts is included in full, with the share attributable to minority shareholders duly reported.
Entities over which the Group shares joint control with third parties are consolidated using the proportionate method. Items are pro-rated according to the interest held by the Group.

Date of initial consolidation

Entities becoming part of the consolidated group during the course of a financial year are consolidated as from their acquisition date if their financial position is stated at the time, or else effective on the date of their most recently stated financial position.

Financial year and closing date

The consolidated accounts are for a period of 12 months from January 1 to December 31, 1998.
The financial year of all entities ends on December 31. The profit and loss account of Ipsos ASI is for a period of eleven months, as that entity was acquired on February 1, 1998.

Goodwill from consolidation

Goodwill from consolidation represents the excess price paid for the shares of consolidated entities over their net book value at the time of purchase. Any difference is examined and, if applicable, allocated to asset items, with the balance treated as goodwill.
This goodwill is amortised over a period of no more than 20 years. Shorter periods apply to goodwill contributed by Ipsos Marketing at the time of its consolidation into the Ipsos group of companies; to Insight Marques and Int Res, which are being amortised over a seven-year period; as well as to goodwill contributed by GST, which is being amortised over periods of 7 to 10 years.

Goodwill is reappraised as a whole at the end of each financial year, based on the volume of business, past or expected returns, and economic, business or industry considerations.

Translation of the foreign subsidiaries accounts

The method used is that of the end-of-year exchange rate for balance sheet items (excluding shareholders' equity, which is stated at cost), and average exchange rate for the year for the profit and loss account (except in the case of depreciation and provision expenses and cancellations, gains and losses from the sale of assets, and changes in inventories and dividends, which are translated at the rate in effect at year's end). The year's income or loss as stated in shareholders' equity is translated at the average rate for the year, any discrepancy resulting from a different rate at year's end being allocated to consolidated reserves.

The average exchange rates used for the principal currencies are as follows:

	1998	1997
USD	5.8964	5.8376
STG	9.7699	9.5587
DEM	3.3525	3.3663
PTS	0.03948	0.0399
ITL (1000)	3.396	3.427

Intercompany transactions and accounts

The balance of accounts receivable and payable by and to group companies at 31 December, reciprocal income and expenses by consolidated entities as well as intercompany transactions such as dividend payments, capital gains or losses on the disposal of assets, provisions set aside or recaptured for losses on consolidated investments or on loans to group entities, as well as intercompany profit margins are eliminated while taking into consideration their impact on income and deferred taxes.

B. Accounting policies and valuation methods

Intangible assets

Intangible assets are stated in the balance sheet at cost. They include:
- start-up expenses;
- computer software and related material, which are depreciated over a five-year period;
- goodwill, which is amortised over 3 to 20 years, as is goodwill from consolidation.

Property, plant and equipment

Fixed assets are stated at cost.
Theses assets appear on one line; they consist of improvements and fixtures, office equipment and furniture, computer hardware and transport equipment.
Depreciation of these assets is on a straight-line basis over their expected useful life:

- improvements and fixtures	2 to 11 years
- office equipment and computer hardware	2 to 10 years
- office furniture	3 to 10 years
- transport equipment	2 to 5 years

The value of leased property appears on the asset side; these assets are depreciated as described above. The corresponding liability appears on the liability side.

Long-term loans and investments

Long-term investments are stated at cost.
A provision for losses is recorded against equity interests when their fair value is less than their book value.

Inventories and work in progress

The gross value of goods and supplies includes their cost and any related acquisition expenses. The value of work in progress is calculated taking into consideration only expenses directly attributable to projects not yet completed at the end of the year.

Receivables

Receivables are stated at their face value. A provision for bad debts is recorded on a case-by-case basis, after an analysis conducted as part of the normal collection process of receivables.

Investment securities

Investment securities are stated in the balance sheet at the lower of cost or market.

Provisions for liabilities and charges

Contingency and loss provisions mainly consist of provisions for pension benefits.
The pension benefit commitments of the Group's UK subsidiaries are handled by a third party. They are reported in the accounts under taxes and social benefits payable and payroll expenses.

Deferred taxes

The interperiod tax allocation method is used to report deferred taxes.
Timing differences and consolidation restatements result in the reporting of deferred taxes.
Deferred tax credits from accumulated tax losses are reported only if it is certain that they can be used.
No deferred taxes have been reported on provisions for pension benefits set aside by French companies, as these will not come due for a long time (more than 5 years).

III - NOTES CONCERNING THE MAIN ITEMS OF THE BALANCE SHEET AND THE STATEMENT OF INCOME

A. Notes related to the balance sheet

Note 1 - Intangible and fixed assets

Changes during the period

(amounts in thousand of French Francs)

	Gross values at beginning of period	Additions	Disposals	Adjustments and other entries	Changes in reporting entities and foreign exchange	Gross values at end of period
INTANGIBLE ASSETS						
Start-up costs	560	44			-1	603
Cost of surveys	0	2,515				2,515
Other intangible assets	32,143	16,300	1,630	-160	-53	46,600
Goodwill	15,727	148,193			29	163,949
TOTAL	48,430	167,052	1,630	-160	-25	213,667
CONSOLIDATION FROM GOODWILL	255,780			-306	1,777	257,251
PROPERTY, PLANT AND EQUIPMENT	127,687	23,165	5,138	160	-3,931	141,943
GRAND TOTAL	431,897	190,217	6,768	-306	-2,179	612,861

Amortisation and depreciation

(amounts in thousand of French Francs)

	Accumulated depreciation at beginning of period	Allowances	Reversals	Adjustment and other entries	Changes in reporting entities and foreign exchange	Accumulated depreciation at end of period
INTANGIBLE ASSETS						
Start-up costs	384	137			-2	519
Research expenses		266				266
Other intangible assets	19,103	6,513	1,049	-141	-30	24,396
Goodwill	8,875	7,645			17	16,537
TOTAL	28,362	14,561	1,049	-141	-15	41,718
CONSOLIDATION FROM GOODWILL	43,069	13,240			-2	56,307
PROPERTY, PLANT AND EQUIPMENT	74,515	22,836	3,891	141	-2,023	91,578
GRAND TOTAL	145,946	50,637	4,940	0	-2,040	189,603

Research and development expenses

Research and development expenses are those incurred for the Radio Watch project, which consists of developing a new system of radio listenership analysis.

Regional break-down of goodwill

Regional breakdown of goodwill from consolidation

(amounts in thousand of French Francs)

Région	Gross value	Amortisation	Net value
France	45,351	11,692	33,659
Europe excl. France	136,891	39,930	96,961
Latin America	75,009	4,685	70,324
TOTAL	257,251	56,307	200,944

Goowill per region

Region	Gross value	Amortisation	Net value
France	2,451	530	1,921
Europe ecl. France	13,305	9,216	4,089
North America	148,193	6,791	141,402
TOTAL	163,949	16,537	147,412

Note 2 - Long-term loans and investments

Equity investments with no significant impact on the financial statements have not been consolidated (companies in which the interest held is less than 30 percent or which are dormant).

(amounts in thousand of French Francs)

	Gross value at year's start	Additions	Disposals	Changes	Changes in reporting entities and foreign exchange	Gross value at year's end
Non-consolidated equity investments	3,151	109	475		-6	2,779
Receivables from subsidiaries	1,363	1,015			-83	2,295
Loans	371	184	251			304
Others	7,448	592	1,432	-279	-95	6,234
TOTAL	12,333	1,900	2,158	-279	-184	11,612

Non-consolidated equity investments:

	Interest held	Gross value	Depreciation	Net value	
Sylicom *	38%	221	0	221	France
Ipsos Argentine	100%	58	0	58	Argentina
Banc d'essai (société en liquidation)	100%	2,014	2,014	0	France
Marketing Consult	100%	30	15	15	Hungary
Getas Irwik *	59.54%	195	0	195	Poland
Ifes		168		168	Germany
Ipsos Australie	100%	0	0	0	Australia
Stat Liban	5%	33	0	33	Lebanon
Stat Syrie	49%	60	0	60	Syria
* Removed from consolidation		2,779	2,029	750	

Note 3 – Adjustment accounts

(amounts in thousand of French Francs)

	at 12/31/98	at 12/31/97
ASSETS		
Prepaid expenses	14,904	13,321
Expenses to be allocated to other periods	794	1,190
Unrealised foreign-exchange losses	203	86
Deferred taxes	2,961	1,591
Others	31	31
	18,893	16,219
LIABILITIES		
Prepaid income	21,614	13,608
Unrealised foreign-exchange gains	110	192
	21,724	13,800

Note 4 - Changes in shareholders' equity

(amounts in thousand of French Francs)

	Shareholders'equity		
	Group	Minority	Total
Shareholder's equity at the end of the year ended 31/12/97	100,072	59,631	159,703
(exclusive of income and foreign-exchange gains and losses)			
Prior foreign-exchange gains or losses *	-1,751	-341	-2,092
Income for the year ended 31/12/97	-2,400	4,807	2,407
SHAREHOLDER'S EQUITY AT THE END OF THE YEAR ENDED 31/12/97	**95,921**	**64,097**	**160,018**
Increase in share capital	79,990		79,990
Dividends distributed		-8,599	-8,599
Changes in reporting entities		2,332	2,332
Unrealised foreign-exchange gains or losses for 1998 *	-8,391	-1,239	-9,630
Income for the year ended31/12/98	6,807	7,091	13,898
SHAREHOLDER'S EQUITY AT THE END OF THE YEAR ENDED 31/12/98	**174,327**	**63,682**	**238,009**
* of which, unrealized foreign exchange gains or losses frozen as of December 31, 1998 concerning foreign subsidiaries located in contries of the European Monetary Union	-2,997	83	-2,914

Note 5 - Provisions

(amounts in thousand of French Francs)

Nature of provisions	Balance at beginning of period	Allowances	Reversals	Changes in reporting entities	Foreign-exchange fluctuations	Balance at end of period
CONTINGENCY AND LOSS PROVISIONS						
Contingencies and losses	836	5,385	722	634	19	6,152
Pensions	17,470	2,094	1,185	0	-22	18,357
SUB-TOTAL	18,306	7,479	1,907	634	-3	24,509
ASSETS PROVISIONS						
Provisions for bad debts	5,025	1,528	279	0	-116	6,158
Provisions on other current assets	1,211	95	39	0	-64	1,203
Provisions on fixed assets	2,255	15	41	0	0	2,229
SUB-TOTAL	8,492	1,638	359	0	-180	9,591
GRAND TOTAL	26,798	9,117	2,266	634	-183	34,100
	Operations	1,986				
Of which, allowances and reversals	Investment	-28				
	Extraordinary	4,893				

Note 6 - Convertible notes

	Balance 12/31/98	less than 1 yr	Maturity 1 to yrs	more than 5 yrs
CONVERTIBLE NOTES	19,998	19,998	0	0

On 24 July 1992, the Company issued 3,868 notes convertible into shares with a face value of FRF 5,170, at a ratio of one share for each convertible note, which term is on 24 July 1999; as there is a very high probability that these notes will be converted, the redemption premium has not been recorded (see Section IV-2). The division by 50 of the par value of Ipsos shares in 1998 means that the notes can be converted into 193,400 shares.

Note 7 - Bank borrowings and debts

(amounts in thousand of French Francs)

Debts	Balance at 12/31/98	less than 1 yr	Maturity 1 to 5 yrs	more than 5 yrs
Bank borrowings *	179,146	28,453	146,479	4,217
Other debts	11,534	6,289	2,573	2,672
Accrued interest on debts	1,102	1,102		
Bank overdrafts	50,475	50,475		
TOTAL A	242,260	86,319	149,052	6,889
Current cash balances	Balance at 12/31/98	less than 1 yr	Maturity 1 to 5 yrs	more than 5 yrs
Cash	48,501	48,501		
Investment securities	1,173	1,173		
TOTAL B	49,674	49,674		
NET DEBT (A - B)	192,586	36,645	149,052	6,889

* Bank borrowings break down as follows between fixed-rate and floating rate loans, and by currency:

(amounts in thousand of French Francs)

Bank borrowings	Balance at 12/31/98	Fixed rate	Floating rate
US dollars (USD)	81,626	0	81,626
In Belgian francs (BEF)	1,587	0	1,587
In French francs (FRF)	95,936	30,479	65,457
TOTAL	179,149	30,479	148,670

Because debts are denominated in the currency of the countries where they were contracted, they do not expose the company to a foreign exchange risk.

Note 8 - Maturities of receivables and other liabilities

(amounts in thousand of French Francs)

	Gross amounts	less than one year	more than one year
RECEIVABLES			
Trade receivables	305,420	302,749	2,671
Other receivables	42,189	42,189	0
TOTAL RECEIVABLES	**347,609**	**344,938**	**2,671**
OTHER LIABILITIES			
Down payments from customers	93,121	93,121	0
Accounts payable	129,988	129,988	0
Taxes and employee benefits payable	137,479	137,114	365
Other liabilities	16,605	16,288	317
Accounts payable to fixed assets suppliers	458	458	0
TOTAL OTHER LIABILITIES	**377,651**	**376,969**	**682**

B. Notes related to the statement of income

Analytical statement of income

The analytical statement of income below shows direct costs and gross margins, which are concepts generally used by research firms.

The concept of direct costs incorporates all external expenses incurred for collecting and producing survey data, including the remuneration of interviewers. In some countries, interviewers are on the company's payroll, in which case their remuneration is included under "Payroll and employee benefits" in the regular consolidated profit and loss account, while in other countries, this remuneration is reported under "Other purchases and payments to third parties".

In the analytical statement of income, personnel expenses comprise remuneration paid to permanent employees (survey managers, production managers, administrative personnel and company officers).

Ipsos Group - Analytical statement of income

(amounts in thousand of French Francs)

	Notes	1998	1997
Revenues	1	1,307,394	945,973
Cost of goods and services sold		583,921	426,875
GROSS MARGIN		723,473	519,098
Personnel expenses		428,909	326,205
General operating turnover		217,494	150,628
Other net expenses and income		4,227	9,508
TOTAL OPERATING EXPENSES		650,630	486,341
OPERATING INCOME		72,843	32,757
Financial income		-13,211	-6,758
Extraordinary income	2	-5,433	-323
INCOME BEFORE TAX AND EMPLOYEE PROFIT SHARING		54,199	25,676
Employee profit sharing		2,356	2,032
Income tax	3	17,092	9,271
INCOME AFTER INCOME TAX AND EMPLOYEE PROFIT SHARING		34,751	14,373
Amortisation of goodwill		20,853	11,966
NET INCOME		13,898	2,407
Share of minority interests in net income		7,091	4,807
Net income after minority interest		6,807	-2,400
NET INCOME before amortisation of goodwill and the tax impact thereof		31,946	13,861

Note 1 - Revenues

(amounts in thousand of French Francs)

By region	1998
FULLY CONSOLIDATED ENTITIES	
France	360,492
United Kingdom	253,707
Germany	160,880
Italy	102,032
Spain	78,171
Hungary	18,174
Belgium	8,924
Portugal	4,381
United States	167,970
Latin America	124,405
SUB-TOTAL	1 279,136
ENTITIES CONSOLIDATED USING THE PROPORTIONATE METHOD	
France	14,629
United Kingdom	9,125
Germany	4,223
Italy	281
SUB-TOTAL	28,258
TOTAL REVENUES	1,307,394

(amounts in thousand of French Francs)

By operating segment	1998
Marketing	575,253
Surveys of advertising impact	326,849
Media	183,035
Public opinion and social surveys	91,518
Quality and customer satisfaction	104,592
Other	26,147
TOTAL REVENUES	1,307,394

Note 2 - Exceptional expense

	1998
EXCEPTIONAL GAINS (LOSSES) FROM OPERATIONS	-347
EXCEPTIONAL CAPITAL GAINS (LOSSES)	
Disposal of fixed and intangible assets	-345
Disposal of securities	138
Other	-177
SUB-TOTAL	-384
ALLOWANCES TO AND REVERSALS OF EXCEPTIONAL PROVISIONS	-4,702
EXCEPTIONAL EXPENSE	-5,433

An exceptional provision was recorded by Ipsos Interviews in France to hedge its exposure relating to employee profit sharing for years prior to 1997 (see Section IV-3).

Note 3 - Income tax

Income tax attributable to the Group amounts to :	1998
TAXES PAYABLE	17,543
CHANGES IN DEFERRED TAXES	
Timing differences in deferred tax assets	-360
Timing differences from consolidation adjustments	-91
SUB-TOTAL	-451
INCOME TAX PAYABLE BY THE GROUP	17,092

Tax consolidation of French entities:

Further to an application filed for a 5-year term and dated 21 December 1997, the following group of companies has been formed for tax purposes:

- Reporting entity: Ipsos
- Subsidiaries consolidated for tax purposes: Ipsos Médias, Ipsos Opinion Infométrie, Ipsos Interviews/MLA, Ipsos France, Insight Marketing, Ipsos Satisfaction de clientèle, IMS SA, GST, Statiro, Sysprint, IMS Développement.

This means that the combined income from companies included in this tax consolidation will be taxed as if they were a single company (corporate income tax) for the 1998 tax year.

IV - OTHER INFORMATION

1.1 Financial data in euros

Since the single currency was introduced on 1st January 1999, the French franc is now merely a subdivision of the euro. The balance sheet and statement income items below have been stated after converting the French franc amounts into euro for the 1997 and 1998 financial years, using the official conversion rate of FRF 6.55957 per euro.

Consolidated condensed balance sheet (in EUR 000)

(amounts in thousand of euros)

	12/31/98	12/31/97		12/31/98	12/31/97
FIXED ASSETS			**SHAREHOLDERS' EQUITY**		
Intangible and fixed assets	26,213	3,059	Shareholders' equity	26,576	14,623
			Minority interests	9,708	9,772
Goodwill	30,634	32,428			
			Total	36,284	24,395
Equity investments	1,430	1,536			
			Provisions for liabilities and charges	3,736	2,791
CURRENT ASSETS					
Trade receivables	45,622	35,411	Convertible notes	3,049	3,049
Cash	7,573	4,658	Other debts	36,932	24,975
Other receivables	29,413	29,111	Other liabilities	60,884	50,994
TOTAL ASSETS	140,886	106,203	**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	140,886	106,203

Consolidated condensed statement of income in EUR 000

(amounts in thousand of euros)

	1998	1997
Revenues	199,311	144,213
Operating income	11,105	4,994
Income before tax and employee profit sharing	8,263	3,914
Net income before amortisation of goodwill and the tax impact thereof	4,870	2,113
Total net income	2,119	367
Total net income after minority interests	1,038	-366

2. Changeover to the euro and the year 2000

The euro

The Group started working on the transition to the euro in conjunction with the installation of a new integrated information and management system. Since 1st January 1999, Ipsos has opted to conduct transactions in euros, whenever possible, with customers and suppliers requesting it, even though for the time being the Group would like to continue to conduct its business transactions as much as possible in local currencies. Hence it has been decided that the euro would be treated as an additional currency.

The Group intends to conduct its transactions primarily in euros on 1st January 2001 at the earliest, when the single currency will become the Group's unit of accounting; general and cost accounting in member countries of the European Monetary Union is expected to change over to euros at that time. The transition to the euro will occur at the latest on 1st January 2002.

The year 2000

The Ipsos Systems and Technology Division has been working for more than a year on the changeover to the year 2000. The Group's action plan has been extended to all countries through the offices of specially designated representatives.
All computers, including Computer-Assisted Personal Interview (CAPI) terminals in the field will be tested and adapted so as to be in compliance with the year 2000 standards. In addition, Ipsos has begun to ask all of its suppliers of software about the compatibility of their products in terms of the year 2000 and whenever necessary, requested them to upgrade the systems.
Data processing systems are currently being reviewed and will be upgraded or replaced in 1999 in order to ensure that operations proceed unhindered beyond the year 2000.

3. Off balance-sheet commitments

(amounts in thousand of French Francs)

At December 31, 1998, the Group was a party to the following off balance-sheet commitments	
Guarantees provided to banks on behalf of subsidiaries	79,230
Guarantees provided for the rented premises of subsidiaries	21,813
Redemption premium on Ipsos convertible notes, 10 percent of FRF 19,997,560	1,998
Agreement to purchase two-thirds of the shares outstanding of Ipsos Latin America in 2002 subject to certain conditions, on the basis of six times the average net consolidated earnings over these three years 1999 to 2001, up to a ceiling equal to the average annual revenues of the three years, estimated at USD 9.7 million	54,534
Agreement to purchase the remaining 15 percent of the shares of Ipsos Deutschland by the year 2000, for an estimated DEM 2.4 million	8,049

4. Litigation

Ipsos/Ipsos Insight Marketing

RSC brought an action against Ipsos and Ipsos Insight Marketing at the end of 1996 in Indiana, claiming that they had used confidential information or trade secrets concerning RSC's ARS Persuasion product which they had obtained from RSC under confidentiality agreements executed in September 1990 by Ipsos Insight Marketing and in December 1990 by Ipsos.
Discovery has begun to enable lawyers for both sides to determine whether there are valid grounds for the RSC allegations. Ipsos has provided the documents requested. Since 1996, RSC has been extremely reluctant to supply the court with documents or information to back its allegations.
In light of RSC's reluctance to provide supporting documents in spite of orders to the contrary issued by the court, the position of Ipsos is relatively secure. Discovery is expected to take from two to three years.
RSC has brought another action against Ipsos in 1999 in Ohio, claiming that the Ipsos ASI product Next infringed on RSC's ARS Persuasion, but has not asked for a ruling by the court or provided support for its allegations.

Employee profit sharing at Ipsos Interviews

The management of Ipsos Interviews has received a request from the Works' Council for information regarding the application of the profit-sharing agreement for years prior to 1997, when that agreement was signed. Negotiations are under way with the Council in this regard.
After a review of the situation, it was deemed advisable to record a provision for liabilities and charges of FRF 5 million in the accounts of Ipsos Interviews, corresponding to the estimated financial exposure of the company.

Other litigation

The Group is not a party in other material litigation.

5. Personnel

Fully consolidated compagnies	Average number of permanent employees
Ipsos SA & GIE Ipsos Europe	20
France	410
Belgium	11
Italy	108
Germany	187
Hungary	50
United Kingdom	270
Spain	157
Portugal	11
USA	198
Latin America	85
TOTAL	1,507

Proportionally consolidated companies	Average number of permanent employees
France	10
Germany	13
United Kingdom	8
Italy	3
TOTAL	31

6. Remuneration of officers

(amounts in thousand of French francs)

Remuneration paid to members of	Remuneration	Fee
GOVERNING, MANAGEMENT AND SUPERVISORY BODIES	10,443	
TOTAL	10,443	0

The above remuneration was paid to the 7 members of the Executive Committee.

7. Stock options

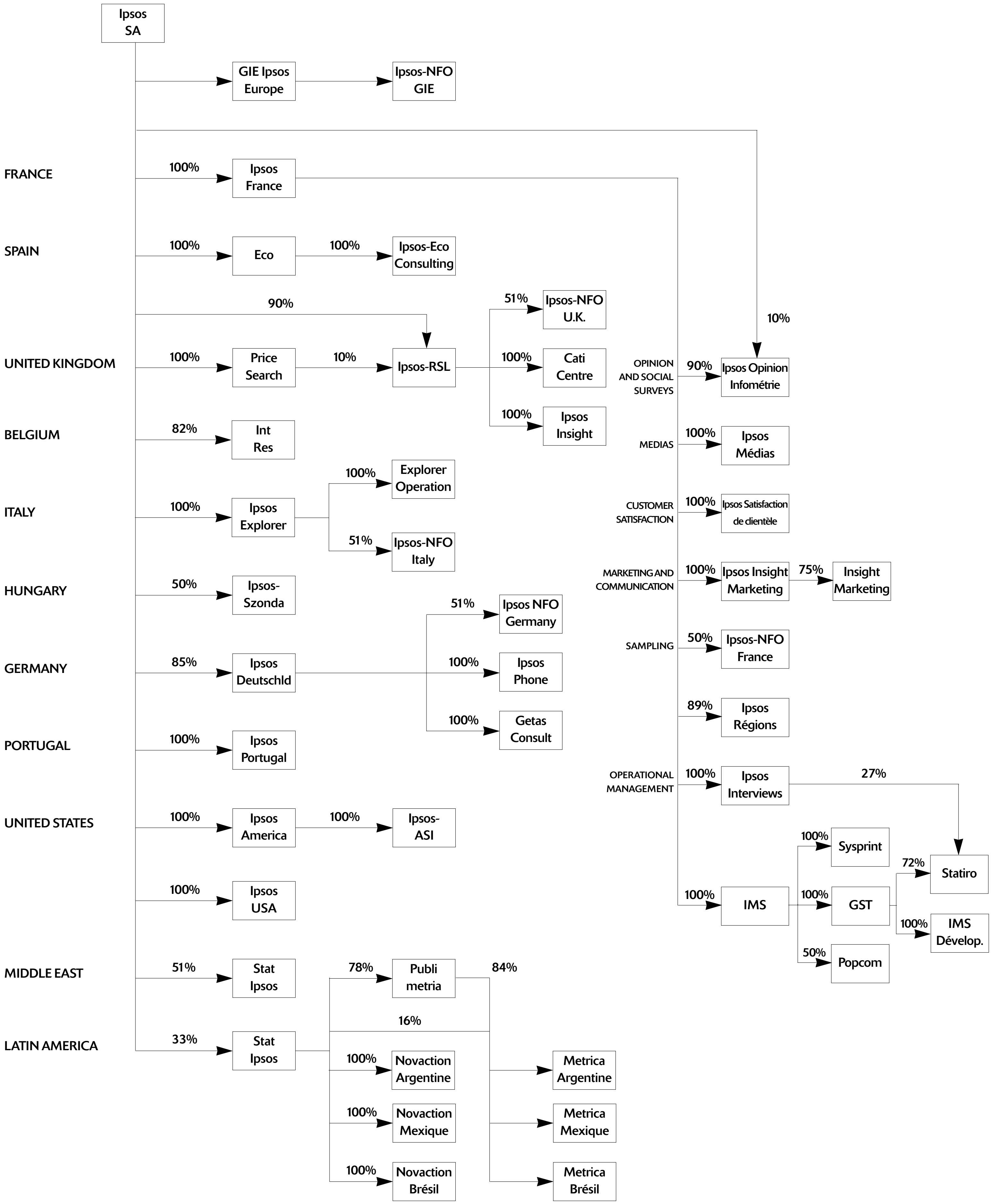
In 1998, the Group decided to issue stock options, in favour of all of its senior executives.
The first block of stock options are for 48,831 shares, after the division by 50 of the par value of Ipsos shares, the equivalent of 2.5 percent of share capital (at a subscription price of FRF 270). These stock options were distributed to some 60 senior executives of the Group.
A second block, representing 3.5 percent of the shares outstanding, could be distributed in 1999 or possibly 2000, under the terms and conditions of the share purchase plan submitted to the Board of Directors of 28 July 1998, depending on future Group earnings.

8. Per share data

	1998		1997	
	TOTAL (FRF 000)	Per Share (FRF)	TOTAL (FRF 000)	Per Share (FRF)
Income before income taxes, after minority interests	37,965	19.42	16,224	10.32
Net income after minority interests before amortization of goodwill and the tax impact thereof	22,334	11.42	8,310	5.29
Total net income after minority interests	6,807	3.48	-2,400	-1.53

The weighted average number of shares outstanding used for calculating per-share data for 1997 and 1998 takes into consideration the division of the par value per share by 50 in 1998, and is computed net of any dilution impact resulting from the conversion of notes and the exercise of stock options.

9. Organisational chart



5.2 ADDITIONAL INFORMATION TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.2.1. CONSOLIDATED GROUP

In addition to note A page 72

The main impact on the income statement of new subsidiaries that were consolidated in 1997 and 1998 are the following:

(amounts in thousand of French Francs)

	1998			1997		
	Revenues	Results from ordinary business activities	Net income	Revenues	Results from ordinary business activities	Net income
Metrica (Latin América) 1998	23,173	3,565	1,206	0	0	0
Ipsos Novaction (Latin America) 1997	101,232	11,012	433	26,833	3,337	416
Ipsos ASI-(United States) 1998	166,938	11,798	4,324	0	0	0
IMPACT	291,343	26,375	5,963	26,833	3,337	416

As of 31 December 1998, the Group was neither present nor had any significant engagements in Asia.

5.2.2 LEASING

In addition to note B page 74

Leased assets are included in in "fixed assets", split according to type of asset, and in liabilities as "other financial debts".
The total amount of leasing is not significant.

5.2.3 REVENUES

Revenues and margins from research work undertaken by the Compagny are accounted for using the "completion" method, which is defined as the date of the result's presentation to the client.
When the compagny charges one of its clients in advance the amount is entered into "Clients, Advances, Deposits" on the liability side of the Balance Sheet and will be transferred to the income statement on the "completion" of the task.

5.2.4 FIXED ASSETS

In addition to note 1 page 75

Goodwill is generally amortised over twenty years.
Changes to "Goodwill" of 148,193 KF correspond exclusively to the buy-out of the goodwill from ASI Market Research by Ipsos-ASI. This goodwill will also be amortised over twenty years.
The elements of "Fixed Assets" and "Goodwill" are subjected to a valuation before year end.
In general, this valuation is based on a combination of multiples corresponding to the revenues, results from ordinary business activities and net revenues in comparison with other research compagnies active in the same market or in the same location.

5.2.5 PENSION COMMITMENTS

In addition to note 5 page 78

The pension liabilities are calculated using the “retrospective” method.
The pension liabilities are calculated using the last monthly salary of each employee:
- right to indemnity (calculated according to the seniority defined by the art.22 of the collective agreement),
- probability of survival (estimated on the basis of the mortality tables TD 88-90 by distinguishing men and women),
- probability of being present in the company (estimated on the basis of a turnover rate according to age, seniority and category of each employee).

5.2.6 FINANCIAL RESULTS

(amounts in thousand of French Francs)

	1998	1997
Financial income from minority shereholdings	136	
Financial income from investments	31	
Foreign exchange gains	698	448
Net income from selling financial investments	27	
Other financial income	1,782	1,524
Reversal of prov. and financial amortisation	91	124
TOTAL FINANCIAL INCOME	2,765	2,096
Provision and financial amortisation	63	50
Interest and similar expenses	14,383	7,269
Interest on convertible note	470	437
Foreign exchange losses	863	1,096
Net expeense ofd selling financial investments	14	
Other financial expenses	183	2
TOTAL FINANCIAL EXPENSE	15,976	8,854
FINANCIAL RESULT	-13,211	-6,758

5.2.7 TAX

In addition to note 3 page 82

(amounts in thousand of French Francs)

	Income before income tax and employee profit sharing	Tax
Income from continuing operations for consolidated companies	59,632	16,894
Exceptional income	- 5,433	198
TOTAL	54,199	17,092

5.2.8 DILUTED EARNINGS PER SHARE

	1998	
DILUTED DATA PER SHARE	TOTAL (in KFRF)	Per share* (in FRF)
Income before tax (group share)	37,965	17,29
Net income after minority interest before amortisation of goodwill (net of tax)	22,334	10,17
Total net income (group share)	6,807	3,10

* The weighed average number of shares for 1998 was computed assuming the dilution that took place on 31 May 1999, resulting from the conversion of convertible notes in 193 400 new shares and a capital increase of 49 900 new shares reserved to the bond holders as approved by the Company on 23 January 1998 (5/31/99).

5.3 IPSOS INDIVIDUAL FINANCIAL STATEMENTS AT DECEMBER 31, 1998

5.3.1 STATUTORY AUDITORS' GENERAL REPORT - INDIVIDUAL FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 1998 (FREE TRANSLATION OF THE FRENCH ORIGINAL)

In our capacity as statutory auditors, we present below our report on :
- the accompanying individual financial statements of IPSOS S.A, stated in French francs, and
- the specific procedures and disclosures prescribed by law, for the year ended December 31, 1998.

These individual financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these individual financial statements based on our audit.

I - OPINION ON THE INDIVIDUAL FINANCIAL STATEMENTS

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

In our opinion, the individual financial statements present fairly, in all material respects, the financial position of the Company at December 31, 1998 and the results of its operations for the year then ended.

II - SPECIFIC PROCEDURES AND DISCLOSURES PRESCRIBED BY LAW

We have also carried out, in accordance with professional standards, the specific procedures prescribed by law.

We have nothing to report with respect to the fairness of information contained in the Management Report and its consistency with the individual financial statements and other information presented to shareholders concerning the financial position and the individual financial statements.

Paris, May 10, 1999

The Statutory Auditors
(French original signed by)

COGERPO - FLIPO	JPA	ERNST & YOUNG Audit
Francis Pons	Danielle Bardreau Gilbert-Jacques Potdevin	Gabriel Galet

5.3.2 IPSOS INDIVIDUAL FINANCIAL STATEMENTS AT DECEMBER 31, 1998

PRELIMINARY REMARKS

The total assets at December 31, 1998, prior to the appropriation of net income, was FRF 341,179,101.
The statement of income for the year, presented in list form, shows a profit of FRF 12,676,105.
The foot notes and tables below are an integral part of the individual financial statements for the year ended December 31, 1998.
Significant events that occurred during the 1998 financial year included:

- the increase in the share capital of Ipsos SA by an issuance of shares for cash in January 1998;
- the one-for-fifty share split, in conjunction with the reduction by a factor of fifty of the par value of shares, from FRF 500 to FRF 10.
- the acquisition by Ipsos SA of all of the shares of Ipsos America Inc., in the United States;
- the transfer of IMS shares held by Ipsos SA at December 31, 1997 to Ipsos France, at their net book value and in consideration for newly issued shares of Ipsos France;
- the addition of Ipsos Satisfaction de Clientèle, IMS, IMS Développement, Sysprint, Statiro and GST to the consolidation tax group, effective 1st January 1998.

INDIVIDUAL FINANCIAL STATEMENTS AT DECEMBER 31, 1998

BALANCE SHEET AT DECEMBER 31, 1998

(Amounts in French Francs)

ASSETS	12/31/98			12/31/97
	Gross value	Accumulated depreciation and provisions	Net value	Net value
Uncalled subscribed capital				
INTANGIBLE ASSETS				
Start-up expenses				
Research and development				
Concessions, patents and other rights	466,058	132,538	333,520	64,288
Goodwill				
Other intangible assets				290,000
PROPERTY, PLANT AND EQUIPMENT				
Land				
Buildings				
Machinery and equipment				
Other fixed assets	390,573	265,481	125,092	130,634
Fixed assets under construction				
Down payments to fixed asset suppliers				
LONG-TERM LOANS AND INVESTMENTS				
Subsidiaries accounted for by the equity method				
Other subsidiaries and equity interests	325,634,693	569,815	325,064,878	234,789,156
Receivables from subsidiaries	6,818,650	1,202,600	5,616,050	5,978,883
Other long-term investments				
Loans				
Other long-term loans and investments	40,776		40,776	52,569
FIXED ASSETS	333,350,750	2,170,434	331,180,316	241,305,530
INVENTORIES AND WORK IN PROGRESS				
Goods in progress				
Services in progress				
Semi-finished and finished products				
Goods				
Down payments on order				
RECEIVABLES				
Trade receivables	3,619,856		3,619,856	1,653,469
Other receivables	6,069,698	80,878	5,988,820	5,981,525
Subscribed capital, called and unpaid				
OTHER ASSETS				
Investment securities	1,520		1,520	1,520
Cash	11,681		11,681	138
ADJUSTMENT ACCOUNTS				
Prepaid expenses	210,037		210,037	397,292
CURRENT ASSETS	9,912,792	80,878	9,831,914	8,033,944
Expenses attributable to other periods				
Bond redemption premiums				
Unrealised foreign-exchange losses	166,871		166,871	39,182
GRAND TOTAL	**343,430,414**	**2,251,313**	**341,179,101**	**249,378,655**

(Amounts in French Francs)

LIABILITIES AND SHAREHOLDERS' EQUITY	12/31/98	12/31/97
Share capital of which 19,805,000 is paid	19,805,000	15,743,000
Issue, merger and contribution premiums	153,157,445	77,230,541
Legal reserve	1,781,339	1,568,800
Statutory or contractual reserves	325,711	325,711
Regulated reserves	27,642	27,642
Retained earnings	11,093,609	7,062,684
NET INCOME FOR THE YEAR	12,676,105	4,250,780
SHAREHOLDERS' EQUITY	198,866,851	106,209,157
Contingency provisions	60,000	60,000
Loss provisions		
PROVISIONS FOR LIABILITIES AND CHARGES	60,000	60,000
DEBTS		
Convertible notes issued	20,201,066	20,191,627
Bank borrowings	90,743,167	101,067,930
Other debts	22,237,950	11,606,546
TRADING LIABILITIES		
Trade accounts payable	5,142,780	6,535,460
Taxes and employee benefits payable	3,049,213	2,513,760
OTHER LIABILITIES		
Accounts payable to fixed assets suppliers		
Other liabilities	800,301	1,016,530
LIABILITIES	142,174,477	142,931,853
Unrealized foreign-exchange gains	77,774	177,645
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**341,179,101**	**249,378,655**

INDIVIDUAL STATEMENT OF INCOME

(Amounts in French Francs)

	France	Export	1998	1997
Sales of services	3,498,902	53,892	3,552,794	2,987,435
NET SALES	3,498,902	53,892	3,552,794	2,987,435
Reversals depreciation and amortisation, transferred expenses			9,635	10,476
Other revenue			6,788,821	6,864,754
INCOME FROM OPERATIONS			10,351,249	9,862,665
Changes in inventories (raw materials and supplies)				
Other purchases and expenses			10,627,516	12,374,076
Taxes			457,706	507,251
Payroll			4,165,970	3,396,481
Employee benefits			1,382,671	1,072,607
DEPRECIATION AND PROVISION ALLOWANCES				
Allowances for depreciation of fixed assets			81,471	75,028
Contingency and loss provisions				60,000
Other expenses			54,452	425,720
OPERATING EXPENSES			16,769,784	17,911,164
OPERATING LOSS			(6,418,535)	(8,048,499)
INTEREST, DIVIDEND AND OTHER INCOME				
Financial income			16,392,743	13,389,080
Other interest income			2,363,201	47,084
Foreign-exchange gains			135,210	64,187
INTEREST, DIVIDEND AND OTHER INCOME			18,891,154	13,500,351
Amortisation of notes discounts and financial provisions			182,794	1,588,631
Interest expense			7,096,085	4,969,832
Foreign-exchange losses			126,311	30,168
Losses on the sale of investment securities				
INTEREST AND OTHER FINANCE EXPENSES			7,405,190	6,588,630
FINANCIAL INCOME			11,485,963	6,911,721
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES			**5,067,428**	**(1,136,778)**

STATEMENT OF INCOME (continued)

(Amounts in French Francs)

	1998	1997
Exceptional income from operations		
Exceptional gains from the sale of assets	15,736,340	191,000
Reversals of provisions and transfers of expenses		3,192,345
EXCEPTIONAL GAINS	15,736,340	3,383,345
Exceptional operating costs	216	222,892
Exceptional losses from the sale of assets	15,723,289	3,043,110
Exceptional depreciation and provision allowances		
EXCEPTIONAL LOSSES	15,723,505	3,266,002
EXCEPTIONAL ITEMS, NET	12,835	117,343
Company income tax	(7,595,842)	(5,270,215)
TOTAL REVENUE	44,978,743	26,746,361
TOTAL EXPENSES	32,302,638	22,495,581
NET INCOME	**12,676,105**	**4,250,780**

NOTES THE TO INDIVIDUAL FINANCIAL STATEMENTS

ACCOUNTING STANDARDS AND METHODS

General accounting rules were applied with due regard to the principle of respect and consistency with the basic principles of going concern, consistency of accounting methods and cut-off, in compliance with the general accepted accounting rules governing the preparation and presentation of individual financial statements.
The basic method used when stating the value of items in the financial statements is the historical cost method. The main valuations methods used are as follows:

INTANGIBLE AND FIXED ASSETS

Intangible and fixed assets are stated at cost.
Depreciation is on a straight line basis over the expected useful life of the assets:

- trademarks	10 years
- computer software	3 years
- improvements and fixtures	10 years
- office equipment and computer hardware	3 years
- office furniture	5 to 10 years

EQUITY INVESTMENTS AND OTHER INVESTMENTS

The gross book value of long-term investments is their acquisition price, net of acquisition expenses. A provision for losses is recorded whenever their fair value is less than their net book value.

RECEIVABLES

Receivables are stated at their face value. A bad debt provision is recorded whenever their inventory value is less than their book value.

PENSION COMMITMENTS

An estimate of pension commitments using the accrued benefit valuation method shows that they are not significant.

FIXED ASSETS

(Amounts in French Francs)

	At beginning of year	Restated value	Additions
INTANGIBLE ASSETS	462,095		293,963
General improvement, fixtures and fittings	24,396		
Office equipment, computers and furniture	314,979		51,198
PROPERTY, PLANT AND EQUIPMENT	339,375		51,198
Other subsidiaries and receivables from subsidiaries	242,357,660		139,814,371
Loans and other long-term investments	52,569		
LONG-TERM LOANS AND INVESTMENTS	242,410,229		139,814,371
GRAND TOTAL	243,211,699		140,159,532

(Amounts in French Francs)

	Transfert	Disposals	Year end	Original value
INTANGIBLE ASSETS		290,000	466,058	
General improvement, fixtures and fittings			24,396	
Office equipment, computers and furniture			366,177	
PROPERTY, PLANT AND EQUIPMENT			390,573	
Subsidiaries accounted for by the equity method				
Other subsidiaries and receivables from subsidiaries		49,718,688	332,453,343	
Loans and other long-term investments		11,793	40,776	
LONG-TERM LOANS AND EQUIPMENT		49,730,481	332,494,119	
GRAND TOTAL		50,020,481	333,350,750	

DEPRECIATION

(Amounts in French Francs)

	Begining balance	Allowances	Reversals	Ending balance
START-UP, RESEARCH AND DEVELOPMENT EXPENSES AND OTHER INTANGIBLE ASSETS	107,807	24,731		132,538
General improvement, fixtures and fittings	8,820	2,440		11,260
Office equipment, computers and furniture	199,921	54,300		254,221
PROPERTY, PLANT AND EQUIPMENT	208,741	56,740		265,481
GRAND TOTAL	316,548	81,471		398,019

(Amounts in French Francs)

Break-down of depreciation expenses	Straight line	Accelerated	Non-recurring	Accelerated	Excess accelerated
START-UP, R&D EXPENSES AND OTHER INTANGIBLE ASSETS	24,731				
General improvement, fixtures	2,440				
Office equipment and computers	54,300				
PROPERTY, PLANT AND EQUIPMENT	**56,740**				
GRAND TOTAL	81,471				

PROVISIONS

(Amounts in French Francs)

	Beginning balance	Allowances	Reversals	Ending balance
REGULATED PROVISIONS				
Other contingency and loss provisions	60,000			60,000
CONTINGENCY AND LOSS PROVISIONS	60,000			60,000
Unrealized losses on equity holdings in subsidiaries	569,815			569,815
Unrealized losses on other long-term investments	1,019,806	182,794		1,202,600
Other unrealized losses	80,878			80,878
UNREALIZED LOSSES	1,670,499	182,794		1,853,293
GRAND TOTAL	1,730,499	182,794		1,913,293
Additions to and cancellations of investment provisions		182,794		

RECEIVABLES AND LIABILITIES

(Amounts in French Francs)

Statement of receivables	Gross value	up to 1 yr.	more than 1 yr.
Receivables from subsidiaries	6,818,650	6,818,650	
Other long-term receivables	40,776	40,776	
Other trade receivables	3,619,856	3,619,856	
Receivables from employees	52,245	52,245	
Receivables from governement entities: income tax	2,378,719	2,378,719	
Receivables from governement entities: VAT	654,504	654,504	
Receivables from the Group and shareholders	2,435,797	2,435,797	
Other receivables	548,433	548,433	
Prepaid expenses	210,037	210,037	
GRAND TOTAL	16,759,017	16,759,017	

(Amounts in French Francs)

Statement of debts	Gross value	up to 1 yr.	1 to 5 yrs..	more than 5 yrs..
Convertible notes outstanding	20,201,066	20,201,066		
Other bonds outstanding				
Debts with an original maturity of up to 2 years	10,000,000		10,000,000	
Debts with an original maturity of more than 2 years	80,743,167	20,622,931	60,120,236	
Other debts	22,237,950	22,237,950		
Trade accounts payable	5,142,780	5,142,780		
Wages and salaries payable	1,816,343	1,816,343		
Social Security payable	491,253	491,253		
Company income tax payable				
Value Added Tax payable	554,143	554,143		
Special VAT payment bond outstanding				
Other taxes payable	187,475	187,475		
Accounts payable to the Group and shareholders	16,174	16,174		
Other liabilities	784,128	784,128		
GRAND TOTAL	142,174,477	72,054,241	70,120,236	
Debts contracted during the year	18,000,000			
Debts repaid during the year	28,399,635			

ITEMS REPORTED ON SEVERAL LINES OF THE BALANCE SHEET

(Amounts in French Francs)

	Affiliated companies	Investments	Notes, payable and receivable
FIXED ASSETS			
Equity holdings	325,634,693		
Receivables from subsidiaries	6,818,650		
Other long-term loans and investments	40,776		
CURRENT ASSETS			
Trade receivables	3,582,962		
Other receivables	2,507,700		
LIABILITIES			
Bank borrowings and other debts	22,337,950		
Trade accounts payable	2,661,153		
Other liabilities	759,495		

UNREALIZED FOREIGN EXCHANGE GAINS AND LOSSES ON FOREIGN CURRENCY RECEIVABLES AND LIABILITIES

(Amounts in French Francs)

Category of losses or gains	Unrealized losses	Hedged losses	Prov. for currency losses	Unrealized gains
Long-term loans and investments				77,774
Receivables	164,078			
Trade accounts payable	2,794			
TOTAL	166,872			77,774

ACCRUED INCOME

(Amounts in French Francs)

Accrued income	12/31/1998
OTHER RECEIVABLES	
Credit due by suppliers	180,900
Meal vouchers	840
TOTAL	181,740

ACCRUED LIABILITIES

(Amounts in French francs)

Liabilities	12/31/1998
LONG-TERM DEBTS AND BORROWINGS	
Accrued interest on convertible bonds	203,506
Accrued interest on borrowed funds	483,898
TRADE ACCOUNTS PAYABLE	
Unbilled supplies	944,482
TAXES AND EMPLOYEE BENEFITS PAYABLE	
Accrued vacation pay	47,465
Accrued payroll taxes on vacation pay	20,242
Accrued bonuses	1,247,600
Accrued payroll taxes on bonuses	448,400
Accrued vacation bonuses	18,096
Accrued payroll taxes on vacation bonuses	6,419
Accrued apprenticeship tax	15,668
Accrued vocational training tax	11,964
Accrued liability insurance premiums	488
Other accrued expenses	20,507
Other accrued taxes payable	156,444
TOTAL	3,625,180

PREPAID INCOME AND EXPENSES

(Amounts in French francs)

Prepaid expenses	31/12/1998
PREPAID EXPENSES	
Prepaid expenses	210,037
TOTAL	210,037

SHARES OUTSTANDING

(Amounts in French francs)

Number of shares	Number of shares at period beginning	issued during the period	retired during the period	Par value
Common shares	1,980,500	406,200		10

BONDS OUTSTANDING

(Amounts in French francs)

Convertible notes	Face value	Accrued interest
Notes issued 23 July 1992		
Notes still outstanding at 31/12/98	19,997,560	
3 868 convertible bonds of FRF 5,170 face value		
Interest: 3-month TIOP + 1,25%		
Redeption premium: 10%		
Maturity: 7 years		
Conversion period: from 24 July 1996 to 24 July 1999		
Accrued interest		203,505
TOTAL CONVERTIBLE NOTES OUTSTANDING	19,997,560	203,505

FIVE-YEAR FINANCIAL SUMMARY

(Amounts in French francs)

Year ending Period (months)	31/12/1998 12	31/12/1997 12	31/12/1996 12	31/12/1995 12	31/12/1994 12
CAPITAL AT YEAR'S END					
Share capital	19,805,000	15,743,000	15,688,000	14,882,500	14,584,500
Shares outstanding common shares	1,980,500	31,486	31,376	29,765	29,169
TURNOVER AND INCOME					
Net turnover	3,552,794	2,987,435	4,354,023	14,152,624	8,728,239
Income before tax, empl. profit sharing depreciation and provisions	5,344,528	(2,488,121)	5,338,472	2,469,631	4,945,293
Company income tax	(7,595,842)	(5,270,215)	(3,530,996)	(4,863,852)	(1,157,967)
Depreciation and provisions allowances	264,265	(1,468,686)	213,047	499,252	(269,884)
Net income	12,676,105	4,250,780	8,656,421	6,834,231	6,373,144
Distributed earnings			4,204,384	3,988,510	2,012,661
EARNINGS PER SHARE					
Income after taxes and empl. profit sharing, before depreciation and provisions	7	88	283	246	209
Income after taxes, empl. profit sharing, depreciation and provisions	6	135	276	230	218
Dividend distributed			134	134	69
PERSONNEL					
Average number of employees	3	3	3	9	11
Total payroll	4,165,970	3,396,481	3,547,601	5,116,049	7,285,966
Employee benefits (social security, etc.)	1,382,671	1,072,607	1,374,539	2,329,234	3,246,982

BREAKDOWN OF SALES

(Amounts in French francs)

	Domestic sales	Export sales	Total 31/12/98	Total 31/12/97	% 98/97
Billed personnel	509		509	438	16.21 %
Billed expenses	2,990	54	3,044	2,549	19.42 %
TOTAL	3,499	54	3,553	2,987	18.95 %

EXCEPTIONAL ITEMS

(Amounts in French francs)

Exceptional losses	Amount
Book value of securities disposed of	15,723,289
TOTAL	15,723,289

Exceptional gains	Amount
Disposals of securities	15,736,340
TOTAL	15,736,340

COMPANY INCOME TAX AND TAX CONSOLIDATION

The Company is part of the following group of companies consolidated for tax purposes, pursuant to an agreement of 30 October 1997, extending over a five-year period.
Reporting entity: Ipsos.
Subsidiaries: Ipsos Insight Marketing, Ipsos France, Ipsos Interviews, Ipsos Médias, Ipsos Opinion Infométrie, Ipsos Satisfaction de Clientèle, IMS, IMS Développement, Sysprint, Statiro and GST.
Tax consolidation was in effect for the first time for the year ending December 31, 1998.
Group income tax is allocated as follows:
fully consolidated subsidiaries are charged the tax that they would have had to pay in the absence of consolidation;
the reporting entity is responsible for (or receives) the difference between the Group tax and the combined taxes (including supplementary taxes of 10 and 15 percent) attributable to fully consolidated subsidiaries.
The tax payable by the Group amounts to:

Tax payable by Ipsos Insight Marketing	FRF 2,519,886
Tax payable by Ipsos France	FRF 0
Tax payable by Ipsos Interviews	FRF 0
Tax payable by Ipsos Médias	FRF 1,312,806
Tax payable by Ipsos Opinion Infométrie	FRF 1,444,666
Tax payable by Ipsos Satisfaction de Clientèle	FRF 491,731
Tax payable by IMS	FRF 1,026,903
Tax payable by IMS Développement	FRF 550,853
Tax payable by Sysprint	FRF 244,606
Tax payable by Statiro	FRF 0
Tax payable by GST	FRF 30,028
Tax saving by Ipsos due to tax losses	FRF 7,595,842

BREAKDOWN OF COMPANY INCOME TAX

(Amounts in French Francs)

Breakdown	Net income before income tax	Income tax payable	Net income after income tax
Income from continuing operations	5,067,428	(7,595,842)	12,663,270
Exceptional income (short term portion)	12,835		12,835
BOOK INCOME	5,080,263	(7,595,842)	12,676,105

FINANCIAL COMMITMENTS

(Amounts in French Francs)

Commitments given	
Joint guarantee for the liabilities of GIE Ipsos	45,119,856
Ipsos SA surety on behalf of Ipsos-NFO UK (£ 250 000)	2,324,600
Surety for IMS.	600,000
Surety for a bank (this bank standing surety for INTRES on a loan of BEF 10 million)	1,626,080
Surety on behalf of Ipsos-NFO France, in favour of a bank for a loan of FRF 5 million to Ipsos-NFO France, NFO standing surety for said loan with Ipsos SA for up to FRF 2.5 million	2,500,000
Surety on behalf of INTRES	372,759
Surety on behalf of Binomio	1,355,200
Security on behalf of Ipsos France (rented Rue Groult premises) from 1999 to 31 March 2002	21,522,150
Possible bond redemption premium (10% of principal of FRF 19,997,560).	1,999,756
Security on behalf of Ipsos Interviews (Rue Caumartin), January to 30 Sept. 1999	261,150
Surety on behalf of Ipsos Régions	175,240
Ipsos SA guarantee of a loan of USD 6,25 million to Ipsos ASI	35,138,125
Ipsos SA guarantee of a loan of USD 6,25 million to Ipsos ASI	35,138,125
Commitment to purchase two-thirds of the remaining Ipsos Latin America shares outstanding in 2002, subject to certain conditions and on the basis of 6 times net consolidated income from 1999 to 2001, with a ceiling equal to the average turnover over the three years	
TOTAL	148,133,042

Guarantees received	
Repayment from IPSOS Région of a received facility according to a reinstatement clause	990,000
TOTAL	990,000

DEFERRED TAXES

(Amounts in French Francs)

INCOME TAX RELATED TO	
Unrealised foreign exchange losses	166,871
TOTAL INCREASE	166,871
PREPAID INCOME TAX RELATED TO	
Timing differences (expenses deductible the following year):	
ORGANIC (supplementary government pension fund)	13,191
Unrealised foreign exchange gains	77,774
TOTAL DECREASE	90,965
NET DEFERRED TAX DEBIT	75,907

INCOME TAX RELATED TO CREDIT TO BE APPLIED TO:	
NET DEFERRED TAX DEBIT	

AVERAGE NUMBER OF EMPLOYEES

Personnel	Payroll employee	Personnel on call
Executives	3	
TOTAL	3	

REMUNERATION OF COMPANY OFFICERS

No information can be provided regarding the remuneration of officers as this would result in disclosing information about individual remuneration.

LIST OF SUBSIDIARIES AND EQUITY INVESTMENTS

Name and location	Capital Equity	Share held Dividends	Gross value Net value	Loans and guarantees	Revenues Income
Subsidiaries (more than 50%)					
Ipsos France	35,848,000	100.00%	42,513,389		75,526,000
Paris 15 Siret: 392 901 856	24,054,000	6,999,780	42,513,389	21,522,150	11,698,000
Explorer	11,858,000	100.00%	43,659,160		109,359,517
Como, Italy	5,818,656	612,000	43,659,160		892,616
Szonda	205,360	50.10%	744,664		18,547,011
Budapest en Hongrie	5,581,685	852,081	744,664		1,503,081
ECO	1,182,720	100.00%	21,555,900		55,183,468
Madrid, Spain	6,683,748	906,522	21,555,900		1,228,688
GFM Getas	2,367,825	85.00%	37,291,331		168,152,479
Hamburg Germany	15,226,524	1,004,940	37,291,331		1,536,068
RSL	3,719,360	90,00%	37,816,692		247,662,884
Harrow, United Kingdom	12,534,243	4,212,450	37,816,692		6,759,937
Price Search	1,162,300	100.00%	23,443,445		0
Harrow at Royaume-Uni	0		23,443,445		0
Intres	813,040	82.00%	1,264,284	1,833,333	11,149,218
Brussles, Belgium	-1,076,140		1,264,284		676,937
Ipsos Opinion Infométrie	1,050,000	10.00%	227,778		57,901,000
Paris 15 - Siret : 317 839 959	1,998,000	142,800	227,778		1,892,000
Ipsos Santé	1,000	100.00%	990	81,868	
Paris 15 - Siret: 333 925 824	-83,868				
Stat Ipsos	250,000	50.80%	127,000		
Paris 15 - Siret: 401 595 939	-130,000		127,000		2,000
Portipsos	163,595	100.00%	749,313	1,650,668	5,388,819
Lisbon, Portugal	-1,968,440		180,488		-649,767
Ipsos USA, Inc.	5,622	100.00%	5,206	3,267,163	983,868
Chicago, Illinois	-871,426		5,206		-286,727
Ipsos Latin America BV	125,018	33.33%	26,081,508	67,460	0
Amsterdam, the Netherlands	78,740,264	612,380	26,081,508		1,741,317
Ipsos America, Inc.	84,331,500	100.00%	90,154,000		
Stamford, Connecticut	258,617		90,154,000		258,617
OTHER EQUITY HOLDINGS					
Gie Ipsos					662,565
Paris 15				45,119,856	

Notes:
Equity is stated net of the nominal value of shares outstanding and prior to the appropriation of profit.
Share capital, net equity (before approitation of profit and net of share capital), turnover and income have been converted at the exchange rates applicable on 31 December 1998, i.e.:
ITL: FRF 0,003388 / GBP: FRF 9,2984 / DEM: FRF 3,35386 / ESP: FRF 0,039424 / BEF: FRF 0,162608 / NLG:FRF 2,97661 / PTE: FRF 0,032719 / USD FRF: 5,6221 / HUF: FRF 0,02567

PARENT COMPANY INTO WHOSE ACCOUNTS THE ACCOUNTS OF THE COMPANY ARE CONSOLIDATED

Name and location	Business form	Stated capital	Interest held
LT Participations 99/101 rue de l'Abbé Groult Paris 15ème	Société Anonyme	688,160	53.11%

5.4 STATUTORY AUDITORS' SPECIAL REPORT ON CERTAIN RELATED PARTY TRANSACTIONS

YEAR ENDED AS OF DECEMBER 31, 1998
(FREE TRANSLATION OF THE FRENCH ORIGINAL)

In our capacity as statutory auditors of your Company, we are required to report on certain contractual agreements with related parties.
We are not required to ascertain if any contractual agreements exist but to inform you, on the basis of the information provided to us, of the terms and conditions of agreements indicated to us. It is not our role to comment as to whether they are beneficial or appropriate. It is your Company's responsibility, under the terms of Article 92 of the March 23, 1967 Decree, to evaluate the benefits resulting from these agreements prior to their approval.
We hereby inform you that we have not been advised of any agreements initiated during the period which would be covered by Article 101 of the July 24, 1966 Act.
However, in accordance with the March 23, 1967 Decree, we have been advised that the following agreements, approved in prior years, remained effective in the latest period.

1.1. With IPSOS NFO France

Nature and purpose

On December 16, 1996, your Company entered into a royalty agreement with IPSOS NFO France in relation to the use of intellectual property rights owned by your Company and used by IPSOS NFO France in Access Panel.

Amounts involved

No royalty fee was paid by your Company in relation to this agreement.

2.2. With INT-RES

Nature and purpose

In relation to the financial restructuring of INT-RES, your Company entered into an interest-free loan granted to its Belgian subsidiary in order to satisfy its commitments with subcontractors relating to an agreement signed by INT-RES with Volvo at the end of 1995. This agreement was terminated by Volvo during May 1996.

Amounts involved

Amount of the loan : FF 1,833,333
Term: 3 years, renewable and reimbursable at the end of the first year if INT-RES has reconstituted, at that time, its net equity to the legal and regulatory level in Belgium.
However, if INT-RES was granted a loan from a financial institution, your Company will not be reimbursed until that financial institution is reimbursed by INT-RES of the loan's notional value and interest as well as commissions and fees.
We have conducted our work in accordance with professional standards. These standards require that we perform the necessary procedures to verify that the information provided to us agrees with the documentation from which it has been extracted.

Paris, May 10, 1999

The Statutory Auditors
(French original signed by)

COGERPO - FLIPO Francis Pons	JPA Danielle Bardreau Gilbert-Jacques Potdevin	ERNST & YOUNG Audit Gabriel Galet

6 Information concerning the company's governance, management and financial control

6.1 MEMBERS OF THE GOVERNING BODIES AND POSITIONS HELD

BOARD OF DIRECTORS:

Chairman:	Didier Truchot
Directors:	Jean-Marc Lech Carlos Harding Christian Lamolinerie LT Participations S.A., represented by Pascal Cromback Elizabeth Mitchell Luigi Ferrari Emmanuel Cueff Gilles Pagniez Patrick Sayer Amstar, represented by Walter Butler Kurun, represented by Patricia Barbizet

6.2 REMUNERATION OF DIRECTORS

No fees are paid to the members of the Board of Directors.
In 1998, the combined remuneration allocated to the Executive Board (7 members) amounted to FRF 10,4 million. (The make-up of the Executive of the Executive Board is described under Section 4.7.1 Management).

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