GROUPE SQLI

REFERENCE DOCUMENT

2002

In application of its ruling no. 95-91, la Commission des opérations de bourse (COB - the French Stock Exchange Watchdog) recorded this reference document on 09/07/03 under number R, 03-154. It can only be used to support a financial operation if it is completed with an operating note prescribed by the la Commission des opérations de bourse. This reference document has been drawn up by the issuer and commits the responsibility of its signatories. This record, carried out during an examination of the pertinence and coherence of the information given on the company's financial situation, does not implicate the authentication of the accounting and financial elements presented.

Warning: The COB brings the public's attention to the fact that the company recorded total revenues of 44 million euros and a loss of 9.3million euros at the end of its financial year on 31 December 2002.

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1 PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT AND PERSONS RESPONSIBLE FOR THE CONTROL OF THE FINANCIAL STATEMENTS

1.1 PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

Mr **Yahya EL MIR,** Chairman of the Board of Directors of SQLI.

1.2 CERTIFICATION BY PERSON REPONSIBLE FOR THE REFERENCE DOCUMENT

To the best of our knowledge, the information presented in this reference document fairly reflects the current situation and includes all information required by investors to assess the net asset position, activities, financial position, financial results, and future prospects of the issuer. We confirm that no information likely to have a material impact on the interpretation of this document has been omitted.

Paris, 07/07/03

Yahya EL MIR
Chairman of the Board of Directors of SQLI

1.3 NAMES, ADDRESSES AND QUALIFICATIONS OF THE STATUTORY AUDITORS OF THE FINANCIAL STATEMENTS

The table of auditors' fees can be found in chapter 7.7.

1.3.1 INCUMBENT STATUTORY AUDITORS

Fiduciaire de la Tour
Represented by Mr Jean-Pierre PAUMARD
28, rue Ginoux
75015 Paris

Statutory Auditors registered under the number 2060 at the Paris Regions' list of Accountancy Firms and a member of "la Compagnie Régionale des Commissaires aux Comptes de Paris", a Paris based Accounting and Auditing body.

First nominated: 30 July 1995. Mandate renewed on 21 June 2001.

Mandate expiry date: mandate for six financial years that will expire following the Ordinary General Shareholders Meeting which will be called to assess the financial statements for the financial year ending 31 December 2006.

Constantin Associés
Represented by Mr Jean Marc BASTIER and Mr Michel BONHOMME
26, rue de Marignan
75008 Paris

First nominated: 21 March 2000.

Mandate expiry date: mandate for six financial years that will expire following the Ordinary General Shareholders Meeting which will be called to assess the financial statements for the financial year ending 31 December 2006.

1.3.2 AUXILIARY STATUTORY AUDITORS

Mr Dominique BEYER
40 bis, rue Boissière
75116 Paris

First nominated: 20 February 2000, replacing Mr Jean-Marc Robinet, 53, rue Eugène Carrière, 75018 Paris - the former auxiliary auditors to the Company. This mandate was renewed on 21 June 2001.

Mandate expiry date: mandate for six financial years that will expire following the Ordinary General Shareholders Meeting which will be called to assess the financial statements for the financial year ending 31 December 2006.

Mr François-Xavier AMEYE
114, rue Marius Aufan
92532 Levallois-Perret Cedex

First nominated: 21 March 2000.

Mandate expiry date: mandate for six financial years that will expire following the Ordinary General Shareholders Meeting which will be called to assess the financial statements for the financial year ending 31 December 2006.

1.4 ATTESTATION BY THE STATUTORY AUDITORS CONCERNING THE REFERENCE DOCUMENT

Dear Sir, Madam,

In our capacity as statutory auditors of SQLI and in compliance with the COB regulation 95-01, we have verified the information with respect to the financial position and past financial statements included in this accompanying Reference Document according to accepted French accounting principles.

This reference document has been put together under the responsibility of Mr Yahya EL MIR, Chairman of the Board of Directors of SQLI. Our responsibility is to issue an opinion of the fairness of the information contained therein with respect to the financial position and financial statements.

This review consisted in assessing the fairness of the information on the financial position and financial statements in accordance with French professional standards and verifying their consistency with the audited accounts. We also reviewed other financial information contained in this reference document in order to identify any significant inconsistency with information in respect of the financial position and financial statements, and to bring your attention to any obvious misstatements we noted based on our overall understanding of the company gained through our audit. The forecasts provided in the document and obtained through a structured process are in line with the expectations and intentions of Management.

We issued an unqualified opinion on the annual and consolidated accounts for the years ended 31 December 2000 and 31 December 2001 approved by the Board of Directors and drawn up according to French GAAP and which we have audited in accordance with French accounting standards.

We have nothing to report with respect to the fairness of the information on the financial position and financial statements contained in this Shelf Registration Document.

Paris, 7 July 2003

The Statutory Auditors

Constantin Associés | **Fiduciaire de la Tour**

Jean-Marc Bastier | Michel Bonhomme | Jean-Pierre Paumard

1.5 PERSON RESPONSIBLE FOR INFORMATION

Mr Yahya EL MIR
Chairman of the Board of Directors of SQLI
Immeuble Le Pressensé
268, avenue du Président Wilson
93210 La Plaine Saint-Denis
Tel : 01 55 93 26 00 – Fax: 01 55 93 26 01
www.sqli.fr

1.6 INFORMATION POLICY

The company for the most part communicates with its shareholders by the means of its website (www.sqli.com / www.sqli.fr) as well as by its Financial Communications agency (www.equityinfos.com).

Quarterly and bi-annual financial announcements are made using press releases according to the following annual time schedule:

- Total Revenues 2002: 14 February 2003
- Earnings 2002: 15 April 2003
- Total Revenues 1st Quarter 2003: 14 May 2003
- Total Revenues 1st Half 2003: 12 August 2003
- Earnings 1st Half 2003: 9 October 2003
- Total Revenues 3rd Quarter 2003: 14 November 2003

Investor and Analyst Meetings take place at the time of the annoucements of the half-yearly results. The meeting concerning 2002 results took place on 15 April 2003 and the meeting concerning the 1st half 2003 results will take place in October 2003, the final date has not yet been set.

2 INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

2.1 GENERAL INFORMATION ABOUT THE COMPANY

It was proposed at the Mixed General Shareholders Meeting on 26 June 2002 to change the company's legal status to that of a SA (Société Anonyme) with a Management Committee and an Oversight Committee

2.1.1 COMPANY'S NAME (ARTICLE 2)

SQLI

2.1.2 HEADQUARTERS (ARTICLE 4)

Immeuble Le Pressensé
268, avenue du Président Wilson
93210 La Plaine Saint-Denis

2.1.3 LEGAL FORM (ARTICLE 1)

SQLI is a form of limited liability company (a French Société Anonyme) and is subject to the requirements of the French Commercial Code (Code de Commerce), and the Executive Order no. 67-236 of 23 March 1967 relating to commercial companies.

2.1.4 DATE OF INCOPORATION

SQLI was incorporated on 22 March 1990.

2.1.5 COMMERCIAL REGISTER

SQLI has been listed on the Paris Commercial Register under number 353 861 909 since 28 March 1990.

2.1.6 LEGAL CORPORATE TENDER

The legal tenure of the Company is fixed at 99 years commencing 22 March 1990, unless it is prolonged or dissolved beforehand in accordance with the Company's statutes.

2.1.7 PURPOSE(ARTICLE 3)

The Company's purpose, both directly and indirectly, in France and in all other countries is as follows:

- Communications and web marketing consulting,
- The design and ergonomics of websites,
- Consulting regarding the choice of IT systems architecture and IT systems,
- The design and development of IT software,
- The integration and installation of IT systems,
- The distribution of IT software,
- IT training, and
- all industrial and commercial operations pertaining to:
    - the creation, the purchasing, the hiring, the management of businesses, the taking of leases, the installation, the exploitation of any establishments, businesses, factories, workshops, pertaining to one or other of the Company's activities;
    - the update, the purchase, the exploitation or the cessation of any procedure/process or patent concerning the Company's activities;
    - the direct or indirect participation of the Company in any finance, property or asset operations or industrial or commercial companies that are associated with the Company's purpose or a similar or connected purpose;
    - all operations that contribute to the achievement of the Company's purpose.

2.1.8 BUSINESS CODE (APE)

721 Z

2.1.9 INFORMATION AND THE CONSULTATION OF DOCUMENTS (ARTICLES 11 AND 32)

Company documentation can be examined according to the legal conditions at SQLI's headquarters.

2.1.10 BUSINESS CALENDAR (ARTICLE 5)

Every financial year runs for 12 months commencing on 1 January of each year and finishing on 31 December.

2.1.11 STATUTORY AFFECTATION AND DISTRIBUTION OF PROFITS (ARTICLE 35)

First of all the sums that are to be taken off in accordance with the application of the law are taken off from the year's profits less, if appropriate, its carried forward losses from previous business periods. Five percent is then taken off the profits to constitute the legally required reserve fund (this is no longer necessary once this fund reaches one tenth of the Company's capital and restarts again when it falls below one tenth of the Company's capital).

Distributable profits are constituted of year end profits less losses carried over from previous business years, less the sum allocated in accordance with the law or the Company's statutes to the Company's reserve fund plus any profits carried forward.

On top of this profit, the General Shareholders Meeting can then take off any sums that it judges pertinent to affect to optional, ordinary and extraordinary reserve funds or it can postpone the distribution of profits again.

The balance, if there is any, is shared out between all of the shares in proportion to the amount paid up and non-depreciated.

Except for the instance of a reduction in capital, no distribution, however, can be made to shareholders when the shareholders equity is, or becomes as a result of such a distribution, less than the capital with the reserves that the law or the statutes do not allow to be distributed.

The General Shareholders Meeting can decide to distribute sums taken from the reserves it can make use of in order to provide or make up a dividend or to make an exceptional dividend; in this case the decision will expressly indicate which reserves will be used for these distributions. However dividends are, by priority, to be distributed from distributable profits arising out of the financial year.

If there are any losses, these are, upon approval of the financial statements by the General Shareholders Meeting, written up into a special account to be set off against the profits of previous financial years until they are used up.

2.1.12 THE PAYMENT OF DIVIDENDS (ARTICLE 36)

TThe General Shareholders Meeting that rules on the financial statements of the business year can offer to each shareholder all or a part of the dividend to be distributed, or the dividend accruals an option between the payment of the dividend (or the dividend accruals) in cash or in shares.

The procedures for the payment of dividends in cash are laid down by the General Shareholders Meeting or failing that by the Board of Directors.

The payment of dividends, however, must take place within a maximum timeframe of 9 months following the end of the financial year unless this period is prolonged subject to legal authorisation.

When a balance sheet that is drawn up during, or at the end of, a financial year and certified by the statutory auditors shows that, since the end of the previous financial year and after any amortisation, depreciation and allocations to provisions and deducting if necessary any previous losses recorded and those sums to be allocated to reserves in application of the law or statutes and taking into account any profits brought forward has made a profit, the Company can distribute dividend accruals before the approval of the year's financial statements. The amount of these accruals can not exceed the profit as just defined.

The Company can not demand of the shareholders to redo the dividend distribution, unless the distribution was effectuated in violation of the legal directives and if the Company can prove that the beneficiaries knew about the irregular nature of the distribution of the dividend at the moment that it was effectuated, or could not have not known about it given the circumstances.

After three years following the payment of the dividends repetition of the distribution is prohibited. Any dividends that have not been claimed after five years following their payment are prohibited.

2.1.13 GENERAL SHAREHOLDERS MEETINGS (ARTICLES 23 TO 31)

Convocation of Meetings (article 24 of the Statutes)

General Shareholder Meetings are convened by the Board of Directors or failing that by the Statutory Auditors, or by a proxy appointed by the Chairmen of the Tribunal de Commerce (Commercial Court) subsequent to the request of one of several shareholders which together hold at least one tenth of the Company's capital.

(...)

General Shareholder Meetings are held at the Company's headquarters or at any other place indicated in the convocation announcement. A notice about the meeting containing the information prescribed by article 130 of the executive decree n°67-236 dated the 23rd of March 1967 is published in the bulletin of obligatory legal announcements (BALO) at least thirty (30) days before the date of the General Shareholders Meeting.

The convocation is made at least fifteen (15) days before the date of the General Shareholders Meeting by a notice made in the legal announcements newspaper of the county (French Département) in which the Company has its headquarters and by a notice made in the bulletin of obligatory legal announcements (BALO) and by an ordinary letter addressed to each shareholder holding shares (of a nominative nature) in the Company's stock. (...)

Meeting Agenda (article 25 of the Statutes)

The General Shareholders Meeting agenda is drawn up by the author of the convocation. One or more shareholders, who together hold the required quota of capital and acting in accordance with the timeframe and conditions set out in the law, can request, by registered post with notification of receipt, the inclusion in the agenda for the General Shareholders Meeting of other resolutions.

The General Shareholders Meeting cannot deliberate on a question that has not been written up in the agenda, which cannot be modified by a second convocation. The

Meeting can however revoke one or several members of the Board of Directors and move to replace them.

2.1.14 ACCESS TO THE MEETINGS AND POWERS (ARTICLE 26)

Every shareholder has the right to participate in General Shareholder Meetings and in the deliberations either personally or by proxy regardless of the amount of shares s/he holds, upon proof of identity as soon as her/his shares are fully paid up and registered in her/his name at least five days before the date of the Meeting.

Every shareholder has the right to vote using a postal vote using a form that s/he can obtain according to the conditions laid out in the notice of the meeting and the convocation notice for the General Shareholders Meeting.

A shareholder can only be represented by his/her spouse or by another shareholder given proxy rights.

2.1.15 HOLDING OF THE MEETING, OFFICES, MINUTES (ARTICLE 27)

A register is taken at every Shareholder Meeting in conformance with the legal requirements.

Shareholder Meetings are chaired by the Chairman of the Board of Directors or in her/his absence by a member of the Board who has been assigned this task by the Supervisory Board. Failing this, the Shareholder Meeting elects a chairman. If the Meeting has been convened by the Statutory Auditors or by a legal proxy, the Shareholder Meeting is chaired by the author of the convocation. Failing this, the Shareholder Meeting elects a chairman.

Two shareholders, present and willing, representing themselves and by proxy the biggest amount of votes carry out the function of vote scrutinizers. The holders of this office then designate a secretary who cannot be a shareholder.

Those holding this office have the task of checking, certifying and signing the register, upholding the orderliness of the debates, sorting out any ensuing incidents, overseeing the voting and to ensure its correctness and making sure that the minutes of the meeting have been drawn up.

2.1.16 DOUBLE CALCULATION OF THE QUORUM, VOTING IN THE GENERAL SHAREHOLDERS MEETING AND THE CONDITIONS FOR ACQUIRING DOUBLE VOTING RIGHTS (ARTICLES 11, AND 28 THROUGH 31)

In the General Shareholder Meetings voting rights attached to shares in the Company's capital or interest are proportional to the proportion of capital that they represent. Each share has one vote.

Double voting rights

As an exception to what has just been stated, voting rights which confer double the amount of votes per share to that normally conferred with respect to the proportion of capital represented are attributed as follows:

- to all shares that are entirely paid up and for which can be proven a nominative registration dating back at least three (3) years in the name of the same shareholder;
- to all nominative shares attributed to a shareholder, in the case of a capital increase by incorporations of reserves, profits or share premium, at the rate of old shares that benefit from this right

Double voting rights have been included in the statutes by the Mixed General Shareholders Meeting of March 21st 2000.

Double voting rights end for each share whose title has been converted or transferred, except any nominative to nominative transfer as a result of inheritance or family donation.

A Double voting right can be removed by the decision of the Extraordinary General Shareholders Meeting, after it has been ratified by the special beneficiary shareholders meeting.

Limiting voting rights

No arrangement to limit voting rights has been made by the General Shareholders Meeting.

Quorum

The quorum is calculated using all of the shares that make up the capital, except in Special Shareholder Meetings where it is calculated using all of the shares of the particular share category concerned, all of these are calculated less those shares which hold no voting rights according to the dispositions laid out in the law.

In the case of postal voting, only those votes which are duly completed and received by the Company at least three days before the date of the General Shareholder Meeting will be taken into account in the calculation of the quorum.

Voting takes place by raising one's hand, by a nominal call or by a secret ballet according to the decision of the office of the General Shareholder Meeting or by the shareholders. Shareholders can also make use of postal voting.

2.1.17 DIFFERENT TYPES OF MEETING (ARTICLES 29 TO 31)

Ordinary General Shareholder Meeting

The Ordinary General Shareholder Meeting can take all decisions that go beyond the powers of the Board of Directors and which do not include the changing of the Company's statutes. The Ordinary General Shareholder Meeting meets at least once a year within six months of the close of the financial year in order to rule on the financial statements of that year unless that period is prolonged by a legal ruling.
The Meeting can only act legally when it is first convened if the number of shareholders present or represented, or having sent postal votes, adds up to a quarter of those shares holding the right to vote. No quorum is required if the Meeting is convened for a second time.
The Meeting can make decisions using a simple majority of the votes of the shareholders present, represented or having voted by post.

Extraordinary General Shareholder Meeting

The Extraordinary General Shareholder Meeting can modify any of the Company's statutes and decide upon the transformation of the Company's legal both civil and commercial framework. This Meeting cannot, however, increase the commitments of the shareholders subject to the operations that result from regular regroupings of shares.
The Extraordinary General Shareholders Meeting can only legally make decisions if the number of shareholders present, represented or having voted by post adds up to, on

the first convocation of the Meeting, a third, and on the second convocation of the Meeting, a quarter of all shares holding voting rights. If this quorum is not reached, the second Meeting can be adjourned to a later date that must take place within the two months following the second convocation.
The Extraordinary General Shareholders Meeting can rule using a two thirds majority of those votes present, represented or having been cast by post, unless there have been legal infringements with those votes. In the Extraordinary General Shareholders Meetings with a constitutive form, i.e. those called to deliberate on the approval of a contribution in kind or on the granting of a particular benefit, the contributor or the recipient is not entitled to vote either for himself or as a proxy.

Special Shareholders Meetings

If several classes of shares exist, no modification can be made to the rights of any type of share without a vote in conformance with an Extraordinary General Shareholders Meeting that is open to all shareholders and, additionally, without a vote in conformance with a Special Shareholders Meeting just for those shareholders of the particular class of shares concerned.

Special Shareholders Meetings can only make legally valid decisions if the number of shareholders present or represented adds up to at least, on the first convocation of the Meeting, half, and on the second convocation of the Meeting, a quarter of the outstanding shares of the concerned share class.

For the remainder, Special Shareholder Meetings can be convened and can make decisions according to the same conditions as Extraordinary General Shareholders Meetings subject to the particular provisions applicable to the holders of preference shares that do not hold voting rights.

2.1.18 SHARE INDIVISIBILITY (ARTICLE 11)

As far as the Company goes, shares are indivisible. Shares that are co-owned are represented at General Shareholders Meetings by one of the owners or by a mutually agreed proxy. Failing agreement between them on the choice of a proxy, a proxy is designated by the order of the Chairman of the Commercial Courts (Tribunal de Commerce) ruling at the request of the most diligent co-owner.

The right to vote that is attached to the share belongs to the usafructuary in the Ordinary General Shareholders Meetings and to the owner in the Extraordinary General Shareholders Meetings. However, shareholders can agree amongst themselves the sharing out of the use of votes in General Shareholders Meetings. In this case they do have to let the Company know what they have agreed by a registered letter sent to the Company's headquarters. The Company is held to respect this agreement for all General Shareholders Meetings that meet following a timeframe of one month pursuant to the sending off of the registered letter; the post mark on the letter will act as the proof of the sending date.

2.1.19 THE PURCHASE BY THE COMPANY OF ITS OWN SHARES

The authorisation granted by the Mixed General Shareholders Meeting on 26 June 2002 allowed the company's board of directors to make stock market operations using the Company's own shares in accordance with the following conditions and aims:

Conditions:

? the company can only buy shares in itself at a price that is, at the most, equal to 7 Euros,

? the company will only be able sell all or part of the shares that have been acquired in this fashion at a price that is, at least, equal to 90 cents. Please note that these shares can be freely attributed in accordance with the conditions laid down by the law, notably in accordance to articles L. 443-1 and those following it in the Employment Code (Code du Travail),

- ? the timeframe during which the purchases will be able to be made will expire at the same time as the above authorisation that has been given until the General Shareholders Meeting that will be called to rule on the financial statements for the financial year ended 31st December 2002 and at the latest eighteen months after the date of this meeting,

- ? during the timeframe referred to above, the maximum number of shares which the Company will be able to acquire in conjunction with this resolution will not be able to exceed a limit of 10% of the authorised capital.

As an indication, on the basis of the authorised capital and stock price at May 23rd, 2002, a maximum number of 1,309,090 shares could be acquired; this corresponds to a maximum amount of € 1,335,271.80.

Aims:

- ? to ensure the regularisation of the Company's stock price on the Stock Exchange;
- ? to promote the accomplishment of Company financial and growth operations, the purchased shares can be used to all ends and in particular can be, in their totality or just partially, kept, sold, transferred or exchanged;
- ? to be used in exchange, in particular within the framework of external growth transactions ;
- ? to optimise the financial and asset management of the Company;
- ? to attribute to employees and management according to the procedures set out in the law, and notably within the framework of participating in the fruits of the Company's expansion, the share option purchase programme or the Company savings scheme.
- ? to cancel them in accordance with the conditions and procedures defined by the Mixed General Shareholders Meeting that met on the 26th June 2002.

Report on repurchase authorisation in the 25 June 2002 and 30 April 2003 meetings

Authorisation has only been used during the liquidity contract signed with Fortis Securities. The amount of shares repurchased by SQLI over this period comes to 46,002 shares acquired at an average price of €0.53 per share. The amount of shares owned by SQLI as of 30 April 2003 came to 10,024 shares i.e. a value of €4,911 at a price of €0.49 each.

As of 30 June 2003, the company owned 2,347 SQLI shares as part of the tri-party liquidity contract signed with Fortis Securities and Jean Rouveyrol.

The company did not submit new resolutions on repurchasing shares to the meeting convened on 30 June 2003; consequently the company will no longer deal on its shares from this date.

2.1.20 CROSSING OF THRESHOLDS (ARTICLE 12.2)

Apart from the respecting of applicable legal and regulatory obligations concerning the crossing of thresholds, every corporate entity or natural person, acting alone on in concert, who has come to own, both directly and indirectly, by the means of one or several corporate entities, control, according to the meaning of article L. 233-3 of the French Commercial Code, over a number of shares or voting rights representing five percent of the authorised capital or of the voting rights in the Company or any multiple of this same percentage, and this even if the aforementioned multiple surpasses the legal threshold of five percent, must notify the Company, by the means of a registered letter with a notice of reception sent to the Company's headquarters within fifteen days of crossing over one of these thresholds, informing it of the total number of shares and voting rights held.

This obligation to inform the Company applies, in conformance with the same aforementioned conditions, ever time that the fraction of the authorised capital or voting rights falls below one of the thresholds mentioned in the preceding paragraph.

If any of these provisions are not respected, the shares or the voting rights that exceed the threshold will be deprived of their voting rights for all General Shareholders Meetings over the following two year period counting from the moment that the situation has been regularised, as long as the request to deprive these rights is made by one or several shareholders holding individually, or in concert, at least five percent (5 %) of the Company's capital or voting rights. This request is registered in the minutes of the General Shareholders Meeting.

2.1.21 SHAREHOLDER IDENTIFICATION (ARTICLE 10.2)

The Company holds the right according to the prevailing legal and regulatory conditions, to request at any moment and at its own cost (the maximum costs are defined by an order of the Finance Minister for the organisation that is responsible for the clearing of securities), the name or, if it concerns a corporate entity, the name of the company, its nationality, year of birth or year of incorporation, and the address of the holders of the securities that confer immediate or longer term voting rights in its own shareholder meetings, as well as the quantity of securities held by each holder and, if applicable, the restrictions applicable on the securities.

2.2 GENERAL INFORMATION ABOUT THE COMPANY'S AUTHORISED CAPITAL.

2.2.1 AUTHORISED CAPITAL

The authorised capital of the Company at the beginning of June 2003 amounts to €3,795,452.50, which is divided into 15,181,810 shares of the same class bearing a fully subscribed and paid up nominal value of €0.25 each.

2.2.2 CHANGES IN THE AUTHORISED CAPITAL

Changes in SQLI's authorised capital are as follows:

Date	Nature of the Operation	Increase in capital	Share premium and contribution	No. of securities issued	Par value	Cumulative authorised capital Value	Cumulative authorised capital Securities
Constitution	Cash subscriptions made by the Company founders	50,000F	0	500	100F	50,000F	500
24 August 1992	Capital increase due to the incorporation of profits	550,000F	0	5,500	100F	600,000F	6,000
16 April 1993	Capital increase due to the incorporation of profits	400,000F	0	4,000	100F	1,000,000F	10,000
10 May 1995	Capital increase due to the incorporation of reserves	1,000,000F	0	10,000	100F	2,000,000F	20,000
4 October 1999	Increase in reserved capital	150,000F	1,350,000	1,500	100F	2,150,000F	21,500
21 Mar. 2000(1)	Merger-integration of SQLI*	314,000F	10,570,996	3,140	100F	2,464,000F	24,640
21 March 2000	Capital increase due to the incorporation of reserves, share premium, merger and profits carried forwards	15,650,252.55F	0	159,460		18,114,252.55F	184,100
21 March 2000	Conversion of capital into Euros	0	0	0	€15	€2,761,500	184,100
21 March 2000(2)(3)(4)	Share nominal/par value split	0	0	0	€0.25	€2,761,500	11,046,000
21 July 2000	Share capital increase due to IPO of the Company's shares on the Nouveau Marché	€488,500	12,701,000	1,954,000	€0.25	€3,250,000	13,000,000
12 December 2000(5)	Cash capital increase reserved for Mr. El Mouafik (ABCIAL)**	€19,475	759,525	77,900	€0.25	€3,269,475	13,077,900
4 January 2001	Cash capital increase reserved for Mr. Cachaldora (IN VERSO)***	€3,250	106,470	13,000	€0.25	€3,272,725	13,090,900
15 July 2002	Cash capital increase reserved for FD5 and Sethi	522.727,50€	1.777.273,50€	2.090.910		3.795.452,50€	15.181.810

* During the Extraordinary General Shareholders Meeting on the 21st of May 2000 SQL Ingénierie absorbed SQLI and the Company's name was changed from SQL Ingénierie to "SQLI". This operation took place using net asset values.
** In the framework of the acquisition of ABCIAL
*** In the framework of the acquisition of IN VERSO.

(1) Take over of the stock option scheme in the old SQLI

(2) Replacement of the stock option scheme in the old SQLI by a stock option scheme (bons de souscription de parts de créateur d'entreprises) known as « BCE 1 » which was adapted by the Mixed General Shareholders Meeting on the 21st June 2001.
(3) The implementation of a complementary share option scheme (bons de souscription de parts de créateur d'entreprises) known as « BCE 2 » and replaced by a new scheme which is also called BCE 2 by the Extraordinary General Shareholders Meeting that met on the 6th of July 2000 and which was subsequently adapted by the Mixed General Shareholders Meeting on the 21st June 2001.
(4) The implementation of a new stock option scheme known as "Stock Options 1 »
(5) Prior to the 27th of November issuing of BSA by the Board of Directors to the benefit of Mr. El Mouafik, within the framework of the global delegation of powers granted by the General Shareholders Meeting on the 21st of March 2000.

2.2.3 SECURITIES GIVING ACCESS TO AUTHORISED, BUT AS YET UN-ISSUED, CAPITAL

2.2.3.1 Securities giving access to capital

Special share option schemes (bons de souscription de parts de créateur d'entreprise – henceforth known as BSC) and general share option schemes are the only shares issued which give access to capital.
The special report drawn up by the Board of Directors, and reproduced in 4.2 of this document, details the share option schemes for company founders and share option schemes authorised before the Mixed General Shareholders Meeting on 21 March 2000, 6 July 2000 and 26 June 2002.

The tables below summarise the main dispositions of the share option schemes and BSC plans:

Share subscription options allocated during the 2000, 2001 and 2002 financial years:			
	Plan no. 1	**Plan no. 2**	**Plan no. 3**
Date of the meeting	21 March 2000	21 March 2000	21 March 2000
Date of the board of directors meeting	4 July 2000	27 November 2000	27 July 2001
Total number of share subscription offers allocated	37,556	22,955	317,650
Of which: Number of shares able to be subscribed to by the corporate officers of the company	0	0	0
Starting point for the right to exercise the share subscription options allocated	5 July 2005	28 November 2005	28 July 2006
Expiry date of share subscription options	4 July 2007	27 November 2007	27 July 2006
Exercise price of share subscription options	5 Euros	8.08185 Euros	2.3885 Euros
Methods of exercising share subscription options	The exercising right is acquired by annual tranches (2000, 2001 and 2002)	None	None
Share subscription options taken up during the 2000, 2001 and 2002 financial years: No option was taken up during the 2000, 2001 and 2002 financial years			
Share subscription options cancelled [1] during the 2000, 2001 and 2002 financial years:			
Total number of share subscription offers cancelled	6,031	21,350	39,503

[1] These are options which have been allocated but which might not be exercised

Share subscription options still to be allocated at the end of the 2002 financial year: 11,912			
BSCs allocated during the 2000, 2001 and 2002 financial years:			
	Plan no. 1	**Plan no. 2**	**Plan no. 3**
Date of the meeting	21 March 2000	6 July 2000	26 June 2002
Date of the board of directions or Board of Directors meeting	29 September and 27 November 2000	29 September and 27 November 2000	No allocation
Total number BSCs authorised	1,197,000	362,221	700,000
Of which: Number of shares able to be subscribed to by corporate officers of the company	149,386	34,640	0
Number of BSCs allocated	1,197,000	362,221	0
Starting point for exercising the BSCs	1 October 2002	29 September or 27 November 2003, depending on the date of the Board of Directors meeting	
Expiry date of BSCs	29 September 2005	29 September or 27 November 2005, depending on the date of the Board of Directors meeting	
Price of BSCs exercised	1.07 Euros	5 Euros	
Methods of exercising BSCs	The exercising right is acquired by annual tranches (1999, 2001 and 2002)	None	
Total number of options lapsed	233.389	99.235	

It is to be specified that the maximum dilution resulting from exercising these share options or BSC warrants is, for a shareholder holding one share, 14.80% % before taking away cancelled or non-allocated warrants or options into account, 11.26% after taking away cancelled or non-allocated warrants or options into account, and 9.2% after taking away non-allocated or lapsed warrants or options into account.

2.2.3.2 AUTHORISED BUT AS YET UN-ISSUED CAPITAL

Adoption of the following resolutions will be proposed to the Extraordinary General Shareholders Meeting which will convene on 30 June 2003:

RESOLUTION 12

Reduction of capital due to losses

The General Shareholders Meeting, ruling on the conditions required for quorum and majority for the extraordinary general shareholders meetings, being fully aware of the Board of Directors's report and the Auditors' special report:

1. decides to reduce share capital by an amount of 3,036,362 Euros to take it from 3,795,452.50 Euros to 759,090.50 Euros, by reducing the face value of the company's shares from 0.25 Euros to 0.05 Euros,

2. states that consequent to this capital reduction, the debit account balance is taken back to 1,622,668 Euros.

RESOLUTION 14

Delegation of the Board of Directors

The General Shareholders Meeting, ruling on the conditions require for quorum and majority for the extraordinary general shareholders meetings, being aware of the Board of Directors report and the Auditor's special report, ruling conforming to the dispositions in paragraph 3 of article L225-129 III of the Business Code, delegates to the Board of Directors the powers necessary for the purpose of proceeding to issue, once or several times, in the proportions and in the time period estimated, both in France and abroad:

(a) shares matched, or unmatched, of the company's stock purchase warrant;

(b) securities giving right by subscription, conversion, exchange, reimbursement, presentation of a warrant, combination of these means or any other manner, to the attribution, at any time or fixed date, of securities which, for this purpose, are or will be issued as a representation of the company's capital quota. These securities can take any form compatible with current laws and, especially, one of the forms set out in articles L225-150 to L225-176 of the Business Code or in articles L228-91 to L228-97 of the same Code;

(c) warrants which confer to their owners the right to subscribe to securities representing an amount of the company's capital, in order to allow exercise of these warrants, authorises the Board of Directors to increase the company's share capital; issue of these warrants can take place either by cash subscription or by free allocation.

Capital increases can especially intervene by incorporation to the capital of all or part of reserves, profits, share premium, contribution premium, provisions or down payments available, to carry out by the creation and free distribution of shares or by increasing the face value of existing shares, or by a combination of these two procedures.

The maximum nominal amount of capital increases which can be carried out in virtue of powers delegated by the meeting to the Board of Directors in this resolution cannot, in any state of cause and account not taken of adjustments likely to be carried out conforming to the law, be higher than a ceiling of 400,000 euros.

The maximum nominal amount of capital increases resulting from conversion, exchange, reimbursement or any other way, of rights attached to bonds or other debt securities can be issued in virtue of the powers delegated by the meeting to the Board of Directors in this resolution, cannot be higher than a ceiling of 100,000 euros.

Securities set out in paragraphs (a), (b) and (c) above can be issued either in Euros or in foreign currencies. In the case where the currency used for an issue part of this authorisation is not the euro, the Board of Directors should, for the purposes of this authorisation, determine and state in its report the counter-value in euros of this issue by multiplying the amount of this issue in another currency by a multiplier equal to the average of the bid and offer exchange rates of the euro against this currency fixed by the European Central Bank on the third working day following the date of the meeting of the Board of Directors during which it will be used for this authorisation.

It must be pointed out that the Board of Directors cannot make use of this authorisation for priority share or investment certificate issue purposes.

Except for the dispositions set out in the 15th resolution below, in the case of the issue and creation of securities set out in paragraphs (a), (b) and (c) above, owners of shares existing at the time of the issue will have, to an irreducible security and proportionally to the amount of shares they currently own, a preferential subscription right; the Board of Directors will each time fix the conditions and limits for which shareholders can exercise their right to subscribe to a irreducible security, in conformance with current legal dispositions.

The Board of Directors can institute, to the profit of shareholders, a reducible subscription right which will be exercised in proportion to their rights and within their requests.

However, this decision involves express renunciation or, depending on the case, carries full right, to the profit of bearers or securities set out in paragraphs (a), (b) and (c) above, likely to by issued by virtue of the powers delegated by the meeting in this resolution, renunciation of shareholders to their preferential subscription right to securities to which they give right whether this be by conversion, exchange, reimbursement, exercise of a BSC warrant or otherwise; in particular, if the general shareholders meeting decides to cancel the preferential subscription right of shareholders to shares issued by bond conversions set out in paragraph (b) above and to securities to which the warrants set out in paragraph (c) above give right.

The General Shareholders Meeting delegates all powers to the Board of Directors with the ability to delegate to its Chairman the power to draw up the prices and conditions of issues, set the amounts to be issued, determine the methods of issue and the types of securities to create, set the dates and methods of subscription which can be transacted either in cash or by credit compensation, the issue date, even retroactive, of securities to issue and the conditions for repurchasing them, to proceed to all adjustments required in conformance with legal and regulatory dispositions and , generally, take all useful dispositions and conclude all agreements to properly complete the issues planned, all conformance to current laws and regulations.

In the operations set out in paragraph (a) above, the Board of Directors can particularly decide that the balance of capital increase that was not able to be subscribed, will be (i) allotted by its diligence either totally or partially to beneficiaries which it will designate (ii) offered either totally or partially to the pubic through a public share savings offer or (iii) that the amount of capital increase will be limited to the amount of subscriptions received if the legal conditions are met, it being specified that the Board of Directors can use, in the order he judges correct, the abilities stated above or just some of them.

If a securities issue gives right to the allocation of capital securities on presentation of a warrant, the Board of Directors will have all powers to determine the methods according to which the company will have the ability to buy BSC warrants on the stock market, at any time or during set periods, with a view to cancelling them.

The General Shareholders Meeting also confers all powers to the Board of Directors to bring the amendments deemed necessary by use of this authorisation to the statutes.

The General Shareholders Meeting sets the validity period of this delegation at 26 months from this meeting, or up to and including 29 August 2005.

RESOLUTION 15

Ceiling for capital increases which can be carried out by securities issues set out in the 14th resolution, with removal of the preferential subscription right

The General Shareholders Meeting, ruling on the conditions of quorum and majority required for the extraordinary general meetings, being aware of the Board of

Directors's report and the Auditors' special report, decides, conforming to the dispositions of paragraph 3 of article L 225-129 III of the Business Code, of removing the preferential subscription rights of shareholders for issuing shares, securities and warrants for which the meeting has accorded a delegation to the Board of Directors in the previous resolution in the same conditions and for the same period as in the previous resolution, except for what is specified in this resolution, for a maximum nominal amount of 400,000 euros.

The maximum nominal amount of capital increases resulting from conversion, exchange, reimbursement or any other way, of rights attached to bonds or other debt securities can be issued by virtue of the powers delegated by the meeting to the Board of Directors in the previous resolution, with removal of shareholders' preferential subscription rights, cannot be higher than a ceiling of 100,000 euros.

It must also be pointed out that the authorisation amount of 400,000 euros and of the particular ceiling of 100,000 euros stated above are charged to the overall nominal amount of 400,000 euros set out in the previous resolution.

Consequently, the meeting has decided to remove the shareholders' preferential subscription right on the securities set out in paragraphs (a), (b) and (c) of the 14th resolution, as high as the amounts defined above.

Furthemore, this decision comprises express renunciation or, depending on the case, brings full right, to the benefit of holders of securities set out in paragraphs (a), (b) and (c) of the 14th resolution which are likely to be issued in virtue of the powers delegated to the meetings in the 14th resolution, with removal of the shareholders' preferential subsciption rights, renunciation of shareholders to their preferential subscription rights on securities to which they give right; in particular, the meeting decides to remove the preferential subscription right of shareholders to shares issued by converting bonds set out in paragraph (b) of the 14th resolution and to the securities to which they give warrant rights set out in paragraph (c) of the 14th resolution.

For issues with removal of the preferential subscription right of shareholders, on the French market, the Board of Directors can, if necessary, confer to shareholders, for a period a depending on the methods it will fix, a priority deadline to subscribe to securities set out in paragraphs (a), (b) and (c) of the 14th resolution, in proportion to the number of securities held by each shareholder, without hence creating negotiable rights. If the Board of Directors finds it appropriate, this priorty right can be exercised for both irreducible and reducible securities.

When these delegated powers are either totally or partially used, the Board of Directors must specify the methods for fixing the subscription price of these assets and send the supporting report as laid down by the law.

This authorisation will terminate on 29 August 2005.

RESOLUTION 16

Authorisation for issuing BSC warrants

The General Shareholders Meeting, ruling on the conditions required for quorum and majority for the Extraordinary General Shareholders Meetings, having read the Board of Directors' report and the Special Auditors' Report and confirmed that the company has fulfilled the conditions laid down in article 163 b G of the general tax code, authorise, on suspended condition of adopting resolution 17 relating to the removal of preferential subscription rights, once or on several occasions, of a maximum amount of 1,000,000 BSC warrants confers to their bearers the right to subscribe for each warrant to a new share of the company.

Each of these BSCs will give the right to subscribe to a share of the company, of a face value of 0.05 Euros each, representing an increase in capital of a maximum nominal amount of 50,000 Euros.

In conformance with the regulations of article L 228-95 second paragraph, the Extraordinary General Shareholders Meeting authorised these 1,000,000 new shares to be issued, at most, and shareholders expressly gave up their preferential subscription right to these shares.

Authorisation to issue these warrants is given for one year from that day and share subscription rights must be exercised and the corresponding shares issued within five years following the BSC issue date.

The Extraordinary General Shareholders Meeting fixes the issue price of each share in exercising a BSC to 100% of the average of the last twenty financial year’s closing price of the company's share previous to the date on which the BSC was approved by the Board of Directors. If an increase in capital occurred during the validation period of this authorisation for a price per share above this average, to the price of a share subscription issued to increase capital.

RESOLUTION 17

Removal of preferential subscription rights

The General Shareholders Meeting, ruling on the conditions required for quorum and majority for the Extraordinary General Shareholders Meetings, having read the Board of Directors' report and the Special Auditors Report, decides to remove the preferential subscription right of shareholders to the benefit of BSC allottees to be determined by the Board of Directors, in conformance with the regulations of article 163b G of the general Tax Code.

RESOLUTION 18

Delegation of powers for BSCs

The General Shareholders Meeting, ruling on the conditions required for quorum and majority for Extraordinary General Shareholders Meetings, having read the Board of Directors' Report and the Special Auditors' Report, delegates all powers to the Board of Directors, conforming to resolution 17 above, of:

- deciding on BSC allottees, in conformance with the regulations of article 163b G of the General Tax Code;

- deciding the issue terms and conditions and the number of BSCs to be issued, once or several times, free of charge;

- deciding the conditions for BSC owners to exercise their share subscription rights and to issue, especially, the date(s) for exercising warrants, the number of shares to be issued, the price and issue date of these shares;

- submitting the allocation and BSC exercise conditions criteria to the Supervisory Board for ratification before issuing and allocating BSCs.

- stopping arrangements which would be adopted, in view of preserving the rights of warrant holders, should the company carry out new financial transactions.

- stating the number of the amount of shares issued by way of exercising warrants;

- collecting the subscriptions and payments due;

- stating the amount of increase in capital and make correlative changes to the statutes;

- and, more generally, doing all that will be necessary or useful for implementing this authorisation, in conformance with the resolutions of this shareholders meeting.

RESOLUTION 19

Delegation to the Board of Directors for increasing capital under the conditions set out in article L. 44305 of the Employment Code

The General Shareholders Meeting, ruling on the conditions required for quorum or majority for the Extraordinary General Shareholders Meetings, having read the Board of Directors' report and the Special Auditors' Report, authorises the Board of Directors, in application of the arrangements set out in article L 225-129 VII of the French Commercial Code, by way of increasing capital authorised in resolutions 14, 15 and 16 above, to carry out, once or on several occasions, within the conditions set out in articles L 443-5 of the Employment Code, decided to increase the company's capital by a maximum nominal amount of 36,273 euros, reserved for employees of the company who are members of the company saving scheme and the voluntary partner salary saving scheme.

This authorisation lasts for a period of twenty-six months from this day.

The total number of shares which can be subscribed to by employees in virtue of this delegation cannot be higher than 3% of the company's capital at the time of issuance.

The prices of share subscriptions will be fixed in accordance with the arrangements set out in article L 443-5 of the Employment Code.

The Extraordinary General Shareholders Meeting delegates all powers to the Board of Directors to implement this authorisation and:

- to set the conditions required to profit from a subscription offer, in particular employee seniority conditions and subscription deadlines, as well as all other terms and conditions relating to increasing capital;

- to take all measures useful for definitively fulfilling this increase in capital, and achieving all measures and formalities related to it;

- to consequently change the statutes and fulfil the advertising formalities of increasing capital.

The Extraordinary General Shareholders Meeting decides to remove, to the benefit of employees who are members of the company's saving scheme, the preferential subscription right of shareholders to share which will be issued.

RESOLUTION 20

Authorisation given to the Board of Directors to increase the Company's capital during the public offer period

The General Shareholders Meeting, ruling on the conditions required for quorum and majority for Extraordinary General Shareholders Meetings, having read the Board of Directors' Report and the Special Auditors' Report, expressly authorises the Board of Directors, in accordance with article L 225-129 IV of the French Commercial Code, to use all delegations conferred to it by this General Shareholders Meetings, including those relating to increases in capital authorised by resolutions 14 and 15 above, the public offer to purchase or exchange company securities.

This authorisation will expire on the decision of a Ordinary General Shareholders Meeting called to rule on the financial accounts for the year ending 31 December 2003.

Summary of delegations

AGE, nature of the delegation and expiry date	Nature of the operation	Authorised nominal amount	Authorisation given	Residual authorisation
AGE 26 June 2002, delegation to the Board of Directors, expiry 25 June 2003	700,000 BSC with a face value of €0.25	€175,000	0	€175,000
AGE 30 June 2003 resolution 14, delegation to the Board of Directors, expiry 29 August 2005	Issue of any share, asset or warrant within a limit of €400,000 with a face value of €0.05 per share)	€400,000	0	€400,000
AGE 30 June 2003, Resolution 16 delegation to the Board of Directors, expiry 29 June 2004	Issue of 1,000,000 BSC warrants with a face value of €0.05	€50,000	0	€50,000
AGE 30 June 2003, Resolution 19 delegation to the Board of Directors, expiry 29 August 2005	Issue of shares to the benefit of employees within the limit of a nominal amount of €36,273 (at €0.05 per share)	€36,273	0 ,	€36,273

2.2.3.3 Potential dilution and share of shareholders equity

Summary of securities issued other than shares before the Shareholders Meeting on 30 June 2003	Number	Subscription price of options or warrants (face value + issue premium) (in Euros)
BSPCE 1	1,197,000.00	1,280,790.00
BSPCE 1 minus securities lapsed	963,611.00	1,031,063.80
BSPCE 2	362,221.00	1,811,105.00
BSPCE 2 minus securities lapsed	262,986.00	1,314,930.00
BSPCE 3 (1)	700,000.00	350,000.00
BSPCE 3 minus securities lapsed	700,000.00	350,000.00
Subscription Options 1	37,556.00	187,780.00
Subscription Options 1 minus lapsed securities	31,524.00	157,620.00
Subscription Options 2	22,955.00	185,518.87
Subscription Options 2 minus lapsed securities	1,605.00	12,971.37
Subscription Options 3	317,650.00	758,707.03
Subscription Options 3 minus lapsed securities	278,147.00	664,354.11
Total	**2,637,382.00**	**4,573,900.90**
Total minus lapsed securities	**2,237,873.00**	**3,530,939.28**

(1) These 700,000 BSPCEs have not been attributed by the Board and Directors and should lapse when the next meeting takes place. For the purposes of this summary they have been valuated on the basis of an issue price of €0.05 per share.

Effect of BSPCE issues and shares submitted to the vote of AGE on 30 June 2003	Number of shares c	Shareholders Equity consolidated	Dilution ddddddddd ddddd	SE / Share €
1. Before capital increase	15,181,810.00	491,000.00		0.03
2. Before capital increase and after exercising all securities issued	17,819,192.00	5,064,900.90	14.80%	0.28
2b Ditto, minus lapsed securities	17,419,683.00	4,021,939.28	12.85%	0.23
3. After the issue of 1,000,000 shares (BSPCE put to the vote on 30 June 2003) (1)	16,181,810.00	991,000.00	6.18%	0.06
4. After the issue of 1,000,000 shares and exercising all securities issued	18,819,192.00	5,564,900.90	19.33%	0.3
4b Ditto, minus lapsed securities	18,419,683.00	4,521,939.28	17.58%	0.25
5. After the issue of 8,725,460 (2) shares of all securities issued and 1,000,000 shares	27,544,652.00	9,927,630.90	44.88%	0.36
5b Ditto, minus lapsed securities	27,145,143.00	8,884,669.28	44.07%	0.33

(1) Shares resulting from the exercising of the 1,000,000 BSPCEs proposed to the Shareholders Meeting on 30 June 2003, valuated at an indicative issue price, for the purposes of this presentation, of €0.5 per share.

(2) Maximum amount of shares created in conformance with delegations which will be give by the Shareholders Meeting on 30 June 2003 to the Board of Directors to increase capital by a maximum nominal amount of €400,000 and of €36,273 to the benefit of employees, i.e. 8,725,460 shares with a face value of €0.05 each. The indicative issue price for the purposes of this presentation is €0.5 per share.

2.2.4 CAPITAL AND VOTING RIGHTS DISTRIBUTION

The company does not have any information on the number of identifiable shareholders. The information set out below comes from movements recorded on the securities managed by face value. The main differences recorded between the different shareholders situations from now on comes from the following main events:

- Increase in capital to the benefit of new shareholders
- Acquisition of double voting rights after three years following the face value recording.
- Change from nominative management to bearer management

To the company's knowledge, there have been no notable transfers of a shareholder holding, or having held, more than 5% of the company's shares which have taken place since the company's entry in the Stock Exchange.

Distribution of capital and voting rights at the time of the company's IPO:

Shareholders	Number of shares	% capital	% voting rights
Jean ROUVEYROL(1)	5,174,700	39.81%	54.95%
Alain LEFEBVRE(1)	1,818,240	13.99%	10.12%
Hervé GRIFFON	672,420	5.17%	3.74%
Bruno LEYSSENE	316,920	2.44%	3.26%
Total founders	**7,982,280**	**61.40%**	**72.08%**
Innovacom 3	964,260	7.42%	5.37%
Dassault Développement	964,260	7.42%	5.37%
Other named shares	1,135,200	8.73%	6.32%
Public	1,954,000	15.03%	10.87%
Total	**13,000,000**	**100%**	**100%**

(1) and their family group

Increase in capital on 15 July 2002

The Mixed General Shareholders meeting on 26 June 2002, authorised the Board of Directors to increase authorised capital by 552,727.50 Euros by issuing new shares reserved to FD5 and Sethis to the amount of 1,363,637 and 727,273 new shares respectively.

<u>Distribution of capital and voting rights before the increase in capital on 15 July 2002</u>

Shareholders	Number of shares	% capital	Number of voting rights	% voting rights
Jean ROUVEYROL(1)	4,736,700	36.18%	9,437,520	52.11%
Alain LEFEBVRE(1)	1,810,740	13.83%	1,811,580	10.00%
Bruno LEYSSENE	311,420	2.38%	622,840	3.44%
Total founders	**6,858,860**	**52.40%**	**11,871,940**	**65.56%**
Innovacom 3	895,902	6.84%	901,402	4.98%
Other named shares	627,744	4.80%	627,744	3.47%
Public	4,696,106	35.87%	4,696,106	25.90%
Liquidity contract (balance as of 30 June 2002) (2)	12 288	0.09%	12 288	0.06%
Total	**13.090.900**	**100%**	**18.109.480**	**100%**

(1) and their family group
(2) self-held shares

Distribution of capital and voting rights after the increase in capital on 15 July 2002

Shareholders	Number of shares	% capital	Numner of voting rights	% voting rights
Jean ROUVEYROL(1)	4,736,700	31.20%	9,437,520	46.72%
Alain LEFEBVRE(1)	1,810,740	11.93%	1,811,580	8.97%
Bruno LEYSSENE	311,420	2.05%	622,840	3.08%
Total founders	**6,858,860**	**45.18%**	**11,871,940**	**58.77%**
FD5	1,363,637	8.98%	1,363,637	6.75%
Sethi	727,273	4.79%	727,273	3.60%
Innovacom 3	895,902	5.90%	901,402	4.46%
Other named shares	627,744	4.13%	627,744	3.11%
Public	4,696,106	30.93%	4,696,106	23.25%
Liquidity contract (balance as of 30 June 2002) (2)	12,288	0.08%	12,288	0.06%
Total	**15,181,810**	**100.00%**	**20,200,390**	**100%**

(1) and their family group
(2) self-held shares

Distribution of capital and voting rights at 20 May 2003.

Shareholders	Number of shares	% capital	Numner of voting rights	% voting rights
Jean ROUVEYROL(1)	4,736,280	31.20%	9,472,560	40.50%
Alain LEFEBVRE(1)	1,810,320	11.92%	3,620,640	15.48%
Bruno LEYSSENE	303,420	2.00%	606,840	2.59%
Total founders	**6,850,020**	**45.12%**	**13,700,040**	**58.57%**
FD5	1,363,637	8.98%	1,363,637	5.83%
Sethi	727,273	4.79%	727,273	3.11%
Innovacom 3	895,902	5.90%	1,791,804	7.66%
Other named shares	555,492	3.66%	1,016,676	4.35%
Public	4,736,379	31.20%	4,736,379	20.25%
Liquidity contract (balance as of 20 May 2003) (2)	53,107	0.35%	53,107	0.23%
Total	**15,181,810**	**100.00%**	**23,388,916**	**100.00%**

(1) and their family group
(2) self-held shares

Dassault Développement, which has made no declaration of falling below the 5% threshold, is presumed to still hold more than 5% of the company's capital. To the company's knowledge, no one apart from Dassault Développement and the persons mentioned above own more than 5% of the company's capital or voting rights.

On 20 December 2002, 1,809,900 shares owned by Alain Lefebvre met the acquisition conditions for double voting rights. On 21 March 2003, all shares owned by Innovacom 3 met the acquisition conditions for double voting rights.

2.2.5 PLEDGES ON SQLI SHARES OR SHARES IN ITS SUBSIDIARIES

None.

2.2.6 SHAREHOLDERS COMMITMENTS

At the time of the company's IPO on 21 July 2002, the founders committed themselves not to sell more than an annual maximum of 20% of their shares in the capital of the Company calculated when the Company entered onto the Nouveau Marché of the Paris Stock Exchange for a period of three years. This commitment initially covered 7,935,240 shares. On 20 May 2003, overall founders' participation in the company amounts to 6,850,020 shares (i.e. a decrease of 13.6% in comparison to the number of shares owned by members of this group when the company was introduced onto the stock exchange).

The founders' commitments will continue until 21 July 2003.

2.2.7 SHAREHOLDERS PACT AND AGREEMENTS

There are currently no shareholder pacts.

In the terms of the two agreements dated 12 February 2002, one SQLI shareholder has ceded his share options to two other shareholders of the company, thus allowing each one of them to acquire a number of shares that represents between 0.5% and 1.1% of the company's capital at a price of 2 Euros per share. These options can be exercised at any moment over a two year period starting from their conclusion. The price of these options was fixed at 0.13 Euros per share.

In application of the provisions of article L. 233-11 of the French Commercial Code, these agreements have been communicated to the CMF (Committee of the Financial Markets), which, on 13 March 2002, published them in summary form in the Bulletin of Obligatory Legal Announcements (BALO) as well as sending them on to the major press agencies and financial newspapers.

To the company's knowledge no other agreement clause exists which might have an impact on SQLI's assets, activity, financial situation, results and outlook.

2.2.8 POTENTIAL CAPITAL NOT YET ISSUED

Detailed information relating to the BSPCE schemes is mentioned in paragraph 4.2.

2.3 DIVIDENDS

The company has not paid any dividends in the last five years. The Company intends to rebuild its equity capital.

2.4 THE MARKET FOR THE COMPANY'S SECURITIES

SQLI has been quoted on the Nouveau Marché of the Paris Stock Exchange since 21 July 2000 (Euroclear 7547 – Reuters SQLI.LN – Bloomberg SQLI).

SQLI signed a liquidity contract with Fortis Securities which will run out on 21 July 2003.

The company does not belong to a group. SQLI is the main group company.

Historic Market Capitalisation

In euros	2000	2001	2002	2003 (31/05)
Number of shares as of 31.12 (face value in euros)	13,077,900 (0.25)	13,090,900 (0.25)	15,181,810 (0.25)	15,181,810 (0.25)
Market Capitalisation	77,294,720	16,232,716	7,135,451	7,439,087
High	17.53	7.95	1.39	0.69
Low	4.8	0.92	0.31	0.45
Average	10.35	2.88	0.87	0.53
Last	5.9	1.24	0.47	0.49
Average Daily Volume	27,985	14,075	9,049	5,264
Net profit per share (in euros)	0.005	-	-	-
Net dividend per share	-	-	-	-

Source : Euronext (www.euronext.fr)

Highest, lowest and transaction volumes

In euros	Highest	Lowest	Transaction Volume	Transaction Value in € M
January 2002	1.39	1.22	188,754	0.248
February 2002	1.38	1.2	125,078	0.166
March 2002	1.33	1.22	172,679	0.219
April 2002	1.28	1.1	355,276	0.426
May 2002	1.09	0.87	171,838	0.171
June 2002	1.06	0.81	120,735	0.105
July 2002	1.07	0.73	149,828	0.131
August 2002	0.86	0.72	78,730	1.138
September 2002	0.69	0.41	197,923	1.396
October 2002	0.54	0.31	100,340	0.881
November 2002	0.5	0.35	232,315	0.112
December 2002	0.76	0.47	395,996	0.258
January 2003	0.62	0.55	98,598	0.058
February 2003	0.64	0.49	105,982	0.058
March 2003	0.58	0.53	56,778	0.031
April 2003	0.55	0.49	138,382	0.069
May 2003	0.53	0.45	147,798	0.075

Source : Euronext (www.euronext.fr)

Historic SQLI share price over 1 year

Source : Boursorama (www.boursorama.com)

3 PRESENTATION OF THE COMPANY'S ACTIVITIES

3.1 GENERAL PRESENTATION

3.1.1 HISTORY

The company was founded in March 1990 with the aim of helping companies profit from new computer technologies. Right from the very first stages of the company's development, SQLI (formerly named SQL Ingénierie), immediately positioned itself on the Client/Server architecture market developing, in addition to its traditional IT Consultancy business, a Research & Development department focused on keeping up to date with IT technology changes.

1990-1995, the client/server years

SQLI, a pioneer in client/server business developed its reputation thanks to the strong visibility of its technological awareness activities which was reinforced by the "field" experience of its engineers. This "active" new computer technologies awareness programme enabled SQLI to remain permanently at the top of the IT field and to offer its customers pragmatic advice.

1995-1998, from client server to the Internet

From 1995, SQLI perceived internet technologies as a solution to the generalisation constraints of the client/server model. To this effect, SQLI started to offer internet technologies as the "universal client/server".
As the market started to mature in terms of the different utilisation possibilities offered by Internet technologies, SQLI was able to enlarge its service offering to respond to client expectations for different Internet applications (B-to-C, B-to-B, B-to-E).

1999-2000, accelerating its development to reach critical mass

In order to accelerate its development and respond to the very strong growth in the market, SQLI carried out numerous operations:

? strengthening its capital base with the entry of two specialised investment funds: Groupe Dassault Développement and Innovacom 3 (1999)
? the acquisition of SUDISIM based in Montpellier (1999)
? the founding of a subsidiary called Keenvision to develop business consulting, marketing, graphics and ergonomics activities (1999)
? the founding of a subsidiary in Switzerland (Lausanne) and a subsidiary in the United States (Boston) to develop technology awareness activities (1999)
? IPO on the Nouveau Marché (2000)
? the acquisition of ABCIAL (with offices in Strasbourg, Mulhouse, Dijon, Belfort and Lyon), IN VERSO (in Geneva) and CARI (in Archamps, near Geneva) (2000)

2001-present, growth consolidation

Following all of the operations which were carried out in 1999 and 2000, SQLI, since 2001, has started to review its organisation so as to consolidate its investments and benefit from its increased scale (the closing of its branches in Mulhouse and Archamps, no new branches in Spain and the United States, and a reduction of its workforce...).

In 2002, as a continuation of the group's reorganisation, the Board of Directors took the measures necessary to enable the SQLI Group to adapt to the 2002 IT sector recession. This adjustment plan has lead to the closing of branches in Lille and Sophia-Antipolis as well as making 50 people redundant. All these measures will be effective at the end of the 1st quarter 2003

SQLI is now a major Internet systems Integrator player in France with its 11 regional branches (Paris, Lyon, Toulouse, Montpellier, Aix en Provence, Bordeaux, Dijon, Belfort, Strasbourg, Nantes and Rennes). SQLI is also present in French-speaking Switzerland (Lausanne and Geneva). This network of branches enables the group to be a visible player on its market and to be well recognised for its Internet expertise.

3.1.2 KEY FIGURES

Historic revenues and profits of the SQLI group.

In millions of euros	2000	2001	2002
Total Revenues	30.2	45.3	44.1
Revenues by activity			
Engineering	22.7	38.0	39.6
Consulting	5.1	4.5	1.5
Others	2.4	2.8	3.0
Revenue by geographical area			
France	27.5	40.0	38.6
Abroad	2.7	5.3	5.4
Operating Income	0.61	(3.4)	(5.8)
Net Profit	0.04	(7.8)	(9.3)
Shareholders Equity	15.2	7.5	0.5
Debt/Equity Ratio	18.3%	17.5%	160%

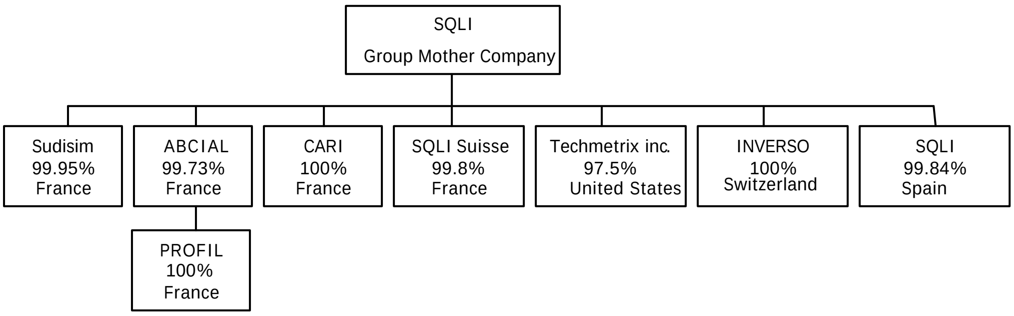
The perimeters are comparable to 2001 and 2002. ABCIAL became part of the group in 2000 and its contribution to revenue increased to 0.5 million euros in 2000 compared to 3.5 million in 2001.

Historic revenue by type of activity

	2000	2001	2002
Banking – Insurance	32%	25%	23%
Telecoms – Transport	11%	3%	9%
Services	26%	29%	26%
Industries	13%	29%	28%
Retail	10%	6%	3%
Administration – Government Sector	8%	8%	11%

3.1.3 GROUP ORGANISATION CHART

Legal organisation chart of the SQLI Group as of 30 April 2003.



The % of minority shareholders is essentially made up of shares owned by corporate officers or directors of the group's companies; only 0.09% of Abcial is owned by a former director of this subsidiary.

All subsidiaries of the SQLI Group have similar business activities to that of SQLI and are therefore able to offer their customer base the whole range of the group's skills. SQLI SL (Madrid), 99.84% owned by SQLI, is not consolidated due to its insignificant nature and its lack of activity since it was founded (sleeping company).

The mixed general shareholders meeting on 26 June 2002 approved the merger of SQLI with its 100% owned subsidiary Keenvision, with back effect from 1 January 2002. It was carried out without increasing SQLI's capital and gave rise to the creation of a merger dividend of €134,141. This merger entailed the immediate dissolution of Keenvision, without need for liquidation.

SQL Logiciels was liquidated on 30 April 2002. There was no impact on SQLI as the liquidation amount (€20,889) had been provided for in the group's accounts as of 31 December 2001. The SQLI Group will continue to simplify the legal structure of the group.

The mother company is responsible for central services (accountancy, communication, marketing, management control, IT…) for all these subsidiaries. A percentage of the cost is invoiced to each subsidiary concerned on the basis of their respective revenue.

The mother company is responsible for the treasury management of its subsidiaries. Interest on current accounts is invoiced to the subsidiaries concerned.

All services benefiting another company of the group are invoiced.

Activity management and accounting and financial management are ensured by a central computer management system which is identical for all subsidiaries.

Details of these intra-group agreements are available in paragraph 6.4 (pages 124 to 130) of the Auditors’ special report on regulated agreements. The contribution of subsidiaries to revenue and profits are specified in the annex to the consolidated accounts (pages 94 to 97) and in the management report (page 50 of §4.1 III).

3.2 PRESENTATION OF THE MARKET

The year 2002 was a very difficult year for the software and services market.

2002 marked the end of a period of strong growth between 1996 and 2001, when the revenue for the software and services market in France increased from 10.7 billion euros in 1996 to 21.3 billion euros in 2001 (source: Syntec Informatique).

Pierre Audoin Consultants called 2002 “the worst in 10 years”. From October 2002, Syntec Informatique, issued a more pessimistic forecast with a decline from 2 to 5% in activity for 2002.

However, at the start of 2002, specialised firms and different market players did not anticipate such a recession, and had forecasted a conservative growth (9% for Syntec Informatique), to adapt to the general 'recession' context of the market. But all results published during 2002 have shown that these forecasts did not ring true.

Hence, 2002 was the beginning of a recession period for IT consulting businesses compared to the 1992-1995 period. IT consulting businesses had to urgently revise their development plans: optimising costs, restructuring plans...

Market Outlooks in 2003

Pierre Audoin Consultants anticipate growth « of around 3% » in 2003. Syntec has announced a very slight increase in activity, especially in project engineering and integration.
According to the IDC study, 85% of American and European companies are planning to increase their expenditure in IT and Communication. However, these forecasts made by a panel of 1000 directors and DSI at the end of 2002 could not have taken into account the 'wait and see' policy of companies since the beginning of the year.

Medium term outlook

The Internet services market has now reached maturity. Internet is not a niche technology but is wide spread and has a profound and lasting effect on companies' IT systems. Internet usage within companies is now focused on opening and modernising Information systems, and affects all business activities.
This market is driven by companies' new usage of the Internet:

? The development of new sales channels by the creation of shopping sites enabling a company to enlarge its customer target base.
? The improvement of customer services by the development of extranet applications that enable the provision of more information and services to the customer services department
? The optimisation of supplier processes with the implementation of management solutions for the upstream-downstream supply chain (SCM, e-procurement…)
? The rethinking of internal management processes by the implementation of intranet applications that enable the improvement of business productivity (processes, knowledge management, distance learning...)

Source: SQLI

In all these fields, studies show that companies will continue their investment in these areas for 2 reasons:
? They are at the heart of the general strategy to improve competitiveness
? If returns on investments are still difficult, this is even more so for the integration of Internet standards in companies' IT systems which have potential to be optimised and significant profits

Expectations and the level demanded by companies have also changed due to a stronger maturity in IT usage, and the stake the information system represents in the competitiveness of the company.

3.3 THE COMPANY'S POSITIONING

The SQLI group, as well as being a consulting and integration group, specialises in information systems and e-business, and is at the heart of the needs of companies by offering a complete service approach around their information system.

The role of SQLI is therefore to offer its clients a large spectrum of competencies and skills resulting from consulting to align information systems with project management using complex technologies.

3.3.1 PROJECT MANAGEMENT CAPABILITIES

Internet projects have changed in dimension: from pilot or one-off projects, they have become major projects of great importance for companies. The strategic aspect of these projects means that a capability to link and co-ordinate the different business activities (commercial, production, and IT) is needed as well as outsourced players (software providers, hosts)

All of these constraints mean that the management of projects becomes a key success factor. Clear organisation is needed, as well as procedures and tools which enable the company to closely follow the progress made during the project, respecting deadlines and costs as well as the synchronisation of the different players.

The SQLI Group makes 50% of its revenue from the provision of services on a fixed price basis which means that it gives a commitment in terms of the result, budget and deadlines as opposed to services of a technical assistance nature whereby such constraints are not posed. The know-how involved in providing such turn-key products and the high occurrence of repeat customer revenues show the SQLI Group's capabilities to respond to this type of projects.

This desire to provide services on a fixed rate basis has led the Group to formalise its approach to the management of projects enabling it to achieve its objectives. Out of its concrete experience in the field, the SQLI Group has instigated a process that is suited for Internet projects which splits up projects into phases, norms of customer and internal documentation, development norms, libraries of software components, validation procedures, tools for tracking projects and for tracking anomalies...

For these purposes and to reinforce its commitment to "Software Development quality and control", since 2002, the SQLI group has integrated the CMMI (Capability Maturity Model Integrated) model. The SQLI Group's commitment to CMMI will enable both productivity gains for all projects and a strong reputation for the quality of its services.

The CMMI model

The CCM model evaluates capability in terms of development and was conceived by the Software Engineering Institute (SEI). It is used throughout the world to improve the way in which applications, equipment and systems are managed, developed and maintained.

As a result of experience, CMMI is a model which describes which practices to implement in an organisation so as to improve and guarantee control of costs, deadlines and applications, equipment and developed system performances.

The model consists of five levels of maturity:
Level 1 – Initial: the development procedure has not been defined. The success of projects depends upon the know-how of a few key people in the organisation. This

know-how is neither formalised nor shared by the different project teams of the organisation,
Level 2 – Repeatable: input and output of different activities are managed and controlled. The rules are known and are applied by the teams. Development is planned and monitored. Products are checked in relation to initial demands,
Level 3 – Defined: the best practices implemented on projects in level 2 are standardised for the whole organisation. A project follows the standard procedure so as to define the best solution that responds to its own objectives. The efficiency of each procedure is measured and reinforced,
Level 4 – Managed: each procedure is systematically measured. Data is consolidated and used for making decisions and anticipating risks,
Level 5 – Optimising: procedures are totally managed and optimised on a permanent basis. Any change is anticipated and managed.

Implementation difficulties and deadlines

In July 2002, SQLI set the following objectives:

- achieve Level 2 in 15 months
- achieve Level 3 in 3 years

This is an ambitious project because 600 people have to work with the same tools and the same methods to arrive at an identical result, one that is independent of the teams. This is the CMM challenge.

The cost of this project can be estimated at an amount around 2% of the annual payroll but important consequences are expected: competitive advantage (gain part of the market), reputation (SQLI, France's quality reference), better profitability on fixed rate packages, and creating dynamism within SQLI (federate associates, increase the level of demand...)

3.3.2 HANDLING OF TECHNOLOGY INNOVATION

Handing complex technologies has always been the strong point of the SQLI Group. Ever since its inception, the SQLI Group has always been able to demonstrate its ability to anticipate, to understand the development of new technologies and to steer its customers in their choice of programmes in order to reduce their technological risks.

This know-how gives the SQLI Group a major advantage over other market service providers, as well as winning new clients, managing customer relations and in the recruitment and retention of the best engineers and consultants.

This mastery of technology ensures that the SQLI Group has an excellent reputation in the IT market as is backed up by numerous articles in the specialised press (more than 400 articles in 2002). Here is an extract of some of the most interesting articles published during the last quarter of 2002:

? JDNET Solutions dated 20/12/2002 : Interview with Habib Guergachi, CTO of the SQLI Group
? IBCOM dated December 2002 : An architect to get the most benefit from new technologies
? Internet Agricole dated December 2002 : .Net against J2EE
? Innovation & Administration dated 31 octobre 2002 : Ergonomics is a factor of intranet success
? L'usine nouvelle dated 31/10/2002 : An original alternative to ISO9000 standards
? Le monde Informatique dated 11/10/2002 : CMM, the quality reference for software developers
? Le monde Informatique dated 4/10/2002 : Round Table "practices must be standardised"

- Programmer n°46 October 2002 : State of the art mobile terminals
- Stratégies internet dated 01/10/2002 : Portals: to integrate documents and applications
- Décision Micro & Réseaux dated 23/09/2002 : Six software genius workshops
- Management dated 01/09/2002 : Don't forget the web, it works!

3.3.3 SALES AND MARKETING ORGANISATION

The commercial development of the SQLI Group is placed under the responsibility of each branch. Each branch has a dedicated sales force whose mission is to follow and develop the customers of the branch. The branch's management team is heavily involved in the branch's sales process.

A key accounts management team intervenes at Group level for certain indentified key accounts: this team's role is to develop top level relationships (senior management) and to define the new commercial offerings on a national level. Coordination of key account sales operations is ensured by directors.

The SQLI Group runs its sales network by organising, across the organisation and in all group branches, marketing seminars and "SQLI breakfast meetings" to which the operational and technology decision makers are invited. These seminars are the occasion for the SQLI Group to promote its know-how in the implementation of internet projects. The principal marketing seminars are as follows:

- Technology: Urbanisation of SI, XML, EAI, J2EE servers, dot.net enterprise solutions, company portals, understanding e-business architectures, testing and monitoring e-business applications
- Functional and studio: e-procurement, crisis management, usability, successful web design, e-learning, customer intelligence, e-commerce or how to turn visitors into buyers…

3.3.4 PARTNERSHIPS

The SQLI Group considers that having a network of partnerships is an important element in implementing integration projects around the information system of its customers.

In its function as an integrator, the SQLI Group therefore undertakes to develop strong synergies with all those participating in implementing long-lasting solutions for its clients.

SQLI's main partners are:

- The main actors in the software world such as IBM, BEA, Microsoft, Oracle, Compuware, Business Objects, Cognos, Documentum, Blue Martini…
- Companies providing infrastructure and hosting: France Telecom, Colt, EasyNet
- Consultancies specialised in change management: Solving International
- Software publishers: Civitas, Aldata

In certain cases SQLI integrates a fixed price software resale plan into the framework of its projects, or external services provided by its partners. This activity still remains marginal (about 0.5% of Total Revenue) and SQLI has no commercial or technological dependence on its partners.

3.3.5 COMPETITIVE LANDSCAPE

Short term reduction in IT requests from companies

In 2002, IT consultancies suffered a complete stop in the growth of the sector, after 6 years of strong growth. IT budgets have been affected by the combination of 2 elements: a general economic recession context, amplified by the need to «digest» the large IT investments of 1999 and 2000 (passing into the year 2000, the euro) and the "Internet/new-economy" effect. This relative reduction in budgets (relative, as in absolute value, IT budgets continue to increase, especially relating to service) is short term, even if no one can yet commit to a date on which “real” growth of IT investments will start again. This growth recession is short term, as companies are structurally obliged to invest in their information systems, pledged for them, not only for competitiveness, but also for optimising their operating costs.

A higher level of customer demands

The economic recession has driven companies to closely monitor their investments. For IT, it has been noted that ‘Purchasing’ directors have taken control of IT supplier management and a strong pressure on price (reduction estimated between 5 and 15% depending on profiles between 2001 and 2002). But, it must also be noted that there is a new company maturity to the IT tool and regarding what they expect of their subcontracting partners. This expectation is found on 3 levels:

? The "service" element is becoming preponderant for companies, and hence is becoming the number one criteria for choosing a solution.
? The "size" of the partner is also a key element of the decision.

Finally, quality of service will become a decisive criteria in selecting service providers.

The service element represents the 1st budget item for companies

If an IT budget is split up, 3 main items can be distinguished : hardware, software and services. Up until the middle of the 1980s, hardware was the most important item of this budget. During the 1985-1995 period, software became a more and more important item for both the IT budget of companies and the criteria for choosing a solution (the choice of an ERP was structured for the organisation of the company's information system).
Today, the company first of all buys service, with the guarantee that the solution proposed responds to expected objectives. It is the choice of an integrator, over the success of the overall project, which is becoming structured for the company. Because of this, IT consultancies are perfectly placed to take their part of the customer's IT budget, and in their role as key interlocutor to the company’s decision makers.
Furthermore, other players have organised themselves, they invest enormously in proposing to their clients the Service necessary for integrating their solution (IBM Global Services is the perfect example of this which has succeeded in this change – IGS now represents the largest revenue for IBM, and especially the activity which offers better profit prospects). Publishers are looking for new profit margin relays to face up to the decline in licence sales.

A confidence crisis of clients faced with the quality of IT service offers.

As with any high growth sector, the quality of service proposed by IT consultancies is of a low level: according to the Standish Group, budgets for IT projects are around 90% and deadlines 120%. The internet has enabled IT projects to be controlled again by operational and general directors who focus on services provided and return on investment. In the future, it will become indispensable for IT consultancies to better guarantee the quality, costs and deadlines of their projects.

Quality of service is not easy to gauge between service providers given that no quality certification has been able to be imposed on the software industry up to now. The ISO 9000 standard is not representative of the sector as it has not succeeded in imposing itself as a project quality gauge. The CMMI standard will perhaps become the standard reference for the software industry but very few IT consultancies can boast about being CMMI referenced in the world.

Service quality, a major differenciation criteria

The SQLI group is renowned in France for its expertise in new technologies and on the quality of its engineers. This is due to its original positioning on new technologies, its permanent investments in terms of selling and tools (illustrated among others by its Interligo framework) and the quality of its teams, linked to a phased recruitment with the advanced positioning of the Group (sense of commitment, looking for client value-added, pragmatism...)

At the beginning of 2002 SQLI underook a CMMI certification approach. The group's ambition is to achieve a level of unmatched quality in its market, i.e. France and French-speaking Switzerland.

Complete commercial coverage in France and French-speaking Switzerland

SQLI is one of the French players which combines strong technical expertise with a geographical coverage which enables it to be present in all French and French-speaking Swiss regions (after the fashion of the strategy of big integrators such as Gap Gemini, Atos, Steria, Unilog...).

The competition never ceases to change

Since 1996 numerous intervening partners has positioned themselves on this growing and buoyant market. Since 2001, the competitive arena has not ceased to change under the dual influence of maturity of client requests and economic changes. Projects are becoming more and more strategic, complex and technological. SQLI's competitors can be classed in 3 large categories:

? The traditional IT consultancies (Cap Gemini Ernst & Young, Stéria, Atos Origin, Unilog, GFI...) have a highly developed commercial presence with their customers due to their seniority. They have very little technology awareness activity and integrate new technologies very late on. They are finding difficulties in positioning themselves on turn-key services and are mostly proposing technical assistance-type services with a weaker added-value. Having concentrated their needs on the Year 2000, the Euro, etc, between 1998 and 2001, these companies are progressively integrating internet competencies.

? Traditionally positioned on organisation, strategies or process overhaul missions, the consultants (KPMG PeatMarwick, McKinsey, Price Waterhouse Coopers...) are suffering from not having positionned themselves on integration services. This difficulty is producing more partners than actual competitors.

? Service providers ((Micropole Univers, valtech, Fi System, Cross Systems, Cosmosbay...) have invested in the long term in internet technologies profitting from numerous references of this type of project ahd have been able to put in place organisations which are adapted to respond to customer needs.

The SQLI Group's market positioning in terms of expertise and commercial coverage therefore makes it a very competitive player in the service market in France and Switzerland.

3.4 DESCRIPTION OF THE GROUP'S ACTIVITIES

With the development of complex e-business projects, integrated into pre-existing information systems, it is necessary to have a good handle on a large skills spectrum, including an excellent knowledge of internet technologies. The teams that are responsible for implementing Internet projects must be capable of handling standards such as XML for inter-application syndication and communication, Java application servers, middleware – EAI – so as to integrate them with existing information systems, the systems and the networks…

In order to respond to the requirements of companies in terms of their information system, one also needs to be able to offer organisational and business functions consulting, content definition, ergonomics and applications with good usability. One also has to offer, in parallel, strong value added technology consulting for the choice of architectures and platforms in order to ensure compliance with standards, to ensure the long life of investments and to guarantee the performance and the security of applications that have been implemented.

The vocation of the SQLI group, as an Internet systems integrator and consultant, is to bring to companies a complete cover for their changing information system needs.

The skills of the Group are organised around 4 main axes:
? Technology and functional consulting, and business intelligence
? The Graphics Studio
? Integration and implementation
? Skills transfer

3.4.1 CONSULTING

Technology Consulting

Technology consulting is a long tradition of putting into practice Research & Development in new technologies. Thanks to R&D and the vast amounts of experience fed back from the engineering teams, the SQLI Group can offer it customers a high level of expertise and consulting covering a group of missions:

"Architecture" missions:
? Technology awareness, publishing comparative studies and White Papers
? Strategy and urbanisation of information systems (EAI, web services, mainframe integration, middlewares…)
? Choosing and implementing transactional technical architectures, integration, content management, corporate portals…
? Checking technical architectures and measuring performances

"Infrastructure and Security" missions
? Defining hardware, software and application security policies
? Choosing and implementing secure architectures (DMZ, firewall…), PKI architectures (electronic signatures), configuring and measuring the size of architectures
? Checking secure architectures and intrusion tests

Functional consulting

The internet has allowed the running of the company to be rethought, enabling an enlarged method of operating, benefiting exchanges as well as compressing deadlines. SQLI consultants can help companies benefit from all these advantages:

? Statement of the companys' management procedures and adapting them to take into account "What is it?" specificities.
? Supporting change to take into account internet specificities, assistance in functional management and work control
? Support mission for local groups (general consulting, regional consulting, county consulting...) so as to integrate the internet with exchanges with citizens and partners

« Business Intellgence » Consulting

Running companies more and more requires precise indicators to enable pressured analysis for drawing up the appropriate conclusions. "Business Intelligence" consultants help companies build their databases to enable analysis:

? Design and implementation of a datawarehouse, defining key indicators and analysis axes, "star" modelling.
? Choosing and implementing decisional architectures (ETL, reporting tools...), implementing supply chain automation...
? Choosing and implementing an analytical reporting architecture

3.4.2 THE GRAPHICS STUDIO

To transform a presence on the web into a communication channel which assists the brand's objectives, an Intranet and a tool which can be used by all associates of the company, and implementing a true strategy linked to complementary business expertise are proving to be indispensable.

Image upgrading: Design must be able to convey the company's values, also enabling the brand to be differentiated from others in the internet universe.

Customer retention through ergonomics: The organisation, navigation and operation of an interface must take into account the physical and psychological characteristics of its users.

Seduce customers by content: Content must be adapted to the specificities of the Internet media, and also respond to the information needs of users by showing itself to be carefully adapted to the communication needs of the company.

Missions led by the Studio axes are:
- For design: graphics audit, logo-type design, design position recommendation, multi-platform and navigator compatibility test, web graphics chart, site management…
- For ergonomics: analysis of the internet site, applications interface, PDA, 3D and Flash interfaces, interface design (navigation, terminology), user tests, ergonomic audit, drafting web ergonomics guides…
- For publishing: publishing audit, staged sections, publishing line, modelling internet expression means (streaming, audio, flash…)

3.4.3 INTEGRATION AND ENGINEERING

SQLI achieves about 50% of its total revenue from fixed-price package service provisions. To succeed in these projects, SQLI relies on a pragmatic approach and a volume approach which relies on the CMMI model.

SQLI project teams make use of tools to respond to customer expectations in term of turn-key solutions: "Interligo" framework, "TCM" test tool, "SDP" project monitoring tool, LinkUall client extranet…

SQLI is able to demonstrate its accepted expertise in the development of applications that are based on new technologies and internet standards: notable for server application and middleware for the integration of information systems (EAI - Enterprise Applications Integration). SQLI also has a solid skills base in the implementation of business intelligence that allows the company to monitor and measure business indicators (smart monitoring and business intelligence).

SQLI's project teams' know-how:
- Project adapted to new technologies: demand management, certified projects (CMMI, RUP, UML…) object/relational mapping (Castor, TopLink) risk analysis and management, internal project management tools (SDP, TCM…)
- Quality of development by using the market's framework (Struts, Blue Martini…) or SQLI's Interligo framework. Configuration management.
- Controlling the main development environments: Java (J2EE, WebLogic, Websphere…), Microsoft (DNA, DotNet), Open Source tools (Php, Tomcat…)
- Integration of technology and application software solutions: EAI (Mercator, WebMethod, Seebeyond…), Portal (IBM, Oracle, Plumtree, Epicentric…), Web Content Management (CMS, Tridion, Documentum…) ERP (SAP, Siebel, Peoplesoft…)
- Business intelligence: ETL (Genio, Datastage…), analytical reporting (Cognos, Business Object…)…
- Third party application maintenance: cost estimation methods, application and corrective maintenance, application audit

3.4.4 SKILLS TRANSFER

Skills transfer is carried out through business analysis consulting operations and through the company's training activities. Training activities generate 5% of the Group's total revenues (cf consolidated annex §5.3 C).

The SQLI Group is one of the only consulting groups in the world that is able to rely on the feedback of the experience of its engineering teams. This very "concrete" Approach towards new market products confers on the Group's studies and analyses a unique quality without equivalent.

Through its training activities, the SQLI Group is able to offer its customers true skills transfer for new technologies. These training programmes are led by consultants who spend 2/3 of their time working out in the field.

? A "Strategy Stream" gives those in charge of companies (senior managers, project managers, functional managers) the chance to understand the trends and the uses of new technologies in their companies
? An "Architecture Stream" gives technology leaders a chance to understand the market trends, to make choices and to build long lasting solutions that are suitable for their organisations
? An "Engineering Stream" exists to help engineers get training in the methodology and the development environment of Internet projects (UML, Java, XML…)

3.5 CUSTOMERS

3.5.1 MAIN REFERENCES

SQLI has more than 800 customer references today. Almost all of its customers are key accounts or large regional PME/PMIs.

Main SQLI Group customers:
Air France, Actif+, April, Aventis, Airbus Industrie, Alstom, Banque de France, Biomérieux, BMW France, BNP Paribas, Bred, Brenntag, Bureau Véritas, Caisse d'Epargne, Carrefour, Casino, CCF, CGU, CNP Assurances, Conseil Général de la Moselle, Crédit Lyonnais, Decathlon, Delta Diffusion, EDF, Edipresse, Entenial, ERG, Essilor, France Telecom, Galeries Lafayettes, Gemplus, General Electric, Groupama, Hewlet-Packard France, La Poste, Liebherr Aerospace, Groupe Médéric, Michelin, Mutualité Sociale Agricole, Nestlé, Potain, Paris Première, Philipp Morris, Laboratoires Pierre Fabre, Renault, Sanofi, Scoot France, Serono, SITA France, SNCF, Société Générale, Suisse Assurances, TotalElf, Usinor.

SQLI has more than 220 active clients and the company has always strived not to depend on just one type of business sector in particular.

3.5.2 DESCRIPTION OF THE MAIN CUSTOMERS

Following the fashion of the business sectors, SQLI is not dependent on any one customer in particular as the table below demonstrates. It is noteworthy that revenues made from the first 10 customers increase in the same proportion as total SQLI revenues.

	2000	2001	2002
Revenues made from first 5 customers	16%	18%	20%
Revenues made from first 10 customers	24%	26%	33%
Revenues made from first 20 customers		38%	46%

Revenue analysis over time shows strong repeat custom. This can be explained by the quality of the services offered, the expertise of the SQLI team, and by the nature of the new technology projects. The table below shows the growth in revenues due to the Group's first 10 customers between 2001 and 2002.

IN MILLIONS OF EUROS	2001	2002	CHANGE
France Telecom	2.31	2.24	-3%
SOCIETE GENERALE	1.85	2.04	10%
PHILIP MORRIS	0.84	1.60	91%
AIRBUS	0.51	1.46	187%
AVENTIS	1.78	1.41	-21%
RENAULT	0.69	1.36	96%
NESTLE	0.58	1.19	105%
Groupe CAISSE EPARGNE	0.62	1.11	78%
Groupe BANQUE POPULAIRE	0.61	0.97	59%
CNP	0.45	0.97	115%

The average period in which clients settle was 85 days as of 31 December 2002. There is no notable difference between the average settlement period of public and private clients.

The company carries out approximately half its projects on a fixed rate package for which the usual period varies from three months to one year. Technical assistance orders make up the other part of the business and currently have an average period of three months which is regularly renewed.

3.5.3 REVENUE DISTRIBUTION

IN %	2001	2002
Bordeaux	2.5%	2.2%
East	5.9%	6.7%
United States	0.4%	0.4%
Lille	1.9%	1.5%
Lyon	19.7%	21.2%
Mediterranean	9.1%	8.7%
West	0.2%	1.5%
Paris	44.2%	39.7%
Switzerland	10.5%	10.3%
Toulouse	5.6%	7.8%

Source SQLI

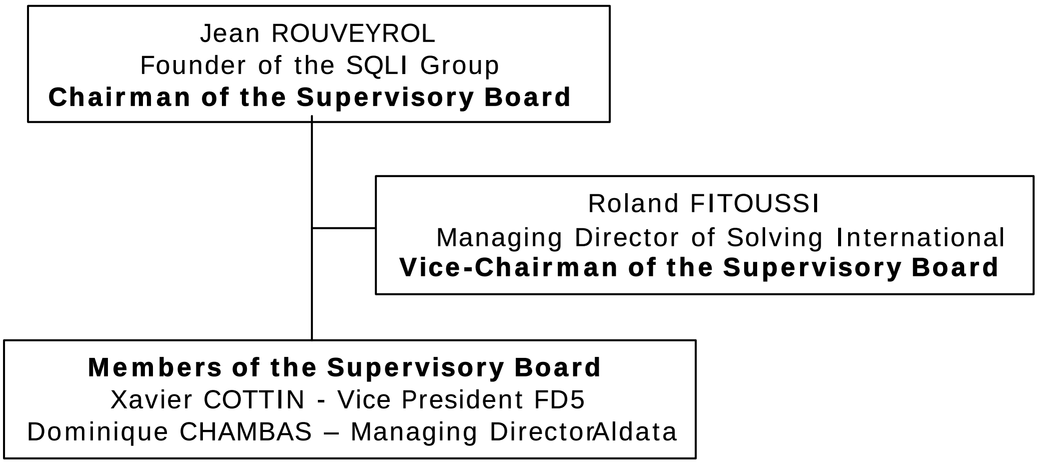
Branches in Bordeaux and the West were merged into one agency on 1 January 2003.
The Lille branch will be closed definitively at the end of the 1st quarter 2003.
The « East » branch brings together the geographical areas of Belfort, Strasbourg and Dijon.

The «Mediterranean » branch brings together the sites in Aix en Provence and Montpellier and Sophia before it was closed in April 2003.
The Switzerland branch brings together the Lausanne and Geneva sites.
The American subsidiary, Techmetrix Inc will no longer operate in 2003.

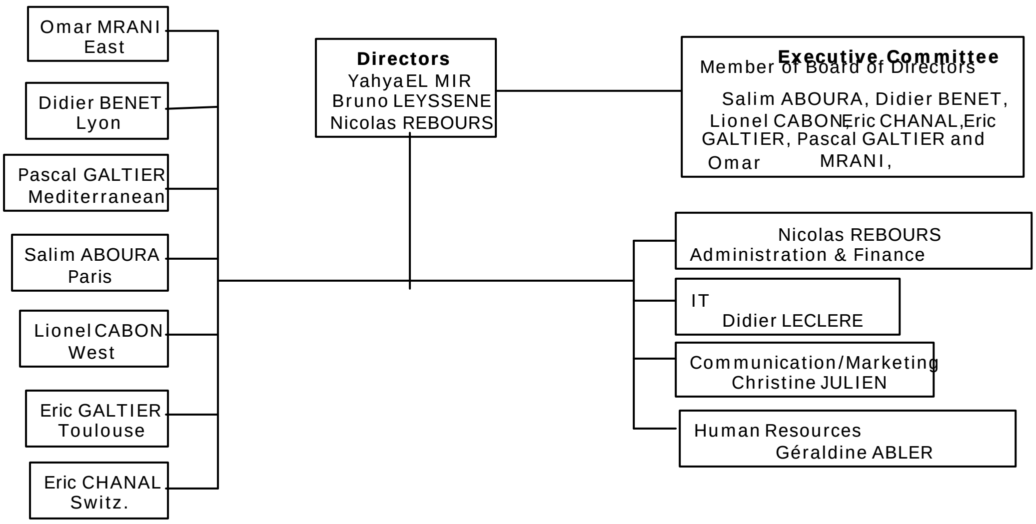
3.6 HUMAN RESOURCES

3.6.1 SIMPLIFIED GROUP ORGANISATION CHART

SQLI Group surveillance consulting as of 28 February 2003



Operational organisation chart of the SQLI Group as of 30 April 2003



The Board of Directors, whose chairman is Yahya El Mir, coordinates all operational management and support.

The executive committee enables the company to benefit from the synergies between the different operational managements. The executive committee fulfills 3 main missions for the group: it validates the strategy and future orientations of the group, suggests new measures to inspire best practices of branches, and leads strategic operational missions for the group.

The group is organised in operational managements (branches) which make use of the autonomy and responsibilities necessary for them to operate. Each operational branch can offer the group's entire services.

Support management supplies the operational branches with the necessary means of support:

? The administrative and financial management made up of 12 people ensures treasury, accounts and payroll management, management control and internal audit. Accountancy, invoicing and business management are managed by an ERP (Agresso). An internally developed intranet application is dedicated to managing business and is in the process of being implemented. It will allow the group to be better managed and will contribute to improving real time internal reporting. When this internal management application is eventually implemented, all of the company's business activities (except for accountancy and payroll), the company's procedures will be optimised (associate management, time management, business management, order management…). Significant accountancy options are the result of decisions made by the Board of Directors on the basis of documentation put together the accountancy departments on current texts and recommendations. The most significant options generally come from a collection of opinions and recommendations of the members of the oversight committee and auditors before the Board of Directors takes a position.

? IT provides the needs and tools necessary for the internal operation of the group. It also supplies the means for carrying out fixed-price projects.

? Human Resources are responsible for the support function for branch managers for recruitment, training and changing associates, expertise on company legislation…

? Technology runs the group's technological awareness programmes and contributes to running the technological aware site, www.techmetrix.com.

? Communication and Marketing aim to improve the visibility and reputation of SQLI on the market and to manage internal communication.

3.6.2 WORKFORCE

As of 28 February 2003, SQLI employed a workforce of 618 spread out across the 8 branches of the SQLI group. 594 of the group's workforce are a result of the employment security plan. Most of the staff members have an engineering or university background (postgraduate level). The average age of the workforce is 28.

As of 28 February 2003, 25 staff members were working at the Company's headquarters, split up into the following functions: Administration and Finance (11), Human Resources (3), IT (4), Communication (1), Technology (3), and General Management (3).

The working hours directive was applied on 1 January 2000 and gives 11 supplementary days of paid leave. The consequences of implementing the 35 hour working week directive can be measured in the results for 2000 with a loss of billable hours equivalent to the number of supplementary days holiday.

The percentage of non-billable staff decreased from 21.5% in May 2002 to 14.3% in May 2003, after the restructuring plan was implemented.

The work rate (defined as the time spent on billable business of productive staff/paid work time outside of holidays) rose to 83.81% during the second half of 2002. During the first five months of 2003, the average rate was 85.35% on average and has been constantly improved from the month of January (82.02%) to the month of May (88.07%) as a result of the implementation of restructuring measures.

Training expenses represented 1.3% of total revenue in 2002 compared to 3.3% in 2001. The average gross salary determined by relating the amount of salaries to the average staff increased by 8.9% in 2002 compared to 2001.

Staff changes

	1999	2000	2001	2002
Average Staff levels (*)	232	408	638	665
Staff Turnover (**)	6.5%	7%	15.8%	13.4%

(*) 99% of employment contracts are permanent contracts.
(**) Calculated on the basis of departures and arrivals on average staff levels.

The group only makes use of external resources when a particular skill is needed.

A unique company culture

The historic positioning of the group in the new technologies sphere has enabled the company to attract and progressively form teams of consultants and engineers of great quality who are enthusiastic and very involved in the business projects. All of this translates into a unique team spirit that is recognised by customers; openness, flexibility and the capability to take risks are some of the characteristics of a SQLI team. Besides their professional qualities, customers unanimously recognise the human values of the Group's teams. This is why one day a customers said: “SQLI, it’s not just professional expertise, it’s human expertise".

In a survey published on 14 February 2002 by the "Journal du Net" on who are the best high-tech companies to work for, the SQLI Group was placed at number 20, just behind Cap Gemini Ernst & Young. This survey was conducted with 3700 online professionals who had to choose between many types of companies: IT consultancies, software producers, assemblers and companies using IT.

In a survey published in May 2002 by ComputerWorld (IDG Group), the SQLI Group was ranked in the list of 100 companies **in the world** where working conditions in new technologies are the best. Only 5 companies in France were mentioned : Deloitte Consulting France, EDS France, Stéria, Microsoft France and SQLI.

Salaries are linked to the results of the Company and to the Company's capital by means of stock options and warrants (BSC) that are described in more detail in paragraph 2.2.3 and in the Special Report of the Board of Directors which is reproduced in this document in section 4.2.

The Group’s Skills

The positioning of the SQLI Group on the new technologies market has led to a continuous renewal of the Group’s skill-base. Technical skills have evolved as a function of changes in technology and software maturity.

Partnerships with the main software producers have enabled SQLI to have access to new tools, producing experts and offer the possibility of training SQLI teams. SQLI has its own training body which enables it to train teams in technological changes and new tools.

3.6.3 PREMISES

The Group rents the majority of its premises through traditional commercial leases. The largest premises are in the Company's Saint Denis site (3300m2) and in Lyon.

Location	Surface area	Annual rent
Saint Denis	3510m2	€635k
Lyon	586m2	€150k
Toulouse	144m2	€13k
Bordeaux	264m2	€34k
Montpellier	117m2	€13k
Aix-en-Provence	297m2	€33k
Strasbourg	453m2	€54k
Dijon	175m2	€16k
Belfort	366m2	€20k
Lausanne	356m2	€43k
Geneva	270m2	€60k

Premises in Rennes and Nantes are rented according to an agreement which has been set up.

The premises in Lille and Sophia are not used; the lease will come to an end during the first half of 2004.

The lease concerning Mulhouse came to an end during the first half of 2003.

Owners of the different sites have no direct or indirect link with corporate officers or the main shareholders of the group's companies.

3.6.4 BRAND NAMES AND COPYRIGHTS

The star brands of the group (SQLI, Techmetrix, Interligo) are protected in Europe and in the United States.

All legal protections of brands, names and copyrights have been carried out to the benefit of SQLI.

3.7 RISK ANALYSIS

3.7.1 CUSTOMER RISK

SQLI has always been careful not to become dependent on any one customer or business sector. In 2002, the Group's first customer (Groupe France Telecom) represented 5% of the Group's revenues spread out moreover over practically all the SQLI Group's French branches and over the different entities of France Telecom. SQLI Group's customers are, for the most part, key accounts or large regional SME/SMMEs.

In 2001 a new debt collection procedure was put in place (prior checking of the prospect customer's solvency, monitoring incurred costs, monitoring customer settlement periods, legal proceedings). For 2002, the amount of provisions for dubious credits has been brought back to 1.7% of revenue compared to 4.4% in 2001.

3.7.2 LEGAL RISKS

The SQLI Group is not subject to any particular regulatory body.

Certain contracts, those of a particular strategic nature for our customers, contain a confidentiality clause that runs out in the majority of cases when the project is put into production. This clause obliges us not to communicate the signing of the customer or the nature of the project.

Almost half of the company's business is carried out through fixed price contracts with outcome obligation. Even if the Group has contract management experience for this type of contract and rarely suffers excesses, the outcome obligation resulting from these commitments can involve significant risks.

To limit the range of these commitments, the company, for the majority of contracts, ensures that it:

- obtains a contractual penalty ceiling for late payment
- commits to carry out its deliveries in conformance with the detailed specifications established but its needs on the basis of the terms of reference prepared by customers
- limits its responsibility to the amount of the contract of the ceiling covered by its third party insurance

SQLI SL is not integrated in the consolidated accounts of the SQLI Group as its insignificant character does not imply any contractual obligation for the Group or any particular risk.

3.7.3 COMPETITION RISKS

The SQLI Group deems that the competition in the sector will intensify as the current players consolidate, as new foreign service providers enter the market and as customer quality requirements increase.
Hence after two years of bad recession, pressure on prices remains but seems to be stabilising. Taking into account the restructuring measures implemented, the SQLI Group has adapted its structure costs so as to be able to reach break-even point in 2003. At the end of May 2003, the objective of reaching equilibrium in 2003 seemed achievable. Nevertheless, business performance for the second half of the year remains to be confirmed.

With its positioning as a complete integrator, the SQLI Group is capable of mobilising and combining multi-discipline teams (business consultants, technology consultants, project managers, experts in design ergonomics and development teams...)

The Group's capacity to manage turn-key products and its strategy for improving the quality of the services it delivers through its commitment to CMM should enable the SQLI Group to reinforce its position as a major player on the Internet services market.

3.7.4 KEY PERSONS RISK

The SQLI Group is organised into profit centres which are placed under the responsibility of the manager who has the freedom necessary to run the centre. This responsibility and freedom for operations means that the managers are heavily involved in the running of the Company, creating synergies between different profit centres (commercial synergies and skills....)

This organisation encourages long term managerial commitment and encourages working as a network, which means relying on other members of the Group reinforcing the notion of a true team.

To reinfoce this cohesion, managers are involved in the capital of the SQLI Group. Effectively, the management team and key staff members benefit from a significant benefits and incentives scheme (BSPCE or stock-options).

3.7.5 MARKET RISKS (INTEREST RATES, EXCHANGE RATES, SHARES AND LOANS)

The exchange rate risk is not significant as most of the Group's activities are in France. SQLI Group's activities in the US and Switzerland only represented 10% of the 2002 Group revenues. The exchange rate risk mainly concerns operations in Switzerland as no business development is planned in the United States. However, exchange rate risk in Switzerland is very limited as all costs (mainly salaries) and revenues are carried out in Swiss Francs. The Group therefore benefits from an inferred coverage of exchange rate fluctuations.

As far as interest rate risks are concerned, the company's main exposure is the financing of its factored loans (4.397million Euros at the end of December) which are financed at a variable interest rate (Eurobor+0.9%). A 1% change in the Euribor rate would consequently change financial costs by €44k over the year compared to 473 thousand euros of financial costs recorded in 2002.

The SQLI Group uses a factoring company to finance part of its client loans. During 2002, the SQLI Group signed a new factoring contract with Factobail to replace the contract it had signed with Factorem. Given that amount of loans given up by the Group to Factobail which rose, as of 31 December 2002, to 8.602 thousand euros (of which 4.397 thousand euros were an advance of funds from the factoring company before being banked for the loan needs of SQLI's customers), a termination of the factoring contract could cause a financing problem to the SQLI Group. Increased recourse to factoring to finance the company's activities partly explains the decline in the customer part of consolidated assets (13.357 thousand euros as of 31 December 2001 compared to 9.626 thousand euros as of 31 December 2002) which is matched again an increase in other loans (increase of 3.767 thousand euros in 2001 to 5.545 thousand euros in 2002) which include loans on the factoring company.

As of 23 June 2003, no element existed in the relations between SQLI and Factobail which might lead to such a termination of contract. The amount of factoring costs for the Group rose to 117 thousand euros in 2002 matched against a financial cost of 214 thousand euros.

Other than its factoring line which has no ceiling, the Group benefits from a Daily line of credit of €750k agreed by CCF.

The Group's funds as of 23 June 2003 rose to 1587 thousand euros.

As of 31 December 2002, the SQLI Group did not have a portfolio of third party shares or a OPCVM (UCITS) and owned 1540 SQLI shares for an amount of 723.8 Euros within the liquidity contract signed with Fortis Securities.

3.7.6 ENVIRONMENTAL RISKS

The SQLI Group is in the services sector. The SQLI Group does not therefore make use of production tools that might respresent an industrial or environmental risk.

3.7.7 TECHNOLOGY RISKS

The SQLI Group operates in an environment where technology change is particularly fast moving. Ever since its inception however, the Group's aim has been to be a partner to its customers thus allowing them to benefit from these changes in technology.

The organisation of the Group with a Technical Management Team and a strong technology awareness programme demonstrates the desire of the SQLI Group to anticipate new technologies and make the most of them. The move from the client/server model to the Internet in 1995 and the positioning of the Group on the Open Source model in 2000 are two good illustrations of the ability of the SQLI Group to make the most of changes in technology.

Although the SQLI Group cannot guarantee that it will always be able to identify and build up knowledge quickly for every change in technology, this constant change in technology is perceived, however, as an element that builds the Company's value—added and its market share.

3.7.8 INSURANCE – RISK COVER

The SQLI Group has adequate professional risk cover and is not currently implicated in any litigation connected to activities that are not covered by its insurance policies. Risks relating to losses due to contact termination or late payment penalties not covered by third party insurance are covered by provisions for risks and costs in the company's accounts.

The SQLI Group has a third party insurance policy with Chubb which covers any damages caused to third parties by its activities up to a maximum amount per accident of 7,622,451 euros.

The third party liability of the company's representatives relating to the exercising of their mandate is covered by an insurance policy with AIG.

The Group is not covered against business loss risks.

Table summarising the company's main insurance policies

Type of risk	Company	Annual Cost	Extent of coverage
Professional multi-risk	GAN ENROCOURTAGE	€14k	Fire, Explosion, Theft, additional costs
IT breakdown	ALBINGIA	€11k	
Professional Third Party Liability	CHUBB	0.107% of Revenue	maximum of €7622k per accident product/post delivery maximum of €762k per insurance year
Corporate officers and managers' reponsibilities	AIG	€15k	Fault of oversight on behalf of managers, guarantee of €5000k per accident
Car Fleet	AZUR	€31k	All professional travelling risks

3.7.9 FINANCING NEEDS AND REINFORCING SHAREHOLDERS EQUITY

The net consolidated position of the Group at the end of 2002 remains positive by €470k despite the significant losses recorded in 2001 and 2002. The net social position is negative by €830k. By implementing its restructuring measures, the Group has been able to improve the average employment rate and improve its rolling funding needs management to finance its restructuring and stabilise, indeed improve, its cash flow. The insufficiency in the Groups' shareholder equity weakens the group and a reinforcement of equity is the last stage in the restructuring measures that needs to be implemented in order to ensure the development of the group's activities.

3.7.10 OTHER INFORMATION ON RISK FACTORS

The presentation made on the off-balance sheet commitments does not omit the existence of a significant off-balance sheet commitment according to current accounting standards.

No clauses exist for price complements, earn-out or reimbursement causes anticipated in applying covenants or triggers.

3.8 DEVELOPMENT PLAN

3.8.1 INFORMATION POLICY

Operating Investment Policy

During 2001, the SQLI Group made the decision to rent its IT equipment. This policy allows the Group to benefit from an automatic renewal of its hardware every 2 years and also to upgrade to the latest software available. This decision enables the SQLI Group to devote its cash flow to financing the Group's activities.

The SQLI Group has no desire to acquire or hold property. All of its premises across the branches are rented with commercial leases lasting 9 years.

Research and Development Policy

The SQLI Group has one of the best performing R&D units in the whole sector. Right from the outset in 1991 this activity has always been organised so as to be operational and to be profitable either through cutting edge technology projects or through the sale of technical studies.

Even if this unit incorporates the know-how and experience of the SQLI Group, the Company deems it prudent to integrate the unit into the financial accounts on a cost basis per financial year only.

External Growth Policy

Since 1999 the SQLI Group has made 4 acquisitions (Sudisim, Abcial, Cari et Inverso). Since 2001, the SQLI Group has decided to only grow organically.

Carrying on from 2001 and 2002, no external growth projects are planned for 2003.

European Development and new sites in France

The SQLI Group is of the opinion that its branch network in France and French-speaking Switzerland is complete and does not therefore plan to open any further branches. Like the corporate development strategy of the main players of the French service sector (Cap Gemini Ernst & Young, Stéria, Unilog...), the SQLI Group wants to privilege, for the moment, a strong national presence before embarking on a pan-European development.

As far as developing in other European countries is concerned, there are no projects planned for 2003.

3.8.2 DEVELOPMENT STRATEGY FOR THE GROUP'S ACTIVITIES

Finalising the restructuring plan

A restructuring plan was launched during the month of September 2002 to adapt the SQLI Group to the context of a declining market. All measures were decided on so as to enable renewed profitability during 2003 and to lower the level of fixed costs to around 20% This restructuring plan is made up of several elements, including:

? Reducing the workforce by 50 people
? Closing down 2 non-profitable branches (Lille and Sophia-Antipolis)
? Increasing the productivity of teams (work rate) with the compression of hierarchical "strata" and improving the "billable workforce/overall workforce" ratio.

? Rationalising sites by regrouping Paris-based teams into one site, closing the headquarters (Paris St Roch) and optimising the surface areas rented (Paris St Denis, Strasbourg, Montpellier).

The Employment Security Plan negotiated with the company's partners was approved by staff representatives on 6 December 2002 and redundancies were notified on 20 December 2002. Notice ended on 20 March 2003.

The lease on the rue Saint Roch headquarters in Paris was terminated on 15 December 2002.

The restructuring plan mobilised the whole company and an adjustment of the activity rate was recorded in the last quarter of 2002 (work rate excluding holidays went from 79% in the first half of 2002 to 84.5% in the last quarter).

The cost of the restructuring plan integrating both redundancies and branch closures rose to an amount of around €1500k (€1134k were recorded as provisions for risks and operating costs at the end of December 2002 on the basis of the redundancy plan and closing down of branches, the balance recorded of 2002 costs relative to the closing down of the Paris-Saint Roch headquarters).

The company's image in the eyes of both existing and prospective customers has not been tarnished by the restructuring plan. During the last quarter 2002, the SQLI signed several significant contracts with Société Générale, Decathlon, le Conseil Général de la Moselle, Michelin...

Becoming a reference for the IT service sector

The Group's ambition it to become a reference for the IT service industry.

Throughout its background and development, the Group has been able to set up the SQLI brand name in France, despite the multiplicity of players present in this service market. This reputation relies on different factors that the company has built on during its development. positioning of new technologies, implementing approaches and procedures aimed at increasing the added value given to customers, developing tool boxes to industrialise software development, permanently looking into improving service quality and, from the beginning of 2002, committing to a quality certification programme (CMMI).

For the group's managers, only commitment to service quality and «business » will guarantee lasting growth tomorrow with guaranteed profits in a market where demand continues to grow, but where the competition between players will be more exacerbated given the market's potential.

Implementing an « offshore » development centre

The group's development strategy integrates 2 structural market demand trends:
? A high requirement for service quality and service provision costs
? A significant amount of service providers to help their customers throughout ambitious and critical projects.

The SQLI Group plans to create an offshore development platform during 2003 which will enable it to respond to the high demands of the market. The Group is especially looking into setting up a site in Morocco which will have the following advantages:

- ? perfect knowledge of the French language and close cultural links,
- ? a reservoir of local skills and local costs which are less than 70% of those in France.

Increase in Capital

As the losses in 2001 and 2002 affected the net consolidated and company positions, the Group plans to increase capital during 2003, enabling it to reinforce its financial structure.

2003 Provisions

2002 revenue was almost stable in relation to revenue in 2001 (a decrease of 2.6%). For 2002, the SQLI Group had planned a growth in its revenue of more than that forecasted by Syntec (+8%). This difference can be mainly explained by the conditions of a market radically different in relation to those forecasted when provisions were set up (a market decline of between 2 and 5% according to Syntec).

The group's operating income is negative compared to the balance forecasted. This difference can be explained by the fact that the growth in revenue was not achieved and especially by the cost of the restructuring plan. The group's net profit was affected by a one-off depreciation on acquisition spreads.

The company's Board of Directors has taken measures which are deemed essential in order to face up to the recession which hit the IT service sector in 2002 and it hopes to maintain the company's business activities in 2003 compared to what it achieved in 2002. It aims to balance operating revenue in 2003.

However, in the current climate of economic and geopolitical uncertainty a new turnaround in the economic situation could happen which would considerably affect the company's aims which have been closed in terms of instantaneous parameters.

3.9 EXCEPTIONALS AND LITIGATION

To the knowledge of the company, there is no ongoing litigation, arbitration or exceptional event that is likely to happen or that has happened recently that will have a significant effect on the financial situation, the profits, business activity or the assets of the Company and the Group.

4 MANAGEMENT REPORT AND SPECIAL BOARD OF DIRECTORS REPORT

4.1 BOARD OF DIRECTORS MANAGEMENT REPORT

Dear Sir, Madam,

We have brought you together to the Ordinary General Shareholders Meeting in accordance with the legal, regulatory and statutory directives in order to give you the results of our management of the SQLI Company during the financial year ended 31 December 2002 and to submit for your approval the financial statements for this financial period.

We will give you any precisions and any complimentary information concerning these documents and papers as is laid down in the current regulations and within the proper legal timeframes.

I – THE COMPANY'S BUSINESS ACTIVITY

THE COMPANY'S SITUATION AND WORK IN PROGRESS DURING THIS FINANCIAL YEAR

Restructuring during recession

During the financial year ended 31 December 2002, the company's business activity was hit by a profound recession in the IT services sector which had not been anticipated. After several years of sustained growth, SQLI set itself a growth objective of 15% in 2002 which it considered to be moderate. This annual objective still seemed attainable in view of the results of the first half of the year, during which SQLI recorded a growth of 8.5%.

From the third quarter of the financial year, business activity considerably fell; and SQLI recorded a decrease in its revenue of 5.8% (SQLI 2002 revenue compared to the combined revenue of SQLI and KEENVISION in 2001). A restructuring plan was instigated in the fourth quarter of 2002 whose objective was to rapidly put the company into a structural balanced financial position.

A lot of IT consultancy companies believe that the implementation of employment security plans is likely to weaken companies where human dynamics is essential to success. With the support of staff representative bodies, the company did not hesitate to commit itself to profound restructuring. Other than a workforce reduction of nearly 50 people, the structurally loss-making branches in Lille and Sophia were closed. Lease on the Paris-based headquarters has been terminated and all Paris-based teams have been brought together in the Saint Denis branch which has become the company's new headquarters. Finally, different Business Units were brought together to reduce structural costs.

Yet, this restructuring has been carried out by preserving the two essential values on which the company has based its past success and which will contribute to its future success: respecting associates and satisfying its customers. These are the essential assets of the company to which management accords huge importance.

The downturn in the market and restructuring costs which occurred in the second half of the year have heavily weighed on the company's operating profits which now shows a loss of 5,540 thousand euros.

The downturn in the market has had a downward effect on sale prices (average impact estimated as being around 5% of the company's financial results) and on the employment rate which did however improve to 83% on average during the second half of the year.

The restructuring plan has cost the company more than 1,036 thousand euros during 2002 integrating both employment security costs and the costs of closing down the Lille and Sophia branches as well as the Paris headquarters.

Provisions made for the Abcial subsidiary equity loans and current account

The general uncertainty weighing on the evolution of the IT service market has led the company to make provisions for assets relating to its ABCIAL subsidiary whose financial results were considerably lower than expected in 2002.

The Board of Directors seriously hopes to re-establish Abcial's financial position in 2003, but this subsidiary is not currently able to repay the current account given to it by SQLI and is likely to not be able to do so for at least two years. With the agreement of its auditors, the Board of Directors has taken the uncertain economic decision to estimate the value of its assets.

A depreciation provision for equity loans of 1,438 thousand euros as well as a depreciation provision for Abcial's current account of 4,157 thousand euros has consequently been recorded in the financial year ended 31 December 2002 so as to bring back the evaluation of its assets to zero.

Business Activity

In 2002 the Group recorded numerous business successes both with old customers, especially with an increase of almost 20% of revenue with its ten most important customers, and new customers.

Décathlon, Michelin, Lieberr Aerospace, Monoprix, Ecoop, Bolloré group and general consultants, in Picardie and Bourgogne were new significant customers for the group in 2002.

SQLI – 1st IT Consultancy Company in Europe to integrate CMMI

In 2002, the SQLI Group launched an important draft paper to integrate the CMMI model in order to offer more added value and systematically guarantee results to its clients.

The standardisation of PCs, company networks and Internet communication standards have enabled IT tools to be built which draw partly on these technical developments to offer more services to the company's players (customers, associates, suppliers,...). The « real time » company is the culmination of integrating the Internet in companies and the information system is becoming its key strategy: if you open your information system, you are exposing yourself to risks, risks which companies want to perfectly control.

SQLI's commitment to the CMMI model aims to offer this guaranteed systemisation an outcome in terms of the costs, service deadlines and projects lead.

To respond to this objective, the SQLI Group has decided to use the CMMI (Capability Maturity Model Integrated) model which is the preferred to the ISO 9001/2000 standard. This decision has been guided by the specialisation of this model in the software industry and by a progressiveness of integration in the company. The ability of the model to adapt to different organisations and projects also played an important role in this decision.

The SQLI Group is the 1st IT Consultancy Company in Europe to undertake such a step and has given itself 3 years to achieve CMMI level 3. This integration will be consolidated by a succession of improvement plans which will allows SQLI to measure its progress and achieve its objective.

CHANGES WHICH HAVE TAKEN PLACE IN SHAREHOLDERS EQUITY

On 26 June 2002, the Mixed General Shareholders Meeting authorised the Board of Directors to increase capital to the benefit of Sethi and FD5 at the price of €1.1 per share. On 11 July 2002, the Board of Directors noted the payment of the sum of 2,300,001€ following the subscription to increase capital by €522,727.50 together with an issue bonus of €1,777,273.50 by Sethi and FD5.

On 26 June 2002, the General Shareholders Meeting decided to takeover and merge the Keenvision subsidiary whose entire shares were owned by SQLI. This merger did not have an impact on the company's shareholder equity.

This merger took effect on 20 January 2002.

SIGNIFICANT EVENTS THAT HAVE HAPPENED SINCE THE CLOSE OF THE FINANCIAL YEAR AND THE WRITING OF THE REPORT

Since 31 December 2002, the date on which the financial year was closed off, no important event has occurred.

FORESEEABLE CHANGES TO THE COMPANY'S SITUATION AND FUTURE PROSPECTS

The company's Board of Directors has taken measures which are deemed essential in order to face up to the recession which hit the IT service sector in 2002 and it hopes to maintain the company's business activities in 2003 compared to what it achieved in 2002. It aims to balance operating revenue in 2003.

However, in the current climate of economic and geopolitical uncertainty a new turnaround in the economic situation could happen which would considerably affect the company's aims which have been closed in terms of instantaneous parameters.

THE COMPANY'S RESEARCH AND DEVELOPMENT ACTIVITIES

The Group has always invested in research and development and remains at the cutting edge of new technologies especially with regard to Web architecture and intranet.

This work has been carried out by a team dedicated to technology awareness and capitalising on its Land experiences. The method tools and know-how resultant from these works are then broadcasted to the entire group as well as its customers through consultancy assignments, sale of technical studies of externalising the technological awareness function.

The studies carried out highly contributed to the group's reputation especially those presented during breakfast meetings or published in the specialised press.

OFF BALANCE SHEET COMMITMENTS

All the main commitments of the company result from an agreement signed by the Board of Directors or a competent corporate officer taking into account the financial year of the entrusted mandate. The Board of Directors consequently makes use of information enabling it to identify, control and evaluate possible significant risks resulting from off-balance sheet commitments.

II – SUBSIDIARIES AND HOLDINGS

No new holding has been taken, nor control of a business, has been carried out during 2002. As of 31 March 2003 SQLI holdings were as follows:

Name	Headquarters	% controlled	% of capital owned
SUDISIM SA	Montpellier	100 %	99.95 %
SQLI SUISSE SA	Lausanne	100 %	99.80 %
TECHMETRIX INC	Boston	100 %	97.50 %
ABCIAL	Belfort	100 %	99.73 %
CARI	Archamps	100 %	100 %
INVERSO	Geneva	100 %	100 %
PROFIL	Sausheim	100 %	100 %
SQLI Espagne SA	Madrid	100%	99.84%

You will find in the table as an annex to the balance sheet information concerning the activities and financial results of these companies. None of the SQLI subsidiaries holds cross-holdings in SQLI.

Keenvision S.A. was taken over by SQLI, the mother company, during 2002 with a back effect to 1 January 2002.

SQL Logiciel Sarl andTECHMETRIX France were disolved during 2002.

III – REPORT ON GROUP MANAGEMENT

Reports which have been previously drawn up regarding important events which have taken place since the closing of the financial year's accounts, forecasted development and research activities are equally valid for the entire SQLI Group given the similar activity of all companies making up the group. The follow elements will complete the chapter regarding the main elements relating to this activity:

SITUATION AND ACTIVITY FOR THE WHOLE GROUP MADE UP OF THE COMPANIES INVOLVED IN CONSOLIDATION

After a respectable growth of 8.5% during the first half of 2002, the SQLI Group bore the blunt of the recession during the second half of the year and hence recorded a decline in its revenue of 3.6% for the year.

The table below details the business activity and financial results of the company's subsidiaries and companies it controls, after taking out intra-group operations:

	SQLI	SUDISIM	SQLI CH	TECH	ABCIAL	CARI	INVERSO	PROFIL
Revenue	36963		4776	167	2169	1	3	
Profit Operating Profit	-5325	49	487	77	-967	-163	-58	23
Net Profit	-5830	-136	393	-4	-3468	-275	-33	14

GOODWILL

The general uncertainty weighing on the development of the IT service market has lead the company to record a one-off goodwill depreciation in its consolidated accounts. This amount comes to €2,218K.

This one-off goodwill depreciation mainly relates to the Abcial subsidiary whose results were considerably less than expectations in 2002.

The company's Board of Directions seriously hopes to re-establish Abcial's financial situation in 2003 but has however preferred to take note of the uncertain economic situation to estimate the value of its assets and has decided to record a one-off depreciation.

We would like to remind you that you will find the table annexed to our balance sheet with information relating to the data of our company and companies it controls.

IV – SQLI RESULTS - APPROPRIATION

EXAMINATION OF THE COMPANY'S ANNUAL ACCOUNTS AND RESULTS

Presentation and Analysis of the Balance Sheet

? Assets

As of 31 December 2002, the company's net assets amounted to 1,163,624 euros compared with 3,782,297 euros for the previous financial year, i.e. a decrease of 69%, depreciation and provisions representing an amount of 5,235,317 euros. This amount includes provisions being made for depreciation of the ABCIAL securities recorded in 2002 for an amount of 1,438,159 euros.

Net current assets stand at 14,584,609 euros compared with 18,456,517 euros as of 31 December 2001, i.e. a decrease of 21%. These can be explained by a 13% decline in customers and a 8% decline in other loans.
The decline in the customer item is linked to progress achieved by the company relating to recovery and the increased use of factoring.

The decline in other receivable items can be explained by the following combination:

? A decline in the group's net receivables of 3,725,402 euros (730,181 euros in 2002 compared to 4,455,583 in 2001). This decrease is mainly a result of a provision of 4,157,172 euros being made in 2002 for ABCIAL's current account.

? A net increase of 2,111,674 euros in other lines of other receivable items; various debtors making up most of this increase, amounting to 4,169,212 euros in 2002 compared to 1,634,855 euros in 2001.

The cash flow statement and asset account remain practically stable at 726,006 euros compared to 554,314 euros for the previous financial year.

? Liabilities

As of 31 December 2002, shareholders equity amounted to -830,801 euros compared to 8,543,265 euros as of 31 December 2001. This change is a result of the 2002 loss of 11,745,262 euros and the increase in capital of 522,727 which took place in July 2002, combined with a net issue bonus of 1,848,468 euros.

Provisions for risks and costs amounted to 1,392,450 euros compared to 301,099 euros for the previous financial year, and include a prevision for the restructuring which took place in 2002 for an amount of 1,036,409 euros.

Debts amount to 15,248,041 euros compared to 13,402,783 euros as of 31 December 2001, i.e. an increase of 14%, of which 11% related to an increase in loans and financial debts.

Presentation and Analysis of the Profits

During the financial year ended 31 December 2002, revenue amounted to 37,405,517 euros compared to 36,481,668 euros for the previous year, i.e. an increase of 2.5%. Total revenue amounted to 38,614,261 euros compared to 37,602,797 euros, i.e. an increase of 2.7%.

Operating costs for the financial year came to a total of 44,153,914 euros compared to 41,126,114 euros for the previous financial year. It must be highlighted that these costs include a provision for restructuring of an amount of 1,036,409 euros.

Operating profits for the financial year showed a loss of 5,539,652 euros compared to a loss of 3,523,317 euros for the previous financial year.

The financial results for 2002 reveal a loss of 5,874,559 euros compared to a loss of 1,951,541 euros in 2001. It must be pointed out that financial contributions to depreciation and provisions came to 6,171,173 euros in 2002 compared to 2,059,320 euros in 2001, and includes a provision for depreciation of the ABCIAL equity loans of 1,438,159 euros as well as a provision for depreciation of ABCIAL's current account of 4,157,172 euros.

The current financial results before taxes come to a loss of 11,414,212 euros compared to a loss of 5,474,858 euros for the previous financial year.

After taking into account:

? a one-off loss of 335,807 euros compared to 400,172 euros for the previous financial year,

? corporate tax of 4,757 euros compared to 239,884 euros for the previous financial year,

the financial year ended 31 December 2002 shows a loss of 11,745,262 euros compared to 5,635,146 euros for the previous financial year.

Proposal to approve and allocate the company's financial results.

We would you propose that you approve the annual accounts (balance sheet, income statement and annex) as they have been presented to you and which show a loss of 11,745,262 euros and to once again carry over this total so that the debit amount will come to 18,317,822 Euros.

We would like to bring your attention to the fact that this financial result and its approval will bring the company's shareholders equity below the threshold of half of the company's authorised capital. Consequently, in conformance with article L 225-248, a General Shareholders meeting will be convened to decide if the company's anticipated dissolution will take place.

We would like to specify that the company has not paid any dividend for the past three years.

EXAMINATION OF THE CONSOLIDATED ACCOUNTS AND FINANCIAL RESULTS

? Assets

As of 31 December 2002, the company's net fixed assets amounted to 1,305 thousand euros compared to 4,828 thousand euros for the previous financial year, i.e. a decrease of 73%. The one-off goodwill depreciation relating to the Abcial subsidiary of an amount of 2,218 thousand euros explained 63% of this variation.

Net current assets stand at 15,857 thousand euros compared with 17,838 euros as of 31 December 2001, i.e. a decrease of 11%. This can be explained by a 28% decline in customers, which is partially compensated by an increase in other receivables of 47%.

The decline in the customer item is linked to progress achieved by the company relating to recovery and the increased use of factoring.

The company's cash flow is practically stable at 660 thousand euros compared to 674 thousand euros for the previous financial year.

? Liabilities

As of 31 December 2002, shareholders equity amounted to 470 thousand euros compared to 7,462 thousand euros as of 31 December 2001. This change is mainly the result of the 2002 loss of 9,339 euros and the increase in capital of 523 thousand euros which took place in July 2002, combined with a net issue bonus of 1,849 euros.

Provisions for risks and costs amounted to 1,791 euros compared to 334 thousand euros for the previous financial year, and include a provision for the restructuring which took place in 2002 for an amount of 1,134 thousand euros.

Debts remained stable at 14,901 thousand euros compared to 14,870 thousand euros as of 31 December 2001; the decline in loans and financial debts of 39% is compensated by the increase in suppliers of 55%.

Presentation and Analysis of the Profits

During the financial year ended 31 December 2002, revenue amounted to 44,079 thousand euros compared to 45,321 thousand euros for the previous year, i.e. an decrease of 2.7%. Total revenue amounted to 44,320 thousand euros compared to 45,524 thousand euros, i.e. an decrease of 2.6%.

Operating costs for the financial year came to a total of 50,197 thousand euros compared to 48,938 thousand euros for the previous financial year. It must be highlighted that these costs include a provision for restructuring of an amount of 1,134 thousand euros.

Operating profits for the financial year showed a loss of 5,877 thousand euros compared to a loss of 3,414 thousand euros for the previous financial year.

The 2002 financial results reveal a loss of 368 thousand euros compared to a loss of 157 thousand euros in 2001.

The current financial results before taxes come to a loss of 6,245 thousand euros compared to a loss of 3,571 thousand euros for the previous financial year.

After taking into account:

? A one-off loss of 650 thousand euros compared to 560 thousand euros for the previous financial year,

? A corporate tax of 204 thousand euros compared to 1,067 thousand euros for the previous financial year,

? A contribution to goodwill depreciation of 2,240 thousand euros compared to 2,641 thousand euros for the previous financial year

the financial year ended 31 December 2002 shows a net group loss of 9,339 thousand euros compared to 7,839 thousand euros for the previous financial year.

TABLE OF THE FINANCIAL RESULTS FOR THE LAST FIVE FINANCIAL YEARS

As an annex to the report, in conformity with article 148 of the 23 March 19667 Decree, we present a table showing the financial results of the company for each of the last five financial years

V – AGREEMENTS SUBJECT TO ARTICLE L. 255-38 OR L. 255.86 OF THE FRENCH COMMERCIAL CODE

After reading the special report by the Statutory Auditors, we would ask you, in conformity with the French Commercial Code, to ratify an agreement subject to article L 225-38 and L 225-86 of the same code, concluded during the course of the financial year after having been regularly authorised by the Supervisory Board.

We would also ask you to ratify the agreement laid down in article L 225-90 of the French Commercial code, concluded during the financial ear without having been authorised beforehand by the Board of Directors and which is the subject of a special report by the Statutory Auditors.

VI – SUMPTUARY EXPENSES

In accordance with the provisions of article 223 of the General Tax Code, we can inform you that, apart from a one-off depreciation of 30,732 Euros relating to vehicles, no expenses or charges subject to article 39-4 of this code have been committed to by the company in the past financial year.

VII – COMPANY ADMINISTRATION AND CONTROL

CHANGES WHICH TOOK PLACE WITHIN THE COMPANY'S MANAGEMENT AND CONTROL BODIES DURING THE PAST FINANCIAL YEAR

On 26 June 2002, the General Shareholders Meeting decided to change the legal form of the company which previously had a board of directors into a limited company with a supervisory board and a board of directors. This change was proposed so as to increase the credibility of the management bodies, to adopt an organisation spread amongst the quoted companies so as to implement a "corporate governance" policy.

Members of the Board of Directors up to 26 June 2002:

Functions	Name	Date of taking up functions	Expiry date of functions
Chairman	Jean Rouveyrol	21 March 2000	The General Shareholders Meeting approving the accounts for the period ending 31 December 2005
Director and General Director	Bruno LEYSSENE	21 March 2000	The General Shareholders Meeting approving the accounts for the period ending 31 December 2005
Administrator	Innovacom 3 represented by Jacques Meheut	21 March 2000	The General Shareholders Meeting approving the accounts for the period ending 31 December 2005

First members of the supervisory board designated by the Shareholders Meeting on 26 June 2002:

Functions	Name	Date of taking up functions	Expiry date of functions
Chairman	Jean Rouveyrol	26 June 2002	The General Shareholders Meeting approving the accounts for the financial year ending 31 December 2007
Vice Chairman	Roland Fitoussi	Ditto	Ditto
Member	FD5 represented by Xavier Cottin	Ditto	Ditto
Member	Dominique Lafont	Ditto	Ditto
Member	Dominique Chambas	Ditto	Ditto

Members of the Board of Directors designated by the Supervisory Board on 26 June 2002.

Functions	Name	Date of taking up functions	Expiry date of functions
Chairman of the Board of Directors	Yahya EL MIR	26 June 2002	The General Shareholders Meeting approving the accounts for the financial year ending 31 December 2007
Member of the board of directors	Bruno LEYSSENE	ditto	ditto
Member of the board of directors	Nicolas Rebours	ditto	ditto

CHANGES TO THE MANAGEMENT AND CONTROL BODIES OF THE COMPANY PROPOSED BY THE GENERAL SHAREHOLDERS MEETING

The General Shareholders Meeting noted the resignation of Dominique Lafont from his mandate as member of the Supervisory Board.

Other mandates and functions exercised in the whole company by members of SQLI's supervisory board and board of directors are set out in chapter IX of this report.

The supervisory board has convened three times since its designation in 2002. The board of directors has been regularly convened since its designation.

VIII – INFORMATION RELATING TO THE REMUNERATION OF THE CORPORATE OFFICERS OF THE COMPANY

Here you will find details of the pay packages and all different kinds of benefits that were paid to each of the Company's corporate officers during the past business year as well as the pay packages and all different kinds of benefits that were paid to the corporate officers of all the companies controlled by SQLI, according to the definition laid out in article L. 233-16 during this past financial year (article L. 225-102 para. 2):

Name of the Corporate Officer	Post	Total amount of remuneration paid by SQLI	Total amount of all different kinds of benefits paid by SQLI	Total amount of remuneration paid by controlled companies
Jean Rouveyrol	Chairman of the board of directors, then chairman of the supervisory board	79,681	10,839	0
Yahya EL MIR	Delegated managing director, then chairman of the board of directors	93,915	3,401	0
Bruno LEYSSENE	Managing Director, Administrator, then member of the board of directors	96,124	3,361	0
Nicolas Rebours	Member of the board of directors	52,614	1,539	0
Innovacom3	Administrator	0	0	0
Roland Fitoussis	Vice chairman of the supervisory board	0	0	0
FD5 represented by Xavier Cottin	Member of the supervisory board	0	0	0
Dominique Lafont	Member of the supervisory board	0	0	0
Dominique Chambas	Member of the supervisory board	0	0	0

IX – INFORMATION RELATING TO MANDATES OR FUNCTIONS EXERCISED IN ANY COMPANY BY THE CORPORATE OFFICERS

We would like to communicate to you in the table enclosed hereafter, the list of mandates and functions exercised by the corporate officers of the Company in any company during the past financial year:

Name of the corporate officer	Mandates or Functions	Company in which the mandate or function is exercised	Headquarters of the company
Jean Rouveyrol	General Director	ABCIAL	6 avenue des usines Belfort Technopole BP85 90000 Belfort
	Administrator	SUDISIM	Bruyère 2000, Bat 1 650 rue Becquerel 34000 Montpellier
	Administrator	KEENVISION	Merged with SQLI
	Managing Director	TecMetrix US	6 new England Executive park suite 400 Boston USA
	Managing Director	SQLI Suisse	Chemin de la Rueyre 116,118 CH 1020 Renens SUISSE
	manager	CARI	Immeuble Europa International Business Park 74160 Archamps
	Employment contract for the person responsible for investor relations and financial communications	SQLI	268, avenue du Président Wilson 93200 La Plaine Saint-Denis
Roland Fitoussi	Chairman of the Supervisory Board	Solving International	144 avenue des Champs Elysées 75008 Paris
Xavier Cottin, permanent representative of FD5	Permanent representative of FD5	Sport 4Fun SA	429 644016 Paris
	Permanent representative of FD5 until 10 April 2002	Maporama SA	429 656 508 Paris
	Permanenet representive of FD5, member of the Supervisory Board since 10 April 2002	Maporama SA	429 656 508 Paris
	Permanent representative of FD5 until 15 November 2002	Access Commerce SA	341 081 743 Toulouse

	Permanenet representive of FD5, member of the Supervisory Board since 15 November 2002	Access Commerce SA	341 081 743 Toulouse
	Permanent representative of FD5 since 31 May 2002	Mistergooddeal	429 205 966 Créteil
Dominique Lafont	Managing Director English-speaking Africa	Bolloré	304 827 900 Quimper
Dominique Chambas	Administrator	SEMAC	18, Rue Raymond Lefevre 94 823 Ivry Sur Seine
	Managing Director	SODIMAP	18, Rue Raymond Lefevre 94 823 Ivry Sur Seine
	manager	Synergie Consulting	19, rue Auguste Chabrières 75 015 PARIS
	Vice Chairman	ALDATA	37, rue du colonel Pierre Avia 75 015 Paris
Jacques MEHEUT, permanent representative of Innovacom 3	Permanent representative of Innovacom 3 in the supervisory board	CLARITEAM	171, avenue Georges Clémenceau 92024 NANTERRE
	Permanenet representative of Innovacom 3 in the supervisory board	EUREKA SOFT	90, rue Pierre Sénard 92000 CHATILLON
	Permanent representative of Innovacom 3 in the supervisory board	MAXIMILES	3, Rue d'Uzès 75002 PARIS
	Permanent representative of Innovacom 3 in the supervisory board	WELL X TELECOM	7, rue du Parc de Clayny 78000 VERSAILLES
Yahya EL MIR	Managing Director	SUDISIM	Bruyère 2000, Bat 1 650 rue Becquerel 34000 Montpellier
	manager	PROFIL	6 avenue des usines Belfort Technopole BP85 90000 Belfort
	manager	SQLI SL	Spain
Bruno LEYSSENE	Administrator	ABCIAL	6 avenue des usines Belfort Technopole BP85 90000 Belfort

Nicolas Rebours	Administrative and Financial contracted Director	SQLI	268, avenue du Président Wilson 93200 La Plaine Saint-Denis

X – INFORMATION RELATING TO EMPLOYEE STOCK HOLDINGS

State of employee participation in the authorised capital of the last day of the financial year

No employee or former employee has any holding in SQLI in the framework of a collective savings scheme.

We remind you that, in conforming to article L 225-184 of the French Commercial Code, the Board of Directors drafter a special report which has been made available to you so as to inform you of operations carried out during the financial year relating to subscription offers or purchase of shares and BSC warrants.

XI – ADDITIONAL INFORMATION RELATING TO QUOTED COMPANIES

Information on the market risks related to interest rate and foreign exchange rate changes or the share price of quoted companies who significantly intervene in the financial markets

The company does not intervene in the interest rate or exchange rate markets. As far as share value is concerned, the company only intervenes on its own securities within the authorisations given by Shareholder Meetings and limited for 2002 to the involvement of the company in a market makers and liquidity contract whose managed is guaranteed by Fortis. Interventions which took place in 2002 are summarised below; due to very limited volumes, no risk was incurred by the company.

Information on SQLI shares which were bought and sold by the company:

The company's own shares are owned through a market maker and liquidity contract which is run by Fortis.

? The average prices of the purchases and sales carried out in 2002 are:

- ? Number of shares bought: 29,978 at an average price of 0.54 euros
- ? Number of shares sold: 36,752 at an average price of 0.54 euros

On 31 December the company owned 1,540 of its own share at a face value of 0.25 euros evaluated on the basis of a cost of 0.47 euros per share to the sum of 724 euros. These shares represent 0.01% of the company's capital.

Information on the manner in which the company accounts for the social and environmental consequences of its activities:

In application of Article D 148-2 and Article L 225-102-1 of the French Commercial Code, the Board of Directors informs you of the following information:

a) Information on the Workforce

	31 December 2001	31.12.02	Average 2002
Paid workforce	680	638	665
Trainees and apprentices	33	7	44
Part-time workers	3	1	2

The company makes no distinction between its male and female staff. The fact that the company's staff is 84% composed of men is due to the fact that in the overall population of computer experts men are more numerous that women.

The IT sector does not carry any specific risk relating to hygiene or security that would require particular protection measures to be implemented.

The company maintained its training efforts in 2002, despite the economic difficulties it has faced, with both internal and external training.

Despite the wishes of its management, the company has little recourse for employing handicapped workers due to the fact that the IT service industry often involves mobility –elated constraints which are not really compatible with certain handicaps.

The group regularly gives it work council grants for charity work whose management is left up to staff representatives.

The group is largely involved in decentralisation especially with regard to its branch network in the provinces.

As the company's business activities are of an intellectual nature, they do not have any harmful consequences on the environment.

b) Employment Security Plan

An employment security plan concerning a maximum of 50 company associates was implemented during the last quarter of 2002. It was approved by all staff representative bodies. On 19 March 2003, the date when notice theoretically ended for the majority of associates concerned, the results of re-grading and accompanying system measures implemented were as follows:
- 2 internal group re-gradings
- 19 associates found a new job
- 11 associates were in an advanced stage of looking for a new job
- 13 associates were planning a new personal or professional project (starting a business, training, moving abroad)
- 5 have not kept the group informed of their plans or difficulties

Exceeding thresholds

The company has received no statement regarding threshold excesses.

Dassault Développement which made no declaration of falling below the 5% threshold is presumed to still hold more than 5% of the company's capital. To the company's knowledge, no one apart from Dassault Développement and the persons mentioned above own more than 5% of the company's capital or voting rights.

On 20 December 2002, 1,809,900 shares owned by Alain Lefebvre met the acquisition conditions for double voting rights.

	Number of shares	% capital	Number of voting rights	% voting rights
Jean Rouveyrol	4,736,700	31.20%	9,437,520	41.95%
Alain LEFEBVRE	1,810,740	11.93%	3,621,480	16.10%
Bruno LEYSSENE	303,420	2.00%	606,840	2.70%
Total founders	6,850,860	45.13%	13,665,840	60.74%
FD5	1,363,637	8.98%	1,363,637	6.06%
Sethi	727,273	4.79%	727,273	3.23%
Innovacom 3	895,902	5.90%	901,402	4.01%
Other named shares	554,652	3.65%	1,050,876	4.67%
Public	4,787,946	31.54%	4,787,946	21.28%
Liquidity contract (balance as of 31 December 2002)	1,540	0.01%	1,540	0.01%
Total	15,181,810	100.00%	22,498,514	100.00%

The Board of Directors invites you, upon having read these reports presented by your Statutory Auditors, to adopt the resolutions that it submits for your vote.

The Board of Directors

ANNEX: Table of the financial results of the company over the last five financial years

ANNEX:

Table of financial results of the Company over the last five financial years

Date of the close and the length of the financial year (months)	31/12/2002 (12)	31/12/2001 (12)	31/12/2000 (12)	31/12/1999 (12)	31/12/1998 (12)
CAPITAL AT THE CLOSE OF THE PERIOD					
Share capital	3,795,452,.50	3,272,724.93	3,269,474.93	327,765.39	304,898.03
Number of shares					
- ordinary	15,181,810	13,090,900	13,077,900	21,500	20,000
- preference shares					
M=Maximum number of shares to be issued					
- by conversion of obligations					
- by subscription rights	2,649,294	1,949,294	1,949,294		
OPERATIONS AND RESULTS					
Revenues before taxes	37,405,517	36,481,667	26,425,383	8,047,706	10,457,435
Profits before tax and participation,					
Allocations Depreciation and provisions	-4,104,900	-1,185,667	598,558	288,994	906,039
Corporation Tax	-4,757	-239,884	793,525	81,876	195,158
Employee participation					217,339
Allocations to depreciation and provisions	7,645,119	4,689,362	759,471	-152	284,802
Net Profit	-11,745,262	-5,635,145	-954,438	207,270	208,739
Distributed Profits					
PROFITS PER SHARE					
Profits after tax and participation					
Before allocation of depreciation and provisions	-0.27	-0.07	-0.01	9.63	24.68
Profits after tax and participation					
Allocation to depreciation and provisions	-0.77	-0.43	-0.07	9.64	10.44
Dividends					
STAFF					
Average staff levels	583	509	320	162	132
Payroll	21,856,727	19,497,360	12,981,824	4,246,508	5,047,156
Sums paids as social benefits					
(social security, social organisations...)	10,154,021	8,948,604	5,784,456	1,676,866	2,265,226

4.2 SPECIAL BOARD OF DIRECTORS REPORT

Dear Sir, Madam,

This report is presented to you in accordance with the provisions of article L. 225-185 of the new French Commercial Code, such as those laid down by law no. 2001-420 dated 15 May 2001, relating to new economic regulations. These provisions concern actions made regarding the provisions of articles L. 225-177 to L. 225-186 of the new French Commercial Code (provisions relating to subscription options and purchase of shares). We have chosen to present to you the equivalent information concerning the BSC warrants issued by the company.

You will find hereafter in the form of a table the information set forth by article L.225-184 of the French Commercial Code.

It is to be noted that only the SQLI Extraordinary General Shareholders Meeting authorised the issue if the attribution of warrants and share subscription options and no other sort of Company by the definition of article L. 233-16 of the French Commercial Code or one that is linked to it as defined by article L. 225-180 of the French Commercial Code.

1 GENERAL TABLE FOR SHARE SUBSCRIPTION OPTIONS

Share subscription options allocated during the 2000, 2001 and 2002 financial years:			
	Plan no. 1	Plan no. 2	Plan no. 3
Date of the meeting	21 March 2000	21 March 2000	21 March 2000
Date of the board of directors meeting	4 July 2000	27 November 2000	27 July 2001
Total number of share subscription offers allocated	37,556	22,955	317,650
Of which: Number of shares able to be subscribed to by the corporate officers of the company	0	0	0
Starting point for the right to exercise the share subscription options allocated	5 July 2005	28 November 2005	28 July 2006
Expiry date of share subscription options	4 July 2007	27 November 2007	27 July 2008
Exercise price of share subscription options	5 Euros	8.08185 Euros	2.3885 Euros
Methods of exercising share subscription options	The exercising right is acquired by annual tranches (2000, 2001 and 2002)	None	None
Share subscription options taken up during the 2000, 2001 and 2002 financial years: No option was taken up during the 2000, 2001 and 2002 financial years			
Share subscription options cancelled[2] during the 2000, 2001 and 2002 financial years:			
Total number of share subscription offers cancelled	6,031	21,350	39,503
Share subscriptions options still to be allocated at the end of the 2002 financial year: 11,912			

[2] These are options which have been allocated but which might not be exercised

2. DETAILED TABLE CONCERNING THE SHARE SUBSCRIPTION OPTIONS

Share subscription options attributed during 2002 to all ten employees of the company (not corporate officers) who had the most options allotted to them in this way:				
	Number	**Expiry Dates**	**Price**	**No. of the scheme**
Ahmed El Mouafik	15,000	27 November 2007	8.08185 Euros	N°2
Nestor Cachaldora	5,000	27 November 2007	8.08185 Euros	N°2
Manuel Ferly	3,314	4 July 2007	5 Euros	N°1
Stéphane Bordage	3,314	4 July 2007	5 Euros	N°1
Riadh Hadj-Azame	2,762	4 July 2007	5 Euros	N°1
Xavier Perrin	2,762	4 July 2007	5 Euros	N°1
Fabien Versavau	2,430	4 July 2007	5 Euros	N°1
Laurent Couraudon	2,430	4 July 2007	5 Euros	N°1
Sylvie Aubin	2,430	4 July 2007	5 Euros	N°1
Stéphane Donic	1,988	4 July 2007	5 Euros	N°1
Vincent Graf	1,988	4 July 2007	5 Euros	N°1
Jean-Michel Houdart	1,988	4 July 2007	5 Euros	N°1
Didier Livron	1,879	4 July 2007	5 Euros	N°1
Share subscription options attributed during 2001 to all ten employees of the company (not corporate officers) who had the most options allotted to them in this way:				
	Number	**Expiry Dates**	**Price**	**No. of the scheme**
Salim Aboura	23,000	27 July 2008	2.3885 Euros	N°3
Mohcine Benchekroune	10,000	27 July 2008	2.3885 Euros	N°3
Didier Leclere	10,000	27 July 2008	2.3885 Euros	N°3
Omar Mrani	10,000	27 July 2008	2.3885 Euros	N°3
Loic Burdin	9,000	27 July 2008	2.3885 Euros	N°3
Eric Galtier	8,500	27 July 2008	2.3885 Euros	N°3
David Bannerot	8,000	27 July 2008	2.3885 Euros	N°3
Bertrand Guillin	8,000	27 July 2008	2.3885 Euros	N°3
Christian Hartz	8,000	27 July 2008	2.3885 Euros	N°3
Tanguy Roche	8,000	27 July 2008	2.3885 Euros	N°3
Share subscription options attributed during 2002 to all ten employees of the company (not corporate officers) who had the most options allotted to them in this way: Nil				

3. GENERAL TABLE FOR BSC WARRANTS (LES BONS DE SOUSCRIPTION DE PARTS DE CREATEUR D'ENTREPRISE)

BSC warrants allocated during the 2000, 2001 and 2002 financial years:			
	Plan no. 1	**Plan no. 2**	**Plan no. 3**
Date of the meeting	21 March 2000	6 July 2000	26 June 2002
Date of the board of directors or board of management meeting	29 September and 27 November 2000	29 September and 27 November 2000	No allocation
Total number of BSC warrants authorised	1,197,000	362,221	700,000
Of which: Number of shares able to be subscribed to by the corporate officers of the company	149,386	34,640	0
Number of subscription warrants allocated	1,197,000	362,221	0
Starting point for exercising warrants	1 October 2002	29 September or 27 November 2003, depending on the date of the Board of Directors meeting	
Expiry date of warrants subscription options	29 September 2005	29 September or 27 November 2005, depending on the date of the Board of Directors meeting	
Price of BSCwarrants exercised	1.07 Euros	5 Euros	
Methods of exercising warrants	The exercising right is acquired by annual tranches (1999, 2001 and 2002)	None	
Total number of warrants lapsed	233,389	99,235	

4. DETAILED TABLE CONCERNING BSC WARRANTS (LES BONS DE SOUSCRIPTION DE PARTS DE CREATEUR D'ENTREPRISE)

BSC warrants allocated during the 2000, 2001 and 2002 financial years to the corporate officers of SQLI:				
	Number	Expiry Dates	Price	No. of the scheme
Bruno LEYSSENE	91,930	29 September 2005	1.07 Euros	N°1
Yahya EL MIR	57,456	29 September 2005	1.07 Euros	N°1
Yahya EL MIR	34,640	27.11.05	5 Euros	N°2

Balance of BSC warrants attributed during the 2000, 2001 and 2002 financial years to each of the ten (non-corporate officer) employees of the company who had the most options allocated to them in this way:				
	Number	Expiry Dates	Price	No. of the scheme
Hervé GRIFFON	104,857	29 September 2005	1.07 Euros	N°1
Eric Chanal	91,930	29 September 2005	1.07 Euros	N°1
Philippe Haumesser	54,990	29 September 2005	1.07 Euros	N°1
Didier Benet	91,930	29 September 2005	1.07 Euros	N°1
Salim Aboura	68,947	29 September 2005	1.07 Euros	N°1
Frédéric Bon	63,644	29 September 2005	1.07 Euros	N°1
Christian Guerard des Lauriers	68,947	29 September 2005	1.07 Euros	N°1
Jean-Christophe Cimetière	57,456	29 September 2005	1.07 Euros	N°1
Thierry Filho	31,467	27 November 2005	1.07 Euros	N°1
Thierry Filho	5,722	29.09.05	5 Euros	N°2
Christophe Arnaud	34,474	29.09.05	1.07 Euros	N°1
Emmanuel Bouchet	34,474	29 September 2005	1.07 Euros	N°1
Renaud Ferly	34,474	29 September 2005	1.07 Euros	N°1
Habib Guergachi	34,474	29 September 2005	1.07 Euros	N°1
Alain Lepine	34,474	29 September 2005	1.07 Euros	N°1

It is brought to your attention that the potential dilution resulting from the exercise of all these warrants and share subscription options issued or attributed would be:

Warrants and options relating to the number of shares which make up the company's authorised capital	% of dilution
Total warrants and options voted	14.80%
Total warrants and options attributed	11.26%
Total warrants and options voted which have neither been cancelled or lapsed	9.20%

This report is put at your disposition in accordance with the legal and regulatory conditions.

The Board of Directors

5 CONSOLIDATED ACCOUNTS AS OF 31 DECEMBER 2002

5.1 THE STATUTORY AUDITORS REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

Mr Chairman,
Sir, Madam,

As a result of the mission that was conferred to us by your General Shareholders Meetings, we have gone ahead with an audit of SQLI's consolidated financial statements, relating to the financial year ended 31 December 2002, as presented now in this report.

The consolidated accounts have been validated by the Board of Directors. It is our responsibility, on the basis of our audit, to express an opinion on these accounts.

We conducted our audit in accordance with the professional standards applied in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit consists of examining, by opinion polls, the convincing elements which justify the data contained in these accounts. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed hereafter.

We certify that the consolidated financial statements, which have been established according to French accounting principles, are in order and of good faith and give a true picture of the company's net asset base, its financial situation, as well as the results of all the businesses that have been consolidated in these statements.

We have also done ahead and checked the information given in the report on the management of the Group. We have nothing to report with respect to its fairness and accordance with the consolidated financial statements.

Paris, 4 April 2003

The Auditors

CONSTANTIN ASSOCIES

FIDUCIAIRE DE LA TOUR

Jean-Marc BASTIER   Michel BONHOMME

Jean-Pierre PAUMARD

5.2 CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2002

✍ *BALANCE SHEET CONSOLIDATED ASSETS*

(in thousands of euros)

CATEGORIES	Net 31.12.02	Net 31.12.01
Goodwill	140	2 567
Intangible Assets	117	250
Tangible Assets	700	1 630
Financial Assets	348	381
FIXED ASSETS	1 305	4 828
Customer receivables and related accounts	9 626	13 357
Other receivables and regularisation accounts	5545	3 767
Marketable Securities	26	40
Cash	660	674
CURRENT ASSETS	15 857	17 838
OVERALL TOTAL	17 162	22 666

✍ *BALANCE SHEET CONSOLIDATED LIABILITIES*

(in thousands of euros)

CATEGORIES	Net 31.12.02	Net 31.12.01
Capital	3 795	3 272
Premium	13 659	11 810
Reserves and consolidated profits/losses (1)	(17 120)	(7 655)
Others	136	35
SHAREHOLDERS EQUITY BELONGING TO THE GROUP	470	7 462
MINORITY INTERESTS	**0**	**0**
OTHER EQUITY	**0**	**0**
PROVISIONS FOR RISKS AND COSTS	1 791	334
Loans and financial debts	801	1 310
Suppliers and related accounts	1 839	1 183
Other payables and regularisation accounts	12 261	12 377
DEBTS	14 901	14 870
OVERALL TOTAL	17 162	22 666

(1) Which includes the profit/loss for the financial year (9 339) (7 839)

✍ *CONSOLIDATED INCOME STATEMENT*

(in thousands of euros)

CATEGORIES	Net 31.12.02	Net 31.12.01
Revenue	44 079	45 321
Other earnings	241	203
Total operating income	**44 320**	**45 524**
Purchases and external costs	9 258	8 634
Staff costs	37 418	36 136
Other operating costs	66	37
Taxes and similar payments	1 303	1 188
Allocation of depreciation and provisions	2 152	2 943
OPERATING COSTS	**50 197**	**48 938**
OPERATING PROFT/LOSS	(5 877)	(3 414)
FINANCIAL PROFT/LOSS	(368)	(157)
RUNNING PROFIT FROM INTEGRATED COMPANIES	(6 245)	(3 571)
EXCEPTIONAL PROFT/LOSS	(650)	(560)
tax on profits	(204)	(1 067)
NET EARNINGS OF THE INTEGRATED COMPANIES	(7 099)	(5 198)
Allocations for depreciation and goodwill	(2 240)	(2 641)
Minority Interests	0	0
NET EARNINGS (GROUP'S SHARE)	**(9 339)**	**(7 839)**
EARNINGS PER SHARE (in euros)	**(0.66)**	**(0.60)**
DILUTED EARNINGS PER SHARE (in euros)	**(0.66)**	**(0.60)**

5.3 ANNEX TO THE CONSOLIDATED ACCOUNTS AS OF 31 DECEMBER 2002

Notes concerning the financial year

During the restructuring of the Group, on 1 January 2002 SQLI took over KEENVISION, its 100% owned subsidiary, by a simplified merger. This transaction did not increase the company's capital.
Furthermore, certain companies which are not consolidated due to their insignificant nature were liquidated (TECHMETRIX France and SQL LOGICIELS) or sold (TRADIM) during the financial year.

A part from this, on 15 July 2002, SQLI increased its capital by 523 thousand euros, reserved to two new investors, FD5 and SETHI, by issuing 2,090,910 new shares with a face value of 0.25 euros and an issue premium of 0.85 euros per share.

Business Activity and Subsidiaries

Business activity for this financial year has been marked by a profound recession in the IT services sector. The decline in sale prices and employment rates has continued to weigh on the operating earnings of the Group.

In order to find a balance situation again, a restructuring plan was put in place during the fourth quarter or 2002: other than a workforce reduction of nearly 50 people, the structurally loss-making branches in Lille and Sophia were closed. Lease on the Paris-based headquarters has been terminated and all Paris-based teams have been brought together in the Saint Denis branch.

The impact of the restructuring plan has crippled the operating profits in 2002: the costs of the employment security plan as well as the costs for closing down the Lille and Sophia branches and the company's headquarters, and the under-utilisation of the floor space rented by the Mulhouse and Strasbourg branches (ABCIAL) have been provisioned to an amount of 1,134 thousand euros.

The general uncertainty weighing on the development of the IT service market has also lead to a depreciation integrating goodwill relating to ABCIAL securities for an amount of 2,218 thousand euros.

Events that have taken place since the close of the financial year

SQLI managers are looking into a partnership project with new investors which would enable it to rebuild the Group's shareholders equity from the first half of 2003.

A / Consolidation principles and terms and conditions

The Group's consolidated accounts have been drawn up in accordance with accepted French accounting practices according to the law dated 3 January 1985 and its executive decree passed on 17 February 1986 and ruling CRC no. 99-02 confirmed by the decree dated 22 June 1999. The explanatory notes that follow are an integral part of the accounts.

The statements are expressed in thousands of euros.

1 Consolidation Scope
1.1 Consolidation Method and Criteria

The mother company exercises an exclusive control over all the companies in the Group and all of the companies are fully consolidated. All transactions between consolidated companies as well as profits made within the Group have been cancelled out.

All consolidated companies use an accounting year which ends on 31 December.

The Income Statement consolidates the accounts of the companies acquired during the financial year from the date that they were acquired.

1.2 Changes to the Consolidation Scope.

A comparison between the consolidation scope as of 31 December 2001 and at the 31 December 2002 shows the following variations:

On 26 June 2002, KEENVISION was taken over by SQLI with back effect to 1 January 2002.

1.3 Consolidated Companies

Name	Headquarters	% controlled	% owned	Consolidation Method
SQLI SA	La Plaine Saint Denis	Consolidating Company		
SUDISIM SA	Montpellier	100 %	99.95 %	IG
SQLI SUISSE SA	Lausanne	100 %	99.80 %	IG
TECHMETRIX INC	Boston	100 %	97.50 %	IG
ABCIAL	Belfort (90)	100 %	99.73 %	IG
CARI	La Plaine Saint Denis	100 %	100 %	IG
INVERSO	Geneva	100 %	100 %	IG
PROFIL	Belfort (90)	100 %	100 %	IG

1.4 Non-consolidated companies

TECHMETRIX France, SQL LOGICIEL and TRADIM which were not consolidated as of 31 December 2001, have been dissolved (TECHMETRIX France, SQL LOGICIEL) or sold (TRADIM).

SQLI SL (Madrid), which is 99.84%, owned by SQLI, has not been consolidated due to its insignificant nature.

2. Conversion Method

The financial results of foreign companies outside the Euro zone have been translated using the average exchange rate for the financial year. The balance sheets have been translated using the exchange rate on 31 December 2002.

Translation adjustments have been presented separately n the shareholders equity on the line entitled "Others".

3. Minority Interests

Minority interests describe the net accounting position and profit/loss position of the consolidated subsidiaries.

4. Handling of Goodwill

The gap that arises when a holding is purchased between the price paid for the acquisitions of securities (including the costs of doing so) of the consolidated company and the value of the proportion of the shareholders equity owned by the Group at the time of the company's inclusion in the consolidation scope is put into the difference in value or goodwill that is then attributed to the identified assets and liabilities.

The differences in value (goodwill) are put onto the balance sheet on the appropriate lines and must follow their own Group's accounting rules. The Group has one year following the acquisition to finalise the valuations. The residual share that is not kept is put under the category "goodwill" on the asset side and is depreciated on a straight-line basis.

In thousands of euros	Gross Value 31/12/2002	Depreciation 31.12.01	Allocations to depreciation for the financial year	Net Value 31/12/2002
KEENVISION	223	(61)	(22)	140
SUDISIM	13	(13)	-	-
ABCIAL	3 992	(1 774)	(2 218)	-
CARI	183	(183)	-	-
INVERSO	228	(228)	-	-
PROFIL	522	(522)	-	-
TOTAL	5 161	(2 781)	(2 240)	140

Goodwill is usually depreciated over 10 years. Exceptional goodwill depreciation was however effectuated in 2002 in order to bring the acquisition of ABCIAL down its correct value.

B/ Accounting principles and valuation methods

1. Intangible Assets

Intangible assets are accounted for at purchase price.
Research and development costs committed by SQLI are accounted for directly as expenses and are therefore not capitalised.
Intangible assets are depreciated on a straight-line basis over timeframes which correspond to their useful lives, e.g.:

Software 1 to 3 years

2. Tangible Assets

Tangible assets are accounted for at purchase price.

They are depreciated on a straight-line basis according to the following timeframes:

Fixtures 8 to 10 years
Office Equipment and furniture 3 to 5 years
IT equipment 2 to 3 years

Differences resulting from different depreciation rates applied in the Group's different companies for the same type of assets are not significant and are not therefore reprocessed for the consolidated income statement.

3. Leases

Certain assets are subject to leasing contracts in which the Group assumes the benefits and risks linked to the property. In this case a reprocessing takes place in order to establish the value of the asset that is being leased and attribute it to the corresponding financial liability.
The asset is depreciated over its useful economic life for the Group. The debt is depreciated over the life of the leasing contract.

Leased assets have been capitalised at 443 thousand euros and concern IT equipment. Only significant items have been subject to such reprocessing.

4. Financial Assets

Non-consolidated securities figure on the balance sheet at their purchase cost or at current value if this is lower than the purchase price.

5. Valuation of receivables and debts

Receivables and debts are valued at face value. A provision for the depreciation of receivables has been added to take into account the risk of them not being recovered.

Transactions that were executed in foreign currencies are translating using the exchange rate that prevailed at the time of the transactions. Losses and profits resulting from this translation of balances as of the 31 December 2002 are carried into the Income Statement.

6. Long term contracts

Revenue on fixed price projects is accounted according to the progress method. Services being provided are valued at the sale price and can be found on the "Customer receivables and related accounts" line.

A provision for losses at termination is recorded once the expected provisional margin for the project becomes negative.

7. Taxation on profits

Deferred taxation is calculated using the variable reporting method, according to the prevailing taxation rates in each country.

Fiscal losses that can be reported give rise to deferred tax assets if the chances of being able to use them are high.

SQLI has not accounted deferred tax on fiscal deficits in so far as their recovery is judged random.

8. Marketable Securities

Marketable securities are valued at the purchase price or at the last month's market price, if that is lower than the purchase price. For non-listed securities, if their inventory value is lower than the price they would fetch on sale, a provision for depreciation is effectuated.

9. Accruals

Accruals mainly make up those external expenses and recurring expenses (rents and subscriptions) committed as of 31 December 2002.

10. Provisions for risks and costs

Provisions for risks and costs are accounted for when these risks and costs are clearly identifiable though uncertain but events occurred or occurring render probable.

This line records all of the provisions for risks and costs accounted for by all of the companies in the Group and the provisions that arise from the mandatory or optional consolidation recalculations.

11. Stock options and Subscription Warrants

The General Shareholders Meeting on 21 March 2000, 6 July 2000 and 26 June 2002 authorised the Board of Directors to assign to a certain number of the Group's employees, on one or on several occasions, BSC Warrants or share subscription options.

No BSC Warrant or option has been exercised as of 31 December 2002.

12. Profit per share

Profit per share is calculated by divided the profit by the average number of shares in circulation during the course of the financial year.

The diluted profit per share is arrived at by dividing the average number of shares in circulation during the course of the financial year as well as the average number of shares which would be issues following a conversation of convertible instruments into shares, share subscription options and BSC warrants attributed at the end of the financial year.

C/ Complimentary information relating to the financial statements

✍ ***Fixed Assets***

Table of asset variations during the financial year (in thousands of euros)

CATEGORIES	31.12.01	Acquisitions	Transfers	Reclassed	31.12.02
Goodwill	5 348	-	-	(187)	5 161
Other intangible assets	629	23	94	-	558
Other tangible assets	3 710	74	766	(35)	2 983
Other capitalised securities	70		37	-	33
Other financial fixed assets	371	130	125	6	382
OVERALL TOTAL	**10 128**	**227**	**1 022**	**(216)**	**9 117**

The transfers and rejections of tangible assets mainly followed the closing down of the Paris headquarters. Other financial assets are composed of deposits and down payments paid out and loans paid for the companies' involvement in construction efforts.

Other securities are essentially made up of non-consolidated SQLI SL securities:

CATEGORIES In thousands of euros	Gross Value 31.12.02	Provision on securities	Net Value 31.12.02	Revenue made 2002	Net Profit 2002
SQLI SL	30	(30)	-	-	1
Other securities	3	-	3	NA	NA
OVERALL TOTAL	**33**	**(30)**	**3**	**NA**	**NA**

Table of depreciation variations during the financial year (in thousands of euros)

CATEGORIES	31.12.01	Depreciation Allowances	Transfer recoveries	31.12.02
Goodwill	2 781	2 240	-	5 021
Intangible Assets	391	142	(92)	441
Tangible Assets	2 068	569	(354)	2 283
OVERALL TOTAL	**5 240**	**2 951**	**(446)**	**7 745**

Expiry dates of receivables and debts

Expiry date of receivables as of 31 December 2002 (in thousands of euros)

TYPE OF RECEIVABLE	Net amount	- 1 year	1 – 5 years	+ 5 years
Advances and paid accruals	61	61		
Customer receivables	9 626	9 626		
Staff and related accounts	13	13		
Social security and other social bodies	20	20		
Government	641	641		
Other receivables	4 354	3 440	914	
Pre-paid costs Accruals	456	456		
OVERALL TOTAL	**15 171**	**14 257**	**914**	

Provisions for customer receivables have been made to an amount of 2,135 thousand euros as of 31 December 2002. Other receivables are comprised of customer receivables that have been sold to debt collection agencies.

Expiry date of debts as of 31 December 2002 (in thousands of euros)

TYPE OF DEBTS	Net amount	- 1 year	1 – 5 years	+ 5 years
Loans and similar debts *	801	328	473	
Staff and related accounts	1 839	1 839		
Staff and social bodies	6139	6 139		
Government	4 091	4 091		
Other debts	126	126		
Pre-paid earnings	1 731	1 731		
OVERALL TOTAL	**14 727**	**14 254**	**473**	
Loans taken out during the financial year	150			
Loans repaid during the financial year	290			
* including reprocessed leases	29	29		

Loans and financial debts have nearly exclusively been taken out within the Euro zone.

Marketable Securities

PORTFOLIO	31.12.02
SQLI shares	1
SICAV monetary	25
OVERALL TOTAL	**26**

✍ *Provisions*

Table of provision variations during the financial year (in thousands of euros)

CATEGORIES	31.12.01	Depreciation Allowances	Recoveries	31.12.02
PROVISIONS FOR RISKS AND COSTS	334	1 679	(222)	1 791
Provisions for depreciation of other financial assets	60	36	(29)	67
Provision for depreciation of customer accounts	1 986	747	(598)	2 135
Provision for depreciation of other receivables	70	7	(14)	63
OVERALL TOTAL	**2 450**	**2 469**	**(863)**	**4 056**
Set-up contributions and recoveries		2 057	(612)	
Financial contributions and recoveries		36	(29)	
Exceptional contributions and recoveries		376	(222)	

Use of provisions for risks and costs (in thousands of euros)

CATEGORIES	31.12.01	Depreciation Allowances	Recoveries *(provision used)*	Recoveries *Un-used provisions*	31.12.02
Industry tribunal litigations	208	104	(162)	-	150
Supplier litigations	30	-	(30)	-	-
Provisions for taxes	96	266	(30)	-	332
Late payment penalties to customers	0	37	-	-	37
Termination losses	0	138	-	-	138
Restructuring Plan	0	1 134	-	-	1 134
OVERALL TOTAL	**334**	**1 679**	**(222)**	**-**	**1 791**

Provisions for restructuring must enable costs to be covered for redundancies, closing down branches in Lille, Sophia and Paris, as well as costs linked to under-use of floor spaces rented in Mulhouse, Strasbourg and Saint-Denis.

A tax provision of 232 thousand euros has been made following the adjournment of the tax administration for tax credits calculated by SUDISIM.

✍ ***Cash flow statement***

	31.12.2002	**31.12.2001**
Total Net Profit from consolidated companies	(9 339)	(7 839)
Reversal of depreciation and provisions	4 466	3 933
Reversal of the variation in deferred taxes	52	996
Reversal of the disposal value differences	356	(37)
SELF FINANCING GROSS MARGIN	(4 465)	(2 947)
Variation in working capital requirement	2 718	1 117
NET OPERATING CASH FLOW FROM ACTIVITIES	(1 747)	(1 830)
Asset purchases	(234)	(1 111)
Asset purchases	228	766
Consolidation adjustments	0	0
NET CASHFLOW FROM INVESTING ACTIVITIES	(6)	(345)
Increase in Capital	2 238	109
Issue of Loans	150	130
Repayment of loans	(416)	(587)
NET CASHFLOW FROM FINANCING ACTIVITIES	1972	(348)
Exchange rate adjustments	2	10
CHANGE IN CASH FLOW	221	(2 513)
Cash (beg)	300	2 813
Cash (end)	521	300
CHANGE IN CASH FLOW	221	(2 513)

✍ *Changes in shareholders equity*

	Capital	Premium	Reserves	Period Earnings	Adjustments	Outside Group	TOTAL
Situation as of 31/12/00	3 269	11 704	134	50	23	0	15 180
Appropriation of earnings N-1			50	(50)			0
Increase in Capital 04/01/01	3	106					109
Others					12		12
Period Earnings				(7 839)			(7 839)
Situation as of 31.12.01	3 272	11 810	184	(7 839)	35	0	7 462
Appropriation of earnings N-1			(7 839)	7 839			0
KEENVISION Merger 01/2002		103	(134)				(31)
Increase in Capital 07/2002	523	1 746					2 269
Others			8		101		109
Period Earnings				(9 339)			(9 339)
Situation as of 31.12.02	3 795	13 659	(7 781)	(9 339)	136	0	470

✍ ***Taxation on profits***

Breakdown of deferred tax assets (in thousands of euros)

CATEGORIES	31.12.02	31.12.01
DTAs on consolidation recalculations	0	7
DTAs on temporary differences	0	45
OVERALL TOTAL	**0**	**52**

Breakdown between deferred taxes and taxes to be paid on the Income Statement (in thousands of euros)

CATEGORIES	31.12.02	31.12.01
Deferred Taxes	(52)	(996)
Taxes to be paid	(152)	(71)
OVERALL TOTAL	**(204)**	**(1 067)**

Reconciliation of total tax cost and theoretical tax cost (in thousands of euros)

CATEGORIES	31.12.02
Earnings before tax and goodwill depreciation	(6 898)
Theoretical Tax (34.33%)	**2 368**
Impact of non-capitalisation of tax assets on loss carry-forwards	(3 933)
Impact of consolidation reprocessing with tax implications	1984
Effect of imputing previous losses	15
Non-deductible costs	(793)
Non-taxable earnings	163
Fiscal integration impact	28
Impact of different corporate tax rates	43
Non refundable DTAs	(27)
Effect Tax cost	**(152)**

✍ ***Average Staff levels***

The average staff level of the group stands at 665 people.

Categories	Paid staff
Management	643
Non-management	22

✍ ***Management remuneration (in thousands of euros)***

CATEGORIES	Total managers	Bodies		
		Administration	Management	Supervisors
Remunerations allocated	322		242	80

✍ *BSPCE Schemes and Stock Options*

Share subscription options allocated during the 2000, 2001 financial years:			
	Plan no. 1	Plan no. 2	Plan no. 3
Date of the meeting	21 March 2000	21 March 2000	21 March 2000
Date of the board of directors meeting	4 July 2000	27 November 2000	27 July 2001
Total number of share subscription offers allocated	37,556	22,955	317,650
Of which: Number of shares able to be subscribed to by the corporate officers of the company	0	0	0
Methods of exercising share subscription options	5 July 2005	28 November 2005	28 July 2006
Expiry date of share subscription options	4 July 2007	27 November 2007	27 July 2008
Price of share subscription options	5 Euros	8.08185 Euros	2.3885 Euros
Methods of exercising share subscription options	The exercising right is acquired by annual tranches (2000, 2001 and 2002)	None	None
Share subscription options taken up during 2000 or 2001: No option was taken up during the 2000, 2001 and 2002 financial years			
Share subscription options cancelled during the 2000, 2001 and 2002 financial years:			
Total number of share subscription offers cancelled	6,031	21,350	39,503
Share subscriptions options still to be allocated at the end of the 2002 financial year: 11.912			

BSC warrants issued during the 2000 and 2001 financial years:			
	Plan no. 1	Plan no. 2	Plan no. 3
Date of the meeting	21 March 2000	6 July 2000	26 June 2002
Date of the board of directors or board of management meeting	29 September and 27 November 2000	29 September and 27 November 2000	No allocation
Total number of BSC warrants authorised	1,197,000	362,221	700,000
Of which: Number of shares able to be subscribed to by the corporate officers of the company	149,386	0	0
Number of subscription warrants allocated	1,197,000	362,221	0
Starting point for exercising warrants	1 October 2002	29 September or 27 November 2003, depending on the date of the Board of Directors meeting	
Expiry date of warrants subscription options	29 September 2005	29 September or 27 November 2005, depending on the date of the Board of Directors meeting	

Price of BSCwarrants exercised	1.07 Euros	5 Euros	
Methods of exercising warrants	The exercising right is acquired by annual tranches (1999, 2001 and 2002)	None	
Total number of warrants cancelled	233,389	99,235	

✍ *Revenue Analysis*

Revenue analysis (in thousands of euros)

CONSOLIDATED COMPANIES	**31.12.02**	**31.12.01**
SQLI	36 963	35 760
SQLI Suisse	4 776	4 022
ABCIAL	2 169	3 503
KEENVISION	-	1 028
TECHMETRIX US	167	169
CARI	1	585
INVERSO	3	244
PROFIL	-	9
SUDISIM	-	1
OVERALL TOTAL	**44 079**	**45 321**

Breakdown of revenues by activity

	31.12.02	**31.12.01**
ENGINEERING	91%	84%
CONSULTING	3%	10%
TRAINING	5%	4%
STUDIES	0.1%	0.5%
MAINTENANCE	0.5%	0.5%
SALE OF HARDWARE	0.4%	1%
OVERALL TOTAL	**100%**	**100%**

Breakdown of revenues by geographical zone (in thousands of euros)

	31.12.02	**31.12.01**
France	38 656	39 982
EUROPEAN UNION	454	578
EXPORTS OUTSIDE EU	4 969	4 761
OVERALL TOTAL	**44 079**	**45 321**

✍ *Analysis of staff costs (in thousands of euros)*

CATEGORIES	**31.12.02**	**31.12.01**

Salaries	26 118	25 342
Social costs	11 300	10 794
OVERALL TOTAL	**37 418**	**36 136**

✍ *Financial Profit Analysis (in thousands of euros)*

CATEGORIES	31.12.02	31.12.01
Revenues from loans and receivables	55	3
Earnings from asset sales	2	-
Positive exchange rate adjustments	9	39
Other financial earnings	10	-
Decrease of provisions on marketable securities	-	36
Decrease of provisions on other asset securities	29	
FINANCIAL EARNINGS	**105**	**78**
Interest and similar costs	(51)	(147)
Net expenses on the sale of marketing securities	(7)	(28)
Negative exchange rate adjustments	(114)	(14)
Other financial costs	(144)	(1)
Losses on receivables linked to holdings	(74)	-
Provisions on other securities	(36)	(45)
Depreciation of bond redemption premium	(47)	-
FINANCIAL COSTS	**(473)**	**(235)**
FINANCIAL PROFT/LOSS	(368)	(157)

✍ *Exceptional Profit Analysis (in thousands of euros)*

CATEGORIES	31.12.02	31.12.01
Exceptional earnings on management operations	169	139
Exceptional earnings from previous financial years	30	140
Earnings from sale of fixed assets	109	558
Decreases in provisions and transfer expenses	222	20
EXCEPTIONAL EARNINGS	**530**	**857**
Exceptional costs on management operations	(281)	(718)
Exceptional costs from previous financial years	(45)	-
NPV of fixed assets sold	(471)	(521)
Exceptional allocations for depreciation and provisions	(383)	(178)
EXCEPTIONAL COSTS	**(1 180)**	**(1 417)**
EXCEPTIONAL PROFT/LOSS	(650)	(560)

✍ *Contribution of consolidated companies to operating profits (in thousands of euros)*

CONSOLIDATED COMPANIES	31.12.02	31.12.01
SQLI	(5 325)	(2 853)
SUDISIM	49	31
KEENVISION	-	435
ABCIAL	(967)	(1 167)
CARI	(163)	84
PROFIL	23	(6)
TOTAL France	**(6 383)**	**(3 476)**
SQLI Suisse	487	518
TECHMETRIX US	77	(351)
INVERSO	(58)	(105)
TOTAL EXPORT	**506**	**62**
OVERALL TOTAL	**(5 877)**	**(3 414)**

✍ *Contribution of consolidated companies to net profits (in thousands of euros)*

CONSOLIDATED COMPANIES	31.12.02	31.12.01
SQLI	(5 830)	(3 954)
SUDISIM	(136)	17
KEENVISION	-	214
ABCIAL	*(3 468)	(3 100)
CARI	(275)	(132)
PROFIL	14	(571)
TOTAL France	**(9 695)**	**(7 526)**
SQLI Suisse	393	381
TECHMETRIX US	(4)	(353)
INVERSO	(33)	(341)
TOTAL EXPORT	**356**	**(313)**
OVERALL TOTAL	**(9 339)**	**(7 839)**

Including ABCIAL goodwill depreciation (2,218 thousand euros)

✍ *Off balance sheet commitments*

Commitments given

Retirement allowances

Company	Amount as of 31.12.01	of the Change during the financial year	Amount as of 31.12.02
SQLI	80	13	94
ABCIAL	4	2	5
TOTAL	84	15	99

Other commitments given

Company making the commitment	Beneficiary	Nature of the commitment	Amount	Expiry Date
SQLI	Y.EL MIR	Allowance in case of a member of the board of directors having their mandate removed Additional allowance in case of removal	€75K 75Ke	10/2003 Indefinite
SQLI	B.LEYSSENE	Allowance in case of a member of the board of directors having their mandate removed Additional allowance in case of removal	€75K 75Ke	10/2003 Indefinite

Commitments received

Guarantees and bonds

Company or person giving commitment	Company receiving commitment	Reason for the commitment	Amount	Expiry Date
CCF	SQLI	SAINT DENIS premises	48 KE	03/2003
BANQUE POPULAIRE	ABCIAL	Private markets	17 KE	Indefinite
A EL MOUAFIK	ABCIAL	BP bank loans	76 KE	10/2004
A EL MOUAFIK	ABCIAL	BP bank loans	38 KE	10/2004
SOFARIS	ABCIAL	BP bank loans	30 KE	10/2004
Société Générale	SUDISIM	Tax inspection 1993	59 KE	Indefinite

Other commitments received

SQLI has undertaken the responsibility of selling liabilities linked to selling ABCIAL securities within its guarantee. This should give SQLI 19,711 SQLI shares during 31 December 2002, equivalent to 9,292 euros.

✍ *Exchange rates*

	US Dollar 1 USD =		Swiss Franc 1 CHF =	
	31.12.02	31.12.01	31.12.02	31.12.01
Rates on 31 December 2002	0.95EUR	1.13EUR	0.69 EUR	0.67EUR
Annual average rate 2002	1.06EUR	1.12EUR	0.68EUR	0.66EUR

6 CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2002

6.1 GENERAL STATUTORY AUDITORS REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

Mr Chairman,

Sir, Madam,

As a result of the mission that was given to us by your General Shareholders Meeting, we present the report relating to the financial year ended 31 December 2002 for:

- auditing the annual accounts for SQLI, as attached to this report,

- specific reviews and information laid down by the law.

The annual accounts have been validated by the Board of Directors. It is our responsibility, on the basis of our audit, to express an opinion on these accounts.

1. OPINIONS ON THE ANNUAL ACCOUNTS

We conducted our audit in accordance with the professional standards applied in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit consists of examining, by opinion polls, the convincing elements which justify the data contained in these accounts. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed hereafter.

We certify that the annual accounts, which have been established according to French accounting principles, are in order and give a true picture of the results of the business activities as well as the company's financial situation and its asset base at the end of this financial year.

2. CHECKS AND SPECIFIC INFORMATION

We have also gone ahead with, in conformance with the professional standards required in France, the specific checks that are laid down by the law.

We have no comment or observation to make on the good faith and agreement of the annual reports with the information given to the Board of Directors' management report and the documents given to the shareholders on the company's financial situation and annual accounts.

In accordance with the law, we have made sure that all the different information relating to financial holidays, control and identity of those who hold capital and voting rights has been communicated to you in the management report.

Paris, 4 April 2003

The Auditors

CONSTANTIN ASSOCIES — FIDUCIAIRE DE LA TOUR

Jean-Marc BASTIER — Michel BONHOMME — Jean-Pierre PAUMARD

6.2 COMPANY ACCOUNTS AS OF 31 DECEMBER 2002

✍ *Balance Sheet: Assets*

Categories	Gross Amount	Depreciation	31/12/2002	31/12/2001
Capital (subscribed but not called up)				
INTANGIBLE ASSETS				
Start up costs				
Research and Development Policy				
Grants, patents and similar rights	512 478	395 183	117 295	238 994
Business client lists				
Other intangible assets				
Advances, down payments / intangible assets Intangible Assets				
TANGIBLE FIXED ASSETS				
Land				
Constructions				
Technical installations, equipment, tools				
Other tangible assets	1 866 942	1 396 564	470 379	1 041 576
Assets in progress				
Advances and instalments				
FINANCIAL ASSETS				
Holdings by M.E.				
Other holdings	3 706 695	3 410 736	295 959	2 194 459
Receivables linked to holdings				
Other assets	1 067		1 067	1 067
Loans	76 035	32 834	43 201	
Other financial fixed assets	235 723		235 723	306 201
FIXED ASSETS	6 398 940	5 235 317	1 163 624	3 782 297
INVENTORY AND WORK IN PROGRESS				
Inventory of raw materials				
Inventory of work-in-progress if product goods				
Inventory of work-in-progress if product services				
Inventory of intermediary and finished products				
Inventory of saleable goods				
Advances, goods paid for on order	44 384		44 384	68 070
RECEIVABLES				
Customer receivables and related accounts	10 527 779	1 933 577	8 594 202	10 955 810
Other receivables	10 029 808	4 748 333	5 281 475	6 895 202
Subscribed Capital, called up by not paid				
OTHER				
Marketable Securities	724		724	15 238
(including own shares: 724) :				
Cash	265 818		265 818	141 108
REGULARISATION ACCOUNTS				
Pre-paid costs	398 006		398 006	381 088
CURRENT ASSETS	21 266 519	6 681 910	14 584 609	18 456 517
Costs to be spread over several financial years				
Bond redemption premium				
Adjustments - ASSETS	61 458		61 458	16 880
OVERALL TOTAL	27 726 918	11 917 227	15 809 691	22 255 694

✍ *Balance Sheet: Liabilities*

Categories	31/12/2002	31/12/2001
Authorised capital of which paid up: 3 795 452	3 795 452	3 272 725
Premiums (shares, merger or in kind)	*13 658 792*	*11 810 324*
Purchase price discrepancy re-evaluations		
Legal reserve	*32 777*	*32 777*
Statutory or contractual reserves		
Regulated reserves (including fluctuation reserve provisions)		
Other reserves (including purchase of original works of art)		
Carry-forward	*(6 572 560)*	*(937 414)*
EARNINGS FOR THE FINANCIAL YEAR (profit or loss)	*(11 745 262)*	*(5 635 146)*
Investment grants		
Mandatory provisions		
SHAREHOLDERS EQUITY	*(830 801)*	*8 543 265*
Earnings from issues of securities in capital		
Advances with conditions		
OTHER EQUITY		
Provision for risks	*1 392 450*	*301 099*
Provision for costs		
PROVISIONS FOR RISKS AND COSTS	*1 392 450*	*301 099*
FINANCIAL DEBTS		
Convertible bond loans		
Other bond loans		
Loans and debts with credit companies	*20 765*	*450 615*
Various loans and financial debts.	*2 516 568*	*1 022 999*
Advances and accruals received on outstanding orders		
OPERATING DEBTS		
Supplier debts and related accounts	*2 413 919*	*2 170 765*
Fiscal and social debts	*8 661 002*	*7 915 571*
OTHER DEBTS		
Debts on fixed assets and related accounts	*15 987*	*27 936*
Other debts	*249 700*	*310*
REGULARISATION ACCOUNTS		
Pre-paid earnings	*1 370 101*	*1 814 586*
DEBTS	*15 248 041*	*13 402 783*
Liability adjustments		*8 547*
OVERALL TOTAL	*15 809 691*	*22 255 694*
Period Earnings in cents	- 11 745 261.85	
Balance Sheet Total in cents	15 809 690.82	

✍ *Income Statement (as a list)*

Categories	France	Exports	31/12/2002	31/12/2001
Sale of goods				44 278
Sales of goods produced				
Sales of services offered	36 666 663	738 854	37 405 517	36 437 389
NET REVENUE	**36 666 663**	**738 854**	**37 405 517**	**36 481 668**
Inventory				
Production capitalised				
Operating grants			*6 060*	14 658
Decreases in depreciation / provisions, cost transfers			*634 199*	166 910
Other earnings			568 484	939 561
TOTAL OPERATING INCOME			***38 614 261***	***37 602 797***
Purchase of goods including customs duties			352 139	160 482
Variations in inventory (goods)				
Purchase of raw materials and other supplies (and customs duties)				
Inventory variation (raw materials, supplies)]				
Other purchases and external costs			8 206 874	8 772 263
Taxes and similar payments			1 203 453	1 105 248
Salaries			21 856 727	19 497 360
Social costs			10 154 021	8 948 604
ALLOCATIONS TO RUNNING COSTS				
On assets: ALLOCATIONS TO DEPRECIATION			504 896	675 317
On assets: Allocations to provisions				
On current assets : Allocations to provisions			657 525	1 955 740
For risks and costs Allocations to provisions			1 191 632	
Other costs			26 647	11 100
OPERATING COSTS			**44 153 914**	**41 126 114**
OPERATING PROFT/LOSS			**(5 539 653)**	**(3 523 317)**
OPERATIONS IN COMMON				
Profit attributed or losses transferred				
Loss born or Profit transferred				
FINANCIAL EARNINGS				
Financial allocations			235 431	187 581
Other assets, receivables and capitalised asset earnings			47 242	
Other interest and other such expenses			8 273	499
Decreases in provisions and transfer expenses			314 428	39 683
Positive exchange rate adjustments				223
Net expenses on the sale of marketable securities			2 101	7 633
FINANCIAL EARNINGS			**607 476**	**235 619**
Allocation of depreciation and provisions			6 171 173	2 059 320
Interest and similar costs			303 767	90 956
Negative exchange rate adjustments			2	67
Net expenses on selling assets.			7 092	36 817
FINANCIAL COSTS			**6 482 035**	**2 187 160**
FINANCIAL PROFT/LOSS			**(5 874 559)**	**(1 951 541)**
EARNINGS BEFORE TAX			**(11 414 212)**	**(5 474 858)**

✍ *Income Statement (cont.)*

Categories	31/12/2002	31/12/2001
Exceptional earnings on management operations	83 032	261 877
Exceptional earnings on capital operations	80 702	550 768
Decreases in provisions and transfer expenses	156 237	19 818
EXCEPTIONAL EARNINGS	**319 972**	**832 463**
Exceptional costs on management operations	162 290	608 134
Exceptional costs on capital operations	420 062	493 798
Exceptional allocation to depreciation and provisions	73 427	130 702
EXCEPTIONAL COSTS	**655 779**	**1 232 635**
EXCEPTIONAL PROFT/LOSS	**(335 807)**	**(400 172)**
Participation of employees in the success of the company's financial results		
Taxation on profits	(4757)	(239 884)
TOTAL EARNINGS	**39 541 708**	**38 670 878**
TOTAL COSTS	**51 286 970**	**44 306 024**
PROFIT OR LOSS	**(11 745 262)**	**(5 635 146)**

6.3 ANNEX TO THE COMPANY ACCOUNTS AS OF 31 DECEMBER 2002

Please find presented here the annex to the balance sheet before distribution of the business activity for the financial year ended 31 December 2002 amounting to 15,809,691 euros, and of the income statement presented in list form with total revenues equalling 37,405.,517 euros and a loss of 11.745.262 euros.

The financial year ran for 12 months from 1 January 2002 to 31 December 2002.

NOTES CONCERNING THE FINANCIAL PERIOD

Capital Operations
To simplify the business activity management of the SQLI Group, the company took over its KEENVISION subsidiary on 26 June 2002 with back effect from 1 January 2002. The transaction carried a merger dividend of 134,141 euros.

A part from this, on 15 July 2002, SQLI increased its capital by 522,727.50 euros, reserved to two new investors, FD5 and SETHI, by issuing 2,090,910 new shares with a face value of 0.25 euros and an issue premium of 0.85 euros per share.

On 31 December 2002, SQLI's authorised capital amounted to 3,795,452.50 euros, made up of 15,181,810 shares with a face value of 0.25 euros each.

Business Activity and Subsidiaries

Business activity for this financial year has been marked by a profound recession in the IT services sector. The decrease in sale prices and employment rate weighed on business activity, which is loss-making for the second year in a row.

In order to find a balance situation again, a restructuring plan was put in place during the fourth quarter or 2002: other than a workforce reduction of nearly 50 people, the structurally loss-making branches in Lille and Sophia were closed. Lease on the Paris-based headquarters has been terminated and all Paris-based teams have been brought together in the Saint Denis branch.

The impact of the restructuring plan has crippled the operating profits in 2002: the costs of the employment security plan as well as the costs of closing the Lille and Sophia branches and the Paris headquarters have been provisioned to amount of 1 036 409 euros.

The general uncertainty weighing on the evolution of the IT service market has also led the company to constitute provisions for assets relating to its ABCIAL subsidiary.

A provision for depreciation of equity loans of 1 438 159 euros as well as a financial provision of 4 157 172 euros for depreciation of the current account given to ABCIAL have therefore been stated on 31 December 2002, in order to bring assets to zero.

Events that have taken place since the close of the financial year.

SQLI managers are studying a partnership project with new investors which would enable it to rebuild the company’s shareholders equity from the first half of 2003.

✍ ***Accounting Methods and Rules***

The individual accounts as of 31 December 2002 have been drawn up in Euros and are presented in accordance with the currently accepted accounting rules and principles.

The general accounting agreements have been applied respecting the principle of prudence and in accordance with the basic hypotheses:

? Going concern,
? Consistent accounting methods from one financial year to another,
? Independence of the financial years.

No changes in the evaluation method or in the presentation have been made in the course of the financial year.

The base method retained to evaluate elements written up in the accounts is the historic costs method.

The main methods used are as follows:

26 **Intangible and Fixed Assets**

The gross value of capitalised assets corresponds to the book entry value of the items in the asset register.

Depreciation is calculated using the straight-line method in accordance with the expected life cycle of the asset:

? Software 1 year and 3 years
? General installations 8 years
? IT Equipment 2 years
? Office Equipment 5 to 8 years

The depreciation timeframe for IT equipment and software takes into account the rapid changes in the Company's hardware.

2- Financial Assets

Financial assets are written to the balance sheet at historic value. They are comprised of the subsidiaries' equity investments, receivables in conjunction with these investments and deposits and sureties paid out.

At the close of each financial year, the historic value is compared to the market price taking account of the proportion of net assets increased for hidden capital gains and the trend in profits as well as the economic interest the companies represent for the Group. The unfavourable variations lead to provisions for the depreciation of securities and financial loans.

In 2002, the company decided to pay off its contribution in the form 20 year loans and has made a provision to bring this receivable back to its actual value.

3 - Receivables

Receivables are valued at face value. A provision for depreciation is made when the inventory value is lower than the accounting value.

Services in progress are valued at the sale prices of the hours worked on them and are recorded as invoived to be drawn up.

4 – Transactions in Foreign Currencies

Expenses and earnings in foreign currencies are recorded at their exchange value at the date of the transaction. Debts, receivables and cash in foreign currencies are recorded on the balance sheet at the exchange rate prevailing at the end of the financial year.

The difference resulting from this updarting of the value of debts and receivables in foreign currencies is recorded on the balance sheet as an "exchange rate adjustment" when it concerns currencies not in the Euro zone. In any other case, the exchange rate difference is recorded in the profits and loss account.

Hidden exchange rate losses, which are not compensated for, are the subject of risk provisions.

5- Marketable Securities

Marketable securities are valued at the purchase price or at the last month's market price if that is lower than the purchase price. For non-listed securities, if their inventory value is lower than the price they would fetch on sale, a provision for depreciation is effectuated.

SQLI holds 1,540 shares in itself as part of a market maker contract for a value of 724 euros.

6- Fiscal Integration

On 31 December 2002, SQLI formed an integrated fiscal group with its SUDISIM and ABCIAL subsidiaries.

7- Stock options and subscription warrants

The General Shareholders Meeting on 21 March 2000, 6 July 2000 and 26 June 2002 authorised the Board of Directors to assign to a certain number of the Group's employees, on one or on several occasions, BSC Warrants or share subscription options.

No BSC Warrant or option has been exercised as of 31 December 2002.

✍ *BSPCE Schemes and Stock Options*

Share subscription options			
	Plan no. 1	**Plan no. 2**	**Plan no. 3**
Date of the meeting	21 March 2000	21 March 2000	21 March 2000
Date of the board of directors meeting	4 July 2000	27 November 2000	27 July 2001
Total number of share subscription offers allocated	37,556	22,955	317,650
Of which: Number of shares able to be subscribed to by the corporate officers of the company	0	0	0
Methods of exercising share subscription options	5 July 2005	28 November 2005	28 July 2006
Expiry date of share subscription options	4 July 2007	27 November 2007	27 July 2008
Price of share subscription options	5 Euros	8.08185 Euros	2.3885 Euros
Methods of exercising share subscription options	The exercising right is acquired by annual tranches (2000, 2001 and 2002)	None	None
Share subscription options taken up during 2000 or 2001: No option was taken up during the 2000, 2001 and 2002 financial years			
Share subscription options cancelled during the 2000, 2001 and 2002 financial years:			
Total number of share subscription offers cancelled	6,031	21,350	39,503
Share subscriptions options still to be allocated at the end of the 2002 financial year: 11,912			

BSC Warrants			
	Plan no.1	**Plan no. 2**	**Plan no. 3**
Date of the meeting	21 March 2000	6 July 2000	26 June 2002
Date of the board of directors or board of management meeting	29 September and 27 November 2000	29 September and 27 November 2000	No allocation
Total number of BSC warrants authorised	1,197,000	362,221	700,000
Of which: Number of shares able to be subscribed to by the corporate officers of the company	149,386	0	0
Number of subscription warrants allocated	1,197,000	362,221	0
Starting point for exercising warrants	1 October 2002	29 September or 27 November 2003, depending on the date of the Board of Directors meeting	NA
Expiry date of warrants subscription options	29 September 2005	29 September or 27 November 2005, depending on the date of the Board of Directors meeting	NA
Price of stock purchase warrants	1.07 Euros	5 Euros	NA

exercised			
Methods of exercising warrants	The exercising right is acquired by annual tranches (1999, 2001 and 2002)	None	NA
Total number of warrants cancelled	233,389	99,235	NA

✍ *Fixed Assets*

Categories	**Beginning of the financial year**	**Reevaluation**	**Acquisit.,contributions**
SET-UP AND RESEARCH & DEVELOPMENT COSTS			
OTHER INTANGIBLE FIXED ASSETS	**482 175**		**44 818**
Fields			
Land constructions			
Other land constructions			
General installations constructions, fixtures, fittings			
Technical installations, equipment and industrial tools			
General installations , fixtures, fittings	923 098		43 546
Transport equipment	4 437		
Office, IT, equipment and furniture	1 196 968		280 181
Recyclable and various packaging			
Tangible fixed assets in progress			
Advances and instalments			
TANGIBLE FIXED ASSETS	**2 124 503**		**323 727**
Contributions evaluated against equivalents			
Other contributions	4 178 663		1 342 629
Other assets	1 067		1 426 813
Loans and other financial assets	306 201		120 906
FINANCIAL ASSETS	**4 485 931**		**2 890 348**
OVERALL TOTAL	**7 092 608**		**3 258 892**

Categories	Payment	Transfer	End of the financial year	Initial value
SET UP AND RESEARCH & DEVELOPMENT COSTS				
OTHER FIXED ASSETS INTANGIBLE ASSETS		**14 514**	**512 478**	
Fields				
Land constructions				
Other land constructions				
General installations constructions, fixtures				
Technical installations, equipment and industrial tools				
General installations and various fixtures		567 719	398 924	
Transport equipment			4 437	
Office, IT, equipment and furniture		13 568	1 463 581	
Recyclable and various packaging				
Tangible fixed assets in progress				
Advances and instalments				
TANGIBLE FIXED ASSETS		**581 287**	**1 866 942**	
Contributions evaluated against equivalents				
Other contributions		1 814 597	3 706 695	
Other assets		1 426 813	1 067	
Loans and other financial assets		115 349	311 758	
FINANCIAL ASSETS		**3 356 759**	**4 019 520**	
OVERALL TOTAL		**3 952 560**	**6 398 940**	

✍ *Depreciation*

Categories	Beginning of the financial year	Depreciation Allowances	Recoveries	End of the financial year
SET UP AND RESEARCH & DEVELOPMENT COSTS				
OTHER FIXED ASSETS INTANGIBLE ASSETS	256 021	141 843	2 681	395 183
Fields				
Land constructions				
Other land constructions				
Inst. constructions General, fixtures				
Technical installations, equipment and tools				
General installations and fixtures	197 583	114 381	203 138	108 826
Transport equipment	4 437			4437
Office, IT, equipment and furniture	1 041 718	248 671	7 089	1 283 301
Recyclable and various packaging				
TANGIBLE FIXED ASSETS	**1 243 738**	**363 052**	**210 227**	**1 396 564**
OVERALL TOTAL	**1 499 759**	**504 896**	**212 908**	**1 791 747**

Breakdown of depreciation allowances	Straight-line	Reducing Balance	Exceptional	Tax-based allowances	Tax-based recovery
SET UP, RESEARCH COSTS					
OTHER INTANGIBLE FIXED ASSETS	141 843				
Fields					
Land constructions					
Other land constructions					
Constructions and installations					
Install. Technical, tools					
Install. General, fixtures	114 381				
Transport equipment					
Office and IT equipment	248 671				
Recyclable packaging					
FIXED ASSETS TANGIBLE	363 052				
OVERALL TOTAL	504 896				

Costs spread over several financial years	Beginning of the financial year	Increases	Depreciation Allowances	End of the financial year
Costs to be spread over several financial years				
Bond redemption premium				

Provisions

Categories	Beginning of the financial year	Depreciation Allowances	Recoveries	End of the financial year
Mining and oil deposits				
Investment provisions				
Provisions for price increases				
Provisions for stock price fluctuations				
Tax-based depreciation				
Foreign ventures before 01/01/92				
Foreign ventures after 01/01/92				
Provisions for installation loans				
Mandatory provisions				
MANDATORY PROVISIONS				
Provisions for litigation	152 983	43 365	107 248	89 100
Provisions for guarantees given to customers				
Provisions for future maket losses		117 798		117 798
Provisions for fines and penalties		37 425		37 425
Provisions for foreign exchange losses	16 880	61 458	16 880	61 458
Provisions for pensions and similar commitments				
Provisions for taxes	39 256	30 061	19 056	50 261
Provisions for renewing fixed assets				
Provisions for large repairs				
Provisions for company costs, tax costs and leave to be paid				
Other provisions for risks and costs	91 980	1 036 409	91 980	1 036 409
PROVISIONS FOR RISKS AND COSTS	**301 099**	**1 326 516**	**235 165**	**1 392 450**
Provisions for intangible fixed assets				
Provisions for tangible fixed assets				
Provisions for securities				
Provisions for equity loans	1 984 204	1 438 159	11 627	3 410 736
Provisions for other fixed assets Financial		32 834		32 834
Provisions for stock and work in progress				
Provisions for customer accounts	1 786 655	657 525	510 604	1 933 577
Other provisions for depreciation	346 751	4 638 722	237 140	4 748 333
PROVISIONS FOR DEPRECIATION	**4 117 611**	**6 767 240**	**759 370**	**10 125 480**
OVERALL TOTAL	**4 418 709**	**8 093 757**	**994 535**	**11 517 931**
Set-up contributions and recoveries		1 849 157	523 869	
Financial contributions and recoveries		6 171 173	314 428	
Exceptional contributions and recoveries		73 427	156 237	
Depreciation of securities at the end of the financial year				

✍ *Use of provisions for risks and costs*

Nature of provisions	**Initial amount at the start of the financial year**	**Contribution for the financial year**	**Recovery for the financial year (provision used)**	**Recovery for the financial year (unused provision) . (1)**	**Amount at the end of the financial year**
Provisions for litigation	152 983	43 365	107 249		89 099
Provisions for foreign exchange losses	16 880	61 458	16 880		61 458
Provisions for taxes	39 256	30 061	19 056		50 261
Other provisions for risks and costs	91 980	1 036 409	29 933	62 047	1 036 409
Total provisions	**301 099**	**1 171 294**	**173 119**	**62 047**	**1 237 227**

<u>(1) Comment on unused provision recoveries</u>

At the end of the 2002 financial year, provisions for risk on the net negative financial position of the INVERSO provisions was reclassed as a provision for depreciation of receivables.

✍ *Receivables and Debts*

TYPE OF RECEIVABLE	Gross Amount	1 year maximum	over 1 year
Receivables linked to shares			
Loans	76 035		76 035
Other financial fixed assets	235 723	24 638	211 086
Dubious or litigant customers	1 706 229	1 706 229	
Other customer receivables	8 821 549	8 821 549	
Receivables relating to securities loaned			
Staff and related acounts	12 576	12 576	
Social security and other social bodies	17 340	17 340	
Government, other groups tax on profits	50 261	50 261	
Government, other groups value added tax	273 947	273 947	
Government, other groups other taxes and similar payments			
Government, other groups various receivables	27 959	27 959	
Group and associates	5 478 514	5.478.514	
Various debtors	4 169 212	3.290.489	878.723
Costs set out in advance	398 006	398 006	
OVERALL TOTAL	**21 267 351**	**20.101.507**	**1.165.844**
Amount of loans accorded during the financial year	76 035		
Amount of repayments obtained during the financial year			
Loans and advances given to associates			

TYPE OF DEBTS	Gross Amount	1 year maximum	More than 1 year, less than 5 years	over 5 years
Convertible bond loans				
Other bond loans				
Loans and debts of 1 year maximum initially	20 765	20 765		
Loans and debts of more than 1 year initially				
Various loans and financial debts	2 516 568	2 066 298	450 271	
Staff and related acounts	2 413 919	2 413 919		
Staff and related acounts	2 195 002	2 195 002		
Social security and other social bodies	3 123 227	3 123 227		
Government tax on profits				
Government value added tax	3 259 649	3 259 649		
Government bonds				
Government other taxes and similar payments	83 123	83 123		
Debts on fixed assets and related accounts	15 987	15 987		
Group and associates				
Other debts	249 700	249 700		
Debts relating to borrowed securities				
Costs set out in advanceEarnings set out in advance	1 370 101	1 370 101		
OVERALL TOTAL	**15 248 041**	**14 797 770**	**450 271**	
Loans taken out during the financial year	149 947			
Loans repaid during the financial year	114 336			
Loans and debts entered into with associates	46 621			

✍ *Details of costs to pay and earnings to receive*

COSTS TO PAY

STAFF	
Paid leave	1 685 683
Reducation of Time at Work	12 857
Holiday Bonuses	76 556
Bonuses	371 887
	2 146 983
PUBLIC SERVICE BODIES	
continuous professional training	173 363
Training Tax	89 120
Construction investment	10 380
Handicapped Person Contribution	98 352
Urssaf control adjustment	134 526
Social costs on Reduction of Time in Work - Bonuses	943 641
	1 449 382
STATE	
Professional Tax	20 415
Organic	49 205
TVTS	13 503
	83 123
EARNINGS TO RECEIVE	
Daily Social Security Allowances	5 644
Fafiec	3 555
Professional Tax	27 959
	37 158

✍ *Details of costs and earnings set out in advance*

COSTS SET OUT IN ADVANCE

Catalogues and forms	35 059
Rent	206 388
Equipment	132 000
Maintenance	5 892
Insurance	16 366
Advertising	1 201
Adverts and Insertions	1 100
	398 006

EARNINGS SET OUT IN ADVANCE

Service provisions invoiced in advance	1 370 101

✍ *Elements relating to several balance sheet items*

Categories	Companies involved	Contributions	Common debts and receivables
FIXED ASSETS			
Contributions	3 706 695		
CURRENT ASSETS			
Customer receivables and related accounts	1 579 852		
Other receivables	5 478 514		
DEBTS			
Various loans and financial debts	2 024 402		
Suppliers and related accounts	911 673		

✍ ***List of subsidiaries and contributions***

Name Headquarters	Capital Shareholders Equity	Percentage owned Dividend Receipt	Val. Gross security Val. Net security	Loans, advances Deposits	Revenue Profit	Notes Provisions On advances	Exchange Rate 31/12/2002
SUBSIDARIES (more than 50%)							
SUDISIM 650, rue H. Becquerel 34000 Montpellier	182 939 95 801	99.95 % -	233 088 233 088	16 190 -	60 104 -136 257		
TECHMETRIX Boston, United States	47 678 -464 987	97.50% -	47 444 0	10 222 -	167 578 -5 742	-10 222	1 USD = 0.95 EUR
SQLI CH CH-1020 RENENS LAUSANNE	68 852 1 286 320	99.80 % -	62 871 62 871	- -	4 797 355 316 439		1 CHF = 0.69 EUR
ABCIAL 6, av des Usines 90002 BELFORT Cedex	249 483 -4 593 014	99.73 % -	2 890 435 0	4 636 958 -	2 934 875 -1 048 196	-4 157 172	
CARI Immeuble Europa 3 74166 ARCHAMPS	7 622 -357 601	100 % -	152 449 0	583 211 -	911 -276 848	-349 979	
INVERSO Rue de Lyon 73 1203 GENEVA	68 852 -180 163	100 %	289 958 0	- -	3 154 -33 152		1 CHF = 0.69 EUR

SQLI SL Spain	30 500 -56 759	99.84 %	30 450 0	27 231 -	0 515	-26 259	

✍ Changes in shareholders equity

Position at the beginning of the financial year		**Balance**
Shareholders equity before distribution previous profits		8 543 265
Shareholders equity after distribution previous profits		8 543 265
Changes during the financial year	Decrease	Increase
Changes in capital		522 727
Changes in bonuses linked to capital		1 848 468
Other changes	11 745 262	
BALANCE	**9 374 067**	
Position at the end of the financial year		Balance
Shareholders equity before distribution		(830 802)

✍ Breakdown of revenue in €K

Categories	**Revenue - France**	**Revenue - Exports**	**Total 31/12/2002**	**Total 31/12/2001**	**% 02/ 01**
STUDIES	31		31	83	-62,65 %
GUIDES					
TRAINING	1 622	67	1 689	1 411	19,70 %
CONSULTING	1 239		1 239	1 375	- 9,89 %
ENGINEERING	33 774	672	34 446	33 568	2,62 %
EQUIPMENT SOLD				44	- 100,00 %
TOTAL	**36 666**	**739**	**37 405**	**36 481**	**2,53 %**

✍ Breakdown of revenue by geographical area

CATEGORIES		**REVENUE**		**TOTAL**
	France	**EEC**	**OUTSIDE EEC**	
STUDIES	31			31
TRAINING	1 622	63	4	1689
CONSULTING	1 239			1239
ENGINEERING	33 774	348	324	34 446
EQUIPMENT SOLD				0
TOTAL	**36 666**	**411**	**328**	**37 405**

✍ Cost Transfers

Nature of transfers	**Amount**	**Charging to account**
Benefits in kind	84 994	
Insurance indemnities	25 336	
TOTAL	**110 330**	

✍ *One-off costs and revenues*

Nature of costs	Amount	Charging to account
Supplier litigations	15 024	
Employee litigations	137 748	
Equipment outflow	382 893	
Transfer of equity loans	8 525	
IFA group provision contribution	30 061	
Provision contributions for industrial tribunals	43 365	
Termination of equity loans	28 643	
Various	9 519	
TOTAL	**655 778**	

Nature of revenues	Amount	Charging to account
VAT refunding on expense accounts (1996-2000)	67 599	
Equipment transfer	74 347	
Employee litigations	6 436	
Various	6 618	
Claim refund 2001	2 382	
Recovery of provisions for industrial tribunals	107 248	
Recovery of provisions for supplier litigations	29 933	
Recovery of the IFA Group lost provisions	19 056	
Termination of equity loans	6 353	
TOTAL	**319 972**	

✍ *Costs and revenues in previous financial years*

Nature of costs	Amount	Charging to account
Various current management costs	11 408	
Settling social costs 2000-2001	196 097	
Settling interest payments	3 949	
Additional Professional Tax	90 870	
Salaries 2000	31 041	
TOTAL	333 365	

Nature of revenues	Amount	Charging to account
Social bodies	131 064	
Professional Tax refund	15 968	
Rental cost refund 2000	8 340	
Suppliers	2 325	
Salaries	6 436	
Various	9 365	
TOTAL	173 498	

✍ *Leasing commitments*

Categories	Fields	Constructions	Equipment tools	Other fixed assets	Total
INITIAL VALUE				442 980	442 980
DEPRECIATION					
Running total for previous financial years				401 992	401 992
Financial year in progress				40 988	40 988
TOTAL				**442 980**	**442 980**
NET VALUE				0	0
RENTAL RIGHTS PAID					
Running total for previous financial years				361 593	361 593
Financial year in progress				86 429	86 429
TOTAL				448 022	448 022
RENTAL RIGHTS TO BE PAID					
One year at most				27 874	27 874
TOTAL				**27 874**	**27 874**
RESIDUAL VALUE				**2 301**	**2 301**
Amount accounted for in this financial year				86 429	86 429

✍ *Deferred and underlying tax position*

Categories	Amount
TAX DUE ON:	
Mandatory provisions	
Provisions for price increases	
TOTAL INCREASES	
TAX PAID IN ADVANCE ON:	
Temporarily non-deductable costs (to be deducted the following year):	
Others	59 616
To be deducted afterwards	
TOTAL TAX RELIEF	**59 616**
NET DEFERRED TAX POSITION	**(59 616)**

Categories		Amount
TAX DUE ON:		
CREDIT TO BE ACCOUNTED ON:		
So-called deferred depreciation	483 531	
reportable losses	9 496 918	
		9 980 449
NET LATENT TAX POSITION		**(9 980 449)**

✍ *Average Staff levels*

Workforce	Paid staff	Staff used in the company
Management	528	
First-line supervisors, technicians	14	
Trainees	39	
Apprentices	2	
TOTAL	**583**	

✍ *Off balance sheet commitments*

Categories		Off balance sheet amount
Unmatured eligible bills		
Guarantees and bonds		48 174
Pension obligations		93 847
Other commitments given		
TOTAL		**142 021**

✍ *Management remuneration*

Categories	Total managers	Bodies		
		Administration	**Management**	**Supervisors**
Financial commitments				
Remunerations allocatedd	322 338		322 338	
Conditions of loans accorded during the financial year:				
Repayments transacted during the financial year:				

6.4 ADDITIONAL INFORMATION CONCERNING THE CONSOLIDATED ANNEX

6.4.1 INTANGIBLE ASSETS

These relate to the software acquired. Depreciation is carried out using the straight-line method for a maximum utilisation period of 3 years.

6.4.2 GOODWILL

The net accounting value of goodwill is compared to its actual value at the end of each financial year.

Exceptional depreciation, balancing goodwill, accounted at the close of the 2002 financial year concerns ABCIAL, which was acquired at a good price in 2000.

This subsidiary's net profits has declined since its acquisition and performances do not correspond to expectations.

Company restructuring in 2001 and 2002 for this subsidiary not only significantly changed the internal environment but also the external environment of this company. (branch closure, former managers leaving the company, change in business activity…)

6.5 SPECIAL STATUTORY AUDITORS REPORT ON CONTRACTUAL AGREEMENTS AS OF THE END OF THE FINANCIAL YEAR 31 DECEMBER 2002

Mr Chairman,
Sir, Madam,

In our capacity as statutory auditors of you Company, we hereby present you with our report on the contractual agreements.

Agreements authorised during the financial year

In application of article L225-88 of the French Commercial code, we have been advised of the agreements which were authorised before your supervisory board.

We are not required to ascertain whether any other 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 responsibility, under the terms of article 117 of the 23 March 1967 Decree, to evaluate the benefits resulting from these agreements prior to their approval.

We conducted our work in accordance with professional standards applicable in France. These standards require us to perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

I- Compensation conditions for Mr Yahya EL MIR and Mr Bruno LEYSSENE should their mandate as a member of the Board of Directors be terminated.

1- Subscription to a Head of Company Corporate Guarantee-type insurance contract by your company

<u>Nature and purpose</u>
Subscription to this type of insurance contract so they can benefit from a salary equivalent to Assedic salaries should their employment contracts be suspended due to their nomination as a member of Board of Directors.

<u>Terms and Conditions</u>
Paying a premium of €3,853 per year for Mr Yahya El Mir and of €3,606 per year for Mr Bruno Leyssene as well as an admission fee of €847 per beneficiary.

The contract provides for an insolvency period of one year.

2- Compensation during the one year insolvency period of the insurance contract

<u>Nature and purpose</u>

Given the above insolvency period, the Company will pay Mr Yahya El Mir and/or Mr Bruno Leyssene an amount of €75,000 gross, which would normally be subject to corporate tax, should their termination occur during the insolvency period.

3- Additional Compensation

Nature and purpose

The Company will additionally pay Mr Yahya El Mir and/or Mr Bruno Leyssene an amount of €75,000 net should their mandate as a member of the Board of Directors be terminated, whatever time this termination takes place.

Members concerned:
Mr Yahya EL MIR
Mr Bruno LEYSSENE

II Termination of an employment contract between the company and Mr Jean ROUVEYROL, Chairman of the Supervisory Board

The company calls upon the services of Mr Jean Rouveyrol in an employment contract with a view to entrusting him with:

- Managing relations between investors and managers,
- communicating financial information,
- helping with the group's development strategy

Terms and Conditions

Remuneration of 60,000 €uros gross per year, increased by a bonus of 15.000 €uros should consolidated operating profits before overvalued depreciation for 2002 be positive.

This became effective on 1 October 2002

Mr Jean ROUVEYROL, previously remunerated in his capacity as Chairman of the Supervisory Board in the same conditions, no longer expects remuneration for his mandate.

Member concerned:

Mr Jean ROUVEYROL

III SQLI bail bond with Factobail

Nature and purpose

SQLI has a bail bond for its ABCIAL subsidiary for all sums this company might owe to FACTOBAIL at the end of a factoring contract. This agreement is limited to a maximum amount of 300 000 €uros.

The authorisation given by the Supervisory Board on 1 October 2002 lasts one year, whatever the duration of bail bond commitments (endorsed or guaranteed) might be.

The commitment as of 31 December 2002, came to 255,124.54 €uros.

Members concerned:

Mr Jean ROUVEYROL, Chairman of the Supervisory Board.
Mr Bruno LEYSSENE, member of the Boar of Directors

Agreements approved during previous financial years which are ongoing in the course of this financial year

Otherwise, in application of the 23 March 1967 Decree, we have been informed that the agreements approved during the previous financial years have been ongoing during the course of the last financial year.

I – Intra-Group Treasury Agreement

Nature and purpose:

An intra-group agreement on current accounts has been authorised by the Board of Directors on 27 November 2000 and was established on 29 December 2000 between SQLI and its subsidiaries.

The interest rate applied is 4.69%.

Terms and Conditions:

The current account balances as of 31 December 2002 with the different companies in the Group are shown in the tables below.

Your company has invoiced interest payments for the financial year of 2002 for the following amounts:

Companies	Amount of Interest in Euros	Current account balances in Euros
TECHMETRIX US	5 147.21	10 222.18
ABCIAL	175 419.34	4 625 585.38
CARI	28 729.05	583 211.09
PROFIL	10 527.73	204 701.28

Your company accounted for as an expense, in the financial year of 2002, the following amounts:

Companies	Amount of Interest in Euros	Current account balances in Euros
SUDISIM	14 579.36	(299 786.27)
SQLI CH	44 749.38	(1 697 052.88)

II – Agreement on the Provision of Services

Price Transfer Agreement

Nature and purpose:

An agreement on the provision of services called “Price Transfer Agreement” has been established between SQLI and its subsidiaries in 2000, authorised by the Board of Directors on 27 November 2000.

This agreement sets down the principle of exhaustive invoicing between the companies of the Group for services carried out for the benefit of another company of the Group.

Terms and Conditions:

In 2002, your company billed its subsidiaries for the following amounts:

Companies	Amounts (pre-tax) in Euros
ABCIAL	133 802. 67
TECHMETRIX US	61 506. 93
SQLI CH	302 236. 26
INVERSO	19 673. 00

In 2002, your company recorded the following invoices sent to it by its subsidiaries:

Companies	Amounts (pre-tax) in Euros
ABCIAL	738 651. 70
SQLI CH	705.60

Invoicing Agreement for central services provided to subsidiaries

Nature and purpose:

Your company, which takes responsibility for the management of central services (Human Resources, management control, accounting, marketing, communications,...) invoices the relevant subsidiaries for their proportion of these expenses.

Terms and Conditions:

In 2002, your company invoiced the following amounts:

Companies	Amounts (pre-tax) in Euros
ABCIAL	161 024. 20
SQLI CH	311 191. 00

III – Lease Management Agreement with SUDISIM

Nature and purpose:

On 27 November 2000, your Board of Directors authorised the signing of a lease management agreement between SQLI and SUDISIM for an amount of 44 210.21 €uros.

A lease management agreement between SQLI and SUDISIM has been set up with effect from 1 January 2000 and will finish on 31 December 2009.

Terms and Conditions:

The annual rent, before tax, is made up of:

a fixed sum of 18 293.88 €uros,
a variable sum corresponding to 1% of revenues.

For 2002, this comes to a total of 60 104.45 €uros before tax.

IV – Lease Management Agreement with ABCIAL

Nature and purpose:

A lease management agreement has been set up between SQLI and its subsidiary ABCIAL concerning the Lyon premises starting on 1 January 2001 and finishing on 31 December 2010.

This company's business activities are: Studies, consultancies, and IT training.

Terms and Conditions:

The annual rent, before tax, comes to:

- a fixed sum of 13 720.41 €uros which ABCIAL must pay to SQLI on 31 December each year.
- a variable sum corresponding to 1% of the year's revenues payable on 31 December each year.

For 2002, this comes to a total of 27,393.97 €uros before tax.

V – Mr LEFEBVRE's current account

Nature and purpose:

The interest rate payable on the current account is 5.69% per year. This rate is tax deductible for the financial year ended 31 December 2002.

Terms and Conditions:

On 31 December 2002, the current account balance stood at 1 964.47 €uros

The interest paid by your company during the course of 2002 amounted to 111.78 €uros.

VI – Mr ROUVEYROL's current account

Nature and purpose:

The interest rate payable on the current account is 5.69% per year. This rate is tax deductible for the financial year ended 31 December 2002.

Terms and Conditions:

On 31 December 2002, the current account balance stood at 42,144.77 €uros

The interest paid by your company during the course of 2002 amounted to 2,399.61 €uros.

We would also like to present our report on those agreements subject to article L 255-90 of the French Commercial Code.

In application of article L.255-240 of this Code, we would like to point out to you that this agreement has not been authorised beforehand by your Board of Directors.

It is our duty therefore, on the basis of the information that has been given to us, to communicate to you the nature and the terms and conditions of this agreement as well as the circumstances as to why the authorisation procedure was not followed. It is not our role to comment as to whether they are beneficial or appropriate. It is your responsibility, under the terms of article 117 of the 23 March 1967 Decree, to evaluate the benefits resulting from this agreement prior to its approval.

We conducted our work in accordance with professional standards applicable in France. These standards require us to perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

Nature and purpose:

SQLI has taken out a third party insurance contract for its corporate officers.

The guarantee given by AIG covers all managers and natural persons of the group (main branch and subsidiaries) for professional mistakes for which they are personally liable on their own property. The guarantee covers damages and interest charged to any professional mistake and required against all guaranteed managers, as well as on the costs of civil and penal defence.

Terms and Conditions:

The annual premium amounts to 16.382,7€uros after tax.

The guarantee is € 5,000,000 per accident resulting from any negligence of managers to legal, regulatory or statutory obligations, and any management mistake made by imprudence or negligence, omission, by error, by incorrect declarations and, in general, any offending act. A simple allegation of fault will trigger the guarantee.

This took effect on 18 September 2002. All managers and natural persons are covered by this guarantee.

All natural persons attending the Supervisory Board can be considered as indirectly interested in the conclusion of this agreement. No prior authorisation was able to be made on this agreement.

Member of the Supervisory Board
- Mr Jean ROUVEYROL
- Mr Xavier COTTIN, FD5 representative
- Mr Dominique CHAMBAS
- Mr Roland FITOUSSI
- Mr Dominique LAFOND

Members of the board of directors
- Mr Nicolas REBOURS
- Mr Yahya EL MIR
- Mr Bruno LEYSSENE

Paris, 4 April 2003

The Statutory Auditors

CONSTANTIN ASSOCIES		**SA FIDUCIAIRE DE LA TOUR**
J.M. BASTIER	*M. BONHOMME*	*J.P. PAUMARD*

7 ADMINISTRATION, MANAGEMENT AND SUPERVISORY BODIES

7.1 SUPERVISORY BOARD

On 26 June 2002, during the mixed general shareholders meeting, the board of directors and the supervisory board approved the decision to change the company's status to that of a limited company. This change was proposed for the following reasons:

- in accordance with the logic of the reform of the law dated 15 May 2001 on new economic regulations (which are inspired from Corporated Governance theories), the adoption of the form of governance would allow a clear distinction between the management and control functions by making two distinct bodies;
- the adoption of this form of governance would increase the credibility of the company's management bodies, by adopting the form of coporate governance htat is the most widespread amongst listed companies;
- and moreover, the adoption of this form of governance will match well the current way in which the company is run; since January 2001 the general management has been run by Mr Bruno Leyssene and Mr Yahya El Mir who have lead the reorganisation and restructuring othe SQLI Group.

Composition of the Board of Directors up to 26 June 2002:

Functions	Name	Date of taking up functions	Expiry date of functions
Chairman	Jean Rouveyrol	21 March 2000	The General Shareholders Meeting approving the accounts for the period ending 31 December 2005
Director and General Director	Bruno LEYSSENE	21 March 2000	The General Shareholders Meeting approving the accounts for the period ending 31 December 2005
Director	Innovacom 3 represented by Jacques Meheut	21 March 2000	The General Shareholders Meeting approving the accounts for the period ending 31 December 2005

Composition of the supervisory board

Functions	Name	Date of taking up functions	Expiry date of functions
Chairman	Jean Rouveyrol, Founder	Nomination of the Supervisory Board at the Mixed General Shareholders Meeting on 26 June 2002.	His functions will expire on the decision of a general meeting called to rule on the financial accounts for the year ending 31 December 2007.
Vice Chairman	Roland Fitoussi, Chairman of Solving International	Ditto	Ditto
Member no. 1	Domninque Chambas, Managing Director of Aldat	Ditto	Ditto
Member no. 2	Domnique Lafont, Assistant Managing Director, Bolloré – African	Ditto	Ditto

Member no. 3	Region FD5 represented by Xavier Cottin	Ditto	Ditto

Composition of the Board of Directors designated by the Supervisory Board on 26 June 2002.

Functions	Name	Date of taking up functions	Expiry date of functions
Chairman of the Board of Directors	Yahya EL MIR	26 June 2002	The General Shareholders Meeting approving the accounts for the financial year ending 31 December 2007
Member of the board of directors	Bruno LEYSSENE	ditto	ditto
Member of the board of directors	Nicolas Rebours	ditto	ditto

Functions exercised by corporate officers outside the company are set out in the management report (§4.1 IX page 68).

7.2 MANAGEMENT REMUNERATION

The total amount of pay and benefits of all kinds paid to the senior management of SQLI (board members and general directors) for the financial yaer ended 31 December 2002 both directly and indirectly by the issuer and by any company in the Group amounted to €322,334. The detail relating to this sum is recorded in the management report reproduced in 4.1 of this document

No directors' fees have been paid in the past to member of the board of directors or the supervisory board; the shareholders meetingon 30 June 2003 decided not to allocate directors' fees.

7.3 OTHER MANAGEMENT BENEFITS

No loan or guarantee has been granted or set up in favour of any of these persons during the course of the business period ended 31 December 2002.
No asset used by the company belongs either directly or indirectly to management or members of their families.

Management interest in the company's capital is set out in chapter 2.2.4

7.4 OPTIONS GRANTED TO THE MEMBERS OF THE ADMINISTRATION AND MANAGEMENT BODIES

The number of share subscription options and BSC warrants granted to those who have managed SQLI during the course of the financial period ended 31 December 2002 are recorded in the special board of directors' report which is reproduced in 4.2 of this document.

7.5 EMPLOYEE INCENTIVES

The detail regarding the share subscription and the BSC warrant schemes is recorded in the special board of directors' report which is reproduced in 4.2 of this document.

The company has not yet instigated a company savings scheme. No sums have been paid for employee profit sharing in the last three financial years.

7.6 CORPORATE GOVERNANCE

The company changed its legal form on 26 June 2002 to become a supervisory consultancy and director company.

Information on the Bouton report recommendations

At the moment there is no internal rule or code of practice for the company's Management bodies. No particular evaluation measures have been taken on the Members of the Board of Directors of the Supervisory Board. No particular committee has been constituted within the Supervisory Board which relates especially to rumeneration or auditing. All corporate officers were named before the Viennot II report was published and, consequently, nomination of independent consultants were not able to be done according to these recommendations especially regarding information required by the shareholders meeting. The Group intends to deepen these subjects during 2003 depending on the development of these recommendations and legal texts which are likely to intervene.

The following consultants do not, directly or indirectly, own more than 3% of shares which constitute the company's shareholders equity, nor do they have an employment contract with one of the group's companies. They can therefore be considered as independent:

? Mr Dominique Lafont
? Mr Dominique Chambas

Before Mr Lafont's resignation, the number of independent consultants rose to 2 in 5.

Oter members of the board of directors, the supervisory board and management are not considered independent with regards to the criteria set out above.

No member of the Supervisory Board is elected by employees.

We remind you that in conformance with the statutes, each consultant must have at least one of the company's shares; members of the Board of Directors are not obliged to own shares.

Means put at the disposal of the company's representatives to obtain all necessary information.

Each quarter the Board of Directors draws up a management report on the previous quarter which is then presented to the Supervisory Board.
In conformance with the statutes, Consultants have all means of ensuring management control carried out by the Board of Directors:

Article 19 of the statutes, supervisory board powers

? The supervisory board permanently ensures management control carried out by the Board of Directors, making use of all appropriate means. This supervision can never replace the accomplishment of management acts directly or indirectly carried out by the supervisory board or its members.

? If a disagreement occurs on this topic between the Board of Directors and the Supervisory Board, the Board of Directors refers it to the shareholders meeting which must condemn the activities in dispute or revoke the director(s) concerned specifying the motive for recovation. At any given moment, the chairman of the supervisory board or its delegated members can look at the accounts and take copies of the accounting documents.

? The supervisory board can decide whether to create commissions whose composition and powers it fixes and whose activities are carried out under its responsibility.

? The supervisory board can confer all special mandates for one or several determined subjects to one or several of its members.

Supervisory Board and Board of Directors' Meetings

In conformance to the statuts, the chairman convenes the supervisory board as often as is necessary and at least once a quarter within fifteen days of the board of director's periodic report being delivered. Last year, the supervisory board met six times with a 90% attendance rate. At least on meeting per quarter is planned for next year.

In conformance with the statues, members of the Board of Directors meet each time company interest demands, convened by the chairman or half of its members, in the place indicated by the author of the convocation; members can be convened by all means, even verbally. Last year, the board of directors met 12 times with a 100% attendance rate. At least six meetings are planned for next year.

Remuneration of corporate officers

The following table summarises the remuneration of corporate officers in 2002:

Name of the corporate officer	Function	Total amount of remunerations paid by the Company	Any additional benefits paid by the Company	Total amount of remunerations and benefits paid by companies controlled
Jean Rouveyrol	Chairman of the board of directors, then chairman of the supervisory board	79.681	10.839	0
Yahya EL MIR	Delegated managing director, then chairman of the board of directors	93.915	3.401	0
Bruno LEYSSENE	Managing Dreictor, Administrator, then member of the board of directors	96.124	3.361	0
Nicolas Rebours	Member of the board of directors	52.614	1.539	0
Innovacom3	Administrator	0	0	0
Roland Fitoussis	Vice chairman of the supervisory board	0	0	0
FD5 represented by Xavier Cottin	Member of the supervisory board	0	0	0
Dominique Lafont	Member of the supervisory board	0	0	0
Dominique Chambas	Member of the supervisory board	0	0	0

Evaluation of Corporate Officers

In 2003 the supervisory board plans to implement measures for evaluating the performance of members of the Board of Directors.

7.7 REMUNERATION OF CONTROL BODIES

The table below shows the audit and consultancy fees of SQLI's Statutory Auditors.

Assignments	FIDUCIAIRE DE LA TOUR	CONSTANTIN ET ASSOCIES
Auditing and certifying annual and consolidated accounts	€44,875	€37,450
Incidental assignments (1)	€15,000	€15,000
Sub total	**€59,875**	**€52,450**
Other services (2)		€4,000
TOTAL	**€59,875**	**€56,450**

(1) Incidental assignements confided in the auditors relate to the ENA control assignment (Audting Firm – COB) as part of regular controls carried out on quoted companies.

(2) Fees paid to the American correspondent of Constantin et Associés for consultancy to the SQLI Group's American subsidary.

8 EVENTS THAT HAVE HAPPENED SINCE THE CLOSED OF THE 2002 FINANCIAL YEAR

8.1 RECAPITALISATION OF THE ABCIAL SUBSIDIARY

Abcial shareholders met on 30 April 2003 and decided to increase capital integrally given to them by SQLI by contributing an amount of €4,380,530 to Abcial's current account. ABCIAL's current account was provisioned in SQLI's accounts on 31 December 2002.
As a result of these recapitalisation operations, SQLI owns 99.72% of the capital of its ABCIAL subsidiary.

8.2 FINANCIAL PRESS RELEASE, 13 MAY 2003

In the first quarter of 2003, SQLI had revenues of €10.8 M
(-6.1% compared to the same period in 2002), which totally conforms to the forecasted budget which forecasted an annual revenue of between €41M and €43M.

In an economic situation which is still difficult, SQLI reinforced its partnerships with its main large accounts and benefited from both its recognised experience in e-business project integration in France and Switzerland, and its overall regional grid. Today, more than 300 customers trust the SQLI Group.

The first quarter is marked by the achievement of its restructuring plan which was launched in September 2002 (reducing the workforce by about 50 people, closing down branches in Lille and Sophia and moving the headquarters) and by maintaining a good level of actvitiy (85% work rate). The SQLI Group is already collecting the fruits of its restructuring by generating, for the first time in 2 years, a positive cash flow in the first quarter. As a result of this favourable element, the SQLI Group has confirmed its objective to return to balanced net earnings in 2003.

SQLI will announce its revenue for the first half year of 2003 on 12 August 2003.

9 GLOSSARY

BPR (Business Process Reengineering
Procedure analysis which enables tasks and operators to be redefined.

CMMI (Capability Maturity Model Integrated) :
CMM is a model which evaluates the capability of the organisation to improve the manner in which it manages, develops and changes software. It was designed by SEI (Software Engineering Institute), born of their experience and describes implementation practices to ensure that costs, deadlines and performance of the software developed are controlled.

CORBA (Common Object Request Broker Arhcitecture)
Intra-object communication software whose specifications were established by OMG which brings together more than 500 members.

Datamart
Datamart is a data centre which responds to all the characteristics of the datawarehouse, but with a restricted volume indicator meter. A datamart can also be built around a particular function (for example, management control), a precise subject (for example, promotion) or a reduced data granularity (for example, monthly consolidations of the last three years of the Ile-de-France region).

Datawarehouse
Data centre organised specifically to respond to decision making needs. Data from production sites are extracted, transformed and recorded in the datawarehouse to enable them to be analysed. Datawarehouse data is classed according to subject, integrated data, non volatile data, and data aggregated in time and documented.

Datawarehousing
Group of IT tools, technical architectures and business organisations which is necessary for implementating a decision making environment of the datawarehouse type.

DCE (Distributed Computing Environment)
A development and working platform standardised by OSF supplying the different services inherent to a distributed system. The architecture is composed of 5 basic services.

DMZ (Demilitarized zone)
This is the buffer area of a company's network which sits between the local network and the internet, behind the firewall, which corresponds to an intermediary network which groups together public services (HTTP, SMPT, FTP, DSN, etc.). Its aim is to avoid any direct connection with the internal network and to prevent any external attack from the Internet.

EAI
EAI designs solutions and methods aimed at ensuring the integration of different components of the information system. It increases the flexibility and reduces the cost of maintaining inter-application interfaces.

EIS (Executive Information System)
Executive information system in the form of an automised spreadsheet which represent the essential indicators of a company's business immediately and synthetically. It enables the company to understand trends and identify setbacks.

ETL (Extraction Transformation and loading)
IT tool which extracts data from various sources (production databases, files, Internet, etc.) and tranforms and loads them into a datawarehouse.

Flash
Animation tool for Windows and Macintosh environments created by the Macromedia producer. It is used to set up animated and interactive graphics on websites as well as presentations or games. Flash animations are the only ones which are light enough to be transmitted on line. However, to be able to read them, the internet user must have additional application software (commonly known as a plug-in) which will enrich the functions of his navigator. It is very innovating by its possibilities to manipulate vectoral drawings, associated with time scales and sounds. Flash is a new form of artistic expression for graphics, animated drawings, videos and music.

Framework
. For IT it creates the framework in which an application will be inserted. For object orientated programming, it creates the software infrastructure which facilitates application design by using java class libraries or programme generators.

J2EE (Java 2 Platform Enterprise Edition)
A set of standards for companies' e-business platforms (application servers) based on the Java language.

PDA (Personnal, Digital Assistant)
Pocket computer which compliments a desktop computer or portable computer. It integrates multiple management functions which enable it to be used as an office tool which people can use when they are travelling. Newton, launched by Apple in 1993, was the pioneer of personal assistants. Then two models were brought out thanks to synchronisation functions with an office computer: Palm Pilot which has been marketed since 1996 by US Robotics, and Psion. Today numerous brands offer very sophisticated personal assistants which can combine multimedia and wireless Internet access: Compaq, Hewlett-Packard, Toshiba, Sagem, etc.

PGI (Progiciel de Gestion Intégré – Integrated Management Hardware) or ERP (Enterprise Resource Planning)
A set of sofware which integrates the main functions necessary for flow management and company procedures (accountancy and finance, logistics, payroll and human resources, etc.) This software accesses common resources, in particular databases.

PKI (Public Key Infrastructure)
System of numerical certificates used to check and authenticate the validity of parts involved in an electronic transaction. PKI is not yet standardised and is generally implemented by third-party bodies. PKI relies on the use of public key cryptography. This is an encryption key (sequence of symbols) stored in a directory which is accessible to all members of a network or an organisation, enabling messages to be sent in complete confidentiality to its sole owner, or authenticating the receipt of messages sent by this owner. A public key infrastructure can notably offer private life protection services, information access control, integrity, and authentification and non-repudiation services for IT applications and electronic trade transactions.

SDP
Project management and monitoring tool developed by the SQLI Group. This tool enables a project to be split up into phases and tasks, defining their assignment, monitoring their implementation and having a detailed project progress report.

TCM
A tool for formalising management and monitoring unit, business and integration tests developed by the SQLI group for controlling the quality of software of these projects.

XML (eXtensible Markup Language)

Data description standard defined by the W3C. Evolution of the SGML language, XML enables HTML document designers to define their own markers, with the aim of personalising the structure of data that they want to present. Whilst HTML specifies how the elements of a page will be presented, XML defines what these elements will contain.