Solucom

Half-year results report at 30.09.2009

solucom
management & IT consulting

Content

Half-year report certificate

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 16 November 2009

Pascal Imbert, Chairman of the Board

Half-year report

1. Analysis of Solucom results

The half-year financial statements to 30 September 2009 consolidate Solucom, Idesys, Arcome SAS, Solucom DV, New'Arch, KLC and Cosmosbay~Vectis. Further to the merger of Vistali into Dreamsoft, which took place in September 2009 with retroactive effect to 1 April 2009, Vistali was dissolved without liquidation during the period, and Dreamsoft changed its name to Solucom DV.

The financial statements to 30 September 2008 and to 31 March 2009, which are referred to herein, consolidate Solucom, Idesys, Dreamsoft, Arcome SAS, New'Arch, KLC, Vistali and Cosmosbay~Vectis for 6 and 12 months, respectively.

The financial statements to 30 September 2009 (and those to 30 September 2008 and 31 March 2009, with which they are compared) have been drawn up in accordance with IFRS, the international financial reporting standards. The financial statements follow the recommendations of CNC (recommendation Nr. 2009-R0.03 dated 2 July 2009). 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 2009 was € 48,272K as compared with € 47,719K for the first half of the previous financial year, representing overall growth of 1%.

Current operating profit was € 3,183K (after employee profit-sharing). That figure is down 35% as compared with the first half of the previous financial year, when it was € 4,885K. The operating profit margin, obtained by dividing the current operating profit by the turnover, was 6.6 %, as compared with 10.2% in the first half of the previous financial year.

Operating profit was € 3,198K, down 33% on the operating profit for the first half of the previous financial year, which was € 4,797K.

The net cost of borrowings was € 94K for the period. This balance includes € 4K in financial income and € 98K in financial expenses for the period. This figure should be compared with a net cost of borrowings of € 198K for the first half of the previous financial year.

Pre-tax profit was € 3,124K, down 32% on the pretax profit for the first half of the previous financial year, which was € 4,585K.

Net profit for the period was € 1,981K, representing a margin of 4.1%. This profit was down 33% as compared with the first half of the previous financial year, for which the profit for the period was € 2,958K, representing a margin of 6.2%.

There were no minority interests. Thus the Group’s share of net profit was also € 1,981K, as compared with € 2,958K for the first half of the previous financial year, down 33%.

Equity stood at € 33,206K at 30 September 2009, as compared with € 32,058K at 31 March 2009.

Solucom[1] net borrowings were € 5,284K as compared with net borrowings of € 5,151 at 31 March 2009 and € 8,912K at 30 September 2008. The growth in borrowings since 31 March 2009 includes the payment of balances of purchase prices for acquisitions during the half-year, as well as an increase of € 316K in working capital requirements.

At 30 September 2009 working capital requirements represented 4.5% of turnover on an annualised basis, as compared with 4.2% at 31 March 2009.

[1] Note: Solucom firm is made up of Solucom and its subsidiaries.

Finally, the financial statements of Solucom itself showed turnover of € 25,400K, up 27%, as against € 20,074K for the first half of the previous financial year. Solucom's own operating profit came to € 3,640K, representing an operating margin of 14.3%, up 43% on the year. It should be recalled that the operating profit for the first half of 2008/2009 was € 2,588K, representing profitability of 12.9%.

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

In the first half of the financial year ending 31 March 2010, Solucom's turnover was €48.3m, up slightly with organic growth of 1%.

H1 was marked by more difficult than expected market conditions, with clients adopting a very noticeable wait-and-see behaviour regarding their spending commitments and a particularly acute competitive environment.

Cosmosbay~Vectis was more severely affected by this environment than the rest of the firm. Cosmosbay~Vectis' activity rate decreased significantly in the second quarter, to 57% as compared to 65% in the first quarter.

The market environment and the difficulties encountered by Cosmosbay~Vectis resulted in a weakening in Solucom's performance indicators.

The overall activity rate for the firm was 78% for the half year compared to 79% for the whole of the previous year. This decrease occurred despite the implementation of protective measures such as the nearly freeze on recruitment and the encouragement of holiday taking over the summer.

Average daily sale prices decreased by 2% compared to the previous year, to €722, as a result of the highly competitive market.

Despite this difficult environment, Solucom has been careful to maintain its teams and expertise, and has not undertaken any measures to reduce its workforce. The firm's workforce has remained stable, with 965 employees on 30 September 2009 compared to 966 on 31 March.

H1 results are at the lower of the forecasts announced at the start of the year. For the time being, the firm's choice to preserve its human resources has impacted margins for this period.

EBIT was €3.2m for H1 2009/10, compared to €4.9m for H1 in the previous year. The operating margin for H1 was 6.6%. This result takes into account the particularly disappointing performance of Cosmosbay~Vectis, which recorded an operating loss of €1.7m for half-year sales of €8.4m.

Taking into account the cost of debt, down 53% on an annual basis, and of corporate tax, Solucom recorded a group's share of net profit for H1 of €2.0m, representing a net margin of 4.1%.

On 30 September 2009, the firm's equity was €33.2m, for net debt of €5.3m, with no bank covenants, compared to €8.9m one year ago.

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

The IT consulting market is likely to continue to suffer for months to come. Even if a demand exists, client budgets remain restricted and competition is particularly strong. Thus Syntec Informatique forecasts a contraction of 6% in consulting activities in 2009, with the first half of 2010 retaining the same trend as 2009.

In this climate, Solucom expects to maintain its current policy, while guiding its business with extreme vigilance. Recruitment is gradually starting up again, but for the time being is limited to the most resistant practices, with no plans to increase the overall workforce this financial year. The firm is continuing to maintain tight controls on spending, except in relation to business development, an area to which Solucom is continuing to devote a high level of resources.

In the second half of the year Solucom intends to continue with its recovery programme for Cosmosbay~Vectis. Despite the poor H1 results, Solucom has decided not to launch a restructuring of the company. Solucom feels that Cosmosbay~Vectis continues to offer value and expertise, even if its recovery is delayed by three to six months. Solucom has, however, decided to reorganize one of Cosmosbay~Vectis' business lines, appointing a new director and strengthening the team through internal reshuffling.

At the start of the second half of the year, Solucom has reinforced resistance measures, with an increase in its sales teams and a growth in its commercial exploration activities. However, with an H1 at the lower end of annual forecasts and a market that remains very unsettled, the firm is adopting a cautious approach regarding financial objectives.

Solucom has therefore set an annual objective of turnover exceeding €100m, against an initial target of €102m, and an operating margin of between 7% and 9%, against 8% to 10% previously.

4. Information on risks and uncertainties for the second half of the year

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 environment

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.

Even if this risk manifested itself during the current first half year and impacted on the firm's business, it took very prompt steps to minimise the effects of such difficulties. However, Solucom cannot guarantee that this risk will not increase during the coming months.

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 young graduates' recruiting, coming from the very finest management schools and universities.

Recruitment is, and will remain so in the coming years, a major challenge for Solucom, particularly in view of the stiff competition existing on the market, especially for the profiles targeted by the firm.

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.

Beyond recruitment, controlling staff turnover remains a second challenge, since personnel with experience in consulting companies are in heavy demand.

Controlling staff turnover is the joint responsibility of management and the firm's Human Resources managers. Turnover was down sharply in the previous financial year, at 9% for 2008/2009.

On account of the economic situation, 2009/2010 is seeing some reduction in tensions concerning both recruiting and turnover.

Risks linked to the H1N1 virus

If the Influenza A (H1N1) virus leads to a pandemic, it could have major consequences on business activity.

To protect all the firm's staff while ensuring continuity of work, Solucom has implemented a Business Continuity Plan (PCA), in compliance with the national plan.

An information and awareness campaign among employees has also been carried out.

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 (less than 10% of the firm's turnover). In such cases it is for the management of the company in question inside the firm to take all steps to obtain a reasonable guarantee of payment for services provided, if necessary in contact with the Finance department.

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 firm 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

With growth the IT system represents an increasingly important asset for Solucom. It facilitates managing sales and operations, producing the financial statements, internal and external communications, and consolidating and organising the knowledge bases that are spread about among all the Group's employees.

An IT continuity plan has been implemented to restart in short order each of the essential services of the system, irrespective of the incident that occurs, excepting in the event of an overall disaster. In addition, to protect against the effects of an overall disaster, 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 firm'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.

When a new company is being integrated into the firm, Solucom ensures:

- To rapidly deploy the firm's management systems within the new entity, in order to obtain as quickly as possible the most detailed picture of its operations.

- To activate revenue-generating synergies, especially by deploying the know-how of the acquired company to the firm's existing clients.

- To standardise operational procedures, for enhanced efficiency and to seek where efforts can be shared in order to reduce costs.

The integration model as defined by Solucom has generally demonstrated its effectiveness and has facilitated achieving a noticeable series of improvements in the operational performance of the acquired companies.

Nonetheless, there are risks inherent in any external growth transaction, and Solucom cannot guarantee that its integration model will always allow it in the future to keep such risks under control with the same degree of effectiveness as in the past.

Monitoring goodwill

There have been no grounds for questioning the value of goodwill of KLC, New'Arch, Solucom DV and Idesys, whether from the point of view of the strategic interest of these companies within the Group's business (client base and skills), or in terms of their outlook for the future.

In respect of Cosmosbay~Vectis, notwithstanding the difficulties encountered, Solucom is of the opinion that the company's value and know-how are still there. Thus Solucom is continuing its recovery effort, while being aware that it is running 3-6 months behind what had been initially expected.

There is a risk that the recovery measures will be insufficient or that the new recovery timetable will not be met. If such will be the case at the end of the current financial year, Solucom will in all likelihood be obliged to take more radical measures and to recognise impairment of Cosmosbay~Vectis goodwill in the consolidated balance sheet.

Risks in carrying out projects

To ensure the quality of projects carried out, the firm has a range of methods and project managers get special training to let them develop more advanced skills in their areas of activity. These project managers ensure the most scrupulous compliance with the project specification as confirmed by the client and management of the project, working directly with the operational staff on the client side.

It can of course be shown that the difficulty of carrying out the project had been underestimated and/or that certain items had not been clearly defined in the project specification. Such problems, if not identified in good time, can cause major budget overruns on certain projects, damages for which the Solucom might be held responsible but for which it carries professional liability insurance, and which could harm the firm's reputation.

5. Main transactions with related parties

During the first half of the 2009/2010 financial years, Solucom hasn't made any material transaction with related parties. Prior transactions have been continued under the same conditions and have been mentioned in Note 19 in the appendix to the consolidated half-year financial statements.

Consolidated financial statement

Consolidated income statement

(000€)

	Note	30/09/2009	30/09/2008	31/03/2009
REVENUES	16	**48 272**	**47 719**	**101 937**
Other operating income				
Purchases consumed	17	982	1 352	2 795
Personnel costs (including profit share)	18 & 19	36 739	33 295	71 291
External costs		5 285	6 352	12 455
Taxes other than corporation tax		1 396	1 371	2 900
Net depreciation and provision charges		722	553	1 359
Other income and expenses on ordinary activities		(36)	(90)	(279)
OPERATING PROFIT ON ORDINARY ACTIVITIES		**3 183**	**4 885**	**11 416**
Other income and expenses from operations		14	(88)	(321)
OPERATING PROFIT		**3 198**	**4 797**	**11 095**
Financial income and expenses	20	4	59	86
Gross borrowing costs	20	98	257	533
NET BORROWING COSTS	20	**94**	**198**	**447**
Other financial income and expenses	20	20	(13)	(53)
PROFIT BEFORE TAX		**3 124**	**4 585**	**10 595**
Corporation tax	21	1 142	1 626	3 580
NET PROFIT FOR THE YEAR		**1 981**	**2 958**	**7 015**
Minority interests				
NET PROFIT (GROUP SHARE)		**1 981**	**2 958**	**7 015**
Basic earnings (Group share) per action (€) (1) (3)	22	0.40	0.60	1.42
Diluted earnings (Group share) per action (€) (2) (3)	22	0.40	0.60	1.41

(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) In accordance with IAS 33, earnings per share ended 30 September 2008 and 31 March 2009 were recalculated based on the number of shares as at 30 September 2009.

Consolidated balance sheet

(000€)

	Note	30/09/2009	31/03/2009
NON-CURRENT ASSETS		**33 889**	**34 519**
Goodwill	1	27 372	28 593
Intangible fixed assets	2	241	265
Tangible fixed assets	3 & 4	2 531	2 670
Long-term investments	5	550	521
Other non-current assets	7	3 196	2 470
CURRENT ASSETS		**41 283**	**42 624**
Trade receivables	8	34 280	34 526
Other receivables	8	4 392	4 373
Cash and cash equivalents	5	175	97
	8 & 9 & 14	2 436	3 628
TOTAL ASSETS		**75 172**	**77 143**

SHAREHOLDERS' EQUITY (GROUP SHARE)		**33 206**	**32 058**
Share capital	10	497	497
Issue, merger and contribution premiums	10	11 218	11 219
Consolidated reserves and retained earnings		21 491	20 342
Minority interests		0	0
TOTAL SHAREHOLDERS' EQUITY		**33 206**	**32 058**
NON-CURRENT LIABILITIES		**6 819**	**8 674**
Long-term provisions	11 & 12	1 302	1 092
Borrowing (due in more than 1 year)	12 &13 & 14	5 340	6 387
Other non-current liabilities	12	177	1 195
CURRENT LIABILITIES		**35 147**	**36 411**
Short-term provisions	11 & 15	629	437
Borrowings (due in less than 1 year)	13	2 380	2 392
Trade payables	15	3 485	3 083
Tax ans social security liabilities	15	25 090	26 613
Other current liabilities	15	3 564	3 886
TOTAL LIABILITIES		**75 172**	**77 143**

Consolidated Cash Flow statement

(000€)

	Note	30/09/2009	31/03/2009
Total net consolidated profit		**1 981**	**7 015**
Elimination of non-cash items :			
Depreciation and provision charges		813	1 356
Expense / (income) from stock options and similar items			
Post-tax capital losses / (gains) on sales of assets		3	135
Other non-cash income and expenditure		(1 100)	(511)
Free cash flow after borrowing costs and tax		**1 698**	**7 995**
Exchange differences on free cash flow			
Change in working capital		(316)	(3 484)
Cash flow from operating activities		**1 381**	**4 511**
Purchase of intangible and tangible fixed assets		(486)	(1 227)
Sale of fixed assets		0	0
Change in long term investments		391	367
Change in consolidation scope		(487)	(13 217)
Other cash flow from investing activities			
Net cash flow from investing activities		**(582)**	**(14 076)**
Capital increase – proceeds from exercise of stock		0	33
Purchase and sale of treasury shares		0	0
Dividends paid to shareholders of the parents company		(932)	(929)
Dividends paid to minority interests of subsidiaries		0	0
Other cash flows from finance activities		(1 040)	(2 040)
Net cash flows from financing activities		**(1 972)**	**(2 936)**
Net change in cash and cash equivalents	14	**(1 173)**	**(12 501)**

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

- Financing of the acquisition of Dreamsoft : € 900 K
- Financing of the acquisition of Cosmosbay~Vectis : € 1,000 K
- Financing development works of the 17th and 21st floors' offices of Tour Franklin : € 550K

The amount of paid taxes was: €1,994 K for the first half of 2009 and € 2,265 K during first semester 2008.

The amount of paid interests was: € 83K during the first half of 2009 and € 326K during the first semester 2008.

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 30/09/2008	**495**	**11 187**	**7 947**	**6 168**	**0**	**25 797**
Earnings appropriation			6 168	(6 168)		00
Change in parent company share capital	1	18				19
Parent company dividends			(924)			(924)
Consolidated net profit for the year				2 958		2 958
Treasury shares			311			311
Change in currency differences			(161)			(161)
Reclassification of the provision for the allocation of free shares			(20)			(20)
Actuarial differences per IAS 19			(195)			(195)
Consolidated shareholders' equity at 31/03/2008	**496**	**11 205**	**13 126**	**2 958**	**0**	**27 785**
						0
Consolidated net profit for the year				4 057		**4 057**
Reclassification of the provision for the allocation of free shares			(66)			**(66)**
Actuarial differences per IAS 19			228			**228**
Global Net profit			**162**	**4 057**		**4 219**
Change in parent company share capital	1	14				**15**
Parent company dividends			(5)			**(5)**
Stocks options			(8)			**(8)**
Reclassification of the provision for the allocation of free shares			52			**52**
Change in currency differences						**0**
Consolidated shareholders' equity at 31/03/2009	**497**	**11 219**	**13 327**	**7 015**	**0**	**32 058**
						0
Consolidated net profit for the year				1 981		**1 981**
Reclassification of the provision for the allocation of free shares			78			**78**
Actuarial differences per IAS 19			(83)			**(83)**
Global Net profit			**(5)**	**1 981**		**1 976**
						0
Earnings appropriation			7 015	(7 015)		**0**
Change in parent company share capital						**0**
Parent company dividends			(932)			**(932)**
Stocks options			339			**339**
Rights to allocation of free share on the period			(235)			**(235)**
Consolidated shareholders' equity at 31/09/2009	**497**	**11 219**	**19 509**	**1 981**	**0**	**33 206**

The dividend distributed during the half-year came to € 0.19 per share, being a total of € 932 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 € 8K and are generated by the actuarial variances in IAS 19.

Gains and losses directly entered as sharehoders'equity

(000€)

	Note	30/09/2009	30/09/2008	31/03/2009
Consolidated net profit for the year		**1 981**	**2 958**	**7 015**
Reclassification of the provision for the allocation of free shares		78	(20)	(86)
Actuarial differences per IAS 19		(83)	(195)	33
Total Income and expenses entered as **shareholders' equity**		**(5)**	**(215)**	**(53)**
Net global profit (group share)		**1 977**	**2 744**	**6 962**

Notes to the consolidated financial statement

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 NYSE Euronext Paris, compartment C, in the Next Economy segment.

Financial statements have been validated by the management Board on 16 November 2009.

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 2009.

The short-form interim financial statements of Solucom for the 6-month period ending 30 September 2009 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 2009.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 1st April 2008, (that can be found on the European commission website 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.

Solucom has applied in its financial statements standard IAS 1, "Presentation of Financial Statements", revised for the first time in 2009. The implementation of this standard has not had an effect on the financial statements of Solucom, and only changes the presentation of the financial information. In accordance with the application provisions of these standards, the comparative financial information has been adjusted to the new presentation for all periods shown.

The purpose of this change is to standardise the information provided in the financial statements of the entities, and introduces the concept of "overall profit". The changes concern mainly:

- A new statement pursuant to the income statement shows the variance in the overall profit for the period;
- The table of variance of equity shows separately transactions with shareholders and those elements making up the overall profit.

The standards and interpretations adopted by the IASB or IFRIC and adopted by the European Union applicable as of 1st April 2009 and that have not been applied by Solucom are:

- Amendment to IAS 23 "Costs of borrowings"

This standard has become effective from 1 January 2009, but early application was possible. This text has been adopted by the European Union on 10 December 2008.

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

This standard has only applied to accounting periods beginning on 1 January 2009 but early application was possible. This text has been adopted by the European Union on 21 January 2009.

- Amendments to IFRS 2 "Vesting conditions and cancellations"

This standard has only applied to accounting periods beginning on 1 January 2009 but early application was possible. This text has been adopted by the European Union on 16 December 2008.

- IFRS 8, "Operating segments"

This standard has only applied to accounting periods beginning on or after 1 January 2009 but early application was possible. This text has been adopted by the European Union on 21 November 2007.

- IFRIC 12, "Service concession arrangements"

This standard has only applied to accounting periods beginning on 1 January 2008 but early application was possible. This text has been adopted by the European Union on 25 March 2009.

- IFRIC 13, "Customer loyalty programmes"

This standard has only applied to accounting periods beginning on 1 July 2008. This text has been adopted by the European Union on 16 December 2008.

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

This standard has only applied to accounting periods beginning on 1 July 2008, but early application was possible. This text has been adopted by the European Union on 16 December 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 offered to Solucom, the documents that have not been applied ahead of time are:

- 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. The text has been adopted by the European Union on 23 January 2009.

- 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. The text has been adopted by the European Union on 3 June 2009.

- Amendments to IFRS 7, “Improvements to financial instruments disclosures”

These amendments only came into force for financial years starting on or after 1 January 2009. They have not yet been adopted by the European Union.

- Amendments to IFRIC 9, “Reassessment of Embedded Derivatives” and to IAS 39, “Financial Instruments: Recognition and Measurement”.

This standard came into effect for financial years ending on or after 30 June 2009. It has not yet been adopted by the European Union. Nevertheless its application will have no effect on the consolidated financial statements.

- Amendments to IFRS 1, “First time adoption of International Financial Reporting Standards – Additional exemptions for first-time adopters”.

This standard was published on 23 July 2009. It has not yet been adopted by the European Union. Nevertheless its application will have no effect on the consolidated financial statements.

- Amendments to IFRS 2, “Intra-group transactions with share-based payments that are settled in cash”.

This standard only came into force for financial years that commenced on or after 1 January 2010, with early application being possible. This text has not yet been adopted by the European Union. Nevertheless its application will have no effect on the consolidated financial statements.

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

This standard only came into force for financial years that commenced on or after 1 January 2009, with early application being possible. This text was adopted by the European Union on 22 July 2009. Nevertheless its application will have no effect on the consolidated financial statements.

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

This standard only came into force for financial years that commenced on or after 1 October 2008, with early application being possible. This text was adopted by the European Union on 4 June 2009. Nevertheless its application will have no effect on the consolidated financial statements.

- IFRIC 17, “Distributions of Non-Cash Assets to Owners” and IFRIC 18, “Transfers of Assets from Customers”.

These two standards will only come into force for financial years that commenced on or after 1 July 2009, with early application being possible. These documents have not yet been adopted by the European Union. Nevertheless their application will have no effect on the consolidated financial statements.

Lastly, Share Options Plans granted after 7 November 2002 have not been restated insofar as the rights had vested by 1st April 2004. Since that date no new share options plans or share purchase plans have been granted.

Consolidation principles

Solucom is the consolidating company.

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 2009.

The consolidated financial statements to 30 September 2009 include all group companies for six months. Further to the merger of Vistali into Dreamsoft, which took place in September 2009 with retroactive effect to 1st April 2009, Vistali was dissolved without liquidation during the period, and Dreamsoft changed its name to Solucom DV.

Use of estimate

The financial statements in accordance with IFRS standards require 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.
- 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 3.57%.
- 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 5.18% (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 firm

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
Solucom DV	100%	France	6
New'Arch	100%	France	6
KLC	100%	France	6
Cosmosbay~Vectis	100%	France	6

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

3. Notes on certain Balance sheet and income statement accounts

Note 1 – Capitalised goodwill

(000€)	Book value at 31/03/2009	Change in consol.	Impairment for the year	Gross at 30/09/2009
Idesys	5 111			5 111
Solucom DV	6 478			6 478
New'Arch	3 311		66	3 245
KLC	1 787		1	1 786
Cosmosbay~Vectis	11 906		1 154	10 752
Total	**28 593**		**1 221**	**27 372**

The reduction of EUR 1,100 K in Cosmosbay~Vectis goodwill matches the reduction of a part of the price supplement included until now in the company's total goodwill, which in all likelihood will not be paid for meeting the criterion at 31 March 2010, based upon Cosmosbay~Vectis's forecast results.

Impairment tests have been carried out on the goodwill in the balance sheet and current data does not invalidate the valuation of this goodwill. In respect more specifically of Cosmosbay~Vectis, this impairment test is based on realistic forecasts but subject to the successful carrying out of the recovery programme by the company. At 31 March 2010 the impairment test data will be updated taking into account the second half-year and the initial results of the recovery measures taken.

Note 2 – Intangible fixed assets

Gross	31/03/2009	Change in consol.	Additions	Reductions	30/09/2009
Software	1 244		48	4	1 288
Total	**1 244**		**48**	**4**	**1 288**

Depreciation	31/03/2009	Change in consol.	Additions	Reductions	30/09/2009
Software	979		71	4	1 047
Total	**979**		**71**	**4**	**1 047**

Total net book value	**265**		**(24)**		**241**

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.

Gross	31/03/2009	Change in consol.	Additions	Reductions	30/09/2009
Other tangible fixed assets	3 883		110	50	3 943
Other leased fixed assets	1 928		159	1	2 085
Fixed assets in progress					
Total	**5 811**		**269**	**51**	**6 029**

Depreciation	31/03/2009	Change in consol.	Augmentation	Diminution	30/09/2009
Other tangible fixed assets	1 939		215	55	2 100
Other leased fixed assets	1 202		197		1 398
Total	**3 141**		**412**	**55**	**3 498**
Total net book value	**2 670**		**(143)**	**(4)**	**2 531**

Note 4 – Leases

Book value by asset category:

Asset category	30/09/2009	31/03/2009
IT and office equipment	687	726
Total	**687**	**726**

Impact on the income statement

Income statement	30/09/2009	31/03/2009
Depreciation charge per income statement	197	335
Impairment charges recorded		
Financial expenses	15	30
Gains in value posted to income		
Lease instalments for the year adjusted	207	361
Total	**(5)**	**(4)**

Lease instalments :

Lease instalments	30/09/2009	31/03/2009
Initial value of assets	**2 085**	**1 928**
Instalments paid :		
- In prior years	1 205	743
- during the year	207	361
Total	**1 412**	**1 104**
Outstanding instalments payable		
- due in less than 1 year	367	360
- due in more than 1 year and less than 5 years	317	360
- due in more than 5 years		
Total instalments	**685**	**720**
Of which future interest charges	*33*	*38*
Residual value at the end of contract	20	19

Note 5 – Long-term investments

Evolution on the first semester 2009/2010:

(000€)	31/03/2009	Changes in consol.	Additions	Reductions	30/09/2009
Deposit and sureties	629		35	13	652
Hedging instruments					
Free shares	97		78		175
Total	**726**		**113**	**13**	**827**

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

Solucom acquired a CAP to hedge against a possible rise in the interest rate related to the loan of EUR 10,000 thousand taken out at the end of Match 2008 and amortisable over 5 years. The premium paid for this CAP was EUR 76 thousand. Its fair value dropped to zero during the previous financial year.

At 30 September 2009 the variance in the market value of the portfolio of securities available for sale was transferred to equity in the sum of EUR 78 thousand.

Maturity:

Deposit and sureties	30/09/2008	31/03/2008
Due in less than 1 year (1)	102	108
Due in more than 1 year and less than 5 years	191	181
Due in more than 5 years	359	340
Total	**652**	**629**

(1) Reclassified under "Other receivables"

Impact on the income statement

Impact of discounting deposits	30/09/2009	31/03/2010
Initial values	777	764
Accumulated discounting brought forward	135	158
Discounting expense	4	8
Discounting income	13	31
Net book value (1)	**652**	**629**

(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 €33k.

A rise of 10 % in the price of the securities held in Solucom's portfolio would represent a €18k increase in equity against, in the event of a 10% decrease in the price, a €16k decrease in equity.

Note 6 – Operating leases

Future lease payments as at 30/09/2009:

(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	8 638	2 713	5 855	70
Total	**8 638**	**2 713**	**5 855**	**70**

Maturity 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
Total	**11 179**	**2 629**	**7 110**	**1 440**

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 2009/2010:

Gross	31/03/2009	Change in consol.	Variation	30/09/2009
Deferred tax assets	2 470		726	3 196
Total	**2 470**		**726**	**3 196**

Note 8 – current asset

Evolution during first semester 2009/2010:

Gross	31/03/2009	Change in consol.	Variation	30/09/2009
Trade receivables	34 643		(246)	34 397
Sub-total « Trade receivables »	***34 643***		***(246)***	***34 397***
Advances and payment on account	121		(35)	86
Employees receivables	76		1	77
Tax receivables	2 810		174	2 984
Deposit and sureties	108		(6)	102
Trade receivables	15		25	40
Prepaid expenses	1 244		(138)	1 106
Sub-total « other receivables »	***4 373***		***22***	***4 395***
Money market Sicav (uni trust) – cash equivalent				
Cash	97		78	175
Sub-total « financial assets »	**97**		***78***	***175***
Cash equivalent	2 136		(1 936)	200
Other cash assets	1 491		745	2 236
Sub-total «Cash and cash equivalent »	***3 628***		***(1 192)***	***2 436***
Total	**42 741**		**(1 338)**	**41 403**

Impairment	31/03/2009	Change in consol.	Variation	30/09/2009
Trade receivables	117			117
Sub-total « Trade receivables »	***117***			***117***
Miscellaneous receivables			3	3
Sub-total « other receivables »			***3***	***3***
Total	**117**		**3**	**120**

Net	31/03/2009	Change in consol.	Variation	30/09/2009
Sub-total « Trade receivables »	***34 526***		***(246)***	***34 280***
Sub-total « other receivables »	***4 373***		***19***	***4 392***
Sub-total « Financial assets »	***97***		***78***	***175***
Sub-total « Cash and cash equivalent »	***3 628***		***(1 192)***	***2 436***
Total net	**42 624**		**(1 341)**	**41 283**

The firm analyses client debt on a case-by-case basis and impairment is recognised individually, taking into account the client's circumstances and delays in payment. No impairment is recognised on an overall basis.

Note 9 – Marketable securities

Type of marketable securities	30/09/2009		
	Value at cost	**Gain/loss**	**Consolidated book value**
Money market Sicav – cash equivalent	198	2	200
Total	**198**	**2**	**200**

Type of marketable securities	31/03/2009		
	Value at cost	**Gain/loss**	**Consolidated book value**
Money market Sicav – cash equivalent	2 134	2	2 136
Total	**2 134**	**2**	**2 136**

Note 10 – Share capital

At 30 September 2009, the capital of the Solucom parent company was made up of 4,966,882 fully paid-up shares of € 0.10 each. The number of Treasury shares held at 30 September 2009 came to 32,705.

Further, with the authorisation of the combined General Meeting on 30 September 2005, Solucom's Board of Directors decided at its meetings on 14 September 2007, to allocate existing free shares or issue such for the firm'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 28 September 2007, Solucom's Board of Directors decided at its meetings on 15 September 2008 and 15 September 2009, to allocate existing free shares or issue such for members of Solucom or firm 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 2009.

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€)	31/03/09	Change in consol.	Change in deferred tax	Increases	Reductions		30/09/09
					Paid	Written-back	
Short-term provisions							
Provisions for risks	437			285	95	28	599
Provisions for penalties				30			30
Provisions for charges							
Total	**437**			**315**	**95**	**28**	**629**
Non-current liabilities							
Provisions for IFC	1 092			236	26		1 302
Provisions for risks							
Total	**1 092**			**236**	**26**		**1 302**

Total	**1 529**			**551**	**121**	**28**	**1 931**

Impact of provisions on earnings at 30/09/2009:

(000€)	Change in deferred tax	Increases	Reductions	
			Paid	Written-back
Operating profit on ordinary activity		426	121	28
Operating profit				
Total		**426**	**121**	**28**

Note 12 – Non-current liabilities

Evolution during first semester 2008/2009 :

Gross	31/03/2009	Change in consol.	Variation	30/09/2009
Long-term provision	1 092		210	1 302
Financial debt (Leases due in + 1year)	360		(43)	317
Financial debt (Loans due in + 1year)	6 027		(1 004)	5 023
Other liabililities	1 100		(1 100)	
Tax payables	52		110	162
Deferred tax liabilities	43		(28)	15
Total	**8 674**		**(1 855)**	**6 819**

Note 13 – Borrowings

Evolution during first semester 2009/2010 :

(000€)	31/03/2009	Change in consol.	Variation	30/09/2009
Due in more than 1 year	**6 387**		**(1 047)**	**5 340**
Financial debt	360		(43)	317
Loans from financial institutions (due in more than 1 year)	6 027		(1 004)	5 023
Due in less than 1 year	**2 392**		**(12)**	**2 380**
Loans from financial institutions	2 009			2 009
Miscellaneaous loans and borrowings	3			3
Financial debt	360		7	367
Current account bank overdraft	18		(18)	
Accrued interest	2		(1)	1
Total	**8 779**		**(1 059)**	**7 720**

By interest rate category :

	Au 30/09/2009		**Au 31/03/2009**	
(000€)	**Fixed rate**	**Variable rate**	**Fixed rate**	**Variable rate**
Non-current liabilities	317	5 023	360	6 027
Current liabilities	371	2 009	383	2 009
Total	**688**	**7 032**	**743**	**8 036**

With the group's borrowing level and its contracted rates, an increase of 1% in Euribor 6 months would represent a € 60 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 € 60 K.

Maturity at 30/09/2009 :

(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	5 340		5 340	
Current liabilities	2 380	2 380		
Total	**7 720**	**2 380**	**5 340**	

Maturity at 31/03/2009 :

(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**	

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 30/09/09	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	**7 032**	2 009	5 023	
Financial liabilities arising from accounting adjustements to finance leases	**685**	367	318	
Loans and borrowing	**3**	3		
Loans and borrowing	**7 720**	**2 379**	**5 341**	
Current account bank overdrafts				
Cash equivalents stated at cost	**198**	198		
Cash	**2 235**	2 235		
Cash net of bank overdrafts (1)	**2 433**	**2 433**		
Fair value adjustement on cash equivalents	**2**	**2**		
Net consolidated cash and equivalent	**2 435**	**2 435**		
Net financial debt	**5 285**	**56**	**(5 341)**	

(1) cf Cash flow statement.

Note 15 – Current liabilities

All liabilities are denominated in €.

(000€)	31/03/2009	Change in consol.	Variation	30/09/2009
Short-term provisions	437		192	629
Borrowings (due in less than 1 year)	2 392		(12)	2 380
Trade payables	3 083		402	3 485
Advances and payments on account	285		37	322
Social security liabilities	15 477		(2 674)	12 803
Tax payables	10 507		1 513	12 020
Fixed asset payables	208		(170)	38
Tax payables (corporation tax)	629		(362)	267
Sundry liabilities	1 694		302	1 996
Deferred income	1 699		(492)	1 207
Total	**36 411**		**(1 264)**	**35 147**

Note 16 – Revenues

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

Note 17 – Purchases consumed

(000€)	30/09/2009	30/09/2008
Sub-contracting costs	981	1 351
Other purchases consumed	1	1
Total	**982**	**1 352**

Note 18 – Personnel costs

(000€)	30/09/2009	30/09/2008
Wages and salaries	25 038	22 869
Social security charges	11 701	10 426
Total	**36 739**	**33 295**

Average number of FTE	30/09/2009	30/09/2008
Engineers and managers	899	832
Employees	39	41
Total	**938**	**873**

Note 19 – Directors remuneration

(En milliers d'euros ou en nombre)	30/09/2009	30/09/2008
Board of Directors remuneration	229	208
Supervosory Board remuneration	22	22
Other employee remuneration		
Post retirement benefits		
Other long-term benefits		
One-time retirement compensation		
Share-based remuneration	94	
Number of stock options held by directors		

Note 20 – Financial items

(000€)	30/09/2009	30/09/2008
Net gains on sale of cash equivalents	4	59
Loan interest	(98)	(257)
Fair value adjustements on cash equivalents		
Net borrowing costs	(94)	(198)
Fair value adjustements on other long-term investments	20	(13)
Net Financial items	(74)	(211)

Note 21 – Corporation tax

Net corporation tax charge

(000€)	30/09/2009	30/09/2008
Current tax charge	1 862	1 487
Deferred tax	(720)	140
Total	**1 142**	**1 627**

All potential deferred tax has been recognised. None of the companies in the firm showed a deficit on 30 September 2009, except for Cosmosbay~Vectis, for which the deficit on opening was activated at €1,589K, of which € 1,054K at the opening.

Note 22 – Diluted earnings per share

Earnings per share	30/09/2009	30/09/2008
Net profit for the year (Group share)	1 981	2 958
Return on revenues	4,1%	6,2%
Weighted average number of share in issue (1)	4 934 177	4 934 177
Basic earnings per share, group share	0,40	0,60
Number of shares in issue at 31 march (1)	4 934 177	4 934 177
Number of potential shares - Stocks options	0	0
Total number of potential and issued shares	4 966 882	4 966 882
Diluted earnings per share, group share	0,40	0,60

(1) excluding treasury shares

In compliance with IAS 33, a retrospective restatement was carried out for the calculation of the net earnings per share on 30 September 2008, on the basis of the number of shares on 30 September 2009.

Note 23 – Financial instruments

Solucom holds the following financial instruments:

- investments in money market funds, exclusively indexed on the EONIA not involving any identified risks,
- its own shares,
- €175 K of securities available for sale,
- a rates hedging instrument (CAP) which right value is € 0 since last fiscal year.

Note 24 – Off-balance sheet commitments

By category

Off-balance sheet commitments	30/09/2009	31/03/2009
Pledges, mortgages and actual sureties	25 180	27 465
- of which pledges 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	8 638	10 053
- of which operating leases	*8 638*	*10 053*
Endorsements and guarantees received	16 649	18 778
- of which endorsements and bank guarantees received for liabilities	*2 199*	*2 845*

Maturity :

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

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

Bank securities and guarantees received (€16,649k) were in guarantee of:

- guarantee of liability clauses (€2,199k) included in the share purchase deeds for KLC, Dreamsoft (become Solucom DV) and Cosmosbay~Vectis,
- hedging instruments for €3,000k concerning the hedging of a loan at a rate capped at 5%,
- opening of loans of EUR 10,900 thousand for the acquisition of Solucom DV and Cosmosbay~Vectis, and of EUR 550 thousand for financing the refurbishment of premises.

Note 25 – Related parties

Solucom 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

None.

Note 27 – 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	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
Cosmosbay~Vectis	Le parc de Villeurbanne 107 bd Stalingrad 69 628 Villeurbanne Cedex	34906243000062	SA	France

Auditors' report

Dear Shareholders,

In carrying out the task given us by your General Meeting and in accordance with Article L.451-1-2 III of the Monetary and Financial Code, we have carried out:

- A limited review of the consolidated, short-form, half-year financial statements of Solucom for the period 1st April 2009 to 30 September 2009, as attached hereto;

- A verification of the information provided in the half-year report.

These consolidated, short-form, half-year financial statements have been drawn up at the responsibility of the Board of Directors in a situation of economic and financial crisis as described in Note 4, “Information on Risks and Uncertainties” of the half-year report, which has been characterised by some difficulty in forecasting what was already the case at the year end at 31st March 2009. Based upon our limited examination, we must state our conclusions concerning these financial statements.

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 and Levallois Perret, 24 November 2009

The auditors

SLG EXPERTISE	Constantin Associés
Arnaud BERNARD	Laurent LEVESQUE