

**IGE+XAO**

Société Anonyme au capital de 6 752 900 euros  
Siège social : Immeuble « Le Pythagore », 25-27 boulevard V. Hugo, 31770 COLOMIERS  
338 514 987 R.C.S. Toulouse

**I. – HALF TERM CONSOLIDATED ACCOUNTS AS OF JANUARY 31, 2006****A. – CONSOLIDATED BALANCE SHEET**

Assets (in euros '000s)	January 31, 2006 6 months	January 31, 2005 6 months	July 31, 2005 12 months
Acquisition of goodwill	519	270	501
Intangible fixed assets - net	1,106	746	921
Property and equipment - net	1,398	1,429	1,370
Deferred tax	34	23	42
Shares in associated companies	575	546	575
Other long term assets - net (Note 6)	616	329	614
Non current assets	4,248	3,343	4,023
Receivables - net	7,327	5,969	5,973
Other current assets	1,095	871	, 023
Marketable securities	609	2,542	645
Cash and cash equivalents	7,587	6,202	8,326
Current assets	16,618	15,584	15,967
Assets	20,866	18,927	19,990
Liabilities (in euros '000s)	January 31, 2006 6 months	January 31, 2005 6 months	July 31, 2005 12 months
Common stock	6,753	6,753	6,753
Additional paid-in capital	1,911	1,911	1,911
Other consolidated reserves	1,083	(152)	(365)
Accumulated translation adjustment	32	1	4
Net income	884	784	1,749
Shareholders' equities	10,663	9,085	10,052
Minority interests	180	285	296
Total Shareholders' equities	10,843	9,370	10,348
Profit sharing	76	69	191
Pension reserves, other benefits	240	190	192
Financial debts – long term	478	144	478
Deferred income – long term	0	1,276	794
Deferred tax	210	102	111
Other non current debts	101	101	116
Non current liabilities	1,105	1,882	1,883
Current debts	597	543	807
Social debts	1,368	1,148	1,123
Deferred income – short term	4,455	3,893	4,031
Other current debts : short term	415	431	151
Taxes	1,890	1,500	1,442
Other current debts	193	161	205
Current debts	8,918	7,675	7,759
Liabilities	20,866	19,927	19,990

## B. CONSOLIDATED STATEMENT OF OPERATIONS

(in euros '000s)	January 31, 2006 6 months	January 31, 2005 6 months	July 31, 2005 12 months
Total revenues	9,448	8,926	18,371
Other operating revenues	5	55	111
Revenues from operating activities	9,453	8,981	18,482
Purchases	(159)	(105)	(248)
Other external expenses	(2,546)	(2,507)	(5,351)
Payroll and benefits	(4,865)	(4,405)	(9,256)
Taxes	(222)	(247)	(537)
Provisions / long term assets	(213)	(220)	(511)
Provision, reserves, net	(90)	(83)	(70)
Other operating expenses, net	(72)	(53)	(31)
Operating expenses, net	(8,167)	(7,620)	(16,004)
Current operating income (loss)	1,286	1,361	2,478
Financial income (loss)	58	(165)	60
			0
Income (loss) of the Group before tax	1,344	1 196	2,538
Tax and deferred tax	(469)	(438)	(764)
Part of net income (loss) in the associated companies	22	31	61
Net income (loss)	897	789	0
			1,835
Allocated to :			
the Group	884	784	1,749
The minority interests	13	5	86
Number of shares, except own shares booked in deduction of the consolidated shareholders' equity	1,667,661	1,668,072	1,668,188
Earnings per share in euros	0.53	0.47	1.05

## C. SHAREHOLDERS' EQUITY

Shareholders' equity (in euros '000s)	Common stock and additional paid-in capital	Translation adjustment	Accumul. reserves	Shareholders' equity - part of the Group -	Minority interests	Shareholders' equity
Shareholders' equity as of August 1 <sup>st</sup> , 2004	8,664	(18)	65	8,711	273	8,984
Dividends			(283)	(283)		(283)
Net income			1,749	1,749	86	1,835
Translation adjustments		22		22		22
Changes in the scope				--	(63)	(63)
Actuarial interests on pensions			2	2		2
Other changes			63	63		63
Shareholders' equity as of July 31 <sup>st</sup> , 2005	8,664	4	1,596	10,264	296	10,560
Dividends			(301)	(301)	(8)	(309)
Net income			884	884	13	897
Translation adjustments		28		28	7	35
Changes in the scope					(128)	(128)
Actuarial interests on pensions			(4)	(4)		(4)
Other changes			2	2		2
Shareholders' equity as of January 31 <sup>st</sup> , 2006	, 664	32	2,177	10,873	180	11,053

## D. CONSOLIDATED STATEMENT OF CASH FLOWS

(in euros '000s)	January 31, 2006 6 months	January 31, 2005 6 months	July 31, 2005 12 months
Net income – Part of the Group	884	784	1,749
Increase (decrease) in Cash from:			
Minority interests	13	5	86
Amortizations and provisions, net	247	234	501
Deferred tax	110	94	84
Part of the net income in the associated companies	(22)	(31)	(61)
Dividends received from the associated companies	23	11	11
Others	30	8	(2)
Increase (decrease) in Cash from:			
(Increase) decrease in the customers	(1,300)	(59)	42
(Increase) decrease in the other current assets	7	(103)	(102)
Increase (decrease) in the suppliers	342	70	291
Increase (decrease) in the deferred revenues	(370)	1 127	782
Increase (decrease) other liabilities	(84)	(268)	(422)
Net cash used in operating activities	<u>(133)</u>	<u>1,872</u>	<u>2,959</u>
Purchases of long-term intangible assets	(244)	(158)	(384)
Purchases of long-term tangible assets	(210)	(449)	(493)
Sales of long-term assets	--	20	44
Other variations in other long-term assets	(1)	90	(69)
Net cash (acquisitions) sales of subsidiaries	(146)	--	(231)
Decrease in cash from net acquisitions	<u>(601)</u>	<u>(497)</u>	<u>(1,133)</u>
Dividends paid	(8)	(8)	(292)
Repayment of bank loans	(108)	(90)	(178)
Others	40	74	244
Decrease in cash from financing	<u>(76)</u>	<u>(24)</u>	<u>(226)</u>
Net increase (decrease) in cash and cash equivalent	(810)	1 351	1,600
Incidences of changes in exchange rate	35	26	33
Net increase (decrease) in cash and cash equivalent	<u>(775)</u>	<u>1 377</u>	<u>1,633</u>
Cash and cash equivalent, beginning of year	8,971	7,338	7,338
Cash and cash equivalent, end of year	<u>8,196</u>	<u>8,715</u>	<u>8,971</u>
Net increase (decrease) in cash and cash equivalent	<u>(775)</u>	<u>1,377</u>	<u>1,633</u>

## II. CONSOLIDATED ACCOUNTS FOR THE 2005/2006 FIRST HALF PERIOD

HIGH LEVELS OF PROFIT NET: 9.4%

In the first half period of 2005/2006, IGE+XAO returns a net profit of €883, 940 compared to €784, 396 a year earlier, representing an increase of 13% and a net margin of 9.4%. The current operating profit attains 13.6% at 31<sup>st</sup> January 2006 compared to 13.5% for fiscal 2004/2005 and 15.3% in the first half period of 2004/2005, this last benefiting from an exceptional level of business activity.

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At the same time, the Group is reassured by the strength of its financial position with its capitals equity standing at € 10 627 605 (+14%), bank debt essentially zero, and a solid treasury of about €8 millions. This financial performance is however the more remarkable as it is written in the context of a very large investment in research & development, notably in relation to Product Lifecycle Management (PLM).

On the business plan, the first half period of 2005/2006 has been particularly rewarding with on the one hand, the creation of a subsidiary in Dallas-Fort Worth (USA), the opening of an office in Nanjing (China) and on the other hand, strong business in the design of electrical harness.

During this fiscal, the IGE+XAO Group objective is to pursue its marketing plan of seeing the growth of both turnover and profitability with a net margin which should be in the order of 9% of turnover, this objective having already been passed in the first half period.

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