

SOLUCOM

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## **Half-year results at 30.09.2008**



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# Half-year report certificate

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I confirm, to the best of my knowledge,

That the short-form accounts for the past half-year have been prepared in accordance with applicable accounting principles, in particular with standard IAS 34, and provide a reliable picture of the assets, financial situation and operating results of the company and all the companies included within the consolidation, and

That the attached half-year report presents an accurate picture of the main events that took place during the first six months of the financial year and their impact on the half-year financial statements, the main transactions between related parties, and a description of the main risks and uncertainties for the remaining six months of the period.

Drawn up in Paris-La Défense on 17 November 2008

Pascal Imbert, Chairman of the Board of Directors

# Half-year report

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## 1. Analysis of Solucom group results

The financial statements to 30 September 2008 include Solucom, Idesys, Arcome SAS, Dreamsoft, New'Arch, KLC, Vistali and Cosmosbay~Vectis for 6 months. Cosmosbay~Vectis, acquired at the beginning of April 2008, joined the consolidation scope as at 1<sup>st</sup> April 2008. Its assets and liabilities are accordingly included in the consolidated balance sheet to 30 September 2008. In addition, this company's income and expenses have been included in the consolidated half-year financial statements for 6 months of activity.

The financial statements to 30 September 2008, as well as those at 31 March 2008, that are referenced later in this document consolidate Solucom, Idesys, Dreamsoft, Arcome SAS, Arcome Consulting, New'Arch, KLC and Vistali, respectively for 6 months and 12 months.

It should be noted that Arcome Consulting (Spain), that has been dormant since 31 March 2002, has been dissolved during the first half of the current financial year 2008/2009.

The financial statements to 30 September 2008 (as well as those to 30 September 2007 and 31 March 2008, to which they are compared) have been prepared in accordance with the IFRS international accounting standards. The financial statements follow the recommendations of CNC (recommendation Nr. 2004-R.02 dated 27 October 2004). The interim management balances that appear in the accounts and which are commented on later in this document are those defined by the CNC.

Consolidated turnover to 30 September 2008 was € 47,719K as compared with € 33,482K for the first half of the previous financial year, representing overall growth of 43%.

Current operating profit was € 4,885K (after employee profit-sharing). It is up 16% as compared with the first half of the previous financial year, when it was € 4,219. The operating profit margin, obtained by dividing the current operating profit by the turnover, was 10.2%, to compare to 12.6% for the first half of the previous financial year.

Operating profit was € 4,797K, up 14% on the operating profit for the first half of the previous financial year, which was € 4,797K.

The net cost of borrowings was at € 198K. Over the period, this amount includes € 59K of financial products and € 247K of financial charges since Solucom has contracted a bank loan of € 10 000K at the end of March 2008. This figure should be compared with a negative net cost of borrowing of € 30K for the first half of the previous financial year.

Pre-tax profit was € 4,585K, up 8% on the operating profit for the first half of the previous financial year, which was € 4,242.

Net profit for the period was € 2,958K, representing a margin of 6.2%. This profit was up 9% as compared with the first half of the previous financial year, for which the profit for the period was € 2,726K, representing a margin of 8.1%.

There were no minority interests. Thus the group's net profit was also € 2,958K, as compared with € 2,726K for the first half of the previous financial year, up 8, 1%.

Shareholders' equity stood at € 27,786K at 30 September 2008, as compared with € 25, 797K at 31 March 2008.

Solucom's net cash flow is at € 8,912K as against € 5,442K at 31 March 2008 and € 1,535K at 30 September 2007. This evolution was essentially due to the acquisition of Cosmosbay~Vectis, that is a cash transaction and due to a € 10 000K bank loan and the payment of price complements of preceding acquisitions. Cash flow less overdrafts, obtained by subtracting bank overdrafts from gross cash flow, was € 796 K at 30 September 2008, as against € 16, 098 K at 31 March 2008 and € 1,966K at 30 September 2007.

At 30 September 2008 the requirement for working capital stood at 3.3% of annual turnover, as against 1.1% at 31 March 2008 and 2.7% at 30 September 2007.

Finally, the financial statements of Solucom itself showed turnover of €20,074K, up 22%, as against €16,488K for the first half of the previous financial year. Solucom's own operating profit came to €2,588K, representing an operating margin of 12.9%, sharply up on the year (+52%). It should be recalled that the operating profit for the first half of 2007/2008 was €1,699K, representing profitability of 10.3%.

## 2. Solucom's business activity during the half-year

During the first half of the 2008/2009 financial year (ending 31 March 2009), Solucom's turnover was €47.7M, up 43%. On a comparable consolidation scope (excluding Cosmosbay~Vectis) Solucom's organic growth was 14%, sharply up on previous periods, maintaining a higher rate of growth than the consultancy segment of the Software and Services market, estimated at 6% by Syntec Informatique. This growth was at the upper end of the range in the annual roadmap.

As anticipated, the deterioration in the economic climate gave rise to indications of a slowdown that appeared gradually over the course of the half-year. These first indications, which chiefly concerned a few ordering parties, did not, however, prevent some sectors, such as utilities, from remaining particularly lively. Despite this deterioration, the group achieved half-year results in line with forecasts, without, however, exceeding them, unlike the previous year.

On 30 September 2008, the group had 910 employees, compared to 666 on 31 March 2008. The group has stayed on course in human resources, with its staff up 37% in six months (+ 6% on a constant basis).

Cosmosbay~Vectis has been more affected than the rest of the group by the economic situation, and in Q2 2008/09 posted a drop in its consultants' load factor, due mainly to sales under-performance. These rather disappointing first few months in no way dampen Solucom's ambition to get Cosmosbay~Vectis's profitability in line with that of the group by the end of next financial year.

However, group operating indicators held up well

The group's activity rate was down to 80% during the half-year, on account of the integration of Cosmosbay~Vectis, as against 85% in H1 2007/08. On a constant basis, however, it was in fact exactly stable as compared with the previous year.

Daily sales prices, at an average of €737, were slightly up by 1.5% over the half-year (-1% at constant scope). This reflects the positioning of Solucom's added value and Cosmosbay~Vectis's positive contribution, whose sales prices have held up well.

EBIT was €4.9M for the half-year, up 16% on the parallel period the previous year. The operating margin was 10.2%, in line with the target of 10% - 12% sought for the entire financial year, compared with an operating margin of 12.6% on the previous financial year.

The group's share of net profit came to €3.0M, up 9%, with costs of net borrowing expenses at €0.2M.

At 30 September 2008 net borrowing expenses came to €8.9M, following withdrawals in connection with the acquisition of Cosmosbay~vectis and payments of the balances of purchase prices

Shareholders' equity continued to increase to €27.8M at 30 September 2008.

### 3. Forecast development of Solucom's business activity until year end

The second half of the group's financial year 2008/2009 has begun in a particularly uncertain environment. The acceleration of the financial crisis since mid September will inevitably have an impact on the economic climate and growth in the IT consultancy market, as has been illustrated by the multiplication of warning signs from major client accounts. While Solucom is monitoring changes in this environment extremely closely, the group is currently excluding the possibility that the market will suffer a genuine check. This remains sustained by structural requirements and the activity observed in some sectors (energy-utilities, etc.) and clients.

Solucom has been selected to be the consulting partners for the IT convergence as part of the merger between Gaz de France and SUEZ. This programme will involve opening 80 sites over the next 3 years.

For this major project, Solucom has consulted to the IT Director of the new group on the scaling of the convergence plan, and is providing support for management of the entire programme. Solucom is also supporting GDF SUEZ in many operational areas (telecoms, data-centres, identity and access management, business continuity plans etc).

In order to resist the slowdown, Solucom intends to concentrate its marketing resources and secure its business, by focusing on the optimization of production rates and demonstrating agility, on both a segment level and in terms of offers, so as to be in a position to capture the growth opportunities that remain in the market.

Solucom has decided to maintain its recruiting effort, while remaining extremely vigilant about how the economic situation develops.

On account of the deteriorating business environment, Solucom prefers to adopt a cautious approach to its 2008/09 growth target. Since Solucom's financial year is not the calendar year, its second semester is October 2008 – March 2009, a period in which the full effects of the economic slowdown can be effected to be fully felt. This caution thus leads the group to set its turnover target between € 100M and € 105M (hence a medium growth of 40%), as against € 105M and +44% growth originally contemplated.

However, Solucom confirms its initial operating margin target of between 10% and 12% for the entire financial year, which is buttressed by a conservative cost control policy.

### 4. Information on risks

The risks stated in this section are those that in the company's opinion offer the most potentially significant impacts or have the highest probability of happening.

#### **Risk associated with current economic climate**

The current economic and financial climate is particularly sensitive and the general slowdown in the economy introduces uncertainties regarding Solucom's activity. This could be affected by reductions in clients' budgets, projects being put on hold and, on a more general level, by a contraction in the volume of demand at the same time as an increase in the level of competition. It should, however, be noted that Solucom has in the past demonstrated a capacity to weather sudden economic downturns

#### **Risk related to human resources**

The success of Solucom's growth depends absolutely on recruiting and maintaining the loyalty of employees with strong potential. Solucom's recruitment model is based on taking on young engineers who have graduated the very finest universities in Solucom's field.

Recruitment is, and will remain so in the coming years, a major challenge for Solucom, particularly in view of the known shortage of engineers in new technologies.

In order to be on top of this essential key to success, Solucom for the last few years has made a considerable additional effort in recruitment.

After recruitment, being in control of staff turnover is the 2<sup>nd</sup> challenge. The rate of turnover has known an important augmentation over the last few years (13% during the previous financial year).

Within the group, handling turnover is the joint responsibility of management and the heads of human resources in each company.

### **Risk of professional indemnity claims against Solucom**

Solucom provides services based upon consulting and special skills, and therefore the risk of professional indemnity claims is much reduced as compared with a business based mainly on engineering or integration.

Solucom, however, is insured by a professional and operational liability insurance policy, which provides the following cover:

- Third party operational cover
  - ▶ Bodily injury, physical / intangible consecutive damage : 10M per claim
- Professional third party
  - ▶ Physical / intangible damage, consecutive or not : €5M per claim and per annum

Allowing for the low probability of a claim, there is an excess (deductible) of € 75K on this insurance contract for professional liability.

### **Client credit risks**

Solucom's client base is made up virtually exclusively of major accounts, so in practice there is only the minutest risk of non-payment or of a client going bankrupt. The other side of the coin is that payment times from certain clients can be relatively long.

There could, however, be risks of non-payment or client bankruptcy when Solucom provides services to SMBs or to foreign companies outside the EU. In such cases it is for the management of the group company in question to take all steps to obtain a reasonable guarantee of payment for services provided.

### **Risks on fixed-price projects**

Fixed-price services each year represent between 30% to 40% of Solucom's consolidated turnover. Since Solucom's business is based on consulting, problems are limited since in consulting services there are no feasibility risks that are typically associated with engineering and integration work.

Solucom has set up a rigorous system for project monitoring, with the management tools used in the group being used to support this follow-up. In recent years the average overrun has never exceeded 2% of the total number of attendance days of productive teams (excluding holidays).

### **Risks associated with IT systems**

In general, Solucom is not very dependent on its IT system. Having said which, this represents an increasingly important asset, particularly since it facilitates consolidating and organising the management of knowledge bases spread about among all the members of staff, communicating with clients, and managing the business.

Steps have been taken to be able to restart in short order each of the essential services of the system, irrespective of the incident that occurs, excepting in the event of a major disaster. To protect against the effects of such disasters, back-up is carried out daily, with a copy of the back-up being sent outside of the premises once a week. Lastly, the system is protected against intrusions and external attacks using state of the art IT security techniques.

### **Risks associated with acquisitions**

The group's selective strategy of external growth may lead to the consolidation of new companies.

For each acquisition, Solucom systematically aims to ensure that the management of the acquired company is part of the joint industrial project. These upstream discussions then enable the consolidation process to take place in optimal conditions. However, Solucom cannot guarantee that in the future this process will be carried out in the same way.

## **5- Main transactions with related parties**

During the first half of the 2007/2008 financial years, Solucom hasn't made any material transaction with related parties.

# Consolidated financial statement

## Consolidated income statement

(000€)

	Note	30/09/2008	30/09/2007	31/03/2008
<b>REVENUES</b>	16	<b>47 719</b>	<b>33 482</b>	<b>72 970</b>
Other operating income	17	1 352	1 050	2 050
Purchases consumed	18 & 19	33 295	22 939	49 591
Personnel costs (including profit share)		6 352	4 231	9 706
External costs		1 371	855	1 814
Taxes other than corporation tax				
Net depreciation and provision charges		553	259	605
Other income and expenses on ordinary activities		(90)	(70)	(253)
<b>OPERATING PROFIT ON ORDINARY ACTIVITIES</b>		<b>4 885</b>	<b>4 219</b>	<b>9 455</b>
Other income and expenses from operations		(88)	0	(231)
<b>OPERATING PROFIT</b>		<b>4 797</b>	<b>4 219</b>	<b>9 223</b>
Financial income and expenses	20	59	46	124
Gross borrowing costs	20	257	16	49
<b>NET BORROWING COSTS</b>	20	<b>198</b>	<b>(30)</b>	<b>(75)</b>
Other financial income and expenses	20	(13)	(6)	(65)
<b>PROFIT BEFORE TAX</b>		<b>4 585</b>	<b>4 242</b>	<b>9 233</b>
Corporation tax	21	1 626	1 516	3 066
<b>NET PROFIT FOR THE YEAR</b>		<b>2 958</b>	<b>2 726</b>	<b>6 168</b>
Minority interests				
<b>NET PROFIT (GROUP SHARE)</b>				
Basic earnings (Group share) per action (€) (1) (3)		0,60	0,56	1,26
Diluted earnings (Group share) per action (€) (2) (3)		0,60	0,55	1,25

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

(2) Number of shares used for calculation of diluted earnings in addition to BSPCE (French share warrants on company start-ups) and unexercised stock options.

(3) During the extraordinary and ordinary general of 29 September 2006, the shareholders approved a 4 for 1 bonus issue of all existing Company shares as at 25 October 2006. Every existing share was replaced by 4 new shares with the same rights as the former shares, including retention of the double voting rights in respect of registered shareholders for over two years. In accordance with IAS 33, earnings per share ended 30 September 2006 and 31 mars 2007 were recalculated based on the number of shares as at March 2007.



## Consolidated balance sheet

(000€)

	Note	30/09/2008	31/03/2008
		<b>36 255</b>	<b>21 123</b>
<b>NON-CURRENT ASSETS</b>			
	1	30 414	16 997
Goodwill	2	156	162
Intangible fixed assets	3 & 4	2 817	2 378
Tangible fixed assets	5	473	454
Long-term investments	7	2 395	1 132
Other non-current assets			
		<b>37 026</b>	<b>43 439</b>
<b>CURRENT ASSETS</b>			
	8	31 572	23 922
Trade receivables	8	4 405	3 347
Other receivables	5	232	
Cash and cash equivalents	8 & 9 & 14	816	16 170
<b>TOTAL ASSETS</b>		<b>73 282</b>	<b>64 562</b>

<b>SHAREHOLDERS' EQUITY (GROUP SHARE)</b>		<b>27 786</b>	<b>25 797</b>
Share capital	10	496	495
Issue, merger and contribution premiums	10	11 205	11 187
Consolidated reserves and retained earnings		16 085	14 115
Minority interests			
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>27 786</b>	<b>25 797</b>
<b>NON-CURRENT LIABILITIES</b>		<b>10 293</b>	<b>9 659</b>
Long-term provisions	11 & 12	1 330	524
Borrowing (due in more than 1 year)	12 & 13 & 14	7 362	8 339
Other non-current liabilities	12	1601	796
<b>CURRENT LIABILITIES</b>		<b>35 203</b>	<b>29 106</b>
Short-term provisions	11 & 15	299	241
Borrowings (due in less than 1 year)	13	2 366	2 390
Trade payables	15	3 763	3 726
Tax and social security liabilities	15	21 991	19 397
Other current liabilities	15	6 784	3 352
<b>TOTAL LIABILITIES</b>		<b>73 282</b>	<b>64 562</b>

## Consolidated Cash Flow statement

(000€)

	Note	30/09/2008	31/03/2008
		<b>2 958</b>	<b>6 168</b>
<b>Total net consolidated profit</b>			
<i>Elimination of non-cash items :</i>		515	948
Depreciation and provision charges			
Expense / (income) from stock options and similar items		40	10
Post-tax capital losses / (gains) on sales of assets		(185)	(184)
Other non-cash income and expenditure			
		<b>3 328</b>	<b>6 942</b>
<b>Free cash flow after borrowing costs and tax</b>			
Exchange differences on free cash flow		(1 300)	(1 562)
Change in working capital			
		<b>2 028</b>	<b>5 380</b>
<b>Cash flow from operating activities</b>			
		(732)	(1 054)
Purchase of intangible and tangible fixed assets			10
Sale of fixed assets		335	(726)
Change in long term investments		(14 947)	(4 371)
Change in consolidation scope			
Other cash flow from investing activities			
		<b>(15 344)</b>	<b>(6 142)</b>
<b>Net cash flow from investing activities</b>			
		19	264
Capital increase – proceeds from exercise of stock			
Purchase and sale of treasury shares		(924)	(674)
Dividends paid to shareholders of the parents company			
Dividends paid to minority interests of subsidiaries		(1 092)	10 302
Other cash flows from finance activities			
		<b>(1 997)</b>	<b>9 892</b>
<b>Net cash flows from financing activities</b>			
	14	<b>(15 312)</b>	<b>9 130</b>
<b>Net change in cash and cash equivalents</b>			

The amount of non used line credits lines is the following :

- Financing of the acquisition of Dreamsoft : €2,100 K
- Financing development works of the 17<sup>th</sup> and 21<sup>st</sup> floors' offices of Tour Franklin : €1,050K

The amount of paid taxes was : €2,109K for the first half of 2007 and €823K during first semester 2006.

The amount of paid interests was : €16K during the first half of 2007 and €11K during the first semester 2006.

## Changes in Shareholders' equity

(000€)

	Share Capital	Share Premium	Consolidated reserves	Net profit for the year	Currency differences	Total shareholders' equity
<b>Consolidated shareholders' equity at 30/09/2006</b>	<b>491</b>	<b>11 042</b>	<b>8 006</b>	<b>2 726</b>	<b>0</b>	<b>22 265</b>
Earnings appropriation						
Change in parent company share capital	4	145				149
Parent company dividends			3			3
Consolidated net profit for the year				3 442		3 442
Stocks options						
Treasury shares			(147)			(147)
Change in currency differences			119			119
Actuarial differences per IAS 19			(34)			(34)
<b>Consolidated shareholders' equity at 31/03/2007</b>	<b>495</b>	<b>11 187</b>	<b>7 947</b>	<b>6 168</b>	<b>0</b>	<b>25 797</b>
Earnings appropriation			6 168	(6 168)		0
Change in parent company share capital	1	18				19
Parent company dividends			(924)			(924)
Consolidated net profit for the year				2 958		2 958
Stocks options						
Treasury shares			311			311
Change in currency differences			(161)			(161)
Reclassification of the provision for the allocation of free shares			(20)			(20)
Rights to allocation of free share on the period						
Actuarial differences per IAS 19			(195)			(195)
<b>Consolidated shareholders' equity at 30/09/2007</b>	<b>496</b>	<b>11 205</b>	<b>13 126</b>	<b>2 958</b>	<b>0</b>	<b>27 785</b>

The dividend distributed during the half-year came to €0.14 per share, being a total of €677 thousand.

Shareholders' equity contains no item that would be taxable.

Accumulated, deferred tax credits in respect of items accounted for in shareholders' equity since the very being, come to €58K and are generated by the actuarial variances in IAS 19.

# Notes to the consolidated financial statement

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Solucom is a limited liability company under French law subject to regulations governing trading companies in France, and in particular the provisions of the French Business Law. The company's registered office is at Tour Franklin – 100/101 terrasse Boieldieu – 92042 Paris La Défense Cedex. The company is listed on Euronext Paris, compartment C, in the NextEconomy segment.

Financial statements have been validated by the management Board on 19 November 2008.

## 1 – Accounting policies and methods

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

### Consolidation policies

As from 1 April 2005, the consolidated financial statements of Solucom have been established according to the 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 of 30 September.

The short-form interim financial statements of the Solucom group for the 6-month period ending 30 September 2008 have been prepared in accordance with IAS 34, "Interim Financial Reporting".

Being short-form accounts, they do not include all the information required by the IFRS for preparing annual financial statements and should accordingly be read together with group's consolidated financial statements prepared in accordance with the IFRS standard as adopted in the European Union for the period ending 31 March 2008.

The accounting policies applied for these financial statements are identical to those applied by the group for its consolidated financial statements for the year ended 31 March 2008.

In particular, IFRS standards and IFRIC interpretations, as adopted by the European Union for annual periods commencing from 1<sup>st</sup> April 2008, (that can be found on the European commission website [http://ec.europa.eu/internal\\_market/accounting/ias\\_fr.htm#adopted-commission](http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission)) have been applied by the group and have not involved significant changes in the assessment methods and presentation of the financial statements.

The group applied IFRS 7 to its financial statements, and the IAS 1 amendment resulting from IFRS 7, and for the first time on 30 September 2008 for condensed financial statements.

It was not found necessary to apply the amendments to IAS 39 and IFRS 7, concerning the reclassifying of financial assets, adopted by the European Union on 15 October 2008.

Standards and interpretations adopted by IASB or IFRIC but not yet adopted by the European Union have not been applied early. Thus, in accordance with the option available to Solucom, the documents that have been applied ahead of time are:

- IFRIC 12, "Service concession arrangements"

-IFRIC 14, "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

This standard applies to accounting periods beginning on or after 1 January 2008. For the time being, the text has not been adopted by the European Union..

- IFRIC 13, "Customer loyalty programmes"

This standard applies to accounting periods beginning on or after 1 July 2008. For the time being, the text has not been adopted by the European Union.

- IFRIC 16 "Hedges of a net investment in a foreign operation"

This standard applies to accounting periods beginning on or after 1 October 2008. For the time being, the text has not been adopted by the European Union.

- IFRIC 15 "Agreements for the construction of real estate"

This standard applies to accounting periods beginning on or after 1 January 2009. For the time being, the text has not been adopted by the European Union

- Amendment to IAS 23 "Costs of borrowings"

This standard will only become effective from 1 January 2009, but early application is possible. For the time being, the text has not been adopted by the European Union

- Amendment to IAS 1 "Presentation of financial statements"

This amendment, applicable from 1 January 2009, aims to standardize information provided in financial statements. For the time being, the text has not been adopted by the European Union.

- Amendments to IFRS 2 "Vesting conditions and cancellations"

This standard will only apply to accounting periods beginning on or after 1 January 2009 but early application is possible. For the time being, the text has not been adopted by the European Union.

- Amendments to IAS 32 "Puttable financial instruments and obligations arising on liquidation"

This standard will only apply to accounting periods beginning on or after 1 January 2009 but early application is possible. For the time being, the text has not been adopted by the European Union.

- Revised IFRS 3 "Business combinations"

This revised standard applies to accounting periods beginning on or after 1 July 2009. It revises accounting methods for business combinations and changes of interest in subsidiaries after control has been gained. For the time being, the text has not been adopted by the European Union.

- Revised IAS 27 "Consolidated and separate financial statements"

This standard will only apply to accounting periods beginning on or after 1 July 2009 but early application is possible. For the time being, the text has not been adopted by the European Union.

Interim condensed consolidated financial statements do not take into account standards and interpretations published by the IASB, adopted by the European Union but applicable to accounting periods beginning after 30 September 2008, limited to IFRS 8 "Operating segments".

Lastly, BSPCE and stock option plans granted after 7 November 2002 have not been restated inasmuch as the rights had vested by 1 April 2004. Since that date, no new BSPCE or stock option plans have been granted

## **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. Solucom does not control any *ad hoc* 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 30 september 2008

The consolidated financial statements to 30 September 2008 include all group companies for six months. It should be noted that at 30 September 2007 the consolidated profit and loss statement included the activity of Vistali as of 1st April 2007, and did not take into account the activities of Cosmosbay~Vectis, which was consolidated on 1st April 2008.

Arcome Consulting, which has been dormant since 31 March 2002, was liquidated during the accounting period.

### **Use of estimate**

The financial statements in accordance with IFRS standards requires to proceed to estimates and to make hypothesis that deal with the evaluation of certain amounts that the accounts, especially for the following items:

- Depreciation for fixed assets
- Evaluation of provision and commitment for retirement
- Chosen evaluations for loss of value tests
- Valuation of the financial instruments to the right value
- Estimate of products to receive and charges to pay

Solucom adjusts its evaluations according to, amongst others, historical datas or economic context in which it evolves. As a consequence, the amounts that will appear in the next consolidated financial statements of the company could be impacted.

### **Segment reporting**

Since Solucom group only markets one type of service (IT infrastructure consulting 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.

### **Seasonal nature of interim accounts**

The only seasonal impact is from the concentration of holidays taken in certain months of the year. These are July and August, as well as May. The impact of these months when a lot of holidays are taken affects the first half of the Solucom financial year (April – September). This phenomenon has no material impact on Solucom's business, because its effect is relatively known in advance (with a comparable effect from one year to another).

### **Other information**

- Each consolidated company represents a cash generating unit since it is the smallest unit having independent and identifiable cash inflows. At 30 September 2008, no sign of impairment was noted on any of the holdings held.
- The depreciation periods generally used are as follows:
  - ▶ Software: 3 years
  - ▶ Installations and fittings: 6 or 9 years
  - ▶ Vehicles: 4 years

- ▶ IT hardware: 3 years
- ▶ Office furniture: 9 years
- The discount rate used is 4.38%.
- Solucom holds its own treasury shares as part of its shares repurchase programme as authorised by the Shareholders' General Meeting.
- In accordance with IAS 19, "Employee benefits", commitments arising from defined benefits plans, together with their costs, are assessed by independent actuaries according to projected credit units. The only commitments the Group has are for retirement payments. Solucom has no other long-term commitments or compensation for end of contracts. The discount rate for valuing rights is 6.86% (source: iboxx)
- Tax on items posted directly to shareholders' equity is accounted for in shareholders' equity.
- No development expenses were capitalised during the half-year.

## 2 – Scope of consolidation

### Breakdown of the group

Solucom acquired quasi the entire share capital of Cosmosbay~Vectis at the beginning of the financial year. This was the only change in the scope of consolidation in the year.

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

Company	% interest	Nationality	Number of months consolidated
SOLUCOM	Parent company	France	6
IDESYS	100%	France	6
ARCOME SAS	100%	France	6
ARCOME CONSULTING	100%	Espagne	6
DREAMSOFT	100%	France	6
NEW'ARCH	100%	France	6
KLC	100%	France	6
VISTALI	100%	France	6
COSMOSBAY~VECTIS	100%	France	6

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

### Acquisition of Cosmosbay~Vectis

Solucom acquired 94% of the equity of Cosmosbay~Vectis on 2 April 2008. This acquisition was entirely financed in cash and the company has been consolidated in Solucom's financial statements since 1 April 2008.

On 5 June 2008 Solucom acquired a further 6% of the share capital of Cosmosbay~Vectis, under the same terms as the initial transaction. The group now holds almost all of Cosmosbay~Vectis' share capital.

Cosmosbay~Vectis was founded in 1988, has over 200 employees and posted turnover of €21.7M in 2007, with EBIT of 7%. Cosmosbay~Vectis is an independent consultancy firm for management and IT systems, offering services in three areas, which complement very well Solucom's skills sets: management consulting, trade IT consulting, technology and portals consulting. Among its clients Cosmosbay~Vectis counts the main major accounts in the banking, industry and services sectors as well as several major government offices.

This acquisition has been carried out along the merger lines employed by Solucom. Cosmosbay~Vectis will continue to be managed by its current management team, which will lead its growth within the Group.

As indicated previously, since Cosmosbay~Vectis was acquired at the beginning of April 2008, its income statement has been included in the consolidation on the basis of the first half of 2008/2009.

Goodwill of €13,417k was recorded on the date of acquisition, including the possible additional price (a maximum of €3,000k, payable in cash during the financial year of 2010/2011 at the latest). This goodwill is justified by Cosmosbay~Vectis' outlook in terms of growth and profitability.

The impact of this acquisition on Solucom's consolidated income as at 30 September 2008 was a loss of €154k.

The impact of Cosmosbay~Vectis' entry into the scope of consolidation on Solucom's consolidated financial statements is indicated in notes 1 to 15. The amount of cash and cash equivalents held by Cosmosbay~Vectis on the date of entry into the scope of consolidation was €1,407k.

### 3 – Notes on certain Balance sheet and income statement accounts

#### Note 1 – Capitalised goodwill

(000€)	Book value at 31/03/2008	Change in consol.	Impairment for the year	Gross at 30/09/2008
Idesys	5 111			5 111
Dreamsoft	2 469			2 469
New'Arch	3 311			3 311
KLC	2 097			2 097
Vistali	4 009			4 009
Cosmosbay~Vectis		13 417		13 417
<b>Total</b>	<b>16 997</b>	<b>13 417</b>		<b>30 414</b>

#### Note 2 – Intangible fixed assets

Gross	31/03/2008	Change in consol.	Additions	Reductions	30/09/2008
Software	559	513	39	17	1 094
<b>Total</b>	<b>559</b>	<b>513</b>	<b>39</b>	<b>17</b>	<b>1 094</b>



<b>Amortisation</b>	<b>31/03/2008</b>	<b>Change in consol.</b>	<b>Additions</b>	<b>Reductions</b>	<b>30/09/2008</b>
Software	397	492	62	14	937
<b>Total</b>	<b>397</b>	<b>492</b>	<b>62</b>	<b>14</b>	<b>937</b>

<b>Total net book value</b>	<b>162</b>	<b>21</b>	<b>(23)</b>	<b>3</b>	<b>156</b>
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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 leases.

<b>Gross</b>	<b>31/03/2008</b>	<b>Change in consol.</b>	<b>Additions</b>	<b>Reductions</b>	<b>30/09/2008</b>
Other tangible fixed assets	2 085	1 486	834	150	4 255
Other leased fixed assets	1 573		136	73	1 637
Fixed assets in progress	412		222	634	0
<b>Total</b>	<b>4 070</b>	<b>1 486</b>	<b>1 192</b>	<b>857</b>	<b>5 892</b>

<b>Depreciation</b>	<b>31/03/2008</b>	<b>Change in consol.</b>	<b>Augmentation</b>	<b>Diminution</b>	<b>30/09/2008</b>
Other tangible fixed assets	783	1 151	238	132	2 040
Other leased fixed assets	909		169	43	1 035
<b>Total</b>	<b>1 692</b>	<b>1 151</b>	<b>407</b>	<b>175</b>	<b>3 075</b>
<b>Total net book value</b>	<b>2 378</b>	<b>335</b>	<b>786</b>	<b>681</b>	<b>2 817</b>

### Note 4 – Leases

#### **Book value by asset category :**

<b>Asset category</b>	<b>30/09/2008</b>	<b>31/03/2008</b>
IT and office equipment	603	664
<b>Total</b>	<b>603</b>	<b>664</b>

**Impact on the income statement**

<b>Income statement</b>	<b>30/09/2008</b>	<b>31/03/2008</b>
Depreciation charge per income statement	169	275
Impairment charges recorded		
Financial expenses	14	19
Gains in value posted to income		
Lease instalments for the <i>year</i> adjusted	172	292
<b>Total</b>	<b>(11)</b>	<b>(2)</b>

**Lease instalments :**

<b>Lease instalments</b>	<b>30/09/2008</b>	<b>31/03/2008</b>
Initial value of assets	<b>1 637</b>	<b>1 573</b>
Instalments paid :		
- In prior years	744	652
- during the year	172	292
<b>Total</b>	<b>916</b>	<b>944</b>
Outstanding instalments payable		
- due in less than 1 year	276	325
- due in more than 1 year and less than 5 years	331	369
- due in more than 5 years		
<b>Total instalments</b>	<b>607</b>	<b>694</b>
<i>Of which future interest charges</i>	42	37
Residual value at the end of contract	17	18

## Note 5 – Long-term investments

### Evolution on the first semester 2008/2009:

(000€)	31/03/2008	Changes in consol.	Additions	Reductions	30/09/2008
Deposit and sureties	466	122	22	11	599
<b>Total</b>			69		69

No depreciation of deposits and sureties has been carried out over the past three financial years.

A CAP contract was acquired by Solucom to cover itself against a possible rise in the variable interest rate associated with the loan of €10m taken out at the end of March 2008. On 30 September 2008, the premium paid in relation to this CAP was €69k.

On 30 September 2008, the change in market value of AFS securities was recorded in equity.

### Maturity:

Deposit and sureties	30/9/2008	31/03/2008
Due in less than 1 year (1)	126	12
Due in more than 1 year and less than 5 years	0	0
Due in more than 5 years	473	454
<b>Total</b>	599	466

(1) Reclassified under "Other receivables"

### Impact on the income statement

Impact of discounting deposits	30/09/2008	31/03/2008
Initial values	762	621
Accumulated discounting brought forward	158	97
Discounting expense	5	69
Discounting income	0	11
<b>Net book value (1)</b>	599	466

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

A rise in the discount rate of security deposits of 1% would represent a €30k reduction in income for a whole year against, in the event of a decrease in the discount rate of 1%, a rise in income of €32k.

A rise of 10 % in the price of the securities held in Solucom's portfolio would represent a €16k increase in equity against, in the event of a 10% decrease in the price, a €16k decrease in equity.

In terms of sensitivity, the fair value of the CAP held in order to hedge rates depends on the anticipation of their evolution by the market.

#### Note 6 – Operating leases

##### *Future lease payments as at 30/09/2008:*

(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	11 179	2 629	7 110	1 440
<b>Total</b>	<b>11 179</b>	<b>2 629</b>	<b>7 110</b>	<b>1 440</b>

##### *Maturity at 30/09/2007:*

(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	7 335	1 821	4 946	568
<b>Total</b>	<b>7 335</b>	<b>1 821</b>	<b>4 946</b>	<b>568</b>

For real estates leases, the maturity period stated above corresponds to the earliest possibility to cancel the various leases.

#### Note 7 – Non-current assets

##### *Evolution during first half 2008/2009:*

Gross	31/03/2008	Change in consol.	Variation	30/09/2008
Deferred tax assets	1 132	1 082	181	2 395
<b>Total</b>	<b>1 132</b>	<b>1 082</b>	<b>181</b>	<b>2 395</b>

NOTE 8 – CURRENT ASSET

**Evolution during first semester 2008/2009:**

Gross	31/03/2008	Change in	Variation	30/09/2008
Trade receivables	23 925	6 119	1 531	31 575
<b>Sub-total « Trade receivables »</b>	<b>23 925</b>	<b>6 119</b>	<b>1 531</b>	<b>31 575</b>
Advances and payment on account	131	0	(42)	89
Employees receivables	54	7	46	107
Tax receivables	1 871	121	243	2 235
Deposit and sureties	12		114	126
Trade receivables	177	1 002	(487)	692
Prepaid expenses	1 107	180	(127)	1 160
<b>Sub-total « other receivables »</b>	<b>3 352</b>	<b>1 310</b>	<b>(253)</b>	<b>4 409</b>
Money market Sicav (uni trust) – cash equivalent			69	69
Cash		184	(20)	163
<b>Sub-total « financial assets »</b>		<b>184</b>	<b>49</b>	<b>232</b>
Cash equivalent	5 079	298	(5 223)	155
Other cash assets	11 091	929	(11 359)	661
<b>Sub-total « Cash and cash equivalent »</b>	<b>16 170</b>	<b>1 227</b>	<b>(16 582)</b>	<b>816</b>
<b>Total</b>	<b>43 447</b>	<b>8 840</b>	<b>(15 255)</b>	<b>37 032</b>

<b>Impairment</b>	<b>3</b>			<b>3</b>
Trade receivables	<b>3</b>			<b>3</b>
<b>Sub-total « Trade receivables »</b>	<b>5</b>			<b>5</b>
Miscellaneous receivables	<b>5</b>			<b>5</b>
<b>Sub-total « other receivables »</b>	<b>8</b>			<b>8</b>
<b>Total</b>	<b>3</b>			<b>3</b>

<b>Net</b>	<b>23 922</b>	<b>6 119</b>	<b>1 531</b>	<b>31 572</b>
<b>Sub-total « Trade receivables »</b>	<b>3 347</b>	<b>1 310</b>	<b>(253)</b>	<b>4 405</b>
<b>Sub-total « other receivables »</b>		<b>184</b>	<b>49</b>	<b>232</b>
<b>Sub-total « Cash and cash equivalent »</b>	<b>16 170</b>	<b>1 227</b>	<b>(16 582)</b>	<b>816</b>
<b>Total net</b>	<b>43 439</b>	<b>8 840</b>	<b>(15 255)</b>	<b>37 029</b>

#### Note 9 – Marketable securities

Type of marketable securities	30/09/2008		
	Value at cost	Gain/loss	Consolidated book value
Money market Sicav – cash equivalent	151	4	155
<b>Total</b>	<b>151</b>	<b>4</b>	<b>155</b>

Type of marketable securities	30/09/2008		
	Value at cost	Gain/loss	Consolidated book value
Money market Sicav – cash equivalent	5,076	3	5,079
<b>Total</b>	<b>5,076</b>	<b>3</b>	<b>5,079</b>

#### Note 10 – Share capital

At 30 September 2008, the capital of the Solucom parent company was made up of 4,959,826 fully paid-up shares of € 0.10 each. The number of Treasury shares held at 30 September 2008 came to 59,385.

During the half-year Solucom increased its capital by € 1K, which was the subscription of 9,164 new shares from stock options, which it rounded upwards. An issue premium of € 18K was recorded at that time. The average, weighted price of the shares thereby created was € 2.06 per share.

At 30 September 2008, there remained 24,694 options for subscription to shares for employees of Idesys and Arcome SAS, providing the right to subscription to 24,694 new shares, representing an overall amount of € 262K in shareholders' equity.

The average, weighted residual period of the options was 3 months.

Further, with the authorisation of the combined General Meeting on 30 September 2005, Solucom's Board of Directors decided at its meetings on 15 March 2006, 15 September 2006 and 14 September 2007, to allocate existing free shares or issue such for the group's senior management. These plans involve the actual allocation of free shares at the end of an acquisition period subject to the presence and personal investment of the director in Solucom shares; the number of shares allocated will also be based on a performance criterion of achieving a predefined level of consolidated group operating profit. Further, with the authorisation of the combined General Meeting on 30 September 2005, Solucom's Board of Directors decided at its meetings on 15 March 2007 and 14 September 2007, to allocate existing free shares or issue such for members of Solucom or group staff or for certain categories among them, as part of an employee provident programme set up at Solucom.

In the same way, following authorization at the Combined General Meeting of 28 September 2007, the Board of Directors decided, at its meeting on 15 September 2008, to proceed with allocations of bonus shares, either existing or to be issued, to the benefit of the members of the salaried personnel of Solucom or the group or certain categories among them, in the context of Solucom's save-as-you-earn scheme.

The respective advantages of each of the plans awarded to beneficiaries were the subject of a special allocation with an impact on shareholders' equity in the accounts to 30 September 2008.

Products and charges accounted directly in Share capital are detailed below.

Statement of accounted products and charges	30/09/2008	30/09/2007	31/03/2008
<b>Net profit</b>	<b>2,726</b>	<b>1,790</b>	<b>4,632</b>
Actuarial profit and losses linked to provisions for IFC	31	-36	105
Deferred taxes posted shareholders equity	-10	12	-35
Setting the fair value of assets available for sale	(20)		
<b>Accounted products and charges posted to shareholders equity</b>	<b>21</b>	<b>-24</b>	<b>70</b>
<b>Total of accounted products and charges</b>	<b>2,747</b>	<b>1,766</b>	<b>4,702</b>

#### 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€)	31/03/08	Change in consol.	Change in deferred tax	Increases	Reductions		30/09/08
					Paid	Written-back	
<b>Short-term provisions</b>							
Provisions for risks	241	262		150	295	60	299
Provisions for penalties							
Provisions for charges							
<b>Total</b>	<b>241</b>	<b>262</b>		<b>150</b>	<b>295</b>	<b>60</b>	<b>299</b>
<b>Non-current liabilities</b>							
Provisions for IFC	524	408		402		4	1 330
Provisions for risks							
<b>Total</b>	<b>524</b>	<b>408</b>		<b>402</b>		<b>4</b>	<b>1 330</b>
<b>Total</b>	<b>765</b>	<b>670</b>		<b>552</b>	<b>295</b>	<b>64</b>	<b>1 629</b>



**Impact of provisions on earnings at 30/09/2008:**

(000€)	Change in deferred tax	Increases	Reductions	
			Paid	Written-back
Operating profit on ordinary activity		255	295	60
Operating profit				
<b>Total</b>		<b>255</b>	<b>295</b>	<b>60</b>

**Note 12 – Non-current liabilities**

**Evolution during first semester 2008/2009 :**

Gross	31/03/2008	Change in consol.	Variation	30/09/2008
Long-term provision	524	408	398	1 330
Financial debt (Leases due in + 1year)	339		(8)	331
Financial debt (Loans due in + 1year)	8 000		(968)	7 032
Other liabilities	684		689	1 373
Tax payables	34	13	102	148
Deferred tax liabilities	78	27	(26)	79
<b>Total</b>	<b>9 659</b>	<b>448</b>	<b>187</b>	<b>10 293</b>

## Note 13 – Borrowings

### Evolution during first semester 2008/2009 :

(000€)	31/03/2008	Change in consol.	Variation	30/09/2008
<b>Due in more than 1 year</b>	<b>8,339</b>		<b>(976)</b>	<b>7,362</b>
Financial debt	339		(8)	331
Loans from financial institutions (due in more than 1 year)	8,000		(968)	7,032
<b>Due in less than 1 year</b>	<b>2,390</b>	<b>68</b>	<b>(92)</b>	<b>2,366</b>
Loans from financial institutions	2,000	45	(17)	2,027
Miscellaneous loans and borrowings	20	22		41
Financial debt	298		(22)	276
Current account bank overdraft	59	2	(45)	16
Accrued interest	13		(8)	5
<b>Total</b>	<b>10,729</b>	<b>68</b>	<b>(1,069)</b>	<b>9,728</b>

### By interest rate category :

(000€)	Au 30/09/2008		Au 31/03/2008	
	Fixed rate	Variable rate	Fixed rate	Variable rate
<b>Non-current liabilities</b>	331	7,032	339	8,000
<b>Current liabilities</b>	338	2,027	390	2,000
<b>Total</b>	<b>669</b>	<b>9,059</b>	<b>729</b>	<b>10,000</b>

With the group's borrowing level and its contracted rates, an increase of 1% in Euribor 6 months would represent a €35 K reduction in income for a full year. On the other hand, if this rate were to drop 1%, that would mean an increase in income of €71 K.

**Maturity at 30/09/2008 :**

<b>(000€)</b>	<b>Total</b>	<b>Due in less than 1 year</b>	<b>Due in more than 1 year and less than 5 years</b>	<b>Due in more than 5 years</b>
<b>Non-current liabilities</b>	7,362		7,362	
<b>Current liabilities</b>	2,366	2,366		
<b>Total</b>	<b>9,728</b>	<b>2,366</b>	<b>7,362</b>	

**Maturity at 31/03/2008 :**

<b>(000€)</b>	<b>Total</b>	<b>Due in less than 1 year</b>	<b>Due in more than 1 year and less than 5 years</b>	<b>Due in more than 5 years</b>
<b>Non-current liabilities</b>	8,339		8,339	
<b>Current liabilities</b>	2,390	2,390		
<b>Total</b>	<b>10,729</b>	<b>2,390</b>	<b>8,339</b>	

Securities granted to guarantee these loans are described in note 24.

The loans have not been subject to any repayment defaults during the financial year and no covenants are associated with this debt.

#### Note 14 – Net debt

At 30/09/08	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	9,059	2,027	7,032	
Financial liabilities arising from accounting adjustments to finance leases	607	276	331	
Loans and borrowing	46	46		
<b>Loans and borrowing</b>	<b>9,712</b>	<b>2,349</b>	<b>7,362</b>	
Current account bank overdrafts	(16)	(16)		
Cash equivalents stated at cost	151	151		
Cash	661	661		
<b>Cash net of bank overdrafts (1)</b>	<b>796</b>	<b>796</b>		
Fair value adjustment on cash equivalents	4	4		
<b>Net consolidated cash and equivalent</b>	<b>800</b>	<b>800</b>		
<b>Net financial debt</b>	<b>(8,912)</b>	<b>(1,549)</b>	<b>(7,362)</b>	

(1) See cash flow statements

#### Note 15 – Current liabilities

All liabilities are denominated in euros.

(000€)	31/03/2008	Change in consol.	Variation	30/09/2008
Short-term provisions	241	262	(204)	299
Borrowings (due in less than 1 year)	2,390	68	(93)	2,366
Trade payables	3,726	692	(654)	3,763
Advances and payments on account	369		(91)	278
Social security liabilities	11,788	2,971	(2,872)	11,887
Tax payables	6,663	1,762	1,534	9,958
Fixed asset payables	176		22	199
Tax payables (corporation tax)	946		(800)	146
Sundry liabilities	1,732	8	3,199	4,939
Deferred income	1,075	704	(412)	1,367
<b>Total</b>	<b>29,106</b>	<b>6,467</b>	<b>(371)</b>	<b>35,202</b>

## Note 16 – Revenues

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

## Note 17 – Purchases consumed

<b>(000€)</b>	<b>30/09/2008</b>	<b>30/09/2007</b>
Sub-contracting costs	1,351	1,030
Other purchases consumed	1	20
<b>Total</b>	<b>1,352</b>	<b>1,050</b>

## Note 18 – Personnel costs

<b>(000€)</b>	<b>30/09/2007</b>	<b>30/09/2006</b>
Wages and salaries	22,869	15,800
Social security charges	10,426	7,139
<b>Total</b>	<b>33,295</b>	<b>22,939</b>

<b>Average number of FTE</b>	<b>30/09/2008</b>	<b>30/09/2007</b>
Engineers and managers	832	546
Employees	41	20
<b>Total</b>	<b>873</b>	<b>566</b>

## Note 19 – Directors remuneration

<b>(000€ or number)</b>	<b>30/09/2008</b>	<b>30/09/2007</b>
Gross salaries	211	218
Directors fees	8	7
Other employee remuneration		
Post retirement benefits		
Other long-term benefits		
One-time retirement compensation		
Share-based remuneration		16
Number of stock options held by directors		

**Note 20 – Financial items**

(000€)	30/09/2008	30/09/2007
Net gains on sale of cash equivalents	59	63
Loan interest	(257)	(16)
Fair value adjustments on cash equivalents	0	(17)
<b>Net borrowing costs</b>	198	(30)
Fair value adjustments on other long-term investments	(13)	(6)
<b>Net Financial items</b>	211	23

**Note 21 – Corporation tax****Net corporation tax charge**

(000€)	30/09/2008	30/09/2007
Current tax charge	1,487	1,466
Deferred tax	140	50
<b>Total</b>	<b>1,627</b>	<b>1,516</b>

All potential deferred tax has been recognised. No Solucom group company has tax losses carried forward as at 30 septembre 2008. None of the companies in the group showed a deficit on 30 September 2008, except for Cosmosbay Vectis, for which the deficit on opening was activated at €901K.

At 30 september 2008, the value of deferred tax maturing in more than one year amounts €1389 K.

**Note 22 – Diluted earnings per share**

Earnings per share	30/09/2008	30/09/2007
Net profit for the year (Group share)	2,958	2,726
Return on revenues	6,2%	8,1%
Weighted average number of share in issue (1)	4,892,546	4,892,546
Basic earnings per share, Group share	0,60	0,56
Number of shares in issue at 31 march (1)	4,900,441	4,900,441
Number of potential shares - Stocks options	30	30
Total number of potential and issued shares	4,958,677	4,958,677
Diluted earnings per share, Group share	0.60	0.55

(1) excluding treasury shares

Dilutive financial instruments are specified under Note 10 – Share capital

In compliance with IAS 33, a retrospective restatement was carried out for the calculation of the net earnings per share on 30 September 2007, on the basis of the number of shares on 30 September 2008.

#### **Note 23 – Financial instruments**

The Solucom group holds the following financial instruments:

- investments in money market funds, exclusively indexed on the EONIA not involving any identified risks,
- its own shares,
- €164 K of securities available for sale,
- a rates hedging instrument (CAP) corresponding to €69k.

## Note 24 – Off-balance sheet commitments

### By category

Off-balance sheet commitments	30/09/2008	31/03/2008
Pledges, mortgages and actual sureties	13,213	8,983
- of which pledges shares in subsidiaries	12,983	8,983
Endorsements and guarantees given	0	0
- of which guarantees given as security for loans	0	0
Other commitments given	11,179	9,589
- of which operating leases	11,179	9,589
Endorsements and guarantees received	8,545	2,296
- of which endorsements and bank guarantees received for liabilities	3,245	1,996

### Maturity :

The pledge of shares in subsidiaries relates to Dreamsoft shares.

For the periods of commitments given for operating leases refer to Note 6 – Operating leases.

Bank securities and guarantees received (€8,545k) were in guarantee of:

- guarantee of liability clauses (€3,245k) included in the share purchase deeds for Dreamsoft, New'Arch, KLC, Vistali and Cosmosbay~Vectis,
- hedging instruments for €5,000k concerning the hedging of a loan at a rate capped at 5%,
- long-term commitments to the Solucom company foundation (€300k)

### Note 25 – Related parties

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

### Note 26 – Post balance sheet events

The amount of share subscription options exercised at account publication date and following closure of the accounts was 588 share options, representing an increase of € 1K in shareholders' equity.



**Note 27 – List of consolidated companies**

<b>Company</b>	<b>Registered office</b>	<b>SIRET no</b>	<b>Legal form</b>	<b>Country</b>
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
Arcome Consulting	Calle Orense, n°8 28020 Madrid	B 82741984	SL	Espagne
Dreamsoft	86, boulevard Voltaire 93100 Montreuil sous bois	423049162 00062	SAS	France
New'Arch	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	48015758500021	SAS	France
KLC	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	37866964200035	SA	France
Vistali	Espace 21 31, Place Ronde 92986 Paris La Défense 7	439112301 00031	SAS	France
Cosmosbay~Vectis	Le parc de Villeurbanne 107 bd Stalingrad 69 628 Villeurbanne Cedex	34906243000062	SA	France

# Auditors' report

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## Auditors' report on the half-year financial information period from 1<sup>st</sup> april 2008 to 30 september 2008

Dear Shareholders,

In our capacity as auditors and in accordance with Article L 232-7 of the Commercial Code, we have carried out:

- A limited review of the consolidated, short-form, half-year financial statements of Solucom for the period 1<sup>st</sup> April 2008 to 30 September 2008, as attached hereto;
- A verification of the information provided in the half-year report.

The consolidated, short-form, half-year financial statements have been prepared at the responsibility of your Board of Directors. Based upon our limited review, we must express an opinion in respect of these accounts.

### 1. CLOSING OF FINANCIAL STATEMENTS

We have carried out our limited review in accordance with French GAAP: A limited review of interim accounts consists in obtaining the necessary information, mainly from accounting and financial management, and carrying out analyses as well as any other applicable procedure. A review of this type does not include all the checks of an audit carried out according to French GAAP. It does not facilitate ensuring having identified all the material points that would have been identified in an audit, and accordingly we cannot express an audit opinion.

Based upon our limited review, we have not identified any major anomalies that would question compliance, in all material senses, of the consolidated, half-year, short-form financial statements with IAS 34, one of the IFRS standards adopted by the European Union in respect of interim financial reporting.

### 2. SPECIFIC CHECK

We have checked the information provided in respect of the half-year report, with explanations of the consolidated, half-year, short-form financial statements on which our limited review took place.

We have no observations to make in respect of their truthfulness and their agreement with the consolidated, half-year, short-form accounts.

Paris, 25 November 2008

The Auditors

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