

The Great Networks of Life

Building Services - Infrastructures



Corporate Communications - Industrial Processes



GROUPE
GTIE

Board of Directors

Christian Péguet

Chairman and Chief Executive Officer

directors

Michel Daveluy

Henri Delhayé

Bernard Huvelin

Philippe Lemaistre

Roger Martin

Gérard Mohr

Guy Richard

Société Générale d'Entreprises (SGE)

represented by Antoine Zacharias

Auditors

principals

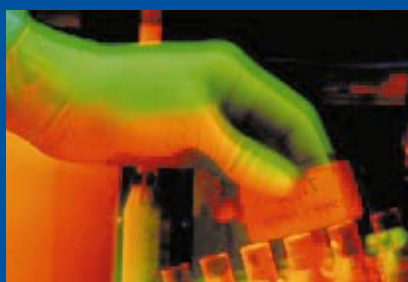
Deloitte Touche Tohmatsu - BMA

Salustro Reydel

representatives

Michel Bousquet

François Pavard



C o n t e n t s

Consolidated key figures 1998	2
Letter from the Chairman	4
Locations	6
Key events 1998	8
Human Resources	10
Skills	12
Infrastructures	14
Industrial processes	18
Building services	20
Corporate Communications	22
Management report and summary accounts	24

The power of a vast network

The GTIE Group is the leader in France and holds an excellent position within Europe in the fields of engineering, installation and maintenance applied to electrical power as well as to information and communication technologies.

By closely integrating these activities and with a solid service oriented culture, the GTIE Group creates the link between equipment manufacturers and the users of their products, the Group's customers.

Nearly 20,000 professionals combine their skills within a single and close-knit network of 500 business units, which enables them to provide each customer with a unique, tailor-made service along with the complete solution and overall service he expects.

After an original and successful growth within France, the GTIE Group is developing its corporate networks in Europe where it currently has locations in 8 countries. Today, the Group supports its customers in some sixty countries throughout the world.



Consolidated

key figures 1998

Net turnover

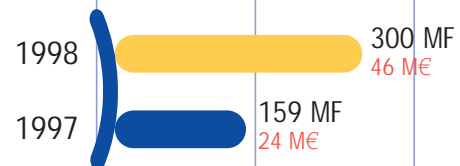


Operating profit



+ 10%

Net profit



+ 90%

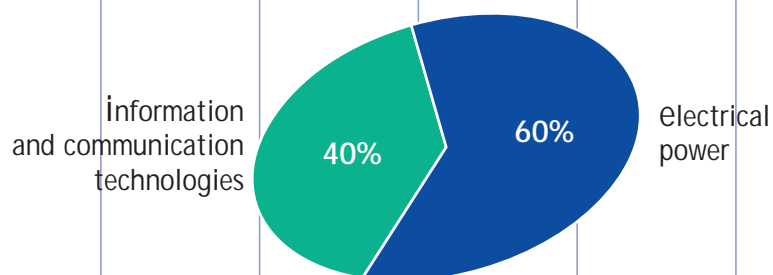
	M€	MF	M€	MF
Net turnover	1,735	11,383	1,702	11,169
Operating profit	72	472	65	429
Operating profit after interest	84	554	77	506
Net profit, Group share	46	300	24	159
Cash flow	106	695	82	540
Capital expenditure	51	332	65	429

1 9 9 8

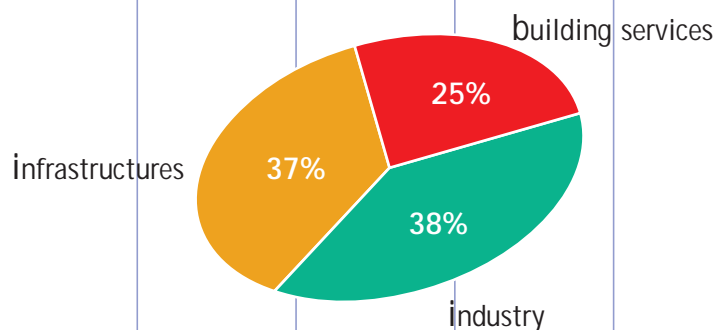
1 9 9 7



Nearly 20,000 professionals working within an exceptional network of 500 business units >



1998 net turnover





Letter from the Chairman

From left to right and top to bottom

Christian PÉGUET
Chairman and Chief Executive Officer
of the GTIE Group

François-Xavier HANICOTTE
Managing Director
of GARCZYNSKI TRAPLOIR

Patrick LEBRUN
Company Secretary
of the GTIE Group

Michel DAVELUY
Financial and Administrative Director
of the GTIE Group

Philippe LEMAISTRE
Chairman and Chief Executive Officer
of SDEL

Charles LICEN
Managing Director of SANTERNE

Jean-Yves LE BROUSTER
Chairman and Chief Executive Officer
of FOURNIE-GROSPAUD



In a constantly changing market, our Group's consolidated net turnover has increased to 1.74 billion Euros (FF 11.4 billion) in 1998 which has generated excellent profits. Our operating profit effectively reached 72 million Euros (FF 472 million), up by 10% on 1997 despite major provisions which were necessary to prepare for the transition to the year 2000 and the Euro. At 46 million Euros (FF 300 million), our net profit has practically doubled in comparison to 1997.

Our Group has confirmed its leadership position in France and experienced an average growth of more than 10% in the 7 other European countries where it is located. The latter has particularly been the case in Great Britain, the Netherlands and Germany.

Furthermore, our companies have been able to assist their customers with their development in around sixty countries throughout the world.

Outside France, sales for the GTIE Group reached more than 300 million Euros (FF 2 billion), representing almost 20% of consolidated net turnover.

This outstanding performance in 1998 is the reward for the considerable work carried out over the last two years by nearly 20,000 employees who have successfully contributed in strengthening the GTIE Group. The 1997 year had opened a new page in our history with the creation, within SGE, of the expanded GTIE Group newly encompassing Santerne and SDEL.

Our business units have also benefited from a favourable economic situation in most of our markets.

In all of the countries in which we are located, we have strengthened our positions in the field of information and communication technologies, which now represents almost half of our global activity.

The recent launch of the Axians brand name which represents our corporate communications solution, has met with great success and has generated a strong growth in 1998, which illustrates our determination to be a key player in this European market.

Over the past year, we have recruited 500 new young employees, devoted 18 million Euros (FF 120 million, representing more than 5% of the total payroll) to training and invested 51 million Euros (FF 332 million) in the business, an amount that is largely covered by the Group's own cash flow.

With a healthy start to 1999, the GTIE Group is now fully committed to further pursuing this development. Our business indicators are promising.

In the coming years, our development strategy will be geared towards three main objectives:

- **To take full advantage** of our current position and the wealth of progress that our existing activities are generating.
- **To extend our corporate** networks in Europe.
- More generally, **to be more market oriented** in order to offer the necessary global solutions, particularly in the field of corporate communications.

Being responsible for the GTIE Group, I have total confidence in our ability to meet the challenges ahead. In this respect, I know I can count on the loyalty of our customers, the support of our shareholders and the commitment of each of our employees, to all of whom I extend my sincerest thanks.



Christian Péguet



GTIE Group locations

The GTIE Group consists of

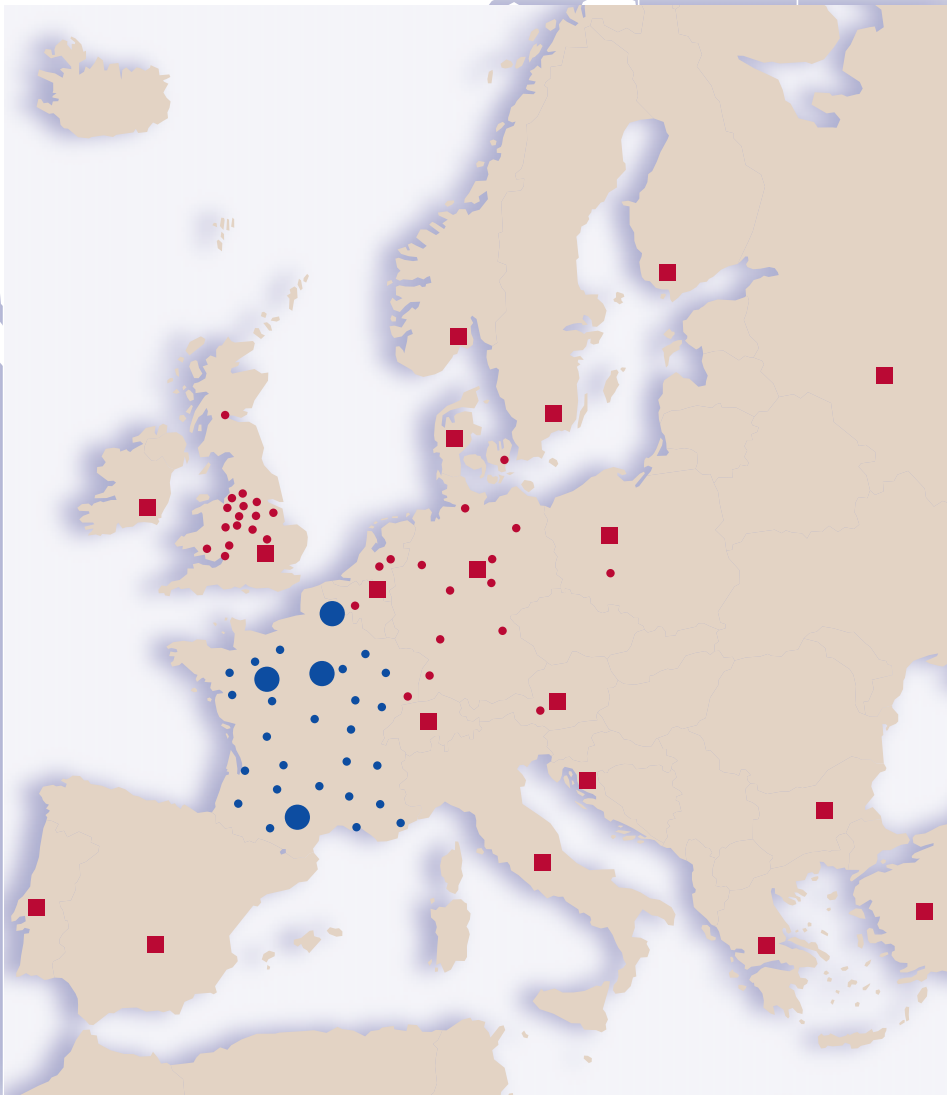
.....> 500 business units

all of which have the same characteristics: autonomy, a human dimension, closeness to their customers, clear projects and well asserted identities.

.....> Linked through multiple networks

they are able to combine their skills, unite their strengths and prepare their proposals in order to meet the requirements of the most complex projects and global expectations.

.....> Divided into 4 management sectors



● French Locations ● Other European Locations ● Other worldwide locations
■ Significant projects completed in Europe ■ Significant projects completed in the rest of the world

Leader in France

in its fields of activity, thanks to an original and successful external growth, the GTIE Group has also become a...

Top ranking player in Europe

with its locations in Germany, Denmark, Belgium, Great Britain, the Netherlands, Poland, Austria and Switzerland.

Controlmatic

Lee Beesley

Deritend

STARREN

Van der Linden Groep

GRANIOU



Fournié Grosraud

SOUTH OF FRANCE

19, impasse Fourcaran - BP 2160
31021 Toulouse Cedex 2 France

Tel: +33 (0) 5 61 58 79 00 - Fax: +33 (0) 5 61 58 04 64



**GARCZYNSKI
TRAPLOIR**

WEST OF FRANCE AND OVERSEAS DEPARTMENTS & TERRITORIES

24, rue Thomas-Edison
72088 Le Mans Cedex 9 France

Tel: +33 (0) 2 43 77 77 77 - Fax: +33 (0) 2 43 28 50 19



Santerne

NORTH AND EAST OF FRANCE

23-25, rue du Dépôt
62063 Arras Cedex 9 France

Tel: +33 (0) 3 21 60 93 00 - Fax: +33 (0) 3 21 48 32 95



**SNEL
GROUPE**

PARIS REGION AND INTERNATIONAL

Immeuble Gallieni - 2, rue Benoît-Malon
92154 Suresnes Cedex France

Tel: +33 (0) 1 41 38 50 00 - Fax: +33 (0) 1 41 38 50 50

Strategic European development

clearly defined with  to make the Group a European leader.

Present throughout the world

In 1998, the Group assisted the development of its customers in some sixty countries. It also has locations in Malaysia, Senegal and Singapore.

Key events

1998

January

- Ten companies of the GTIE Group undertake the deployment of communications and information networks of nearly 700 GAN agencies and of around 100 Auchan supermarkets.
- The training agreement signed with Garczynski Traploir is implemented. It aims to develop and encourage youth training.



February

- The GTIE Group, supply the electrical equipment and control centre to OCG Cacao for its new plant in Petit-Quevilly, near Rouen, France.
- Roiret Entreprises and SDEL Lyon install power and communications networks in the domestic terminal 2 of the Lyon-Satolas airport, which has been completely renovated and extended.
- Lee Beesley commences the design and provision of the maintenance for the data transmission network for Jaguar's most modern site in Castle Bromwich, Great Britain.



March

- In Portugal, three companies supply the lighting, variable message boards and emergency call network as well as the telemonitoring and traffic control equipment for the Vasco de Gama bridge on the river Tagus.
- Interact Systèmes produces the internal communications network for the new Vivendi head office as well as the transmission network for the universities in Nancy, France.



April

- For both its sites in Italy and Spain, the Fiat Group awards a contract to GTIE IPA for the design, installation and commissioning of two bodywork lines for fitting doors and tailgates, wings, bonnets and cab doors of the new Iveco utility vehicle.

May

- Ten companies of the GTIE Group receive awards in the safety contest organised by the SERCE.

June

- Clémaçon Entreprise completes the production of the voice, data and image infrastructures of the Cèdre Tower in La Défense, Paris, the first gigabit building in the world, capable of receiving very high volume networks.
- Santerne supplies the lighting for the A1 and A21 motorways for the Football World Cup and in particular for access to the Lens stadium, comprising more than 500 Azuly lamp posts manufactured by BMI, one of the Group's companies.



July

- For ELF Aquitaine, SEII completes the remote control high volume pipeline of France's largest natural gas storage reservoir in Lussagnet (Landes).

August

- Batifoix wins the first contract for digital cartography in Haute Vienne, France.

September

- The SGE Group's annual convention is held in Le Mans, at the head office of Garczynski Traploir.
- SDEL DIC wins a consortium contract for the electrical, instrumentation, control centre and telecommunications equipment for the Girassol floating production and storage unit, designed for Elf's offshore oil development in Angola.

October

- Santerne Alsace and Santerne Informatique, in association with several of the Group's companies, supply the centralised management techniques for the European Parliament, which is amongst the largest in the world with 22,000 control points.



- > • Created in February 1998 and associated with Van der Linden, another of the GTIE Group's companies in the Netherlands, Graniou bv wins the turn-key production contract from Alcatel for 50 radio communication sites in that country.

- > • 21 companies of the GTIE Group win the maintenance consortium contract for the national fibre optic network of Télécom Développement. This network is used in particular for Cegetel's "7", the AOL Internet server and a large part of SFR's communications.

November

- > • In Guadeloupe, Eger, MCII and GTIE CSE are jointly in charge of automation control and monitoring of the two bridges linking Basse-Terre and Grande-Terre. Eger and SDEL Nantes will also equip the gantry of the Pointe-à-Pitre bridge.
- > • In Germany, Controlmatic produces the electrical equipment and control centre for the BSL polypropylene plant in Schkopau.

December

- > • The GTIE Group is present at the European Elec 98 exhibition which is held every two years in Paris.
- > • In China, API supplies and commissions the automation and regulation system of an aluminium rolling line in the new Kvaerner Metals factory.



Human Resources

Service and added value within the Group's sectors of activity are essentially provided by its teams, which form its leading asset. Autonomy, initiative, responsibility and networking are the key principles of the GTIE Group's management policy. They allow each employee to develop and progress within a Group which places greater importance on people than on systems. Some 20,000 professionals therefore have a day to day commitment of serving and assisting their customers. More than 3,000 users of the Intranet tool are already creating a new dimension for this communication network.

500 young recruits in 1998



Site dedicated to training course positions
www.groupe-gtie-stages.com



Supélec Forum, December 1998



New recruits day

For a company, employing young people means preparing for the future and giving renewed youth to existing teams. This is essential. It also generates new opinions and new ideas all of which mean taking individual reviews with regard to each person's situation. This is why, for many years, the GTIE Group has been implementing a decisive policy to recruit young starters with a whole range of qualifications at the commencement of their careers. Particular attention is paid

to the introduction and integration of these young new employees. As an excellent means of passing on know-how and integrating young people, training is permanently encouraged, as illustrated by the agreement signed with Garczynski Traploir in January 1998. In the last few years, several thousand young people have followed apprenticeship courses, qualification contracts or day release programmes within the GTIE Group. Many of them were afterwards recruited by the Group.

Recognition

By associating teams with the success of their business, through profit-sharing and shareholding agreements the Group provides motivating remuneration policies. These practices have been considerably developed within the GTIE Group and resulted in more than 8.4 million Euros (FF 55 million) being distributed in 1998.



5% of the total payroll invested in training

Training operations are closely monitored in the field to anticipate the changes in skills required by customers, whilst at the same time responding to the aspirations of each employee. The GTIE Academy provides an internal training programme, comprising tailor made courses which, for many years, have proved their appropriateness to the needs of the Group at all levels.



Social dialogue

As a key factor to success, the quality of social relations is developed throughout the Group, to create a real dialogue in the field. Whilst committed to compliance with the legal requirements placed upon us we also attempt to improve upon them. Discussions are therefore carried out at all levels regarding working hours within France's new legal framework.



Safety



As the concern of everyone at all times, a large-scale action programme has been implemented within the GTIE Group to promote safety on both a human and economic level. This programme is implemented through on-site actions: awareness, training and site visits run by our safety trainers. These actions improve operating methods and equipment and ensure overall vigilance. General Safety Meetings were organised for several hundred managers in 1998.

The skills of the GTIE Group

Engineering, installation and maintenance are the sectors in which the GTIE Group business units operate, where they create the link between the equipment manufacturers and the users of their products in their own activities, namely electrical power and information and communication technologies.



▲ Installation and maintenance of the IT, telephone and video surveillance computer network for the Ford Jaguar Business Centre in Nanterre, France



▲ Automation of an assembly line for the ABS-Siemens factory in Foix, France

The history of the GTIE Group dates back to the pioneers of electricity, and even precedes it since the Group's oldest company, "Maison Jean et Chabrière", won its first contract in 1817 for candle lighting in the National Assembly building. In 1828, Claude and Jean-Adolphe Clémançon created a company which bore their name and they invented the first gas-powered organs. Gas was replaced by the incandescent

lamp which was installed in the Paris Opera House in 1883.

After lighting, power and electrical applications were extended to the transfer and processing of signals and information. In turn, this innovation radically changed our way of life and led to the extraordinary technological explosion we are experiencing today.

Work on very high voltage



Lighting on the A1 and A21 motorways



Pylon built for SFR installed in Labège (Haute-Garonne, France)



Illumination of the Lille Opera House



These high “added value” service activities primarily ensure that the users, who are the GTIE Group’s customers, are totally satisfied when using electrical power and information technologies so that they can successfully focus on their own role of infrastructure operator, manufacturer or service company.

The efficient partnership between engineering, production, maintenance and even operating services characterises the way in which the Group’s businesses operate.

Given the growing importance of engineering and services within all business activities, these services have now become essential. This is

even more true since electrical power, information and communications are now just as essential to the life of our companies as air and water are to individuals, which explains the Group’s slogan: The Great Networks of Life.

Day after day, teams within the GTIE Group contribute in the development of the towns and the countryside, to the improvement of industrial processes and the evolution in building services so that people live and communicate better.



Infrastructures

Producing, transmitting
and distributing
electrical power >

Ensuring the quality of the service along with the safety of users and maintaining and even improving lifestyles is the constant concern of infrastructure operators and local authority representatives.

The GTIE Group is therefore present in each link of the chain which provides electrical power to the homes of its users: production, transmission and distribution.

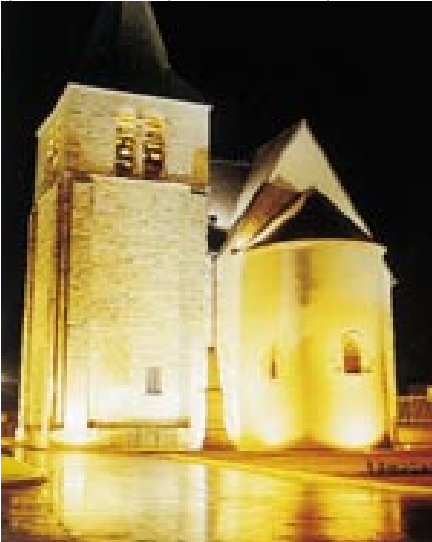
As the leader in France for high voltage overhead lines and electrical transmission systems, we are developing solutions to meet environmental concerns, which are now systematically incorporated into equipment and renovation programmes.

The development of underground high-voltage lines, which involved significant investments, is a major challenge for the future. Using a set of specific components, the Group's businesses have also developed a series of solutions called ATOLL.

Faced with the development of even smaller electrical power production units which are even closer to the consumers, such as CHP for example, the GTIE Group is also offering a complete engineering, production and maintenance service for this type of facility. Our state of the art expertise in relation to the control and command of production and transformation, our ability to install and our full list of references, make us an essential partner in this field.



< from left to right
2 x 400 kV Tavel-Realtor high voltage lines
Burying high voltage lines in Aix-en-Provence, France
Wind energy - Rest area in the Bay of Somme on the A86 motorway



^ Highlighting the cultural heritage

> Lighting for towns and roundabouts

.....> Illuminating towns and villages

Lighting contributes towards safety, the quality of life and enhances towns and villages.

A well lit street at night is much safer for pedestrians and motorists. A monument, a square or a site illuminated by professionals provides a much more enhanced heritage, brings the town to life and makes it more attractive for its inhabitants, even creating a festive atmosphere. With their vast experience

in listening to the needs of local authorities, the Group's businesses anticipate technical developments in this rapidly changing sector. With their teams of professionals equipped with the latest means including computer graphics, they are able to offer a complete range of suitable packages and services.

Infrastructures

Transmitting and communicating information >

Within the competitive environment which is now fully open to all operators, the boom in information and communication technologies is followed by the rapid development of new infrastructures: long distance and high volume transmission routes, user connections through local loops or microwave links and radio communication relays for mobile telephony, etc.



▲ Installation of an SFR antenna

Fully involved in these developments, the GTIE Group provides all the implementation technologies and above all, offers a complete service: from searching for sites to operating, engineering and design, installation, commissioning and maintenance. Its state of the art expertise also enables the Group to undertake surveys aimed at optimising the networks and evaluating the service quality.

The companies of the GTIE Group have installed thousands of kilometres of fibre optic connections, numerous microwave link projects and deployed more than 2,000 GSM relays throughout Europe.

The implementation of a network of 150 radio communication sites common to three operators on motorway structures, the maintenance of several regional or national fibre optic networks and the production of numerous local loops and connections for companies in the major cities underline the Group's ability to work on the most global of projects.



SITER is the centralised road traffic management and regulation system for the Hauts-de-Seine in France, and has been extended to the whole department (550 km of roads). The Francilienne de Circulation, in charge of the project, required 5 other companies within the GTIE Group to provide for traffic regulation and video surveillance, variable message boards designed for users, information management and the control room design.

. > Guiding, regulating and ensuring the safety of road, air and sea traffic.

A well-lit motorway combined with the safety of emergency call networks. Better regulated road, air, river and sea traffic, provided through reliable data. Traffic jams avoided by control systems for roads and parking places through real time information. These are all key elements of safety, comfort and efficiency for the final customers.

The GTIE Group offers a wide range of services in this field and incorporates highly diverse techniques such as lighting, traffic or meteorological data capture, variable message boards, video surveillance, emergency call networks, centralised management techniques, access control and radio transmissions in tunnels, etc.

The GTIE Group is at the forefront of these services and, after projects such as Sirius

in Paris, Coraly in Lyon or Migrazur on the Côte d'Azur, six of our business units were involved in producing and commissioning the first section of SITER in 1998.



Industrial processes

Constantly improving the production tool, developing reactive and flexible systems, ensuring quality and traceability, optimising production costs as well as integrating and installing increasingly complex information flows, are the main objectives of manufacturers. The companies of the GTIE Group assist them every day so that they can realise these objectives in their industrial processes.



▲ from left to right: Instrumentation - Total refinery • Control centre - BSL polypropylene plant (Germany) • Chocolate making process - Barry Callebaut • Beer process - Heineken

Closer to manufacturers and their processes

With nearly 500 locations close to production sites, the business units of the GTIE Group can offer their industrial customers an exceptionally close-knit European network of innovative and motivated professional teams. Specialisation upon each process, a philosophy which has for a long time been a focus within the Group, results in each team gaining increased knowledge of the specific process to which it is dedicated.

The GTIE Group has therefore developed leading positions within the European automotive, chemical, petrochemical, pharmaceutical, agro-feed and aeronautical industries.

A global service

In these various sectors, the Group has successfully shown its engineering and installation skills in relation to power networks, as well as information systems dedicated to controlling and monitoring industrial processes, integrating networks, automatic controllers, computers, regulators, etc.



Automated systems for the automotive industry



▲ from left to right: Data transmission network - Jaguar (UK).
 • Milk process - Prospérité Fermière • Sugar process - Arcis-sur-Aube sugar plant



With its knowledge of processes, its network of locations and its high added value technical service culture, the Group also offers a complete range of maintenance services: consultancy, engineering, maintenance, CAM, technical inspections, etc.

To respond to the wide diversity in industrial projects, from the construction of an entirely new factory to the total overhaul of production lines, including complete site maintenance, the GTIE Group businesses operate in multiple networks in order to offer the required overall service.

Working alongside a recognised specialist in a given process with the local partner located as close as possible to the site in question ensures that all the internal or external skills required are available and are the responsibility of a single interface with the customer who deals with all problems and guarantees the result.

Specific products

To develop its service on the basis of in-depth knowledge of the processes, the GTIE Group is equipped with specific software products. Built on a UNIX platform, CPI/GFA is a multi-lingual application for monitoring and controlling industrial processes, production management and centralised management techniques with a very wide range of functions.

Under the system name of ORACLE, which is totally adaptable to the main IT environments and accessible on the Intranet, Partner is a powerful and complete CAM software package. GIRIS controls fluid and utility networks. Operational on several hundred European industrial sites, these software packages are continually being developed.

Building Services

Education, health, supermarkets, insurance, banking, the hotel trade, culture, sports and leisure, administrative or industrial buildings and offices are the places in which power and information networks have become essential. The requirements in terms of technical equipment, continuity of service, safety and voice-data-image communications are becoming increasingly high-tech.

Designing and installing building equipment or a building suited in every detail to the daily concerns of those who use it: ease of access, quick exchanges of documents or images, safety of goods and people and the possibility of working in teams require complete mastery of the techniques used: power and IT networks, management techniques, communications systems.

The business units of the GTIE Group combine their in-depth knowledge with this proven know-how, drawing on their own experience as well as the way of life and the functioning of the sector involved. This knowledge is essential when working in sensitive or occupied areas where business must continue as normal. By working together, the Group's businesses are able to perform a full range of operations from engineering to maintenance.

The European Parliament in Strasbourg,



one of the largest centralised technical management systems in the world (22,000 control points).

Two businesses of the GTIE Group worked together to produce this system. It is used to control the key functions of the building such as air conditioning, lighting, smoke removal, lifts and even access control. It is an intelligent programme capable, for example, of automatically ensuring that the electrical network remains balanced.

Maintenance

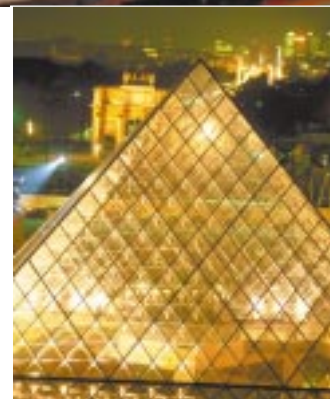
The complexity of the equipment installed in today's buildings requires methodical and professional maintenance. This guarantees the performance and reliability as well as the safety and comfort of the occupants. With just one contract, one manager and one budget, the

multi-technical service offered by the Group's businesses provides a uniform tool for monitoring all the technologies with a whole host of possibilities including on-call and response services 24 hours a day, 7 days a week.



Prestigious references

The French Senate, the Louvre, the Eiffel Tower, the Musée d'Orsay, the Garnier Opera, the Comédie-Française and the Arc de Triomphe are just some of the prestigious customers of the GTIE Group. For example, in the Eiffel Tower, the electrical equipment is powerful enough to illuminate a town of 5,000 inhabitants. It welcomes 5.6 million visitors every year and has to ensure that the public areas are well lit and that the lifts operate correctly. The Group has been providing maintenance here, for over 60 years.



The GTIE Group service for supermarkets



The GTIE Group is the partner of the largest brand names.

The strong points of its service include:

- **transfer of information:** monetary transactions, stock management, store front displays, telephone networks, etc.
- **service continuity:** this is ensured through the installation of generators, UPS, centralised technical management systems and on a more global level, maintenance services.
- **safety:** this includes fire detection, video surveillance, access control, etc.

Corporate communications

PABX, LAN, WAN, MAN, Internet, Firewall, router, switch - for the user, the explosion of information and communication technologies has led to a whole array of new concepts, new equipment and new services offered by telecommunication operators.

Within this new environment, real global solutions are expected, making the most of technological advances in a coherent manner and at an optimum cost.

With our service culture and organisation in networks as well as our ability to understand customer needs and finally our reactive ability close to the client, the GTIE Group has developed a complete corporate communications solution aimed at providing total user satisfaction.

Constantly abreast of technological developments, the Group's engineers and technicians specialise in technologies and products which are certified by manufacturing partners and leading editors. This ensures that the implemented solutions are perfectly tailored.

From simple advice to the complete management of an information system, this solution covers the whole range of additional services expected: engineering, integration, maintenance and operation applied to LAN, MAN and WAN networks as well as their administration, security and deployment of voice-data-image systems.

The launch of the Axians brand name which represents the GTIE Group's solution in this field, illustrates our determination to be a leading and recognised player in this European market.





The Axians brand name identifies the GTIE Group's service for providing corporate communications systems and networks. Some examples of Axians achievements are:

- Internet/GSM interconnection
- migration of networks to a high flow architecture
- microwave links.

With RésOdit, Axians offers high quality service expertise through a network with precise objectives. With RésOgérance, Axians provides complete delegation of services. With Axians, the GTIE Group is positioning itself as one of the leaders in France and is aiming to develop in Europe.

A brand name of the GTIE Group

www.axians.com



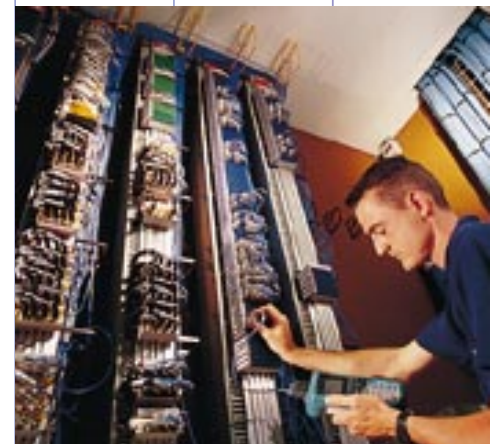
First Gigabit Building in the World

Teams from the GTIE Group provided the Voice, Data and Image infrastructure for the Cèdre Tower in La Défense, Paris. This infrastructure can receive very high volume networks such as Ethernet and ATM. It serves more than 3,200 work stations and represents 11,000 sockets at 1.2 gigabit/s, 11,600 optical connectors, 550 km of copper and 160 km of fibre optic cable.

Facilities management for corporate communications

For the last 6 years, the GTIE Group has been maintaining the computer systems for Natexis on 16 of its Parisian sites.

15,000 work stations are currently being monitored by the Group's teams who can respond within 4 hours.



Group management report and summary of financial statements for the 1998 financial year

Auditors' report on the consolidated financial statements

Financial year ended 31 December 1998

In performing the task that has been entrusted to us by your General Meeting, we have carried out an audit of GTIE's consolidated financial statements drawn up in French Francs for the financial year ended 31 December 1998 but expressed in Euros in the attached report.

The consolidated financial statements have been drawn up by the Board of Directors. It is our responsibility to express an opinion on the said financial statements on the basis of our audit.

We have carried out our audit in accordance with professional standards. Such standards require the exercise of all due diligence in order to obtain reasonable assurance that the consolidated financial statements are free of any material misstatements. An audit consists of examining, on a test basis, the evidence supporting the data contained in the said financial statements. It also consists of an evaluation of the accounting principles that have been followed and of the significant estimates used to draw up the financial

statements, and an evaluation of the overall manner in which they are presented. We consider that our checks provide a reasonable basis for the opinion expressed below.

We certify that the consolidated financial statements comply with the law and are in good faith, and give a true and fair view of the financial position and net assets, as well as of the result of the whole that is constituted by the undertakings included in the consolidation.

Without prejudice to the opinion expressed above, we would draw your attention to the paragraph "key events" in the notes, which explains the changes in the treatment of leasing contracts and the use of the percentage-of-completion method to show the outcome of transactions.

In addition, we have also carried out a check of the information given in the Group management report. We have no comment to make on its good faith and consistency with the consolidated financial statements.

Paris and Neuilly, 19 April 1999

Auditors

Salustro Reydel
Bernard Cattenoz
Bertrand Vialatte

Deloitte Touche Tohmatsu - BMA
Michel Bousquet

...> GTIE Group management report

Market developments

In France, the general trend towards an improvement in the situation within the GTIE Group's markets which had been perceptible during the last four months of 1997 was confirmed in 1998.

A more detailed analysis shows, however, that the continued decline in activities connected with electric power-generation and transmission infrastructures contrasts with the excellent growth in activities connected with information and communication technologies.

Turnover from the construction of High Voltage overhead lines thus fell by 25% compared with the previous financial year, without being offset by the still slow progress of underground High Voltage lines.

In the transformer stations sector, activity was buoyant in 1998, but a fall is expected in 1999.

Electricité de France's investments in distribution grids also saw a net fall. The field of rural electrification was, moreover, characterised by a rather unpredictable local situation and sharp competition.

The fall in interest rates, on the other hand, encouraged local authority investment. This was more buoyant in 1998 and benefited those Group activities which are geared to town planning, the environment, and improvement of public amenities and particularly street-lighting.

The development of information and communication technologies against a backdrop of competition that has now been thrown open to operators is generating numerous opportunities that the Group's businesses have not neglected to take up: deployment of radio communication relays for mobile telephones, engineering and construction of local loops, installation and maintenance of fibre-optic transmission highways, equipping of road and motorway networks, etc.

In industry, the level of investment remained very uneven in France in 1998, resulting, for example, in excellent activity in the automotive sector, but also in disappointing use of capacity in chemicals and petrochemicals. The trend towards recovery, commenced 2 years ago, has been slow to develop itself. The part played in industrial investment by preparations for the Year 2000 I.T. transition should also be stressed.

The building services sector market remains extremely competitive. Activity was up, however, in 1998, especially in Ile-de-France, due to buoyant sectors such as health, education or mass retailing. The Group's business communication solutions are

developing and a number of successful operations are promising a bright future, such as for example, the creation, for the Cèdre Tower, located at La Défense, of the first "Gigabit" building in the world, for 3,200 workstations served by a 1.2 gigabit/s network.

Turnover achieved outside France by the GTIE Group, mainly in Europe, represented nearly 305 million Euros (2 billion Francs) in 1998, i.e. virtually 20% of the total. There was a marked improvement compared with 1997, of the order of 10%, which constituted one of the satisfying features of the Financial Year.

Results were excellent and improved for the English and Dutch subsidiaries. Lee Beesley Deritend, in particular, benefited from sizeable investments made by Peugeot and Ford on the other side of the English Channel. A new company was formed in the Netherlands, Graniou bv, to assist Dutchphone (France Télécom Group) in its deployment of mobile radio telephony sites.

With suitable caveats, we can confirm Controlmatic's return to profit in Germany, which is a favourable contrast to 1997 Financial Year, which showed a large loss.

Results

In the market conditions that have just been described, the GTIE Group achieved a turnover of 1.735 billion Euros (11.4 billion Francs) during the 1998 Financial Year, up by 2% on that for 1997, despite the impact of the disinvestment of some unprofitable activities, as well as that of the disposal of various entities that are not included in the Group's strategic plan.

The profit before taxation and profit-sharing and after amortisation of goodwill of 4.1 million Euros (27 million Francs) amounted to 83 million Euros (543 million Francs), i.e. 4.76% of turnover, and was up by more than 50% compared with 1997 (55 million Euros or 358 million Francs).

The net profit of fully-consolidated companies amounted to 47 million Euros (308 million Francs), i.e. 2.70% of turnover, and the Group's share of net profit reached 46 million Euros (300 million Francs), almost double that of 1997 (24 million Euros or 159 million Francs).

The Group's cash position (net of any debt) improved throughout the Financial Year, and achieved a credit balance of 340 million Euros (2.231 billion Francs) as at 31 December 1998.

The cash flow generated during the Financial Year amounted to 106 million Euros (695 million Francs), i.e. 6.11% of turnover, up by nearly 30% on that for the 1997 Financial Year.

This enabled investments in tangible and financial assets during the Financial Year totalling 51 million Euros (332 million Francs) to be more than amply covered.

GTIE Group prospects for the 1999 Financial Year

The results for the 1998 Financial Year, which are remarkable and at their highest level

historically, have rewarded all the efforts made over the last two years to bring about the spectacular growth in the new GTIE Group, which was formed in 1997.

The 1999 plans and budgets have demonstrated genuine enthusiasm, and open up prospects for the current year that should be a continuation of the achievements of 1998.

Invoicing and especially orders taken for the first weeks of 1999 have confirmed such predictions.

. . . . > Consolidated profit and loss account

(In thousands of Euros)	1998	1997
Net turnover	1,735,384	1,702,714
Other operating income	13,591	27,628
Materials cost of sales	(461,328)	(449,344)
Outside services	(469,807)	(464,382)
Payroll	(647,427)	(653,494)
Other operating expenses	(49,205)	(51,590)
Amortisation, depreciation and provisions	(49,241)	(46,096)
Operating profit	71,966	65,437
Financial income	13,751	9,842
Financial charges	(3,785)	(3,329)
Net financial provisions	2,555	5,200
Net financial income	12,520	11,713
Operating profit after interest	84,486	77,150
Net profit on disposals of fixed assets	8,100	2,753
Other net extraordinary expenses and income	(7,856)	(6,622)
Extraordinary amortisation, depreciation and provisions	2,192	(14,908)
Extraordinary profit	2,436	(18,777)
Profit before taxation, profit-sharing and amortisation of goodwill	86,922	58,373
Amortisation of goodwill	(4,077)	(3,718)
Employee profit-sharing	(6,920)	(4,097)
Tax on profits	(28,977)	(26,186)
Net profit of fully-consolidated companies	46,949	24,371
Profit/(loss) of companies accounted for by the equity method	(30)	12
Consolidated net profit	46,918	24,384
Minority interests	(1,229)	(200)
Consolidated net profit - Group share	45,690	24,184

Consolidated Balance Sheet

Assets (in thousands of Euros)	1998	1997
Fair value adjustments	7,995	8,786
Other intangible assets	2,246	2,055
	10,241	10,841
Goodwill (net)	46,038	45,283
Owned property, plant and equipment	360,171	347,813
Fixed assets in construction	3,918	1,293
Amortisation and depreciation	(230,546)	(233,757)
	133,542	115,349
Non-consolidated investments	2,081	13,941
Investments accounted for by the equity method	234	264
Other long-term investments	6,172	6,338
	8,487	20,543
Total fixed assets	198,308	192,016
Stocks and work-in-progress	18,668	1,078,549
Accounts receivable	631,306	743,612
Deferred tax assets	8,698	2,448
	658,671	1,824,610
Financial debtors	314,712	287,140
Short-term investments	20,009	18,895
Cash and other short-term funds	43,237	35,746
	377,959	341,782
Total short-term assets	1,036,630	2,166,391
Total assets	1,234,938	2,358,408
Liabilities (in thousands of Euros)	1998	1997
Capital	94,815	94,815
Share premium account	63,079	63,079
Group share of:		
- consolidated reserves	3,153	(3,825)
- foreign currency translation reserves	367	879
- consolidated profit	45,690	24,184
Shareholders' funds (Group)	207,104	179,131
Minorities' share of:		
- consolidated reserves	2,883	2,053
- consolidated profit	1,229	200
Shareholders' funds (Minorities)	4,111	2,253
Total shareholders' funds	211,215	181,384
Grants and provisions	136,302	116,210
Long-term borrowings	21,748	14,800
Other long-term debt	6,564	4,078
Total long-term capital	375,829	316,472
Accounts payable	831,744	2,015,923
Deferred tax liabilities	10,172	15
	841,916	2,015,939
Short-term borrowings	11,668	14,158
Other short-term debt	5,524	11,838
	17,192	25,997
Total short-term debt	859,108	2,041,935
Total liabilities	1,234,938	2,358,408

... > Consolidated cash flow statement

(in thousands of Euros)	1998	1997
Operating activities		
Income before extraordinary items, interest, dividends, taxes, etc.	121,457	111,615
Financial and extraordinary transactions	20,442	1,014
Taxes and profit-sharing	(35,897)	(30,284)
Operating cash flow	106,002	82,346
Net change in working capital	(5,555)	61,288
Net cash provided by operating activities (I)	100,448	143,634
Investing activities		
Industrial investments	(52,391)	(41,280)
Disposals of fixed assets	8,047	9,298
Net industrial investments	(44,344)	(31,982)
Financial investments	(15,862)	(144,493)
Disposals of investments	9,519	1,171
Net financial investments	(6,343)	(143,322)
Changes in long-term investments	76	82
Net cash used in investing activities (II)	(50,611)	(175,221)
Financing activities		
Increases in capital of parent company	0	126,992
Increases in capital of subsidiaries subscribed to by third parties	1,125	9,067
Dividends distributed by parent company	(17,541)	(9,125)
Dividends paid to shareholders of subsidiaries	(256)	(1,329)
Other long-term debt	1,721	(3,094)
Net cash provided by / (used in) financial activities (III)	(14,951)	122,511
Net cash flows for the financial year (I + II + III)	34,886	90,923
Net financial surplus (indebtedness) at 1 January	315,785	135,541
Effect of change in scope of consolidation, etc.	10,837	89,321
Change in method relating to leasing	(741)	0
Net financial surplus (indebtedness) at 31 December	360,766	315,785

Design and Production

Phénix
COMMUNICATION



Photographs : Photo libraries FG - GT - GTIE - Santerne - SDEL - Fotogram
Stone - Cyberimage / Jon Riley / Joseph Pobereskin / Laurence Dutton /
Christopher Bissell - Image Bank / Chalfant - Stock Image - Studio Pons -
Creacom Audiovisuel - Christian Daumerie - Pascal Lemaitre - Guy Durand



**GROUPE
GTIE**



COMPAGNIE GÉNÉRALE DE TRAVAUX
ET D'INGÉNIERIE ÉLECTRIQUES

Joint stock company with a capital of FF 621 944 000
RCS Versailles B 391 635 844
Siret: 391 635 844 00023 - NAF 453A
280, rue du 8 mai 1945 - BP 72
78368 Montesson Cedex France
Tel: +33 (0) 1 30 86 70 10 - Fax: +33 (0) 1 30 86 70 01

www.groupe-gtie.com