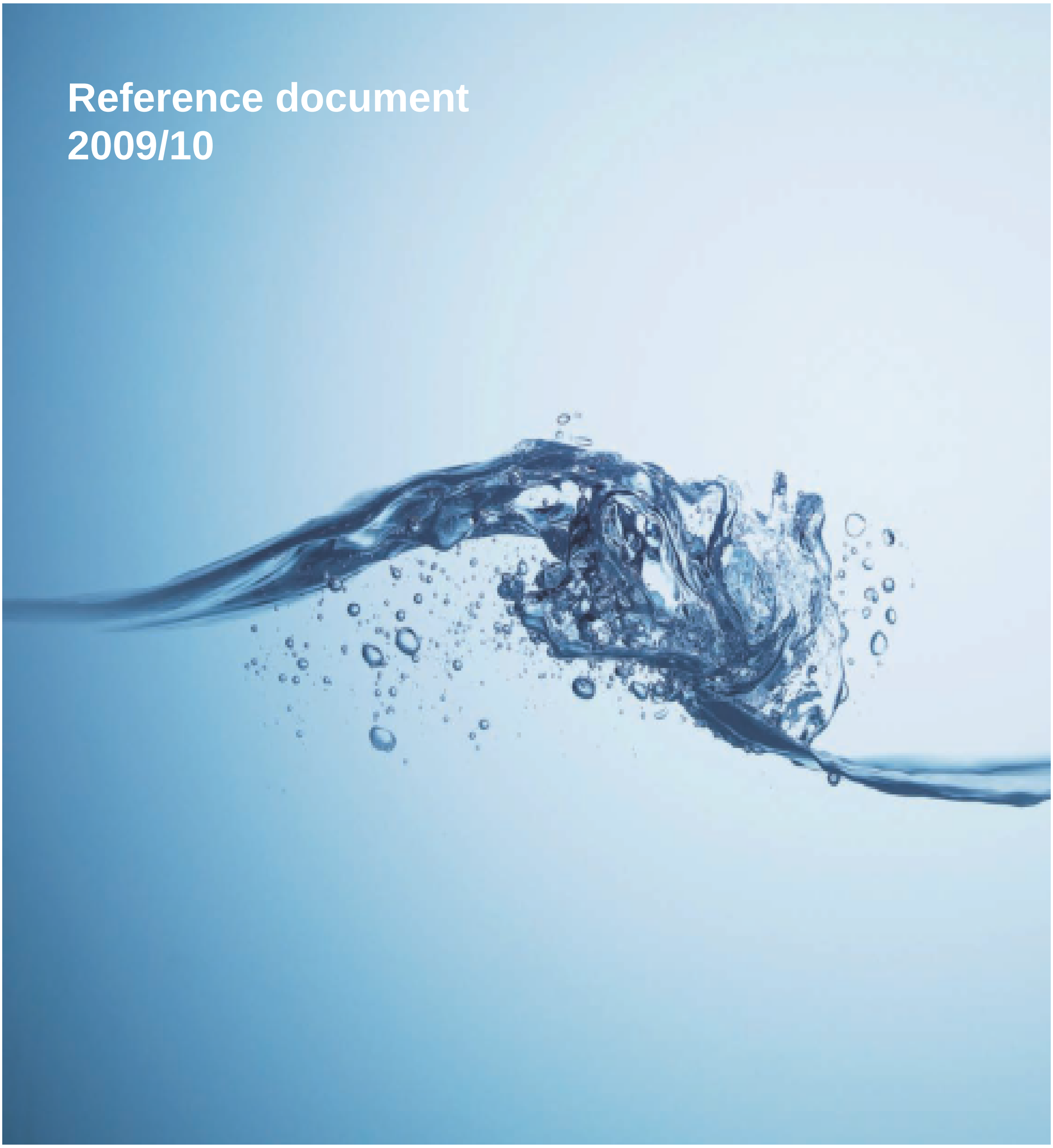
Reference document 2009/10



The power of simplicity

«Ce qui est simple est fort»

solucom
management & IT consulting

Pascal Imbert
Chairman of the Board

Michel Dancoisne
Chairman of the Supervisory Board

“ Demonstrating Solucom’s resilience ”

Chairmen’s message

Dear shareholders,

2009 was a year of crisis in our industry just like in many others.

Within the overall IT services market, Solucom’s consulting sector contracted by nearly 10%. All this meant that 2009 was one of the most difficult years in the two decades of our existence.

The crisis hit Solucom at a time when we were particularly exposed. We were exposed because of our growth: organic growth of 20% in 2008 and five takeovers undertaken over the period 2005 to 2008. We were exposed too, because of the profound reorganisation under way: increased focus of the firm on functional and technical consulting, adoption of an integrated organisation so as to offer our customers a seamless and comprehensive service, fully adapted to driving their large scale reorganisation projects.

2009/10 was therefore fraught with danger for Solucom. The firm's performance could well have been seriously compromised especially as some of our businesses suffered considerably during the first half year. And yet, all told, the year demonstrated Solucom’s excellent resilience.

We have been able to maintain our level of revenues and even to show a slight progression. We have been able to keep our high level of profitability with an operating margin on ordinary activities close to 10%. Our cash reserves have been largely rebuilt and today Solucom has net cash of €2 million, up €7 million over the year. Finally, the turnaround of those businesses in difficulties at the beginning of the year is now well under way.

These results have been obtained without losing the firm's human capital, which is so important in the consulting business, and by making the choice to invest heavily in sales so as to overcome the brutal downturn of the market.

This then also closes off our 2007/2010 strategic plan. All the plan's targets have been met, and in line with our 2007 goal, Solucom now ranks among the top 5 IT consulting firms in France.

2010 moreover marks a double anniversary for Solucom: twenty years since the firm was founded and ten years since our stock exchange listing, which sparked our firm's soaring growth. In 2000, when Solucom was first listed on the "*Marché libre*", we were just a small company with 80 staff and just €8 million in revenues.

In 10 years we have multiplied our revenues and our staff numbers by 12 whilst maintaining, year after year, one of the best profitability figures for the industry. Besides the figures, this progression went hand in hand with a real change in status. In 2000 we were specialists in a market niche but in 2010 we have become a leading player in the consulting market.

We are all too conscious that this track record is due for the most part to our stock market listing as well as the loyalty and confidence of our shareholders. As we celebrate this anniversary, we would like to thank you all most heartedly, both individual shareholders and institutional shareholders, who have chosen to support the growth of Solucom.

While in 2010/11 the market is likely to settle down, it will remain fragile without any real prospects for an upturn in the near future. Given this situation, we will be concentrating on consolidating our fundamentals and strengthening our capacity to drive our customers' major reorganisation projects, in the wake of the success achieved by the firm over the last year.

In terms of financial results, we have set the objective of progressively increasing our growth rate and once more achieving double digit operating margins on ordinary activities.

During the year we will also be making new investments, in recruitment, sales development, image and brand awareness. These investments are designed to prepare for future growth. Indeed, giving ourselves the means to be among the post-crisis winners is definitely one of our biggest challenges for 2010/11.

Our ambition over the next decade is to continue to merit the confidence that you have placed in us.

Solucom's profile

Solucom is a management and IT consulting firm.

Our clients are among the biggest companies and public authorities in France.

For these clients, we work with their business and IT departments, in the context of strategy development, idea innovation and transformation projects.

Solucom was built on the basis of a simple idea: to bring together within the same firm the best expertise in the market for each of the key areas in management and IT consultancy, and to seamlessly combine all of our skills in order to provide exceptional added value in all of the tasks that we undertake.

Our wide-ranging expertise and in depth knowledge of issues in every major economic sector, has enabled us to become a top ranking firm, and a natural partner for our clients in key decisions and projects.

This strategy, our choice of independence and our focus on consulting expertise, are the basis of our business model.This model is driven by nearly 1000 employees and confirmed by the market and since 2009 this model has placed us among the top 5 IT consulting firms in France[1].

[1] Source: PAC Study (May 2010)

10

years of market listing

€103.4

million of revenues

978

employees

Stock market data

Share price at 15/06/10
€ 16.30

Number of shares
4,966,882

Market capitalization
€ 81 million

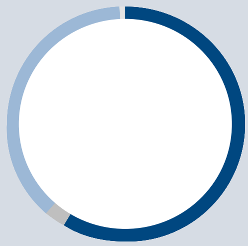
Enterprise value[2]
€ 79 million

Share information
Market : NYSE Euronext Paris
LCO
ISIN Code: FR0004036036
ICB : 9533 IT services
Reuters : SLUC.LN2
Bloomberg : LCO:FP

[2] Market capitalisation at 17.05.10
- net borrowings at 31.03.10

Shareholder breakdown

At 10 May 2010



58.4 % Founders and directors [3]
37.7 % Public float
3.1 % Employee shareholders
0.8 % Treasury shares

[3] Solucom company directors

Financial reporting timetable

2010	
21 July [4]	Q1 2010/11 revenues
24 September	Annual General Meeting
21 October [4]	H1 2010/11 revenues
23 November [4]	H1 2010/11 earnings
2011	
26 January [4]	Q3 2010/11
31 March	End of fiscal year 2010/11
11 May [4]	2010/11 revenues
1st June [4]	2010/11 earnings

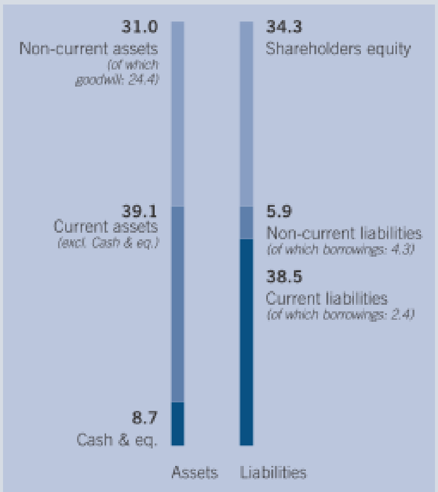
[4] After market closure

Simplified income statement at 31 March

(in € million)	2009/10	2008/09	Change
Revenues	103.4	101.9	+1%
Operating profit on ordinary activities	10.1	11.4	-12%
Operating margin on ordinary activities	*9.7%*	*11.2%*	-
Operating profit	7.0 (2)	11.1	-37%
Net profit group share	3.3 (2)	7.0	-54%
Net margin	*3.1%*	*6.9%*	-
Earnings per share	0.65 (3)	1.43	-54%

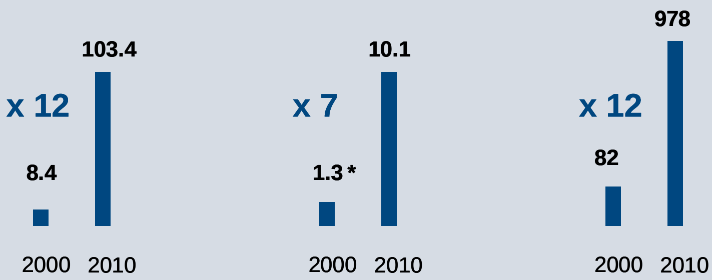
(2) Including € 3 million goodwill amortization.
(3) Including € 0.6 goodwill amortization.

Balance sheet



Balance sheet
at 31 March 2010
(in € million)

10 years of public floatation



Revenues (€ millions)

Operating profit on ordinary activities (€ millions)
* Operating profit after profit share

Headcount

Niche specialist — **Top 5 IT consulting firm in France**

2000 — **2010**

History of Solucom

1990	1995	2000	2005	2010
Foundation of Solucom	28 employees € 2.5 million revenues	82 employees € 8.4 million revenues Public floatation	291 employees € 31.5 million revenues	978 employees € 103.4 million revenues 5th player in IT consulting

Contents

Presentation of Solucom and its activities

Fiscal 2009/10

1

Presentation of Solucom and its activities

Solucom, a new approach to consultancy

Solucom is a management and IT consulting firm.

Our clients are amog the biggest companies and public authorities in France.

For these clients, we work with their business and IT departments, in the context of strategy development, idea innovation and transformation projects.

We have developed a wide range of expertise that we offer through six consulting services. This expertise corresponds to the major issues that now face companies: strategy and customer relationship models, innovation in services and usage, IT alignment and governance, rationalisation of architectures and risk management.

Solucom was built on the basis of a simple idea: to bring together within the same firm the best expertise in the market for each of the key areas in management and IT consultancy, and to seamlessly combine all of our skills in order to provide exceptional added value in all of the tasks that we undertake.

Our wide-ranging expertise and in depth knowledge of issues in every major economic sector, has enabled us to become a top ranking firm, and a natural partner for our clients in key decisions and projects.

This strategy, our choice of independence and our focus on consulting expertise, are the basis of our business model.This model is driven by nearly 1000 employees and confirmed by the market and since 2009 this model has placed us among the top 5 IT consulting firms in France[1].

[1] Source: PAC Study (May 2010)

Our mission statement

Our clients are the leading companies in their sectors. Their shared wish is to meet the challenges in their markets in order to get themselves permanently into the top position.

For these companies, we have created a new force in management and IT consulting.

Our mission? To place innovation at the heart of business lines, to define clear targets and to accomplish the associated transformations that are sources of added value and to turn IT into a real asset designed to serve corporate strategy.

We are not willing to replace our clients, to hide behind our expertise or to create complexity. On the contrary, our approach to consulting is to propose simple, clear targets and orientations that can be the source of lasting performance.

Together with our clients we build a close, long-term relationship by seeking a balance between challenge and respect. Challenge, by giving a relevant and independent point of view. Respect, by always paying attention both to the corporate culture and to its people.

Solucom is now 20 years old. The entrepreneurial spirit that gave birth to us is the basis for our key values: enthusiasm, commitment, simplicity and the need for excellence.
Values that nourish our approach to consulting. Values that place us every day at the service of our clients' ambitions.

An unrivalled range of skills and expertise

We deliver our consultancy offer through 6 practices that represent our major areas of know-how. Through this extensive palette of skills we are able to offer a complete response to the IT and operating challenges facing large companies.

A range of skills completed by top level operational expertise in sectors such as banking, insurance, energy and utilities, healthcare, telecoms and transport. This unrivalled combination of know-how and skills and our ability to provide seamless combinations of them positions us as the natural partner in our clients' major reorganisation programmes.

Our positioning is based on a unique high value offer, anchored in our firm's genes and our business culture: a resolutely pragmatic approach, a strong commitment to the success of each project, a culture of involvement alongside operational staff, and total independence… so that we can pull our weight in relations with major industrials.

Strategy & management > Mobilise the business towards its clients and development	**IT Transformation** > Align IT with the business strategy and core business requirements	**IT Governance** > Improve economic and operational perfomance
Telecoms & innovation > Provide value thanks to new communication services	**IT Architecture** > Use service oriented approaches to improve IT performance	**Security & risk management** > Manage risks and bring the IT into regulatory compliance

Strategy & management

Mobilise the business towards its clients and development

Specialists in business development, marketing and client relations our consultants lead strategy planning sessions, support reorganisations and help companies to review their client relations model.

IT Transformation

Align IT with the business strategy and core business requirements

Our teams support IT departments and operating divisions in defining their IT strategies and their practical implementation. They make use of recognised methodologies, proven industry expertise and functional specialisations concerning portals and collaborative tools.

IT Governance

Improve economic and operational performance

Solucom advises IT departments on how to optimise their financial and operating performance. Our consultants support changes in organisation, organise relations between IT departments and company's operating divisions, define and oversee supplier relations.

Telecoms & innovation

Provide value thanks to new communication services

Solucom applies a rare combination of marketing and technological know-how for its clients to help them turn new technologies into performance drivers.

IT Architecture

Use service oriented approaches to improve IT performance

Our teams support IT departments and operating divisions in defining their IT strategies and their practical implementation. They make use of recognised methodologies, proven industry expertise and functional specialisations concerning portals and collaborative tools.

Security & risk management

Manage risks and bring the IT into regulatory compliance

Solucom offers a complete range of skills, from risk mapping for operating divisions to specifying concrete solutions to be implemented in order to control risks.

Our clients

Solucom has chosen to concentrate exclusively on major accounts.

To develop the firm's activity for this target, we have established a dedicated sales force that operates in close collaboration with our teams of consultants.

The sales force has the job of developing really close relationships with order givers so that they can progressively raise Solucom to the status of front rank partner for each of its clients. Our sales engineers rely on a range of offers that evolves steadily in phase with the needs of the market and the aims of our clients.

Our clients remain very loyal, which explains why Solucom's client list for any given year will account for 90% of its business the following year…

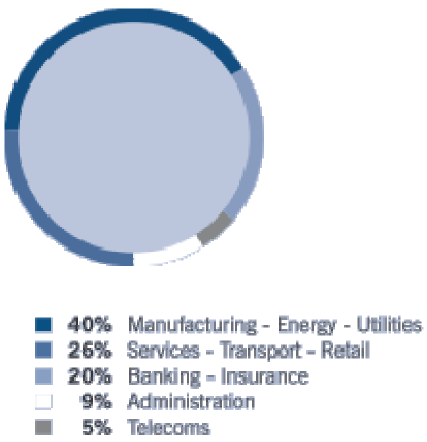
Solucom places great importance on keeping a good distribution of revenue across industries. This diversification of business is an important element in withstanding economic downturns and allows us to seize current growth opportunities in the most buoyant sectors.

Our ten largest clients in 2009/10

(% of revenues)

1	GDF SUEZ	16%
2	EDF	9%
3	LA POSTE	7%
4	SNCF	5%
5	CREDIT AGRICOLE	4%
6	BANQUE DE FRANCE	3%
7	ORANGE	3%
8	BNP PARIBAS	3%
9	TOTAL	3%
10	AREVA	3%

Per Industry revenue breakdown



Market and competition

A market in crisis

2009 was the blackest year the market has known for a long time, forcing Solucom to cope with a collapse in business after several years of sustained growth.

For IT services the figures are severe, with IDC showing the market contracted by 5.1%. IT consulting suffered even more, estimated by Solucom at nearly 10% for the IT management and consulting segment.

Even if the market began to stabilise by the end of 2009, growth forecasts for 2010 are regularly revised downwards. According to Syntec Informatique, 0.5% growth is currently forecast for consulting and IT services, while the consulting segment alone is expected to remain flat.

Solucom, one of the great names in consulting

Solucom meets four types of competitor in its operations.

- Global players who, in addition to management and IT consulting, provide the full range of IT services: IBM, Capgemini, Logica, Accenture;
- Software engineering companies, some of which have managed to grow strong consulting positions: Atos Origin, Devoteam, Sopra Group;
- UK or US traditional management consulting firms, which have developed an IT offer: Ineum Consulting, BearingPoint;
- Niche specialists focused on specific skills, such as Octo Technology.

In this competitive landscape, Solucom has a privileged position thanks to the combination of two major advantages:

- A very broad spectrum of know-how, enriched over the years to a point at which it rivals that of the global players;
- Total independence, reflecting our strategy as a pure consultancy.

In terms of figures, Solucom is now one of the 5 leading IT consulting firms in France. A position confirmed by the latest ranking of IT consulting firms published by PAC. Solucom also appears in the top 10 consulting firms combining both IT and management, consultancy.

Solucom, one of the big names in consulting

In the course of its activities in IT and management consultancy, Solucom encounters 3 types of competitor:

- Large Groups which, in addition to management and IT consultancy, are present in all activities across the entire IT sector: IBM, Capgemini, Accenture
- Computer Services Companies, which have established themselves in consultancy through one of their activities: Logica, Devoteam, Sopra Group
- Companies specializing in consulting, like Solucom, whose activity is sometimes focused exclusively on IT consultancy: Ineum Consulting (ex Deloitte Consulting), Octo Technology.

Solucom now ranks among the top five IT consultancy firms in France. A position that was confirmed by the latest rankings of IT firms published by PAC. A year ahead of its 2010 target, Solucom has thus achieved its ambition of becoming one of the top five IT consultancy firms and acquired new status as a consultancy leader.

Top 10 IT consulting firms in France (PAC 2010)

Rank	Firm	Country of origin
1	IBM	US
2	Capgemini	FR
3	Logica	UK
4	Accenture	US
5	**Solucom**	**FR**
6	CSC	US
7	Sopra Group	FR
8	Orange Business Services	FR
9	BearingPoint	US
10	Atos Origin	FR

Top 10 IT and management consulting firms in France (PAC 2010)

Rank	Firm	Country of origin
1	Capgemini	FR
2	IBM	US
3	Accenture	US
4	Logica	UK
5	CSC	US
6	McKinsey	US
7	The Boston Consulting Group	US
8	BearingPoint	US
9	**Solucom**	**FR**
10	Sopra Group Ineum Consulting	FR US

Relations with other players in the market

As a consultancy company, Solucom maintains close relations with the other players in the market. These relationships are expressed through purely technological partnerships that ensure the complete independence of the firm. This independence is a determining factor, given the role of lead contractor played by Solucom on behalf of its clients.

Solucom is an active contributor to the principal study groups in its fields of activity: AFAI/ISACA (*Association Française de l'Audit et du Conseil Informatique* / Information Systems Audit and Control Association), AeSCM (Association eSCM), CLUSIF (*Club de la Sécurité de l'Information Français*), EBG (Electronic Business Group), and ITSMF (Information Technology Service Management Forum).

Solucom is also member of Syntec Management and Syntec Informatique.

Capitalisation and distribution of our expertise: a lead on the competition

A culture of excellence is at the heart of our strategy

Solucom has brought together front-rank staff and companies in this market. The staff all focus on the same objective: for each of them to achieve the highest levels of competence and know-how in their domain. They are driven by the same conviction: by exploiting the full range of its know-how, every day Solucom can bolster its status as the leading consulting firm in this market.

So each year Solucom allocates a large part of its consultants' time to training, to technology and market watches, to the development of methodologies and bodies of knowledge. In 2009/10 this effort accounted for nearly 5% of our consultants' time.

Publications to pass on our vision and thoughts on current developments

Taking advantage of a business culture oriented towards the capitalisation of know-how, Solucom has established a publications policy in order to share its vision and the development of its reflections with the market in its major areas of.

The firm's periodic publications include:

- **La Lettre Sécurité.** A quarterly newsletter dealing with challenges and current events in security and risk management.
- **Trajectoire.** Solucom's strategy & management newsletter examining developments in client strategies.
- **Les Synthèses Solucom.** Summary of the KLC IT management observatory

Multiple opportunities to compare our convictions with the market

Solucom regularly contrasts its own convictions with those of the market by participating in the major professional events: Assises de la Sécurité, Conférence efficacité énergétique, Convention annuelle AeSCM, Conférence annuelle ITSMF, HIT, etc.

The firm has also developed its own branded events in order to provide its clients with regular meetings: Ateliers Solucom, Matinales, and Escales.

Some of our 2009/10 publications

• Intuition paper: SOA appliances	June 2009
• How to manage sustainable development?	August 2009
• RTLS, location issues in real time	June 2009
• iPhone: a new corporate challenger?	September 2009
• Master data management – A strategic asset: the master data	September 2009
• Green sourcing	September 2009
• Green datacenter: moving towards sustainable datacenters	September 2009
• IT databases, how to use them?	September 2009
• Energy and environmental efficiency – driving the reorganisation	October 2009
• Organisation of IT production	November 2009
• 2009 *Argus de l'assurance* barometer - Solucom client relation / insurer	November 2009
• IT sourcing practices survey in France	January 2010
• Virtual reality: from technical maturity to organisational issues	February 2010
• Reorganising hospital inpatients office to meet new challenges	March 2010

Our HR policy

Solucom's strategy for human resources has three objectives:

- To attract and win the loyalty of the best talent;
- To develop the firm's human potential by assisting each employee to progress as best as possible;
- To unite the staff around a shared business project.

A strategy that Solucom wishes to implement while respecting a number of fundamental principles: solidarity and priority given to collective performance, attention paid to professional and personal fulfilment and Solucom's responsibility for its own environment.

Attracting the best talents in a hyper-competitive market

Even in periods of crisis Solucom continues to recruit. More than 120 new employees joined us during 2009/10.

Solucom recruits from the highest strata of excellence, the top engineering and management colleges, and universities. The profiles that we look for combine high levels of education, professional and human qualities, ability to see the overall picture and to adopt an objective opinion.

Solucom uses a number of approaches to identify and attract the best candidates: an intensive communications program, meetings on college campuses or forums, educational partnerships, trainee programs, partnerships with recruitment companies, head-hunting campaigns.

Winning employees' loyalty and helping them to grow

Consultants are grouped in human-sized teams of around fifteen, a size that encourages proximity management and the development of individualised career paths. A mentoring system enables each new hire to receive special attention during his first months at Solucom.

Solucom develops business activity career paths that facilitate progress by identifying the skills to be acquired and mastered along the way.

Training activities include external training as well as seminars organised at the Institut Solucom, the firm's internal training institute.

Dedicated to Solucom employees, the Institut Solucom provides training in a variety of subjects: practices and tools for consulting activity, methodologies, expertise, and personal development. A management training program has also been developed to support the increasing influence and responsibility of new team managers.

Internal training courses are also opportunities for sharing best practices, spreading the firm's aims, culture and values, assisting each individual to grow and fostering the firm's organic growth.

Long-term involvement of employees with Solucom

There is considerable opportunity for discussions and building bonds in the firm’s daily operations: forums for information and dialoguing, breakfasts twice a month and evenings. Solucom emphasises a climate of dialogue and sharing centred around its business strategy, organising themed participative workshops on subjects as varied as group communications strategy or the firm's annual action plan.

Solucom has also established an action plan to combat stress and suffering at work. To encourage a balance between family and professional life, Solucom provides its employees with a company crèche service.

Finally, Solucom has established a number of schemes to enable employees to take a share in the firm’s equity. Today employees hold more than 3% of Solucom shares.

Our quality policy

Our quality policy is aimed at a single objective: satisfy our clients.

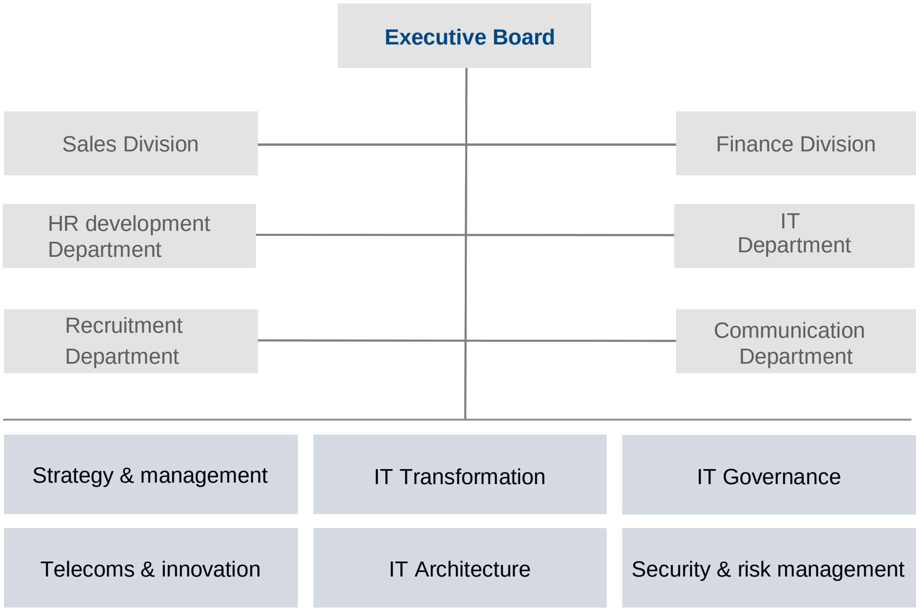
Solucom's approach to quality is based on four fundamentals:

- A quality chart distributed to all employees, to ensure the firm has a vision shared by all.
- A quality risk management procedure to monitor both established alerts and potential risks in order to reduce their number and handle them more effectively.
- Monthly indicators presented to the management teams so that the quality of the firm's services is plainly visible and annual quality action plans oriented appropriately.
- Finally, a collection of good quality practices, which are provided for employees.

Solucom's quality charter

1. Quality of services supplied	Every service delivered by the firm must be a high quality service, i.e. it must provide a solution that is entirely satisfactory for the client.
2. Ongoing dialogue with the client	We must be able to discuss confidently with the client about the service on an ongoing basis.
3. Total commitment	There can be no legitimate reason for terminating a provision of service without the client being completely satisfied.
4. Listening and treatment	Any suspicion of a quality defect must imperatively give rise to an analysis and, where necessary corrective action until fully resolved.
5. Mobilization of the whole firm	Solucom and its whole staff commit themselves to flawless implementing previous principles.

Our organization



An organisation promoting combinations of know-how

Solucom has chosen an organisational model that fosters combinations of skills and know-how from different areas, a standard approach for each client and development of synergies between teams.

The teams are organised into 6 practices.

A practice is responsible for representing Solucom's know-how in a given field backed by a stable and value-adding services offering that clients can understand. Each practice contains one or more operational teams known as 'business lines' and support functions including human resources and sales administration.

The business lines are teams of consultants that constitute the productive forces of the practices. A business line is responsible for a specific area of the firm's know-how and is responsible for developing one or more offers that may evolve over time.

The finance director's office covers financial, accounting management control and quality control functions. The finance director also supervises the IT department.

The communications department is responsible for communications strategy and takes charge of, or supervises, all public relations.

The recruitment service takes charge of all the firm's recruiting actions.

While human resources teams are decentralised in the practices, they are included in the HR strategy defined and piloted by the HR development department.

Management

The firm is managed by an Executive Board. This consists of Solucom's chairman, the heads of all of the companies in the firm, and the firm's sales and finance directors.

The main tasks of this board are to define Solucom's strategy and supervise its application. It manages the action plans and annual budgets. On a daily basis it supervises operations, monitors the achievement of objectives and encourages the development of synergies between the practices.

Pascal IMBERT
Chairman of the Management Board and CEO

Patrick HIRIGOYEN
COO of Solucom and member of the Management Board

Siegfried Günther
CEO of Idesys

Bassam ALMOUSSA
CEO of Arcome

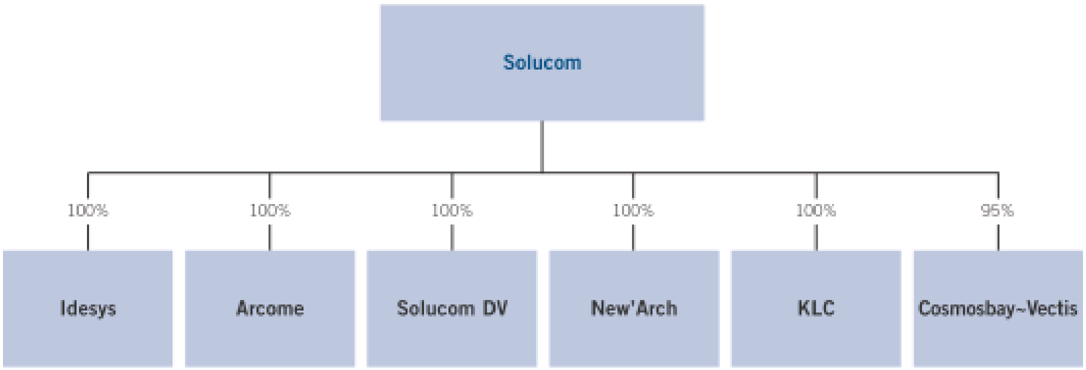
René DUMOUCEL
CEO of New'Arch

Catherine Le Louarn
Managing director of KLC

Reza Maghsoudnia
Sales Director

Pascale Besse
Finance Director

Legal structure at 31/03/2010



Solucom is the firm's holding company and also one of the firm's operational components. Solucom's operational component is designated by Solucom SA.

The table below shows the key income statement figures of each subsidiary.

(€ 000)	Revenues (€ 000)	Operating profit (€ 000)	Net profit (€ 000)
Idesys	20,015	2,453	1,402
Arcome	9,663	1,160	659
Solucom DV*	28,402	2,760	1,553
New'Arch	8,513	766	414
KLC	3,009	44	(2,435)
Cosmosbay~Vectis	18,519	(28)	(2,756)

(*)Non-comparable data given the September 2009 merger between Dreamsoft and Vistali backdated to 1 April 2009.

Within the firm each subsidiary holds assets relating to its own operations. Given the purely intellectual nature of the firm's activities, assets held are very low. The companies' principal resources are their staff. Solucom subsidiaries do not hold any strategic investments.

The implemented synergies between the firm's companies include various joint projects between companies. These joint projects primarily concern management of shared contracts.

Business projects shared among several companies in the firm are organised as intercompany outsourcing operations. Intercompany outsourcing charges during the year ended 31 March 2010 are shown below.

Client companies	**Supplier companies**						
(€000)	Solucom SA	Idesys	Arcome	Solucom DV	New'Arch	KLC	Cosmosbay~Vectis
Solucom SA	-	7,477	2,721	5,723	2,699	1,587	3,565
Idesys	5,589	-	1,062	1,708	272	211	1,475
Arcome	590	220	-	336	7	26	111
Solucom DV	2,870	1,059	664	-	1,585	508	1,294
New'Arch	461	85	0	769	-	284	187
KLC	35	1	0	76	1	-	0
Cosmosbay ~Vectis	113	69	90	(2)	14	22	-

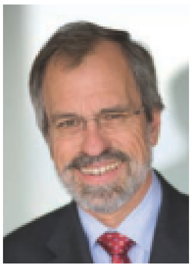
Other intercompany charges relate to shared resources including shared premises, technical equipment, centralised cash management and certain joint functional teams.

Management Board and Supervisory Board

The Management Board consists of:

- Pascal Imbert, Chairman of the Management Board
- Patrick Hirigoyen, member of the Management Board

At 1 April 2010, the Supervisory Board comprised 4 members, the biographies of whom are shown in the report by the chairman of the Supervisory Board under chapter 4, "Corporate Governance", page 128.



Michel Dancoisne

Chairman

Jean-Claude Malraison

Vice-Chairman

Jacques Pansard

Member

Jean-François Perret

Member

Biographies of supervisory board members can be found in the Supervisory Board report, part 4 – Corporate governance.

Branches, capital expenditure policy and fixed assets

All Solucom's staff is located in a single site at Paris La Défense.

Tour Franklin
100/101, terrasse Boieldieu
92042 Paris La Défense Cedex

The consulting firm has regional branches in regions:

- **Lyon** (Rhône Alpes):

  Le Parc de Villeurbanne
  107, bd Stalingrad
  69628 Villeurbanne Cedex

- **Aubagne** (PACA):

  Chemin de St Lambert
  Actiburo 1, Bâtiment A
  13400 Aubagne

- **Nantes** (West):

  Immeuble Les Salorges 2
  1, bd Salvador Allende
  44100 Nantes

The premises occupied by Solucom are rented from owners who are independent of the company and its subsidiaries.

The firm's activity requires no capital expenditure other than IT equipment, software licenses, and office fixtures and fittings required for daily operations.

These assets are recorded either as capital expenditure or are financed through hire-purchase.

Capital expenditure (€ millions)	31/03/08	31/03/09	31/03/10
Fixed assets and intangible assets	1,759 (1)	1,943 (2)	550 (3)

(1) of which € 585,000 financed through hire-purchase
(2) of which € 429,000 financed through hire-purchase
(3) of which € 301,000 financed through hire-purchase

Management report

Fiscal 2009/10

2

Management report

Management Board report to the Ordinary General Meeting dated 24/09/2010

Supervisory Board report to annual General Meeting dated 24/09/2010

Risks

Information On trends

Management Board report

Management Board report to the ordinary annual general meeting dated 24 September 2010

Ladies and Gentlemen,

We have convened this ordinary annual general meeting in accordance with legal requirements and the Company's articles of association.

Formal notices for this meeting as well as all relevant documentation required by current regulations have been sent to you or have been available for you to consult in accordance with legal time periods.

Ordinary General Meeting

Preface

The purpose of this report is to present the situation of Solucom comprising Solucom SA[1] and its subsidiaries.

This report will also include the management report as specified under Article 222-3 of the general regulations of the AMF (French financial markets regulator) and is required to be included in the Annual Financial Report mentioned under Article L 451-1-2 of the French Monetary and Financial Code.

I. Business review

The financial statements for the year ended 31 March 2010 include Solucom SA, Idesys, Arcome SAS, Solucom DV, New'Arch, KLC and Cosmosbay~Vectis over a 12 month period.

Following the September 2009 merger/takeover of Vistali by Dreamsoft, which was backdated to 1 April 2009, Vistali was wound up without liquidation during the year, and Dreamsoft changed its name to Solucom DV.

The consolidated financial statements for the year ended 31 March 2009, which are also given below, include Solucom SA, Idesys, Arcome SAS, Dreamsoft, New'Arch, KLC, Vistali and Cosmosbay~Vectis over a 12 month period. Arcome Consulting (Spain), which had been dormant since 31 March 2002, was liquidated during the first half of 2008/09.

I.1 Analysis of Solucom's results

Consolidated revenues amounted to €103,443,000 up 1% from €101,937,000 in the prior year.

Operating profit on ordinary activities came in at €10,057,000 (after employee profit share), down 12% on the prior year's figure of €11,416,000. The operating margin on ordinary activities, being the operating profit on ordinary activities divided by revenues, is 9.7%, compared to 11.2% in the prior year.

[1] Solucom as the parent company of the Solucom firm may also be referred to as Solucom SA in this report.

Note that part of the new regional tax *contribution économique territoriale*, which supersedes the former *taxe professionnelle*, has been reclassified under corporation tax. Excluding this reclassification, the operating margin on ordinary activities would have been 9.4%.

The principal non-recurring expense was the impairment of goodwill on Cosmosbay~Vectis amounting to €3,000,000.

After other non-recurring income and expense, **operating profit** amounted to €7,013,000, down 37% on 2008/09 operating profit of €11,095,000.

Net borrowing costs amounted to €164,000 over the year, which comprises €29,000 of interest income and €193,000 of interest costs over the year in view of Solucom's €10,000,000 bank loan repayable over five years that it took out at the end of March 2008. This figure compares with net borrowing costs of €447,000 for the prior year.

Profit before tax amounted to €6,908,000, down 35% on the prior year's profit before tax of €10,595,000.

The **corporation tax charge** came in at €3,656,000**.**

Net profit for the year amounted to €3,252,000 representing a net margin of 3.1%, down 54% on the prior year, for which net profit was €7,015,000, representing a net margin of 6.9%.

Given that there are no minority interests, **net profit Group share** also amounts to €3,252,000, down 54% on the prior year's net profit Group share of €7,015,000.

Consolidated net assets stood at €34,296,000 at 31 March 2010, up 7% from €32,058,000 as at 31 March 2009.

Net cash and cash equivalents, after deducting bank overdrafts and accrued (not due) interest from gross cash, amounted to €8,672,000 at 31 March 2010, compared to €3,607,000 at 31 March 2009.

Borrowings (excluding bank overdrafts and accrued (not due) interest) stood at €6,657,000, which breaks down as €6,029,000 of bank loans and sundry borrowings, and €628,000 of finance lease liabilities. As at 31 March 2009, borrowings amounted to €8,759,000.

Solucom's net cash and cash equivalents (i.e. negative net borrowings excluding treasury shares) amounted to €2,015,000 at 31 March 2010 compared to net borrowings of €5,151,000 at the prior year end.

The principal items underlying this variance are **free cash flow** of €6,711,000, down 16% over the year, and a €2,069,000 decrease in working capital amounting to €8,780,000 **net cash flow** over the year. €937,000 in dividends was paid out and capital expenditure amounted to €676,000. This capital expenditure principally relates to additions to the purchase price on mergers and acquisitions.

Note that the firm does not discount its receivables or use factoring.

I.2 Company accounts of Solucom SA

Solucom SA **revenues** amounted to €56,094,000 up 23% from €45,605,000 in the prior year.

Operating profit before employee profit share amounted to €7,276,000 up 17% from €6,195,000 in 2008/09. Consequently the operating margin came in at 13.0% compared to a margin of 13.6% for the prior year.

Net financial items totalled a gain of €3,420,000, compared to a gain of €1,815,000 for the prior year. Net financial items include €2,621,000 in respect of dividend income received from subsidiaries, €196,000 for financial expenses and an impairment charge on the investment in Cosmosbay~Vectis of €6,130,000.

Exceptional items totalled a loss of €382,000, compared to a loss of €443,000 for the prior year. The 2008/09 loss largely consists of the expense of the bonus share issue. Note that this expense does not appear in the consolidated financial statements given that it corresponds to a provision included under operating expenses during the vesting period of the relevant schemes.

The **corporation tax charge** amounted to €2,082,000 compared to €1,437,000 for the prior year.

Employee profit share totalled €606,000, up from €581,000 for the prior year.

In view of the above income and expenses, **net profit** amounted to €787,000, compared to €5,549,000 for the prior year.

Shareholders' equity of the Company stood at €30,672,000 at 31 March 2010 compared to €30,823,000 at 31 March 2009.

Net borrowings, excluding treasury shares but including €6,027,000 of bank debt at 31 March 2010, amounted to €5,475,000 compared to net borrowings of €10,415,000 at 31 March 2009.

I.3 Solucom SA and the company's revenues during the year

2009 was a black year for the IT services industry which shrank 5.1% according to IDC and IT consulting probably contracted by around 10%.

Despite this tough environment; Solucom managed to post consolidated revenues of €103.4 million, which represents a slight rise compared to the prior year.

This clear market-beating performance came about due to Solucom's strategy, by which it took the decision to retain its staff while investing heavily in marketing and sales. At the same time, the firm has shown considerable flexibility between client industries in order to tap into the potential of the most economically defensive sectors such as energy-utilities and the public sector, while also tailoring its offering to client requirements during the recession.

In terms of human resources, having virtually frozen recruitment during the first half, the firm gradually resumed recruitment of new staff in the second half. Consequently, Solucom's headcount slightly rose during the year to 978 employees as at 31 March 2010 compared to 966 as at 31 March 2009. Staff turnover remained low at 8% over the full year.

The activity rate gradually increased throughout the year and ended up at 80% compared with 79% in 2008/09.

However, the focus on maintaining a high activity rate nevertheless weighed on the average sales price, which came in at €717 for the full year, down 3% compared to the prior year. Following three years in a row of sales price increases, this year's reduction was largely due to more intense competition rather than increased pressure from clients.

Operating profit on ordinary activities for the year came in at €10.1 million, down 12% compared to the prior year. The operating margin on ordinary activities was 9.7%, which was above the revised target set in the middle of the year of 7% to 9% despite the poor results of Cosmosbay~Vectis, which posted a €2.4 million operating loss.

This operating margin on ordinary activities is stated after the reclassification under corporation tax of part of the new regional tax *contribution économique territoriale*, which supersedes the former *taxe professionnelle*. Excluding this reclassification, the operating margin on ordinary activities would have been 9.4%.

Cosmosbay~Vectis underwent a more difficult year than the rest of the firm with an activity rate that began to rise in the second quarter ending up at 57%. Under the effect of steps taken mid year, the activity rate gradually increased to 65% in the third quarter and then to 68% in the fourth quarter. Although the company's turnaround is is now on track, the difficulties encountered in 2009/10 and the remaining uncertainties for 2010/11 prompted Solucom to record a €3 million impairment charge against Cosmosbay~Vectis goodwill in order to cover any future risks.

After this non-recurring item, operating profit amounted to €7 million compared with €11.1. million in 2008/09.

Net profit for the year amounted to €3.3 million representing a net margin of 3.1%.

Solucom's shareholders' equity stood at €34.3 million as at 31 March 2010.

Given that goodwill impairment is a non-cash item, the firm's cash position jumped from net debt of €5.2 million at 31 March 2009 to €2.0 million positive net cash and cash equivalents at 31 March 2010. This improvement resulted from the firm's strong profitability while minimising working capital.

During the deep recession of 2009, Solucom demonstrated that its business model could hold up well and its strong market position as an independent consultant, which was the market segment affected the most by the recession. The firm was thus able to pursue growth during the year and to maintain strong profitability while safeguarding its human capital. Furthermore, the turnaround at Cosmosbay~Vectis is now on track and at 31 March 2010, Solucom has built up considerable cash reserves.

The strategic plan launched in 2007 was successfully completed in 2009/10. Solucom is now one of the top 5 IT consulting firms in France[1], which was a key goal under the plan. Backed by nearly 1,000 employees, 30% of revenues coming from activities other than technology consulting and an established position in IT governance and major information systems transformation projects, Solucom has taken on a real new dimension.

The expiry of the 2007/2010 plan coincides with the 10 year anniversary of Solucom's stock market listing.

Over the last ten years, revenues and headcount have soared by a factor of 12 and operating profit by a factor of 7. At the same time, Solucom, which in 2000 was a niche market player, has turned into a major consulting firm included in the top 10 French consulting firms[2] at 31 December 2009 and is the fifth largest IT consulting firm.

I.4 Recent developments and future prospects

While the IT services market has been settling down since late 2009, the delay in prospects for an economic upturn and the financial crisis in the eurozone have made it difficult to forecast business in 2010.

Competition remains tough and keeps pressure on prices.

At the same time, tensions on the job market have already come back which reflects the structural shortfall of skills in new technologies.

In this environment, Solucom will focus on consolidating its core strengths while boosting its capacity to participate in major transformation projects, in line with recent success stories with clients such as Crédit Agricole, La Poste, and the French Ministry of Finance.

The firm will exploit the benefits arising from improvements in operational performance indicators to prepare for its future growth. Solucom notably plans to relaunch its recruitment programmes, revert to more buoyant salary increases and generally boost staff retention and build their underlying potential. Solucom also plans to seek out new market positions once again by investing in marketing and developing its image.

While pursuing such investments designed to ensure the firm ends up as one of the winners in the post-recession period, Solucom has set a 2010/11 target to boost organic growth and to achieve a double-digit operating margin on ordinary activities.

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[1] Source: PAC (May 2010)

II. Legal events of the financial year

II.1 Adoption of the December 2008 AFEP-MEDEF "listed company corporate governance code" and decisions on Solucom's Audit Committee

Adoption of the December 2008 AFEP-MEDEF "listed company corporate governance code" by the Supervisory Board on 2 June 2009

We repeat that the Solucom Supervisory Board meeting dated 24 November 2008 decided to comply with the 6 October 2008 AFEP-MEDEF recommendations concerning directors' pay of listed companies.

Furthermore, at its 2 June 2009 meeting, the Supervisory Board decided to adopt the December 2008 AFEP-MEDEF "listed company corporate governance code" as its own corporate governance code with specific clauses so as to apply to Solucom's individual situation and features.

For further details on this point, please refer to the Report of the Chairman of the Supervisory Board prepared in accordance with Article L 225-68 of the French Commercial Code.

Decisions relating to the Audit Committee taken by the Supervisory Board at its 2 June 2009 meeting

Pursuant to Decree no. 2008-1278 dated 8 December 2008 (Art. 14), the Supervisory Board at its 2 June 2009 meeting decided that the Supervisory Board itself in its entirety would include the Solucom Audit Committee which would be charged with supervising:

- Procedures for preparing financial information;
- The effectiveness of internal control and risk management procedures;
- Statutory audits of the Company and consolidated annual financial statements by the stautory auditors;
- The independence of the stautory auditors;

Furthermore, the Supervisory Board established that two of its independent members possessed the necessary financial or accounting skills based on their professional experience.

This information has been published on Solucom's website.

For further details on the Audit Committee's activities during the past year, please refer to the Report of the Chairman of the Supervisory Board prepared in accordance with Article L 225-68 of the French Commercial Code.

II.2 Merger via takeover of Vistali by Dreamsoft, both wholly-owned Solucom subsidiaries

During the past year, Dreamsoft merged with Vistali, both wholly-owned Solucom subsidiaries.

Under the deal, Dreamsoft took over Vistali in consideration for Vistali's entire assets and liabilities and allotment of new Dreamsoft shares to Solucom, the transaction being backdated to 1 April 2009.

The merger is governed by the regime introduced by Article L.236-1 et seq. of the French Commercial Code and is in line with the firm's internal simplification and rationalisation policy.

This transaction was completed on 8 September 2009 and was backdated to 1 April 2009. Dreamsoft also changed its corporate name to Solucom DV.

II.3 Shares issued free of charge

Final allocation of the 15 September 2006 “Senior executive plan no. 2”

The thirty (36) months vesting period of the “Senior executive plan no. 1” dated 15 September 2006 expired on 15 September 2009 in favour of three beneficiaries.

On 14 September 2009, the Management Board established that the beneficiaries met all the following conditions and criteria for the allocation to become final:

a) Maintenance of employment under an employment contract

b) Personal investment in Solucom shares

c) Performance criteria based on operating profit on ordinary activities

Consequently, the Management Board allocated 9,280 shares to each of the three beneficiaries, which were taken from Solucom’s holding of treasury shares.

Final allocation of the 14 September 2007 “Employee plan no. 2”

The “Employees plan no. 2” dated 14 September 2007, which was fixed at a twenty four (24) months vesting period, expired on 14 September 2009 in favour of Solucom employees, based on the option that they chose under this employee savings scheme.

In accordance with the firm’s employee savings plan, the Management Board, having established and verified that the beneficiaries met all the conditions for final allocation of the scheme, on 14 September 2009 decided to allocate irrevocably to 85 employees of the aforementioned companies a total of 1,422 existing Solucom shares held as treasury shares.

Provisional allocation pursuant to the plan dated 15 September 2009 for the employee savings plan “Employee Plan no. 4”

On 15 September 2009, the Management Board made use of the authorisation granted by the Extraordinary and Ordinary General Meeting dated 28 September 2007 in its 18th resolution and introduced a free share plan entitled “Employee Plan no. 4” in accordance with the firm’s employee savings plan. This “Employee Plan no. 4” covers employees of Solucom, based on the option that they chose under this employee savings scheme.

Note that at the provisional allocation date, there were 74 employee beneficiaries and that 1,610 Solucom shares will be issued under this plan.

Provisional allocation of the 16 November 2009 “Senior executive plan no. 4”

On 16 November 2009, the Management Board made partial use of the authorisation granted by the Extraordinary and Ordinary General Meeting dated 25 September 2009 in its 14th resolution and provisionally allocated 24,804 free shares under terms and conditions that the Management Board established subject to their final allocation on expiry of the 34-month vesting period with effect from 16 November 2009.

For further details regarding the matters discussed in this paragraph, we recommend you refer to the special report of the Management Board, as required by Article L.225-197-4 of the French Commercial Code.

II.4 Brand policy

During the year, Solucom sought to reorganise its brand strategy so as to enable the entire firm to communicate under a single "Solucom" brand.

The objectives of this brand strategy are as follows:

Convey a simplified image to clients by only communicating on the brand and by basing the various services offered by the firm under this brand;

Facilitate the work of the sales teams;

Facilitate contractual relations between the firm Solucom and its clients regardless of the team contracting with the client

A legal framework based in particular on a sales representation agreement between Solucom and its subsidiaries was introduced in order to implement this brand policy without changing the firm's legal organisation chart.

During its 2 June 2009 meeting, the Supervisory Board took formal note of all these decisions and declared its agreement therewith.

II.5 Solucom corporate foundation

The Solucom corporate foundation has started operations and in 2009/10 began to support its first projects. The foundation received €300,000 of funds when it was founded in March 2008.

The foundation's mission is to support operations designed to benefit disadvantaged children in France or abroad.

III. Important Post-Balance Sheet Events for Solucom and its companies

III.1 Adoption and implementation of Solucom's reorganisation programme

On 12 April 2010, having received a positive opinion from Solucom's various staff representative bodies, the Supervisory Board and the Management Board, Solucom adopted the firm's new operating principle based on a structure per practice. The objectives of this structure are as follows:

- Standardise and improve efficiency of internal operating procedures
- Align the firm's structure with the major areas of skill presented to clients
- Seamless and fluid cooperation between the various teams in order to deliver the firm's services as efficiently as possible, particularly in conjunction with major transformation programmes.

IV. Research and development activities Solucom and its companies

Solucom does not capitalise any costs relating to research and development. Note that Solucom was acknowledged as an innovative business by the organisation ‘OSEO Innovation', which confirms that the Company is at the leading edge of innovation in its activities and that the firm continues to apply its innovation on behalf of its clients.

V. Solucom subsidiaries and equity investments

V.1 Business review of subsidiaries and equity investments

The following table summarises the key figures of Solucom's subsidiaries for the year:

Name	Idesys	Change (*)	Arcome	Change (*)	Solucom DV	Change (*)	New' Arch	Change (*)	KLC	Change (*)	Cosmosbay~Vectis	Change (*)
Revenues (€000)	25,015	+24%	9,663	-5%	28,402	N/A (**)	8,513	+22 %	3,009	-7%	18,519	-8%
Operating profit (€000)	2,453	+7%	1,160	+7%	2,760	+17 %	766	-19 %	44	-73%	-2,435	N/A
Operating margin (%)	9.8	-1.6 pts	12.0	+1.4 pts	9.7	N/A (**)	9.0	-4.5 pts	1.5	-3.5 pts	-13.1	-12 pts

(*) Change in relation to the prior year

(**) Non comparable data given the September 2009 merger between Dreamsoft and Vistali backddated to 1 April 2009

This table shows the difficulties encountered by Cosmosbay~Vectis during the year, and to a lesser extent, KLC, whose difficulties arose early in the year.

Note that, due to the close cooperation between the firm's various entities, the revenues of each consolidated company generally include a large proportion from operations outsourced to other Group companies. As a result, there may be material differences between the revenues and consequently the operating margin of a company, and its effective contribution to the Group's consolidated results.

V.2 Acquisition of equity investments, takeovers

Not applicable.

V.3 Reciprocal or cross equity investments

Not applicable.

V.4 Disposals of equity investments

Not applicable.

VI. Approval of the company and consolidated financial statements - Solucom SA earnings appropriation

VI.1 Company financial statements

We submit for your approval the Company financial statements (balance sheet, income statement and notes to the financial statements) as presented to you, showing a net profit for the year ended 31 March 2010 of €786,957.52.

We recommend the distribution of a dividend amounting to €0.19 per share, which is identical to the prior year.

Based on the shareholders as at 10 May 2010, 4,927,134 shares are entitled to receive dividends. The total recommended dividend therefore amounts to €936,155.46.

The total dividend represents a 15% dividend payout rate of net profit Group share before goodwill impairment, which had no impact on cash.

The dividend will be posted from the following accounts and in the following order:

Net profit for the year	€786,957.52
Adjustment to retained earnings brought forward	(€7,089.96)
Deduction from Other reserves	€156,287.90
Total distributable earnings and to distribute	**€936,155.46**[1]

The amount to be distributed will depend on the number of treasury stock on the removal date.

The dividend will be paid in cash as of 11 October 2010.

Pursuant to current tax provisions, natural persons who are tax resident in France are entitled to a 40% allowance for income tax purposes on the gross dividend provided they have not opted for the fixed rate specified under Article 117 (4) of the French General Tax Code.

If, at the time of the dividend payment, the number of treasury shares without dividend rights held by Solucom has changed, the sum corresponding to the dividends not paid or to be paid by reason of this variation shall be added to or deducted from the "Retained Earnings" account.

As required by law, we hereby set out the dividends distributed in respect of the past three financial years, as follows:

Year	Number of shares receiving dividends	Dividend distributed per share [2]	Proportion of dividends eligible to the 40% allowance
31 March 2009	4,934,177	€0.19	100%
31 March 2008	4,890,385	€0.19	100%
31 March 2007	4,811,822	€0.14	100%

Furthermore, in accordance with Article 223 (4) of the French General Tax Code, we hereby inform you that there were no non-deductible expenses listed under Article 39.4 of the French General Tax Code.

Attached to this report is the table of the Company's financial results of the last five financial years.

VI. 2 Group consolidated financial statements

We request that you approve the consolidated financial statements as presented with our comments, showing consolidated net profit Group share of €3,251,986.

VII. Breakdown of trade payables

In accordance with regulations introduced on 1 January 2009, the following table shows the balance of trade payables at the 2009/10 balance sheet date per band of maturity dates.

The amounts in this table are stated in euro thousands and relate exclusively to Solucom SA, the parent company.

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[1] The distributable amount will depend on the number of treasury shares as at the date the share goes ex-dividend.

[2] Before social security and tax deductions

€000	<30 days	30 to 60 days	Other	Total
Trade payables	182	1,116	100	1,398
Intercompany payables	-	2,427	-	2,427
Total	**182**	**3,543**	**100**	**3,825**
Payables for supplier invoices not received				*4,503*
Balance trade payables				*8,328*

Supplier invoices not received at 31 March 2010 comprise €757,000 of trade payables and €3,746,000 of intercompany payables.

VIII. Directors fees

We recommend that the total amount of directors' fees paid to members of the Supervisory Board with effect from 1 October 2010 and for future financial years until a new decision taken in General Meeting, be set at €21,000 per financial year.

IX. Agreements specified under Articles l.225-86 et seq. of the French Commercial Code, including Articles l.225-79-1 and L.225-90-1

In accordance with Articles L.225-86 et seq. of the French Commercial Code, we request that you:

1/ Make formal note that there were no new agreements or commitments approved or signed during the year ended 31 March 2010.

2/ Make formal note of the agreements previously approved in respect of prior years, which resulted in transactions during the year ended 31 March 2010.

The statutory auditors have been duly notified of all the agreements specified under paragraph 2/ above, in compliance with Article R 225-57 of the French Commercial Code, as stated in the special auditors report.

X. Material ongoing agreements

The list and purpose of the material ongoing agreements specified under Article L. 225-87 of the French Commercial Code have been communicated to the members of the Supervisory Board and the auditors; on request, you may also receive a copy.

XI. Share capital

XI.1 Notice of crossing shareholder thresholds

Not applicable.

XI.2 Breakdown of share capital and voting rights

In accordance with Article L.223-13 of the French Commercial Code and taking account of information received pursuant to Articles L.233-7 and L.233-12 of the French Commercial Code, we hereby list below the identity of shareholders holding more than 5%, 10%, 20%, 25%, 33.33%, 50%, 66.66%, 90% and 95% of the share capital or voting rights as at 31 March 2010:

Mr Pascal Imbert holds more than 25% of the share capital and more than 33.33% of the voting rights, Mr Michel Dancoisne holds more than 25% of the share capital and more than 33.33% of the voting rights,

Pursuant to the statement of the French financial markets board (CMF) dated 4 March 2003, Mr. Pascal Imbert and Mr. Michel Dancoisne, acting in concert, hold more than 50% of the share capital and more than 66.66% of the voting rights,

Lazard Frères Gestion SAS (acting on behalf of mutual funds) holds more than 5% of the share capital

To Solucom's knowledge and belief, no other shareholder holds more than 5% of the share capital as at 25 May 2010.

XI.3 Increases or decreases in share capital

There have been no transactions during the year affecting Solucom's share capital.

XI.4 Movement in Solucom share price

The Solucom share price stood at €11.05 at the beginning of the financial year on 1 April 2009, and at €15.55 as at the balance sheet date on 31 March 2010, up 40.7%.

The prices stated are closing prices on the dates in question.

XI.5 Treasury shares - share buy-back programme

Pursuant to authorisations specified below under paragraph XVI entitled "Share buy-back programme" of this report, Solucom purchased its own shares on the stock exchange in accordance with conditions required by law and with the share buy-back programme it has established and fully included in the Reference Document submitted on 30 June 2009 to the AMF under number D.09.0547, and in accordance with the provisions of Article 241-2 of the AMF's General Regulations.

Pursuant to Article 225-221 of the French Commercial Code, you have been notified of the data as at 31 March 2010 in the notes to Solucom SA's financial statements; they are also given below under paragraph XVI "Share buy-back programme".

Apart from steps taken in conjunction with the share buy-back programme, the Company holds no other treasury shares.

XI.6 Status of employee shareholdings

In accordance with the provisions of Article L 225-102 of the French Commercial Code, as at 31 March 2010, we hereby declare that current or former employees of Solucom and/or its related companies as defined by Article L 225-180 of the French Commercial Code, hold 39,789 Solucom shares (0.8% of the share capital) via a fund of Solucom shares in conjunction with a PEG (Group savings plan).

XII. Employee shareholdings

XII.1 Staff earnings-based incentives ("Intéressement")

Within the firm, Vistali which merged with Dreamsoft (renamed Solucom DV), has a 3-year incentives contract ('*intéressement*') signed on 1 December 2006.

XII.2 Stock Options

We confirm that:
No stock options were granted during the year ended 31 March 2010,

No stock options were exercised during the year ended 31 March 2010 given that all former plans had expired.

XII.3 Solucom free share issues

Regarding free share issues, please refer to paragraph II.C and to the special report of the Management Board, pursuant to Article L225-197-4 of the French Commercial Code.

XIII. Information relating to directors

XIII.1 Corporate management bodies

Solucom is a *Société Anonyme* (French public limited company) with a Management Board and Supervisory Board.

In view of the death of Mr Pierre Laigle, a member of the Supervisory Board, on 5 August 2009, the member of the Company's management bodies for the year ended 31 March 2010 were as follows:

From 1 April 2009 to 5 August 2009

Management Board

Mr. Pascal Imbert, Chairman of the Management Board

Mr. Patrick Hirigoyen, Member of the Management Board

Supervisory Board

Mr. Michel Dancoisne, Chairman of the Supervisory Board

Mr. Jean-Claude Malraison, Vice-Chairman of the Supervisory Board

Mr. Pierre Laigle, Member of the Supervisory Board

Mr. Jacques Pansard, Member of the Supervisory Board

Mr. Jean-François Perret, Member of the Supervisory Board

From 5 August 2009 to 31 March 2010 and to today's date

Management Board

Mr. Pascal Imbert, Chairman of the Management Board

Mr. Patrick Hirigoyen, Member of the Management Board

Supervisory Board

Mr. Michel Dancoisne, Chairman of the Supervisory Board

Mr. Jean-Claude Malraison, Vice-Chairman of the Supervisory Board

Mr. Jacques Pansard, Member of the Supervisory Board

Mr. Jean-François Perret, Member of the Supervisory Board

XIII.2 List of appointments and functions of the directors during the year ended 31 March 2010 and during the last 5 years

Name	Date of first appointment and date of renewal	Expiry of term of office	Principal function in the Company	Principal function outside the Company	Other offices and functions in any company	Other offices during the last five years
Pascal Imbert	30/09/2002 26/09/2008	26/09/2014	Chairman of the Management Board	KLC - Representative Solucom Chairman	Cosmosbay~Vectis - Director	
Mr Patrick Hirigoyen:	30/09/2002 26/09/2008	26/09/2014	Member of the Management Board		Solucom - Deputy Managing Director in charge of operations Cosmosbay~Vectis Director Managing Director as from 29/10/2009	
Michel Dancoisne	30/09/2002 26/09/2008	26/09/2014	Chairman of the Supervisory Board		Solucom - Manager position III with expertise in financial policy, development and acquisitions	
Jean-Claude Malraison	30/09/2002 26/09/2008	26/09/2014	Vice-Chairman of the Supervisory Board	Critical Eye - Chairman of the Board of Directors	Kervillen SARL – Managing Director	
Jacques Pansard	30/09/2002 26/09/2008	26/09/2014	Member of the Supervisory Board	Independent consultant		
Jean-François Perret	26/09/2008	26/09/2014	Member of the Supervisory Board	Pierre Audoin Consultants – Member of the Supervisory Board	CVMP Conseil – Managing Director	Pierre Audoin Consultants – Chairman of the Management Board Pierre Audoin Consultants - Vice-chairman of the Supervisory Board
Pierre Laigle	26/09/2008	05/08/2009 (deceased)	Member of the Supervisory Board	KLC – Chairman		

The directors individually confirm that in the past five years:

- They have not been condemned for fraud.
- They have not been personally associated with any bankruptcy, sequestration or liquidation in which the directors were involved acting in the capacity of members of corporate governing or supervisory bodies.
- They have not been indicted and/or subject to an official public sanction levied against the directors by the competent legal or regulatory authorities.

The directors declare they are not aware of:

- Any potential conflicts of interest between their duties towards the Company and their private interests and/or other duties.
- Any family links existing between any of the directors.

XIII.3 Directors and executives' remuneration

Preface

Pursuant to statutory provisions and the AFEP-MEDEF code, which Solucom has decided to follow, the following paragraphs provide total remuneration including all types of remuneration paid during the past year to each director.

Summary

The following table details all types of remuneration and benefits received by Solucom SA directors from all the firm's companies.

This table includes both remuneration due in respect of the year and remuneration paid during the year. Part of the remuneration due in respect of the year is actually paid during the first few months of the following year.

			Gross annual remuneration 2009/10				Gross annual remuneration 2008/09			
	Euros		Fixed	Variable	Directors fees	Total	Fixed	Variable	Directors fees	Total
Mgt board	Pascal Imbert	Due	144 000	28 496		172 496	144 000	54 630		198 630
		Paid	*144 000*	*54 630*		*198 630*	*144 000*	*48 708*		*192 708*
	Patrick Hirigoyen	Due	125 040	46 161		171 201	125 040	61 310		186 350
		Paid	*125 040*	*61 310*		186 350	*125 040*	*46 198*		*171 238*
Supervisory board	Michel Dancoisne	Due	49 600			49 600	49 600			49 600
		Paid	*49 600*			*49 600*	*49 600*			*49 600*
	Jean-Claude Malraison	Due			5 000	5 000			5 000	5 000
		Paid			*5 000*	*5 000*			*5 000*	*5 000*
	Jacques Pansard	Due			*5 000*	5 000			5 000	5 000
		Paid			*5 000*	*5 000*			*5 000*	*5 000*
	Pierre Laigle (a)	Due	42 386	0	1 000	43 386	124 200	18 272	1 000	143 472
		Paid	*22 410*	*18 272*	*1 000*	*41 682*	*124 200*	*27 096*	*1 000*	*152 296*
	Jean-François Perret	Due			5 000	5 000			2 500	2 500
		Paid			*5 000*	*5 000*			*2 500*	*2 500*

(a) Member of the supervisory board until 5 August 2009

Explanations and comments

- Change in remuneration between 2008/09 and 2009/10

In view of the prudent policy for cost commitments followed during 2009/10, it was decided not to change the remuneration of any Solucom director during the year. This policy covers both fixed pay, the target amounts for variable pay and directors' fees.

- Fixed remuneration

Fixed remuneration is determined by taking into account the director’s level and difficulty of responsibilities, experience in office, time with Solucom, and practices observed in groups or companies operating similar businesses.

- Variable remuneration

For Pascal Imbert, Chairman of the Management Board, variable remuneration is based on the difference between actual Group earnings and the budgeted objectives set at the beginning of the financial year. This applies to the following lines: operating profit on ordinary activities and net profit group share on a like-for-like basis, i.e. excluding changes in scope of consolidation in the year. The value of the variable remuneration based on the budget being achieved amounted to €43,800 gross in 2009/10 and €43,800 gross in 2008/09. The variable portion can vary between 50% and 200% of this amount.

For Patrick Hirigoyen, member of the Management Board, variable remuneration is based on the difference between actual Group earnings and the budgeted objectives set at the beginning of the financial year. This applies to the following lines: Solucom SA operating profit adjusted for certain non-operating items and operating profit on a like-for-like basis, i.e. excluding changes in scope of consolidation in the year. The value of the variable remuneration based on the budget being achieved amounted to €42,500 gross in 2009/10 and €42,500 gross in 2008/09. The variable portion can vary between 50% and 200% of this amount.

- Other information

We would also like to point out that Solucom is not under the control of any company; consequently Solucom directors do not receive any remuneration from such companies.

No Solucom director has received any remuneration other than that stated in the table below, including remuneration specified under Article L.225-102-1 paragraph 1 of the French Commercial Code (controlled companies).

The Company has no policy for severance pay, arrival bonuses or deferred pay in respect of departure or change of functions for Solucom directors as defined under Article L.225-90-1 of the French Commercial Code.

Nor is there any supplementary pension scheme specific to Solucom directors as defined under Article L 225-79-1 of the French Commercial Code.

No Solucom director or executive has received any benefits in kind.

No Solucom director has been granted any equity shares or options etc. that may give access or entitlement to the allotment of Solucom shares at present or in the future.

Mr Patrick Hirigoyen, member of the Management Board, during the year received final allotments of shares in his capacity as i) an executive of Solucom ("Executive Plan no. 2") and ii) a Solucom SA employee under the free share allocation plan ("Employee Plan no. 2") linked to the employee savings programme (see paragraphs II.C.1 and II.C.2 below, the tables below and the Special Report of the Management Board paragraph XII.3 below).

The following tables, prepared in accordance with the recommendation of the AMF, provide all information required by all current regulations.

Summary of remuneration and stock options granted during the year to each executive director (table 1 of the AMF recommendations)

	Gross annual remuneration 2009/10	Gross annual remuneration 2008/09
Euros	Amount due	Amount due
Pascal Imbert Management Board Chairman		
Remuneration due in respect of the year	172,496	198,630
Value of options granted during the year	n/a	n/a
Value of performance shares granted during the year	n/a	n/a
Total	172,496	198,630
Patrick Hirigoyen Member of the Mgt Board		
Remuneration due in respect of the year	171,201	186,350
Value of options granted during the year	n/a	n/a
Value of performance shares granted during the year	n/a	n/a
Total	171,201	186,350

Summary of remuneration of each executive director (table 2 of the AMF recommendations)

	Gross annual remuneration 2009/10		Gross annual remuneration 2008/09	
Euros	Amount paid	Amount due	Amount paid	Amount due
Pascal Imbert Management Board Chairman				
Fixed remuneration	144,000	144,000	144,000	144,000
Variable remuneration	54,630	28,496	48,708	54,630
Exceptional remuneration	n/a	n/a	n/a	n/a
Directors fees	n/a	n/a	n/a	n/a
Benefits in kind	n/a	n/a	n/a	n/a
Total	198,630	172,496	192,708	198,630
Patrick Hirigoyen Member of the Mgt Board				
Fixed remuneration	125,040	125,040	125,040	125,040
Variable remuneration	61,310	46,161	46,198	61,310
Exceptional remuneration	n/a	n/a	n/a	n/a
Directors fees	n/a	n/a	n/a	n/a
Benefits in kind	n/a	n/a	n/a	n/a
Total	186,350	171,201	171,238	186,350

Directors' fees and other remuneration received by non-executive directors (table 3 of the AMF recommendations)

	Amount paid during 2009/10	Amount paid during 2008/09
Jean-Claude Malraison		
Directors fees	5,000	5,000
Other remuneration	n/a	n/a
Jacques Pansard		
Directors fees	5,000	5,000
Other remuneration	n/a	n/a
Pierre Laigle (a)		
Directors fees	1,000	1,000
Other remuneration	40,682	151,296
Jean-François Perret		
Directors fees	5,000	2,500
Other remuneration	n/a	n/a
Total	56,682	164,796

(a) Member of the supervisory board until 5 August 2009

Information on non-accumulation of directorships (table 10 of the AMF recommendations)

Executive directors	Employment contract		Supplementary pension scheme		Compensation or benefits due or liable to fall due owing to severance or change in function		Non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Pascal Imbert Management Board Chairman		X		X		X		X

Pursuant to the AMF recommendations, the following information does not apply to Solucom in respect of 2009/10.

- Stock options granted during the year to each company director of the issuer or any company of the group (table 4 of the AMF recommendations)
- Share purchase or subscription options exercised during the year by each company director (table 5 of the AMF recommendations)
- Performance shares granted to each company director (table 6 of the AMF recommendations)
- Performance shares that have become available to each company director (table 7 of the AMF recommendations)
- Details of past stock options granted (table 8 of the AMF recommendations)
- Stock options granted to the top ten beneficiaries among employees and directors and options exercised by them (table 9 of the AMF recommendations)

XIII.4 Restrictions on executives pursuant to Articles L 225-185 and L 225-197 II section 4 of the French Commercial Code

On 18 June 2007, in accordance with legal provisions, the Supervisory Board decided to establish a 25% minimum limit of shares that directors of Solucom and all subsidiaries shall be required to retain in registered form until expiry of their term of office, in their capacity as directors under each plan introduced by Solucom for which the directors were beneficiaries.

It is stated that:

- This provision only concerns the plans implemented on behalf of directors following the effective introduction of the law dated 30 December 2006.
- No plan has been implemented since that date to the directors and that therefore said restrictions have not applied.

XIII.5 Transactions in company shares undertaken by Directors' and their close relatives

Pursuant to current legal and regulatory provisions, we have set forth below the directors' and senior executives' transactions in the Company's shares and those of persons closely related to them during the financial year.

Mr. Jacques Pansard, Member of the Solucom Supervisory Board

- 4 June 2009 Purchase 500 shares €14.75

Mr Patrick Hirigoyen, deputy Managing Director and member of the Management Board

- 3 July 2009 Sale 250 shares €14.92
- 6 July 2009 Sale 250 shares €14.93
- 7 July 2009 Sale 250 shares €14.64
- 8 July 2009 Sale 250 shares €14.50
- 21 September 2009 Sale 250 shares €16.04
- 22 September 2009 Sale 250 shares €15.88
- 23 September 2009 Sale 250 shares €16.05
- 24 September 2009 Sale 250 shares €15.98
- 20 January 2010 Sale 250 shares €14.33
- 21 January 2010 Sale 178 shares €14.47
- 22 January 2010 Sale 72 shares €14.42
- 22 January 2010 Sale 250 shares €14.40
- 29 January 2010 Sale 250 shares €14.42

Mr. Bassam Almoussa, Chairman of Arcome SAS

- 14 September 2009 Sale 500 shares €16.00
- 14 September 2009 Sale 500 shares €16.16
- 22 October 2009 Sale 611 shares €15.39
- 22 October 2009 Sale 500 shares €15.70
- 22 October 2009 Sale 537 shares €15.72
- 27 October 2009 Sale 2,000 shares €15.50
- 26 March 2010 Sale 500 shares €16.00

XIII.6 Supervisory Board and Management Board directors' terms of office:

Management Board:

- Mr Pascal Imbert was reappointed Chairman of the Management Board by the Supervisory Board on 26 September 2008 for a period of six years. His term of office will expire on 26 September 2014.
- Mr Patrick Hirigoyen, was reappointed Member of the Management Board by the Supervisory Board on 26 September 2008 for a period of six years. His term of office will expire on 26 September 2014.

Supervisory Board:

- Mr. Michel Dancoisne:

  Mr. Michel Dancoisne was reappointed Member of the Supervisory Board and Chairman of the Supervisory Board in General Meeting and by the Supervisory Board on 26 September 2008 for a period of six years. His term of office will expire following the Ordinary General Meeting, which will approve the financial statements for the year ended 31 March 2014.

- Mr. Jean-Claude Malraison:

  Mr Jean-Claude Malraison was reappointed Member of the Supervisory Board and Vice-Chairman of the Supervisory Board in General Meeting and by the Supervisory Board on 26 September 2008 for a period of six years. His term of office will expire following the Ordinary General Meeting, which will approve the financial statements for the year ended 31 March 2014.

- Mr. Jacques Pansard:

  Mr Jacques Pansard was reappointed Member of the Supervisory Board in General Meeting dated 26 September 2008 for a period of six years. His term of office will expire following the Ordinary General Meeting, which will approve the financial statements for the year ended 31 March 2014.

- Mr. Jean-François Perret:

  Mr Jean-François Perret was appointed Member of the Supervisory Board in General Meeting dated 26 September 2008 for a period of six years. His term of office will expire following the Ordinary General Meeting, which will approve the financial statements for the year ended 31 March 2014.

XIII.7 Statutory Auditors' terms of office:

- SLG EXPERTISE:

The term of office of the firm SLG EXPERTISE, principal auditors, will expire following the Ordinary General Meeting which will approve the financial statements for the year ended 31 March 2014.

- CONSTANTIN ET ASSOCIES:

The term of office of the firm CONSTANTIN ASSOCIES, principal auditors, will expire following the Ordinary General Meeting which will approve the financial statements for the year ended 31 March 2013.

- Ms. Valérie Dagannaud:

The term of office of Ms. Valérie Dagannaud, secondary auditor, will expire following the Ordinary General Meeting, which will approve the financial statements for the year ended 31 March 2014.

- Mr. Michel Bonhomme

The term of office of Mr Michel Bonhomme, secondary auditor, will expire following the Ordinary General Meeting, which will approve the financial statements for the year ended 31 March 2013.

XIV. Employee and environmental information

XIV.1 Employment

At 31 March 2010, Solucom employed a total of 978 staff, broken down as follows:

	Total headcount	Of which fixed term	Of which part time
Solucom SA	306	2	3
Subsidiaries	672	4	33
Total Firm	**978**	**6**	**36**

Note that 50% of fixed term employees are under work-study contracts and 50% of foreign employees are waiting to receive their residence permit allowing them to convert their contracts to indefinite term contracts.

Employees joining and leaving the firm during the year are analysed as follows.

	Starters	Leavers	Reasons for leaving
Solucom SA	52	24	M = 4; D = 16; L = 1; F = 2; R = 1
Subsidiaries	106	122	M = 30; D = 60; L = 9; F = 21; R = 1
Total Firm	**158**	**146**	**M = 34; D = 76; L = 10; F = 23; R = 2; DC = 1**
Total Firm excl. secondments	**124**	**112**	**D = 76; L = 10; F = 23; R = 2; DC = 1**

Reasons for leaving:
- Resigned (D)
- Redundancy (L)
- End of contract (fixed-term - trial period) (F)
- Internal transfers (M)
- Retired (R)
- Deceased (DC)

The redundancies mentioned in this table are all for individual reasons.

During the year, two temporary staff were employed by the firm. One of these temporary staff replaced an employee who had left the firm. Since then he has been employed on an unlimited term contract. The other temporary employee underwent an apprenticeship at the end of his studies and several weeks later completed his duties during a two week temporary work contract.

XIV.2 Organisation of working time

All Solucom companies have implemented the French national reduction in the working week via a branch agreement signed with the Syntec federation.

Procedures applicable to individual staff categories are as follows:

- Engineers and managers

  Method 2 (215 to 218 days per year and 38.5 hours per week)

  Method 3 (214 to 218 days per year)

- ETAM: Method 1 (between 35 and 39 hours per week capped at 1617 hours per year)

In view of the above working time organisation and the fact that the firm's business is not of a seasonal nature, there is little overtime.

Solucom only has a limited amount of staff absence.

As an example, the absence rate for chargeable staff in the year ended 31 March 2010 was 1.39% of time excluding holidays, which is stable in relation to the prior year. This absence largely relates to illness. Absence due to maternity, paternity and unpaid leave (including full-time parental leave) is excluded from the calculation of the absence rate.

XIV.3. Remuneration

Total gross salaries over the last two financial years were as follows.

	Total gross salaries 2009/10	Total gross salaries 2008/09	Change
Solucom SA	14,044,730	13,227,906	6%
Subsidiaries	35,852,619	34,059,456	5%
Total Firm	**49,897,349**	**47,287,362**	**6%**

Total social security charges for 2009/10 amounted to €22,398,000 of which €6,229,000 for Solucom SA and €16,100,000 for the subsidiaries.

During the year, Solucom SA, Idesys, Arcome SAS, Solucom DV, New'Arch and KLC staff received a profit share calculated based on general law principles, amounting to a total of €1,629,400. Cosmosbay~Vectis has a profit sharing agreement but in view of its earnings for the year, there is no charge.

Solucom adheres to a strict policy of equality between men and women both in terms of remuneration and promotion.

XIV.4 Employee relations

Solucom SA has staff representatives and a workers council.

Arcome SAS, Solucom DV, Idesys, Cosmosbay~Vectis and Vistali all have staff representatives and a workers council, which has been established as the sole staff representative body.

New'Arch and KLC have staff representatives.

There is no trade union representation within the firm.

An amendment to a Group profit sharing agreement and to the Group savings scheme was signed between Arcome, Solucom DV, Idesys, KLC, New'Arch and Solucom on 21 December 2009 (backdated to 1 April 2009) in order to take account of the new regulations in terms of immediate payment of the profit share and the presence of a "solidarity" fund.

XIV.5 Health and Safety

Solucom SA, Arcome, Solucom DV, Idesys, Vistali and Cosmosbay-Vectis each have a work Health and Safety Committee.

The firm recorded 11 work travel accidents during the year of which 8 resulted in sick leave.

XIV.6 Training

During the financial year, the firm's staff received 1,290 training days under external professional training and 975 internal training days provided by the Solucom Institute (excluding self training days). The cost of external professional training amounted to €753,000 (excluding the cost of Group staff time spent in training), of which FAFIEC paid for €445,000.

669 employees, or 68.4% of total headcount, received at least one training course during 2009/10 including both internal and external courses.

The number of available 'DIF' (French employee entitlement to training) hours at 31 March 2010 is 50,032.

The firm maintains close relations with around twenty engineering and business colleges, from where it recruits a large number of students. The various conditions of these partnerships include the payment of *taxe d'apprentissage* (French training tax), participation in educational activities (in particular lessons given by senior consultants of the firm), employing apprentices and participation in students associations.

XIV.6 Social activities

Social activities are managed by the works councils of the firm's companies. Social activities organised largely relate to sporting and cultural events.

XIV.6 Employment of handicapped employees

At 31 March 2010 the firm employed two handicapped people. The firm's contribution in 2009/10 to employment of handicapped people amounted to €197,000.

XIV.6 Outsourcing

Given that Solucom provides high value-added and specialised services, it does not use external personnel in conjunction with outsourcing contracts.

XIV.6 Environmental information

Solucom's business only relates to intellectual services which have a negligible impact on the environment. In particular this applies to use of the firm's fixed assets.

However, Solucom has decided to take the following measures to minimise its impact on the environment even though it is already minimal: printing paper and consumables recycling, use of recycled paper for certain documents published by the Company and application of video-conferencing to reduce travel.

XIV Risks faced by Solucom SA and the firm

The firm's financial and operational risks are explained in the paragraphs below.

XV.1 Financial risks

Liquidity risk

Net cash flow from operating activities enables the firm every year to fund organic growth, including changes in working capital, repayment instalments on borrowings and operational capital expenditure excluding acquisitions.

As at 31 March 2010, the firm's gross cash and cash equivalents net of overdrafts amounted to €8,672,000. The firm's policy is to place excess cash exclusively in risk-free money market investments.

In addition, at the end of March 2008, the firm took out a €10,000,000 loan, repayable over 5 years, with no covenants. The outstanding balance as at 31 March 2010 amounted to €6,027,000.

Finally, the firm had seven lines of credit with an outstanding balance of €9,083,000 as at 31 March 2010. Of the seven credit lines, three with maximum facilities amounting to €5,500,000 at 31 March 2010 are subject to covenants, with which the firm has always complied since the implementation of these lines, and the lines are currently undrawn.

Interest rate risk

Interest rate risk is managed by the finance department in liaison with the main banks. Where applicable the firm uses hedges against any rise in its future repayments by using derivative financial instruments contracted with top-ranking banks.

A hedge of this type was contracted for the loan taken out at the end of March 2008.

Exchange rate risk

Since virtually all Solucom's clients are located in France or elsewhere in the euro zone, the firm's exposure to exchange rate risk is not material.

Client bad debt risk

Since the vast majority Solucom's clients are major corporate accounts, there is little risk of default or client bad debts.

However, there is a risk of default or client bad debts when the client is a small business or a foreign company outside the European Union (under 10% of the firm's revenues). In such cases it is the responsibility of the management of the company concerned to take all steps necessary to provide reasonable assurance of payment for services rendered, in coordination with the finance department whenever necessary.

Equity risk

Solucom's treasury shares held in conjunction with its share buy-back programme (see paragraph XVI in respect of the objectives of the share buy-back programme).

At 31 March 2010, Solucom held 41,463 treasury shares representing a market value of €645,000.

Please note, in the firm's IFRS consolidated financial statements, treasury shares are accounted for as a deduction from shareholders' equity and any change in value has no impact on consolidated earnings.

XV.2 Operational risks

The operational risks stated in the paragraphs below are those, which in the Company's opinion represent the greatest risk in terms of potential impact or probability.

Risks arising from the current economic environment

The current economic and financial environment is proving to be a major challenge and the general economic slowdown is giving rise to doubts about Solucom's business. Consequently, the business may be hit by budget cuts among its clients, project interruptions and generally by a reduction in demand concurrent with a rise in competitive pressures.

Even if this risk turned out to be the case in the first half of the current financial year and as a result had an effect on the firm's business, Solucom very rapidly took steps to minimise the impact, which resulted in an improvement in business in the second half. Nevertheless, Solucom cannot guarantee that this risk will not increase over the coming months.

Legal risk

Solucom's activities are not subject to any specific regulations.

Functional managers such as human resource managers (regarding employment law), and the finance department (regarding commercial law), represent an additional support for operations when they are faced with specific cases that are not covered under internal policies. These functional managers are also supported by specialist external consultants.

As part of its client services, Solucom often has to make contractual commitments requiring specific monitoring. For example, this may include confidentiality agreements or exclusivity agreements etc...

These commitments are entered into under the responsibility of the senior management of each Group company, including, where applicable, the possibility to delegate to certain managers. The senior managers involved are charged with ensuring that all such commitments are transparent and visible, and that procedures are in place to ensure compliance therewith.

Business liability risk

The firm has taken out business legal liability insurance offering the following coverage:

- Operating liability
  - Material damage €10.0m per claim
  - Consecutive or direct material / intangible damage €10.0m per claim
- Business liability
  - Consecutive or direct material / intangible damage €5.0m per claim per year

There is a deductible of €75,000 in conjunction with the business professional liability policy.

Risk on fixed-price projects

Fixed-price projects represent some 30% to 40% of the firm's revenues (36% in 2009/10).

Solucom follows a strict project management approach backed by the firm's management systems.

Each fixed-price project is divided into separate lots. There is always a project manager for every lot. The project manager is responsible for managing the services performed and supervising the people working on the lot.

Every month, he analyses expenses booked by each person to the lot and prepares an updated forecast of the outstanding work that results in a stage of completion, revenues recorded for the month and any days of expenses overrun budgeted on the lot.

This analysis, which is automatically reported to management on the first few days of the month, identifies any variances as soon as possible in order to trigger the necessary corrective action.

Over the last few years, the average level of overruns has never exceeded 2% of the total number of days of the productive staff's on-site presence excluding holidays and leave (1.1% in 2009/10).

Human resources risk

Solucom's success is a direct result of its ability to recruit and retain high potential employees.

Solucom's approach to recruitment is based on hiring young graduates from the top colleges and universities in the firm's business.

In the medium term, recruitment will certainly be a key challenge for Solucom, given the high competition to recruit the calibre of staff the firm seeks.

In order to meet this key success factor, every year Solucom devotes considerable investment to recruitment.

Apart from recruitment, controlling staff turnover also represents a challenge, given that managers gain highly sought-after experience with the firm.

Controlling staff turnover is the joint responsibility of the Company's management and human resources.

Staff turnover was 8% in 2009/10, down from 9% in 2008/09. We should point out, however, that staff turnover has picked up at the end of 2009/10 and the beginning of the current year.

It is now certain that the rate of staff turnover over the full year 2010/11 will be significantly higher than in the past two years and will require Solucom to pay particular attention to this issue.

Information systems risk

As the firm grows, information systems represent an increasingly important asset for Solucom.

They enable commercial and operational activities, produce the financial statements, enable internal and external communication and allow the firm to consolidate and organise the knowledge management database distributed to all staff.

Steps have been taken to ensure that each of the key areas of the system can be recovered and continue to function within the prescribed deadlines in the event of any incident, except in the case of a major disaster. In order to cope with such disasters, a daily back-up is made and, once a week, a complete back-up is sent to a location outside the premises.

Lastly, the system is protected against external penetration by state-of-the-art IT security technology.

Risks arising from acquisitions

Solucom's M&A strategy frequently involves integrating new companies.

For each acquisition, Solucom systematically seeks to ensure that the management of the acquired company follows the joint operational strategy. These discussions in advance foster seamless integration and limits the risk that key persons will leave.

As part of the integration process for each company, Solucom ensures it:

- rapidly rolls out the firm's management systems within the new entity in order to be able to closely monitor the operational business,
- implements revenue synergies particularly by working to deploy the Company's know how based on experience with existing clients
- standardise operational procedures to boost efficiency and identify opportunities sharing resources in order to cut costs

The integration method developed by Solucom has generally been successful and led to rapid and large improvements in operational performance in the companies acquired.

Risks arising from any acquisition nevertheless remain and Solucom cannot guarantee that its integration method will systematically control such risks in the future. For example, Cosmosbay~Vectis, the firm"s most recent acquisition, suffered a steep fall in results during its integration period, albeit in a particularly depressed economic environment.

Risks in performing engagements

To ensure top quality when performing engagements, the firm has a range of methods and engagement managers take specific training courses so that they can develop leading skills in their specialisations. Engagement managers ensure strict compliance with the client-approved specifications and the engagement instructions in direct coordination with the client's operational staff concerned.

However, it may turn out that the difficulty of execution is under-estimated and/or that certain items have not been clearly defined in the specifications. If these problems are not identified in time, they could cause major budget overruns on certain engagements, losses for which Solucom may be held liable, even if they would be covered by the firm's professional liability insurance, and could damage the firm's reputation.

XVI Share buy-back programme

Pursuant to a resolution taken at the Ordinary General Meeting dated 25 September 2009, the Management Board was authorised to implement a new share buy-back programme in accordance with current legislation and regulations.

This programme followed a previous programme authorised by the Ordinary General Meeting dated 26 September 2008.

This represents the eleventh share buy-back programme and was implemented immediately by the Management Board on 25 September 2009, the details of which are specified in the Reference Document submitted to the AMF on 30 June 2009 under number D.09-0547, and was announced in a press release on Solucom's website dated 25 September 2009.

Pursuant to legal provisions, we would inform you that the situation as as 31 March 2010 relating to the two previous programmes carried out during the financial year ended 31 March 2010 was as follows:

- The number of own shares bought back during the financial year was 26,647 amounting to €391,682, i.e. an average purchase price of €14.70.
- The number of treasury shares bought back during the financial year was 18,192 amounting to €260,960, i.e. an average purchase price of €14.34.
- Transaction fees were nil.
- The number of shares allocated free of charge to employees during the financial year was 29,262 for a total value of €420,801, i.e. an average issue price of €14.38.
- The number of treasury shares posted to the balance sheet as at 31 March 2010 was 41,463 for net book value of €614,652, i.e. average value per share of €14.82. Nominal value is €0.10.
- Treasury shares represent 0.83% of share capital.

The table below sets out details of this share buy-back programme broken down between the various programme objectives:

	Market making	Retention for M&A deals	Issued to employees	Issued on exercise of stock options
Situation at 31/03/2009	15,676	46,594	-	-
Purchases	13,815	12,832	-	-
Sales	(18,192)	-	-	-
Reallocations	-	(29,631)	29,631	-
Leavers	-	-	(29,262)	-
Situation at 31/03/2010	11,299	29,795	369	-
EUR,000,000	167,431	441,557	5,664	-
% of share capital as at 31/03/2010	0.23%	0.60%	0.01%	0.00%

New authorisation

The Management Board seeks new authority in principle from you based on the following key terms and conditions:

In essence this new programme will be as follows:

a) Objectives

- ensure the liquidity of the secondary market or that of Solucom shares by the involvement of an independent investment services provider pursuant to a liquidity contract in accordance with the Ethics Charter recognised by the *Autorité des Marchés Financiers* (French financial markets regulator);
- hold shares with a view to issuing them subsequently as consideration for mergers or acquisitions;
- allot shares to employees and/or directors of the Company and/or its Group companies in accordance with legislation, notably in order to financially incentivise employees or directors in the Company's earnings, to implement any company or intercompany savings plan for employees, to introduce or cover any stock option plan or to issue shares free of charge;
- allot shares on the exercise of securities with entitlement to subscribe to the Company's share capital by any means.

b) Maximum limit

10% of the share capital after deducting existing treasury shares and reduced to 5% in respect of shares acquired to hold and issue in consideration for future share exchanges, mergers and acquisitions.

c) Financial terms for buying shares

Maximum purchase price per share: €35.

d) Cancellation of shares

Not applicable, unless authorised thereto at a future extraordinary general meeting.

e) Duration of authorisation

With effect from the Ordinary General Meeting dated 24 September 2010, until the next General Meeting convened to approve the financial statements for the year ended 31 March 2011, and, in all circumstances within 18 months, it being specified that the 24 September 2010 Ordinary General Meeting will supersede the preceding authority, without interruption, until any new authority.

Naturally, the Management Board, with approval of the Supervisory Board, must prepare a new report of the share buy-back programme that is given in the Reference Document 2009/2010.

XVII. Items that may have an impact during periods of public tender offers

Pursuant to Article L.225-100-3 of the Commercial Code, we hereby specify the following points:

- The capital structure and the direct or indirect investments, of which Solucom SA is aware, and all information related thereto are described in this report and in the Reference Document submitted to the AMF on 30 June 2009 under number D 09-0547,
- To Solucom's knowledge, there are no agreements or any other commitments signed between shareholders,
- There are no securities granting special powers of control, with the exception of double voting rights as specified under Article 11-4 of the articles of association in accordance with regulations,
- There are no clauses in the articles of association restricting the exercise of voting rights or transfers of shares,
- Voting rights attached to Solucom shares, with regard to the employee savings plan described under paragraph II.C., are exercised by the "Solucom Actions" Company mutual fund ('FCPE'),
- Rules for the appointment and dismissal of members of the Management Board are based on general law,
- The Management Board's current powers are described in this report under paragraph XVI (share buy-back programme) and in the table of approvals regarding capital increases attached to this report and detailed under paragraph XX below,
- Changes to Solucom's articles of association are made in accordance with current legislation and regulations,
- There are no agreements involving severance compensation in the event of the departure of members of the Management Board.

XVIII Observations of the works council

None.

XIX Report of the chairman in accordance with the provisions of article l.225-68 of the French commercial code

The report of the Chairman of the Supervisory Board dated 31 May 2010 is attached to this report.

This report, which is presented to you herewith, contains all disclosures specified under Article L.225-68 of the French Commercial Code; it was approved by the Supervisory Board on 31 May 2010, in accordance with current regulations.

Following the approval by the Supervisory Board as stated above, this report was given to the statutory auditors pursuant to legislation. The statutory auditors will present their comments on this report from the Supervisory Board Chairman under Article L.225-68 of the French Commercial Code in a report attached to their report on the financial statements.

XX Table of approvals regarding capital increases

Pursuant to the provisions of Article L.225-100 section 7 of the French Commercial Code, please find attached to this report a table summarising the currently valid powers related to capital increases as granted by the Extraordinary and Ordinary General Meeting dated 25 September 2009.

XXI Control of the statutory auditors

We will read the following reports:

The general auditors report on the Company financial statements,

The auditors report on the consolidated financial statements,

The auditors report on regulated agreements and commitments,

The auditors report on the report of the chairman of the supervisory board under Article l.225-68 of the French commercial code.

Having heard the reading of the reports of the statutory auditors and of the Supervisory Board, the Management Board invites you to adopt the resolutions that it submits to your vote.

* *

The Management Board

25 May 2010

Appendix to the Management Board report

Table of currently valid powers concerning capital increases conferred by the Ordinary and Extraordinary Annual General Meeting of 25 September 2009

Resolution number	Purpose	Duration of authorisation	Maximum limit	Use
7th	Issue of shares and Issue of any equity securities and debt securities with immediate or delayed subscription rights to ordinary shares in the company, Articles L.225-129 to L.225-129-6, L.225-134, L.228-91 and L.228-92 of the French Commercial Code.	26 months	Equity securities: €248,344.10 Debt securities: €30,000,000	None
8th	Issue without prior subscription rights under a public tender offer or by private placement offer subject to article L.411-2 II of the French Monetary and Financial Code, of ordinary shares in the company as well as any equity securities and debt securities of any type whatsoever giving immediate or delayed rights to ordinary shares in the company. Articles L.225-129 to L.225-129-6, L.225-134, L.225-135, L.225-136, L.225-148, L.228-91 and L.228-92 et seq. of the French Commercial Code and section II of article L.411-2 the French Monetary and Financial Code.	26 months	Equity securities: - by public offering: €124,172.50 - by private placement: €74,503.23 Debt securities: 15.000,000	None
9th	If there is a surplus in demand for subscriptions on capital increases authorised by the 7th and 8th resolutions then, within the conditions set out in article L.225-135-1 of the French Commercial Code, there shall be an increase in the number of ordinary shares and debt securities to be issued within thirty days of the close of subscription, at the same	26 months	15% of the initial issue within the limit set out in the resolution in which the issue was decided and within the overall limit set out in the 11th resolution.	None

	price as that pertaining to the original issue. Articles L.225-129 to L.225-129-6, L.225-135, L.225-135-1 et seq., L.228-91 and L.228-92 of the French Commercial Code.			
10th	Issue of ordinary shares and debt securities conferring rights to company share capital by way of remuneration for contributions in kind made to the company in the form of shares or debt securities giving access to the share capital of third party companies, where the provisions of article L.225-148 of the French Commercial Code do not apply (except Public Share Exchange Offerings). Articles L.225-129 to L.225-129-6 and L.225-147 of the French Commercial Code.	26 months	10% of share capital within the limit set out in the 8th resolution.	None
11th	Overall limitation of share issue authorisations by the 7th to 10th resolutions.	26 months	Equity securities: €372,516.15 Debt securities: €45.000,000	None
12th	By incorporation of reserves, profits or share premiums. Articles L.225-129-2 and L.225-130 of the French Commercial Code.	26 months	€400,000 it being understood that this limit is independent and stands alone from those set out in the 11th resolution.	None
13th	Share increases reserved for employee members of a Personal Equity Plan. Articles L.3332-18 et seq. of the French Labour Code and articles L.225-129-2 to L.225-129-6 and L.225-138-1 of the French Commercial Code.	26 months	5% of share capital with the proviso that this is independent and stands alone from the limits set out in the 7th to 11th resolutions, but aggregates with the limit set out in the 14th resolution, within the overall maximum limit for these two	None

			resolutions as set out in the 15th resolution.	
14th	Free allocation of shares to be created or existing to employees or certain categories and officers of the company and/or its subsidiaries. Articles L.225-197-1 to L.225-197-6 of the French Commercial Code.	38 months	a) for managers/officers of the company, 1% of the company's share capital on the day of the Management Board decision b) for employees or directors of the company or group companies, or certain others of these, except those mentioned in a) above, 6% of the company's share capital on the day of the Management Board decision. It being understood the amounts set out in a) and b) above are independent and stand alone from the limits set out in the 7th to 11th resolutions, but aggregate with the limit set out in the 13th resolution, within the overall maximum limit for these two resolutions as set out in the 15th resolution.	By the Management Board partially on 16/11/2009 for around 0.49% of the share capital. We would also state that the Management Board special report provides details on: a) the implementation of a free stock option plan pursuant to a previous authorisation granted by the Ordinary and Extraordinary General Meeting held on 28/09/2007. b) the final allocation of free shares under plans implemented on the basis of a previous authorisation granted by the Ordinary and Extraordinary General Meeting held on 30/09/2005.
15th	Overall limit and cap on the usage by the Management Board of the authorisations granted in the 13th and 14th resolutions.	-	6% of the share capital	Partially 0.49%

Financial results and other details of the company during the past five years

€000

(Decree 67-236 dated 23/03/1967)

	31/3/06	31/3/07	31/3/08	31/3/09	31/3/10
Share capital at year end					
Share capital	459	466	495	497	497
Number of ordinary shares	1,203,134	4,889,480	4,950,662	4,966,882	4,966,882
Income statement details					
Net revenues	26,147	30,953	37,285	45,605	56,094
Profit bef. tax, profit share, depreciation and provisions	4,514	4,817	8,197	8,055	9,652
Corporation tax	1,092	1,155	1,601	1,437	2,082
Employee profit share	354	426	530	581	606
Profit after tax, profit share, depreciation and provisions	2,969	2,895	5,525	5,549	787
Dividends	475	677	929	932	936
Earnings per share					
Profit after tax and profit share, before depreciation and provisions	2.55	0.66	1.23	1.22	1.40
Profit after tax, profit share, depreciation and provisions	2.47	0.59	1.12	1.12	0.16
Dividends	0.40	0.14	0.19	0.19	0.19
Personnel					
Average number of employees	194	199	245	265	286
Total wages and salaries	10,252	10,590	12,101	13,497	14,239
Social security and other staff benefits	4,661	4,953	5,661	6,294	6,947

Treasury shares held under the share buy-back programme do not attract dividends; the difference between the amount allocated for dividend distribution as stated above and the amount actually paid is posted to retained earnings.

Supervisory Board report to the Annual General Meeting dated 24 September 2010

Ladies and gentlemen,

In accordance with our statutory supervisory responsibilities, we are honoured to submit to you our report on the supervision of the Management Board during the year ended 31 March 2010 in conjunction with the Annual Ordinary General Meeting dated 24 September 2010.

In accordance with legislation, our role is to comment on the management report of the Company's and the Group's activity as prepared by the Management Board, on the Company and consolidated financial statements for the year ended 31 March 2010 and on the other points stated on the agenda included in your meeting notice.

1. Comments on the Company and consolidated financial statements for the year ended 31 March 2010

You have just heard the presentation of the Management Board report and the Company's statutory auditors report.

The Management Board gave us the accounting documents covering the Company and consolidated financial statements for the year ended 31 March 2010, which you will be invited to approve, within the statutory time periods.

The Supervisory Board has no comment concerning the Company and consolidated financial statements for the year ended 31 March 2010, as prepared by the Management Board and hereby approves them.

The Supervisory Board recommends that you approve the Company financial statements, approve the earnings appropriation, and decide on the distribution of dividends, as presented by the Management Board.

The Supervisory Board also recommends that you approve the consolidated financial statements including the net profit Group share appearing therein.

The Supervisory Board also has no comment concerning all the reports prepared by the Management Board.

2. Comments on the report of the Supervisory Board Chairman pursuant to the provisions of Article L.225-68 paragraph 7 of the French Commercial Code

We hereby state that during its meeting dated 31 May 2010, the Supervisory Board approved, without qualification or comment, the report of the Supervisory Board Chairman pursuant to the provisions of Article L.225-68 paragraph 7 of the French Commercial Code, as attached to the report of the Management Board (Ordinary General Meeting), and as published in accordance with the reporting requirements under the general regulations of the AMF (French financial markets regulator).

The Supervisory Board

31 May 2010

Risks factors

Solucom has carried out a review of its risks and considers that there are no material risks other than those presented below. The paragraphs which follow present in detail the risks to which the firm is exposed. In accordance with current regulations, the financial risks presented hereafter and the main operational risks are also summarised in the Management Board report to the General Meeting.

1. Market risks

Liquidity risk

Cash and treasury management

Free cash flow (€6.7 million in the year ended 31 March 2010) enables the firm to meet all its funding requirements excluding acquisitions (in particular changes in working capital and ongoing capital expenditure).

Furthermore, cash held and available amounting to €24.0 million at 31 March 2010 enables the firm to meet all its liabilities arising from acquisitions and provides significant financial flexibility.

Cash held and available at 31 March 2010 breaks down as follows:

• €8.7 million of cash and cash equivalents (cash less overdrafts and accrued interest, plus marketable securities),

• €9.1 million of additional available funds (authorised overdraft facilities, none of which is currently used): three of these seven lines of credit are subject to covenants representing total available funds of €5,500,000 at 31 March 2010, and the corresponding covenants have never been breached even though the lines have never been used,

• €6.2 million of cash facilities.

Cash and cash equivalents are exclusively placed in liquid investments. As at 31 March 2010 Solucom does not discount or factor invoices.

Borrowings at 31 March 2010 break down as follows:

• €6.0 million of bank loans and sundry borrowings, the firm having taken out at the end of 2007/08 a €10.0 million loan repayable over 5 years and with no covenants.

• €0.6 million of finance lease liabilities.

Breakdown of the firm's debt

Number	Loan characteristics	Interest rate type	Balance at 31/03/2010	Maturity date	Loan hedge
1	5 year loan of €4.0 million, repayable in 10 half-year instalments	Variable (based on EURIBOR 6 months)	€2.4 million.	27/03/2013	-
2	7 year loan of €6.0 million, repayable in 10 half-year instalments with effect from the first availability date of the funds, with a two year holiday as from the effective date of the contract	Variable (based on EURIBOR 6 months)	€3.6 million.	27/03/2015	-

Breakdown of available funds (new unused credit facilities)

Number	Loan characteristics	Interest rate type	Balance at 31/03/2010	Maturity date	Loan hedge
1	New 6-year facility of €0.8m - repayable in quarterly instalments	Variable (based on EURIBOR)	€0.1 million.	25/01/2011	-
2	New 5-year facility of €1.5m - repayable in half-year instalments	Variable (based on EURIBOR)	€0.3 million.	01/11/2010	-
3	New 5-year facility of €1.5m - repayable in half-year instalments	Variable (based on EURIBOR)	€0.3 million.	01/11/2010	-
4	New 6-year facility of €0.7m - repayable in annual instalments	Variable (based on EURIBOR)	€0.4 million.	08/08/2012	-
5	New 5-year facility of €5m - repayable in annual instalments	Variable (based on EURIBOR)	€4.0 million.	02/03/2014	-
6	New 5-year facility of €3.5m - repayable in	Variable (based on EURIBOR)	€2.8 million.	02/03/2014	-

	annual instalments				
7	New 5-year facility of €1.5m - repayable in half-year instalments	Variable (based on EURIBOR)	€1.2 million.	02/03/2014	-

Loan covenants

The contractual terms of the two loans taken out at year end 2007/08 amounting to €10.0 million do not have any covenants.

On 28 October 2005, Solucom also took out two credit facilities for a total of €3.0 million in conjunction with the financing of the Dreamsoft (renamed Solucom DV) acquisition. These credit facilities were granted for a term of 5 years by two banks, each for €1.5 million (facilities no. 2 and 3). Facility no. 3 includes certain conditions, which, if broken, could lead to its early repayment.

These conditions consist of the obligation to satisfy at least one criterion out of two, based on the ratio of gross debt divided by free cash flow, which must remain at less than 3, and shareholders' equity, which must remain at less than 1.

On 2 March 2009, Solucom took out three credit facilities for a total of €10.0 million in conjunction with the financing of the Cosmosbay~Vectis acquisition. These credit facilities were granted for a term of 5 years by three banks, for €5 million, €3.5 million and €1.5 million (facilities no. 5, 6 and 7). Facilities no. 5 and 7 include certain conditions, which, if broken, could lead to their early repayment.

The covenant on facility no. 5 requires that the ratio of net debt divided by free cash flow remains below 3.0. The covenant on facility no. 7 requires that the ratio of gross debt due in over one year divided by EBITDA remains below 2.5.

At 31 March 2010, all the criteria were satisfied.

Interest rate risk

Interest rate risk is managed by the Group finance department in liaison with its main banks. The firm's policy is generally to hedge against any rise in its future repayments by using derivative financial instruments contracted with top-ranking banks.

At 31/03/2010 (€000)	Total	Due in less than 1 year	Due in more than 1 year and less than 5 years	Due in more than 5 years
Borrowings	6,656	2,366	4,290	0
Financial assets (1)	8,672	8,672	0	0
Net cash position before a/l management	(2,016)	(6,306)	4,290	0
Management derivatives	0	0	0	0
Net cash position after a/l management	(2,016)	(6,306)	4,290	0

[(1)] Cash and cash equivalents, net of bank overdrafts.

A hedge of this type was contracted for the loan taken out at the end of March 2008.

The following table shows the maturity of the firm's financial assets and borrowings. The firm's exposure to a movement of 1% in short-term interest rates can be estimated at a P&L impact of €63,000. This figure is based on the net balance due in less than one year covering all financial assets and borrowings due in less than one year.

The firm's debt and cash and equivalents are supervised by Solucom's Management Accounting department and are reported on a monthly basis as part of the management summary report. For treasury purposes, Management Accounting use specialised treasury software that is directly linked to on-line systems of its banks.

Exchange rate risk

Since virtually all Solucom's clients are located in France or elsewhere in the euro zone, the firm's exposure to exchange rate risk is not material.

Equity risk

The firm's only equity shares are its own treasury shares held in conjunction with the share buy-back programme.

At 31 March 2010, Solucom held 41,463 treasury shares representing a market value of €645,000.

Please note, in the firm's IFRS consolidated financial statements, treasury shares are accounted for as a deduction from shareholders' equity and any change in value has no impact on consolidated earnings.

Apart from the above items, the firm's excess cash investment policy is based only on risk-free investments.

The average purchase price of all treasury shares was €14.85 per share compared to their market value at 31 March 2010 of €15.55.

In terms of sensitivity, a 10% rise in the Solucom share price would increase shareholders' equity by €64,000 and a 10% fall would reduce shareholders' equity by €64,000.

2. Legal risks

Solucom's activities are not subject to any specific regulations.

Functional managers such as human resource managers (regarding employment law), and the Finance department (regarding commercial law), represent an additional support for operations when they are faced with specific cases that are not covered under internal policies. These functional managers also rely on specialist external consultants.

As part of its client services, Solucom often has to make contractual commitments requiring specific monitoring. For example, this may include confidentiality agreements or exclusivity agreements etc...

These commitments are entered into under the responsibility of the senior management of each Group company, including, where applicable, the possibility to delegate to certain managers. These senior managers are responsible for monitoring all such commitments, and for introducing procedures to ensure compliance.

3. Industrial and environmental risks

The firm's business only relates to intellectual services which have a negligible impact on the environment.

This is particularly the case for the firm's use of fixed assets which has no impact on the environment.

4. Technological risks

Information systems risk

As the firm grows, information systems represent an increasingly important asset for Solucom.

They enable commercial and operational activities, produce the financial statements, enable internal and external communication and allow the firm to consolidate and organise the knowledge management database distributed to all staff.

Steps have been taken to ensure that each of the key areas of the system can be recovered and continue to function within the prescribed deadlines in the event of any incident, except in the case of a major disaster. In order to cope with such disasters, a daily back-up is made and, once a week, a complete back-up is sent to a location outside the premises.

Lastly, the system is protected against external penetration by state-of-the-art IT security technology.

5. Insurance and risk management

General risk management policy

Solucom is engaged purely in the provision of intellectual services, consulting and technical expertise services for large accounts. Solucom's insurance policy is adapted to the following type of business:

• Business interruption resulting from extremely limited risk.

• A high volume of travel by consultants in the course of their duties.

• Risk of Solucom's liability arising from services performed.

Solucom has taken out the following insurance cover:

• Insurance of the premises and equipment.

• Transport and staff insurance.

• Public and professional liability

There is no major risk that is not covered by external or internal insurance.

Business interruption risk

In view of the nature of Solucom's service offering, the risk of business interruption due to an incident or claim, except in exceptional circumstances affecting the entire business, is limited.

Public liability risk

Since the firm's services are based on consulting and advisory services, the risk of professional liability is significantly reduced compared to a business principally focused on engineering or integration.

To ensure top quality when performing engagements, the firm has a range of methods and engagement managers take specific training courses so that they can develop leading skills in their specialisations. Engagement managers ensure strict compliance with the client-approved specifications and the engagement instructions in direct coordination with the client's operational staff concerned.

However, it may turn out that the difficulty of execution is under-estimated and/or that certain items have not been clearly defined in the specifications. If such problems are not identified in time, they may cause major budget overruns on some engagements, losses for which the firm may be held liable but which are covered by a liability policy, and may damage the firm's reputation.

The firm's operating and business liability insurance provides the following coverage:

Operating liability

- Material damage: €10.0 million per claim
- Consecutive or direct material / intangible damage: €10.0 million per claim

Professional liability

- Consecutive or direct material / intangible damage: €5.0 million per claim and per year

There is a €75,000 deductible in conjunction with the professional liability policy.

Premiums and coverage

Premiums by category of risk paid by Solucom during 2009/10 are as follows.

Insurance category	Premiums (€000)
Public liability	76
Multi-risk insurance, premises and equipment	30
Transport insurance	17

The value of the cover provided by insurance policies signed by Solucom is as follows:

Operating liability and professional liability

Please refer to the "Public liability risk" paragraph.

Multi-risk insurance, premises and IT equipment

Contents of the premises / IT equipment: €2.2 million.

6. Other operating risks

The risks stated below are relevant or material to Solucom's business.

Risks arising from the current economic environment

The current economic and financial environment is proving to be a major challenge and the general economic slowdown is giving rise to doubts about Solucom's business. Consequently, the business may be hit by budget cuts among its clients, project interruptions and generally by a reduction in demand concurrent with a rise in competitive pressures.

Even if this risk turned out to be the case in the first half of the current financial year and as a result had an effect on the firm's business, Solucom very rapidly took steps to minimise the impact, which resulted in an improvement in business in the second half. Nevertheless, Solucom cannot guarantee that this risk will not increase over the coming months.

Client bad debt risk

Since virtually all Solucom's clients are major corporate accounts, in practice there is little risk of default or client bad debts. However, the currently depressed economic environment could lead to an increase in the risk of bad debts. As a result, Solucom has carried out a major overhaul of its clients and placed some accounts under review. These clients have been allocated credit limits.

There is also a risk of default or client bad debts when the client is a small or medium-sized business or a foreign company outside the European Union (under 10% of Group revenues). In such cases it is the responsibility of the management of the company concerned to take all steps necessary to provide reasonable assurance of payment for services rendered, in coordination with the finance department whenever necessary.

Risks arising from the seasonal nature of the firm's business

The only seasonal effects result from the concentration of holidays during certain months of the year, i.e. the July and August period and May. The months when holiday is concentrated therefore come in the first half of the Company's financial year (i.e. April - September).

This phenomenon does not represent a risk since it is relatively predictable and the impact is similar from one year to the next.

Risk on fixed-price projects

Fixed-price projects represent some 30% to 40% of the firm's revenues (36% in 2009/10).

Solucom follows a strict project management approach backed by the firm's management systems.

Each fixed-price project is divided into separate lots. There is always a project manager for every lot. The project manager is responsible for managing the services performed and supervising the people working on the lot.

Every month, he analyses expenses booked by each person to the lot and prepares an updated forecast of the outstanding work that results in a stage of completion, revenues recorded for the month and any days of expenses overrun budgeted on the lot.

This analysis, which is automatically reported to management on the first few days of the month, identifies any variances as soon as possible in order to trigger the necessary corrective action.

Over the last few years, the average level of overruns has never exceeded 2% of the total number of days of the productive staff's on-site presence excluding holidays and leave (1.1% in 2009/10).

Risk of outsourcing

Solucom only rarely provides services as a sub-contractor. The vast majority of Group projects are conducted directly for Solucom's large account clients; this locks in clients for the future.

From time to time, Solucom teams up with external firms which offer supplementary services to its own, in order to provide a more complete solution. Whenever Solucom is the lead contractor vis-à-vis the end client, a sub-contracting contract is always signed with the partner firm.

Risks of competition

Based on its market positioning (high value-added services, leading-edge technology) Solucom has developed real barriers to entry:

- Acquiring skills simultaneously in Consulting and Technical Expertise is extremely difficult, particularly in relation to the time required to organise operational staff (balance in terms of experience and technical expertise).

- Implementation of systems to capture know-how adapted to the business requires considerable investment and is a long-term undertaking (5 years of work within Solucom).

- It takes a long time to gain credibility in the consulting business with large clients.
- In order to establish a good reputation with the leading universities where most of Solucom's staff were educated, firms must build close links with these institutions (including teaching within these universities).

Human resources risk

Solucom's success is a direct result of its ability to recruit and retain high potential employees.

Solucom's approach to recruitment is based on hiring young graduates from the top colleges and universities in the firm's business.

Recruitment is a key challenge for Solucom in the medium term given the tough underlying competition to hire the profiles that Solucom seeks. In order to meet this key success factor, every year Solucom devotes considerable investment to recruitment.

Besides recruitment, controlling staff turnover also represents a challenge since supervisors and managers with experience in a consulting firm are highly sought after. Controlling staff turnover is the joint responsibility of the Company's management and human resources. Staff turnover was 8% in 2009/10, down from 9% in 2008/09. We should point out, however, that staff turnover has picked up at the end of 2009/10 and the beginning of the current year 2010/11.

It is now certain that the rate of staff turnover over the full year 2010/11 will be significantly higher than in the past two years and will require Solucom to pay particular attention to this issue.

Risks arising from acquisitions

Solucom's M&A strategy frequently involves acquiring new companies.

For each acquisition, Solucom systematically seeks to ensure that the management of the acquired company follows the joint operational strategy. These efforts made in advance later facilitate the integration process and minimise any risk of key people leaving.

As part of the integration process for each company, Solucom ensures it:

- rapidly rolls out the firm's management systems within the new entity in order to closely monitor the operational business,

- implements revenue synergies particularly by working to deploy the Company's know-how based on experience with existing clients
- standardises operational procedures to boost efficiency and identify opportunities sharing resources in order to cut costs.

The integration method developed by Solucom has generally been successful and led to rapid and large improvements in operational performance in the companies acquired.

Risks arising from any acquisition nevertheless remain and Solucom cannot guarantee that its integration method will systematically control such risks in the future. For example, Cosmosbay~Vectis, the firm"s most recent acquisition, suffered a steep fall in results during its integration period, albeit in a particularly depressed economic environment.

Monitoring goodwill

No loss of value has been identified in respect of New'Arch, Solucom DV or Idesys, either in terms of the strategic interest of each company in relation to the firm's business (i.e. client portfolio and expertise), or in terms of future outlook.

Indications of loss in value were identified for KLC and Cosmosbay~Vectis.

With regard to KLC, the updated impairment test under IFRS confirmed that an impairment charge is not required for the KLC Goodwill as at 31 March 2010.

With regard to Cosmosbay~Vectis, the test confirmed that a provision of €3 million is needed against the value of Cosmosbay~Vectis goodwill at 31 March 2010 in the consolidated financial statements, as well as a €6.1 million impairment charge against the investment in Cosmosbay~Vectis in the Company financial statements.

Impairment tests were also performed on goodwill relating to the other consolidated companies. These impairment tests did not lead to any goodwill impairment in the financial statements for the year ended 31 March 2010.

Dependence on computer applications or products licensed by third parties

Solucom and all the firm's companies have no material activity in research and development and no material dependence on patents or licences.

Information on trends

Please refer to the “Report of the Management Board” for details of the company’s recent developments and future outlook.

Financial information

Fiscal 2009/2010

3

Financial information

Consolidated financial statements at 31.03.10

Company financial statements at 31.03.10

Consolidated financial statements for the year ended 31 March 2010

Consolidated income statement

€000

	Note	31/3/2010	31/3/2009
REVENUES	16	**103,443**	**101,937**
Other operating income			
Purchases consumed	17	1,912	2,795
Personnel costs (including profit share)	18 & 19	76,775	71,291
External costs		10,819	12,455
Taxes other than corporation tax		2,597	2,900
Net depreciation and provision charges		1,416	1,359
Other income and expenses on ordinary activities		(133)	(279)
OPERATING PROFIT ON ORDINARY ACTIVITIES		**10,057**	**11,416**
Other income and expenses from operations		(3,044)	(321)
OPERATING PROFIT		**7,013**	**11,095**
Financial income	20	29	86
Gross borrowing costs	20	193	533
NET BORROWING COSTS	20	**164**	**447**
Other financial income and expenses	20	59	(53)
PROFIT BEFORE TAX		**6,908**	**10,595**
Corporation tax	21	3,656	3,580
NET PROFIT FOR THE YEAR		**3,252**	**7,015**
Minority interests		0	0
NET PROFIT (GROUP SHARE)		**3,252**	**7,015**
Basic earnings (Group share) per share (€) (1) (2)	22	0.66	1.42
Diluted earnings (Group share) per share (€) (1) (2)	22	0.65	1.41

(1) Weighted average number of shares during the year excluding treasury shares

(2) In accordance with IAS 33, earnings per share for the years ended 31 March 2010 and 31 March 2009 were recalculated based on the number of shares as at 31 March 2010.

Consolidated balance sheet

€000

	Notes	31/3/2010	31/3/2009
NON-CURRENT ASSETS		**30,952**	**34,519**
Goodwill	1	24,364	28,593
Intangible fixed assets	2	209	265
Tangible fixed assets	3 & 4	2,331	2,670
Financial assets	5	554	521
Other non-current assets	7	3,493	2,470
CURRENT ASSETS		**47,794**	**42,624**
Trade receivables	8	34,770	34,526
Other receivables	8	4,333	4,373
Financial assets	5	0	97
Cash and cash equivalents	8 & 9 & 14	8,691	3,628
TOTAL ASSETS		**78,746**	**77,143**
SHAREHOLDERS' EQUITY (GROUP SHARE)		**34,296**	**32,058**
Share capital	10	497	497
Issue, merger and contribution premiums	10	11,219	11,219
Reserves and consolidated retained earnings		22,581	20,342
Minority interests		0	0
TOTAL SHAREHOLDERS' EQUITY		**34,296**	**32,058**
NON-CURRENT LIABILITIES		**5,941**	**8,674**
Long-term provisions	11 & 12	1,576	1,092
Borrowings (due in more than 1 year)	12 &13 & 14	4,290	6,387
Other non-current liabilities	12	75	1,195
CURRENT LIABILITIES		**38,508**	**36,411**
Short-term provisions	11 & 15	989	437
Borrowings (due in less than 1 year)	13 & 15	2,386	2,392
Trade payables	15	3,071	3,083
Tax and social security liabilities	15	28,223	26,613
Other current liabilities	15	3,839	3,886
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**78,746**	**77,143**

Consolidated cash flow statement

€000

	Note	31/3/2010	31/3/2009
Total consolidated net profit		**3,252**	**7,015**
Elimination of non-cash items:			
Depreciation and provision charges		4,698	1,356
Expense / (income) from stock options and similar items			
Post-tax capital losses / (gains) on sales of assets		95	135
Other non-cash income and expenditure		(1,335)	(511)
Free cash flow after net borrowing costs and tax		**6,711**	**7,995**
Exchange differences on free cash flow			
Change in working capital		2,069	(3,484)
Net cash flow from operating activities		**8,780**	**4,511**
Purchase of intangible and tangible fixed assets		(560)	(1,227)
Sale of fixed assets		9	
Change in financial assets		491	367
Change in consolidation scope		(617)	(13,216)
Other cash flow from investing activities			
Net cash flow from investing activities		**(676)**	**(14,076)**
Capital increase - Proceeds from exercise of stock options			33
Purchase and sale of treasury shares			
Dividends paid to shareholders of the parent company		(937)	(929)
Dividends paid to minority interests of subsidiaries			
Other cash flows from financing activities		(2,101)	(2,040)
Net cash flows from financing activities		**(3,039)**	**(2,936)**
Net change in cash and cash equivalents	14	**5,065**	**(12,501)**

Undrawn lines of credit amounted to €9,083.

Tax paid amounted to €4,584,000 in 2009/10 and €3,945,000 in 2008/09.

Interest paid amounted to €165,000 in 2009/10 and €525,000 in 2008/09.

Changes in shareholders' equity

€000

	Share capital	Share premium	Consolidated reserves	Net profit for the year	Currency differences	Total shareholders' equity
Consolidated shareholders' equity at 31/3/2008	**495**	**11,187**	**7,947**	**6,168**	**-**	**25,797**
Consolidated net profit for the year				7,015	,	**7,015**
Fair value adjustment on assets held for sale			(86)			**(86)**
Actuarial differences per IAS 19			33			**33**
Comprehensive net profit			**(53)**	**7,015**		**6,962**
Earnings appropriation			6,168	(6,168),		**0**
Change in parent company share capital	2	32				**34**
Parent company dividends			(929)			**(929)**
Stocks options						**0**
Treasury shares			303			**303**
PAGA provision adjustment			(109)			**(109)**
Change in currency differences						**0**
Consolidated shareholders' equity at 31/3/2009	**497**	**11,219**	**13,327**	**7,015**	**0**	**32,058**
Consolidated net profit for the year				3,252		**3,252**
Fair value adjustment on assets held for sale			86	,		**86**
Actuarial differences per IAS 19			(191)	,		**(191)**
Comprehensive net profit			**(105)**	**3,252**		**3,147**
Earnings appropriation			7,015	, (7,015)		**0**
Change in parent company share capital						**0**
Parent company dividends			(937)			**(937)**
Stocks options						**0**
Treasury shares			201			**201**
PAGA provision adjustment			(173)			**(173)**
Change in currency differences						**0**
Consolidated shareholders' equity at 31/3/2010	**497**	**11,219**	**19,329**	**3,252**	**0**	**34,296**

The interim dividend paid during the year was €0.19 per share, amounting to a total of €927,000.

The final recommended dividend is €0.19 per share, amounting to an estimated total of €936,000.

There are no items within shareholders' equity that could generate a tax liability. Total accumulated deferred tax assets in respect of items included under shareholders' equity amounted to €62,000 and arise from actuarial differences in accordance with IAS 19.

Gains and losses posted to shareholders' equity

€000

	31/3/2010	31/3/2009
Net profit	**3,252**	**7,015**
Fair value adjustment on assets held for sale	86	(86)
Actuarial differences per IAS 19	(191)	33
Total income and expense posted to shareholders' equity	**(105)**	**(53)**
Comprehensive net profit (Group share)	**3,147**	**6,962**

Notes to the consolidated financial statements

Solucom is a public limited company under French law subject to regulations governing commercial companies in France, and in particular the provisions of the French Commercial Code. The Company's registered office is located at 100/101 terrasse Boieldieu - 92042 Paris La Défense Cedex. The company is listed on Euronext Paris, compartment C

The consolidated financial statements comprising Solucom SA and its subsidiaries were approved by the Management Board on 25 May 2010. They will not become final until approval at the Shareholders' General Meeting to be held on 24 September 2010.

I. Key events for the year

I.1 Merger/ takeover of Vistali by Dreamsoft

During the past year, Dreamsoft merged with Vistali, both wholly-owned Solucom subsidiaries.

Under the deal, Dreamsoft took over Vistali in consideration for Vistali's entire assets and liabilities and allotment of new Dreamsoft shares to Solucom, the transaction being backdated to 1 April 2009.

Dreamsoft also changed its corporate name to Solucom DV.

I.2 Impairment of Cosmosbay~Vectis goodwill

Solucom performs and impairment test on goodwill capitalised in the consolidated balance at each year end, or whenever there is an indication of loss in value. These tests are carried out in accordance with the discounted cash flow method.

In respect of Cosmosbay~Vectis, the discounted cash flow as at 31 March 2010 as stated in the company’s medium turn forecast turned out to be lower than the book value of Cosmosbay~Vectis. Solucom was therefore obliged to record a €3.0 million impairment charge against the goodwill for Cosmosbay~Vectis as at 31 March 2010.

II. Accounting policies and methods

All amounts given in the notes are stated in thousand euros.

II.1 Consolidation policies

As from 1 April 2005, the consolidated financial statements of Solucom have been established under IFRS international accounting standards as adopted in the European Union and European regulation 1606/2002 of 19 July 2002. These standards consist of IFRS, IAS and their interpretations, which were adopted by the European Union as at 31 March 2010.

The accounting policies applied for these financial statements are identical to those applied by the firm for its consolidated financial statements for the year ended 31 March 2009.

In particular, the firm has applied all IFRS issued by the IASB and all IFRIC interpretations as adopted by the European Union, which can be viewed on the website of the European Union http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission, for financial periods beginning with effect from 1 April 2009; this did not cause a material change in the accounting or presentation policies.

The firm applied IAS 1 “Presentation of the financial statements” as amended for the first time in 2009/10. Application of this standard has no impact on Solucom’s Group financial statements, and only changes the presentation of the financial information. In accordance with application provisions of these standards, the comparative figures have been restated under the new presentation for all years stated.

This amendment is designed to standardise disclosures in financial statements while introducing the notion “comprehensive net profit”. Changes largely relate to the following:

- A new statements following on from the income statement shows changes in comprehensive profit for the year;
- The statement of changes in shareholders’ equity presents transactions with shareholders and items making up comprehensive net profit under separate lines.

Those standards and interpretations adopted by the IASB and the IFRIC and approved by the European Union as at 1 April 2009 and which Solucom have not applied are as follows:

- Amendment to IAS 23 “Borrowing costs”

This amendment only became mandatory for periods beginning with effect from 1 January 2009 but early application was permissible. This amendment was adopted by the European Union on 10 December 2008.

- Amendments IAS 32 "Puttable Instruments and Obligations Arising on Liquidation”

This amendment only became mandatory for periods beginning with effect from 1 January 2009 but early application was permissible. This amendment was adopted by the European Union on 21 January 2009.

- Amendment IFRS 2 “Vesting Conditions and Cancellations”

This standard only became mandatory for periods beginning with effect from 1 January 2009 but early application is permissible. This interpretation was adopted by the European Union on 16 December 2008.

- Amendments to IFRS 7 “Improvements in disclosures of financial instruments”

These amendments only became mandatory for periods beginning with effect from 1 January 2009. These amendments have not yet been adopted by the European Union.

- IFRS 8 "Operating Segments”

These amendments only became mandatory for periods beginning with effect from 1 January 2009 but early application was permissible. It was adopted by the European Union on 21 November 2007.

- Interpretation IFRIC 12 "Service Concession Arrangements”.

This interpretation was introduced for all periods beginning with effect from 1 January 2008 but early application was permissible. It was adopted by the European Union on 25 March 2009.

- IFRIC 13 "Customer Loyalty Programmes”.

This interpretation only became mandatory for periods beginning with effect from 1 July 2008 and early application is permissible. While this interpretation was adopted by the European Union on 16 December 2008, it will have no impact on the consolidated financial statements.

- IFRIC 14 "Defined Benefit Asset Minimum Funding Requirements”.

This standard became mandatory for periods beginning with effect from 1 January 2008 and early application was permissible. This standard was adopted by the European Union on 16 December 2008.

- IFRIC 15 “Agreements for the Construction of Real Estate”

This standard only became mandatory for periods beginning with effect from 1 January 2009 but early application was permissible. This standard was adopted by the European Union on 22 July 2009.

Those standards and interpretations adopted by the IASB and the IFRIC but not yet applicable to Solucom’s financial year have not been applied in advance. In accordance with the option offered, standards that Solucom has not applied are as follows:

- Revision of IAS 27 “Consolidated and Separate Financial Statements”

This only became mandatory for periods beginning with effect from 1 July 2009 but early application was permissible. This amendment was adopted by the European Union on 23 January 2009.

- Revision of IFRS 3 “Business Combinations“

This revised standard only became mandatory for periods beginning with effect from 1 July 2009 but early application was permissible. It makes changes to accounting policies for business combinations and to the consolidation scope for subsidiaries following a transfer of control. This revision was adopted by the European Union on 3 June 2009.

- Amendment to IFRIC 9 “Reassessment of Embedded Derivatives” and IAS 39 “Financial Instruments: recognition and measurement”.

This standard became mandatory for periods beginning with effect from 30 June 2009. While it was adopted by the European Union on 30 November 2009, it will have no impact on the consolidated financial statements.

- Amendment to IFRS 2 “Group cash-settled share-based payment transactions”

This standard became mandatory for periods beginning with effect from 1 January 2010 and early application was permissible. While it was adopted by the European Union on 23 March 2010, it will have no impact on the consolidated financial statements.

- Amendment to IAS 32 “Financial Instruments: Presentation” section: “classification of issues of financial instruments”

This standard became mandatory for periods beginning with effect from 31 January 2010. While it was adopted by the European Union on 23 December 2009, it will have no impact on the consolidated financial statements.

- IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”

This standard only became mandatory for periods beginning with effect from 1 October 2008 but early application was permissible. While this standard was adopted by the European Union on 4 June 2009, its application had no impact on the consolidated financial statements.

- IFRIC 17 “Distributions of non-cash assets to owners”

This standard only became mandatory for periods beginning with effect from 1 July 2009 but early application was permissible. While this standard was adopted by the European Union on 26 November 2009, its application will have no impact on the consolidated financial statements.

- IFRIC 18 “Transfers of Assets from Customers”

This standard only became mandatory for periods beginning with effect from 1 July 2009 but early application was permissible. While this standard was adopted by the European Union on 27 November 2009, its application will have no impact on the consolidated financial statements.

- IFRIC 19 “Extinguishing Financial Liabilities with Equity”

This standard will only become mandatory for periods beginning with effect from 1 July 2009 but early application is permissible. While this standard has not yet been adopted by the European Union, its application will have no impact on the consolidated financial statements.

- Amendment to IAS 24 “Related Party Disclosures”

This standard will become mandatory for periods beginning with effect from 1 January 2009. While this standard has not yet been adopted by the European Union, its application will have no impact on the consolidated financial statements.

- Amendments to IAS 39 “Exposures qualifying for hedge accounting”

This standard was published on 31 July 2008 and became mandatory for periods beginning with effect from 1 July 2009. It was adopted by the European Union on 15 September 2009.

Lastly, stock option plans granted after 7 November 2002 have not been adjusted given that the rights were vested as of 1 April 2004. Since this date, no new stock option plan has been issued.

II.2 Consolidation principles

Solucom is the Group’s parent company for purposes of the consolidated financial statements.

The financial statements of companies under the exclusive control of Solucom are consolidated under the full consolidation method.

Solucom does not exercise any major influence or joint control over any company. The firm does not control any special purpose entity either directly or indirectly.

The financial statements of consolidated companies are adjusted where necessary in order to ensure standard accounting and valuation policies.

The financial statements of consolidated companies are all established as at 31 March 2010.

Following the September 2009 merger/takeover of Vistali by Dreamsoft, both wholly-owned Solucom subsidiaries, which was backdated to 1 April 2009, Vistali was wound up without liquidation and Dreamsoft changed its name to Solucom DV.

II.3 Foreign currency conversion

As no company with foreign currency financial statements has been consolidated since the year ended 31 March 2005, this principle is no longer applied.

II.4 Goodwill

The internal organisation of the firm shows that each company included in the consolidation corresponds to a Cash flow Generating Unit (CGU).

Every year end or whenever there is an indication of loss in value, an impairment test is carried out on each of the equity investments that include goodwill. These tests are based on the discounted cash flow method. Cash flows are determined on the basis of forecasts established over a period of 5 years. Infinite growth of 3% is assumed after the sixth year, this rate appearing reasonable in the light of past performance in the IT services sector. Cash flows arising from these forecasts are then discounted at 12%, which takes account of 10-year risk-free rates, a market risk premium, the observed beta coefficient for comparable quoted companies including Solucom, and finally a risk premium specific to Solucom.

In addition, an analysis of the sensitivity of the value to changes in the key assumptions used (in particular rates of growth to infinity and discount rates) provides a check on the impact of reasonably foreseeable changes in these assumptions.

Impairment tests carried out as at 31 March 2010 have shown a loss of value on the goodwill associated with Cosmosbay~Vectis.

II.5 Use of estimates

Preparing financial statements under IFRS requires the use of estimates and assumptions underlying the valuation of certain accounts in the financial statements, in particular under the following chapters:

- Estimated useful life for fixed asset depreciation
- Valuation of provisions and pension liabilities
- Valuations used for impairment tests
- Valuation of financial instruments at fair value
- Estimate of accrued income and expenses

The firm regularly revises its assessments in the light of historic data and the financial and economic context in which it is operating. Consequently, this could impact the data disclosed in the firm's future financial statements.

II.6 Intangible and tangible fixed assets

All fixed assets belong to Solucom, with the exception of leased assets.

Software and tangible fixed assets are stated at cost less accumulated amortisation, depreciation and impairment. Interest costs are not capitalised and therefore are booked as expenses for the year.

Every identified component of a fixed asset is accounted for and depreciated separately.

Depreciation and amortisation are applied on a straight line basis with no deduction for residual value, based on the estimated useful lives of the assets, which are reviewed in respect of material assets. The initial estimated useful life is prolonged or shortened if conditions of use change.

Material tangible fixed assets that are held under a leasing contract are capitalised and depreciated according to the asset’s estimated useful life. Depreciation periods generally employed are as follows:

- Software: 3 years
- Fixtures and fittings: 6 or 9 years
- Cars: 4 years
- IT equipment: 3 years
- Office furniture: 9 years

II.7 Impairment and recoverable value of non-current assets

Intangible and tangible fixed assets are subject to impairment tests under certain circumstances.

Fixed assets with an indefinite useful life (e.g. goodwill - see note II.4),) are tested at least once a year, and each time there is an indication of loss in value.

For other fixed assets, tests are carried out only when there is an indication of loss in value. The firm writes down the value of intangible and tangible fixed assets (including goodwill) of a cash flow generating unit whenever the net book value of assets exceeds the recoverable value.

Each company within the consolidation constitutes a cash flow generating unit, being the smallest entities having independent and definable cash flows.

II.8 Finance lease contracts

When the firm finances the acquisition of a material tangible fixed asset through leasing, its value is recorded under fixed assets and depreciated in the manner and for the periods described above. The corresponding debt is entered under liabilities.

II.9 Deposits and sureties

Deposits and sureties falling due in over 1 year that do not carry interest are discounted to present value in accordance with IAS 39 "Financial instruments".

The effect of the discounting at the outset together with the progressive write-back each year is posted to financial items.

The discounting rate is 3.42% per year.

II.10 Non-current financial assets

Non-current financial assets comprise loans and receivables due in more than 1 year valued at cost less impairment and repayments. Purchases and sales of financial assets are accounted for at the date of settlement.

II.11 Receivables

Receivables are stated at face value. A bad debt provision is set aside if the realisable value is lower than book value.

II.12 Cash and cash equivalents

Cash and cash equivalents stated in the balance sheet comprise cash, demand deposits and cash equivalents.

Cash equivalents consist of marketable securities meeting the criteria specified under IAS 7: short-term investments that are easily converted into a known amount of cash and are exposed to negligible risk of loss.

They are initially recorded at cost, and subsequently restated at fair value corresponding to market price at the balance sheet date (in the case of listed investments). Changes in fair value are taken to net borrowing costs. Net capital gains or losses on sale are also recorded under net borrowing costs.

II.13 Treasury shares

Solucom holds treasury shares as part of its share buy-back programme that was authorised at the shareholders general meeting.

The accounting policy for treasury shares under IAS 32-39 specifies that all treasury shares must be deducted from consolidated shareholders’ equity, regardless of the reason for buying or holding them and their accounting treatment in the individual companies concerned. Furthermore, any gains on sale of treasury shares and any impairment provisions on them must also be posted to shareholders' equity.

II.14 Employee benefits

Pursuant to IAS 19 "Employee benefits", liabilities and expenses arising from defined benefit schemes are valued by independent actuaries based on the projected unit of credit method. The firm only has a liability in respect of one-off compensation paid on retirement.

The assumptions underlying the calculation are as follows:

- Application of the collective agreement for research office staff
- High staff turnover
- Mortality table TF-TH 2000-02 with age offsets to take into account increased life expectancy of recent generations
- Social security rate: 45%
- Salary inflation: 2.17%
- Discount rate: 4.56%
- Retirement age: 65 years
- Leavers on the initiative of the employee

The increase in the liability caused by the change in the retirement indemnity calculation tables (pursuant to amendment no. 28 dated 28 April 2004 to the collective staff agreement) was spread over the forecast average remaining period of employment as at 31 March 2010 of 4.6 years for Solucom, 5.3 years for Idesys and 6.2 years for Arcome. The charge reflected in the income statement for the year is €25,000 and the outstanding balance to be charged over future years is €5,000.

An actuarial loss of €288,000 arose for the year ended 31 March 2010 due to demographic changes, a change in staff turnover, and a change in the discount rate.

Pursuant to the option available under the amendment to IAS 19 - "Employee benefits" applicable to periods beginning with effect from 1 January 2006, Solucom recorded all cumulative backdated actuarial differences within shareholders' equity as at 31 March 2010. The impact on shareholders' equity amounted to a €33,000 increase net of deferred tax for the year ended 31 March 2009 and a €191,000 decrease net of deferred tax for the year ending 31 March 2010.

The P&L expense of €197,000 breaks down as follows:

- Cost of services rendered: €134,000
- Interest expense for the year: €64,000
- Cost of past services: €25,000
- Pensions paid: (€26,000)

Certain other employee benefits are also provided under defined contribution schemes. Contributions for such schemes are expensed when incurred.

The firm has no other long-term staff commitments or one-time retirement compensation.

II.15 Loans and borrowings

Loans and borrowings include liabilities arising from the capitalisation of finance leases, loans from financial institutions and bank overdrafts. Amounts due in less than 1 year are disclosed under current borrowings. Borrowings are stated at the outstanding principal amount owing based on the actual interest rate method.

II.16 Contingent assets and liabilities

None.

II.17 Recognition of revenues

IAS 18 "Revenue Recognition" and IAS 11 "Construction contracts" (in respect of revenue recognition for fixed price projects) are applied for all revenues of Solucom companies. They do not have a material impact on the existing method for accounting for revenues.

Services charged on time spent

Revenues from services charged on time spent are booked as and when the services are rendered. The amounts booked are valued based on the contractual sales price and the billable time spent. Accrued or deferred income is recorded when there is a timing difference between the invoices issued and the stage of completion of the project.

Fixed price services

Revenues are recorded in line with the stage of completion of the projects based on costs incurred and future costs of the project. A provision for loss on completion is set aside on individual contracts when a loss is forecast. Accrued or deferred income is recorded when there is a timing difference between the invoices issued and the stage of completion of the project.

Fixed subscription revenues

These revenues are booked on an accruals basis over the period of the contract. Accrued or deferred income is recorded when there is a timing difference between the invoices issued and the time of the subscription

II.18 Deferred tax

Deferred tax is calculated for each company separately in respect of timing differences between the book value of the assets and liabilities and their tax value.

Pursuant to IAS 12, deferred tax assets are reviewed for each company separately and are only recorded to the extent that future income is estimated to be sufficient to cover the assets and if they are expected to reverse within ten years.

Adjustments arising from lease contracts give rise to deferred tax.

Deferred tax assets and liabilities are calculated using the tax rates that are expected to apply in the year when the assets will be realised or the liabilities will be settled.

Deferred tax in respect of items booked directly to shareholders' equity is posted to shareholders' equity.

II.19 Research and development costs

No development costs were capitalised or expensed during the year.

II.20 Segment reporting

Since Solucom only markets one type of service (management consulting and IT services), and all such services are subject to the same risks and generate similar operational margins, no distinct business segments have been defined. Furthermore, virtually all revenues are generated in France.

II.21 Accounting treatment of CVAE

The French 2010 Finance Act, voted in the French parliament on 30 December 2009, cancelled *taxe professionnelle* (local French tax for businesses) for French tax-paying businesses with effect from 2010 and it was replaced by the following two new taxes:

- *Cotisation Foncière des Entreprises* (C.F.E – business property tax) based on the existing property rental values under the *Taxe Professionnelle* ;
- *Cotisation sur la Valeur Ajoutée des Entreprises* (C.V.A.E – tax on business added value), based on the added value stated in the company financial statements.

Following the tax change mentioned above, the firm reviewed its accounting of French tax in relation to IFRS, taking account of the most recent analyses available on tax accounting methods, in particular those provided by IFRIC.

Solucom considered that the above tax change in reality represented a replacement of *taxe professionnelle* by two new taxes of different types:

- CFE is calculated based on property rental values and therefore may by capped at a percentage of value added ; this method bears major similarities with *taxe professionnelle* and in 2010 is therefore posted to operating expenses as the expense for *taxe professionnelle* used to be;
- CVAE, based on Solucom's analysis, meets the definition of a tax on income as stated under IAS 12.2 ("Taxation due based on taxable income"). To perform its analysis, the Company took account of IFRIC's May 2006 and May 2009 decisions to reject additions to its agenda in relation to the scope of IAS 12 "Income Taxes". Indeed IFRIC specified that tax must be calculated based on the net amount of income and expenses and this amount must be identical to the net accounting profit. The firm considered that CVAE met the criteria stated in this conclusion, given that the value added represents an intermediary level of profit which is always used as the base under French tax rules, in order to calculate the tax due in respect of CVAE.

Pursuant to IAS 12, classifying CVAE as a tax on income prompted the firm as from the year ended 31 March 2010 to post:

- The total CVAE tax provision as a current tax expense
- Deferred tax on timing differences at 31 March 2010 as a net expense in the income statement for the year. This deferred tax expense is included under the line "Corporation tax".

III. Scope of consolidation

III.1 Companies included in the consolidation

Following the September 2009 merger/takeover of Vistali by Dreamsoft, which was backdated to 1 April 2009, Vistali was wound up without liquidation during the year and Dreamsoft changed its name to Solucom DV.

The consolidated financial statements include the accounts of the following companies:

Company	% interest	Nationality	Number of months consolidated
Solucom	Parent company	France	12
Idesys	100%	France	12
Arcome	100%	France	12
Dreamsoft	100%	France	12
New'Arch	100%	France	12
KLC	100%	France	12
Vistali	100%	France	12
Cosmosbay~Vectis	95%	France	12

All the above companies were consolidated under the full consolidation method.

IV. Notes on certain balance sheet and income statement accounts

Note 1 - Capitalised goodwill

(€000)	Book value at 31/3/2009	Change in consol.	Adjustment for the year	Book value at 31/3/2010
Idesys	5,111			5,111
Solucom DV [(1)]	6,478		8	6,470
New'Arch	3,311		66	3,245
KLC	1,787		1	1,786
Cosmosbay~Vectis	11,906		4,154	7,752
Total	**28,593**	**-**	**4,229**	**24,364**

[(1)] As at 31 Mach 2009, goodwill was €2,469,000 for Dreamsoft and €4,009,000 for VIistali.

The €4,154,000 reduction in the goodwill for Cosmosbay~Vectis consists of the following:

- €1,154,000 write-off of the price addition that until then had been included in total Cosmosbay~Vectis goodwill, which will not be paid in accordance with the criteria as at 31 March 2010 and the actual results of Cosmosbay~Vectis
- A €3,000,000 impairment charge at 31 March 2010, following the impairment test performed at the balance sheet date based on discounting the company's medium term forecast

With respect to the other consolidated companies, impairment tests have been performed on capitalised goodwill and the current results do not call into question the book value of the goodwill.

Note 2 – Intangible fixed assets

Gross	31/3/2009	Change in consol.	Increases	Reductions	31/3/2010
Software	1,244	-	82	4	1,322
Total	**1,244**	**-**	**82**	**4**	**1,322**
Amortisation	**31/3/2009**	**Change in consol.**	**Increases**	**Reductions**	**31/3/2010**
Software	979	-	138	4	1,113
Total	**979**	**-**	**138**	**4**	**1,113**
Total net book value	**265**	**-**	**(56)**	**-**	**209**

No intangible fixed assets are subject to restrictions on ownership.

Note 3 - Tangible fixed assets

No tangible fixed assets are subject to restrictions on ownership with the exception of assets held under finance leases.

The change in the account "fixed asset payables" amounted to an increase of €9,000 in the year ended 31 March 2010 compared to an increase of €31,000 in the year ended 31 March 2009.

Gross	31/3/2009	Change in consol.	Increases	Reductions	31/3/2010
Other tangible fixed assets	3,883	-	168	54	3,997
Other leased fixed assets	1,928	-	300	2	2,226
Fixed assets in progress					
Total	**5,811**	**-**	**468**	**56**	**6,223**
Depreciation	**31/3/2009**	**Change in consol.**	**Increases**	**Reductions**	**31/3/2010**
Other tangible fixed assets	1,939	-	416	56	2,299
Other leased fixed assets	1,202	-	391	-	1,593
Total	**3,141**	**-**	**807**	**56**	**3,892**
Total net book value	**2,670**	**-**	**(339)**	**-**	**2,331**

Note 4 – Leases

Book value by asset category:

Asset category	31/3/2010	31/3/2009
IT and office equipment	633	726
Total	**633**	**726**

Impact on the income statement:

Income statement	31/3/2010	31/3/2009
Depreciation charge per income statement	391	335
Impairment charges recorded		
Interest expense	29	30
Gains in value posted to income		
Lease instalments for the year adjusted	416	361
Total	**(4)**	**(4)**

Lease instalments:

Lease instalments	31/3/2010	31/3/2009
Initial value of assets	**2,226**	**1,928**
Instalments paid:		
- in prior years	1,205	743
- during the year	416	361
Total	**1,621**	**1,104**
Outstanding instalments payable:		
- due in less than 1 year	356	360
- due in more than 1 year and less than 5 years	272	360
- due in more than 5 years	0	0
Total instalments	**628**	**720**
Of which future interest expense	*25*	*38*
Residual value at the end of the contract	22	19

Note 5 – Financial assets

(€000)	31/3/2009	Change in consol.	Increases	Reductions	31/3/2010
Deposits and sureties	629		47	64	612
Hedges	0				-
Securities held for sale	97			97	-
Total	**726**	**-**	**47**	**161**	**612**

No deposits and sureties have been written down in the past three financial years.

Solucom acquired a cap to hedge against any future increase in variable interest rates on a €10,000,000 loan taken out at the end of March 2008 and repayable over five years. The premium paid with respect to this cap amounted to €76,000. Its fair value was written off during the prior year.

Maturity:

Deposits and sureties	31/3/2010	31/3/2009
Due in less than 1 year (1)	58	108
Due in more than 1 year and less than 5 years	194	181
Due in more than 5 years	360	340
Total	612	629

(1) Reclassified under "Other receivables"

Impact on the income statement:

Impact of discounting deposits	31/3/2010	31/3/2009
Initial value	723	764
Accumulated discounting brought forward	135	158
Discounting expense	4	8
Discounting income	28	31
Net book value (1)	612	629

(1) The amount due in less than 1 year has been reclassified under "Other receivables"

A 1% increase in the discount rate for the deposits would result in a €31,000 charge to earnings for the year ended 31 March 2010 compared to a €28,000 increase to earnings in the event of a 1% reduction in the discount rate.

In terms of sensitivity, the fair value of the cap held as an interest rate hedge depends on the market's forecast of how the value will move in the future.

Note 6 - Operating leases

Maturity at 31 March 2010:

(€000)	Total	Due in less than 1 year	Due in more than 1 year and less than 5 years	Due in more than 5 years
Lease payments for the year	**7,458**	2,555	4,746	157
Total	**7,458**	**2,555**	**4,746**	**157**

Maturity at 31 March 2009:

(€000)	Total	Due in less than 1 year	Due in more than 1 year and less than 5 years	Due in more than 5 years
Lease payments for the year	**10,053**	2,755	7,008	290
Total	**10,053**	**2,755**	**7,008**	**290**

For real estate leases, the maturity period stated above is based on the earliest opportunity to cancel the various leases.

Note 7 - Non-current assets

Gross	31/3/2009	Change in consol.	Variation	31/3/2010
Deferred tax assets	2,470		1,023	3,493
Total	**2,470**		**1,023**	**3,493**

Note 8 – Current assets

Gross	31/3/2009	Change in consol.	Variation	31/3/2010
Trade receivables	34,643		223	34,866
Sub-total "Trade receivables"	***34,643***		***223***	***34,866***
Advances and payments on account	121		(62)	59
Employee receivables	76		119	195
Tax receivables	2,810		210	3,020
Deposits and sureties	108		(50)	58
Other debtors	15		82	97
Prepaid expenses	1,244		(337)	907
Sub-total "Other receivables"	***4,373***		***(38)***	***4,336***
Financial instruments				
Assets held for sale	97		(97)	-
Sub-total "Financial assets"	***97***		***(97)***	***-***
Money market SICAV - cash equivalents	2,136		5,387	7,523
Cash	1,491		(323)	1,168
Sub-total "Cash and cash equivalents"	***3,628***		***5,064***	***8,691***
Total	**42,741**		**5,152**	**47,893**

Impairment	31/3/2009	Change in consol.	Variation	31/3/2010
Trade receivables	117		(21)	96
Sub-total "Trade receivables"	***117***		***(21)***	***96***
Other debtors			3	3
Sub-total "Other receivables"			***3***	***3***
Total	**117**		**(18)**	**99**

Net	31/3/2009	Change in consol.	Variation	31/3/2010
Sub-total "Trade receivables"	***34,526***		***244***	***34,770***
Sub-total "Other receivables"	***4,373***		***(40)***	***4,333***
Sub-total "Financial assets"	***97***		***(97)***	***-***
Sub-total "Cash and cash equivalents"	***3,628***		***5,064***	***8,691***
Total net	**42,624**		**5,170**	**47,794**

The firm reviews each trade receivable separately and if necessary, records a specific bad debt provision taking account of the client's situation and any overdue payments. There is no general bad debt provision in the accounts.

Note 9 – Marketable securities

Type of marketable securities	31/3/2010		
	Value at cost	Gain/loss	Consolidated book value
Money market SICAV (French unit trusts) - cash equivalents	7,521	2	7,523
Total	**7,521**	**2**	**7,523**
Type of marketable securities	**31/3/2009**		
	Value at cost	**Gain/loss**	**Consolidated book value**
Money market SICAV - cash equivalents	2,134	2	2,136
Total	**2,134**	**2**	**2,136**

Note 10 – Share capital

As at 31 March 2010, the share capital of Solucom SA, the parent company, is made up of 4,966,882 fully paid-up shares, each with a nominal value of €0.10.

41,463 treasury shares were held at 31 March 2010.

Furthermore, with the approval of the extraordinary and ordinary general meetings of 30 September 2005 and 25 September 2009, Solucom's Management Board decided at its meetings of 14 September 2007 and 16 November 2009 to issue existing or future shares free of charge to senior executives of the firm. Under the relevant schemes, free shares will be issued following a period subject to the senior executives being present and investing personally in Solucom shares; the number of shares issued will also depend on performance criteria based on meeting a pre-defined level of consolidated operating profit on ordinary activities.

In addition, with the approval of the extraordinary and ordinary general meeting of 28 September 2007, Solucom's Management Board decided at its meetings of 15 September 2008 and 15 September 2009, to issue existing or future shares free of charge to Solucom employees or certain staff categories, in conjunction with the employee savings plan introduced by the firm.

The expense of the employee benefit arising on each of the plans has been accrued under expenses as a specific provision and under shareholders equity in the financial statements for the year ended 31 March 2010.

Note 11 – Provisions

Provisions mainly relate to one-time compensation paid on retirement and calculated by an actuary, and industrial tribunal litigation, which is valued based on the amount claimed and the status of the legal proceedings.

(€000)	31/3/09	Change in consol.	Change in deferred tax	Increases	Reductions		31/3/10
					Paid	Written-back	
Short-term provisions							
Provisions for risks	437			866	95	266	942
Provisions for penalties	-			47			47
Provisions for charges							
Total	**437**	**-**	**-**	**913**	**95**	**266**	**989**
Non-current liabilities							
Provisions for IFC	1,092			510	26	-	1,576
Provisions for risks							
Total	**1,092**			**510**	**26**	**-**	**1,576**
Total	**1,529**	**-**	**-**	**1,423**	**121**	**266**	**2,565**

Impact of provisions on earnings for the year ended 31 March 2009:

(€000)	Change in deferred tax	Increases	Reductions	
			Paid	Written-back
Operating profit on ordinary activities		1,135	121	266
Operating profit				
Total		**1,135**	**121**	**266**

Note 12 – Non-current liabilities

Gross	31/3/2009	Change in consol.	Variation	31/3/2010
Long-term provisions	1,092		484	1,576
Borrowings (Leases due in over 1 yr)	360		(88)	272
Borrowings (Loans due in over 1 yr)	6,027		(2,009)	4,018
Other liabilities	1,100		(1,100)	-
Tax payables	52,		23	75
Deferred tax liabilities	43		(43)	-
Total	**8,674**		**(2,733)**	**5,941**

Note 13 – Borrowings

(€000)	Balance at 31/3/2009	Change in consol.	Variation	Balance at 31/3/2010
Due in more than 1 year	**6,387**		**(2,097)**	**4,290**
Borrowings (Leases due in over 1 yr)	360		(88)	272
Loans from financial institutions (due in over 1 yr)	6,027		(2,009)	4,018
Due in less than 1 year	**2,392**		**(6)**	**2,386**
Loans from financial institutions	2,009		-	2,009
Miscellaneous loans and borrowings	3,		(1)	2
Borrowings (Leases)	360		(4)	356
Current account bank overdrafts	18			18
Accrued interest	2		(1)	1
Total	**8,779**		**(2,103)**	**6,676**

By interest rate category:

(€000)	At 31 March 2010		At 31 March 2009	
	Fixed rate	Variable rate	Fixed rate	Variable rate
Non-current liabilities	272	4,018	360	6,027
Current liabilities	377	2,009	383	2,009
Total	**649**	**6,027**	**743**	**8,036**

Given the level of the company's debt and the fixed rate applied, a 1% increase in EURIBOR 6 months would result in a €56,000 reduction in earnings for the year ended 31 March 2010 compared to a €53,000 increase to earnings in the event of a 1% reduction in EURIBOR 6 months.

Maturity at 31 March 2010:

(€000)	Total	Due in less than 1 year	Due in more than 1 year and less than 5 years	Due in more than 5 years
Non-current liabilities	4,290		4,290	
Current liabilities	2,386	2,386		
Total	**6,676**	**2,387**	**4,290**	

Maturity at 31 March 2009:

(€000)	Total	Due in less than 1 year	Due in more than 1 year and less than 5 years	Due in more than 5 years
Non-current liabilities	6,387		6,387	
Current liabilities	2,392	2,392		
Total	**8,779**	**2,392**	**6,387**	

Sureties granted as security for these loans are described below under Note 24.

There was no default on any of the loans during the year.

All loans are denominated in euros and the contractual terms and conditions are as follows:

<u>Solucom SA loan contracted with Société Générale:</u>

- Value at the outset: €6,000,000
- Beginning date: 27 March 2008
- Term: 5 years

- Repayment instalments: every half year
- Interest rate: variable (EURIBOR 6 months)

Solucom SA loan contracted with BNP Paribas:

- Value at the outset: €4,000,000
- Beginning date: 28 March 2008
- Term: 5 years
- Repayment instalments: every half year
- Interest rate: variable (EURIBOR 6 months)
- Other: commitment to hedge the interest rate risk on 50% of the loan, over a three year period, against the impact of an increase of more than 150bp in the EURIBOR six months index as of 26 March 2008.

Note 14 – Net debt

At 31 March 2010:

At 31/3/10	Total	Due in less than 1 year	Due in more than 1 year and less than 5 years	Due in more than 5 years
Loans from financial institutions	**6,027**	2,009	4,018	
Finance lease liabilities	**628**	356	272	
Loans and borrowings	**3**	3		
Loans and borrowings	**6,658**	**2,368**	**4,290**	
Current account bank overdrafts	**(17)**	(17)		
Cash equivalents stated at cost	**7,521**	7,521		
Cash	**1,168**	1,168		
Cash net of bank overdrafts (1)	**8,672**	**8,672**		
Fair value adjustment on cash equivalents	**2**	,2		
Consolidated net cash and cash equivalents	**8,674**	**8,674**		
Net debt	**(2,016)**	**(6,306)**	**4,290**	

(1) See cash flow statement

At 31 March 2009:

At 31/3/09	Total	Due in less than 1 year	Due in more than 1 year and less than 5 years	Due in more than 5 years
Loans from financial institutions	**8,036**	2,009	6,027	
Finance lease liabilities	**720**	360	360	
Loans and borrowings	**5**	5		
Loans and borrowings	**8,761**	**2,374**	**6,387**	
Current account bank overdrafts	**18**	18		
Cash equivalents stated at cost	**2,134**	2,134		
Cash	**1,491**	1,491		
Cash net of bank overdrafts (1)	**3,607**	**3,607**		
Fair value adjustment on cash equivalents	**2**	2		
Consolidated net cash and cash equivalents	**3,609**	**3,609**		
Net debt	**5,152**	**(1,236)**	**6,387**	

(1) See cash flow statement

Note 15 – Current liabilities

All liabilities are denominated in euros

(€000)	31/3/2009	Change in consol.	Variation	31/3/2010
Short-term provisions	437		552	989
Borrowings (due in less than 1 year)	2,392		(6)	2,386
Trade payables	3,083		(12)	3,071
Advances and payments on account	285		94	379
Social security liabilities	15,477		1,425	16,902
Tax payables	10,507		149	10,656
Fixed asset payables	208		(9)	199
Tax payables (corporation tax)	629		36	665
Other liabilities	1,694		(696)	998
Deferred income	1,699		564	2,263
Total	**36,411**		**2,097**	**38,508**

Note 16 – Revenues

Virtually all consolidated revenues of the firm are earned in France.

Note 17 – Purchases consumed

(€000)	31/3/2010	31/3/2009
Sub-contracting costs	1,853	2,794
Other purchases consumed	59	1
Total	**1,912**	**2,795**

Note 18 – Personnel costs

(€000)	31/3/2010	31/3/2009
Wages and salaries	52,229	48,808
Social security charges	24,546	22,483
Total	**76,775**	**71,291**

Average number of employees (full time equivalents)	31/3/2010	31/3/2009
Engineers and managers	908	853
Employees	38	35
Total	**946**	**888**

Note 19 – Directors remuneration

(€000 or number)	31/3/2010	31/3/2009
Remuneration for members of the management board	367	384
Remuneration for members of the supervisory board	68	64
Other remuneration	-	-
Post retirement benefits	-	-
Other long-term benefits	-	-
End of employment compensation	-	-
Share-based remuneration	94	-
Number of stock options held by directors	-	-

Note 20 – Financial items

(€000)	31/3/2010	31/3/2009
Net gains on sale of cash equivalents	5	88
Loan interest	(193)	(533)
Net gains on sale of assets held for sale	25	
Fair value adjustments on cash equivalents	(1)	(2)
Net borrowing costs	(164)	(447)
Fair value adjustments on other financial assets	59	(53)
NET FINANCIAL ITEMS	**(105)**	**(500)**

Note 21 – Corporation tax

Net corporation tax charge:

(€000)	31/3/2010	31/3/2009
Current tax charge	4,611	3,671
Deferred tax	(955)	(91)
Total	**3,656**	**3,580**

All potential deferred tax has been recognised. No Solucom company has tax losses carried forward as at 31 March 2010 with the exception of Cosmosbay~Vectis, for which tax losses amounting to €1,890,000 including €1,053,000 in the opening balance sheet have been capitalised.
At 31 March 2010, the value of deferred tax maturing in more than one year amounts to €2,459,000.
Furthermore, the French 2010 Finance Act cancelled *taxe professionnelle* (local French tax for businesses) for French tax-paying businesses with effect from 2010 and replaced it by two new taxes, namely *Cotisation Foncière des Entreprises* (C.F.E – business property tax) and *Cotisation sur la Valeur Ajoutée des Entreprises* (C.V.A.E – tax on business added value).
In accordance with the CNC opinion dated 14 January 2010, Solucom opted to account for C.V.A.E under the line Corporation Tax with effect from 2010. The C.V.A.E. tax charge within 2010 Corporation Tax amounted to €332,000, the related deferred tax liability was €23,000 and the related deferred tax asset amounted to €2,000.

Sources of deferred tax:

(€000)	Consolidated balance sheet		Income statement	
	31/3/2010	31/3/2009	31/3/2010	31/3/2009
Timing differences on provisions	2,913	2,100	(807)	(473)
Discounting on deposits	38	46	8	8
Consolidation entries and other	542	323	(150)	434
Total deferred tax assets	**3,493**	**2,469**	**(949)**	**(31)**
Consolidation entries and other	23	43	(6)	(59)
Fair value adjustments on marketable securities	-	1	-	(1)
Total deferred tax liabilities	**23**	**44**	**(6)**	**(60)**
Deferred tax charge/(income)	**-**	**-**	**(955)**	**(91)**

Tax reconciliation:

The difference between the theoretical corporation tax charge and the actual net corporation tax charge is analysed as follows:

€000	31/3/2010	31/3/2009
Consolidated net profit	3,252	7,015
Tax charge (income)	3,656	3,580
CVAE	(332)	
Tax credits	(54)	
Profit before tax	6,522	10,595
Statutory tax rate	33.33%	33.33%
Theoretical tax charge	**2,174**	**3,531**
Reconciliation:		
Permanent differences	1,093	84
Income taxed at a different rate	65	22
Tax credits	(8)	(57)
CVAE	332	
Actual tax charge	**3,656**	**3,580**

Note 22 – Diluted earnings per share

Earnings per share	31/3/2010	31/3/2009
Net profit for the year (Group share)	3,252	7,015
Weighted average number of shares in issue (1)	4,925,419	4,925,419
Basic earnings per share, Group share	0.66	1.42
Number of shares in issue at 31 March (1)	4,925,419	4,925,419
Number of potential shares - stock options	0	0
Total number of potential and issued shares	4,966,882	4,966,882
Diluted earnings per share, Group share	0.65	1.41

(1) Excluding treasury shares

Dilutive financial instruments are specified under Note 10 - Share capital.

In accordance with IAS 33, earnings per share for the years ended 31 March 2009 and 31 March 2010 were recalculated based on the number of shares as at 31 March 2010.

Note 23 – Financial instruments

Solucom holds the following financial instruments:

- Investments in risk-free money market SICAV (French unit trusts), exclusively indexed on EONIA,
- Treasury shares,
- An interest rate cap amounting to €76,000, the fair value of which was written off during the prior year.

Note 24 – Off-balance sheet commitments

By category:

Off-balance sheet commitments	31/3/2010	31/3/2009
Pledges, mortgages and actual sureties	25,180	27,465
- of which pledged shares in subsidiaries	*25,180*	*27,465*
Endorsements and guarantees given	0	0
- of which guarantees given as security for loans	*0*	*0*
Other commitments given	7,458	10,053
- of which operating leases	*7,458*	*10,053*
Endorsements and guarantees received	12,333	18,778
- of which endorsements and bank guarantees received for liabilities	*1,249*	*2,845*

By maturity:

The pledge of shares in subsidiaries relates to shares of New'Arch and Cosmosbay~Vectis.

See Note 6 - Operating leases for the periods of commitments given for operating leases.

The endorsements and bank guarantees received of €12,333,000 represent security for:

- €1,249,000 of liability guarantees included in the purchase agreements for the shares of Cosmosbay~Vectis,
- €2,000,000 of hedges in respect of the loan capped at 5%,
- Credit facilities amounting to €8,600,000 granted in conjunction with the Dreamsoft and Cosmosbay~Vectis acquisitions and €483,000 to finance the refurbishment of the premises.

Note 25 – Related parties

Solucom companies did not conduct any material transactions with companies that could be considered "Related parties" as defined by IAS 24.9.

Note 26 – Post balance sheet events

A total dividend of €936,000 (€0.19 per share) will be recommended to the general meeting convened to approve Solucom’s financial statements for the year ended 31 March 2010.

Note 27 – Fees to statutory auditors

	SLG Expertise				Constantin Associés			
	Amount 09/10	Amount 08/09	% 09/10	% 08/09	Amount % 09/10	Amount 08/09	% 09/10	%08/09
Audit Statutory audit, opinion, review of separate and consolidated financial statements								
> *Issuer*	53,735	44,504	75%	57%	59,506	46,563	57%	39%
> *Fully consolidated subsidiaries*	18,010	33,305	25%	43%	27,985	31,747	27%	27%
Other engagements and services directly linked to the statutory audit engagement								
> *Issuer*					17,334	40,112	17%	34%
> *Fully consolidated subsidiaries*								
Sub-total	**71,745**	77,809	100%	100%	**104,836**	118,422	100%	100%
Other services rendered by branches of the statutory auditors to fully consolidated subsidiaries								
> *Legal, tax and HR*								
> *Other*								
Sub-total								
TOTAL	71,745	77,809	100%	100%	104,836	118,422	100%	100%

Note 28 – List of consolidated companies

Company	Registered office	SIRET no.	Legal form	Country
Solucom	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	377550249 00041	SA	France
Idesys	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	381150879 00058	SAS	France
Arcome SAS	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	349429514 00038	SAS	France
Solucom DV	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	423049162 00062	SAS	France
New'Arch	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	480157585 00021	SAS	France
KLC	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	378669642 00035	SAS	France
Cosmosbay~Vectis	Le Parc de Villeurbanne 107 Bd Stalingrad 69628 Villeurbanne Cedex	349062430 00062	SA	France

Statutory auditors report on the consolidated financial statements year ended 31/03/10

To the shareholders,
In accordance with the assignment entrusted to us by your general meeting, we submit to you our report for the year ended 31 March 2010 concerning:

- Our audit of the attached consolidated financial statements of Solucom;
- Justification of our opinion;
- Specific audit testing required by French law.

The consolidated financial statements were approved by the Management Board. It is our responsibility to express an opinion on these financial statements, based on our audit.

I. Opinion on the consolidated financial statements

We have conducted our audit in accordance with auditing standards applicable in France. These standards require that we perform such tests and procedures so as to obtain reasonable assurance that the consolidated financials statements are free from material misstatement. An audit includes an examination, based on samples or other selection methods, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the accounting policies used and significant estimates made in preparing the financial statements, and an evaluation of the overall adequacy of the presentation of these statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements for the year, in accordance with IFRS accounting standards as adopted in the European Union, give a true and fair view of the results, assets, liabilities and financial position of the consolidated group.

II. Justification for our opinion

The 2008 financial crisis which over time turned into an economic recession in 2009 resulted in a number of consequences for companies, notably in relation to their business and funding. The lack of future visibility creates specific conditions this year for preparing financial statements, particularly with respect to accounting estimates which are required under accounting principles. In this context we performed our own assessments that we report to you in accordance with the provisions of Article L.823-9 of the French Commercial Code:

Goodwill is recorded and valued under the method specified in note II.4of the notes to the consolidated financial statements. Our procedures consisted of (i) assessing the information and assumption underlying the valuation, and (i) calculating the goodwill. Under our procedures, we ensured that the valuation was reasonable.

Our assessments above formed part of our audit of the consolidated financial statements as a whole and therefore contributed to our opinion expressed in the first part of this report.

III. Specific audit testing

In accordance with professional standards applicable in France, we have also performed testing required by law of the information relating to the Group given in the Management Report.

We have no comment on the truth and fairness of said information and its consistency with the consolidated financial statements.

Levallois-Perret and Paris, 15 June 2010

The Statutory Auditors

SGL Expertise	Constantin Associés
Arnaud Bernard	Laurent Levesque
164, boulevard Haussmann	114, rue Marius Aufan
75008 Paris	92300 Levallois-Perret

Company financial statements for the year ended 31 March 2010

Solucom SA Income Statement

€000

	31/3/10	31/3/09
Revenues	56,094	45,605
Operating grants	24	0
Write-backs to provisions, impairment and expense transfers	337	330
Other operating income	6,006	5,457
Total operating income	**62,461**	**51,392**
Purchases consumed	24,135	15,158
Personnel costs	21,186	19,792
Other operating expenses	8,295	8,696
Taxes other than corporation tax	971	954
Depreciation, impairment and provision charges	598	596
Total operating expenses	**55,185**	**45,197**
Operating profit	**7,276**	**6,195**
Financial income	2,907	2,698
Financial expense	6,327	883
Net financial items	**(3,420)**	**1,815**
Net profit on ordinary activities	**3,856**	**8,011**
Exceptional items	(382)	(443)
Net profit before tax and employee profit share	**3,475**	**7,568**
Employee profit share	606	581
Corporation tax	2,082	1,437
Net profit for the year	**787**	**5,549**

Solucom SA Balance sheet

Assets

€000

	31/3/10			31/3/09
	GROSS	AMORT./ DEPRECIATION	NET	NET
Fixed assets	**40,171**	**7,792**	**32,378**	**39,908**
Intangible fixed assets	699	505	193	249
Tangible fixed assets	2,699	1,156	1,543	1,748
Financial assets	36,772	6,131	30,641	37,911
Current assets	**31,707**	**29**	**31,678**	**22,643**
Inventories and WIP	0	0	0	0
Trade receivables	21,399	29	21,370	17,663
Other receivables and prepaid expenses	2,486		2,486	2,753
Marketable securities	7,521		7,521	2,134
Cash	300		300	92
Deferred expenditure				
Total assets	**71,878**	**7,822**	**64,056**	**62,550**

LIABILITIES AND SHAREHOLDERS' EQUITY

	31/3/10	31/3/09
Shareholders' equity	**30,672**	**30,823**
Share capital	497	497
Issue, merger and contribution premiums	11,218	11,218
Reserves	18,170	13,558
Retained earnings	787	5,549
Provisions	**145**	**319**
Liabilities	**33,239**	**31,408**
Loans and borrowings with financial institutions	13,296	12,641
Trade payables	8,129	6,838
Other liabilities, accruals and deferred income	11,813	11,929
Total liabilities and shareholders' equity	**64,056**	**62,550**

Solucom SA Cash flow statement

€000

	31/3/10	31/3/09
Net profit for the year	**787**	**5,549**
Elimination of non-cash and non-operating items:		
- Depreciation and provision charges	6,700	834
- Write-back to depreciation and provisions	(553)	(341)
- Capital gains net of tax	316	431
Free cash flow from operating activities	**7,251**	**6,473**
- Change in financial expenses	*(1)*	*(11)*
- Net change in operating items	*(540)*	*(2,685)*
- Change in inventories	0	0
- Change in operating liabilities	(3,880)	(4,962)
- Change in operating liabilities	2,828	2,286
- Prepaid expenses and accrued income	513	(9)
- Net change in non-operating items	*(1,717)*	*458*
- Change in non-operating receivables	0	443
- Change in non-operating liabilities	(1,717)	15
Change in working capital	**(2,257)**	**(2,238)**
Net cash flow from operating activities	**4,994**	**4,235**
Cash flow from investing activities		
Purchase of intangible fixed assets	(207)	(125)
Purchase of tangible fixed assets	(287)	(1,025)
Purchase of financial assets	(838)	(594)
Sale of financial assets	1,082	947
Net cash flow from purchases and sales of subsidiaries	1,133	(14,171)
Net cash flow from investing activities	**883**	**(14,967)**
Net cash flow from financing activities		
Share issues or capital contributions	0	33
Dividends paid to shareholders	(937)	(929)
Loans received	0	0
Loan repayments	(2,009)	(1,964)
Net cash flow from financing activities	**(2,947)**	**(2,860)**
Change in cash and cash equivalents	**2,930**	**(13,592)**
Cash and cash equivalents brought forward	(2,377)	11,215
Cash and cash equivalents carried forward	553	(2,377)

Notes to the Balance sheet and income statement

Accounting policies and principles

(Decree number 83-1020 of 29 November 1983 - Articles 7,21,24 beginning, 24-1, 24-2 and 24-3)

The financial statements cover the 12 month period from 1 April 2009 to 31 March 2010.

The financial statements for the financial year 2009/10 have been prepared pursuant to French generally accepted accounting principles.

The notes and schedules below form an integral part of the annual financial statements, which were approved by the Management Board on 25 May 2010.

I. Highlights of the year

Merger via takeover of Vistali by Dreamsoft

During the past year, Dreamsoft merged with Vistali, both wholly-owned Solucom subsidiaries.

Under the deal, Dreamsoft took over Vistali in consideration for Vistali's entire assets and liabilities and allotment of new Dreamsoft shares to Solucom, the transaction being backdated to 1 April 2009.

Dreamsoft also changed its corporate name to Solucom DV.

Impairment of the investment in Cosmosbay~Vectis

The present value of the medium term forecast of Cosmosbay~Vectis pointed to a reduction in the company's future cash flow. In view of this reduction in use and losses of Cosmosbay~Vectis prompted Solucom to record a €6,130,000 impairment charge against the value of its investment in Cosmosbay~Vectis at the balance sheet date.

II. Material post balance sheet events

Distribution of dividends:

A total dividend of €937,000 (€0.19 per share) will be recommended to the general meeting convened to approve Solucom's financial statements for the year ended 31 March 2010.

III. Accounting policies

The Company has applied generally accepted accounting principles pursuant to the principle of prudence and the following underlying assumptions:

- Going concern
- Consistency of accounting principles between financial years
- Accruals concept
- And in accordance with generally accepted principles for preparation and presentation of annual financial statements.

The accounts have been prepared under the historical cost principle.

IV - Tangible and intangible fixed assets

Intangible fixed assets are stated at cost including purchase price for the assets and related items excluding purchasing expenses.

Tangible fixed assets are stated at cost including purchase price for the assets and related items excluding purchasing expenses, or at production cost.

Interest on loans specifically taken out for the production of fixed assets is not included in the capitalised cost of said fixed assets.

Depreciation is calculated under either the straight line or the reducing balance method, based on the following estimated useful lives:

Software…………………………………………………………………………… …….. 3 years
Building improvements……………………………… ……. ……. ……. ……. ……. …….9 years
IT equipment …………… ……………………………………………………..…….……3 years
Office furniture ……………………………………………………………………………. ..9 years

The company has decided to depreciate the telephone system installed in May 2008 over a period of 6 years.

Depreciation is based on the straight line method.

V. Investments, other long-term investments, marketable securities

The gross value reflects the purchase cost excluding related expenses. If the fair value is lower than the gross value, an impairment provision is set aside for the difference.

Equity investments:

An impairment provision is recorded in respect of any excess of cost over value in use. Value in use is established by reference to earnings, medium term outlook and stock market prices of comparable companies and recent transactions.

Treasury shares:

Treasury shares are recorded under long-term investments and are divided into three different categories:

- €441,557.26 of the total are held in order to issue them on the stock exchange or as consideration for merger or acquisition transactions.
- €167,430.86 of the total are held in order to ensure the liquidity contract functions correctly.
- €6,672,15 is held in order to issue them to employees and/or directors of the Company or other group companies, in accordance with statutory conditions and procedures. An impairment of €1,008.00 was recorded at the balance sheet date.

VI. Receivables

Receivables are stated at face value. A bad debt provision is recorded if their realisable value is lower than their book value.

VII. Bond redemption premium

None.

VIII. Foreign currency transactions

None.

IX. Regulated Provisions

None.

X. Recognition of revenue and unfinished contracts at the balance sheet date

Revenues and related earnings are accounted for based on the state of completion method.

Unfinished contracts at the balance sheet date are billed to the client under two different methods as follows:

- invoicing by batch or stage,
- invoicing based on state of completion.

An additional provision may be recorded in respect of any risk of losses on completion of the contract.

XI. Changes in accounting policies

There were no changes in accounting policies during the year.

Fixed assets

€000

TABLE A	GROSS 01/04/09	INCREASES Reclassifications	Additions
Intangible fixed assets			
Start-up costs, research and development expenses	Total I		
Other intangible fixed assets	Total II **634**		**68**
Tangible fixed assets			
Plant and machinery			
General equipment, fixtures and fittings	1,617		59
Vehicles			
Office and IT equipment, furniture	991		41
Tangible fixed assets in progress			316
Intangible fixed assets	Total III **2,608**		**417**
Financial assets			
Other equity investments (1)	36,651		
Other long-term securities	868		819
Loans and other financial assets	630		19
	Total IV **38,149**		**838**
Grand total (I + II + III + IV)	**41,391**		**1,323**

TABLE B		DISPOSALS (SCRAP/ TRANSFER)	DISPOSALS (SALE)	GROSS CARRIED FORWARD	REVALUATIONS
Intangible fixed assets					
Start-up costs, research and development expenses	Total I				
Other intangible fixed assets	Total II		**4**	**699**	

Tangible fixed assets			
Plant and machinery			
General equipment, fixtures and fittings			1,676
Vehicles			
Office and IT equipment, furniture		9	1,024
Tangible fixed assets in progress		316	
	Total III	**325**	**2,699**
Financial assets			
Other equity investments (1)		1,133	35,518
Other long-term securities		1,071	616
Loans and other financial assets		10	639
	Total IV	**2,215**	**36,772**
Grand total (I + II + III + IV)		**2,544**	**40,171**

(1) Of which €25,180,000 given as security for credit facilities and loans

Depreciation and amortisation

€000

		BALANCES AND CHANGES DURING THE YEAR			
DEPRECIATED FIXED ASSETS		Gross brought forward	Charges for the year	Disposals/write-backs	Gross carried forward
Intangible fixed assets					
Start-up costs, research and development expenses	Total I				
Other intangible fixed assets	Total II	**385**	**124**	**4**	**505**
Tangible fixed assets					
Plant and machinery					
General equipment, fixtures and fittings		482	193		675
Vehicles					
Office and IT equipment, furniture		378	112	9	481
	Total III	**860**	**305**	**9**	**1 156**
Grand total (I + II + III)		**1 245**	**429**	**13**	**1 661**

All fixed assets are depreciated on a straight line basis.

Balance sheet impairment and provisions

€000

		BALANCE BROUGHT FORWARD	INCREASES CHARGE FOR THE YEAR	REDUCTIONS & WRITE-BACKS FOR THE YEAR	BALANCE CARRED FORWARD
Regulated provisions					
	Total I				
Provisions (1)					
Provisions for disputes					
Provisions for fines and penalties					
Other provisions for risks and charges (2)		319	140	314	145
	Total II	**319**	**140**	**314**	**145**
Impairment					
On other financial assets			6,130		6,130
On trade receivables		238	1	238	1
Other provisions for impairment			29		29
	Total III	**238**	**6,160**	**238**	**6,160**
Grand total (I + II + III)		**557**	**6,301**	**553**	**6,306**
Of which charges and write-backs:	- operating items		170	314	
	- financial items		6,131	238	
	- exceptional items				

(1) €314,000 of the reduction in the provision for risks and charges was used during the year.

(2) This relates virtually exclusively to a provision against shares issued free of charge.

Maturity of receivables and payables

€000

TABLE A MATURITY OF RECEIVABLES	GROSS	UP TO 1 YEAR	MORE THAN 1 YEAR
Fixed assets			
Other financial assets	639	3	635
Current assets			
Trade receivables	29	29	
Personnel receivables and related amounts	21,370	21,370	
Social security	1	1	
Corporation tax	15	15	
Value added tax	117	117	
Group and shareholders	1,332	1,332	
Other debtors			
Prepaid expenses	182	182	
Fixed assets	840	839	
Total	**24,524**	**23,889**	**636**

TABLE B MATURITY OF PAYABLES	GROSS	UP TO 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Loans and borrowings with financial institutions due in less than 1 year (1)	7,268	7,268		
Loans and borrowings with financial institutions due in more than 1 year (1)	6,028	2,010	4 018	
Miscellaneous loans and borrowings (1) (2)				
Trade payables	8,129	8,129		
Personnel receivables and related amounts	3,340	3,340		
Social security	2,423	2,423		
Corporation tax	470	470		
Value added tax	3,832	3,832		
Other taxation and related amounts	462	422	40	
Fixed asset payables and related amounts	199	199		
Group and shareholders (2)				
Other payables	356	356		
Deferred income	732	732		
Total	**33,239**	**29,180**	**4 058**	

(1) Of which loans taken out during the year €0

(1) Of which loans repaid during the year €2,009

(2) Value of loans and liabilities owing to shareholders €0

Accrued income

€000

(Decree 83-1020 dated 29/11/1983 – Article 23)

Accrued income included in the following balance sheet accounts	31/3/10	31/3/09
Trade receivables	9,221	9,543
Other receivables	139	46
Cash	31	
Total	**9,391**	**9,589**

Accrued expenses

€000

(Decree 83-1020 dated 29/11/1983 – Article 23)

Accrued expenses included in the following balance sheet accounts	31/3/10	31/3/09
Loans and borrowings owing to financial institutions	1	18
Fixed asset payables and related amounts	4,503	4,595
Tax and social security liabilities	5,063	4,691
Other payables	356	1,887
Total	**9,923**	**11,192**

Deferred income and prepaid expenses

€000

(Decree 83-1020 dated 29/11/1983 – Article 23)

Deferred income	31/3/10	31/3/09
Operating income	732	659
Financial income		
Exceptional income		
Total	**732**	**659**
Prepaid expenses	**31/3/10**	**31/3/09**
Operating expenses	840	1 280
Financial expenses		
Exceptional expenses		
Total	**840**	**1 280**

Exceptional income and expenses

€000

EXPENSE DESCRIPTION		AMOUNT
Loss on purchase of treasury shares	430	
Other exceptional expenses	318	
TOTAL		**748**

Income description		Amount
Gain on purchase of treasury shares	47	
Other exceptional income	319	
TOTAL		**366**

Leasing

€000

(Decree 83-1020 dated 29/11/1983 – Article 53)

Balance sheet accounts	Historical cost	Accounting depreciation and amortisation		Net book value	Lease payments	
		2009/10	Cumulative		2009/10	Cumulative
Land						
Buildings						
Plant and machinery						
Other tangible fixed assets	1,493	373	840	653	417	916
Fixed assets in progress						
Total	**1,493**	**373**	**840**	**653**	**417**	**916**

BALANCE SHEET ACCOUNTS	OUTSTANDING LEASE PAYMENTS				RESIDUAL PURCHASE PRICE	EXPENSE RECORDED DURING THE YEAR
	UP TO 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL		
Land						
Buildings						
Plant and machinery						
Other tangible fixed assets	381	287		667	13	417
Fixed assets in progress						

Analysis of share capital

(Decree 83-1020 dated 29/11/1983 – Article 24-12)

CLASSES OF SHARES	NOMINAL VALUE (€)	NUMBER OF SHARES			
		Brought forward	Issued during the year	Bought back during the year	Carried forward
Share capital brought forward	0.10	4,966,882			4,966,882
Share capital carried forward	0.10	4,966,882			4,966,882

As at 31 March 2010, all stock option schemes have expired.

At 31 March 2010, share capital amounted to €496,688.20 divided into 4,966,882 fully paid-up shares of the same class.

Change in treasury shares

(€000)

CLASSES OF TREASURY SHARES	NUMBER OF SHARES					TOTAL VALUE CARRIED FORWARD
	Brought forward	Purchased during the year	Sold during the year	Transferred during the year	Share capital carried forward	
Capitalised treasury shares	62,270	26,647	18,192	29,262	41,463	615
Total	**62,270**	**26,647**	**18,192**	**29,262**	**41,463**	**615**

(Decree 83-1020 dated 29/11/1983 – Article 24-20)

	BEFORE TAX	CORRESPONDING TAX CHARGE	AFTER TAX
Net profit on ordinary activities (after profit share)	3,251	2,212	1,039
Exceptional items	(382)	(130)	(252)
Net profit for the year	**2,869**	**2,082**	**787**
The income statement corporation tax charge is broken down as follows:			
- Corporation tax for the year		2,133	
- Family tax credit		(42)	
- Sponsorship tax credit:		(9)	
Total		**2,082**	

Financial commitments

€000

(Decree 83-1020 dated 29/11/1983 – Articles 24-9 et 24-16)

COMMITMENTS GRANTED	BALANCE
Non-real estate leasing commitments	680
Retirement bonuses (1)	265
Pledge of equity shares (2)	25,180
Total	**26,125**
COMMITMENTS RECEIVED	
Deposits and guarantees (guarantees in conjunction with M&A transactions)	1,249
Interest rate hedges	2,000
Total	**3,249**
RECIPROCAL COMMITMENTS	

(1) Liabilities from defined benefit schemes are valued by independent actuaries based on the projected unit of credit method.

(2) Of which related companies: €25,180,000

The assumptions underlying the calculation are as follows:

- Application of the collective staff agreement for research office staff
- High staff turnover
- Mortality table THTF 2000-2002
- Salary inflation: 2.17%
- Discount rate: 4.56%
- Retirement age: 65 years
- Leavers on the initiative of the employee

List of liabilities and commitments

(€000)

CONTRACTUAL LIABILITIES	TOTAL	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Long term liabilities (including finance leases) (1)	6,707	2,395	4,312	
Operating lease liabilities (2)	6,247	2,249	3,997	
Other liabilities				
Other commercial commitments				
Credit facilities	9,083	2,850	6,233	
Pledge of shares	25,180	2,998	22,182	

(1) Long term liabilities include loans amounting to €6,027,000.

(2) The maturity stated above in respect of operating lease liabilities corresponds to the earliest possible cancellation date of the various leases.

Increases and reductions in future tax liabilities

(€000) *(Decree 83-1020 dated 29/11/1983 – Article 24-24)*

INCREASES IN FUTURE TAX LIABILITIES	AMOUNT
Regulated provisions	
Total	
REDUCTIONS IN FUTURE TAX LIABILITIES	**AMOUNT**
Provisions not deductible in same year as accounts	
- Provisions for paid holiday	
- Employee profit share	599
- Organic tax (tax on sales)	25
- Employer's contribution to construction effort	63
Other	
- Acquisition costs on subsidiaries	2
- Provision for loss on completion	0
- Unrealised gains on marketable securities	2
Total	**691**
Deferred capital allowances	
Losses carried forward	
Long-term capital losses	6,130

Breakdown of revenues

This does not apply since Solucom only markets one type of service, namely management consulting and information systems consulting, and since all such services are subject to the same risks and earn similar margins, separate business segments have not been defined.

Over 90% of the Company’s revenues are generated in France.

Average number of employees

(Decree 83-1020 dated 29/11/1983 – Article 24-22)

	Company employees	Outside contractors
Managers	272	-
Supervisors and technicians		-
Employees	15	-
Workers		-
Total	**286**	**-**

The average number of employees is calculated based on full time equivalents. In accordance with the collective workers agreement, as from financial year 2007/08, students on a sabbatical year, unlike trainees, are included as employees.
The volume of hours available as at 31 March 2010 in respect of 'DIF' (French employee entitlement to training) is 12,279 hours.
The volume of hours consumed as at 31 March 2010 in respect of DIF is 1,500 hours.

Directors remuneration

(€000)

	Heading	
(€000)	Management board	Supervisory Board
Remuneration allocated	367	68
Total	**367**	**68**

There were no retirement or pension commitments for any members of the above Boards in respect of their positions as directors.

No advance or loan was granted by any Group company to the members of the Management and Supervisory Boards.

Valuation differences on fungible items

€000

(Decree 83-1020 dated 29/11/1983 – Articles 10 et 24-10)

TYPE OF FUNGIBLE ITEM	BOOK VALUE	MARKET VALUE
FCP (mutual fund) "Atlantique Trésorerie"	197	198
SG technical investment account	7,325	7,325
Total	**7,521**	**7,523**

Fungible items are included under 'Marketable Securities' as balance sheet assets.
The unrealised capital gain of €2,000 represents the difference between the market value and value at cost.

Changes in shareholders' equity

€000

	Share capital	Share premium	Other equity	Net profit for the year	Total shareholders' equity
Balance at 31/3/09	**497**	**11,218**	**13,558**	**5,549**	**30,822**
Movements during the first six months					
Earnings appropriation			4,617	(4,617)	
Dividends				(932)	(932)
Movements during the second six months					
Earnings distribution in respect of treasury shares			(5)		(5)
Capital increase by exercise of stock options					
Net profit for the year				787	787
Balance at 31/3/10	**497**	**11,218**	**18,170**	**787**	**30,672**

List of subsidiaries and equity investments

(€000)

Decree n°83-1020 dated 29-11-1983-Article 24-11)

A - DETAILS OF SUBSIDIARIES AND EQUITY INVESTMENTS	**Share capital**	**Shareholders' equity other than share capital**	**% equity interest**	**Net profit/(loss) for the last financial year**
1 - Subsidiaries (over 50% equity interest)				
Idesys Tour Franklin 100/101 terrasse Boieldieu 92042 Paris La Défense Cedex	206	2,587	100%	1,402
Arcome Tour Franklin 100/101 terrasse Boieldieu 92042 Paris La Défense Cedex	160	1,088	100%	659
Solucom DV Tour Franklin 100/101 terrasse Boieldieu 92042 Paris La Défense Cedex	454	2,697	100%	1,553
New'Arch Tour Franklin 100/101 terrasse Boieldieu 92042 Paris La Défense Cedex	472	1,680	100%	414
KLC Tour Franklin 100/101 terrasse Boieldieu 92042 Paris La Défense Cedex	178	248	100%	(28)
Cosmosbay~Vectis Tour Franklin 100/101 terrasse Boieldieu 92042 Paris La Défense Cedex	5,566	(1,335)	95%	(2,576)

2 - Equity investments (from 10% to 50% equity interest)				
B - CUMULATIVE DATA CONCERNING OTHER SUBSIDIARIES AND EQUITY INVESTMENTS	**Subsidiaries**		**Equity investments**	
	French	*Foreign*	*French*	*Foreign*
Book value of shares held				
- Gross:	35,518			
- Net:	29,388			
Loans and advances granted (1)	8,148			
Guarantees and sureties granted				
Dividends received	2,621			

(1) Centralised cash management: these accounts are disclosed as liabilities in Solucom SA's financial statements.

Information concerning related parties and equity investments

(€000)

(Decree 83-1020 dated 29/11/1983 – Articles 10 et 24-15)

	Amounts concerning:		Receivables or payables in bills of exchange
	Related companies	*Companies with an equity connection*	*Related companies*
Details covering several balance sheet accounts			
Financial assets			
Equity investments	35,518		
Impairment provision on equity investments	(6,130)		
Total fixed assets	**29,388**		
Receivables			
Trade receivables	4,454		
Other receivables	113		
Bad debt provision on other receivables			
Total receivables	**4,566**		
Liabilities			
Fixed asset payables and related amounts	6,173		
Other payables	12		
Total liabilities	**6,185**		
Income			
Income from equity investments	2,621		
Other financial income	15		
Total income	**2,635**		
Expenses			
Financial expense	4		
Total expenses	**4**		

General auditors report on the financial statements year ended 31/03/10

To the shareholders,

In accordance with the assignment entrusted to us by your general meeting, we submit to you our report for the year ended 31 March 2010 concerning:

- Our audit of the financial statements of Solucom SA attached to this report;
- Justification of our opinion;
- Specific audit testing required by French law.

The financial statements were approved by the Management Board. It is our responsibility to express an opinion on these financial statements, based on our audit.

I. Opinion on the financial statements

We have conducted our audit in accordance with auditing standards applicable in France. These standards require that we perform such tests and procedures so as to obtain reasonable assurance that the financials statements are free from material misstatement. An audit includes an examination, based on samples or other selection methods, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made in preparing the financial statements, and an evaluation of the overall adequacy of the presentation of these statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements for the year, in accordance with French accounting principles, give a true and fair view of the results of operations, assets, liabilities and financial position as at the end of the financial year.

II. Justification for our opinion

The 2008 financial crisis which over time turned into an economic recession in 2009 resulted in a number of consequences for companies, notably in relation to their business and funding. The lack of future visibility creates specific conditions this year for preparing financial statements, particularly with respect to accounting estimates which are required under accounting principles. In this context we performed our own assessments that we report to you in accordance with the provisions of Article L.823-9 of the French Commercial Code:

The company reviewed the book value of equity investments in accordance with the principles described in Note V (accounting policies and methods) of the notes to the financial statements. Our work consisted of verifying the application of the stated accounting policies and reviewing the assumption used to value the equity investments. We also verified that the related note included the proper disclosures.

Our conclusions to this work formed part of our audit of the financial statements as a whole and therefore contributed to our opinion expressed in the first part of this report.

III. Specific audit testing

In accordance with professional standards applicable in France, we have also performed testing required by law.

We have no comment on the truth and fairness and consistency with the financial statements of the information given in the Management Report of the Management Board and the documents sent to shareholders concerning the financial situation and the annual financial statements.

With regard to disclosures made pursuant to Article L.225-102-1 of the French Commercial Code on remuneration and benefits paid to directors and commitments made on their behalf, we verified that such disclosures were consistent with the financial statements or with the data from which the relevant accounts were derived, and where applicable, with the information received from the companies controlling or controlled by the Company. Based on the work performed, we hereby certify that such disclosures are fairly stated.

In accordance with French law, we ensured that the various disclosures concerning the identity of holders of equity and voting rights have been reported in the Management Report.

General auditors
Levallois-Perret and Paris, 15 June 2010

Arnaud Bernard	Laurent Levesque
164, boulevard Haussmann	114, rue Marius Aufan
75008 Paris	92300 Levallois-Perret

Special auditors report on regulated agreements and commitments. Year ended 31/03/10

To the shareholders,

In our capacity as statutory auditors of the Company, we submit to you our report concerning regulated agreements.

It is not our responsibility to search for the existence of any agreements and commitments, but rather to communicate to you, based on information given to us, the principal terms and conditions of those of which we were notified; we do not comment on their commercial value or appropriateness. It is your responsibility, in accordance with Article R. 225-58 of the French Commercial Code, to evaluate the commercial reason for signing these agreements and commitments, in order to approve them.

I. No notice of agreements or commitments

We hereby state that we have not been given notice of any agreement or any commitments signed during the year and subject to the provisions of Article L.225-86 of the French Commercial Code.

II. Agreements approved during prior years for which transactions continued during the year

Furthermore, pursuant to the French Commercial Code, we have been informed that transactions under the following agreements, which were approved during prior years, continued during the last financial year.

A / Services contract with Mr. Jacques Pansard, member of the Supervisory Board

Solucom signed a services contract with Mr. Jacques Pansard for training in conjunction with the Solucom Institute. The chargeable rate for Mr. Jacques Pansard's work under this contract was increased to €1,425 net of VAT per day during the year ended 31 March 2010. This contract can be extended each year by tacit agreement for further one-year periods.

Under this contract, Mr. Jacques Pansard invoiced Solucom €7,838 net of VAT for the year ended 31 March 2010.

B / Employment contract of Mr. Michel Dancoisne, Chairman of the Supervisory Board

On 1 October 2002, Solucom signed an employment contract with Mr. Michel Dancoisne for an unlimited term, to cover his duties as "expert in terms of financial policy, development and mergers and acquisitions" for 10 hours per week.

In consideration for these services, Mr. Michel Dancoisne receives fees of €1,900 per month over 13 months with repayment of expenses on submission of related vouchers.

During the year ended 31 March 2010, Mr. Michel Dancoisne received fees of €24,700.

We carried out the work that we considered necessary in accordance with professional standards of the French national Auditors Association relating to this engagement. This work consisted of verifying that the information provided to us is consistent with the underlying records from which they are taken.

Levallois-Perret and Paris, 15 June 2010

The Statutory Auditors

SGL Expertise	Constantin Associés
Arnaud Bernard	Laurent Levesque
164, boulevard Haussmann	114, rue Marius Aufan
75008 Paris	92300 Levallois-Perret

Corporate governance

Fiscal 2009/10

4

Corporate governance

Report of the chairman of the supervisory board regarding terms and conditions for the preparation and organisation of the board's duties and regarding internal controls and risks management

Ladies and Gentlemen,

In accordance with the provisions of Article L 225-68 of the French Commercial Code, as Chairman of the Supervisory Board, I am honoured to present to you a report on the terms and conditions for the preparation and organisation of the Board's operations and on internal control and risk management procedures adopted by the Company. This report was approved by the Supervisory Board at its meeting held on 31 May 2010.

This report enables the Supervisory Board to report to shareholders on its duty of supervision.

The statutory auditors have commented on the internal control procedures relating to the preparation and processing of accounting and financial information and certifying that the report contains all other information required by Article L.225-68 of the French Commercial Code, in a report attached to their report on the financial statements.

1. Terms and conditions for the preparation and organisation of the Board's duties

1.1 General organisation of the management and supervisory bodies

It is appropriate to mention that Solucom adopted the corporate governance status of a company "with Management and Supervisory Boards" at the Extraordinary and Ordinary General Meeting held on 30 September 2002. The Board of Directors at the time, which proposed this amendment to the General Meeting, considered that the most appropriate structure for Solucom, based on previous experience, is to separate the functions of general management and control, by establishing a Management Board and a Supervisory Board.

This functional separation of management and control, together with the appointment of independent members to the Supervisory Board, also meets the Company policy to comply with best Corporate Governance practices.

Members of the Supervisory Board

The Supervisory Board comprises the following members:

- Michel Dancoisne: chairman;
- Jean-Claude Malraison: vice-chairman;
- Jacques Pansard: member;
- Jean-François Perret: member.

The members of the Supervisory Board were chosen for their competence and multi-disciplinary expertise as illustrated by the biographies below.

The Supervisory Board was deeply saddened to lose one of its members during the year, Pierre Laigle, who died on 5 August 2009.

Biography of the Supervisory Board members

Michel Dancoisne

Born 13 March 1947, a graduate of the Institut Supérieur d'Electronique du Nord and backed by an Executive MBA (HEC Group), in 1971 Michel Dancoisne joined Télésystèmes, a subsidiary of France Télécom, as a technical-commercial engineer. In 1974 he joined CII-Honeywell Bull as a sales engineer. In 1979, he helped to set up the QUESTEL business (database server) within Télésystèmes as Sales Director of this business and became its General Manager. Thereafter he became Director of the Networks Division and member of the Executive Committee of Télésystèmes in 1985. In 1990 he co-founded Solucom where he was Joint Chairman until his appointment as Chairman of the Supervisory Board.

Jean-Claude Malraison

Born 13 August 1946 and a graduate of the Institut Supérieur d'Electronique du Nord, Jean Claude Malraison joined IBM as sales engineer in 1971, managing major financial institutions and later managing the branch dedicated to this sector. In 1987 he was appointed consultant to the Corporate Marketing Department of IBM Armonk (USA), and in 1989 he was made Head of the PC Division in France, then Spain and Switzerland. In 1993 he was made General Manager heading the creation of the UNIX Division of IBM EMEA (Europe, Middle East, Africa), then in 1996 he was appointed Vice President Distribution and General Business of IBM EMEA. During this period he was also member of the Supervisory Board of IBM France and member of the executive committee of IBM EMEA. From 1999 to 2003 he was Managing Director of Plantronics EMEA. Jean-Claude Malraison is currently Chairman of the Board of Critical Eye Ltd, Vice-Chairman of Solucom's Supervisory Board, and Managing Director of Kervillen SARL. He is also author of a book entitled "*Optimiser votre stratégie commerciale*" (Optimising your commercial strategy) published by Eyrolles in 2006 and a book entitled "*Building routes to customers*" published by Springer in 2009.

Jacques Pansard

Born 27 February 1950 and graduate of the Ecole Polytechnique Fédérale in Lausanne and of the Institut d'Administration des Entreprises, Jacques Pansard joined SG2 group in 1974, IT services subsidiary of Société Générale. Following his spell with SG2, he joined the firm Coopers & Lybrand in 1981 where he became a partner of the French practice in 1988. In 1990, he was appointed General Manager of the Paris-based agency of the consulting firm CESIA. In 1993, he became Chairman-CEO of Cesys, an organisation and information systems consulting firm of Eurisys Group (a Cogema subsidiary). In 1997 he joined Orgaconseil as Director Partner within the Industry and Services division.

Since 2000, he has been active as an independent consultant and an expert in new information technologies(OSEO Anvar, APM). He has been an associate professor at ESCP-EAP since 2003 including Scientific Director of the Executive Master of Business Consulting (ongoing training programme for managers experienced in change management projects). He has also been responsible for classes at the Université de Paris Dauphine since 2001.

Jean-François Perret

Born 5 June 1942 and graduate of the Ecole Nationale Supérieure d'Electronique, Electrotechnique, Informatique, Hydraulique et Télécommunication in Toulouse (ENSEEIHT) and of IAE in Paris, Jean-François Perret joined the firm Société Anonyme de Télécommunication (SAT) in 1967 as research engineer. In 1969, he became business engineer for ELECMA (electronic division of SNECMA).

In 1970, he was made assignment manager for the Prime Minister's IT function taking part in studies into the emergence of the software industry and in the strategic plan designed to set up a European IT industry (UNIDATA). In 1974, he became Manager of the Economic and Financial department at the Electronic and IT Industries division (DIELI) at the Industry Ministry.

In 1977, he joined Pierre Audoin Consultants (PAC) where he spent the rest of his career first as deputy managing director followed by managing director and chairman of the management board. In this capacity he contributed to establishing PAC as a leading strategic research and marketing consulting firm in software markets and IT services. He also played an essential role in PAC's international growth. Jean-François Perret is currently member of the Pierre Audoin Consultants' supervisory board, general manager of CVMP Conseil and Chairman of the engineering association ENSEEIHT.

Terms of office and functions of the Supervisory Board members

The terms of office and duties performed are given in the Management Board Report to the General Meeting.

Obligation to hold Solucom shares

Supervisory Board members must hold at least 500 Solucom registered shares and the shares must be in their possession within one year following their appointment.

Independent members of the Supervisory Board

At its meeting of 27 January 2010, the Supervisory Board reviewed the independence of each of its members in relation to the list of criteria given in the corporate governance code for listed companies published by AFEP and MEDEF (French private company confederations). This list of criteria is designed to ensure that the Board members' relations with the company, its group or management are not liable to compromise their freedom of judgement.

The Board concluded that 2 out of the 4 members (i.e. 50% of the Board) could be considered as independent as follows: Jean-Claude Malraison and Jean-François Perret.

The individual situations of Jacques Pansard and Jean-François Perret were reviewed insofar as they are involved in carrying out services for Solucom.

In view of the value of the services Jacques Pansard provided for Solucom, the Supervisory Board considered that this amount should be deemed as representing a material proportion of his business and therefore decided to classify him as non independent.

In view of the value of the services performed for Solucom by the firm Pierre Audoin Consultants (PAC) for which Jean-François Perret is member of the supervisory board, the Supervisory Board considered that this amount should be deemed as representing a low proportion of this firm's business, and therefore decided to classify him as independent

Members of the Management Board

The Management Board comprises the following members:

- Pascal Imbert: chairman;
- Patrick Hirigoyen: member.

Biography of the Management Board members

Pascal Imbert

Born 12 August 1958, Pascal Imbert is a qualified engineer from the Ecole Polytechnique and the Ecole Nationale Supérieure des Télécommunications. He joined the IT services company Télésystèmes in 1980, where he contributed to several projects linked to the launch of the Télétel service in France. In 1986, he took charge of the Networks Research and Projects department, responsible for the design of telecoms products and networks for Télésystèmes.

In 1988, he joined Cirel Systèmes, manufacturer of telecoms products for PCs, as Technical Director, later appointed Deputy Managing Director. During his spell at Cirel Systèmes, he managed the development of a new generation of telecoms products, marketed to large, French and international systems producers.

He founded Solucom together with Michel Dancoisne in 1990, and for the next twelve years both men oversaw the company's growth and development. In September 2002, he became Chairman of the Management Board of Solucom, while Michel Dancoisne became Chairman of the Supervisory Board.

Patrick Hirigoyen

Born 6 August 1963, Patrick Hirigoyen graduated as an engineer from the Ecole Nationale Supérieure des Télécoms de Bretagne, and has many years of experience in IT services. He began his career as business engineer for the firm INFI, an IT services company specialising in new technologies. He joined Solucom in 1993 as Sales Director. He developed the sales department before being appointed Deputy CEO responsible for operations and member of the Management Board in September 2002.

Terms of office and functions of the Management Board members

The terms of office and duties performed are given in the Management Board Report to the General Meeting.

2.2 Preparation and organisation of work

The Board's operations and work

The Supervisory Board exercises ongoing supervision of the management of the Company by the Management Board.

At any time of the year, it may conduct testing and controls that it deems appropriate, any may demand any documents that it considers necessary to accomplish its duties from the Management Board. The Supervisory Board also requests all relevant and critical information via financial analysis reports at any time between Board meetings.

The Supervisory Board met on six occasions during the year ended 31 March 2010, with an attendance rate of 93%. The schedule of Supervisory Board meetings is established at each meeting for the following two meetings.

Board meetings are called and confirmed by email and letter approximately one week prior to the meeting. The agenda is always attached to the notice of the meeting. Furthermore, the financial statements, which must be reviewed at meetings approving the half-year or annual financial statements, are sent to the members of the Board approximately one week prior to the meeting. The representatives of the Works Council on the Supervisory Board are invited to all Board meetings.

The statutory auditors are invited to all Management Board and Supervisory Board meetings covering the half-year and annual financial statements. During the year ended 31 March 2010, the Supervisory Board covered, inter alia, the following points:

- Review and audit of the Company and consolidated annual financial statements and the Management Board Report.
- Review and audit of the Company and consolidated half-year financial statements and the Management Board Report.
- Presentation by the Management Board of forecasts;
- Presentation by the Management Board of the action plan and the 2009/10 budget, including Solucom's M&A development policy and approval thereof.
- Review of outstanding progress regarding the M&A development strategy
- Review of quarterly reports of the Management Board;
- Directors' remuneration.
- Review of the situation of Supervisory Board members in relation to their independence;
- Introduction of an Audit Committee;

- Review of the AFEP/MEDEF recommendations as Solucom's corporate governance code;
- Analysis of the Company's internal control and risk management procedures in force;
- Review of changes in Solucom's organisation;
- Formal assessment of the Supervisory Board's operations and work performed.

Draft minutes of the Board meetings are sent to all members for approval, prior to them signing, which they generally do at the Board meeting following that of the minutes.

Assessment of the Supervisory Board's operations and work performed.

The Supervisory Board meeting of 27 January 2010 carried out a formal assessment of the Board's operations including a review of the Board's membership and the contributions made by its members while ensuring that major issues are appropriately prepared and debated

Committees

An Audit Committee was established at the Supervisory Board meeting held on 2 June 2009. The Audit Committee consists of the full Supervisory Board, which also established that Jean-Claude Malraison and Jean-François Perret meet the relevant criteria for independence and accounting and financial expertise based on their professional experience.

The Audit Committee met on three occasions during the year ended 31 March 2010.

The work of the Audit Committee covered the following points:

- Review of the half-year financial report prepared by the Management Board, meetings with the Finance Director and the statutory auditors;
- Analysis of the Company's internal control and risk management procedures in force;
- Analysis of procedures for preparing financial and accounting information;
- Analysis of procedures for carrying out impairment tests.

Internal by-laws

During the meeting held on 31 May 2010, the Supervisory Board adopted by-laws for the Supervisory Board that formalise certain existing points and adding to them so as to cover as comprehensively as possible the Board's operational regulations.

Said by-laws include the following headings:

- Role of the Supervisory Board
  - General ongoing control mission
  - Role of verifying the executive management properly exercise their powers
  - Limits to the Management Board's powers
- Members of the Supervisory Board and independence criteria for its members
  - Terms and conditions for appointing Supervisory Board members
  - Independence of the Supervisory Board members
- Duties of the Supervisory Board members
  - Duty of loyalty and compliance with laws and the articles of association
  - Duty of confidentiality
  - Attendance
  - Regulations concerning directors' transactions in Company shares including privileged information
  - Revealing conflicts of interests and duty to abstain

- Operations of the Supervisory Board
  - Frequency of meetings
  - Invitation notices for Board members
  - Information for Board members
  - Use of video-conferencing and telecommunication methods
  - Deliberations of the Supervisory Board
  - Assessment of the Board's work
  - Audit committee
- Rules for establishing the remuneration of Supervisory Board members

The full internal by-laws can be viewed on the website www.solucom.fr

Principles governing directors' remuneration

With regard to directors' remuneration, Solucom complies with the recommendations of the AFEP-MEDEF corporate governance code. As such, the principles for determining directors' remuneration satisfy the criteria of completeness, reasonableness, consistency, comparability and transparency.

The allocation of directors' fees per individual is covered once a year at the first meeting following the shareholders general meeting. The remuneration of the chairmen of the Supervisory Board and the Management Board are also reviewed once a year by the Supervisory Board, during the budget review meeting.

The members of the Supervisory Board, except for the Chairman, receive directors' fees, the total of which is decided by a vote taken in a shareholders general meeting. The Board has decided to allocate equal shares of this total for Jean-Claude Malraison, Jacques Pansard, and Jean-François Perret.

The Chairman of the Supervisory Board receives fixed remuneration in respect of his office of director and also receives fixed remuneration in respect of his employment for his expertise in financial, development and M&A policies. The remuneration in respect of his office is decided by the Board, which is also informed of the value of his remuneration for his employment.

The Chairman of the Management Board receives both fixed and variable remuneration in respect of his office; the variable remuneration is based exclusively on quantified criteria depending on the achievement of certain budget objectives. This remuneration is determined by the Board during the budget meeting when the budget objectives for the variable part are determined.

The other member of the Management Board receives fixed remuneration in respect of his office, and he also receives remuneration for his employment as deputy managing director in charge of Operations. This latter remuneration includes both a fixed and variable part, based exclusively on quantified criteria depending on the achievement of certain budget objectives. On 15 September 2006, he was granted a free share allotment plan, subject to conditions of working for the Company and personal investment in Solucom shares as well as performance criteria. The remuneration in respect of his office is decided by the Board, during the budget meeting when the Board is also informed of all other sources of remuneration.

The directors do not receive any benefits in kind and there is no procedure to pay redundancy or arrival bonuses when directors join or leave the Company; nor do they have any specific pension plan.

Procedures for participating in shareholders' general meetings

Procedures for participating in shareholders' general meetings are described under Articles 24 to 33 of the articles of association.

Items that may have an impact in relation to public tender offers

Details of such items are given in the Management Board Report to the General Meeting.

2. Internal control and risk management

2.1 General framework

Under the requirements of the French Commercial Code applying to publicly listed companies, in 2007 the AMF (French financial markets regulator) published general guidelines on internal controls for all financial periods beginning with effect from 1 January 2007.

Under these guidelines, each company is responsible for its own organisation and internal control procedures and the guidelines are not intended to be mandatory but to assist companies in supervising and, if applicable, improving their internal controls, without representing compulsory directives on how to design their organisation.

In January 2008, the AMF considered that the specific features of small and medium-sized enterprises (SMEs) needed to be taken more into account in the implementation of these guidelines and established a guide specifically focusing on SMEs.

This report has been prepared based on this implementation guide and its application to Solucom.

This report was also prepared based on discussions with the Chairman of the Management Board and the Finance Director, a review of internal Company documents and meetings with the statutory auditors. This report was approved by the Supervisory Board at its meeting held on 31 May 2010.

2.2 Principles

Internal controls are procedures defined and applied under the responsibility of individual Solucom companies and are designed to ensure:

- Compliance with laws and regulations;
- Application of instructions and strategies established by general management or the Management Board;
- The proper operation of internal procedures of these companies, notably those covering the safeguarding of assets
- Reliability of financial information;

And generally that internal controls are designed to support management of the business, operational efficiency and effective use of resources.

By helping to prevent and control the risk of not achieving the firm’s objectives, internal control plays a key role in performance and the management of its various activities. However, internal control cannot provide an absolute guarantee that these objectives will be met.

2.3 Scope of internal control

Note that Solucom consists of Solucom SA, parent company of the firm, and its six wholly-owned and fully controlled subsidiaries: Arcome, Cosmosbay~Vectis, Idesys, KLC, New'Arch and Solucom DV, and is structured into divisions representing the firm's key areas of expertise.

Solucom has implemented internal controls and risk management procedures adapted to its situation accordingly.

- Controls for the preparation and processing of accounting and financial information are identical for all the firm's companies.
- Controls governing operations apply to the entire firm unless otherwise stated.

2.4 Internal control details

Solucom’s Management Board sets the broad objectives of internal control and risk management procedures.

The firm's Executive Committee then approves the relevant policies and determines the scope of these policies (i.e. the entire firm or just the parent company).

These approved policies are then issued to all relevant parties with a view to implementation by the staff concerned.

The internal controls and risk management procedures stipulate the following:

- A risk chart identifying the principal operational, legal, financial and technological risks and how Solucom covers such risks. A probability of occurrence and quantified impact are allocated to each risk to compute the gross level of importance, which enables the firm to classify risks into four categories as follows: minor risk, average risk, high risk and critical risk.

  If internal controls cover these risks, their effectiveness is assessed by the Management Board and the Executive Committee, who if applicable allocate them a lower probability of occurrence and/or quantified impact, which results in giving them a lower level of importance than the gross level of importance.

- A Company policy manual showing the formal policies designed to prevent and detect the main operational and financial risks;
- Internal controls that are currently subject to regular review of effective application in relation to the firm's internal policies.

2.5 Parties involved

Supervisory Board

Each year, the Management Board reports to the Supervisory Board on the key features of the internal controls and risk management system.

The Supervisory Board's supervisory duties are broad in scope and include strategic, operational and financial risks; in respect of financial risks it relies on the work of the audit committee.

When needed, the Supervisory Board may use its general powers to arrange for audits and reviews or take other actions that it considers appropriate in the circumstances.

Audit committee

The Supervisory Board may decide to establish an ad hoc audit committee made up of individual members of the Supervisory Board, or the whole Supervisory Board may represent an audit committee, which currently applies to Solucom.

The audit committee includes at least one independent member who has particular accounting and financial expertise.

The audit and accounting committee holds meetings at least twice a year, during which the Supervisory Board reviews the firm's annual and half-year financial statements.

The audit committee is responsible for monitoring:

- Procedures for preparing financial information;
- The effectiveness of internal control and risk management procedures;
- The annual statutory audit of the financial statements and, if applicable, the consolidated financial statements
- The independence of the statutory auditors

As an integral part of the Supervisory Board, the audit committee primarily focuses on accounting and financial risks.

Management Board and Executive Committee

The Management Board is charged with defining, driving and overseeing the most appropriate internal controls in the circumstances based on Solucom’s activities. The Management Board is regularly informed of any weaknesses in controls and, if applicable, refers them to the Supervisory Board.

The Executive Committee comprises Solucom's Management Board Chairman, the general managers of the firm’s seven companies, the Finance Director and Solucom’s Sales Director. The Executive Committee sets the firm’s business objectives and monitors performance in relation to these objectives. This work is formalised in the form of monthly reports including the status of outstanding projects.

Finance department

The Finance department supervises the production of accounting and financial data of each entity and for the firm as a whole.

The Finance department oversees the preparation of data and management indicators provided to operational management and to the firm's Executive Committee.

The accounting function is performed by a single accounting department for the entire firm supported by an external accounting firm. This external accounting firm is in charge of the consolidation.

Solucom does not have an internal audit department in its true sense. Currently, the Finance department prepares and/or consolidates all current internal policies.

Solucom does not have an internal audit department in its true sense. This function is the responsibility of the financial manager.

On selected topics, the finance department may carry out work designed to:

- Improve risk management procedures in respect of risks facing Solucom
- Implement controls to assess the level of compliance with internal control procedures

Company personnel

The key policies applying to the entire firm can be viewed by all Solucom employees via the firm's 'Comm’unilinkis' Intranet.

Furthermore, via the Intranet all employees are aware of the information required to ensure correct operation of internal controls and risk management procedures specific to their company or activity at their level, in relation to their assigned objectives. Employees are not, however, responsible for supervising the effective application of the internal controls.

2.6 Controls for the preparation and processing of accounting and financial information

Internal controls relating to accounting and financial aspects affect all companies comprising the firm.

The written policies are consolidated within the Company policy manual, extracts of which are on the firm's Intranet.

Preparation of forecast budgets

An annual budget, broken down by month, is established at the beginning of the year by each Group company and on a consolidated basis. An updated budget is established in December, once the half-year accounts have been closed. After preparation, the budget is presented to the Supervisory Board.

Monitoring of operations

In Solucom's business, the key point for monitoring activities is project management. Internally developed project management software (ActiveSys), has been installed and is used for all the firm's companies.

This software includes the following functionalities:

- Project management and order entry;
- Monthly input of time spent;
- Monthly recalculation of projects (expenses incurred and forecasts estimated by the project manager);
- Billing.

This software has various access levels depending on the responsibilities of the users and can be accessed via Intranet and Extranet by all the firm's employees. Project management is performed with this software, which at any time gives a consolidated view of all information relating to each project, specifically:

- Commercial and contractual data;
- Days spent on the project, forecast expenditure, forecast planning, and project overruns;
- Bills, outstanding amounts to invoice and accrued income.

Monthly monitoring of budget/ actual and reporting

Data produced by the ActiveSys system enables Management Accounting to perform a monthly control of actual vs. budget and to update the forecast budget in the light of the most recent information available and a forecast of projects.

This data is summarised in a monthly results table providing management indicators including budget/ actual comparison, for the following headings:

- Revenues;
- Operating profit/ loss;
- Consultants utilisation rate;
- Headcount;
- Order entry;
- Sales prices;
- Order backlog;
- Cash;

- Receivables (review of overdue invoices and invoices to be issued).

The results tables are reviewed every month by management at each company, and by the Executive Committee, leading to corrective action where necessary.

Furthermore, the Management Board prepares and presents a quarterly report of Solucom's operations to the Supervisory Board.

Reporting and accounting periods

Unaudited quarterly accounts are prepared for internal purposes for the first and third quarters enabling reconciliation between accounting and management data. In addition, the half-year and annual financial statements are audited by the statutory auditors, reviewed by the Audit Committee, approved by the Supervisory Board and published in accordance with legislation and regulations. Solucom's statutory auditors attend the Audit Committee and Supervisory Board meetings, in which the annual and half-year Company and consolidated financial statements are reviewed.

Consequently, Board members can question the statutory auditors directly in relation to:

- The accounting policies applied;
- Verification that they have had access to all information they required to fulfil their duties, notably with respect to the consolidated subsidiaries;
- The progress of their work, even if experience shows that at the date when the Board reviews the financial statements, the statutory auditors have fully completed their work.

These accounts are prepared based on standard accounting policies and procedures throughout the firm (e.g. revenue recognition, provisioning policies, calculation of production costs, cut-off rules, profit share calculation, tax calculation etc).

During Supervisory Board meetings relating to the half-year and annual financial statements, the Management Board presents and comments on the following points:

- The income statement;
- A 'management' analysis table of the detailed income statement per company;
- Operating indicators underlying the income statement;
- The balance sheet;
- The cash flow statement.

Calculation of provisions for risks and disputes

Management Accounting performs a review at each half year and annual close of all outstanding projects to establish the need for any provisions in the event of budget overruns.

These provisions are based on the most recent monthly update of the total budget for the project performed by the project manager.

The Finance department is also informed of any events liable to give rise to a provision, as soon as they occur, for example:

- Bad debt risk by a customer (very rare in view of the firm's large company clients);
- Unusual difficulty in recovering an amount owed;
- Dispute with a third party, particularly a client, based on a system for detecting quality problems deployed throughout the firm.

Accounts consolidation

The established organisation and existing procedures, as described above, enable the parent company to exercise control over the accounts of its subsidiaries.

The following are examples of controls:

- The Finance department, which supervises the production of accounting and financial data of each entity;
- The Executive Committee which monitors the achievement of objectives for the firm and each company, based largely on a review of the monthly results table prepared by Management Accounting;
- A reconciliation between accounting and management data for each Group company at the end of every quarter, under the responsibility of Management Accounting.

The accounts consolidation is performed by an external accounting firm in liaison with the Finance department and includes the following controls and checks:

- A check that inter company balances reconcile for their elimination on consolidation;
- A consistency check of each of the consolidated company accounts;
- Each company submits a consolidation package in the standard Group format;
- Review of retirement provisions by an independent actuary;
- Justification and analysis of all consolidation adjustments in accordance with current accounting policies.

Cash and treasury management

A system for centralising the firm's cash, which was implemented in conjunction with a bank, ensures:

- Optimal use of the Group's excess funds;
- A real-time centralised view of the cash position of each of the firm's companies.

The Supervisory Board is informed each quarter of the Group's cash positions via the quarterly report issued by the Management Board.

Monitoring of off-balance sheet commitments

At each monthly close, the Finance department lists all off-balance sheet commitments for each of the firm's companies.

Quality control of published accounting and financial information

All financial external reporting and press releases are prepared under the direct control of Solucom's Management Board.

The Finance department is also responsible for identifying developments in relation to financial reporting that may impact Solucom's reporting obligations.

Periodical obligations for reporting accounting and financial data to the markets are detailed in the Company policy manual.

2.7 Policies relating to operations

Existing risk avoidance controls relating to operations specifically cover key processes in relation to Solucom's business activities and include the following:

- Performance and monitoring of projects, and the quality of services performed;
- Human resources management;
- Monitoring of sales activities;
- Security of information systems;
- Monitoring of suppliers.

It should be noted that the Management Board keeps an up-to-date list of identified risks.

This analysis is presented to the Supervisory Board every year at the meeting covering internal control and risk management. The following are examples of policies:

Policies related to project performance and monitoring and the quality of the service:

- Monthly meeting of Solucom's management team to ensure operational supervision of:
  - Projects (overruns),
  - Internal contracts,
  - Invoicing problems or difficulties in obtaining documents required for invoicing (e.g. orders or receipt confirmations),
  - Sales price per project.

  This monthly meeting leads to corrective action if problems arise concerning specific aspects.

- Policies for fixed-price projects

  The objective of this policy is to define the principles underpinning fixed-price projects, specifically the operating procedures for each major stage in the life cycle of such a project, and the responsibilities in the performance of the project.

- Quality Charter

  The Quality Charter defines:
  - The quality of services delivered to the client,
  - Measurements to assess the client's level of satisfaction,
  - The principles and resources of Solucom's quality policy.

  Furthermore, there is a procedure for reporting quality problems and opinions of clients to the Quality Manager. Based on this information and a regular analysis of the overall quality of relations with Solucom clients, a range of indicators is presented to company staff to increase awareness.

Human resources management:

- Induction

  The purpose of this policy is to describe all procedures applied within Solucom to support the induction of any new consultant.

It defines in particular the various actions and tasks to ensure proper induction and identifies the people responsible for the new consultant's induction.

- Annual interview and performance review of consultants

  This policy defines the process of evaluating every consultant by technical department managers via a standard file and a checklist for individual interviews.

- Recruitment and retention of staff

  These policies describe all steps taken to enable the Company to achieve its objectives in terms of recruitment and retention of staff.

  They also define the monthly results summaries to monitor recruitment and staff turnover.

Policies for monitoring sales activities:

- Monitoring of sales activities is largely performed with the aid of advanced indicators based on a sales information system within Activebiz.

- Quotes

  These policies are designed to ensure correct commitments are made within client quotes, which are based on a standard format covering general terms and conditions including confidentiality, terms of payment and invoicing, travel expenses, no approaches to company staff, and liability/insurance etc.

- Contracts

  Sales contracts are negotiated and signed in accordance with the firm's requirements for compliance and are summarised on a contract review form.

Policies for information systems security:

- Security Charter

  This charter lays down the principles and rules designed to ensure effective, standard and adapted data security in respect of confidential information contained in all Solucom's information systems.

- Security of information systems;

  Procedures adopted related in particular to data confidentiality, preventing unwarranted access and computer viruses, systems obsolescence and data back-up.

  A computer continuity plan, which forms part of the overall business continuity plan is included in this policy

3. Corporate governance code

During its 2 June 2009 meeting, the Supervisory Board decided to adopt the December 2008 AFEP-MEDEF "listed company corporate governance code" as its own corporate governance code, which can be viewed on MEDEF's website www.medef.fr.

This corporate governance code was applied throughout the year ended 31 March 2010.

Note that the Supervisory Board has established the following application procedures in order to tailor the code to Solucom's specific situation and features:

- In view of the size of the Company and that of the Supervisory Board, it has been decided not to establish any committees other than the audit committee;
- The Supervisory Board meeting dated 2 June 2009 established an audit committee, and 50% of its members meet the requirements for independence and accounting and financial expertise;
- The total amount of directors' fees, as determined by the general meeting of shareholders, is divided equally between the various Board members, with the exception of the Chairman of the Board who receives additional remuneration in respect of his duties as Chairman.

During its 31 May 2010 meeting, the Supervisory Board decided to adopt the December 2009 AFEP-MEDEF "listed company corporate governance code" as its own corporate governance code, which can be viewed on MEDEF's website www.medef.fr.

The Supervisory Board considered that this corporate governance code was more suited to Solucom's specific features given that it had been prepared to meet the needs of small and medium-sized companies unlike the AFEP-MEDEF code, which was more designed for very large companies with numerous shareholders.

Furthermore, unlike the AFEP-MEDEF code, this new code is not limited to a series of recommendations, with which companies adopting it have to comply, but also gives points to watch out for, to which the Supervisory Board has to pay attention in order to improve the quality of its corporate governance.

At its 31 May 2010 meeting, the Supervisory Board also established that the corporate governance procedures followed enable Solucom to apply all recommendations of the Middlenext corporate governance code.

Chairman of the Supervisory Board

31 May 2010

Statutory Auditors Report prepared in accordance with Article L.225-235 of the French Commercial Code, on the report of the Chairman of the Supervisory Board of Solucom SA

To the shareholders,

As statutory auditors of Solucom SA and in accordance with the provisions of Article L.225-235 of the French Commercial Code, we hereby present our report on the report of the Chairman of the Supervisory Board of the Company, prepared pursuant to the provisions of Article L.225-68 of the French Commercial Code with respect to the year ended 31 March 2010.

It is the responsibility of the Chairman of the Supervisory Board to prepare and submit for the Supervisory Board's approval a report on the internal control and risk management procedures implemented in the Company. Such report must also provide the other information required by Article L.225-68 of the French Commercial Code relating in particular to corporate governance procedures.

It is our responsibility to:

- report to you any comments we may have on the information given in the Chairman's report concerning the internal control procedures and risk management procedures relating to the preparation and processing of accounting and financial information, and to
- certify that the report contains the other information required by Article L.225-68 of the French Commercial Code, it being specified that it is not our responsibility to verify the accuracy of such information.

We conducted our engagement in accordance with professional standards applicable in France.

Information concerning the internal control procedures and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform such tests and procedures so as to assess the accuracy of the information given in the Chairman's report concerning the internal control procedures and risk management procedures relating to the preparation and processing of accounting and financial information. Our procedures included the following:

- Ascertain the internal control and risk management procedures relating to the preparation and processing of accounting and financial information underlying the information given in the Chairman's report and the existing documentation;
- Ascertain the work applied to prepare the information given in said information within the existing documentation;
- Determine whether any material deficiencies that we may have found in the internal controls relating to the preparation and processing of accounting and financial information as part of our audit engagement have been properly disclosed in the Chairman's report.

Based on the work performed, we have no comments on the information concerning the internal controls and risk management procedures relating to the preparation and processing of accounting and financial information given in the Chairman's report, prepared pursuant to the provisions of Article L.225-68 of the French Commercial Code.

Other information

We certify that the report of the Chairman of the Supervisory Board contains the other information required by Article L.225-68 of the French Commercial Code.

Levallois-Perret and Paris, 15 June 2010

The Statutory Auditors

SGL Expertise Arnaud Bernard	Constantin Associés Laurent Levesque

Management bodies

Executive Committee

The Executive Committee consists of 8 members as follows:

Pascal Imbert: Chairman of the Solucom Management Board.

Patrick Hirigoyen: Member of the Solucom Management Board, Solucom Deputy Managing Director in charge of operations and CEO of Cosmosbay~Vectis.

Siegfried Günther: Chairman of Idesys, in charge of operations.

Bassam Almoussa: Chairman of Arcome, in charge of operations.

René Dumoucel: Chairman of New'Arch and Solucom DV.

Éric Rabaux: Chairman of Cosmosbay~Vectis.

Reza Maghsoudnia: Sales Director.

Pascale Besse: Finance Director.

Staff earnings-based incentives

A statutory profit sharing scheme is in force at Arcome SAS, Solucom DV, Idesys, New'Arch, KLC, Cosmosbay~Vectis and Solucom.

No stock options were granted to the issuer's directors during the year.

During the year, no company director of the issuer was granted equity securities, options etc. that could entitle the holder to receive or subscribe for Solucom shares immediately or in the future.

Note that all the issuer's stock option plans have matured since the end of 2008.

Stock options granted to and exercised by the largest beneficiaries of stock options among employees and directors

The schedule below presents a summary of stock options granted and exercised during the year.

	Total number of options
Options granted during the year by the issuer and by any company included in the issuer's scope of consolidation to the ten largest beneficiaries of stock options among employees of the issuer and of any company included in the issuer's scope of consolidation	0
Options held on the issuer and aforementioned companies exercised during the year by the ten largest employee subscribers or buyers of shares.	0

No stock options were granted to the directors during the year.

Legal information

Fiscal 2009/10

5

Legal book

General information concerning Solucom and its share capital

1. General information concerning the company

1.1 Key milestones in the growth of the firm’s business

• 1990
Michel Dancoisne and Pascal Imbert found Solucom; the company specialises in networks and telecoms consulting.

• 1994
Internet and telecoms deregulation boost Solucom’s business.

• 2000
Floats on the *Marché Libre*.

• 2001
Relists on the *Nouveau Marché* and fund raising.
Takeover of Arcome and Idesys.

• 2005
Takeover of Dreamsoft.

• 2006
Takeover of KLC and New’Arch.

• 2007
Solucom completes its 2004-2007 business plan.
Takeover of Vistali in April 2007.

• 2008
Takeover of Cosmosbay~Vectis in April 2008.

• 2009
Solucom becomes one of the top 5 IT consulting firms in France.

1.2 Name and registered office

Solucom
Tour Franklin
100-101 terrasse Boieldieu
La Défense 8,
92042 Paris la Défense cedex

1.3 Legal form

Société Anonyme (French public limited company) with a Management Board and Supervisory Board governed by its articles of association and current legal and regulatory provisions in force, notably the French Commercial Code.

1.4 Date of formation and the Company’s term

Solucom SA was formed in February 1990 and registered on 2 April 1990.
The Company has a term of 99 years (Article 5 of the articles of association) expiring on 2 April 2089, except in the case of an extension or early liquidation.

1.5 Company object

In accordance with Article 2 of the articles of association, Solucom SA's object, directly or indirectly, in France or abroad, is as follows:

• performance of computer services for third parties by the use of specifically developed programs or standards,

• analysis, consulting, technical assistance, training, development, documentation, installation, maintenance of computer or telecommunication systems, for information in any form and on all supports, and all related services of any kind and by any means,

• creation, implementation, and management of all networks and/or groups with a view to the development of concepts belonging to the Company and communication of the know-how,

• development, ownership, administration, leasing, and sale of any patents and/or trademarks and the granting of any licences,

• acquisition of equity interests by any means in any existing or future companies and businesses that could relate directly or indirectly to the Company object,

• and generally, any financial, fixed or moveable property operations that could relate directly or indirectly to the Company object or likely to promote its development or achievement.

1.6 Trade and companies register

R.C.S. NANTERRE B 377 550 249.

1.7 Financial year

The financial year runs from 1 April each year to 31 March the following year (Article 34 of the articles of association).

1.8 Specific clauses in the articles of association

Appropriation of earnings (Article 36 of the Articles of Association)

If the financial statements for the year, as approved by the General Meeting, have legally defined distributable earnings, the General Meeting decides to transfer said distributable earnings to one or more reserve accounts, the use and appropriation of which it controls, to carry it forward to future years or to distribute it.

The income statement, which lists income and expenditure for the year, states the net profit for the year after deduction of depreciation and provisions. At least five percent shall be deducted from the net profit for the year reduced for any prior year losses and transferred to the legal reserve. This transfer ceases to be mandatory once total reserves reach one tenth of the share capital. Distributable earnings consist of the net profit of the year, reduced for any prior year losses and reserve transfers in accordance with legislation and the articles of association, and increased for retained earnings brought forward. These earnings are allocated to all shareholders in proportion to the number of shares each one holds. The General Meeting may decide to distribute the amounts transferred to reserves, which it controls, by stating explicitly the reserve accounts from which the distribution should be made.

Except in the case of a share capital reduction, a distribution to shareholders is prohibited if the amount of shareholders' equity is, or following such distribution would be, lower than the value of share capital plus reserves that are non distributable under the law or the articles of association. The revaluation reserve is not distributable and may be partially or entirely transferred to share capital. However, after deduction of statutory transfers to reserves, the General Meeting may transfer any residual undistributed earnings that it deems fit to ordinary or extraordinary voluntary reserves, or to carry them forward as retained earnings.

After approval of the financial statements by the General Meeting, any losses are carried forward as retained losses for offset against future retained earnings until they are fully compensated.

General Meetings
General meetings are convened pursuant to current legislation.
Meetings are held at the Company's registered office or at any other location specified in the notice of the general meeting.

Access to General Meetings - Powers (Article 27 of the Articles of Association) (1)

1. All holders of ordinary shares may vote in general meetings in person or by postal vote, regardless of the number of shares held, provided the shares are fully paid up. The right to attend or be represented at general meetings is subject to the following:

• Registered or named administered shareholders must be registered as such by midnight (Paris time) of the fourth working day prior to the date of the meeting.

• Holders of bearer shares must be registered as such by midnight (Paris time) of the fourth working day prior to the date of the meeting. Registration or the accounting entry in the bearer shareholder registry of an intermediary will be established by a certificate from the financial intermediary approved attached to the form for remote or proxy voting or by an application for an admission card established in the name of the shareholder. A certificate may also be issued to shareholders seeking to physically attend the Meeting who have not received their admission card by midnight (Paris time) of the fourth working day prior to the date of the meeting.

If it deems fit, the Board of Directors may give shareholders personal named admission cards, which will be required to attend the meeting.

2. All shareholders may vote by post in accordance with current regulations on submission of a form that they can apply to receive by following the procedures stated on the general meeting notice advice.

3. Shareholders may only be represented by their spouse or another shareholder; in which case the representative must provide proof of his power of attorney.

4. If the Management Board so decides in the Meeting notice, shareholders may also participate via videoconference or other means of telecommunication enabling their identity to be established in accordance with procedures allowed under current regulations.

Information rights (Article 33 of the articles of association)

All shareholders are entitled to receive documents required to enable them, in full awareness of the facts, to assess the management and control of the Company pursuant to statutory conditions and deadlines. The details of these documents and conditions for sending them or making them available to shareholders are laid down by legislation and regulations.

Quorum-Vote (Article 29 of the articles of association)

1. The quorum is calculated on all shares comprising the share capital, except in the case of special general meetings for which it is calculated on all shares of the relevant class, after deduction of shares without voting rights pursuant to legislation.
For purposes of calculating the quorum, only postal votes submitted on properly completed forms and received by the Company at least three days prior to the date of the Meeting shall be accepted.
For purposes of calculating the quorum and majority votes, all shareholders who attend the meeting by video conference or means of telecommunication enabling their identification and in accordance with current regulations, will be included if the Management Board decides to use such means when issuing the notice for the general meeting.

2. Voting rights linked to the share capital or other shareholders' rights are proportional to the number of shares they represent. Each share entitles the holder to one vote, subject to the provisions of Article 11 paragraph 4 concerning application of the provisions of Articles L 225-123 et seq. of the French Commercial Code.

3. Votes are counted by the raising of hands, or by names called, or by secret vote, based on a decision of the Meeting committee or that of the Shareholders. Shareholders may also submit postal votes.

Ordinary General Meetings (Article 30 of the articles of association)

Ordinary general meetings take all decisions except for amendment to the articles of association.

Ordinary general meetings must be held at least once every year, within six months following the financial year-end of the Company, to approve the financial statements of that year, subject to postponement under a court decision.

Resolutions passed in ordinary general meetings are only valid if the shareholders present, represented or voting by post at the first convened Meeting, hold at least one fifth of shares with voting rights.

Resolutions are passed on the majority of votes cast of shareholders present or represented including shareholders voting by post.

Extraordinary General Meetings (Article 31 of the articles of association)

Extraordinary general meetings may amend any clauses of the articles of association, and in particular, may decide on the Company's transformation into another civil or commercial legal form.

However, extraordinary general meetings may not increase the shareholders' commitments, subject to transactions resulting from a legally valid consolidation of shares.
Subject to legal exceptions, resolutions passed in extraordinary general meeting are only valid if the shareholders present, represented or voting by post, at the first convened Meeting, hold at least one quarter, and at the second convened Meeting, one fifth of shares with voting rights. In the event of a continued absence of a quorum, the second convened Meeting may be postponed to a future date not later than two months following the date for which it was convened.

Resolutions are passed on a two-thirds majority of votes cast of shareholders present or represented including shareholders voting by post.
In extraordinary general meetings called to approve capital contributions in kind or the granting of specific benefits, neither the transferor nor the beneficiary may vote either on his own account or on behalf of another shareholder.

Rights and obligations linked to shares (Article 11 of the articles of association)

1. Each share entitles the holder to a share in the profits, Company assets and liquidation bonus in proportion to the number and nominal value of the existing shares held, subject to rights granted to the shares of different classes, if any.
A share also gives the holder a right to vote or be represented at general meetings, be informed on the progress of the Company and receive certain Company documents at times and under conditions specified by legislation and the articles of association.

2. Shareholders are only liable for the Company's liabilities up to the value of their capital contributions.
On change of ownership of shares, rights and obligations are transferred to the new holders of the shares.
Ownership of shares automatically binds shareholders to the Company's articles of association and resolutions passed in general meetings.

3. Each time that it is necessary to hold a given number of shares to exercise any right, shareholders who do not hold the required number of shares must make their own arrangements to form a grouping or to purchase or sell the required number of shares.

4. Holders of registered shares for more than two years in their own name are granted double voting rights.
Double voting rights are also granted to registered holders of bonus shares that were issued free of charge to them on account of shares in respect of which they already enjoyed double voting rights. Double voting rights automatically cease for any shares for which ownership has been transferred, subject to the statutory exceptions. This double voting right was introduced following a decision of the Extraordinary General Meeting held on 6 December 1999.

The effect of having double voting rights in the Company's articles of association could be to delay, postpone or prevent a change in control over the Company.

5. Any individual or entity who holds, alone or in concert, a proportion of the Company's existing share capital or voting rights as specified under Article L233-7 of the French Commercial Code, must disclose to the Company the total number of the shares that he holds, within five stock market trading days following acquisition of the shares that took his holding above any of the limits.
Such person shall also inform the *Autorité des Marchés Financiers* (French stock market regulator) within five stock market trading days following acquisition of the shares that took his holding above any of the said limits.

Notification must also be made within the same deadline if said person's holding drops below any of the limits stated in the first paragraph above.

Parties bound to disclose the information stated in the first paragraph must state the number of shares they hold giving future access to the share capital as well as the related voting rights.
Parties bound to disclose the information, when they cross the threshold of one tenth or one fifth of the share capital or voting rights, must also state the objectives they plan to follow during the coming twelve months.

This declaration must state if the acquirer is acting alone or in concert, if he plans to cease acquisitions or to continue them, if he plans to obtain control of the Company or not, and his name or that of one or more persons who are members of the Management Board or the Supervisory Board. It must be addressed to the Company.

6. New preference shares may be issued based on any legal procedures, terms, conditions and limits. They shall be governed, converted and/or redeemed in accordance with statutory conditions.

Identifiable bearer securities (Article 9 final paragraph of the articles of association)

Pursuant to the provisions of Article L.228-2 of the French Commercial Code, the Company may, at any time, take all steps in accordance with statutory and regulatory provisions, including by a request to the organisation responsible for third party payments, to identify the holders of securities giving immediate or future voting rights at its own general meetings of shareholders, and to establish the number of securities held by each of them and, if applicable, any restrictions to said securities. The Company is also entitled, in accordance with the law, to request the identity of shareholders if it considers that certain shareholders, whose identity it has received, hold the shares on behalf of third parties.

Members of the company's management and supervisory bodies
Powers of the Management Board (Article 17 paragraph 1 of the articles of association)

The Management Board is vested with extensive powers to act in any circumstances in the name of the Company, within the Company Object and subject to specific statutory limits and the articles of association approved in shareholder general meetings and subject to the Supervisory Board.

No restriction on its powers may be relied upon for dealings with third parties, who may take legal action against the Company based on commitments made in its name by the chairman of the Management Board or its managing director provided their appointments were published in accordance with regulations.

Given that members of the Management Board have allocated duties between them with the approval of the Supervisory Board, on no account may such allocation exempt the Management Board from the requirement to meet and pass resolutions on the most important management issues facing the Company, nor to be cited as an objection to the principle of joint and several liability of the Management Board and each of its members.
The Management Board may charge one or more of its members or any other person with special, ongoing or temporary assignments of its choosing, and, for purposes of one or more objectives with or without entitlement to sub-delegate, may grant powers that it deems necessary.

Powers of the Supervisory Board (Article 20 of the articles of association)

The Supervisory Board controls the management of the Company as performed by the Management Board on an ongoing basis.

At any time of the year, it may conduct testing and controls that it deems appropriate, any may demand any documents that it considers necessary to accomplish its duties from the Management Board.

At least once a quarter, the Management Board presents to the Supervisory Board a report specifying the principal management actions or facts of the Company, backed by all necessary information to enable the Supervisory Board to be fully informed on the Company's business and on the half-year, and if applicable the quarterly, financial statements.
Following the year-end and within the regulatory deadlines, the Management Board presents to the

Supervisory Board the Company financial statements, the consolidated financial statements and its report to the general meeting, for purposes of verification and control.

The Supervisory Board presents to the annual general meeting its comments on the report of the Management Board and on the annual consolidated and Company financial statements. During the annual general meeting, the chairman reports on the conditions for preparing and organising its duties and on the internal controls adopted by the Company.

This duty of supervision may not under any circumstances give rise to the Supervisory Board or any of its members directly or indirectly conducting management actions.

Pursuant to Article L. 225-68 of the French Commercial Code, the following transactions are subject to the prior approval of the Supervisory Board:
• Sale/transfer of real estate
• Total or partial sale/transfer of equity investments
• Creation of sureties, endorsements and guarantees.

The Supervisory Board may authorise the Management Board in advance to conduct one or more transactions stated above, subject to the maximum amounts that it may establish.

The Supervisory Board may decide to establish committees made up of members of the Supervisory Board, charged with reviewing issues for which the Supervisory Board or its chairman request an opinion. The Supervisory Board establishes the members and the powers of such committees, who conduct their duties under the Supervisory Board's responsibility.

1.9 Purchase by the company of its own shares

Please refer to the Report of the Management Board to the ordinary general meeting of shareholders of 25 September 2009 for details of the share buy-back programme in force during the year ended 31 March 2010 and to the share buy-back programme proposed to the ordinary general meeting dated 24 September 2010 as specified below.

2. General information concerning share capital

2.1 Share capital

At 31 March 2010, the share capital amounted to €496,688.20 divided into 4,966,882 fully paid-up shares of the same class (Article 6 of the articles of association).
The shares comprising the share capital have a nominal value of €0.10 each.

2.2 Potential share capital

All stock option plans have expired since 31 December 2008. There is therefore no potential dilution of share capital.

The company undertakes not to issue stock options at prices that significantly differ from its stock market share price.

2.3 Authorised share capital not issued

The company currently still has authorisations granted by the Extraordinary and Ordinary General Meeting dated 25 September 2009. Please refer to the appendix of the Management Board Report for details of these authorisations.

2.4 Pledges, guarantees and sureties

Registered pledges of issuing company shares

Name of registered shareholder	Beneficiary	Effective date of the pledge	Expiry date of the pledge	Condition for cancellation of the pledge	Number of shares pledged	% of issuing company share capital pledged
None	None	None	None	None	None	None
TOTAL						

Pledges of issuing company assets (intangible, tangible and financial fixed assets)

Type of pledge / charge	Effective date of the pledge	Expiry date of the pledge	Value of pledged asset (a) (€m)	Total balance sheet heading (b) (1) (€m)	(a) / (b) in %	Condition for termination
On intangible fixed assets	None	None	None	None	None	None
On tangible fixed assets	None	None	None	None	None	None
On financial assets (Solucom DV shares)	28/10/05	27/03/15	7.8 (2)	30.6	25	See comment
On financial assets (New'Arch shares)	25/03/08	27/03/15	4.0 (3)	30.6	13	See comment
On financial assets (Cosmosbay~Vectis shares)	02/03/2009	02/03/14	13.4 (4)	30.6	33	See comment
TOTAL			**25.2**	**30.6**	**82**	

(1) The amount stated under "Total balance sheet heading" above corresponds to the total account balance of "Financial assets" in the Company financial statements of Solucom SA for the year ended 31 March 2010 and relates largely to shares of Idesys, Arcome SAS, Solucom DV, New'Arch, KLC and Cosmosbay~Vectis.

(2) This pledge covers Solucom DV shares and corresponds to a mutual guarantee. The first pledge was granted to the banks HSBC and Société Générale. This pledge will be terminated once Solucom repays the full amount of the loans granted by the two banks or the loans arrive at maturity, which is scheduled for 1 November 2010 (being the maturity date of the loans concerned).

The second pledge covers shares of Solucom DV (replacing Vistali shares that were initially granted as security following the September 2009 merger/ takeover) and corresponds to a charge on financial instruments granted by Solucom to Société Générale and BNP-Paribas as security for the loan contracted at the end of March 2008. This pledge will be terminated once Solucom repays the full amount of the loans granted by the two banks, i.e. by 27 March 2015 (maturity date of these loans).

(3) This pledge covers New'Arch shares and corresponds to a charge on financial instruments granted by Solucom to Société Générale and BNP-Paribas as security for the loan contracted at the end of March 2008. This pledge will be terminated once Solucom repays the full amount of the loans granted by the two banks, i.e. by 27 March 2015 (maturity date of the Société Générale loan).

(4) This pledge covers Cosmosbay~Vectis shares and corresponds to a mutual guarantee on behalf of the banks LCL, Bred-Banques Populaires and Société Générale. This pledge will be terminated once Solucom repays the full amount of the loans granted by the three banks or the loans arrive at maturity, which is scheduled for 2 March 2014 (being the maturity date of the loans).

If the fair value of the shares exceeds the value of the debt for which they act as security, the book value of the secured assets is based on the fair value.

2.5 Shareholders pact and agreements

Measures relating to the shareholders

None.

Measures relating to issuing company

None.

The company is not aware of the existence of any clause that may have an impact on the company's assets, business, financial situation, earnings and outlook.

3. Breakdown of share capital and voting rights

3.1 Shareholders of Solucom SA

The following table lists the shareholders of Solucom SA as at 10 May 2010:

Shareholders	**Shares**	**% interest**	**Voting rights**	**% voting rights** (1)
Founders and executives	2,900,736	58.40	5,781,684	70.76
P. Imbert	1,447,632	29.15	2,887,792	35.34
M. Dancoisne	1,395,420	28.09	2,790,840	34.16
P. Hirigoyen	54,276	1.09	99,252	1.21
Other executives	3,408	0.07	3,800	0.05
Treasury shares	39,748	0.80	39,748	0.49
Public float	2,026,398	40.80	2,349,396	28.75
TOTAL	**4,966,882**	**100.00**	**8,170,828**	**100.00**

(1) Based on Article 11 of the articles of association of Solucom SA, double voting rights are granted to holders of fully paid-up registered shares if these shares have been registered for at least two years in the name of the same shareholder. Furthermore, pursuant to the new Article 223-11 of the general regulations of the AMF, the total number of voting rights is calculated based on all shares including those without voting rights.

- Total voting rights for registered shares: 6,482,399 (1) and 3,278,453 shares.
- Total shares with voting rights: 4,966,882
- Total shares with single voting rights: 4,966,882 - 3,278,453 = 1,688,429 (2).
- Total voting rights (1) + (2) = 8,170,828.

As at 10 May 2010, the shares held by the public comprise approximately 50% institutional funds and 50% private shareholders based on a TPI analysis as at that date.

29% of Solucom SA's shares are held by Pascal Imbert, Chairman of the Management Board, and 28% by Michel Dancoisne, Chairman of the Supervisory Board. These two shareholders, who act in concert, together therefore own 57% of Solucom's share capital.

Patrick Hirigoyen, member of the Management Board, is deputy Managing Director in charge of operations for Solucom SA.

Jean-Claude Malraison, Jacques Pansard and Jean-François Perret appointed as other directors, perform the duties of Vice-Chairman and are members of the Supervisory Board.

Since the year ended 31 March 2008, Lazard Frères Gestion SAS acting on behalf of mutual funds has held more than 5% of Solucom's equity.

To Solucom's knowledge no other shareholders hold 5% or more of the share capital and/or voting rights.

Solucom is controlled by its two founders. The Company pays attention to meeting strict corporate governance principles. For example, it has adopted the status of a company with Management Board and Supervisory Board, the latter board including independent directors in order to ensure that it carries out its supervisory function while ensuring it represents all shareholders. As such, every year the Supervisory Board reviews subjects such as strategic issues, annual action plans and budget, and internal controls. The Supervisory Board also carries out a self-assessment of its operations and reviews the independence of its members.

3.2 Change in Solucom's share capital over the last five years

Date	Transaction description	Number of shares	Nominal value (€)	Issue premium per share (€)	Share capital Share capital after transaction (€)
13/06/05 (1)	Exercise of BSPCE during year ended 31/03/05	1,193,970	0.381	8.24	455,097.19
12/06/06 (2)	Exercise of BSPCE and stock options during year ended 31/03/06	1,203,134	0.381	20.81	458,589.71
11/06/07 (3)	Exercise of BSPCE and stock options during year ended 31/03/07	4,889,480 (4)	0.095 (4)	3.49 (4)	465,920.98
19/07/07 (5)	Exercise of Exercise of stock options during the period from 01/04/07 to 19/07/07	4,904,148	0.095	5.13	467,318.55
19/07/07 (6)	Share capital increase in order to round up the nominal value per share	4,904,148			490,414.80
26/05/08 (7)	Exercise of stock options during the period from 20/07/07 to 31/03/08	4,950,662	0.10	3.93	495,066.20
26/05/09 (8)	Exercise of stock options during the period from 01/04/08 to 31/03/09	4,966,882	0.10	1.96	496,688.20

(1) Issue of 11,849 new shares following exercise of the same number of BSPCE.

(2) Issue of 9,164 new shares following exercise of BSPCE and stock options generating a premium on issue

amounting to €191,000. The weighted average issue price of these shares was €21.19 per share.

(3) Issue of 76,944 new shares following exercise of BSPCE and stock options. generating a premium on issue amounting to €269,000. The weighted average issue price of these shares was €3.59 per share.

[4] Stated after adjusting for the 4-for-1 bonus issue dated 25 October 2006.

[5] Issue of 14,668 new shares following exercise of stock options generating a premium on issue amounting to €75,000. The weighted average issue price of these shares was €5.23 per share.

[6] Share capital increase by a €23,000 transfer from reserves thereby increasing the nominal value to €0.10 per share.

[7] Issue of 46,514 new shares following exercise of stock options generating a premium on issue amounting to €183,000. The weighted average issue price of these shares was €4.03 per share.

[8] Issue of 16,220 new shares following exercise of stock options generating a premium on issue amounting to €32,000. The weighted average issue price of these shares was €2.06 per share.

3.3 Change in shareholders over the last three years

	10/05/10[3]			**11/05/09[3]**			**07/05/08[3]**		
	Number of shares	**% share capital**	**% voting rights**	**Number of shares**	**% share capital**	**% voting rights**	**Number of shares**	**% share capital**	**% voting rights**
Directors' shareholdings [1] [2]	2,900,736	58.40	70.76	2,895,870	58.30	70.79	2,883,996	58.25	70.79
Pascal Imbert	1,447,632	29.15	35.34	1,447,632	29.15	35.37	1,440,160	29.09	35.42
Michel Dancoisne	1,395,420	28.09	34.16	1,395,420	28.09	34.18	1,395,420	28.19	34.32
Treasury shares	39,748	0.80	0.49	59,995	1.21	0.73	89,229	1.80	1.10
Public float	2,026,398	40.80	28.75	2,011,017	40.49	28.47	1,977,453	39.94	28.11
TOTAL	**4,966,882**	**100**	**100**	**4,966,882**	**100**	**100**	**4,950,662**	**100**	**100**

[1] Solucom SA directors.

[2] Michel Dancoisne and Pascal Imbert act in concert.

[3] Pursuant to the new Article 223-11 of the general regulations of the AMF, the total number of voting rights is calculated based on all shares including those without voting rights.

There was no material change in the Company's shareholding structure during the year.

There was no material disposal of Company shares by the shareholding directors and, in the company's knowledge, by institutional shareholders holding over 5% of the share capital as at 10 May 2010.

3.4 Crossing shareholder thresholds

No Solucom shareholder thresholds have been crossed since 1 April 2009.

4. Membership by the issuing company of a group

Solucom SA does not belong to any group.

5. Dividends

5.1 Statute of limitations

Uncashed dividends expire after a period of five years and are paid to the French government pursuant to legal provisions.

5.2 Dividends paid

Solucom SA has distributed dividends since the year ended 31 March 1995.

Year ended	Number of shares	Earnings distributed (€)	Net dividend per share (€)
31/03/07	4,811,822	673,655	0.14
31/03/08	4,890,385	929,173	0.19
31/03/09	4,934,177	937,494	0.19

5.3 Distribution of dividends in respect of year ended 31 March 2010

In respect of the year ended 31 March 2010, the General Meeting of shareholders, ruling on the financial statements for the year ended 31 March 2010, will be invited to approve a total dividend distribution of €936,155.46 deducted from the net profit of the year and reserves.

The treasury shares held by the Company in conjunction with the share buy-back programme, do not have any rights to dividends; the difference between the value allocated to the distribution as stated above and the amount actually paid shall be posted to Retained Earnings.

5.4. Future dividend payout policy

The future dividend payout policy will be based on the Company's prospects for growth and related funding needs.

6. The company's stock market listing

The company is listed on compartment C of NYSE Euronext Paris.

Solucom share price movements from 01/04/09 to 15/06/10

Date	High	Low	Month end price	Total volume	Average price for the month
Apr-09	13.40	11.05	12.68	8,857	12.46
May-09	15.20	13.30	15.11	28,787	14.65
June-09	15.60	13.82	15.50	47,389	14.57
July-09	15.48	14.41	14.75	17,717	14.72
Aug-09	15.20	14.50	15.20	11,163	14.88
Sep-09	16.24	14.60	15.99	24,137	15.65
Oct-09	16.55	14.82	14.91	29,589	15.55
Nov-09	15.38	14.50	14.50	9,074	14.83
Dec-09	14.70	14.25	14.56	25,126	14.49
Jan-10	15.05	13.96	15.00	16,591	14.69
Feb-10	14.90	14.27	14.65	15,611	14.63
Mar-10	16.00	14.61	15.55	16,800	15.35
Apr-10	16.00	15.00	15.21	13,165	15.64
May-10	15.78	14.20	15.35	15,082	14.94
June-10	16.55	14.60	16.32	37,801	15.82

Graph of Solucom share price movements from 31/03/09 to 15/06/10

Share price in €

Description of the share buy-back programme submitted to the shareholders at the ordinary general meeting dated 24/09/2010

Pursuant to Articles 241-1 to 241-6 of the general regulations of the AMF (French financial market regulator) dated 22 December 2003, the objective of this description of the share buy-back programme, which Solucom will submit to the ordinary annual general meeting dated 24 September 2010, is to explain its terms and conditions.

The programme described in this report supersedes that authorised by the shareholders on 25 September 2009.

Solucom SA has signed a liquidity contract in accordance with the AFEI ethics charter with Portzamparc. Said liquidity contract complies with the following:

• Regulation (EC) 2273/2003 of the European Commission,

• Articles L 225-209 et seq. of the French Commercial Code

• The general regulations of the AMF

1. Date of the general meeting called to approve the share buy-back programme

This share buy-back programme will be submitted for the approval of the ordinary annual general meeting dated 24 September 2010.

2. Breakdown of Solucom SA's treasury shares by objective as at 10 May 2010

Treasury shares held are broken down by objective as follows:

• 9,584 shares are to ensure the liquidity and boost the secondary market for the shares by the involvement of an investment services provider based on a liquidity contract in accordance with the ethics charter recognised by the AMF (French financial markets regulator);

• 369 shares are held to issue to employees and/or directors of the Group in accordance with statutory terms and conditions, notably for purposes of stock option plans in order to financially incentivise employees or directors in the Company's growth, for purposes of company savings or free share plans or other shareholding plans;

• 29,795 shares are held to be offered as consideration for future mergers or acquisitions.

3. Objectives of the new share buy-back programme

Based on the share buy-back programme covered under the sixth ordinary resolution of the ordinary annual general meeting dated 24 September 2010, Solucom plans to pursue the following objectives:

• Ensure the liquidity and boost the market for the shares by the involvement of a completely independent intermediary service provider and based on a liquidity contract in accordance with the ethics charter recognised by the AMF;

• Hold shares to be offered as consideration for any future mergers or acquisitions;

• Allocate or sell shares to employees and/or directors of the Company and/or its affiliated Group companies in accordance with legislation, notably for purposes of any employee profit sharing, any company savings or shareholding plan for employees, any stock option or any free share plan;

• Issue shares on exercise of securities giving access by any means to the Company's share capital.

4. Maximum proportion of share capital, maximum price, maximum number and terms and conditions of shares that may be purchased

Under the terms of the sixth draft resolution of the ordinary annual general meeting dated 24 September 2010, the Management Board would be entitled, on one or more occasions, at times that the Management Board shall establish, to purchase shares of the Company up to a maximum limit of 10% of the total number of shares making up the share capital (496, 688 shares) based on the share capital as at 10 May 2010. In view of the treasury shares held as at 10 May 2010, Solucom would only be permitted to buy a maximum potential total number of 456,940 shares or 9.2% of the total shares making up the share capital as at the same date.

The shares that may be purchased are ordinary shares, all of the same class and listed on NYSE Euronext compartment C of NYSE Euronext Paris (ISIN code FR 0004036036).

The maximum purchase price shall be €35 per share. In the event of a transaction affecting the share capital, including any share consolidation or free share issue, the aforementioned limits shall be adjusted in the same proportions.

Therefore, the maximum value of the transaction, less treasury shares, shall be €15,992,900 (i.e. 456,940 shares X €35).

This authorisation supersedes that granted to the Management Board by the ordinary and extraordinary general meeting dated 25 September 2009.

5. Duration of the new share buy-back programme

Under the terms of the sixth draft resolution at the ordinary annual general meeting on 24 September 2010, the Management Board would be authorised to buy shares during a period until the next ordinary annual general meeting convened to approve the financial statements for the year ended 31 March 2011, and, at the latest, within a maximum of 18 months from the general meeting on 24 September 2010, in accordance with Articles L. 225-209 et seq. of the French Commercial Code.

Lastly, in accordance with Article L 241-2 II of the general regulations of the AMF, any amendment to any information stated under the 3rd, 4th and 5th paragraphs of I of the said Article and included in this share buy-back description shall be brought to the attention of the public as soon as possible, based on the requirements of Article L 221-3 of the general regulations of the AMF, notably by making such information available at Solucom’s registered office and website and on the website of the AMF.

This publication can be viewed on the company's website: www.solucom.com.

Resolutions submitted to the Annual General Meeting dated 24 September 2010

First Resolution (approval of the company financial statements for the year ended 31 March 2010):

The general meeting, having heard the presentation and taken note of the Management Board report, the special reports of the Management Board, the report of the Supervisory Board, the report of the Chairman of the Supervisory Board pursuant to Article L.225-68 of the French Commercial Code and the reports of the statutory auditors, hereby approves the financial statements including the balance sheet, the income statement and notes thereto for the year ended 31 March 2010 as presented hereto, and all transactions reflected in these financial statements and/or stated in these reports.

Consequently, the general meeting discharges the members of the Management Board and the Supervisory Board from their terms off office in respect of the said financial year.

The general meeting takes note there is no need to approve the expenses for the past financial year specified under Article 39.4 CGI (French General Tax Code) in accordance with the provisions of Article 223 (4) CGI.

Second resolution (approval of the consolidated financial statements for the year ended 31 March 2010):

The general meeting, having taken note of the Group Management Report included in the Management Board Report, the report of the Supervisory Board and the report of the statutory auditors on the consolidated financial statements, hereby approves the consolidated financial statements for the year ended 31 March 2010 as presented hereto, showing net profit, Group share, of €3,251,986.

The general meeting approves the transactions reflected and/or stated in these financial statements and summarised in these reports.

Third resolution (appropriation of earnings and dividend):

The general meeting, having established that the net profit for the year as stated in the financial statements for the year ended 31 March 2010 amounts to €786,957.52, approves the Management Board's recommended appropriation of earnings and decides to distribute a total dividend of €936,155.46 as follows:

Net profit for the year	€786,957.52
Reversal of retained earnings brought forward	(€7,089.96)
Deduction from 'Other reserves'	€156,287.90
Total distributable and to be distributed earnings	**€936,155.46**[1]

Consequently, the general meeting sets the dividend for the year at €0.19 per share in respect of shares entitled to dividends.

The dividend will be payable in cash as from 11 October 2010.

If, at the date of the dividend payment, the number of treasury shares without dividend rights held by Solucom has changed, the sum corresponding to the dividends not paid or to be paid by reason of this variation, shall be credited to "Retained Earnings".

[1] The distributable amount will depend on the number of treasury shares as at the date the share goes ex-dividend.

Pursuant to Article 158-3-2 CGI (French General Tax Code), dividends paid to natural persons resident in France for tax purposes are entitled to a 40% allowance for income tax purposes provided they have not opted for the fixed allowance specified under Article 117 (4) CGI.

As required by law, we hereby set out the dividends distributed in respect of the past three financial years, as follows:

Year	Number of shares receiving dividends	Dividend distributed per share (1)	Proportion of dividends eligible to the 40% allowance
31/03/2009	4,934,177	€0.19	100 %
31/03/2008	4,890,385	€0.19	100 %
31/03/2007	4,811,822	€0.14	100 %

(1) before tax and social security charges

Fourth resolution (approval of regulated agreements and commitments):

The general meeting, having taken note of the special report of the statutory auditors, takes formal note that no new agreement or commitment has been authorised or signed/subscribed during the year and takes formal note of the information relating to previously approved agreements which continued in effect during the year ended 31 March 2010, and takes formal note that the Company has not entered into any regulated commitments in prior years.

Fifth resolution (directors' fees):

The general meeting decides that the total amount of directors' fees paid to members of the Supervisory Board with effect from 1 October 2010 and for future financial years until a new decision taken in General Meeting, be set at €21,000 per financial year.

Sixth resolution (authority to be granted to the Management Board to trade in shares of the Company and cancellation of the previous authority):

The general meeting, having taken note of the Management Board report, hereby authorises the Management Board, with powers to delegate this authority, to have the Company buy its own shares in accordance with statutory and regulatory conditions in force at the time of the purchases, and specifically in accordance with the provisions of Article L.225-209 et seq. of the French Commercial Code, EU Regulation no. 2273/2003 dated 22 December 2003, and the general regulations of the *Autorité des Marchés Financiers* (French financial market regulator – "AMF").

The Management Board may use this authority to meet the following objectives:

- Ensure the liquidity or drive the secondary market for Solucom shares by the involvement of an independent intermediary based on a liquidity contract in accordance with the ethics charter recognised by the AMF;
- Hold shares to be offered as consideration for any future external acquisitions or mergers
- Allocate or sell shares to employees and/or directors of the Company and/or its affiliated Group companies in accordance with legislation, notably for purposes of any employee profit sharing, any company savings or shareholding plan for employees, any stock option or any free share plan;
- Issue shares on exercise of securities giving access by any means to the Company's share capital.

The general meeting decides that:

- The acquisition, sale or transfer of shares may be undertaken by any means, on a regulated or over-the-counter market, and in any manner, including by purchase or sale of blocks of shares (with no limit to the proportion of the share buy-back programme carried out by this means), or by use of derivative instruments traded on a regulated or over-the-counter market, or by implementing stock option strategies, pursuant to terms and conditions approved by market authorities. These transactions may be undertaken at any time, including during periods of public offers in accordance with regulations in force.
- The maximum number of shares that the Company is entitled to purchase under this resolution may not exceed 10% of the share capital, in accordance with Article L.225-209 of the French Commercial Code; this number includes shares purchased under authorities granted by a previous ordinary general meeting, it being specified that i) the number of shares purchased with a view to holding and subsequent reissue or exchange in conjunction with a merger, de-merger or capital contribution transaction, may not exceed 5% of the Company's share capital, and ii) in the event of shares purchased under a liquidity contract, the number of shares taken into account for the calculation of the aforementioned 10% limit of share capital corresponds to the number of shares purchased less the number of shares resold during this authorisation;
- The maximum purchase price per share is set at €35 (excluding purchase expenses) it being specified that, in the event of a transaction involving the Company's share capital, such as a capital increase by capitalising reserves, issue of free shares or a division or combination of shares, the aforementioned number and price of shares shall be adjusted by a coefficient equivalent to the ratio between the number of shares comprising the share capital before the transaction, and the number of shares after the transaction;
- The total maximum funds allocated for purchase of the Company's shares may not exceed €17,244,955, subject to available reserves;
- The present authority shall be granted for a period expiring on the date of the general meeting convened to approve the financial statements of the financial year beginning 1 April 2010, without this period exceeding eighteen (18) months, with effect from today's date;

The general meeting grants all powers, including that of sub-delegation, to the Management Board, under the conditions fixed by law, to implement the share buy-back programme, and notably in order to:

- Effectively launch and implement this share buy-back programme;
- Within the aforementioned limits, issue any stock market or off-market orders based on the conditions determined by current regulations;
- Adjust the purchase price of the shares to take account of the aforementioned transactions on the share price;
- Sign any agreements with a view to maintaining registers of purchases and sales of shares;
- Ensure a complete audit trail of transactions;
- Make any and all declarations and perform all formalities with any organisations, in particular the AMF, in accordance with current regulations;
- Meet all other formalities, and generally, take all necessary steps;
- Take note that the workers council will be informed of the adoption of this resolution, in accordance with the provisions of article l.225-209 sub-paragraph 1 of the French commercial code;
- Take note that the shareholders shall be informed during the next annual general meeting of the exact allocation of shares purchased to the various objectives pursued in respect of all share buy-back transactions undertaken;

This authority supersedes all prior authorities on the same subject.

Seventh resolution (powers for formalities):

The ordinary general meeting grants all powers to the bearer of a copy or the original of these minutes for purposes of completing any and all legal formalities.

Exceptional events and litigation

To the company's knowledge, there are no exceptional events or litigation liable to have a material impact on the company's financial position or earnings.

In particular, Solucom confirms that it has not been subject to any government, court or arbitration proceedings during the last twelve months.

Annex

Fiscal 2009/10

Documents accessible to the public

The reference document is available at the head office of the company, Tour Franklin, 100-101, terrasse Boieldieu 92042 Paris-La-Défense Cedex.

Telephone: +33 (0)1 49 03 20 00 and on Solucom's website: www.solucom.fr

During the period of validity of the reference document, the following documents may be consulted at the firm's head office:

- The company's statutes

- All reports, mails and other documents, financial historical information, evaluations and notifications established by an expert on demand of the Group, a part of which is included or certified in this document

- Financial historical information of the Group for each of the two financial years proceeding the publication of the reference document.

Parties Responsible

Party responsible for the reference document

Pascal Imbert, Chairman of the Management Board

Reference document certificate

"I certify that, to the best of my knowledge, the financial statements have been drawn up in accordance with applicable GAAP and that they provide a faithful picture of the assets, financial situation and profits of the company and all its consolidated companies, and that the management report appearing on page 24 provides an accurate picture of the development of sales, profits and the financial situation of the company and all its consolidated companies, as well as a description of the main risks and uncertainties facing them.".

Paris, 30 June 2010

Pascal Imbert, Chairman of the Management Board

Parties responsible for the audit of the financial statements

Primary statutory auditors:

SLG Expertise, 164, boulevard Haussmann, 75008 Paris : appointed by the General Meeting dated 26/09/08; term of office expires following the General Meeting called to approve the financial statements for the year ended 31/03/14, represented by Mr. Arnaud BERNARD.

Constantin Associés, 114, rue Marius Aufan, 92300 Levallois-Perret : appointed by the General Meeting dated 28/09/07; term of office expires following the General Meeting called to approve the financial statements for the year ended 31/03/13, represented by Mr. Laurent LEVESQUE.

Secondary statutory auditors:

Ms Valérie Dagannaud, 162, boulevard Haussmann, 75008 Paris: appointed by the General Meeting dated 30/09/08; term of office expires following the General Meeting called to approve the financial statements for the year ended 31/03/14.

Mr. Michel Bonhomme, 114, rue Marius Aufan, 92300 Levallois Perret: appointed by the General Meeting dated 28/09/07; term of office expires following the General Meeting called to approve the financial statements for the year ended 31/03/13.

Responsible for the financial information

Pascal Imbert, Chairman of the Management Board
Pascale Besse, Finance Director

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