IPSOS A GLOBAL RESEARCH COMPANY

1999 ANNUAL REPORT

International Mood Explorer

International Mood Explorer

Ipsos' motto driving its trade and vocation
is that of an international group specialized in studies involving
branding, companies and institutions.

REFERENCE DOCUMENT

28 April 2000

COB

COMMISSION DES OPERATIONS DE BOURSE APPROVAL

Pursuant to articles 6 and 7 of order 67-833 of 28 September 1967, the Commission des Opérations de Bourse has affixed to this reference document certificate of approval no. R00-261 dated 23 May 2000.

1

PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT AND FOR THE AUDIT OF THE ACCOUNTS

1.1 PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT

Mr Didier Truchot and Mr Jean-Marc Lech
Joint Chairmen of Ipsos

1.2 DECLARATION BY PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT

"To the best of our knowledge, the present reference document is accurate and includes all the information necessary for investors to form a judgement on the net assets, activities, financial position, results and prospects of the issuer, and on the rights attached to the securities offered; it does not contain any omission liable to alter the scope of the document."

Mr Didier Truchot and Mr Jean-Marc Lech
Joint Chairmen

1.3 PERSONS RESPONSIBLE FOR THE AUDIT OF THE ACCOUNTS

PRINCIPAL AUDITORS:

- ERNST & YOUNG Audit
  represented by Mr Gabriel Galet
  34, Bvd Haussmann - 75009 Paris
  First appointed: 17 December 1998
  Term of office expires: Ordinary General Meeting called to approve the accounts for the year ended 31 December 2003.

- COGERCO FLIPO
  represented by Mr Francis Pons
  9, avenue Percier - 75008 Paris
  First appointed: 23 February 1988, reappointed 26 June 1993 and 31 May 1999
  Term of office expires: Ordinary General Meeting called to approve the accounts for the year ended 31 December 2004.

- CABINET JPA
  represented by Mr Jacques Potdevin and Mrs Danielle Bardreau-Gilbert
  7, rue de Galilée - 75116 Paris
  First appointed: 23 March 1991; reappointed 27 June 1997
  Term of office expires: Ordinary General Meeting called to approve the accounts for the year ended 31 December 2002

ALTERNATE AUDITORS:

- M. Hervé POULIQUEN
  9, avenue Percier - 75008 Paris
  First appointed: 23 February 1988; reappointed 29 June 1993 and 31 May 1999
  Term of office expires: Ordinary General Meeting called to approve the accounts for the year ended 31 December 2004

- M. Philippe CAGNAT
  22 rue de Madrid, 75008- Paris
  First appointed 30 June 1994; reappointed 27 June 1997
  Term of office expires: Ordinary General Meeting called to approve the accounts for the year ended 31 December 2002

1.4 DECLARATION BY THE AUDITORS

As auditors of Ipsos, we have verified the financial and accounting information contained in the present reference document.
The company's Joint Chairmen are responsible for the preparation of this reference document. Our responsibility is to express an opinion on the financial and accounting information contained in this document.

HISTORICAL FINANCIAL AND ACCOUNTING INFORMATION

We audited the parent company and consolidated accounts for the years ended 31 December 1999 and 31 December 1998, as prepared by the Board of Directors. Based on our audit, which was conducted in accordance with auditing standards, we issued unqualified opinions on these accounts with no emphasis of matter.
Auditing standards require the auditor to perform such tests and procedures as give reasonable assurance that the accounts are free from material misstatement.
We have checked the reproduction of these parent company and consolidated accounts in the present reference document, and have no observations to make in this respect.

PROSPECTIVE FINANCIAL INFORMATION

Our review of the prospective financial information of the present reference document did not include an assessment of the company's targets or the reasonableness of the company's assumptions, and was limited to ensuring that this financial information was derived from estimates prepared internally by the company on the basis of the assumptions mentioned in the reference document. Based on our review, we have no observations to make in this respect.

OTHER HISTORICAL FINANCIAL AND ACCOUNTING INFORMATION

Our review of the other historical and financial information contained in the reference document involved verifying the sincerity of the information, and where appropriate ensuring its consistency with the parent company and consolidated accounts.
Based on our review, we have no observations to make on this other historical financial information.

Paris, 23rd May 2000.

COGERCO - FLIPO
Francis Pons

JPA
Danielle Bardreau-Gilbert
Jacques Potdevin

ERNST & YOUNG Audit
Gabriel Galet

1.5 PERSON RESPONSIBLE FOR THE INFORMATION

Mrs Laurence Stoclet, Chief Financial Officer (Tel: +33 (1) 53.68.19.45)
99, rue de l'Abbé Groult
75015 Paris

2

GENERAL INFORMATION ABOUT IPSOS AND ITS CAPITAL

2.1 INFORMATION ABOUT THE COMPANY

2.1.1 Company name

Ipsos

2.1.2 Registered office

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

2.1.3 Date of incorporation and duration of the company

The company was incorporated on 22 October 1975. It has a life of 99 years from the date of its first registration in the Register of Commerce and Companies, saving early dissolution or extension.

2.1.4 Legal form

Société Anonyme with a Board of Directors, incorporated under French law and governed by the law of 24 July 1966.

2.1.5 Register of Commerce and Companies

304 555 634 R.C.S.: PARIS

2.1.6 NAF code and business sector

741 E - Market research, surveys and polls.

2.1.7 Place where company documents and information may be consulted

The bylaws, accounts, reports, and minutes of general meetings may be consulted at the registered office.

2.1.8 Corporate object (Article 2 of the bylaws)

The company's object is:

- the production of market studies using surveys, opinion polls, statistical research or any other process with a view to facilitating and organising the establishment of sales operations, sales promotions, the distribution of products and services of all kinds, and the provision of studies, surveys, opinion polls and consultancy services in the political, economic and social field;
- the development, preparation, organisation and implementation either on its own account or for third parties as agent or otherwise of all forms of advertising for all commercial products, including all space buying and selling enterprises;
- the carrying out of all types of consultancy activities liable to constitute decision-making aids for enterprises, services or any other bodies;
- the identification, taking, acquisition and exploitation of all patents, licences, processes and goodwill relating to the above activities;
- the taking of interests and equity stakes in whatever form in all similar enterprises, including by exchanges of shares for assets, by the subscription or purchase of shares, bonds or other securities, by becoming active partner in limited partnerships, by forming new companies, mergers, or in any other way;
- the execution of all financial transactions associated with a stock market listing;
- and generally all civil, commercial, financial, industrial transactions, and all transactions in movable or real property, relating directly or indirectly to the object of the company or to all other similar or associated objects.

2.1.9 Company year (article 27 of the bylaws)

From 1 January to 31 December of each year.

2.1.10 General Meetings (articles 20 to 23 of the bylaws)

The conditions for the convening and deliberation of General Meetings are those stipulated by the law and regulations. General Meetings are held at the company's registered office, or at any other place specified in the notice of the meeting.

Any shareholder has the right, on presentation of proof of identity, to participate in General Meetings by personal attendance, by returning a postal voting slip or by appointing a proxy, subject to:

- for holders of registered shares: registration of the shareholder's name in the books of the company;
- for holders of bearer shares: to the submission, on the conditions stipulated in article 136 of decree no. 67-326 of 23 March 1967, of a certificate from the depository of the shares.

These formalities must be completed at least five days before the General Meeting.

2.1.11 Appropriation and distribution of profits

At least five per cent of the net profit for the year less any brought-forward losses is appropriated to constitute the statutory reserve. The appropriation is no longer obligatory once this reserve reaches one-tenth of the share capital.

The balance, net of any other sums to be transferred to reserves pursuant to the law or the company's bylaws, plus any brought-forward profits, constitutes the distributable profit.

The General Meeting may also decide to distribute amounts from reserves available for distribution, indicating from precisely which reserve accounts such distributions are made.

The General Meeting may appropriate any sum it sees fit from the distributable profit, to be carried forward as retained earnings or transferred to one or more reserve accounts.

2.1.12 Specific clauses in the bylaws

• Thresholds for disclosure of interests in the share capital (article 8 of the bylaws)

The Extraordinary General Meeting of 31 May 1999 decided to institute a disclosure threshold of 2.5% of the total voting rights of the company and multiples thereof, over and above an initial threshold of 5%. Shareholders must notify the company whenever their share of voting rights passes one of these multiples, whether upwards or downwards. This requirement is in addition to the statutory disclosure thresholds of 5%, 10%, 20%, 33 1/3%, 50% and 66 2/3%.

• Identification of holders of identifiable bearer shares (article 7 of the bylaws)

As permitted by article 263-1 of the law of 24 July 1966, the company may at any time request SICOVAM to disclose the identity of holders of bearer shares.

• Double voting rights (article 10 of the bylaws)

The Extraordinary General Meeting of 31 May 1999 decided to institute double voting rights for shares registered in the name of the same shareholder for at least four years. This decision does not apply retrospectively to shares already registered in the name of a shareholder.

2.1.13 Share buybacks

A. OBJECTIVES OF THE SHARE BUYBACK PROGRAMME AND USE OF THE SHARES REPURCHASED

The Ipsos group is a leading player in surveys and opinion polls, both in France and worldwide. Since its foundation in 1975, Ipsos has been one of the fastest-growing companies in its sector, especially on the international stage. The group now operates in more than 24 countries and employs over 1,680 permanent staff. In 1999, Ipsos generated consolidated turnover of 236 million euros (1,514 million francs). The group has been listed on the Nouveau Marché of the Paris Bourse since 1 July 1999.

The Ipsos group wishes to continue allowing its shareholders to benefit from the new provisions set out in law no. 66-537 of 24 July 1966 as amended. To this end, the group is today proposing to renew the option to trade in the company's own shares, by asking the Extraordinary General Meeting to be held on 24 May 2000 for authority to cancel some or all of the shares that it already owns or may acquire in the future, up to a maximum of 10% of the company's share capital.

Other things being equal, this transaction should lead to an improvement in the key ratios, including earnings per share, which underlie the valuation and market performance of the shares. It should also create a more efficient market in Ipsos shares.

The objectives of the share buyback programme are as follows, in descending order of priority:
a) using shares as payment or exchanging them, in particular in connection with acquisitions;
b) optimising the financial management of the company;
c) regulating the company's share price;
d) granting share options to some or all of the employees and/or officers of the company and/or its group, or offering them the opportunity to acquire shares on the terms set out in articles 443-1 et seq of the Labour Code and paragraph 2 of article 208-18;
e) allotting shares in connection with statutory profit-sharing or employee savings schemes;
f) cancelling shares on terms to be set by a future meeting of the Board of Directors.

B. LEGAL FRAMEWORK

The 6th resolution passed by the Ordinary General Meeting of 31 May 1999 authorised the company's Board of Directors to trade in the company's shares on the stock market at any time until the meeting called to approve the accounts for the 1999 financial year; on the terms set out in articles 217-2 to 217-5 of the law of 24 July 1966 as amended.

The present share buyback programme, which is conditional upon the adoption of the 6th resolution by the Ordinary General Meeting of 24 May 2000 and the 5th resolution by the Extraordinary General Meeting of 24 May 2000, falls within the scope of the legal framework created by the miscellaneous economic and financial provisions law 98-546 of 2 July 1998, and replaces the authorisations to regulate the share price that are currently valid.

The text of these resolutions is reproduced below:

a) 6th resolution (ordinary business):

"The General Meeting, having reviewed the report of the Board of Directors and the information shown in the Information Memorandum approved by the Commission des Opérations de Bourse, authorises the Board of Directors, in accordance with article 217-2 of the law of 24 July 1966, to buy the company's shares.
These shares may be acquired, sold or transferred by any means and at any time.
The maximum purchase price is set at 350 euros per share, and the minimum selling price at 50 euros per share.
In the event of transactions affecting the share capital, in particular issues of shares via capitalisation of reserves, allotments of bonus shares, stock splits or reverse stock splits, the prices shown above will be adjusted by applying the ratio of the number of shares in issue before the transaction to the number of shares in issue after the transaction.
The maximum percentage of the share capital that can be bought may at no time exceed 10% of the share capital. This gives a maximum of 523,468 shares as of 24 May 2000, subject to adjustment in the event of transactions affecting the share capital. The maximum amount of funds that the company may spend on buying back its own shares is 183 million euros.
Shares may be bought with a view to:
• optimising the financial management of the company;
• regulating the company's share price;
• granting share options to some or all of the employees and/or officers of the company and/or its group, or offering them the opportunity to acquire shares on the terms set out in articles 443-1 et seq of the Labour Code and paragraph 2 of article 208-18;
• allotting shares in connection with statutory profit-sharing or employee savings schemes;
• using shares as payment or exchanging them, in particular in connection with acquisitions;
• enabling one or more minority shareholders to dispose of their holdings.
Shares acquired in this way may be retained, sold or transferred. They may also be cancelled on the terms contained in the authority granted by the 5th resolution of the Extraordinary General Meeting.
This authorisation replaces that granted by the 6th resolution of the Ordinary General Meeting of 31 May 1999.
This authorisation will expire at the end of the General Meeting called to approve the accounts for the year ended 31 December 2000.
Full powers are conferred upon the Board of Directors, which may delegate such powers, to implement the present authorisation."

b) 5th resolution (extraordinary business):

"The General Meeting, voting on the quorum and majority conditions required for Extraordinary Meetings, and having reviewed the reports of the Board of Directors and of the auditors, authorises the Board of Directors, with power to delegate:
• to cancel on one or more occasions shares acquired as a result of using the authority granted by the 6th resolution of the Ordinary General Meeting held this day or any other resolution that may be substituted for it up to a maximum of 10% of the share capital per 24-month period and to reduce the share capital accordingly, the difference between the repurchase value and the par value of the cancelled shares to be offset against share premium and disposable reserves;
• to amend the bylaws accordingly and complete all necessary formalities.
This authorisation will expire at the end of the General Meeting called to approve the accounts for the year ended 31 December 2000".

C. TERMS

a) Maximum percentage of share capital that can be bought back and maximum amount payable by Ipsos

A maximum of 10% of the share capital of Ipsos as at the date of the Combined General Meeting of the shareholders (24 May 2000), i.e. a maximum of 523,468 shares, may be bought back.
The company has undertaken never directly or indirectly to hold more than 10% of the share capital.
If all the shares were acquired at the maximum price authorised by the meeting, i.e. 350 euros, the maximum amount of funds used by Ipsos on share buybacks would be 183 million euros.

b) Terms of share buybacks

Buybacks will be carried out in compliance with legal and regulatory provisions, in particular the rules relating to trading by companies in their own shares contained in articles 6, 7 and 8 of Commission des Opérations de Bourse regulation 98-03, article 3 of Commission des Opérations de Bourse regulation 89-03, and article 5.2.12 of the Conseil des Marchés Financiers. The shares may be acquired on the stock market or via block trades. The entire programme may be carried out through block trades.

c) Duration and timing of share buyback programme

Subject to approval by the Combined General Meeting of the shareholders of Ipsos on 24 May 2000, the share buyback programme will remain valid until the end of the General Meeting called to approve the accounts for the year ended 31 December 2000.

d) Financing of the share buyback programme

The share buyback programme will be financed out of Ipsos' own resources, with any additional funding provided by the raising of debt.

D. INTENTION OF THE MAIN SHAREHOLDERS

LT Participations retains complete freedom, depending on the circumstances, to sell Ipsos shares during the period of validity of the present programme.

2.1.14 DISPOSAL OF SHARES

There is no clause in the bylaws restricting the transfer of shares.

As at 31 December 1999, Ipsos had not used this authority and had not purchased or sold any of its own shares.

A new program of repurchase will be proposed to the Assembly on May 24th, 2000. This program has been the subject of a note of information stamped by the COB under number 00-660 on April 28th, 2000.

2.2 INFORMATION ON THE SHARE CAPITAL

2.2.1 SHARE CAPITAL

The share capital is FF26,173,400, made up of 5,234,680 shares with a par value of FF5 each, fully paid up, and all of the same class.

2.2.2 MOVEMENTS IN SHARE CAPITAL OVER THE PAST 5 YEARS

Date	Transaction	Par value	Gross share premium	Cumulative par value	Cumulative number of shares
Balance on 31/12/94				FF14,584,500	29,169
Meeting of 30/05/95	Reserved share issue	FF500	FF4,299,347	FF14,882,500	29,765
Meeting of 19/12/96	Issuance of 1,611 shares	FF500	FF13,864,500	FF15,688,000	31,376
15/05 /97	Issuance of 110 shares in exchange for convertible bonds (1)	FF500	FF793,503.70	FF15,743,000	31,486
Meeting of 23/01/98	Issuance of 8,124 shares	FF500	FF75,926,904	FF19,805,000	39,610
Meeting of 28/07/98	50-for-1 stock split	FF10		FF19,805,000	1,980,500
31/05/99	Issuance of 193,400 shares in exchange for convertible bonds (2)	FF10	FF18,063,560	FF21,739,000	2,173,900
31/05/99	Issuance of 49,900 shares in exchange for convertible bonds (2)	FF10	FF9,327,308	FF22,238,000	2,223,800
Meeting of 31/05/99	2-for-1 stock split	FF5		FF22,238,000	4,447,600
30/06/99	Cash issue of shares reserved for employees	FF5	FF8,384,152	FF22,468,400	4,493,680
IPO, 01/07/99	Cash issue of shares	FF5	FF159,126,486	FF26,173,400	5,234,680

(1) On 30 June 1995, the company issued 266 bonds convertible into shares at the rate of one share per bond, maturing March 1997. By the end of the conversion period, 156 bonds had been exchanged.

(2) On 24 July 1992, the company issued 3,868 bonds convertible into shares at the rate of one share per bond, maturing on 27 July 1999. Following the 50-for-1 stock split in 1998, the bondholders were entitled to subscribe for 193,400 shares. As part of the share issue carried out on 23 January 1998, a tranche of 49,900 shares was reserved for the bondholders. Conversion and subscription to the reserved share issue took place on 31 May 1999.

Since 31 May 1999, there have been no bonds convertible into shares.

2.2.3 OWNERSHIP OF SHARE CAPITAL AND VOTING RIGHTS

To the best of the company's knowledge, ownership of capital and voting rights as at 31 December 1999 was as follows:

Shareholder	Number of shares	% of capital	Number of voting rights	% of voting rights
LT Participations (1)	2,225,150	42.51	3,968,850	56.60
Employees (2)	141,794	2.71	412,394	2.03
SG Capital Développement	97,400	1.86	130,900	1.87
Public	2,770,336	52.92	2,770,336	39.50
Total	**5,234,680**	**100.00**	**7,282,480**	**100.00**

(1) Holding company majority owned by Mr Didier Truchot and Mr Jean-Marc Lech, joint chairmen of Ipsos (58% of the capital); other shareholders are executive managers of the Ipsos group (20% of the capital), Société Financière et Industrielle Gaz et Eaux (15% of the capital) and the Société Générale group (7% of the capital).

(2) At the time of the Initial Public Offering on 1 July 1999, a tranche of shares was reserved for the employees as part of an employee savings plan, as a result of which one-third of the employees became shareholders (see section 2.2.5).

Certain managers of the Latin American and North American subsidiaries, and the executive manager of the German subsidiary, acquired a total of 97,124 Ipsos shares directly at the flotation price.

The company does not hold any of its own shares.

2.2.4 Capital authorised but not issued

The Board of Directors was authorised by the Extraordinary General Meeting of 31 May 1999 to issue new shares on one or more occasions up to a maximum par value of 8.5 million francs. FF3,705,000 of this authorisation was used in connection with the Initial Public Offering as the result of a decision taken by the Board of Directors at its meeting of 25 June 1999.

The Extraordinary General Meeting of 24 May 2000 will be requested to authorise the Board of Directors to increase the share capital on one or more occasions during a period of no more than 26 months by a maximum par value of FF10,000,000 (€1,524,490), with or without preferential subscription rights, by the issuance of all types of transferable securities, including share warrants giving immediate or future access to an interest in the share capital.

In addition, the total par value of increases in share capital by capitalisation of reserves, profits, share premium or any other item convertible into share capital may not exceed FF10,000,000 (€1,524,490).

The total nominal value of issues of transferable debt securities giving access to the share capital may not exceed €200,000,000.

These authorisations may be used, subject to the conditions stipulated by law, in the event of a public tender offer or public exchange offer for transferable securities issued by the company.

2.2.5 Share issue reserved for members of the Ipsos Group Employee Savings Plan

The company's Board of Directors was authorised by the Extraordinary General Meeting of 31 May 1999 to increase the share capital on one or more occasions during a period of five years, with cancellation of preferential subscription rights, by issuing shares reserved for employees of the company or of related companies as defined in article 208-4 of the law of 24 July 1966 who are members of the Group Employee Savings Plan operated by the companies, either indirectly through investment funds, or as direct shareholders in the case of foreign employees, pursuant to article 186-3 of the said law and article L 443-5 of the Labour Code, up to a maximum of 5% of the share capital as of the date of the decision by the Board of Directors.

The Board of Directors decided at its meeting of 21 June 1999 to use this authorisation. As a result, 46,080 new shares were issued on 30 June 1999, with cancellation of preferential subscription rights, and with subscriptions reserved on the one hand for an investment fund on behalf of employees of Ipsos SA and the group's French subsidiaries, and on the other hand for employees of group subsidiaries in the United Kingdom, Germany, Italy, Spain, Belgium, Portugal and the United States. The subscription price for shares directly or indirectly reserved for employees was set at €28.5 (FF186.9) on 25 June by the Ipsos Board of Directors, in line with the conclusions of a report issued by an expert appointed in accordance with article 186-3 of the law of 24 July 1966 and article 443-5 of the Labour Code.

This reserved share issue enabled one-third of the employees of Ipsos, in 8 countries, to become shareholders of the company.

The Ipsos group intends to make further use of the above-mentioned authorisation in order to offer its employees additional reserved share issues in the future.

2.2.6 Potential capital

A decision taken by the Extraordinary General Meeting held on 28 July 1998 authorised the Board of Directors, under the scope of article 208-1 of the law of 24 July 1966, to grant to some or all of the group's employees and to the corporate officers options to subscribe for new shares in the company to be issued in the form of a capital increase. The Board of Directors, meeting on 28 July 1998, instituted a two-phase plan and defined the terms for the granting of options:

- an initial tranche of 97,662 options (after the 50-for-1 stock split approved by the EGM of 28 July 1998 and the 2-for-1 stock split approved by the EGM of 31 May 1999) was granted by a decision taken at the same meeting of the Board of Directors;
- a second tranche of 98,240 options (after the 2-for-1 stock split approved by the EGM of 31 May 1999), corresponding to vested rights as at 28 July 1998 and conditional upon the achievement of profitability targets, was granted by a decision taken by the Board of Directors on 10 May 1999.

Date of Board meeting	Quantity allotted (*)	Exercise price 1 option per share	Options exercised	Quantity still outstanding**	Last exercise date
28 July 1998	97,662	FF135	0	91,578	28 July 2008
10 May 1999	98,236	FF150	0	92,374	28 July 2008
TOTAL	**195,898**		**0**	**183,952**	

(*) After 50-for-1 stock split (EGM of 28 July 1998) and 2-for-1 stock split (EGM of 31 May 1999)

(**) Including options hold by the Executive Committee 39 588 (1998: 21 588, 1999 : 18 000)

New share option plan

The General Meeting due to be held on 24 May 2000 will be requested to authorise the Board of Directors (with the option to sub-delegate authority to the Chairman), under the scope of articles 208-1 et seq of law no. 66-357 of 24 July 1966 on commercial companies as amended and supplemented, to grant to the corporate officers and to some or all of the employees of Ipsos S.A. and of related companies as defined in article 208-4 of law no. 66-357 of 24 July 1966 as amended and supplemented, options to subscribe for new ordinary shares in Ipsos S.A. to be issued in the form of a capital increase, as well as options giving the right to purchase Ipsos shares bought by the company itself on the terms laid down by law.

The Board of Directors may use this authority for a period of five years from the date of the meeting (24 May 2000). The authority may be used on one or more occasions, and in full or partially.

The total number of options to subscribe for shares that can be granted will be 314,080, being 6% of the shares comprising the company's share capital as at the date of the meeting.

The General Meeting will delegate to the Board of Directors (with the option of sub-delegation on the terms laid down by law), subject to the limits described above, the necessary powers to implement the share option plan, and in particular to:

- set, on the terms laid down by law, the dates on which the options will be granted;
- set the subscription price and purchase price within the limits and using the methods laid down by law;
- decide on the dates of each allotment, set the terms on which the options will be granted, draw up a list of grantees, and decide on the number of shares that each will be able to subscribe for or acquire;
- set the terms for the exercise of the options, which may be temporarily suspended;
- decide the conditions under which the price and the number of shares will be adjusted;
- complete all acts and formalities, in particular relating to the capital increases that may be carried out, amend the bylaws and do all that is necessary.

The plan proposed to the meeting of 24 May 2000 replaces the authority given by the Extraordinary General Meeting of 28 July 1998.

2.2.7 Other securities giving access to the capital

There are no other securities which give access to the company's capital.

2.2.8 Securities not representing the company's capital

There are no securities which do not represent the company's capital.

2.2.9 Shareholders' pacts

There are no pacts between shareholders.

2.2.10 Undertaking to retain shares

In accordance with Nouveau Marché operating rules, LT Participations has given an undertaking to retain 80% of its current direct and/or indirect interest in Ipsos for a period of one year from the date of the Initial Public Offering, i.e. until 1 July 2000.

2.2.11 Dividends and distribution policy

The company intends to follow a consistent distribution policy favourable to the shareholders, paying out approximately 33% of consolidated net profit attributable to group shareholders, after amortisation of goodwill, provided that this is consistent with the company's interests.

Ipsos has distributed the following dividends in respect of the last 5 financial years:

Year	Net dividend per share (*)		Tax credit per share (*)		Gross revenue per share (*)	
	FF	€	FF	€	FF	€
1999 (**)	1,50	0,23	0,75	0,11	2,25	0,34
1998	None					
1997	None					
1996 (*)	134	20,42	67	10,21	201	30,64
1995 (*)	134	20,42	67	10,21	201	30,64

(*) The amounts for 1995 and 1996 are before the 50-for-1 stock split (EGM of 28 July 1998) and the 2-for-1 stock split (EGM of 31 May 1999).
(**) Distribution to be proposed to the meeting of 24 May 2000; proposed payment date 27 June 2000

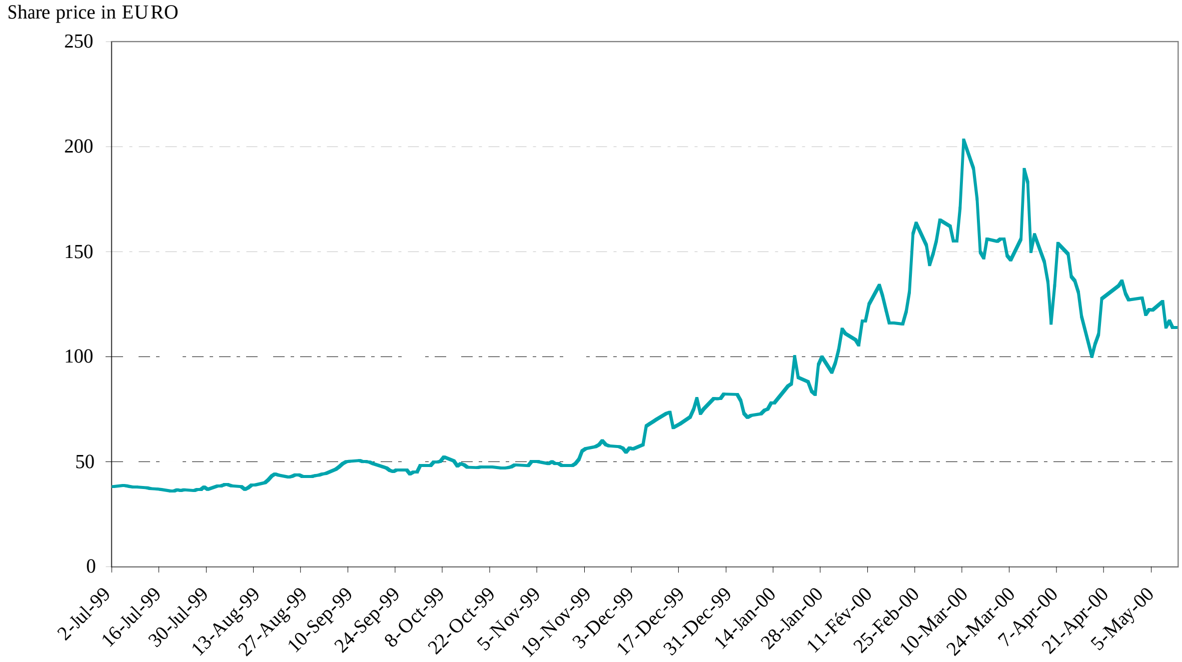
In accordance with the law, dividends and interim dividends that remain unclaimed after a period of five years revert to the French State.

2.2.12 Main Stock Exchange data

Share price and share volume evolution from the first quotation on the 1st of July 1999.

	Highest in EURO	Lowest in EURO	Average weighted volume price in EURO	Volume per shares	Volume in millions EURO
July 1999	38.7	36.0	37.8	1 342 689	50.7
August 1999	44.1	36.7	41.9	370 650	15.5
September 1999	50.4	43.5	47.6	199 879	9.5
October 1999	52.1	47.0	48.4	212 358	10.3
November 1999	60.0	48.0	52.4	252 422	13.2
December 1999	82.1	54.5	69.5	148 579	10.3
January 2000	100.1	71.0	87.7	312 150	27.4
February 2000	163.5	97.0	127.9	321 525	41.1
March 2000	203.0	146.0	159.8	564 365	90.2
April 2000	154.0	100.0	122.8	230 247	28.3

Share price evolution since the admission of Ipsos to listing on the Nouveau Marché of Paris Bourse.



3

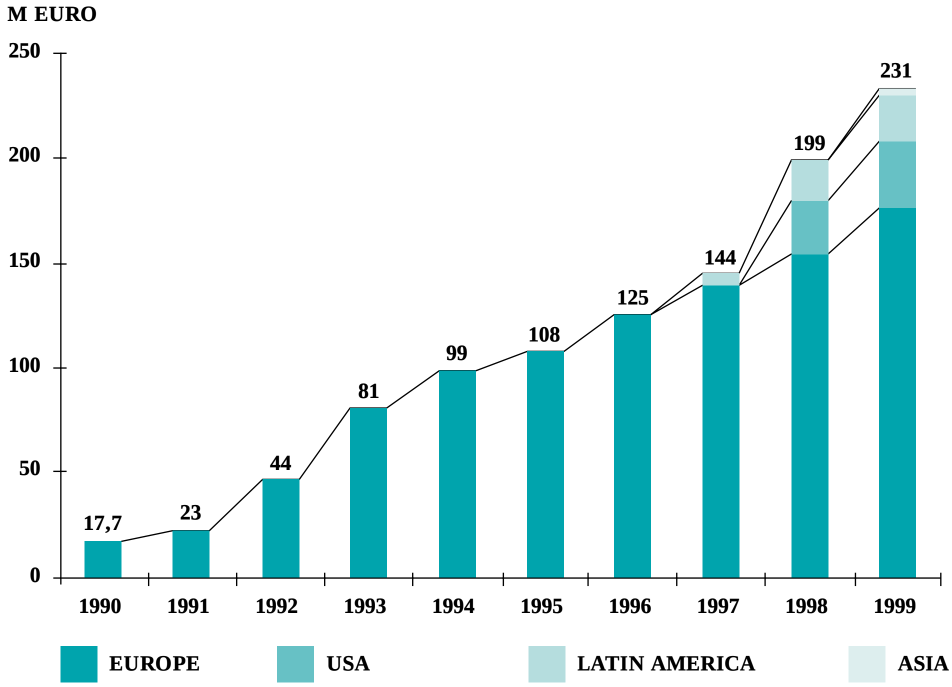
INFORMATION CONCERNING THE ISSUER'S BUSINESS

3.1 OVERVIEW OF IPSOS

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

Ipsos is France's leading independent market research Company and has strong position in Europe, North and South America, the Middle East, and the Asia-Pacific region. According to Esomar, the Company ranks ninth largest in its field world-wide and today generates more than 70 percent of its revenues outside France.

With operations in 24 countries through specialised subsidiaries, Ipsos performs research on behalf of major clients in more than 100 countries. Since 1990, when the Company started to expand abroad, consolidated revenues have increased by a factor of more than 13, representing average annualised growth of 32.6 percent.



Since the beginning of the 1990s, organic revenue growth has been buoyant, regularly surpassing 10% p.a., higher than the average of the world's market research industry as a whole, or 10% annualised growth since 1990 (see Section 3.3.1.1 The World Market).

	Total revenue growth	Organic growth (*)
1990 - 1991	29.3%	9.8%
1991 - 1992	104.0%	30.0%
1992 - 1993	73.8%	29.7%
1993 - 1994	22.8%	10.3%
1994 - 1995	8.3%	10.6%
1995 - 1996	15.8%	10.0%
1996 - 1997	15.5%	7.1%
1997 - 1998	38.2%	10.9%
1998 - 1999	15.8%	12.7%

(*) revenue growth on a same structure and exchange rate basis.

3.11 Background

1975 - 1981: Off to a different start

Ipsos was founded in 1975 by Didier Truchot. Its objective was to introduce a new approach to market research in France, a sector dominated at the time by Sofres and Ifop, by providing clients not only with quality data but also with added value in terms of the practical meaning of that data.
The newly-formed company made a name for itself by bringing out two innovative concepts in France:
• standardised instruments for measuring the effectiveness of advertising, for each type of media;
• measurements of press readership by executives, financed jointly by several French news publications.
Ipsos succeeded in becoming one of the most influential research companies. In 1981, it generated revenues of FRF 5 million.

1982 - 1989: Success in France

The Eighties were the first period of strong growth for the Group. At the start of this period, Jean-Marc Lech, then chairman of Ifop, joined Ipsos as one of the Company's two joint chairmen, alongside Didier Truchot.
The communication sector in France boomed in the Eighties as a result of several factors:
• remarkable growth momentum in the advertising sector;
• the development of a press targeted at executives, corresponding to a new focus on this segment of the population in particular by dailies and periodicals;
• frequent political changes, requiring politicians to communicate better and monitor their image.

Ipsos grew very rapidly in this buoyant environment. The Company managed to gain strong positions in its market segments, acquiring a reputation for excellence in such fields as:
• media research,
• advertising research,
• opinion and social surveys.
By the end of 1989, Ipsos had annual revenues of FRF 100 million and ranked fifth in France,
behind Nielsen, Secodip, Sofres and BVA.
Around that time, the two chairmen became aware of a new trend among their clients. Major international companies were seeking to extend their marketing strategies to all markets and wanted to work with the same market research firms everywhere in the world, so as to obtain standardised and comparable data across markets. Ipsos therefore had to expand beyond France if it wished to continue working with clients which operated on a global scale.

1990 - 1997: Expansion in Europe

The early nineties marked the third stage of the development of Ipsos, which gained market positions in all European countries, starting with southern Europe, then moving on to Germany, the United Kingdom and central Europe.
Expansion outside France was achieved through acquisitions. The Group selected its take-over targets on the basis of clearly defined standards:
• targets had to be willing to be purchased in full, the object sought by Ipsos being to form a fully integrated group of entities;
• targets had to be significant players in their markets, ranking among the top three or four firms;
• the management of the targets had to understand the Ipsos project and subscribe to it. These were friendly take-overs, with executives of the new subsidiaries maintained in their positions;
• the business of the targets had to be related to at least one of the three principal activities of the Group, i.e. media, advertising research, and opinion and social surveys.
Expansion in Europe did not interfere with the Company's continued growth in France where, in 1993, it acquired Insight (now Ipsos-Insight Marketing), the country's leading qualitative market research firm. Organic growth was

also strengthening of the business in France. In addition, Ipsos started its first operations outside Europe, opening new subsidiaries in the United States and Latin America.

This rapid expansion by both acquisitions and internal growth required the mobilisation of substantial funding and the strengthening of the Company's share capital. Shares of Ipsos, two-thirds of which had been held by the two chairmen with the balance owned by Company executives, were thus offered to several investors in July 1992, and then placed in September 1997 with Artemis (François Pinault) through its Kurun fund in association with Amstar (Walter Butler).

By the end of 1997, Ipsos had become a European-scale company with annual revenues of FRF 946 million. Still, the Group had to continue developing internationally to keep up with the incessantly expanding global reach of clients who sought suppliers with world-wide operations.

1998 – Global ambition

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

- It allied itself with South American group Novaction, formed by three companies in Argentina, Brazil and Mexico with a strong position in marketing research. Ipsos acquired 33 percent of the share capital of the three companies, along with a five-year option to buy the balance of the shares. During the IPO, the options to buy the minority interests were exercised early. Today, Ipsos holds 100 percent of the share capital of most these companies, with the exception of minority interests amounting to 18 percent in the Metrica companies.
- It acquired ASI, a US corporation now called Ipsos-ASI, the world leader in copy testing for commercials.

These acquisitions improved the geographic coverage of Ipsos and increased its market share in advertising research, a sector where Ipsos is now considered to rank among the world leaders.

By 1994, the drive to become a global player led to Ipsos developing into one of the top-10 market research firms world-wide. The Company has since moved up a rung to ninth place in this field, a sector where brand name recognition plays a key role in attracting large accounts.

1999 – Initial public offering

To accumulate the necessary means to continue its international development, particularly via external growth operations, while maintaining its independence, Ipsos completed its IPO project in 1999. The IPO further strengthened the Company's position among its large international clients, vs. its already listed competitors (see Section 3.3.3).

Ipsos was listed on the Nouveau Marché of the Paris Bourse on July 1, 1999, under excellent conditions.

In all, 2,539,533 Ipsos shares out of the 5,234,680 shares comprising the pre-IPO share capital, were floated on the market at a price of € 33.5 per share. The offering was oversubscribed 12.6 times.

Furthermore, a third of Ipsos employees in eight countries became shareholders of the Company through a reserved capital increase. The investment by employees at this new stage in Ipsos development demonstrated their confidence in the Group's outlook.

Following the IPO, 52.9% of the shares were publicly traded, 42.5% were held by LT Participations, the holding company for Jean-Marc Lech, Didier Truchot and other executive management members, 1.9% was held by Société Générale Capital Développement, and 2.7% was held by employs. The IPO also marked the exit from the Company's share capital of Groupe Artémis (François Pinault) via its Kurun fund in association with the Amstar investment fund (Walter Butler).

A number of other key initiatives also marked 1999:

• The launch of Ipsos-ASI Next*TV, a new copy-testing product

In March 1999, Ipsos introduced a single copy-testing product called Ipsos-ASI Next*TV in all markets where the Company is present or represented in Europe, the Americas and Asia. The Company reported a very favourable response from its clients in regards to the launch of Ipsos-ASI Next*TV.

• An agreement in Internet audience metrics

Ipsos formed an alliance with US-based Media Metrix to carry out Internet audience metrics and examinations of the behaviour of Internet users. In September 1999, Ipsos SA of France founded a venture called MMXI Europe in association with Media Metrix Inc. of the US, GfK AG of Germany and Sifo of Sweden. At Dec. 31, 1999, Ipsos SA held 22% of MMXI Europe BV's share capital. The agreement should enable Ipsos to accelerate its development in the realm of the Internet, which is expected to grow increasingly important in the years ahead. Ipsos already possesses special Internet skills via its Ipsos-ASI Inter@ctive division.

• New developments in access panel partnership

Ipsos acquired the 50% stakes owned by US-based NFO Worldwide, its partner for developing access panels in Europe, in four joint ventures and sought partnership agreements with other international companies.

In addition, 1999 was a year of consolidation and structuring in terms of human, technical and financial resources. International development continued with the establishment of operations in the Asia-Pacific region, where an office was opened in Hong Kong in early 1999 and Marketing for Change, an Australian company, was purchased and renamed Ipsos-MfC.

At the end of 1999, Ipsos posted consolidated revenues of € 230.7 million (FRF 1 513.6 billion) and ranked ninth world-wide in market research.

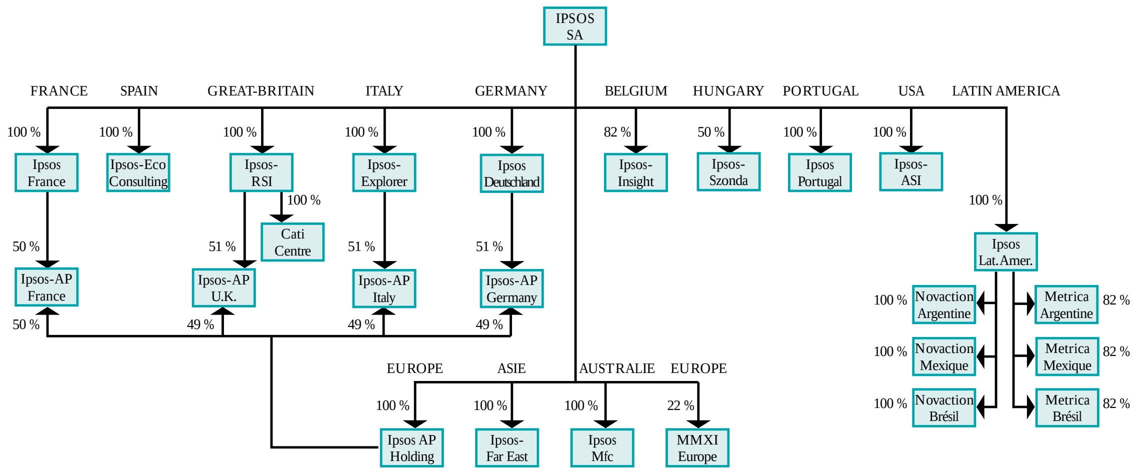
3.1.2 Organisational structure of the Group

3.1.2.1 Simplified Group organisational chart

Ipsos has subsidiaries in 24 countries. Each operates in assigned territories within the Ipsos world organisation. Because the Group was assembled primarily through acquisitions made since the early 1990's, not all subsidiaries do business in the five sectors in which the Group is specialised. Some have strong expertise in specific fields:

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

Simplified Group organisational chart at 31 December 1999:



3.1.2.2 Operating organisation

Because market research is a highly segmented field, Ipsos decided to develop its skills in five specialised sectors, which correspond to various types of research:

• advertising research,
• marketing research,
• media research,
• opinion surveys and social research,
• customer satisfaction research

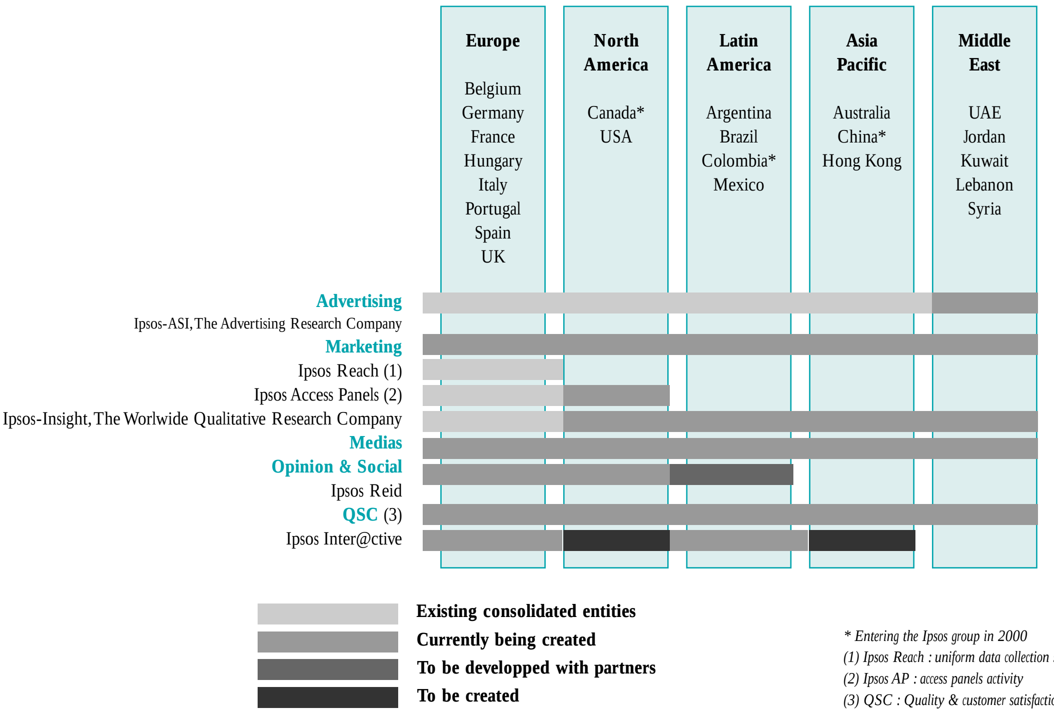
For each of specialised sector, Ipsos has begun to establish global brands and integrated international organisations. The new organisation along business lines reflects areas of specific expertise. It is backed by dedicated teams, with each one led by the head of the subsidiary that traditionally has the strongest qualification in the field:

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

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

Operating organisation

In 1999, through its various research divisions, including marketing, advertising, media, opinion, and customer satisfaction, Ipsos realised consolidated revenues of € 230.7 million (FRF 1 513.6 billion), up 15.8% over 1998. On a same structure and constant exchange rate basis, organic growth amounted to 12.7%, representing the highest rate of internal growth among all large European research companies. It is also greater than the estimated 10% internal growth rate for the entire research market in 1999, attesting to the momentum of the Ipsos teams.



** Entering the Ipsos group in 2000*
(1) Ipsos Reach : uniform data collection ser
(2) Ipsos AP : access panels activity
(3) QSC : Quality & customer satisfaction

3.1.3 Financial highlights of the past two years

3.1.3.1 Financial Results

In line with forecasts, operating results outpaced growth in business volumes. Operating profit advanced 31% to € 14.5 million (FRF 95.2 million) in 1999.
The strong financial performance stems from innovative policies in the Ipsos product offering and the streamlining of working methods at the international level for each of the Company's main lines of business, e.g. advertising research with Ipsos-ASI, marketing research represented notably by Ipsos Access Panels and Ipsos-Insight, media research opinion and social research, customer satisfaction research.
Interest expense diminished 11% as a result of the € 27.5-million capital increase (FRF180.6 million) realised during the IPO and the conversion of bonds into shares.
Attributable net profit climbed 244% to € 3.6 million (FRF 23.4 million)in 1999, despite the integration of start-up costs for the Internet metrics activity of 22%-Ipsos-held MMXI Europe, the results of which are consolidated by the equity method.

Income statement highlights

in millions	1999		1998	
	FRF	€	FRF	€
Revenues	1 513.6	230.7	1 307.4	199.3
Gross margin	835.6	127	723.5	110.3
Operating income	95.2	14.5	72.8	11.1
Income from consolidated companies	52.5	8	31.9	4.9
Income (loss) from equity consolidation	-4.4	-0.7	-	-
Net income before amortisation of goodwill, group share	44.2	6.7	22.3	3.4
Attributable net profit, group share	23.4	3.6	6.8	1.0
Average number of employees	1 681		1 538	

Geographic breakdown of revenues

	1999	1998
France	29%	29%
Rest of Europe	47%	48%
United States	14%	13%
Latin America	9%	10%
Asia-Pacific	1%	-

in millions	1999		1998		Var
	F	€	F	€	%
Europe	1 155	176	1 015	155	13.7%
United States	207	32	168	26	23.2%
Latin America	141	21	124	19	13.3%
Asia-Pacific	11	2	-	-	ns
Total Ipsos Group	1 514	231	1 307	199	15,8%

Revenue breakdown by activity

Marketing research and advertising research accounted for the lion's share of the Group's business in 1999, generating 68% of revenues. The growing share of advertising research in terms of total revenues is due to the consolidation of Ipsos-ASI over the full year.

	1999	1998
Marketing research	40%	44%
Advertising research	28%	25%
Media research	16%	14%
Opinion and social research	5%	7%
Customer satisfaction research	9%	8%
Other	2%	2%

3.1.3.2 Financial Position

At 31 December 1999, consolidated shareholders' equity including minority interests totalled € 61 million (FRF 403 million), versus € 36 million (FRF 238 million) at 31 December 1998. A € 23-million (FRF 150 million) capital increase, including paid-in capital net of introduction costs, was carried out on July 1st 1999, during the initial public offering. In addition, an FRF 20-million convertible bond was converted on 31 May 1999, when a FRF 10-million reserved capital increase was held for bondholders. Part of the new funding was used to acquire minority interests in Latin America and Germany, as well as to buy NFO's interests in the jointly-owned sample panel activity.

As a result, the Group's financial debt at 31 December 1999 totalled FRF 157 million, versus FRF 212.6 million at 31 December 1998. The debt-to-equity ratio was 39% at 31 December 1999, versus 89% a year earlier, near the historical average for Ipsos. Because the Company's capital structure provides it with considerable financial leverage, the international expansion of Ipsos and its acquisitions were financed primarily with bank borrowings.

In 1999, cash flow amounted to € 14 million (FRF 92 million), up 29% over 1998.

The Group maintained control over its investments in fixed and intangible assets, which stood at FRF 42.3 million in 1999, versus 42.0 million in 1998.

Balance sheet highlights

in millions	1999		1998	
	FRF	€	FRF	€
Total shareholders' equity	403	61	238	36
Net equity holdings	501	76	433	66
Long-term debt *	222	34	262	40
Cash	65	10	50	8
Debt-to-equity ratio *	39%		89%	
Balance sheet total	**1 103**	**168**	**924**	**141**

** The debt financier 1998 included a convertible bond for 20 MF which were converted the 31/5/99.*

3.2 BUSINESS OF IPSOS

Ipsos focuses on market research. The Company sells information to client companies and institutions regarding the behaviour, expectations and opinions of individual and groups of consumers, customers or citizens.
The information is collected in a variety of ways:
- research generated from **interviews** of individuals
- research on the **opinions** and **behaviour,** i.e. what people consume, like, think, dream of, and so forth.
- research on **motivations,** i.e. why consumers or constituents act or think a certain way.

Ipsos' market research differs from automatically collected research data, such as cash register records, which are usually descriptive in nature and therefore cannot be reliably used to generate information about the motivation of individuals.
Ipsos' business is changing as a result of several trends:
- consumers are increasingly mobile and fickle. Consequently, manufacturers and service companies as well as the media need more frequently updated information to stay abreast of changes in attitudes, consumption habits and investment patterns and to adopt to new trends;
- the value of consumer and client information is now recognised in all sectors of the economy. In the past, market research was performed almost exclusively for consumer goods manufacturers. Today, nearly all sectors of activity are using market research, including such services as banks and insurance companies, as well as previously untapped sectors like telecommunication and technology companies, which pose new challenges and provide new opportunities for market research companies;
- manufacturers with world-wide operations are seeking uniform data in regards to their various markets. They are pressuring research companies to accompany them in their global expansion and provide consistent quality in all markets.

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

Detailed information about these sectors is contained in the following chapters.

3.2.1 MARKETING

Marketing research accounts for the largest share of Ipsos' business, representing 40% of sales in 1999.
This segment is divided into two large groups, namely
- quantitative research, which involves selecting and interviewing large population samples using statistical techniques;
- qualitative research, in which samples are much smaller (20 to 30 persons) but the research is far more thorough and detailed.

In addition, both qualitative and quantitative research can be performed on an ad hoc basis, meaning that they can be fully tailored to the specific needs of a client as opposed to being standardised. Ipsos has been a pioneer in the development of a range of standardised surveys, but most of its research is performed on an ad hoc basis.
In addition, Ipsos operates a subsidiary in France active in the creation of brand names.

3.2.1.1 Quantitative research

Quantitative research entails the selection and questioning of representative samples of the target population through personal interviews. This type of research requires extensive resources.
Ipsos offers its clients a wealth of expertise and an organisation experienced in all stages of research, including:
- defining and selecting the samples for questioning;
- drafting the questionnaires, the relevance and clarity of which are key to obtaining quality answers;
- carrying out the interviews either in person, by telephone, in writing, or now through the Internet, in accordance with strict procedures designed to produce reliable results;
- summarising and interpreting results: Ipsos helps its clients analyse the research and comprehend the meaning of the results in terms of operations.

Much of the value added by Ipsos comes from the Company's technical expertise and the quality of the information and recommendations it provides to clients. Ipsos also differentiates itself by the innovative manner in which it conducts market research, developing tools to generate information faster and at lower cost, such as:

- access panels, which are made up of selected individuals who have agreed to participate in surveys at a given frequency, most often by filling out questionnaires sent directly to them. While the cost of putting together a panel is relatively high, this approach significantly lowers the subsequent cost of collecting data, since interviewers are no longer needed. Ipsos has a panel of 115,000 households throughout Europe, 37,000 of which are in France alone. This is the largest access panel in Europe and it is used exclusively in connection with consumer surveys.
- Omnibus research, in which the questions of several clients are included in the same survey to share the cost of the survey. Ipsos was the first to offer European omnibus surveys (Capibus Europe), conducted in the homes of those polled and using computer-assisted personal interviewing systems (CAPI – see Section 3.5.12 Interview Methods and Techniques). The Capibus Europe survey is performed every week on a different sample of 6,000 persons. Research is conducted in France, Great Britain, Germany, Italy and Spain, and can be done on behalf of up to ten different clients.

  Ipsos has launched a similar service in Central Europe, called The Eastern European Omnibus, and in Asia, The Asian Omnibus, in partnership with local market research companies.
- Most quantitative research is still conducted along national borders, although there has been a sharp rise in demand for cross-border surveys. To respond promptly to this need, Ipsos has created the London-based International CatiCentre, a multilingual facility that handles only international telephone surveys. These can be better co-ordinated because the interviewers and their supervisors operate out of the same location. The Centre has proved useful for surveys of small populations that are difficult to reach, such as senior business executives.

3.2.1.2 Qualitative research

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

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

Now ranked first in France, Ipsos is mainly deriving growth at the international level. Its French clients are seeking consistent market research and requesting the Company to conduct surveys of foreign consumers. The Paris-based International Division initiates surveys throughout the world, using Ipsos' global resources. Furthermore, the management of Ipsos-Insight Marketing is leading the international expansion of the Company's qualitative research business and is responsible for developing consistent qualitative methods and co-ordinating the technical and business aspects of the research.(Ipsos-Insight The International Qualitative Research Company).

3.2.1.3 Brand name creation

In addition to its market research business, Ipsos has a subsidiary that specialises in the creation of brand names. Conducted exclusively in France, this business consists of developing new names, verifying their availability, testing them with consumers, and then advising companies on the strategies designed to promote the trade names.

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

3.2.2 ADVERTISING RESEARCH

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

This business covers all media, including billboards, radio and televisions spots, and now Internet ads. This segment has grown sharply and now represents 28 percent of the Group's consolidated revenues.

3.2.2.1 les post-tests

Traditionally, Ipsos has created research products capable of assessing the impact of an advertising campaign on an ex-post basis. The products used for that purpose, including the Baromètre Affichage for billboards and posters and STC Multimedia for television and movie commercial spots and Suivi Impact Presse for printed press advertising, were initially developed and marketed in France, Italy, Spain, and Latin America. In English-speaking countries, advertisers prefer to track their brands on a regular basis in order to assess brand awareness, consumer support, and so forth., thus indirectly measuring the impact of advertising campaigns.

3.2.2.2 Copy testing

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

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

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

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

The Company has been acquiring a global dimension in response to the needs of advertisers, who are increasingly rolling out world-wide campaigns that must be tested in all markets. The data from these tests has to be streamlined so as to compare one market to the next.

Ipsos operates a world division for copy testing under the leadership of Ipsos-ASI executives In this realm, the Group developed a unique standardised product, called Ipsos-ASI Next*TV, which was launched in 1999 and is now offered in 14 countries. The system operates in a uniform manner and takes into consideration the specific culture and economic conditions of the region concerned. Ipsos-ASI Next*TV replaces other services offered by some Group entities, such as Pre*vision in France, making it possible for Ipsos to meet client demands for a world-wide presence and uniform data.

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

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

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

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

3.2.2.3 Ipsos-ASI Inter@ctive

Ipsos-ASI operates a division called Ipsos-ASI Inter@ctive to measure the impact of advertising on the Internet and assess Web sites as communication tools. Ipsos-ASI also performs tracking to monitor the image of advertisers over an extended period by identifying the impact of their Internet communication campaigns.

A pioneer in Internet assessment, Ipsos-ASI has measured the impact of more than 350 Web advertising campaigns over the past three years, acquiring unique experience now recorded in a database that has considerably added to the value of the Company's research in this field.

This field of research is still very new for most market research firms. Yet Ipsos-ASI Inter@ctive generated revenues of nearly USD 2 million in 1999 (see also section 3.5.2).

3.2.3 MEDIA RESEARCH

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

The media research division has two major activities:

- measuring media audiences,
- specialised marketing research.

The media research division accounted for 16% of the Group's consolidated revenues in 1999.

3.2.3.1 Media audience measurements

Ipsos was one of the first research firms to carry out readership surveys, starting with the Company's founding in 1975. Its research project titled "What Executives Read" (Ce que lisent les cadres) was issued at a time when there were still few publications in France aimed at business executives and it became a major factor for change in France. It was then that Ipsos introduced the practice of pooled research financing in France, whereby a single survey is conducted on behalf of several clients, who split the cost among themselves. The same system is today used to finance media audience surveys. Audience measurement covers all media, including the printed press, radio, television, and now the Internet, although at present work in this field remains experimental. Ipsos figures among the world's most advanced research firms in regards to the Internet, thanks to research conducted over the past few years in the United States and to the Company's ties to key firms active in the sector.

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

Examples of surveys conducted

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

Trends in the media research segment are as follows:

• A rapid internationalisation of the market is taking place, following on the heels of leading media, which now have audiences well beyond the borders of their countries of origin thanks to international editions of magazines, satellite TV broadcasts, etc. To meet this challenge, Ipsos has developed international tools under the leadership of its British subsidiary, Ipsos-RSL. In the printed press field, for example, Ipsos publishes the Asian Business Readership Survey (ABRS), which measures the circulation of the business press in eight Asian countries. Another survey by Ipsos originated in France and is aimed at executives in the information technology sector. It has been extended to other major European markets, including Germany and the UK, under the title, The European Computer Decision Makers.

• Another trend in this market stems from the sharp rise in the number of television channels and radio stations, forcing a change in audience measurement methods. The same tools used to measure the audience of only five or six channels cannot be applied when the number of channels reaches the hundreds. This is a positive development for Ipsos, which has so far been a minor player in the television ratings business. From a standpoint of audience measurement techniques, the increase in the number of channels brings TV closer to the press and radio, where Ipsos is a recognised expert and holds a strong position in the market.

• Internet and electronic media audience measurement

In regards to the Internet, in 1999 Ipsos signed a partnership agreement with US-based Media Metrix, the Germany research company GfK and Sweden's Sifo to develop audience metrics and audience behaviour research for Web sites and other electronic media in Europe.

With more than 600 clients, US-based Media Metrix Inc. is a pioneer and the world leader in Internet and electronic media metrics. It is the industry's benchmark. Media Metrix supplies the most complete, reliable and frequent audience data, in addition to measurement data concerning e-commerce, advertising and technology. With the purchase of AdRelevance, a precursor in Internet advertising measurement, Media Metrix broadened its product range to include complete data about online advertising, i.e. where, when, how and how many advertisers advertise on the Web.

Media Metrix provides the major advertising agencies, media companies, advertisers, e-commerce operators, and financial services companies with full coverage of all electronic media, including more than 21,000 Web sites and online addresses. Media Metrix uses a patented method to measure the behaviour of Web surfers in real time, click by click, page by page, minute by minute. The data collected from a panel of 50,000 US Web surfers are delivered to clients monthly, weekly or daily.

A joint venture called MMXI Europe thus created to utilise Media Metrix's methodology in Europe. MMXI Europe offers advertisers uniform data relating to all European markets, as well as the markets in the US and Japan. The company is 22% held by Ipsos, which consolidates the entity by the equity method, 50.1%-onwed by Media Metrix, 19.9%-held by GfK, and 8%-owned by Sifo.

Ipsos handles operations in several European countries, including France and the UK and will soon handle operations in Italy and Spain. Gfk and Sifo are responsible for operations in their spheres of influence, i.e. Germany, Eastern Europe and Scandinavia. Currently, data is collected from a panel of 3,000 Internet users in Germany, France and the UK. In 2000, the size of the panels is expected to grow to 10,000 users in Germany and the UK and to 6,000 users in France. The recruitment of office Internet users is already under way, as well as the extension of the activity in Italy and Spain.

In early 2000, a similar agreement was reached with Media Metrix to bring the method to Latin America.

3.2.3.2 Media marketing research

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

3.2.4 Opinion surveys and social research

Ipsos is one of the major international market research firms with the largest social survey division. Other research companies are often absent or have little activity in this field.

Ipsos considers that consumer and the citizen are one and the same and cannot be dissociated. In fact, the degree of confidence exhibited by the citizen, or employees for that matter, is closely related to consumer confidence, illustrating the complementary nature of market research and opinion surveys.

Ipsos has been developing its social survey activities since 1982, first in France through its subsidiary Ipsos Opinion, then in Hungary and Spain, where the firms it acquired are leaders in the field.

The social surveying business represented 5 percent of the Group's consolidated sales in 1999, and until recently it has been weak outside the three countries mentioned above. But Ipsos plans to continue developing the activity. Two North American acquisitions, including the Angus Reid Group in the US and Bisma in Mexico, are expected in 2000 to lead to the development of international opinion surveys, notably under the Ipsos-Reid brand. Ipsos currently offers a broad range of international research, such as the European Pubic Opinion Barometer covering six countries or the Web survey by Angus Reid covering 34 countries.

3.2.4.1 The public sector

Research, both quantitative and qualitative, is also conducted on behalf of government agencies, as officials seek a clearer view of their constituents' needs and desires as well as feedback on their programs. Ipsos has been working on issues such as the introduction of euro for several government agencies, including the French Ministry of Finance, the European Commission, and others. It has also been working on how the French government is perceived in suburban areas, the outlook of business leaders, public awareness of environmental issues, and so forth. These are social issues about which governments, public agencies, even certain companies, need reliable information. Excerpts from some of the surveys have been published, such as the Barometer of Public Opinion Trends in Europe, funded by several institutions and companies, mostly French but also from other European countries.

3.2.4.2 The private sector

Among companies, there is a growing interest in social surveys that look at both employees and consumers. Research of this kind is needed first and foremost by human resources departments. Ipsos examines the labour relations climate at companies, enabling management to develop a better understanding of their personnel and of their employees' expectations. Ipsos has for instance conducted a survey of Danone group executives around the world. Some of the research is published, such as the "Observatory of Employment" (L'Observatoire du monde du travail) excerpts of which appear every quarter in the French daily Le Monde.

Image is another reason why companies need information. Whenever image is at issue, Ipsos performs surveys similar in fashion to market research, although the focus is on the institutional image of a company rather than its products and services. In this field, Ipsos has been working on behalf of several French and foreign companies, including Aérospatiale, Afflelou, Air France, Cartier, Française des Jeux, La Poste, Shell, Sofinco, Usinor, and others

Companies also need information regarding the behaviour and expectations of consumers in their home markets or at the European level. Thus, jointly with Sofinco, Ipsos issues a European Consumer Barometer, which covers eight countries and examines consumer opinions on the state of the local economy and expectations in regards to the euro, purchasing habits, savings and travel plans.

3.2.5 CUSTOMER SATISFACTION RESEARCH

Most marketing strategies are aimed at promoting customer loyalty, as firms have become aware of the high cost of acquiring new customers. As a result, obtaining accurate information on the degree of customer satisfaction and loyalty has become mandatory for many businesses.

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

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

In 1999, customer satisfaction research accounted for 9% of the Group's consolidated revenues.

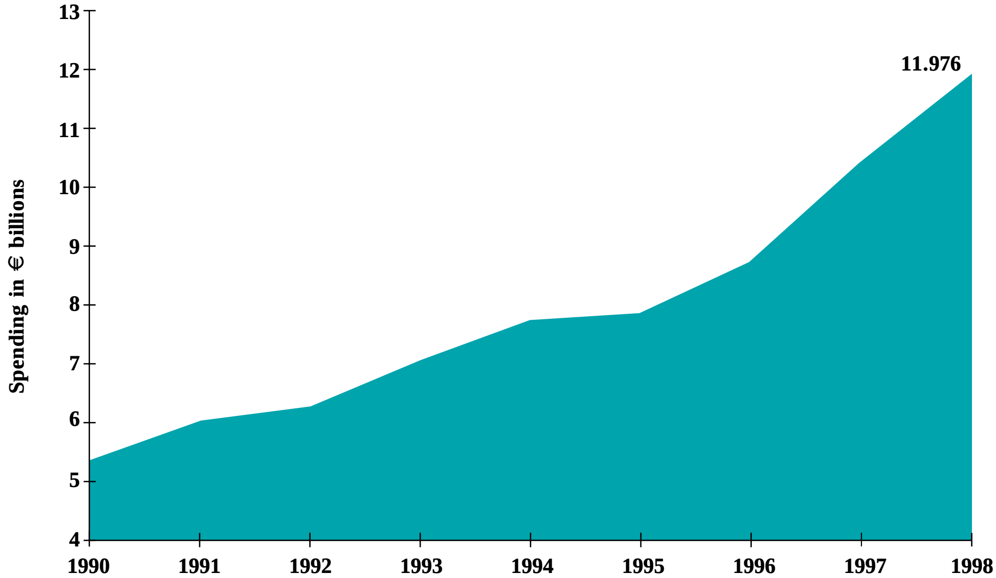
3.3 THE MARKET RESEARCH INDUSTRY

3.3.1 AN EXPANDING MARKET

The world market

In 1998, total spending on market and opinion research world-wide reached € 11.97 billion, representing average annualised growth of 10 percent since 1990, according to Esomar. In 1999, the market is expected to total more than € 13 billion.

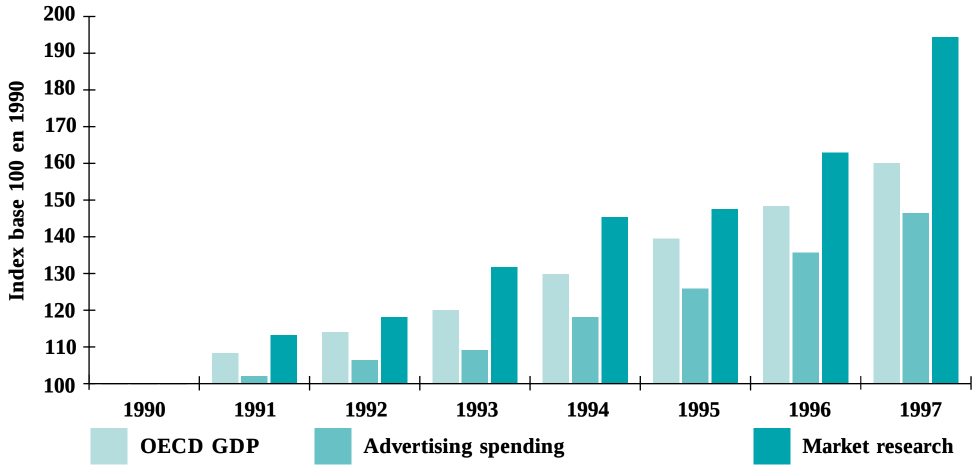
World spending on market research in € billions



Source : Esomar, 1999.

Since 1990, spending on market research has risen faster than advertising spending or GDP growth, hovering at a little less than 10% per annum on a constant exchange rate basis.

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



Source : Esomar, 1998; perspectives économiques de l'OCDE, décembre 1998 ; Advertising Expenditure Forecast, Zenith Media, January 1999.

Most of the spending on market research is made in countries with mature economies. Europe leads the way, representing 43.5 percent of total expenditures., while the United States and Japan rank second and third respectively, accounting for 37 percent and 7 percent of spending. The share of expenditure in other regions is also growing, particularly in Latin America and Asia-Pacific, which together accounted for 12.5% of the pie in 1998, vs. 9% in 1997.

The globalisation of the economy augurs well for future growth with demand for analysis expected to heighten as new markets open, distribution goes increasingly cross-border, greater competition comes to traditional sectors, such as retailing and household appliances, and deregulation takes hold in new sectors, such as telecommunications and local services.

Breakdown of the world research market in 1998

Source : Esomar 1999

The European market

In 1998, five countries accounted for 76% of total market research spending in Europe, led by the UK, Germany and France, which together represented 64% of the market.

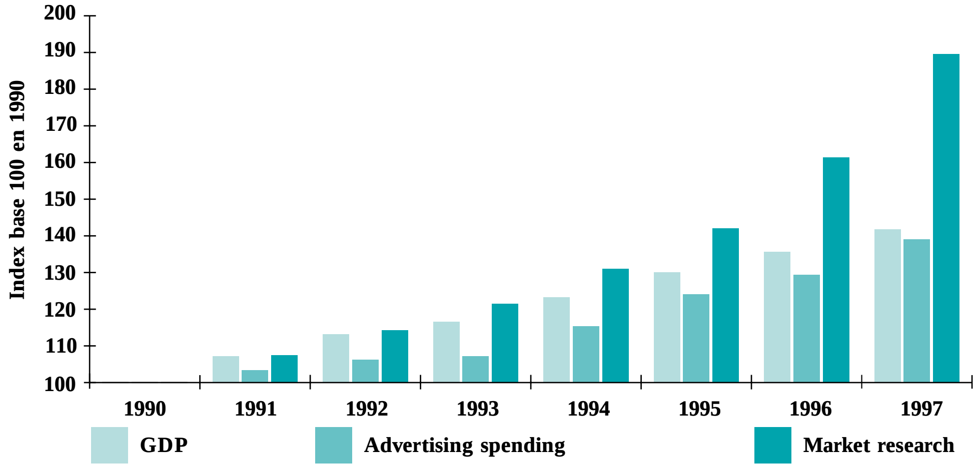
(in € millions)

Country	1998 spending	1998/1997 change
United Kingdom	1,362	8%
Germany	1,184	14%
France	**809**	**7%**
Italy	370	8%
Spain	245	2%
The Netherlands	231	8%
Sweden	208	10%

Source : Esomar, 1999

The rise in European demand for market research from 1990 to 1997 mirrored world growth of 9.6 percent, but was almost twice as high as the annualised 4.8 percent increase in advertising spending and the annualised 5.1 percent growth rate for GDP in the European Union.

Comparison of the growth in market research, advertising spending and GDP in Europe



Source : Esomar, 1998 ; perspectives économiques de l'OCDE, décembre 1998 ; Advertising Expenditure Forecast, Zenith Media, January 1999.

In terms of sectors of activity, the largest consumers of market research were producers of consumer goods, which accounted for two-fifths of spending. The three largest sectors, including consumer goods, media and government agencies, represented nearly two thirds of all market research business. It should be pointed out that spending in the PTT sector doubled in 1998.

Breakdown of European research market by industry

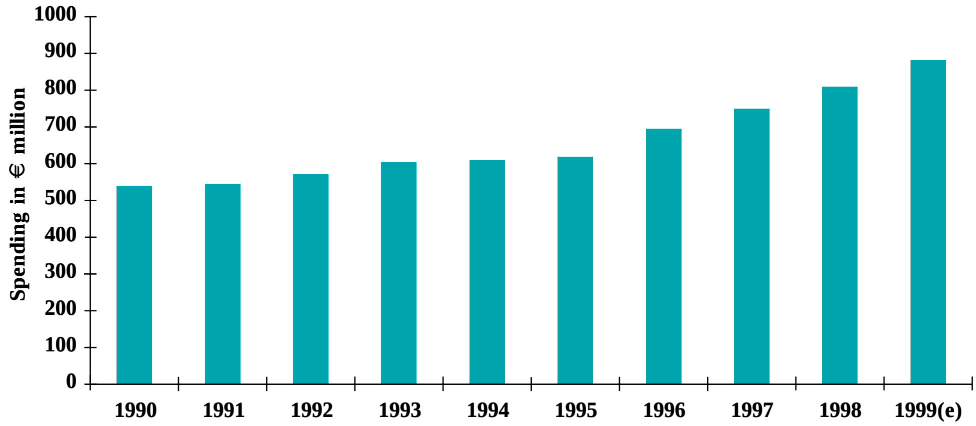
Sectors	Share of spending
Consumer & durable goods	52
Media & Advertising	13
Government agencies	7
Research institutions	7
Financial services	5
Retail	4
Post & Telecom	4
Other	8
Total	**100**

Source : Esomar, 1999

The French market

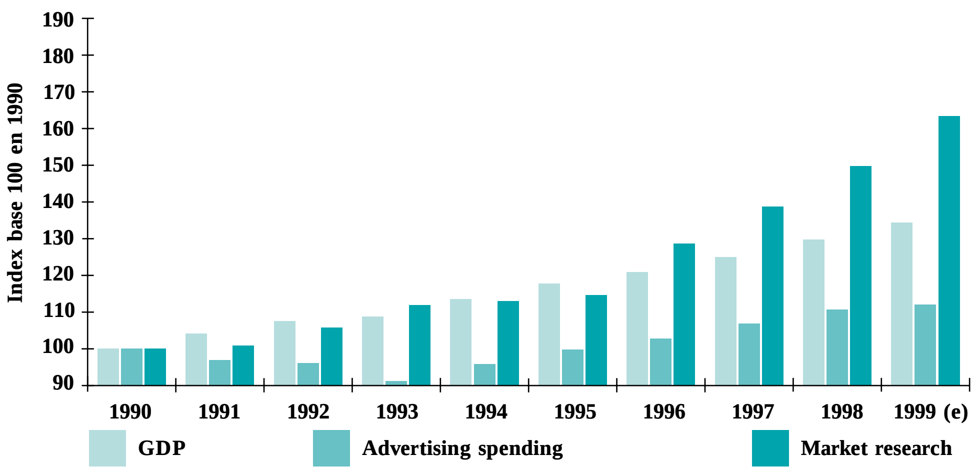
In 1998, French spending on market research totalled € 809 million (FRF 5.3 billion), representing average annualised growth of 5.5 percent since 1990. The upward momentum in spending since 1996 is linked to current economic growth, which continues to fuel the information needs of decision-makers. This trend also stems from the development of new markets as momentum builds in the service economy as a result of deregulated markets and new activities.

The research market in France



Source : Esomar 1999 ; Xerfi 1998

Comparison of the growth in market research, advertising spending and GDP in France



Source : Esomar, 1999 ; perspectives économiques de l'OCDE, décembre 1998 ; Advertising Expenditure Forecast, Zenith Media, January 1999.

Spending on market research has been rising significantly faster than advertising expenditure or GDP in France. The difference between the rate French economic growth as a whole and that of market research reflects the dynamic nature of the sector as well as its expanding role in the economy.
As in the rest of Europe, the big spenders on market research in France include consumer goods and durable goods producers, the media and advertising agencies. Healthcare and automobiles are also notable spenders when it comes to market research, representing 7.4 percent and 5.8 percent of total research expenditure.

Breakdown of the French research market by sector

Sectors	Share of spending
Consumer goods	47,4
Media and advertising agencies	8,5
Pharmaceuticals, health care	7,4
Automotive	5,8
Post and telecommunications	4,9
Government, local authorities	4,5
Transport, utilities	3,7
Financial services	3,6
Retail	2,5
Industry	1,4
Other	10,3
Total	**100**

Source : Syntec 1999

3.3.2 A HIGHLY COMPETITIVE AND CHANGING ENVIRONMENT

The world market

The market can be divided into two major categories of players. On one side are the big companies , often North American or British, which provide global services through operations in many countries. On the other side are the smaller domestic players with exclusively local activities but sometimes strong market positions.
These smaller firms are active primarily in the field of qualitative research, which does not require major capital investments or widespread organisational structures.
At the other end of the spectrum, barriers to entry in the field of quantitative research are higher. They include:
- the need for powerful and efficient operational systems and regular upgrades to these systems tied to the use of new technologies, which may require large investments;
- the need for localised teams with the proper expertise in the main markets to provide global, uniform services, such as the ability to compare results from different countries;
- the need for a solid reputation as a measure of the reliability and experience of the research company. This is an important consideration when clients choose a research firm because the surveys can often have an impact on internal decision-making.

Now independent following its spin-off from Dun & Bradstreet, US-based AC Nielsen remains the dominate market researcher on the world stage.
The world's top 20 market research groups account for 53% of revenues in the global market. Fifteen are American or British, two are Japanese, one is German and another is Franco-British. The only French-based group in the ranking is Ipsos, which ranks ninth world-wide.

Les dix acteurs majeurs du marché mondial des études

Rank	Company		CA M USD (1998)
1	AC Nielsen Corp.	US	1425
2	IMS Health Inc.	US	1084
3	Kantar Group Ltd.	UK	675
4	Taylor Nelson Sofres Plc	UK	549
5	Information Resources Inc.	US	511
6	NFO Worlwide Inc.	US	424
7	Nielsen Media Research	US	402
8	Gfk Group A.G.	D	353
9	**Ipsos**	**F**	**226**
10	Westat Inc.	US	205
11	The Arbitron Company	US	194
12	United Information Group Ltd	UK	182
13	Maritz Marketing research	US	169
14	Video Research	Japan	137
15	The NPD Group Inc.	US	136
16	Market Facts Inc.	US	100
18	Marketing Intelligence Corp.	Japan	80
19	IBOPE Group	Brazil	72
20	J.D. Power and Associates	US	65

Source : Esomar 1999

Since the early 1990's, the sector has witnessed the formation of international networks capable of providing clients with global services. The race to attain a critical mass continues to shape the industry.
For example, the 1997 merger of France's Sofres with Taylor Nelson of the UK gave rise to the fourth largest entity in the sector and created the leading European research group. At the end of 1998, Infratest Burke was taken over by US-based NFO, itself a take-over target of the Interpublic advertising agency in 1999.
It's not surprisingly then that acquisitions played a leading role in the growth of the ten research firms posting the fastest growth rates from 1992 to 1998.
In 1992, a company with revenues of about € 165 million would have ranked among the world's top five research firms. By 1998, the same company would have needed revenues of € 450 million just to remain in fifth place.

The emergence of new demand

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

3.3.3 The key players

Global companies

AC Nielsen is the world's leading provider of market research and consumer behaviour analysis. In 1999, it realised revenues of $ 1.53 billion, versus $ 1.43 billion in the previous year.

Sectors	Share of revenues
- quantitative research (retail)	71%
- surveys/consumer panels	7%
- customised research	15%
- audience ratings	7%
Total	**100%**

Source: AC Nielsen, 1998 Annual Report

AC Nielsen has operations on all five continents:

Region	Share of 1998 revenues
United States	27%
Canada / Latin America	13%
Europe	41%
Asia-Pacific	18%
Total	**100%**

Source: AC Nielsen, 1998 Annual Report

IMS Health : This company, which resulted from the July 1998 de-merger of Cognizant, specialises in research for the pharmaceutical industry.
In 1999, IMS Health generated revenues of USD 1.44 billion, versus USD 1.084 billion in 1998.

Region	Share of 1998 revenues
United States	41%
United Kingdom	6%
Rest of Europe, Asia-Pacific	53%
Total	**100%**

Source : IMS Health, 1998 Annual Report

Kantar Group : Kantar is the parent company for the WPP group of entities engaged in market research and information management.
En 1999, the WPP group's research and information management branch generated £ 675 million in revenues primarily through three large subsidiaries specialised in quantitative and qualitative research, audience ratings, advertising research and data management. The three subsidiaries are:
• Research International
• Millward Brown
• Kantar Media Research
Millward Brown is the world's leading provider of advertising research. It's two primary markets are the UK and the US.

Taylor Nelson Sofres
The result of a merger between the UK's Taylor Nelson and France's Sofres, TNS ranks as the largest market research company in Europe. In 1999, the group had sales of £ 363 million, versus £ 340 million in the prior year.
The group conducts its business world-wide, although Europe accounts for the lion's share of its activities.

Region	Share of revenues
Europe	79%
United States	14%
Asia-Pacific	7%
Total	**100%**

Source : TNS, 1999

TNS holds strong positions in quantitative and media research.

Information Resources is a US-based company that specialises in information gathering using scanner-based technology. It is a direct competitor of AC Nielsen.
In 1999, Information Resources realised revenues of $ 546 million, versus $ 511 million in 1998.

The company is predominately present in the US:

Region	Share of 1998 revenues
United States	78%
International	22%
Total	**100%**

Source: IR Inc., 1998 Annual Report

NFO : was founded in 1946 and supplies market information to large corporation. The company conducts research on consumer attitudes, market evaluations, product development, brand management and advertising. Its clients are mainly in the consumer goods, health care, financial services and travel industries. The Group holds a leading position in the US.
NFO expanded its international operations by acquiring Infratest-Burke, a German company, in November 1998. The group generated revenues of $ 457 million in 1999, versus $ 424 million in the previous year.

The geographic breakdown of the group's business is as follows:

Region	Share of 1998 revenues
North America	44%
Europe	47%
Asia-Middle East	9%
Total	**100%**

Source: NFO Web site.

Nielsen Media Research formerly US-based Cognizant, adopted its new name after de-merging from and floating its subsidiary, IMS Health, on the stock exchange in July 1998. Nielsen Media Research was acquired by the Dutch group VNU in the autumn of 1999.
The company specialises in media research, particularly TV audience ratings in the US.
In 1998, Nielsen Media Research derived consolidated revenues of $ 402 million chiefly from the US market, which accounted for 97.4% of its business. The company is also active in Canada, which represented 2.6% of consolidated revenues.

GfK is a major player in the field of information systems for durable goods and the tracking of international markets. It offers a co-ordinated and uniform approach to market research at the European level.
Based in Germany, GfK operates everywhere in Europe and in eight other countries, including the United States and Asia. In 1999, it realised revenues of DEM 750 million, versus DEM 621 million in 1998.

Other significant competitors

Westat is a US company that initially established its expertise in the field of statistical research and also developed know-how in the field of research for government agencies. It provides services with high technology content for the gathering and processing of data. Westat is owned by its employees.
The company operates only in the US and had revenues of $ 205 million in 1998.

The European market

Rank	Company		1998 revenues in € millions
1	AC Nielsen Corp.	US	460
2	IMS Health Inc.	US	387
3	Taylor Nelson Sofres Plc	UK	379
4	Kantar Group	UK	376
5	GfK Group A.G.	D	262
6	NFO Worldwide Inc.	US	178
7	**Ipsos**	**F**	**151**
8	United Information Group Ltd	UK	111
9	Information Resources Inc.	US	98
10	Sample Institut Gmbh	D	43

Source : Esomar 1999

The French market

The market in France is dominated by the subsidiaries of major international groups, i.e. Taylor Nelson Sofres, AC Nielsen, GfK, and Kantar, in addition to Ipsos.

Sofres is the leading French research group. It operations via three distinct entities, including Sofres and Louis Harris for research surveys, which generated revenues of FRF 594 million in 1998, and Secodip for activities derived from consumer, retail and advertising research, which generated revenues of FRF 345 million in 1998.

AC Nielsen et IMS international also do significant market research business in France. In 1997, they had revenues of FRF 400 million and FRF 114 million, respectively.

Research International the main Kantar group subsidiary, generated French revenues of FRF 156 million in 1998.

GfK France belongs to GfK International and operates through three subsidiaries: GfK Sofema for ad hoc research, GfK Marketing Services for panels and durable consumer goods, and Marketing Scan, a jointly-owned entity with Médiamétrie that performs electronic tests in closed areas. In 1998, GfK France posted revenues of FRF 145 million.

As in other countries, in addition to the subsidiaries of major market research firms active in France, other companies participate in market research as an adjunct to their core business, along with some independent, specialised firms. A few examples include:

- **Independent French polling institutions** not yet integrated into a global network like **CSA-TMO,** with revenues of FRF 150 million in 1998, **BVA,** revenues of FRF 110 million in 1998 and **IFOP,** revenues of FRF 132 million in 1998.

Breakdown of the French market research market by company type

	Leaders	Mid size
French Groups	Ipsos	BVA Médiamétrie TMO-CSA IFOP
Foreign Groups	AC Nielsen Taylor - Nelson - Sofres	GfK France IMS Research International

Source : Xerfi, 1998.

It should be noted that the French research institutes are gradually becoming more international. The share of revenues from foreign operations by affiliates of Syntec Etudes Marketing et Opinion, the industry association which accounts for 60 percent of billings in the sector, advanced from 8.8 percent in 1993 to 14. percent in 1998 (source: Syntec, 1999).

3.3.4 Regulations governing market research

In France and in Europe in general, there are no specific or clearly stated legal provisions applicable to the market research industry, even though market research raises significant civil rights and privacy issues, such as the potential for misusing data bases, etc. Firms active in the sector have formed trade associations and adopted codes of conduct.

Such codes of conduct include the following:

- International

- *The ICC/ESOMAR (International Chamber of Commerce – European Society for Opinion and Market Research)* International Code of Market and Social Research Practice. The Code emphasises the anonymity of those polled and specifies the responsibilities of clients and researchers. Rules have also been adopted for the storage of data.

- In France:

- *A fair practice code (Code des pratiques loyales)* has been adopted by *Syntec Etudes Marketing et Opinion*, a French association of research companies with 44 affiliated firms accounting for about 60 percent of the sector in terms of revenues.
- *The office of advertising practices (Bureau de vérification de la publicité)* issues recommendations regarding the use of opinion polls for advertising purposes.

A discussion is currently on going regarding the adoption of European certification standards. Accordingly, *Syntec Etudes Marketing et Opinions* has already adopted quality control standards that seeks to guarantee the quality of research.

The following French laws also apply to market research firms and their activities:
- the literary and artistic property rights (copyright) Act of 11 March 1957, which protects all research work;
- the Act of 6 January 1978 on computer data processing and civil liberties (Informatique et Liberté).
- the Act of 19 July 1977 governing the dissemination and publication of opinion polls.

Those are the main legal provisions, notably for France. Other provisions may exist in other countries.

3.4 IPSOS CLIENTS

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

Ipsos clients by sector of activity

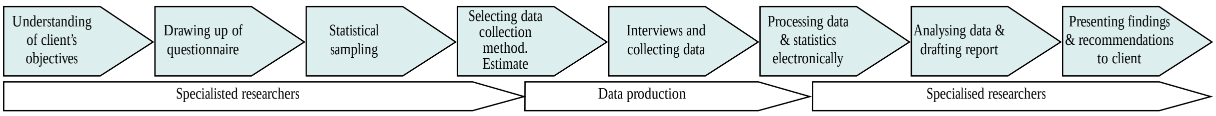
	1999	Example clients
Consumer goods	42%	Barilla, Colgate, Danone, Johnson & Johnson, Kraft Jacob' Suchard, L'Oréal, Nestlé, Pillsbury, Procter & Gamble, Unilever, SC Johnson
Media	18%	Main press groups in France, the UK, Germany, Spain , and Italy; main radio stations and TV channels in France, the UK, Germany and Spain: main media groups in Argentina and Mexico.
Information, technology Telecommunications	11%	AOL, Deutsche Telecom, Intel, France Télécom, France Télécom Multimedia Services,Vivendi, Bouygues Telecom
Durable goods	8%	Compaq, IBM, Bull
Automotive	5%	Fiat, Ford, Peugeot, Renault, Mercedes Benz
Government agencies and institutions	4%	Office of the French Presidency, Ministry of Finance (France), Ministry of Labour (Espagne), New Labour (UK), Deustche Post, La Poste, London Transport Authority, RATP, RENFE, SNCF
Financial services	3%	Abbey National, Banque Sofinco, BNP, la CDC, Crédit Agricole, GAN, MAAF, Scottish Widows, Templeton
Pharmaceuticals	2%	Rhône-Poulenc
Distribution	2%	Centres Leclerc, Sainsburry, Elf-Total-Fina
Agriculture	1%	Groupe Novartis, Semences Cargill
Others	3 %	Française des Jeux

The activity sector breakdown of Ipsos clients provides an overall picture of the specific nature of the business. Marketing or advertising research is carried out primarily on behalf of consumer goods companies or more generally businesses; media research is financed for the most part by the media companies themselves; and opinion polls and social research are traditionally commissioned mainly by pubic authorities and governments agencies, etc.
Nevertheless, the relationship between the type of business and the nature of the research is not always so systematically evident, as the research market evolves along with the needs of all sectors of the economy in the search for better knowledge and understanding of the intended audience, i.e. consumers, citizens or employees.
For example, corporate firms are exhibiting a growing interest in social research, while market research projects are now often commissioned by banks and insurance companies, which distribute their consumer services using retail channels, as well as by governments seeking to gauge public feelings about measures under consideration
Likewise, advertisers consider that they must be involved in, or even finance media audience rating and readership surveys, since the ultimate objective of such surveys is to help advertisers adequately purchase space in newspapers and magazines and now on Web sites, or air time on radio and television, at rates based on the research findings of such research.
Every year, Ipsos has several thousand clients around the world who use the Company's services for domestic or international research projects.
Its customer base is therefore very large and widespread. None of Ipsos' clients represent more than 4 percent of revenues.
In 1999, the top 10 international clients of the Ipsos group accounted for 17.9 percent of total revenues, or FRF 270 million.
Much of the Company's revenues are recurring, in particular in the fields of media and public opinion and social research, where ratings and polls are conducted periodically over many years and are governed by long-term contracts typically of three to four years.
In its other activities, Ipsos reports strong customer loyalty with a repeat business rate of more than 90%, even when commercial relations result in one-year contracts or specific research carried out only as needed.
Research is usually paid for
- on delivery for research that requires no more than one or two months of work;
- in instalments as work progresses for longer-term projects.
In addition, a down payment is always required upon signing of a contract.

3.5 RESEARCH RESOURCES

3.5.1 INTERVIEW PROCESS

Ipsos' clients expect the company to supply them with reliable, readily available, consistent and accurate data. To meet these requirements, Ipsos has installed efficient data collection tools and standardised its production methods throughout the project lifecycle.
Each research project can be broadly divided into the phases shown in the chart below. Projects are partly carried out by specialist researchers, who liase with the client, and partly by technicians who supervise the production of research data, from training interviewers to electronically processing the raw data collected:



In 1999, Ipsos conducted some five million interviews worldwide. The interviewers were supervised by the company's own staff and trained in Ipsos techniques. They generally used computers to ensure rapid and reliable data collection.

3.5.1.1 Researchers

Conducting research requires a large workforce, ranging from part-time staff, who conduct face-to-face or telephone interviews, to specialist consultants (typically psychologists or sociologists) who lead focus groups and interpret their results.
In addition to its permanent staff, Ipsos employees a large number of temporary staff, most of whom work for the company on a regular basis (over 8,000 part-time employees a year). Interfacing with respondents and conducting interviews are both tasks which require special skills and need to comply with strict guidelines, which means the company has to pay particular attention to this category of staff. The quality of a survey's results depends on the design of the questionnaires and how the responses are interpreted, as well as on how effectively the interviews are conducted.
Interviewers are employed and trained by the entity conducting the research at the local level. In each country, a division or subsidiary is in charge of producing data and, consequently, supervising interviewers.

3.5.1.2 Interviewing methods and techniques

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

- On a one-to-one basis, by interviewing consumers individually. During the course of the survey, the interviewer may induce responses by showing visual or audio-visual material.
- By telephone.
- In groups, with consumers gathered together in one room and questioned collectively.
- Without an interviewer, using self-administered surveys. Respondents reply in writing (or via Internet) to questionnaires sent to their home or workplace.

The selected technique depends on the nature of the research project.

Computer-assisted techniques (CATI, CAPI)

IT tools help improve the quality of research in terms of reliability and speed, while reducing costs. Ipsos was among the first market research firms to make widespread use of telephone surveys and, from 1992, computer-assisted telephone interviews (CATI systems with automatic dialling) and computer-assisted personal interviews (CAPI systems for one-to-one interviews).

Using computers for interviews means that responses do not have to be re-keyed into a computer for processing. This increases the reliability of surveys by avoiding data entry errors and cuts costs by eliminating a step in the data processing chain. The CAPI technique has considerably reduced the time taken to complete quantitative studies. For example, in the UK, timescales were cut from four weeks to eight days.

IT tools also help enhance the content of questionnaires and quality of responses:

- The computer automatically updates questions based on earlier responses, without input from the interviewer, thus eliminating the risk of errors.
- The computer constantly checks the validity of respondents' answers and can ask them to confirm their responses in the event of conflicting information.
- Multimedia CAPI tools can test responses to products, packaging and advertising by playing audio-visual material to respondents.

Computer Assisted Telephone Interviews (CATI)

In addition to its local operations, Ipsos has set up a telephone interviewing facility, *The International CatiCentre*, in the UK (Harrow, Middlesex). This centre focuses on international surveys. Multilingual interviewers are supervised by managers specially trained in international surveys to ensure that interviews are organised and conducted properly. The aim is to eliminate bias arising from the fact that surveys are carried out in different countries.

The company chose to set up its international centre in the outskirts of London due to UK call charges, which have been lower than in the rest of Europe for several years as this was one of the first countries to deregulate its telecoms industry. In addition, Harrow is close to various London colleges and universities with a large foreign student population, enabling Ipsos to assemble teams for international telephone surveys at very short notice.

In 1999, *The International CatiCentre* conducted over 110,000 interviews in 55 countries and 18 different languages.

Computer Assisted Personal Interviews (CAPI)

Using IT tools for personal interviews has helped optimise their speed and reliability. Multimedia techniques can considerably enhance a survey by enabling sound and images to be incorporated in the interview process.

Ipsos-ASI has developed a new version of its STC Multimedia system for post-testing television and movie commercials, which plays actual commercials during interviews. Prior to this system, commercials were simply described to the respondent. These new techniques result in a much higher recognition factor and significantly improve reliability. Furthermore, the interview can be more thorough and specific, resulting in a more effective assessment of the commercial being tested.

CAPI technology is used consistently by the company in France, Germany, the UK, Spain and Italy. 2000 Ipsos interviewers in Europe are equipped with portable computers designed for this purpose.

However, this technology is not used in the US due to slim demand for personal interviews on the local market. In this region, data tends to be collected by telephone, mail and, increasingly, via on-line systems.

3.5.1.3 ISO 9000 certification

ISO 9000 certification acts as a guarantee to demanding blue chip clients that the company uses standardised procedures and methods. All Ipsos' research firms in France are currently in the process of obtaining certification. Ipsos Interviews, which co-ordinates the administration and processing of interviews, was awarded an NF ISO 9002 certificate on 30 June 1998.
Quality measures are also being introduced by other Ipsos subsidiaries. Ipsos-RSL (UK) and Ipsos-Explorer (Italy) have already been certified.

3.5.2 New technologies

Computerisation has played a key role in improving the speed and quality of market research while cutting costs. Ipsos continues to invest in developing new technology to reinforce its competitive edge.
Ipsos views technology as a means of enhancing the quality of its work while minimising research costs for its clients. The bulk of Ipsos' added value stems from its expertise in interviewing and analysing consumers and the general public, i.e. its ability to ask the right sample the right questions and accurately interpret the data collected. Ipsos is not in the business of selling its technology but focuses on producing high-quality results.

3.5.2.1 Internet

Ipsos expects Internet to introduce major changes and generate new opportunities as this technology provides:
- A new medium to analyse.
- A communications channel that is particularly well-suited to conducting surveys.

Ipsos is one the most advanced market research firms in this area. Its US subsidiary, Ipsos-ASI, has led a project involving ten companies that agreed to pool their budgets to rapidly investigate how they could use the web. These companies included Procter & Gamble, British Airways, General Motors and IBM. This project has enabled the company to develop various web-based analysis tools, including a method for conducting surveys via this new interface.
At the beginning of 2000, Ipsos France acquired Médiangles, a company which generates two-third of its sales from analysing web sites.

A new medium to analyse

• *Effectiveness of web advertising (see also section 3.2.2.3)*
Ipsos-ASI has set up a division *(Interactive Group)* to measure the impact of web advertising.
Ipsos believes that the introduction of new technologies will gradually make Internet easier to use and more accessible and popular than it is today. Internet's interactive features could also be extended to television, resulting in convergence between the two media, which are currently quite separate. As a result, Ipsos expects web advertising to take off exponentially over the next few years.
This field of investigation is gathering pace rapidly among market research firms. This year, the company expects to build up a database describing the impact of on-line advertising campaigns in North America and Europe.

• *Web audience measurement (see also section 3.9.2)*
In 1999, Ipsos signed an agreement with the US company, Media Metrix, and German company, GfK, to develop a web site audience measurement activity in Europe through a joint subsidiary, MMXI. In early 2000, another agreement was signed with Media Metrix aimed at extending this activity to Latin America.

A new method for conducting surveys

The process of conducting surveys currently requires a large workforce. Payroll costs are high at a time when European legislation is placing a heavier burden on fixed-term employment contracts (most interviewers are temporary employees). As a result, developing survey techniques that do not require interviewers is an avenue that is currently being explored with a view to boosting productivity and cutting costs.
One solution to this problem is the use of access panels, where respondents answer postal or telephone questionnaires. Internet could help expand this technique significantly, both for access panels as well as other types of samples.
Ipsos does not expect Internet to fully replace all the other types of surveys, just as the telephone has not made personal interviews obsolete. Yet the very low cost of communicating via Internet, together with the system's interactive features, make it an ideally-suited medium for many types of market research, including surveys carried out directly by companies via their own web sites. This trend does not pose any threat to market research firms as their clients will always need their expertise in drafting questionnaires, selecting sample populations and correctly analysing the data collected. In fact, new opportunities will be created by the increasing number of databases and growing volume of data potentially available via Internet. This technology will help free Ipsos and other market research firms from certain routine tasks, enabling them to boost the share of revenues generated by higher value-added services.

3.6 CAPITAL EXPENDITURE AND SUPPLIERS

3.6.1 IT DEVELOPMENTS

All IT activities and developments are co-ordinated by the Group Systems and Technology Division, which is responsible for harmonising methodologies, hardware and tools while monitoring technological developments and producing technical upgrade plans.

3.6.1.1 ISIS project

The ISIS (Ipsos Secured Information System) project is a new state-of-the-art information system that will enable Ipsos to manage its business proactively by anticipating the needs of its clients and the market research industry more effectively.

This project was launched in summer 1998 and is expected to take three years to complete. On 1 January 2000 it was installed in the five countries whose software was not Y2K-compliant. It will be installed in the remaining countries in 2000 and 2001.

The One World package (produced by the US company JD Edwards) was the natural choice for an ERP (Enterprise Resource Planning) application covering all business areas (finance, production, etc). This integrated solution is based on a highly versatile platform design.

The total cost of the project is estimated at around FRF 20 million invested over two years. These costs will depreciated over a five-year period.

This new integrated information system will form the backbone of a business-driven international organisation and a system for managing key accounts. It will be based on fully standardised business rules applicable to all the companies in the Group and provide all employees, from researchers to the co-chairmen, with instant access to useful information.

3.6.1.2 Y2K compliance

Ipsos set up a centralised department to co-ordinate and manage all the tasks involved in ensuring Y2K compliance. These wide-ranging tasks covered hardware, software and environmental issues. Aside from the ISIS project, no exceptional investments were made in this area and the changeover to the new millennium ran smoothly.

3.6.1.3 Euro conversion

The conversion to the euro is discussed in the section on the ISIS project (see 3.6.1.1).

Since 1 January 1999, Ipsos has been able to conduct transactions in euros with clients and suppliers who request this option. However, for the time being, the company would prefer to continue using domestic currencies for its business transactions wherever possible. As a result, it has chosen to treat the euro as an additional foreign currency.

Ipsos plans to conduct all transactions in euros as from the second half of 2001 at the earliest, when the single currency will become the group's accounting currency. General and cost accounting activities of companies in EMU countries are scheduled to change over to the euro at the same time.

This transition will occur by 1 January 2002 at the latest.

3.6.2 BUSINESS PREMISES

All Ipsos' French operations are based in the 15th arrondissement of central Paris.

The group leases the premises that it uses in all its countries of operation. The owners of these premises have no ties with the group.

3.6.3 CAPITAL EXPENDITURE

Capital expenditure on tangible and intangible investments amounted to just over FRF 40 million in 1998 and 1999:

CAPITAL EXPENDITURE ON TANGIBLE AND INTANGIBLE ASSETS

(FRF m)	1998	1999
Tangible investments	23.2	25.9
Intangible investments	16.3	17.3
Research & Development	2.5	0.2
Total	**42.0**	**43.4**

Tangible investments mainly comprise purchases of computer hardware and fixtures.
The Group currently has a stock of 2,000 CAPI stations (50% of which are multimedia systems) and 1,100 CATI stations, in addition to the desk-top and portable computers used by its permanent staff.
Intangible investments mainly comprise computer software as Ipsos' research methods and technologies rely on standard hardware and applications that have been adapted to the company's specific business needs. For example, the London call centre has 66 workstations that use SPSS QTS (Quantime Telephony System) and CATI software.
Ipsos also develops its own line of software, which is used by its researchers and, in some cases, sold to clients. Ipsos believes that this software adds significant value to its research projects by enabling clients to import the data generated by Ipsos into their own information systems, for example.
Examples include media planning applications, such as Popcorn and Poppy, which are designed and marketed by IMS, the subsidiary that specialises in these activities.
Data processing software includes Cosi, designed for statistical data analysis.

AVERAGE EXPENDITURE BREAKDOWN

Data collection	26%
Electronic data processing	17%
Production companies	9%
Printing and copying	4%
Communication	17%
Administration and finance	13%
Other investments	13%
	100%

3.6.4 Suppliers

Ipsos has a highly fragmented supplier base.
Its main suppliers are the telcos used in each country, Global One for the intranet system currently being installed, Dell for PCs and servers, and SPSS for data processing software and CATI stations.
In some of the regions where the company operates (e.g. Latin America), field data collection is outsourced to specialist firms. Projects are also subcontracted to local market research firms whenever international surveys cover countries where Ipsos is not directly represented.
The following table shows the average breakdown in Ipsos' overheads, excluding interviewer costs and payroll charges for its market research companies:

AVERAGE BREAKDOWN IN 1999 OVERHEADS

Premises	24%
Fees for services	19%
IT costs	17%
Travelling expenses	9%
Communications	8%
Advertising	6%
Supplies	3%
Printing & photocopying	3%
Mail	1%
Other overheads	10%
	100%

3.7 MANAGEMENT AND HUMAN RESOURCES

3.7.1 Management

3.7.1.1 Two co-chairmen

Ipsos is the only research firm of its size that is still controlled by its two founders, who have been running the Company jointly since 1982.
Driven by a shared strategic vision, Didier Truchot and Jean-Marc Lech have bought complementary energies and skills to the group. With his background as an economist, Mr Truchot initiated the product standardisation process and the expansion into marketing, copy testing and media. Mr Lech, a graduate in philosophy, sociology and political sciences, has been instrumental in Ipsos' development in the field of social surveys, among his other achievements.

Executive committee

The two chairmen are supported by an Executive Committee made up of the group's key managers. The Committee sets strategic goals and monitors the progress of each project. It meets at least once every two months.

This Executive Committee comprised seven members in 1999 and was expanded in early 2000. It now has nine permanent members:
- Didier Truchot, Co-chairman, who founded the company in 1975.
- Jean-Marc Lech, who has been Co-chairman since joining the company in 1982.
- Pierre Giacometti, Chief Executive Officer of Ipsos Opinion, the Ipsos France subsidiary responsible for opinion polls. He also acts as International Director and is responsible for developing this activity within the group.
- Carlos Harding, Chief Executive Officer, who is in charge of the group's development. He is a specialist in marketing and advertising research.
- Michael Hoppe, Chairman of Ipsos Deutschland, who founded the market research company, WBA, which merged with GFM-GETAS to create the current Ipsos Deutschland. He is in charge of the group's Internet strategy.
- Gustavo Lohfeldt, Chief Executive Officer of Ipsos-Novaction in Argentina. He is a specialist in market research and is in charge of developing the group's activities in Latin America.
- Dawn Mitchell, Chairwoman of Ipsos-RSL, the group's UK subsidiary. Mrs Mitchell is a media expert and is responsible for Ipsos' Asian activities.
- Angus Reid, Founding Chairman of the Angus Reid group, who is a specialist in opinion polls, an activity that he is responsible for developing jointly with Pierre Giacometti. He is also involved in the group's expansion in North America.
- Laurence Stoclet, Group Finance Director.

The Executive Committee also includes seven deputy members:
- Giorgio Caporusso, Chief Executive Officer of Ipsos-Explorer, the group's Italian subsidiary, is a market research specialist.
- Jorge Clemente, Chief Executive Officer of Ipsos-Eco Consulting, the group's Spanish subsidiary, is an opinion poll specialist (electoral polls in particular).
- Roger Gane, Chief Executive Officer of Ipsos-RSL, the group's UK subsidiary, is a media research specialist.
- François Lapeyronie, Finance Director of Ipsos-ASI (The Advertising Research Company), is responsible for developing advertising research expertise within the group. He is also in charge of Ipsos North America, which covers all the group's activities in the US and Canada.
- Tom Neri, US Manager for Angus Reid, is based in New York and specialises in market research.
- Karl Rosenberg, Regional Manager (Asia-Pacific) for Ipsos-ASI, also manages Ipsos-Far East, based in Hong-Kong, and is an expert in advertising research.
- Gilles Santini, Director of the Group Systems and Technologie Division, founded IMS, a company which has merged with Ipsos-France, and designs and sells data analysis and presentation tools.

3.7.2 Human resources and industrial relations

At 31 December 1999, Ipsos employed around 1,680 people in 20 countries. 80% of these employees were based in Europe (France, Belgium, Italy, Germany, Hungary, UK, Spain and Portugal); 12% in the US; 7% in Latin America (Mexico, Brazil and Argentina); and less than 1% in the Asia-Pacific region.
Ipsos' fast pace of expansion has led the company to adopt a proactive recruitment policy which targets two types of staff:
- Experienced executives with considerable potential and expertise in strategic or specialist areas (liaison with international clients, finance, technology, etc).
- More junior executives who receive specialist training from the company before being assigned to different departments.

In 2000, some 100 new employees are expected to join the group (on a like-for-like consolidation basis). Annual staff turnover amounts to 10-20% depending on the country. The US has the highest rate.
Ipsos' workforce is generally young, includes a substantial proportion of women, and is very stable due to the company's appeal.

BREAKDOWN OF PERMANENT EMPLOYEES BY OCCUPATIONAL SECTOR

OCCUPATIONAL SECTOR	1999
Research	52%
Production/data processing/field supervision	32%
Administration and management	16%
	100%

Each entity, or group of entities in each country, has an employee representative body. To date, there is no employee representative body for the group as a whole.
Ipsos' employees benefit from an annual performance-related bonus scheme which is mainly based on profit levels and market share gains in each region. This scheme is currently being overhauled with the aid of an international consulting firm to bring it in line with Ipsos' global status.
In 1998, a stock option plan was offered to the group's Europe executives in two successive phases (1998 and 1999). This plan involves some 80 senior executives. In 2000, Ipsos aims to create a wider stock option plan open to all the group's employees worldwide. Employee profit-sharing schemes are a key component of the company's HRM policy.
In addition to its permanent staff, Ipsos employs around 8,000 part-timers. In some countries, they are considered as employees on a fixed-term contract due to local legislation. Most part-time employees work less than six months of the year for Ipsos.

3.8 RISK FACTORS

3.8.1 Sensitivity to general economic trends

The different sectors in which Ipsos operates are inherently sensitive to changes in the general economic climate. European market research firms have experienced slow rates of growth during the past ten years, particularly in 1992 and 1994-1996. Due to the economic slump, their traditional clients in the consumer goods sector were forced to reduce their media and non-media advertising budgets and, to a lesser extent, their market research expenditure. In 1997, uncertainties surrounding the economic pick-up created a need for more information among decision makers and helped fuel demand for market research.
Ipsos believes that its wide geographical coverage and diversified range of activities will protect it from an economic downturn in a given region.

3.8.2 Seasonality of revenues and earnings

Traditionally, market research firms tend to generate their strongest revenues during the last quarter of the year. Consequently, Ipsos' interim results to 30 June 1999 amounted to less than 50% of its full-year turnover and operating profit. At 30 June 1999, turnover and operating profit amounted to € 98.9 million and € 5.0 million vs full-year figures of € 230.7 million and € 14.5 million. In 1998, interim turnover and operating profit came to € 88.7 million and € 3.8 million respectively vs € 199.3 million and € 11.1 million for the 1998 full year.

3.8.3 Risk of a decline in revenues due to the departure of key managers

Like all business-to-business services, Ipsos' sales relations with its customers depend heavily on the relationships between its managers and its clients. The departure of a senior manager or key account manager could result in Ipsos losing some of its clients.
However, Ipsos believes that this risk is minimised by several factors:
- The company's broad customer base, with no single client accounting for more than 4% of consolidated revenues and contracts covering several countries.
- The attractive pay package enjoyed by Ipsos' executives and the inclusion of non-competition clauses in their employment contracts.
- The loyalty of Ipsos' clients, with 90% continuing to do business with the company from one year to the next.
- The fact that Ipsos offers its clients close contact with its specialist teams as well as a strong reputation backed by operational resources and databases capable of producing consistent results over time and between different countries.

3.8.4 Risk of amendments to working legislation

Ipsos employs a large number of part-time staff to conduct interviews. In some countries, depending on the local employment legislation in force, these staff may be considered as employees on the payroll, although this is very rare. In certain regions (Germany, UK, part of Latin America, etc), there is a trend towards amending employment legislation or interpreting existing laws in such a way as to provide more protection for casual staff. This development exposes the company to two types of risks:

- The risk of legal penalties if it fails to offer its casual employees the same benefits currently reserved for permanent staff. Note that, in France, the status of 'insecure employment' already takes into account these requirements and generates minimal risk.
- Financial risk, as these measures tend to increase labour costs and Ipsos would not be able to pass on this increase in its prices. However, Ipsos believes this risk should be viewed in perspective as it applies to the industry as a whole and does not impact the group's competitive position.

3.8.5 IT-related risks

Ipsos' activities are highly dependent on information technology. Any fault in the group's computer systems (loss of survey results, database unavailability, etc) could have a severe impact on its business. However, in practice this risk is minimised by the use of standard commercially-available systems and software, which are distributed over several sites. If an error occurs on one system, Ipsos claims it can swap over to another system. As regards the euro, Ipsos has introduced an upgrade program for its IT systems (see section 3.6.1: "IT developments").

3.8.6 Interest rate and foreign exchange risks

Interest rate risks

Of the FRF 190,2 million in bank borrowings outstanding at 31 December 1999, 90% were taken out at a floating rate. Ipsos does not currently use derivatives to hedge against interest rate risks but does not rule out that option for the future.

Forex risks

Ipsos has operations in 24 countries and conducts projects in over 100 countries. However, currency risks from business transactions are very low as Ipsos' subsidiaries almost invariably invoice in their local currencies.
The only real currency risk stems from the translation of financial statements and dividend payments by international subsidiaries outside the euro zone.

A geographical earnings breakdown is shown in section 3.1.3.1.

3.9 RECENT DEVELOPMENTS AND OUTLOOK

3.9.1 Business strategy

Over the past 20 years, Ipsos has recorded the fastest growth among all European market research firms with an international profile. This expansion has been underpinned by a clear, forward-looking strategy that aims to keep pace with changes in the industry and market.
Today, Ipsos' strategy aims to reinforce the company's position as a leading international player in the market research industry with sufficient critical mass to work with major clients in any location.
The three key components of this strategy are outlined below:

3.9.1.1 Reinforcing its business expertise

To achieve a top-ranking international position, Ipsos aims to reinforce its five core activities: market research, advertising and media research, opinion polls, social surveys and customer satisfaction surveys.
To achieve this objective, the company needs to make targeted investments, both internally, by sustaining its R&D efforts, and externally, by acquiring companies with in-depth expertise in these market segments.
This was the motivation behind the acquisition in early 1998 of ASI, the US leader in copy testing, which has enabled Ipsos to gain a leading worldwide position in this activity, which involves pre-testing commercials. The acquisition of Tandemar, the leading Canadian advertising research firm, in April 2000 has bolstered Ipsos' dominant position and extended its range of services to include tracking.

3.9.1.2 Widening the scope of its services

The expansion by major multinationals into new markets is generating new research requirements:

• Multinationals need marketing data on their new target markets (e.g. emerging economies in Asia and Latin America).

• These major companies are implementing global product strategies and consequently need consistent data covering different markets.

To cater for these needs, Ipsos plans to step up its resources in three ways:

• Expanding into new regions

Having acquired ASI in North America and the Novaction group in Latin America at end-1997/early 1998 and, more recently, Angus Reid and Tandemar in Canada, Ipsos is now geared primarily towards Europe and America. The company now needs to shift its attention towards Asia-Pacific, among other regions.

The following map illustrates the company's priority areas.

Strong Ipsos presence — ***Greater presence required*** — Presence to be developed

• Harmonising the service offering and establishing international brands

Ipsos has chosen to establish international business lines in each of its five specialist areas in order to encourage the development of common tools in all its worldwide subsidiaries and offer standardised services.

- *Advertising research: Ipsos-ASI*

This strategic approach is already operational in the advertising research division, which is managed by the US business and offers Ipsos-ASI Next*TV, a unique copy testing product which will be available through all the company's worldwide subsidiaries.

- *Market research: Ipsos-Insight, Ipsos Access Panels and Ipsos Reach*

International divisions have also been set up in the market research business, especially in qualitative surveys (through Ipsos-Insight). A specific organisation has been created in Europe for Ipsos Access Panels, with a European management team and sales forces in each of the countries involved (France, Germany, UK and Italy). Backed by telephone interviewing centres (e.g. International CatiCentre) and interviewing teams equipped with portable computers (Capibus and Capivision), access panels are the focal point of a sales and business concept known as Ipsos Reach. This service provides clients with access to a full range of state-of-the-art data collection facilities, which will be expanded this year with the installation of on-line systems for polling targeted groups.

In addition, the quantitative market research division plans to launch a new product range this year known as Ipsos Evolution, which is designed for market research studies on products and services

- *Opinion polls and social surveys: Ipsos Reid*

Following the takeover of the Canadian company, Angus Reid, a new international brand, 'Ipsos-Reid', was created by the company. This entity co-ordinates all Ipsos' research activities in public opinion polls and consumer surveys. This activity has already built up an impressive international research portfolio. In Europe, Ipsos is involved in various international surveys and polls, such as *European Consumption Index, Public Opinion Trends in Europe and RED (Representative Employee Data)*, a database containing information about employees worldwide.

Angus Reid is also involved in various major studies, including *World Monitor*, a survey of the general public's attitudes and values in 40 countries and *The Face of the Web*, a social survey of internet users in 34 countries.

Internet will play an increasingly crucial role in Ipsos-Reid's offering. It will become a key channel for conducting opinion polls and has already proved to be a well-suited tool for distributing and displaying data.

Backed by its international range of political, economic, social, consumer and healthcare surveys, Ipsos-Reid plans to expand its activities in key regions, including North America, Latin America, Europe, Asia and the Middle East.

- *Internet initiatives: Ipsos Inter@ctive*

All Ipsos' Internet activities have been grouped together under the umbrella brand 'Ipsos Inter@ctive'. Internet is the focal point for several types of Ipsos surveys: web audience measurement (through MMXI Europe and Media Metrix Latin America), copy testing (through Ipsos-ASI), web site evaluation, feasibility studies for e-commerce sites and viability studies on using Internet for qualitative and quantitative surveys. Web technology is already used to provide clients with on-line results.

• Catering for international clients on a worldwide basis

To optimise the quality of its services to its largest and most international clients, Ipsos has created separate divisions for each major account. This organisation helps managers in charge of each key account increase their turnover based on more effective business, sales and financial relationships with each client.

3.9.1.3 Enhancing returns by optimising the cost structure

Ipsos constantly strives to improve its products and services so that it can offer its clients the most effective solutions at minimal cost. These efforts to maximise competitivity are focused on three key areas:

• Using new research techniques

Ipsos encourages the use of the most cost-effective research techniques for its clients, including:
- Syndicated research, where several clients purchase the same syndicated information.
- Ipsos Reach, which offers the group's most effective techniques for managing international surveys.

• Leveraging technological advances

Ipsos views technology as a way to enhance the quality of its services, mainly by speeding up the data collection process and making it more reliable, while minimising costs. By investing in new information technologies, the company has been able to focus on areas where it can provide genuine added value through its in-depth understanding of consumers and the general public, and its ability to communicate with them and interpret their responses skilfully. Internet is the key technology that Ipsos is concentrating on as the web offers major potential for collecting data quickly and cheaply and broadcasting survey results to clients. Ipsos has been a pioneer in researching this new medium and plans to start using it on a wide scale over the next two years (see section 3.5.2: "New technologies"), mainly by creating on-line panels.

• Reinforcing the management structure

Ipsos' rapid growth has required the company to reinforce its management structures and ensure tighter control over its subsidiaries. Since 1 January 2000, the company's main business entities have started gradually adopting an integrated accounting and management system (ERP tool). This system provides a standardised basis for monitoring the company's operations and client accounts while giving a clearer picture of the performance of each individual entity (see also section 3.6.1.1: "ISIS project"). This new system will be extended to all companies in the group in 2000 and 2001.

3.9.2 Recent developments

Ipsos pursued its targeted expansion policy during the first quarter of 2000:

• Widening geographical coverage

- Finalisation of the BIMSA acquisition (leading Mexican research firm) following the letter of intent signed at end-1999

On 25 October 1999, Ipsos SA and the Mexican company BIMSA signed a letter of intent in which the two companies agreed to start exclusive negotiations aimed at Ipsos acquiring a 50% interest in BIMSA, with the option of increasing this stake after five years. These agreements were finalised in April 2000 and BIMSA will be consolidated in Ipsos' accounts (effective 1 January 2000).

BIMSA was founded in 1961 and is Mexico's leading market research and opinion polling firm. In 1999, the company generated around US$ 9 million in turnover.

The two companies had already worked together in 1999 on media research. They jointly developed the General Media and Brand Survey (Estudio General de Medios y Marcas) on the Mexican market, a multimedia study that Ipsos has been conducting on the Spanish market for several years and which is also available in Argentina.

The companies have agreed to set up an Executive Committee which will manage and co-ordinate the activities carried out by BIMSA and the Ipsos companies already established in Mexico (namely Ipsos-Novaction and Ipsos-ASI). This committee will comprise representatives from Ipsos, including Arturo Sanchez de la Vega, CEO of Ipsos Mexique. It will be chaired by César Ortega de la Roquette, BIMSA's current CEO.

By combining their activities, BIMSA and Ipsos will become a major heavyweight in the Mexican market research industry by offering the most comprehensive range of services in market research, public opinion polls, media and advertising research.

Although Ipsos already benefits from a strong foothold in Argentina and Brazil (through Ipsos-Novaction and Ipsos-ASI), this acquisition will consolidate its top-ranking position in the Latin American market research industry.

- Acquisition of Angus Reid, Canada's No.1 market research firm

On 22 March 2000, Ipsos and Angus Reid announced an agreement aimed at merging the Canadian company with Ipsos. The founding CEO of Angus Reid, Dr Angus Reid, will continue to manage the company, which will be renamed Ipsos Reid, and will become a member of Ipsos' Executive Committee.

Angus Reid is Canada's No.1 market research firm and has expanded rapidly in the US, which now accounts for a third of its sales. Its 1999 turnover amounted to over 50 million Canadian dollars, up 30% on 1998.

Angus Reid was founded by Dr Angus Reid in 1979 and has become an internationally renowned market leader. It offers a full range of market research surveys and opinion polls to companies in the private and public sector. It is active in over 80 countries, covering 40 different languages, and caters for over 1,200 clients worldwide. The company employs 300 staff and 800 interviewers split between six offices in Canada (Montreal, Ottawa, Toronto, Winnipeg, Calgary and Vancouver), four offices in the US (New York, Minneapolis, Saint-Louis and San Francisco) and an office in London.

Angus Reid Worldwide was one of the first companies in North America to develop international research tools and set up a Global Products Group within its organisation. Today, the company has forged numerous alliances worldwide and works as a partner with global media players such as The Economist and CNN.

As a result, Ipsos decided that, from 2000 onwards, its opinion poll and consumer survey activities will be grouped together under a new international brand, Ipsos-Reid.

According to the agreements signed, Ipsos will acquire a 100% stake in Angus Reid in two stages: around 50% in 2000 and the remainder in January 2001. The company is expected to be fully consolidated in Ipsos' accounts as from 1 July 2000.

- Acquisition of Tandemar, Canada's top advertising research firm

On 18 April 2000, Ipsos and Tandemar announced that they had signed a letter of intent aimed at merging the Canadian company with Ipsos. This acquisition will reinforce the company's position in copy testing.

Tandemar Research Inc is based in Montreal and Toronto, and is Canada's leading advertising research firm. In 1999, it generated 16.5 million Canadian dollars (€ 10.416 million) in turnover and has been expanding rapidly at an average annual rate of 20% over the past three years.

Over 80% of the company's revenues are generated by monitoring the impact of advertising campaigns on sales (tracking) and evaluating the competitive position of brands in their market (brand equity). Since last year, Tandemar has also been using Ipsos-ASI's Next*TV pre-testing system in Canada under license. The company will be merged into Ipsos-ASI (The Advertising Research Company), which will offer Ipsos' expertise in advertising research on a worldwide basis.

Tandemar was founded in 1986 and employs over 100 staff. It is currently 100% owned by its two founders, John Hallward and Alix Davenport, who will continue to manage its expansion on the North American market according to the agreement.

Tandemar should be fully consolidated in Ipsos' accounts as from 1 February 2000.

- *Creation of Ipsos-Link, a joint-venture in China (40%-owned by Ipsos and 60%-owned by its Chinese management team)*
In early 2000, Ipsos signed agreements with Link, a Chinese market research firm, to set up a joint venture that will be 40%-owned by Ipsos and 60%-owned by the Chinese management team. The new entity, named Ipsos Link, is based in Beijing and Shanghai, employs 47 staff and generated US$ 1 billion in 1999 sales.

- *Acquisition of a larger stake in Stat, a fast-expanding Lebanese company specialising in media and advertising research (via Stat-Ipsos, a company 51%-owned by Ipsos)*

Ipsos' expansion in the Middle East was initially launched by the acquisition of a 5% stake in the Lebanese company, Stat. As a result of the larger stake acquired in Stat, together with equity investments in other companies in the region (30% in AGB Stat Ipsos, which specialises in TV audience measurement, and 49% in Kiwan, a Syrian market research firm), Ipsos' Middle East division should be consolidated by the company on an equity-accounted basis as from 2000.

• New Internet initiatives

- *Agreement on web audience measurement in Latin America*

On 7 March 2000, Ipsos and Media Metrix Inc, a pioneer and world leader in web audience measurement and electronic media, announced their plans to extend their offering to Latin America. Based on this agreement, Media Metrix and Ipsos will pool their expertise and resources in a new joint venture which aims to become the leading independent web audience measurement service in Latin America (Brazil, Mexico and Argentina).
After Europe (in conjunction with Ipsos in France and the UK, GfK in Germany and Sifo in Sweden) and Japan, the range of services launched by Media Metrix in the US has now been extended to the Latin American markets, where Ipsos is represented by its Ipsos-Novaction subsidiaries in Brazil, Argentina and Mexico.
Media Metrix Latin America has already started actively recruiting panel members and will collect data from a representative panel of internet users via its powerful real-time measurement software, which will automatically monitor panel members' web usage from their PCs. Initial results are due to be released by the third quarter of 2000.
41% of the new company, Media Metrix Latin America, should be consolidated by the group on an equity-accounted basis.

- *Acquisition of Médiangles, a French company specialising in web research*

In March 2000, Ipsos acquired a 100% stake in the French market research firm, Médiangles, which has been renamed Ipsos-Médiangles and is managed by Louis Rougier, its co-founder.
Médiangles was founded in 1991 and specialises in traditional media research but has branched out into the full range of interactive media: on-line communications networks, interactive TV, e-commerce, mobile phones, Internet and intranet. The company generated FRF 10 million in 1999 turnover and expects to double its Internet revenues in 2000.
By merging with Ipsos, Médiangles will be able to step up its growth in these new media and enhance the existing range of Internet and multimedia studies developed by Ipsos.

• Changes to the access panel partnership

In 1999, Ipsos bought out the outstanding stakes in the four subsidiaries it owned jointly with NFO Worldwide, a US company that was to become Ipsos' partner in developing access panels in Europe. In March 2000, Ipsos announced a partnership deal with another international US company, Market Facts. Based on this agreement, Market Facts (Aegis' North American research arm) will take a 35% stake in Ipsos Access Panels Holding SA, an Ipsos subsidiary specialising in surveys based on access panels. This agreement will enable the two companies to extend their range of access panel research services, which have so far been exclusively European for Ipsos Access Panels and exclusively US-oriented for Market Facts.
Ipsos Access Panels generated over € 9 million in 1999 turnover and is based in Germany, France, Italy and the UK. It offers a regularly updated panel of 115,000 pre-recruited European households whose members are willing to participate in surveys and provide a representative sample of the population of a given country or region. Market Facts has a panel of 550,000 North American households whose services will be offered to European clients of Ipsos Access Panels. Similarly, Market Facts' US clients will be offered the range of European services provided by Ipsos Access Panels.

3.9.3 Activity of the first quarter

Ipsos group revenues at March 31, 2000 reach 58.5 millions of euro, a 25.2% increase over 1999, and a variation of 15.4% on a like for like perimeter and change rate. Growth has been significant in all Ipsos sectors of specialisation and its geographic areas.
Although the first quarter figures are not predictive of the whole year's situation, they however reflect the market dynamism and Ipsos activity in its market.

Consolidated Revenues in millions of euro	1999	2000
1st quarter	46.7	58.5
2nd quarter	52.2	-
3rd quarter	51.6	-
4th quarter	80.2	-
TOTAL FINANCIAL YEAR	**230.7**	**-**

3.9.4 Outlook

In the future, Ipsos intends to continue expanding rapidly in its current business lines on the back of targeted acquisitions and faster organic growth than that of the sector as a whole.

• Acquisition growth

Ipsos will continue to extend its geographical coverage. The company plans to step up its operations in Asia (Japan and China) and central Europe, where it believes its presence is still too weak. To achieve this goal, it will sign partnership deals and take over local businesses.
In many countries, Ipsos is already in contact with several companies. The companies it targets are medium-sized and already have a significant market share in their sector.
Ipsos also plans to acquire a number of smaller companies offering expertise in areas connected with its current business lines (e.g. Internet or customer satisfaction surveys), especially in the US but probably also in Europe.
Ipsos aims to acquire a further € 200 million in sales in 2000 and 2001 (including acquisitions already announced since the start of the year). These acquisitions should not have a dilutive impact.

• Organic growth

Ipsos is set to expand faster than the sector as a whole due to: i) its robust positions in booming segments such as advertising research and customer satisfaction; and ii) the preference shown by major clients for research firms that can cater for all their markets.
In addition to new areas of expertise such as Internet, Ipsos also plans to broaden its range of opinion poll activities by expanding the Ipsos Reid brand.
In terms of its sales breakdown, the relative share of turnover generated by advertising research, customer satisfaction surveys and opinion polls is set to increase to the detriment of market research activities. Similarly, America and Asia will gain ground against Europe.
This trend toward higher-margin regions and businesses will boost the company's overall profitability.
Following the acquisitions made in early 2000, the company decided to revise upwards its targets for 2000 and 2001 to over € 300 million and € 450 million respectively (vs € 320 million for 2001, announced at the time of the IPO). Its new operating margin targets are also higher than the forecasts in the IPO documents (over 7% in 2000 and 8.2% in 2001).

NOTE:

- *The financial targets set by the company have been released solely to provide potential investors with an indication of the company's prospects as viewed by the management.*
- *These forecasts have been produced by the company based on an analysis of prevailing economic, financial, social, fiscal, regulatory, technical and competitive conditions. Any changes to this environment, however minor, could have a positive or negative impact on its business performance and lead to a significant gap between the financial targets in this document and the actual results achieved.*

Given the inherent uncertainties surrounding the achievement of its objectives (particularly in terms of acquisitions), Ipsos cannot guarantee that its targets will be met.

3.10 EXTRAORDINARY EVENTS AND DISPUTES

Ipsos is currently involved in two lawsuits:

- RSC, a US company, has filed a suit against Ipsos in a US court, claiming infringement of commercial secrecy relating to its ARS Persuasion product. To date, RSC has failed to produce any credible documentary evidence to support its allegations, unlike Ipsos, which has provided the court with all the documents requested. As a result, Ipsos is confident that it is in a relatively strong position. In April 2000, the US courts ruled in favour of Ipsos, but RSC may decide to appeal against this verdict.
- Volvo is being sued by Ipsos' Belgian subsidiary for partial non-payment of research fees on the grounds that Ipsos did not complete its project to schedule. Ipsos has provisioned 50% of the disputed debt. The outstanding unpaid fees for the research project amount to BEF 13.9 million (FRF 2.2 million). Volvo is demanding a refund of its down-payment plus interest and damages.

Furthermore, in 1998, employee representatives made a claim against Ipsos Interviews' management with a view to extending the employee profit-sharing scheme to periods prior to 1997, the year in which a collective profit-sharing agreement was signed. After examining the claim, the company decided to book a FRF 5 million provision for liabilities and charges in its accounts corresponding to the estimated financial risk at 31 December 1998. In 1999, negotiations were held with employee representatives in an attempt to resolve the issue. A further FRF 1.9 million in provisions have been booked to reflect the maximum risk incurred by this dispute.

Out the points mentioned above, the company is not informed of facts and is currently implied in no litigation or arbitration likely to have or having had in a recent past a significant impact on the inheritance, the financial standing, the activities and the results of the company.

3.11 GLOSSARY

Access Panel: group of households that have been selected by a market research firm and have agreed to participate in several surveys a year, at predefined intervals.

Ad hoc studies: customised research projects tailored to the specific needs of a client. Ad hoc studies contrast with regular surveys, such as barometers.

Advertising research: measuring the effectiveness of advertising campaigns. This encompasses copy testing (pre-tests and post-tests) as well as tracking and brand equity evaluation.

Barometer: surveys designed to continually monitor changes in indicators relating to markets, businesses, brands, products, services, etc. Comparisons can be made between different periods provided that identical conditions are maintained (same sample mix, same questions, etc).

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

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

Copy testing: assessing commercials (e.g. Ipsos-ASI Next*TV, Ipsos' global system for pre-testing commercials).

Face-to-face interviews: technique whereby data is collected personally by the interviewer from each respondent (at home, in an office or in the street).

Field work: series of tasks aimed at collecting data for a survey and organising the work of interviewers (drawing up profiles of individuals to be interviewed, providing instructions on selecting respondents, setting quotas, processing the questionnaire, checking data, etc).

Multi-client studies: as their name indicates, multi-client studies are surveys sold to several clients. They can be divided into two categories: (i) syndicated surveys, carried out on behalf of several associated clients (e.g. audience measurement studies on behalf of industry associations in different media sectors). The results of these studies are the property of the client; (ii) subscription-based studies carried out independently by Ipsos. The results of these surveys belong to the company and are sold to several clients separately.

Omnibus survey: type of quantitative survey where only the sample population is determined in advance, while the client supplies the questions. This is a type of multi-client survey.

Panel: representative sample of individuals or firms polled on a regular basis using the same variables. The data can be collected automatically, without the involvement of participants (as in the case of passive surveys of TV viewing patterns). Data can also be collected directly from companies using sales records (e.g. retailer panels).

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

Post-test: assessing the impact of an advertising or promotional campaign after its completion.

Pre-test: assessing the effectiveness of an advertisement prior to its broadcast.

Qualitative survey: research which is either exploratory (to investigate an unknown sector, identify the scope of a problem, formulate assumptions, understand motivations, etc.) or operational (based on an in-depth analysis of statements made by groups or individual respondents). This type of study tends to be conducted on a small sample of individuals that do not have to be representative. It may either be carried out prior to a quantitative survey or on a standalone basis.

Quantitative survey: research that aims to quantify attitudes or behaviour patterns, measure their underlying variables, compare responses and highlight correlations, etc. This type of survey often involves questioning sample populations that are representative of the group being studied. This technique requires the development of standardised and coded measurement tools (structured questionnaires).

Questionnaire: set of questions submitted to respondents in a quantitative survey.

Tracking: continually monitoring a brand's advertising and its impact on consumer attitudes and behaviour. Data tends to be collected on a weekly basis from alternating samples (as opposed to panels). A spin-off from this activity is the recent development of 'brand tracking' in France, which monitors changes in brand image, profile, etc.

4

FINANCIAL POSITION - RESULTS

4.1 CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999

4.1.1 AUDITORS' REPORT ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999

To the Shareholders

In accordance with the terms of our appointment by the General Meeting, we have audited the attached consolidated accounts of Ipsos S.A. prepared in French francs for the year ended 31 December 1999.

The Board of Directors is responsible for the preparation of the consolidated accounts. Our responsibility is to express an opinion on the accounts based on our audit.

We conducted our audit in accordance with auditing standards. These standards require the auditor to perform such tests and procedures as give reasonable assurance that the consolidated accounts are free from material misstatement. An audit includes examination, on a test basis, of evidence relevant to the information contained in the accounts. It also includes an assessment of the accounting policies used and of significant estimates made by the Board of Directors in the preparation of the accounts, and an evaluation of the overall adequacy of the presentation of the accounts. We believe that our audit provides a reasonable basis for the opinion expressed below.

In our opinion, the consolidated accounts have been properly prepared and give a true and fair view of the assets and liabilities, financial position and results of the group.

We have also checked the information provided in the Group Management Report. We have no comments to make on the fair presentation of this information, or on its consistency with the consolidated accounts.

Paris, 25 April 2000

The Auditors

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

4.1.2 Consolidated financial statements for the year ended 31 December 1999

CONSOLIDATED BALANCE SHEET

Assets as at 31 December 1999

Actif in thousands of French francs	**Note**	**as at 31 December 1999** Gross	 Depreciation, amortisation & provisions	 Net	**Net as at 31/12/98**
FIXED ASSETS					
Intangible fixed assets	*1*				
Start-up costs		1,212	229	983	84
Other intangible fixed assets		66,204	33,081	33,123	24,453
Purchased goodwill		194,457	26,307	168,150	147,412
Goodwill from consolidation	*1*	*305,002*	*71,038*	*233,964*	*200,944*
Tangible fixed assets	*1*	*170,551*	*117,207*	*53,344*	*50,365*
Long-term investments	*2*				
Participating interests		2,764	15	2,749	750
Other long-term investments		8,341		8,341	8,633
TOTAL FIXED ASSETS		**748,531**	**247,877**	**500,654**	**432,641**
CURRENT ASSETS					
Stocks and work in progress					
Miscellaneous supplies		816		816	601
Surveys in progress		82,362	1,562	80,800	81,069
Receivables	*8*				
Trade receivables		386,016	6,669	379,347	299,262
Other receivables		49,526		49,526	42,011
Short-term investments		7,621	42	7,579	1,173
Cash		56,938		56,938	48,501
TOTAL CURRENT ASSETS	**5**	**583,279**	**8,273**	**575,006**	**472,617**
Prepaid expenses, deferred taxes & other assets	*3*	*27,033*		*27,033*	*18,893*
TOTAL ASSETS		**1,358,843**	**256,150**	**1,102,693**	**924,151**

CONSOLIDATED BALANCE SHEET

in thousands of French francs	Note	31/12/99	31/12/98
		before appropriation of incomes	
SHAREHOLDERS' EQUITY			
Share capital		26,173	19,806
Premium		327,395	153,157
Retained earnings		18,045	-5,443
Net income for the period after minority interests		**23,428**	**6,807**
Equity attributable to the group	*4*	*395,041*	*174,327*
Minority interests in consolidated reserves		3,788	56,591
Minority interests in net income for the period		3,865	7,091
Minority interests	*4*	*7,653*	*63,682*
TOTAL SHAREHOLDERS' EQUITY		**402,694**	**238,009**
Provisions for liabilities and charges	*5*	*30,623*	*24,509*
LIABILITIES			
Convertible bonds	*6*	*0*	*19,998*
Long-term debt	*7*	*221,914*	*242,260*
Other liabilities	*8*		
Advance & progress payments from customer		80,681	93,121
Trade payables		158,391	129,988
Tax and employee-related liabilities		161,000	137,479
Other liabilities		22,422	17,063
TOTAL LIABILITIES		**644,408**	**639,909**
Prepaid income & other liabilities	*3*	*24,968*	*21,724*
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,102,693**	**924,151**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

in thousands of French francs	Note	1999	1998
Revenues	*1*	1 513 630	1 307 394
Change in work in progress		-8,541	-3,005
Own production capitalised		2,523	3,674
Excess provisions & depreciation, transfers of expenses		5,112	3,351
Other revenue		3,924	4,982
TOTAL OPERATING INCOME		**1,516,648**	**1,316,396**
Purchases of raw materials and other supplies		2,190	1,188
Other bought-in goods and services		699,376	628,266
Taxes other than corporate income tax		17,992	15,012
Payroll and employee benefits		651,046	559,831
Depreciation, amortisation and provisions		39,040	34,177
Other charges		11,817	5,079
TOTAL OPERATING CHARGES		**1,421,461**	**1,243,553**
OPERATING PROFIT		**95,187**	**72,843**
Financial income		1,899	2,765
TOTAL FINANCIAL INCOME		**1,899**	**2,765**
Financial charges		13,654	15,976
TOTAL FINANCIAL CHARGES		**13,654**	**15,976**
NET FINANCIAL CHARGES		**-11,755**	**-13,211**
Net recurring profit		**83,432**	**59,632**
Exceptional income: non-capital items		398	539
Exceptional income: capital items		3,201	1,927
Write-backs of provisions, transfers of charges		2,636	569
TOTAL EXCEPTIONAL INCOME		**6,235**	**3,035**
Exceptional charges: non-capital items		29	886
Exceptional charges: capital items		6,297	2,311
Depreciation, amortisation and provisions		2,696	5,271
TOTAL EXCEPTIONAL CHARGES		**9,022**	**8,468**
NET EXCEPTIONAL ITEMS	*2*	**-2,787**	**-5,433**
Profit before tax and profit-sharing		**80,645**	**54,199**
Statutory profit-sharing charge		3,311	2,356
Corporate income tax	3	21,291	17,092
Profit after tax and profit-sharing		**56,044**	**34,751**
Share of profits/(losses) of companies accounted for by equity method		-4,419	
Goodwill amortisation		24,332	20,853
Net profit before minority interests		**27,293**	**13,898**
Minority interests in profit for the year		3,865	7,091
Net profit attributable to the group		**23,428**	**6,807**
NET PROFIT ATTRIBUTABLE TO THE GROUP before the after-tax impact of goodwill amortisation		**44,233**	**22,334**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 1999

in thousands of French francs	1999	1998
OPERATING ACTIVITIES		
Consolidated net profit attributable to the group	**23,428**	**6,807**
Non-monetary items with no cash impact		
Depreciation and amortisation	33,006	29,749
Share in losses/(profits) of companies accounted for by equity method	4,419	
Losses/(gains) on asset disposals	3,060	207
Goodwill amortisation	24,332	20,853
Movement in provisions	2,450	7,286
Deferred taxation	-3,290	-451
Minority interests	3,865	7,091
Other items	949	-122
OPERATING CASH FLOW BEFORE WORKING CAPITAL ITEMS	**92,219**	**71,420**
Decrease/(increase) in stocks and work in progress	1,058	9,269
Decrease/(increase) in trade receivables	-78,081	-68,117
Decrease/(increase) in other receivables	897	-13,076
Increase/(decrease) in trade payables	22,876	32,883
Increase/(decrease) in accrued interest on debt	-539	481
Increase/(decrease) in other liabilities	16,319	39,724
CHANGE IN WORKING CAPITAL NEEDS	**-37,470**	**1,164**
CASH PROVIDED BY OPERATING ACTIVITIES	**54,749**	**72,584**
INVESTING ACTIVITIES		
Acquisition of tangible and intangible fixed assets (excluding purchased goodwill)	-42,305	-42,024
Acquisition of purchased goodwill	-9,211	-148,193
Acquisition of participating interests	-85,250	-911
Proceeds from disposals of tangible and intangible assets	1,144	1,293
Proceeds from disposals of long-term investments	1,414	504
Decrease/(increase) in short-term investments	-5,929	1,796
Decrease/(increase) in other long-term investments	-2,985	-1,033
Increase/(decrease) in amounts payable for fixed assets	2,758	-7,730
Impact of foreign exchange fluctuations and changes in the consolidation	-33,310	-3,776
CASH USED IN INVESTING ACTIVITIES	**-173,674**	**-200,074**
FINANCING ACTIVITIES		
Share issue	180,600	79,990
Issuance of long-term debt	119,289	106,134
Repayment of long-term debt	-143,230	-31,847
Increase/(decrease) in bank overdrafts & short-term debt	-25,858	4,692
Dividends paid to minority shareholders	-7,409	-8,599
CASH PROVIDED BY FINANCING ACTIVITIES	**123,392**	**150,370**
Opening cash	**48,501**	**27,582**
Impact of exchange rate fluctuations on cash	3,970	-1,961
Net change in cash	**4,467**	**22,880**
CLOSING CASH	**56,938**	**48,501**

I. CHANGES IN THE CONSOLIDATION

A. Main events of the year

The main changes in the consolidation during the year ended 31 December 1999 were as follows:

- Acquisition of 66.67% of Ipsos Latin America, taking the group's interest to 100%.
- Acquisition by Ipsos SA of 15% of Ipsos Deutschland in June 1999, taking the group's interest to 100%.
- Acquisition of 100% of Ipsos Access Panel Holding by Ipsos SA in June 1999; acquisition by Ipsos Access Panel Holding of a 15% interest in Ipsos Access Panel France and a 14% interest in Ipsos Access Panel UK, Ipsos Access Panel Germany and Ipsos Access Panel Italy. These transactions increased Ipsos Access Panel Holding's interest in Ipsos Access Panel France to 50%, and its interest in Ipsos Access Panel UK, Ipsos Access Panel Germany and Ipsos Access Panel Italy to 49%. Following these acquisitions, the Ipsos group owned 100% of the shares in these companies as at 31 December 1999.
- Acquisition of the assets of the Australian company Marketing for Change by Ipsos Australia.
- Acquisition by Ipsos France of a 28% interest in the French company Espace TV Communication.
- Acquisition by Ipsos SA of a 22% interest in MMXI Europe BV.

B. Companies included in the consolidation as at 31 December 1999

The following companies were included in the consolidation:

Companies accounted for using the full consolidation method

Company	Form	% interest	Country	Address	Reg. no.
Ipsos	SA	Consolidating company	France	99, rue de l'Abbé Groult 75 739 Paris cedex 15	304 555 634
Ipsos Access Panel Holding	Soc.Civile	100	France	99, rue de l'Abbé Groult 75 739 Paris cedex 15	401 768 908
GIE Ipsos Europe (1)	GIE	100	France	99, rue de l'Abbé Groult 75 739 Paris cedex 15	401 615 608
Ipsos France	SA	99,99	France	99, rue de l'Abbé Groult 75 739 Paris cedex 15	392 901 856
Ipsos Médias	SA	99,81	France	99, rue de l'Abbé Groult 75 739 Paris cedex 15	334 068 129
Ipsos Opinion	SA	99,62	France	99, rue de l'Abbé Groult 75 739 Paris cedex 15	317 839 959
Ipsos Régions	SARL	99,02	France	97, rue du Président Edouard Herriot 69 002 Lyon	972 509 442
Ipsos Interviews	SA	99,96	France	99, rue de l'Abbé Groult 75 739 Paris cedex 15	315 105 502
Ipsos Satisfaction de client.	SA	99,85	France	99, rue de l'Abbé Groult 75 739 Paris cedex 15	391 307 329
Gie Ipsos (2)	GIE	99,99	France	99, rue de l'Abbé Groult 75 739 Paris cedex 15	342 050 614
Ipsos Santé	SNC	100	France	99, rue de l'Abbé Groult 75 739 Paris cedex 15	333 925 824
Ipsos Music	SA	100	France	99, rue de l'Abbé Groult 75 739 Paris cedex 15	422 743 450
Ipsos-Insight Marketing	SA	99,97	France	99, rue de l'Abbé Groult 75 739 Paris cedex 15	712 047 265
Insight Marques	SARL	74,78	France	99, rue de l'Abbé Groult 75 739 Paris cedex 15	312 681 471
Stat Ipsos	SA	50,8	France	99, rue de l'Abbé Groult 75 739 Paris cedex 15	401 595 939
IMS	SA	99,98	France	132 boulevard Haussmann 75008 Paris	348 983 842
Popcorn	SNC	49,99	France	4 rue Louis Lejeune 92120 Montrouge	377 678 289
Sysprint	SARL	99,98	France	132 boulevard Haussmann 75008 Paris	384 721 346
G.S.T.	SA	99,98	France	4 rue Louis Lejeune 92120 Montrouge	334 077 146
Statiro	SA	99,83	France	4 rue Louis Lejeune 92120 Montrouge	722 022 944
IMS Développement	SARL	99,98	France	132 boulevard Haussmann 75008 Paris	387 725 245
Ipsos Access Panel France (3)	SA	99,99	France	99, rue de l'Abbé Groult 75 739 Paris cedex 15	392 901 856
Ipsos Access Panel GIE (3)	GIE	99,6	France	99, rue de l'Abbé Groult 75 739 Paris cedex 15	402 829 147
Int res	SA	82	Belgium	116, rue du Sillon 1 070 - Anderlecht	
Ipsos-RSL	Ltd Co.	100	GB	Elmgrove Road Harrow HA1 2QG	
Pricesearch	Ltd Co	100	GB	Elmgrove Road Harrow HA1 2QG	
CatiCentre	Ltd. Co	100	GB	Elmgrove Road Harrow HA1 2QG	
Ipsos-Insight	Ltd. Co	100	GB	Elmgrove Road Harrow HA1 2QG	
Ipsos Access Panel UK (3)	Ltd. Co	100	GB	Elmgrove Road Harrow HA1 2QG	
Ipsos Deutschland	Gmbh	100	Germany	Langelohstrasse 134, 2 000 Hamburg 53	

Suite - Companies accounted for using the full consolidation method

Company	Form	% interest	Country	Address	Reg. no.
Ipsos Phone	Gmbh	100	Germany	Langelohstrasse 134, 2 000 Hambourg 53	
Getas Consult	Gmbh	100	Germany	Kuuckhoffstrasse 55, 13156 Berlin	
Ipsos Access Panel Germany (3)	Gmbh	100	Germany	Hobeluftchaussee 112, 20 244 Hambourg	
Ipsos-Explorer	SRL	100	Italy	10 Via Crocefisso, 20 122 Milano	
Explorer Opérations	SRL	100	Italy	10 Via Crocefisso, 20 122 Milano	
Ipsos Access Panel Italy (3)	SRL	100	Italy	10 Via Crocefisso, 20 122 Milano	
Ipsos-Szonda	Hungarian co.	50,1	Hungary	1081 Budapest Kôztàrsasàg tér 3	
Eco	SA	100	Spain	Calle Alcala, 96 28 009 Madrid	
Ipsos-Eco consulting	SA	100	Spain	Avenida de Burgos, 12 28 036 Madrid	
Ipsos USA	Inc.	100	USA	333 W. Wacker Drive Chicago, Illinois 60611 Etats-Unis	
Ipsos America	Inc.	100	USA	263, Tresser Blvd. Stamford, CT	
Ipsos-ASI	Inc.	100	USA	263, Tresser Blvd. Stamford, CT	
Ipsos Portugal	LDA	100	Portugal	Rua Carlos Malheiro Dias, 11 1700 Lisboa	
Ipsos Latin America	BV	100	Netherlands	Koningslaan 34 1075 aAD Amsterdam	
Novaction Argentina	SA	100	Argentina	Conesa 2046 - Buenos Aires 1248	
Novaction Brazil	LDA	100	Brazil	Av. 9 de Juuhlo, 5017 Conj. 111 CEP 01407-200 Sao Paolo	
Novaction Mexico	SA	100	Mexico	Insurgentes Sur 933 Piso 5 mexico (DF) Colonia Naploes	
Publimetria	SA	78,2	Argentina	Conesa 2046 - Buenos Aires 1248	
Metrica Argentine	SA	81,69	Argentina	Conesa 2046 - Buenos Aires 1248	
Metrica Brazil	LDA	81,69	Brazil	Av. 9 de Juuhlo, 5017 Conj. 111 CEP 01407-200 Sao Paolo	
Metrica Mexico	SA	81,69	Mexico	Insurgentes Sur 933 Piso 5 mexico (DF) Colonia Naploes	
Ipsos-Far East		100	Hong-Kong	540 King's road. North Point	
Ipsos Australia		100	Australia	Level 2,1 Mc Laren Street, 2060 North Sydney	

Companies accounted using the equity method

Company	Form	% interest	Country	Address	Reg. no.
Espace TV. Communication	SA	28%	France	30, rue d'Orléans, 92 200 Neuilly sur Seine	338 688 856
MMXI Europe	BV	22%	Netherlands	Van Heuven Goedhartlaan 121,1181 KK AMSTELVEEN	

Notes:

(1) GIE Ipsos Europe, an entity with no share capital, manages European projects exclusively for its members, who run the entity. As at 31 December 1999, the members, who all had an equal interest, were Ipsos Médias, Ipsos Opinion, Ipsos Interviews, Ipsos Régions, Ipsos France, Ipsos Satisfaction de clientèle, Ipsos Insight Marketing, Insight Marques, Int res, Ipsos RSL, Ipsos Deutschland, Ipsos Explorer, Ipsos Eco Consulting and Ipsos Portugal. Under the operating rules of GIE Ipsos Europe, the entity generates neither a profit nor a loss.

(2) GIE Ipsos, an entity with no share capital, handles the finance function exclusively for its members, who run the entity. As at 31 December 1999, the members, who all had an equal interest, were: Ipsos, GIE Ipsos Europe, Ipsos Médias, Ipsos Opinion, Ipsos Interviews, Ipsos Régions, Ipsos France, Ipsos Satisfaction de clientèle, Ipsos-Insight Marketing, Insight Marques and Ipsos Music. Under the operating rules of GIE Ipsos, the entity generates neither a profit nor a loss.

(3) Ipsos Access Panel France, Ipsos Access Panel Germany, Ipsos Access Panel UK, Ipsos Access Panel Italy and Ipsos Access Panel GIE have been accounted for using the full consolidation method since 1 July 1999. Before that date, they were accounted for using the proportionate consolidation method.

II. ACCOUNTING PRINCIPLES AND VALUATION METHODS

The consolidated financial statements have been prepared in accordance with the law of 3 January 1985 and the related application decree of 17 February 1986. They have been prepared on a consistent basis with and using the same rules as those for the previous financial year.
All amounts are expressed in thousands of French francs.

A. Consolidation principles

Consolidation methods

Companies exclusively controlled by the group are accounted for using the full consolidation method. Their accounts are included line by line on a 100% basis, with minority interests deducted on a separate line. Companies jointly controlled by the group are accounted for using the proportionate consolidation method. Their accounts are included line by line, but only to the extent of the percentage interest held by the group.

Date of first consolidation

Companies entering the consolidation during the financial year are consolidated from the date of acquisition if interim accounts are available as at that date. Otherwise, they are consolidated from the date of the most recent interim or final accounts available.

Length of accounting periods and balance sheet date

The consolidated financial statements cover a 12-month period from 1 January to 31 December 1999. All consolidated companies draw up their accounts to 31 December.

Goodwill arising on consolidation

The excess of the cost of acquiring consolidated companies over the book value of the net assets acquired is analysed, and any portion attributable to fair value adjustments is allocated to the appropriate assets in the balance sheet. The residual amount is treated as goodwill arising on consolidation.
Goodwill arising on consolidation is amortised over a maximum period of 20 years. A shorter period is used for the goodwill arising on consolidation by the Ipsos group of Insight Marketing (companies involved: Insight Marques and Intres), which is amortised over a period of 7 years, and the goodwill arising on consolidation of GST, which is amortised over a period of 7 to 10 years.
Goodwill arising on consolidation is subject to an overall revaluation at each balance sheet date, based mainly on turnover, past or projected profitability, and economic, financial or sectoral factors.

Translation of the accounts of foreign subsidiaries

Balance sheet items are translated at the closing rate, with the exception of capital which is maintained at the historical rate. Profit and loss account items are translated at the average rate. The profit for the year included in shareholders' equity is shown at the average rate; the difference relative to the closing rate is taken to consolidated reserves.

Average exchange rates used for the main currencies were as follows:

	1999	1998
USD	6,154733	5,8964
GBP	9,957823	9,7699
DEM	3,353860	3,3525
ESP	0,039424	0,03948
ITL (1000)	3,388	3,396

Intra-group transactions

Accounts receivable and accounts payable balances between group companies as at 31 December, income and expense generated by transactions between consolidated companies, and other intra-group transactions such as payments of dividends, gains or losses on disposals, changes in provisions for impairment of shares in consolidated undertakings, loans to group companies and internal margins are eliminated, taking account of their impact on net profit and deferred taxation.

B. Accounting rules and valuation methods

Intangible fixed assets

Intangible fixed assets are shown in the balance sheet at historical cost, and comprise:
- start-up costs;
- computer software and similar items, amortised over periods of between 1 and 5 years;
- purchased goodwill, amortised over the same period as goodwill arising on consolidation, of between 3 and 20 years.

Tangible fixed assets

Tangible fixed assets are shown at historical cost.
Tangible fixed assets, which are shown on a single line in the balance sheet, comprise fixtures and fittings, office and computer equipment, office furniture and vehicles.
Depreciation is calculated on a straight line basis over the estimated useful life of the assets:

- fixtures and fittings	2 to 11 years
- office and computer equipment	2 to 10 years
- office furniture	3 to 10 years
- vehicles	2 to 5 years

The value of assets acquired under finance leases is recognised in the balance sheet, and depreciated using the methods described above. The corresponding lease obligation is recognised as a liability in the balance sheet.

Long-term investments

Long-term investments are shown at acquisition cost.
A provision for impairment is recorded against participating interests when their value in use is less than their book value.

Stocks and work in progress

Stocks of bought-in goods and supplies are valued at purchase price plus incidental purchase costs. Work in progress is valued solely on the basis of expenditure directly attributable to surveys not completed as at the balance sheet date.

Receivables

Receivables are shown at face value. Provisions for impairment are recorded on a case by case basis in the light of information derived from the regular debt recovery procedures used by the group.

Short-term investments

Short-term investments are shown in the balance sheet at the lower of acquisition cost or market value.

Provisions for liabilities and charges

Provisions for liabilities and charges mainly comprise provisions for pension obligations.
Pension obligations for the UK companies in the group are handled by an external body; they are included in "tax and employee-related liabilities" in the balance sheet, and in "wages, salaries and social security charges" in the profit and loss account.

Deferred taxation

Deferred taxation is accounted for using the liability method, and is recognised on temporary timing differences between the recognition of items for accounting and tax purposes and on consolidation adjustments.
Deferred tax assets arising from tax losses available for carry-forward are only recognised when they are certain to be recovered.
No deferred taxation is recognised on provisions for the pension obligations of French companies, as the reversal date is remote (more than 5 years).

III. DETAILED NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

A. Notes to the balance sheet

Note 1 - Intangible and tangible fixed asset

Movements during the year: gross value

	Opening gross value	Increases	Decreases	Reclassifications & other movements	Changes in consolidation and exchange rates	Closing gross value
Intangible fixed assets						
Start-up costs	603	835	384		158	1,212
Research costs	2,515	154	2,651			18
Other intangible fixed assets	46,600	17,256	3,339	407	5,262	66,186
Purchased goodwill	163,949	9,211			21,297	194,457
TOTAL	**213,667**	**27,456**	**6,374**	**407**	**26,717**	**261,873**
Goodwill arising on consolidation	*257,251*	*47,656*			*95*	*305,002*
Tangible fixed assets	*141,943*	*25,927*	*7,674*	*377*	*9,978*	*170,551*
TOTAL	**612,861**	**101,039**	**14,048**	**784**	**36,790**	**737,426**

Depreciation and amortisation

	Opening depreciation & amortisation	Increases	Decreases	Reclassifications & other movements	Changes in consolidation and exchange rates	Closing depreciation & amortisation
Intangible fixed assets						
Start-up costs	519	84	37	-347	10	229
Research costs	266	510	776			0
Other intangible fixed assets	24,396	9,156	3,033		2,562	33,081
Purchased goodwill	16,537	9,283			487	26,307
TOTAL	**41,718**	**19,033**	**3,846**	**-347**	**3,059**	**59,617**
Goodwill arising on consolidation	*56,307*	*14,711*			*19*	*71,038*
Tangible fixed assets	*91,578*	*25,367*	*6,123*	*-60*	*6,445*	*117,207*
TOTAL	**189,603**	**59,111**	**9,969**	**-407**	**9,523**	**247,862**

Geographical split of goodwill arising on consolidation

	Gross	Amortisation	Net
France	49,735	14,054	35,681
Rest of Europe	159,742	47,521	112,221
Latin America	95,525	9,463	86,062
TOTAL	**305,002**	**71,038**	**233,964**

Geographical split of purchased goodwill

	Gross	Amortisation	Net
France	2,451	530	1,921
Rest of Europe	10,685	9,283	1,402
Australia	9,209	0	9,209
North America	172,112	16,494	155,618
TOTAL	**194,457**	**26,307**	**168,150**

Note 2 - Long-term investments

	Opening gross value	Increases	Decreases	Movements	Changes in consolidation and exchange rates	Closing gross value
Non-consolidated participating interests	2,779	893	2,405		2	1,269
Companies accounted for by equity method	366		221	1,350		1,495
SUB-TOTAL	**3,145**	**893**	**2,626**	**1,350**	**2**	**2,764**
Loans relating to participating interests	2,295	1,196		251	-2,295	1,447
Other loans	304	283	259			328
Other items	6,234	483	393	136	106	6,566
SUB-TOTAL	**8,833**	**1,962**	**652**	**387**	**-2,189**	**8,341**
TOTAL	**11,978**	**2,855**	**3,278**	**1,737**	**-2,187**	**11,105**

Non-consolidated participating interests:
Participating interests are excluded from the consolidation if their impact on the consolidation would not be material (companies less than 20% owned and dormant companies).

	Interest held	Gross value	Provisions	Net value	
Marketing Consult	100%	32	15	17	Hungary
Getas Irwik *	59.54%	82		82	Poland
Ifes		167		167	Germany
Stat Liban	5%	60		60	Lebanon
Stat Syrie	49%	34		34	Syria
Stat Kuwait	49%	98		98	Kuwait
Stat Emirates	40%	523		523	United Arab Emirates
AGB Stat Ipsos	30%	272		272	Lebanon
* Deconsolidated		1,269	15	1,254	

Note 3 - Miscellaneous assets and liabilities

	31 December 1999	31 December 1999
Miscellaneous assets		
Prepayments	18,125	14,904
Deferred charges	1,713	794
Unrealised foreign exchange losses	462	203
Deferred taxation	6,733	2,961
Other items		31
	27,033	**18,893**
Miscellaneous liabilities		
Deferred income	23,303	21,614
Unrealised foreign exchange gains	1,665	110
	24,968	**21,724**

Note 4 - Movements in shareholders' equity

	Shareholders' equity		
	Group	Minority interests	Total
Shareholders' equity as at 31 December 1998 (excluding profit for the year and translation adjustments)	177,662	58,171	235,833
Cumulative translation adjustment brought forward*	-10,142	-1,580	-11,722
Profit for the year ended 31 December 1998	6,807	7,091	13,898
SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 1998	**174,327**	**63,682**	**238,009**
Share issue	160,609		160,609
Conversion of convertible bonds	19,997		19,997
Distribution of dividends		-2,260	-2,260
Changes in consolidation		-57,678	-57,678
Translation adjustment arising during the year 1999*	16,680	44	16,724
Profit for the year ended 31 December 1999	23,428	3,865	27,293
CSHAREHOLDERS' EQUITY AS AT 31 DECEMBER 1999	**395,041**	**7,653**	**402,694**
** of which translation adjustments fixed as at 31 December 1999 arising on foreign subsidiaries in European Economic and Monetary Union countries*	*-2,916*	*2*	*-2,914*

As at 31 December 1999, the share capital comprised 5,234,690 shares with a par value of 5 francs each.

Note 5 – Provisions

Type of provision	Opening balance	Increases during the year	Decreases during the year	Changes in consolidation	Foreign exchange movements	Closing balance
Provisions for liabilities and charges						
Liabilities and charges	6,152	3,562	402	1,507		10,819
Pension obligations	18,357	3,454	2,335	213	115	19,804
SUB-TOTAL	**24,509**	**7,016**	**2,737**	**1,720**	**115**	**30,623**
Provisions for impairment						
Provisions for trade receivables	6,158	926	742		327	6,669
Provisions for other current assets	1,203	717	453		137	1,604
Provisions for fixed assets	2,229		2,214			15
SUB-TOTAL	**9,591**	**1,643**	**3,409**	**0**	**464**	**8,289**
TOTAL	**34,100**	**8,659**	**6,146**	**1,720**	**579**	**38,912**
Split of movements in provisions:						
- Operating		2,558				
- Financial		-105				
- Exceptional		60				

Note 6 – Conversion of convertible bonds

The company carried out a convertible bond issue on 24 July 1992. These bonds were converted into shares on 31 May 1999, entitling the bondholders to 386,800 shares with a par value of 5 francs each.

Note 7 - Debt

	Balance as at 31/12/99	Maturity Less than 1 year	1 to 5 years	More than 5 years
Bank debt *	190,272	69,896	120,376	
Other debt	4,092	4,092		
Accrued interest on debt	498	498		
Bank overdrafts	27 052	27 052		
TOTAL A	**221,914**	**101,538**	**120,376**	**0**
Cash and equivalents				
Cash	56,938	56,938		
Short-term investments	7,621	7,621		
TOTAL B	**64,559**	**64,559**		
NET DEBT (A - B)	**157,355**	**36,979**	**120,376**	**0**

* The split of bank debt by type of rate (fixed/floating) and currency is as follows:

Bank debt (in thousands of French francs)	Balance as at 31/12/99	Fixed rate	Floating rate
In US dollars (USD)	96,063	0	96,063
In Belgian francs (BEF)	609	0	609
In French francs (FRF)	84,243	18,698	65,545
In Australian dollars (AUD)	9,357	0	9,357
	190,272	**18,698**	**171,574**

Because debt is denominated in the currency of the country where it is contracted, there is no foreign exchange risk on debt.

Note 8 - Receivables and other liabilities by maturity

	Gross value	Within 1 year	More than 1 year
Receivables			
Trade receivables	386,016	386,016	0
Other receivables	49,526	49,526	0
TOTAL RECEIVABLES	**435,542**	**435,542**	**0**
Other liabilities			
Advance & progress payments from clients	80,681	80,681	0
Trade payables	155,175	155,175	0
Tax and employee-related liabilities	161,000	159,485	1,515
Other liabilities	22,422	22,422	0
Amounts payable for fixed assets	3,216	3,216	0
TOTAL OTHER LIABILITIES	**422,494**	**420,979**	**1,515**

B. Notes to the profit and loss account

Alternative presentation

The alternative presentation of the profit and loss account below shows direct costs and gross profit, which are generally used within the market surveys industry.
Direct costs include external costs incurred in connection with the collection and production of survey data, in particular the cost of interviewers. In some countries, interviewers have the status of employees; in this case, their remuneration is included in "wages, salaries and social security charges" in the statutory format consolidated profit and loss account. In countries where interviewers do not have the status of employees, their costs are included in "other bought-in goods and services" in the statutory format consolidated profit and loss account.
In the alternative presentation of the profit and loss account, "personnel costs" comprise remuneration paid to permanent staff (survey managers, production managers, administrative staff and executive management).

in thousands of French francs	Note	1999	1998
Turnover	**1**	**1,513,630**	**1,307,394**
Direct costs		678,075	583,921
GROSS PROFIT		**835,555**	**723,473**
Personnel costs		503,893	428,909
General operating costs		235,789	217,494
Other income and expense (net)		686	4,227
TOTAL OPERATING CHARGES		**740,368**	**650,630**
OPERATING PROFIT		**95,187**	**72,843**
Net financial charges		-11,755	-13,211
Exceptional items	2	-2,787	-5,433
Profit before tax and profit-sharing		**80,645**	**54,199**
Statutory profit-sharing charge		3,311	2,356
Corporate income tax	3	21,291	17,092
Profit after tax and profit-sharing		**56,043**	**34,751**
Share of profits/(losses) of companies accounted for by equity method		-4,419	
Goodwill amortisation		24,332	20,853
Net profit before minority interests		**27,292**	**13,898**
Minority interests in profit for the year		3,865	7,091
Net profit attributable to the group		23,428	6,807
NET PROFIT ATTRIBUTABLE TO THE GROUP		**44,233**	**22,334**
before the after-tax impact of goodwill amortisation			

Note 1 - Revenues

Geographical split	1999	1998
Fully consolidated companies		
France	434,452	375,121
United Kingdom	324,577	262,832
Germany	168,167	165,103
Italy	95,724	102,313
Spain	97,314	78,171
Hungary	18,165	18,174
Belgium	12,633	8,924
Portugal	4,154	4,381
United States	207,045	167,970
Latin America	140,918	124,405
Australia	8,967	0
Asia	1,514	0
TOTAL TURNOVER	**1,513,630**	**1,307,394**

By division	1999	1998
Marketing	605,452	575,253
Advertising effectiveness surveys	423,816	326,849
Media	242,181	183,035
Opinion polls and social research	75,682	91,518
Quality and customer satisfaction	136,227	104,592
Other	30,273	26,148
TOTAL REVENUES	**1,513,630**	**1,307,394**

Note 2 - Exceptional items

	1999
Gain on disposal of non-consolidated participating interests	981
Supplementary provision for Ipsos Interviews dispute	-1,945
Retirement of intangible fixed assets	-1,875
Other items	82
TOTAL EXCEPTIONAL ITEMS	**-2,757**

Note 3 - Corporate income tax

	1999
The consolidated corporation tax charge comprises:	
Current taxation	*24,926*
Movement in deferred taxation	
Net deferred tax asset on timing differences:	-1 793
Tax losses available for carry-forward:	-1 733
Timing differences arising from consolidation adjustments:	-109
Sub-total	**-3,635**
GIVING A NET CONSOLIDATED TAX CHARGE OF:	**21,291**

Current taxation
The current taxation figure takes account of the deductibility for tax purposes of the flotation costs, amounting to 20.8 million francs, which were netted off share premium in the financial statements.
Group tax election (French companies):
On 21 December 1997, the French companies in the group opted for a group tax election, valid for a period of 5 years. The companies included in the group tax election are:

- Lead company: Ipsos SA
- Other members: Ipsos Médias, Ipsos Opinion, Ipsos Interviews, Ipsos France, Insight Marketing, Ipsos Satisfaction de clientèle, IMS SA, GST, Statiro, Sysprint, IMS Développement.

The taxable profits and losses of all the companies included in the group tax election were subject to a single corporate income tax charge for the year ended 31 December 1999.

IV. OTHER INFORMATION

1. Information in euros

Following the introduction of the single European currency on 1 January 1999, the French franc is now merely a sub-division of the euro.

The balance sheet and profit and loss account items in euros presented below were prepared by converting the French franc balances for the years ended 31 December 1998 and 1999 at the official conversion rate of 6.55957 French francs to the euro.

Condensed balance sheet in thousands of euros

	31/12/1999	31/12/1998
FIXED ASSETS		
Intangible and tangible fixed assets	38,966	33,892
Goodwill arising on consolidation	35,668	30,634
Long-term investments	1,691	1,430
CURRENT ASSETS		
Trade receivables	57,831	45,622
Cash and equivalents	9,836	7,573
Work in progress and other receivables	24,114	21,735
TOTAL ASSETS	**168,104**	**140,886**

	31/12/1999	31/12/1998
SHAREHOLDERS' EQUITY		
Shareholders' equity attributable to the group	60,224	26,576
Minority interests	1,167	9,708
	61,390	36,284
Provisions for liabilities and charges	4,668	3,736
Bond debt	0	3,049
Other debt	33,831	36,932
Other liabilities	68,215	60,884
TOTAL LIABILITIES & EQUITY	**168,104**	**140,886**

Profit and loss account items in thousands of euros

	1999	1998
Turnover	230,751	199,311
Operating profit	14,511	11,105
Profit before tax and profit-sharing	12,294	8,263
Net profit before minority interests	4,161	2,119
Net profit attributable to the group	3,572	1,038
Net profit attributable to the group before the after-tax impact of goodwill amortisation	6,743	3,405

2. Transition to the euro

The group has incorporated preparations for the transition to the euro into the new integrated information and management system currently being installed. Since 1 January 1999, Ipsos has been able to deal in euros with clients and suppliers who wish to use the single currency, while preferring for the time being to use national currency for commercial transactions. The euro is therefore being treated as a supplementary currency.

The group aims to use the euro as its preferred transaction currency from the date the euro is introduced as the unit of account within the group, with the general ledger and management accounting systems switching over to the euro at the same time. The switchover will occur no earlier than 1 January 2001 and no later than 1 January 2002.

3. Off balance sheet commitments

The group had the following off balance sheet commitments as at 31 December 1999 (in thousands of French francs):

Guarantees given to banks on behalf of subsidiaries	80,417
Guarantees given to office leasing companies on behalf of subsidiaries	14,899
Additional purchase consideration payable following the acquisition of two-thirds of the shares of Ipsos Latin America	13,059

4. Disputes

Ipsos/Ipsos Insight Marketing

RSC brought an action against Ipsos and Ipsos Insight Marketing in the state of Indiana at the end of 1996 alleging use of confidential information and trade secrets relating to RSC's ARS Persuasion product in breach of confidentiality agreements signed by Ipsos Insight Marketing in September 1990 and by Ipsos in December 1990.
A discovery procedure was initiated to enable counsel for each party to access evidence that might substantiate RSC's allegations. Ipsos has provided the documents requested in connection with this procedure. Since 1996, RSC has shown a marked reluctance to provide the judge with documents or responses that might substantiate its allegations. Ipsos is in a relatively strong position given RSC's reluctance to supply the required documentation, in contravention of the judge's rulings. The discovery procedure is drawing to a close, and the case will move on to court proceedings in April 2000.
RSC brought a further action against Ipsos ASI in the state of Ohio in 1999 alleging that the Ipsos ASI product Next breached the copyright of the RSC product ARS Persuasion, though without seeking a ruling from the judge or substantiating its allegations.

Ipsos Interviews statutory profit-sharing scheme

In 1998, the Ipsos Interviews works council issued a formal request to the company's executive management for information concerning the application of the statutory profit-sharing agreement for financial years before 1997, the year in which a profit-sharing agreement was signed.
After reviewing the case, it was decided to record a provision for liabilities and charges of 5 million francs in the accounts of Ipsos Interviews, representing the estimated financial risk to the company as at 31 December 1998. In 1999, discussions were held on this issue with the Ipsos Interviews works council. A supplementary provision of 1.9 million francs was recorded via an exceptional charge, such that the maximum risk arising from this dispute is covered.

Other disputes

The group is not involved in any other material disputes.

5. Employees

Fully consolidated companies	Average number of permanent employees
Ipsos SA & GIE Ipsos Europe	20
France	447
Belgium	12
Italy	106
Germany	187
Hungary	57
United Kingdom	339
Spain	167
Portugal	13
Australia	8
USA	204
Argentina	71
Brazil	16
Mexico	34
TOTAL	**1,681**

6. Executive remuneration

Remuneration paid to members of administrative, management and supervisory bodies (in FF '000)	Remuneration	Attendance fees
	14,246	
TOTAL	**14 246**	**0**

This comprises the remuneration paid to the 7 members of the Executive Committee.

7. Share options

In 1998, the group implemented a share option scheme covering all executive managers of the group. Two tranches of options have been granted, the first on 28 July 1998 and the second on 10 May 1999.

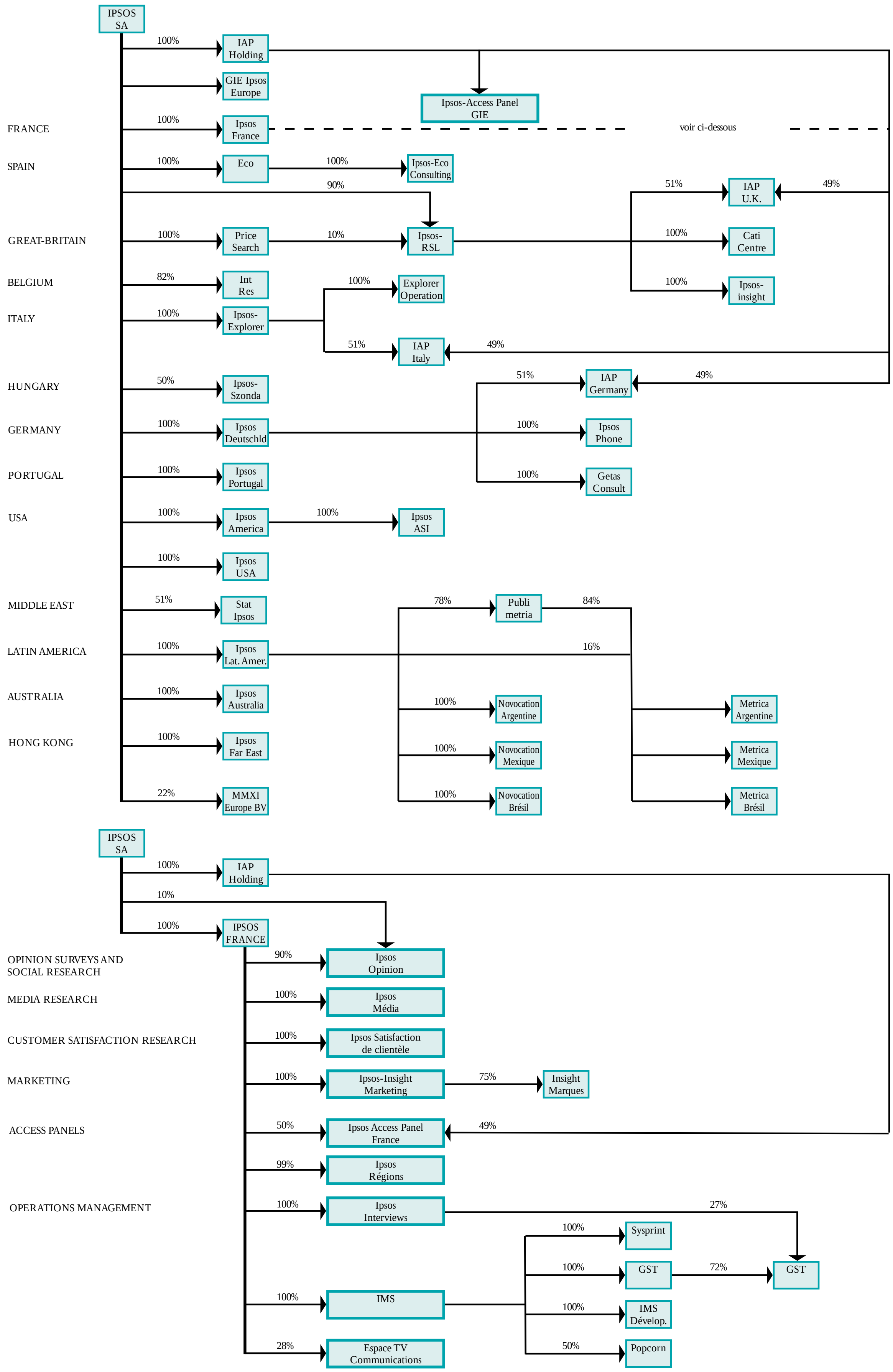
Date options granted by the Board of Directors	28 July 1998	10 May 1999
Number of options initially granted by the Board	97,662 2.47% of the capital at the grant date	98,236 2.48% of the capital at the grant date
Number of grantees	57	83
Options exercisable on or after	28 July 2003	10 May 2004
Last exercise date	28 July 2008	28 July 2008
Exercise price	135 francs	150 francs
Number of options outstanding as at 31 December 1999	91,578	92,374

8. Per share data

Per share data	1999		1998	
	Total (FF '000)	Per share (FF)	Total (FF '000)	Per share (FF)
Pre-tax profit attributable to the group	74,305	15.94	37,965	9.71
Net profit attributable to the group before the after-tax impact of goodwill amortisation	44,233	9.49	22,334	5.71
Net profit attributable to the group	23,428	5.03	6,807	1.74

The weighted average number of shares used to calculate earnings per share for 1998 and 1999 is taken before any dilution relating to the exercise of share options, and takes account of the 2-for-1 stock split on 31 May 1999.

9. Organisation chart



4.2 PARENT COMPANY ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999

4.2.1 AUDITORS' REPORT

To the Shareholders

In accordance with the terms of our appointment by the General Meeting, we hereby present our report for the year ended 31 December 1999 on:

- the audit of the attached accounts of Ipsos S.A. prepared in French francs;

- the specific procedures and disclosures required by law.

The Board of Directors is responsible for the preparation of the accounts. Our responsibility is to express an opinion on the accounts based on our audit.

I.- OPINION ON THE ACCOUNTS

We conducted our audit in accordance with auditing standards.These standards require the auditor to perform such tests and procedures as give reasonable assurance that the accounts are free from material misstatement. An audit includes examination, on a test basis, of evidence relevant to the information contained in the accounts. It also includes an assessment of the accounting policies used and of significant estimates made by the Board of Directors in the preparation of the accounts, and an evaluation of the overall adequacy of the presentation of the accounts.We believe that our audit provides a reasonable basis for the opinion expressed below.

In our opinion, the accounts have been properly prepared and give a true and fair view of the results of the company for the year ended 31 December 1999, and of its financial position and its assets and liabilities as at that date.

II.- SPECIFIC PROCEDURES AND DISCLOSURES

We have also performed the specific procedures required by the law, in accordance with auditing standards.

We have no comments to make on the truth and fairness or on the consistency with the accounts of the information given in the Management Report of the Board of Directors or in the documents addressed to the shareholders concerning the financial position and the accounts.

As required by law, we have obtained assurance that the information regarding acquisitions of participating or controlling interests and the identity of holders of the capital or voting rights has been communicated to you in the Management Report.

Paris, 25 April 2000

The Auditors

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

4.2.2 Parent company accounts for the year ended 31 December 1999

The balance sheet for the 12 months to 31 December 1999 is shown before appropriation of profits, and shows a total of 500,647,487 francs.

The profit and loss account for the year, presented in vertical format, shows a profit of 23,263,157 francs.

The notes and tables presented below are an integral part of the accounts for the year ended 31 December 1999.

The major events of the year ended 31 December 1999 were as follows:

- On 1 July 1999, Ipsos SA was floated on the Nouveau Marché of the Paris Bourse.

- Ipsos SA increased its capital in 1999 by:
  - the conversion of bonds;
  - a share issue reserved for bondholders
  - issuing shares on the Nouveau Marché.

- The number of shares was doubled following a 2-for-1 stock split, reducing the par value from 10 to 5 francs per share.

- The following participating interests were acquired during 1999:
  - 15% interest in Ipsos Deutschland (June 1999), taking the group's interest to 100%;
  - 100% of Ipsos Access Panel Holding (30 June 1999);
  - 66.67% of Ipsos Latin America, taking the interest held to 100%;
  - 22% interest in MMXI Europe BV.

BALANCE SHEET - ASSETS

Amount in French Francs	Gross	Depreciation, amortisation & provisions	31.12.1999	31.12.1998
Capital subscribed but not called				
INTANGIBLE FIXED ASSETS				
Start-up costs				
Research and development costs				
Concessions, patents and similar rights	807,074	174,022	633,052	333,520
Purchased goodwill				
Other intangible fixed assets				
Advance and progress payments - intangibles				
TANGIBLE FIXED ASSETS				
Land				
Buildings				
Technical installations, plant and equipment				
Other tangible fixed assets	353,585	243,891	109,694	125,092
Fixed assets in progress				
Advance and progress payments				
LONG-TERM INVESTMENTS				
Companies accounted for by equity method				
Other participating interests	420,144,787	569,815	419,574,972	325,064,878
Loans related to participating interests	28,260,948	1,315,618	26,945,330	5,616,050
Other long-term investment securities				
Loans				
Other long-term investments	21,591		21,591	40,776
FIXED ASSETS	**449,587,985**	**2,303,347**	**447,284,638**	**331,180,316**
STOCKS AND WORK IN PROGRESS				
Raw materials and supplies				
Work in progress - goods				
Work in progress - services				
Semi-finished and finished goods				
Goods bought for resale				
Advance and progress payments - stocks				
RECEIVABLES				
Trade receivables	10,348,004		10,348,004	3,619,856
Other receivables	41,521,562	80,878	41,440,684	5,988,820
Capital subscribed and called but not paid				
OTHER ITEMS				
Short-term investments	1,520		1,520	1,520
(of which treasury stock)				
Cash	113,025		113,025	11,681
PREPAYMENTS				
Prepayments	421,002		421,002	210,037
CURRENT ASSETS	**52,405,113**	**80,878**	**52,324,234**	**9,831,914**
Deferred charges	1,016,501		1,016,501	
Bond redemption premium				
Unrealised foreign exchange losses	22,114		22,114	166,871
TOTAL ASSETS	**503,031,712**	**2,384,225**	**500,647,487**	**341,179,101**

BALANCE SHEET - LIABILITIES AND EQUITY

Amount in French Francs	31/12/99	31/12/98
Share capital of which paid up: 26,173,400	26,173,400	19,805,000
Share premium	327,395,263	153,157,445
Revaluation reserve of which equity accounting reserve		
Statutory reserve	1,980,500	1,781,339
Reserves required under the bylaws or contractually	325,711	325,711
Restricted reserves	27,642	27,642
Other reserves		
Retained earnings	23,570,553	11,093,609
PROFIT/(LOSS) FOR THE YEAR	*23,263,157*	*12,676,105*
Investment subsidies		
Restricted provisions		
SHAREHOLDERS' EQUITY	*402,736,225*	*198,866,851*
Proceeds from issues of participating securities		
Conditional advances		
OTHER EQUITY		
Provisions for liabilities	60,000	60,000
Provisions for charges		
PROVISIONS FOR LIABILITIES AND CHARGES	*60,000*	*60,000*
DEBT		
Convertible bonds		20,201,066
Other bonds		
Bank debt	77,794,649	90,743,167
Other debt	882,224	22,237,950
Advance and progress payments received		
OPERATING LIABILITIES		
Trade payables	7,993,477	5,142,780
Tax and employee-related liabilities	3,731,780	3,049,213
OTHER LIABILITIES		
Amounts payable for fixed assets		
Other liabilities	6,583,907	800,301
DEFERRED INCOME		
Deferred income		
LIABILITIES	*96,986,037*	*142,174,477*
Unrealised foreign exchange gains	865,225	77,774
TOTAL LIABILITIES AND EQUITY	**500,647,487**	**341,179,101**

Profit for the year in francs and centimes	*23,263,156.72*
Balance sheet total in francs and centimes	*500,647,487.08*

PROFIT AND LOSS ACCOUNT (vertical format)

	France	Export	31/12/1999	31/12/1998
Sales of goods bought for resale				
Sales of manufactured goods				
Sales of services	4,511,623		4,511,623	3,552,794
TURNOVER	**4,511,623**		**4,511,623**	**3,552,794**
Change in stocks of finished goods and work in progress				
Own production capitalised				
Operating subsidies				
Write-backs of depreciation, amortisation & provisions, cost transfers			7,491	9,635
Other income			13,575,321	6,788,821
OPERATING INCOME			**18,094,434**	**10,351,249**
Purchases of goods bought for resale (including customs duty)				
Change in stocks of goods bought for resale				
Purchases of raw materials and other supplies (incl. customs duty)				
Change in stocks of raw materials and other supplies				
Other bought-in goods and services			11,621,574	10,627,516
Taxes other than corporate income tax			511,017	457,706
Wages and salaries			4,750,138	4,165,970
Social security charges			1,761,270	1,382,671
DEPRECIATION, AMORTISATION & PROVISIONS - OPERATING				
Depreciation and amortisation			240,098	81,471
Increases in provisions for fixed assets				
Increases in provisions for current assets				
Increases in provisions for liabilities and charges				
Other charges			22,697	54,452
OPERATING CHARGES			**18,906,794**	**16,769,784**
OPERATING LOSS			**(812,359)**	**(6,418,535)**
UNINCORPORATED JOINT VENTURES				
Profits transferred in and losses transferred out				
Profits transferred out and losses transferred in				
FINANCIAL INCOME				
Financial income from participating interests			18,885,294	16,392,743
Income from other securities and loans			13,308	
Other interest and similar income			371,299	2,363,201
Write-backs of provisions, cost transfers				
Foreign exchange gains			69,945	135,210
Net proceeds from disposals of short-term investments				
FINANCIAL INCOME			**19,339,846**	**18,891,154**
Depreciation, amortisation and provisions - financial items			113,018	182,794
Interest and similar charges			3,423,438	7,096,085
Foreign exchange losses				
Net charges on disposals of short-term investments			615,457	126,311
FINANCIAL CHARGES			**4,151,914**	**7,405,190**
NET FINANCIAL INCOME			**15,187,932**	**11,485,963**
RECURRING PRE-TAX PROFIT			**14,375,573**	**5,067,428**

PROFIT AND LOSS ACCOUNT (continued)

	31/12/99	31/12/98
Exceptional income - non-capital transactions		
Exceptional income - capital transactions	53,078	15,736,340
Write-backs of provisions, cost transfers		
EXCEPTIONAL INCOME	**53,078**	**15,736,340**
Exceptional charges - non-capital transactions	230	216
Exceptional charges - capital transactions		15,723,28
Depreciation, amortization & provisions - exceptional		
EXCEPTIONAL CHARGES	**230**	**15,723,505**
NET EXCEPTIONAL ITEMS	**52,848**	**12,835**
Statutory profit-sharing charge		
Corporate income tax	(8,834,736)	(7,595,842)
TOTAL INCOME	**37,487,358**	**44,978,743**
TOTAL CHARGES	**14,224,201**	**32,302,638**
NET PROFIT FOR THE YEAR	**23,263,157**	**12,676,105**

NOTES TO THE ACCOUNTS

ACCOUNTING RULES AND METHODS

Generally accepted accounting conventions have been applied in conformity with the principle of prudence and with the basic accounting concepts of going concern, consistency of accounting methods from one period to the next, and the matching of costs and revenues, and in accordance with the general rules for the preparation and presentation of annual accounts.
The basic method used for the valuation of items recorded in the accounts is the historical cost method. The main accounting methods used are as follows:

INTANGIBLE AND TANGIBLE FIXED ASSETS

Intangible and tangible fixed assets are valued at acquisition cost.
Depreciation is calculated using the straight line method over the following estimated useful lives:

- patent protection	5 to 10 years
- computer software	1 to 3 years
- fixtures and fittings	10 years
- office and computer equipment	1 to 3 years
- office furniture	5 to 10 years

PARTICIPATING INTERESTS AND OTHER INVESTMENTS

These are shown at purchase cost, excluding incidental expenses. If the value in use is less than the purchase cost, a provision for impairment is recorded.

RECEIVABLE

Receivables are shown at face value. A provision for impairment is recorded if the estimated recoverable value is less than book value.

PENSION OBLIGATIONS

Based on a calculation using the retrospective method, the company's pension obligations are not material.

DETAILED NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

FIXED ASSETS

	Opening balance	Revaluations	Acquisitions
START-UP AND RESEARCH & DEVELOPMENT COSTS			
OTHER INTANGIBLE FIXED ASSETS	**466,058**		**434,766**
Land			
Buildings on freehold land			
Buildings on non-freehold land			
Improvements to buildings			
Technical installations, industrial plant and equipment			
General fixtures and fittings	24,396		
Vehicles			
Office and computer equipment, furniture	366,177		43,546
Recoverable packaging and other items			
Tangible fixed assets in progress			
Advance and progress payments for fixed assets			
TANGIBLE FIXED ASSETS	**390,573**		**43,546**
Companies accounted for by equity method			
Other participating interests and related loans	332,453,343		113,628,529
Other long-term investment securities			
Loans and other long-term investments	40,776		
LONG-TERM INVESTMENTS	**332,494,119**		**113,628,529**
TOTAL	**333,350,750**		**114,106,841**

	Transfers	Disposals	Closing balance	Original value
START-UP AND R&D COSTS				
OTHER INTANGIBLE FIXED ASSETS		**93,750**	**807,074**	
Land				
Buildings on freehold land				
Buildings on non-freehold land				
Improvements to buildings				
Technical inst, industrial plant and equipment				
General fixtures and fittings		24,396		
Vehicles				
Office and computer equipment, furniture		80,534	329,189	
Recoverable packaging and other items				
Tangible fixed assets in progress				
Advance & progress payments - fixed assets				
TANGIBLE FIXED ASSETS		**80,534**	**353,585**	
Companies accounted for by equity method				
Other participating interests		(2,323,863)	448,405,735	
Other long-term investment securities				
Loans and other long-term investments		19,185	21,591	
LONG-TERM INVESTMENTS		**(2,304,678)**	**448,427,326**	
TOTAL		**(2,130,394)**	**449,587,985**	

DEPRECIATION AND AMORTISATION

	Opening balance	Charges	Write-backs	Closing balance
START-UP AND R&D COSTS				
OTHER INTANGIBLE FIXED ASSETS	**132,538**	**135,234**	**93,750**	**174,022**
Land				
Buildings on freehold land				
Buildings on non-freehold land				
Improvements to buildings				
Technical inst, industrial plant and equipment				
General fixtures and fittings	11,260	2,440		13,699
Vehicles				
Office and computer equipment, furniture	254,221	56,505	80,534	230,192
Recoverable packaging and other items				
TANGIBLE FIXED ASSETS	**265,481**	**58,944**	**80,534**	**243,891**
TOTAL	**398,019**	**194,178**	**174,284**	**417,914**

Breakdown of depreciation & amortisation charges	Straight line	Reducing balance	Exceptional	Accelerated tax depreciation	Reversal of accelerated tax depreciation
START-UP AND R&D COSTS					
OTHER INTANGIBLE ASSETS	**135,234**				
Land					
Buildings on freehold land					
Buildings on non-freehold land					
Improvements to buildings					
Technical inst, industrial plant & eqpt					
General fixtures and fittings	2,440				
Vehicles					
Office/computer equipment	56,505				
Recoverable packaging and other items					
TANGIBLE FIXED ASSETS	**58,944**				
TOTAL	**194,178**				

Deferred charges	Opening balance	Increases	Write-backs	Closing balance
Deferred charges		1,062,420	45,920	1,016,501
Bond redemption premium				

PROVISIONS

Nature of provision	Opening balance	Charges	Write-backs	Closing balance
Provisions for mineral and oil deposits				
Provisions for investment				
Provisions for price rises (stock relief)				
Provisions for fluctuations in prices				
Provisions for accelerated tax depreciation				
Provisions for foreign investment pre 1/1/92				
Provisions for foreign investment post 1/1/92				
Provisions for start-up loans				
Other restricted provisions				
RESTRICTED PROVISIONS				
Provisions for disputes				
Provisions for customer warranties				
Provisions for losses on futures markets				
Provisions for penalties and fines				
Provisions for foreign exchange losses				
Provisions for pensions & similar obligations				
Provisions for taxation				
Provisions for replacement of fixed assets				
Provisions for major repairs				
Provisions for soc sec charges on holiday pay accrual				
Other provisions for liabilities and charges	60,000			60,000
PROVISIONS FOR LIABILITIES & CHARGES	**60,000**			**60,000**
Provisions for intangible fixed assets				
Provisions for tangible fixed assets				
Provisions for cos. accounted for by equity method				
Provisions for participating interests	569,815			569,815
Provisions for other long-term investments	1,202,600	113,018		1,315,618
Provisions for stocks and work in progress				
Provisions for trade receivables				
Other provisions for impairment	80,878			80,878
PROVISIONS FOR IMPAIRMENT	**1,853,293**	**113,018**		**1,966,311**
TOTAL	**1,913,293**	**113,018**		**2,026,311**
Charges and write-backs: operating				
Charges and write-backs: financial		113,018		
Charges and write-backs: exceptional				
Impairment of companies accounted for by equity method as at year-end				

RECEIVABLES AND LIABILITIES

RECEIVABLES	Total value	1 year or less	More than 1 year
Loans relating to participating interests	28,260,948	28,260,948	
Loans			
Other long-term investments	21,591	21,591	
Doubtful and disputed trade receivables			
Other trade receivables	10,348,004	10,348,004	
Receivables representing loaned securities			
Amounts due from employees	46,183	46,183	
Amounts due from social security & other welfare agencies			
Corporate income tax recoverable	1,125,954	1,125,954	
Value added tax recoverable	121,020	121,020	
Other taxes and duties recoverable			
Other amounts due from government & local authorities			
Amounts due from group companies & shareholders	39,968,803	39,968,803	
Sundry debtors	259,602	259,602	
Prepayments	421,002	421,002	
TOTAL	**80,573,107**	**80,573,107**	
Loans granted during the year			
Loans repaid during the year			
Loans and advances granted to shareholders			

LIABILITIES	Total value	1 year or less	More than 1 year, less than 5 years	More than 5 years
Convertible bonds				
Other bonds				
Debt repayable within max. of 2 years at inception	26,000,000	26,000,000		
Debt repayable after more than 2 years at inception	51,794,649	15,622,435	36,172,214	
Miscellaneous debt	882,224	882,224		
Trade payables	7,993,477	7,993,477		
Amounts due to employees	1,799,515	1,799,515		
Social security and other welfare agencies	1,476,035	1,476,035		
Corporate income tax payable				
Value added tax payable	421,450	421,450		
Tax payment bonds				
Other taxes payable	34,779	34,779		
Amounts payable for fixed assets				
Amounts due to group companies & shareholders	16,174	16,174		
Other liabilities	6,567,734	6,567,734		
Liabilities representing borrowed securities				
Deferred income				
TOTAL	**96,986,037**	**60,813,823**	**36,172,214**	
Debt taken out during the year	107,100,000			
Debt repaid during the year	139,670,421			
Debt contracted with shareholders				

BALANCES WITH RELATED UNDERTAKINGS AND PARTICIPATING INTERESTS, TRADE BILLS PAYABLE AND RECEIVABLE

Balances relating to:	Related undertakings	Participating interests	Trade bills payable and receivable
FIXED ASSETS			
Participating interests	420,144,787		
Loans relating to participating interests	28,260,948		
Other long-term investments	21,591		
CURRENT ASSETS			
Trade receivables	10,039,602		
Other receivables	37,967,652		
LIABILITIES			
Miscellaneous debt	882,224		
Trade payables	2,676,564		
Other liabilities	3,395,732		

TRANSLATION DIFFERENCES ON FOREIGN CURRENCY RECEIVABLES AND LIABILITIES

Type of difference	Assets Unrealised loss	Differences covered by hedging	Provision for foreign exchange losses	Passif Unrealised gain
Long-term investments	22,114			865,225
TOTAL	**22,114**			**865,225**

ACCRUED INCOME

	31/12/1999
ACCRUED INCOME	**180,900.00**
OTHER RECEIVABLES	**180,900.00**
409800 Credit notes to be received from suppliers	180,900.00
TOTAL ACCRUED INCOME	**180,900.00**

ACCRUED EXPENSES

	31/12/1999
ACCRUED EXPENSES	**3,928,873.82**
DEBT	**108,241.89**
168840 Accrued interest on debt	108,241.89
TRADE PAYABLES	**1,246,348.38**
408110 Outstanding purchase invoices	1,246,348.38
TAX AND EMPLOYEE-RELATED LIABILITIES	**2,574,283.55**
428100 Expense claims - permanent staff	(156.97)
428200 Accrued holiday pay	92,660.14
428600 Bonus accrual	1,637,000.00
428630 Holiday bonus accrual	23,088.09
428650 Accrued apprenticeship tax	27,531.35
428670 Professional training accrual	19,235.42
438200 Accrued social security charges on accrued holiday pay	38,740.36
438601 Accrued social security charges on bonus accrual	704,000.00
438606 Accrued social security charges on holiday bonus	9,041.29
438607 Accrued social security charges on financial bonuses	330.00
448200 Accrued tax charges on accrued holiday pay	5,817.48
448600 Other accrued taxes	16,829.00
4448606 Accrued tax charges on holiday bonus	167.39
TOTAL ACCRUED EXPENSES	**3,928,873.82**

PREPAYMENTS AND DEFERRED INCOME

	31/12/1999
PREPAYMENTS	**421,001.81**
OPERATING INCOME/CHARGES	**421,001.81**
486000 Miscellaneous prepayments	421,001.81
TOTAL PREPAYMENTS AND DEFERRED INCOME	**421,001.81**

COMPOSITION OF SHARE CAPITAL

Type of share	at the end of the year	Number of shares issued during the year	redeemed during the year	Par value
Ordinary shares	5,234,680	1,273,680		5

BOND DEBT

On 31 May 1999, the company redeemed the bonds issued in July 1992, by issuing 386,800 shares with a par value of 5 francs each.

FIVE-YEAR FINANCIAL SUMMARY

Period-end Length of accounting period (months	31/12/1999 12	31/12/1998 12	31/12/1997 12	31/12/1996 12	31/12/1995 12
CAPITAL AT PERIOD-END					
Share capital	26,173,400	19,805,000	15,743,000	15,688,000	14,882,500
Number of shares					
- ordinary shares	5,234,680	1,980,500	31,486	31,376	29,765
Maximum number of shares to be issued					
PROFIT & LOSS ACCOUNT DATA					
Turnover	4,511,623	3,552,794	2,987,435	4,354,023	14,152,624
Profit/(loss) before tax, profit-sharing, depreciation, amortisation & provisions	14,781,537	5,344,528	(2,488,121)	5,338,472	2,469,631
Corporate income tax	(8,834,736)	(7,595,842)	(5,270,215)	(3,530,996)	(4,863,852)
Depreciation, amortization & provisions	353,116	264,265	(1,468,686)	213,047	499,252
Net profit	23,263,157	12,676,105	4,250,780	8,656,421	6,834,231
Profit distributed as dividend				4,204,384	3,988,510
PER SHARE DATA					
Profit after tax & profit-sharing, before depreciation, amortisation & provisions	5	7	88	283	246
Net profit	4	6	135	276	230
Dividend				134	134
EMPLOYEE DATA					
Average number of employees	3	3	3	3	9
Wages and salaries	4,750,138	4,165,970	3,396,481	3,547,601	5,116,049
Other employee benefits	1,761,270	1,382,671	1,072,607	1,374,539	2,329,234

BREAKDOWN OF TURNOVER (in thousands of French francs)

	Turnover France	Turnover Export	Total 31/12/99	Total 31/12/98	% 99/98
Recharged personnel	1,433		1,433	509	181.53%
Recharged costs	3,078		3,078	3,044	1.12%
TOTAL	**4,511**		**4,511**	**3,553**	**26.96%**

EXCEPTIONAL ITEMS

Exceptional charges	Amount	Posted to account no.
Fines and penalties (parking tickets)	230	671200
TOTAL	**230**	

Exceptional income	Amount	Posted to account no.
Capital gain on defaulting shareholders	53,078	778300
TOTAL	**53 078**	

CORPORATE INCOME TAX AND GROUP TAX ELECTION

On 31 October 1997, Ipsos S.A. opted for a group tax election, valid for a period of 5 years. The companies included in the group tax election are:

Lead company: Ipsos
Other members: Ipsos-Insight Marketing, Ipsos France, Ipsos Interviews, Ipsos Médias, Ipsos Opinion, Ipsos Satisfaction de Clientèle, IMS, IMS Développement, Sysprint, Statiro and GST.

The group tax election applied for the first time in the year ended 31 December 1998.

The group tax charge is split as follows:

- member companies bear the tax charges for which they would have been liable if no group tax election had been in place;

- the lead company bears the tax charge (or gain) arising from the difference between the group tax charge and the aggregate tax charges (including the 10% and 15% additional contributions) calculated by the member companies.

The group tax charge comprises the tax due in respect of the following companies (in French francs):

Ipsos Médias	1,846,455
Ipsos France	0
Ipsos Interviews	0
Ipsos-Insight Marketing	2,223,508
Ipsos Opinion	1,117,202
Ipsos Satisfaction de Clientèle	1,632,686
IMS	942,427
IMS Développement	618,566
Sysprint	302,774
Statiro	0
GST	101,118
Tax savings for Ipsos relative to the company's tax loss	8,784,736

BREAKDOWN OF CORPORATE INCOME TAX

	Pre-tax profit	Tax payable	Post-tax profit
Recurring profit	14,375,573	(8,834,736)	23,210,309
Exceptional gains (short-term)	52,848		52,848
ACCOUNTING PROFIT	**144,428,21**	**(8,834,736)**	**23,263,157**

FINANCIAL COMMITMENTS - AND OTHER INFORMATION

FINANCIAL COMMITMENTS

Commitments given	AMOUNT
Joint and several guarantee of the liabilities of GIE Ipsos	5,149,163
Guarantee on behalf of Ipsos-NFO UK, beneficiary Barclays Bank (£250,000)	2,637,755
Guarantee on behalf of IMS, beneficiary Société Générale	600,000
Guarantee on behalf of Ipsos Access Panel France, beneficiary Paribas (covering a loan of FF5m from Paribas to Ipsos Access Panel France)	5,000,000
Guarantee on behalf of Int res (beneficiary Sogelease)	372,759
Guarantee on behalf of Binomio (beneficiary Banque Ambrosio Veneto)	1,355,200
Guarantee on behalf of Ipsos France (premises and rental charges, Rue Groult), 1999 to end March 2002	14,899,950
Guarantee on behalf of Ipsos Régions (beneficiary Société Générale)	175,240
Guarantee covering a loan of $6,250,000 from BNP to Ipsos ASI	40,809,588
Guarantee covering a loan of $6,250,000 from Crédit Lyonnais to Ipsos ASI	40,809,588
Additional purchase consideration payable following the acquisition in 1999 of the remaining 2/3 of the shares of Ipsos Latin America	13,059,068
TOTAL	**124,868,310**

Commitments received	AMOUNT
Undertaking by Ipsos Régions to repay a subsidy in the event of a return to profit	990,000
TOTAL	**990,000**

DEFERRED AND UNREALISED TAX POSITION

	Amount
TAX DUE ON:	
Restricted provisions	
Provisions for price rises (stock relief)	
Unrealised foreign exchange losses	22,114
TOTAL INCREASES	**22,114**
TAX PAID IN ADVANCE ON:	
Charges temporarily non-deductible for tax purposes (deductible in the following year):	
"Organic" tax	16,829
Unrealised foreign exchange gains	865,225
To be deducted subsequently	
TOTAL REDUCTIONS	**882,054**
NET DEFERRED TAX POSITION	**(859,940)**
TAX DUE ON:	
CREDITS TO BE OFFSET AGAINST:	
NET UNREALISED TAX POSITION	

AVERAGE NUMBER OF EMPLOYEES

	Salaried staff	Staff on secondment to the company
Managerial grades	3	
Technical and supervisory grades		
Clerical grades		
Manual grades		
TOTAL	**3**	

EXECUTIVE REMUNERATION

The remuneration paid to members of management bodies is not disclosed as this would indirectly lead to the disclosure of individual remuneration.

LIST OF SUBSIDIARIES AND PARTICIPATING INTERESTS

Name Registered Office	Share capital Equity	Interest held Dividends	Gross book value Net book value	Loans, advances Guarantees	Turnover Profit/(loss)
SUBSIDIARIES (over 50%)					
Ipsos France	35,848,000	100.00%	42,513,389		78,982,000
Paris 15 - Reg no : 392 901 856	9,365,000	7,886,362	42,513,389	14 899 950	198,000
Ipsos-Explorer	11,858,000	100.00%	43,659,160		102,250,369
Como, Italy	4,381,467	813,120	43,659,160		-624,070
Ipsos-Szonda	206,032	50.10%	744,664		18,880,669
Budapest, Hungary	6,550,478	250,121	744,664		1,471,094
Ipsos-ECO Consulting	1,182,720	100.00%	21,555,900		65,117,409
Madrid, Spain	9,911,982	822,381	21,555,900		4,050,619
Ipsos Deutschland	2,367,825	100.00%	45,371,457		174,534,874
Hamburg, Germany	18,650,815	1,173,849	45,371,457		4,802,728
Ipsos RSL	4,220,408	90.00%	37,816,692		335,026,538
Harrow, United Kingdom	16,459,591	5,275,510	37,816,692		6,984,775
Price Search	1,318,878	100.00%	23,443,445		
Harrow, United Kingdom	0		23,443,445		
Ipsos-Insight	813,040	82.00%	1,264,284	1 995 944	15,242,874
Brussles, Belgium	-86,507		1,264,284	372 759	989,632
Ipsos Opinion Infométrie	1,050,000	10.00%	227,778		57,018,000
Paris 15 - Reg no : 317 839 959	10,380,000	189,210	227,778		10,274,000
Ipsos Santé	1,000	100.00%	990		
Paris 15 - Reg no : 333 925 824	-83,868				
Stat Ipsos	250,000	50.80%	127,000	683 125	
Paris 15 - Reg no : 401 595 939	-84,000		127,000		46,000
Ipsos Portugal	163,595	100.00%	749,313	1 781 544	5,938,368
Lisbon, Portugal	-1,861,548		180,488		106,893
Ipsos USA, Inc.	6,530	100.00%	5,206	3 793 708	1,312,436
Chicago, USA	-966,371		5,206		52,236
Ipsos Latin America BV	125,018	100.00%	98,108,051		
Amsterdam, Netherlands	79,299,867	2 474,741	98,108,051		5,387,664
Ipsos America, Inc.	97,943,010	100.00%	90,154,000		
Stamford, USA	84,884		90,154,000		-215,475

Name Registered Office	Share capital Equity	Interest held Dividends	Gross book value Net book value	Loans, advances Guarantees	Turnover Profit/(loss)
SUBSIDIARIES (over 50%) continued					
Ipsos Australia		100.00%	35	1,848,832	9,948,668
Sydney, Australie	21,267		35		21,267
Ipsos Access Panel Holding	13,119,000	100.00%	13,994,731	3,544,918	
Paris 15	1,000		13,994,731		627,000
Ipsos Far East		100.00%		7,074,698	1,811,320
Hong Kong	-4,565,266				-4,565,266
PARTICIPATING INTERESTS (10%-50%)					
AGB Stat Ipsos		30.00%	271,786	1,371,202	
Beyrouth, Liban			271,786		
MMXI Europe B.V.		22.00%	3,137,000		
Amstelveen, Pays Bas			3,137,000		
OTHER INVESTMENTS					
Gie Ipsos					505,000
Paris 15				5,149,755	
Gie Ipsos Acess Panel			6		343,000
Paris 15			6		

Notes:

The equity figure given excludes the share capital and is shown before appropriation of profits.

Share capital, equity (excluding share capital and before appropriation of profits), turnover and profits are translated using the exchange rates as at 31 December 1999 shown below:

Lira: FF0.003388; Sterling: FF10.55102; Deutschmark: FF3.35386; Peseta: FF0.039424; Belgian franc: FF0.162608; Dutch guilder: FF2.97661; Escudo: FF0.032719; US dollar: FF6.529534; Forint: FF0.025754; Australian dollar: FF4.253385; Hong Kong dollar: FF0.84013.

IDENTITY OF PARENT COMPANY CONSOLIDATING THE ACCOUNTS OF IPSOS

Name and registered office	Legal form	Capital	% interest
LT Participations 99/101 rue de l'Abbé Groult à Paris 15	Société Anonyme	640,960	42.51%

4.3 AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

In our capacity as the company's auditors, we present our report on related-party agreements.
In accordance with article 103 of the law of 24 July 1966, we were informed of one agreement, which received the prior approval of the Board of Directors.
It is not our responsibility to investigate the possible existence of other related-party agreements, but to report to you, based on the information given to us, on the main features and terms of that of which we have been informed. We are not required to express an opinion on the usefulness or appropriateness of this agreement. It is your responsibility, under the terms of section 92 of the decree of 23 March 1967, to assess the benefit arising from this agreement in order to decide whether it should be approved.
We conducted our review in accordance with auditing standards. These standards require that we perform procedures designed to check that the information given to us is consistent with the source documents.

With LT Participations
Board of Directors meeting of 1 October 1999

Directors common to both companies
Mr Jean-Marc Lech and Mr Didier Truchot.

Description
In June 1999, LT Participations transferred its interest in APLT, a civil law company, to Ipsos S.A. This transaction formed part of the restructuring of the access panels business following the withdrawal of NFO Research, Inc from the various companies in the group.

Terms
The interest in APLT was transferred at its net book value of FF9,000.
In accordance with the decree of 23 March 1967, we were informed that the following agreements, entered into in previous years, remained in force during the year ended 31 December 1999.

1. With Ipsos Access Panels France (formerly Ipsos NFO France)

Board of Directors meeting of 19 December 1996
Description
Ipsos Access Panels France continued to benefit from a licence agreement covering intellectual property rights and techniques belonging to Ipsos S.A., relating to the exploitation and marketing of the Panel in France and of the "Access Panel" product for the entire life of the joint venture company in France.
Terms
No royalty was received under this agreement in 1999.

2. With Ipsos Insight Belgique (formerly INT-RES)

Board of Directors meeting of 15 November 1996
Description
As part of the rehabilitation of the financial position of Int-Res, Ipsos S.A. granted an interest-free loan to its Belgian subsidiary, with a view to enabling Int-Res to meet its commitments to a number of subcontractors in connection with the performance of the contract with Volvo signed at the end of 1995 and terminated by Volvo in May 1996.
Terms
Amount of the loan as at 31 December 1999: FF1,020,295.55.
Term: 3 years, extendable, and repayable at the end of the first 3-year period if by that time Int-Res has reconstituted its equity such that its net assets comply with Belgian legal and regulatory requirements.
If Int-Res is granted a loan by a bank, Ipsos S.A. will not be repaid until Int-Res has repaid to the bank the principal of its loan, plus interest, commission and incidental expenses.

25 April 2000

The Auditors

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

5

INFORMATION ON THE ADMINISTRATION, MANAGEMENT AND AUDIT OF THE COMPANY

5.1 MEMBERS AND FUNCTIONS OF MANAGEMENT BODIES

BOARD OF DIRECTORS:

Chairman:

Didier Truchot (reappointed at the Ordinary General Meeting of 29 June 1998 to hold office until the meeting held to approve the accounts for the year ended 31 December 2003)

Other Board Members:

Jean-Marc Lech (reappointed at the Ordinary General Meeting of 29 June 1998 to hold office until the meeting held to approve the accounts for the year ended 31 December 2003)

Carlos Harding (reappointed at the Ordinary General Meeting of 29 June 1998 to hold office until the meeting held to approve the accounts for the year ended 31 December 2003)

LT Participations S.A., represented by Pascal Cromback (reappointed at the Ordinary General Meeting of 24 June 1996 to hold office until the meeting held to approve the accounts for the year ended 31 December 2001)
Terms of office outside the Ipsos group:
E.T.A.I, *president*
Editions du May, *president*
Procom S.A., *administrator*
Sofectec, *administrator*
Fournie, *administrator*
Trame, *manager*

Elizabeth Mitchell (reappointed at the Ordinary General Meeting of 29 June 1998 to hold office until the meeting held to approve the accounts for the year ended 31 December 2003)

Patrick Sayer (reappointed at the Ordinary General Meeting of 29 June 1998 to hold office until the meeting held to approve the accounts for the year ended 31 December 2003)
Terms of office outside the Ipsos group:
Lazard Frères (France), *managing partner*
Lazard Frères (Etats-Unis), *managing partner*
Maison Lazard, *managing partner*
Partena, *managing partner*
Sovaclux, *administrator*
Société financière Gaz et Eaux, *administrator*
Virata Corp., *administrator*
BBS, *administrator*
Société financière Gaz et Eaux, *permanent agent*
France Asie Participations, *permanent agent*
François-Charles Oberthur Fiduciaire, *permanent agent*
Infogrammes entertainment, *permanent agent*
Oberthur Smart Cards, *permanent agent*
Virata, *permanent agent*

Christian Brégou	(co-opted at the Board Meeting of 1 October 1999 to hold office until the meeting held to approve the accounts for the year ended 31 December 2004)
Pierre Haren	(co-opted at the Board Meeting of 1 October 1999 to hold office until the meeting held to approve the accounts for the year ended 31 December 2004) Term of office outside the Ipsos group: ILOG, *president*

AUDIT COMMITTEE:

This Committee, set up by the Board of Directors on 1 October 1999, is tasked with exercising independent control over the company's accounting policies and accounts, and is made up of non-executive directors: Mr Patrick Sayer, who chairs the committee, and Mr Pascal Cromback.

REMUNERATION COMMITTEE:

This Committee, set up by the Board of Directors on 1 October 1999, is tasked with defining the remuneration policy (in the broadest sense) for the Group's executive managers. It is made up of non-executive directors: Mr Christian Brégou, who chairs the committee, and Mr Pierre Haren.

5.2 REMUNERATION OF MANAGEMENT BODIES

Members of the Board of Directors do not receive any attendance fees.

In 1999, the Executive Committee (7 members) received combined remuneration of FF14.2m (employers' social contributions included).
(The composition of the Executive Committee is given in section 3.7.1, "Management")

6

TEXT OF THE RESOLUTIONS PUT BEFORE THE COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING OF 24 MAY 2000.

ORDINARY BUSINESS

First resolution

APPROVAL OF THE ACCOUNTS - DISCHARGE

The Ordinary General Meeting, having reviewed the management report of the Board of Directors and the auditors' reports on the year ended 31 December 1999, approves the annual accounts as at that date as presented, showing a net profit of 23,263,157 francs.

It also approves the transactions reflected in these accounts and summarised in these reports.

The meeting therefore gives the directors discharge from the execution of their office for the year ended 31 December 1999.

It also gives the auditors discharge from their engagement.

Second resolution

AGREEMENT GOVERNED BY ARTICLE 101 OF THE LAW ON COMMERCIAL COMPANIES

The Ordinary General Meeting, having reviewed the auditors' special report on related-party agreements, approves, under the conditions stipulated in the final paragraph of article 103 of the law on commercial companies, the agreements governed by article 101 of said law and presented in the auditors' special report.

Third resolution

APPROPRIATION OF PROFITS

The Ordinary General Meeting resolves, on the proposal of the Board of Directors, to appropriate the profit for the year ended 31 December 1999 as follows:

Profit for the year:	FF 23,263,157
Transfer to the statutory reserve:	FF 636,840
Balance	FF 22,626,317
Plus retained earnings brought forward	FF 23,570,553
Giving distributable profits of:	FF 46,196,870
As dividend to the shareholders, an amount of FF1.50 for each of the 5,234,680 shares comprising the share capital, entitling qualifying shareholders to a tax credit of FF0.75 and total declarable income of FF2.25	FF 7,852,020
Dividend equalisation tax	FF 3,926,010
Leaving retained earnings carried forward of	FF 34,418,840

The dividend will be paid on 27 June 2000. If the company owns any of its own shares at the time the dividend is paid, the amount of dividend corresponding to these shares will be taken automatically to retained earnings.

The General Meeting notes that the amounts distributed as dividend in respect of each of the three previous financial years were as follows:

Year	Net dividend	Tax credit	Gross income
1998	None	None	None
1997	None	None	None
1996	134 francs	67 francs	201 francs

Fourth resolution

RATIFICATION OF THE APPOINTMENT OF MR CHRISTIAN BRÉGOU AS DIRECTOR

The General Meeting resolves to ratify the co-opting of Mr Christian Brégou as a director of the company by the meeting of the Board of Directors held on 1 October 1999 for the rest of his term of office, i.e. until the Ordinary General Meeting held to approve the accounts for the year ended 31 December 2004.

Fifth resolution

RATIFICATION OF THE APPOINTMENT OF MR PIERRE HAREN AS DIRECTOR

The General Meeting resolves to ratify the co-opting of Mr Pierre Haren as a director of the company by the meeting of the Board of Directors held on 1 October 1999 for the rest of his term of office, i.e. until the Ordinary General Meeting held to approve the accounts for the year ended 31 December 2004.

Sixth resolution

AUTHORISING THE BOARD OF DIRECTORS TO TRADE IN THE COMPANY'S OWN SHARES

The General Meeting, having reviewed the report of the Board of Directors and the information shown in the Information Memorandum approved by the Commission des Opérations de Bourse, authorises the Board of Directors, in accordance with article 217-2 of the law of 24 July 1966, to buy the company's shares.

These shares may be acquired, sold or transferred by any means and at any time.

The maximum purchase price is set at 350 euros per share, and the minimum selling price at 50 euros per share.

In the event of transactions affecting the share capital, in particular issues of shares via capitalisation of reserves, allotments of bonus shares, stock splits or reverse stock splits, the prices shown above will be adjusted by applying the ratio of the number of shares in issue before the transaction to the number of shares in issue after the transaction.

The maximum percentage of the share capital that can be bought may at no time exceed 10% of the share capital. This gives a maximum of 523,468 shares as of 24 May 2000, subject to adjustment in the event of transactions affecting the share capital. The maximum amount of funds that the company may spend on buying back its own shares is 183 million euros.

Shares may be bought with a view to:

a) optimising the financial management of the company;

b) regulating the company's share price;

c) granting share options to some or all of the employees and/or officers of the company and/or its group, or offering them the opportunity to acquire shares on the terms set out in articles 443-1 et seq of the Labour Code and paragraph 2 of article 208-18;

d) allotting shares in connection with statutory profit-sharing or employee savings schemes;

e) using shares as payment or exchanging them, in particular in connection with acquisitions.

Shares acquired in this way may be retained, sold or transferred. They may also be cancelled on the terms contained in the authority granted by the fifth resolution of the Extraordinary General Meeting.

This authorisation replaces that granted by the sixth resolution of the Ordinary General Meeting of 31 May 1999.

This authorisation will expire at the end of the General Meeting called to approve the accounts for the year ended 31 December 2000.

Full powers are conferred upon the Board of Directors, which may delegate such powers, to implement the present authorisation.

Seventh resolution

AUTHORISING THE ISSUE OF BONDS AND SIMILAR SECURITIES (INCLUDING SUBORDINATED, REDEEMABLE OR PERPETUAL DEBT SECURITIES)

The General Meeting, having reviewed the report of the Board of Directors, and voting on the quorum and majority conditions required for Ordinary Meetings, authorises the Board of Directors to create and issue at its sole discretion, on one or more occasions and in France or abroad, bonds or similar securities (including subordinated, redeemable or perpetual debt securities) up to a maximum nominal value of 200 million euros, and denominated either in euros or in foreign currencies, with or without mortgage collateral, in the proportions and forms, at the times and interest rates, and on the issue, amortisation and redemption terms with or without premium, that it sees fit.

The meeting confers full powers on the Board of Directors to carry out such issue(s), and makes clear that the Board will have complete freedom to determine the characteristics of the bonds or similar securities which may inter alia include a floating interest rate and a fixed or variable redemption premium over and above the nominal value, such premium to be added to the maximum amount set above.

In accordance with the law, this authorisation is valid for a period of five years from the date of the present decision.

Eighth resolution

POWERS

The General Meeting confers full powers on the bearer of a copy or extract of the presents to carry out all the legal formalities.

First resolution

AUTHORISING THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL UP TO AN OVERALL LIMIT BY ISSUING ALL TYPES OF TRANSFERABLE SECURITIES GIVING IMMEDIATE OR FUTURE ACCESS TO THE CAPITAL AND/OR BY CAPITALISATION OF RESERVES, PROFITS OR SHARE PREMIUM

The General Meeting, voting on the quorum and majority conditions required for Extraordinary Meetings, and having reviewed the report of the Board of Directors and the auditors' special report, authorises the Board of Directors:

1. to increase the share capital, on one or more occasions:
   a) by issuing all types of transferable securities giving immediate or future access to a fraction of the share capital, with the exception of preference shares, non-voting priority dividend shares and investment certificates;
   b) and/or by capitalising reserves, profits, share premium and any other item able to be converted into share capital.

2. establishes the following limits for the transactions thus authorised:
   a)the total upper limit for increases in the share capital resulting from issues of the transferable securities mentioned in 1-a) is set at 10 million francs in par value;
   b)the total upper limit for increases in the share capital resulting from capitalising the items mentioned in 1-b) is set at 10 million francs in par value, this limit being cumulative with that mentioned in the preceding paragraph;

all the above being subject, if necessary, to the amount of capital increases relating to the adjustment of the rights of certain holders of capital securities in the event of new financial transactions.
In addition, the total nominal value of issues of transferable debt securities giving access to the capital may not exceed 200 million euros.

3. resolves that:
   a) the transferable securities mentioned above may be issued either in euros or in a foreign currency, up to the authorised limit in euros or the foreign currency equivalent thereof as at the issue date;
   b) transferable securities forming part of issues with pre-emption rights that are not subscribed for by the shareholders with or without scaling down of orders, where the Board of Directors grants such rights at the time of issue, may be offered to the public.

The present decision entails express waiver by the shareholders of their pre-emption rights in respect of all other securities giving access to the capital to which the transferable securities issued will give entitlement.

4. delegates all necessary powers to the Board of Directors, with the option to sub-delegate such powers to the Chairman:
   a) to carry out such issues during a period of twenty-six months from the date of the present meeting, to decide the amount, dates and terms of such issues, and in particular to determine the form and characteristics of the transferable securities to be issued and set the price and condition thereof;
   b) to set, even retrospectively, the date from which the shares issued are entitled to dividends;
   c) to decide that the rights of shareholders having entitlement to a fraction of a whole number of shares following the capitalisation of reserves, profits or share premium will not be negotiable and that the corresponding shares will be sold;
   d) to limit the amount of each capital increase to the amount of subscriptions received on condition that these reach at least three-quarters of the increase, to formally note the increase in the share capital and amend the bylaws accordingly, to offset the costs of the issue against the premium arising on the issue if it sees fit, and to make any offset against share premium, in particular of costs;
   e) to determine the method by which the shares will be paid up and where necessary stipulate the conditions for the shares to be purchased on the stock exchange, the possibility of suspending the exercise of share allotment rights attached to the transferable securities to be issued, to define the means by which this will preserve the rights of holders of transferable securities giving access to the share capital, in conformity with the law;
   f) enter into all agreements necessary for the successful completion of the issues, for the listing of the securities, and for the provision of registrar services;
   g) and generally take all necessary measures, being in all these matters in compliance with the law and regulations in force at the time of the issue(s).

5. resolves that the present authorisation replaces the authorisation given by the first resolution of the Extraordinary General Meeting of 31 May 1999.

Second resolution

UPPER LIMIT ON THE CAPITAL INCREASES THAT MAY BE REALISED BY THE ISSUANCE, WITHOUT PRE-EMPTION RIGHTS, OF THE TRANSFERABLE SECURITIES STIPULATED IN THE PRECEDING RESOLUTION

The General Meeting, voting on the quorum and majority conditions required for Extraordinary Meetings, and having reviewed the report of the Board of Directors and auditors' special report, authorises the Board of Directors:

1. to increase the share capital, on one or more occasions, by issuing without shareholders' pre-emption rights, all types of transferable securities giving immediate or future access to a fraction of the share capital as stipulated in 1 a) of the first resolution of the present Extraordinary General Meeting.
   Such transferable securities may inter alia be issued as consideration for the transfer of shares to Ipsos in response to a public exchange offer.
   They may also be issued to holders of transferable securities giving access to the capital of Ipsos and issued by companies of which Ipsos directly or indirectly owns the majority of the capital, upon the exercise by the holders of such securities of the rights attaching thereto.

2. sets at:
   a) 10 million francs in par value the total upper limit for increases in the share capital resulting from the issuance of these transferable securities without shareholders' pre-emption rights;
   b) 200 million euros the total nominal value of issues of transferable debt securities giving access to the capital;
   both the above not to exceed the unused portion of the respective upper limits set in the first resolution of the present Extraordinary General Meeting.

3. resolves that:
   a) the transferable securities mentioned above may be issued either in euros or in a foreign currency, up to the authorised limit in euros or the foreign currency equivalent thereof as at the issue date;
   b) the Board of Directors may grant the shareholders, during a period and on terms to be set by the Board of Directors, a priority period during which they may subscribe, in proportion to their interest in the capital, for the transferable securities issued, though without giving rise to the creation of transferable or negotiable right it being understood that the sum to be received by the company for each share issued without pre-emption rights must be at least equal to the lower limit defined by the law.
   The present decision entails express waiver by the shareholders of their pre-emption rights in respect of issues of all other securities giving access to the capital to which transferable securities which are themselves issued without pre-emption rights may give entitlement.

4. delegates to the Board of Directors, with the option to sub-delegate to the Chairman, the same powers as those defined in the first resolution of the present Extraordinary General Meeting to carry out such issues during a period of twenty-six months from the date of the present meeting;

5. resolves that the present authorisation replaces the authorisation given by the second resolution of the Extraordinary General Meeting of 31 May 1999.

Third resolution

POSSIBILITY OF USING THE AUTHORISATIONS TO INCREASE THE SHARE CAPITAL IN THE EVENT OF A PUBLIC TENDER OFFER OR PUBLIC EXCHANGE OFFER FOR THE COMPANY'S SHARES

The General Meeting, voting on the quorum and majority conditions required for Extraordinary Meetings, authorises the Board of Directors:

with effect from the present meeting and until the next meeting called to approve the accounts for the year ended 31 December 2000, to use the authority delegated by the present general meeting to increase the share capital by all legal means during the period of a public tender offer or public exchange offer for the company's shares.

Fourth resolution

AUTHORISING THE BOARD OF DIRECTORS TO CONVERT THE SHARE CAPITAL INTO EUROS AND DELETE THE PAR VALUE

The General Meeting, voting on the quorum and majority conditions required for Extraordinary Meetings, authorises the Board of Directors:

1. to convert the share capital or the par value of the shares into euros using the conversion rate set in accordance with the provisions of article 109 L 4 of the treaty establishing the European Community, and to round such amounts to the nearest one-hundredth of a euro or to the nearest euro.

In carrying out such conversion, the Board of Directors may, at its sole discretion:

a) either increase the share capital by the amount of the difference arising from the conversion of the share capital or the par value of the shares into euros and the rounding of these amounts up to the nearest one-hundredth or one-tenth of a euro or to the nearest euro, such capital increase to be made by transferring the necessary amount from reserves, profits or share premium and incorporating it into the share capital and by increasing the par value of the shares accordingly.
In this case, the amount incorporated in the share capital will count towards the upper limit of 10 million francs stipulated above.

b) or reduce the share capital by the amount of the difference arising from the conversion of the share capital or the par value of the shares into euros and the rounding of these amounts down to the nearest one-hundredth of a euro or to the nearest euro, by transferring the amount of such difference to an undistributable reserve (which may only be used for the absorption of losses or for subsequent reincorporation into the share capital) and by reducing the par value of the shares accordingly, provided that this is permitted by the provisions in force at the time the Board makes use of this authorisation to reduce the capital and subject to the conditions stipulated by said provisions.

2. authorises the Board of Directors to delete references to the par value of the shares and to amend the company's bylaws accordingly.

Full powers are also given to the Board of Directors to formally note the completion of the increases and reductions in the share capital and make the necessary amendments to the bylaws in the event that the present authorisation is used, and to carry out all the necessary disclosures, publications and formalities.
The present authorisation will expire on the earlier of the date of the next Extraordinary General Meeting or the end of a period of twenty-six months from this day.

Fifth resolution

AUTHORISING THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLING SHARES

The General Meeting, voting on the quorum and majority conditions required for Extraordinary Meetings, and having reviewed the reports of the Board of Directors and of the auditors, authorises the Board of Directors, with power to delegate:

a) to cancel on one or more occasions shares acquired as a result of using the authority granted by the 6th resolution of the Ordinary General Meeting held this day or any other resolution that may be substituted for it up to a maximum of 10% of the share capital per 24-month period and to reduce the share capital accordingly, the difference between the repurchase value and the par value of the cancelled shares to be offset against share premium and disposable reserves;

b) to amend the bylaws accordingly and complete all necessary formalities.

This authorisation will expire at the end of the General Meeting called to approve the accounts for the year ended 31 December 2000.

Sixth resolution

DELEGATION TO THE BOARD OF DIRECTORS WITH A VIEW TO THE GRANTING OF OPTIONS TO SUBSCRIBE FOR OR PURCHASE SHARES RESERVED FOR CORPORATE OFFICERS AND EMPLOYEES

The General Meeting, having reviewed the report of the Board of Directors and the auditors' special report, authorises the Board of Directors, with the option to sub-delegate such powers to the Chairman, under the scope of articles 208-1 et seq of law no. 66-357 of 24 July 1966 on commercial companies as amended and supplemented, to grant to some or all of the corporate officers and employees of Ipsos S.A. and of related companies as defined in article 208-4 of law no. 66-357 of 24 July 1966 as amended and supplemented, options to subscribe for new ordinary shares in Ipsos S.A. to be issued in the form of a capital increase, as well as options giving the right to purchase Ipsos shares bought by the company itself on the terms laid down by law.

The Board of Directors may use this authority for a period of five years from the date of the present meeting. The authority may be used on one or more occasions.

The present authorisation entails express waiver, in favour of the grantees of the share options, by the shareholders of their pre-emption rights in respect of the shares to be issued as and when the options are exercised.

The total number of options to subscribe for shares that can be granted will be 314,080, being 6% of the shares comprising the company's share capital as at the date of the present meeting.

The General Meeting delegates to the Board of Directors, with the option of sub-delegation on the terms laid down by law, and subject to the limits described above, the necessary powers to implement the present resolution, and in particular to:
- set, on the terms laid down by law, the dates on which the options will be granted;
- set the subscription price and purchase price within the limits and using the methods laid down by law;
- decide on the dates of each allotment, set the terms on which the options will be granted, draw up a list of grantees, and decide on the number of shares that each will be able to subscribe for or acquire;
- set the terms for the exercise of the options, which may be temporarily suspended;
- decide the conditions under which the price and the number of shares will be adjusted;
- complete all acts and formalities, in particular relating to the capital increases that may be carried out, amend the bylaws and do all that is necessary.

This authorisation replaces the authorisation given by the second resolution of the Extraordinary General Meeting of 28 July 1998.

Seventh resolution

POWERS

The General Meeting confers full powers on the bearer of a copy or extract of the presents to carry out all the legal formalities.

Ipsos

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