Solucom

*Interim financial report at 30 September 2015*

# Contents

# Statement by the person responsible for the interim report

I declare that, to the best of my knowledge, the summary consolidated interim financial statements for H1 2015/16 have been prepared in accordance with applicable accounting principles, in particular with standard IAS 34, and provide a true and fair view of the assets and liabilities, financial position and operating results of the Company and all entities in its scope of consolidation, and that the attached interim management report presents an accurate picture of the key events that occurred during the first six months of the financial year and their impact on the interim financial statements, as well as the main related-party transactions over the period, and a description of the major risks and uncertainties for the remaining six months of the 2015/16 financial year.

Paris-La Défense, 30 November 2015

Pascal Imbert, Chairman of the Management Board

# Interim management report

## 1. Analysis of Solucom's interim results

### Consolidated Financial Statements

The consolidated interim financial statements published by the Solucom Group at 30 September 2015 include the accounts of the parent company (Solucom SA), SLM Consulting, Audisoft Oxéa and Hudson & Yorke for the first 6 months of the year, as well as those of Arthus Technologies over 3 months. Solucom's interim financial statements also include the assets of Hapsis acquired on 1 April 2015.

The consolidated interim financial statements published by the Solucom Group at 30 September 2014 included the accounts of the parent company (Solucom SA), Stance Partners, Trend Consultants, Lumens Consultants and SLM Consulting for the first 6 months of the year, as well as those of Eveho and Alturia Consulting over 3 months, as these two companies were transferred to Solucom at 30 June 2014.

At 31 March 2015, the Group's consolidated financial statements included the accounts of the Solucom parent company, SLM Consulting, Lumens Consultants and Trend Consultants over 12 months, as well as those of Alturia Consulting and Eveho over 3 months, Stance Partners over 9 months, Audisoft Oxéa over 5 months, and Hudson & Yorke over 1 month.

The assets of Lumens Consultants and Trend Consultants were transferred to Solucom at 31 March 2015.

The financial statements at 30 September 2015, 30 September 2014 and 31 March 2015 were prepared in accordance with IFRS international financial reporting standards and CNC recommendation n° 2009-R0.03, published on 2 July 2009 by the French National Accounting Agency (Conseil National de la Comptabilité). Accordingly, the intermediate management balances presented in these financial statements and commented on in this report have been calculated on the basis of accounting specifications defined by the CNC.

Solucom's financial statements at 30 September 2014 and 31 March 2015 have been restated to factor in the application of IFRIC 21, relative to the recognition of levies imposed by a government body.

**Consolidated interim figures at 30/09**

| *In thousands of euros* | **H1 2015/16** | **H1 2014/15 restated** | **% change** | **H1 2014/15 published** |
|---|---|---|---|---|
| Revenue | **91 427** | **73 654** | 24 % | **73 654** |
| EBIT | **9 402** | **7 917** | 19 % | **7 616** |
| *EBIT margin* | ***10.3%*** | ***10.7 %*** | - | ***10.3 %*** |
| Operating profit | **9 105** | **7 855** | 16 % | **7 554** |
| Net income, Group share | **5 227** | **4 463** | 17 % | **4 265** |
| *Net margin* | ***5.7 %*** | ***6.1 %*** | - | ***5.8 %*** |

Consolidated revenues at 30 September 2015 rose 24% to €91,427k from the year-earlier level of €73,654k.

Operating income on ordinary activities came out at €9,402k (after employee profit-sharing and CICE), up 19% from €7,917k in H1 2014/15. Restated for the application of IFRIC 21, the EBIT margin came out at 10.3% in the first half, compared with 10.7% in H1 2014/15 (10.3% reported). Note that the EBIT margin is obtained by dividing operating income on ordinary activities by revenues.

Operating income rose 16% to €9,105k in H1 2015/16 from the year-earlier level of €7,855k, restated for the impact of the application of IFRIC 21. At 30 September 2015, this figure factors in other operating income and expenses in the amount of -€297k, compared with -€62k at 30 September 2014. In both years, the bulk of these expenses were related to acquisition costs.

At the interim stage, the cost of net financial debt stood at €93k, compared with the year-earlier level of €92k. The cost of net financial debt in the first half mainly comprised interest on borrowings and capital gains on cash disposals.

Pre-tax profit advanced 15% from €7,770k in H1 2014/15 to €8,901k at end-September 2015.

Net profit over the period came out at €5,227k (after a tax charge of €3,675k), implying a net margin of 5.7%. This result represents a 17% increase on H1 2014/15 levels with the interim net profit restated for the application of IFRIC 21 coming out at €4,463k (after tax expenses of €3,307k) and the net margin at 6.1% (5.8% reported).

There were no minority interests. Accordingly, group share of net income also came out at €5,227k, up 17% on the year-earlier level of €4,463k.

### Financial structure and cash

| *In thousands of euros* | **30/09/2015** | **31/03/2015** | **% change** |
|---|---|---|---|
| Non-current assets | **62 882** | 54 903 | 15% |
| *o/w goodwill* | ***52 274*** | *47 998* | *9%* |
| Current assets (excluding cash) | **68 276** | 62 224 | 10% |
| Cash and cash equivalent | **18 038** | 26 162 | -31% |
| Shareholders' equity | **76 528** | 72 773 | 5% |
| Non-current liabilities | **11 788** | 11 976 | -2% |
| *o/w financial liabilities* | ***3 335*** | *3 213* | *4%* |
| Current liabilities | **60 879** | 58 539 | 4% |
| *o/w financial liabilities* | ***444*** | *377* | *18%* |
| **Total balance sheet** | **149 195** | 143 289 | 4% |

Consolidated equity stood at €76,528k at 30 September 2015, compared with €72,773k at 31 March 2015.

The Solucom Group boasted a net cash position[1] of €14,259k at end-September 2015, compared with €22,572k at end-March 2015 and €15,661k at end-September 2014.

Financial liabilities at the interim stage totalling €3,779k, versus €3,590k at 31 March 2015, included the Micado bond for €2,957k, financial debt of €766k related to the restatement of lease contracts, and €57k in other financial liabilities (accrued interest not yet due, bank overdrafts and bond issue costs).

[1] Gross cash less financial liabilities

## Analysis of Solucom company financial statements

At the company level, Solucom posted revenues of €86,859k at 30 September 2015, up 26% on the year-earlier level of €68,804k.

Interim operating income came out at €8,894k, representing an operating margin of 10.2 %. This compares with year-earlier levels of €7,666k and 11.1%, respectively.

At end-September 2015, Solucom booked financial income of €983k, compared with financial expenses of €427k in H1 2014/15. Financial income in H1 2015/16 notably includes income of €1,146k corresponding to dividends received from Solucom's subsidiary Hudson & Yorke. At end-September 2014, interim financial expenses included €369k in merger-related costs arising from legislative simplification measures carried out over the period.

At the operating level, Solucom posted a non-recurring loss of €296k at the interim stage, compared with an exceptional loss of €122k booked in H1 2014/15.

Employee profit-sharing amounted to €1,091k at end-September 2015, versus the year-earlier level of €876k.

Interim tax on earnings came out at €1,742k, compared with €2,029k booked at 30 September 2014.

In the light of the above, group share of net income increased to €6,747k at the interim stage from the year-earlier level of €4,213k.

# 2. Solucom's interim performance

After a dynamic first-half, Solucom posted interim revenues of €91.4m at end-September 2015, up 24% on year-earlier levels. Excluding the consolidations of Audisoft Oxéa, Hudson & Yorke, Arthus Tech, and the assets of Hapsis, like-for-like growth came out at 15% over the period.

This interim performance reflects a sharp improvement in trading conditions relative to 2014, with a gradual recovery in demand over the period driven notably by new project launches and initiatives undertaken related to the digital revolution.

Against this favourable backdrop, the firm stepped up its recruitment efforts, which, coupled with acquisitions of Hapsis and Arthus Tech, boosted the number of employees from 1,514 at end-March 2015 to 1,618 at end-September 2015.

**Sales prices up 3%**

In H1 2015/16, the consultant utilisation ratio came out at 83%, stable on 2014/2015 levels.

The average daily rate advanced 3% on 2014/15 full-year levels to €741 on the back of a favourable basis of comparison and the last wave of companies consolidated by the Group.

At end-September 2015, visibility remained limited with the H1 2015/16 order book standing at 3.3 months.

**Group share of net income up 17%**

At the interim stage, operating income on ordinary activities advanced 19% on H1 2014/15 levels to €9.4m.

The Ebit margin narrowed to 10.3% over the period from the year-earlier level of 10.7%.

In the first half, Solucom carried out the first series of investments related to the Up 2020 strategic plan. In this respect, the Group stepped up operations at the international level and undertook further measures in the fields of innovation and digitalisation.

Factoring in other operating income and expenses amounting to €0.3m (the bulk of which in costs attached to the last series of acquisitions carried out by the Group) operating income rose 16% year-on-year to €9.1m.

At the interim stage, therefore, Group share of net income advanced 17% to €5.2m, representing a net margin of 5.7%.

**Net cash of €14.3m at 30 September 2015**

Despite cash outlays linked to the acquisitions of Hapsis and Arthus Tech and the shareholder dividend paid out on fiscal year 2014/15, the firm boasted a surplus net cash position of €14.3m, versus €22.6m at end-March 2015. Financial investments attached to acquisitions amounted to €1.3m over the period.

At the interim stage, shareholders' equity stood at €76.5m.

# 3. Projected trends in Solucom's business activity until year end

**Full-year growth objective raised to over 16%**

Growth gained momentum in the first half within the context of the Up 2020 strategic plan. The first six months of the year were particularly eventful at the international level with the acquisition of Arthus Tech in Switzerland, a partnership concluded with the firm, ShifIN in Dubai, and target-company prospecting efforts carried out in other geographic zones.

In the second half, Solucom will prioritise the consolidation of its most recent acquisitions and pursue its actions abroad. At the same time, the firm will continue to scout and seize growth opportunities that are the most appropriate with regard to its strategy.

On the back of this solid first-half performance, and despite the fact that visibility remains limited, Solucom has raised its 2015/16 full-year sales objective and is now looking for growth of over 16% including the consolidation of Arthus Tech (vs. 12%, previously), of which 8% like-for-like. The firm has also confirmed its full-year Ebit margin objective of 11-13%.

# 4. Post-closure events

## Foothold in Belgium

On 5 October 2015, Solucom created a subsidiary of the same name in Belgium. Headquartered in Brussels, this company provides information systems, organisation and management consulting services.

# 5. Risks and uncertainties in H2

Other than the elements detailed below, there were no significant changes with respect to the risks described in the reference document published by Solucom and filed with the AMF on 30 July 2015 under number D.15-0814.

## Goodwill depreciation risk

Given the delays incurred in Hudson & Yorke's business plan during the first half, it now seems unlikely that Solucom will have to make the first earn-out payment on this acquisition. Nevertheless, this company showed no signs of impairment during the period that would have required further goodwill tests at 30 September 2015.

Solucom's consolidated financial statements have been adjusted to take this factor into account.

## 6. Major related-party transactions

Solucom did not carry out any material related-parties transactions in the first half of its 2015/16 financial year.

For more details, see note 16 of the Appendix to the consolidated interim financial statements.

**The Management Board**

20 November 2015

# Consolidated financial statements at 30/09/2015

## Consolidated Income Statement

| *In thousands of euros* | Note | 30/09/15 | 30/09/14 | 31/03/15 |
|---|---|---|---|---|
| **Revenue** | | **91 427** | **73 654** | **163 147** |
| Cost of sales | | 3 202 | 1 726 | 4 257 |
| Personnel expense (including profit-sharing) | 1 | 66 630 | 55 561 | 118 210 |
| External expenses | | 10 090 | 7 366 | 15 703 |
| Levies and taxes | | 1 502 | 981 | 2 846 |
| Depreciation charges and provisions | | 839 | 73 | 1 070 |
| Other current income and expenses | | (239) | 30 | (80) |
| **EBIT** | | **9 402** | **7 917** | **21 141** |
| Other operating income and expenses | 2 | (297) | (62) | (713) |
| **Operating profit** | | **9 105** | **7 855** | **20 428** |
| Financial income | 3 | 24 | 29 | 74 |
| Gross cost of financial debt | 3 | 117 | 122 | 238 |
| **Net cost of financial debt** | | **93** | **92** | **165** |
| Other financial income and expenses | 3 | (111) | 7 | (55) |
| **Income before tax** | | **8 901** | **7 770** | **20 209** |
| Tax charge | 4 | 3 675 | 3 307 | 7 613 |
| **Net income for the period** | | **5 227** | **4 463** | **12 596** |
| Non controlling interests | | 0 | 0 | 0 |
| **Net income, Group share** | | **5 227** | **4 463** | **12 596** |
| | | | | |
| Net earnings per share, Group share (in euros) (1) (2) | 5 | 1,07 | 0,91 | 2,57 |
| Net diluted earnings per share, Group share (in euros) (2) | 5 | 1,07 | 0,91 | 2,57 |

(1) Weighted number of shares over the period.

(2) In accordance with IAS 33, net earnings per share at 30/09/14 and at 31/03/15 have been restated retrospectively based on the number of shares at 30/09/15.

Note: 30/09/2014 and 30/09/2015 figures restated to factor in the application of IFRIC 21, relative to the recognition of levies imposed by a government body (see note 3.1).

## Consolidated balance sheet

| *In thousands of euros* | Note | 30/09/15 | 31/03/15 |
|---|---|---|---|
| Goodwill | 6 | 52 274 | 47 998 |
| Intangible assets | 7 | 1 036 | 998 |
| Property, plant and equipment | 7 | 6 106 | 1 896 |
| Financial assets > 1 year | 8 | 1 063 | 935 |
| Other non-current assets | 8 | 2 403 | 3 075 |
| **Non-current assets** | | **62 882** | **54 903** |
| Trade receivables and related accounts | 9 | 58 917 | 53 808 |
| Other receivables | 9 | 9 358 | 8 416 |
| Cash and cash equivalents | 9 | 18 038 | 26 162 |
| **Current assets** | | **86 314** | **88 386** |
| **Total Assets** | | **149 195** | **143 289** |
| | | | |
| Capital | 10 | 497 | 497 |
| Additional paid-in capital | | 11 218 | 11 218 |
| Reserves and consolidated income | | 64 885 | 60 944 |
| Group translation reserves | | (73) | 115 |
| **Total shareholders' equity, Group share** | | **76 528** | **72 773** |
| Non controlling interests | | 0 | 0 |
| **Total shareholders' equity** | | **76 528** | **72 773** |
| Long-term provisions | 11 | 6 907 | 6 892 |
| Financial liabilities > 1 year | 12 | 3 335 | 3 213 |
| Other non-current liabilities | 13 | 1 546 | 1 871 |
| **Non-current liabilities** | | **11 788** | **11 976** |
| Short-term provisions | 11 | 1 922 | 1 696 |
| Financial liabilities < 1 year | 12 | 444 | 377 |
| Trade payables and related accounts | 13 | 8 218 | 7 032 |
| Tax and social security liabilities | 13 | 38 144 | 41 123 |
| Other current liabilities | 13 | 12 152 | 8 311 |
| **Current liabilities** | | **60 879** | **58 539** |
| **Total Liabilities** | | **149 195** | **143 289** |

Note: 31/03/2015 figures restated to factor in the application of IFRIC 21, relative to the recognition of levies imposed by a government body (see note 3.1).

## Change in Consolidated Cash & Equivalents

| *In thousands of euros* | 30/09/15 | 30/09/14 | 31/03/15 |
|---|---|---|---|
| **Consolidated net income** | **5 227** | **4 463** | **12 596** |
| Elimination of non-monetary items | | | |
| Net depreciation charges and provisions | 1 508 | 541 | 2 034 |
| Gain (loss) on disposals, net of tax | 35 | (12) | (6) |
| Other calculated income and expenses | 631 | 245 | (106) |
| **Gross cash flow** (1) | **7 401** | **5 238** | **14 517** |
| Change in working capital requirements | (7 508) | (3 107) | 39 |
| **Net cash flow from operating activities** | **(108)** | **2 130** | **14 556** |
| Acquisition of tangible and intangible assets | (679) | (617) | (983) |
| Asset disposals | 0 | 14 | 40 |
| Change in financial assets | (289) | (788) | (741) |
| Impact of changes in consolidation scope (2) | (5 225) | 0 | (5 201) |
| **Net cash flow from investing activities** | **(6 193)** | **(1 391)** | **(6 886)** |
| Dividends paid to shareholders of parent company | (1 915) | (1 620) | (1 620) |
| Dividends paid to consolidated non-controlling interests | 0 | 0 | 0 |
| Other cash flow from financing activities | 82 | (98) | 80 |
| **Net cash flow from financing activities** | **(1 834)** | **(1 718)** | **(1 540)** |
| **Change in net cash** | **(8 134)** | **(978)** | **6 129** |
| Impact of changes in exchange rates | 11 | 3 | 10 |
| Cash and equivalents at start of period | 26 150 | 20 012 | 20 012 |
| Cash and equivalents at end of period | 18 027 | 19 036 | 26 150 |

(1) Gross cash flow is calculated after net cost of financial debt and after current tax expense.

Tax paid amounted to €4,409k at 30/09/15, versus €6,256k at 30/09/14.

Interest amounted to €108k at 30/09/15, versus €106k at 30/09/14.

(2)The line "Impact of changes in scope-of-consolidation " refers to the acquisitions of Hapsis' assets and the company Arthus Tech, as well as the earn-out commitment paid within the context of the Trend Consultants acquisition.

Note: 30/09/2014 and 31/03/2015 figures restated to factor in the application IFRIC 21, relative to the recognition of levies imposed by a government body.

## Change in Consolidated Shareholders' Equity

| *In thousands of euros* | Capital | Premiums | Consolidated reserves | Profit for the year | Translation gain (loss) | Shareholders' equity |
|---|---|---|---|---|---|---|
| **Consolidated shareholders' equity at 31/03/14** | **497** | **11 218** | **41 220** | **10 946** | **(1)** | **63 880** |
| Retrospective application of IFRIC 21 | 0 | 0 | (139) | 0 | 0 | (139) |
| **Consolidated shareholders' equity at 31/03/14 restated for retrospective application of IFRIC 21** | **497** | **11 218** | **41 080** | **10 946** | **(1)** | **63 740** |
| Consolidated profit for the year | 0 | 0 | 0 | 12 592 | 1 | 12 593 |
| Retrospective application of IFRIC 21 | 0 | 0 | 0 | 4 | 0 | 4 |
| Fair value adjustment of hedging instruments | 0 | 0 | (7) | 0 | 0 | (7) |
| IAS 19 actuarial gain (loss) | 0 | 0 | (1 436) | 0 | 0 | (1 436) |
| **Net comprehensive income** | **0** | **0** | **(1 443)** | **12 596** | **1** | **11 154** |
| Appropriation of profit | 0 | 0 | 10 946 | (10 946) | 0 | 0 |
| Change in capital of the consolidating company | 0 | 0 | 0 | 0 | 0 | 0 |
| Distributions of the consolidating company | 0 | 0 | (1 620) | 0 | 0 | (1 620) |
| Treasury shares | 0 | 0 | (960) | 0 | 0 | (960) |
| Restatement of provision for free shares | 0 | 0 | 345 | 0 | 0 | 345 |
| Translation gain (loss) | 0 | 0 | 0 | 0 | 115 | 115 |
| **Consolidated shareholders' equity at 31/03/15** | **497** | **11 218** | **48 348** | **12 596** | **115** | **72 773** |
| Consolidated profit for the year | 0 | 0 | 0 | 5 227 | (1) | 5 225 |
| Fair value adjustment of hedging instruments | 0 | 0 | 11 | 0 | 0 | 11 |
| IAS 19 actuarial gain (loss) | 0 | 0 | 717 | 0 | 0 | 717 |
| **Net comprehensive income** | **0** | **0** | **729** | **5 227** | **(1)** | **5 954** |
| Appropriation of profit | 0 | 0 | 12 596 | (12 596) | 0 | 0 |
| Change in capital of the consolidating company | 0 | 0 | 0 | 0 | 0 | 0 |
| Distributions of the consolidating company | 0 | 0 | (1 915) | 0 | 0 | (1 915) |
| Treasury shares | 0 | 0 | (342) | 0 | 0 | (342) |
| Restatement of provision for free shares | 0 | 0 | 244 | 0 | 0 | 244 |
| Translation gain (loss) | 0 | 0 | 0 | 0 | (186) | (186) |
| **Consolidated shareholders' equity at 30/09/15** | **497** | **11 218** | **59 659** | **5 227** | **(73)** | **76 528** |

The dividend paid for the fiscal year 2014/15 amounted to €0.39 per share (equivalent to a total amount of €1 915k).

Equity contains no taxable items. Cumulative deferred tax assets amounting to €725k relate to items booked under equity since the company was founded. These are generated by actuarial differences arising from the application of IAS 19 and changes in the fair value of hedging instruments.

## Statement of Net Comprehensive Income

| *In thousands of euros* | Note | 30/09/15 | 30/09/14 | 31/03/15 |
|---|---|---|---|---|
| **Net income** | | **5 227** | **4 463** | **12 596** |
| Fair value adjustment of hedging instruments | 14 | 11 | (9) | (7) |
| IAS 19 actuarial gain (loss) | 11 | 717 | (886) | (1 436) |
| **Total recognised as equity** | | **729** | **(896)** | **(1 443)** |
| **Net comprehensive income, Group share** | | **5 955** | **3 567** | **11 153** |

Note: 30/09/2014 and 31/03/2015 figures restated to factor in the application of IFRIC 21, relative to the recognition of levies imposed by a government body.

# Notes to the consolidated interim financial statements

## Contents

# 1. Overview

Solucom is a public limited liability company (Société Anonyme) incorporated under French law and subject to laws and regulations governing business enterprises in France and notably the provisions of the French Commercial Code. Solucom's registered office and headquarters are located at Tour Franklin – 100/101 terrasse Boieldieu – 92042 Paris La Défense Cedex and the Company is listed on Euronext Paris, compartment B.

The consolidated full-year financial statements of the Solucom Group (comprising the Solucom parent company and its subsidiaries) were approved by the Management Board on 20/11/2015.

All amounts presented in the Notes are expressed in thousands of euros (€k).

# 2. Key events in the first half

## Acquisition of Hapsis assets

On 01/04/2015, Solucom acquired a 100% stake in Hapsis.

Founded in 2002, Hapsis is an independent consulting firm with a staff of around thirty employees specialised in risk management and digital security. The firm's client portfolio includes several key accounts, notably in the banking sector.

At 31/03/2015, Hapsis reported full-year revenues of €4,300k and an operating profit.

This acquisition was financed exclusively in cash.

The revenue contribution from the assets of Hapsis was consolidated in Solucom's accounts as of 01/04/2015.

## Acquisition of Arthus Technologies

On 02/07/2015, Solucom acquired a 100% stake in the Arthus Technologies, a consulting firm based in Switzerland.

Founded in 2002, Arthus Technologies is a consulting firm specialised in Information and Communication Technologies (ICT). The company provides a range of tailored solutions, from strategic sourcing through to transformation management, designed to accompany its clients' international ICT projects.

At 31/12/2014, Arthus Technologies reported full-year revenues of €4,600k (CHF4,800k) for an operating margin in excess of 10%. The company has a staff of 17 employees.

This acquisition was financed exclusively in cash. Goodwill related to this acquisition booked in Solucom's consolidated financial statements includes a possible earn-out payment of 13% of the book value of the acquisition.

Arthus Technologies has been consolidated in Solucom's accounts since 01/07/2015 (i.e. over 3 months in H1 2015/16).

Arthus Technologies generated revenues of €3,016k (CHF3,187k) and an operating loss of -€93k (-CHF98k) over the first nine months of its fiscal year beginning 01/01/2015.

## Trend's earn-out payment

Following the acquisition of Trend on 10/01/2014 and in accordance with the terms of the acquisition protocol, Solucom made the earn-out payment on the book value of the acquisition.

## Impact of business combinations

On a like-for-like and constant forex basis, revenues came out at €84,716k, operating income on ordinary activities at €8,765k, and group share of net profit at €4, 864k in H1 2015, versus €71,236k, €7,408k and €4,198k, respectively in H1 2014.

On a like-for-like basis and current forex basis, revenues came out at €84,722k, operating income on ordinary activities at €8,765k, and group share of net profit at €4,864k in H1 2015, versus €71,235k, €7,408k and €4,198k, respectively in H1 2014.

On a like-for-like basis and including acquisitions carried out during the previous year, revenues came out at €88,232k, operating income on ordinary activities at €9,027k, and group share of net profit at €5,070k in H1 2015, versus €73,654k, €7,616k and €4,313k, respectively in H1 2014.

Factoring in all companies in the consolidation scope, interim revenues came out €91,427k, operating income on ordinary activities at €9,402k and group share of net profit at €5,227k.

## Asset transfers

The assets of Financière BFC, a subsidiary 100% owned by Solucom, were transferred to the parent company, upon decision taken on 24/08/2015 by the sole shareholder of the merged company. The asset transfers were effectively carried out on 25/09/2015 at the close of the statutory period of opposition granted to creditors to lodge claims.

The assets of Audisoft Consultants, a subsidiary 100% owned by Solucom, were transferred to the parent company, upon decision taken on 27/08/2015 by the sole shareholder of the merged company. The asset transfers were effectively carried out on 30/09/2015 at the close of the statutory period of opposition granted to creditors to lodge claims.

None of these operations had an impact on the consolidated financial statements.

# 3. Accounting methods and principles

## 3.1. Scope of consolidation

### Reporting framework

Since 01/04/05, Solucom's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and European directive n° 1606/2002 dated 19/07/02. These include the IFRS and IAS standards as well as their interpretations which had been adopted by the European Union at 30/09/2015.

The accounting principles used to prepare these Solucom's consolidated financial statements are the same as those applied by the Company to prepare its consolidated financial statements for fiscal year ended 31/03/2015.

### Interim financial statements

The Group's condensed consolidated financial statements for the interim period ended 30/09/2015 were prepared in accordance with IAS 34, "Interim Financial Reporting".

Because of their condensed nature, these interim financial statements do not contain all of the information required by the International Financial Reporting Standards (IFRS) for annual financial statements. As such, they should be read in conjunction with the Group's consolidated financial statements for the fiscal year ended 31/03/2015, and which were prepared in accordance with the IFRS standards adopted by the European Union at end-March 2015.

### Regulatory and standard-setting developments

The Group has notably applied the IFRS and IASB standards, as well as the IFRIC interpretations adopted by the EU and which are mandatory for financial periods as of 01/04/2014 (see the European Commission website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission). The application of these standards and interpretations had no significant impact on the measurement methods and presentation of the Company's financial statements.

**IFRS standards, IFRIC interpretations and amendments applied by the Company as of 01/04/2015**

| Standards, amendments and interpretations | Date adopted by the EU | Date of application(1); fiscal year beginning: |
|---|---|---|
| IFRIC 21, relative to the recognition of levies imposed by a government body | 14/06/2014 | 17/06/2014 |
| IFRS annual improvements (2011-2013) | 19/12/2014 | 01/01/2015 |
| Limited amendments to IAS 19 - Defined benefit plans: employee contributions | 09/01/2015 | 01/02/2015 |
| IFRS annual improvements (2010-2012) | 09/01/2015 | 01/02/2015 |

(1) Date of EU application

Only the application of IFRIC 21 had an impact on the Company's financial statements (see below).

### Accounting standards and interpretations that the Company will apply in the future

At the interim stage, Solucom chose not to apply the standards and interpretations published by the IASB that had not been adopted by the European Union at 30/09/2015.

| Standards, amendments and interpretations | Date published by IASB | Date implemented: financial period beginning |
|---|---|---|
| IFRS 9 - Financial instruments » - Phase 1: classification et measurement | 24/07/2014 | 01/01/2018 |
| IFRS annual improvements (2012-2014) | 25/09/2014 | 01/01/2016 |
| Amendments to IFRS 11 - Joint arrangements: Accounting of acquisitions of interests in joint operations | 06/05/2014 | 01/01/2016 |
| Amendments to IAS 1 - Presentation of financial statements - Disclosure initiative | 18/12/2014 | 01/01/2016 |
| Amendments to IAS 16 - Tangible assets, and IAS 38 - Intangible assets: Clarification of acceptable methods of depreciation and amortization | 12/05/2014 | 01/01/2016 |
| IFRS 15 - Revenue from contracts with customers | 28/05/2014 | 01/01/2018 |
| Amendment to IFRS 15 - Revenue from contracts with customers | 11/09/2015 | 01/01/2018 |
| Amendments to IAS27 - Equity method used in separate financial statements | 12/08/2014 | 01/01/2016 |
| Amendments to IAS 28 and IFRS 10 | 11/09/2014 | 01/01/2016 |

Solucom has chosen not to adopt the early application of standards and interpretations published by the IASB that are mandatory for financial periods as of 01/01/2016 and which were adopted by the European Union at 30/09/2015.

| Standards, amendments and interpretations | Date adopted by the EU | Date of application[(1)]; financial periods beginning |
|---|---|---|
| None | n/a | n/a |

(1) Date of EU application

The impacts of the draft standards and interpretations currently being reviewed by the IASB have not been taken into account in these consolidated financial statements and cannot be reasonably estimated at this time.

## Application of IFRIC 21

Interpretation IFRIC 21 - "Recognition of levies imposed by a government body" – has been mandatory since 17/06/2014 and concerns the recognition of levies raised on liabilities.

The text notably specifies that levies on liabilities be recognised:

- in full, on the date the obligating event actually occurs;
- progressively, if the obligating event occurs over a period of time.

The levies covered by the new text and which have an impact on Solucom's financial statements include the social solidarity contribution (a French corporate revenue tax), as well as property and office taxes.

Henceforth, the total sum due relative to these three taxes will be booked on 1 January.

Solucom's comparative financial statements have been restated to factor in the retrospective application of IFRIC 21.

The consequences of this interpretation on the Company's financial statements were limited. The impacts of its application are detailed below:

Impact on the consolidated income statement at 30/09/2015:

| | 30/09/15 before IFRIC 21 | Impact of IFRIC 21 | 30/09/15 published |
|---|---|---|---|
| Revenues | 91 427 | | 91 427 |
| Operating income on ordinary activities | 9 083 | 319 | 9 402 |
| Operating profit (loss) | 8 786 | 319 | 9 105 |
| Financial profit (loss) | (204) | | (204) |
| Tax charge | 3 565 | 110 | 3 675 |
| **Net income, Group share** | **5 018** | **209** | **5 227** |

Impact on the consolidated income statement at 30/09/2014:

| | 30/09/14 published | Impact of IFRIC 21 | 30/09/14 restated |
|---|---|---|---|
| Revenues | 73 654 | | 73 654 |
| Operating income on ordinary activities | 7 616 | 301 | 7 917 |
| Operating profit (loss) | 7 554 | 301 | 7 855 |
| Financial profit (loss) | 86 | | 86 |
| Tax charge | 3 203 | 104 | 3 307 |
| **Net income, Group share** | **4 265** | **197** | **4 462** |

Impact on the consolidated income statement at 31/03/2015:

| | 31/03/15 published | Impact of IFRIC 21 | 31/03/15 restated |
|---|---|---|---|
| Revenues | 163 147 | | 163 147 |
| Operating income on ordinary activities | 21 135 | 5 | 21 141 |
| Operating profit (loss) | 20 422 | 5 | 20 428 |
| Financial profit (loss) | 219 | | 219 |
| Tax charge | 7 611 | 2 | 7 613 |
| **Net income, Group share** | **12 592** | **4** | **12 596** |

Impact on the consolidated balance sheet at 30/09/2015:

| | 30/09/15 before IFRIC 21 | Impact of IFRIC 21 | 30/09/15 published |
|---|---|---|---|
| Non-current assets | 62 882 | | 62 882 |
| Current assets | 86 385 | (71) | 86 314 |
| **Total assets** | **149 266** | **(71)** | **149 195** |
| | | | |
| Shareholders' equity | 76 455 | 73 | 76 528 |
| Non-current liabilities | 11 788 | | 11 788 |
| Current liabilities | 61 023 | (144) | 60 879 |
| **Total liabilities** | **149 266** | **(71)** | **149 195** |

Impact on the consolidated balance sheet at 31/03/2015:

| | 31/03/15 published | Impact of IFRIC 21 | 31/03/15 restated |
|---|---|---|---|
| Non-current assets | 54 927 | (25) | 54 902 |
| Current assets | 88 390 | (3) | 88 386 |
| **Total assets** | **143 317** | **(28)** | **143 289** |
| | | | |
| Shareholders' equity | 72 909 | (136) | 72 773 |
| Non-current liabilities | 12 048 | (72) | 11 976 |
| Current liabilities | 58 360 | 179 | 58 539 |
| **Total liabilities** | **143 317** | **(28)** | **143 289** |

### Fiscal year comparability

The financial statements for the period ended 30/09/2015 are comparable with those for the period ended 31/03/2015 except for changes made to the scope of consolidation.

## 3.2. Consolidation methods

Solucom is the consolidating company.

As such, the financial statements of the companies placed under its exclusive control are fully consolidated.

Solucom does not exert any significant influence or joint control over any other company. Neither does it control, either directly or indirectly, any other ad hoc entity.

If required, the financial statements of the consolidated companies are restated to ensure the uniform application of accounting measurement and rules.

The asset transfer operations described in section 2, “Key events during the fiscal year”, had no impact on the consolidated financial statements.

The financial statements of the Company’s consolidated subsidiaries were approved at 30/09/2015.

At 30/09/2015, the consolidated financial statements include the accounts of all of the companies in the Group for the most part over six months, and over three months in the case of Arthus Technologies.

## 3.3. Currency translation methods

### Translation of financial statements from one currency to another

The balance sheets of foreign companies are translated into euros at the prevailing exchange rate at the end of the period. The income and cash flow statements are converted at the average exchange rate for the period and the resulting translation differences recognised in shareholders' equity under "Translation adjustments" for the Group's share.

The closing and average CHF/euro, GBP/euro and MAD/euro exchange rates retained are listed in the table below:

| | Closing rate | | Average rate | |
|---|---|---|---|---|
| | **30/09/15** | **30/09/14** | **30/09/15** | **30/09/14** |
| Swiss Franc (CHF) | 0,916170 | n/a | 0,928649 | n/a |
| Pound Sterling (GBP) | 1,354096 | n/a | 1,386578 | n/a |
| Dirham (MAD) | 0,091926 | 0,090415 | 0,092172 | 0,089377 |

Source Banque de France

The average exchange rate is determined by calculating the average monthly closing prices over the period.

### Recognition of foreign currency transactions

Transactions denominated in a foreign currency are translated into euros at the effective exchange rate on the transaction date, or at the guaranteed rate when covered by a currency hedge.

## 3.4. Use of estimates

The preparation of financial statements in accordance with IFRS standards entails making estimates and assumptions of the book value of certain items in the financial statements, notably with regard to:

- Duration of asset depreciation
- Measurement of provisions and retirement commitments
- Assumptions used for impairment testing
- Fair-value measurement of financial instruments
- Estimates of accrued income and expenses
- Measurement of share-based payments
- Performance estimates retained for the calculation of subsidiary acquisition earn-out payments
- Recognition of deferred tax assets
- Recognition of revenue from fixed-price contracts.

Management reviews these estimates and assessments on a regular basis to take into account past experience and other factors deemed relevant which serve as the basis for it to make its assessments. Future results may differ significantly from forecasts given in this report should there be a change in assumptions or conditions.

## 3.5. Business combinations and goodwill

Each company in Solucom's scope of consolidation is treated as a single Cash Generating Unit (CGU).

Due to reorganisation measures carried out at the operating and legislative (asset transfers) levels in past years and during the current fiscal period, initial amounts of goodwill attributed to each company acquired by, and merged into the Solucom parent company have since been consolidated and assigned to the merging structure. Individual goodwill monitoring of these subsidiaries is no longer possible given that the activities of the acquired companies have since been merged. In addition, note that the activities of the merged subsidiaries are identical.

At the close of every financial year, or when there is an indication of loss in value, an impairment test is conducted on all assets that are subject to goodwill.

Goodwill impairment tests are conducted using the discounted future cash flow method whereby cash flows are determined on the basis of a set of estimates for the first 5 years and a hypothetical growth rate to infinity thereafter. Cash flows derived from these estimates are then discounted to present value.

These tests are based on the following assumptions:

- A growth rate to infinity of 2%; a level deemed reasonable in light of past performance observed in the IT services sector.
- A discount rate of 10% after tax which factors in a 10-year long bond yield, a market risk premium, a beta coefficient observed by comparable listed companies(including Solucom) and a risk premium specific to the Company.

In addition, an analysis of the stock's sensitivity to the key assumptions used (growth rate to infinity and discount rate) serves as a means to verify the impact of likely changes in these assumptions.

## 3.6. Segment reporting

The Solucom Group specialises in a specific market segment; that of management and information systems consulting. Since all of these services are subject to the same risks and generate similar margins, and given the fact that almost all of Solucom's turnover is generated in France, Group revenues are not broken down by business line.

## 3.7. Seasonal nature of interim accounts

The seasonal impact on Group revenues is limited to staff holidays taken for the most part in July and August, and, to a lesser extent, in May. These months all fall within the first half of Solucom's fiscal year (April - September).  This phenomenon has no substantial impact on Group sales, particularly since the effects are relatively foreseeable (and comparable from one year to the next).

## 3.8. Other information

- Solucom owns a certain amount of treasury stock acquired within the context of the share buyback programme authorised by the General Meeting of Shareholders.
- In accordance with IAS 19, "Employee benefits", commitments resulting from, and costs related to defined benefit plans are measured on the basis of the projected unit-credit method by independent actuaries. Solucom's commitments are limited to the payment of end-of-career benefits in France and a commitment relative to the second pillar of the Swiss social protection system. The Group is not bound by any other long-term or end-of-contract indemnity commitments. The discount rate used to calculate benefits is 2.08% in France and 1.00% in Switzerland.

- The Group has set up an exchange rate hedge (cash flow hedging) to cover export sales risk. The gains generated by, or losses incurred on the recognition of hedging instruments at their fair value are booked under other comprehensive income (OCI). Latent gains or losses are written to the income statement upon liquidation of the hedged item.
- The Company carries out R&D activities on a regular basis. Some of these are eligible for the French research tax credit. These R&D operations are capitalised as exceptional expenses (see note 7).

# 4. Scope of consolidation

Solucom's consolidated financial statements include the accounts of the following companies:

| Company | Head office | Company registration number | Legal form | Holding (%) | Nationality | Number of months consolidated |
|---|---|---|---|---|---|---|
| Solucom SA | Tour Franklin<br>100-101 Terrasse Boieldieu<br>92042 La Défense Cedex | 37755024900041 | SA (Public limited company) | Parent company | France | 6 |
| SLM Consulting | Résidence RIBH, angle Bir Anzarane et Caid Achtar<br>Casablanca - Marocco | 266961 | SARL | 100% | Morocco | 6 |
| Financière BFC | Tour Franklin<br>100-101 Terrasse Boieldieu<br>92042 La Défense Cedex | 49108698900036 | SAS (Simplified joint stock company) | 100% | France | 6 |
| Audisoft Consultants | Tour Franklin<br>100-101 Terrasse Boieldieu<br>92042 La Défense Cedex | 41782318400045 | SAS | 100% | France | 6 |
| Hudson & Yorke | Warnford Court<br>29 Throgmorton Street<br>London - UK | 5896422 | Limited company | 100% | UK | 6 |
| Arthus Technologies | c/o Synergiplus SARL<br>3bis Cours des Bastions<br>1205 Geneva - Switzerland | CHE-109.688.302 | SARL | 100% | Switzerland | 3 |

All of these companies have been fully consolidated.

# 5. Notes relative to certain income-statement and balance-sheet items

## Note 1. Payroll expenses

| Payroll expenses | 30/09/15 | 30/09/14 |
|---|---|---|
| Salaries and benefits | 45 466 | 37 699 |
| Social contributions | 21 164 | 17 861 |
| **Total** | **66 630** | **55 561** |

| Average FTE headcount | 30/09/15 | 30/09/14 |
|---|---|---|
| Engineers and managers | 1 476 | 1 280 |
| Employees | 55 | 34 |
| **Total** | **1 531** | **1 315** |

## Note 2. Non-current operating income and expenses

| | 30/09/15 | 30/09/14 |
|---|---|---|
| Other | 0 | 14 |
| **Other operating income** | **0** | **14** |
| Securities trading charges | (297) | (73) |
| Other | 0 | (2) |
| **Other operating expenses** | **(297)** | **(76)** |
| **Total net** | **(297)** | **(62)** |

## Note 3. Financial profit (loss)

| | 30/09/15 | 30/09/14 |
|---|---|---|
| Net income from sale of cash equivalents | 25 | 34 |
| Interests on borrow ing | (117) | (122) |
| Change in fair value of cash and equivalents | 0 | (5) |
| **Cost of net debt** | **(93)** | **(92)** |
| Other financial income and expenses | (111) | 7 |
| **Financial profit (loss)** | **(204)** | **(86)** |

# Note 4. Tax charge

**Net impact of tax profit**

| | 30/09/15 | 30/09/14 |
|---|---|---|
| Current tax | 2 767 | 2 900 |
| Deferred tax | 908 | 407 |
| **Total** | **3 675** | **3 307** |

In accordance with the French Accounting Board (CNC) circular of 14/01/2010, Solucom opted to record the Company Added-Value Contribution (CVAE) tax levy as a tax on earnings as of 2010. CVAE booked under "tax expenses" totalled €1,046k.

At 30/09/2015, deferred taxes falling due in more than one year totalled €2,399k. All deferred taxes generated by Group activities over the period were recognised.

# Note 5. Earnings per share

| | 30/09/15 | 30/09/14 |
|---|---|---|
| **Earnings per share** | | |
| Net income, Group share | 5 227 | 4 463 |
| Weighted average number of shares outstanding [(1)] | 4 898 943 | 4 898 943 |
| **Net undiluted earnings per share, Group share** | **1,07** | **0,91** |
| Number of shares issued as at 30 September [(1)] | 4 898 943 | 4 898 943 |
| **Net diluted earnings per share, Group share** | **1,07** | **0,91** |

[(1)] Excluding treasury shares.

In accordance with IAS 33, net earnings per share at 30/09/2014 have been restated retrospectively on the basis of the number of shares at 30/09/2015.

# Note 6. Goodwill on the balance sheet

| | Net value at 31/03/15 | Change in scope | Reduction in the fiscal year | Translation gains (losses) | Net value at 30/09/15 |
|---|---|---|---|---|---|
| Solucom SA | 40 789 | 2 398 | 0 | 0 | 43 187 |
| FDC Industrie PEA | 70 | 0 | 0 | 0 | 70 |
| Audisoft Oxéa | 2 398 | (2 398) | 0 | 0 | 0 |
| Hudson & Yorke | 4 741 | 0 | (946) | (73) | 3 721 |
| FDC Hapsis | 0 | 1 943 | 0 | 0 | 1 943 |
| Arthus Technologies | 0 | 3 483 | 0 | (130) | 3 353 |
| **Total** | **47 998** | **5 426** | **(946)** | **(203)** | **52 274** |

Given the delays incurred in Hudson & Yorke's business plan during the first half, it now seems unlikely that Solucom will have to make the first earn-out payment on this acquisition. Nevertheless, this company showed no signs of impairment during the period that would have required further goodwill tests at 30 September 2015.

Solucom's consolidated financial statements have been adjusted to take this factor into account.

## Goodwill calculation of recently-consolidated acquisitions

The goodwill of recent acquisitions integrated into the Group's scope of consolidation can be broken down as follows:

| | FDC Hapsis | Arthus Technologies | Total |
|---|---|---|---|
| **Acquisition cost** | | | |
| Acquisition price | 1 860 | 3 331 | 5 191 |
| Price adjustment | 0 | 0 | 0 |
| Price supplement | 0 | 476 | 476 |
| **Total I** | **1 860** | **3 807** | **5 667** |

| | FDC Hapsis | Arthus Technologies | Total |
|---|---|---|---|
| **Assets acquired at acquisition date** | | | |
| Net assets | 10 | 126 | 136 |
| Non-current assets | 44 | 158 | 202 |
| Current assets | 537 | 1 717 | 2 254 |
| **Subtotal B** | **590** | **2 001** | **2 591** |
| **Liabilities acquired at acquisition date** | | | |
| Non-current liabilities | 127 | 680 | 806 |
| Short-term provisions | 0 | 0 | 0 |
| Current liabilities | 547 | 997 | 1 544 |
| **Subtotal C** | **673** | **1 677** | **2 350** |
| **Total II - Net assets acquired (B-C)** | **(83)** | **324** | **241** |

| | FDC Hapsis | Arthus Technologies | Total |
|---|---|---|---|
| **Goodwill (I-II)** | **1 943** | **3 483** | **5 426** |

# Note 7. Intangible assets and property, plant and equipment

| Gross value | 31/03/15 | Change in scope | Increase | Decrease | Translation gain (loss) | 30/09/15 |
|---|---|---|---|---|---|---|
| Software | 3 199 | 0 | 323 | 0 | 0 | 3 523 |
| Intangible assets in construction | 151 | 0 | 96 | (190) | 0 | 56 |
| **Total intangible assets** | **3 350** | **0** | **419** | **(190)** | **0** | **3 579** |
| Other tangible assets | 5 594 | 14 | 2 600 | (565) | (2) | 7 641 |
| Other lease assets | 3 307 | 193 | 314 | (3) | (7) | 3 805 |
| Tangible assets in construction | 0 | 0 | 2 982 | (1 323) | 0 | 1 659 |
| **Total tangible assets** | **8 901** | **207** | **5 896** | **(1 890)** | **(9)** | **13 106** |

| Depreciation | 31/03/15 | Change in scope | Increase | Decrease | Translation gain (loss) | 30/09/15 |
|---|---|---|---|---|---|---|
| Software | 2 266 | 0 | 191 | 0 | 0 | 2 457 |
| **Total intangible assets** | **2 266** | **0** | **191** | **0** | **0** | **2 457** |
| Other tangible assets | 4 251 | 1 | 235 | (530) | (1) | 3 956 |
| Other lease assets | 2 717 | 71 | 228 | (1) | (3) | 3 012 |
| **Total tangible assets** | **6 968** | **71** | **463** | **(530)** | **(4)** | **6 968** |

| Depreciation | 31/03/15 | Change in scope | Increase | Decrease | Translation gain (loss) | 30/09/15 |
|---|---|---|---|---|---|---|
| Software | 86 | 0 | 0 | 0 | 0 | 86 |
| **Total intangible assets** | **86** | **0** | **0** | **0** | **0** | **86** |
| Other tangible assets | 36 | 0 | 0 | (4) | 0 | 32 |
| Other lease assets | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total tangible assets** | **36** | **0** | **0** | **(4)** | **0** | **32** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Total net intangible assets** | **998** | **0** | **228** | **(190)** | **0** | **1 036** |
| **Total net tangible assets** | **1 896** | **136** | **5 434** | **(1 355)** | **(5)** | **6 106** |

None of Solucom's intangible assets are subject to ownership restrictions.

The only tangible assets that are subject to ownership restriction are those funded by a leasing contract.

Software expenses include commercial software purchases, as well as development expenses activated to develop the management system used by the company (Activsys), in the amount of €190k.

Reductions in current fixed assets mainly correspond to the activation of the corresponding assets.

Changes in "Payables to suppliers of fixed assets" showed a decline of €4,124k at 30/09/2015, compared with - €311k at 31/03/2015.

## Note 8. Other assets

Financial assets are comprised exclusively of deposits and guarantees, which are measured in accordance with observable data specified in IFRS 13

Other non-current assets consist mainly of deferred tax assets in the amount of €2,399k (€2,433k at 31/03/2015).

## Note 9. Current assets

| Trade receivables and related accounts | 31/03/15 | Change in consolidation scope | Change | Translation gain (loss) | 30/09/15 |
|---|---|---|---|---|---|
| **Gross value** | **53 905** | **1 606** | **3 526** | **(57)** | **58 981** |
| **Impairment** | **(98)** | **0** | **34** | **0** | **(64)** |
| **Net value** | **53 808** | **1 606** | **3 560** | **(57)** | **58 917** |

Solucom analyses trade receivables and recognises impairment on a case-by-case basis taking into account the customer's specific situation and delays in payments. No overall impairment was recognised over the period.

| Other receivables | 31/03/15 | Change in consolidation scope | Change | Translation gain (loss) | 30/09/15 |
|---|---|---|---|---|---|
| Advances and downpayments | 601 | 2 | 144 | 0 | 747 |
| Tax receivables | 5 638 | 63 | 146 | (1) | 5 846 |
| Other debtors | 764 | 29 | 175 | (1) | 967 |
| Prepaid expenses | 1 476 | 9 | 377 | (1) | 1 861 |
| **Gross value** | **8 480** | **103** | **842** | **(3)** | **9 421** |
| Impairment of other receivables | (64) | 0 | 1 | 0 | (63) |
| **Impairment** | **(64)** | **0** | **1** | **0** | **(63)** |
| **Net value** | **8 416** | **103** | **843** | **(3)** | **9 358** |

| Cash and cash equivalents | 31/03/15 | Change in consolidation scope | Change | Translation gain (loss) | 30/09/15 |
|---|---|---|---|---|---|
| Money-market mutual funds (SICAVs) - Cash equivalents | 11 246 | 0 | (4 720) | 0 | 6 526 |
| Cash and cash equivalents | 14 917 | 539 | (3 955) | 11 | 11 513 |
| **Gross value** | **26 162** | **539** | **(8 675)** | **11** | **18 038** |
| **Impairment** | **0** | **0** | **0** | **0** | **0** |
| **Net value** | **26 162** | **539** | **(8 675)** | **11** | **18 038** |

The historical-cost value of money-market mutual funds (SICAVs) was €6,522k at 30/09/2015 (€11,242k at 31/03/2015).

Cash and cash equivalents are measured on the basis of the fair value of listed assets traded on an active market, in accordance with IFRS 13.

## Note 10. Capital

At 30/09/2015, the Solucom parent company's share capital consisted of 4,966,882 fully paid up shares at €0.10 per share

At the same date, the company owned 67,939 treasury shares.

In addition, pursuant to the authorisation granted to it by the Shareholders' General Meeting, the Management Board decided at its meeting on 01/07/2015 to freely allocate existing and/or to-be-issued shares to Company executives. This plan provides for the definitive allocation of free shares at the end of the vesting period, subject to the beneficiary's presence in the Company at the time of allocation and having a personal investment in Solucom shares. In addition, the number of shares awarded is determined by a set of performance criteria based on achieving a predefined consolidated EBIT target.

Besides, at that same meeting, the Management Board decided to freely allocate existing and/or to-be-issued shares to staff members or certain categories of employees of the Company and the Group, within the context of the Employee Savings Scheme set up by the Company.

Recognition of the respective benefits awarded within the context of these plans and plans previously attributed, for which a specific provision was written, had an impact on group equity in the financial statements at 30/09/2015.

## Note 11. Provisions

The bulk of provisions relate to end-of-career indemnities which are measured by an independent actuary, as well as employment tribunal claims, the value of which is based on estimates of the most probable risk drawn up by legal counsel and, if applicable, provisions for client default risk.

| | 31/03/15 | Change in consolidation scope | Increase | Reversal | | Translation gain (loss) | 30/09/15 |
|---|---|---|---|---|---|---|---|
| | | | | Used | Unused | | |
| Provision for retirement packages | 6 892 | 806 | 402 | (75) | (1 093) | (25) | 6 907 |
| **Total long-term provisions** | **6 892** | **806** | **402** | **(75)** | **(1 093)** | **(25)** | **6 907** |
| Provision for loss | 1 696 | 0 | 358 | (105) | (27) | 0 | 1 922 |
| Provision for contingencies | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total short-term provisions** | **1 696** | **0** | **358** | **(105)** | **(27)** | **0** | **1 922** |
| **Total provisions** | **8 588** | **806** | **760** | **(180)** | **(1 121)** | **(26)** | **8 829** |

Changes in the amount of provisions impacted operating income on ordinary activities of €(553)k.

### Sensitivity tests

Tests were carried out to measure the sensitivity of end-of-career provisions to fluctuations in the discount rate.

An increase of 0.25% in the discount rate applied to these provisions would reduce the actuarial difference by €384k (booked as equity), while a decline of 0.25% would augment the actuarial difference by €410k.

## Note 12. Financial liabilities and net debt

| | 31/03/15 | Change in consolidation scope | Change | Translation gain (loss) | 30/09/15 |
|---|---|---|---|---|---|
| **Debt > 5 years** | **0** | **0** | **0** | **0** | **0** |
| Bonds | 0 | 0 | 0 | 0 | 0 |
| **Debt 1 ≥ 5 years** | **3 213** | **67** | **55** | **(2)** | **3 335** |
| Bonds | 2 949 | 0 | 7 | 0 | 2 957 |
| Financial debt (Leases) | 264 | 67 | 48 | (2) | 379 |
| **Total non-current financial liabilities** | **3 213** | **67** | **55** | **(2)** | **3 335** |
| Bank borrowings [1] | (40) | 0 | 8 | 0 | (32) |
| Other borrowings and financial debt | 0 | 0 | 0 | 0 | 0 |
| Financial debt (Leases) | 322 | 31 | 33 | (1) | 387 |
| Bank overdrafts | 8 | 0 | (1) | 0 | 7 |
| Accrued interest not due | 87 | 0 | (4) | 0 | 82 |
| **Total current financial liabilities (< 1 year)** | **377** | **31** | **36** | **0** | **444** |
| **Total financial liabilities excluding bank overdrafts** | **3 582** | **98** | **92** | **(2)** | **3 772** |
| **Total financial liabilities** | **3 590** | **98** | **91** | **(2)** | **3 780** |

(1) Fees to set up original €16,000k line of credit. No draw downs at 30/09/15.

**Breakdown of financial liabilities by rate:**

| | 31/03/15 | | 30/09/15 | |
|---|---|---|---|---|
| **Rate** | **Fixed** | **Variable** | **Fixed** | **Variable** |
| Non-current financial liabilities | 3 213 | 0 | 3 335 | 0 |
| Current financial liabilities | 417 | (40) | 476 | (32) |
| **Total passifs financiers** | **3 630** | **(40)** | **3 811** | **(32)** |

Assets pledged as collateral against these borrowings are described in Note 15 below.
The Group did not default on any of its debt repayment obligations during the period.

The features of the bond subscribed to by the Micado France 2018 mutual fund are as follows:

- Nominal: €3,000k
- Coupon: 5.5%
- Maturity: 02/10/2018
- Issue date: 30/10/2012

This bond is measured in accordance with the observable data specified in IFRS 13.

Change in cash and cash equivalents / net (debt)

| Cash and cash equivalents | 31/03/15 | Change in consolidation scope | Change | Translation gain (loss) | 30/09/15 |
|---|---|---|---|---|---|
| Cash equivalents at historic value | 11 242 | 0 | (4 720) | 0 | 6 522 |
| Cash and cash equivalents | 14 917 | 539 | (3 955) | 11 | 11 513 |
| Bank overdrafts | (8) | 0 | 1 | 0 | (7) |
| **Total cash net of overdrafts** | **26 150** | **539** | **(8 673)** | **11** | **18 027** |
| Fair value adjustment of cash and equivalents | 4 | 0 | 0 | 0 | 3 |
| **Consolidated cash** | **26 154** | **539** | **(8 674)** | **11** | **18 031** |
| **Financial liabilities excluding bank overdrafts** | **3 582** | **98** | **92** | **(2)** | **3 772** |
| **Net cash / financial (debt)** | **22 572** | **441** | **(8 766)** | **13** | **14 258** |

## Note 13. Other liabilities

| | 31/03/15 | Change in consolidation scope | Change | Translation gain (loss) | 30/09/15 |
|---|---|---|---|---|---|
| **Other non-current liabilities** | | | | | |
| Tax and social security liabilities | 84 | 0 | 191 | 0 | 275 |
| *of which tax liabilities* | *84* | *0* | *191* | *0* | *275* |
| Other debts | 1 787 | 0 | (517) | 0 | 1 271 |
| **Total** | **1 871** | **0** | **(326)** | **0** | **1 546** |
| **Current liabilities** | | | | | |
| Trade payables and related accounts | 7 032 | 345 | 850 | (8) | 8 218 |
| Tax and social security liabilities | 41 123 | 808 | (3 762) | (26) | 38 144 |
| *o/w tax liabilities* | *14 252* | *228* | *(142)* | *(12)* | *14 327* |
| *o/w social liabilities* | *26 871* | *579* | *(3 620)* | *(14)* | *23 816* |
| Other current liabilities | 8 311 | 2 153 | 1 702 | (14) | 12 152 |
| *o/w suppliers of assets* | *274* | *1 870* | *2 254* | *0* | *4 397* |
| *o/w other debts* | *4 874* | *151* | *(356)* | *(11)* | *4 658* |
| *o/w prepaid income* | *3 163* | *132* | *(196)* | *(2)* | *3 097* |
| **Total** | **56 466** | **3 305** | **(1 210)** | **(48)** | **58 513** |
| **Total other liabilities** | **58 337** | **3 305** | **(1 536)** | **(48)** | **60 059** |

## Note 14. Financial instruments

Solucom's financial-instrument portfolio is made up of:

- Holdings in money-market mutual funds (SICAVs), all of which are indexed to the EONIA interest rate, and thus free of risk;
- Futures contracts of less than 6 months and, as such, not subject to early-exit penalties;
- Treasury stock;
- Currency futures contracts.

These financial instruments are measured on the basis of the fair value of instruments traded on an active market, in accordance with IFRS 13.

## Note 15. Off balance sheet commitments

| Commitments given | Total value at 30/09/15 | < 1 year | 1 ≥ 5 years | > 5 years |
|---|---|---|---|---|
| Guarantees and sureties | 188 | 188 | 0 | 0 |
| Pledges | 18 400 | 0 | 18 400 | 0 |
| Finance lease agreements | 15 979 | 3 191 | 9 695 | 3 093 |
| **Total** | **34 566** | **3 379** | **28 095** | **3 093** |
| **Commitments received** | | | | |
| Guarantees and sureties | 123 | 123 | 0 | 0 |
| Undraw n credit lines | 9 783 | 0 | 9 600 | 183 |
| Liability guarantees (1) | 7 735 | 1 500 | 2 875 | 3 360 |
| Financial instruments | 744 | 744 | 0 | 0 |
| **Total** | **18 386** | **2 368** | **12 475** | **3 544** |

(1) Including bank guarantees totalling €2,286k and an escrow account in the amount of €474k.

Pledges totalling €18,400k relate to Solucom goodwill for branch offices located in Villeurbanne, Aubagne and Nantes. These assets were put up as collateral against lines of credit granted to the Group by its bankers in the initial amount of €16,000k. These commitments mature in 2017.

Solucom received liability guarantees on all company acquisitions carried out in fiscal 2012/13, 2013/14, 2014/15 and 2015/16.

| Commitments given | Total value at 31/03/15 | < 1 year | 1 ≥ 5 years | > 5 years |
|---|---|---|---|---|
| Guarantees and sureties | 27 | 27 | 0 | 0 |
| Pledges | 18 400 | 0 | 18 400 | 0 |
| Finance lease agreements | 11 627 | 3 473 | 8 154 | 0 |
| **Total** | **30 053** | **3 499** | **26 554** | **0** |
| **Commitments received** | | | | |
| Guarantees and sureties | 74 | 74 | 0 | 0 |
| Undrawn credit lines | 9 600 | 0 | 9 600 | 0 |
| Liability guarantees (1) | 7 087 | 1 500 | 2 175 | 3 412 |
| Financial instruments | 418 | 418 | 0 | 0 |
| **Total** | **17 179** | **1 992** | **11 775** | **3 412** |

(1) Including bank guarantees totalling €1,965k and an escrow account in the amount of €481k.

## Note 16. Related-party transactions

Solucom did not carry out any material transactions with any third parties that could be considered "related parties" as defined under IAS 24.9.

## Note 17. Post-closure events

On 5 October 2015, Solucom created a subsidiary of the same name in Belgium. Headquartered in Brussels, this company provides information systems, organisation and management consulting services.

# Statutory Auditors’ Report

## Statutory Auditors’ Report on the Group's financial information for the interim period from 1 April to 30 September 2015

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders’ Meeting and in accordance with the requirements specified in Article L.451-1-2 III of the French monetary and financial code, we hereby report to you on:

- the limited review of the accompanying condensed consolidated financial statements of the Solucom parent company (SOLUCOM SA) for the interim period from 1 April to 30 September, 2015, and;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Management Board. Our role is to express a conclusion on these financial statements based on our limited review.

### 1. Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France.

A limited review of interim financial information involves making inquiries with the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially more limited in scope than an audit conducted in accordance with professional standards applicable in France. Consequently, a review does not guarantee that the financial statements taken as a whole reflect all significant matters that might be identified in an audit.

Based on our limited review, nothing has come to our attention that causes us to believe that these condensed interim consolidated financial statements have not been prepared in accordance with IFRS standard IAS 34, as adopted by the European Union applicable to interim financial information.

## 2. Specific verification

We have also verified the information presented in the interim management report on the condensed consolidated interim financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed consolidated interim financial statements.

*Neuilly-sur-Seine and Paris La Défense, 24 November 2015*

The Statutory Auditors

| | |
|---|---|
| Deloitte & Associés | Dominique Laurent |
| Mazars | Christine Dubus |
| | Paul-Armel Junne |

# Merger between Solucom and Kurt Salmon's European business

*Press release* *Paris, November 26, 2015 7.30 AM*

## Merger between Solucom and Kurt Salmon's European business (excluding retail & consumer goods consulting)

## Acquisition agreement signed

Solucom announces that it has signed agreement with Management Consulting Group PLC with a view to acquiring most of the European activities of its subsidiary Kurt Salmon, excluding retail & consumer goods consulting.

The scope of acquisition in question, hereinafter referred to as "the target business", comprises Kurt Salmon France, Switzerland, Belgium, Luxembourg and Morocco as well as the Financial Services and CIO Advisory practices of Kurt Salmon in the United States. The consumer goods and retail consulting activities outside of France, notably Kurt Salmon UK and Germany, would not be included in the deal.

**Kurt Salmon, a key consulting firm in Europe**

A key management consulting firm in Europe, Kurt Salmon advises its clients on major transformation issues, ranging from their strategic scoping to the delivery of results.

The companies included in the target scope have developed strong sector-specific skills in numerous business areas and, more specifically, in the Finance, Industry, Transport and Public sectors. This target business also boasts cutting-edge functional expertise, notably by way of its CFO and CIO Advisory practices.

With a combined staff of 750 employees, the target business generated 2014 revenues of around €120m and a pro-forma operational margin of approximately 8%.

**Looking to create a new leading consultancy with cutting-edge expertise in digital transformation**

This project is perfectly in line with the strategic guidelines set out in Solucom's Up 2020 strategic plan.

By joining forces, Solucom and the Kurt Salmon's target business would be looking to become a key player in the consulting market.

The new entity would provide a range of sector-specific, functional and technological expertise perfectly in tune with client expectations in the digital era.

According to PAC / CXP Group, with revenues of circa €300m, the firm would not only become a major player in Europe but also one of the Top 3 consulting firms in France.

**Project instruction by Solucom**

This operation is the result of exclusive negotiations for which Solucom was assisted by a merchant bank, a law firm and auditors.

The Solucom Supervisory Board was regularly informed throughout the negotiation process. The project and its progress have been presented/debated five times during the past months. The Board eventually authorised the merger on 19 November 2015.

In addition, the Supervisory Board established that there were no ties between the parties and no conflicts of interest.

Both works councils of Solucom SA and Kurt Salmon France were previously consulted about the project and rendered a favourable opinion on 24 November 2015.

This operation remains conditional upon receiving clearance from the French anti-trust authority, the absence of any adverse material changes, and the approval of Management Consulting Group PLC shareholders given at a General Meeting. Several shareholders of MCG, representing approximately 51% of the company's issued ordinary share capital, excluding shares held in treasury, as at 25 November 2015, have irrevocably committed to voting in favour of the project.

The operation should be finalised within the next two months.

**Terms of the acquisition**

The deal would involve the purchase of a 100% capital stake in all of the companies included in the target business. It would not generate any social impact on Solucom SA employees nor on the target business employees.

The executives and partners of Kurt Salmon's target business would join the Solucom executive and partner team to head up the new entity.

The acquisition price would be based on an enterprise value equivalent to 0.8 times revenues, to be paid exclusively in cash on completion of the sale and financed, for the most part, through a banking facility obtained under market conditions, a part of which being bullet payment.

Within the context of the transaction Management Consulting Group PLC has granted Solucom a liability guarantee to cover all common issues for up to €15m.

Management Consulting Group PLC has also agreed to a non-compete clause prohibiting it, for a period of three years following the operation, from carrying out any activity, either directly or indirectly, that might compete with the activities of the Kurt Salmon acquisitions in the regional markets concerned by the deal.