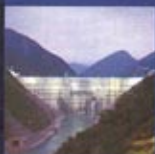
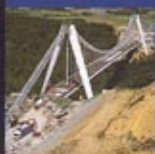




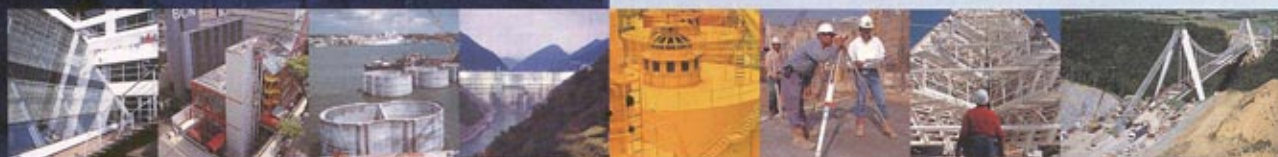
# DUMEZ-GTM **Financial Report** Financial year 1999





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## Executive committee

**Jean-Louis Brault**  
Chairman and Chief Executive Officer

**Jacques Allemand**  
Senior Vice-President

**Jacques Gautherie**  
Senior Vice-President

**Hervé Tricot**  
Chief Operating Officer

## Board of Directors

**Jean-Louis Brault**  
Chairman and Chief Executive Officer

**Jacques Allemand**

**Jacques Gautherie**

**François Jaclot\*\***

**Olivier Kreiss**

**Philippe de Margerie**

**Jérôme Monod\***

**Jérôme Tolot**

## Auditors

### Principals

Barbier, Frinault et  
Autres (Arthur Andersen)  
Gérard Dauge

### Deputies

Michel Léger  
Philippe Tissier-Chauveau

\* Until 24 May 2000

\*\* As from 24 May 2000

# Chairman's Statement

As forecasted last year, the DUMEZ-GTM consolidated result was again positive in 1999 with net profits rising to 2.7 million Euros from last year's 0.8 million.

We have completed the rationalisation of our French regional network by grouping all our trade names around GTM Construction, the latest being Chantiers Modernes. The geographical coverage of this network, the professionalism and drive of its men and women, and the wide spectrum of its expertise make it a highly efficient tool for our Clients, whatever the type and size of their projects.

Elsewhere in the world, DUMEZ-GTM has continued to focus on large, complex construction projects making best use of its know how and experience. In the Benelux countries, Germany, Hungary, Czech Republic and the French overseas territories, our subsidiaries have developed their traditional local business.

This successful year demonstrates the relevance and soundness of our strategic orientations. We shall pursue our efforts along the same lines in 2000 and shall continue to assert our values and develop our strengths - professionalism, sense of responsibility, innovation and initiative, responsiveness and adaptability, commitment to quality and safety, environmental protection, careful management of our human resources.

In this way, DUMEZ-GTM will be able to continually adapt to market needs and Clients' expectations.



Jean-Louis Brault  
*Chairman and Chief Executive Officer*





# Key Figures

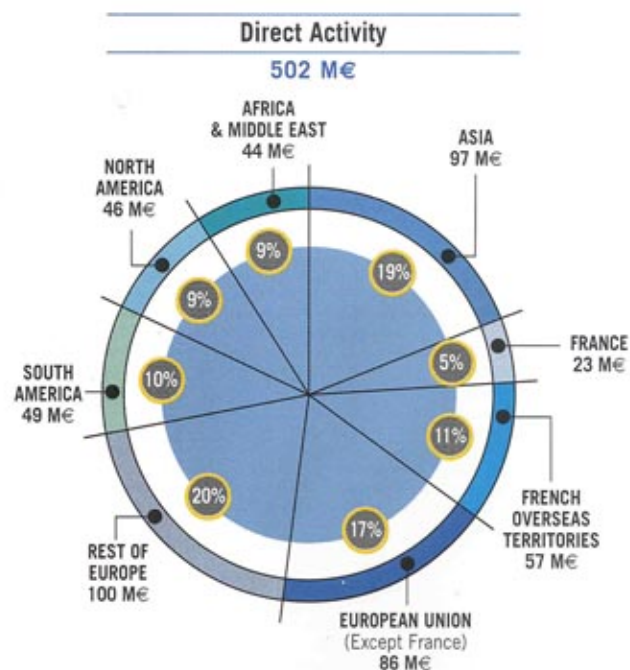
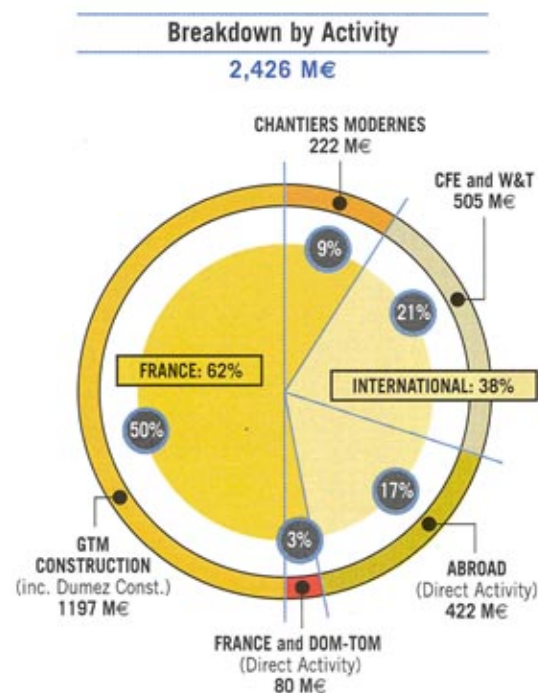
The Turnover in billion Euros	2.4
The Number of Employees (Quota end of the year)	19,000
The Share of International Activity	38%
Cash Flow in million Euros	62

## Consolidated Highlights (in millions of Euros)

	1998	1999
• Production	2,727	2,744
• Economic turnover (group's share)	2,407	2,426
• Backlog as of December 31 (group's share)	2,370	2,395
• Shareholders' equity	108	106
• Net acquisition of fixed assets *	61	69
• Cash flow	92	62
• Depreciation	75	83
Total net income of consolidated companies	-5.4	8.7
<b>Net income group's share</b>	<b>0.8</b>	<b>2.7</b>

\* Acquisition less disposal of tangible and intangible fixed assets and shareholdings

## 1999 Business Activity





# Extract of the Board of Directors' Report

*to the Shareholders' annual General Meeting of May 24th, 2000*

## 1 • DUMEZ-GTM GROUP

### 1/1 • TURNOVER

The total production of the DUMEZ-GTM group for 1999 is 2,743 million Euros as compared to 2,726 in 1998.

As explained in previous years, we consider that the economic turnover is a better indicator of the level of activity of our group of companies. The economic turnover is calculated by considering for each consolidated entity, whatever the method of consolidation used for the financial statements, a proportion of its production according to the percentage of interest owned by the group, whether directly or indirectly, in such entity.

The consolidated turnover of the DUMEZ-GTM group for 1999 is 2.4 billion Euros. The business volume and the breakdown between French (62%) and International business (38%) and between Building (50%) and Civil Engineering and Services (50%) are substantially the same as last year.

DUMEZ-GTM performs its French activity through two main subsidiaries (GTM Construction and Chantiers Modernes) and also directly (Large projects and French overseas territories).

After seven years of recession, the French construction industry is recovering, due mainly to an upturn in the private housing market, a favourable trend in heavy repairs and maintenance in the housing sector and the upturn in the industrial and office building market.

Despite the lack of major national engineering projects, the Civil Engineering sector has experienced some growth through orders from local authorities.

Abroad, the DUMEZ-GTM group operates either directly, mainly in association with other contractors, or through its subsidiaries: CFE (Belgium), Wiemer und Trachte (Germany), Hidépito (Hungary) and SMP (Czech Republic).

The economic activity in the Building and Civil Engineering sector abroad in 1999 was affected by the crises in Asia, Russia and South America. Germany apart, the business activity in the European countries where DUMEZ-GTM operates was sustained.

The activity of CFE and Wiemer und Trachte for DUMEZ-GTM's share is 505 million Euros, slightly increasing from 1998.

### 1/2 • RESULTS

The consolidated net result for 1999 (group's share) has increased with a 2.7 million Euros profit, compared to a 0.8 million Euros profit in 1998.

### 1/3 • FINANCIAL SITUATION

The group's share of consolidated net equity was 108 million Euros at December 31, 1998. Not taking into account the changes in accounting for retirement commitments (-3.5 million Euros) and in the list of consolidated entities (-2 million Euros), the capital and reserves have improved by 3.2 million Euros and represent 105.7 million Euros (group's share) at December 31, 1999 (198 million Euros including minority shares).





## 2 - DUMEZ-GTM Direct Activity

As the activity recorded in the books of DUMEZ-GTM S.A. does not give a complete view of the company's actual activity, the management of DUMEZ-GTM includes in the concept of "Direct Activity" that of joint ventures of which our company is not the managing partner and also the activity of its subsidiaries in French territories overseas and of its foreign subsidiaries other than CFE and Wiemer und Trachte.

In France, the economic turnover of DUMEZ-GTM in 1999 is 82 million Euros. Besides the completion of the North ring road of Lyon, DUMEZ-GTM is carrying on the works of the subway in Rennes, the Fort-de-France law court building and the Pointe des Grives Container terminal, both in Martinique.

DUMEZ-GTM's international Direct Activity was 10% down in 1999, due mainly to the Asian crisis. It represents 423 million Euros, 44% from Europe (excluding France), 23% in Asia, 22% on the American continent and 11% in Africa and the Middle East.

European (excl. France) activity was up 25%, as the main work got under way on the Rion-Antirion bridge in Greece and the tunnel and viaduct on the Dover to London high speed train link.

In Asia, major tunnelling for the Hong Kong metro started in 1999, and Ertan dam in China, begun in 1991, was handed over to the client.

Projects awarded in 1999 include the Chillan-Collipulli motorway (Chile) for 148 million Euros, as part of a Groupe GTM BOT contract, and a rail tunnel in the Netherlands (36 million Euros)

performed in joint venture with other contractors including our Belgian subsidiary CFE. The construction of the A86 motorway for Cofiroute, performed jointly with GTM Construction, will start in 2000.

Losses made by Chantiers Modernes placed a heavy burden on DUMEZ-GTM's company accounts which, despite profitable construction contracts, recorded a 5.5 million Euro loss.

## 3 - French subsidiaries

### 3/1 • GTM CONSTRUCTION

GTM Construction, which now includes Dumez Construction in its management accounts, recorded a consolidated economic turnover of 1.2 billion Euros, 2% up compared to the previous year.

Two major projects, the Avignon viaduct for the TGV Méditerranée high speed train line and the Chavanon viaduct for the A89 motorway, were completed in 1999, and the Evergreen hotel on the outskirts of central Paris was handed over to Elige.

Works on the Axis building in Paris for Unibail, the law court buildings in Avignon and Grenoble, and the incinerator facility for Econotre (Novergie) progressed satisfactorily.

New orders included several earthmoving contracts for "Autoroutes du Sud de la France" on the A86 and A89 motorway routes, an urban light railway project in Nancy, and three hotels for Accor.

The consolidated operating net income is positive.

### 3/2 • CHANTIERS MODERNES

Chantiers Modernes consolidated turnover was 221 million Euros in 1999, 8% up from the previous year.

## Key events in 1999

### JANUARY

GTM Construction commences construction of Grenoble law court building.



### 10 JANUARY

DUMEZ-GTM signs contract to build 5000 dwelling units in Libya.

### 14 JANUARY

Cornerstone laid at Avignon Law Court building built by GTM Construction and subsidiaries.





An unfavourable evolution of certain existing contracts and new contracts taken on at a loss produced heavily negative results.

Chantiers Modernes entities were transferred to the GTM Construction operational structure in the second half of 1999.

## 4 - Main Foreign subsidiaries

### 4/1 • CFE

DUMEZ-GTM is the main shareholder of the listed Belgian company CFE with 43.75% of its equity while GROUPE GTM holds directly 1.5%.

In 1999, CFE's turnover is 290 million Euros (group's share), which represents a 14% increase.

Turnover of the Buildings and Industrial Construction department continued to rise, due mainly to work in Belgium, Luxembourg, Hungary and Poland.

Civil Engineering business also showed clear progress, with CFE building major projects in Belgium and the Netherlands. Electrical Installations business is expanding and diversifying.

In 1999, the CFE group registered a slightly positive result.

### 4/2 • WIEMER UND TRACHTE

The situation in the German building sector remained unfavourable in 1999 and Wiemer und Trachte, a company specialized in building, of which DUMEZ-GTM holds half of the equity, generated a 221 million Euros turnover (group's share), slightly decreasing from 1998.

The result shows a slight profit.

### 4/3 • HÍDÉPÍTŐ

The 1999 turnover of Hídepítő (DUMEZ-GTM's share: 96.9%) is 44 million Euros. The South Budapest water treatment plant has been delivered during the year, whereas the Zala viaduct works, performed jointly with DUMEZ-GTM, are being completed.

The result shows a profit.

### 4/4 • SMP

The 1999 turnover of SMP, specialized in bridge construction, is 18 million Euros (share of 65.7%) slightly increasing from 1998.

Bridges of the Trebonice-Resy road have been delivered at the end of the year ; the construction of the Radbuza bridge is being completed.

In 1999, SMP registered a positive result.

## 5 - 2000 prospects

The backlog of the group on January 1<sup>st</sup> 2000 amounts to 2.4 billion Euros which represents a slight increase compared to the backlog on January 1<sup>st</sup> 1999.

On the international scene, refocusing on major projects led to a smaller Direct Activity backlog although foreign subsidiaries expanded their business in overall terms.

The backlog of GTM Construction group as of 1<sup>st</sup> January 2000 is 7.3% up from last year, due to the significant increase in medium sized civil engineering contracts.

The DUMEZ-GTM group expects the level of activity in 2000 to be slightly above the 2.4 billion Euros of 1999.

### 27 JANUARY

DUMEZ-GTM signs contract for expansion of Riyadh Conference Centre and tidying up of roads and gardens.



### 16 MARCH

DUMEZ-GTM inaugurates the Oresund tunnel in Denmark, world's longest immersed tube tunnel at 3750 metres.



### MARCH

GTM Construction subsidiary SOCRA contracted by Paris Municipality and Ministry of cultural affairs to restore Mers fountain on the Place de la Concorde in Paris.







## 6 - Human resources

Administrative and accounting staff have been trained to new administration tools used by the group.

In 1999, new training to security was initiated.

The Human Resources and Communication Department has encouraged mobility between companies of the Suez Lyonnaise des Eaux group.

An agreement has been signed in November 1999 with labor organizations concerning the adjustment and reduction of working hours on an annual basis. It covers the entire DUMEZ-GTM workforce, except expatriates.

The workforce of the group was stabilised in 1999. If one applies to the workforce of each subsidiary the percentage of equity owned by DUMEZ-GTM (method also used for the economic turnover), the number of employees has decreased from 19,787 at year end 1998 to 19,300 at year end 1999 (this last figure includes 6,314 persons employed in a managerial or qualified position).

## 7 - Strategic actions

In France, it was decided to form a single network centered on the GTM Construction organisation in 1999. It will retain the trade names of the constituent business units.

On the international scene, DUMEZ-GTM has re-focused its Direct Activity on major civil engineering projects and downsized its local business activity.

## 8 - Research, Development & Innovation

Continuing its strategy of concentrating on complex, high added value projects requiring high technical added value, DUMEZ-GTM spent 5 million Euros in 1999 on Research, Development & Innovation such as materials engineering, processes, plant and equipment, innovative structural engineering, design and associated sciences. There was a major drive to capitalise on techniques and knowledge.

Some of the more noteworthy achievements were:

- Automatic GPS-based guidance system for earth-moving machines, operating to an accuracy unequalled anywhere in the world,
- Several techniques for making suspension and cable-stayed bridge cable with immediate applications in the field,
- New knowledge on tomorrow's material - self-compacting concrete,
- New steel and concrete floor designs for buildings providing exceptionally large clear floor areas, a technique already successfully put to use.

## Key events in 1999

### APRIL

DUMEZ-GTM Czech subsidiary SMP awarded 2.5km stretch of Prague orbital motorway.

The contract includes four bridges, one of which is a 1026m viaduct.



### JUNE

DUMEZ-GTM and Hungarian subsidiary Hidépito awarded long section of the railway line to link Hungary with Slovenia.

The contract includes two bridges, one of which is a 1400m viaduct.





## 9 - Corporate management

The terms of office of Jean-Louis Brault, Jacques Gautherie, Jérôme Monod and Jérôme Tolot expire on the date of this General Meeting.

Further to Article 17 of the company articles of association, Jérôme Monod is not seeking renewal. I am sure the Board speaks for all of us in thanking him for his valuable contribution.

We propose re-appointing Jean-Louis Brault, Jacques Gautherie and Jérôme Tolot for a further three-year term.

We also propose the appointment as a new member of the Board of François Jaclot, Member of the Executive Board of Suez Lyonnaise des Eaux, for a three year term.



**14 JUNE**

DUMEZ-GTM and GTM Construction to build extension of Condamine harbour in Monaco.

**7 JULY**

GTM Construction awarded ISO 9001 certification for management of all its design, construction and maintenance activities.



**AUGUST**

DUMEZ-GTM to build Chillan-Collipulli motorway in Chile, including widening and rehabilitation of 160km of Highway 5.





# Consolidated balance sheet

for the year ended December 31

(in thousands of Euros)

Assets	1999			1998
	Gross amounts	Depreciation and Amortiz.	Net amounts	Net amounts
• Cash	350,229	-	350,229	314,399
• Marketable securities	143,657	278	143,379	205,069
• Advances and progress payments to suppliers	14,483	-	14,483	18,545
• Trade receivables and related accounts	1,013,064	67,349	945,715	963,296
• Other accounts receivable	462,410	17,968	444,442	608,282
• Inventories and works in progress	622,807	16,314	606,493	1,123,251
• Prepaid expenses and exchange rate adjustments	173,232	111,925	61,307	56,054
<b>Current Assets</b>	<b>2,779,882</b>	<b>213,834</b>	<b>2,566,048</b>	<b>3,288,896</b>
• Property, Plant and Equipment	770,228	468,274	301,954	287,620
Intangible fixed assets:				
• Acquisition goodwill	22,059	19,824	2,235	9,115
• Other intangible assets	42,576	16,794	25,782	25,553
Financial fixed assets:				
• Shares in non-consolidated companies	80,631	41,738	38,893	30,820
• Shares in net assets of equity accounted companies	12,114	-	12,114	18,351
• Other investments and miscellaneous	15,650	1,758	13,892	15,165
<b>Fixed Assets</b>	<b>943,258</b>	<b>548,388</b>	<b>394,870</b>	<b>386,624</b>
<b>Total</b>	<b>3,723,140</b>	<b>762,222</b>	<b>2,960,918</b>	<b>3,675,520</b>



## Liabilities and Shareholders' Equity

	1999	1998
• Loans and overdrafts	316,477	353,867
• Clients' advances	717,364	1,327,445
• Trade payables and related accounts	700,191	682,156
• Other operating payables	543,183	629,835
• Deferred income and exchange rate adjustments	83,481	79,026
<b>Liabilities</b>	<b>2,360,696</b>	<b>3,072,329</b>
<b>Provisions (Contingencies and accrued liabilities)</b>	<b>402,439</b>	<b>407,685</b>
• Common stock	85,000	149,539
• Additional paid-in capital	-	25,866
• Reserves	17,935	(68,237)
• Group net income	2,726	815
<b>Shareholders' Equity</b>	<b>105,661</b>	<b>107,983</b>
<b>Minority Interests</b>	<b>92,122</b>	<b>87,523</b>
<b>Total</b>	<b>2,960,918</b>	<b>3,675,520</b>



# Consolidated income statement

(in thousands of Euros)

	1999	1998
<b>Invoiced revenue</b>	3,304,466	2,880,840
• Increase in Work in progress	(560,865)	(154,250)
<b>Total production</b>	2,743,601	2,726,590
• Capitalised expenses	2,281	3,687
• Other operating revenues	109,217	99,050
• Share in net profits (losses) of joint ventures	(8,229)	42,502
• Operating costs (including general and administrative expenses)	(2,764,783)	(2,748,042)
• Depreciation, amortization and provisions	(60,333)	(84,425)
<b>Operating income</b>	21,754	39,362
• Financial income	50,459	50,807
• Financial expenses	(37,726)	(49,018)
<b>Net financial income</b>	12,733	1,789
<b>Current income</b>	34,487	41,151
• Non-recurrent income	35,243	75,232
• Non-recurrent expenses	(46,163)	(102,769)
<b>Net non-recurrent income</b>	(10,920)	(27,537)
• Income taxes and employees' profit sharing	(9,306)	(16,177)
• Share in net income of equity accounted companies	416	580
• Amortization of acquisition goodwill	(5,933)	(3,450)
<b>Net income (before minority interests)</b>	8,744	(5,433)
• Minority interests	6,018	(6,248)
<b>Group Net Income</b>	2,726	815



# Schedule to Consolidated Financial Statements

*for the year ended December 31, 1999*

(In thousands of Euros - unless mentioned otherwise)

## INTRODUCTION

The group changed the accounting method for companies in the car park activity: the full consolidation method is used for these companies instead of the equity method applied until now.

The change of method has a low impact on the consolidated accounts: the fixed assets and financial liabilities of these companies represent less than 1% of the total consolidated accounts.

## A - Consolidation policies

The consolidated financial statements have been prepared in accordance with the rules established by the French law of January 3, 1985 and its follow-up regulation.

For an easier understanding of the accounts by anglo-saxon readers, several items of the French financial statements have been regrouped and reclassified in the English translation.

### A/1 • CONSOLIDATION THRESHOLD

French and foreign subsidiaries with a net worth in excess of Euro 1 million or a turnover in excess of Euros 5 million are consolidated.

Some other subsidiaries are consolidated due to their significant contribution to the characteristics of their assets or liabilities.

### A/2 • CONSOLIDATION METHODS

Consolidation is carried out as follows:

- directly or indirectly controlled subsidiaries are fully consolidated, minority interests being recorded separately;
- the equity method is used for the consolidation of companies in which DUMEZ-GTM directly or indirectly exercises a significant influence;
- the proportional method is used for jointly controlled associated undertakings and for disclosed joint ventures or partnerships with sepa-

rate accounts when the Group's share in their activity is in excess of Euros 76 million whether or not the leading partner is a company of the Group.

When the Group's share in such joint ventures represents an activity of less than Euros 76 million, they are fully consolidated if they are managed by a Group company.

When they are not managed by a Group company, they are not consolidated and only the Group's share of net profit or loss is recorded in the consolidated accounts.

### A/3 • GOODWILL

Goodwill arising on first consolidation of an acquired subsidiary represents the difference between the investment cost and the fair value of the separable net assets which have been acquired. When positive, the goodwill is recorded as an asset "goodwill on acquisition"; when negative it is posted in "provisions for contingencies and accrued liabilities".

Goodwill is usually amortized over twenty years or less but non significant values are fully amortized during the year.

Furthermore, the amortization scheduling, over a maximum period of twenty years, of the goodwill in companies contributed in 1994 to DUMEZ-GTM by Dumez and GTM-ENTREPOSE has been kept as it was at the time of such contribution.

### A/4 • DEFERRED TAXES

Deferred taxes result from timing differences between fiscal and book income as well as consolidation restatements. This is calculated every year for each tax entity by applying the variable carry over method.

The timing differences relating to provisions for pension or similar commitments and as well tax-driven provisions restatements are source of deferred taxes.



Deferred taxation assets resulting from other temporary differences and those related to losses carried forward, are only posted if the prospects of future taxable income appear to be highly probable.

#### A/5 • YEAR END

The financial consolidated statements have been prepared as of December 31 except for a company which closes its accounts on September 30, and is included in the Group's consolidation on this basis.

Companies sold during the year are not consolidated at December 31.

### B - Methods of conversion of foreign currency transactions

Balance sheet items are expressed in Euros based on the official exchange rate at year end.

Foreign currency translation adjustments on the equity at the beginning of the year are included in consolidated reserves. The same applies to the translation adjustments on the net result at average rate.

From 1999 on, all the items of the income statement are valued using an average annual rate of exchange. Before 1999, variations in inventories and non-cash items, such as depreciation and provisions were valued on the basis of rates of exchange as of 31<sup>st</sup> December.

For these items, the difference between the average and year end rates of exchange were recorded in specific accounts on each significant level of the income statement: operating income, financial income, non-recurrent income.

This explains why the change in conversion method has no incidence on the comparison of

the different levels of the income statement between 1998 and 1999.

### C - Consolidated subsidiaries

**C/1 • THE LIST OF CONSOLIDATED COMPANIES AND PUBLICLY DISCLOSED PARTNERSHIPS OR JOINT-VENTURES IS GIVEN IN NOTE 15, TOGETHER WITH THE PERCENTAGE OF OWNERSHIP AND THE CONSOLIDATION METHOD USED FOR EACH.**

#### C/2 • CHANGES IN THE REPORTING ENTITY:

- Companies newly included: Dumez Sad, Société de Travaux Monégasques, Dumez Auvergne, Constructora DUMEZ-GTM Tribasa.
- Companies no longer included:
  - Merged companies, companies under liquidation or companies that no longer satisfy consolidation criteria: GTM international, SAM Entour, Dumez Tunisie, Constructora Dumez de Chile, SAMEC.
  - Companies sold: GTM WAN SOON.
  - Large projects over: JV Tuas Check Point, JV PEI.

### D - Accounting principles and evaluation methods

The accounting principles of the DUMEZ-GTM Group are as follows:

#### D/1 • RECOGNITION OF INCOME

The Group has extended the percentage of completion method of recognition of income to all contracts signed after the beginning of 1997.

#### D/2 • VALUATION OF WORKS IN PROGRESS (COMPLETED-CONTRACT METHOD) FOR CONTRACTS STILL MAINTAINED IN THIS METHOD

The cost of work in progress includes all expenses

## Key events in 1999



#### 3 SEPTEMBER

GTM Construction chairman and chief executive officer Jacques Allemand appointed chairman and chief executive officer of Chantiers Modernes.



#### 6 SEPTEMBER

Concession contract for A86 motorway, France, signed between minister for planning, transport and housing and chairman of COFIRROUTE.



#### OCTOBER

DUMEZ-GTM Belgian subsidiary CFE awarded construction of new Ittre prison in Belgium.



attributable to the projects whether direct, indirect or financial. Indirect costs (overheads) are valued at a fixed rate.

Losses, expected on completion of projects, are accrued for. Claims may be taken into account when estimating a loss on completion, but then a substantial additional provision is booked against such claims.

#### **D/3 • RECOGNITION OF INCOME ON A PERCENTAGE OF COMPLETION BASIS**

The percentage of completion used for projects at year end is their actual work progress. Net income is only recognized if progress represents at least 20%.

If there is a negative net margin forecasted on completion, it is accrued for using the same principles as in the completed contract method.

#### **D/4 • BIDDING COSTS**

Bidding costs on tenders neither awarded or lost at year end are posted in prepayments. They are fully depreciated in provision for contingencies.

#### **D/5 • ADJUSTMENTS TO FOREIGN SUBSIDIARY ACCOUNTS**

The foreign subsidiaries prepare their financial statements in accordance with local regulations. If necessary, their accounts are adjusted to comply with the Group's chart of accounts and principles. This particularly applies to the CFE Group concerning the method of recognition of income: work in progress and participations in partnerships and joint ventures, and retirement allowances and similar benefits.

#### **D/6 • LATE PAYMENT INTEREST OBTAINED ON CONSTRUCTION CONTRACTS AND DISPOSAL OF WORKSITE EQUIPMENT**

Late payment interest obtained on construction

contracts and results arising from disposal of worksite equipment are posted as operating income.

#### **D/7 • PENSION COMMITMENTS AND SIMILAR**

As of 1<sup>st</sup> January 1998, the Group used the projected credit unit method, recommended by international standards to assess its pension and retirement annuity commitments, granted directly or through the various multi-employer schemes. All commitments without external cover on that date (pension or insurance funds) and the corresponding deferred taxation were fully recorded.

#### **D/8 • RESTATEMENT OF DIRECT FINANCING LEASE CONTRACTS**

The Group has sold in 1999 fixed assets acquired via lease contracts.

Consequently, all the related consolidated restatements have been cancelled at the end of the period.

**DUMEZ-GTM and GTM Construction** prestress department retained to install prestressing system for Medway viaduct in Great Britain (32,000 metres of prestressing cable).

#### **25 OCTOBER**

**DUMEZ-GTM** to build Mitholz rail tunnels (25km aggregate length) in Switzerland.



#### **9 DECEMBER**

**DUMEZ-GTM** signs contract for Pannerdensch Canal tunnel in the Netherlands, on the new rail link from Rotterdam

to Germany. Works include two 1600-metre tunnels taking the railway under the Pannerdensch Canal.

**E - Notes** to consolidated financial statements**NOTE 1 • TANGIBLE AND INTANGIBLE FIXED ASSETS***Changes in gross values*

	Amounts as of Dec.31,1998	Changes in the reporting entity and exchange differences	Increases	Decreases	Amounts as of Dec.31,1999
• Property, Plant and Equipment	730,921	6,945	97,355	(64,993)	770,228
• Other intangible fixed assets	38,869	3,172	1,906	(1,371)	42,576
<b>Total</b>	<b>769,790</b>	<b>10,117</b>	<b>99,261</b>	<b>(66,364)</b>	<b>812,804</b>

*Changes in depreciation and provisions*

	Amounts as of Dec.31,1998	Changes in the reporting entity and exchange differences	Increases	Decreases	Amounts as of Dec.31,1999
• Property, Plant and Equipment	443,301	4,554	60,704	(40,285)	468,274
• Other intangible fixed assets	13,316	1,526	2,917	(965)	16,794
<b>Total</b>	<b>456,617</b>	<b>6,080</b>	<b>63,621</b>	<b>(41,250)</b>	<b>485,068</b>

**NOTE 2 • FINANCIAL FIXED ASSETS***List of main non-consolidated companies**(Net book value in excess of 2 million of Euros)**(Shareholders' Equity and net profit (loss) expressed in thousands of currency units)*

	Country	Net book value (EUR)	% owned	Currency unit	Shareholders' Equity	Net Profit (Loss)
• Société des Hôtels de Nouméa	France	2,411	4.00	XPF	6,181,332 <sup>(1)</sup>	94,697 <sup>(1)</sup>
• Espace Léopold	Belgium	2,082	7.00	BEF	1,442,660	16,309
• Don Muang Tollway Public Co.	Thailande	3,491	3.62	THB	3,635,220 <sup>(1)</sup>	1,080,555 <sup>(1)</sup>
• Fargeot	France	3,563	99.84	FRF	15,071	3,512

*(1) as at Dec. 31, 1998*





### Goodwill

	Goodwill	Badwill
• Net value as of December 31, 1998	9,115	(4,332)
• Net variations during the year	(121)	
• Amortization during the year	6,759	826
<b>Net value as of December 31, 1999</b>	<b>2,235</b>	<b>(3,506)</b>

### Other financial fixed assets

	Net value as of Dec. 31, 1999
• Accounts receivable related to non-consolidated companies	2,832
• Loans	8,074
• Others	2,986
<b>Total</b>	<b>13,892</b>

### NOTE 3 • MARKETABLE SECURITIES

The net book value is equal to the market value.

### NOTE 4 • STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

• Amount as of December 31, 1998	107,983
• Exchange differences	812
• Changes in consolidated companies	(2,007)
• Group net income for the year 1999	2,726
• Dividends paid	-
• Effect of changes on method due to pension commitments and similar	(3,560)
• Miscellaneous	(293)
<b>Amount as of December 31, 1999</b>	<b>105,661</b>

**NOTE 5 • PROVISIONS (CONTINGENCIES AND ACCRUED LIABILITIES)**

• Losses on completion	63,848
• Disputes (contracts)	8,480
• Warranties and customer care	64,925
• Site completion	39,194
• Major repairs	4,083
• Retirement allowances and similar benefits	40,138
• Foreign exchange losses	2,616
• Risks on participating interests	29,072
• Negative goodwill	3,506
• Risks on contracts	79,239
• Other risks and contingencies	67,338
<b>Total</b>	<b>402,439</b>

Provisions for other risks and contingencies are mainly provisions set aside to cover probable contingencies in the Group's activities in France and abroad, and provisions for reorganization expenses.

The pension and retirement commitments have been calculated by applying the projected credit unit method.

The following parameters were used:

- retirement age: 60,
- discount rate: 5,5%,
- salary progression rate: 2%.

**NOTE 6 • LOANS AND OVERDRAFTS**

	As of December 31, 1999 due in	
	less than 1 year	more than 1 year
• Debentures	-	-
• Bank loans	114,906	134,210
• Debts to non-consolidated companies and joint ventures	2	130
• Overdrafts	42,243	-
• Other loans	17,428	7,558
<b>Total</b>	<b>174,579</b>	<b>141,898</b>
Including due after 5 years		67,125

**NOTE 7 • DEFERRED TAXES**

Deferred tax assets relate to French companies for an amount of 12,474 thousands of Euros, and to foreign companies for 7,367 thousands of Euros.

Deferred tax liabilities relate to foreign companies for 2,814 thousands of Euros and to restatement of tax-driven provisions for 1,249 thousands of Euros.



## NOTE 8 • OPERATING INCOME

### Provisions

	Allowances	Reversals
• Depreciation of work in progress	9,975	13,498
• Other current assets	18,883	11,851
• Contingencies and losses	131,960	151,910
<b>Total</b>	<b>160,818</b>	<b>177,259</b>

## NOTE 9 • FINANCIAL INCOME

	Expenses	Income
• Interest expenses and income	26,124	30,709
• Exchange differences	9,643	17,731
• Provisions	1,959	2,019
<b>Total</b>	<b>37,726</b>	<b>50,459</b>

## NOTE 10 • NET NON-RECURRENT INCOME

	Expenses	Income
• On management operations	10,139	3,601
• On fixed assets operations	13,774	10,086
• Depreciation and provisions (*)	22,250	21,556
<b>Total</b>	<b>46,163</b>	<b>35,243</b>

(\*) Variations of depreciation and provisions during 1999 are analyzed as follows:

	Allowances	Reversals
• Depreciation	60	-
• Provisions on investments and accounts receivable from non-consolidated companies	4,403	7,511
• Provisions on current assets	-	446
• Provisions for other contingencies	17,787	13,599
<b>Total</b>	<b>22,250</b>	<b>21,556</b>

**NOTE 11 • INCOME TAX**

Income taxes can be analyzed as follows (in thousands of Euros):

• Foreign companies	8,247
• French companies	1,059
<b>Total</b>	<b>9,306</b>

As of 1999, the employees' profit sharing is included in the operating expenses (wages and salaries).

It amounts to 500 thousands of Euros for 1999.

**NOTE 12 • GROUP COMMITMENTS***1) Commitments given*

• Contracts guarantees	587,375
• Contracts commitments	35,520

*2) Securities given*

• CFE Group: for financing dredging barges	70,202
--------------------------------------------	--------

*3) Commitments on financial instruments as of December 31, 1999*

*(Commitments are recorded at the contract's face value)*

Foreign exchange contracts:

• Forward sales	19,578
• Forward purchases	69,938

Swaps on interest rates:	14,472
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**NOTE 13 • GROUP WORKFORCE**

The average number of people employed in 1999 by the fully or proportionally consolidated companies was:

• Engineers, executives and staff	6,591
• Workers	16,535
<b>Total</b>	<b>23,126</b>



# NOTE 14 • DUMEZ-GTM CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euros)

	1999	1998
<b>Initial cash position</b>	<b>428</b>	<b>337</b>
• Exchange rate differences	9	(3)
• Changes in reporting entity and consolidation and misc. (mergers, rearrangements, etc.)	8	(11)
<b>Adjusted initial cash position</b>	<b>445</b>	<b>323</b>
• Cash flow	62	92
Annual profit/loss	9	(5)
Share of equity earnings	0	(1)
Dividends from companies accounted for by the equity method	1	1
Reserve for depreciation	84	75
Net reinstatement (allowance) for long-term provisions	(19)	34
Result from disposals of assets	(13)	(12)
• Changes in working capital	4	130
<b>1 - Net cash inflow from operating activities</b>	<b>66</b>	<b>222</b>
• Acquisition of fixed assets	(111)	(106)
Tangible and intangible assets	(100)	(79)
Financial fixed assets	(11)	(27)
• Variation in expenses carried forward to future years	(12)	(15)
• Sale of or reduction in fixed assets	42	45
Tangible and intangible assets	31	20
Financial fixed assets	11	25
<b>2 - Net cash inflow from investment activities</b>	<b>(81)</b>	<b>(76)</b>
• Dividends paid	(3)	(4)
• Reimbursement of financial debt	(15)	(77)
• Increase in financial debt	39	40
• Increase in share capital and minority interests	0	0
• Translation differential assets/liabilities	0	0
<b>3 - Net cash inflow from financing activities</b>	<b>21</b>	<b>(41)</b>
<b>Total cash inflow (1 + 2 + 3)</b>	<b>6</b>	<b>105</b>
<b>End of year cash position</b>	<b>451</b>	<b>428</b>

## NOTE 15 • DUMEZ-GTM CONSOLIDATED COMPANIES AT THE END OF DECEMBER 31, 1999

Company	Address	SIREN (National Statistics) No.	Rounded interest %	Consoli- dation method (**)
<b>1 - FRENCH SUBSIDIARIES</b>				
<i>GTM CONSTRUCTION</i>	<i>92000 NANTERRE</i>	<i>399 022 177</i>	<i>100.00</i>	<i>IG</i>
<b>ENTREPRISE GÉNÉRALE</b>				
DE BÂTIMENT BARBE	35000 SAINT JACQUES DE LA LANDE	649 200 524	99.99	IG
ENTREPRISE BOEUF ET LEGRAND	93161 NOISY LE GRAND	542 003 934	100.00	IG
ENTREPRISE BLONDET MARIUS	69100 VILLEURBANNE	956 506 703	65.81	IG
CMA ENTREPRISES (ex DUMEZ OUEST)	22000 SAINT BRIEUC	334 747 748	99.98	IG
ENTREPRISE DE CONSTRUCTIONS COMTE	42600 CHAMPDIEU	885 750 521	99.96	IG
DEMOLITIONS DELAIR	33370 YVRAC	324 345 537	99.99	IG
DUMEZ ANSTETT	67452 MUNDOLSHEIM CEDEX	558 553 215	99.99	IG
DUMEZ AUVERGNE *	63000 CLERMONT-FERRAND	421 228 131	100.00	IG
DUMEZ EPS	59505 DOUAI CEDEX	046 350 039	100.00	IG
DUMEZ MARION	76140 LE PETIT QUEVILLY	380 119 164	99.99	IG
DUMEZ MEDITERRANEE	13793 AIX EN PROVENCE CEDEX 3	341 187 722	100.00	IG
DUMEZ MONACO	MONACO	88 S 02361	89.97	IG
DUMEZ RHONE ALPES	69488 LYON	392 084 943	100.00	IG
DUMEZ SUD	34000 MONTPELLIER	338 203 631	100.00	IG
ENTREPRISE GIRARD	84000 AVIGNON	572 621 712	100.00	IG
SAM GTM	92000 NANTERRE	612 015 818	99.92	IG
ENTREPRISE LAGORSSE	63000 CLERMONT-FERRAND	863 200 184	99.94	IG
SOCIETE DES ENTREPRISES LAINE	92000 NANTERRE	305 241 259	100.00	IG
LANG TRAVAUX PUBLICS	93161 NOISY LE GRAND	304 137 631	96.98	IG
ENTREPRISE HENRI LANTERMOZ	42031 SAINT ETIENNE	544 500 929	99.99	IG
Entreprise J. MUZZOLINI et Fils	86240 CROUTELLE	325 780 419	79.44	IG
ENTREPRISE PETIT	92400 COURBEVOIE	784 131 641	100.00	IG
ENTREPRISE PITANCE	69391 LYON CEDEX 03	315 919 332	98.87	IG
S.A.T. (Société Atlantique de Travaux)	17000 LA ROCHELLE	326 491 842	99.99	IG
SATEG CONSTRUCTION	85000 LA ROCHE SUR YON	300 916 905	99.92	IG
SERAM (Société d'Exploitation du Réseau d'Assainissement de Marseille)	13262 MARSEILLE	318 520 483	50.00	ME





SGCO (Société de Génie Civil de l'Ouest)	56270 PLOEMEUR	860 500 271	99.67	IG
SNATP (Société Nouvelle Assainissement et Travaux Publics)	17137 L'HOUMEAU CEDEX	601 780 356	99.95	IG
ENTREPRISE TOURNAUD	69540 IRIGNY	957 510 837	99.89	IG
LES TRAVAUX DU MIDI	13009 MARSEILLE	054 803 648	100.00	IG
TRAVAUX DU MIDI SUD-OUEST	33700 MERIGNAC	407 917 178	100.00	IG
SOCIETE GENERALE DES TRAVAUX MONEGASQUES *	MONACO	73 S 1408	99.70	IG
TRAVAUX PUBLICS DU COTENTIN (TPC)	50110 TOURLAVILLE	682 650 221	100.00	IG
VERDINO CONSTRUCTIONS	83400 HYERES	319 997 672	100.00	IG
WEILER	57340 MORHANGE	655 680 452	99.95	IG
DUMEZ CONSTRUCTION	92400 COURBEVOIE	385 225 602	100.00	IG
CHANTIERS MODERNES	33600 PESSAC	456 201 912	100.00	IG
BALINEAU S.A.	33600 PESSAC	394 877 021	49.00	ME
CENTRAL PARCS	33600 PESSAC	349 851 881	97.54	IG
CHARLES DELAU ET FILS	75012 PARIS	552 036 253	99.93	IG
CONSTRUCTION MAINTENANCE ET SERVICES	75012 PARIS	341 604 007	99.98	IG
SOCIETE du Parc Porte de La Chapelle	75012 PARIS	308 422 245	94.60	IG

## 2 - LARGE PROJECTS AND FOREIGN SUBSIDIARIES

### 2 - 1 - LARGE PROJECTS

J.V. ERTAN	20099 SESTO S. GIOVANNI (ITALY)	42.50	IP	
J.V. BERJAYA STAR CITY FIELDWORK	55100 KUALA LUMPUR (MALAYSIA)	24.63	IP	
GIE LYON NORD	92000 NANTERRE	382 503 522	40.00	IP
GIE METRO DE RENNES	92000 NANTERRE	411 102 262	33.00	IG
ORESUND TUNNEL CONTRACTORS I/S	DK-2300 Copenhagen S (DENMARK)	24.10	IP	
KINOPRAXIA GEFYRA (RION ANTIRION)	CHALANDRI (GREECE)	53.00	IP	

### 2 - 2 - FOREIGN SUBSIDIARIES

ACTIVE REVIEW Sdn Bhd	40150 SHAH ALAM, SELANGOR DARUL			
	EHSAN (MALAYSIA)	25.00		ME
Compagnie d'Entreprises C.F.E. (Groupe)	BRUSSELS (BELGIUM)	43.75		IG
CONSTRUTORA DUMEZ-GTM LTDA	SAO PAULO (BRAZIL)	94.50		IG
CONSTRUCTORA DUMEZ-GTM TRIBASA *	COLLIPULLI (CHILE)	84.60		IG
DORIS ENGINEERING	75013 PARIS	338 274 491	22.97	ME



DUMEZ CALEDONIE	DUMBEA (NEW CALEDONIA)	330 894 001	99.97	IG
DUMEZ JAYA Sdn Bhd	KUALA LUMPUR (MALAYSIA)		49.25	IP
DUMEZ MAROC	CASABLANCA (MOROCCO)		99.91	IG
DUMEZ Sad *	92000 NANTERRE	399 363 738	99.99	IG
GTM CARAIBES	97240 LE FRANCOIS	330 729 187	100.00	IG
GTM EUROPE	92000 NANTERRE	342 154 515	100.00	IG
GTM GUADELOUPE	97170 PETIT BOURG	351 843 115	100.00	IG
GTMI MALAYSIA Sdn Bhd	KUALA LUMPUR (MALAYSIA)		99.80	IG
HÍDÉPÍTŐ RT	BUDAPEST (HUNGARY)		96.95	IG
INVETRA	92000 NANTERRE	353 168 834	99.80	IG
JANIN ATLAS INC	MONTREAL (CANADA)		100.00	IG
SOCIETE MAROCAINE DES ENTREPRISES				
CHAUFOR DUMEZ	CASABLANCA (MOROCCO)		99.86	IG
SOCIETE DE CONSTRUCTION MINNITI				
	98845 NOUMEA			
	(NEW CALEDONIA)	032 722 327	99.99	IG
MMC-GTM BINA SAMA Sdn Bhd	KUALA LUMPUR (MALAYSIA)		49.98	IG
OCYE	BUENOS AIRES (ARGENTINA)		48.96	ME
PIRACEMA PARTICIPACOES S/C LTD A	SAO PAULO (BRAZIL)		80.95	IG
POCHENTONG AIRPORT CONST. JV LTD	PHNOM PENH (CAMBODIA)		70.00	IG
PT SAGITA DUMEZ	JAKARTA (INDONESIA)		60.00	IG
SOCIETE INDUSTRIELLE MARTINICAISE				
DE PREFABRICATION (SIMP)	97232 LE LAMENTIN	333 454 643	100.00	IG
SMP (Stavby Mostu Praha a.s.)	PRAHA (CZECH REPUBLIC)		65.68	IG
SOCIETE DES EMULSIONS DU PACIFIQUE				
	98845 NOUMEA			
	(NEW CALEDONIA)		49.00	ME
WIEMER UND TRACHTE	DORTMUND (GERMANY)		50.00	ME

\* First consolidation

\*\* IG: full integration

IP: proportional method

ME: equity method



# STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

as of 31st December 1999 prepared in accordance with French GAAP, translated from the original French

To the shareholders of the Company DUMEZ-GTM.

In compliance with the assignment entrusted to us by your shareholders' annual general meeting, we hereby report to you, for the year ended 31st December 1999, on the audit of the accompanying consolidated financial statements of the Company DUMEZ-GTM reported in Euro currency.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position and of its assets and liabilities as of 31st December 1999, and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

We also performed the verification of the information given in the management report of the Board of Directors. We have no comment as to its fair presentation and its conformity with the consolidated financial statements.

*Neuilly-sur-Seine and Paris,  
13th March 2000.*

The Statutory Auditors



BARBIER FRINAULT & AUTRES  
(Arthur Andersen)  
Francis Schieidecker



Gérard DAUGE



DUMEZ-GTM COMMUNICATION DEPARTMENT

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