Solucom

Half year financial statements to 30 September 2013

solucom
management & IT consulting

Contents

Declaration of responsible persons

I confirm, to the best of my knowledge,

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

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

Paris La Défense, 28th November 2013

Pascal Imbert, Chairman of the Board

Half-yearly report

1. Analysis of Solucom's results

Analysis of consolidated financial statements

The half-year financial statements to 30 September 2013 consolidate Solucom SA, Alturia Consulting, Eveho Conseil, Stance Partners and SLM Consulting for 6 months.

The half-year financial statements to 30 September 2013 consolidated Solucom SA, Alturia Consulting, Eveho Conseil, Eveho Services and Eveho Actuariat for 6 months, and Solucom DV and New'Arch for the first 3 months taking into account a full transferral of assets that took place for these two companies on 30 June 2012.

The financial statements to 31 March 2013 consolidated Solucom SA, Alturia Consulting and Eveho Conseil for 12 months, Eveho Services, Eveho Actuariat, Stance Partners, Hekla and SLM Consulting for 6 months, and Solucom DV and New'Arch for 3 months taking into account a full transferral of assets that took place for these two companies on 30 June 2012. It is noted that Eveho Services and Eveho Actuariat were also the subject of a full transferral of assets to Eveho Conseil on 30 September 2012, and that Hekla was the subject of a full transferral of assets to Stance Partners on 31 March 2013.

The financial statements to 30 September 2013, and those to 30 September 2012 and 31 March 2013, have been prepared in accordance with IFRS, the international financial reporting standards. The financial statements follow CNC recommendation No. 2009-R0.03 dated 2 July 2009. The interim management balances that appear in the accounts and which are commented on later in this document are those defined by the CNC.

Turnover and profitability

In € '000	H1 2013/14	H1 2012/13	Change
Turnover	**64,931**	59,475	9%
EBIT	**6,595**	4,273	54%
Current operating margin	***10.2%***	*7.2%*	-
Operating income	**6,298**	4,867	29%
Group's share of net profit	**3,697**	3,319	11%
Net margin	***5.7%***	*5.6%*	-

Consolidated turnover to 30 September 2013 was € 64,931K as compared with € 59,475K for the first half of the previous financial year, representing growth of 9%.

EBIT was € 6,595K (after employee profit-sharing and CICE), up 54% on the 1st half of the previous financial year, which came to € 4,273K. The operating profit margin, obtained by dividing the current operating profit by the turnover, was 10.2%, as compared with 7.2% in the first half of the previous financial year.

Operating profit was € 6,298K, up 29% on the operating profit for the first half of the first half of the previous financial year, which was € 4,867K. It includes other operating income and expenses in the sum of € (297) K, which was mainly made up of sponsorship expenses for the Solucom Foundation and non-recurring costs from the closure of the Alturia Consulting Bordeaux premises. As at 30 September 2013 other operating income and expenses stood at € 594K and included R&D tax credits for 2010 and 2011 net of file set-up costs in the sum of € 1,093K, and acquisition expenses of € 501K.

The net cost of borrowings was € 97 K for the period. This figure should be compared with a net cost of borrowing of € 31 K for the first half of the previous financial year. The variance is mainly explained by the half-yearly interest payment on the Micado bond issued on 26 October 2012 for € 3 million.

Pre-tax profit was € 6,199 K, up 28% on the pre-tax profit for the first half of the previous financial year, which was € 4,858 K.

Net profit for the period was € 3,697 K, representing a net margin of 5.7%. It includes tax expenses for € 2,501 K. This was up 11% compared to the first half of the previous year, for which the net profit for the period was € 3,319 K, corresponding to a net margin of € 1,539 K.

There were no minority interests. Thus the Group's net profit was also € 3,697 K, as compared with € 3,319 K for the first half of the previous financial year, up 11%.

Financial structure and cash

(In € '000)	30/09/2013	31/03/2013	Change
Non-current assets	**42,731**	42,663	0%
of which Goodwill	***35,803***	*36,603*	*-2%*
Current assets (excluding cash)	**52,718**	51,162	3%
Cash and cash equivalents	**12,414**	18,145	-32%
Shareholders' equity	**56,843**	54,411	4%
Non-current liabilities	**7,161**	6,916	4%
of which financial liabilities	***3,184***	*3,258*	*-2%*
Current liabilities	**43,860**	50,643	-13%
of which financial liabilities	***544***	*361*	*51%*
Total balance sheet	**107,863**	111,970	-4%

Equity stood at € 56,843K at 30 September 2013, as compared with € 54,411K at 31 March 2013.

Net cash[1] (negative net borrowings, excluding Treasury shares) at 30 September 2013 was € 8,686K, as against net cash of € 14,526 at 31 March 2013 and net cash of € 3,344K at 30 September 2012. It should be noted that the increase in net cash since 31 March 2013 takes into account payments for acquisitions of the previous financial year of € 2,530K.

Financial liabilities at 30 September 2013 were € 3,728K, as against € 3,619K at 31 March 2013. At 30 September 2013 this was made up of € 2,928K of the Micado bond, € 572K of financial debts related to the restatement of lease contracts and € 229K of other financial liabilities (current interest charges not yet due, bank overdrafts and bond issue costs).

[1] Gross liquidity less Solucom's financial liabilities

Analysis of Solucom financial statements

The separate financial statements of Solucom itself showed turnover of € 59,927 K at 30 September 2013, as against € 51,481 K for the first half of the previous financial year, i.e. up 16%. It should be noted that the turnover at 30 September 2013 includes the impact in the half year of the full transferral of assets of Solucom DV and New'Arch to Solucom, which took place on 30 June 2012. At 30 September 2012 the effect of these asset transfers on turnover was 3 months.

Solucom's own operating profit came to € 7,539K, representing an operating margin of 12.6%. It should be recalled that the operating profit for the first half of 2012/13 was € 3,483K, representing an operating margin of 6.8%.

Half year non-operating revenues came to € 175K for the first half of the 2013/14 financial year, as compared with non-operating revenues of € 17K for the first half of the previous financial year. Non-operating revenues for the period include in particular a net write-back of a provision for depreciation on Treasury shares of € 242K and on finance expenses of € 104K.

Non-recurring income came to € (1,076) K, as against non-recurring income of € (389) K for the 1st half of the previous financial year. Non-recurring income includes in particular € 200K of sponsorship expenses for the Solucom Foundation and € 911K of loss in value on the disposal of Treasury shares.

Employees' profit sharing came to € 780K, as against € 485K at 30 September 2012.

Corporation tax came to € 1,701K as against tax income of € 525K as at 30 September 2012. In that period an R&D tax credit had been recognised for the years 2010 and 2011 in the sum of € 1,429K, whereas at 30 September 2013 no R&D tax credit was recognised.

Taking these items into account, Solucom's net profit was € 4,157K, as against € 3,152K for the first half of the previous year.

2. Solucom's activity over the half year

During the first half of 2013/14, Solucom's consolidated turnover was € 64.9M, up 9%, of which 7% was growth on the same consolidation scope.

At the half-year the company is ahead of its annual road map. This solid progress has been the result of the determinedly aggressive approach adopted by Solucom since the start of the financial year.

New advances in accordance with Solucom 2015

During the half-year the firm has continued its "business + technology" positions, in accordance with the value proposition in its Solucom 2015 plan.

Thus Solucom is supporting EDF in its strategic planning to accelerate its growth in energy services for businesses and local authorities. In particular, the firm is involved in the Smart Electric Lyon project, which is the greatest European experiment on the electrical systems of tomorrow.

In the insurance sector Solucom is working with Predica (Crédit Agricole Assurances) as part of its compliance work for Solvency II.

Abroad the company is advising the Société Centrale de Réassurance, the leading Moroccan reinsurance company, in drawing up and implementing its IT master plan for its 2013-2017 strategy. Solucom also assists Thalys for various customer relationship and traveller information projects, relying mainly on mobile services and social networks.

Solid activity rate, but an order book that has been under pressure since the summer

The activity rate was 83% for the half-year, slightly up on the corresponding period the previous year (82%).

Prices have dropped slightly at € 708 as against € 713 in 2012/13, in line with the development of 0% - -1% expected at the beginning of the financial year.

The order book at 30 September stood at 3.1 months, as against 3.5 months at the end of March 2013. This erosion reflected a slowdown in sales during the summer, the effect of which was accentuated by the growth in the number of staff after the holiday period.

Current operating margin of 10.2%

The sustained growth in the half-year together with maintaining the activity rate and the sales price has facilitated current operating profit of € 6.6M, up 54% in comparison with the first half-year of 2012/13. The net margin was 10.2%, as against 7.2% a year earlier.

After deduction of other operating expenses, operating profit for the half-year came to € 6.3M, up 29%. It should be recalled that in the first half of 2012/13 Solucom benefitted from other operating income related to the recognition of an R&D tax credit in respect of 2010 and 2011.

After accounting for corporation tax the Group's share of net profits came to € 3.7M for the 1st half-year, up 11%, which represented a net margin of 5.7%, as compared with 5.6% last year.

Major financial resources

The company's financial situation remains extremely solid at the end of the half-year.

Shareholders equity increased to € 56.8M, as against € 54.4M at the end of the previous financial year. Net liquidity was € 8.7M, as against € 14.5M at 31 March 2013 and € 3.3M at 30 September 2012.

During the half-year the company acquired the balance of the shares of Stance and paid the balance of the price of Eveho, the two items coming to € 2.5M. There are no further payments to be made in respect of the three acquisitions made during the previous financial year.

With available cash, net of bank borrowings, of € 12.2M and a confirmed line of credit of € 12.8M that has not been drawn down, the firm now has the means to finance its entire strategic Solucom 2015 plan.

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

Aggressive approach confirmed

The market environment for the time being has not shown the signs of improvement hoped for a few months ago. In this situation, the increase in staff combined with reduced visibility is causing a certain tension on the company's operating indicators.

However, the strong performance in the first half has provided support for Solucom's choice of an aggressive approach, particularly in recruitment and sales investments.

In terms of external growth, on 13 November 2013 Solucom announced it was examining a merger in the short-term with the organisational and management consulting firm, Lumens Consultants (see press release of 13 November 2013). The acquisition of Lumens Consultants, directly in line with the Solucom 2015 plan, would represent the firm's 4th transaction in a little over 18 months.

Increased growth targets for 2013/14, confirmation of the margin target

Since it is ahead of its annual road map, Solucom is revising its annual growth target upwards and is now expecting growth of 6.5%, as compared with 5% originally. This new target does not take account of the potential acquisition of Lumens Consultants.

In terms of profitability, the company confirms its EBIT target of between 10% and 12%, again excluding an acquisition of Lumens Consultants.

4. Events subsequent to balance sheet date

Planned acquisition of Lumens Consultants

On 13 November 2013 Solucom announced it had entered exclusive negotiations with the shareholders of Lumens Consultants with a view to closer relations.

Established in 2009 Lumens Consultants is a consulting and management firm that supports its clients throughout their operational excellence challenges, with a value proposition aimed at developing business agility.

At the end of the financial year, ended on 31 March 2013, Solucom achieved consolidated turnover of € 3.9M, and operating margin of more than 8%.

The merger would materialize through Solucom's acquisition of a 100% stake in Lumens Consultants. The transaction would be funded primarily with cash, and to a lesser extent with Solucom shares.

This merger is in line with the "Solucom 2015" strategy: to become a leading consulting firm in business transformation, able to support all the aspects of its clients' changes business, organisational and technological.

5. Information about the risks and uncertainties in the coming half year

Apart from the items described below, the risk factors described in the reference document published by Solucom and filed with the AMF on 25 July 2013 under number D.13-0812 have not significantly changed to date.

Goodwill impairment

Following a delay in the road map of Stance, it is now likely that the last instalment of the acquisition price will not be paid.

The consolidated financial statements of Solucom have been adjusted accordingly. Goodwill thus has gone from € 36.6M at 31 March 2013 to € 35.8M at 30 September 2013.

Impairment tests carried out on all goodwill shown in the Solucom consolidated financial statements, and in particular that of Stance, have confirmed that there was no need for impairment.

Risks linked to the information system

In 2012 Solucom decided to install a new management IT system to meet the firm's medium-term growth ambitions. The first stage of system deployment was successfully carried out during the 1st half of the 2013/14 financial year.

Nevertheless the company remains vigilant about the next deployment phases and is being particularly careful of the change implementation phase, in order to minimise disturbances.

Liquidity risk

At 30 September 2013 the company had available cash, net of bank borrowings, of € 12.2M and net cash of € 8.7M, as compared with € 14.5M at 31 March 2013.[2]

In addition the company has a € 16M line of credit, amortisable over 5 years and without covenants. At date of this report liquidity stands at € 12.8 M after the annual amortisation of the credit line that took place on 2 October 2013.

The firm therefore has ample resources to finance its Solucom 2015 strategic plan.

6. Main related-party transactions

In the first half of its 2013/14 financial year, Solucom has not carried out any material new transactions with any related parties.

The reader is referred to Note 16 of the Appendix to the consolidated half-year financial statements.

[2] Gross cash net of financial liabilities.

Consolidated financial statements to 30/09/2013

Consolidated income statement

(In € '000)

	Note	30/09/13	30/09/12	31/03/13
Turnover		**64,931**	**59,475**	**130,545**
Other operating income		0	0	0
Purchased consumables		1,534	2,088	4,449
Personnel costs (including profit share)	9	48,101	44,255	94,011
External costs		7,081	6,879	13,318
Taxes and duties		1,113	1,185	2,409
Net allocations for depreciation and provisions		612	783	896
Other current income and expenses		(105)	12	(18)
EBIT		**6,595**	**4,273**	**15,480**
Other operating revenues and charges	10	(297)	594	(45)
Operating income		**6,298**	**4,867**	**15,434**
Financial income	11	32	1	11
Cost of gross borrowings	11	129	32	154
Cost of net borrowings		**97**	**31**	**143**
Other financial income and expenses	11	(3)	22	43
Profit Before Tax		**6,199**	**4,858**	**15,334**
Tax charge	12	2,501	1,539	4,998
Net profit for period		**3,697**	**3,319**	**10,336**
Minority interests		0	0	0
Net earnings (Group's share)		**3,697**	**3,319**	**10,336**
Net earnings (Group's share per share (€) (1) (2)	13	0.75	0.68	2.11
Diluted earnings (Group's share) per share (€) (2)		0.75	0.67	2.08

(1) Number of shares weighted over the period

(2) In accordance with IAS 33, a retrospective restatement has been made to calculate the net earnings per share as at 30/09/12 and as at 31/03/13, on the basis of the number of shares as at 30/09/13.

Consolidated balance sheet

(In € '000)

	Note	30/09/13	31/03/13
Non-current assets		**42,731**	**42,663**
Goodwill	1	35,803	36,603
Intangible fixed assets	2	946	634
Tangible fixed assets	2	2,272	2,083
Investments (maturity in more than one year)	3	990	834
Other non-current assets	3	2,720	2,509
Current assets		**65,132**	**69,307**
Receivables and associated accounts	4	47,070	43,610
Other debtors	4	5,648	7,551
Investments (maturity in less than one year)	4	0	0
Cash and cash equivalents	4	12,414	18,145
Total assets		**107,863**	**111,970**
Share capital (Group's share)		**56,843**	**54,411**
Share capital	5	497	497
Issue, merger, and contribution premiums		11,218	11,218
Consolidated reserves and earnings		45,128	42,696
Minority interests		0	0
Total shareholders' equity		**56,843**	**54,411**
Non-current liabilities		**7,161**	**6,916**
Long-term provisions	6	3,719	3,362
Borrowings (due in more than one year)	7	3,184	3,258
Other non-current liabilities	8	258	296
Current liabilities		**43,860**	**50,643**
Short-term provisions	6	1,040	1,102
Borrowings (due in less than one year)	7	544	361
Payables and associated accounts	8	5,129	6,160
Income tax and social security liabilities	8	29,588	34,800
Other current liabilities	8	7,559	8,221
Total liabilities		**107,863**	**111,970**

Change in the consolidated cash position

(In € '000)

	30/09/13	30/09/12	31/03/13
Consolidated net profit	**3,697**	**3,319**	**10,336**
Elimination of non-cash items			
Depreciation and provisions charges, net	819	1,120	1,727
Capital losses / (Gains) from disposals, net of tax	1	(4)	(10)
Other non-cash income and expenditure	(1,069)	(548)	139
Free cash flow after net borrowing costs and after tax	**3,448**	**3,887**	**12,193**
Change in working capital requirements	(5,555)	(4,229)	2,359
Net cash flow from business activities	**(2,107)**	**(342)**	**14,552**
Acquisition of intangible and tangible assets	(529)	(486)	(927)
Disposal of fixed assets	0	1	1
Change in long-term investments	906	105	222
Impact of changes in consolidation scope	(2,530)	(6,905)	(10,150)
Other cash flow from investments	0	0	0
Net cash flow from investments	**(2,153)**	**(7,286)**	**(10,854)**
Dividends paid to shareholders in the parent company	(1,555)	(1,066)	(1,066)
Dividends paid to minority interests of consolidated companies	0	0	0
Other cash flows from financial transactions	(82)	(977)	890
Net cash flow from financial transactions	**(1,637)**	**(2,043)**	**(176)**
Net change in cash and cash equivalents	**(5,897)**	**(9,671)**	**3,521**
Opening cash position	18,098	14,577	14,577
Effect of change in foreign exchange rates	(1)	(2)	0
Closing cash position	12,201	4,903	18,098

The amount of taxes paid amounted to € 5,350K in the first half of 2013 and to € 2,655K in the first half of 2012.

The amount of interest paid amounted to € 104K in the first half of 2013 and to € 22K in the first half of 2012.

The line item "Impact of changes in consolidation scope" refers to the purchase price supplement for Eveho Conseil and the deferred purchase price of Stance.

Changes in equity

(In € '000)

	Share capital	Share premium	Consolidated reserves	Profit for the period	Translation differential	Shareholders' equity
Consolidated equity at 31/03/12	**497**	**11,218**	**26,444**	**6,999**	**0**	**45,158**
Consolidated income for period	0	0	0	10,336	0	10,336
Fair value adjustment of hedging instruments	0	0	0	0	0	0
IAS 19 actuarial variances	0	0	(224)	0	0	(224)
Group's overall net earnings	**0**	**0**	**(224)**	**10,336**	**0**	**10,112**
Impact of minority interests	0	0	0	0	0	0
Earnings appropriation	0	0	6,999	(6,999)	0	0
Changes in equity of parent company	0	0	0	0	0	0
Distributions of the parent company	0	0	(1,066)	0	0	(1,066)
Treasury shares	0	0	226	0	0	226
Restatement of the provision for free allocation of shares	0	0	(18)	0	0	(18)
Variation in exchange rate differences	0	0	0	0	(1)	(1)
Consolidated equity at 31/03/13	**497**	**11,218**	**32,361**	**10,336**	**(1)**	**54,411**
Consolidated income for period	0	0	0	3,697	0	3,697
Fair value adjustment of hedging instruments	0	0	(7)	0	0	(7)
IAS 19 actuarial variances	0	0	(91)	0	0	(91)
Non-material IFRS adjustments	0	0	52	0	0	52
Group's overall net earnings	**0**	**0**	**(46)**	**3,697**	**0**	**3,651**
Impact of minority interests	0	0	0	0	0	0
Earnings appropriation	0	0	10,336	(10,336)	0	0
Changes in equity of the parent company	0	0	0	0	0	0
Distributions of the parent company	0	0	(1,555)	0	0	(1,555)
Treasury shares	0	0	862	0	0	862
Restatement of the provision for free allocation of shares	0	0	(526)	0	0	(526)
Variation in exchange differences	0	0	0	0	0	0
Consolidated equity at 30/09/13	**497**	**11,218**	**41,431**	**3,697**	**(1)**	**56,843**

Equity contains no item that would be taxable. Accumulated deferred tax credits in respect of items accounted for in equity since the very beginning, come to € 328K and are generated by the actuarial variances resulting from the application of IAS 19 and by the adjustment to fair value of hedging instruments.

Profit and loss directly recognised as equity

(In € '000)

	Note	30/09/13	30/09/12	31/03/13
Net income		**3,697**	**3,319**	**10,336**
Fair value adjustment of hedging instruments	14	(7)	0	0
IAS 19 actuarial variances		(91)	(250)	(224)
Non-material IFRS adjustments		52	0	0
Total revenue and expenses recognised in equity		**(46)**	**(250)**	**(224)**
Overall net profit (Group's share)		**3,651**	**3,070**	**10 113**

Appendix: notes to the half-yearly consolidated financial statements

Contents of the Appendix

1. Overview

Solucom is a limited company under French law, and is subject to all the laws and regulations governing commercial companies in France, and in particular the provisions of the Commercial Code. Its registered offices are located at Tour Franklin – 100/101 terrasse Boieldieu – 92042 Paris La Défense Cedex. The Company is listed on NYSE Euronext Paris, compartment C.

The half-yearly consolidated financial statements of Solucom (made up of Solucom and its subsidiaries) were approved by the Board of Directors on 25 November 2013.

All amounts expressed in these notes are in €'000 (thousand euro).

2. Half-year highlights

Following the acquisition of Eveho on 06/04/2012 and in accordance with the terms of the acquisition, during the first half of 2013/14 Solucom made the final payment of the price for the company. This amount was already provided for in the financial statements at 31 March 2013.

In accordance with the terms of the acquisition of Stance, Solucom acquired the balance of shares making up this company's capital (29%) during the first half of the 2013/14 financial year. Solucom had acquired 71% of the capital of the company on 02/10/2012.

3. Accounting principles and methods

3.1. Consolidation principles

Standards

Since 01/04/05 Solucom's consolidated financial statements have been prepared in accordance with the IFRS international accounting standards as adopted by the European Union and European directive 1606/2002 of 19/07/02. These standards consist of the IFRS, IAS, and their interpretations, which were adopted by the European Union on 30/09/13.

The accounting principles employed in these consolidated financial statements are identical to those used by the company in its consolidated financial statements at 31 March 2013.

Half-yearly financial statements

The Group's summarised consolidated financial statements regarding the half-year ended 30 June 2013 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

These being summarized statements, they do not include all the information required by IFRS for the drawing up of the annual financial statements and, as such, should be read in the light of the Group's consolidated financial statements established in accordance with the IFRS standard, as adopted in the European Union, for the period ended 31/03/13.

Changes in standards

In particular, the IASB's IFRS standards and IFRIC's interpretations, as adopted by the European Union (that can be viewed on the European Commission website http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission) for open periods commencing from 01/04/13, have been applied by the Group and have not involved significant changes in the assessment methods and presentation of the financial statements.

IFRS standards, IFRIC interpretations and amendments applied by the firm as of 01/04/13

Standards, amendments and interpretations	Dates adopted by the European Union	Dates implemented: financial periods commencing as of
Revised IAS 19, "Employee benefits"	05/06/12	01/01/13
Annual improvements (2009-2011) of IFRS	27/03/13	01/01/13
IFRS 13 "Valuation at fair value"	11/12/12	01/01/13
Amendment to IAS 12 "Deferred tax relating to revalued assets"	11/12/12	01/01/13 [1]
Amendment to IFRS 7 "Disclosures - Offsetting financial assets and financial liabilities"	13/12/12	01/01/13

(1) Date of application by the European Union.

The application of these new standards has had no material effect on Solucom's financial statements.

Accounting standards or interpretations that the company will apply in the future

The IASB has published standards and interpretations not yet adopted by the European Union as at 30/09/13; they have been applied to date by the company.

Standards, amendments and interpretations	Dates published by the IASB	Dates implemented: financial periods commencing as of
Amendments to IAS 36 "Impairment of Assets" - Information about the recoverable amount of non financial assets	29/05/13	01/01/14
IFRS 9 "Financial instruments" (Phase 1: Classification and measurement"	12/11/09, 28/10/10 and 16/12/11	01/01/15

The IASB has published standards and interpretations adopted by the European Union as at 30/09/13, applicable for open accounting periods commencing 01/01/14. These documents have not been implemented early.

Standards, amendments and interpretations	Dates published by the IASB	Dates implemented: financial periods commencing as of
Revised IAS 27 "Separate financial statements"	12/05/11	01/01/13 (1)
Revised IAS 28 "Investments in associates and joint ventures"	12/05/11	01/01/13 (1)
IFRS 10 "Consolidated financial statements"	12/05/11	01/01/13 (1)
IFRS 11 "Joint Arrangements"	12/05/11	01/01/13 (1)
IFRS 12 "Disclosure of interests in other entities »	12/05/11	01/01/13 (1)
Amendments to IAS 32 "Offsetting financial assets and financial liabilities"	16/12/11	01/01/14
Amendments to the transitional provisions of IFRS 10, 11 and 12 standards.	28/06/12	01/01/13 (1)

(1) They must be implemented during the same period. The ARC voted on 01/06/12 to adopt these documents, recommending that they be applied at the latest for accounting periods open from 01/01/14, application being possible from 01/04/13, subject to their adoption by the European Union in that time.

The impact of the draft standards and interpretations currently being considered by the IASB have not been provided for in these consolidated financial statements and cannot be reasonably estimated at this time.

Comparability of financial statements

The financial statements for the period ended 30/09/13 are comparable to those for the period ended 31/03/13 except for changes in the scope of consolidation.

3.2. Consolidation methods

Solucom is the consolidating company.

The financial statements of companies placed under the exclusive control of Solucom are fully consolidated.

Solucom does not exert significant influence or joint control over any companies. Solucom does not control, directly or indirectly, any ad hoc entities.

The financial statements of the consolidated companies are restated as necessary, in order to ensure uniformity in the application of accounting and evaluation rules.

The financial statements of consolidated companies are all to 30/09/13.

At 30/09/13 the consolidated financial statements include all Group companies for six months.

3.3. Translation methods

Translation of financial statements of foreign companies

Foreign company balance sheets are translated in euro at the closing rate of exchange. The income statement and cash flow statement have been converted at the average rate of exchange for the period. Resulting conversion differences have been recognised in shareholders equity in the item "Exchange differences" for the group's share.

The closing and average exchange rates are stated below (Currency / Euro):

	Year end rate		Average rate	
	30/09/13	**31/03/13**	**30/09/13**	**31/03/13**
Dirham (MAD) (1)	0.089171	0.089726	0.089556	0.090175

(1) Source Banque de France

The average rate is arrived at by calculating the average of the monthly closing rates for the period.

Accounting of foreign currency transactions

Transactions in foreign currencies have been converted into euro based on the exchange rate at the date of transaction or the guaranteed rate if there is an exchange rate hedge.

3.4. Use of estimates

The preparation of financial statements in accordance with IFRS involves conducting estimates and determining assumptions regarding the assessment of certain figures displayed in the statements, in particular for the following chapters:

- The periods over which the various fixed assets are to be depreciated
- The assessment of provisions and retirement commitments
- The assessments applied for impairment tests
- The valuation of financial instruments at their fair value
- The estimation of receivables and payables
- The valuation of share-based payments
- The determination of deferred tax liability
- The recognition of sales revenues on fixed-price contracts.

Management is constantly assessing its estimates and assessments based on its experience and the various other factors deemed reasonable, which are the basis of its assessments. Future income may vary significantly based upon various assumptions and conditions.

The company remains prudent about the growth outlook of the consulting market in the medium- and long-term.

3.5. Business combinations and goodwill

Cash Generating Units (CGU) each represent one of the companies included in the scope of consolidation.

On account of legal reorganisations (transferral of assets) implemented in the 2011/12 and 2012/13 financial years, the goodwill initially ascribed to each of the acquired companies are now regrouped and reallocated to the acquiring body on account of their incorporation and identical businesses.

On account of legal and operational reorganisations of the various practices carried out over the last 2 years, Solucom's goodwill can only be monitored globally.

Upon each annual closing of accounts, or in case of a sign of impairment, a depreciation test is conducted on each of the interests held that are subject to goodwill.

These tests are based on the method of discounted future cash flows. The cash flows are determined on the basis of forecasts established for the next 5-year period. An assumption of infinite growth has been used from the sixth year onwards. The cash flows from these forecasts have then been discounted.

The assumptions considered for these tests are as follows:

- An infinite growth rate of 3% per annum is applied as of the sixth year, as this rate seems acceptable based on the observation of past performances in the line of business concerned (IT services).
- A discount rate of 13% after tax; this rate takes into account a riskless rate for 10 ears, a market risk premium, a beta factor observed among comparable quoted companies, including Solucom, and specific Solucom risk premium.

In addition, an analysis of the security's sensitivity to the key assumptions used (in particular, the growth rate of future cash flows and the discount rate) is used to verify the impact of changes that can reasonably be contemplated under those assumptions.

3.6. Segment information

The Solucom Group markets only one type of service (information systems infrastructure consulting); all these services are subject to the same risks and generate similar profitability rates. Therefore, no separate sectors of activity have been defined. In addition, almost all the revenue is generated in France.

3.7. Seasonal fluctuations of intermediate accounts

The only seasonal fluctuations result from the concentration of holidays taken during certain months of the year. These are the months of July and August, as well as May. The impact of these months with a concentration of vacation therefore concerns the first half of Solucom's financial year (April - September). This phenomenon therefore has no substantial impact on Solucom's activity, all the more so since its effects are relatively foreseeable (and comparable from one year to the next).

3.8. Other information

- The Solucom Group holds treasury shares in the context of the share repurchasing programme authorised by the General Meeting of Shareholders.

- In accordance with IAS 19 Employee benefits, the commitments resulting from defined benefit programs, as well as their costs, are valued by independent actuaries, based on projected credit units. The Group's sole commitment is the payment of retirement benefits. The Group has no other long-term commitments or end of contract indemnities. The discount rate for valuing rights is 3.05% (source: iboxxAA).
- The company has implemented an exchange rate hedge (hedging for cash flow) to hedge the risk associated with export sales. The profit or loss from the valuation of hedging instruments at fair value has been recognised in other comprehensive income (OCI). The latent profit or loss has been applied to the income statement upon liquidation of the item hedged.
- No R&D expenses were capitalised during the period.
- As per the provisions of IAS 12, the qualification of the CVAE as income tax has led to recognising as of 31 March 2010 the total amount of the current expense relative to the CVAE provision.

4. Consolidation scope

The consolidated accounts include the accounts of the following companies:

Companies	Head office	Siret	Legal status	Interest rate (%)	Nationality	Number of consolidated months
Solucom	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	37755024900041	SA	Parent company	France	6
Alturia Consulting	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	35071510800063	SASU	100%	France	6
Eveho Conseil	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	48352938400032	SASU	100%	France	6
Stance Partners	Tour Franklin 100-101 Terrasse Boieldieu 92042 La Défense Cedex	48135193000039	SASU	100%	France	6
SLM Consulting	11 rue El Wahda Casablanca Morocco	266961	SARL	100%	Morocco	6

All the companies have been consolidated in accordance with the full consolidation method.

5. Notes on certain items on the balance sheet and income statement

Note 1. Goodwill recorded as balance sheet assets

	Net value at 31/03/13	Change in consolidation scope	Reduction for the period	Net value at 30/09/13
Solucom	24,137	0	0	24,137
Alturia	4,266	0	0	4,266
Eveho Conseil	3,020	0	0	3,020
Stance	5,180	0	(800)	4,380
Total	**36,603**	**0**	**(800)**	**35,803**

Following a delay in the road map of Stance, it is now likely that the last instalment of the acquisition price will not be paid.

The consolidated financial statements of Solucom have been adjusted accordingly. Goodwill thus has gone from € 36,603K at 31 March 2013 to € 35,803K at 30 September 2013.

Impairment tests

Impairment tests carried out on all goodwill shown in the Solucom consolidated financial statements, and in particular that of Stance, have confirmed that there was no need to apply impairment.

Sensitivity tests

Sensitivity tests have also been carried out. The results of the tests are shown below.

	Solucom SA	Alturia Consulting	Eveho	Stance
Difference between value in use and its book value	> 60,000	> 600	> 600	> 300
Theoretical depreciation if 1 point drop of infinite growth (a)	0	0	0	0
Theoretical depreciation if 1 point increase in the discount rate (b)	0	0	0	101
Theoretical depreciation if combination of (a) and (b)	0	77	0	340

Following analysis of the sensitivity tests, management does not consider a change to the main assumptions employed that would involve recognising impairment as being reasonably probable.

Note 2. Intangible and tangible fixed assets

Gross value	31/03/13	Change in consolidation scope	Acquisitions	Decrease	Translation difference	30/09/13
Total goodwill	**36,603**	**0**	**0**	**(800)**	**0**	**35,803**
Software	1,879	0	764	0	0	2,643
Current intangible assets	402	0	422	(763)	0	61
Total intangible assets	**2,281**	**0**	**1,186**	**(763)**	**0**	**2,704**
Technical facilities	35	0	0	0	0	35
Other tangible assets	4,927	0	54	(39)	0	4,942
Other leased assets	3,187	0	87	(5)	0	3,268
Current tangible assets	0	0	554	(87)	0	467
Total tangible assets	**8,149**	**0**	**694**	**(130)**	**0**	**8,173**

Impairment	31/03/13	Change in consolidation scope	Acquisitions	Decrease	Translation difference	30/09/13
Software	1,647	0	111	0	0	1,758
Total intangible assets	**1,647**	**0**	**111**	**0**	**0**	**1,758**
Technical facilities	35	0	0	0	0	35
Other tangible assets	3,473	0	248	(38)	0	3,683
Other leased fixed assets	2,527	0	172	(1)	0	2,698
Total tangible assets	**6,035**	**0**	**420**	**(39)**	**0**	**6,416**

Impairment	31/03/13	Change in consolidation scope	Acquisitions	Decrease	Translation difference	30/09/13
Software	1	0	0	0	0	1
Total intangible assets	**1**	**0**	**0**	**0**	**0**	**1**
Other tangible assets	30	0	0	(6)	0	24
Other leased assets	0	0	0	0	0	0
Total tangible assets	**30**	**0**	**0**	**(6)**	**0**	**24**
Net total intangible assets	**634**	**0**	**1,075**	**(763)**	**0**	**946**
Net total intangible assets	**2,083**	**0**	**274**	**(85)**	**0**	**2,272**

No intangible assets are subject to ownership restrictions.

No tangible assets are subject to ownership restrictions, except for assets funded via a lease agreement. The change in fixed assets liabilities stood at € 502K at 30/09/13 against € 1K at 31/03/13.

Note 3. Other assets

Financial assets are solely deposits and guarantees. Other non-current assets are mainly made up of deferred tax credits of € 2,706K (€ 2,495K at 31/03/13).

Note 4. Current assets

Receivables and associated accounts	31/03/13	Change in consolidation scope	Change	Translation difference	30/09/13
Gross value	**43,683**	**0**	**3,543**	**(1)**	**47,224**
Impairment	**(73)**	**0**	**(82)**	**0**	**(155)**
Net value	**43,610**	**0**	**3,461**	**(1)**	**47,070**

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

Other debtors	31/03/13	Change in consolidation scope	Change	Translation difference	30/09/13
Advances and deposits paid	122	0	343	0	465
Tax-related credits	5,174	0	(2,408)	0	2,766
Miscellaneous receivables	437	0	209	0	647
Deferred charges	1,827	0	(47)	0	1 779
Gross value	**7,560**	**0**	**(1,903)**	**0**	**5,657**
Impairment, other receivables	(9)	0	0	0	(9)
Impairment	(9)	0	0	0	(9)
Net value	**7,551**	**0**	**(1,903)**	**0**	**5,648**

Cash and cash equivalents	31/03/13	Change in consolidation scope	Change	Translation difference	30/09/13
Money market fund (SICAV) - Cash equivalent	7,865	0	(4,395)	0	3,470
Bank and cash	10,280	0	(1,335)	(1)	8,944
Gross value	**18,145**	**0**	**(5,730)**	**(1)**	**12,414**
Impairment	**0**	**0**	**0**	**0**	**0**
Net value	**18,145**	**0**	**(5,730)**	**(1)**	**12,414**

The value at historic cost of monetary mutual funds (SICAV) was € 3,466K at 30/09/13 (€ 7,860K at 31/03/13).

Note 5. Share capital

At 30/09/13, the capital of the Solucom parent company was made up of 4,966,882 fully paid-up shares of € 0.10 each.

The number of own shares held at 30/09/13 was 57,019 shares.

With the authorisation of the General Meeting, Solucom's Board of Directors decided at its meeting on 1 July 2013 to allocate existing free shares or issue such for the firm’s senior management. This plan involves the actual allocation of free shares at the end of an acquisition period subject to the presence and personal investment of the director in Solucom shares; the number of shares allocated will also be based on a performance criterion of achieving a predefined level of consolidated operating profit.

Further, Solucom's Board of Directors decided at that same meeting to allocate existing free shares or issue such for members of Solucom or group staff or for certain categories among them, as part of an employee provident programme set up at Solucom.

The respective advantages of each of the plans awarded to beneficiaries were the subject of a special allocation with an impact on equity in the financial statements to 30/09/13.

Note 6. Provisions

Provisions are mainly made up of retirement pensions that have been valued by an independent actuary, claims in industrial tribunals valued based on an assessment made by legal counsel of the most probable risk, and if applicable, provisions for client default risks.

	31/03/13	Change in consolidation scope	Acquisitions	Reversal		30/09/13
				Used	Unused	
Provisions for retirement benefits	3,362	0	432	0	(76)	3,719
Total long-term provisions	**3,362**	**0**	**432**	**0**	**(76)**	**3,719**
Provision for risks	954	0	229	(118)	(25)	1,040
Provisions for charges	148	0	0	(83)	(65)	0
Total short-term provisions	**1,102**	**0**	**229**	**(202)**	**(90)**	**1,040**
Total provisions	**4,464**	**0**	**661**	**(202)**	**(165)**	**4,758**

Variances in the provisions of the period impact on EBIT to the sum of € (442) K and on non-current operating profit of € 148K.

Note 7. Financial liabilities and net borrowings

	31/03/13	Change in consolidation scope	Change	Translation difference	30/09/13
Liabilities over five years	**2,920**	**0**	**7**	**0**	**2,928**
Bond	2,920	0	7	0	2,928
Liabilities between one and five years	338	0	(82)	0	256
Financial debt (Leases)	338	0	(82)	0	256
Total non-current financial liabilities	**3,258**	**0**	**(75)**	**0**	**3,184**
Borrowings from banks (1)	(71)	0	8	0	(63)
Financial debt (Leases)	322	0	(6)	0	316
Current banking facilities	42	0	168	0	210
Accrued interest not yet due	69	0	13	0	82
Total current financial liabilities (less than one year)	**361**	**0**	**183**	**0**	**544**
Total financial liabilities excluding bank overdrafts	**3,577**	**0**	**(59)**	**0**	**3,518**
Total financial liabilities	**3,619**	**0**	**109**	**0**	**3,728**

(1) Issuance costs on credit line of € 16,000K. No drawdown has been made as at 30/09/13.

Breakdown of financial liabilities by interest rate:

	31/03/13		30/09/13	
Rate	fixed	floating	fixed	floating
Non-current financial liabilities	3,258	0	3,184	0
Current financial liabilities	432	(71)	608	(63)
Total financial liabilities	**3,691**	**(71)**	**3,791**	**(63)**

The sureties granted to guarantee these loans are described below in note 15.
There were no defaults on loan repayments during the period.

Characteristics of the FCP Micado France 2018 loan:

- Nominal: € 3,000K
- Rate: 5.5%
- Maturity 02/10/18
- Date issued: 30/10/12

Changes in net cash/(borrowings):

Cash and cash equivalents	31/03/13	Change in consolidation scope	Change	Translation difference	30/09/13
Cash equivalents at historic value	7,860	0	(4,394)	0	3,466
Bank and cash	10,280	0	(1,335)	(1)	8,944
Current banking facilities	(42)	0	(168)	0	(210)
Total Cash position net of overdrafts	**18,098**	**0**	**(5,897)**	**(1)**	**12,201**
Adjustment of cash equivalents at their fair value	5	0	(1)	0	4
Consolidated cash	**18,103**	**0**	**(5,898)**	**(1)**	**12,204**
Financial liabilities excluding bank overdrafts	**3,577**	**0**	**(59)**	**0**	**3,518**
Cash/(Borrowings), net	**14,526**	**0**	**(5,839)**	**(1)**	**8,686**

The variance in cash flow is due mainly to the completion of the acquisition price for Eveho Conseil and the deferred acquisition price for Stance in a total amount of € 2,530K.

Note 8. Other liabilities

	31/03/13	Change in consolidation scope	Change	Translation difference	30/09/13
Other long term liabilities					
Income tax and social security liabilities	296	0	(38)	0	258
of which tax-related debts	*296*	*0*	*(38)*	*0*	*258*
Total	**296**	**0**	**(38)**	**0**	**258**
Current liabilities					
Payables and associated accounts	6,160	0	(1,031)	0	5,129
Income tax and social security liabilities	34,800	0	(5,212)	0	29,588
of which tax-related debts	*13,158*	*0*	*(1,460)*	*0*	*11,698*
of which social-security debts	*21,642*	*0*	*(3,752)*	*0*	*17,890*
Other current liabilities	8,221	0	(662)	0	7,559
of which Fixed asset suppliers	*153*	*0*	*502*	*0*	*654*
of which Other creditors	*4,979*	*0*	*(783)*	*0*	*4,196*
of which Deferred revenues	*3,089*	*0*	*(380)*	*0*	*2,709*
Total	**49,180**	**0**	**(6,904)**	**0**	**42,276**
Total Other liabilities	**49,476**	**0**	**(6,941)**	**0**	**42,534**

Note 9. Payroll expenses

Payroll expenses	30/09/13	30/09/12
Salaries	32,628	29,786
Social contributions	15,473	14,469
Total	**48,101**	**44,255**

Average workforce, full-time	30/09/13	30/09/12
Engineers and executives	1,120	1,039
Staff	38	36
Total	**1,159**	**1,076**

Staff at 30/09/12 has been revised to take account of the pro-rata time of the presence of employees of the subsidiaries absorbed in the transferral of assets.

Note 10. Other non-current operating income and expenses

	30/09/13	30/09/12
Tax credits net of costs	0	1,093
Miscellaneous	60	2
Other operating income	**60**	**1,094**
Acquisition costs of securities	(11)	(501)
Miscellaneous	(346)	0
Other operating expenses	**(357)**	**(501)**
Net total	**(297)**	**594**

Other operating expenses are mainly made up of sponsorship expenses for the Solucom Foundation and non-recurring costs from the closure of the Alturia Consulting Bordeaux premises.

Note 11. Non-operating profit

	30/09/13	30/09/12
Net proceeds from the disposal of cash equivalents	34	1
Interest on loans	(129)	(32)
Change in the fair value of cash equivalents	(1)	0
Net interest expenses	**(97)**	**(31)**
Other financial income and expenses	(3)	0
Change in the fair value of other financial assets	0	22
Non-operating profit	**(99)**	**(9)**

Note 12. Corporation tax

Net effect of income tax:

	30/09/13	30/09/12
Current taxes	2,765	1,667
Deferred taxes	(264)	(128)
Total	**2,501**	**1,539**

In accordance with the CNC notice dated 14/01/10, Solucom has opted to account for CVAE as corporation tax as of 2010. The amount of the CVAE recognised in the line item "Income tax expense" amounts to € 839K.

As at 30/09/13, taxes deferred for more than a year stood at € 2,059K. All deferred taxes generated by operations conducted during the period have been recorded.

Note 13. Earnings per share

	30/09/13	30/09/12
Earnings per share		
Companies' net earnings (Group share)	3,697	3,319
Weighted average number of securities outstanding (1)	4,909,863	4,909,863
Non diluted net earnings (Group share) per share	**0.75**	**0.68**
Number of securities issued at 30 September	4,966,882	4,966,882
Net earnings per share (Group share)	**0.74**	**0.67**

(1) *Excluding treasury shares*

Dilutive instruments are described in Note 5 - Share capital.

In accordance with IAS 33, a retrospective restatement has been made to calculate the net earnings per share as at 30/09/12 and as at 31/03/13, on the basis of the number of shares as at 30/09/13.

Note 14. Financial instruments

Solucom holds the following financial instruments:

- cash mutual funds (SICAV) investments, exclusively indexed on EONIA not having any identified risk;
- forward accounts of less than 6 months that do not show any early exit penalty;
- own shares;
- forward exchange transactions

Note 15. Off-balance sheet commitments

Commitments made	Total amount on 30/09/13	Less than one year	Within 1 to 5 years	Within more than 5 years
Guarantees and deposits	30	3	27	0
Pledges	18,400	0	18,400	0
Lease commitments	14,556	3,534	9,644	1,378
Total	**32,986**	**3,537**	**28,070**	**1,378**
Commitments received				
Guarantees and deposits	**24**	**24**	**0**	**0**
Unused lines of credit	**16,000**	**(*)**	**(*)**	**0**
Liability guarantees (**)	**5,450**	**0**	**5,450**	**0**
Financial instruments	**274**	**274**	**0**	**0**
Total	**21,748**	**(*)**	**(*)**	**0**

* Declining amount decreased to € 3,200K each anniversary, reduced to € 12,800 K as at 05/10/13.

** of which bank guarantee of € 1,250K.

Pledges € 18,400K are for the securities accounts of Alturia Consulting and Eveho Conseil for € 9,235K as well as elements of Solucom business in respect of branch offices in Villeurbanne, Aubagne and Nantes. These assets have been given in guarantee to the banks, to cover confirmed lines of credit of € 16,000K they have granted. These commitments come due in 2017.

Guarantees on liabilities have been received as part of the acquisition of companies that took place during the 2012/13 financial year.

Commitments made	Total amount on 31/03/13	Less than one year	Within 1 to 5 years	Within more than 5 years
Guarantees and deposits	30	3	27	0
Pledges	18,400	0	18,400	0
Engagements de location simple (*)	10,724	3,273	6,085	1,367
Total	**29,154**	**3,276**	**24,511**	**1,367**

* including renewal of a lease signed 29/03/13

Commitments received				
Guarantees and deposits	22	22	0	0
Unused lines of credit	16,000	(*)	(*)	0
Liability guarantees (**)	5,450	0	5,450	0
Total	**21,472**	**(*)**	**(*)**	**0**

* Declining amount decreased to € 3,200K each anniversary.

** of which bank guarantee of € 1,250K.

Note 16. Related-party transactions

The Solucom Group conducted no significant transactions with third parties likely to be considered related parties as per IAS 24.9.

Note 17. Events subsequent to balance sheet date

No event that occurred after the period end changes the reading of the half-year financial statements at 30/09/13.

Auditors’ report

In compliance with the terms of our appointment by your General Meetings and pursuant to Article L.451-1-2 III of the Monetary and Financial Code, we have conducted:

- a limited review of the condensed consolidated half-yearly statements of Solucom for the period between 1st April 2013 and 30 September 2013, as attached to this report;

- a verification of the information delivered in the half-yearly report.

These summarised consolidated half-yearly accounts have been established under the supervision of the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1. Conclusion regarding the accounts

We have carried out our work in accordance with the professional standards in use in France. A limited review consists primarily of discussions with the officers in charge of financial and accounting matters and implementing analytical procedures. This work is less extensive than that which is required for an audit conducted in accordance with the professional standards applicable in France. Therefore, the guarantee that the accounts, taken as a whole, have no significant anomalies in the context of a limited review is less significant than that obtained through an audit.

Based on our limited review, we have not spotted any significant anomalies likely to challenge the compliance of the summarised consolidated half-yearly statements, with the IAS 34 standard - which is the interim financial information part of the IFRS accounting standards adopted in the European Union.

2. Specific verification

We have also verified the information given in the interim half-yearly management report commenting on the interim half-yearly consolidated financial statements subjected to our limited review.

We have no observations to make in respect of their truthfulness and their consistency with the summarised consolidated half-yearly accounts.

Paris and Neuilly-sur-Seine, 26 November 2013
The Auditors

SLG EXPERTISE	Deloitte & Associés
Arnaud Bernard	Dominique Laurent