solucom
management & IT consulting

Press release *Paris, 29 November 2011*

Half-year results in line with operating forecasts

Annual targets 2011/12: caution on revenues, current operating margin of 10% - 12% confirmed

At its meeting on 28 November 2011, Solucom's Supervisory Board approved the consolidated half-year financial statements as at 30 September 2011, summarised below. The auditors have summarily examined these financial statements.

Consolidated data as at 30 September (In €m)	H1 2011/12	H1 2010/11	Change
Revenues	50.0	52.4	*-4%*
EBIT	4.1	7.2	*- 43%*
Current operating margin	*8.2%*	*13.7%*	
Operating profit	4.1	7.2	*- 43%*
Group's share of net profit	2.0	4.2	*- 52%*
Net margin	*4.0%*	*8.0%*	

At the end of the first half of the 2011/12 financial year, Solucom's consolidated turnover was € 50.0M, down 4% on the first half of the previous year. This reduction was due to a drop of 6% in staff during the previous period.

Activity rate stable and slight increase in prices in H1 2011/12

The firm recorded an activity rate of 85% for the half year, identical to that of the previous financial year. This figure is just slightly higher than the normal activity rate, between 82% and 84%. The daily sales price has continued to increase slightly to € 716, as against € 713 for the previous financial year, in line with a general trend started at the end of 2010.

In terms of human resources, the actions Solucom took a year ago have borne fruit. At the end of September 2011, despite a very difficult employment market, 179 people had already been recruited this financial year, as against 100 to the end of September 2010. Staff churn has continued to reduce at 16% on an annualised basis, as compared with 20% in 2010/11. The success of Solucom's new human resources strategy, which has been a major issue for the firm in 2011/12, has facilitated a return to growth in the number of staff, with 919 employees as at 30 September 2011.

Half-year results in line with Solucom's forecasts

As already stated, the current period marks the return to the firm's usual seasonality, with current operating margin in the first half-year lower than that expected for the entire financial year. EBIT was € 4.1M, which represents a current operating margin of 8.2%, in line with the company's forecasts for the year. This margin is the result on the one hand of good performance indicators, and on the other of speeding up investments related to the "Solucom 2015" strategic plan.

After taking into account the net cost of borrowings and corporation tax, the group's share of net income for the half-year was € 2.0M, as against € 4.2M for the corresponding period in the previous year. The net margin for the half-year was 4.0%.

As at 30 September 2011 Solucom's net cash stood at € 7.9M, as against net borrowings of € 2.5M at the end of the first half of 2010/11. Shareholders' equity has continued to increase to € 40.7M at the end of September.

A 2nd half-year 2011/12 marked by the first effects of the crisis

The 2nd half-year started in troubled circumstances due to the financial crisis and increasingly concrete fears of an economic slowdown. In the first instance the effects were concentrated on the banking sector, but they have gradually spread to other sectors with the outlook of a reduction in spending in 2012, or even from the end of 2011.

This drop in demand and a more marked wait and see attitude on the part of clients has led to order book depletion over recent months, from 3.2 months at the end of June to 2.8 months at the end of September 2011.

Intensifying sales efforts is the priority for H2

Despite this economic situation, Solucom has decided to retain the key elements of its growth programme. In particular, the company is continuing to recruit, while nonetheless exercising some caution in its recruitment plan. Solucom is also continuing its activities in connection with external growth, while at the same time tightening up its decision-making criteria. Efforts abroad have been maintained through partnerships and efforts for targeted prospects are already underway.

At the same time, the company has decided to intensify its business development activity by strengthening its sales teams, by getting management more involved in pre-sales and by giving a higher profile to its sales decisions.

Caution on turnover target for 2011/12 and confirmation of current operating margin between 10% and 12%

In order to take account of its market becoming rapidly more difficult, the firm prefers to adjust its annual revenue target, bringing it down to between € 108M and € 112M on a fixed scope basis, as against € 110M to € 115M initially. In terms of profitability, Solucom confirms its target to achieve annual current operating margin of between 10% and 12%.

Next announcement: Q3 2011/12 turnover, 25 January 2012 (after close of trade).

About Solucom

Solucom is a management and IT consulting firm.

Solucom's customers are among the top 200 large companies and public bodies. For them, Solucom is capable of mobilizing and combining the skills of nearly 1,000 staff members.

Our mission statement? To place innovation at the heart of business lines, target and steer transformations that are sources of added value, and turn the information system into an actual asset designed to serve corporate strategies.

Solucom is listed on NYSE Euronext Paris.

Solucom has been granted the innovative company award from OSEO Innovation.

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ANNEX 1: CONSOLIDATED FINANCIAL STATEMENTS

In € 000	**30/09/2011**	**30/09/2010**	**31/03/2011**
REVENUES	**50,048**	**52,376**	**108,022**
Other operating income			
Purchases consumed	1,709	1,269	3,426
Personnel costs (including profit share)	36,439	37,482	75,987
External costs	6,799	5,231	12,882
Taxes	778	838	1,931
Net depreciation and provision charges	226	385	1,198
Other income and expenses on ordinary activities	7	(12)	(23)
OPERATING PROFIT ON ORDINARY ACTIVITIES	**4,090**	**7,183**	**12,621**
Other income and expenses from operations	(1)	-	-
OPERATING PROFIT	**4,089**	**7,183**	**12,621**
Financial income and expenses	41	3	7
Gross borrowing costs	56	84	150
NET BORROWING COSTS	**15**	**81**	**144**
Other financial income and expenses	(8)	(13)	69
PROFIT BEFORE TAX	**4,066**	**7,089**	**12,548**
Corporation tax	2,048	2,886	5,612
NET PROFIT FOR THE YEAR	**2,018**	**4,202**	**6,935**
Minority interests			
NET PROFIT (GROUP SHARE)	**2,018**	**4,202**	**6,935**
Basic earnings (group) per share (€) (1) (3)	0.41	0.86	1.42
Diluted earnings (group) per share (€) (2) (3)	0.41	0.85	1.40

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

(2) The number of shares of diluted earnings includes distributed share options and non-exercised options.

(3) In accordance with IAS 33, earnings per share for the years ended 31 March 2011 and 31 March 2010 were recalculated based on the number of shares as at 30 September 2011.

ANNEX 2: CONSOLIDATED BALANCE SHEET

In € 000	**30/09/2011**	**31/03/2011**
NON-CURRENT ASSSETS	**30,910**	**31,018**
Goodwill	24,364	24,364
Intangible fixed assets	248	295
Tangible fixed assets	2,407	2,430
Long-term investments	686	648
Other non-current assets	3,205	3,280
CURRENT ASSETS	**51,200**	**53,736**
Trade receivables	33,942	33,617
Other receivables	5,768	6,092
Cash and cash equivalents	11,490	14,027
TOTAL ASSETS	**82,110**	**84,754**

SHAREHOLDERS' EQUITY	**40,663**	**40,040**
Share capital	497	497
Issue, merger and contribution premiums	11,219	11,219
Consolidated reserves and retained earnings	28,947	28,325
Minority interests		
TOTAL SHAREHOLDERS' EQUITY	**40,663**	**40,040**
NON-CURRENT LIABILITIES	**3,326**	**3,984**
Long-term provisions	1,840	1,674
Borrowings (due in more than a year)	1,266	2,233
Other non-current liabilities	220	77
CURRENT LIABILITIES	**38,121**	**40,730**
Short-term provisions	910	1,341
Borrowings (due in less than a year)	2,277	2,305
Trade payables	5,748	4,007
Tax and social security liabilities	23,594	28,712
Other current liabilities	5,592	4,365
TOTAL LIABILITIES	**82,110**	**84,754**

ANNEX 3: CONSOLIDATED CASH FLOW STATEMENT

In € 000	**30/09/2011**	**31/03/2011**
Total net consolidated profit	**2,018**	**6,935**
Elimination of non-cash items:		
Depreciation and provision charges	362	1,641
Expense/income from stock-options and similar items		
Post tax capital losses/gains on sales of assets	38	7
Other non-cash income and expenditure	100	92
Free cash-flow after borrowing costs and tax	**2,518**	**8,675**
Exchange differences on free cash-flow		
Change in working capital	(1,921)	1,163
Cash-flow from operating activities	**597**	**9,838**
Purchase of intangible and tangible fixed assets	(562)	(939)
Sale of fixed assets	0	1
Change in long-term investments	(577)	(475)
Change in consolidation scope		
Other cash-flow from investing activities		
Net cash-flow from investing activities	**(1 139)**	**(1 413)**
Capital increase –proceeds from exercise of stock		
Purchase and sale of treasury shares		
Dividends paid to shareholders of the parent company	(1,031)	(937)
Dividends paid to minority interests of subsidiaries		
Other cash-flow from finance activities	(978)	(2,142)
Net cash-flow from financing activities	**(2,009)**	**(3,079)**

Net change in cash and cash equivalents	**(2,551)**	**5,346**