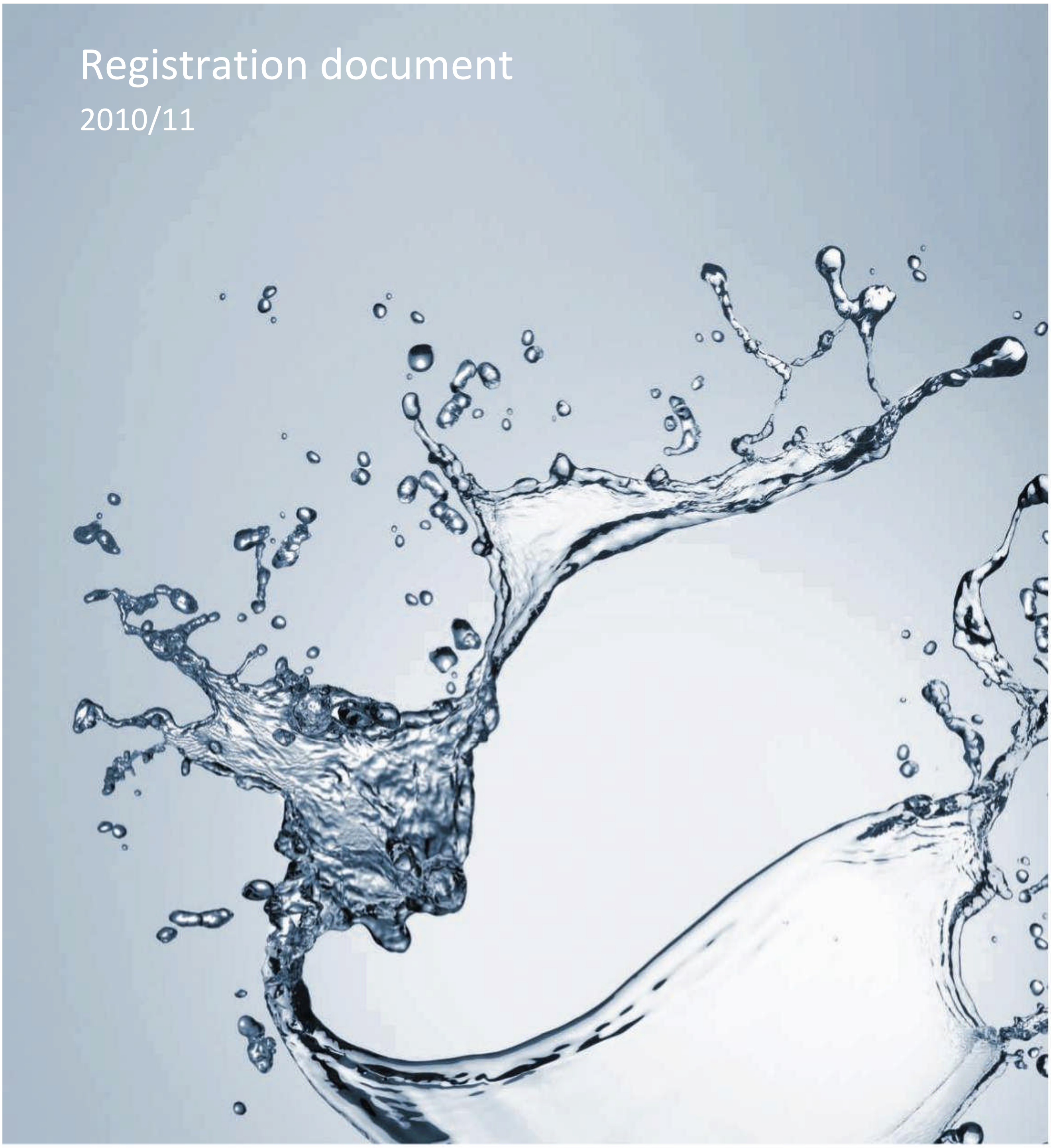
Registration document

2010/11



The power of simplicity

« Ce qui est simple est fort »

solucom

management & IT consulting

€ 108

Million of revenues

5^{th}

Player on the IT consulting market

Pascal Imbert

Chairman of the Board

Michel Dancoisne

Chairman of the Supervisory Board

“ Solucom to become the leading independent consulting firm on the French market ”

Chairmen’s message

Dear shareholders,

During the last decade, Solucom has undergone a profound transformation. From acknowledged specialists in telecoms and IT security at the end of the nineties, we rapidly expanded our areas of expertise during the noughties, gradually turning into a leading information systems consulting firm. As such, backed by revenues of over €100 million, Solucom is now the fifth largest IT consulting firm on the market.

The economic and financial crisis which hit the entire economy has once again highlighted the firm's strong resilience. In 2009/10, in the midst of the recession, Solucom managed to avoid a reduction in revenues while holding underlying operating margins at close to 10%.

As from 2010/11, in a progressively improving market, Solucom resumed its buoyant organic growth and double digit underlying operating margins.

However, these results could have been even better if we had not suffered from major human resources shortages reflected by difficulties in recruitment and higher staff turnover than in previous years.

The new financial year marks the start of a new growth cycle for Solucom. This new start coincides with the emergence of a new phase of growth in the market.

We are convinced that during this new phase of growth, the items driving the consulting market will be different. We attempted to analyse these changes and we came to two conclusions. Company transformations will become the principal market driver and the capacity to develop in-depth technological and business specialisations will also be an essential key success factor.

Changes will involve the disappearance of the distinction between business-oriented management consultancy and IT consulting so that IT is more in line with business needs. The one objective will be to succeed in the transformation of businesses.

The "Solucom 2015" strategic plan is based on this conviction. The firm plans to be at the leading edge of the consulting market reorganisation backed by a goal to become the no. 1 independent consulting firm on the French market by 2015.

This represents the primary challenge facing us over the coming few years.

In order to meet this challenge, the Company knows that it can count on the commitment of all employees and shareholders.

We are grateful for your confidence.

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Management Board report to the ordinary and extraordinary annual general meeting dated 28 September 2011

Ladies and Gentlemen,

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

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

Ordinary General Meeting

Preface

I. Business review

The financial statements for the year ended 31 March 2011 include Solucom SA, Idesys, Arcome SAS, Solucom DV, New'Arch, KLC and Cosmosbay~Vectis over a 12 month period.

For your information, the financial statements for the year ended 31 March 2010 referred to below include Solucom SA, Idesys, Arcome SAS, Solucom DV, New'Arch, KLC and Cosmosbay~Vectis over a 12 month period. Following the September 2009 merger/takeover of Vistali by Dreamsoft, which was backdated to 1 April 2009, Vistali was wound up without liquidation during the year, and Dreamsoft changed its company name to Solucom DV.

I.1 Analysis of Solucom's results

Consolidated revenues amounted to €108,022,000, up 4% from €103,443,000 in the prior year.

Underlying operating profit came in at €12,621,000 (after employee profit share), up 25% on the prior year's figure of €10,057,000. The underlying operating margin, being the underlying operating profit divided by revenues, is 11.7%, compared to 9.7% in the prior year.

Note that part of the new regional tax (*contribution économique territoriale)*, which supersedes the former *taxe professionnelle*, has been reclassified under corporation tax.

After other non-recurring income and expense, **operating profit** amounted to €12,621,000, up 80% on 2009/10 operating profit of €7,013,000.

Net borrowing costs amounted to €144,000 over the year, which comprises €6,000 of interest income and €150,000 of interest costs over the year in view of Solucom's €10,000,000 bank loan repayable over five years that it took out at the end of March 2008. This figure compares with net borrowing costs of €164,000 for the prior year.

Profit before tax amounted to €12,548,000, up 82% on the prior year's profit before tax of €6,908,000.

The **corporation tax charge** came in at €5,612,000**.**

Net profit for the year amounted to €6,935,000 representing a net margin of 6.4%, up 113% on the prior year, for which net profit was €3,252,000, representing a net margin of 3.1%.

Given that there are no minority interests, **net profit Group share** also amounts to €6,935,000, down 113% on the prior year's net profit Group share of €3,252,000.

Consolidated net assets stood at €40,040,000 at 31 March 2011, up 17% from €34,296,000 as at 31 March 2010.

Net cash and cash equivalents, after deducting bank overdrafts and accrued (not due) interest from gross cash, amounted to €14,018,000 at 31 March 2011, compared to €8,672,000 at 31 March 2010.

Borrowings (excluding bank overdrafts and accrued (not due) interest) stood at €4,516,000, which breaks down as €4,018,000 of bank loans and sundry borrowings, and €498,000 of finance lease liabilities. As at 31 March 2010, borrowings amounted to €6,658,000.

Solucom Group's net cash and cash equivalents (i.e. negative net borrowings excluding treasury shares) amounted to €9,490,000 at 31 March 2011 compared to net borrowings of €2,015,000 at the prior year end.

The principal items underlying this increase are **free cash flow** of €8,675,000, up 29% over the year and a €1,163,000 decrease in working capital amounting to €9,838,000 **net cash flow** over the year while €937,000 in dividends and €1,414,000 of capital expenditure were paid out.

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

I.2 Company accounts of Solucom SA

Solucom SA **revenues** amounted to €63,880,000 up 14% from €56,094,000 in the prior year.

Operating profit before employee profit share amounted to €8,607,000 up 18% from €7,276,000 in 2009/10. Consequently the operating margin came in at 13.5% compared to a margin of 13.0% for the prior year.

Net financial items totalled a gain of €3,627,000, compared to a loss of €3,420,000 for the prior year. Net financial items for the year include €3,730,000 of dividend income from subsidiaries and €191,000 of interest costs.

Net exceptional items totalled a loss of €14,000, compared to a loss of €382,000 for the prior year. The 2008/09 loss largely consists of the expense of the bonus share issue. Note that this expense does not appear in the consolidated financial statements given that it corresponds to a provision included under operating expenses during the vesting period of the relevant schemes.

The **corporation tax charge** amounted to €2,581,000 compared to €2,082,000 for the prior year.

Employee profit share totalled €589,000, down from €606,000 for the prior year.

In view of the above income and expenses, **net profit** amounted to €9,051,000, compared to €787,000 for the prior year.

Shareholders' equity of the Company stood at €38,786,000 at 31 March 2011 compared to €30,672,000 at 31 March 2010.

Net borrowings, excluding treasury shares but including €6,091,000 of bank debt at 31 March 2011, amounted to €3,147,000 compared to net borrowings of €5,475,000 at 31 March 2010.

I.3 Solucom SA and Solucom activities during the year

2010 was a year of recovery for the IT services industry with growth of 1% for the consulting segment according to Syntec Numérique.

This recovery was driven by a catch-up effect in the first half-year following the release of many projects once the economic crisis had passed. While this catch-up effect died down in the second half, it was gradually replaced by new IT projects, which will no doubt turn out to be more sustainable.

In this market environment, Solucom managed to post consolidated revenues of €108.0 million, up 4% like-for-like vs. the prior year.

This growth reflects a sharp improvement in the activity ratio, which increased from 80% in 2009/10 to 85% in 2010/11. Note that the improvement in the activity ratio occurred in all the firm's services.

While sales prices plunged during the prior year, the firm managed to maintain sales prices at €713 in 2010/11, hardly changed from €717 in 2009/10. Indeed, following a continuous decline during the first half, sales prices turned around during the year and began rising again in the second half.

Solucom was able to take advantage of the improved market conditions to reduce the proportion of its largest client, GDF Suez, in the firm's total revenues. Solucom also deliberately rebalanced its industry portfolio of clients during the year by increasing its banking business, compared to during the recession when the firm concentrated on the most promising industries, in particular energy and utilities.

However, commercial visibility has not improved and the order backlog stands at 3.2 months.

With regard to human resources, Solucom was hit by a tight recruitment market during the year.

This was reflected in very slow progress in the firm's recruitment plan. Given that Solucom has decided not to make any compromise in the quality of recruited employees, just 146 staff were hired in 2010/11.

The firm also suffered a high staff turnover[1] rate of 20%, compared to a budgeted rate of 12% to 15%.

These two items led to a decline in headcount which dampened growth in the second half.

To remedy the situation, Solucom launched many human resources initiatives during the year, including defining a new HR strategy, building up the HR and recruitment teams, use of additional staff sourcing channels, and giving a new boost to the salary policy for the coming year. Management believe that the results of these initiatives will progressively be felt as from 2011/12.

The improvement in operating indicators enabled the firm to fund a sharp increase in capital expenditure for the future of nearly 2 percentage points of revenues, while improving the underlying operating margin, which came in at 11.7% in line with objectives and up from 9.7% in 2009/10. 2010/11 underlying operating profit came in at €12.6 million, up 25% compared to 2009/10.

Note that operating profit is stated after the reclassification under corporation tax of part of the new regional tax *contribution économique territoriale*, which supersedes the former *taxe professionnelle*. This reclassification led to an improvement in the operating margin on operating activities between 2009/10 and 2010/11.

In the absence of any material non-recurring items, operating profit also amounted to €12.6 million, up 80% from €7.0 million in 2009/10. In 2009/10, the firm wrote down the value of goodwill by €3.0 million.

Net profit, Group share, amounted to €6.9 million, having surged by 113% compared to the prior year. The net profit margin was 6.4%,

Shareholders' equity amounted to €40.0 million at 31 March 2011.

Backed by operating cash-flow of close to €10 million, the firm's net cash and cash equivalents at 31 March 2011 surged to €9.5 million, up from €2 million as at 31 March 2010 As such, the firm holds the cash resources required to fund its growth.

I.4 Recent developments and future prospects

Between 2000 and 2010, the firm enjoyed rapid growth and progressively built up its range of expertise in order to become the fifth largest IT consulting firm in France pursuant to its strategic objectives.

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[1] Staff turnover: the number of employees resigning divided by the year-end headcount.

The new financial year marks the start of a new cycle for the firm, in a market that itself is embarking on a new phase of growth.

Growth will be driven by a constantly overriding need for transformation within large companies: they must transform in order to innovate, boost their competitive edge, expand into new markets and meet the new competitive and regulatory challenges.

IT systems have turned into an unavoidable and most essential tool at the core of these transformations, given that systems have become an integral part of all company procedures, including their core business.

Management are convinced that this overriding need for transformation and key role for information systems in this trend will cause the consulting market to reorganise. The traditional border between management consulting and IT consulting will disappear. And the capacity to intimately combine the two skills, business and IT consulting, will become an essential success factor for transformations.

The "Solucom 2015" strategic plan is based on this conviction. Solucom plans to be at the leading edge of this inevitable reorganisation of the consulting market.

The firm's goal, backed by its strategic plan, is to become the no. 1 independent consulting firm on the French market.

"Solucom 2015" breaks down into three key strategies as follows:

- Take leading market positions with business clients;
- Expand abroad to better support the firm's multinational clients;
- Step up a gear in terms of size backed by €170 to €200 million of revenues by 2015.

Financial year 2011/12 will represent the first stage of this plan.

The year's major challenges will be to return to growth backed by employees, boost growth via mergers and acquisitions, acquire new market positions with business clients and embark on new growth initiatives abroad.

The 2011/12 objectives reflect these challenges while also taking account of the decline in employee numbers, which will dampen revenues for the first two quarters and hold back the firm's growth for the full financial year.

Solucom management have therefore set the 2011/12 like-for-like revenue objective at €110 million to €115 million and to complete at least one targeted acquisition during the year.

With regard to profitability, the firm targets an underlying operating margin before acquisitions, of 10% to 12%, including the first strategic investments under "Solucom 2015".

II. Legal events of the financial year

II.1 Adoption of the December 2009 MiddleNext "corporate governance code for small and medium sized enterprises" by the Supervisory Board on 15 March 2010

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

At its 15 June 2010 meeting, the Supervisory Board reviewed the MiddleNext corporate governance code published in December 2009, and decided to adopt it as replacement for the AFEP-MEDEF code for the financial year beginning 1 April 2010.

The Supervisory Board considered that the MiddleNext corporate governance code was more suited to Solucom's specific features given that it had been prepared to meet the needs of small and medium-sized companies unlike the AFEP-MEDEF code, which was more designed for very large companies with numerous shareholders.

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

A.2 Introduction of Supervisory Board Bylaws in accordance with the December 2009 MiddleNext "corporate governance code for small and medium sized enterprises" by the Supervisory Board on 31 May 2010

At its 15 March 2010 meeting, the Supervisory Board i) adopted the principle of introducing Supervisory Board Bylaws ii) formally noted the provisions that said bylaws had to include in accordance with the recommendations of said MiddleNext code and iii) decided to adopt it definitively during the 31 May 2010 meeting of the Supervisory Board.

Consequently, the 31 May 2010 meeting of the Supervisory Board adopted the draft final text of the bylaws with immediate effect.

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

II.2. Early wind-up without liquidation of Arcome SAS, a wholly-owned Solucom subsidiary, with transfer of all its assets and liabilities to Solucom SA

During the year, the early wind-up without liquidation of Arcome SAS, a wholly-owned Solucom subsidiary, was carried out following the decision of the single shareholder of Arcome SAS dated 24 February 2011.

This transaction is governed by the provisions of Article 1844-5 (3) of the French Civil Code and is in line with the firm's internal simplification and rationalisation policy.

The transaction became final following a period of potential objection by creditors as specified in legislation and resulted in the transfer of all assets and liabilities of Arcome SAS to Solucom SA as at 31 March 2011.

Arcome SAS was deleted from the French trade and companies registry on 31 March 2011.

II.3. Extension of the employee savings scheme to all Solucom employees and payment of additional Group profit sharing in respect of financial year 2010/11

Extension of the employee savings scheme to all Solucom employees

During the year, Solucom decided to extend the existing employee savings scheme to all Solucom employees by means of a contract amendment, in order that all Group subsidiaries be henceforth included in the scheme.

Note that the Solucom employee savings scheme covers the following:

- A Group profit sharing agreement,

- A *Plan d'Épargne Groupe* (Group Savings Plan - "PEG"), to which the profit sharing is paid, that enables staff to invest it in various financial investments.

- The Solucom *Fond Commun de Placement d'Entreprise* (Company Mutual Fund - "FCPE"), entitled "FCPE Solucom actions", an investment fund of the PEG, which receives employer's contributions in the form of bonus shares on behalf of employees who choose to invest all or part of their profit share in this FCPE.

This extension to the Solucom employee savings scheme has the following advantages:

- It enables all employees to benefit from the same employee savings scheme on a fair basis,

- It increases the feeling of solidarity and cohesion between all the firm’s employees in line with Solucom's core values,

- It facilitates employee job transfers from one Group company to another.

Payment of an additional Group profit share in respect of financial year 2010/11

Following on from this extension, during the year Solucom decided to improve the Group profit sharing agreement (applicable for all Group companies since 2 March 2007 and an integral part of the Solucom employee savings scheme) by concluding an agreement that specified procedures for payment of an additional Group profit share with effect from 1 April 2010.

This agreement was signed for financial year 2010/11 and will expire automatically on the last day of the following financial year, 31 March 2012.

In view of closing the accounts, the Management Board decided to pay this additional Group profit share in respect of financial year 2010/11 amounting to €527,000 (see paragraph XII below).

II.4 Bonus shares

Final allocation of the 14 September 2007 “Senior executive plan no. 3

The thirty (36) months vesting period of the “Senior executive plan no. 3 dated 14 September 2007 expired on 14 September 2010 in favour of one beneficiary.

On 14 September 2010, the Management Board established that the beneficiary met all the following conditions and criteria for the allocation to become final:

a) Maintenance of employment under an employment contract

b) Personal investment in Solucom shares

c) Performance criteria based on underlying operating profit

Consequently, the Management Board granted 6,895 Solucom treasury shares on a definitive basis.

Final allocation of the 15 September 2008 “Employee plan no. 3”

The twenty four (24) months vesting period of the “Employee plan no. 3” dated 15 September 2008 expired on 15 September 2010 in favour of Solucom employees.

In accordance with the firm’s employee savings plan, the Management Board, having established and verified that the beneficiaries met all the conditions for final allocation of the scheme, on 15 September 2010 decided to allocate irrevocably to 79 employees of the companies involved in the “Employee plan no. 3” (namely Solucom, Arcome SAS, Idesys, Solucom DV and New’Arch) a total of 1,564 Solucom shares held as treasury shares.

Provisional allocation of the 15 October 2010 “Senior executive plan no. 5”

On 15 October 2010, the Management Board made partial use of the authorisation granted by the Extraordinary and Ordinary General Meeting dated 25 September 2009 in its 14th resolution and provisionally allocated 45,540 free shares under terms and conditions that the Management Board established subject to their final allocation on expiry of the 33-month vesting period with effect from 15 October 2010.

Provisional allocation pursuant to the plan dated 15 July 2010 for the employee savings plan “Employee Plan no. 5”

On 15 July 2010, the Management Board made use of the authorisation granted by the Extraordinary and Ordinary General Meeting dated 25 September 2009 in its 14th resolution and introduced a free share plan entitled “Employee Plan no. 5” in accordance with the firm’s employee savings plan. This “Employee Plan no. 5” covers employees of Solucom, Arcome SAS, Idesys, Solucom DV, New’Arch and KLC, based on the option that they chose under this employee savings scheme.

Note that at the initial allocation date, there were 119 employee beneficiaries and that 6,017 Solucom shares will be issued under this plan, subject to their final allocation following the vesting period of 24 months with effect from 15 July 2010.

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

II.5 Adoption and implementation of Solucom's reorganisation programme

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

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

Signature of a strategic heads of agreement with Spanish firm Hidra Partners

On 12 January 2011, Solucom and Hidra Partners, an independent consulting firm well-known in Spain for information technologies and communications, signed a strategic heads of agreement in order to better meet the needs of their respective clients in France, Spain and Europe at large.

The agreement includes an operational section to exploit the good fit of the two firms in terms of geography and expertise with a view to providing consulting services and extensive support to their clients.

Furthermore, in order to offer a seamless service to their clients, Solucom and Hidra Partners have also decided to share procedures and expertise and to cooperate in terms of knowledge management.

This signature of this agreement was reported in a press release that Solucom published on its website (http://www.solucom.fr) on 12 January 2011.

III. Important Post-Balance Sheet Events for Solucom SA and the firm

Not applicable.

IV. Research and development activities Solucom and its companies

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

V. Solucom Subsidiaries and Equity Investments

V.1 Activities of subsidiaries and equity interests

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

Name	Idesys	Change (*)	Arcome	Change (*)	Solucom DV	Change (*)	New'Arch	Change (*)	KLC	Change (*)	Cosmosbay ~ Vectis	Change (*)
Revenues (€000)	29,906	+18%	10,212	+6%	25,003	-12%	10,573	+24%	2,673	-11%	23,506	+27 %
Operating profit (€000)	1,906	-22%	812	-30%	1,711	-38%	532	-30%	423	+864 %	-608	+75 %
Operating margin (%)	6.4%	-3.4 pts	8.0%	+4.0 pts	6.8%	-2.9 pts	5.0%	-4.0 pts	15.8%	+14.3 pts	-2.6%	+10 pts

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

V.2 Acquisition of equity investments, takeovers

Not applicable.

V.3 Reciprocal or cross equity investments

Not applicable.

V.4 Disposals of equity investments

Not applicable.

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

VI.1 Company financial statements

We submit for your approval the company financial statements (balance sheet, income statement and notes to the financial statements) as presented to you, showing a net profit for the year ended 31 March 2011 of €9,050,900.29.

We recommend the distribution of a dividend amounting to €0.21 per share.

Based on the shareholders as at 10 May 2011, 4,907,598 shares are entitled to receive dividends. The total recommended dividend therefore amounts to €1,030,596.

This total dividend represents a 15% dividend payout ratio of net profit, Group share.

The dividend will be posted as follows and in the following order:

Net profit for the year	€9,050,900.29
Reversal of retained earnings brought forward	€-503.00
Retained earnings brought forward	€-8,019,801.29

Total distributable amount to be distributed	**€1,030,596.00**

The dividend will be payable in cash as from 13 October 2011.

Pursuant to Article 158.3.2) of the French General Tax Code, natural persons who are tax resident in France are entitled to a 40% allowance for income tax purposes on the gross dividend provided they have not opted for the fixed rate specified under Article 117 (4) of the French General Tax Code.

It is also specified that dividends entitled to the 40% allowance or the fixed rate of 19% are subject to additional social security charges at the rate of 12.3%, which the Company will deduct at source and pay over to the French Treasury.

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

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

Year	Number of shares receiving dividends	Dividend distributed per share [2]	Proportion of dividends eligible to the 40% allowance
31 March 2010	4,929,782	€0.19	100%
31 March 2009	4,934,177	€0.19	100%
31 March 2008	4,890,385	€0.19	100%

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

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

VI.2 Group consolidated financial statements

We request that you approve the consolidated Group financial statements as presented with our comments, showing consolidated net profit Group share of €6,935,348.

VII. Breakdown of trade payables

In accordance with regulations introduced on 1 January 2009, the following table shows the balance of trade payables as at the 2009/10 and 2010/11 balance sheet dates per range of maturity dates.

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

€000	<30 days		30 to 60 days		Other		Total	
	31/03/10	31/03/11	31/03/10	31/03/11	31/03/10	31/03/11	31/03/10	31/03/11
Trade payables	182	804	1,116	1,956	100	247	1,398	3007
Intercompany payables	-	145	2,427	3,666	-	-	2,427	3,811
Total	**182**	**949**	**3,543**	**5,622**	**100**	**247**	**3,825**	**6,818**
Payables for supplier invoices not received							*4,503*	*1,484*
Balance trade payables							*8,328*	*8,302*

[2] Before social security and tax deductions

Supplier invoices not received at 31 March 2011 comprise €1,314,000 of trade payables and €170,000 of intercompany payables.

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

In accordance with Articles L.225-86, L.225-86, L225-79-1 and L.225-90-1 of the French Commercial Code, we request that you:

1/ Take formal note that there were no new agreements or commitments approved or signed during the year ended 31 March 2011.

2/ Make formal note of the agreements previously approved in respect of prior years, which resulted in transactions during the year ended 31 March 2011.

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

IX. Material ongoing agreements

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

X. Share capital

X.1 Notice of crossing shareholder thresholds

17 December 2010:

- Michel Dancoisne has declared that on 16 December 2010 acting individually he went below the thresholds of one third of the voting rights and 25% of Solucom's share capital and individually now holds 1,150,072 Solucom shares representing 2,300,144 voting rights, i.e. 23.15% of share capital and 28.11% of Solucom's voting rights.[3]

- Michel Dancoisne and Pascal Imbert, have declared that on 16 December 2010 acting in concert, they went below the thresholds of two thirds of the voting rights and in concert now holds 2,597,356 Solucom shares representing 5,187,240 voting rights, i.e. 52.29% of share capital and 63.39% of Solucom's voting rights, broken down as follows:

	Shares	**% of equity**	**Voting rights**	**% of voting rights**
Pascal Imbert	1,447,284	29.14	2,887,096	35.28
Michel Dancoisne	1,150,072	23.15	2,300,144	28.11
Total in concert	**2,597,356**	**52.29**	**5,187,240**	**63.39**

The above threshold crossings results from a donation[4] of Solucom shares.

X.2 Breakdown of share capital and voting rights

In accordance with Article L.223-13 of the French Commercial Code and taking account of information received pursuant to Articles L.233-7 and L.233-12 of the French Commercial Code, we hereby list below the

[3] Based on share capital comprising 4,966,882 shares representing 8,183,062 voting rights pursuant to the second paragraph of Article 223-11 of the AMF's General Regulations.

[4] Donation from Michel Dancoisne to his majority age daughter with whom he declares his is not acting in concert.

identity of shareholders holding more than 5%, 10%, 20%, 25%, 33.33%, 50%, 66.66%, 90% and 95% of the share capital or voting rights as at 31 March 2011[5]:

- Mr Pascal Imbert holds more than 25% of the share capital and more than 33.33% of the voting rights,
- Mr Michel Dancoisne holds more than 20% of the share capital and more than 25 % of the voting rights,
- Pursuant to the statement of the French financial markets board (CMF) dated 4 March 2003, Mr. Pascal Imbert and Mr. Michel Dancoisne, acting in concert, hold more than 50% of the share capital and more than 50% of the voting rights,
- Lazard Frères Gestion SAS (acting on behalf of mutual funds) holds more than 5% of the share capital
- To Solucom's knowledge and belief, no other shareholder holds more than 5% of the share capital as at 10 May 2011.

X.3 Collective share retention commitments

Solucom has been notified that certain shareholders, in accordance with Articles 787 B and 885 I (2) of the French general tax code, have signed three collective share retention commitments as follows:

I – On 16 December 2010, a collective share retention commitment pursuant to Article 787 B of the French general tax code, by which they have undertaken to retain a total of 1,192,010 Solucom shares representing, as at the signature date of said commitment, 23.99% of the shares comprising share capital and 29.13% of voting rights attached to the Company's issued shares.

This collective commitment was signed in the form of a legal deed for a term of two years with effect from 16 December 2010 expiring, unless it is extended or renewed, on 16 December 2012.

II – On 18 December 2010, a collective share retention commitment pursuant to Article 787 B of the French general tax code, by which they have undertaken to retain a total of 1,192,010 Solucom shares representing, as at the signature date of said commitment, 23.99% of the shares comprising share capital and 27.67% of voting rights attached to the Company's issued shares.

This collective commitment was signed for a term of two years with effect from 20 December 2010, the date of its registration with the POLE ENREGISTREMENT PARIS 16. Thereafter it will be extended by tacit agreement for an unlimited period, unless it is terminated.

III – On 18 December 2010, a collective share retention commitment pursuant to Article 885 I (2) of the French general tax code, by which they have undertaken to retain a total of 1,312,010 Solucom shares representing, as at the signature date of said commitment, 26.42% of the shares comprising share capital and 29.13% of voting rights attached to the Company's issued shares.

This collective commitment was signed for a term of two years with effect from 20 December 2010, the date of its registration with the POLE ENREGISTREMENT PARIS 16. Thereafter it will be extended by tacit agreement for an unlimited period, unless it is terminated.

It is specified that all three collective share retention commitments stated under points I) to III) above were signed by the following member of Solucom's Supervisory Board and Management Board:

- Mr. Michel Dancoisne, Chairman of the Supervisory Board
- Mr. Pascal Imbert, Chairman of the Management Board

All the aforementioned information was reported in a press release that Solucom published on its website (http://www.solucom.fr) on 22 December 2011.

[5] Based on the shares in circulation and voting rights as declared by Solucom under Article 223-13 of the AMF's General Regulations, and published on its website (http://www.solucom.fr), on 7 April 2011.

X.4 Increases or decreases in share capital

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

X.5 Movement in Solucom share price

The Solucom share price stood at €15.80 at the beginning of the financial year on 1 April 2010, and at €20.45 as at the balance sheet date on 31 March 2011, up 29%.

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

X.6 Treasury shares - share buy-back programme

Pursuant to authorisations specified below under paragraph XVI entitled “Share buy-back programme” of this report, Solucom purchased its own shares on the stock exchange in accordance with conditions required by law and with the share buy-back programme it has established and fully included in the Reference Document submitted on 30 June 2010 to the AMF under number D.10.0576, and in accordance with the provisions of Article 241-2 of the AMF’s General Regulations.

Pursuant to Article 225-221 of the French Commercial Code, you have been notified of the data as at 31 March 2011 in the notes to Solucom SA’s financial statements; they are also given below under paragraph XVI “Share buy-back programme”.

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

X.7 Status of employee shareholdings

In accordance with the provisions of Article L 225-102 of the French Commercial Code, as at 31 March 2011, we hereby declare that current or former employees of Solucom and/or its related companies as defined by Article L 225-180 of the French Commercial Code, hold 51,909 Solucom shares (1.04% of the share capital) via Solucom's PEG (Group savings plan).

XI- Employee shareholdings

XI.1 Staff earnings-based incentives (“Intéressement”)

Within Solucom, there is no *Intéressement* contract currently in force.

XI.2 Stock Options

We confirm that:

- No stock options were granted during the year ended 31 March 2011,
- and no stock options were exercised during the year ended 31 March 2011 given that all former plans had expired.

XI.3 Solucom free share issues

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

XII. Information relating to directors

XII.1 Corporate management bodies

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

The members of the Company's boards during the year ended 31 March 2011 were as follows:

Management Board

Mr. Pascal Imbert, Chairman of the Management Board

Mr. Patrick Hirigoyen, Member of the Management Board

Supervisory Board

Mr. Michel Dancoisne, Chairman of the Supervisory Board

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

Mr. Jacques Pansard, Member of the Supervisory Board

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

XII.2 List of appointments and functions of the directors during the year ended 31 March 2011 and during the last 5 years

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

The directors individually confirm that in the past five years:

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

The directors declare they are not aware of:

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

XII.3 Directors and executives' remuneration

Preface

Pursuant to statutory requirements and the MiddleNext code, which Solucom has decided to follow, the following paragraphs report to you the total remuneration including all types of remuneration paid during the past year to each director.

Summary

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

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

			Gross annual remuneration 2010/11				Gross annual remuneration 2009/10			
	(€)		Fixed	Variable	Directors Fees	Total	Fixed	Variable	Directors Fees	Total
Mgt board	Pascal Imbert	Due	146,484	51,258		197,742	144,000	28,496		172,496
		Paid	*146,484*	*28,496*		*174,980*	*144,000*	*54,630*		*198,630*
	Patrick Hirigoyen	Due	131,280	45,668		176,948	125,040	46,161		171,201
		Paid	*131,280*	*46,161*		177,441	*125,040*	*61,310*		186,350
Supervisory board	Michel Dancoisne	Due	51,490			51,490	49,600			49,600
		Paid	*51,490*			*51,490*	*49,600*			*49,600*
	Jean-Claude Malraison	Due			6,000	6,000			5,000	5,000
		Paid			*6,000*	*6,000*			*5,000*	*5,000*
	Jacques Pansard	Due			*6,000*	6,000			*5 000*	5,000
		Paid			*6,000*	*6,000*			*5,000*	*5,000*
	Jean-François Perret	Due			6,000	6,000			5,000	5,000
		Paid			*6,000*	*6,000*			*5,000*	*5,000*
	Pierre Laigle (1)	Due			*0*	0	*42,386*		*1,000*	43,386
		Paid			*0*	*0*	*22,410*	*18,272*	*1,000*	*41,682*

(1) Member of the Supervisory Board until 5 August 2009

3.3 Explanations and comments

Change in remuneration between 2009/10 and 2010/11

The remuneration of directors, which was frozen during financial year 2009/10, changed during 2010/11 in line with the salary policy applied to all the firm's employees.

Fixed remuneration

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

Variable remuneration

For Pascal Imbert, Chairman of the Management Board, variable remuneration is based on the difference between actual Group earnings and the budgeted objectives set at the beginning of the financial year. This applies to the following lines: underlying operating profit and net profit group share on a like-for-like basis, i.e. excluding changes in scope of consolidation in the year. The value of the variable remuneration based on the budget being achieved amounted to €48,830 gross in 2010/11 and €43,800 gross in 2009/10 The variable portion can vary between 50% and 200% of this amount.

For Patrick Hirigoyen, member of the Management Board, variable remuneration is based on the difference between actual Group earnings and the budgeted objectives set at the beginning of the financial year. This applies to the following lines: underlying operating profit on a like-for-like basis, i.e. excluding changes in scope of consolidation in the year. The value of the variable remuneration based on the budget being achieved amounted to €43,760 gross in 2010/11 and €42,500 gross in 2009/10. The variable portion can vary between 50% and 200% of this amount.

Other information

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

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

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

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

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

In his capacity as an executive of Solucom Group, Mr Hirigoyen, member of the Management Board, during the year received free shares ("Executive Plan no. 5", see paragraphs II.D.3 above, the tables above and the Special Report of the Management Board paragraph II.D.4 above).

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

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

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

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

	Gross annual remuneration 2010/11	Gross annual remuneration 2009/10
(€)	Amount due	Amount due
Pascal Imbert Management board chairman		
Remuneration due for the year	197,742	172,496
Value of options granted during the year	n/a	n/a
Value of performance shares allotted during the year	n/a	n/a
Total	197,742	172,496
Patrick Hirigoyen Management board member		
Remuneration due for the year	176,948	171,201
Value of options granted during the year	n/a	n/a
Value of performance shares allotted during the year	n/a	n/a
Total	176,948	171,201

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

	Gross annual remuneration 2010/11		Gross annual remuneration 2009/10	
(€)	Amount paid	Amount due	Amount paid	Amount due
Pascal Imbert				
Management board chairman				
Fixed remuneration	146,484	146,484	144,000	144,000
Variable remuneration	28,496	51,258	54,630	28,496
Exceptional remuneration	n/a	n/a	n/a	n/a
Directors fees	n/a	n/a	n/a	n/a
Benefits in kind	n/a	n/a	n/a	n/a
Total	174,980	197,742	198,630	172,496
Patrick Hirigoyen				
Management board member				
Fixed remuneration	131,280	131,280	125,040	125,040
Variable remuneration	46,161	45,668	61,310	46,161
Exceptional remuneration	n/a	n/a	n/a	n/a
Directors fees	n/a	n/a	n/a	n/a
Benefits in kind	n/a	n/a	n/a	n/a
Total	177,441	176,948	186,350	171,201

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

	Amount paid during 2010/11	Amount paid during 2009/10
Jean-Claude Malraison		
Directors fees	6,000	5,000
Other remuneration	n/a	n/a
Jacques Pansard		
Directors fees	6,000	5,000
Other remuneration	n/a	n/a
Pierre Laigle (a)		
Directors fees	0	1,000
Other remuneration	0	40,682
Jean-François Perret		
Directors fees	6,000	5,000
Other remuneration	n/a	n/a
Total	18,000	56,682

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

Information on performance shares granted to each company director (table 6 of the AMF recommendations)

Performance shares allotted by the general meeting during the Year to each director by the issuer & any other group company	No. and date of plan	Number of options granted during the year	Value of options in line with the method used for the financial statements	Date of acquisition	Date of availability	Performance conditions
Pascal Imbert	n/a	n/a	n/a	n/a	n/a	n/a
Management board chairman	15/10/2010	9,102	103,189	15/7/2013	15/7/2015	Yes

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

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

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

- Stock options granted during the year to each company director of the issuer or any company of the group (table 4 of the AMF recommendations)
- Share purchase or subscription options exercised during the year by each company director (table 5 of the AMF recommendations)
- Performance shares that have become available to each company director (table 7 of the AMF recommendations)
- Details of past stock options granted (table 8 of the AMF recommendations)

- Stock options granted to the top ten beneficiaries among employees and directors and options exercised by them (table 9 of the AMF recommendations)

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

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

It is specified that this provision only concerned plans for which the directors are beneficiaries following the effective introduction of the French Act dated 30 December 2006.

XII.5 Transactions in Company shares undertaken by directors and their families

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

- **Ms. Pascale Besse - Purchase**

29 November 2010	500 shares	€19.20

- **Mr. Bassam Almoussa - Sale**

7 June 2010	400 shares	€15.99
9 June 2010	500 shares	€16.19
10 June 2010	500 shares	€16.49
10 June 2010	500 shares	€16.29
10 June 2010	500 shares	€16.24
11 June 2010	500 shares	€16.67
25 October 2010	868 shares	€18.99
27 October 2010	805 shares	€19.79
27 October 2010	1,000 shares	€19.49
2 November 2010	695 shares	€19.79
2 November 2010	1,000 shares	€19.79
17 December 2010	1,500 shares	€18.97
28 January 2011	1,368 shares	€20.48

- **Michel Dancoisne - Sale**

25 November 2010	5,000 shares	€18.40

- **Mr. René Dumoucel - Sale**

6 April 2010	212 shares	€15.99
13 April 2010	482 shares	€15.91
14 April 2010	116 shares	€15.90
19 April 2010	106 shares	€15.94
9 May 2010	387 shares	€15.98
20 December 2010	263 shares	€18.79
21 December 2010	970 shares	€18.83
22 December 2010	767 shares	€18.97

- **Mr Siegfried Günther - Sale**

22 June 2010	1,000 shares	€17.00

10 August 2010	1,000 shares	€17.50

- **Mr. Patrick Hirigoyen - Sale**

7 June 2010	250 shares	€15.50
9 June 2010	250 shares	€15.94
10 June 2010	250 shares	€15.94
11 June 2010	250 shares	€16.32
14 June 2010	250 shares	€16.30
15 June 2010	250 shares	€16.20
16 June 2010	250 shares	€16.58
17 June 2010	250 shares	€16.60
21 September 2010	250 shares	€17.42
22 September 2010	250 shares	€17.51
23 September 2010	250 shares	€17.46
20 October 2010	250 shares	€17.21
16 December 2010	250 shares	€18.55
17 December 2010	250 shares	€18.55
23 December 2010	4,000 shares	€19.10

- **Mr. Laurent Stoupy - Sale**

15 December 2010	900 shares	€18.55

- **Mr. Eric Rabaux - Sale**

4 February 2011	1,927 shares	€20.06

XXII.6 Supervisory Board and Management Board directors’ terms of office:

Management Board:

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

Supervisory Board:

- Michel Dancoisne was reappointed member and Chairman of the Supervisory Board by the annual general meeting on 26 September 2008 for a period of six years. His term of office will expire following the ordinary general meeting, which will approve the financial statements for the year ended 31 March 2014.
- Mr Jean-Claude Malraison was reappointed member and Vice-Chairman of the Supervisory Board by the ordinary general meeting and Supervisory Board on 26 September 2008 for a period of six years. His term of office will expire following the ordinary general meeting, which will approve the financial statements for the year ended 31 March 2014.
- Mr Jacques Pansard was reappointed member of the Management Board by the general meeting on 26 September 2008 for a period of six years. His term of office will expire following the ordinary general meeting, which will approve the financial statements for the year ended 31 March 2014.

- Mr Jean-Frnçois Perret was appointed member of the Supervisory Board by the general meeting on 26 September 2008 for a period of six years. His term of office will expire following the ordinary general meeting, which will approve the financial statements for the year ended 31 March 2014.

XXII.7 Statutory Auditors' terms of office:

- SLG EXPERTISE, principal statutory auditors:

The term of office of the firm SLG EXPERTISE, principal statutory auditors, will expire following the ordinary general meeting which will approve the financial statements for the year ended 31 March 2014.

- CONSTANTIN ET ASSOCIES principal statutory auditors:

The term of office of the firm CONSTANTIN ASSOCIES, principal statutory auditors, will expire following the ordinary general meeting which will approve the financial statements for the year ended 31 March 2013.

- Ms. Valérie Dagannaud secondary statutory auditor:

The term of office of Ms. Valérie Dagannaud, secondary statutory auditor, will expire following the ordinary general meeting, which will approve the financial statements for the year ended 31 March 2014.

- Mr Michel Bonhomme secondary statutory auditor:

Please be informed that Mr Michel Bonhomme has submitted his resignation to the Company as secondary statutory auditor.

Consequently, in accordance with Article L. 225-228 of the French Commercial Code and the recommendation from the supervisory board in its capacity as audit committee during its 30 May 2011 meeting (recommendation made pursuant to Article L. 823-19 of the French Commercial Code), the supervisory board will propose appointing the following new secondary statutory auditor:

BEAS
7, Villa Houssay, 92200 Neuilly-sur-Seine

For the remaining term of office of Mr Michel Bonhomme, i.e. until the end of the ordinary general meeting, which will approve the financial statements for the year ended 31 March 2013.

XIII Employee and environmental information

XIII.1 Employment

At 31 March 2011, Solucom employed a total of 915 staff, broken down as follows:

- 10 fixed term employees: 80% of these fixed term employees are foreign nationals waiting for their employee residence permit who will then be able to transfer to unlimited term employment contracts, while the remainder are working on work-study contracts
- 30 part time staff, most of whom are on parental leave for part time education
- 72% men. 24.8% of Solucom managers are women.
- 4% ETAM (French social category below manager level)

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

	Joiners	Leavers	Details of leavers
Total Firm including secondment	193	257	M = 47, D = 184, R = 1
Total Firm excluding secondment	146	210	F = 10, L = 14

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

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

During the year, five temporary staff were employed by the firm replacing employees on maternity leave, or were hired to cope with a temporary peak in work or to replace employees who had left the firm permanently.

XIII.2 Organisation of working time

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

Procedures applicable to individual staff categories are as follows:

- Engineers and managers
  - Method 2 (215 to 218 days per year and 38.5 hours per week)
  - Method 3 (214 to 218 days per year)
- ETAM (French social category below manager level):
  - Method 1 (between 35 and 39 hours per week capped at 1617 hours per year)

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

Solucom only has a limited amount of staff absence.

As an example, the absence rate for chargeable staff in the year ended 31 March 2011 was 2.16% of time excluding holidays. This absence largely relates to illness. Absence due to maternity, paternity and unpaid leave (including full-time parental leave) is excluded from the calculation of the absence rate.

XIII.2 Remuneration

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

	Total gross salaries 2010/11	**Total gross salaries 2009/10**	**Change**
Solucom SA	14,807,022	14,044,730	5%
Subsidiaries	34,866,912	35,852,619	-3%
Total Firm	**49,673,934**	**49,897,349**	**0%**

Total social security charges for 2010/11 amounted to €22,362,000 of which €6,673,000 for Solucom SA and €15,689,000 for the subsidiaries.

During the year, all the firm's staff received a profit share calculated based on specific Company principles that is supplemented by an additional profit share agreement, amounting to a total of €1,989,000. During the year, Cosmosbay~Vectis staff received the profit share payment for the first time.

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

XIII.3 Employee relations

Solucom SA has staff representatives and a workers council.

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

KLC has staff representatives.

There is no union representation within the firm.

An amendment to a Group profit sharing agreement and to the Group savings scheme was signed between Arcome, Dreamsoft, Idesys, KLC, New'Arch, Cosmosbay~Vectis and Solucom on 20 September 2010 (backdated to 1 April 2010) in order to enable Cosmosbay~Vectis to be included in the firm's profit share scheme.

XIII.3 Health and Safety

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

The Group recorded 14 work accidents during the year of which 6 resulted from travel accidents. All the accidents resulted in sick leave amounting to a total absence of 300 man days during the year.

XIII.4 Training

During the calendar year 2010, the firm's staff received 1,659 training days involving both external professional training and internal training provided by Solucom's training institute (excluding self training days).

The 2010/11 cost of professional training amounted to €546,000 (excluding the cost of Group staff time spent in training and excluding training paid for by FAFIEC).

518 employees, or 56.6% of total headcount, received at least one training course during 2010/11 including both internal and external courses.

The number of available 'DIF' (French employee entitlement to training) hours at 31 March 2011 is 50,941 hours.

The firm maintains close relations with around thirty engineering and business colleges, from where it recruits a large number of students. The various conditions of these partnerships include the payment of *taxe d'apprentissage* (French training tax), participation in educational activities (in particular lessons given by senior consultants of the firm), employing apprentices and participation in students associations. During the year, 107 interns were employed by the firm.

XIII.4 Social activities

Social activities are managed by the works councils of the firm's companies.

Social activities organised largely relate to sporting and cultural events.

XII.5 Employment of handicapped employees

At 31 March 2011 the firm employed five handicapped people. The firm's contribution in 2010/11 to employment of handicapped people amounted to €168,200.

XIII.6 Outsourcing

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

XII.7 Environmental information

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

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

XIV. Risks faced by Solucom SA and the firm

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

XIV.1 Financial risks

Liquidity risk

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

As at 31 March 2011, the firm's gross cash and cash equivalents net of overdrafts amounted to €14,018,000. The firm's policy is to place excess cash exclusively in risk-free money market investments. In addition, at the end of March 2008, the firm took out a €10,000,000 loan, repayable over 5 years, with no covenants. The outstanding balance as at 31 March 2011 amounted to €4,018,000.

Finally, the firm had seven lines of credit with an outstanding balance of €6,233,000 as at 31 March 2011. Of the seven credit lines, three with maximum facilities amounting to €3,900,000 at 31 March 2011 are subject to covenants, with which the firm has always complied since the implementation of these lines, and the lines are currently undrawn.

Interest rate risk

Interest rate risk is analysed by the finance department in liaison with its main banks. Where applicable the firm uses hedges against any rise in its future repayments by using derivative financial instruments contracted with top-ranking banks. A hedge of this type was contracted for the loan taken out at the end of March 2008.

Exchange rate risk

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

Client bad debt risk

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

Equity risk

Solucom's treasury shares held in conjunction with its share buy-back programme (see paragraph 16 in respect of the objectives of the share buy-back programme).

At 31 March 2011, Solucom held 58,451 treasury shares representing a market value of €1,195,000.

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

XIV.2 Operating risks

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

Risks arising from the current economic environment

The existence of increasingly frequent and more violent swings in the economy can cause uncertainties weighing on Solucom's business. This may result in budget cuts among its clients, project interruptions and generally a reduction in demand concurrent with a rise in competitive pressures.

In such circumstances, Solucom has traditionally always managed to take steps to minimise their impact. Nevertheless, Solucom cannot guarantee that this risk will not increase in the future.

Human resources risk

Solucom's success is a direct result of its ability to recruit and retain high potential employees. Solucom's approach to recruitment is based on hiring young graduates from the top colleges and universities in the firm's business.

Recruitment is a key challenge for Solucom given the tough underlying competition to hire the profiles that the firm seeks.

In order to meet this key success factor, every year Solucom devotes considerable investment to recruitment. However, the efforts made in 2010/11 were not enough to meet the recruitment objectives the firm had set.

Besides recruitment, controlling staff turnover also represents a challenge since supervisors and managers with experience in a consulting firm are highly sought after.

Controlling staff turnover is the joint responsibility of the company's management and human resources. Staff turnover was 20% in 2010/11, up from 8% in 2009/10.

The firm launched numerous initiatives in 2010/11, which should lead to a reduction in staff turnover during 2011/12. Solucom will pay particular attention to the impact of such initiatives.

Risks arising from acquisitions

Solucom's M&A strategy frequently involves acquiring new companies. For each acquisition, Solucom systematically seeks to ensure that the management of the acquired company follows the joint operational strategy. These efforts in advance later facilitate the integration process and minimise any risk of key people leaving.

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

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

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

Risks arising from any acquisition nevertheless remain and Solucom cannot guarantee that its integration method will systematically control such risks in the future.

For example, Cosmosbay~Vectis, the firm's most recent acquisition, suffered a steep fall in results during its integration period, albeit in a particularly depressed economic environment.

Lastly, following the 2010/11 reorganisation based on practices, the firm will no doubt have to adapt its integration approach for future acquisitions. In this respect, it will pay particular attention to sales procedures and human resources practices.

Legal risk

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

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

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

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

Business liability risk

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

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

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

Risk on fixed-price projects

Fixed-price projects represent some 30% to 40% of the firm's revenues (39% in 2010/11).

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

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

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

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

Over the last few years, the average level of overruns has never exceeded 2% of the total number of days of the productive staff's on-site presence excluding holidays and leave (0% in 2010/11).

Information systems risk

As the firm grows, information systems represent an increasingly important asset for Solucom. They enable commercial and operational activities, produce the financial statements, enable internal and external communication and allow the firm to consolidate and organise the knowledge management database distributed to all staff.

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

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

Risks in performing engagements

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

The firm has introduced a quality risk management system for monthly monitoring of suspected or actual incidents and their resolution via performance of specific action plans.

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

XV. Share buy-back programme

Pursuant to a resolution taken at the Ordinary General Meeting dated 24 September 2010, the Management Board was authorised to implement a new share buy-back programme in accordance with current legislation and regulations.

This programme followed a previous programme authorised by the Ordinary General Meeting dated 25 September 2009.

This represents the twelfth share buy-back programme and was implemented immediately by the Management Board on 24 September 2010, the details of which are specified in the Reference Document submitted to the AMF on 30 June 2010 under number D.10-0576, and was announced in a press release on Solucom's website dated 24 September 2010.

Pursuant to legal provisions, please note that the situation as at 31 March 2011 relating to the two previous programmes carried out during 2010/11 was as follows:

- The number of own shares bought back during the year was 59,754 amounting to €1,062,999, i.e. an average purchase price of €17.79.
- The number of treasury shares sold during the year was 34,307 amounting to €577,803, i.e. an average sale price of €16.84.
- There were no transaction costs.
- The number of shares allocated free of charge to employees during the year was 8,459 amounting to a total value of €114,986, i.e. an average issue price of €13.59

- The number of treasury shares recorded in the balance sheet as at 31 March 2011 is 58,451 with a net book value of €1,195,323, i.e. valued on average at €20.45 per share. The nominal value of these shares is €0.10 per share.

- Treasury shares represent 1.18% of share capital.

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

	Market making	Retention for M&A deals	Issued to employees	Issued on exercise of stock options
Situation at 31/03/2010	11,299	29,795	-	-
Purchases	19,061	40,693	-	-
Sales	(19,307)	-	(15,000)	-
Reallocations	-	(40,000)	40,000	-
Leavers	-	-	(8,459)	-
Situation at 31/03/2011	11,053	30,488	16,910	-
EUR,000,000	208,158	558,474	269,761	-
% of share capital as at 31/03/2011	0.22%	0.61%	0.34%	0.00%

New authorisation

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

In essence this new programme will be as follows:

a) Objectives

- Ensure the liquidity of the secondary market or that of Solucom shares by the involvement of an independent investment services provider pursuant to a liquidity contract in accordance with the Ethics Charter recognised by the Autorité des Marchés Financiers (French financial markets regulator);

- Hold shares with a view to issuing them subsequently as consideration for mergers or acquisitions;

- Allot or transfer shares to employees and/or directors of the Company and/or its Group companies in accordance with legislation, notably in order to financially incentivise employees or directors in the Company's earnings, to implement any company or intercompany savings plan for employees, to introduce or cover any stock option plan or to issue shares free of charge;

- Allot shares on the exercise of securities with entitlement to subscribe to the Company's share capital by any means.

b) Maximum limit

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

c) Financial terms for buying shares

Maximum purchase price per share: €40

d) Cancellation of shares

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

e) Duration of authorisation

With effect from the Ordinary General Meeting dated 28 September 2011, until the next General Meeting convened to approve the financial statements for the year ended 31 March 2012, and, in all circumstances within 18 months, it being specified that the 28 September 2011 Ordinary General Meeting will supersede the preceding authority, without interruption, until any new authority.

Naturally, the Management Board, with approval of the Supervisory Board, must prepare a new report of the share buy-back programme that is given in the 2010/11 Reference Document.

XVI. Items likely to have an impact during periods of public tender offers

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

- The capital structure and the direct or indirect investments, of which Solucom SA is aware, and all information related thereto, are described in this report and in the Reference Document submitted to the AMF on 30 June 2010 under number D 10-0576,
- To Solucom's knowledge, there are no agreements or any other commitments signed between shareholders other than the collective share retention commitments discussed above under paragraph X entitled "Share Capital",
- There are no securities granting special powers of control, with the exception of double voting rights as specified under Article 11-4 of the articles of association in accordance with regulations,
- There are no clauses in the articles of association restricting the exercise of voting rights or transfers of shares,
- Voting rights attached to Solucom shares, with regard to the employee savings plan described under paragraph II.C., are exercised by the "Solucom Actions" Company mutual fund ('FCPE'),
- Rules for the appointment and dismissal of members of the Management Board are based on general law,
- The Management Board's current powers are described in this report under paragraph XVI (share buy-back programme) and in the table of approvals regarding capital increases attached to this report and detailed under paragraph XX below.
- Changes to Solucom's articles of association are made in accordance with current legislation and regulations,
- There are no agreements involving severance compensation in the event of the departure of members of the Management Board.

XVII. Observations of the works council

Not applicable.

XVIII. Report of the Chairman in accordance with the provisions of Article L.225-68 of the French Commercial Code

The report of the Chairman of the Supervisory Board dated 31 May 2011 is attached to this report.

This report, which is presented to you herewith, contains all disclosures specified under Article L.225-68 of the French Commercial Code; it was approved by the Supervisory Board on 30 May 2011, in accordance with current regulations.

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

XIX. Table of approvals regarding capital increases

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

XX. Audit by the statutory auditors

We will read the following reports:

- The general auditors report on the Company financial statements,
- The auditors report on the consolidated financial statements,
- The auditors report on regulated agreements and commitments,
- The auditors report on the report of the chairman of the supervisory board under Article l.225-68 of the French commercial code.

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

Extraordinary General Meeting

Preface

Several draft resolutions have been submitted to your vote as part of this extraordinary general meeting, as follows:

a) Renew a number of authorisations relating to capital increases and generally financial transactions affecting the Company's share capital immediately or in the future, which were granted to the Management Board by previous extraordinary general meetings, and most recently the extraordinary and ordinary general meeting dated 25 September 2009, for which a summary table is attached to this report in accordance with legislation;

b) "Clean out" Solucom's articles of association by i) changing articles relating both to allocating voting rights between usufructuaries and bare owners if the ownership of Solucom shares is split (Article 12 of the articles of association), and relating to the terms of office of the Company's Supervisory Board members (Article 18 of the articles of association) and ii) updating the articles of association to comply with recent legislation and regulations with regard to shareholders' rights (Articles 26 and 27 of the articles of association).

1. Renewal of financial authorisations

Preface

The following draft resolutions are in line with applicable corporate governance best practices in terms of authorisation of capital increases, in particular the corporate governance recommendations of the French Financial Management Association ("AFG" recommendations) and the AMF (French financial markets regulator).

As such, these resolutions comply with:

- The percentages of share capital the AMF recommends in its January 2011 recommendations in relation to capital increases with or without priority subscription rights and establishing priority subscription rights for shareholders, who have held their shares for at least five days if there are no priority subscription rights.

- The principle of holding separate votes on capital increases with no priority subscription rights depending on whether the capital increase includes a public offering or not (i.e. the issue is exclusively a private placement), as recommended by the AMF in its 6 July 2009 recommendation on the presentation of resolutions concerning delegation of powers to general meetings pursuant to Article L.225-136 of the French Commercial Code, such that a shareholder vote on transactions targeting specific investors, who are subject to different limits, is avoided.

Furthermore, in the draft resolutions that follow, the concept of "investment securities" is derived from the French Monetary and Financial Code, and according to Article L.211-1 of the said Code, includes equities, debt securities (including bonds), shares in mutual funds, which represent marketable securities as defined under the French Commercial Code.

I.1 Authorization of the Management Board to increase the capital (seventh to twelfth resolutions)

We submit to your vote resolutions for the renewal of powers given to the Board to increase the capital through the immediate or future issue of ordinary shares or investment securities giving access to Solucom's share capital.

Preference shares and marketable securities giving access to preference shares are excluded from these authorisations.

Note that:

- The Management Board has already been authorized to issue shares or investment securities giving access to share capital, that is to say shares with attached warrants, convertible bonds and share warrants, with or without priority subscription rights,
- The Management Board did not use these authorisations which expire in 2011/12.
- These authorizations are intended to provide Solucom with the resources to pursue its development, at the right moment and depending on financial market opportunities,
- The new authorizations will have the immediate effect of terminating the authorizations given by the Ordinary and Extraordinary General Meeting of 25 September 2009 in its seventh, ninth and eleventh resolutions,
- Besides the overall limit which is proposed in the thirteenth resolution, sub-limits in line with the best market practices will apply according to the type of transaction envisaged, under the resolutions set out below,

In accordance with the French Commercial Code (Article L.225-129 et seq.), the Management Board therefore proposes that these authorizations to increase the capital with or without priority subscription rights be renewed for a period of 26 months.

<u>In the seventh resolution</u>, you are asked to authorize the Management Board to issue ordinary shares or any financial security giving access to the equity, as for example convertible bonds or bonds repayable in shares or bonds with attached share warrants, whose subscription may be in cash or by offset, in France or abroad, in euros or any other currency, with priority subscription rights.

The maximum nominal value of the capital increase with priority subscription rights is limited i) to €248,344.10, or 50% of the ordinary share capital and ii) €30,000,000 for investment securities, which could be debt securities. These amounts are subject to the rights of certain shareholders in the event of a further issue of securities.

<u>In the eighth resolution</u>, you are asked to authorize the Management Board to make a public offer of ordinary shares or any investment security giving access to the Company's shares, subscription for which may be in cash or by offset, in France or abroad, in euros or any other currency, without priority subscription rights.

These investment securities could be issued in consideration for securities contributed as part of a public offer of exchange pursuant to the provisions of Article L.225-148 of the French Commercial Code.

The maximum nominal value of capital increases without priority subscription rights and public offer is limited i) to €124,172.05, or 25% of the ordinary share capital, and ii) to €15,000,000 for debt securities. These amounts are subject to the rights of certain shareholders in the event of a further issue of securities.

The capacity to make issues without priority subscription rights enables the Management Board to carry out transactions where rapidity is an essential condition of success and where in addition there is an advantage in making an offer to a new public by issuing on foreign or international financial markets.

However in this type of transaction, shareholders' rights will be preserved by:

- The possibility for the Management Board to give shareholders a reducible or non-reducible subscription priority for five days,
- The fact that under the French Commercial Code the issue price of the shares must be at least equal to the weighted average share price during the three last trading sessions prior to the price fixing day, with a maximum possible discount of 5%.

In the ninth resolution, you are asked to authorize the Management Board to issue ordinary shares or any investment security giving access to the share capital, subscribed in cash or by offset, without priority subscription rights, through private placement in France or abroad in euros or any other currency.

Note that to enable companies to optimise their access to capital markets and benefit from the best market conditions, the French Monetary and Financial Code offers this possibility of capital increases through private placements. Private placements are share issues without priority subscription rights, addressed exclusively to i) people providing portfolio management services for third party investors and ii)) qualified investors or a restricted group of investors acting on their own behalf.

The maximum nominal value of capital increases without priority subscription rights by private placement is limited to €99,337.64, or 20% of the share capital, given that issues of debt securities through a private placement covered by Article L.411-2 II of the French Monetary and Financial Code are limited by law, and the limit is calculated on that of the eighth resolution in such manner as to respect the 25% limit referred to in the AFG recommendations specified above.

In the tenth resolution, you are asked to authorize the Management Board to increase the value of an issue decided under the terms of the seventh, eighth and ninth resolutions as necessary, in the event of over-subscription.

The additional capital increase that could result within 30 days of closure of the initial subscription may not exceed 15% of the initial issue and must be made at the same price and under the same conditions.

In the eleventh resolution, you are asked to authorize the Management Board to issue ordinary shares or any investment security giving access to the share capital, in accordance with the provisions of the French Commercial Code, up to a limit of 10% of the share capital, in equity securities or securities giving access to the share capital, in consideration for contributions in kind consisting of ordinary shares or investment securities giving access to the share capital of third party companies.

In the twelfth resolution, we propose to set the maximum nominal value of immediate or term increases in company capital liable to be carried out by virtue of the authorizations conferred by the above resolutions at €372,516.15, and to set the maximum nominal value of debt securities liable to be carried out by virtue of the authorizations conferred in the above resolutions at €45,000,000.

Conclusion:

With the above financial authorizations, the Management Board will have great flexibility in the choice of issues to be considered, and will be able to adapt the kind of ordinary shares or any other securities to be issued depending on growth objectives, demand, and current conditions on French, foreign or international financial markets.

1.2 Management Board authorization to increase share capital through capitalisation of reserves, retained earnings, issue premiums or capital contributions in kind (thirteenth resolution)

In the thirteenth resolution, you are asked to authorise capital increases resulting from capitalisation of reserves, retained earnings, premiums or any other items able to be transferred to share capital up to a limit of €400,000, i.e. the same amount as the authorization conferred by the Ordinary and Extraordinary General Meeting dated 25 September 2009.

The existence of a distinct and independent limit of €400,000 is justified by the completely different nature of the capitalisations of reserves or other items, since this occurs either through the allotment of free shares to shareholders, or by increasing nominal value of existing shares, that is to say without dilution for the shareholders and without change to the value of Solucom's shareholders' equity.

1.3 Share capital access for Company or Group employees as part of a "PEG" (group savings plan) (fourteenth resolution)

Note that for some years the Management Board has been authorized to carry out capital increases reserved for employees subscribing to the Group Savings Plan and to carry out capital increases reserved for entities constituted on behalf of Group employees, in accordance with current regulations. The Management Board has not made use of these authorizations.

The authorizations given to the Management Board with a view to increasing the share capital and specified under paragraph I, 1. above carry the obligation to submit a draft resolution to the General Meeting aimed at allowing a possible capital increase reserved for employees subscribing to Company or Group savings schemes.

In the fourteenth resolution, you are therefore requested to authorize the Management Board to carry out one or more increases up to a maximum amount of 5% of share capital, as set out in the provisions of Articles L.225-129 to L.225-129-6 and L.225-138-1 of the French Commercial Code and L.3332-18 et seq. of the French Employment Code.

The limit for this authorization is identical to those of the previous authorizations and remains in line with current market practice, which adjusts the limit according to the employee's equity interest in the share capital; given that this limit is independent and separate from the limit set in the thirteenth resolution in respect of limits to authorizations to increase share capital, but linked to the limit in the sixteenth resolution concerning allotments of free shares and included in a joint limit for these two instruments in order to motivate and retain Solucom's employees.

This authority would be for a period of 26 months.

You will have to terminate the previous authorization with immediate effect and confer on the Management Board all powers to decide, implement, and carry out such transactions, and more generally to do whatever is necessary.

1.4 Allotment of free shares (fifteenth resolution)

The Management Board has already received three previous authorizations on this point.

By virtue of these three authorizations, the Management Board has established eight free share allotment schemes (see special reports from the Management Board for 2007/08, 2008/09 and 2009/10 and paragraph II – C of the Ordinary General Meeting section of this report).

In the fifteenth resolution, you are requested to authorize your Management Board, in accordance with Articles L.225-197-1 et seq. of the French Commercial Code, to carry out the free allotments of existing or future shares to the employees and/or directors of Solucom and the Group.

As required by law, the allotment of free shares cannot concern employees or directors holding more than 10% of the share capital. We inform you that as regards allotments to directors of Solucom and its subsidiaries, the Company will apply the MiddleNext corporate governance code recommendations, the recommendations of the AMF, and the new provisions set out in the Act of 3 December 2008 concerning remuneration.

The maximum value of this authorization will remain at:

- 6% of the Company's share capital for free allotments to employees of Solucom and the Group
- 1% of the Company's share capital for free allotments to directors of Solucom

This percentage is calculated on the day of issue, given that the limit is independent and distinct from that fixed by the thirteenth resolution concerning limits to authorizations to increase share capital, but that it is linked to the limit of the fifteenth resolution concerning capital increases reserved for employees subscribing to a company or group savings scheme, and included in a common limit for these two instruments.

This authority would be for a period of 26 months.

You will have to terminate the previous partially used authorization with immediate effect and confer on the Management Board all powers to decide, implement, and carry out such transactions, and more generally to do whatever is necessary.

Cumulative ceiling with regard to the authorizations of the 14th and 15th resolutions

In the sixteenth resolution, we propose to limit the Management Board's ability to adopt the schemes proposed under the 14th and 15th resolutions to 6% of Solucom's share capital as at the date of completion, in order to limit shareholder dilution while providing the Management Board with all the necessary powers to motivate employees and/or directors of Solucom and the Group through profit sharing and incentives in the Company's and Group's development.

2. Change to the articles of association (seventeenth to nineteenth resolutions)

2.1 Change to distribution of voting rights between the usufructuary and the bare owner (article 12 of the articles of association)

At present, in the event of splitting ownership of the Company shares, Article 12 of the articles of association provides that the voting rights attached to each share shall belong to the usufructuary at ordinary general meetings, and to the bare owner at extraordinary general meetings.

In the seventeenth resolution, we propose to limit the voting rights of usufructuaries to decisions concerning the appropriation of earnings. This change to the articles of association would enable shareholders who so wish to benefit from the favourable tax treatment set out in Article 787 B of the French General Tax Code for estate distribution prior to death with reservation of usufruct. It is proposed to change Article 12 of the articles of association headed "Indivisibility of shares – Bare ownership – Usufruct" accordingly.

2.2 Establishing shorter terms of office for Supervisory Management Board members (Article 18 of the articles of association

The term of office for Supervisory Management Board members is currently set at six years.

The MiddleNext corporate governance code referred to by Solucom recommends that the Supervisory Board ensure that "the terms of office under the articles of association be suited to the Company's specific features within statutory limits" (recommendation R 10).

In the eighteenth resolution, in order to enable Solucom to conform to this recommendation, and given the company's specific features, we propose to establish shorter terms of office of 4 years, in the event of appointments or extended terms of office of Supervisory Board members, and to change paragraph I of Article 18 of the articles of association headed "Supervisory Board" accordingly.

2.3 Update of articles of association to comply with recent statutory and regulatory requirements concerning shareholder rights (articles 26 and 27 of the articles of association)

Statutory instrument 2010-1511 dated 9 December 2010 and its application decree 2010-1619 dated 23 December 2010 concerning the exercise of certain shareholder rights in listed companies provides that under certain conditions, shareholders may i) enter points on the agenda of the meeting, and ii) be represented by any natural or legal person they choose.

In the nineteenth resolution, we propose to modify Articles 26 and 27 of the articles of association so that they comply with these new provisions.

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The Supervisory Board and the Statutory Auditors will express their opinions and comments on these subjects in their reports.

The Management Board recommends you adopt the resolutions that it submits to your vote during the Extraordinary General Meeting.

The Management Board

23 May 2011

Completed 30 May 2011

Appendix to the Management Board report

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

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

	Articles L.225-129 to L.225-129-6, L.225-135, L.225-135-1 et seq., L.228-91 and L.228-92 of the French Commercial Code.			
10th	Issue of ordinary shares and debt securities conferring rights to company share capital by way of remuneration for contributions in kind made to the company in the form of shares or debt securities giving access to the share capital of third party companies, where the provisions of article L.225-148 of the French Commercial Code do not apply (except Public Share Exchange Offerings). Articles L.225-129 to L.225-129-6 and L.225-147 of the French Commercial Code.	26 months	10% of share capital within the limit set out in the 8th resolution.	None
11th	Overall limitation of share issue authorisations by the 7th to 10th resolutions.	26 months	Equity securities: €372,516.15 Debt securities: €45.000,000	None
12th	By incorporation of reserves, profits or share premiums. Articles L.225-129-2 and L.225-130 of the French Commercial Code.	26 months	€400,000 it being understood that this limit is independent and stands alone from those set out in the 11th resolution.	None
13th	Share increases reserved for employee members of a Personal Equity Plan. Articles L.3332-18 et seq. of the French Labour Code and articles L.225-129-2 to L.225-129-6 and L.225-138-1 of the French Commercial Code.	26 months	5% of share capital with the proviso that this is independent and stands alone from the limits set out in the 7th to 11th resolutions, but aggregates with the limit set out in the 14th resolution, within the overall maximum limit for these two resolutions as set out in the 15th resolution.	None

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

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

€000

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

	31/3/07	31/3/08	31/3/09	31/3/10	31/3/11
Share capital at year end					
Share capital	466	495	497	497	497
Number of ordinary shares	4,889,480	4,950,662	4,966,882	4,966,882	4,966,882
Income statement details					
Net revenues	30,953	37,285	45,605	56,094	63,880
Profit bef. tax, profit share, depreciation and provisions	4,817	8,197	8,055	9,652	12,794
Corporation tax	1,155	1,601	1,437	2,082	2,581
Employee profit share	426	530	581	606	589
Profit after tax, profit share, depreciation and provisions	2,895	5,525	5,549	787	9,051
Dividends	677	929	932	936	1,031
Earnings per share					
Profit after tax and profit share, before depreciation and provisions	0.66	1.23	1.22	1.40	1.94
Profit after tax, profit share, depreciation and provisions	0.59	1.12	1.12	0.16	1.82
Dividends	0.14	0.19	0.19	0.19	0.21
Personnel					
Average number of employees	199	245	265	286	302
Total wages and salaries	10,590	12,101	13,497	14,239	14,829
Social security and other staff benefits	4,953	5,661	6,294	6,947	7,310

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

Supervisory Board report to the Ordinary and Extraordinary General Meeting dated 28 September 2011

Ladies and Gentlemen,

In accordance with our statutory supervisory responsibilities, we are honoured to submit to you our report on the supervision of the Management Board during the year ended 31 March 2011 in conjunction with the Ordinary and Extraordinary General Meeting dated 28 September 2011.

In accordance with legislation, our role is to comment on the management report of the Company's and the Group's activity as prepared by the Management Board, on the Company and consolidated financial statements for the year ended 31 March 2011 and on the other points stated on the agenda included in your meeting notice.

1. Comments on the Company and consolidated financial statements for the year ended 31 March 2011

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

The Management Board gave us the accounting documents covering the Company and consolidated financial statements for the year ended 31 March 2011, which you will be invited to approve, within the statutory time periods

The Supervisory Board has no comment concerning the Company and consolidated financial statements for the year ended 31 March 2011, as prepared by the Management Board and hereby approves them.

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

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

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

2. Appointment of a secondary statutory auditor

In accordance with Article L. 225-228 of the French Commercial Code and the recommendation from the Supervisory Board in its capacity as audit committee during its 30 May 2011 meeting (recommendation made pursuant to Article L. 823-19 of the French Commercial Code), the Supervisory Board recommends that in replacement for Mr Michel Bonhomme, you appoint the following new secondary statutory auditor:

Cabinet BEAS
7, Villa Houssay
92200 Neuilly-sur-Seine

for the remaining term of office of Mr Michel Bonhomme, i.e. until the end of the ordinary general meeting, which will approve the financial statements for the year ended 31 March 2013.

Naturally, both Solucom and the secondary statutory auditor will perform all compulsory formalities with regard to the AMF within the statutory deadlines in order to ensure that said appointment be legally valid.

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

We hereby state that during its meeting dated 30 May 2011, the Supervisory Board approved, without qualification or comment, the report of the Supervisory Board Chairman pursuant to the provisions of Article L.225-68 paragraph 7 of the French Commercial Code, as attached to the report of the Management Board.

4. Comments on the other points on the agenda: extraordinary general meeting

The Supervisory Board has no comments on the decisions submitted for your approval and requests that you approve them and vote in favour of all resolutions covering:

- Financial transactions affecting share capital, and authority to be granted to the Management Board in accordance with applicable legislation and regulations;

- Changes to the Company's articles of association (amendment to the division of voting rights between usufructuaries and bare owners if the ownership of Solucom shares is split, establishing shorter terms of office for Supervisory Board members and updating the articles of association to comply with recent legislation and regulations relating to shareholder rights).

Supervisory Board
30 May 2011

Risk factors

Solucom has carried out a review of its risks and cash held and available as at 31 March 2011 and considers that there are no material risks other than those presented below.

1. Market risks

Liquidity risk

Cash

Free cash flow, which amounted to €8.7 million in the year ended 31 March 2011, enables the firm every year to meet all its funding requirements excluding acquisitions (in particular changes in working capital and operational capital expenditure).

Furthermore, cash held and available amounting to €26.4 million at 31 March 2011 enables the firm to meet all its liabilities arising from acquisitions and provides significant financial flexibility.

Cash held and available at 31 March 2011 breaks down as follows:
• €14 million of cash and cash equivalents (cash less overdrafts and accrued interest, plus marketable securities),
• €6.2 million of additional available funds (authorised overdraft facilities, none of which is currently used):
Of the four credit lines, two with maximum facilities amounting to €3,900,000 at 31 March 2011 are subject to covenants, with which the firm has always complied since the implementation of these lines, and the lines are currently undrawn;
• €6.2 million of cash facilities.
Cash and cash equivalents are exclusively placed in risk-free money market investments. As at 31 March 2011 Solucom does not discount or factor invoices. Borrowings at 31 March 2011 break down as follows:
€4.0 million of bank loans and sundry borrowings, the firm having taken out at the end of 2007/08 a €10.0 million loan repayable over 5 years and with no covenants;
• €0.5 million of finance lease liabilities

Breakdown of the firm's debt

Number	Loan characteristics	Interest rate type	Balance at 31 March 2011	Maturity date	Loan hedge
1	5 year loan of €4.0 million, repayable in 10 half-year instalments	Variable (based on EURIBOR 6 months)	€1.6 million.	27/03/2013	
2	7 year loan of €6.0 million, repayable in 10 half-year instalments with effect from the first availability date of the funds, with a two year holiday as from the effective date of the contract	Variable (based on EURIBOR 6 months)	€2.4 million.	27/03/2015	

Breakdown of available funds (new unused credit facilities)

Number	Loan characteristics	Interest rate type	Balance at 31 March 2011	Maturity date	Hedges
1	New 6-year facility of €0.7m - repayable in annual instalments	Variable (based on EURIBOR)	€0.2 million.	08/08/2012	
2	New 5-year facility of €5m - repayable in annual instalments	Variable (based on EURIBOR)	€3.0 million.	02/03/2014	
3	New 5-year facility of €3.5m - repayable in annual instalments	Variable (based on EURIBOR)	€2.1 million.	02/03/2014	
4	New 5-year facility of €1.5m - repayable in annual instalments	Variable (based on EURIBOR)	€0.9 million.	02/03/2014	

Loan covenants

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

Solucom took out three credit facilities for a total of €10.0 million in conjunction with the financing of the Cosmosbay~Vectis acquisition. These credit facilities were granted for a term of 5 years by three banks, for €5 million, €3.5 million and €1.5 million (facilities no. 2, 3 and 4). Facilities no. 2 and 4 include certain conditions, which, if breached, could lead to their early repayment.

The covenant on facility no. 2 requires that the ratio of net debt divided by free cash flow remains below 3. The covenant on facility no. 4 requires that the ratio of gross debt due in over one year divided by EBITDA remains below 2.5.

At 31 March 2011, all the criteria were satisfied.

Interest rate risk

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

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

The following table shows the maturity of the Group's financial assets and borrowings.

At 31/03/2011 (€000)	Total	Due in less than 1 year	Due in more than 1 year and less than 5 years	Due in more than 5 years
Borrowings	4,529	2,296	2,233	0
Financial assets (1)	14,018	14,018	0	0
Net cash position before a/l management	**(9,489)**	**(11,722)**	**2,233**	**0**
Management derivatives	0	0	0	0
Net cash position after a/l management	**(9,489)**	**(11,722)**	**2,233**	**0**

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

The firm's exposure to a movement of 1% in short-term interest rates can be estimated at a P&L impact of €117,000. This figure is based on the net balance due in less than one year covering all financial assets and borrowings due in less than one year.

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

Exchange rate risk

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

Equity risk

The only equity shares held by the firm are Solucom treasury shares in conjunction with the share buy-back programme.

At 31 January 2011, Solucom held 58,451 treasury shares representing a market value of €1,195,000.

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

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

The average purchase price of all treasury shares was €17.73 per share compared to their market value at 31 March 2011 of €20.45.

In terms of sensitivity, a 10% rise in the Solucom share price would increase shareholders' equity by €120,000 and a 10% fall would reduce shareholders' equity by €120,000.

2. Legal risks

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

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

As part of its client services, Solucom often has to make contractual commitments requiring specific monitoring. These may include confidentiality or exclusivity agreements. The commitments are entered into under the responsibility of the senior management of each Group company, including, where applicable, the possibility to delegate to certain managers. The senior managers involved are charged with ensuring that all such commitments are transparent and visible, and that procedures are in place to ensure compliance therewith.

3. Industrial and environmental risks

Solucom's business only relates to intellectual services which have a negligible impact on the environment. In particular this applies to use of the firm's fixed assets, which have no impact on the environment.

4. Technological risks

Information systems risk

As the firm grows, information systems represent an increasingly important asset for Solucom. They enable commercial and operational activities, produce the financial statements, enable internal and external communication and allow the firm to consolidate and organise the knowledge management database distributed to all staff.

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

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

5. Insurance and risk management

General risk management policy

Solucom is engaged purely in the provision of intellectual services, consulting and technical expertise services for large accounts.

Solucom's insurance policy is adapted to the following type of business:

• Business interruption which is an extremely low risk;
• A high volume of travel by consultants in the course of their duties;
• Risk of Solucom's liability arising from services performed.

Solucom has taken out the following insurance cover:
• Insurance of the premises and equipment;
• Transport and staff insurance;
• Public and professional liability.

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

Business interruption risk

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

Public liability risk

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

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

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

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

Operating liability
• Material damage; €10.0 million per claim;
• Consecutive or direct material / intangible damage; €10.0 million per claim;

Professional liability
• Consecutive or direct material / intangible damage; €5.0 million per claim per year.
There is a deductible of €75,000 in conjunction with the business professional liability policy.

Premiums and coverage

Premiums by category of risk paid by Solucom during 2010/11 are as follows:

Insurance category	Premiums
Public liability	€87,000
Multi-risk insurance, premises and equipment	€37,000
Transport insurance	€13,000

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

Operating liability and professional liability
Please refer to the "Public liability risk" paragraph.

Multi-risk insurance, premises and IT equipment
• Contents of the premises / IT equipment: €2.2 million.

6. Other operating risks

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

Risks arising from the current economic environment

The existence of increasingly frequent and more violent swings in the economy can cause uncertainties weighing on Solucom's business. This may result in budget cuts among its clients, project interruptions and generally a reduction in demand concurrent with a rise in competitive pressures.

In such circumstances, Solucom has traditionally always managed to take steps to minimise their impact. Nevertheless, Solucom cannot guarantee that this risk will not increase in the future.

Client bad debt risk

Since virtually all Solucom's clients are major corporate accounts, in practice there is little risk of default or client bad debts.

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

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

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

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

Risk on fixed-price projects

Fixed-price projects represent some 30% to 40% of the firm's revenues (39% in 2010/11).

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

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

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

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

Over the last few years, the average level of overruns has never exceeded 2% of the total number of days of the productive staff's on-site presence excluding holidays and leave (0% in 2010/11).

Risk of outsourcing

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

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

Risks of competition

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

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

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

• It takes a long time to gain credibility in the consulting business with large clients.

• In order to establish a good reputation with the leading universities where most of Solucom's staff were educated, firms must build close links with these institutions.

Human resources risk

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

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

Recruitment is a key challenge for Solucom in the medium term given the tough underlying competition to hire the profiles that Solucom seeks.

In order to meet this key success factor, every year Solucom devotes considerable investment to recruitment. However, the efforts made in 2010/11 were not enough to meet the recruitment objectives the firm had set.

Besides recruitment, controlling staff turnover also represents a challenge since supervisors and managers with experience in a consulting firm are highly sought after.

Controlling staff turnover is the joint responsibility of the company's management and human resources. Staff turnover was 20% in 2010/11, up from 8% in 2009/10.

The firm launched numerous initiatives in 2010/11, which should lead to a reduction in staff turnover during 2011/12. Solucom will pay particular attention to the impact of such initiatives.

Risks arising from acquisitions

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

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

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

• rapidly rolls out the firm's management systems within the new entity in order to be able to closely monitor the operational business as rapidly as possible;

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

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

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

Lastly, following the 2010/11 reorganisation based on practices, the firm will no doubt have to adapt its integration approach for future acquisitions. In this respect, it will pay particular attention to sales procedures and human resources practices.

Monitoring goodwill

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

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

With regard to these two companies, the updated impairment test under IFRS confirmed that an impairment charge is not required for the KLC and Cosmosbay~Vectis Goodwill as at 31 March 2011.

Impairment tests were also performed on goodwill relating to the other consolidated companies.
These impairment tests did not lead to any goodwill impairment in the financial statements for the year ended 31 March 2011.

Dependence on computer applications or products licensed to third parties

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

Information on trends

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

Financial information

Fiscal 2010/11

2 - Financial information

Consolidated financial statements at 31.03.11

Company financial statements at 31.03.11

Consolidated financial statements for the year ended 31 March 2011

Consolidated income statement

€000

	Note	2010/11	2009/10
REVENUES	16	**108,022**	**103,443**
Other operating income			
Purchases consumed	17	3,426	1,912
Personnel costs (including profit share)	18 & 19	75,987	76,775
External costs		12,882	10,819
Tax other than income tax		1,931	2,597
Net depreciation and provision charges		1,198	1,416
Other underlying income and expenses		(23)	(133)
UNDERLYING OPERATING PROFIT		**12,621**	**10,057**
Other income and expenses from operations		0	(3,044)
OPERATING PROFIT		**12,621**	**7,013**
Financial income	20	7	29
Gross borrowing costs	20	150	193
NET BORROWING COSTS	20	**143**	**164**
Other financial income and expenses	20	69	59
PROFIT BEFORE TAX		**12,547**	**6,908**
Corporation tax	21	5,612	3,656
NET PROFIT FOR THE YEAR		**6,935**	**3,252**
Minority interests		0	0
NET PROFIT (GROUP SHARE)		**6,935**	**3,252**
Basic earnings (Group share) per share (€) (1) (2)	22	1.41	0.66
Diluted earnings (Group share) per share (€) (2)	22	1.40	0.65

(1) Weighted average number of shares during the year excluding treasury shares. (2) In accordance with IAS 33, earnings per share for the years ended 31 March 2011 and 31 March 2010 were calculated based on the number of shares as at 31 March 2011.

Consolidated balance sheet

€000

	Notes	31/3/2011	31/3/2010
NON-CURRENT ASSETS		**31,018**	**30,952**
Goodwill	1	24,364	24,364
Intangible assets	2	296	209
Tangible fixed assets	3 & 4	2,430	2,331
Financial assets	5	648	554
Other non-current assets	7	3,280	3,493
CURRENT ASSETS		**53,736**	**47,794**
Trade receivables	8	33,617	34,770
Other receivables	8	6,092	4,333
Financial assets	5	0	0
Cash and cash equivalents	8 & 9 & 14	14,027	8,691
TOTAL ASSETS		**84,754**	**78,746**
SHAREHOLDERS' EQUITY (GROUP SHARE)		**40,040**	**34,296**
Share capital	10	497	497
Issue, merger and contribution premiums	10	11,219	11,219
Reserves and consolidated retained earnings		28,325	22,581
Minority interests		0	0
TOTAL SHAREHOLDERS' EQUITY		**40,040**	**34,296**
NON-CURRENT LIABILITIES		**3,984**	**5,941**
Long-term provisions	11 & 12	1,674	1,576
Borrowings (due in more than 1 year)	12 & 13 & 14	2,233	4,290
Other non-current liabilities	12	77	75
CURRENT LIABILITIES		**40,730**	**38,508**
Short-term provisions	11 & 15	1,341	989
Borrowings (due in less than 1 year)	13 & 15	2,305	2,386
Trade payables	15	4,007	3,071
Tax and social security liabilities	15	28,712	28,223
Other current liabilities	15	4,365	3,839
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**84,754**	**78,746**

Consolidated cash flow statement

€000

	Note	31/3/2011	31/3/2010
Total consolidated net profit		**6,935**	**3,252**
Elimination of non-cash items:			
Depreciation and provision charges		1,641	4,698
Expense / (income) from stock options and similar items			
Post-tax capital losses / (gains) on sales of assets		7	95
Other non-cash income and expenditure		92	(1,335)
Free cash flow after net borrowing costs and tax		**8,675**	**6,711**
Exchange differences on free cash flow			
Change in working capital		1,163	2,069
Net cash flow from operating activities		**9,838**	**8,780**
Purchase of intangible and tangible fixed assets		(939)	(560)
Sale of fixed assets		1	9
Change in financial assets		(475)	491
Change in consolidation scope		0	(617)
Other cash flow from investing activities			
Net cash flow from investing activities		**(1,413)**	**(676)**
Capital increase - Proceeds from exercise of stock options			
Purchase and sale of treasury shares			
Dividends paid to shareholders of the parent company		(937)	(937)
Dividends paid to minority interests of subsidiaries			
Other cash flows from financing activities		(2,142)	(2,101)
Net cash flow from financing activities		**(3,079)**	**(3,039)**
Net change in cash and cash equivalents	14	**5,346**	**5,065**

Undrawn lines of credit amounted to €6,233,000.

Tax paid amounted to €5,569,000 in 2010/11 and €4,584,000 in 2009/10.

Interest paid amounted to €115,000 in 2010/11 and €165,000 in 2009/10.

Changes in shareholders' equity

€000

	Share capital	Share premium	Consolidated reserves	Net profit for the year	Foreign currency differences	Total shareholders' equity
Consolidated shareholders' equity at 31/3/2009	**497**	**11,219**	**13,327**	**7,015**	**0**	**32,058**
Consolidated net profit for the year				3,252		**3,252**
Fair value adjustment on assets held for sale			86			**86**
Actuarial differences per IAS 19			(191)			**(191)**
Comprehensive net profit			**(105)**	**3,252**		**3,147**
Appropriation of earnings						
Change in parent company share capital			7,015	(7,015)		**0**
Parent company dividends			(937)			**(937)**
Stock options						
Treasury shares						
PAGA provision adjustment			201			**201**
Change in currency differences			(173)			**(173)**
Consolidated shareholders' equity at 31/3/2010	**497**	**11,219**	**19,329**	**3,252**	**0**	**34,296**
Consolidated net profit for the year				6,935		**6,935**
Fair value adjustment on assets held for sale						
Actuarial differences per IAS 19			(8)			**(8)**
Comprehensive net profit			**(8)**	**6,935**		**6,927**
Appropriation of earnings			3,252	(3,252)		**0**
Change in parent company share capital						
Parent company dividends			(937)			**(937)**
Stock options						
Treasury shares			(387)			**(387)**
PAGA provision adjustment			140			**140**
Change in currency differences						
Consolidated shareholders' equity at 31/3/2011	**497**	**11,219**	**21,389**	**6,935**	**0**	**40,040**

The interim dividend paid during the year was €0.19 per share, amounting to a total of €927,000. The final recommended dividend is €0.21 per share, amounting to an estimated total of €1,031,000. There are no items within shareholders' equity that could generate a tax liability. Total accumulated deferred tax assets in respect of items included under shareholders' equity amounted to €18,000 arising from actuarial differences in accordance with IAS 19.

Gains and losses posted to shareholders' equity

€000

	Note	31/3/2011	31/3/2010
Net profit		**6,935**	**3,252**
Fair value adjustment on assets held for sale			86
Actuarial differences per IAS 19		(8)	(191)
Total income and expense posted to shareholders' equity		**(8)**	**(105)**
Comprehensive net profit (Group share)		**6,927**	**3,147**

Notes to the consolidated financial statements

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

The Group consolidated financial statements comprising Solucom SA and its subsidiaries were approved by the Management Board on 23 May 2011. They will not become final until approval at the Shareholders' General Meeting to be held on 28 September 2011.

I. Highlights for the year

Arcome SAS, a wholly-owned Solucom subsidiary, transferred its entire assets and liabilities to Solucom SA in accordance with a decision of its parent company dated 24 February 2011. This transaction became firm and final on 31 March 2011, following the period of potential opposition from creditors.

This transaction had no impact on the consolidated financial statements.

• Accounting policies and methods

All amounts given in the notes are stated in thousands of euros.

Consolidation policies

Since 1 April 2005, the consolidated financial statements of Solucom have been established under IFRS accounting standards as adopted in the European Union and European regulation 1606/2002 dated 19 July 2002. These standards consist of IFRS, IAS and their interpretations, which were adopted by the European Union as at 31 March 2011.

The accounting policies applied for these financial statements are identical to those applied by the firm for its consolidated financial statements for the year ended 31 March 2010.

In particular, the firm has applied all IFRS issued by the IASB and all IFRIC interpretations as adopted by the European Union, which can be viewed on the website of the European Union (http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission) for financial periods beginning with effect from 1 April 2010; this did not cause a material change in the accounting or presentation policies.

Standards and interpretations adopted by the IASB and the IFRIC and approved by the European Union as at 1 April 2010 and which Solucom have not applied are as follows: - Revision of IFRS 3 “Business Combinations“

This revised standard became mandatory for periods beginning with effect from 1 July 2009. It makes changes to accounting policies for business combinations and to the consolidation scope for subsidiaries following a transfer of control. This amendment was adopted by the European Union on 3 June 2009. Its application has no impact on the 2010/11 consolidated financial statements.

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

This standard became mandatory for periods beginning with effect from 30 June 2009. This amendment was adopted by the European Union on 30 November 2009. Its application has no impact on the 2010/11 consolidated financial statements.

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

This standard became mandatory for periods beginning with effect from 1 January 2010. This amendment was adopted by the European Union on 23 March 2010. Its application has no impact on the 2010/11 consolidated financial statements.

Revision of IAS 27 “Consolidated and Separate Financial Statements”

This revised standard became mandatory for periods beginning with effect from 1 July 2009. This amendment was adopted by the European Union on 23 January 2009. However, its application has no impact on the 2010/11 consolidated financial statements.

- Amendment to IAS 32 “Financial Instruments: Presentation"

This standard became mandatory for periods beginning with effect from 31 January 2010. This amendment was adopted by the European Union on 23 December 2009. Its application has no impact on the 2010/11 consolidated financial statements.

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

This amendment was published on 31 July 2008. This revised standard became mandatory for periods beginning with effect from 1 July 2009. This amendment was adopted by the European Union on 15 September 2009. Its application has no impact on the 2010/11 consolidated financial statements.

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

This standard became mandatory for periods beginning with effect from 1 October 2008. This amendment was adopted by the European Union on 4 June 2009. Its application has no impact on the 2010/11 consolidated financial statements.

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

This standard became mandatory for periods beginning with effect from 1 July 2009. This amendment was adopted by the European Union on 26 November 2009. Its application has no impact on the 2010/11 consolidated financial statements.

- IFRIC 18 “Transfers of Assets from Customers”

This standard became mandatory for periods beginning with effect from 1 July 2009. This amendment was adopted by the European Union on 27 November 2009. Its application has no impact on the 2010/11 consolidated financial statements.

Standards and interpretations adopted by the IASB or the IFRIC and adopted by the European Union have not been applied in advance. In accordance with the option offered, standards that Solucom has not applied are as follows:

- Amendment to IAS 24 “Related Party Disclosures”

This revised standard only became mandatory for periods beginning with effect from 1 January 2010. This amendment was adopted by the European Union on 19 July 2010. However, its application will have no impact on the consolidated financial statements.

- Amendment to IFRIC 14 "Limit on a Defined Benefit Asset, Minimum Funding Requirements"

This revised standard only became mandatory for periods beginning with effect from 1 January 2010. This amendment was adopted by the European Union on 19 July 2010. However, its application will have no impact on the consolidated financial statements.

- IFRIC 19 “Extinguishing Financial Liabilities with Equity”

This standard will only become mandatory for periods beginning with effect from 1 July 2009 but early application is permissible. This amendment was adopted by the European Union on 23 July 2010. However, its application will have no impact on the consolidated financial statements.

Standards and interpretations adopted by the IASB and the IFRIC but not yet adopted by the European Union have not been applied in advance. In accordance with the option offered, standards that Solucom has not applied are as follows:

- IFRS 9 "Financial Instruments" (phase 1: classification and measurement of financial assets)

This standard will be mandatory for periods beginning with effect from 1 January 2013. It has not yet been adopted by the European Union. However, its application will have no impact on the consolidated financial statements.

-Amendment to IAS 12 "Income taxes" regarding deferred tax

This revised standard will only become mandatory for periods beginning with effect from 1 January 2012. It has not yet been adopted by the European Union. However, its application will have no impact on the consolidated financial statements.

- Revision to IAS 27 (2011) “Separate Financial Statements”

This revised standard will only become mandatory for periods beginning with effect from 1 January 2013. It has not yet been adopted by the European Union. However, its application will have no impact on the consolidated financial statements.

- Revision to IAS 28 (2011) "Investments in associates and joint ventures"

This revised standard will only become mandatory for periods beginning with effect from 1 January 2013. It has not yet been adopted by the European Union. However, its application will have no impact on the consolidated financial statements.

- Amendment to IFRS 7 “Disclosures about transfers of financial assets”

This revised standard has not yet been adopted by the European Union. However, its application will have no impact on the consolidated financial statements. This amendment enhances understanding about transfers of financial assets (e.g. securitisations) and establishes additional mandatory disclosures. This standard defines control as the determining factor for consolidating all entities.

- IFRS 9 "Financial instruments regarding financial liabilities"

This standard will only become mandatory for periods beginning with effect from 1 January 2013. This standard has not yet been adopted by the European Union. However, its application will have no impact on the consolidated financial statements.

- IFRS 10 “Consolidated Financial Statements”

This standard will only become mandatory for periods beginning with effect from 1 January 2013. This standard has not yet been adopted by the European Union. However, its application will have no impact on the consolidated financial statements. This standard provides a unique consolidation method which identifies the concept of control as the determining factor in the consolidation of all types of entities.

- IFRS 11 "Joint arrangements”

This standard will only become mandatory for periods beginning with effect from 1 January 2013. This standard has not yet been adopted by the European Union. However, its application will have no impact on the consolidated financial statements.

This standard focuses on the rights and obligation of joint arrangements rather than on their legal form.

- IFRS 12 “Consolidated Financial Statements”

This standard will only become mandatory for periods beginning with effect from 1 January 2013. This standard has not yet been adopted by the European Union. However, its application will have no impact on the consolidated financial statements. This standard combines disclosures on investments in subsidiaries, joint arrangements, associates and structured entities into a single standard.

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

Consolidation principles

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

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

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

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

The financial statements of consolidated companies are all established as at 31 March 2011.

After Arcome SAS, a wholly-owned Solucom subsidiary, transferred its entire assets and liabilities to Solucom SA as of 31 March 2011, Arcome SAS was wound up with no liquidation and Solucom SA did not change its name as a result.

Foreign currency conversion

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

Goodwill

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

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

Impairment tests carried out as at 31 March 2011 did not reveal any loss of value.

Use of estimates

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

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

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

Intangible and tangible fixed assets

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

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

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

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

Material tangible fixed assets that are held under a leasing contract are capitalised and depreciated according to the asset’s estimated useful life.

Depreciation periods generally employed are as follows:

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

Impairment and recoverable value of non-current assets

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

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

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

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

Finance lease contracts

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

Deposits and sureties

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

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

The discounting rate is 3.61% per year.

Non-current financial assets

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

Receivables

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

Cash and cash equivalents

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

Cash equivalents are investment securities that meet the criteria specified under IAS 7, namely short-term investments that are easily converted into a known amount of cash and are exposed to negligible risk of loss.

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

Treasury shares

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

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

Employee benefits

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

The assumptions underlying the calculation are as follows:

- Application of the collective agreement for research office staff
- High staff turnover
- Mortality table TF-TH 2000-02 with age offsets to take into account increased life expectancy of recent generations
- Social security rate: 45%
- Salary inflation: 2.00%
- Discount rate: 4.96%
- Retirement age: 65 years
- Leavers on the initiative of the employee

The increase in the liability caused by the change in the retirement indemnity calculation tables (pursuant to amendment no. 28 dated 28 April 2004 to the collective staff agreement) was spread over the forecast average remaining period of employment as at 31 March 2011 of 4.5 years for Solucom, 5.7 years for Idesys and 5.8 years for Arcome. The charge reflected in the income statement for the year is €5,000 and there is no outstanding balance to be charged over future years.

An actuarial gain of €36,000 arose for the year ended 31 March 2011 due to demographic changes, a change in staff turnover, and a change in the discount rate.

Pursuant to the option available under the amendment to IAS 19 - “Employee benefits” applicable to periods beginning with effect from 1 January 2006, Solucom recorded all cumulative backdated actuarial differences within shareholders’ equity as at 31 March 2011. The impact on shareholders’ equity amounted to a €191,000 decrease net of deferred tax for the year ended 31 March 2010 and a €8,000 increase net of deferred tax for the year ending 31 March 2011.

The P&L expense of €134,000 breaks down as follows:

- Cost of services rendered: €177,000
- Interest expense for the year: €72,000
- Cost of past services: €5,000
- Pensions paid: €(120,000)

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

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

Loans and borrowings

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

Contingent assets and liabilities

Not applicable.

Recognition of revenues

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

Services charged on time spent

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

Fixed price services

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

Fixed subscription revenues

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

Deferred tax

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

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

Adjustments arising from lease contracts give rise to deferred tax.

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

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

Research and development costs

No development costs were capitalised or expensed during the year.

Segment reporting

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

Accounting treatment of CVAE

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

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

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

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

- CFE is calculated based on property rental values and therefore may by capped at a percentage of value added ; this method bears major similarities with *taxe professionnelle* and in 2011 is therefore posted to operating expenses as the expense for *taxe professionnelle* used to be;

- CVAE, based on Solucom's analysis, meets the definition of a tax on income as stated under IAS 12.2 ("Taxation due based on taxable income"). To perform its analysis, the Company took account of IFRIC's May 2006 and May 2009 decisions to reject additions to its agenda in relation to the scope of IAS 12 "Income Taxes". Indeed IFRIC specified that tax must be calculated based on the net amount of income and expenses and this amount must be identical to the net accounting profit. The Group considered that CVAE met the criteria stated in this conclusion, given that the value added represents an intermediary level of profit which is always used as the base under French tax rules, in order to calculate the tax due in respect of CVAE.

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

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

III SCOPE OF CONSOLIDATION

III.1 Companies included in the consolidation

Arcome transferred its entire assets and liabilities to Solucom SA as at 31 March 2011.

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

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

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

IV – NOTES ON CERTAIN BALANCE SHEET AND INCOME STATEMENT ACCOUNTS

Note 1 - Capitalised goodwill

(€000)	Book value at 31/3/2010	Change in consol.	Reduction for the year	Book value at 31/3/2011
Idesys	5,111			5,111
Solucom DV	6,470			6,470
New'Arch	3,245			3,245
KLC	1,786			1,786
Cosmosbay~Vectis	7,752			7,752
Total	**24,364**	**-**	**-**	**24,364**

No impairment of goodwill was posted during the year.

Note 2 – Intangible fixed assets

Gross	31/3/2010	Change in consol.	Increase	Reduction	31/3/2011
Software	1,322		221	40	1,503
Total	**1322**		**221**	**40**	**1,503**
Amortisation	**31/3/2010**	**Change in consol.**	**Increase**	**Reduction**	**31/3/2011**
Software	1,113		134	40	1,207
Total	**1,113**		**134**	**40**	**1,207**
Total net book value	**209**		**87**	**-**	**296**

No intangible fixed assets are subject to restrictions on ownership.

Note 3 - Tangible fixed assets

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

The change in the account "fixed asset payables" amounted to an increase of €152,000 in the year ended 31 March 2011 compared to an increase of €9,000 in the year ended 31 March 2010.

Gross	31/3/2010	Change in consol.	Increase	Reduction	31/3/2011
Other tangible fixed assets	3,997		642	169	4,470
Other leased fixed assets	2,226		229	7	2,448
Fixed assets in progress			432	432	
Total	**6,223**		**1,303**	**608**	**6,918**
Depreciation	**31/3/2010**	**Change in consol.**	**Increase**	**Reduction**	**31/3/2011**
Other tangible fixed assets	2,299		403	168	2,534
Other leased fixed assets	1,593		362	1	1,954
Total	**3,892**		**765**	**169**	**4,488**
Total net book value	**2,331**		**106**	**7**	**2,430**

Note 4 – Leases

Net book value by asset category:

Asset category	31/3/2011	31/3/2010
IT and office equipment	494	633
Total	**494**	**633**

Impact on the income statement:

Income statement;	31/3/2011	31/3/2010
Depreciation charge recorded	361	391
Impairment charges recorded		
Financial expenses	19	29
Gains in value posted to income		
Lease instalments for the year adjusted	388	416
Total	**8**	**(4)**

Lease instalments:

Lease instalments	31/3/2011	31/3/2010
Initial value of assets	**2,448**	**2,226**
Instalments paid:		
- in prior years	1,735	1,205
- during the year	388	416
Total	**2,123**	**1,621**
Outstanding instalments payable:		
- due in less than 1 year	274	356
- due in more than 1 year and less than 5 years	224	272
- due in more than 5 years	0	0
Total instalments	**497**	**628**
Of which future interest expense	*24*	*25*
Residual value at the end of the contract	24	22

Note 5 – Financial assets

(€000)	31/3/2010	Change in consol.	Increase	Reduction	31/3/2011
Deposits and sureties	612		117	67	661
Hedges	-		-	-	-
Securities held for sale	-		-	-	-
Total	**612**		**117**	**67**	**661**

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

Solucom acquired a cap to hedge against any future increase in variable interest rates on a €10,000,000 loan taken out at the end of March 2008 and repayable over five years. The premium paid with respect to this cap amounted to €76,000. Its fair value was written off during 2008/09.

By maturity:

Deposits and sureties	31/3/2011	31/3/2010
Due in less than 1 year (1)	13	58
Due in more than 1 year and less than 5 years	370	194
Due in more than 5 years	278	360
Total	661	612

(1) Reclassified under "Other receivables"

Impact on the income statement:

Impact of discounting deposits	31/3/2011	31/3/2010
Initial value	776	723
Accumulated discounting brought forward	111	135
Discounting expense	5	4
Discounting income	1	28
Net book value (1)	661	612

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

A 1% increase in the discount rate for the deposits would result in a €28,000 charge to earnings for the year ended 31 March 2011 compared to a €29,000 increase to earnings in the event of a 1% reduction in the discount rate.

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

Note 6 - Operating leases

Maturity at 31 March 2011:

(€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	**9,419**	3,175	6,110	134
Total	**9,419**	**3,175**	**6,110**	**134**

Maturity at 31 March 2010:

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

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

Note 7 - Non-current assets

Gross	31/3/2010	Change in consol.	Change	31/3/2011
Deferred tax assets	3,493		(213)	3,280
Total	**3,493**		**(213)**	**3,280**

Note 8 – Current assets

Gross	31/3/2010	Change in consol.	Change	31/3/2011
Trade receivables	34,866		(1,229)	33,637
Sub-total "Trade receivables"	***34,866***		***(1,229)***	***33,637***
Advances and payments on account	59		83	142
Employee receivables	195		40	235
Tax receivables	3,020		965	3,985
Deposits and sureties	58		(45)	13
Other debtors	97		(59)	38
Prepaid expenses	907		775	1,682
Sub-total "Other receivables"	***4,336***		***1,759***	***6,095***
Financial instruments				
Assets held for sale	-		-	-
Sub-total "Financial assets"	***-***		***-***	***-***
Money market SICAV - cash equivalents	7,523		1,396	8,919
Cash	1,168		3,940	5,108
Sub-total "Cash and cash equivalents"	***8,691***		***5,336***	***14,027***
Total	**47,893**		**5,866**	**53,759**
Impairment	**31/3/2010**	**Change in consol.**	**Change**	**31/3/2011**
Trade receivables	96		(76)	20
Sub-total "Trade receivables"	***96***		***(76)***	***20***
Other debtors	3		-	3
Sub-total "Other receivables"	***3***		***-***	***3***
Total	**99**		**(76)**	**23**

Net	31/3/2010	Change in consol.	Change	31/3/2011
Sub-total "Trade receivables"	*34,770*		*(1,153)*	*33,617*
Sub-total "Other receivables"	*4,333*		*1,759*	*6,092*
Sub-total "Financial assets"	*-*		*-*	*-*
Sub-total "Cash and cash equivalents"	*8,691*		*5,336*	*14,027*
Total net book value	**47,794**		**5,942**	**53,736**

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

Note 9 – Marketable securities

Type of marketable securities	31/3/2011		
	Value at cost	Gain/loss	Consolidated book value
Money market SICAV - cash equivalents	8,915	4	8,919
Total	**8,915**	**4**	**8,919**

Type of marketable securities	31/3/2010		
	Value at cost	Gain/loss	Consolidated book value
Money market SICAV - cash equivalents	7,521	2	7,523
Total	**7,521**	**2**	**7,523**

Note 10 – Share capital

As at 31 March 2011, the share capital of Solucom SA, the parent company, is made up of 4,966,882 fully paid-up shares, each with a nominal value of €0.10.

58,451 treasury shares were held at 31 March 2011.

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

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

The expense of the employee benefit arising on each of the plans has been accrued under expenses as a specific provision and under shareholders equity in the financial statements for the year ended 31 March 2011.

Note 11 – Provisions

Provisions mainly relate to one-time compensation paid on retirement as calculated by an independent actuary, industrial tribunal litigation estimated by an independent lawyer based on the most probable risk, and if applicable bad debt provisions.

(€000)	31/3/2010	Change in consol.	Change in deferred tax	Increase	Reductions		31/3/2011
					Paid	Written-back	
Short-term provisions							
Provisions for risks	942			855	356	180	1,262
Provisions for penalties	47			52		20	79
Provisions for charges							
Total	**989**			**908**	**356**	**200**	**1,341**
Long-term liabilities							
Provisions for IFC	1,576			218	120		1,674
Provisions for risks							
Total	**1,576**			**218**	**120**		**1,674**
Total	**2,565**			**1,126**	**476**	**200**	**3,015**

Impact of provisions on earnings for the year ended 31 March 2011:

(€000)	Change in deferred tax	Increase	Reductions	
			Paid	Written-back
Underlying operating profit		1,162	476	200
Operating profit				
Total		**1,162**	**476**	**200**

Note 12 – Non-current liabilities

Gross	31/3/2010	Change in consol.	Change	31/3/2011
Long-term provisions	1,576		98	1,674
Borrowings (Leases due in over 1 yr)	272		(48)	224
Borrowings (Loans due in over 1 yr)	4,018		(2,009)	2,009
Other liabilities	-		-	-
Tax payables	75		2	77
Deferred tax liabilities	-		-	-
Total	**5,941**		**(1,957)**	**3,984**

Note 13 – Borrowings

(€000)	Balance at 31/3/2010	Change in consol.	Change	Balance at 31/3/2011
Due in more than 1 year	**4,290**		**(2,057)**	**2,233**
Borrowings (Leases due in over 1 yr)	272		(48)	224
Loans from financial institutions (due in over 1 yr)	4,018		(2,009)	2,009
Due in less than 1 year	**2,386**		**(81)**	**2,305**
Loans from financial institutions	2,009		-	2,009
Miscellaneous loans and borrowings	2		(2)	-
Borrowings (Leases)	356		(82)	274
Current account bank overdrafts	18		(13)	5
Accrued interest	1		16	17
Total	**6,676**		**(2,138)**	**4,538**

By interest rate category:

	At 31 March 2011:		At 31 March 2010:	
(€000)	Fixed rate	Variable rate	Fixed rate	Variable rate
Non-current liabilities	224	2,009	272	4,018
Current liabilities	296	2,009	377	2,009
Total	**520**	**4,018**	**649**	**6,027**

Given the level of the Group's debt and the fixed rate applied, a 1% increase in EURIBOR 6 months would result in a €70,000 reduction in earnings for the year ended 31 March 2011 compared to a €70,000 increase to earnings in the event of a 1% reduction in EURIBOR 6 months.

Maturity at 31 March 2011:

(€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	2,233		2,233	
Current liabilities	2,305	2,305		
Total	**4,538**	**2,305**	**2,233**	**-**

Maturity at 31 March 2010:

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

Sureties granted as security for these loans are described below under Note 24.There was no default on any of the loans during the year.All loans are denominated in euros and the contractual terms and conditions are as follows:

Solucom SA loan contracted with Société Générale:

- Value at the outset: €6,000,000
- Beginning date: 27 March 2008
- Term: 5 years
- Repayment instalments: every half year
- Interest rate: variable (EURIBOR 6 months)

Solucom SA loan contracted with BNP Paribas:

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

Note 14 – Net debt

At 31 March 2011:

At 31/3/2011:	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	**4,018**	2,009	2009	
Finance lease liabilities	**497**	273	224	
Loans and borrowings	**17**	17		
Loans and borrowings	**4,533**	**2,300**	**2,233**	
Current account bank overdrafts	**(5)**	(5)		
Cash equivalents stated at cost	**8,915**	8,915		
Cash	**5,108**	5,108		
Cash net of bank overdrafts (1)	**14,018**	**14,018**		
Fair value adjustment on cash equivalents	**4**	4		
Consolidated net cash and cash equivalents	**14,022**	**14,022**		
Net debt	**(9,489)**	**(11,722)**	**2,233**	

(1) See cash flow statement

At 31 March 2010:

At 31/3/2010:	Total	Due in less than 1 year	Due in more than 1 year and less than 5 years	Due in more than 5 years
Loans from financial institutions	**6,027**	2,009	4,018	
Finance lease liabilities	**628**	356	272	
Loans and borrowings	**3**	3		
Loans and borrowings	**6,658**	**2,368**	**4,290**	
Current account bank overdrafts	**(17)**	(17)		
Cash equivalents stated at cost	**7,521**	7,521		
Cash	**1,168**	1,168		
Cash net of bank overdrafts (1)	**8,672**	**8,672**		
Fair value adjustment on cash equivalents	**2**	2		
Consolidated net cash and cash equivalents	**8,674**	**8,674**		
Net debt	**(2,016)**	**(6,306)**	**4,290**	

(1) See cash flow statement

Note 15 – Current liabilities

All liabilities are denominated in euros

(€000)	31/3/2010	Change in consol.	Change	31/3/2011
Short-term provisions	989		352	1,341
Borrowings (due in less than 1 year)	2,386		(81)	2,305
Trade payables	3,071		936	4,007
Advances and payments on account	379		133	512
Social security liabilities	16,902		532	17,434
Tax payables	10,656		107	10,763
Fixed asset payables	199		152	351

Tax payables (corporation tax)	665		(150)	515
Other liabilities	998		47	1,045
Deferred income	2,263		194	2,457
Total	**38,508**		**2,222**	**40,730**

Note 16 – Revenues

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

Note 17 – Purchases consumed

(€000)	31/3/2011	31/3/2010
Sub-contracting costs	3,426	1,853
Other purchases consumed	-	59
Total	**3,426**	**1,912**

Note 18 – Personnel costs

(€000)	31/3/2011	31/3/2010
Wages and salaries	51,610	52,229
Social security charges	24,377	24,546
Total	**75,987**	**76,775**
Average number of employees (FTE)	**31/3/2011**	**31/3/2010**
Engineers and managers	894	908
Employees	41	38
Total	**935**	**946**

Note 19 – Directors remuneration

(€000 or number)	31/3/2011	31/3/2010
Remuneration for members of the management board	366	367
Remuneration for members of the supervisory board	69	68
Other remuneration		-
Post retirement benefits		-
Other long-term benefits		-
End of employment compensation		-
Share-based remuneration	-	94
Number of stock options held by directors		-

Note 20 – Financial items

(€000)	31/3/2011	31/3/2010
Net gains on sale of cash equivalents	5	5
Loan interest	(150)	(193)
Net gains on sale of assets held for sale	-	25
Fair value adjustments on cash equivalents	2	(1)
Net borrowing costs	(143)	(164)
Fair value adjustments on other financial assets	71	59
NET FINANCIAL ITEMS	**(74)**	**(105)**

Note 21 – Corporation tax

Net corporation tax charge:

(€000)	31/3/2011	31/3/2010
Current tax charge	5,441	4,611
Deferred tax	171	(955)
Total	**5,612**	**3,656**

At 31 March 2011, the value of deferred tax maturing in more than one year amounts to €2,494,000.

All potential deferred tax has been recognised except for deferred tax relating to Cosmosbay~Vectis, given that even if this company's return to profit continues in line with objectives, it still posted a net loss for the year ended 31 March 2011. For reasons of prudence, in view of the time that would theoretically be necessary to use up the €1,890,000 of unrelieved losses of Cosmosbay~Vectis that are capitalised as assets on the consolidated opening balance sheet for the year, it has been decided not to recognise any additional deferred tax assets in respect of this subsidiary. However, cash flow forecasts for Cosmosbay~Vectis based on realistic assumptions for future years do not cast doubt on the recoverability of the existing deferred tax assets.

Furthermore, the French 2010 Finance Act cancelled *taxe professionnelle* (local French tax for businesses) for French tax-paying businesses with effect from 2010 and replaced it by two new taxes, namely *Cotisation Foncière des Entreprises* (C.F.E – business property tax) and *Cotisation sur la Valeur Ajoutée des Entreprises* (C.V.A.E – tax on business added value).

In accordance with the CNC opinion dated 14 January 2010, Solucom opted to account for C.V.A.E under the line Corporation Tax with effect from 2010. The C.V.A.E. tax charge within Corporation Tax amounted to €1,406,000, the related deferred tax liability was €25,000 and the related deferred tax asset amounted to €1,000.

Sources of deferred tax:

(€000)	Consolidated balance sheet		Income statement;	
	31/3/2011	31/3/2010	31/3/2011	31/3/2010
Timing differences on provisions	812	1,023	213	(807)
Of which capitalised tax losses	1,890	1,890		
Discounting on deposits	39	38	(2)	8
Consolidation entries and other	538	542	(37)	(150)
Total deferred tax assets	**3,280**	**3,493**	**174**	**(949)**
Consolidation entries and other	26	23	3	(6)
Fair value adjustments on marketable securities	-	-	-	-
Total deferred tax liabilities	**26**	**23**	**3**	**(6)**
Deferred tax charge/(income)			**171**	**(955)**

Tax reconciliation:

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

€000	31/3/2011	31/3/2010
Consolidated net profit	6,935	3,252
Tax charge (income)	5,612	3,656
CVAE	(1,406)	(332)
Tax credits	(96)	(54)
Profit before tax	11,045	6,522
Statutory tax rate	33.33%	33.33%
Theoretical tax charge	**3,681**	**2,174**
Reconciliation:		
Permanent differences	95	1,093
Deferred tax not capitalised	375	-
Income taxed at a different rate	67	65
Tax credits	(12)	(8)
CVAE	1,406	332
Actual tax charge	**5,612**	**3,656**

Note 22 – Diluted earnings per share

Earnings per share	31/3/2011	31/3/2010
Net profit for the year (Group share)	6,935	3,252
Weighted average number of shares in issue (1)	4,908 431	4,908,431
Basic earnings per share, Group share	1.41	0.66
Number of shares in issue at 31 March (1)	4,908 431	4,908,431
Number of potential shares - stock options	0	0
Total number of potential and issued shares	4,966,882	4,966,882
Diluted earnings per share, Group share	1.40	0.65

(1) Excluding treasury shares

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

In accordance with IAS 33, earnings per share for the years ended 31 March 2010 and 31 March 2011 were recalculated based on the number of shares as at 31 March 2011.

Note 23 – Financial instruments

Solucom holds the following financial instruments:

• Investments in risk-free money market SICAV (French mutual funds), exclusively indexed on EONIA,

• Treasury shares,

• An interest rate cap amounting to €76,000, the fair value of which was written off during 2008/09.

Note 24 – Off-balance sheet commitments

By category:

Off-balance sheet commitments	31/3/2011	31/3/2010
Pledges, mortgages and actual sureties	22,182	25,180
- of which pledged shares in subsidiaries	*22,182*	*25,180*
Endorsements and guarantees given	0	0
- of which guarantees given as security for loans	*0*	*0*
Other commitments given	9,419	7,458
- of which operating leases	*9,419*	*7,458*
Endorsements and guarantees received	7,482	12,333
- of which endorsements and bank guarantees received for liabilities	*1,249*	*1,249*

By maturity:

The pledge of shares in subsidiaries relates to shares of Solucom DV, New'Arch and Cosmosbay~Vectis, which are pledged to banks as security for loans. These loans mature in 2014 and 2015.

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

The endorsements and bank guarantees received of €7,482,000 represent security for:

- €1,249,000 of liability guarantees included in the purchase agreements for the shares of Cosmosbay~Vectis,
- Credit facilities amounting to €6,000,000 granted in conjunction with the Cosmosbay~Vectis acquisition and €233,000 to finance the refurbishment of the premises.

Note 25 – Related parties

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

Note 26 – Post balance sheet events

A total dividend of €1,031,000 (€0.21 per share) will be recommended to the general meeting convened to approve Solucom's financial statements for the year ended 31 March 2011.

Note 27 – Statutory audit fees

	SLG Expertise				**Constantin Associés**			
	2010/11 fees	2009/10 fees	% of total	% of total	2010/11 fees	2009/10 fees	% of total	% of total
Audit Statutory audit, audit report, review of Company and consolidated financial statements								
> Issuer	56,500	53,735	59%	75%	56,500	59,506	55%	57%
> Fully consolidated subsidiaries	39,000	18,010	41%	25%	31,139	27,985	30%	27%
Other engagements and services related to statutory audit								
> Issuer					15,224	17,344	15%	17%
> Fully consolidated subsidiaries								
Sub-total	95,500	71,745	100%	100%	102,863	104,836	100%	100%
Other services provided by other member firms to fully consolidated subsidiaries								
> Legal, tax and HR								
> Other								
Sub-total								
TOTAL	95,500	71,745	100%	100%	102,863	104,836	100%	100%

Note 28 – List of consolidated companies

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

Statutory Auditors Report on the consolidated financial statements - Year ended 31 March 2011

To the shareholders,

In accordance with the assignment entrusted to us by your general meeting, we submit to you our report for the year ended 31 March 2011 concerning:

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

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

1. Opinion on the consolidated financial statements

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

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

2. Justification for our opinion

Pursuant to Article L. 823-9 of the French Commercial Code relating to justifications of our opinion, please note the following:

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

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

3. Specific audit testing

We have also performed testing on the information relating to the Group given in the Management Report in accordance with professional standards applicable in France.

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

Paris and Neuilly-sur-Seine, 14 June 2011

The Statutory Auditors

SLG EXPERTISE	Constantin Associés
Arnaud Bernard	Laurent Levesque

Company financial statements for the year ended 31 March 2011

INCOME STATEMENT

€000

	31/3/2011	31/3/2010
Revenues	63,880	56,094
Operating grants	7	24
Write-backs to provisions, impairment and expense transfers	170	337
Other operating income	10,820	6,006
Total operating income	**74,877**	**62,461**
Purchases consumed	29,658	24,135
Staff costs	22,139	21,186
Other operating expenses	12,663	8,295
Miscellaneous taxes	1,083	971
Depreciation, impairment and provision charges	726	598
Total operating expenses	**66,270**	**55,185**
Operating profit	**8,607**	**7,276**
Financial income	3,819	2,907
Financial expenses	191	6,327
Net financial items	**3,627**	**(3,420)**
Underlying net profit	**12,235**	**3,856**
Net exceptional items	(14)	(382)
Net profit before tax and employee profit share	**12,221**	**3,475**
Employee profit share	589	606
Corporation tax	2,581	2,082
Net profit	**9,051**	**787**

Balance sheet

Assets

€000

	31/3/2011			31/3/2010
	GROSS	AMORTISATION/ DEPRECIATION	NET	NET
Fixed assets	**40,455**	**8,212**	**32,243**	**32,378**
Intangible assets	2,337	624	1,713	193
Tangible fixed assets	3,271	1,458	1,813	1,543
Financial assets	34,847	6,130	28,717	30,641
Current assets	**35,351**	**4**	**35,346**	**31,678**
Inventories and WIP	0	0	0	0
Trade receivables	22,524	1	22,523	21,370
Other receivables and prepaid expenses	3,589	3	3,586	2,486
Marketable securities	8,915		8,915	7,521
Cash	323		323	300
Deferred expenditure				
Total assets	**75,806**	**8,216**	**67,589**	**64,056**

Liabilities and shareholders' equity

	31/3/2011	31/3/2010
Shareholders' equity	**38,786**	**30,672**
Share capital	497	497
Issue, merger and contribution premiums	11,218	11,218
Reserves	18,021	18,170
Net profit/ loss	9,051	787
Provisions	**313**	**145**
Payables	**28,490**	**33,239**
Loans and borrowings with financial institutions	6,091	13,296
Trade payables	7,963	8,129
Other liabilities, accruals and deferred income	14,436	11,813
Total liabilities and shareholders' equity	**67,589**	**64,056**

Cash flow statement

€000

	31/3/2011	31/3/2010
Net profit	**9,051**	**787**
Elimination of non-cash and non-operating items:		
- Depreciation and provision charges	726	6,700
- Write-back to depreciation and provisions	(124)	(553)
- Capital gains net of tax	0	316
- Write-backs of Arcome SAS impairment for the total transfer of assets/liabilities	10	
- Write-backs of Arcome SAS provisions for the total transfer of assets/liabilities	20	
Free cash flow from operating activities	**9,683**	**7,251**
- Change in financial expenses	*16*	*(1)*
- Net change in operating items	*66*	*(540)*
- Change in inventories	0	0
- Change in operating receivables	(1,598)	(3,880)
- Change in operating payables	2,253	2,828
- Prepaid expenses and accrued income	(590)	513
- Net change in non-operating items	*0*	*(1,717)*
- Change in non-operating receivables	0	0
- Change in non-operating payables	0	(1,717)
Change in working capital	**81**	**(2,257)**
Net cash flow from operating activities	**9,764**	**4,994**
Cash flow from investing activities		
Purchase of intangible fixed assets	(1,443)	(207)
Purchase of tangible fixed assets	(918)	(287)
Purchase of financial assets	(1,779)	(838)
Purchase of tangible fixed assets	245	
Sale of financial assets	1,256	1,082
Net cash flow from purchases and sales of subsidiaries	2,449	1,133
Net cash flow from investing activities	**(190)**	**883**
Net cash flow from financing activities		
Share issues or capital contributions	0	0
Dividends paid to shareholders	(937)	(937)
Loans received	0	0
Loan repayments	(2,009)	(2,009)
Net cash flow from financing activities	**(2,946)**	**(2,947)**
Change in cash and cash equivalents	**6,629**	**2,930**
Cash and cash equivalents brought forward	553	(2,377)
Cash and cash equivalents carried forward	7,182	553

Notes to the balance sheet and income statement

Accounting policies and methods

(Decree no. 83-1020 of 29 November 1983 - Articles 7,21,24 beginning, 24-1, 24-2 and 24-3)

The financial statements cover the 12 month period from 1 April 2010 to 31 March 2011.

The financial statements for the financial year 2010/11 have been prepared pursuant to French generally accepted accounting principles.

The notes and tables below form an integral part of the annual financial statements, which were approved by the Management Board on 23 May 2011.

1. Highlights of the year

Arcome SAS, a wholly-owned Solucom subsidiary, transferred its entire assets and liabilities to Solucom SA in accordance with a decision of its shareholders dated 24 February 2011. This transaction became firm and final on 31 March 2011, following the period of potential opposition from creditors. The loss on transfer on this transaction amounted to €1,427,000. Under the transaction, Solucom took over Arcome SAS in consideration for its entire assets and liabilities.

2. Material post balance sheet events

Distribution of dividends:

A total dividend of €1,031,000 (€0.21 per share) will be recommended to the general meeting convened to approve Solucom's financial statements for the year ended 31 March 2011.

3. Accounting policies

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

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

The accounts have been prepared under the historical cost principle. *

4. Tangible and intangible fixed assets

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

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

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

Depreciation is calculated based on the following estimated useful lives:

Software………………………..…………………………………………………………….. 3 years

Building improvements……………………….……… …….………………….………. 9 years

IT equipment……………….…………………………………………………………. 3 years

Office furniture……………………………………………………………………….. 9 years

The company has decided to depreciate the telephone system installed in May 2006 over a period of 6 years.

Depreciation is based on the straight line method.

5. Equity investments, other long-term investments, marketable securities

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

Equity investments:

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

Treasury shares:

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

- €558,474.02 of the total are held in order to issue them on the stock exchange or as consideration for merger or acquisition transactions.

- €208,157.72 of the total are held in order to ensure the liquidity contract functions properly.

- €269,761.35 is held in order to issue them to employees and/or directors of the company or other Group companies, in accordance with statutory conditions and procedures.

6. Receivables

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

7. Bond redemption premium

Not applicable.

8. Foreign currency transactions

Not applicable.

9. Regulated provisions

Not applicable.

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

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

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

- invoicing by batch or stage,

- invoicing based on state of completion.

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

11. Changes in accounting policies

There were no changes in accounting policies during the year.

Fixed assets

€000

TABLE A		GROSS 1/4/10	INCREASES	
			Mergers/ capital contributions	Acquisitions
Intangible fixed assets				
Start-up costs, research and development expenses	**Total I**			
Other intangible fixed assets	**Total II**	**699**	**1,428**	**217**
Tangible fixed assets				
Plant and machinery				
General equipment, fixtures and fittings		**1,676**		**406**
Vehicles				
Office and IT equipment, furniture		1,024	9	195
Tangible assets in progress				432
	Total III	**2,699**	**9**	**1,033**
Financial assets				
Other equity investments (1)		35,518		
Other long-term securities		616		1,673
Loans and other financial assets		639	4	102
	Total IV	**36,772**	**4**	**1,775**
Grand total (I + II + III + IV)		**40,171**	**1,441**	**3,025**

TABLE B		DISPOSALS (SCRAP/ TRANSFER)	DISPOSALS (SALE)	GROSS CARRIED FORWARD	REVALUATIONS
Intangible fixed assets					
Start-up costs, research and development expenses	Total I				
Other intangible fixed assets	Total II		**6**	**2,337**	
Tangible fixed assets					
Plant and machinery					
General equipment, fixtures and fittings				2,082	
Vehicles					
Office and IT equipment, furniture			38	1,189	
Tangible assets in progress			432	0	
	Total III		**470**	**3,271**	
Financial assets					
Other equity investments (1)			2,449	33,069	
Other long-term securities			1,253	1,036	
Loans and other financial assets			3	741	
	Total IV		**3,705**	**34,847**	
Grand total (I + II + III + IV)			**4,182**	**40,455**	

(1) Of which €22,182,000 given as security for credit facilities and loans

Depreciation and amortisation

€000

TABLE A		BALANCES AND CHANGES DURING THE YEAR				
DEPRECIATED FIXED ASSETS		Gross brought forward	Merger/ capital contri-bution	Charges for the year	Disposals/ write-backs	Gross carried forward
Intangible fixed assets						
Start-up costs, research and development expenses	Total I					
Other intangible fixed assets	Total II	**505**	**1**	**125**	**6**	**625**
Tangible fixed assets						
Plant and machinery						
General equipment, fixtures and fittings		675		207		882
Vehicles						
Office and IT equipment, furniture		481	9	124	38	575
	Total III	**1,156**	**9**	**331**	**38**	**1,458**
Grand total (I + II + III)		**1,661**	**10**	**456**	**44**	**2,082**

All fixed assets are depreciated on a straight line basis.

Balance sheet impairment and provisions

€000

		BALANCE BROUGHT FORWARD	MERGER/ CAPITAL CONTRIBUTION	INCREASES CHARGE FOR THE YEAR	REDUCTIONS & WRITE-BACKS FOR THE YEAR	BALANCE CARRIED FORWARD
Regulated provisions						
	Total I					
Provisions (1)						
Provisions for disputes						
Provisions for fines and penalties			20			20
Other provisions for risks and charges (2)		145		271	123	293
	Total II	**145**	**20**	**271**	**123**	**313**
Impairment						
On equity investments		6,130				6,130
On other financial assets		1			1	0
On trade receivables		29	1		29	1
Other impairment provisions			3			3
	Total III	**6,160**	**4**	**0**	**30**	**6,134**
Grand total (I + II + III)		**6,306**	**24**	**271**	**153**	**6,447**
Of which charges and write-backs:	- operating items			271	152	
	- financial items				1	
	- exceptional items					

(1) €115,000 of the reduction in the provision for risks and charges was used during the year.

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

Receivables and payables

€000

TABLE A	MATURITY OF RECEIVABLES	GROSS	UP TO 1 YEAR	MORE THAN 1 YEAR
Fixed assets				
Other financial assets		741	4	738
Current assets				
Doubtful and disputed receivables		1	1	
Other trade receivables		22,522	22,522	
Personnel receivables and related amounts		2	2	
Social security		56	56	
Corporation tax		337	337	
Value added tax		1,587	1,587	
Group and shareholders				
Other debtors		46	46	
Prepaid expenses		1,494	1,491	3
Total		**26,787**	**26,046**	**741**

TABLE B	MATURITY OF PAYABLES	GROSS	UP TO 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Loans and borrowings with financial institutions due in less than 1 year (1)		2,056	2,056		
Loans and borrowings with financial institutions due in more than 1 year (1)		4,035	2,026	2,009	
Miscellaneous loans and borrowings (1) (2)					
Trade payables		7,963	7,963		
Personnel receivables and related amounts		4,023	4,023		
Social security		3,010	3,010		
Corporation tax		443	443		
Value added tax		4,161	4,161		
Other taxation and related amounts		671	618	53	
Fixed asset payables and related amounts		338	338		
Group and shareholders (2)					
Other payables		994	994		
Deferred income		796	796		
Total		**28,490**	**26,428**	**2,062**	

(1) Of which loans taken out during the year: €0

(1) Of which loans repaid during the year: €2,009

(2) Value of loans and liabilities owing to shareholders €0

Accrued income

€000

(Decree 83-1020 dated 29/11/1983 – Article 23)

ACCRUED INCOME INCLUDED IN THE FOLLOWING BALANCE SHEET ACCOUNTS	**31/3/2011**	**31/3/2010**
Trade receivables	7,200	9,221
Other receivables	64	139
Cash	296	31
Total	**7,560**	**9,391**

Accrued expenses

€000

(Decree 83-1020 dated 29/11/1983 – Article 23)

ACCRUED EXPENSES INCLUDED IN THE FOLLOWING BALANCE SHEET ACCOUNTS	**31/3/2011**	**31/3/2010**
Loans and borrowings owing to financial institutions	25	1
Trade payables	1,484	4,503
Tax and social security liabilities	6,232	5,063
Other payables	907	356
Total	**8,648**	**9,923**

Deferred income and prepaid expenses

€000

(Decree 83-1020 dated 29/11/1983 – Article 23)

DEFERRED INCOME	31/3/2011	31/3/2010
Operating income	796	732
Financial income		
Exceptional income		
Total	**796**	**732**
PREPAID EXPENSES	**31/3/2011**	**31/3/2010**
Operating expenses	1,494	840
Financial expenses		
Exceptional expenses		
Total	**1,494**	**840**

Exceptional income and expenses

€000

EXPENSE DESCRIPTION	AMOUNT
Loss on purchase of treasury shares	122
Other exceptional expenses	245
TOTAL	**366**
INCOME DESCRIPTION	**AMOUNT**
Gain on purchase of treasury shares	57
Other exceptional income	295
TOTAL	**353**

Leasing

€000

(Decree 83-1020 dated 29/11/1983 – Article 53)

BALANCE SHEET ACCOUNTS	INITIAL VALUE	ACCOUNTING DEPRECIATION AND AMORTISATION		NET BOOK VALUE	LEASE PAYMENTS	
		2010/11	Cumulative		2010/11	Cumulative
Land						
Buildings						
Plant and machinery						
Other tangible fixed assets	1,498	325	960	538	382	1,100
Fixed assets in progress						
Total	**1,498**	**325**	**960**	**538**	**382**	**1,100**

BALANCE SHEET ACCOUNTS	OUTSTANDING LEASE PAYMENTS				RESIDUAL PURCHASE PRICE	EXPENSE RECORDED DURING THE YEAR
	UP TO 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL		
Land						
Buildings						
Plant and machinery						
Other tangible fixed assets	292	238		529	10	382
Fixed assets in progress						

Breakdown of share capital

(Decree 83-1020 dated 29/11/1983 – Article 24-12)

CLASSES OF SHARES	NOMINAL VALUE (€)	NUMBER OF SHARES			
		Brought forward	Issued during the year	Bought back during the year	Carried forward
Share capital brought forward	0.10	4,966,882			4,966,882
Share capital carried forward	0.10	4,966,882			4,966,882

As at 31 March 2011, all stock option schemes have expired.

At 31 March 2011, share capital amounted to €496,688.20 divided into 4,966,882 fully paid-up shares of the same class.

Change in treasury shares

(€000)

CLASSES OF TREASURY SHARES	NUMBER OF SHARES					TOTAL VALUE CARRIED FORWARD
	Brought forward	Bought back during the year	Sold during the year	Transferred during the year	Carried forward	
Capitalised treasury shares	41,463	59,754	34,307	8,459	58,451	1,036
Total	**41,463**	**59,754**	**34,307**	**8,459**	**58,451**	**1,036**

Breakdown of corporation tax

€000

(Decree 83-1020 dated 29/11/1983 – Article 24-20)

	BEFORE TAX	TAX CHARGE	AFTER TAX
Underlying net profit (after employee profit share)	11,645	2,585	9,060
Net exceptional items	(14)	(5)	(9)
Net profit	**11,631**	**2,581**	**9,051**
The income statement corporation tax charge is broken down as follows:			
- Corporation tax charge for the year		2,686	
- Family tax credit		(93)	
- Sponsorship tax credit		(12)	
Total		**2,581**	

Financial commitments

€000

(Decree 83-1020 dated 29/11/1983 – Articles 24-9 and 24-16)

COMMITMENTS GRANTED	**AMOUNT**
Non-real estate leasing commitments	539
Retirement bonuses (1)	403
Pledge of equity shares (2)	22,182
Total	**23,124**
COMMITMENTS RECEIVED	
Deposits and guarantees (guarantees in conjunction with M&A transactions)	1,249
Interest rate hedges	0
Total	**1,249**
RECIPROCAL COMMITMENTS	**0**

(1) Liabilities from defined benefit schemes are valued by independent actuaries based on the projected unit of credit method.

(2) Of which related companies: €22,182,000

The assumptions underlying the calculation are as follows:

- Application of the collective staff agreement for research office staff (Syntec, 3018)
- High staff turnover
- Mortality table THTF 2000-2002
- Salary inflation: 2%
- Social security rate: 45%

- Discount rate: 4.96%
- Retirement age: 65 years
- Leavers on the initiative of the employee

List of liabilities and commitments

(€000)

CONTRACTUAL LIABILITIES	TOTAL	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS
Long term liabilities (including finance leases) (1)	4,557	2,304	2,253	
Operating lease liabilities (2)	8,263	2,909	5,353	
Other liabilities				
Other commercial commitments				
Credit facilities	6,233	2,117	4,117	
Pledge of shares (3)	22,182		22,182	

(1) Long term liabilities include loans amounting to €4,018,000.

(2) The maturity stated above in respect of operating lease liabilities corresponds to the earliest possible cancellation date of the various leases

(3) The pledge of shares relate to commitments to banks as security for loans. These commitments mature in 2014 and 2015.

Increases and reductions in future tax liabilities

(€000)

(Decree 83-1020 dated 29/11/1983 – Article 24-24)

INCREASES IN FUTURE TAX LIABILITIES	AMOUNT
Regulated provisions	
Total	

REDUCTIONS IN FUTURE TAX LIABILITIES	AMOUNT
Provisions not deductible in same year as accounts	
- Provisions for paid holiday	
- Employee profit share	746
- Organic tax (tax on sales)	45
- Employer's contribution to construction effort	83
Other	
- Acquisition costs on subsidiaries	0
- Provision for loss on completion	15
- Unrealised gains on marketable securities	2
Total	**890**
Deferred capital allowances	
Losses carried forward	
Long-term capital losses	

Breakdown of revenues

This does not apply since Solucom SA only markets one type of service, namely management consulting and information systems consulting, and since all such services are subject to the same risks and earn similar margins, separate business segments have not been defined.

Over 90% of the company's revenues are generated in France.

Average number of employees

(Decree 83-1020 dated 29/11/1983 – Article 24-22)

	COMPANY EMPLOYEES	THIRD PARTY EMPLOYEES
Managers	285	
Supervisors and technicians		
Employees	17	1
Workers		
Total	**302**	**1**

The average number of employees is calculated based on full time equivalents. In accordance with the collective workers agreement, as from financial year 2007/08, students on a sabbatical year, unlike trainees, are included as employees.
The average number of employees does not take account of the total transfer of assets and liabilities of Arcome SAS dated 31 March 2011. Arcome SAS had 65 employees as at 31 March 2011.

The volume of hours available as at 31 March 2011 in respect of 'DIF' (French employee entitlement to training) is 16,133 hours.

The volume of hours consumed as at 31 March 2011 in respect of DIF is 1,618 hours

Directors remuneration

(€000)

HEADING	MANAGEMENT BOARD	SUPERVISORY BOARD
Remuneration allocated	366	69
Total	**366**	**69**

There were no retirement or pension commitments for any members of the above Boards in respect of their positions as directors.

No advance or loan was granted by any Group company to the members of the Management and Supervisory Boards.

Valuation differences on fungible items

€000

(Decree 83-1020 dated 29/11/1983 – Articles 10 and 24-10)

TYPE OF FUNGIBLE ITEM	BOOK VALUE	MARKET VALUE
FCP (mutual fund) "Atlantique Trésorerie"	444	446
SG technical investment account	8,471	8,473
Total	**8,915**	**8,919**

Fungible items are included under 'Marketable Securities' as balance sheet assets. The unrealised capital gain of €4,000 represents the difference between the market value and value at cost

Changes in shareholders' equity

€000

	Share capital	Share premium	Other equity	Net profit for the year	Total shareholders' equity
Balance at 31/3/10	**497**	**11,218**	**18,170**	**787**	**30,672**
Movements during the first six months					
Appropriation of earnings			(149)	149	
Dividends				(936)	(936)
Movements during the second six months					
Earnings distribution on treasury shares			(1)		(1)
Capital increase					
by exercise of stock options					
Net profit for the year				9,051	9,051
Balance at 31/3/2011	**497**	**11,218**	**18,020**	**9,051**	**38,786**

List of subsidiaries and equity investments

(€000)

(Decree 83-1020 dated 29/11/1983 – Article 24-11)

A - DETAILS OF SUBSIDIARIES AND EQUITY INVESTMENTS	Share capital	Shareholders' equity other than share capital	% equity interest	Net profit/(loss) for the last financial year
1 - Subsidiaries (over 50% equity interest)				
Idesys				
Tour Franklin				
100/101 Terrasse Boieldieu				
92042 Paris La Défense Cedex	206	2,449	100%	1,147
Solucom DV				
Tour Franklin				
100/101 Terrasse Boieldieu				
92042 Paris La Défense Cedex	454	2,165	100%	956
New'Arch				
Tour Franklin				
100/101 Terrasse Boieldieu				
92042 Paris La Défense Cedex	472	1,640	100%	266
KLC				
Tour Franklin				
100/101 Terrasse Boieldieu				
92042 Paris La Défense Cedex	178	528	100%	281
Cosmosbay~Vectis				
Le Parc de Villeurbanne				
107 Bd Stalingrad				
69628 Villeurbanne Cedex	5,566	(2,489)	95%	(1,139)

2 - Equity investments (from 10% to 50% equity interest)				
B - CUMULATIVE DATA CONCERNING OTHER SUBSIDIARIES AND EQUITY INVESTMENTS	**Subsidiaries**		**Equity investments**	
	French	*Foreign*	*French*	*Foreign*
Book value of shares held				
- Gross	33,069			
- Net	26,939			
Loans and advances granted (1)	6,840			
Guarantees and sureties granted				
Dividends received	3,730			

(1) Centralised cash management: these accounts are disclosed as liabilities in Solucom SA's financial statements.

Information concerning related parties and equity investments

(€000)

(Decree 83-1020 dated 29/11/1983 – Articles 10 and 24-15)

	Amounts concerning:		
	Related companies	*Companies with an equity connection*	**Receivables or payables in bills of exchange**
Details covering several balance sheet accounts			
Financial assets			
Equity investments	33,069		
Impairment provision on equity investments	(6,130)		
Total fixed assets	**26,939**		
Receivables			
Trade receivables	5,278		
Other receivables			
Bad debt provisions on other receivables			
Total receivables	**5,278**		
Payables			
Trade payables	3,974		
Other payables	356		
Total payables	**4,330**		
Income			
Income from equity investments	3,730		
Other financial income	31		
Total income	**3,761**		
Expenses			
Financial expenses	4		
Total expenses	**4**		

Transactions between related parties

(€000)

Transaction type	Transaction value		Relationship description
Expert services in financial policy, development and acquisitions	25	Michel Dancoisne	Chairman of the Supervisory Board
Training services in conjunction with the Solucom Institute	6	Jacques Pansard	Member of the Supervisory Board

Statutory Auditors Report on the financial statements - Year ended 31 March 2011

To the shareholders,

In accordance with the assignment entrusted to us by your general meeting, we submit to you our report for the year ended 31 March 2011 concerning:

- Our audit of the Solucom SA financial statements, as attached to this report;
- Justification of our opinion;
- Specific audit testing required under French law.

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

I. Opinion on the financial statements

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

In our opinion the financial statements give a true and fair view of the results of operations, assets, liabilities and financial position as at the end of the financial year, in accordance with French accounting principles.

II. Justification for our opinion

Pursuant to Article L. 823-9 of the French Commercial Code relating to justifications of our opinion, please note the following:

- The paragraph entitled "I. Highlights for the year" in the notes to the financial statements states that Arcome SAS transferred its entire assets and liabilities to Solucom SA during the year. We have ensured that the disclosures in the notes relating to this transaction are appropriate.

- The company reviewed the book value of equity investments in accordance with the principles described in Note V (accounting policies and methods) of the notes to the financial statements. Our work consisted of verifying the application of the stated accounting policies and reviewing the assumption used to value the equity investments. We also verified that the related note included the proper disclosures.

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

III. Specific audit testing

In accordance with professional standards applicable in France, we have also performed testing required by law.

We have no comment on the truth and fairness and consistency with the financial statements of the information given in the Management Report of the Management Board and the documents sent to shareholders concerning the financial situation and the annual financial statements.

With regard to disclosures made pursuant to Article L.225-102-1 of the French Commercial Code on remuneration and benefits paid to directors and commitments made on their behalf, we verified that such disclosures were consistent with the financial statements or with the data from which the relevant accounts were derived, and where applicable, with the information received from the companies controlling or controlled by the Company. Based on the work performed, we hereby certify that such disclosures are fairly stated.

In accordance with French law, we ensured that the various disclosures concerning the identity of holders of equity shares and voting rights have been disclosed in the Management Report.

Paris and Neuilly-sur-Seine, 14 June 2011

The Statutory Auditors

SLG EXPERTISE	Constantin Associés
Arnaud Bernard	Laurent Levesque

Special report of the statutory auditors on regulated agreements and commitments

General meeting approval of the financial statements for the year ended 31 March 2011

To the shareholders,

In our capacity as statutory auditors of the company, we submit to you our report on regulated agreements and commitments.

It is not our responsibility to search for the existence of any agreements and commitments, but rather to communicate to you, based on information given to us, the principal terms and conditions of those of which we were notified; we do not comment on their commercial value or appropriateness. It is your responsibility, in accordance with Article R. 225-58 of the French Commercial Code, to evaluate the commercial reason for signing these agreements and commitments, in order to approve them.

It is also our responsibility to report to you any information required under Article R. 225-58 of the French Commercial Code relating to transactions undertaken during the past year in conjunction with agreements and commitments that the general meeting has approved in prior years.

We carried out the work that we considered necessary in accordance with professional standards of the French national Auditors Association relating to this engagement. This work consisted of verifying that the information provided to us is consistent with the underlying records from which they are taken.

1. Agreements and commitments submitted for the approval of the general meeting

1.1 Agreements and commitments authorised during the past financial year

We hereby state that we have not been given notice of any agreement or any commitments authorised during the year requiring approval from the general meeting pursuant to the provisions of Article L.225-86 of the French Commercial Code.

2. Agreements and commitments approved by prior year general meetings

2.1 Agreements and commitments approved during prior years for which transactions continued during the year

In accordance with Article R. 225-57 of the French Commercial Code, we have been informed that transactions under the following agreements, which were approved during prior years, continued during the last financial year.

A / Services contract with Mr. Jacques Pansard, member of the Supervisory Board

Solucom signed a services contract with Mr. Jacques Pansard for training in conjunction with the Solucom Institute. The chargeable rate for Mr. Jacques Pansard’s work under this contract was changed to €1,300 net of VAT per day during the year ended 31 March 2011. This contract can be extended each year by tacit agreement for further one-year periods.

Under this contract, Mr. Jacques Pansard invoiced Solucom €5,700 net of VAT for the year ended 31 March 2011.

B / Employment contract of Mr. Michel Dancoisne, Chairman of the Supervisory Board.

Solucom has signed an employment contract with Mr. Michel Dancoisne for an unlimited term, to cover his duties as “expert in terms of financial policy, development and mergers and acquisitions” for 10 hours per week.

In consideration for these services, Mr. Michel Dancoisne receives fees of €1,900 per month over 13 months with repayment of expenses on submission of related vouchers.

During the year ended 31 March 2011, Mr. Michel Dancoisne received fees of €24,700.

Paris and Neuilly-sur-Seine, 14 June 2011

The Statutory Auditors

SLG EXPERTISE	Constantin Associés
Arnaud Bernard	Laurent Levesque

Corporate governance

Fiscal 2010/11

3 - Corporate governance

Report of the Chairman of the Supervisory Board regarding terms and conditions for the preparation and organization of the Board's duties and regarding internal controls and risk management

Ladies and Gentlemen,

In accordance with the provisions of Article L 225-68 of the French Commercial Code, as Chairman of the Supervisory Board, I am honoured to present to you a report on the terms and conditions for the preparation and organisation of the Board's operations and on internal control and risk management procedures adopted by the company. This report was approved by the Supervisory Board at its 30 May 2011 meeting.

This report enables the Supervisory Board to report to shareholders on its duty of supervision.

In a report attached to their report on the financial statements, the statutory auditors will comment on the internal control procedures relating to the preparation and processing of accounting and financial information and certifying that the report contains all other information required by Article L.225-68 of the French Commercial Code.

1. Terms and conditions for the preparation and organization of the Board's duties

1.1 General organization of the management and supervisory bodies

It is appropriate to mention that Solucom adopted the corporate governance status of a company "with Management and Supervisory Boards" at the extraordinary and ordinary general meeting held on 30 September 2002. The Board of Directors at the time, which proposed this amendment to the general meeting, considered that the most appropriate structure for Solucom, based on previous experience, is to separate the functions of general management and control, by establishing a Management Board and a Supervisory Board.

This functional separation of management and control, together with the appointment of independent members to the Supervisory Board, also meets the Company policy to comply with best corporate governance practices.

Members of the Supervisory Board

The Supervisory Board comprises the following members:

- Michel Dancoisne: chairman;
- Jean-Claude Malraison: vice-chairman;
- Jacques Pansard: member;
- Jean-François Perret: member.

The members of the Supervisory Board were chosen for their competence and multi-disciplinary expertise as illustrated by the biographies below.

Biography of the Supervisory Board members

Michel Dancoisne

Born 13 March 1947, a graduate of the Institut Supérieur d'Electronique du Nord and backed by an Executive MBA (HEC Group), in 1971 Michel Dancoisne joined Télésystèmes, a subsidiary of France Télécom, as a technical-commercial engineer. In 1974 he joined CII-Honeywell Bull as a sales engineer. In 1979, he helped to set up the QUESTEL business (database server) within Télésystèmes as Sales Director of this business and became its General Manager. Thereafter he became Director of the Networks Division and member of the Executive Committee of Télésystèmes in 1985. In 1990 he co-founded Solucom where he was Joint Chairman until his appointment as Chairman of the Supervisory Board.

Jean-Claude Malraison

Born 13 August 1946 and a graduate of the Institut Supérieur d'Electronique du Nord, Jean Claude Malraison joined IBM as sales engineer in 1971, managing major financial institutions and later managing the branch dedicated to this sector. In 1987 he was appointed consultant to the Corporate Marketing Department of IBM Armonk (USA), and in 1989 he was made Head of the PC Division in France, then Spain and Switzerland. In 1993 he was made General Manager heading the creation of the UNIX Division of IBM EMEA (Europe, Middle East, Africa), then in 1996 he was appointed Vice President Distribution and General Business of IBM EMEA. During this period he was also member of the Supervisory Board of IBM France and member of the executive committee of IBM EMEA. From 1999 to 2003 he was Managing Director of Plantronics EMEA. Jean-Claude Malraison is currently Vice-Chairman of Solucom's Supervisory Board, a director of BO partner Belgique and Managing Director of Kervillen SARL. He is also author of a book entitled "*Optimiser votre stratégie commerciale*" (Optimising your commercial strategy) published by Eyrolles in 2006 and a book entitled "*Building routes to customers*" published by Springer in 2009.

Jacques Pansard

Born 27 February 1950 and graduate of the Ecole Polytechnique Fédérale in Lausanne and of the Institut d'Administration des Entreprises, Jacques Pansard joined SG2 group in 1974, IT services subsidiary of Société Générale. Following his spell with SG2, he joined the firm Coopers & Lybrand in 1981 where he became a partner of the French practice in 1988. In 1990, he was appointed General Manager of the Paris-based agency of the consulting firm CESIA. In 1993, he became Chairman-CEO of Cesys, an organisation and information systems consulting firm of Eurisys Group (a Cogema subsidiary).
In 1997 he joined Orgaconseil as Director Partner within the Industry and Services division

Since 2000, he has been active as an independent consultant and an expert in new information technologies.
(OSEO Innovation, APM). He has been an associate professor at ESCP-Europe since 2003 including Scientific Director of the Executive Master of Business Consulting (ongoing training programme for managers experienced in change management projects).

Jean-François Perret

Born 5 June 1942 and graduate of the Ecole Nationale Supérieure d'Electronique, Electrotechnique, Informatique, Hydraulique et Télécommunication in Toulouse (ENSEEIHT) and of IAE in Paris, Jean-François Perret joined the firm Société Anonyme de Télécommunication (SAT) in 1967 as research engineer. In 1969, he became business engineer for ELECMA (electronics division of SNECMA).

In 1970, he was made assignment manager for the Prime Minister's IT function taking part in studies into the emergence of the software industry and in the strategic plan designed to set up a European IT industry (UNIDATA). In 1974, he became Manager of the Economic and Financial department at the Electronic and IT Industries division (DIELI) at the Industry Ministry.

In 1977, he joined Pierre Audoin Consultants (PAC) where he spent the rest of his career first as deputy managing director followed by managing director and chairman of the management board. In this capacity he contributed to establishing PAC as a leading strategic research and marketing consulting firm in software markets and IT services. He also played an essential role in PAC's international growth. Jean-François Perret is currently member of the Pierre Audoin Consultants' supervisory board, general manager of CVMP Conseil and he is also very active in the engineers' world including hosting and chairing committees for IESF (French association for engineers and scientists) - TIC, social networks -, the G9 Institute and for the engineering association ENSEEIHT.

Terms of office and functions of the Supervisory Board members

The terms of office and duties performed are given in the Management Board Report to the general meeting.

Obligation to hold Solucom shares

Supervisory Board members must hold at least 500 Solucom registered shares and the shares must be in their possession within one year following their appointment.

Independent members of the Supervisory Board

At its 26 January 2011 meeting, the Supervisory Board reviewed the independence of each of its members in relation to the list of criteria given in the MiddleNext corporate governance code for small and medium-sized companies published in December 2009. It based its review on the list of criteria specified in this code (this list of criteria confirms independence as being a lack of contractual, financial and family relations with the company that are liable to compromise directors' freedom of judgement

The Board concluded that 3 out of the 4 members (i.e. 75% of the Board) could be considered as independent as follows: Jean-Claude Malraison, Jacques Pansard and Jean-François Perret.

The individual situations of Jacques Pansard and Jean-François Perret were reviewed insofar as they are involved in carrying out services for Solucom.

In view of the value of the services Jacques Pansard provided for Solucom, the Supervisory Board considered that this amount should be deemed as representing a low proportion of his business and therefore decided to classify him as independent.

In view of the value of the services performed for Solucom by the firm Pierre Audoin Consultants (PAC) for which Jean-François Perret is member of the supervisory board, the Supervisory Board considered that this amount should be deemed as representing a low proportion of this firm’s business, and therefore decided to classify him as independent

A balance of male and female members of the Supervisory Board

Currently, the Supervisory Board has no women members.

By the first general meeting following 1 January 2014, which is the date when the current Board members' terms of office expire, the company naturally plans to seek a more balanced split between men and women when appointing new members in order to comply with statutory requirements to have at least 20% of each gender as Board members by this date.

Members of the Management Board

The Management Board comprises the following members:
- Pascal Imbert: chairman;
- Patrick Hirigoyen: member.

Biography of the Management Board members

Pascal Imbert

Born 12 August 1958, Pascal Imbert is a graduate from the Ecole Polytechnique and the Télécom ParisTech.

He began his career with the IT services company Télésystèmes in 1980, where he contributed to several projects linked to the launch of the Télétel service in France, before taking up management positions. In 1988, he joined Cirel Systèmes, manufacturer of telecoms products, where he became Deputy Managing Director. During his spell at Cirel Systèmes, he managed the development of a new generation of telecoms products.

He founded Solucom together with Michel Dancoisne in 1990, and for the next twelve years both men oversaw the company’s growth and development. In 2002, he became chairman of the Management Board of Solucom, while Michel Dancoisne became chairman of the Supervisory Board.

Since May 2010 Pascal Imbert has been chairman of MiddleNext, the association representing listed mid-size capitalisations in France, and director of Axway since April 2011.

Patrick Hirigoyen

Born 6 August 1963, Patrick Hirigoyen graduated as an engineer from the Ecole Nationale Supérieure des Télécoms de Bretagne, and has many years of experience in IT services. He began his career as business engineer for the firm INFI, an IT services company specialising in new technologies. He joined Solucom in 1993 as Sales Director. He developed the sales department before being appointed Deputy CEO responsible for operations and member of the Management Board in September 2002.

Terms of office and functions of the Management Board members

The terms of office and duties performed are given in the Management Board Report to the General Meeting.

1.2 Preparation and organisation of work

The Board's operations and work

The Supervisory Board exercises ongoing supervision of the management of the Company by the Management Board.

At any time of the year, it may conduct testing and controls that it deems appropriate, any may demand any documents that it considers necessary to accomplish its duties from the Management Board. The Supervisory Board also requests all relevant and critical information via financial analysis reports at any time between Board meetings.

The Supervisory Board met on six occasions during the year ended 31 March 2011, with an attendance rate of 100%. The schedule of Supervisory Board meetings is established at each meeting for the following two meetings.

Board meetings are called and confirmed by email and letter approximately one week prior to the meeting. The agenda is always attached to the notice of the meeting. Furthermore, the financial statements, which must be reviewed at meetings approving the half-year or annual financial statements, are sent to the members of the Board approximately one week prior to the meeting. The representatives of the Works Council on the Supervisory Board are invited to all Board meetings.

The statutory auditors are invited to all Management Board and Supervisory Board meetings covering the half-year and annual financial statements. During the year ended 31 March 2011, the Supervisory Board covered, inter alia, the following points:

- Review and audit of the Company and consolidated annual financial statements and the Management Board Report.
- Review and audit of the Company and consolidated half-year financial statements and the Management Board Report.
- Presentation by the Management Board of forecasts;
- Presentation by the Management Board of the action plan and the 2010/11 budget, including Solucom's M&A development policy and approval thereof.
- Review of the Management Board's preparation of the 2015 strategic plan;
- Review of quarterly reports of the Management Board;
- Directors' remuneration.
- Review of the situation of Supervisory Board members in relation to their independence;
- Introduction of by-laws for the Board;
- Selection of the MiddleNext corporate governance code as Solucom's corporate governance code;
- Review and procedures regarding the "succession of directors" point in said code;
- Analysis of the Company's internal control and risk management procedures in force;
- Assessment of the Supervisory Board's operations and work performed.

Draft minutes of the Board meetings are sent to all members for approval, prior to them signing, which they generally do at the Board meeting following that of the minutes.

Assessment of the Supervisory Board's operations and work performed.

On 26 January 2011, the Supervisory Board assessed its own operations and work performed.

The objective of this assessment was to monitor implementation of the potential improvements identified following the assessment dated 27 January 2010, which consisted of an in-depth review of the Board's procedures, membership and their contributions while ensuring that major issues are properly prepared and debated.

Committees

The Audit Committee consists of the full Supervisory Board, which also established that Jean-Claude Malraison and Jean-François Perret meet the relevant criteria for independence and accounting and financial expertise based on their professional experience.

For its procedures and work, the Audit Committee refers to the AMF working group on audit committees.

The Audit Committee's meetings are distinct from those of the Supervisory Board and are chaired by the Board chairman who is a non-executive member.

The Management Board may attend all or part of the Audit Committee's meetings based on the decision of the Audit Committee's members.

Minutes of every Audit Committee meeting are prepared in a specific section of the minutes of the Supervisory Board meetings.

The Audit Committee met on three occasions during the year ended 31 March 2011.

The work of the Audit Committee covered the following points:

- Review of the Company and consolidated financial statements for the year ended 31 March 2010, as prepared and approved by the Management Board, meetings with the Finance Director and the statutory auditors, review of reports and related documents prepared by the Management Board for the general meeting, and examination, review and testing of the annual financial report prepared by the Management Board;
- Review of the report of the Supervisory Board chairman regarding internal controls and risk management;
- Monitoring the independence of the statutory auditors;
- Review and testing of the half-year financial statements approved by the Management Board; review and testing of the half-year financial report prepared by the Management Board, meetings with the Finance Director and the statutory auditors;
- Analysis of the Company's current internal control and risk management procedures; This point includes an annual review of the overall procedural framework to ensure procedures are effective, which is largely based on a risk mapping and an in-depth review of one or more risks in particular by checking that there are suitable policies and internal controls. In the event of weaknesses or errors, the Audit Committee requests the Company to take the required corrective action.

Internal by-laws

During the meeting held on 31 May 2010, the Supervisory Board adopted by-laws for itself that formalise certain existing points and adding to them so as to cover as comprehensively as possible the Board's operational regulations.

Said by-laws include the following headings:

Role of the Supervisory Board

- General ongoing control mission
- Role of verifying that executive management properly exercise their powers
- Limits to the Management Board's powers

Members of the Supervisory Board and independence criteria for its members

- Terms and conditions for appointing Supervisory Board members
- Independence of the Supervisory Board members

Duties of the Supervisory Board members

- Duty of loyalty and compliance with laws and the articles of association
- Duty of confidentiality
- Attendance
- Regulations concerning directors' transactions in Company shares including insider information
- Revealing conflicts of interests and duty to abstain

Operations of the Supervisory Board

- Frequency of meetings,
- Invitation notices for Board members
- Information for Board members
- Use of video-conferencing and telecommunication methods
- Deliberations of the Supervisory Board
- Assessment of the Board's work
- Audit committee

Rules for establishing the remuneration of Supervisory Board members

The full by-laws can be viewed on the website www.solucom.fr

Principles governing directors' remuneration

With regard to directors' remuneration, Solucom complies with the recommendations of the MiddleNext corporate governance code. As such, the principles for determining directors' remuneration satisfy the criteria of completeness, reasonableness, consistency, comparability and transparency.

The allocation of directors' fees per individual is covered once a year at the first meeting following the shareholders general meeting. The remuneration of the chairmen of the Supervisory Board and the Management Board are also reviewed once a year by the Supervisory Board, during the budget review meeting.

The members of the Supervisory Board, except for the Chairman, receive directors' fees, the total of which is decided by a vote taken in a shareholders general meeting. The Board has decided to allocate equal shares of this total for Jean-Claude Malraison, Jacques Pansard, and Jean-François Perret in view of the fact that all members have attended all Board meetings.

The Chairman of the Supervisory Board receives fixed remuneration in respect of his office of director and also receives fixed remuneration in respect of his employment for his expertise in financial, development and M&A policies. The remuneration in respect of his office is decided by the Board, which is also informed of the value of his remuneration for his employment.

The Chairman of the Management Board receives both fixed and variable remuneration in respect of his office; the variable remuneration is based exclusively on quantified criteria depending on the achievement of certain budget objectives. This remuneration is determined by the Board during the budget meeting when the budget objectives for the variable part are determined.

The other member of the Management Board receives fixed remuneration in respect of his office, and he also receives remuneration for his employment as deputy managing director in charge of Operations. This latter remuneration includes both a fixed and variable part, based exclusively on quantified criteria depending on the achievement of certain budget objectives. On 15 September 2006 and 15 October 2010 respectively, he was granted two free share allotment plans, both subject to conditions of working for the Company and personal investment in Solucom shares as well as performance criteria. The remuneration in respect of his office is decided by the Board, during the budget meeting when the Board is also informed of all other sources of remuneration.

The directors do not receive any benefits in kind and there is no procedure to pay redundancy or arrival bonuses when directors join or leave the Company; nor do they have any specific pension plan or any variable pay based on social or environmental responsibility.

Procedures for participating in shareholders' general meetings

Procedures for participating in shareholders' general meetings are described under Articles 24 to 33 of the articles of association.

Items that may have an impact in relation to public tender offers

Details of such items are given in the Management Board Report to the General Meeting.

2. Internal control and risk management

2.1 General framework

Under the requirements of the French Commercial Code applying to publicly listed companies, in 2007 the AMF (French financial markets regulator) published general guidelines on internal controls for all financial periods beginning with effect from 1 January 2007.

Under these guidelines, each company is responsible for its own organisation and internal control procedures and the guidelines are not intended to be mandatory but to assist companies in supervising and, if applicable, improving their internal controls, without representing compulsory directives on how to design their organisation.

In January 2008, the AMF considered that the specific features of small and medium-sized enterprises (SMEs) needed to be taken more into account in the implementation of these guidelines and established a guide specifically focusing on SMEs.

In January 2010, following the introduction into French law of European directives involving new control requirements regarding the duties of audit committees for listed companies, the AMF updated its internal control procedures for small and medium-sized entities by adding a section for risk management.

This report has been prepared based on these reference procedures and its application to Solucom.

This report was also prepared based on discussions with the Chairman of the Management Board and the Finance Director, a review of internal Company documents and meetings with the statutory auditors. This report was approved by the Supervisory Board at its 30 May 2011 meeting.

2.2 Principles

Risk management and internal control procedures represent an additional control over the firm's operations.

By helping to prevent and control the risk of not achieving the firm's objectives, internal controls and risk management play a key role in performance and the management of its various activities. However, neither internal controls nor risk management can provide an absolute guarantee that these objectives will be met.

Risk management

Risk management involves everyone in the Company. Risk management procedures are designed to cover all the Company's assets, procedures and activities.

Risk management is a dynamic and defined set of procedures that are implemented under the Company's responsibility.

Risk management involves a range of resources, behaviours, policies and procedures tailored to the specific features of each company, which enable management to ensure risks remain at an acceptable level.

Risk represents the possibility that an event occurs, the consequences of which may affect the Company's people, assets, environment, objectives or reputation.

Risk management is a management tool for Solucom, which helps to:

- Create and safeguard the value of the Company's assets and reputation.
- Secure decision making and the Company's procedures in order to achieve objectives
- Encourage that actions taken are consistent with the Company's values
- Mobilise the Company's employees behind a shared vision of the main risks and make them aware of the risks inherent in their activities.

Internal control

Internal controls are procedures defined and applied under the responsibility of individual Solucom companies and are designed to ensure:

- Compliance with laws and regulations;
- Application of instructions and strategies established by general management or the Management Board;
- The proper operation of internal procedures of these companies, notably those covering the safeguarding of assets
- Reliability of financial information;

And generally that internal controls are designed to support management of the business, operational efficiency and effective use of resources.

2.3 Scope of internal control

Note that Solucom consists of Solucom SA, parent company of the firm, and its five wholly-owned and fully controlled subsidiaries: Cosmosbay~Vectis, Idesys, KLC, New'Arch and Solucom DV, which are structured into divisions representing the firm's key areas of expertise.

Solucom has implemented internal controls and risk management procedures adapted to its situation accordingly.

- Controls for the preparation and processing of accounting and financial information are identical for all the firm's companies.
- Risk management procedures, in particular those concerning control of operations, now also cover all the firm's companies insofar as such controls are monitored at the business level based on standard procedures.
    - Some controls however fall under the direct responsibility of directors of subsidiaries.
    - In such cases, Solucom SA ensures these controls are applied and are effective based on audit plans carried out on selected areas every year as part of an internal control action plan led by the finance department.

2.4 Internal control details

Risk management procedures at Solucom comprise the following three steps:

- Identifying risk
    - This step is initiated by the lead committee (two reviews per year) and involves approval by its members of the internal control action plan, before it being presented to the Audit Committee
- Analysing risk
    - This step consists of examining the potential consequences of the main risks and estimating their probability of occurrence while also implementing the risk mapping
- Dealing with risk

- This step consists of selecting the most appropriate actions plan(s) for the Company based on an annual action plan

The firm's risk management procedures and regular risk monitoring must continuously improve, the objective being to identify and analyse the main risks and to draw conclusions about the risks arising.

Solucom's Management Board sets the broad objectives of internal control and risk management procedures.

The firm's Executive Committee then approves the relevant policies and determines the scope of these policies (i.e. the entire firm or just the parent company).

These approved policies are then issued to all relevant parties with a view to implementation by the staff concerned.

The internal controls and risk management procedures stipulate the following:

- An organisation that includes a clear definition of responsibilities based on information systems, tools and appropriate practices
- Identification of the main risks in relation to Solucom's objectives via a formal risk mapping process
- Distributing relevant and reliable information within the firm through a corporate database which consists of the formal procedures designed to prevent and detect the main operational and financial risks

It should however be noted that, in view of the single type of Solucom's activities and the simplicity of its organisation, the current procedures today only partially cover the following aspects:

- Controls designed to reduce risks liable to affect the achievement of the Company's objectives
- Ongoing and permanent internal control procedures
- Complete deployment of Solucom SA policies to all the firm's companies

2.5 Parties involved

Supervisory Board

Each year, the Management Board reports to the Supervisory Board on the key features of the internal controls and risk management system.

The Supervisory Board's supervisory duties are broad in scope and include strategic, operational and financial risks; in respect of financial risks it relies on the work of the audit committee.

When needed, the Supervisory Board may use its general powers to arrange for audits and reviews or take other actions that it considers appropriate in the circumstances.

Audit committee

The Supervisory Board may decide to establish an ad hoc audit committee made up of individual members of the Supervisory Board, or the whole Supervisory Board may represent an audit committee, which currently applies to Solucom.

The audit committee includes at least one independent member who has particular accounting and financial expertise.

The audit and accounting committee holds meetings at least twice a year, during which the Supervisory Board reviews the firm's annual and half-year financial statements.

The audit committee is responsible for monitoring:

- Procedures for preparing financial information

- The effectiveness of internal control and risk management procedures
- The annual statutory audit of the financial statements and, if applicable, the consolidated financial statements
- The independence of the statutory auditors

As an integral part of the Supervisory Board, the audit committee primarily focuses on accounting and financial risks.

With regard to internal controls and risks management, the Audit Committee performs an annual review of the overall procedural framework to ensure procedures are effective, which is largely based on a risk mapping and an in-depth review of one or more risks in particular by checking that there are suitable policies and internal controls.

In the event of weaknesses or errors, the Audit Committee requests the Company to take the required corrective action.

Management Board and Executive Committee

The Management Board is charged with defining, driving and overseeing the most appropriate internal controls in the circumstances based on Solucom’s activities. The Management Board is regularly informed of any weaknesses in controls and, if applicable, refers them to the Supervisory Board.

The Executive Committee comprises Solucom's Management Board Chairman, the general managers of the firm’s seven companies, the Finance Director and Solucom’s Sales Director. The Executive Committee sets the firm’s business objectives and monitors performance in relation to these objectives. This work is formalised in the form of monthly reports including the status of outstanding projects.

Finance department

The Finance department supervises the production of accounting and financial data of each entity and for the firm as a whole.

The Finance department oversees the preparation of data and management indicators provided to operational management and to the firm's Executive Committee.

The accounting function is performed by a single accounting department for the entire firm supported by an external accounting firm. This external accounting firm is in charge of the consolidation.

Currently, the Finance department prepares and/or consolidates all current internal policies.

Solucom does not have a risk management or internal audit department as such. This function is the responsibility of the finance director, who is notably charged with implementing risk management procedures as defined by the Management Board.

On selected topics, the finance department may carry out work designed to:

- Improve risk management procedures in respect of risks facing Solucom;
- Implement controls to assess the level of compliance with internal control procedures

Company personnel

The key policies applying to the entire firm can be viewed by all Solucom employees via the firm's 'Comm’unilinkis' Intranet.

Furthermore, via the Intranet all employees are aware of the information required to ensure correct operation of internal controls and risk management procedures specific to their company or activity at their level, in relation to their assigned objectives. Employees are not, however, responsible for supervising the effective application of the internal controls.

The Statutory Auditors

The statutory auditors are not involved in developing the internal control and risk management systems as part of their audit engagement. They acquaint themselves with the systems assisted by any internal audit work in order to better understand these systems and form an opinion on their effectiveness.

In relation to issuing an opinion on the financial statements, during the year the auditors may identify major risks and weaknesses in internal controls liable to have a material impact on financial and accounting information. They present comments on the report of the chairman in relation to internal control procedures regarding the preparation and processing of financial and accounting information, and certify the inclusion of other statutory disclosures.

2.6 Controls for the preparation and processing of accounting and financial information

Internal controls relating to accounting and financial aspects affect all companies comprising the firm.

The formal policies are consolidated within the Company reference database, extracts of which are on the firm's Intranet.

Preparation of forecast budgets

An annual budget, broken down by month, is established at the beginning of the year by each Group company and on a consolidated basis. An updated budget is established in December, once the half-year accounts have been closed. After preparation, the budget is presented to the Supervisory Board.

Monitoring of operations

In Solucom’s business, the key point for monitoring activities is project management. Internally developed project management software (ActiveSys), has been installed and is used for all the firm’s companies.

This software includes the following functionalities:

- Project management and order entry;
- Monthly input of time spent;
- Monthly recalculation of projects (expenses incurred and forecasts estimated by the project manager);
- Billing.

This software has various access levels depending on the responsibilities of the users and can be accessed via Intranet and Extranet by all the firm's employees. Project management is performed with this software, which at any time gives a consolidated view of all information relating to each project, specifically:

- Commercial and contractual data;
- Days spent on the project, forecast expenditure, forecast planning, and project overruns;
- Bills, outstanding amounts to invoice and accrued income.

Monthly monitoring of budget/ actual and reporting

Data produced by the ActiveSys system enables Management Accounting to perform a monthly control of actual vs. budget and to update the forecast budget in the light of the most recent information available and a forecast of projects.

This data is summarised in a monthly results table providing management indicators including budget/ actual comparison, for the following headings:

- Revenues;
- Operating profit/ loss;
- Consultants utilisation rate;
- Headcount;
- Order entry;

- Sales prices;
- Order backlog;
- Cash;
- Receivables (review of overdue invoices and invoices to be issued).

The results tables are reviewed every month by management at each company, and by the Executive Committee, leading to corrective action where necessary.

Furthermore, the Management Board prepares and presents a quarterly report of Solucom's operations to the Supervisory Board.

Reporting and accounting periods

Unaudited quarterly accounts are prepared for internal purposes for the first and third quarters enabling reconciliation between accounting and management data. In addition, the half-year and annual financial statements are audited by the statutory auditors, reviewed by the Audit Committee, approved by the Supervisory Board and published in accordance with legislation and regulations. Solucom's statutory auditors attend the the Audit Committee and Supervisory Board meetings, in which the annual and half-year Company and consolidated financial statements are reviewed.

Consequently, Board members can question the statutory auditors directly in relation to:

- The accounting policies applied;
- Verification that they have had access to all information they required to fulfil their duties, notably with respect to the consolidated subsidiaries;
- The progress of their work, even if experience shows that at the date when the Board reviews the financial statements, the statutory auditors have fully completed their work.

These accounts are prepared based on standard accounting policies and procedures throughout the firm (e.g. revenue recognition, provisioning policies, calculation of production costs, cut-off rules, profit share calculation, tax calculation etc).

During Supervisory Board meetings relating to the half-year and annual financial statements, the Management Board presents and comments on the following points:

- The income statement;
- A 'management' analysis table of the detailed income statement per company;
- Operating indicators underlying the income statement;
- The balance sheet;
- The cash flow statement.

Calculation of provisions for risks and disputes

Management Accounting performs a review at each half year and annual close of all outstanding projects to establish the need for any provisions in the event of budget overruns.

These provisions are based on the most recent monthly update of the total budget for the project performed by the project manager.

The Finance department is also informed of any events liable to give rise to a provision, as soon as they occur, for example:

- Bad debt risk by a customer (very rare in view of the firm's large company clients);
- Unusual difficulty in recovering an amount owed;
- Dispute with a third party, particularly a client, based on a system for detecting quality problems deployed throughout the firm.

Accounts consolidation

The established organisation and existing procedures, as described above, enable the parent company to exercise control over the accounts of its subsidiaries.

The following are examples of controls:

- The Finance department, which supervises the production of accounting and financial data of each entity;
- The Executive Committee which monitors the achievement of objectives for the firm and each company, based largely on a review of the monthly results table prepared by Management Accounting;
- A reconciliation between accounting and management data for each Group company at the end of every quarter, under the responsibility of Management Accounting.

The accounts consolidation is performed by an external accounting firm in liaison with the Finance department and includes the following controls and checks:

- A check that inter-company balances reconcile for their elimination on consolidation;
- A consistency check of each of the consolidated company accounts;
- Each company submits a consolidation package in the standard Group format;
- Review of retirement provisions by an independent actuary;
- Justification and analysis of all consolidation adjustments in accordance with current accounting policies.

Cash

A system for centralising the firm's cash, which was implemented in conjunction with a bank, ensures:

- Optimal use of the Group’s excess funds;
- A real-time centralised view of the cash position of each of the firm’s companies.

The Supervisory Board is informed each quarter of the Group’s cash positions via the quarterly report issued by the Management Board.

Monitoring of off-balance sheet commitments

At each monthly close, the Finance department lists all off-balance sheet commitments for each of the firm’s companies.

Quality control of published accounting and financial information

All financial external reporting and press releases are prepared under the direct control of Solucom’s Management Board.

The Finance department is also responsible for identifying developments in relation to financial reporting that may impact Solucom’s reporting obligations.

Periodical obligations for reporting accounting and financial data to the markets are detailed in the Company reference database.

2.7 Policies relating to operations

Existing risk avoidance controls relating to operations specifically cover key processes in relation to Solucom’s business activities and include the following:

- Performance and monitoring of projects, and the quality of services performed;
- Human resources management;
- Monitoring of sales activities;
- Security of information systems;
- Monitoring of suppliers.

It should be noted that the Management Board keeps an up-to-date list of identified risks.

This analysis is presented to the Supervisory Board every year at the meeting covering internal control and risk management. The following are examples of policies:

Policies related to project performance and monitoring and the quality of the service:

- Monthly meeting of Solucom's management team to ensure operational supervision of:
- Projects (overruns),
- Internal contracts,
- Invoicing problems or difficulties in obtaining documents required for invoicing (e.g. orders or receipt confirmations),
- Sales price per project.

This monthly meeting leads to corrective action if problems arise concerning specific aspects.

- Policies for fixed-price projects

The objective of this policy is to define the principles underpinning fixed-price projects, specifically the operating procedures for each major stage in the life cycle of such a project, and the responsibilities in the performance of the project.

- Quality Charter

The Quality Charter defines:

- The quality of services delivered to the client,
- Measurements to assess the client's level of satisfaction,
- The principles and resources of Solucom's quality policy.

Furthermore, there is a procedure for reporting quality problems and opinions of clients to the Quality Manager. Based on this information and a regular analysis of the overall quality of relations with Solucom clients, a range of indicators is presented to company staff to increase awareness.

Human resources management:

- Induction

The purpose of this policy is to describe all procedures applied within Solucom to support the induction of any new consultant.

It defines in particular the various actions and tasks to ensure proper induction and identifies the people responsible for the new consultant's induction.

- Annual interview and performance review of consultants

This policy defines the process of evaluating every consultant by technical department managers via a standard file and a checklist for individual interviews.

- Recruitment and retention of staff

These policies describe all steps taken to enable the Company to achieve its objectives in terms of recruitment and retention of staff.

They also define the monthly results summaries to monitor recruitment and staff turnover.

Policies for monitoring sales activities:

- Monitoring of sales activities is largely performed with the aid of advanced indicators based on a sales information system within Activebiz.
- Quotes

These policies are designed to ensure correct commitments are made within client quotes, which are based on a standard format covering general terms and conditions including confidentiality, terms of payment and invoicing, travel expenses, no approaches to company staff,. and liability/insurance etc.

- Contracts

Sales contracts are negotiated and signed in accordance with the firm's requirements for compliance and are summarised on a contract review form.

Policies for information systems security:

- Security Charter

This charter lays down the principles and rules designed to ensure effective, standard and adapted data security in respect of confidential information contained in all Solucom's information systems.

- Security of information systems;

Procedures adopted related in particular to data confidentiality, preventing unwarranted access and computer viruses, systems obsolescence and data back-up.

A computer continuity plan, which forms part of the overall business continuity plan is included in this policy

3. Corporate governance code

During its 31 May 2010 meeting, the Supervisory Board decided to adopt the December 2009 MiddleNext "small and medium-sized company corporate governance code" as its own corporate governance code, which can be viewed on MiddleNext's website (www.middlenext.com).

The Supervisory Board considered that this corporate governance code was more suited to Solucom's specific features given that it had been prepared to meet the needs of small and medium-sized companies unlike the AFEP-MEDEF code, which was more designed for very large companies with numerous shareholders.

Furthermore, unlike the AFEP-MEDEF code, this new code is not limited to a series of recommendations, with which companies adopting it have to comply, but also gives points to watch out for, to which the Supervisory Board has to pay attention in order to improve the quality of its corporate governance.

The Board has taken note of these points to watch out for and has developed procedures with regard to the "director succession" point.

At its 31 May 2010 meeting, the Supervisory Board also established that the corporate governance procedures followed enable Solucom to apply all recommendations of the Middlenext corporate governance code.

Chairman of the Supervisory Board

30 May 2011

Statutory Auditors Report prepared in accordance with Article L.225-235 of the French Commercial Code, on the report of the Chairman of the Supervisory Board

Year ended 31 March 2011

To the shareholders,

As statutory auditors of Solucom SA and in accordance with the provisions of Article L.225-235 of the French Commercial Code, we hereby present our report on the report of the Chairman of the Supervisory Board of the Company, prepared pursuant to the provisions of Article L.225-68 of the French Commercial Code with respect to the year ended 31 March 2011.

It is the responsibility of the Chairman of the Supervisory Board to prepare and submit for the Supervisory Board's approval a report on the internal control and risk management procedures implemented in the Company.Such report must also provide the other information required by Article L.225-68 of the French Commercial Code relating in particular to corporate governance procedures.

It is our responsibility to:

- report to you any comments we may have on the information given in the Chairman's report concerning the internal control procedures and risk management procedures relating to the preparation and processing of accounting and financial information, and to

- certify that the report contains the other information required by Article L.225-68 of the French Commercial Code, it being specified that it is not our responsibility to verify the accuracy of such information.

We conducted our engagement in accordance with professional standards applicable in France.

Information concerning the internal control procedures and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform such tests and procedures so as to assess the accuracy of the information given in the Chairman's report concerning the internal control procedures and risk management procedures relating to the preparation and processing of accounting and financial information. Our procedures included the following:

- Ascertain the internal control and risk management procedures relating to the preparation and processing of accounting and financial information underlying the information given in the Chairman's report and the existing documentation;

- Ascertain the work applied to prepare the information given in said information within the existing documentation;

- Determine whether any material deficiencies that we may have found in the internal controls relating to the preparation and processing of accounting and financial information as part of our audit engagement have been properly disclosed in the Chairman's report.

Based on the work performed, we have no comments on the information concerning the internal controls and risk management procedures relating to the preparation and processing of accounting and financial information given in the Chairman's report, prepared pursuant to the provisions of Article L.225-68 of the French Commercial Code.

Other information

We certify that the report of the Chairman of the Supervisory Board contains the other information required by Article L.225-68 of the French Commercial Code.

Levallois-Perret and Paris, 14 June 2011

The Statutory Auditors

Constantin Associés	SLG EXPERTISE
Laurent Levesque	Arnaud Bernard

Management bodies

Executive Committee

This includes the firm's senior management and operational and functional directors. The members of the Executive committee are as follows:

- Pascal Imbert, chairman of the Management Board
- Patrick Hirigoyen, member of the Management Board and deputy managing director
- Laurent Stoupy, associate director
- Philippe Dajean, director – IT Transformation practice
- René Dumoucel, associate director – IT Architecture practice
- Benoît Darde, director – IT Gouvernance practice
- Frédéric Goux, director – Security & risk management practice
- Anne Régnier, sales deputy director
- Marc de Montgolfier, sales deputy director
- Pascale Besse, finance director
- Fanny Rouhet, human resources director
- Sarah Lamigeon, communication director

Strategic committee

The members of the Strategic committee are as follows:

- Pascal Imbert, chairman of the Management Board
- Patrick Hirigoyen, member of the Management Board and deputy managing director
- Pascale Besse, finance director
- Reza Maghsoudnia, development director.
- Laurent Bellefin, associate director
- Siegfried Günther, associate director
- René Dumoucel, associate director
- Laurent Stoupy, associate director

Interests of members of the management and supervisory bodies

Interests of members of the management and supervisory bodies

Gross remuneration and total benefits in kind paid directly or indirectly to each director

The Management Board report to the general meeting specifies remuneration and benefits.

Directors' fees

The Management Board report to the general meeting specifies directors' fees.

Stock options

No stock options were granted to members of Solucom's management or .supervisory bodies.

Agreements signed with members of the management and supervisory bodies

Special report of the statutory auditors specifies such agreements.

Other interests of members of the management and supervisory bodies

The members of Solucom's management and supervisory bodies are also shareholders of the Company. They have not interests in any company that controls Solucom, in any subsidiary, major client or supplier of the Company.

Loans and guarantees

Not applicable.

Assets indirectly or directly belonging to members of the management and supervisory bodies or their families

Not applicable.

Staff earnings-based incentives

The statutory level of incentives is in force within Arcome SAS, Solucom DV, Idesys, New'Arch, KLC, Cosmosbay~Vectis and Solucom.

No stock options were granted to the issuer's directors during the year.

In his capacity as an executive of the Group, Mr Hirigoyen, member of the Management Board, during the year received free shares ("Executive Plan no. 5", see paragraphs II.D.3 above, the tables above and the Special Report of the Management Board paragraph XII.3 above).

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

It should be noted that all stock option plans have expired since the end of 2008.

Stock options granted to the ten highest employee or director beneficiaries and options exercised by them

The table below shows a summary of stock options granted and exercised during the year.

	Total number of options
Options granted during the year by the issuer or by any other company included in the stock option plan to the ten highest employee beneficiaries of the issuer and any company included in the stock option plan	
Options held in the issuer and aforementioned companies, which were exercised during the year by the ten employee beneficiaries of the issuer and its companies, for whom the number of shares purchased was the highest.	

No stock options were granted to the directors during the year.

Legal information

Fiscal 2010/11

4. Legal book

General information concerning Solucom and its share capital

1. General information concerning the Company

1.1 Key milestones in the growth of the firm's business

- **1990**

Michel Dancoisne and Pascal Imbert establish Solucom specialising in networks and telecoms consulting.

- **1994**

Internet and telecoms deregulation boost Solucom's business.

- **2000**

Solucom floats on the Marché Libre.

- **2001**

Relists on the Nouveau Marché and fund raising. Takeover of Arcome and Idesys.

- **2005**

Takeover of Dreamsoft.

- **2006**

Takeover of KLC and New'Arch.

- **2007**

Solucom completes its 2004/07 business plan. Takeover of Vistali in April 2007.

- **2008**

Takeover of Cosmosbay~Vectis in April 2008.

- **2009**

Solucom is now one of the top 5 IT consulting firms in France.

- **2011**

Solucom completes its 2007/10 business plan and is preparing its new strategic plan "Solucom 2015".

1.2 Name and registered office

Solucom

Tour Franklin
100-101 terrasse Boieldieu
La Défense 8
92042 Paris La Défense Cedex

1.3 Legal form

Société Anonyme (French public limited company) with a Management Board and Supervisory Board governed by its articles of association and current legal and regulatory provisions in force, notably the French Commercial Code.

1.4 Date of formation and the Company's term

Solucom SA was formed in February 1990 and registered on 2 April 1990.

The company has a term of 99 years (Article 5 of the articles of association) expiring on 2 April 2089 except in the case of an extension or early liquidation.

1.5 Company object

In accordance with Article 2 of the articles of association, Solucom SA's object, directly or indirectly, in France or abroad, is as follows:

- performance of computer services for third parties by the use of specifically developed programs or standards,

- analysis, consulting, technical assistance, training, development, documentation, installation, maintenance of computer or telecommunication systems, for information in any form and on all supports, and all related services of any kind and by any means,

- creation, implementation, and management of all networks and/or groups with a view to the development of concepts belonging to the Company and communication of the know-how,

- development, ownership, administration, leasing, and sale of any patents and/or trademarks and the granting of any licences,

- acquisition of equity interests by any means in any existing or future companies and businesses that could relate directly or indirectly to the Company object,

- and generally, any financial, fixed or moveable property operations that could relate directly or indirectly to the Company object or likely to promote its development or achievement.

1.6 Trade and companies register

R.C.S. NANTERRE B 377 550 249.

1.7 Financial year

The financial year runs from 1 April each year to 31 March the following year (Article 34 of the articles of association), and lasts twelve months.

1.8 Specific clauses in the articles of association

Appropriation of earnings (Article 36 of the articles of association)

If the financial statements for the year, as approved by the general meeting, have legally defined distributable earnings, the general meeting shall decide to transfer said distributable earnings to one or more reserve accounts, the use and appropriation of which it controls, to carry it forward to future years or to distribute it.

The income statement, which lists income and expenditure for the year, states the net profit for the year after deduction of depreciation and provisions.

At least five percent shall be deducted from the net profit for the year less any prior year losses and transferred to the legal reserve.

This transfer ceases to be mandatory once total reserves reach one tenth of the share capital.

Distributable earnings consist of the net profit of the year, less any prior year losses and reserve transfers in accordance with legislation and the articles of association, plus retained earnings brought forward.

These earnings are allocated to all shareholders in proportion to the number of shares each one holds. The general meeting may decide to distribute the amounts transferred to reserves, which it controls, by stating explicitly the reserve accounts from which the distribution should be made.

Except in the case of a share capital reduction, a distribution to shareholders is prohibited if the amount of shareholders' equity is, or following such distribution would be, lower than the value of share capital plus reserves that are non distributable under the law or the articles of association.

The revaluation reserve is not distributable and may be partially or entirely transferred to share capital.

However, after deduction of statutory transfers to reserves, the general meeting may transfer any residual undistributed earnings that it deems fit to ordinary or extraordinary voluntary reserves, or to carry them forward as retained earnings.

After approval of the financial statements by the General Meeting, any losses are carried forward as retained losses for offset against future retained earnings until they are fully compensated.

General Meetings

General meetings are convened pursuant to current legislation.

Meetings are held at the company's registered office or at any other location specified in the notice of the general meeting.

Admission to General Meetings

Powers (Article 27 of the articles of association)

1. All holders of ordinary shares may vote in general meetings in person or by postal vote, regardless of the number of shares held, provided the shares are fully paid up.

The right to attend or be represented at general meetings is subject to the following:

- Holders of registered shares must be registered as such by midnight (Paris time) of the fourth working day prior to the date of the meeting.
- Holders of bearer shares must be registered as such by midnight (Paris time) of the fourth working day prior to the date of the meeting. Registration or the accounting entry in the bearer shareholder registry of an intermediary will be established by a certificate from the financial intermediary attached to the form for remote or proxy voting or by an application for an admission card established in the name of the shareholder. A certificate may also be issued to shareholders seeking to physically attend the Meeting who have not received their admission card by midnight (Paris time) of the fourth working day prior to the date of the meeting.

If it deems fit, the Board of Directors may give shareholders personal named admission cards, which will be required to attend the meeting.

All shareholders may vote by post in accordance with current regulations on submission of a form that they can apply to receive by following the procedures stated on the general meeting notice advice.

2. Shareholders may only be represented by their spouse or another shareholder; in which case the representative must provide proof of his power of attorney.

3. If the Management Board so decides in the Meeting notice, shareholders may also participate via video-conference or other means of telecommunication enabling their identity to be established in accordance with procedures allowed under current regulations.

Right to receive information (Article 33 of the Articles of Association)

All shareholders are entitled to receive documents required to enable them, in full awareness of the facts, to assess the management and control of the Company pursuant to statutory conditions and deadlines. The details of these documents and conditions for sending them or making them available to shareholders are laid down by legislation and regulations.

Quorum-Vote (Article 29 of the articles of association)

1. The quorum is calculated on all shares comprising the share capital, except in the case of special general meetings for which it is calculated on all shares of the relevant class, after deduction of shares without voting rights pursuant to legislation.

For purposes of calculating the quorum, only postal votes submitted on properly completed forms and received by the Company at least three days prior to the date of the Meeting shall be accepted.

For purposes of calculating the quorum and majority votes, all shareholders who attend the meeting by video conference or means of telecommunication enabling their identification and in accordance with current regulations, will be included if the Management Board decides to use such means when issuing the notice for the general meeting.

2. Voting rights linked to the share capital or other shareholders' rights are proportional to the number of shares they represent. Each share entitles the holder to one vote, subject to the provisions of Article 11 paragraph 4 concerning application of the provisions of Articles L 225-123 et seq. of the French Commercial Code.

3. Votes are counted by the raising of hands, or by names called, or by secret vote, based on a decision of the Meeting committee or that of the Shareholders. Shareholders may also submit postal votes.

Ordinary General Meetings (Article 30 of the articles of association)

Ordinary general meetings take all decisions except for amendment to the articles of association.

Ordinary general meetings must be held at least once every year, within six months following the financial year-end of the Company, to approve the financial statements of that year, subject to postponement under a court decision.

Resolutions passed in ordinary general meetings are only valid if the shareholders present, represented or voting by post at the first convened Meeting, hold at least one fifth of shares with voting rights.

Resolutions are passed on the majority of votes cast of shareholders present or represented including shareholders voting by post.

Extraordinary General Meetings (Article 31 of the articles of association)

Extraordinary general meetings may amend any clauses of the articles of association, and in particular, may decide on the Company's transformation into another civil or commercial legal form. However, extraordinary general meetings may not increase the shareholders' commitments, subject to transactions resulting from a legally valid consolidation of shares.

Subject to legal exceptions, resolutions passed in extraordinary general meeting are only valid if the shareholders present, represented or voting by post, at the first convened Meeting, hold at least one quarter, and at the second convened Meeting, one fifth of shares with voting rights. In the event of a continued absence of a quorum, the second convened Meeting may be postponed to a future date not later than two months following the date for which it was convened.

Resolutions are passed on a two-thirds majority of votes cast of shareholders present or represented including shareholders voting by post.

In extraordinary general meetings called to approve capital contributions in kind or the granting of specific benefits, neither the transferor nor the beneficiary may vote either on his own account or on behalf of another shareholder.

Rights and obligations linked to shares (Article 11 of the articles of association)

Each share entitles the holder to a share in the profits, Company assets and liquidation bonus in proportion to the number and nominal value of the existing shares held, subject to rights granted to the shares of different classes, if any.

A share also gives the holder a right to vote or be represented at general meetings, be informed on the progress of the Company and receive certain Company documents at times and under conditions specified by legislation and the articles of association.

Shareholders are only liable for the Company's liabilities up to the value of their capital contributions. On change of ownership of shares, rights and obligations are transferred to the new holders of the shares. Ownership of shares automatically binds shareholders to the company's articles of association and resolutions passed in general meetings.

Each time that it is necessary to hold a given number of shares to exercise any right, shareholders who do not hold the required number of shares must make their own arrangements to form a grouping or to purchase or sell the required number of shares.

Holders of fully paid-up registered shares for more than two years in their own name are granted double voting rights.

Double voting rights are also granted to registered holders of bonus shares that were issued free of charge to them on account of shares in respect of which they already enjoyed double voting rights.

Double voting rights automatically cease for any shares for which ownership has been transferred, subject to the statutory exceptions.

This double voting right was introduced following a decision of the extraordinary general meeting held on 6 December 1999.

The effect of having double voting rights in the Company's articles of association could be to delay, postpone or prevent a change in control over the Company.

5. Any individual or entity who holds, alone or in concert, a proportion of the Company's existing share capital or voting rights as specified under Article L233-7 of the French Commercial Code, must disclose to the Company the total number of the shares that he holds, within five stock market trading days following acquisition of the shares that took his holding above any of the limits.

Such person shall also inform the *Autorité des Marchés Financiers* (French financial markets regulator) within five stock market trading days following acquisition of the shares that took his holding above any of the said limits.

Notification must also be made within the same deadline if said person's holding drops below any of the limits stated in the first paragraph above.

Parties bound to disclose the information stated in the first paragraph must state the number of shares they hold giving future access to the share capital as well as the related voting rights.

Parties bound to disclose the information, when they cross the threshold of one tenth or one fifth of the share capital or voting rights, must also state the objectives they plan to follow during the coming twelve months.

This declaration must state if the acquirer is acting alone or in concert, if he plans to cease acquisitions or to continue them, if he plans to obtain control of the Company or not, and his name or that of one or more persons who are members of the Management Board or the Supervisory Board. It must be addressed to the Company.

Members of the management and supervisory bodies. Powers of the Management Board (Article 17 paragraph 1 of the articles of association)

The Management Board is vested with extensive powers to act in any circumstances in the name of the Company, in accordance with the Company Object and subject to specific statutory limits and the articles of association approved in shareholder general meetings and subject to the Supervisory Board.

No restriction on its powers may be relied upon for dealings with third parties, who may take legal action against the Company based on commitments made in its name by the chairman of the Management Board or its managing director provided their appointments were published in accordance with regulations.

Given that members of the Management Board have allocated duties between them with the approval of the Supervisory Board, on no account may such allocation exempt the Management Board from the requirement to meet and pass resolutions on the most important management issues facing the Company, nor to be cited as a reason to be exempt from the principle of joint and several liability of the Management Board and each of its members.

The Management Board may charge one or more of its members or any other person with special, ongoing or temporary assignments of its choosing, and, for purposes of one or more objectives with or without entitlement to sub-delegate, may grant powers that it deems necessary.

Powers of the Supervisory Board (Article 20 of the articles of association)

6. New preference shares may be issued based on any legal procedures, terms, conditions and limits. They shall be governed, converted and/or redeemed in accordance with statutory conditions.

Identifiable bearer securities (Article 9 final paragraph of the articles of association)

Pursuant to the provisions of Article L.228-2 of the French Commercial Code, the Company may, at any time, take all steps in accordance with statutory and regulatory provisions, including by a request to the organisation responsible for third party payments, to identify the holders of securities giving immediate or future voting rights at its own general meetings of shareholders, and to establish the number of securities held by each of them and, if applicable, any restrictions to said securities. The Company is also entitled, in accordance with the law, to request the identity of shareholders if it considers that certain shareholders, whose identity it has received, hold the shares on behalf of third parties.

The Supervisory Board exercises ongoing supervision of the management of the Company by the Management Board.

At any time of the year, it may conduct testing and controls that it deems appropriate, any may demand any documents that it considers necessary to accomplish its duties from the Management Board.

At least once a quarter, the Management Board presents to the Supervisory Board a report specifying the principal management actions or facts of the Company, backed by all necessary information to enable the Supervisory Board to be fully informed on the Company's business and on the half-year, and if applicable the quarterly, financial statements.

Following the year-end and within the regulatory deadlines, the Management Board presents to the Supervisory Board the company financial statements, the consolidated financial statements and its report to the general meeting, for purposes of verification and control.

The Supervisory Board presents to the annual general meeting its comments on the report of the Management Board and on the annual consolidated and Company financial statements.

During the annual general meeting, the chairman reports on the conditions for preparing and organising its duties and on the internal controls adopted by the Company.

This duty of supervision may not under any circumstances give rise to the Supervisory Board or any of its members directly or indirectly conducting management actions.

Pursuant to Article L.225-68 of the French Commercial Code, the following transactions are subject to prior approval by the Supervisory Board:

- Sale/transfer of real estate;
- Total or partial sale/transfer of equity investments;
- Creation of sureties, endorsements and guarantees.

The Supervisory Board may authorise the Management Board in advance to conduct one or more transactions stated above for a period it determines, subject to the maximum amounts that it may establish.

The Supervisory Board may decide to establish committees made up of its own members, charged with reviewing issues for which the Supervisory Board or its chairman request an opinion. The Supervisory Board establishes the members and the powers of such committees, who conduct their duties under the Supervisory Board's responsibility.

1.9 Purchase by the company of its own shares

Please refer to the Report of the Management Board to the ordinary and extraordinary general meeting of shareholders dated 24 September 2010 for details of the share buy-back programme in force during the year ended 31 March 2011 and to the share buy-back programme proposed to the ordinary and extraordinary general meeting dated 28 September 2011 as specified below.

2.4 Pledges, guarantees and sureties

2. General information concerning share capital

2.1 Share capital

At 31 March 2011, share capital amounted to €496,688.20 divided into 4,966,882 fully paid-up shares of the same class (Article 6 of the articles of association).

The shares comprising the share capital have a nominal value of €0.10 each.

2.2 Potential share capital

All past stock option plans have expired since 31 December 2008.

There is therefore no potential dilution of share capital.

The company undertakes not to issue stock options at prices that significantly differ from its stock market share price.

2.3 Authorised share capital not issued

The company currently still has authorisations granted by the ordinary and extraordinary general meeting dated 24 September 2009. Please refer to the appendix of the Management Board Report for details of these authorisations.

Registered pledges of issuing company shares

Name of registered shareholder	Beneficiary	Effective date of the pledge	Expiry date of the pledge	Condition for cancellation of the pledge	Number of issuer's shares pledged	% of issuer's share capital pledged
None	None	None	None	None	None	None
TOTAL						

Pledges of issuer's assets (intangible, tangible and financial assets)

Type of pledge / charge	Effective date of the pledge	Expiry date of the pledge	Value of pledged asset (a) (€m)	Total balance sheet account (b) (1) (€m)	% (a)/(b)	Condition for cancellation
On intangible assets	None	None	None	None	None	None
On tangible assets	None	None	None	None	None	None
On financial assets (Solucom DV shares)	28/10/2005	27/03/2015	4.8(2)	28.7	17	See comment
On financial assets (New'Arch shares)	25/03/2008	27/03/2015	4.0(3)	28.7	14	See comment
On financial assets (Cosmosbay~Vectis shares)	02/03/2009	02/03/2014	13.4(4)	28.7	47	See comment
TOTAL			**22.2**	**28.7**	**78**	

- The amount stated under "Total balance sheet account" above corresponds to the total account balance of "Financial assets" in the Company financial statements of Solucom SA for the year ended 31 March 2011 and relates largely to shares of Idesys, Solucom DV, New'Arch, KLC and Cosmosbay~Vectis.

- This pledge covers shares of Solucom DV (replacing Vistali shares that were initially granted as security following the September 2009 merger/ takeover) and corresponds to a charge on financial instruments granted by Solucom to Société Générale and BNP-Paribas. This pledge will be terminated once Solucom repays the full amount of the loans granted by the two banks, i.e. by 27 March 2015 (being the maturity date of the Société Générale loan).

- This pledge covers New'Arch shares and corresponds to a charge on financial instruments granted by Solucom to Société Générale and BNP-Paribas as security for the loan contracted at the end of March 2008 This pledge will be terminated once Solucom repays the full amount of the loans granted by the two banks, i.e. by 27 March 2015 (being the maturity date of the Société Générale loan)

- This pledge covers Cosmosbay~Vectis shares and corresponds to a mutual guarantee on behalf of the banks LCL, Bred-Banques Populaires and Société Générale. This pledge will be terminated once Solucom repays the full amount of the loans granted by the three banks or the loans arrive at maturity, which is scheduled for 2 March 2014 (being the maturity date of the loans).

If the gross value of the shares exceeds the value of the debt for which they act as security, the book value of the secured assets is based on the gross value.

2.5 Shareholders pact and agreements

Measures relating to the shareholders

Not applicable.

Measures relating to issuing company

Not applicable.

The company is not aware of the existence of any clause that may have an impact on the Company's assets, business, financial situation, earnings and outlook.

3. Breakdown of share capital and voting rights

3.1 Shareholders of Solucom SA

The following table lists the shareholders of Solucom SA as at 10 May 2011:

Shareholders	Shares	% interest	Voting rights	% voting rights (1)
Founders and executives	2,648,904	53.33%	5,286,352	66.81%
P. Imbert	1,448,252	29.16%	2,895,884	36.60%
M. Dancoisne	1,150,420	23.16%	2,300,840	29.08%
P. Hirigoyen	46,824	0.94%	84,320	1.07%
Other executives	3,408	0.07%	5,308	0.07%
Treasury shares	59,284	1.19%	59,284	0.75%
Public float	2,258,694	45.48%	2,567,180	32.44%
TOTAL	4,966,882	100.00%	7,912,816	100.00%

(1) Based on Article 11 of the articles of association of Solucom SA, double voting rights are granted to holders of fully paid-up registered shares if these shares have been registered for at least two years in the name of the same shareholder. Furthermore, pursuant to the new Article 223-11 of the general regulations of the AMF, the total number of voting rights is calculated based on all shares including those without voting rights.

Total voting rights for registered shares: 5,928,636 (1) and 2,982,702 shares. Total shares with voting rights: 4,966,882

Total bearer shares with single voting rights: 4,966,882-2,982,702 = 1,984,180 (2) Total voting rights (1) + (2) = 7,912,816.

As at 10 May 2011, the shares held by the public comprise approximately 50% institutional funds and 50% private shareholders based on a TPI analysis as at that date.

29% of Solucom SA's shares are held by Pascal Imbert, Chairman of the Management Board, and 23% by Michel Dancoisne, Chairman of the Supervisory Board. These two shareholders, who act in concert, together therefore own 52% of Solucom's share capital.

Patrick Hirigoyen, member of the Management Board, is deputy Managing Director in charge of operations for Solucom SA.

Jean-Claude Malraison, Jacques Pansard and Jean-François Perret appointed as other directors, perform the duties of Vice-Chairman and members of the Supervisory Board respectively.

Since the year ended 31 March 2008, Lazard Frères Gestion SAS acting on behalf of mutual funds has held more than 5% of Solucom's equity.

To Solucom's knowledge no other shareholders hold 5% or more of the share capital and/or voting rights.

Solucom is controlled by its two founders. The company pays attention to meeting strict corporate governance principles. For example, it has adopted the status of a company with Management Board and Supervisory Board, the latter board including independent directors in order to ensure that it carries out its supervisory function while ensuring it represents all shareholders. As such, every year the Supervisory Board reviews subjects such as strategic issues, annual action plans and budget, and internal controls. The Supervisory Board also carries out a self-assessment of its operations and reviews the independence of its members.

Annexe 2. Change in Solucom's share capital over the last five years

Date	Transaction description	Number of shares	Nominal value (€)	Issue premium per share (€)	Share capital after transaction (€)
12/06/2006	Exercise of BSPCE during 2005/06	1,203,134	0.381	20.81	458,589.71
11/06/2007 (1)	Exercise of BSPCE during 2006/07	4,889,480	0.095	3.49	465,920.98
19/07/2007 (2)	Exercise of stock options before rounding of the nominal value	4,904,148	0.095	5.13	467,318.55
19/07/2007 (3)	Share capital increase in order to round up the nominal value per share				490,414.80
02/06/2008 (4)	Exercise of stock options before rounding of the nominal value during 2007/08	4,950,662	0.10	3.93	495,066.20
26/05/2009	Exercise of BSPCE during 2008/09	4,966,882	0.10	1.96	496,688.20

- Issue of 11,849 new shares following exercise of the same number of BSPCE.

- Issue of 9,164 new shares following exercise of the same number of BSPCE generating a premium on issue amounting to €191,000. The weighted average issue price of these shares was €21.19 per share.

- Issue of 76,944 new shares following exercise of BSPCE and stock options generating a premium on issue amounting to €269,000. The weighted average issue price of these shares was €3.59 per share.

- Stated after adjusting for the 4-for-1 bonus issue dated 25 October 2006.

- Issue of 14,668 new shares following exercise of stock options generating a premium on issue amounting to €75,000. The weighted average issue price of these shares was €5.23 per share.

- Share capital increase by a €23,000 transfer from reserves thereby increasing the nominal value to €0.10 per share.

- Issue of 46,514 new shares following exercise of stock options generating a premium on issue amounting to €183,000. The weighted average issue price of these shares was €4.03 per share.

- Issue of 16,220 new shares following exercise of stock options generating a premium on issue amounting to €32,000. The weighted average issue price of these shares was €2.06 per share.

3.3 Change in shareholders over the last three years

	10/05/2011 (3)			10/05/2010 (3)			10/05/2009 (3)		
	Number of shares	% share capital	% voting rights	Number of shares	% share capital	% voting rights	Number of shares	% share capital	% voting rights
Directors' shareholdings (1) (2)	2,648,904	53.33%	66.81%	2,900,736	58.40%	70.76%	2,895,870	58.30%	70.79%
Pascal Imbert	1,448,252	29.16%	36.60%	1,447,632	29.15%	35.34%	1,447,632	29.15%	35.37%
Michel Dancoisne	1,150,420	23.16%	29.08%	1,395,420	28.09%	34.16%	1,395,420	28.09%	34.18%
Treasury shares	59,284	1.19%	0.75%	39,748	0.80%	0.49%	59,995	1.21%	0.73%
Public float	2,258,694	45.48%	32.44%	2,026,398	40.80%	28.75%	2,011,017	40.49%	28.47%
TOTAL	4,966,882	100.00%	100.00%	4,966,882	100.00%	100.00%	4,966,882	100.00%	100.00%

(1) Solucom SA directors.

(2) Michel Dancoisne and Pascal Imbert act in concert.

(3) Pursuant to the new Article 223-11 of the general regulations of the AMF, the total number of voting rights is calculated based on all shares including those without voting rights.

There was no material change in the Company's shareholders during the year.

There was no material disposal of Company shares by the shareholding directors and, to the Company's knowledge, by institutional shareholders holding over 5% of the share capital as at 10 May 2011.

3.4 Crossing shareholder thresholds

17 December 2010:

- Michel Dancoisne has declared that on 16 December 2010 acting individually he went below the thresholds of one third of the voting rights and 25% of Solucom's share capital and individually now holds 1,150,072 Solucom shares representing 2,300,144 voting rights, i.e. 23.15% of share capital and 28.11% of Solucom's voting rights.[6]

- Michel Dancoisne and Pascal Imbert, have declared that on 16 December 2010 acting in concert, they went below the thresholds of two thirds of the voting rights and in concert now hold 2,597,356 Solucom shares representing 5,187,240 voting rights, i.e. 52.29% of share capital and 63.39% of Solucom's voting rights, broken down as follows:

	Shares	**% of share capital**	**Voting rights**	**% of voting rights**
Pascal Imbert	1,447,284	29.14	2,887,096	35.28
Michel Dancoisne	1,150,072	23.15	2,300,144	28.11
Total in concert	**2,597,356**	**52.29**	**5,187,240**	**63.39**

The above threshold crossings results from a donation[7] of Solucom shares.

4. Membership by the issuing company of a group

Solucom SA does not belong to any group.

[6] Based on share capital comprising 4,966,882 shares representing 8,183,062 voting rights pursuant to the second paragraph of Article 223-11 of the AMF's General Regulations.

[7] Donation from Michel Dancoisne to his majority age daughter with whom he declares he is not acting in concert.

5. Dividends

5.1 Statute of limitations

Uncashed dividends expire after a period of five years and are paid to the French government pursuant to legal provisions.

5.2 Dividends paid out

Solucom SA has distributed dividends since the year ended 31 March 1995.

Year ended	Number of shares	Earnings distributed (€)	Net dividend per share (€)
31/03/2008	4,890,385	929,173	0.19
31/03/2009	4,934,177	937,494	0.19
31/03/2010	4 929,782	936,659	0.19

5.3 Distribution of dividends in respect of year ended 31 March 2011

In respect of year ended 31 March 2011, the general meeting of shareholders, ruling on the financial statements for the year ended 31 March 2011, will be invited to approve a total dividend distribution of €1,030,596 deducted from the net profit of the year and reserves.

The treasury shares held by the Company in conjunction with the share buy-back programme, do not have any rights to dividends; the difference between the value allocated to the distribution as stated above and the amount actually paid shall be posted to Retained Earnings.

5.4. Future dividend payout policy

The future dividend payout policy will be based on the company's prospects for growth and related funding needs.

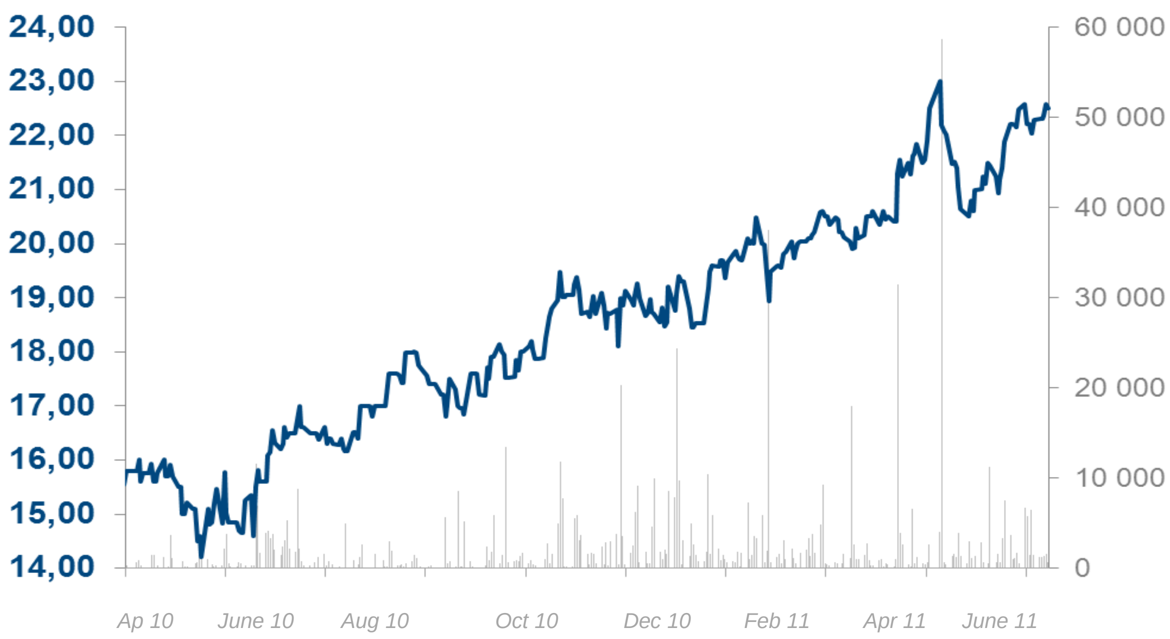
6. The company's stock market listing

The company is listed on compartment C of NYSE Euronext Paris.

Solucom share price movements from 1 April 2010 to 17 June 2011

Date	High	Low	Month end price	Total volume	Average price for the month
Apr-10	16.00	15.00	15.21	13,165	15.64
May-10	15.78	14.20	15.35	15,082	14.94
June-10	17.00	14.60	16.50	66,905	16.23
July-10	17.00	16.16	17.00	16,714	16.56
Aug-10	18.00	17.00	17.22	12,339	17.52
Sep-10	18.15	16.80	17.53	49,105	17.45
Oct-10	16.55	14.82	14.91	39,280	18.30
Nov-10	19.38	18.10	18.85	65,841	18.86
Dec-10	19.40	18.45	18.52	105,299	18.84
Jan-11	20.49	18.52	20.01	54,058	19.67
Feb-11	20.59	18.93	20.59	70,885	19.86
Mar-11	20.60	19.91	20.45	45,679	20.34
Apr-11	23.00	20.41	22.02	116,784	21.59
May-11	22.22	20.50	22.22	49,379	22.22
June-11	22.59	22.04	22.50	31,250	22.33

Graph of Solucom share price movements from 1st April 2010 to 17 June 2011



Description of the share buy-back programme to be submitted to the ordinary annual general meeting on 28 September 2011

Pursuant to Articles 241-1 to 241-6 of the general regulations of the AMF and EU Regulation 2273/2003 dated 22 December 2003, the objective of this description of the share buy-back programme, which Solucom will submit to the ordinary annual general meeting dated 28 September 2011, is to explain its terms and conditions.

The programme described in this report supersedes that authorised by the shareholders on 24 September 2010. Solucom SA has signed a liquidity contract in accordance with the AFEI ethics charter with Portzamparc. Said liquidity contract complies with the following:

- Regulation (EC) 2273/2003 of the European Commission,
- Articles L 225-209 et seq. of the French Commercial Code
- The general regulations of the AMF

1. Date of the general meeting called to approve the share buy-back programme

This share buy-back programme will be submitted for the approval of the ordinary annual general meeting dated 28 September 2011.

2. Breakdown of Solucom SA's treasury shares by objective as at 10 May 2011

Treasury shares are broken down by objective as follows:

- 11,053 shares are allocated to ensure the liquidity and boost the secondary market for the shares by the involvement of an investment services provider based on a liquidity contract in accordance with the ethics charter recognised by the AMF;
- 16,910 shares are held to issue to employees and/or directors of the Group in accordance with statutory terms and conditions, notably for purposes of stock option plans in order to financially incentivise employees or directors in the Company's growth, for purposes of company savings or free share plans or other shareholding plans;
- 30,488 shares are held to be offered as consideration for future mergers or acquisitions.

3. Objectives of the new share buy-back programme

Based on the share buy-back programme covered under the sixth ordinary resolution of the ordinary annual general meeting dated 28 September 2011, Solucom plans to pursue the following objectives:

- Ensure the liquidity of the secondary market or that of Solucom shares by the involvement of an independent investment services provider pursuant to a liquidity contract in accordance with the Ethics Charter recognised by the AMF;
- Hold the purchased shares to be offered as consideration for any future external mergers or acquisitions;
- Allocate or sell shares to employees and/or directors of the Company and/or its affiliated Group companies in accordance with legislation, notably for purposes of any employee profit sharing, any company savings or shareholding plan for employees, any stock option or any free share plan;
- Allot shares on the exercise of securities with entitlement to subscribe to the Company's share capital by any means.

4. Maximum proportion of share capital, maximum price, maximum number and terms and conditions of shares that may be purchased

Under the terms of the sixth draft resolution of the ordinary annual general meeting dated 28 September 2011, the Management Board would be entitled, on one or more occasions, at times that the Management Board shall establish, to purchase shares of the Company up to a maximum limit of 10% of the total number of shares making up the share capital (496,688 shares) as at 10 May 2011. In view of the treasury shares held as at 10 May 2011, Solucom would only be permitted to buy a maximum potential total number of 437,404 shares or 8.8% of the total shares making up the share capital as at the same date.

The shares that may be purchased are ordinary shares, all of the same class and listed on NYSE Euronext compartment C of NYSE Euronext Paris (ISIN code FR 0004036036).

The maximum purchase price is set at €40 per share. In the event of a transaction affecting the share capital, including any share consolidation or free share issue, the aforementioned limits shall be adjusted in the same proportions.

Therefore, the maximum value of the transaction, less treasury shares, shall be €17,496,160 (i.e. 437,404 shares at €40 each).

This authorisation supersedes that granted to the Management Board by the ordinary and extraordinary general meeting dated 24 September 2010.

5. Duration of the new share buy-back programme

Under the terms of the sixth draft resolution at the ordinary annual general meeting on 28 September 2011, the Management Board would be authorised to buy shares during a period until the next ordinary general meeting convened to approve the financial statements for the year ended 31 March 2012, and, at the latest, within a maximum of 18 months from the general meeting on 28 September 2011, in accordance with Articles L. 225-209 et seq. of the French Commercial Code

Lastly, in accordance with Article L 241-2 II of the general regulations of the AMF, any amendment to any information stated under the 3rd, 4th and 5th paragraphs of I of the said Article and included in this share buy-back description shall be published as soon as possible, based on the requirements of Article L 221-3 of the general regulations of the AMF, notably by making such information available at Solucom’s registered office and website and on the website of the AMF.

This publication can be viewed on the company's website: www.solucom.fr.

Draft resolutions for the extraordinary and ordinary general meeting dated 28 September 2011

1. Ordinary annual general meeting

- First resolution (approval of the company financial statements for the year ended 31 March 2011):

The general meeting, satisfying the quorum and majority vote requirements for ordinary general meetings, having heard the presentation and taken note of the Management Board report, the special report of the Management Board, the report of the Supervisory Board, the report of the Chairman of the Supervisory Board pursuant to Article L.225-68 of the French Commercial Code and the reports of the statutory auditors, hereby approves the financial statements including the balance sheet, the income statement and notes thereto for the year ended 31 March 2011 as presented hereto, and all transactions reflected in these financial statements and/or stated in these reports.

Consequently, the general meeting discharges the members of the Management Board and the Supervisory Board from their terms off office in respect of the said financial year.

The general meeting takes note there is no need to approve the expenses for the past financial year specified under Article 39.4 CGI (French General Tax Code) in accordance with the provisions of Article 223 (4) CGI.

- Second resolution (approval of the consolidated financial statements for the year ended 31 March 2011):

The general meeting, satisfying the quorum and majority vote requirements for ordinary general meetings, having heard the presentation and taken note of the Group Management Board report included in the management report of the Management Board, the report of the Supervisory Board, the report of the Chairman of the Supervisory Board and the report of the statutory auditors on the consolidated financial statements, hereby approves the consolidated financial statements for the year ended 31 March 2011 as presented hereto, which show consolidated net profit of €6,935,348.

The general meeting approves the transactions reflected and/or stated in these financial statements and summarised in these reports.

- **Third resolution (appropriation of earnings and dividend):**

The general meeting, satisfying the quorum and majority vote requirements for ordinary general meetings, having established that the net profit for the year ended 31 March 2011 as stated in the financial statements amounts to €9,050,900.29, approves the Management Board's recommended appropriation of earnings and decides to distribute a total dividend of €1 ,030,596 as follows:

Net profit for the year	€9,050,900.29
Reversal of retained earnings brought forward	€-503.00
Retained earnings carried forward	€-8,019,801.29
Total distributable amount to be distributed	€1,030,596.00

Consequently, the general meeting sets the dividend for the year at €0.21 per share in respect of shares entitled to dividends as at 10 May 2011.

The dividend will be payable in cash as from 13 October 2011.

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

Pursuant to Article 158.3.2) of the French General Tax Code, natural persons who are tax resident in France are entitled to a 40% allowance for income tax purposes on the gross dividend provided they have not opted for the fixed rate specified under Article 117 (4) of the French General Tax Code.

It is also specified that dividends entitled to the 40% allowance or the fixed rate of 19% are subject to additional social security charges at the rate of 12.3%, which the Company will deduct at source and pay over to the French Treasury.

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

Financial year	**Number of shares receiving dividends**	**Dividend distributed per share** (1)	**Proportion of dividends eligible to the 40% allowance**
31 March 2010	4,929,782	€0.19	100%
31 March 2009	4,934,177	€0.19	100%
31 March 2008	4,890,385	€0.19	100%

(1) before tax and social security charges

- Fourth resolution (approval of regulated agreements and commitments):

The general meeting, satisfying the quorum and majority vote requirements for ordinary general meetings, having heard the presentation and taken note of the special report of the statutory auditors pursuant to Articles L.225-86, L225-79-1 and L.225-90-1 of the French Commercial Code.

- Make formal note that there were no new agreements or commitments approved or signed during the year ended 31 March 2011.
- Make formal note of the agreements previously approved in respect of prior years, which resulted in transactions during the year ended 31 March 2011.
- Make formal note that the Company has not signed any new commitments.

- Fifth resolution (appointment of a new secondary statutory auditor to replace Mr Michel Bonhomme, who resigns);

The general meeting, satisfying the quorum and majority vote requirements for ordinary general meetings, having taken note of the Management Board report, in replacement for Mr Michel Bonhomme, secondary statutory auditor who resigns, decides to appoint:

BEAS

7, Villa Houssay

92200 Neuilly-sur-Seine

for the remaining term of office of Mr Michel Bonhomme, i.e. until the end of the ordinary general meeting, which will approve the financial statements for the year ended 31 March 2013.

- Sixth resolution (authority to be granted to the Management Board to purchase shares in the company and cancellation of the previous authority: maximum price €40):

The general meeting, satisfying the quorum and majority vote requirements for ordinary general meetings, having taken note of the Management Board report, hereby authorises the Management Board, with powers to delegate this authority, to have the Company buy its own shares in accordance with statutory and regulatory conditions in force at the time of the purchases, and specifically in accordance with the provisions of Article L.225-209 et seq. of the French Commercial Code, EU Regulation no. 2273/2003 dated 22 December 2003, and the general regulations of the *Autorité des Marchés Financiers* (French financial market regulator – “AMF”).

The Management Board may use this authority to meet the following objectives:

- Ensure the liquidity or drive the secondary market for Solucom shares by the involvement of an independent intermediary based on a liquidity contract in accordance with the ethics charter recognised by the AMF;

- Hold the purchased shares to be offered as consideration for any future external mergers or acquisitions;

- Allot or transfer shares to employees and/or directors of the Company and/or its Group companies in accordance with legislation, notably in order to provide financial incentives to employees or directors out of Company’s earnings, to implement any company or inter-company savings plan for employees, to introduce or cover any stock option plan or to issue shares free of charge;

- Issue shares on exercise of securities giving access by any means to the Company’s share capital.

The general meeting decides that:

- The acquisition, sale or transfer of shares may be undertaken by any means, on a regulated or over-the-counter market, and in any manner, including by purchase or sale of blocks of shares (with no limit to the proportion of the share buy-back programme carried out by this means), or by use of derivative instruments traded on a regulated or over-the-counter market, or by implementing stock option strategies, pursuant to terms and conditions approved by market authorities. These transactions may be undertaken at any time, including during periods of public offers in accordance with regulations in force.

- The maximum number of shares that the Company is entitled to purchase under this resolution may not exceed 10% of the share capital, in accordance with Article L.225-209 of the French Commercial Code; this number includes shares purchased under authorities granted by a previous ordinary general meeting, it being specified that i) the number of shares purchased with a view to holding and subsequent reissue or exchange in conjunction with a merger, de-merger or capital contribution transaction, may not exceed 5% of the Company’s share capital, and ii) in the event of shares purchased under a liquidity contract, the number of shares taken into account for the calculation of the aforementioned 10% limit of share capital corresponds to the number of shares purchased less the number of shares resold during this authorisation;

- The maximum purchase price per share is set at €35 (excluding purchase expenses) it being specified that, in the event of a transaction involving the Company’s share capital, such as a capital increase by capitalising reserves, issue of free shares or a division or combination of shares, the aforementioned number and price of shares shall be adjusted by a coefficient equivalent to the ratio between the number of shares comprising the share capital before the transaction, and the number of shares after the transaction;

- The total maximum funds allocated for purchase of the Company’s shares may not exceed €17,496,160, subject to available reserves;

- The present authority shall be granted for a period expiring on the date of the general meeting convened to approve the financial statements of the financial year beginning 31 March 2012, without this period exceeding eighteen (18) months, with effect from today’s date;

The general meeting grants all powers, including that of sub-delegation, to the Management Board, under the conditions fixed by law, to implement the share buy-back programme, and notably in order to:

- Effectively launch and implement this share buy-back programme;

- Within the aforementioned limits, issue any stock market or off-market orders based on the conditions determined by current regulations;

- Adjust the purchase price of the shares to take account of the aforementioned transactions on the share price;

- Sign any agreements with a view to maintaining registers of purchases and sales of shares;

- Ensure a complete audit trail of transactions;

- Make any and all declarations and perform all formalities with any organisations, in particular the AMF, in accordance with current regulations, and to complete or have the investment department complete the registries specified under Articles L.225-211 and R.225-160 of the French Commercial Code;

- Meet all other formalities, and generally, take all necessary steps;

- Take note that the workers council will be informed of the adoption of this resolution, in accordance with the provisions of Article l.225-209 sub-paragraph 1 of the French commercial code;

- Take note that the shareholders shall be informed during the next annual general meeting of the exact allotment of shares purchased to the various objectives pursued in respect of all share buy-back transactions undertaken;

The general meeting decides that, with effect from its implementation, this authority supersedes all prior authorities on the same subject.

2. Extraordinary general meeting

- Seventh resolution (power for the Management Board to issue ordinary shares and other financial securities giving access to the Company's share capital and retaining shareholders' priority subscription rights):

The general meeting, satisfying the quorum and majority vote requirements for extraordinary general meetings, having taken note of the Management Board report and the special report of the statutory auditors pursuant to Articles L.225-86, L225-129 to L.225-129-6, L.225-134, L.228-91 and L.228-92 of the French Commercial Code:

1. Terminates, with immediate effect, the delegation of authority granted by the ordinary and extraordinary general meeting dated 25 September 2009 in its seventh, ninth and eleventh resolutions;

2. Delegates to the Management Board power to decide, on one or more occasions, in proportions and at times that it wishes, both in France and abroad (either in euros or in any other currency), to issue ordinary shares of the Company and any financial securities of any kind giving immediate or future access to the Company's share capital, which may be subscribed either in cash or by way of offset.

Any issue of preference shares or securities giving access to preference shares is expressly excluded herefrom.

3. Decides to set the nominal value of capital increases that may be performed immediately or in the future pursuant to this authorisation at €248,344.10 (representing 50% of share capital as at today's date), to which amount may be added the nominal value of any additional shares that may be issued to preserve the rights of holders of financial securities giving access to share capital.

4. In the event that such financial securities are debt securities then these shall be issued under these powers and the maximum nominal value of debt so issued shall not exceed 30,000,000 euros or the equivalent in foreign currency;

5. Decides that, as provided for by law, the shareholders may exercise their priority subscription rights as a minimum. In addition, the Management Board shall be entitled to grant shareholders the right to subscribe to a number of common shares or securities in excess of what they could subscribe to as a minimum, in proportion to the subscription rights they have and in any event, within the limits of their application;

If the minimum subscriptions and, where applicable, the subscriptions with no minimum, do not absorb the entire issue of shares or financial securities as defined above then the Management Board may, as it pleases and in the order its deems right, make use of the possibilities offered by Article L.225-134 of the French Commercial Code;

6. Acknowledges that this delegation of powers gives to the holders of financial securities giving access to the Company's share capital and which may be issued under these powers, full rights to give up their priority subscription right attaching to those financial securities;

7. Decides that the Management Board shall have full powers with the powers to delegate this authority as provided for by law, to implement this delegated authority by setting the conditions for issue and paying in and take cognisance of the resulting increase in share capital and, where necessary, make any adjustments so as to take account of the effect of this transaction on the Company's share capital and establish the arrangements whereby the rights of holders of financial securities giving access to the Company's share capital in compliance with legal and regulatory provisions shall be preserved; and to make any amendments required to the articles of association. Furthermore, the Management Board may, as necessary, debit the share premium account particularly with the expenses incurred in making these issues and generally take all necessary measures and enter into any agreements so as to ensure completion of the planned issues.

8. Decides that in the event that the financial securities issued are debt securities then the Management Board shall have full powers, with the power to delegate this authority as provided for in law, especially to decide as to whether these should be subordinated or not, to fix their rate of interest, the issue currency, their duration, their fixed or variable redemption price with or without premium, the details of their amortisation depending on market conditions and the conditions under which these securities will give rights to ordinary shares in the Company;

9. The Management Board shall give an account to shareholder of the use of these delegated powers in the manner laid down in Article L.225-100 of the French Commercial Code.

10. This delegation of authority to the Management Board is valid for 26 months from today.

- Eighth resolution (power for the Management Board to issue ordinary shares and other financial securities giving access to the Company's share capital without shareholders' priority subscription rights on public offerings):

The general meeting, satisfying the quorum and majority vote requirements for extraordinary general meetings, having taken note of the Management Board report and the special report of the statutory auditors pursuant to Articles L.225-129 to L.225-129-6, L.225-134, L.225-135, L.225-136, L.225-148, L.228-91 and L.228-92 of the French Commercial Code.

1. Terminates, with immediate effect, the delegation of authority granted by the ordinary and extraordinary general meeting dated 25 September 2009 in its eighth, ninth (the relevant sections thereof) and eleventh resolutions;

2. Delegates to the Management Board power to decide, on one or more occasions, in proportions and at times that it wishes, both in France and abroad (either in euros or in any other currency), to issue ordinary shares of the Company and any financial securities of any kind giving immediate or future access to the Company's share capital without priority subscription rights, which may be subscribed either in cash or by way of offset;

Any issue of preference shares or securities giving access to preference shares is expressly excluded herefrom.

These financial securities may be issued especially to remunerate those securities that have been brought in as part of a share exchange offer, according to and in compliance with the provisions of Article L.224-148 of the French Commercial Code.

3. Decides that the nominal value of capital increases that may be performed immediately or in the future pursuant to this authorisation may not exceed €124,172.05 (representing 25% of share capital as at today's date), to which amount may be added the nominal value of any additional shares that may be issued, in accordance with the law, to preserve the rights of holders of financial securities giving access to share capital.

4. In the event that such financial securities are debt securities then these shall be issued under these powers and the maximum nominal value of debt so issued shall not exceed 15,000,000 euros or equivalent in foreign currency;

5. Decides to cancel the preferential subscription right of shareholders to ordinary shares and financial securities to be issued it being understood that the Management Board will confer on shareholders a priority subscription faculty on all or part of the issue for a period of not less than five days. This priority subscription right shall not create any negotiable rights but may be exercised, if the Management Board deems it right, as a minimum subscription or not;

6. Decides that If the shareholder and public subscriptions do not absorb the entire issue of shares or financial securities as defined above then the Management Board may, as it pleases and in the order its deems right, make use of the possibilities offered by Article L.225-134 of the French Commercial Code;

7. Acknowledges that this delegation of authority gives to the holders of financial securities giving access to the Company's share capital and which may be issued under these powers, full rights to give up their priority subscription right to ordinary shares attaching to those financial securities;

8. Decides that the issue price of the ordinary shares shall be at least equal to the minimum price provided for in the legal and regulatory provisions in force at the time of issue;

9. Decides that the Management Board shall have full powers with the possibility to sub-delegate as provided for by law, to implement these delegated powers by setting the conditions for issue and paying in and take cognisance of the resulting increase in share capital and, where necessary, make any adjustments so as to take account of the effect of this transaction on the Company's share capital and establish the arrangements whereby the rights of holders of financial securities giving access at term to the Company's share capital in compliance with legal and regulatory provisions shall be preserved; and to undertake any alterations required to the articles of association. Furthermore, the Management Board may, as necessary, debit the share premium account particularly with the expenses incurred in making these issues and generally take all necessary measures and enter into any agreements so as to ensure completion of the planned issues.

10. Decides that in the event of issuing ordinary shares or financial securities giving access to the share capital of the company for the purpose of paying for securities tendered to a public exchange offer for shares in a company that is admitted for trading on a regulated market as referred to in Article L.225-148 of the French Commercial Code, the Management Board shall have all powers, with the power to delegate this authority within the limits set by the law, including to the effect of setting the exchange parity and, where applicable, the amount of the balance to be paid, to record the number of shares tendered in the exchange and the number of ordinary shares or financial securities to be created as financial compensation; to determine the dates, the terms of issue, including the price and the date of enjoyment of the new ordinary shares, or where appropriate, financial securities giving access to the share capital of the Company; to post to the liabilities in the balance sheet in an account denominated "Contribution premium", which account shall contain the rights of all shareholders, the difference between the issue price of the new ordinary shares and their nominal or par value; to proceed, if applicable, to post to said "Contribution premium" all charges and fees incurred during the authorised transactions;

11. Decides that in the event that the financial securities issued are debt securities then the Management Board shall have full powers, with the power to delegate this authority as provided for in law, especially to decide as to whether these should be subordinated or not, to fix their rate of interest, their duration, their fixed or variable redemption price with or without premium, the details of their amortisation depending on market conditions and the conditions under which those securities will give rights to shares in the Company;

12. The Management Board shall give an account to shareholder s of the use of these delegated powers in the manner laid down in Article L.225-100 of the French Commercial Code.

13. This delegation of authority to the Management Board is valid for 26 months from today.

- Ninth resolution (power for the Management Board to issue ordinary shares and other financial securities giving access to the Company's share capital and retaining shareholders' priority subscription rights by means of a private placement):

The general meeting, satisfying the quorum and majority vote requirements for extraordinary general meetings, having taken note of the Management Board report and the special report of the statutory auditors pursuant to the French Commercial Code and particularly its Articles L.225-129 to L.225-129-6, L.225-134, L.225-135, L.225-136 and L.228-92 et seq. of the French Commercial Code and no. II of Article L.411-2 of the French Financial and Monetary Code:

1. Terminates, with immediate effect, the delegation of authority granted by the ordinary and extraordinary general meeting dated 25 September 2009 in its eighth, ninth (the relevant sections thereof) and eleventh resolutions;

2. Expressly stipulates that within the authority delegated to the Management Board by the above mentioned eighth resolution, the Board may proceed to make an offer as defined in II of Article L.411-2 of the French Financial and Monetary Code, i.e. so-called "private" placement with qualified investors or else a limited group of non-qualified investors (less than 100 people);

3. Takes note that in such cases, in compliance with the law, the issue of financial securities will be limited to 20% of the share capital, i.e. at today's date €99,337.64, which will be included in the ceiling laid down by the eighth resolution;

4. All the other provisions of the eighth resolution shall apply to this resolution;

5. Decides that this authority is granted to the Management Board for a duration of 26 months from today's date.

- Tenth resolution (power for the Management Board to increase the potential number of ordinary shares and other financial securities that may be issued in the event of over-subscription in conjunction with capital increases with or without shareholders' priority subscription rights, subject to a maximum 15% of the initial issue):

The general meeting, satisfying the quorum and majority vote requirements for extraordinary general meetings, having taken note of the Management Board report and the special report of the statutory auditors pursuant to Articles L.225-86, L225-129 to L.225-129-6, L.225-135, L.225-135-1 et seq., L.228-91 and L.228-92 of the French Commercial Code.

1. Terminates, with immediate effect, the delegation of authority granted by the ordinary and extraordinary general meeting dated 25 September 2009 in its ninth and eleventh resolutions;

2. Delegates to the Management Board the authority to decide, if there is excess demand for a share capital increase decided pursuant to the seventh, eighth and ninth resolutions of this general meeting, to increase the number of ordinary shares and financial securities to be issued in compliance with the conditions of Article L. 225-135-1 of the French Commercial Code, within thirty days of the close of subscriptions, at the same price as that pertaining to the initial issue and up to a limit of 15% of the initial issue, subject to the ceiling provided for in the resolution by application of which the issue was decided and within the ceiling limits set out in the eleventh resolution.

3. Decides that the Management Board shall benefit from the same powers as those conferred by the terms of the seventh, eighth and ninth resolutions above, with the powers to delegate this authority, subject to the applicable legal and regulatory provisions.

4. Decides that this authority is granted to the Management Board for a duration of 26 months from today's date.

- Eleventh resolution (delegation of authority to the Management Board for the issue of ordinary shares and financial securities giving access to share capital up to a limit of 10% in consideration of contributions made to the Company in the form of shares or financial securities of third party companies outside of a public share exchange offer):

The general meeting, satisfying the quorum and majority vote requirements for extraordinary general meetings, having taken note of the Management Board report and the special report of the statutory auditors pursuant to Articles L.225-129 to L.225-129-6, L.225-147 of the French Commercial Code:

1. Terminates, with immediate effect, the delegation of authority granted by the ordinary and extraordinary general meeting dated 25 September 2009 in its tenth and eleventh resolutions;

2. Delegates to the Management Board the authority to decide, based on the registrar's report and up to a limit of 10% of the share capital, to issue ordinary shares and financial securities giving access to share capital of companies as consideration for contributions made to the Company composed of shares or financial securities giving access to the share capital of third party companies, if the provisions of Article L. 225-148 of the French Commercial Code are not applicable;

3. The general meeting acknowledges that:

- this authority automatically implies that the shareholders renounce their priority subscription right to equity securities in the Company, which the financial securities issued under this delegated authority could bestow, and this in favour of the holders of financial securities giving access to the Company's share capital;

- besides the legal ceiling of 10% of the share capital laid down by Article L. 225-147 of the French Commercial Code, the issues carried out under this delegated authority shall come within the ceilings laid down by the eighth resolution proposed to this general meeting;

4. The Management Board shall have full authority, with the powers to delegate this authority within the limits set by law, to put this delegated authority into effect and especially to decide, on the basis of the registrar's report, as to the valuation of contributions and, where applicable, the granting of special benefits and to set the number of shares or financial securities to be issued and their value, record the final completion of capital increases carried out under this delegated authority, make the appropriate alterations to the articles of association, carry out all formalities and make all declarations and, where applicable, post any sums to the share premium account(s) being particularly the expenses of carrying out the issues and, more generally, do all that is necessary.

5. This delegation of authority to the Management Board is valid for 26 months from today.

- Twelfth resolution (overall limitation of delegated authorities set out in the seventh and eleventh resolutions):

The general meeting, satisfying the quorum and majority vote requirements for extraordinary general meetings, having taken note of the Management Board report, and consequently the adoption of the seventh, eighth, ninth, tenth and eleventh resolutions decides:

- to terminate, with immediate effect, the delegation of authority granted by the ordinary and extraordinary general meeting dated 25 September 2009 in its eleventh resolution;
- to set at €372,516.15 the maximum nominal or par value of immediate or future share capital increases to be carried out under the authorities granted by the above resolutions, it being laid down that the nominal or par value shall be increased, where necessary, by the nominal or par value of the extra shares to be issued in order to conserve the rights of holders of financial securities giving access to shares pursuant to the law and
- to set at €45,000,000, or equivalent in foreign currencies, the maximum nominal value of financial securities being the debt securities that may be issued under the authorities conferred by the above resolutions.

-Thirteenth resolution (delegation of authority to the Management Board to carry out a share capital increase by capitalisation of reserves, profits and issue or capital contribution premiums):

The extraordinary general meeting, satisfying the quorum and majority vote requirements for ordinary general meetings, having taken note of the Management Board report and acting in compliance with Articles L.225-129 to L.225-129-6 and L.225-130 of the French Commercial Code:

1. Terminates, with immediate effect, the delegation of authority granted by the ordinary and extraordinary general meeting dated 25 September 2009 in its twelfth resolution;

2. Delegates to the Management Board the authority to increase, in one or several instances, the share capital up to a limit of a maximum nominal or par value of four hundred thousand euros by successively or simultaneously transferring to share capital all or part of the reserves, profits, issue, merger or capital contribution premiums by creating and allocating free ordinary shares or by increasing nominal or par value of equity securities or by using both of these methods, it being laid down that this ceiling shall be increased by the capital necessary to preserve, as laid down by law, the rights of holders of financial securities giving access to the Company's share capital, stock options for share purchase or free shares.

The ceiling mentioned here is independent and operates apart from those set out in the twelfth resolution;

3. The general meeting decides that fractional rights will not be negotiable or assignable and the corresponding shares will be sold; the proceeds of the sale will be allocated to the holders of rights within thirty days after the date of registration in their account of the whole number of shares allocated;

4. The general meeting grants full authority to the Management Board, with powers to delegate this authority under the conditions laid down by law, to implement this delegated authority and particularly to determine the dates and procedures for the issues, make any adjustments and conserve any rights, set the price and conditions of the issues, set the amounts to be issued and more generally make all arrangements to ensure completion, sign all documents and carry out all formalities to as to render absolute the corresponding increase(s) in share capital and make the necessary alterations to the articles of association:

5. This delegation of authority to the Management Board is valid for 26 months from today.

- Fourteenth resolution (delegation of authority to the Management Board to proceed with share capital increases reserved for employees belonging to a Company Savings Scheme [Plan d'Epargne Entreprise]):

The general meeting, satisfying the quorum and majority vote requirements for extraordinary general meetings, having taken note of the Management Board report and the special report of the statutory auditors pursuant to Articles L.3332-18 et seq. or the French Labour Code and Articles L.225-129-2 to L.225-129-6 and L.225-138 of the French Commercial Code:

1. Terminates, with immediate effect, the delegation of authority granted by the ordinary and extraordinary general meeting dated 25 September 2009 in its thirteenth and fifteenth resolutions;

2. Delegates authority to the Management Board to increase share capital, in one or more instances, on its own authority, by issuing ordinary shares or financial securities giving access to the Company's share capital and reserved for members of (i) a Company Savings Scheme, (ii) groups, employees and directors or officers of the Company and/or a group company associated with it in the terms of Articles L. 225-180 of the French Commercial Code and L. 3344-1 of the French Labour Code up to 5% of the share capital as at the date of implementing this authority it being laid down that this amount is independent, apart from and distinct from those amounts set out in the seventh to twelfth resolutions below and up to the common ceiling laid down in these two resolutions such as set in the sixteenth resolution.

The nominal or par value of any ordinary shares issued to conserve, pursuant to the law, the rights of holders of financial securities giving access to the Company's share capital shall be added to this ceiling.

3. Decides to abolish the preferential subscription right of shareholders in favour of those benefiting from new shares or financial securities that may be issued and to the shares and securities to which they give rights, by application of this resolution, and to give up the shares and financial securities that would be attributed by application of this resolution;

4. Decides that the Management Board may provide for the allotment of free shares or financial securities giving access to the Company's share capital in the terms and conditions set out in Article L. 333.-21 of the French Labour Code;

5. Decides that the subscription price for new shares shall be determined in accordance with the conditions and limits laid down by Articles L. 3332-18 et seq. of the French Labour Code;

6. Decides that the specifications for the issue of financial securities giving access to the Company's share capital shall be set by the Management Board in accordance with the conditions laid down by regulations.

7. The general meeting confers full authority on the Management Board to implement this delegated authority and particularly to:

- decide and set the procedures for the issue and allotment of free shares or financial securities giving access to share capital by application of this resolution;
- decide on the amount to issue, the issue price and the procedures for each issue;
- set the opening and closing dates for the subscription period;
- set, within legal limits, the period granted to subscribers for paying up the shares and, where applicable, the financial securities giving access to the Company's share capital;
- set the date, even retroactively, when enjoyment will be transferred in the new shares and, where applicable, the financial securities giving access to the Company's share capital;
- set the procedures and conditions for the transactions that will be undertaken in accordance with this delegation of authority and apply for admission of the shares so created to trading on the stock exchange anywhere where necessary.

8. The Management Board shall have full powers, with powers to delegate this authority, to record the completion of capital increases for the amount of shares actually subscribed, make the necessary amendments to the articles of association; accomplish, directly or by sub-delegating, all transactions and formalities linked to increases of the share capital and, at its sole initiative, if it deems fit, to post the costs of the share capital increase to the amount of premiums relating to such transactions and to transfer from that amount the sums necessary to increase the legal reserve up to a tenth of the new share capital after each increase, and to undertake all formalities and all declarations with all bodies and do all that is otherwise necessary.

9. This delegation of authority to the Management Board is valid for 26 months from today’s date.

- Fifteenth resolution (authorisation to be given to the Management Board to make allotments of free shares on the basis of the number of existing shares or shares to be issued to directors and officers and/or employees of the Company and associated companies or some of them):

The general meeting, satisfying the quorum and majority vote requirements for extraordinary general meetings, having taken note of the Management Board report and the special report of the statutory auditors pursuant to Articles L.225-197-1 to L.225-197-6 of the French Commercial Code:

1. Terminates, with immediate effect, the delegation of authority granted by the ordinary and extraordinary general meeting dated 25 September 2009 in its fourteenth and fifteenth resolutions for that part not yet utilised;

2. Authorises the Management Board to undertake, in one or several instances, an allotment of free shares in the Company that exist or will be issued, in favour of members of staff of the Company or certain categories of staff and/or in favour of directors and officers as defined in Article L. 225-197-1 II of the French Commercial Code and also to members of staff and to management of associated companies within the provisions set out in Article L. 225-197-2 of the French Commercial Code;

3. Decides that the total number of existing shares or those to be issued that may be allocated under this delegated authority cannot represent more than:

- for managers/officers of the Company, 1% of the Company's share capital on the day of the Management Board decision

- for employees or directors of the Company or group companies, or certain others of these, except those mentioned in a) above, 6% of the Company's share capital on the day of the Management Board decision.

It being understood the amounts set out in a) and b) above are independent and stand alone from the limits set out in the 7th to 12th resolutions, but aggregate with the limit set out in the 14th resolution, within the overall maximum limit for these two resolutions as set out in the 16th resolution.

4. The general meeting authorises the Management Board to undertake, alternatively or in the aggregate, within the limits set in the preceding paragraph:

- an allotment of existing shares coming from buy-backs carried out by the Company within the conditions laid down by Articles L. 225-208 and L. 225-209 of the French Commercial Code and/or

- an allotment of shares to be issued by way of a share capital increase in which case the general meeting authorises the Management Board to increase the share capital by the maximum nominal or par value of the new shares allocated and takes note that, pursuant to the law, the allotment of shares to beneficiaries designated by the Management Board comes with an express renunciation in favour of those beneficiaries, by shareholders of their preferential subscription right to the shares to be issued.

5. The general meeting decides to:

- set at two years, from the date on which the allotment rights are granted by the Management Board, the minimum vesting period after which rights will definitively accrue to the beneficiaries, it being laid down that those rights are inalienable until the end of that period pursuant to the provisions of Article L. 225-197-3 of the French Commercial Code; nevertheless, in the event of death of the beneficiary, his/her heirs may request allotment of the shares within six months from the date of death; furthermore, pursuant to the provisions of Article L. 229-197-11 paragraph 5, the shares will be allocated before the end of this period if the beneficiary suffers disablement ranking in the second or third class under the categories laid down in Article L. 341-4 of the French Social Security Code,

- set at two years, from the date of final allotment, the maximum retention period for the shares by the beneficiaries; however, the Management Board may reduce or eliminate this retention period on condition that the vesting period mentioned in the preceding paragraph is at least four years; during the retention period the shares will be free alienable in the event of death of the beneficiary as well as in the event of disablement pursuant to current regulations.

6. The general meeting grants full powers to the Management Board within the limits set out above, to:

- select the beneficiaries or the category or categories of beneficiaries for allotment of shares, it being laid down that shares may not be allocated to employees, directors or officers who hold individually more than 10% of the share capital,

- as regards allotment to managers as defined by Article L. 225-197-1 II of the French Commercial Code:

  - ensure that the Company fulfils one or more of the conditions set out in Article L. 225-197-6 of the said Code and to take any necessary measures in this regard,

  - ensure that the Supervisory Board decides that the allocated shares may not be sold before cessation of functions or to set a quantity of shares that those people should retain for own account until the cessation of their job functions as provided for in Article L. 225-197-1 II paragraph 4,

- make the allotment of shares in one or several instances at the time they deem fit,

- set the conditions and criteria for allotment of shares and, where necessary, the performance criteria such as, without this list being in any way exhaustive, years of service, conditions relating to remaining in employment or as a company officer or director during the vesting period or any other financial, individual or collective performance condition,

- determine the final length of the vesting period and retention period of shares within the limits set above by the general meeting,

- register the shares granted to an account registered in the name of their owner, stating the inalienability, and the duration of it,

- set up a blocked reserve, allocated to beneficiaries' rights, credited with the total amount of the nominal value of shares to be issued by way of capital increase through drawing the necessary amounts from any of the Company's free reserves,

- make the necessary drawings from this blocked reserve so as to pay in the nominal value of the shares to be issued in favour of the beneficiaries and consequently to increase the share capital by the nominal amount of the free shares allocated,

- in the event of a share capital increase, to amend the articles of association accordingly and undertake any necessary formalities,

- in the event of making any financial transactions such as are described in Article L. 228-99, first paragraph, of the French Commercial Code, during the vesting period, to take the measures they deem necessary to conserve and adjust the rights of those allocated shares, in compliance with the procedures and conditions laid down in that article.

7. In application of the provisions of Articles L. 225-197-4 and L. 225-197-5 of the French Commercial Code, a special report shall be made each year to the ordinary general meeting setting out the transactions made under this authorisation.

8. This delegation of authority to the Management Board is valid for 38 months from today.

- Sixteenth resolution (limiting of the common allotment ceilings laid down in the fourteenth and fifteenth resolutions)

The general meeting, satisfying the quorum and majority vote requirements for extraordinary general meetings, having taken note of the Management Board report decides that the total aggregate number of existing company shares or shares to be issued in favour of salaried members of staff, certain staff categories and directors and officers of the Company and associated and group companies, pursuant to legal conditions, after use by the Management Board of the authorisations set out in the fourteenth and fifteenth resolutions above may not represent more than 6% of the Company's share capital on the date of their allotment or their issue.

- Seventeenth resolution (Amendment of the distribution of voting rights between usufructuaries and bare owners (Article 12 of the articles of association)):

The general meeting, satisfying the quorum and majority vote requirements for extraordinary general meetings, having taken note of the Management Board report decides to provide in the articles of association that the voting rights attaching to shares shall vest with the bare owner, except for collective decisions relating to distribution of profits.

Article 12 of the articles of association entitled "Indivisibility of shares - Bare ownership - Usufruct" is now reads as follows:

1.- Shares are indivisible in the eyes of the company.

The co-owners of indivisible shares are represented at general meetings by one of them or by a single proxyholder. If there is disagreement then the proxyholder shall be designated by the courts on first application by one of the co-owners.

2. Voting rights belong to the usufructuary in ordinary general meetings and to the bare owner in extraordinary general meetings. However, the shareholders concerned may agree on any other apportionment of the right to vote in shareholder consultations. Such agreement shall be notified to the Company by registered letter with return receipt and the Company is required to apply this agreement for any shareholder consultation taking place after one month following the sending of that letter.

Notwithstanding the foregoing, when the dismemberment of the property is the result of a gift with reserve of usufruct by the donor, having benefited from article 787B of the French General Tax Code, the voting rights attaching to the shares that have been dismembered belongs to the bare owner for all decisions except those concerning earnings appropriation where this is reserved to the usufructuary. Each donor shall notify the Company of any donation and detailing whether this has been done under article 787B of the French General Tax Code so as to facilitate implementation of these provisions.

The right to vote is exercised by the owner of the shares that have been pledged.

- Eighteenth resolution (Alteration of the terms of office of Supervisory Board members (Article 18 of the articles of association)):

The general meeting, satisfying the quorum and majority vote requirements for extraordinary general meetings, having taken note of the Management Board report decides to reduce the terms of office of Supervisory Board members to four (4) years, whereby this does not alter the current terms of office of Supervisory Board members dating from before this general meeting.

Consequently, paragraph I of Article 18 of the articles of association entitled "Supervisory Board" shall be worded as follows:

1 - Appointment

The Supervisory Board shall be made up of three members at least and eighteen at most, subject to the exception provided for by law in cases of merger.

Members of the Supervisory Board, being either natural persons or legal entities, are appointed by ordinary general meeting amongst members, except that if one or more seats become vacant the Board may co-opt a replacement, each one being for the rest of the duration of the appointment of their predecessor, subject to ratification at the next general meeting.

Appointments to membership of the Supervisory Board are subject to the conditions relating to the accumulation of appointments set out in law.

The number of members of the Supervisory Board aged over 70 may not exceed one third of the serving members of the supervisory board. It this proportion is exceeded then the oldest member of the Supervisory Board, except the chairperson, shall retire after the next ordinary general meeting.

Each member of the Supervisory Board shall own at least one share throughout his/her term of office.

Members of the Supervisory Board are appointed for a period of four years. They may be re-elected. The appointment of a member of the Supervisory Board terminates after the ordinary general meeting convened to approve the financial statements for the previous year and held in the year in which the term of office expires.

When a legal entity is appointed to membership of the Supervisory Board then it shall duly appoint a permanent representative who shall be subject to the same conditions and obligations and be subject to the same civil and criminal liabilities as if he/she were a member of the Board in his/her own right without prejudice to joint liability with the legal entity they represent. Permanent representatives shall be subject to the same age conditions as members who are natural persons.

The appointment of a permanent representative of a legal entity to the Supervisory Board shall be for the term of office of that entity.

If the legal entity revokes the authorisation of its permanent representative then it shall notify the Company by registered letter as soon as possible and proceed immediately to replace him/her. The same applies in the event of death or resignation of the permanent representative. "

The remainder of this article remains unaltered.

- Nineteenth resolution *(Amendment of Articles 26 and 27 of the articles of association)*:

The general meeting, satisfying the quorum and majority vote requirements for extraordinary general meetings, having taken note of the Management Board report decides to amend Article 26 of the articles of association entitled "Agendas" so as to bring it into line with the provisions of order no. 2010-1511 of 9 December 2010 and its enacting decree no. 2010-1619 of 23 December 2010 relating to the exercise of certain rights by shareholders of listed companies allowing them to post items to the agenda for general meetings.

Article 26 now reads as follows:

Article 26 - agendas

1 -The agenda for general meetings is drawn up by the person establishing the notice of meeting and shall appear on the notice of meetings as circulated.

2 - One or more shareholders, representing at least the percentage of share capital required, as well as the Company's works council may request, in accordance with the conditions laid down in legal and regulatory provisions in force, the addition of proposed resolutions to the agenda. One or more shareholders, representing at least the percentage of share capital required may request, in accordance with the conditions laid down in legal and regulatory provisions in force, the addition of proposed resolutions to the agenda.

The general meeting may not deal with any issue that does not appear on the agenda, but the agenda may be altered for a second meeting. The general meeting, however, may in all circumstances dismiss one or more members of the Management Board and/or Supervisory Board and replace them."

The general meeting, satisfying the quorum and majority vote requirements for extraordinary general meetings, having taken note of the Management Board report decides to amend Article 27 of the articles of association entitled "Presence at general meetings - proxies" so as to bring it into line with the provisions of order no. 2010-1511 of 9 December 2010 and its enacting decree no. 2010-1619 of 23 December 2010 relating to the exercise of certain rights by shareholders of listed companies allowing them to designate any natural person or legal entity as their proxy under certain conditions.

Article 27 now reads as follows:

Article 27 - presence at general meetings - proxies

1 -The general meeting is made up of all owners of ordinary shares no matter how many ordinary shares they own provided they have paid in all sums called.

The right to be present or to be represented at a general meeting accrues to the following:

- Holders of registered shares being "pure registered" or "administered registered" appearing on the register on the fourth business day preceding the meeting at midnight, Paris time.

- Holders of bearer shares appearing on the register on the fourth business day preceding the meeting at midnight, Paris time. The registration of the shares in the accounts for bearer shares held by an authorised intermediary shall be evidenced by a certificate of participation issued by the latter attached to the form for remote or proxy voting or on the request for an admission card completed in the name of the shareholder. A certificate may also be provided to a shareholder who wishes to personally attend the general meeting and who has not received an admission card by the fourth working day preceding the meeting at midnight, Paris time.

The Management Board may, if it deems fit, issue individual named admission cards to shareholders.

2 **-**Any shareholder may vote by post under the conditions laid down by current regulations using a form that the shareholder may obtain in the manner specified in the notice of meeting.

3 - Any shareholder may be represented by the natural person or legal entity of his/her choice in accordance with the legal and regulatory provisions; in such cases the proxyholder shall prove he/she has delegated authority.

4 – If the Management Board so decides at the time of issuing the notice of meeting, shareholders may also take part in a general meeting by video-conference or by telecommunication means that allow them to be identified and in compliance with the conditions and in the manner laid down by current regulations."

- Twentieth resolution (authority for formalities)

The general meeting, satisfying the quorum and majority vote requirements for extraordinary general meetings grants full powers to the bearer of a copy or an original version of these minutes to carry out any legal formalities.

Exceptional events and litigation

To the company's knowledge, there are no exceptional events or litigation liable to have a material impact on the Company's or the Group's financial position or earnings.

In particular, Solucom confirms that it has not been subject to any government, court or arbitration proceedings during the last twelve months.

ANNEX

Fiscal 2010/11

Documents accessible to the public

The reference document is available at the head office of the company, Tour Franklin, 100-101, terrasse Boieldieu 92042 Paris-La-Défense Cedex.

Telephone: +33 (0)1 49 03 20 00 and on Solucom's website: www.solucom.fr

During the period of validity of the reference document, the following documents may be consulted at the firm's head office:

- The company's statutes
- All reports, mails and other documents, financial historical information, evaluations and notifications established by an expert on demand of the Group, a part of which is included or certified in this document
- Financial historical information of the Group for each of the two financial years proceeding the publication of the reference document.

Parties Responsible

Party responsible for the registration document

Pascal Imbert, Chairman of the Management Board

Reference document certificate

"I certify that, to the best of my knowledge, the financial statements have been drawn up in accordance with applicable GAAP and that they provide a faithful picture of the assets, financial situation and profits of the company and all its consolidated companies, and that the management report appearing on page 24 provides an accurate picture of the development of sales, profits and the financial situation of the company and all its consolidated companies, as well as a description of the main risks and uncertainties facing them.".

Paris, 19 July 2011

Pascal Imbert, Chairman of the Management Board

Parties responsible for the audit of the financial statements

Primary statutory auditors:

SLG Expertise, 164, boulevard Haussmann, 75008 Paris : appointed by the General Meeting dated 26/09/08; term of office expires following the General Meeting called to approve the financial statements for the year ended 31/03/14, represented by Mr. Arnaud BERNARD.

Constantin Associés, 114, rue Marius Aufan, 92300 Levallois-Perret : appointed by the General Meeting dated 28/09/07; term of office expires following the General Meeting called to approve the financial statements for the year ended 31/03/13, represented by Mr. Laurent LEVESQUE.

Secondary statutory auditors:

Ms Valérie Dagannaud, 162, boulevard Haussmann, 75008 Paris: appointed by the General Meeting dated 30/09/08; term of office expires following the General Meeting called to approve the financial statements for the year ended 31/03/14.

Mr. Michel Bonhomme, 114, rue Marius Aufan, 92300 Levallois Perret: appointed by the General Meeting dated 28/09/07; term of office expires following the General Meeting called to approve the financial statements for the year ended 31/03/13.

Responsible for the financial information

Pascal Imbert, Chairman of the Management Board
Pascale Besse, Finance Director

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