



## 2002-2003 ANNUAL REPORT

**THE SPECIALISTS IN COMPUTER-ENHANCED DESIGN  
FOR THE ELECTRICAL AND ENGINEERING INDUSTRIES**



**Commission des Operations en Bourse (COB), the Paris  
Stock Exchange Authority**

This prospectus was placed before the operations commission of the Paris Bourse on the 19<sup>th</sup>.  
February 2004 in accordance with regulation n° 95-01.

It can only be used to support a financial transaction if it is endorsed with a note of approval  
from the Bourse Authorities.

## IGE+XAO SUMMARY

**THE SPECIALISTS IN COMPUTER-ENHANCED DESIGNS DEDICATED TO THE ELECTRICITY  
INDUSTRY.**

CONSOLIDATED INCOME STATEMENT IN € ,000'S	31/07/03	31/07/02	31/07/01
Turnover	16.1	15.4	13.6
Operating income	2.3	2.0	1.8
Consolidated net income	1.3	1.2	1.1
Net income – Group IGE+XAO	1.2	1.1	1.1
Net income per share in euros	0.72	0.67	0.60

CONSOLIDATED BALANCE SHEET IN THOUSANDS OF EUROS	31/07/03	31/07/02	31/07/01
Net long-term assets	3.1	3.3	3.3
Current assets	12.3	11.7	11.2
Shareholders' equity	7.8	6.9	6.7
Bank debts	0.4	0.6	0.7
Operating debts	3.2	3.6	3.6
Deferred revenues	3.2	3.2	2.7

AVERAGE HEAD-COUNT (FTE)	31/07/03	31/07/02
France	108	108
Other countries	155	135
Total	263	243

STOCK EXCHANGE	31/07/03	31/07/02	31/07/01
MONTHLY AVERAGE RATE	11.73	11.49	9.45

## **A WORD FROM THE CHAIRMAN**

**DEAR SHAREHOLDERS,**

Very many thanks for the faith and confidence which you have placed in our Group.

Together, let us look at the progress made since flotation on The Bourse in March 1997. In those six years, our turnover has increased from € 10.7m to € 16.1m, our net results from a loss of € 0.9m to a profit of € 1.22m and our cash at bank has doubled.

In a difficult period for technology stocks our Group has been able to preserve its profit ratios, notably a net margin of 7.8% in fiscal 2002/2003, but also its market share. Actually, during 2003 whilst the CAC 40, the NASDAQ and the 'Nouveau Marché' increased respectively by 16%, 473%, and 25%, the IGE+XAO share price has increased from €10 to €15. Thus, since flotation and in the climate of a difficult stock market, IGE+XAO shares have gone up by more than 100%, one of the best performing in the 'Nouveau Marché'.

During fiscal 2002/2003, IGE-XAO registered the best performance since its creation not only in terms of the business plan but on its profitability. The growth in turnover was particularly strong in the international market, the main target of the Group, with an increase of 14%. With regard to technology, IGE-XAO has committed most of its efforts to the embedded market (aeronautic industry, ship-building, etc.) and industrial automation with a view to improving its existing capabilities and to launching of new software.

This fiscal year 2003/2004, started with the fruition of the previous year's hard work by the announcement on the 30<sup>th</sup> September 2003 of a strategic partnership with Dassault Systems, and on the 22<sup>nd</sup> of January 2004 with the first big project from this collaboration. Boeing has decided to use the Group's C.A.O. software programmes (Conception Assistée par Ordinateur), with the intention of defining its systems' architecture, topology and electrical circuit plans for commercial aircraft. This latest accolade represents the biggest operation ever undertaken by IGE-XAO with the potential to generate more than \$5 m. over the next three years. These new contracts open doors at once to a new dimension for the Group, which now anticipates a strong surge in its commercial operations in North America and a big acceleration in its R.& D.

It is clear that, in spite of difficult economic conditions generally, IGE-XAO is well placed to face the future with confidence. Thus, for fiscal 2003/2004 the Group forecasts an increase in turnover of between 6% and 10% with a net margin of more than 8%.

I know that the interest you have shown as good shareholders will be re-assured by these timely reminders and that this document will enable you to understand better our skills, our strategy and our ambitions.

ALAIN DI CRESCENZO

**THE CHAIRMAN**

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# **1 RESPONSABILITIES AND STATEMENTS**

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## **1.1 RESPONSIBILITY FOR THE PROSPECTUS**

**Mr. Alain Di Crescenzo,**

Chairman of the IGE+XAO Board of Directors (the “Company”)

## **1.2 CHAIRMAN’S STATEMENT**

« To the best of our knowledge, the information contained in this Prospectus is true and accurate, and this Prospectus contains all information necessary for investors to form an opinion on the assets, activities, financial situation, results and prospects of IGE+XAO; there are no omissions likely to affect the import of such information.»

Colomiers, February 17<sup>th</sup>, 2004



Chairman of the Board of Directors

Alain Di Crescenzo

## **1.3 STATUTORY AUDITORS**

### **Statutory**

- Mr. Roger Dailhe - Impasse de Touraine, 31100 Toulouse - appointed on August 1986 and renewed on 26<sup>th</sup> January 1999 for 6 fiscal years until the ordinary general meeting which will vote on the annual accounts for fiscal year 2003/2004.
- Ernst & Young - 4 rue Aubert, 75 009 Paris - represented by Mr. Jérôme Guirauden, appointed on 18<sup>th</sup> September 1996 and renewed by the ordinary general meeting on 31<sup>th</sup> January 2002 for 6 fiscal years until the ordinary general meeting which will vote on the annual accounts for fiscal year 2006/2007.

### **Deputy statutory auditors**

- Mr. Marc Lopez - 158, rue du Rouet, 13008 Marseille - , appointed on 26<sup>th</sup> January 1999 for 6 fiscal years until the ordinary general meeting which will vote on the annual accounts for fiscal year 2003/2004.
- Mr. Claude Hazard -7-9 allée Haussmann, 33300 Bordeaux - appointed on 9<sup>th</sup> December 1996 and renewed on 31<sup>th</sup> December 2002 until the ordinary general meeting which will vote on the annual accounts for fiscal year 2006/2007.

## 1.4 STATUTORY AUDITORS STATEMENT AS OF JULY 31, 2003

Roger DAILHE  
1, Impasse de Touraine  
31100 TOULOUSE

Legal auditor

ERNST & YOUNG Audit  
4 rue Auber  
75009 PARIS  
S.A. au capital de 3 044 220 €  
R.C.S. PARIS B 344 366 315  
Legal auditors

In our capacity as statutory auditors of IGE+XAO and in compliance with the COB<sup>(1)</sup> Regulation n° 95-1, we have verified, in accordance with French professional standards, the information in respect of the financial position and historic financial statements included in the accompanying Registration Document ("Document de Référence").

This Registration Document is the responsibility of the Chairman of the Board. Our responsibility is to issue an opinion on the fairness of the information contained therein with respect to the financial position and financial statements.

We conducted our review in accordance with French professional standards. This review consisted in assessing the fairness of the information on the financial position and financial statements and to verify their consistency with the audited accounts. We also reviewed other financial information contained in the Registration Document in order to identify any significant inconsistency with information in respect of the financial position and financial statements and to bring to your attention any obvious misstatements we noted, based on our general understanding of the company gained through our audit. The forecasts provided in the Document are the application of the expectations and intentions of Management's strategy.

The prospective information is based on management's expectations and intentions and not on properly prepared projections on individual components of the prospective information.

We issued an unqualified opinion on the annual and consolidated accounts for the years ended July 31, 2002, July 31, 2001 and July 31, 2000 drawn up by the Board of Directors, in accordance with French professional standards.

We have nothing to report with respect to the fairness of the information on the financial position and financial statements contained in the Registration Document (Document de Référence).

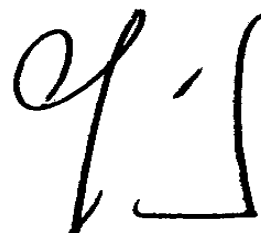
(1) French Stock Exchange Regulatory Body

Toulouse, February 17<sup>th</sup>, 2004

Statutory auditors



Roger DAILHE



ERNST & YOUNG Audit

Jérôme GUIRAUDEN



## **1.5 PERSON IN CHARGE OF THE INFORMATION INCLUDED IN THE PROSPECTUS**

### **Monsieur Alain Di Crescenzo**

Chairman of the Board of Directors

### **IGE+XAO**

Le Pythagore

25, Boulevard Victor Hugo

31770 Colomiers

Téléphone : + 33.(0)5.62.74.36.36

Télécopie : + 33 (0)5.62.74.36.37

[http: //www.ige-xao.com](http://www.ige-xao.com)

The following information is available on the IGE+XAO Group web site :

- Group profile and its business,
- Prospectus already registered with the relevant authorities (the Market authority),
- Annual consolidated and individual accounts and notes,
- Press releases,

Other publications.

## **2 GENERAL INFORMATION REGARDING THE ACTIVITIES, RECENT EVOLUTION**

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### **2.1 GENERAL INFORMATION CONCERNING IGE+XAO**

#### **2.1.1 CORPORATE NAME AND REGISTERED OFFICE**

##### **IGE+XAO**

Immeuble Le Pythagore  
25 boulevard Victor Hugo  
31770 COLOMIERS

#### **2.1.2 TYPE OF COMPANY**

IGE+XAO S.A. is a « Société anonyme » i.e. a French limited liability company with a board of directors, incorporated under French law and governed by the laws on commercial enterprises.

#### **2.1.3 DATE OF FORMATION AND DURATION**

IGE+XAO S.A. was registered with the Registry of Commerce and Commercial Companies on 27<sup>th</sup> August, 1986, as IGE S.A.. Its duration is 99 years expiring on August 27<sup>th</sup>, 2085. On 30<sup>th</sup> May 1995 the Company reorganized, following which it transferred its activities of publishing and distributing software to one of its subsidiaries, currently called IGE S.A., and changed its name to IGE+XAO S.A..

#### **2.1.4 CORPORATE PURPOSE OF THE COMPANY**

The Company's corporate purpose in France and abroad is: data processing, the manufacture and trade in software, equipment, products and all data processing materials and components and their organization of instruction, acquisition of shares in any type of company and the rendering of administrative, accounting and financial services.

#### **2.1.5 COMMERCIAL REGISTER**

IGE+XAO S.A. is registered with the Registry of Commerce and Commercial Companies of Toulouse under number B 338 514 987 (Code APE : 722C). The articles of association, minutes of shareholders' meetings and all other corporate documents may be inspected at the registered office of the Company.

#### **2.1.6 FISCAL YEAR**

The Company's fiscal year starts on August 1<sup>st</sup> and terminates on July 31<sup>st</sup>. each year.

#### **2.1.7 SPECIAL PROVISIONS IN THE ARTICLES OF ASSOCIATION**

##### **2.1.7.1 ALLOCATION AND PROFIT**

If the annual accounts, as approved in a general meeting, show distributable profits, the general meeting will decide whether such profits should be allocated to one or more reserve accounts from which it controls the allocation or use of such profits, or whether they should be carried forward or distributed. Having noted the existence of reserves which it is entitled to distribute, the general meeting may resolve to make distributions out of reserves. In such an event, the resolution will expressly indicate the reserves from which the distributions are to be made. Dividends will, nevertheless, be paid primarily out of distributable profits of the financial year. Each shareholder may

be granted, in the respect of all or part of the dividend or interim dividend declared, an option to be paid in cash or in shares in accordance with the law.

**2.1.7.2 GENERAL MEETINGS**

General meetings shall be convened in accordance with the requirements of the law. Meetings will be held at the Company’s registered office or at any location specified in the notice sent to shareholders.

Each shareholder, if not attending the meeting in person, may choose one of the three following options. The shareholder is entitled to participate in the meetings either ;

- to give his proxy to another shareholder or to his spouse / her husband;
- to vote by post, or
- to give his proxy to the Company without indicating his vote, in accordance with the law and regulations.

These procedures must be completed at least five days prior to the meeting.

**2.1.7.3 DOUBLE VOTING RIGHTS**

On February 10<sup>th</sup>. 1997, the shareholders’ meeting decided to grant a double voting right to all shares fully paid-up and registered in a registered account for at least two years with the same shareholder, and to registered shares allocated to a shareholder as part of an increase of capital by incorporation of reserves, profits or issue premium, as a result of its holding of existing shares giving rise to that right. This double voting right is withdrawn immediately for every share converted to bearer shares or upon the transfer of all the rights attached to such a share.

**2.1.7.4 IDENTIFIABLE BEARER SHARES**

Pursuant to article L228-2 of the New Commercial Law, the Company has adopted the regime of identifiable bearer shares. It has the right to demand of SICOVAM, at any time, at its own cost, the name or, if it concerns a legal entity, the Company name, nationality and address of the holders of securities which carry an immediate or future right to vote at its shareholders’ meetings, together with the number of shares held by each such shareholder and, as the case may be, any restrictions which may attach to the shares.

**2.1.7.5 REQUIREMENTS IN RESPECT OF HOLDINGS EXCEEDING STATUTORY THRESHOLD**

Any person or legal entity acting individually or in concert, directly or indirectly, through one or several legal entities controlled by it, in accordance with articles L233-3 of the New Commercial Law, who acquires a number of shares or rights to vote in excess of two (2) per cent of the capital or the voting rights of the Company or multiple of that percentage, even if it exceeds the legal threshold of 5%, shall notify the total number of shares or voting rights it holds to the Company’s registered office by notice by registered mail with receipt request within 15 days of the exceeding of one of these thresholds.

This obligation to supply information applies equally each time the portion of capital held is inferior to one of the thresholds referred to in the above paragraph.

In the event that these provisions are not complied with, the shares or voting rights certificates exceeding the threshold giving rise to the obligation to declare will be deprived of their voting rights at all shareholders’ meetings for a period of two years from the date proper notice has been given, if that deprivation is requested by one or more shareholders holding individually or jointly at least 2% of the Company’s capital or voting rights.

Thus, pursuant to article 356.3 of the Commercial Law and to articles 356-1 and 356-2 of the By-law, the main shareholders of the Company are listed hereafter as of July 31, 2003 :

BLOCKS HELD	% OF CAPITAL	% OF VOTING RIGHTS
-------------	--------------	--------------------

From 2 to 5 %	- Société de Participations Techniques et Financières	- Société de Participations Techniques et Financières
	- Odyssee Venture	- Odyssee Venture
From 5 to 10 %	- Axa Investissement Managers Private Equity Europe	- Axa Investissement Managers Private Equity Europe
From 10 to 20 %	- IRDI Midi-Pyrénées	- IRDI Midi-Pyrénées
From 20 to 33 1/3 %	- Financelec	- Financelec
From 33 1/3 to 50 %	--	--
From 50 to 66 2/3 %	--	--
More than 66 2/3 %	--	--

On the first day of the financial year (on August 1st, 2002) the share ownership was as follows :

BLOCKS HELD	% OF CAPITAL	% OF VOTING RIGHTS
From 2 to 5 %	Société de Participations Techniques et Financières	Société de Participations Techniques et Financières
From 5 to 10 %	--	--
From 10 to 20 %	IRDI Midi-Pyrénées	--
From 20 to 33 1/3 %	Financelec	IRDI Midi-Pyrénées
From 33 1/3 to 50 %	--	Financelec
From 50 to 66 2/3 %	--	--
More than 66 2/3 %	--	--

The investment fund “Axa Investment Managers Private Equity Europe” exceeded the 5% threshold on the 15<sup>th</sup> of August 2003.

The investment fund “Odyssee Venture” exceeded the 2% threshold on the 13<sup>th</sup> of June 2003.

To the best knowledge of the Company, there is no other shareholder holding directly or indirectly 2% or more of the capital or voting rights as at July 21<sup>st</sup>. 2003.

To the best knowledge of the Company, there is no significant change in the share ownership or voting rights as at July 21<sup>st</sup>. 2003.

#### 2.1.7.6 TREASURY STOCK

In accordance with article L 225-209 of the New Commercial Law, the Company is competent to purchase its own shares on the stock market, without exceeding 10% of the capital stock.

The conditions relating to that purchase will be determined by the general meeting of shareholders, in particular maximum purchase prices and minimum selling prices, the maximum number of shares able to be purchased and the period during which the purchase will be made, provided that the authorisation of the meeting shall be given for a limited period not exceeding 18 months.

On the occasion of the authorisations given by the ordinary shareholders’ meeting dated respectively on January 29<sup>th</sup>. 1998, January 25<sup>th</sup>. 2000, January 31<sup>st</sup>. 2001 ( COB visa N°01-001 - 02/01/2001 ) and December 2<sup>nd</sup>. 2002, 90 331 capital shares were bought by the Company and still held by the Company as of July 31<sup>st</sup>. 2003.

No share was cancelled at this date.

On December 2<sup>nd</sup>. 2002, the shareholders’ meeting renewed the authorization given to the Company to buy its own shares (visa Cob N°02-1144 from 14/11/2002). Those purchases should be realised by a set of priorities decreasing as follows :

o 50% :

\* mainly to support the Company share on the Stock Exchange by systematic intervention by buying or selling against the Market,

\* if required to grant shares to the employees of the Company and/or its Group within a stock options plan.

○ 50% :

\* to pledge the shares in payment or exchange, among others, within the scope of dealings in acquisitions or, if necessary, to cancel the shares in accordance with the law.

These re-classifications were taken into account at the time of the account closure at July 31<sup>st</sup>. 2002.

## 2.2 INFORMATION ON THE GENERAL CHARACTERISTICS OF THE ISSUED SHARE CAPITAL

### 2.2.1 ISSUED SHARE CAPITAL

The Company's share capital amounts to 6,752, 900 euros, divided into 1,754,000 shares with a par value of € 3.85 as at July 31<sup>st</sup>. 2003.

On March 15<sup>th</sup>. 2000 the board of directors decided the conversion of the shares' par value to euros and opted to incorporate FRF 446,120.23 of reserves to bring the par value of each share up to € 3.85.

#### CHANGES IN IGE+XAO' S SHARE CAPITAL SINCE ITS FORMATION :

DATES	TYPE OF OPERATION	NUMBER OF SHARES ISSUED (PAR VALUE IN FRANCS)	INCREASE IN CAPITAL IN FRANCS	PREMIUM PER SHARE	CAPITAL STOCK AFTER OPERATION	NUMBER OF SHARES AFTER OPERATION
26/06/86	Incorporation	2,600	--	--	F 260,000	2,600
22/12/87	Share capital increase in cash	400	F 40,000	--	F 300,000	3,000
28/02/88	Share capital increase in cash reserved for IRDI	1,000	F 100,000	F 100	F 400,000	4,000
27/11/90	Share capital increase in cash	848	F 84,800	F 1,400	F 484,800	4,848
27/11/90	Share capital increase by capitalization of reserves	35,152	F 3,515,200	--	F 4,00000	40,000
05/03/92	Share capital increase in cash	10,059	F 1,005,900	F 50	F 5,005,900	50,059
05/03/92	Share capital increase by capitalisation of reserves	20,941	F 2,094,100	--	F 7,100,000	71,000
16/11/92	Share capital increase in cash	15,000	F 1,500,000	--	F 8,600,000	86,000
14/12/95	Share capital increase by capitalisation of reserves	144,000	F 14,400,000	--	F 23,000,000	230,000
24/06/96	Share capital increase by capitalisation of reserves up to F 375,000 and by contribution in kind of shares of IA Micro held by Alain Di Crescenzo estimated to be worth F 325,000	7,000	F 700,000	--	F 23,700,000	237,000

DATES	TYPE OF OPERATION	NUMBER OF SHARES ISSUED (PAR VALUE IN FRANCS)	INCREASE IN CAPITAL IN FRANCS	PREMIUM PER SHARE	CAPITAL STOCK AFTER OPERATION	NUMBER OF SHARES AFTER OPERATION
04/11/96	Share capital increase by conversion of 30,000 convertible bonds by IRDI and Rémusat Investments	30,000	F 3,000,000	--	F 26,700,000	267,000
10/02/97	Split of the par value into 4	--	--	--	F 26,700,000	1,068,000
05/03/97	Capital increase by cash	686,000	F 17,150,000	F 26	F 43,850,000	1,754,000
19/03/01	Capital increase through capitalisation of reserves	--	F 446,120.23	--	F 44,296,120.23	1,754,000
				--	€ 6,752,900	1,754,000

### 2.2.2 OTHER SHARES GIVEN ACCESS TO CAPITAL

None.

### 2.2.3 CAPITAL AUTHORIZED BUT NOT ISSUED, COMMITMENT TO INCREASE CAPITAL

None.

### 2.2.4 SECURITIES NON REPRESENTATIVE OF CAPITAL

None.

### 2.2.5 MODIFICATION IN THE CAPITAL AND RIGHTS ATTACHED TO SHARES

Any modification in the capital or of the rights attached to the shares is governed by legal requirements. The by-laws of the Company do not contain any specific provisions in this respect.

### 2.2.6 CURRENT BREAKDOWN OF THE CAPITAL AND RIGHTS ATTACHED TO SHARES

The Company do not know exactly the total number of its shareholders.

There has been no significant change in the breakdown of the capital stock during the last three financial years.

As of January 7<sup>th</sup>. 2004, the breakdown of the capital and voting rights was as follows :

SHARE OWNERSHIP	NUMBER OF SHARES		NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	% CAPITAL	% OF VOTING RIGHTS
	SINGLE VOTING RIGHTS	DOUBLE VOTING RIGHTS				
FINANCELEC	--	545,855	545,855	1,091,710	31.12%	44.03%
CAOUEC INVESTISSEMENTS	--	1,020	1 020	2,040	0.06%	0.08%
IRDI	115	264,501	264,616	529,117	15.09%	21.34%
Sanchez André	--	2,715	2,715	5,430	0.15%	0.22%
DANNER GERARD	--	276	276	552	0.02%	0.02%
Cobbet Bruce	165	--	165	165	0.01%	0.01%
BAUDRON JEAN	--	120	120	240	0.01%	0.01%
BLANC TAILLEUR PASCAL	--	5	5	10	--	--
LALANE JEAN-MARC	--	36	36	72	--	--
Grezes Robert	--	36	36	72	--	--
Dubezy Michel	--	24	24	48	--	--
BRAMBILLA JEAN	--	16	16	32	--	--
BAUDRON CHARLES	--	4	4	8	--	--
DI CRESCENZO ALAIN	--	4	4	8	--	--
PROXIVEST SARL	--	1	1	2	--	--
BOULIN DOMINIQUE	--	50	50	100	--	--
S.C.I. BEJIN	--	1,200	1,200	2,400	0.07%	0.10%
IGE+XAO (ACTIONS PROPRES)	--	--	90,161	0	5.14%	0
Nominatifs	280	815,863	906,304	1,632,006	51.67%	65.81%
AU PORTEUR	847,696	--	847,696	847,696	48.33%	34.19%
TOTAL	847,976	815,863	1,754,000	2,479,702	100.00%	100.00%

As of January 16<sup>th</sup>. 2003, the breakdown of the capital and voting rights was as follows :

SHARE OWNERSHIP	NUMBER OF SHARES		NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	% CAPITAL	% OF VOTING RIGHTS
	SINGLE VOTING RIGHTS	DOUBLE VOTING RIGHTS				
FINANCELEC	10,300	535,055	545,855	1,081,410	31,12%	43,84%
CAOUEC INVESTISSEMENTS	0	1,020	1,020	2,040	0,06%	0,04%
IRDI	0	264,501	264,501	529,002	15,08%	21,46%
SANCHEZ André	0	2,715	2,715	5,430	0,15%	0,17%
DANNER Gérard	0	276	276	552	0,02%	0,02%
BAUDRON Jean	0	120	120	240	0,01%	0,01%
BLANC TAILLEUR PASCAL	0	5	5	10	0,00%	0,00%
LALANE Jean-Marc	0	36	36	72	0,00%	0,00%
GREZES Robert	0	36	36	72	0,00%	0,00%
DUBEZY Michel	0	24	24	48	0,00%	0,00%
BRAMBILLA Jean	0	16	16	32	0,00%	0,00%
BAUDRON Charles	0	4	4	8	0,00%	0,00%
DI CRESCENZO Alain	0	4	4	8	0,00%	0,00%
<b>S.I.D.I.A.C.</b>	0	1	1	2	0,00%	0,00%
PROXINVEST SARL	0	1	1	2	0,00%	0,00%
BOULIN Dominique	0	0	50	100	0,00%	0,00%
S.C.I. BEJIN	1,200	0	1,200	1 200	0,07%	0,05%
IGE+XAO (own shares)	0	0	90,161	0	5,14%	
NOMINEES	11,500	804,363	906,025	1,620,226	51,65%	65,60%
Bearer shares	847,976	--	847,975	847,975	48,35%	34,40%
		804	1,7			
<b>Total</b>	<b>859 476 ,363</b>		<b>54,000</b>	<b>2,465,301</b>	<b>100,00%</b>	<b>100,00%</b>

As of January 7<sup>th</sup>. 2002, the breakdown of capital and voting rights was as follows :

SHARE OWNERSHIP	NUMBER OF SHARES		NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	% CAPITAL	% OF VOTING RIGHTS
	SINGLE VOTING RIGHTS	DOUBLE VOTING RIGHTS				
FINANCELEC	10,800	535,055	545,855	1,080,910	31,12%	43,84%
CAOUEC INVESTISSEMENTS	1,020	--	1,020	1,020	0,06%	0,04%
IRDI	--	264,501	264,501	529,002	15,08%	21,46%
SANCHEZ ANDRE	1,332	1,383	2,715	4,098	0,15%	0,17%
DANNER GÉRARD	--	276	276	552	0,02%	0,02%
BAUDRON JEAN	--	120	120	240	--	0,01%
BLANC TAILLEUR PASCAL	--	5	5	10	--	--
LALANE JEAN-MARC	--	36	36	72	--	--
GREZES ROBERT	--	36	36	72	--	--
DUBEZY MICHEL	--	24	24	48	--	--
BRAMBILLA JEAN	--	16	16	32	--	--
BAUDRON CHARLES	--	4	4	8	--	--
DI CRESCENZO ALAIN	--	4	4	8	--	--
S.I.D.I.A.C.	--	1	1	2	--	--
PROXIVEST SARL	--	1	1	2	--	--
BOULIN DOMINIQUE	50	--	50	50	--	--
S.C.I. BEJIN	1,200	--	1,200	1,200	0,07%	0,05%
IGE+XAO (OWN SHARES)	--	--	90,161	--	5,14%	--
NOMINEES	14,402	801,462	906,025	1,617,326	51,65%	65,60%
Bearer shares	847,975	--	847,975	847,975	48,35%	34,40%
<b>TOTAL</b>	<b>862,377</b>	<b>801,462</b>	<b>1,754,000</b>	<b>2,465,301</b>	<b>100,00%</b>	<b>100,00%</b>

## 2.2.7 INDIVIDUALS OR LEGAL ENTITIES CONTROLLING THE COMPANY– SHAREHOLDER’S AGREEMENTS

To the best knowledge of the Company, no other shareholder agreements existed at that time.

## 2.2.8 SHARE GUARANTEE

No.

## 2.3 SHARE PRICE

IGE+XAO was listed on the « Nouveau Marché » of the Paris Bourse in March 1997 and its SICOVAM reference number is 3082. The share price has been quoted in each of the annual reports of the Group since its incorporation date. The share prices during the last 18 months are described hereafter<sup>(\*)</sup> :

MONTH	NUMBER OF SHARES	VALUE IN K€	LOWEST PRICE IN €	HIGHEST PRICE IN €	AVERAGE PRICE IN €
01/01	25,951	437	15.90	18.00	16,84
02/01	28,811	409	12.05	16.48	14,22
03/01	34,381	365	9.00	12.35	10,62
04/01	18,785	186	9.00	10.30	9,90
05/01	66,787	667	9.00	10.35	9,99
06/01	14,938	138	9.00	9.94	9,24
07/01	18,276	173	8.60	10.20	9,45
08/01	1,305	11	8.26	8.99	8,61
09/01	27,784	200	6.70	8.45	7,21
10/01	22,173	180	7.10	9.36	8,26
11/01	11,806	101	8.10	8.90	8,65
12/01	32,768	313	9.00	9.96	9,56
01/02	16,088	155	9.32	9.90	9,62
02/02	12,164	114	9.02	9.60	9,49
03/02	51,053	538	8.90	10.95	10,59
04/02	13,530	143	10.01	10.85	10,61
05/02	10,997	111	9.50	10.44	10,14
06/02	43,662	495	9.99	11.96	11,34
07/02	88,844	1,020	10.20	11.74	11,49
08/02	5,245	56	10.00	11.37	10,77
09/02	7,332	72	9.00	11.07	10,14
10/02	11,231	97	8.00	9.46	8,94
11/02	16,899	153	8.00	9.80	9,21
12/02	43,428	429	9.01	11.00	9,97
01/03	8,601	83	9.5	10.8	9,83
02/03	6,048	57	9.2	9.7	9,46
03/03	7,337	69	9.2	10.0	9,52
04/03	3,861	36	9.2	9.9	9,59
05/03	13,208	129	9.3	10.0	9,73
06/03	34,473	386	9.9	12.5	11,13
07/03	13,159	153	11.2	12.0	11,73
08/03	15,802	188	11.6	12.2	11,84
09/03	27,157	338	11.7	13.3	12,38
10/03	18,333	226	12.2	12.9	12,43
11/03	33,221	444	12.4	14.1	13,32
12/03	65,575	1,000	13.3	16.5	15,18

\*Data Sources : Euronext - Paris.

The Company signed a market maker's convention with Wargny on February 5<sup>th</sup>. 2001. This convention is tacitly renewed each year for a period of one year.

It is confirmed that the Company is only quoted on the 'Nouveau Marché' of the Paris Bourse.



## 2.4 DIVIDENDS

Dividends and interim dividends which are payable but not claimed become the property of the French State after a period of 5 years.

During the last three fiscal years, IGE+XAO paid the following amounts :

Year ended	Dividend per share	Tax credit per share
July 31, 2001	0.15 €	0.075 €
JULY 31, 2002	0.15 €	0.075 €
July 31, 2003	0.16 €	0.08 €

The Company wishes to distribute dividends as far as its business and the economic situation permit.

## 2.5 COMMUNICATION WITH SHAREHOLDERS

IGE+XAO has developed, since flotation on the Stock Exchange, regular communication with its shareholders and the financial community. During the financial year ended 31<sup>st</sup>.July 2002, the following took place;

- The publishing of the 2002/2003 annual report,
- Financial notices and press releases,
- Press conferences for analysts, financial journalists and investors,
- A complete overhaul of the IGE+XAO website in both French and in English,
- The development of local offices, country by country.

### **3 INFORMATION CONCERNING IGE+XAO ACTIVITIES, RECENT DEVELOPMENT AND PROSPECTS FOR THE FUTURE**

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#### **3.1 THE BUSINESS OF THE IGE+XAO GROUP**

For over 16 years the IGE+XAO Group has been a software writer, conceiving, producing, selling and ensuring the maintenance of a range of Computer Aided Design software (called "CAD").

These CAD software products have been conceived to help manufacturers in the design and maintenance of the electrical part of production processes. This type of CAD is called "Electrical CAD".

IGE+XAO has built a range of Electrical CAD software designed for all manufacturers who function with either an independent computer or within a company network.

The software packages are :

- "Xelec" and "SEE Electrical Expert" for major industrial installations and embedded processes for vehicles such as planes, ships, cars, tanks, trains and rockets etc.
- "SEE Electrical Expert", "SEE 2000" and "CADdy++" for medium-sized industrial installations.
- "SEE 2000" and "SEE Technical" for small-scale installations.

In France today, IGE+XAO considers itself to be the leader in Electrical CAD with more than 60% of the market (Source : IGE+XAO).

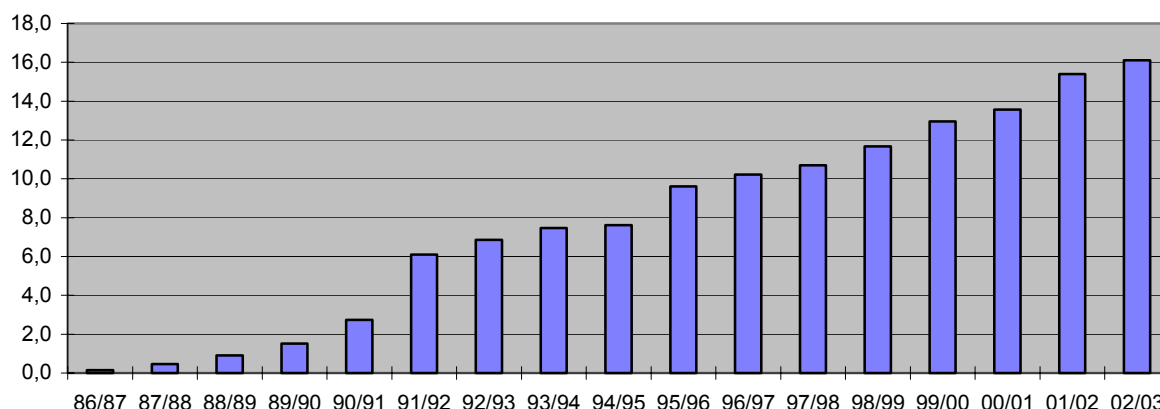
In a word, this position means;

- sales of €16.1 millions for the year ended July 31<sup>st</sup>. 2003 of which 34% in the international market,
- more than 38,500 licenses sold to 14,000 customers.

The competitive advantage of IGE+XAO results from :

- a big software design, development and industrialisation team ,
- a range of software currently covering the whole of the Electrical CAD market,
- des clients présents dans tous les secteurs de l'industrie et reconnus dans le monde entier,
- marketing teams present within the international plan.
- IGE+XAO' s customers are present in every industry.

### IGE+XAO turnover (in Millions of Euros)



#### 3.1.1 HISTORY AND STRUCTURE OF THE GROUP

The build-up of the IGE+XAO Group is the result of a deliberate policy centred on steady, controlled, acquisitions. This has led to a complete range of Electrical CAD software products.

History :

1986/1987 : Mr. Charles Baudron and Mr. Jean-Marc Lalane establish the company IGE S.A. and design the Schema software.

Group's key figures : 17 licenses sold, sales of € 152,449

1987/1988 : The Regional Institute for Industrial Development (IRDI) invests in IGE S.A., acquiring 25% of the Capital.

Group's key figures : 170 licenses sold, sales of € 457,347

1988/1989 : Creation of a programming structure in Krakow (Poland) in co-operation with the local university. Since its creation, this structure has attracted the best computer engineers in the country.

Group's key figures : 600 licenses sold, sales of € 914,700

1989/1990 : More than 1,500 licenses sold, sales of € 1,524,500

1990/1991 : A subsidiary of the Courtois Bank « Rémusat Investissements », part of the « Credit du Nord » Group, invests in IGE S.A., acquiring 7% of the capital. Opening of an agency in the Paris area.

Group's key figures : 2,600 licenses sold, sales of € 2,744,000

1991/1992 : Take-over of XAO Industry, a company specialising in Electrical CAD software products for work-stations and originating from one of Amine's research centres. The product designed by this company is a sophisticated product which has resulted in an increase in the number of customers in large industrial groups.

Group's key figures : 3,600 licenses sold, sales of € 6.1 millions.

1992/1993 : Take-over of Alpage Ingénierie, designer of Alpage-Elec, the electrical CAD software on AutoDesk's graphic editor (AutoCad). Opening of a sales subsidiary in Italy.

Group's key figures : 4,400 licenses sold, sales of € 6.9 millions.

1993/1994 : Opening of a sales representative office in Spain (Barcelona). Creation of the Company "La Foliothèque", a subsidiary whose business is the electronic re-copying of existing electrical plans, using the Group's software products.

Group's key figures : 5,400 licenses sold, sales of € 7.5 millions.

1994/1995 : Opening of a sales representative office in Germany. Creation of a development subsidiary in Bulgaria.

Group's key figures: 6,800 licenses sold, sales of € 7.6 millions.

1995/1996 : Setting-up of the IGE+XAO Holding. Creation of a sales subsidiary in Gdansk (Poland). Take-over of IA Micro and its Win-Elec software. Acquisition of 34% of the shares of Vectra Informatique a distributor of computing equipment, ensuring on behalf of the group, services for hardware equipment. Acquisition of Mayridis Voyages becoming the group's internal travel agent.

Group's key figures : 8,300 licenses sold, sales of € 9.6 millions.

1996/1997 : Listing of IGE+XAO on the 'Nouveau Marché' of the Paris Bourse.

Creation of a sales subsidiary in Canada. Creation of different sales offices in Madrid (Spain), in Tournai (Belgium) and in Rastatt (Germany). Acquisition of Schneider Electric Group and its CAO Electrical business called Handel which is at the very heart of different brands ( Handel, Hcontrol and Hdesign.) Liquidation of Vectra Informatique.

Group's key figures; 11,000 licenses sold, sales of € 10.2 millions.

1997/1998 : Change of the Chairman of IGE+XAO, Mr. Alain Di Crescenzo succeeding Mr. Charles Baudron. Restructuring of the Group resulting in the take-over by IGE SA of XAO Industries, Ia Micro and Alpage Engineering. The dissolution foreseen of La Foliothèque SARL after ceeding its assets to IGE SA. The creation of a company under the collective name of Winsoft Elec.Diffusion, with a view to regrouping the French sales teams. The creation of two commercial agencies, one in a suburb of London (England) and the other in Toronto (Canada).

Group's key figures: 11,800 licenses sold, sales of € 10.7 millions

1998/1999 : The creation of IGE+XAO Limited in a suburb of London (England ). The introduction of the new generation of the company's software programmes (the SEE range, Software for Electrical Engineering) comprising the programmes SEE 4000, SEE 3000 and SEE 2000 dedicated respectively to; large industries, to PME/PMI and to small enterprises. The putting in place of a new organisation based on a new company project ( SEE WORLDWIDE ).

Group's key figures : 14,000 licenses sold, sales of € 11.7 millions.

1999/2000 : Acquisition of the Calculating Software C15-100 (VASCO ) from SOCOTEC. Creation of the subsidiary IGE+XAO Software Vertreib GmbH in Germany. Distribution of the first dividends.

Group's key figures : 24,500 licenses sold, sales of € 13 millions.

2000/2001 : The further acquisition of companies : The French company INGEDATA DEVELOPPEMENT SARL at a total cost of € 245,442.91 (100% of the capital), the Dutch company TESSDATA BV for a part payment of € 691,475 and the balance, conditionally, for € 216,085 (100% of the capital), the Danish company CAE DEVELOPMENT APS acquired for € 587,986 (100% of the capital), and a further Danish company CADDY DENMARK A/S (49% of the capital) at a cost of € 51,129.

Creation of the SA SEE PL@NET, 90% held by the Company, in which the objective is to ensure the development and marketing of software programmes for use on the Internet.

Group's key figures : 34,000 licenses sold, sales of € 13.6 millions.

2001/2002 : The acquisition of 19% of the French company Anyware Technologies SA, created less than two years ago and whose speciality is a software workshop to develop computer applications for the Internet. The creation of a second commercial agency in Munchengladbach (Germany).

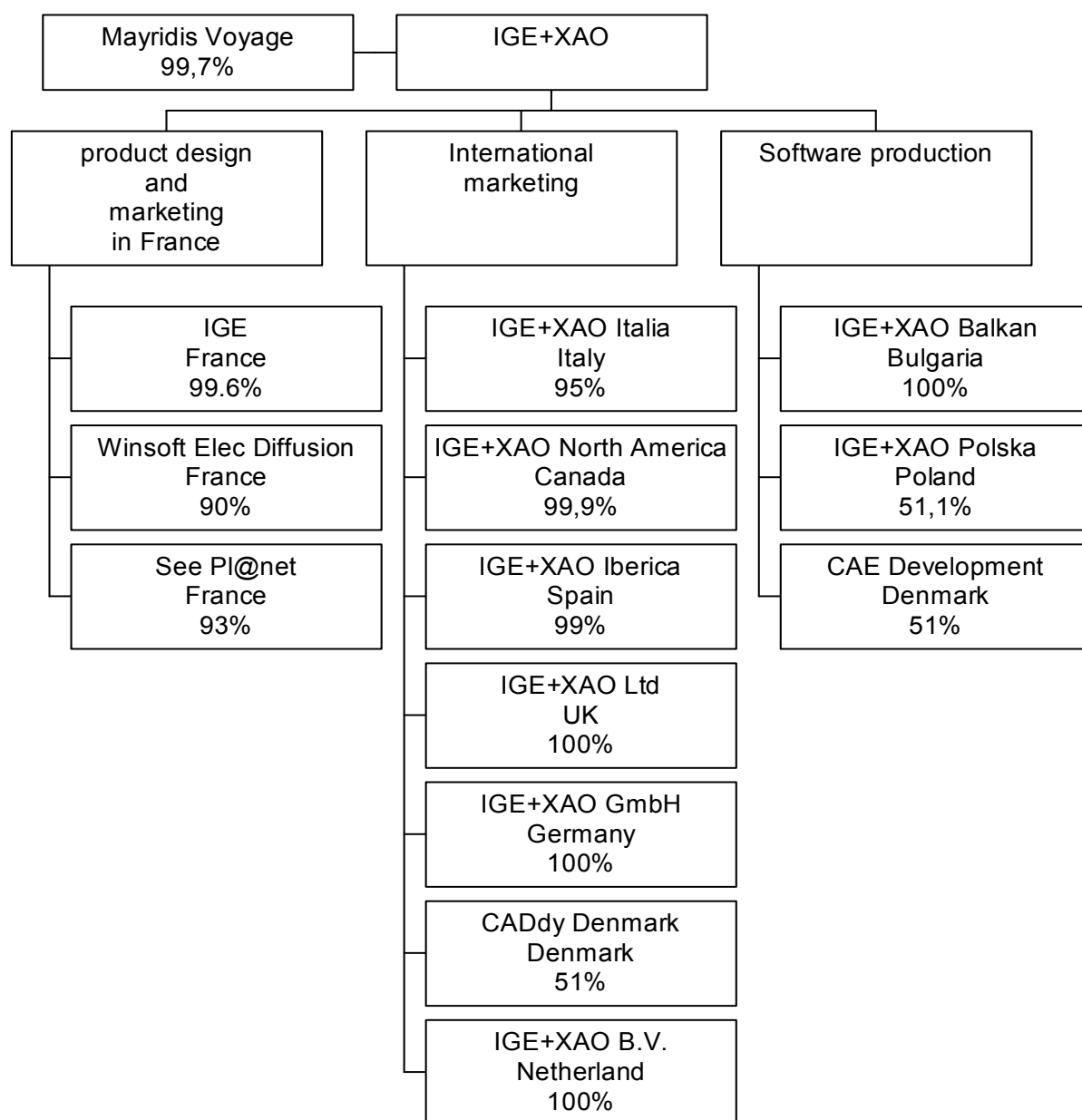
Group's key figures : 36,000 licenses sold, sales of € 15.4 millions.

2002/2003 : The speeding up of overseas operations and of the developments based on Microsoft Visio ®.

Group's key figures : 38,500 licenses sold, sales of € 16.1 millions.

### 3.1.2 ORGANISATIONAL CHART OF THE GROUP AT JULY 31<sup>ST</sup>. 2003

The IGE+XAO structure can be illustrated as follows :



The Company IGE+XAO has the following activities :

- Shareholdings in subsidiaries ;
- Group cash management;
- Administrative and accounting services dedicated to the other companies of the Group.

The main flow of funds between IGE+XAO and its subsidiaries comprise advances which are remunerated at 4%.

The minority shareholders in the subsidiaries are actual people involved in the business of the IGE+XAO Group. These minorities have no notable influence at the management of the Group, nor does a shareholders' alliance exist.

Significant financial information on the impact of the Group's main subsidiaries are the following :

IN K€	IGE+XAO POLSKA	IGE+XAO DANMARK	IGE SA	OTHER SUBSIDIAR .	IGE+XAO SA HOLDING	CONSOLID. DATA
Long-term assets	147	884	804	836	454	3,125
Cash	362	392	1,095	1,446	1,536	4,831
Operating cash flows	144	39	(404)	415	47	241
Dividends paid during the period to IGE+XAO	--	16	769	3	N/A	788

The percentage of the capital held by the company in its subsidiaries corresponds to its voting rights.

### 3.1.3 A DESCRIPTION OF THE GROUP'S MARKETS

#### 3.1.3.1 THE ELECTRICAL CAD : THE ANSWER TO AN OMNIPRESENT INDUSTRIAL REQUIREMENT

Ever since it was discovered, electricity has been undoubtedly the most important source of energy. The use of electrical energy, as well as its production, demands the conception and maintenance of electrical installations.

Conceiving and maintaining electrical installations leads to the design and management of electrical plans, the so-called "electrical files".

The main users of electrical files are companies from the following industrial sectors :

#### ➤ The Production

- the car industry for the design and maintenance of manufacturing machines and for wiring the electrical devices of vehicles.

For example, all the manufacturing machines used by Renault to produce its new 'D' engine (Clio 1.1 Litre) demanded the addition of 60,000 electrical files.

- the food, chemical and metallurgical industries for conception and maintenance of manufacturing machines. To give an example, all the processes of an average metallurgical unit require more than 300,000 electrical files.
- power generation and transportation, for the conception and maintenance of power plants and transformer plants,

#### ➤ Embedded Wiring

- the car industry for wiring the cars
- transportation for wiring the electrical devices of planes, ships and trains.
- buildings for wiring domestic or industrial structures.

Because their activities requires a range of Computer Aided Design software, research and engineering companies involved in the industrial sectors quoted above.

Users have a requirement at two levels :

- *A design requirement* for the conception of machines or production lines for manufacturing finished products (for example car engine production lines, and for designing products which integrate electrical processes embedded in vehicles such as planes, ships, cars, tanks, trains, rockets...)
- *A maintenance requirement*, whether it be for production-line machines or finished products, this requirement concerns the maintenance of the electrical elements used in the following :
  - repairs,
  - re-vamping machines and processes with a view to extending their use and life,
  - development of machines and processes to undertake new functions.

It is essential for these operations to be performed in a coherent manner. All modifications must be followed up with full information and documentation.

### **3.1.3.2 THE ELECTRICAL CAD : RESULT OF A DEVELOPMENT PROCESS**

#### ■ Drawing board : The old solution

Up until the 1980's, electrical files were traditionally designed on sheets of paper, in two dimensions, by draughtsman on drawing boards. The quality and coherence of information were often secondary to time and cost constraints. Furthermore, this manual process generated a high number of errors which were only detected during manufacture, causing consistent modification costs and loss of time.

#### ■ Computer Aided Drawing ("DAO"): the intermediate solution

The arrival of Computer Aided Drawing allowed manufacturers to automate the drawing of an electrical file and to improve its readability, greatly assisting in the management of graphical documents. However, Computer Aided Drawing is a simple computer transposition of an entirely manual operation. It has not improved the design of electrical files because it does nothing to check the coherence of the design, nor the integration of the standards and good practice of the electrical profession.

It is from these, at the end of the 80's, that the software for computer assisted design in the electrical field (CAO Electrical), was born.

#### ■ The Electrical CAD : the Solution

The Electrical CAD allows the use of computing methods to be applied to the design of an installation bringing big gains in productivity, quality and coherence in conception, as well as in the maintenance of the installation.

During the research phase, the Electrical CAD permanently assists the designer by guiding him, monitoring his technological choices, checking the adequacy of the device for the desired functions, detecting short circuits, etc. It can take over completely such tasks as the automatic generation of wiring systems and the identification of equipment, eliminating the risk of errors and minimising the design time.

In addition, it should be stressed that Electrical CAD differs from Computer Aided Drawing in that it brings very significant help with the maintenance, with the follow-up process after a new installation, and in the search for breakdowns, by reason of its involvement in and understanding of the original design process.

The Electrical CAD allows industrial installation designers to construct an electrical file in great detail;

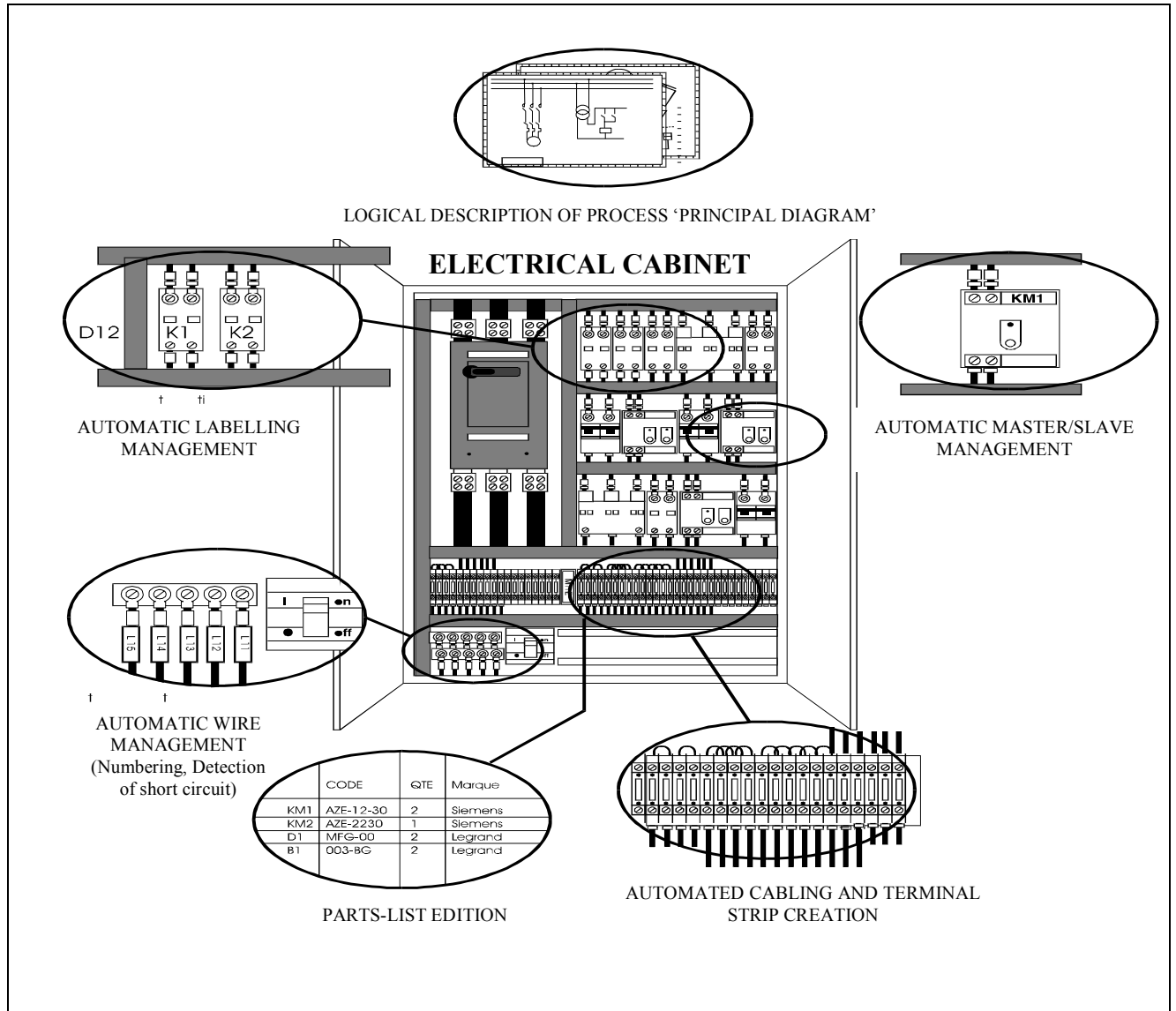
- Definition of the functioning principle of the installation, represented in a symbolic form and called the 'principle diagram'. This diagram is composed of a set of graphic symbols connected to each other. All the symbols and the connections are identified in a unique way.
- Definition of all the equipment used to achieve a precise function, called the "parts list". This enables the search for an appliance in the electronic catalogues of manufacturers such as Schneider or Siemens, whilst taking into account the specifications and constraints imposed by the original designers (exact voltage, for example). The 'parts-list' comprises lists or data bases which can be accessed by different departments of the company, such as the supply department.
- Defining the exact position, in two or three dimensions, of the different appliances in electrical cabinets and control panels of an installation.
- Defines the precise wiring diagrams necessary for the different electrical connections between appliances, either the wiring inside electrical cabinets, or the wiring to connect the different electrical cabinets. For example, the wiring of a ship such as the "Souverain des Mers" necessitates more than 1,000 kilometres of wiring.

The Electrical CAD establishes and maintains these definitions by automatically going through a great number of processes and checks such as :

- Creation and management of equipment labelling, connections, wires, cables and terminal strips,
- Detection of design errors (power supply faults in equipment, short circuits, etc.),
- Automatic choice of manufacturers' referenced technical specifications,
- Automatic creation of cabling and terminal strips in accordance with the requirements of the principal diagram,
- Checking the coherence between the contents of the electrical cabinet and the equipment specified in the principle diagram,
- Calculation of the statutory safety requirements and the necessary wiring characteristics from the reference standards of good practice (in France NC 15-100 and the observance of the UTE C 15-500 guide). The management follow-up of modifications.



## GRAPHICAL ILLUSTRATION



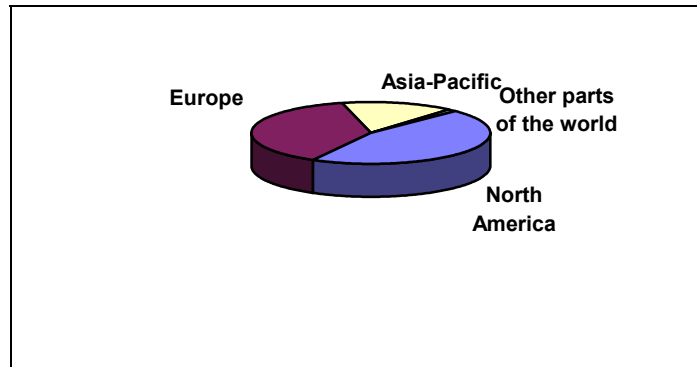
### 3.1.3.3 ELECTRICAL CAD : GEOGRAPHICAL SEGMENTATION

#### ■ The world market<sup>1</sup>

Although inaccurately identified by traditional CAD market observers, mainly American, the electrical CAD market (closely linked to the mechanical CAD one), has a potential value of € 200 millions, broken down as follows :

<sup>1</sup>Sources IGE+XAO : based on an up-dated evaluation of the market by Mr. Michel Théron, specialist journalist, on the day of flotation on the Paris Bourse.

North America	45%
Europe	40%
Asia-Pacific	15 %

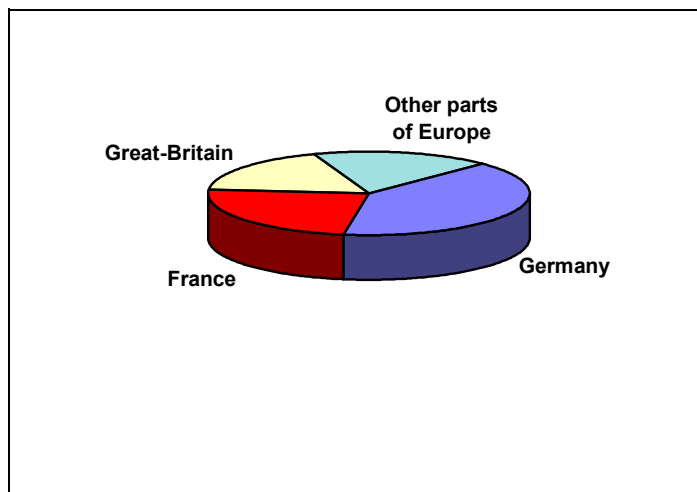


■ **Western European market <sup>2</sup>**

This market is valued at approximately 40% of the world market, representing nearly € 75 millions.

Dominant countries are :

Germany	40%
France	24%
Great Britain	18%
Other parts of Europe	18%



■ **The French market**

The French market has entered a maturity phase which should lead to a stabilisation of software sales to new customers and to an increase of new software versions and associated services to customer bases.

A replacement market has appeared with the superseding of Computer Aided Drawing software by electrical CAD software.

During fiscal 2001/2002 we estimate that IGE+XAO software achieved 55% of the French market and DAO and the other CAO Electrical software achieved 45%.

**3.1.3.4 ELECTRICAL CAD : SEGMENTATION BY TYPE OF CUSTOMER**

The market operates at three levels :

■ **Large industrial accounts**

Due to the complexity, the size (many thousands of electrical plans) and the sensitivity (security, confidentiality..) of electrical installations to be designed or for which maintenance will be required, large industrial accounts require complete solutions combining maximum automation, highly sophisticated software and the ultimate in reliability. There is a demand in excess of 500 licences.

Their needs in order of priority are;

<sup>2</sup>Sources IGE+XAO : based on an up-dated evaluation of the market by Mr. Michel Théron, specialist journalist, on the day of flotation on the Paris Bourse.

- A long term solution based on its ability to evolve (use of standards, etc.),
- Technical sophistication (capability, adaptability, processing power...),
- Services (consulting, training, maintenance), and
- price.

Examples : Airbus, PSA Peugeot Citroën, Renault, HydroQuebec, D.C.N., Schneider Electric, Thales, Alstom, CEA, Michelin, Eurocopter, Kodak Pathé... and their major sub-contractors.

#### ■ Small to medium-sized industrial companies

This market segment includes manufacturers having to design or maintain medium sized electrical installations. They require more simple solutions and at a lower cost than those used by large industrial accounts.

Their needs in order of priority are :

- Technically sophisticated,
- price,
- simple to use (user-friendly software), and
- services (consulting, training, maintenance).

Examples : medium-sized production units, research and engineering firms...etc.

#### ■ Small sized industries and craftsmen

Essentially for professionals involved in electrical construction and installation They require solutions dedicated to the generation of price lists and estimates and to the schematic illustration of building sites.

Their needs in order of priority are :

- price,
- simplicity of use.

Examples : general electrical firms and craftsmen specialising in the electrical trade.

#### 3.1.3.5 THE SEASONAL FACTOR OF ELECTRICAL CAD

The market is influenced by the following seasons :

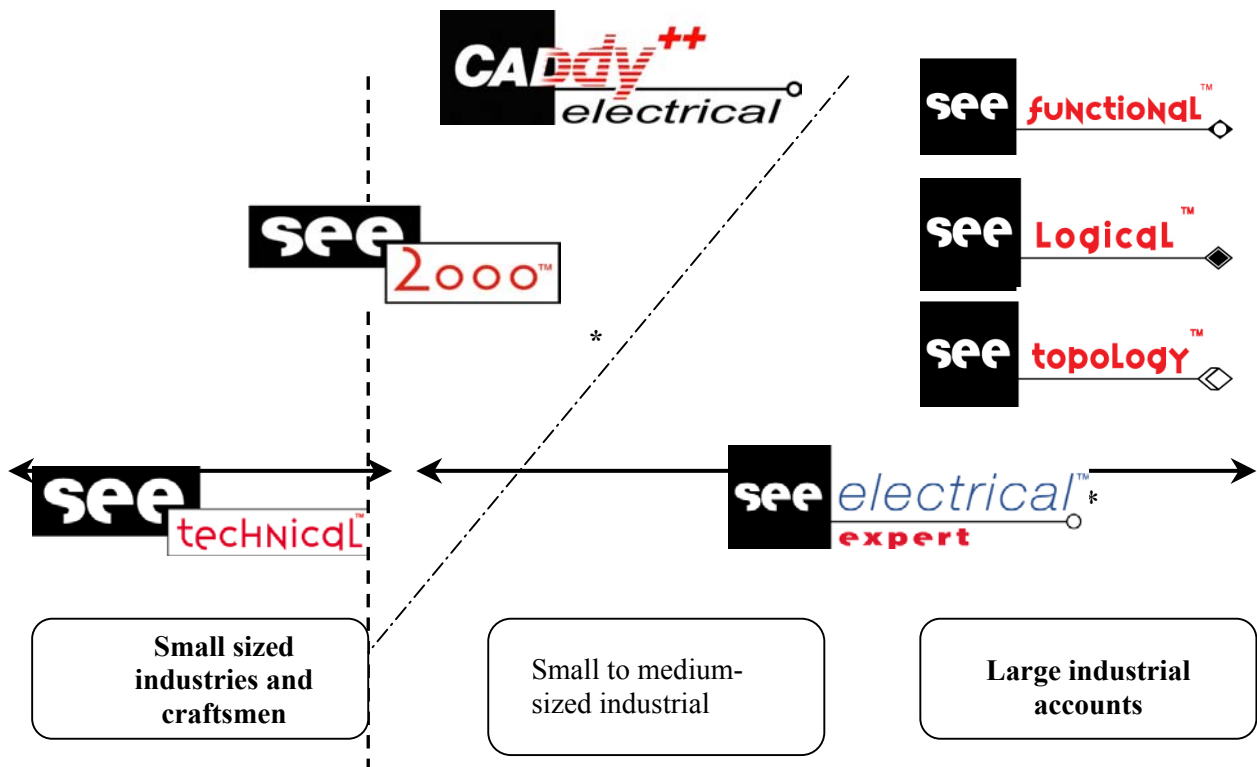
- Generally there is a low level of activity for companies in the summer when maintenance operations are being done on their customers' production units. During this period, factories slow-down or even stop their production. Internal maintenance departments and external specialist sub-contractors are involved.
- The month of December can show a small increase in activity because of financial anomalies.

### 3.1.4 PRODUCTS AND SERVICES OF THE GROUP

#### 3.1.4.1 IGE+XAO'S PRODUCT RANGE

In order to meet the Electrical CAD requirements of industrial firms, IGE+XAO offers a complete range of products.

This range of software, structured around five products, is able to respond to the requirements of different manufac



\*run under Windows© and also under AutoCad©

The total number of licences (Industrial and Educational) for all the software sold by the IGE+XAO's Group is around 38,500<sup>1</sup>.

#### ■ HIGH LEVEL

##### ⇒ Xelec

Xelec is the result of a close collaboration between IGE+XAO's product and the largest French manufacturers (Renault, PSA, Michelin, EADS). Xelec is a modular product which has the ability to evolve. It functions on PC under Windows© NT.

Because of its processing capacity, it is perfectly adapted to the design of large production lines. In addition to its technical sophistication, it is particularly well suited to customers who have to manage multiple inter-actions with their sub-contractors.

The Xelec software comprises a set of modules which can offer the following functions :

<sup>1</sup> Evaluation on the 31<sup>st</sup>. of July 2007

- creation and modification of diagrams in a manual way or with the help of libraries.
- automatic numbering of components and equipotentials
- checking of diagram coherence,
- automatic generation of cabinet terminal strips,
- automatic generation of strands or cable forms (cabling shields),
- creation of wiring synoptic in coherence with the principle diagram,
- automatic generation of wiring and printed circuits without the presence of bornes and wiring in the principle diagram,
- interactive cabling modification with the automatic recording of modifications in the principal diagram,
- automatic parts-list creation according to chosen criteria,
- management of equipment catalogues and standards,
- automatic reporting of parts-list in the principle diagram and in the cabling,
- disposition of equipment, in two or three dimensions, with the automatic generation of the possible different views,
- management of safety requirements between equipment,
- management of components in constructor's manuals or parts lists,
- drawings, measurements and associated hatchings.

Price before tax for a licence, from € 7,000 to € 22,000 depending on the modules installed.

#### ⇒ **SEE Electrical Expert**

Development of SEE 4000, SEE Electrical Expert is the top-of-the-range software which stems from the new generation of Group IGE+XAO software. SEE Electrical Expert addresses the same market as Xelec and in time will supersede it.

SEE Electrical Expert offers the same level of capability as the Xelec software but additionally;

- Total ergonomic review along the lines of Windows© (actions, slide and release...)
- Multi-User function (management of the simultaneous use by several users of the same electrical files.
- an integrated schematic navigation system,
- an integrated access system allowing the viewing of complex files in a simple and functional way,
- the ability to function with AutoCad© of the Autodesk© Company.
- a multiplicity of tools offering translation, display, management of electrical files or changes of data.

Price before tax for a licence : from € 2,000 to € 15,000 depending on the modules installed.

#### ⇒ **Offre SEE Visio®**

The new generation software dedicated to embedded wiring, those software offered by SEE Visio, comprise the following :

- SEE Functional
- SEE Logical
- SEE Topology

These applications of electrical modelling are dedicated respectively to Functional System Design, System Diagram and to Electrical Topology for maintenance and design inspection, similarly for certification. With these solutions, users have a highly interactive means to create and revise their electrical models from the point of view of both function and logic.

Price before tax for a licence : from € 5,000 € to €30,000.

#### ⇒ **SEE 2000**

A product dedicated to the design of small and medium-sized installations, SEE 2000 was conceived to operate with Windows® or with AutoCad® of the Autodesk®. Company. SEE 2000 has total integration with Windows® which brings everything easily to hand.

The SEE 2000 software comprises a set of modules which can offer the following :

- creation and modification of designs from libraries,
- automatic numbering of components and equipotentials
- verification of the coherence of a design,
- the automatic generation of printed circuits
- creation of lists,
- the illustration of equipment in two dimensions,
- associated design, marking and hatching.

Price before tax for a licence : from € 1,000 to € 2,000 depending on the modules installed.

#### ⇒ **CADdy ++**

CADdy++ was conceived by the Danish company CAE Development which rejoined the Group in June 2001 following IGE+XAO's shareholding being increased to 51%.

The CADdy<sup>++</sup> software comprises a set of modules which can offer the following functions;

- creation and modification of designs for libraries and upwards.
- automatic numbering of components and printed circuit cabinets,
- verification of the coherence of designs,
- generation of printed circuits
- manual setting up of cabling,
- creation of lists
- associated design, marking and hatching.

Price before tax for one licence : from € 1,000 to € 7,000 depending on the modules installed.

#### ⇒ **SEE Technical**

SEE Technical is the starting product in the Group's range. Offered at less than € 200, SEE Technical is a software programme of simple schematic design which comes with more than 2,000 pre-defined symbols in different norms. SEE Technical is dedicated to electrical artisans (more than 400,000 in the world) all of whom want to produce technical drawings rapidly and simply.

SEE Technical is retailed (VPC), via distributors, or directly through the Internet (site: see-technical.com).

Price before tax for one licence : € 200 .

#### **3.1.4.2 IGE+XAO' S SERVICE TO CUSTOMERS.**

Considering the significance of the sales of services (57 % of sales for the year ended July 31<sup>st</sup>. 2002 representing € 8,755 K ) and the expectation of demand for services in the coming years, IGE+XAO has decided to bring in this service now. The service being offered includes product up-grades, assistance in the use of products, training and consulting.

As most Electrical CAD users are small-sized firms, the fact of getting a top level service by a player as significant as IGE+XAO, is a decisive factor in the Group's favour.

##### **■ Training**

IGE+XAO offers training services in the use and the setting-up of its software products.

This training can be done either as company courses at IGE+XAO or directly on the customer's premises.

##### **■ After sales service and maintenance**

After-sales services are offered to all customers at the cost of an annual fee corresponding to 12% of the licence price. It includes the following services ;

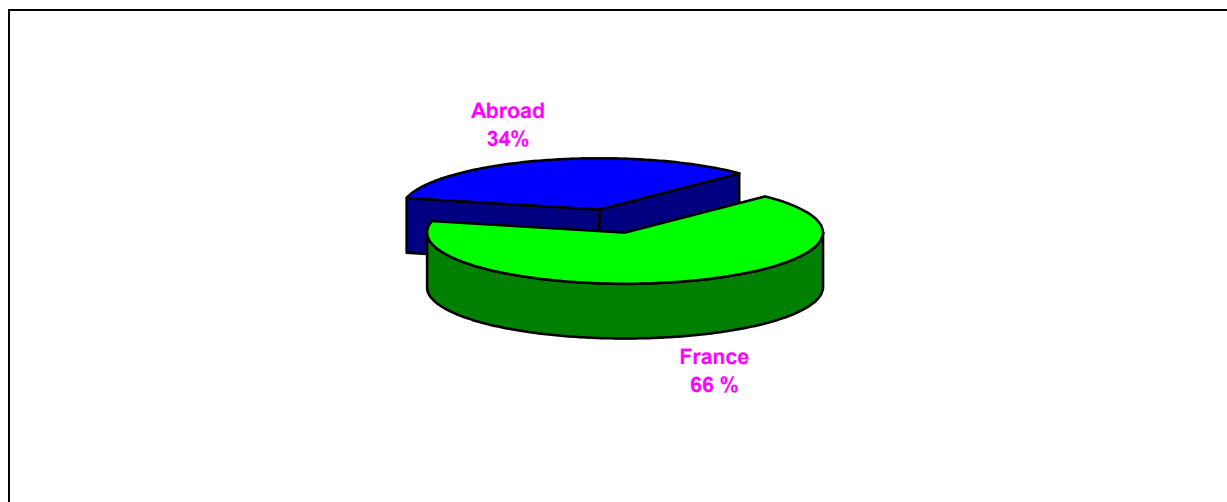
- 'Hot-Line' (telephone help-line) : its role is to assist the user in the daily use of his software. In France, approximately ten staff members are in charge of this service.
- Software upgrade : IGE+XAO supplies its customers who have signed a maintenance contract, with new software versions which offer the correction of errors and new processing functions.
- The services of good advice, assistance and the integration and development of specific computer systems.

##### **■ Les prestations de conseil, d'assistance et de développement informatique**

IGE+XAO est amené à proposer de plus en plus souvent des prestations de conseil, d'assistance et de développement informatique visant à l'intégration de ses logiciels à l'environnement informatique de ses clients (généralement pour de grands industriels). Pour cela, IGE+XAO a dédié une équipe de collaborateurs à ce type de prestations.

### 3.1.5 DISTRIBUTION OF IGE+XAO' S SALES, PER MAIN ACTIVITY AND PER GEOGRAPHICAL AREA

#### 3.1.5.1 THE BREAK-DOWN OF SOFTWARE SALES AND OF SERVICES PER GEOGRAPHICAL AREA



#### 3.1.5.2 THE BREAK-DOWN OF SOFTWARE SALES AND OF SERVICES PER ACTIVITY

The Group, specialising in the writing of software, has but a single metier; the conception, production, sales and the undertaking to maintain a range of computer-assisted design of software programmes. As a result, the Group does not restrict its own internal organisation to any one particular business sector.

For information, the distribution of sales within the IGE+XAO Group is as follows ;

VENTES	2002/2003	2001/2002	2000/2001
SOFTWARE	40.9%	41.7%	45.5%
SERVICES	18.9%	20.3%	18.5%
MAINTENANCE	38.9%	36.5%	34.0%
OTHERS	1.3%	1.5%	2.0%
TOTAL	100%	100%	100%

### 3.1.6 THE COMPETITION

Competition is met at three levels :

#### 3.1.6.1 LEVEL 1

Competition resulting from the use of non-specialised software of the office automation type CAD/CAM, generally mechanical, with which it is possible to design electrical drawings (AutoCAD®,...).

#### 3.1.6.2 LEVEL 2

Competition resulting from the use of slightly specialised software. This mostly concerns add-ons, which offer a few schematic functions running with :

- Electronical CAD software :

Historically the first, they allow the design of boards and printed circuits (implantation and routing of the electronic components of printed circuits, simulation of electronic apparatus...).



■ Mechanical CAD software :

Representing the highest sales figure, they are used to design mechanical devices and moulded, pressed, or welded parts. The following companies are amongst the major Mechanical CAD writers : Dassault Systèmes (France) and Parametric Technology Corp. (United States)

### 3.1.6.3 LEVEL 3

Competition resulting from the use of genuine Electrical CAD software.

At this level, the major competitors are :

■ In France

COMPANIES	ELECTRICAL CAD SALES IN 2001/2002	
	IN MILLIONS OF EUROS	CONCERNED SEGMENTS
IGE+XAO (CAO)	10,6	All
AUTODESK (computer aided drawing : AUTOCAD)	< 2 <sup>1</sup>	Small and medium sized firms
FTZ	< 2 <sup>1</sup>	Large Industrial accounts
EPLAN Software & Service	< 2 <sup>1</sup>	Large and medium sized firms
TRACE (running on AutoCad©)	< 2 <sup>1</sup>	Small and medium sized firms
ASSIGRAPH	< 1 <sup>1</sup>	Large Industrial accounts
HP-MDD	< 1 <sup>1</sup>	Large Industrial accounts
ECT (running on AutoCad©)	< 1 <sup>1</sup>	Small and medium sized firms
AUCOTEC	< 1 <sup>1</sup>	Large and medium sized firms
ALGOTECH	< 1 <sup>1</sup>	Small and medium sized firms

<sup>1</sup>The turnovers mentioned are estimated since the companies do not reveal their sales figures in France, or otherwise they do not detail their business in electrical CAO/DAO.

■ Other parts of the world

In Germany, three companies represent about 70% of the market ( estimation by IGE+XAO) it is a matter of EPLAN Software & Service, Aucotec and E.C.S.

For the rest of the world, a small number of writers share the DAO/CAO market functioning under AutoCad©. More often than not, the turnover achieved by these writers rarely exceeds € 2 millions.

Amongst the more established writers, one notes the company EPLAN Software & Service and E.C.S. ( with E.C.T. its distributor in the U.S., in The United Kingdom and in Northern Europe.), whose products are nearly the only ones to be distributed in the different countries of Europe and The U.S.

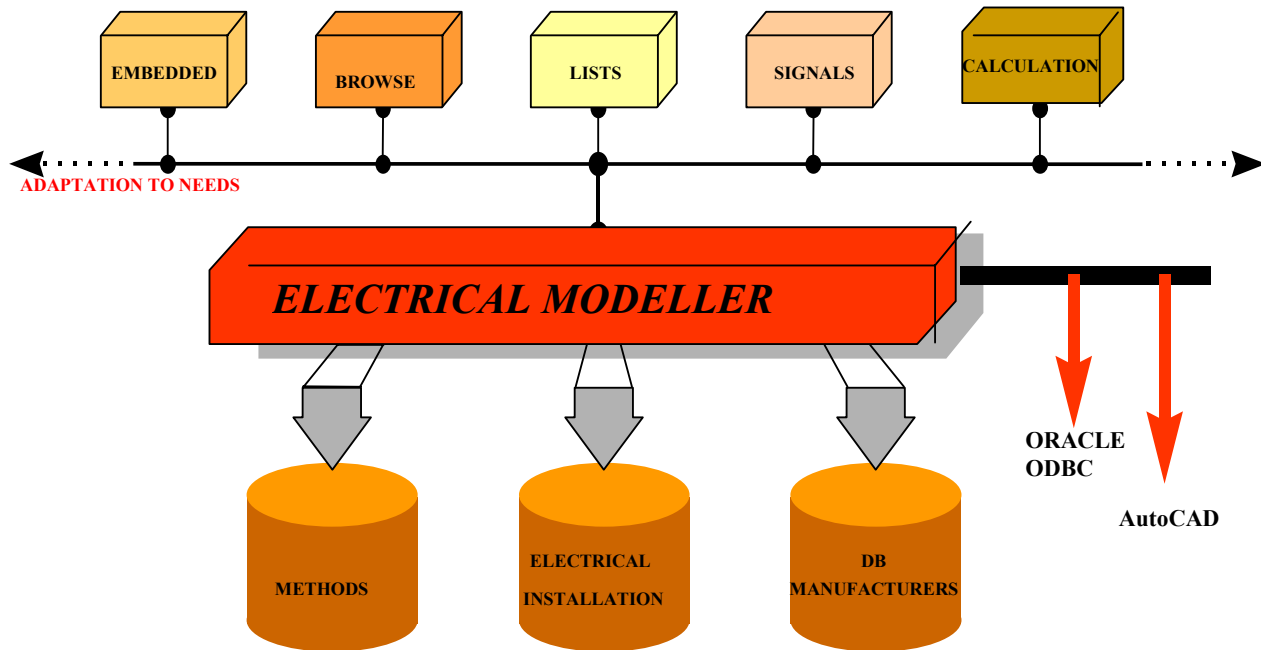
Specialized in electrical CAO, the companies Mentor Graphics (U.S) and Zuken (Japan) also offers an electrical business largely dedicated to embedded cabling.

### 3.1.7 THE COMPETITIVE ADVANTAGES OF IGE+XAO

IGE+XAO's products bring together leading-edge technologies giving the following advantages ;

- set-up of modules,
- use of an electrical models,
- management of embedded systems,
- management of several electrical standards,

- access to manufacturers' processing methodologies,
- customisation of manufacturers' processing methodologies,
- possibility of use in other environments (Oracle, ODBC, AutoCAD).



### 3.1.8 DESCRIPTION OF MAJOR CUSTOMERS

#### 3.1.8.1 CHARACTERISTICS OF IGE+XAO'S CLIENT BASE

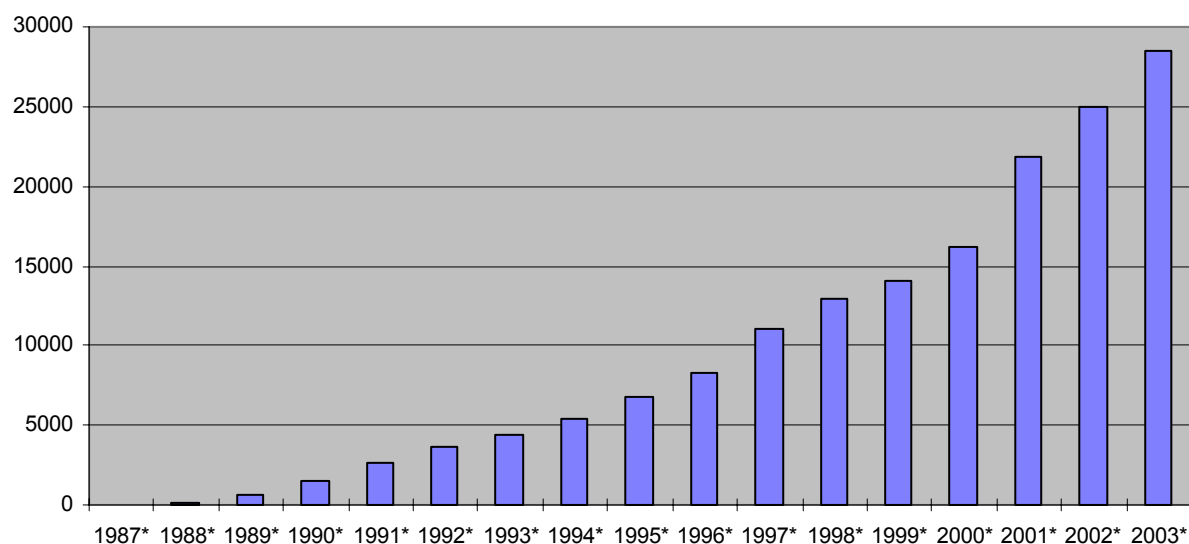
If one considers the extent of its product range, IGE+XAO is present in the entire Electric CAD market. Amongst the large industrial accounts, the following can be quoted :

ACTIVITIES	INDUSTRIALS		
<i>Car Industry</i>	<i>Bertrand Faure</i> <i>Caterpillar</i> <i>Dunlop</i> <i>Française de Mécanique</i>	<i>General Motors</i> <i>Heuliez</i> <i>Volkswagen VU</i> <i>Valéo</i>	<i>PSA</i> <i>Renault</i> <i>RVI</i>
<i>Aeronautical and space</i>	<i>AIRBUS</i> <i>Air France</i> <i>CNRS</i>	<i>Dassault Aviation</i> <i>ONERA</i> <i>SOGERMA</i>	<i>Thales</i> <i>Eurocopter</i>
<i>Chemicals, Petrochemicals</i>	<i>ATOCHEM</i> <i>Ciments Lafarge</i> <i>ELF TOTAL FINA</i> <i>Glaxo</i> <i>Hutchinson</i>	<i>Kodak Pathé</i> <i>Rhône Poulenc</i> <i>Roussel-Uclaf</i> <i>Saint Gobain</i> <i>Sanofi Synthélabo</i>	<i>Shell</i> <i>SNPE</i> <i>Solvay</i> <i>Kléber</i> <i>Michelin</i>
<i>Food Industry</i>	<i>Biscuits LU</i> <i>Bongrain</i> <i>Boursin</i> <i>Cointreau</i> <i>Danone</i> <i>Eridania Beghin Say</i>	<i>Haribo</i> <i>Hennessy (LVMH)</i> <i>Kraft General Food</i> <i>Lindt</i> <i>Martell</i> <i>Perrier</i>	<i>Quaker</i> <i>Rivoire &amp; Carré Lustucru</i> <i>Rotschild</i> <i>Schweppes</i> <i>SOPAD Nestlé</i> <i>William Saurin</i>
<i>General Electricity and Power generation</i>	<i>Hydro Quebec</i> <i>CEA</i> <i>Cegelec</i> <i>Cogéma</i>	<i>EDF/GDF</i> <i>E.I.</i> <i>Forclum</i> <i>GTIE</i>	<i>Santerne</i> <i>Clemessy</i> <i>SGN</i> <i>Spie Trindel</i>
<i>Mining and Metallurgical Industry</i>	<i>Cockerill</i> <i>Mines du Bourneix</i> <i>Mines de Potasse d'Alsace</i>	<i>Mines de Salsigne</i> <i>Pechiney</i> <i>Sollac</i>	<i>Talcs de Luzenac</i> <i>UGINE</i> <i>Vallourec</i>

### 3.1.8.2 PROGRESSION OF IGE+XAO'S SALES

### 3.1.8.3

#### GROWTH IN THE NUMBER OF LICENCES SOLD IN THE INDUSTRY



\* Estimated at the 31<sup>st</sup>. of July

### 3.1.8.4 CONCENTRATION, DEPENDENCE AND REPEAT BUSINESS

The degree of dependence of the IGE+XAO group regarding any particular activity is very low. No business sector represents more than 30% of the sales of the group.

In France (destinations France), the customers representing the highest sales for IGE+XAO are :

CLIENTS (OU GROUPES)	CHIFFRE D'AFFAIRES
<i>Airbus Industries</i>	5.9%
<i>Dassault Systèmes*</i>	4.2%
<i>Eurocopter</i>	1.5%
<i>D.C.N.</i>	1.5%
<i>Schneider Electric Industries</i>	0.9%
<i>Peugeot Citroën Automobiles</i>	0.6%
<i>Renault</i>	0.6%
<i>Thales - Thomson</i>	0.5%
<i>Michelin</i>	0.5%
<i>Clemessy</i>	0.5%
	16.6%

\* Preliminary benefits concerning the Boeing project.

### 3.1.8.5 ORDER BOOK

IGE+XAO software is sold off-the-shelf, resulting in a very short delivery time. For this type of sales therefore, the notion of an order book is not applicable.

On the other hand, annual maintenance contracts which are :

- tacitly renewable with a three month termination notice,

- payable at the start of the period,

have generated sales representing € 6;3 millions for the year ended 31<sup>st</sup>.July 2003.

### 3.1.8.6 CUSTOMERS' SOLVENCY AND TERMS OF PAYMENT

As the largest part of IGE+XAO's sales is made to large industrial accounts, the risk of insolvency is low. This solvency profile does not make credit insurance appealing to IGE+XAO. The average term of payment was 90 days for the year ended July 31, 2003 (with an average value added tax at 19,6%).

### 3.1.9 ORGANISATION AND SALES POLICY

#### 3.1.9.1 A SERVICE-TO-THE-CUSTOMER SALES ORGANISATION

IGE+XAO has organised its sales and marketing on the 'customer/product' principle.

CUSTOMERS	MARKETING	CONTACTS	SALES RESOURCES
<i>Major accounts</i>	<i>Direct sales</i>	<i>High level management, sales engineers and technical sales engineers.</i>	<i>20%*</i>
<i>Small and medium sized firms</i>	<i>Direct sales</i>	<i>Technical sales engineers</i>	<i>60%*</i>
<i>Small firms and craftsmen</i>	<i>Indirect sales</i>	<i>Technical sales engineers and trade representatives</i>	<i>20%*</i>

\* Indicative information. Certain market segments overlap.

#### 3.1.9.2 A 'GOOD SOUND ADVICE' SALES POLICY

Aware of the importance of offering good sound advice to customers, IGE +XAO focuses its drive to providing the prescribers.

#### 3.1.9.3 LARGE INDUSTRIAL ACCOUNTS : A PRESCRIPTION FOR THEIR SUB-CONTRACTORS

The Electrical CAD market is influenced by the fact that large industrial accounts impose the software they use on their sub-contractors for the following reasons :

- The high number of sub-contractors involved on electrical installations,
- The impossibility for two different electric CAD software to communicate.

#### 3.1.9.4 A STRONG PARTNERSHIP POLICY

IGE+XAO has developed a partnership policy aimed at increasing the number of promoters of its products, via :

- distributors of IGE+XAO' s products dedicated to small to middle-sized industrial firms (SEE 2000, SEE Technical et CADdy ++), also in order to promote the higher level software (Xeiec and SEE Electrical Expert), which are not sold by these distributors.
- Writers of other Computer Aided Drawing/ Computer Aided Design software (Mechanical, electronic, ...).
- Computer material manufacturers.

#### 3.1.9.5 EDUCATION : FUTURE CUSTOMERS AND PRESCRIBERS

IGE+XAO has for several years been leading a campaign to promote technical education in order to familiarise and train future electro-technical technicians and engineers in the use of the different

products of the group. Today, around 2,000 establishments (technical high schools, technical universities, engineering schools, adult training centres and so on...) are equipped with IGE+XAO 's software. In the coming years, this investment will increase the awareness of IGE+XAO amongst all those within the electro-technical world.

### 3.1.10 RESEARCH : SOFTWARE DESIGN

Research activities are at the very heart of the software writing profession and accordingly have always represented the biggest investment by IGE+XAO.

A team of 10 engineers design new modules and software products specifically to customers' requirements.

Since its creation, IGE+XAO has regarded technological progress and development as its priority, both in the field of computing techniques and in electro-technology. Thanks to this focus on priorities, IGE+XAO has always been able to react rapidly thus giving it a certain competitive edge, as the following examples show :

- From 1988, use of the Xelec product for the Object Oriented Data Structure published by the laboratory of the French 'Ecole Nationale Supérieure des Mines de Paris'.
- Release of a Schema version under Windows 95© less than 3 months after the marketing of this operating system.
- Definition of a data exchange model between Electric CAD software and Process Controller programming software. This "standard" (FNES "Input/Output Neutral file) is used throughout the entire profession.

FISCAL YEARS ENDED	RESEARCH AND DEVELOPMENT EXPENSES AMOUNT IN MILLIONS EUROS
31/07/01	2,5
31/07/02	2,9

For the year ended July 31<sup>st</sup>. 2003, the cost of research and development amounted to € 3.19m representing 19.3 % of sales volume.

#### Examples of research programmes :

- Adaptation of modules and software to users' new requirements (new functions), to new computer technologies (Windows©, Data base, ...) and the change of role of customers.
- Embedded Electric CAD : Having responded to manufacturers' needs for Electric CAD production tools, for several years IGE+XAO has been developing in collaboration with companies such as Airbus, Eurocopter, Thales, GIAT Industries and Air France, a set of processing functions allowing its software (Xelec, SEE Electrical Expert) to meet the requirements of embedded Electrical CAD (planes, helicopters, Leclerc tank, flight simulators,...).
- Development in numerous environments : from the very hart of technical know-how in Electric CAD, IGE+XAO has set a target to make it compatible with most Mechanical computer Aided Drawings of DAO, Design software or for the management of technical data.
- Development of a new tender integral with Dassault Systems software.

IGE+XAO obtained ISO 9001 certification in August 1998. This certificate was renewed in November 2001.

### 3.1.11 PRODUCTION

Software production comprises two operations :

#### 3.1.11.1 DEVELOPMENT

Located in the Polish and Bulgarian subsidiaries, this operation comprises a team of a production manager, programme engineers and technicians. At July 31<sup>st</sup>. 2003, programming employed 52 staff members.

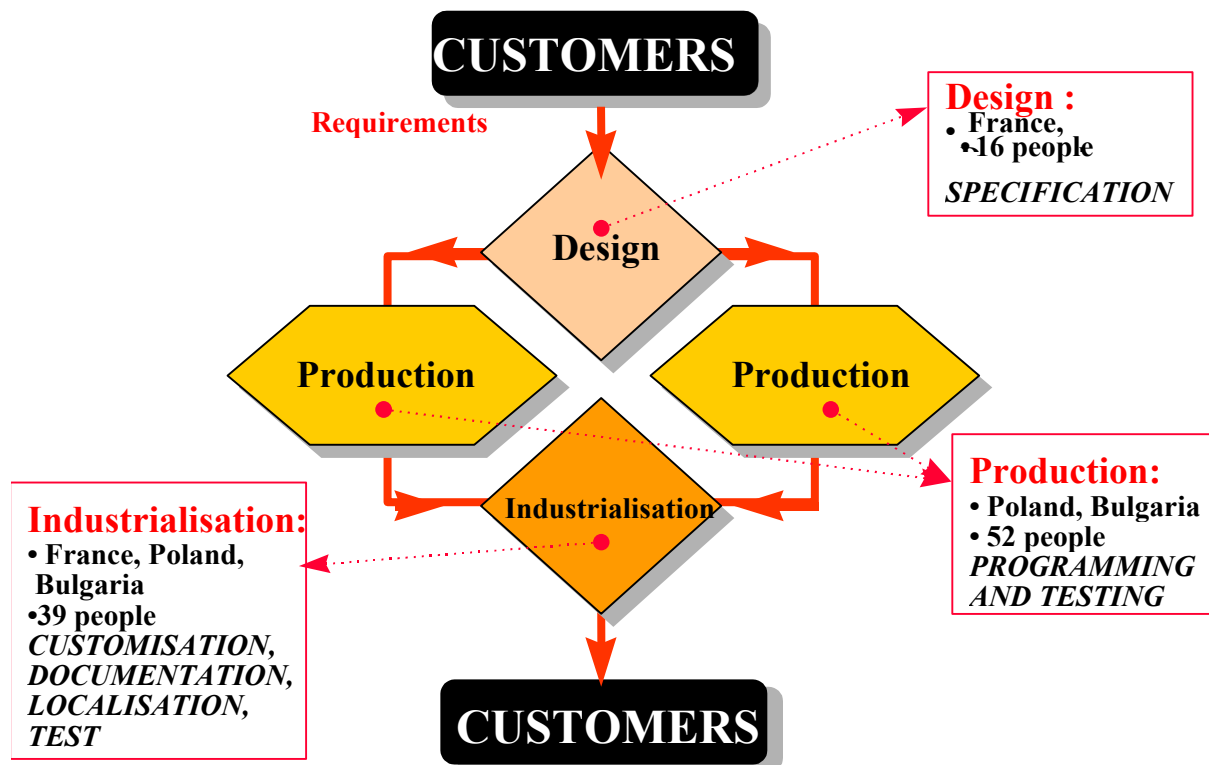
#### 3.1.11.2 INDUSTRIALISATION

This undertakes the following operations :

- localisation (translation and adaptation),
- documentation (instructions, electronic help and teaching aids),
- product quality control.

At July 31<sup>st</sup>. 2003, this activity employed 39 staff members.

IGE+XAO 's main software are available for the French, Swiss, Belgian, English, North American, Italian, Spanish, German, Dutch, Danish, Polish and Bulgarian markets.



### 3.1.12 SUPPLIERS

Equipment or software purchases represent less than 5% of IGE+XAO 's sales. Essentially, they concern standard computer equipment or software available from all the suppliers in the market. IGE+XAO has several sources of supply, changed regularly, thus avoiding too strong a dependence on any one supplier.

Sales of the AutoCAD® product from the Autodesk company accounts for less than 1% of IGE+XAO 's total product sales.

### 3.1.13 HUMAN RESOURCES – AN OVERVIEW.

#### 3.1.13.1 THE MANAGEMENT TEAM

At July 31<sup>st</sup>. 2003, the senior management team of IGE+XAO comprised three members, all of whom are shareholders:

- Alain Di Crescenzo, aged 41, Chairman and CEO since January 1998. He joined the Group's management team at the time of the acquisition of XAO Industries in August 1988. An Engineer from the French 'Art et Métiers' School of Engineers, he is directly in charge of administration and financial management, as well as business operations abroad.
- Charles Baudron, Deputy General Manager, aged 41, founder of IGE+XAO in May 1986. He is self-taught (Winner of the Harvard and Coopers & Lybrand Self-taught Victory of the South Pyrenees region in 1995) and skilled computer expert, he is the Technical Manager of the Group.
- Robert Grèzes, aged 54, Manager, is a computer engineer who was in charge of the computing department of a company in the textile sector before joining the Group. Today he acts as Services Manager.

The other main members in the Group are :

- Pawel Godula, aged 41, An Engineer from the Krakow Polytechnic, is a shareholder of 22 % of the Polish subsidiary. He joined IGE+XAO Poland in 1988 where he is the President.
- Jacek Dziedzic, aged 41, Engineer from the Krakow Polytechnic. As with Pawel Godula, he joined IGE+XAO Poland in 1988 and is a shareholder of 22 % of the Polish subsidiary. He is in charge of Production Management.

#### 3.1.13.2 IGE+XAO'S WORK FORCE

##### ▪ Distribution per country at July 31<sup>st</sup>. 2003 (staff members registered) :

COUNTRY	2002/2003	2001/2002	2001/2002
France	113	116	116
Poland	77	69	69
Bulgaria	27	23	23
Others	53	53	53
<b>TOTAL</b>	<b>270</b>	<b>261</b>	<b>261</b>

##### ▪ Distribution per activity at July, 2003 (staff members registered) :

FUNCTION	ACTIVITY	QUALIFICATION	NUMBER OF STAFF MEMBERS
Management:			1
Sales : 129	Management		11
	Sales Engineers / Technical Sales Engineers	Senior Engineers and Technicians	44
	After-Sales	Senior Technicians and higher	41
	Contracts	Senior Technicians	5
	Marketing	Senior Technicians	12
	Administration		16
Technical : 118	Management		2
	Design	Senior Engineers and Technicians	16
	Design	Senior Engineers and Technicians	52
	Industrialisation	Senior Engineers and Technicians	39



FUNCTION	ACTIVITY	QUALIFICATION	NUMBER OF STAFF MEMBERS
	Computer operations	Senior Engineers and Technicians	6
	Quality	Senior Technicians	1
	France Delivery	Senior Technicians	2
Administration :	22	Senior Technicians and higher	22
<b>TOTAL</b>			<b>270</b>

The average age of IGE+XAO's staff members is around 34 years.

The number of sub-contractors is insignificant.

### 3.1.13.3 TRAINING COSTS

IGE+XAO recognises its success as due to the competence of its staff members and training takes precedence over all other means to promote this, in technical as well as other fields.

Costs dedicated to internal and external training for the year ended July 31<sup>st</sup>. 20032, represented more than 2 % of total wages.

### 3.1.13.4 REMUNERATION POLICY

Staff members who deal with customers (sales people, trainers, after-sales technicians and sales assistants) receive a variable remuneration based on their results, which can represent up to 25% of their total remuneration.

Other staff members (administrative and technical functions) benefit from a variable remuneration on their ability to meet deadlines and on the quality of their achievements. This can represent up to 15% of their total remuneration.

## 3.2 RISK ANALYSIS

In addition to the other information contained in this prospectus, shareholders and potential buyers of shares being offered have to consider with care the following factors when they evaluate the Company and its sales activities.

### 3.2.1 INTEREST RATES AND EXCHANGE RATE RISKS.

#### 3.2.1.1 EXCHANGE RATE RISK.

The billing currency is the Euro in most cases. The other currencies used arise essentially from the business activity of subsidiaries outside the Euro zone. The position of the group at 31<sup>st</sup>.July 2003 could be analysed in the following way:

En K€	PLN	BLN	DKK	CAD	GBP
	2		5		
ASSETS	636	202445		383	23
Liabilities	1 424	35	2 603	174	8
Net	1 212	167	2 842	209	15
Off balance sheet	--	--	--	--	--
Net	1 212	167	2 842	209	15
Translation rate at the closing date	0,229	0,514	0,135	0,630	1,425
Net in €	277	86	382	132	21
Impact in K€ in case of €1 change	12	2	28	2	0

The Group does not hedge its foreign exchange risk at the moment but could buy futures contracts if the need arises.

- **Poland, Bulgaria and Danmark :**

IGE+XAO 's French operating subsidiaries sell to the Polish, Bulgarian and Danish companies in the group, software and maintenance services for distribution purposes and buy software production for higher amounts.

- **England and Canada :**

The French operating subsidiaries of IGE+XAO sell software and maintenance services to the subsidiaries of the group or to end-user customers.

IGE+XAO considers that in future the development of sales in these countries will lead to an increase in these amounts. The group intends to cover the resulting exchange risk, if deemed necessary.

- **Asia :**

Operations in Asia are not significant.

### 3.2.1.2 RATE RISKS

At July 31st. 2003, the balance outstanding of borrowings of more than one year made by the different companies in the Group was € 0.4m. These borrowings, having been made at a fixed rate of interest, the IGE+XAO Group is not exposed to interest rate changes at the present time.

IGE+XAO does not use hedging instruments.

Considering the development of its international business, IGE+XAO may have to negotiate loans in the different countries where it is located.

### 3.2.1.3 SHARES RISKS

*Today, company policy of the Group is to remunerate its treasury at minimal risk, essentially by way of money market funds which are re-sold on the date of each closure of the accounts.*

*IGE+XAO has available to it a money market product indexed to 3 month PIBOR renewable every three months. The sensitivity of Group results to a fall of 10% in this product is as follows:*

⋮

IN K€	Sensibility : 10% Pibor at 3 months
Asset	500
Off balance sheet	--
Net	500
Impact in K€ in the case of a 10% variation of the index	1

In the years to come, the Group would be able to have recourse to more sophisticated investment products.

The sensitivity of Group results to a fall of 10% in IGE+XAO shares, based on the average purchase price (€ 5.18), is zero inasmuch as the value of the shares on the balance sheet is largely inferior to their market value.

### 3.2.2 LEGAL RISKS

#### 3.2.2.1 CONFIDENTIALITY

Within IGE+XAO's business activities, a certain number of customers entrust to the Group documents which in some cases are subject to confidentiality agreements.

#### 3.2.2.2 OPERATING ASSETS NOT HELD BY IGE+XAO

The Xelec software necessitates the integration of a software workshop ( a set of software products ) called Xao Tools, subject to a contract granting user rights, signed in 1984 between the group and the

Armines Association. The technological progress of the past two years has lead IGE+XAO to replace Xao Tools by a new software workshop from the Group's research activities.

Further, as part of the policy of the partnerships, IGE+XAO tenders integrate and will integrate more and more, with the software and savoir-faire developed by outsiders.

The operating activities of IGE+XAO involves the renting of business offices (traditional business leases) through third parties which have no connection with the Company. In Poland, IGE+XAO has acquired 800 square metres of business premises.

### **3.2.2.3 DEPENDENCE WITH REGARD TO INTELLECTUAL PROPERTY RIGHTS**

Registered trademarks used by the Group have been registered in France, apart from those of the recent acquisitions made in Holland and Denmark.

Under the current state of French Law, computer programmes are not patentable inventions. Therefore the protection of IGE+XAO is based on :

- Its know-how.
- In respect of royalties and licences concerning its software. However, good protection of royalties is not guaranteed in all countries. Legal actions may therefore prove to be necessary and which will affect the results of the company.

To this day, the Company is not subject to any claim concerning royalties, trademarks, manufacturing secrets or other intellectual property rights, which could be based on a possible infringement of third party rights.

### **3.2.2.4 POLITICAL, ECONOMIC, LEGAL, AND TAX RISKS WITH REGARD TO POLISH AND BULGARIAN SUBSIDIARIES**

In recent years, Poland and Bulgaria have embarked upon big political, economical and legal reforms. These reforms can influence the economy and financial markets of these countries and consequently have an impact on the business and results of the IGE+XAO group and on its future actions.

The growth of inflation and of interest rates has been higher in Poland and Bulgaria than in Western European countries. The change in the rate of exchange has not always permitted conversion of currencies to the fair value in the market. These factors could have an impact on IGE+XAO Group's business.

Property, contracts, companies, transferable securities competition, leasing, tax and collective procedure rights, have been and continue to be modified in the process of transition of these countries to a free market economy. Consequently, the jurisprudence and procedures rules allowing for the implementation of these recent regulations are still under way. This may lead to divergent interpretations by the courts. Equally, it can in some circumstances prove to be difficult or even impossible to obtain a satisfactory decision in the jurisdictions of these countries, in a reasonable time frame.

### **3.2.2.5 OFF BALANCE SHEET OPERATIONS**

NATURE	AMOUNT	IN K€	
		LESS THAN 1 YEAR	FROM 1 TO 5 YEARS
ENGAGEMENTS DONNES			
Loan reimbursements	413	159	253
Loan interest	32	17	15
Total	445	176	268

When equity interests were taken in 2001 in the sales company IGE+XAO Netherlands (Tessdata), a clause for additional payment were signed ; the payment of this clause depended to the capacity of Tessdata to carry out a sales objective and a net income objective before the end of 2003/2004.

- From August 1<sup>st</sup> 2001 to July 31th, 2002 :
  - Turnover : superior to € 1,089,073 ;
  - Net income before tax : superior to € 163,361.
- From August 1<sup>st</sup> 2002 to July 31th, 2003 :
  - Turnover : € 1,361,341 ;
  - Net income before tax : superior to € 245,041.

Following the non-achievement of these objectives, the method of applying the clause of complementary pricing is still under discussion at the end of the fiscal year 2002/2003.

The off-balance sheet commitments have been identified by every possible means in the possession of the Group.

This presentation recognises full commitment to and in accordance with current accounting norms.

### **3.2.3 FISCAL RISK.**

The IGE company, a 99.1% subsidiary of IGE+XAO was subject to a fiscal verification for the years 1997, 1998, 1999, and 2000. The verification confirmed that the tax affairs of the Company were totally correct.

### **3.2.4 DISPUTES OR OTHER EXCEPTIONAL ITEMS**

IGE+XAO has no knowledge of any dispute or arbitration which may have a significant impact on the financial situation, the assets, the business and results of the Company or of its Group.

### **3.2.5 INDUSTRIAL RISKS WITH REGARD TO THE ENVIRONMENT**

#### **3.2.5.1 DANGEROUS GOODS**

During the course of its business, IGE+XAO does not handle, nor does it stock, dangerous goods.

#### **3.2.5.2 SECURITY**

IGE+XAO has instituted two security levels as follows :

- for production installations, a magnetic-card for access control and the use of an anti-intrusion alarm system,
- for all other premises a traditional alarm system.

#### **3.2.5.3 INSURANCE**

IGE+XAO and its French subsidiaries have taken out an insurance policies with several insurance companies with a view to covering the following risks :

- Civil liability with the CHUBB company: ‘tous dommages confondus y compris corporels’ (for damages which may result from sales of services undertaken by staff members of the Group or from the use of its software),
- Industrial All Risks underwritten by the GAN company to cover all the Company’s buildings against water damage, theft, fire, lightning strike and explosion, similarly the damage to all machinery and equipment.
- Vehicle fleet and employees on company business, underwritten by the GAN company,
- Public Liability Insurance of Managers with the CHUBB company,

- Key Man Insurance with the CARDIFF company to protect itself against the loss of one of its key people: Chairman of the Board of Directors, Alain Di Crescenzo.

SIGNIFICANT INSURANCES	COUVERTURES	PRIMES
Civil liability	€ 6.0 M	€ 15 K
Industrial All Risks	€ 0.25 M	€ 3 K

### 3.2.5.4 SOFTWARE SOURCE CODES

IGE+XAO systematically up-dates two copies of its software source codes which are stored in two different locations, one being placed in a fireproof safe.

### 3.2.6 TECHNOLOGICAL RISKS

#### 3.2.6.1 DECREASE IN RICES

In a general manner, software prices are subject to a continual fall. IGE+XAO could be affected by this phenomenon.

#### 3.2.6.2 NEW SOFTWARE OR MODULES LAUNCH

IGE+XAO intends to launch new modules and software on the market. It is impossible to state that the implementation of new technologies in these software will be successful. Despite inspections performed by the group, they may even contain errors not detected prior to their introduction in the market.

Furthermore, even a successful programme cannot guarantee acceptance by end-users and in consequence its impact on turnover growth could be expected.

### 3.2.7 OTHER RISKS

#### 3.2.7.1 DELAY IN PENETRATING NEW MARKETS

IGE+XAO expects strong growth based essentially on new market penetration.

Unexpected difficulties may occur in some countries, delaying this penetration, thus having a negative impact on the operating results of the Group.

#### 3.2.7.2 NEW COMPETITORS

The very large investment necessary for the development and launch of a competitive technology, as well as the in-depth knowledge which IGE+XAO has in this sector, constitute very significant entry barriers.

It is however impossible to exclude the arrival of new competitors in markets served by IGE+XAO and which would probably have an unfavourable impact on prices.

#### 3.2.7.3 GROWTH MANAGEMENT

As mentioned above, IGE+XAO expects strong growth in the years to come. Difficulties linked to this growth may occur in the sales, technical, or administrative fields.

In the past, IGE+XAO has successfully overcome this type of problem. However, it is impossible to say that it will be the same in the future.

#### 3.2.7.4 HAZARDS OF INTERNATIONAL DEVELOPMENT

IGE+XAO expects to develop its business in various foreign countries, as a result exposing itself to various risks inherent in an economical, legal and political context in these countries and which are likely to impact its financial position.

### **3.2.7.5 POSSIBLE INSTABILITY OF SHARE PRICES**

IGE+XAO being a high technology company, the price of its shares is likely to be very unstable and subject to variations which may have no connection with its financial performance. Several factors have a significant impact on the price of the shares :

- the seasonal fluctuation of financial results,
- announcements of new products or of improvements to existing products by IGE+XAO or by its competitors,
- market conditions in the technological sector.

### **3.2.7.6 DEPENDENCE ON SUPPLIERS**

See 3.1.12. : Suppliers.

### **3.2.7.7 DEPENDENCE ON CUSTOMERS**

See 3.1.8.3. Concentration, dependence and repeat business.

### **3.2.7.8 DEPENDENCE ON KEY STAFF MEMBERS**

The Company is largely dependent on its senior management team and on members of the research team whose departure could have significant impact on the Group's projects for the future.

Most of these members have not concluded an agreement protecting IGE+XAO against unfair competition.

### **3.2.7.9 RISKS INHERENT IN THE SOFTWARE WRITING PROFESSION**

Most software existing throughout the world contains errors which can have harmful effects on their functioning. Although IGE+XAO has taken all the necessary steps to avoid this problem, it cannot guarantee this situation will not arise. It is therefore not possible to say that disputes will not occur with unsatisfied customers.

## **3.3 INVESTMENT POLICY**

### **3.3.1 MAIN INVESTMENTS CURRENTLY IN PROGRESS**

Investments by the Group are mainly allocated to the improvement of existing software for the French market and to the adaptation of these software to foreign markets. These investments are made from the Company's own funds, (see chapter 8.10, research: conception of software) and are directly posted in the Company's expenses. From past experience, some of these investments may benefit from financial help granted by ANVAR in the form of refundable advances.

The average equipment necessary per person is about € 1,500 (computer material). Its technological obsolescence being rapid, at two to three years, demands an investment in the order of € 200,000 per year. At this level, the stock of computers is constantly renewed.

### **3.3.2 FUTURE INVESTMENTS**

With regard to plans for further external growth, IGE+XAO has no significant investments planned for the short term.

## **3.4 RECENT EVOLUTION**

### **3.4.1 SALES ACTIVITY : SALES FOR THE 1<sup>ST</sup> QUARTER**

The consolidated turnover for the first quarter of 2002/2003 was the following (publication BALO)

in euros	First quarter 2003/2004	First quarter 2002/2003	Variation
FRANCE	2,251,838	2,197,478	3%
ABOARD	1,320,165	1,178,583	12%
Total turnover	3,572,003	3,376,061	6%

Having completed a successful 2002/2003 fiscal year, IGE+XAO followed good progress in the first quarter of 2003/2004 with an increase in turnover of 6%. In the international market, the main target of the group, IGE+XAO has posted growth of 12%. In France, where IGE+XAO holds more than 60% of the market, the business has increased by 3%.

This new fiscal year should see increased activity for the Company with the launch of the first integrated solution for the CATIA V5 of Dassault Systèmes and the start of production of a new range of software entirely developed for the CAA V5 architecture of Dassault Systèmes. These new products will allow the Group to reinforce its position in the Electrical CAO market and to assert itself in the systems engineering market.

This fiscal reassures IGE+XAO that their planned budget is on target. They anticipate an increase in both turnover and profitability, with a net margin in excess of 8% of turnover.

\* Hand-outs of objectives of Management.

\*\* Internal study.

### 3.4.2 PARTNERSHIP WITH DASSAULT SYSTEMES

Seattle, USA and Paris, France – September 30, 2003 – Dassault Systèmes (NASDAQ: DASTY; Euronext Paris: #13065, DSY.PA) and IGE+XAO (Euronext Paris, NextEconomy FR0000030827 FTSE 977) today announced the signing of a strategic development agreement under which IGE+XAO as a Gold Software Partner will develop, market and sell CAA V5 Based applications for electrical modeling (functional, topology and logical) and electrical diagrams generation. Through this partnership, IGE+XAO will complement the existing Dassault Systèmes' V5 electrical PLM solutions.

Dassault Systèmes' V5 electrical PLM solutions define the implementation of wire harness in the 3D digital mock-up taking into account both spatial installation constraints and electrical functional specifications. Design automation of wiring systems in CATIA® V5 Electrical Wire Routing allows users to capture corporate know-how for the routing process. Associative 2D drawings for inspection and documentation purposes are automatically generated with CATIA V5 Electrical Harness Flattening. Furthermore, DELMIA™ V5 brings to users all the capabilities to define and simulate all processes and resources needed to manufacture the harness on the form board.

Thanks to this partnership, IGE+XAO, a leader in electrical schematic software development, will complement Dassault Systèmes offering by developing a suite of products on top of the CAA V5 architecture. IGE+XAO will first focus on delivering V5 applications for electrical modeling and generative electrical diagrams. The IGE+XAO CAA V5 based product portfolio will include Functional System Design, System Diagram, Electrical Topology, and Generative Electrical Views for maintenance/design review and certification. These Solutions will provide users with highly interactive capabilities for authoring and reviewing their electrical functional and logical product model. The complete lifecycle of this product model is managed by ENOVIA™ engineering and manufacturing hubs thanks to a unique data model.

For the first time on the market, Electrical cabling and transportation manufacturers, mainly automotive and aerospace companies, will have a comprehensive solution covering electrical engineering, from early requirements, system design to manufacturing. The solution will support international standards and regulations facilitating customer reuse of existing product design. With this unique approach, V5 users will be able to evaluate modification impacts through “what if” scenarios

simulations from functional to manufacturing. The result is faster product development, fewer errors, and drastically shorter development cycles.

“Through this partnership, IGE+XAO and Dassault Systèmes reinforce their leadership in electrical PLM solutions,” said Alain Di Crescenzo President IGE+XAO. “Today’s announcement is a major business and technological step for our company: we will offer seamless integration with the portfolio of Dassault Systèmes, the worldwide leader in the PLM market.”

“IGE+XAO and Dassault Systèmes are leveraging their respective strengths to dramatically grow their presence in the electrical engineering market,” said Dominique Florack executive vice president, Research and Development, Dassault Systèmes. “IGE+XAO’s commitment is a milestone toward the achievement of Dassault Systèmes V5 Systems PLM Solutions strategy, consistent with Dassault Systèmes’ and its strategic partners’ V5 solutions.”

### **3.4.3 PARTNERSHIP WITH DASSAULT SYSTEMES**

Toulouse, France – January, 22<sup>nd</sup>, 2004 – 6:30 PM – Two months after the Dassault Systèmes/IGE+XAO partnership agreement, IGE+XAO (Euronext Paris: NextEconomy FR0000030827 FTSE 977) today announced its first major success thanks to this cooperation. The Boeing Company will use IGE+XAO Systems Design and Cabling C.A.D. (Computer Aided Design) solutions to define Systems Architecture, Topology and Electrical diagrams for commercial aircraft.

This new reference represents the most important sale ever achieved by IGE+XAO with a potential of more than US\$ 5 million within three years.

The sale will result in a dramatic increase in IGE+XAO’s commercial operations in North America, and an important acceleration of its R&D activities based around embedded systems developed on top of Dassault Systèmes’ software.

IGE+XAO, which signed with Airbus two years ago, has become a major reference for providing systems software solutions to aircraft manufacturers.

This new reference, in addition to the most prestigious names in the automotive (PSA Peugeot Citroën, Renault, Michelin, Valéo, Delphi, Faurecia...), transportation (Airbus, Eurocopter, DCN, SNCF, Air France, Chantiers de l’Atlantique, Bombardier, Alstom...), chemical (Solvay, Total Fina Elf, Kodak, Vivendi Environnement), electricity and electronics (Schneider Electric, Siemens, ABB, Motorola) and energy industries (EDF, HydroQuebec, Total Fina Elf)..., confirms the Group’s breakthrough in the field of advanced technology and reinforces its strategy : becoming an industrial standard.

### **3.4.4 RESEARCH AND DEVELOPMENT**

No significant element of note.

## **3.5 STRATEGY AND PROSPECTS FOR THE FUTURE**

The objective of the IGE+XAO Group is to become the number one Electric CAD software writer in the world.

The strategy outlined to achieve this objective is based around two main thrusts :

### **3.5.1 A TECHNICAL AXIS**

- The further development of a large range of software programmes, both modular and evolvable.



IGE+XAO is one of the only writers offering a complete range of software, all modular, adapted for all segments of the market, which allows it to respond to the development needs of its clients by offering them either the option of adopting complementary modules or of up-grading to a range of superior software.

The continuation of Software internationalisation.

IGE+XAO will continue to concentrate in this field by :

- Taking into account local requirements from conception,
  - Product localisation,
  - Integration of data bases from local equipment manufacturers (except large international manufacturers).
- New products launch

During fiscal 2003/2004 IGE+XAO plans the launch of the following products :

- SEE Functional, SEE Logical and SEE Topology integrated to the Dassault Systèmes offer,
  - SEE Electrical Expert (Version 2004),
- Integration of new technologies and standards

Whether it is for its high, middle or entry level products, IGE+XAO continuously integrates new technologies (object oriented programming) and standards of the market (Windows©, AutoCAD©, Oracle, ODBC, Visual Basic, XML, ...).

By way of example, IGE+XAO integrated the following solutions as soon as they had been launched :

- High level operating systems and computing platforms for the market : Unix for Hewlett Packard, Sun Microsystems, IBM and Windows for PCs.
  - The standard in Computer Aided Drawing offering an option on its new software generation (SEE 2000 and SEE Electrical Expert) a process under AutoCAD©, whilst at the same time offering communication software conforming with the 'DXF' standard, allowing the exchange of graphical information with other systems.
  - Taking into account Relation Data Bases Management Systems (SGBDR), for managing parts-lists and equipment catalogues. In this way, products like Xelec, SEE Electrical Expert and SEE Visio© use the Oracle© and Access© SGBDR. The SEE Visio© offeris also integrated to the Dassault Systèmes' Smarteam© software
- Continuation of the development of the Industry Standards.

As a market leader, IGE+XAO continuously contributes to the definition and development of the Industry's professional standards.

For example, the IGE+XAO group having developed the FNES standard with the Legrand company, is now working on the development of an exchange standard between an Electric CAD and equipment labelling systems.

Similarly, for several years, the IGE+XAO Group has been working on the definition of a model allowing Electric CAD software to directly use electrical equipment catalogues in an electronic form. Currently, large European manufacturers such as Schneider Electric, ABB, Siemens, Legrand, Klockner-Möeller, Entrelec, Socomec, Weidmuller etc. provide or are about to provide their electronic catalogues in accordance with this model and which is perfectly usable by the Electric Computer Aided Design software of IGE+XAO.

### **3.5.2 A SALES AXIS**

In France : a sales strategy adapted to a large customer base

In France, considering the large market share held by IGE+XAO and the number of installed licences, the group commits 50% of its sales force to customers already equipped with its software so as to maintain and protect this goodwill which represented more than half of its income for the year ended July 31st. 2003.

The sales team dedicated to these IGE+XAO customers, offer the following :

- A complete range of services (consulting, training and telephone assistance on location),
- Add-ons to the range of software currently used (Add-On strategy),
- Possibility of evolving towards higher level software.

This strategy aims at optimising the profitability of the customer base and is run on a sales agency network located in Paris, Toulouse, Grenoble, Nantes and Marseille.

Internationally : a resolute development strategy

Since IGE+XAO began to export, it has continuously followed the same progressive strategy:

- Market research validated by direct sales from France,
- Establishment in the country through affiliates, opening of local subsidiaries.

The development in Europe

IGE+XAO is already established in France, Spain, Italy, Belgium, England, Germany, Holland, Denmark and in Poland. To accelerate its growth in these countries, the Group's intentions are as follows;

- In accordance with the model developed in France, IGE+XAO will pursue a policy of selling to major accounts,
- Search for acquisitions enabling a rapid capture of the planned market share,
- Reinforcement of marketing and public relations, a higher participation in trade exhibitions and a stronger presence in the media.
- Putting in place of strategic partners.

Development in North America

Already established in Canada ( Montreal and Toronto), IGE+XAO will carry out identical actions to those in Europe with a view to accelerating its growth.

IGE+XAO intends to establish itself in the United States. This new presence, as a result of the Boeing work, will enable the Group to appreciably speed-up its operations in the American market. The Group also intends to put in place other strategic partnerships.

### 3.5.3 FINANCIAL AXIS

Since its listing on the New Market of the Bourse, IGE-XAO has always maintained its company policy of regular and voluntary contact with its shareholders and with the financial markets.

AGENDA OF PRESS RELEASE	DEADLINES
Annual general meeting – Accounts closed as of July 31, 2003	30/01/2004
Dividends distribution	13/02/2004
Consolidated turnover – 2004/2003 first quarter	15/03/2004
Consolidated turnover - 2004/2003 first half year	03/05/2004
Consolidated turnover - 2004/2003 nine months	14/06/2004
Consolidated turnover - 2004/2003 fiscal year	13/09/2004

2004/2003 consolidated accounts

01/11/2004

Annual general meeting – Accounts closed as of July 31, 2004

28/01/2004

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## **4 THE BOARD OF DIRECTORS REPORTS**

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### **4.1 THE BOARD OF DIRECTORS REPORT TO THE ANNUAL GENERAL MEETING AS OF JANUARY 31, 2004**

Ladies and Gentlemen, Shareholders,

We have gathered you together for the Annual General Meeting, in accordance with the legal, regulatory and statutory requirements. The agenda for today is the following:

- A report by the Board of Directors and the presentation of the holding Company accounts and the consolidated accounts at the close of fiscal year ended 31st.July 2003.
- A report by the Auditors on their findings and on the requirements of articles L225-38 of the 'Code de Commerce'.
- Approval of the annual accounts at the close of fiscal year ended 31st.July 2002
- Approval of the consolidated accounts at the close of fiscal year ended 31st.July 2002
- Approval of agreements in article L225-38 of the 'Code de Commerce'.
- Payments and charges under article 39-4 of the General Code of Taxes
- Discharge of the Directors.
- Allocation of earnings
- Approvals for legal formalities.

At the same time we will read you the reports of the auditors regarding their examination.

All the documentation required by law has been communicated or put at your disposal in a fashion and within the time limits of legal, regulatory and statutory demands.

The rules of presentation and methods of accounting conform to current regulations and are identical to those of last year.

You will find full additional explanation in the notes.

#### **4.1.1 BUSINESS AND PROFITS OF THE GROUP**

The significant events of the period are described hereafter :

- On the 2nd of June 2003, the Board of Directors used the authority which had been given them at the Shareholders' meeting on the 2nd of December 2002, to determine the rules and procedures for a share options plan. These rules and procedures are set out in note 1.2.5.4.
- IGE+XAO has accrued its shareholding in SEE PLANET (93% against 90% previously) following the buy-back of shares from minority shareholders.
- The Dutch subsidiary of the Group changed its name in December 2002 and henceforth will be called IGE+XAO Netherlands BV (ex Tessdata BV.)

No other comments are required for the period.

The consolidated income statement can be presented as follows as of July 31, 2003 :

CONSOLIDATED STATEMENT OF OPERATIONS			
(in thousands of euros)	July 31, 2003 12 months	July 31, 2002 12 months	July 31, 2001 12 months
Total revenues – France and export	16,068	15,411	13,554
Other operating revenues	374	256	422
<b>Total revenues</b>	<b>16,442</b>	<b>15,667</b>	<b>13,976</b>
<b>PURCHASES</b>	<b>(709)</b>	<b>(860)</b>	<b>(645)</b>
Other external expenses	(4,746)	(4,570)	(4,163)
Payroll and benefits	(7,651)	(7,135)	(6,335)
Taxes	(273)	(252)	(307)
Provisions depreciation and amortization	(689)	(625)	(520)
Other expenses	(37)	(245)	(251)
<b>Expenses</b>	<b>(14,105)</b>	<b>(13,687)</b>	<b>(12,221)</b>
Operating income (loss)	2,337	1,980	1,755
Interest income (loss)	(21)	32	56
<b>INCOME BEFORE EXCEPTIONAL LOSS AND INCOME TAXES</b>	<b>2,316</b>	<b>2,012</b>	<b>1,811</b>
Extraordinary income (loss)	(95)	(46)	(2)
Income tax	(872)	(659)	(687)
Income (loss) after income tax	1,349	1,307	1,122
Depreciation allowance on goodwill	(70)	(70)	(56)
Net income (loss) of consolidated companies	1,279	1,237	1,066
Net income – Minority interests	(57)	(100)	(10)
<b>Net income – IGE-XAO Group</b>	<b>1,222</b>	<b>1,137</b>	<b>1,056</b>
Number of shares issued	1,754,000	1,754,000	1,754,000
Number of shares, except own shares booked in deduction of the consolidated shareholders' equity	1,708,364	1,708,364	1,754,000
<b>EARNINGS PER SHARE IN EUROS</b>	<b>0.72</b>	<b>0.67</b>	<b>0.60</b>

The financial year ending 31st.July 2003 can be analysed as follows;

- Turnover established at € 16,068 K against € 15,411K in 2001/2002. This represents 4,3% growth.
  - IGE+XAO Group saw stable 4% in its national market, € 10,561K in 2002/2003 against € 10,571 K in 2001/2002.
  - IGE+XAO Group saw a growth of 18% in its international market ( € 5,505 K in 2002/2003 against € 4,840 K in 2001/2002).
- The Financial Result is a loss of € 21 K against a profit of € 32 K in 2001/2002;
- The Result Before Tax is a profit of € 2,221 K against € 1,966 K in 2001/2002 representing growth of 13%.

- The Net Result of the Group is a profit of € 1,222 K against of € 1,137 K in 2001/2002 representing growth of 7%.
- The Financial Position of the Group is markedly improved and notably,
  - An increase of 14% in the shareholders' equities to € 7,845 K,
  - An increase of 7% in cash-at-bank to € 4,084 K,
  - A reduction of 24% in indebtedness currently resting at € 434 K against € 568 K at 31st.July 2002.

#### 4.1.2 THE BUSINESS AND THE RESULTS OF THE IGE+XAO COMPANY

IGE+XAO does the following :

- Management of the investments held.
- Management of the Group's cash-at-bank.
- Administrative and accounting services for the different companies in the Group.

The profits statement of the company is as follows at the 31<sup>st</sup>.July 2003 :

STATEMENT OF OPERATIONS			
(in thousands of euros)	July 31, 2003 12 months	July 31, 2002 12 months	July 31, 2001 12 months
Net turnover	1 632	1,997	2,007
Operating grants	--	--	457
Other operating income	201	42	47
Operating income	1 833	2,039	2,511
Other external expenses	(1 037)	(1,196)	(1,296)
Payroll and benefit	(647)	(697)	(611)
Taxes	(53)	(46)	(43)
Provisions depreciation and amortization	(73)	(94)	(99)
Other expenses	(4)	(6)	(2)
Expenses	(1 814)	(2,039)	(2,051)
Operating income (loss)	19	0	460
Financial income (loss)	896	117	(340)
Exceptional income (loss)	1	24	13
Income tax	(14)	(37)	130
Profit-sharing	(14)	(27)	(23)
<b>Net income (loss)</b>	<b>888</b>	<b>77</b>	<b>240</b>

NOTES :

- The turnover for the fiscal is € 1,632 K against € 1,997 K for 2001/2002. Mainly it comprises inter-group services invoiced at cost.
- The operating costs correspond to a profit of € 19 K against € 0 K for the previous fiscal.
- The financial result is a profit of € 896K against a profit of € 117 K for the previous fiscal. The difference is mainly due to the payment of dividends by IGE. The main items which effect the financial results are shown in the table hereafter.

FINANCIAL CHARGES AND INCOMES IN K€	31/07/03	31/07/02
Amortizations :		
→ participations	(124)	(79)
→ marketable securities	--	--
→ exchange risk	(26)	(11)
→ financial risk related to Mayridis	--	(103)
<b>Total</b>	<b>(151)</b>	<b>(193)</b>
Allowances :	155	38
<b>Total</b>	<b>155</b>	<b>38</b>
Forgiveness of debts in favour of the following subsidiaries :	--	--
→ Canada	--	--
→ Germany	--	(47)
→ Great-Britain	--	(85)
→ Mayridis	--	--
<b>Total</b>	<b>--</b>	<b>(132)</b>
Dividends received	788	270
Other financial charges and incomes	104	238
<b>Total</b>	<b>892</b>	<b>404</b>
<b>TOTAL</b>	<b>896</b>	<b>117</b>

- The exceptional result is a profit of € 1 K against € 24 K in fiscal 2001/2002.
- The net result is a profit of € 888 K against € 77 K for the previous fiscal, this difference being explained by the dividends paid by IGE.

#### 4.1.3 CONCERNING THE BUSINESS OF RESEARCH & DEVELOPMENT AND INVESTMENTS

The costs of research & development are booked during the fiscal in which they are incurred. These rest at € 3,108 K against € 2,899 K in 2001/2002 that is to say 19.3% of turnover against 18.8% in 2001/2002 respectively, and illustrate the very great effort devoted to the development and industrialisation of products.

#### 4.1.4 SIGNIFICANT EVENTS SINCE THE CLOSURE OF THE ACCOUNTS FOR THE FISCAL YEAR

The costs of research & development increased by 7.2% compared to the previous fiscal. This increase is explained by the numerous developments on the quotes for SEE Electrical Expert and for the offer Visio© from Microsoft©.

Seattle, USA and Paris, France – September 30, 2003 – Dassault Systèmes (NASDAQ: DASTY; Euronext Paris: #13065, DSY.PA) and IGE+XAO (Euronext Paris, NextEconomy FR0000030827 FTSE 977) today announced the signing of a strategic development agreement under which

IGE+XAO as a Gold Software Partner will develop, market and sell CAA V5 Based applications for electrical modeling (functional, topology and logical) and electrical diagrams generation. Through this partnership, IGE+XAO will complement the existing Dassault Systèmes' V5 electrical PLM solutions.

Dassault Systèmes' V5 electrical PLM solutions define the implementation of wire harness in the 3D digital mock-up taking into account both spatial installation constraints and electrical functional specifications. Design automation of wiring systems in CATIA® V5 Electrical Wire Routing allows users to capture corporate know-how for the routing process. Associative 2D drawings for inspection and documentation purposes are automatically generated with CATIA V5 Electrical Harness Flattening. Furthermore, DELMIA™ V5 brings to users all the capabilities to define and simulate all processes and resources needed to manufacture the harness on the form board.

Thanks to this partnership, IGE+XAO, a leader in electrical schematic software development, will complement Dassault Systèmes offering by developing a suite of products on top of the CAA V5 architecture. IGE+XAO will first focus on delivering V5 applications for electrical modeling and generative electrical diagrams. The IGE+XAO CAA V5 based product portfolio will include Functional System Design, System Diagram, Electrical Topology, and Generative Electrical Views for maintenance/design review and certification. These Solutions will provide users with highly interactive capabilities for authoring and reviewing their electrical functional and logical product model. The complete lifecycle of this product model is managed by ENOVIA™ engineering and manufacturing hubs thanks to a unique data model.

For the first time on the market, Electrical cabling and transportation manufacturers, mainly automotive and aerospace companies, will have a comprehensive solution covering electrical engineering, from early requirements, system design to manufacturing. The solution will support international standards and regulations facilitating customer reuse of existing product design. With this unique approach, V5 users will be able to evaluate modification impacts through “what if” scenarios simulations from functional to manufacturing. The result is faster product development, fewer errors, and drastically shorter development cycles.

“Through this partnership, IGE+XAO and Dassault Systèmes reinforce their leadership in electrical PLM solutions,” said Alain Di Crescenzo President IGE+XAO. “Today’s announcement is a major business and technological step for our company: we will offer seamless integration with the portfolio of Dassault Systèmes, the worldwide leader in the PLM market.”

“IGE+XAO and Dassault Systèmes are leveraging their respective strengths to dramatically grow their presence in the electrical engineering market,” said Dominique Florack executive vice president, Research and Development, Dassault Systèmes. “IGE+XAO’s commitment is a milestone toward the achievement of Dassault Systèmes V5 Systems PLM Solutions strategy, consistent with Dassault Systèmes’ and its strategic partners’ V5 solutions.”

#### **4.1.5 PREDICTED PROGRESS IN THE POSITION OF THE COMPANY AND OF THE GROUP—THE FORESEEABLE FUTURE.**

Having completed a successful 2002/2003 fiscal year, IGE+XAO followed good progress in the first quarter of 2003/2004 with an increase in turnover of 6%. In the international market, the main target of the group, IGE+XAO has posted growth of 12%. In France, where IGE+XAO holds more than 60% of the market, the business has increased by 3%.

For the current financial year, and excluding any acquisitions, the Group anticipates growth in turnover in the order of :

- 3% to 5% in the absence of any improvement in the international financial situation,
- 6% to 10% in the event of an improvement in the international financial situation and the successful conclusion of the business currently under discussion.



These two growth scenarios, coupled with strict control over costs, should allow the Group to close the financial year 2003/2004 with a net result of between 8% and 9% of turnover.\*.

\* see handouts of Board objectives.

#### **4.1.6 ADOPTION OF THE IFRS STANDARDS**

The Group has taken the first preparatory steps towards adopting the IAS/IFRS requirements which will be applicable to IGE+XAO consolidated accounts for the financial year commencing 1<sup>st</sup>.August 2005. Notably under consideration is a census of the main differences between the new accounting norms and those applied until then, in the same way the consequences which will impact as much on the financial budgets as on our own internal organisation and information systems.

#### **4.1.7 THE ALLOCATION OF PROFITS OF THE FINANCIAL YEAR.**

The net profit at the close of the fiscal year 31st.July 2003 for the IGE+XAO company was € 888,345.

After allocation to the legal reserve of an amount of € 44,417 corresponding to the legal minimum of 5% of profits, the balance represents a disposable profit of € 843,928.

Taking into account the good performance of the fiscal year which shows a consolidated net profit rising to € 1,221,957 that is to say an increase of 7,5% compared to the previous fiscal, and having not departed from our stance of prudence, we would like to mark our confidence in the future by proposing the distribution of a total amount of € 280,640 which will come from the profits of the fiscal and from Company reserves.

This total amount will allow the payment of a dividend of 16 centimes per share. This dividend will benefit from a tax credit of 8 centimes per share thus representing, for those shareholders who are entitled to this credit, a total revenue of 24 centimes.

This dividend will be paid on 13th.February 2004.

Furthermore, the dividend attaching to the shares held by the IGE+XAO Company on the payment day of the dividend and not having dividend rights, will be made to accumulated reserves.

The Chairman asks the meeting to approve the amount of non-deductible expenses and charges on the profits subject to tax in the companies under article 39-4 of the Code of General Taxation. These amount to € 11,747 on which the tax is € 4,031.

#### **4.1.8 DISTRIBUTION OF DIVIDENDS OF THREE PREVIOUS FISCAL YEARS.**

In accordance with the legal requirements (article 243 bis of the Code of General Taxation), the dividend paid to company shareholders relating to the last three fiscal years has been as follows :

Year ended	Dividend per share	Tax credit per share
July 31, 2000	0.15 €	0.75 €
July 31, 2001	0.15 €	0.75 €
July 31, 2002	0.16 €	0.80 €

#### **4.1.9 SUBSIDIARIES AND HOLDINGS IN FRANCE AND ABROAD AT THE CLOSE OF THE FISCAL YEAR.**

During the fiscal year ended 31st.July 2003, the IGE+XAO Group took a holding in the company Anyware Technologies.

The list of subsidiaries and holdings by IGE+XAO company at 31st.July 2003 are shown in the annexe to the balance sheet. It is repeated here.

- 99,6 % of the share capital of IGE SA,
- 99,7 % of the share capital of MAYRIDIS VOYAGES,

- 51,1 % of the share capital of IGE+XAO Pologne,
- 100 % of the share capital of IGE+XAO Balkan,
- 95 % of the share capital of IGE+XAO Italie,
- 99 % of the share capital of IGE+XAO Iberica,
- 99,9 % of the share capital of IGE+XAO North America,
- 90 % of the share capital of WINSOFT ELEC DIFFUSION,
- 100 % of the share capital of IGE+XAO Limited,
- 100 % of the share capital of IGE+XAO Software Vertrieb GmbH,
- 100 % of the share capital of TESSDATA BV,
- 51% of the share capital of CAE DEVELOPMENT APS,
- 49% of the share capital of IGE+XAO DENMARK A/S,
- 90% of the share capital of SEE PL@NET,
- 19% of the share capital of Anyware Technologies.

#### **4.1.10 ADDITIONAL INFORMATION CONCERNING THE SHARE CAPITAL.**

##### **4.1.10.1 THE IDENTITY OF THE COMPANY'S PRINCIPLE SHAREHOLDERS AT THE END OF THE FISCAL YEAR**

The information has been based on notification received by the company in accordance with article L 233-7 Code de Commerce.

BLOCKS HELD	% OF CAPITAL	% VOTING RIGHTS
From 2 to 5 %	Société de Participations Techniques et Financières Odyssee Venture	Société de Participations Techniques et Financières Odyssee Venture
From 5 to 10 %	--	--
From 10 to 20 %	IRDI Midi-Pyrénées	IRDI Midi-Pyrénées
From 20 to 33 1/3 %	Financelec	Financelec
From 33 1/3 to 50 %	--	--
From 50 to 66 2/3 %	--	--
More than 66 2/3 %	--	--

The Odyssee Venture Fund has acquired more than 2% of IGE+XAO shares.

No other shareholder possesses, to the knowledge of the company, more than 5% of the capital or voting rights at the close of the financial year.

##### **4.1.10.2 CHANGES DURING THE COURSE OF THE FISCAL YEAR IN THE HOLDING OF CAPITAL OR VOTING RIGHTS.**

On the first day of the opening of the fiscal year (1st.August 2002) the position was as follows ;

BLOCKS HELD	% OF CAPITAL	% VOTING RIGHTS
From 2 to 5 %	Société de Participations Techniques et Financières	Société de Participations Techniques et Financières
From 5 to 10 %	--	--

From 10 to 20 %	IRDI Midi-Pyrénées	--
From 20 to 33 1/3 %	Financelec	IRDI Midi-Pyrénées
From 33 1/3 to 50 %	--	Financelec
From 50 to 66 2/3 %	--	--
More than 66 2/3 %	--	--

#### 4.1.10.3 THE LEVEL OF HOLDINGS BY SALARIED STAFF IN THE CAPITAL OF THE HOLDING COMPANY AT THE CLOSE OF THE FISCAL.

In applying the provisions of articles L225.179 and following the Code de Commerce, the Annual General Meeting has authorised, for a period of 38 months, the Board of Directors to grant for the benefit of salaried staff options giving the right to purchase existing shares in IGE+XAO coming from buy-backs made within legal requirements and up to a limit of 3% of the issued capital of the company, or a maximum of 52,620 shares. The exercise price on the options cannot be less than *both* the following limits: 95% of the average purchase price of the shares in the hands of the Company and 95% of the average price of the last twenty sessions of the stock exchange preceding the day when the option was granted. The options can only be exercised within a period of four years of being granted by the Board of Directors.

CARACTERISTIQUES DU PLAN D'OPTIONS D'ACHAT D'ACTIONS	PLAN N°1
General Meeting of shareholders	December 2, 2002
Board of Directors	June 2, 2003
End of the plan	June 2, 2009
Number of options granted	8,164
Number of options cancelled	0
Number of options exercised	0
Number of options exercisable	0
Purchasing price in €	9.80

#### 4.1.11 AGREEMENTS UNDER ARTICLE L 225-38 OF THE CODE DE COMMERCE

We ask you, in conforming with article L 225-40 of the Code de Commerce, to approve the agreements under article L 225-38 of the Code de Commerce and concluded during the course of the past fiscal, after having been regularly authorised by the Board of Directors.

Your legal auditors having been duly advised of these agreements, have included them in his special report.

#### 4.1.12 RENOUELEMENT DU MANDAT D'UN ADMINISTRATEUR

The mandate of the Board Director Mr. Alain Di Crescenzo comes to an end at the board meeting on the day of the Annual General Meeting. We propose to you that he is confirmed in his rôle for a further period of six years, that is to say up to the AGM to be held in 2010 to approve the accounts for the financial year ending 31<sup>st</sup>.July 2009.

#### 4.1.13 OTHER INFORMATION

##### 4.1.13.1 CHANGES IN SHARE PRICES IN THE COURSE OF THE LAST FISCAL

With regard to fiscal 2002/2003, we have been able to follow the changes to the share price of IGE+XAO company in the following manner:

MONTH	NUMBER OF SHARES	VALUE IN €	LOWEST PRICE IN €	HIGHEST PRICE IN €	AVERAGE PRICE IN €
08/02	5,245	56	10.00	11.37	10.77
09/02	7,332	72	9.00	11.07	10.14
10/02	11,231	97	8.00	9.46	8.94
11/02	16,899	153	8.00	9.80	9.21

12/02	43,428	429	9.01	11.00	9.97
01/03	8,601	83	9.5	10.8	9.83
02/03	6,048	57	9.2	9.7	9.46
03/03	7,337	69	9.2	10.0	9.52
04/03	3,861	36	<b>9.2</b>	9.9	9.59
05/03	13,208	129	9.3	10.0	9.73
06/03	34,473	386	9.9	12.5	11.13
07/03	13,159	153	11.2	12.0	11.73

#### 4.1.13.2 OWN SHARES HELD BY THE COMPANY IGE+XAO

Conforming to the requirements of article L 225-211 of the Code de Commerce and within the authorisation that you gave us at the time of the Annual General Meetings of 29<sup>th</sup>.January 1998, of 25<sup>th</sup>.January 2000, of 31<sup>st</sup>.January 2001 and 2<sup>th</sup>.December 2002, to offer the company's shares on the market with a view to stabilising the price, we advise you that during fiscal 2002/2003 the company did not proceed with the purchase of any shares. During this same period the company disposed of 2,000 shares at a profit of € 6 038.

The total number of own shares held by the company at 31st.July 2003 was 90,311 shares representing 5.15% of the capital. The market value of these shares, determined by the average price for the month of July 2003, amounted to € 1,059,583.

The Annual General Meeting of 2<sup>nd</sup>.December 2002 decided to earmark its own company shares in the following way.

- Short-term market securities : the shares allocated to employee stock option plan and to the stabilisation of the stock market price, that is to say 33,685 and 12,645 shares respectively at an average buying price of € 5.18;
- In reduction of its consolidated shareholders' equity : the balance of the shares, namely 45,636, acquired at an average buying price of € 16.02

#### 4.1.13.3 LIST OF MANDATES AND JOB FUNCTIONS.

In conforming with article L. 225-102-1 of the Commercial Code, we detail the list of responsibilities and job functions in each company by each board member :

##### Subsidiaries :

##### **A. Di Crescenzo :**

President of the Board of Directors : IGE+XAO

Board member : IGE.

Other responsibilities aboard : IGE+XAO Softwaren Vertriebs GmbH, IGE+XAO North America and IGE+XAO Limited.

##### **C. Baudron**

President of the Board of Directors : IGE.

Board member : IGE+XAO et SEE Planet.

Other responsibilities aboard : IGE+XAO Limited and IGE+XAO Iberica.

##### **J. Baudron**

Board member : IGE+XAO.

##### **R.Grezes**

President of the Board of Directors : SEE Planet

Board member : IGE

Manager : Winsoft Electric and Mayridis Voyages

## **Companies out of the Group :**

### **A. Di Crescenzo :**

Board member : Financelec and Memo Page.

Other boards : Access Commerce.

### **C. Baudron**

President of the Board of Directors : Financelec.

Manager : CAOUEC.

Other boards : SOCRI.

### **J. Baudron**

Board member : BEHI et SUD Sondage.

#### **4.1.13.4 REMUNERATION AND BENEFITS PACKAGE ALLOCATED TO THE BOARD MEMBERS AND DIRECTORS**

Conforming to the requirements of Article L 225-102-1 of the Commercial Code, we can advise you of the total remuneration and additional benefits of whatever kind received during the fiscal year by each Director. They are as follows :

REMUNERATION IN €K	WAGES		FRINGE BENEFITS	BOARD FEES	STOCK OPTIONS	TOTAL
	fixed	+variable				
Alain Di Crescenzo	136		8	--	--	144
Charles Baudron	103		7	--	--	110
Robert Grezes	66		4	--	--	70

\* Mr. Baudron is remunerated by the Financelec company which invoices its services, euro for euro, to IGE+XAO Group and which holds 31% of the capital.

Conforming to the requirements of Article L. 225-102-1 of the Commercial Code, we can equally confirm the amounts of remuneration and all other additional benefits of whatever kind each of these Directors received during the fiscal year from controlled companies, in the sense of Article L 233-16 of the Commercial Code : Nil.

#### **4.1.13.5 OFFERING OF SECURITY, BACKING AND OTHER GUARANTEES.**

Conforming to the requirements of Article L.225-35 of the Commercial Code, the Managing Director agreed following a meeting on 29<sup>th</sup>.January 2002 and in his management role in the company Mayridis Voyages, to give a guarantee of € 121,959.21 in favour of the “Association Professionnelle de Solidarité du Tourisme”, and a facility on the current account up to a level of € 83,278.17 in favour of IATA.

#### **4.1.13.6 COMMENTS OF THE COMPANY EMPLOYEE REPRESENTATIVE COMMITTEE**

In applying the requirements of article L. 432-4 of the Working Code, the Representative Committee has expressed no comment on the economic and social situation of the Company.

##### **4.1.13.6.1 Social and environmental consequences of the business (L225.102.1 of the commercial code)**

##### **4.1.13.6.2 Environmental consequences**

Nothing significant

##### **4.1.13.6.3 Social impacts**

- Head-count

COMPANIES	31/07/2003	31/07/2002	VARIATION
IGE+XAO	17	13	-4
French subsidiaries	116	113	-3

- Engagements, dismissals, and reasons thereof.

IGE+XAO undertook :

- the end of a training contract,
- the end of a fixed period employment contract,
- a dismissal,
- the transfer of 2 salaried staff to IGE S.A.
- the employment of one telephone operator.

- Organisation of working hours, duration.

The IGE+XAO company, along with all the French companies in the Group, has applied the law on the reduction of working hours (35 hours) commencing December 1999.

- Pay and pay increases.

IGE+XAO :

Gross payroll is € 455,756 against € 496,433 in 2002/2003 representing a decrease of 8,2%.

All other French companies in the Group

Gross payroll is € 3,149,930 against € 3,024,449 in 2001/2002 representing an increase of 4.2%

- Professional relationships and collective agreements.

The Group has put in place a social and economic committee 'Unité Economique et Sociale' and thus a profit-sharing agreement which remain in place today.

\* \* \*

We ask you to be kind enough to adopt the resolutions which we have put to your vote.

Attached to this report, in compliance with Article 148 of the Decree of 23rd March 1967, is a table clearly showing the Company's results for each of the last five fiscal years.

THE BOARD OF DIRECTORS

## RESULTS OF THE LAST FIVE FISCAL YEARS

IN EUROS	31/07/99	31/07/00	31/07/01	31/07/02	31/07/03
<b>SHARE CAPITAL AT THE END OF THE PERIOD</b>					
Share capital	6,684,889	6 684 889	6 752 900	6 752 900	6 752 900
Number of issued shares	1,754 000	1 754 000	1 754 000	1 754 000	1 754 000
Number of convertible obligations in shares	--	--	--	--	--
<b>OPERATIONS AND RESULTS OF THE PERIOD</b>					
Sales net of VAT	2 230 249	2 263 2989	2 006 668	1 996 399	1 632 253
Net income before income tax, profit-sharing, amortizations and provisions	487 406	9 687	148 799	390 650	983 059
Income tax	24 087	(174 236)	130 199	36 442	14 233
Net income after income tax, profit-sharing and amortizations and provisions	684 802	837 780	241 107	76 933	888 345
Distributed net income	--	267 396	267 396	* 271 870	* 280 640
<b>NET INCOME PER SHARE</b>					
Net income after income tax, profit-sharing but before amortizations and provisions	0,264	0,091	0,146	0,186	0,544
Net income after income tax, profit-sharing and amortizations and provisions	0,390	0,478	0,137	0,044	0,506
Distributed net income per share	--	0,152	0, 152	0,1 55	0,1 6
<b>EMPLOYEMENT DATA</b>					
Average head-count over the period	17	17	18	17	17
Payroll and benefits	435,600	462,881	449,067	496,433	455,756
Amounts paid to social entities (« Sécurité Sociale », ...)	168,487	174,948	162,425	200,737	190,988

\* submitted to the approval of the shareholders.

## 4.2 LIST OF RESOLUTIONS BEING PROPOSED BY THE BOARD OF DIRECTORS

### *First resolution*

The Annual General Meeting, having taken due note of the advice of the Board of Directors and the advice of the Group's Auditors, approve the Statement and Balance Sheet for the financial year ending 31<sup>st</sup> July 2003, exactly as they are presented, similarly all the operations they record, and that they result in a net profit calculated at € 888,345.00

### *Second resolution*

The Annual General Meeting certifies that the consolidated accounts at 31<sup>st</sup>.July 2003 has been submitted to it and that the report of the Board of Directors includes the report of the Group Management.

The Annual General Meeting approves the consolidated accounts which have been submitted to it.

### *Third resolution*

The Annual General Meeting, after having taken note of the special report by the Group's auditors on the conventions under article L 225-38 of The Code of Commerce and the articles subsequent to it, approve the said report and the conventions therein.

### *Fourth resolution*

The Annual General Meeting approves an amount of expenditure and other non-deductible charges of a total of € 11,747 for the fiscal year ended 31<sup>st</sup> July 2003 and take note that this expenditure has resulted in a tax on the companies of an amount of € 4,031.00

### *Fifth resolution*

The Annual General Meeting gives, as a consequence and without reserve, full discharge to the Directors from their management duties and their mandates relating to the fiscal ended 31<sup>st</sup> July 2003.

### *Sixth resolution*

The Annual General Meeting, taking note that the profit for the fiscal ended 31<sup>st</sup> July 2003 is € 888,345 decide, on the Board's recommendation, to give it the following assignments :

Allocation to the legal reserve : 44,417 euros - Total amount :	199,761
Distribution of a dividend of € 0,16 per share capital which will come from the profits of the fiscal – Maximum amount :	280,640
Transfer of the balance to 'other reserves' of an amount of € 563,228.00	1,025,610

It being agreed that the IGE+XAO shares held by the company itself at the date of the dividend payment, not having payment rights, the sum non-distributed as a result of this will be regarded as reserves.

This dividend will benefit from a tax credit of 8 centimes per share thus representing, for those shareholders who are entitled to this credit, a total revenue of 24 centimes.

This dividend will be paid on 13<sup>th</sup>.February 2004.

In accordance with the legal requirements (article 243 bis of the Code of General Taxation), the dividend paid to company shareholders relating to the last three fiscal years has been as follows :

Year ended	Dividend per share	Tax credit per share
July 31, 2000	0.15 €	0.75 €
July 31, 2001	0.15 €	0.75 €
July 31, 2002	0.16 €	0.80 €



*Seventh resolution*

The Annual General Meeting, taking note that the Directorship of Mr. Alain Di Crescenzo, born 20<sup>th</sup> January 1962 at Marseilles, whose address is avenue Blanc Peyrard, 31012 Marseilles, has reached the end of its term, decides to renew this for a period of 6 years that is to say up to the Annual General Meeting which will convene to consider the Report & Accounts for the fiscal ending 31<sup>st</sup> July 2009.

*Eight resolution*

The Annual General Meeting confers its authority for a copy or an extract of these minutes to be used for registration, publications, legal formalities, or other reasons.

### 4.3 SPECIAL REPORT BY THE BOARD OF DIRECTORS ON OPERATIONS CARRIED OUT AS A RESULT OF REQUIREMENTS UNDER ARTICLES 225-177 A L. 225-186 OF THE COMMERCIAL CODE

Ladies & Gentlemen,

Conforming to the requirements of article L.225-184 of the Code de Commerce, we have the honour to advise you of the transactions done as a result of the requirements of articles L.225-177 to L.225-186 of the Code de Commerce concerning the purchase of share options.

Hereunder, we render you account of the number, the exercise dates and the purchase price of the share options which, during the past year because of the mandates and duties exercised within the Company, have been consented to each of the proxies by the Company and which are bound within the requirements of article L. 225-180 of the Code de Commerce :

Purchasing share options granted to the managers and options exercised during the fiscal year	Number of options granted and number of the shares subscribed	Option price	End of the plan
OPTIONS A GRANTED	NONE	NONE	NONE

OPTIONS EXERCISED	NONE	NONE	NONE
-------------------	------	------	------

Purchasing share options Granted to the first 10 employees and options exercised during the fiscal year	Number of options granted and number of the shares subscribed	Option price	End of the plan
OPTIONS CONSENTIES A :	Maximum amount : 628 purchasing share options	9,80 euros per option	Between June 3, 2007 and June 3, 2009

Monsieur Benassac, salarié  
Monsieur Dulong, salarié  
Monsieur Epis, salarié  
Monsieur Ianotto, salarié  
Monsieur Jardiné, salarié  
Monsieur Kumka, salarié  
Monsieur Krustec, salarié  
Monsieur Mathis, salarié  
Monsieur Olives, salarié  
Monsieur Portel, salarié  
Monsieur Sabot, salarié  
Monsieur Tomasik, salarié

OPTIONS EXERCISED	NONE	NONE	NONE
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Colomiers, January 30<sup>th</sup>, 2004

THE BOARD OF DIRECTORS

## 5 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

### 5.1 CONSOLIDATED FINANCIAL STATEMENTS AS OF JULY 31, 2003

BALANCE SHEET			
Assets (in thousand of euros)	July 31, 2003	July 31, 2002	July 31, 2001
Acquisition of goodwill	536	606	676
INTANGIBLE FIXED ASSETS - NET	1,299	1,399	1,470
Property and equipment -Net	1,021	1,007	1,062
Other long term assets - Net	269	312	93
Total long-term assets	3,125	3,324	3,301
INVENTORIES - NET	147	127	156
Receivables	6,281	5,871	4,935
Other current assets and accruals	732	804	866
Prepaid expenses	217	248	233
Deferred tax	110	62	32
Marketable securities	747	761	3,112
Cash and cash equivalents	4,084	3,829	1,865
Total current assets	12,318	11,702	11,199
<b>ASSETS</b>	<b>15,443</b>	<b>15,026</b>	<b>14,500</b>
BALANCE SHEET			
Liabilities (in thousand of euros)	July 31, 2003	July 31, 2002	July 31, 2001
Common stock	6,753	6,753	6,753
ADDITIONAL PAID-IN CAPITAL	1,910	1,911	1,911
OWN SHARES	(731)	(731)	--
Other reserves	(1,297)	(2,146)	(2,943)
Net income (loss) of the period	1,222	1,137	1,056
Grants to encourage investments	4	5	--
Accumulated translation adjustment	(16)	(58)	(37)
Shareholders' equity	7,845	6,871	6,740
Minority interests	657	627	601
Liabilities and contingencies	121	83	145
FINANCIAL DEBT (LONG-TERM AND CURRENT PORTION)	434	568	690
Accounts payable	690	651	712
Tax and social accruals	2,066	2,109	2,445
OTHER CURRENT LIABILITIES	391	966	447
Deferred revenues	3,239	3,151	2,720
Total Liabilities	6,820	7,445	7,014
<b>LIABILITIES</b>	<b>15,443</b>	<b>15,026</b>	<b>14,500</b>

CONSOLIDATED STATEMENT OF OPERATIONS			
(in thousands of euros)	July 31, 2003 12 months	July 31, 2002 12 months	July 31, 2001 12 months
Total revenues – France and export	16,068	15,411	13,554
Other operating revenues	374	256	422
Total revenues	16,442	15,667	13,976
PURCHASES	(709)	(860)	(645)
Other external expenses	(4,746)	(4,570)	(4,163)
Payroll and benefits	(7,651)	(7,135)	(6,335)
Taxes	(273)	(252)	(307)
Provisions depreciation and amortization	(689)	(625)	(520)
Other expenses	(37)	(245)	(251)
Expenses	(14,105)	(13,687)	(12,221)
Operating income (loss)	2,337	1,980	1,755
Interest income (loss)	(21)	32	56
<b>INCOME BEFORE EXCEPTIONAL LOSS AND INCOME TAXES</b>	<b>2,316</b>	<b>2,012</b>	<b>1,811</b>
Extraordinary income (loss)	(95)	(46)	(2)
Income tax	(872)	(659)	(687)
Income (loss) after income tax	1,349	1,307	1,122
Depreciation allowance on goodwill	(70)	(70)	(56)
Net income (loss) of consolidated companies	1,279	1,237	1,066
Net income – Minority interests	(57)	(100)	(10)
Net income – IGE-XAO Group	1,222	1,137	1,056
Number of shares	1,754,000	1,754,000	1,754,000
Number of shares, except own shares booked in deduction of the consolidated shareholders' equity	1,708,364	1,708,364	1,754,000
Earnings per share in euros	0.72	0.67	0.60

CONSOLIDATED STATEMENT OF CASH FLOWS		
(in thousands of euros)	July 31, 2003	July 31, 2002
Net income – Part of the Group	1,222	1,137
Net income – Minority interests	57	100
Translation adjustment	(20)	(36)
Provision, depreciation and amortization - Net	610	491
Loss (gain) on sale of equipment	(9)	(47)
Part of grants allocated to the income statement	--	--
Deferred tax	(36)	(30)
<b>Net income after adjustments</b>	<b>1,824</b>	<b>1,615</b>
<b>INCREASE / DECREASE IN CASH FROM :</b>	<b>(397)</b>	<b>(902)</b>
Receivables and prepaid expenses	--	124
Other current assets	76	412
Accounts payable and Deferred revenues	(407)	163
<b>TOTAL INCREASES (DECREASES)</b>	<b>(728)</b>	<b>(203)</b>
<b>Net cash used in operating activities</b>	<b>1,096</b>	<b>1,412</b>
Purchases of long-term assets	(453)	(576)
Proceeds from sale of equipment	14	224
Increase (decrease) in cash from other long-term assets - Net	--	--
Decrease in cash from acquisitions	--	5
Net cash used in investing activities	11	(298)
Purchases of long-term assets	--	(40)
<b>Decrease in cash from acquisitions</b>	<b>(428)</b>	<b>(685)</b>
Cash proceeds from issuance of shares	--	--
Dividend paid to the IGE-XAO shareholders	(260)	(226)
Proceeds from loans	--	153
Repayment of loans	(167)	(256)
<b>Net cash provided by financing activities</b>	<b>--</b>	<b>342</b>
<b>Cash proceeds from issuance of shares</b>	<b>(427)</b>	<b>(385)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>241</b>	<b>342</b>
Cash and cash equivalent, beginning of year	4,588	4,977
Cash and cash equivalent, end of year	4,829	4,588
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT OWN SHARES IMPACT (SEE SIGNIFICANT EVENTS)</b>	<b>241</b>	<b>(389)</b>
		<b>(731)</b>

## **5.2 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Amounts in thousands of euros, unless otherwise mentioned)**

The consolidated financial statements and the accompanying notes are translated in English and presented solely for the convenience of the reader.

### **5.2.1 SIGNIFICANT EVENTS OF THE PERIOD**

- On the 2<sup>nd</sup> of June 2003, the Board of Directors used the authority which had been given them at the Shareholders' meeting on the 2<sup>nd</sup> of December 2002, to determine the rules and procedures for a share options plan. These rules and procedures are set out in note 1.2.5.4.
- The Dutch subsidiary of the Group changed its name in December 2002 and henceforth will be called IGE+XAO Netherlands BV (ex Tessdata BV.)

No other comments are required for the period.

### **5.2.2 PRINCIPLES OF CONSOLIDATION**

The accompanying consolidated financial statements were established pursuant to the June 22<sup>nd</sup>. 1999 Ministerial Decree applying CRC regulation No 99-02. The methods and the accounting principles applied in the consolidated financial statement as of July 31, 2003 are the same as those applied as of July 31<sup>st</sup>. 2002.

The accounts of the individual companies that make up the IGE+XAO Group as of July 31<sup>st</sup>. 2003 were established in accordance with generally accepted accounting principles in France and were restated in order to be consistent with accounting principles used to establish the consolidated financial statements.

The consolidated financial statements were established before allocation of net income.

#### **5.2.2.1 CONSOLIDATION**

The reporting currency is the euro.

Companies directly owned by IGE+XAO have been consolidated using the full-consolidation method. Insignificant shares in affiliates and other equity interests have been recorded under "other long term assets" at their acquisition cost less allowance when appropriate.

All material intra-group balances and transactions have been eliminated.

#### **5.2.2.2 TRANSLATION OF THE FOREIGN SUBSIDIARIES' FINANCIAL STATEMENTS**

The functional currency of the Group's international subsidiaries is the local currency in which each income statement is established. All assets and liabilities in the balance sheets of the foreign entity are translated into euros on the basis of the following exchange rates, as follows: (1) asset and liability accounts at year-end rates, (2) income statement accounts at weighted average exchange rates for the year, and (3) shareholders' equity accounts at historical exchange rates.

Gains or losses resulting from the above translation process are recorded in shareholders' equity. Gains and losses resulting from foreign currency transactions are reflected in net loss. However, gains and profits resulting from long-term inter-company transactions in foreign currency are recorded in shareholders' equity. The income tax impact related to those transactions are recorded in the same way.

### **5.2.2.3 REVENUES RECOGNITION**

Revenues come from software products, training and maintenance services. The duration of maintenance contracts is generally twelve months.

Revenues are recognized as follows :

- licenses are invoiced and recorded when delivered to the customer ;
- training services are invoiced and recorded when services are fully performed on a basis consistent with the time-sheets validated by the customers ,
- maintenance contracts are invoiced at the signature but revenues are recognized over the duration of the contract.

### **5.2.2.4 DEFERRED TAX**

The liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates that will be in effect when the differences are expected to reverse. A valuation allowance is recorded if it is likely that some or all of the deferred tax asset will not be realized.

### **5.2.2.5 ACQUISITION GOODWILL**

Acquisition goodwill are defined as the difference between the purchase price of acquired companies and the Group share in their net assets at the date of acquisition. Acquisition goodwill are amortized over 5 to 10 years using the straight line-method..

### **5.2.2.6 VALUATION DIFFERENCES**

Valuation differences are defined as the difference between the estimated value of an asset at the date of its acquisition by the Group and the book value of the underlying asset in the individual accounts of a subsidiary of the Group.

When valuation differences correspond to Goodwill which cannot be sold individually, no deferred tax is recorded in the financial consolidated statements.

### **5.2.2.7 GOODWILL**

Goodwill recorded in the individual accounts of the subsidiaries corresponds to acquired goodwill.

At each consolidation date, the Group values Goodwill on the basis of whole or part of the turnover directly generated or induced in all the Group's companies. A depreciation allowance is established in the event the re-evaluation if the goodwill is less than the historical value.

### **5.2.2.8 RESEARCH AND DEVELOPMENT**

Research and development costs are charged as incurred. They include direct costs (mainly personnel) and indirect expenses clearly related to research and development activities (facilities, general supplies and services).

### **5.2.2.9 OTHER INTANGIBLE ASSETS**

Other intangible assets, except trade marks, are stated at cost and amortized on a straight-line basis over their estimated economic useful life, but do not exceed seven years.

Trade marks are stated at cost. When the carrying value of trade marks is less than their recoverable value, an impairment is recognized by a write-down of trade marks.

### 5.2.2.10 PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation and amortization are charged to expense using principally the straight-line method over the estimated useful lives:

Building	straight-line	20 years
Leasehold improvement	straight-line	10 years
Equipment	straight-line	4 years
Office and computer equipment .....	straight-line	4 years
Office and fixtures	straight-line	10 years
Cars	straight-line	5 years

Long-lived assets are written-down when as a result of events and changes in circumstances within the year, their recoverable value based on undiscounted future cash flow appear to be permanently less than their carrying value.

### 5.2.2.11 NON CONSOLIDATED EQUITY INTERESTS

Equity interests are carried at the historical acquisition cost of shares of non-consolidated companies. Their economic value is calculated at each consolidation date by taking into account the interest of the Group in the net asset of the underlying companies and the potential unrealized capital gains. A depreciation allowance is established in the event the share of equity interests in the companies as calculated above, falls below their historical acquisition cost.

### 5.2.2.12 ACCOUNTS RECEIVABLE

Receivables are valued at their nominal amount. A depreciation allowance is recorded when the market value falls below the book value. The market value is determined for each individual receivable depending on the default risk. Receivables are not covered by credit insurance contracts.

### 5.2.2.13 MARKETABLE SECURITIES AND OWN SHARES

Marketable securities are carried at their acquisition cost. Reserves are established to cover unrealised capital losses. Own shares granted to the employees as stock options and those allocated to adjust the market value are booked as marketable securities at their purchase price. At each consolidated date, a depreciation allowance is established in the event the average market value of the shares during the last month falls below their historical purchase price (see Significant events of the period).

### 5.2.2.14 DEFERRED INCOME

Maintenance contracts have a duration of twelve months.

The total revenue of the contract is recorded at the date of signature. Then, revenue related to the future period is cancelled as deferred revenues.

### 5.2.2.15 PENSION OBLIGATIONS

As required by French law, the French subsidiaries of the Group are obligated to participate in the collection of pension contributions. The contributions are calculated on the basis of salary and paid to the organizations which manage the retirement payment programs.

French law also requires the French subsidiaries to pay the employees a global pension indemnity which is determined on the basis of future salary trends and number of years in work. Pension indemnities are granted to the employees working in the Company at their retirement date. As required by the Ministerial Decree No 99-02, pension reserve obligations for the French and the Polish employees are logged into the consolidated financial statements ;



## 5.2.3 CONSOLIDATION SCOPE

### 5.2.3.1 CONSOLIDATION SCOPE EVOLUTION

- The company D & D, 100% owned by the subsidiary SEE PLANET, has been dissolved and all rights transferred to SEE PLANET. The company D & D no longer traded.
- The shareholding of IGE+XAO in the subsidiary SEE PLANET has increased from 90% to 93% following the title acquisition of minority shareholders.
- The shareholding of IGE+XAO in the subsidiary MAYRIDIS has increased from 99.7% to 99.9% following an increase in capital by means of the incorporation of trade receivables in current account.

### 5.2.3.2 CONSOLIDATION SCOPE

COMPANY NAMES	LEGAL FORM	FRENCH REFERENCES	COMMON STOCK (IN FOREIGN CURRENCY)	LOCALISATION	% CONTROL	% INTEREST	CONSOLIDATION METHODS (1)
IGE+XAO France	SA	338.514.987	€ 6,752,900	Colomiers(31)	Holding	Holding	IG
IGE	SA	339.737.006	€ 4,619,327	Colomiers(31)	99.3 %	99.3 %	IG
Mayridis Voyages	SARL	340.364.843	€ 222,650	Toulouse (31)	99.9 %	99.9 %	IG
Winsoft Elec	SNC	338.514.987	€ 1,524	Paris (75)	100.0 %	99.9%	IG
Diffusion							
IGE+XAO Pologne	Ltd	--	PLN1,100,000	Kracovia (Polka)	56.6 %	56.6 %	IG
IGE+XAO Balkan	SARL	--	BGN 90,300	Sofia (Bulgaria)	100.0 %	100 %	IG
IGE+XAO Italy	SRL	--	€ 36,400	Bergamo (Italy)	0.0 % <sup>10</sup>	100.0 %	IG
IGE+XAO Iberica	SL	--	€ 3,005	Barcelona (Spain)	99.0 %	99.0 %	IG
IGE + XAO UK	Ltd		£ 100	London (Great-Britain)	100.0 %	100%	IG
IGE+XAO North America	Ltd	--	CAD 100	Montreal (North America)	99.9 %	99.9 %	IG
IGE+XAO Netherlands	BV	--	€ 18,141	Hoensbroek (Netherlands)	100.0 %	100.0 %	IG
CAE Development	ApS	--	DKK 125,000	Birkerod (Denmark)	51.0 %	51.0 %	IG
IGE+XAO Danmark	A/S	--	DKK 500,000	Birkerod (Denmark)	49.0 %	49.0 %	IG
IGE + XAO GmbH	GmbH	--	€ 25,000	Radstatt (Germany)	0.0 % <sup>10</sup>	100.0 %	IG
SEE PLANET	SA	432,699,965	€ 300,000	Colomiers(31)	93.0 %	93.0 %	IG

## 5.2.4 NOTES TO CONSOLIDATED BALANCE SHEET (IN THOUSANDS EUROS)

### 5.2.4.1 ACQUISITION GOODWILL

ACQUISITION GOODWILL GROSS VALUE IN €K	31/07/02	CHANGES DURING THE PERIOD		31/07/03
IGE SA (Ingedata)	113	--		113
IGE+XAO Danemark	289	--		289
IGE+XAO Netherlands	295	--		295
Gross value	697	--		697

AMORTIZATION ACQUISITION GOODWILL IN €K	31/07/2	INCREASE	DECREASE	31/07/03
Amortization IGE SA (Ingedata)	(22)	(11)	--	(33)
Amortization IGE+XAO Danemark	(34)	(29)	--	(63)
Amortization IGE+XAO Netherlands	(35)	(30)	--	(65)
Amortization	(91)	(70)	--	(161)
Net value	606	--	--	536

Goodwill generated by the investments made during the fiscal year 2000/2001 in the Companies Ingedata, CAE Dev., IGE+XAO Danemark and Tessdata was allocated as follows :

In €K	INGEDATA	IX Danemark	IX Netherlands	TOTAL
Goodwill	112	589	295	996
Acquisition goodwill	113	289	295	697
TOTAL	225	878	590	1,693

Goodwill generated by the investments made during the fiscal year 2000/2001 in the Companies Ingedata, CAE Dev., IGE+XAO Danemark and Tessdata was allocated as follows :

In €K	INGEDATA	IX Danemark	TESSDATA	TOTAL
Goodwill	112	589	295	996
Acquisition goodwill	113	289	295	697
TOTAL	225	878	590	1,693

The fair value of the acquisition goodwill is analysed on the basis of the activity developed by the companies acquired and on the basis of the financial impacts of them on the Group. As of July 31, 2002 the fair value of the acquisition goodwill corresponds to the historical value.

### 5.2.4.2 INTANGIBLE ASSETS

INTANGIBLE ASSETS GROSS VALUE IN €K	31/07/02	INCREASE OF THE PERIOD	DECREASE OF THE PERIOD	31/07/03
Start-up costs	45	2	--	47
Goodwill	1,412	--	--	1,412
Licenses	350	6	--	356
Trade marks	88	14	--	102
Software	365	36	(1)	400
Other intangible assets	20	9	--	29
Gross value	2,280	67	(1)	2,346

AMORTIZATIONS INTANGIBLE ASSETS IN €K	31/07/02	INCREASE	DECREASE	31/07/03
Start-up costs amortization	(36)	(9)	--	(45)
Goodwill amortization	(247)	(74)	--	(321)
Licenses amortization	(296)	(13)	--	(309)
Trade-marks amortization	(49)	(6)	--	(55)
Software amortization	(241)	(61)		(302)
Other intangible assets amortization	(12)	(3)		(15)
<b>Amortization</b>	<b>(881)</b>	<b>(166)</b>	<b>--</b>	<b>(1,047)</b>
<b>Net value</b>	<b>1,399</b>	<b>--</b>	<b>--</b>	<b>1,299</b>

The fair value of the goodwill is analysed on the basis of the activity developed by the companies acquired and on the basis of the financial impacts of them on the Group. As of July 31, 2003 the fair value of the goodwill corresponds to the historical value.

#### 5.2.4.3 TANGIBLE ASSETS

TANGIBLE ASSETS GROSS VALUE IN €K	31/07/02	INCREASE <sup>o</sup> OF THE PERIOD	DECREASE OF THE PERIOD	OTHER CHANGES OF THE PERIOD	31/07/03
Building	99			(13)	86
Equipment	987	165	(30)	(51)	1,071
Other tangible assets	1,299	208	(34)	34	1,507
<b>Gross value</b>	<b>2,385</b>	<b>373</b>	<b>(64)</b>	<b>(30)</b>	<b>2,664</b>

TANGIBLE ASSETS AMORTIZATION IN €K	31/07/02	INCREASE	DECREASE	OTHER CHANGES*	31/07/03
Building amortization	(27)	--	--	2	(25)
Equipment amortization	(688)	(85)	4		(769)
Other tangible assets amortization	(663)	(219)	33		(849)
<b>Amortization</b>	<b>(1,378)</b>	<b>(304)</b>	<b>37</b>	<b>2</b>	<b>(1,643)</b>
<b>Net value</b>	<b>1,007</b>				<b>1,021</b>

\* translation adjustments

#### 5.2.4.4 FINANCIAL ASSETS

FINANCIAL ASSETS GROSS VALUE IN €K	31/07/02	INCREASE <sup>o</sup> OF THE PERIOD	DECREASE OF THE PERIOD	31/07/03
Non consolidated equity interests	305	--	--	305
Cautions	85	5	(29)	61
Loans and other financial assets	2	1	--	3
<b>Gross value</b>	<b>392</b>	<b>6</b>	<b>(29)</b>	<b>369</b>

FINANCIAL ASSETS DEPRECIATIONS IN €K	31/07/02	INCREASE	DECREASE	31/07/03
Non consolidated equity interests	(80)	(20)	--	(100)
Others	--	--	--	--
<b>Depreciations</b>	<b>(80)</b>	<b>(20)</b>	<b>--</b>	<b>(100)</b>
<b>Net value</b>	<b>312</b>	<b>(20)</b>	<b>--</b>	<b>269</b>

The investment made in the non consolidated Company (see above) corresponds to an investment (19%) made in the Company Anyware Technologies in 2002 and depreciated on the basis of the accumulated losses of this company at the consolidated date.

#### 5.2.4.5 ASSETS MATURITY AT THE CONSOLIDATED DATE

ASSETS MATURITY IN €K	GROSS VALUE 31/07/02	GROSS VALUE 31/07/03	< 1 YEAR	> 1 YEAR
Loans	--	--	--	--
Other financial assets	393	369	64	305
Other long-term assets	393	369	64	305
Inventory	127	147	147	--
Accounts receivable	6,127	6,640	6,640	358
Debts paid in advance	22	46	46	--
Accounts receivable (fiscal)	618	473	473	--
Accounts receivable (social)	35	95	95	--
Other current assets	115	108	108	--
Deferred tax	62	120	120	--
Prepaid expenses and others	262	226	226	--
Current assets	7,368	7,855	7,497	358
Total	7,761	8,224	7,561	663

#### 5.2.4.6 MARKETABLE SECURITIES AND OWN SHARES

Marketable securities are as follows as of July 31, 2003 :

MARKETABLE SECURITIES IN €K	31/07/03
Marketable securities (SICAV)	516
Own shares	231

As of July 31, 2003, the fair value of marketable securities approximates the book value.

IGE+XAO own shares are partly allocated to a stock options plan and partly to the regulation of the market shares, i.e. respectively 33,685 and 11,010 shares with an average purchasing price of € 5.18.

The fair value of those shares calculated on the basis of the average price of July 2003 quotation amounts to € 11.73; thus, the own shares booked as marketable securities are not depreciated as of July 31, 2003.

#### 5.2.4.7 RESERVES

RESERVES IN €K	31/07/02	INCREASE	DECREASE	31/07/03
Deferred tax	6	6	--	12
Bad debts	257	164	(63)	358
Pension reserves	45	7	(1)	51
Other reserves	38	24	(5)	57
Reserves	346	201	(69)	481

The pension reserves related to the French Companies of the Group are based on the following actuarial hypothesis :

- actuarial rate : 6%
- rate of increase in salaries : 3%
- rate of turnover of staff (according to age) : from 5 to 20%

The pension reserves related to the Polish Company of the Group (30% of the headcount of the Group) are based on the following actuarial hypothesis :

- actuarial rate : 10%

- rate of increase in salaries : 6%
- rate of turnover of staff (according to age) : 0%

The low average age and number of years in work of the other Group's foreign subsidiaries employees explain that Pension reserve obligations of those companies are not significant and that no pension reserve obligation is accounted for them as of July 31<sup>st</sup>. 2003.

Other reserves mainly correspond to litigations.

#### 5.2.4.8 PREPAID EXPENSES AND OTHERS

PREPAID EXPENSES AND OTHERS IN €K	31/07/02	NET CHANGES	31/07/03
Prepaid expenses	248	(51)	217
Deferred expenses	13	(4)	9
Total	261	(55)	226

#### 5.2.4.9 SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY IN €K	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMUL. RESERVES	TRANSLATION ADJUSTMENT	TOTAL
Shareholders' equity – July 31, 2001	6,753	1,911	(1,887)	(37)	6,740
Dividends			(284)		(284)
Net income			1,137		1,137
Change in translation adjustments				(21)	(21)
Impact of accounting principles changes					--
Changes in consolidation scope			25		25
Grants financing investments				5	5
IGE+XAO own shares reclassification			(731)		(731)
Shareholders' equity – July 31, 2002	6,753	1,911	(1,740)	(53)	6,871
Dividends			(245)		(245)
Net income			1,222		1,222
Change in translation adjustments				(13)	(13)
IMPACT OF ACCOUNTING PRINCIPLES CHANGES					--
Additional paid-in capital			21		21
Grants financing investments				(1)	(1)
Others				(10)	(10)
Shareholders' equity – July 31, 2003	6,753	1,911	(742)	(77)	7,845

Changes in consolidation scope in 2001/2002 is due to the increase of See Planet equity interest in the subsidiary D&D (from 74,6% to 100%).

In 2001/2002, IGE+XAO has published a note related to acquisition of its own shares on the market, in which the allocation of the shares is described. This note received the approval of the French Stock Exchange Commission (C.O.B.) on November 14<sup>th</sup>. 2002 and was agreed by the General Meeting of the shareholders on December 2<sup>nd</sup>. 2002. The IGE+XAO 45,636 own shares booked as other long-term assets in the individual accounts of the parent Company have been registered in deduction of shareholders' equity.

Additional paid-in capital released in 2002/2003 results from the liquidation of the subsidiary SEE PLANET and the transfer of its rights to SEE PLANET.

#### 5.2.4.10 MINORITY INTERESTS

MINORITY INTERESTS IN €K	IN THOUSANDS OF EUROS
Minority interests as of July 31, 2001	601
Changes in consolidation scope	(56)
Net income - Minority interests	100
Other changes	(18)
Intérêts minoritaires au 31 juillet 2002	627
Changes in consolidation scope	(7)
Net income - Minority interests	57
Other changes	(20)
Intérêts minoritaires au 31 juillet 2003	657

#### 5.2.4.11 INCOME TAX

##### 5.2.4.11.1 Tax classification

Income tax amounted to € 659K as of July 31, 2003 and can be analysed as follows :

INCOME TAX IN €K	DUE	DEFERRED
Income tax	908	(36)

##### 5.2.4.11.2 Income tax analyse

INCOME TAX CHARGES	IN €K
Net income before tax (base)	2,151
Statutory income tax	738
Income tax	872
Difference	134
Impact of abroad tax rates	(1)
Depreciation on acquisition goodwill	22
Impact of accumulative losses and deferred amortizations	(43)
Other permanent differences	68
<b>TOTAL</b>	<b>134</b>

##### 5.2.4.11.3 Deferred income tax

Deferred income tax corresponds to a short-term asset and amounts to € 98K.

It can be analysed as follows :

IN €K	BASE	RATE	ASSETS	LIABILITIES
Profit sharing	179	34.33%	61	
Other differences in France	26	34.33%	9	
Other differences in the subsidiaries	40	23.00%		12
Pension reserves	51	34.33%	18	
Provision on other long-term assets	100	19.00%	19	
Other adjustments	28	34.33%	3	
<b>TOTAL</b>	<b>//////</b>	<b>////////</b>	<b>110</b>	<b>12</b>

#### 5.2.4.12 FRENCH TAXATION

French taxation contains the following companies :

IGE+XAO, SA

IGE, SA

Mayridis Voyages, SARL

### 5.2.4.13 TAX DEFICITS

The differed amortizations of the company Mayridis, which was acquired before its tax consolidation, amount to € 22K.

### 5.2.4.14 DEBT MATURITY

DEBT MATURITY IN €K	GROSS VALUE 31/07/02	GROSS VALUE 31/07/03	< 1 YEAR	> 1 YEAR
Bank loans	568	412	159	253
Accounts payable	651	690	690	--
Tax and benefits liabilities	2,109	2,066	2,066	--
Other debts	966	413	413	--
Deferred revenues	3,151	3,239	3,239	--
Total	7,445	6,820	6,567	253

No new bank loan was signed during the period. Existing bank loans benefit from fixed interest rate and have no default clause.

### 5.2.4.15 DEFERRED REVENUES

DEFERRED REVENUES IN €K	31/07/02	NET CHANGES	31/07/02
Operating income	3,151	88	3,239
Financial income	--	--	--
Exceptional income	--	--	--
Total	3,151	88	3,239

Operating deferred revenues correspond to the part of maintenance contracts which is not consumed.

### 5.2.4.16 DATA PER SECTOR

The Group, specialising in the writing of software, has but a single metier; the conception, production, sales and the undertaking to maintain a range of computer-assisted design of software programmes. As a result, the Group does not restrict its own internal organisation to any one particular business sector.

The Group has focussed on two geographical areas, taking into account its own internal organisation and its analysis of what it regards as profitable activity.

INCOME STATEMENT IN K€	COUNTRIES	31/07/03 12 MONTHS	31/07/02 12 MONTHS
Turnover	French companies	16,466	16,842
Internal flows	French companies	(4,888)	(5,473)
Consolidated turnover	French companies	11,578	11,379
Turnover	Foreign companies	6,687	6,100
Internal flows	Foreign companies	(2,197)	(2,058)
Consolidated turnover	FOREIGN COMPANIES	4,490	4,042
Total consolidated turnover	Group	16,068	15,411
Operating income	Foreign companies	1,909	1,600
Operating income	Foreign companies	428	380
Consolidated operating income	Group	2,337	1,980

\* BEFORE INTRA-GROUP BALANCE AND TRANSACTION ADJUSTMENTS

ELEMENTS DU BILAN EN K€	COUNTRIES	31/07/03 12 MONTHS	31/07/02 12 MONTHS
Net assets	French companies	1,416	1,401
Net assets	Foreign companies	1,830	1,923
Internal flows		(121)	--
Net consolidated assets	Group	3,125	3,324

#### 5.2.4.17 OTHER OPERATING INCOME

Other operating income can be analysed as follows :

OTHER OPERATING INCOME IN €K	31/07/023 12 MONTHS	31/07/02 12 MONTHS
Depreciation allowance- Customers	57	64
Other depreciation allowances	--	35
Cancellation of expenses	276	42
Other operating income	41	115
Total	374	256

#### 5.2.4.18 EXCEPTIONAL INCOME (LOSS)

Exceptional loss can be analysed as follows :

Exceptional loss	in €K
Reorganization impact	(113)
Net gains from sales of assets	9
Other exceptional expenses and income	9
Total	(95)

#### 5.2.4.19 PROFIT-SHARING

The employees of the French subsidiaries benefit from profit-sharing. Profit-sharing is allocated to the French subsidiaries on the basis of salaries. From August 1<sup>st</sup>. 2002 to January 31<sup>st</sup>. 2003 profit-sharing amounts to € 179 K.

#### 5.2.4.20 NET INCOME PER SHARE

IN €	31/07/03	31/07/02
NET INCOME – PART OF THE GROUP PER SHARE IN EUROS	0.72	0.67

Net income per share is based on the number of issued shares after deduction of the own shares that are booked in deduction of the consolidated shareholders' equity.

### 5.2.5 OTHER INFORMATION

#### 5.2.5.1 REMUNERATION OF THE DIRECTORS

During the period 2002/2003, the Directors' remuneration of the IGE+XAO parent can be analysed as follows :

REMUNERATION IN €K	WAGES fixed +variable	FRINGE BENEFITS	BOARD FEES	STOCK OPTIONS	TOTAL
Alain Di Crescenzo	136	8	--	--	144
Charles Baudron	103	7	--	--	110
Robert Grezes	66	4	--	--	70
REMUNERATION	305	19	--	--	324



### 5.2.5.2 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are booked in profit and loss in the consolidated accounts. They amount to € 3,108K and € 2,899K respectively as of July 31<sup>st</sup>. 2003 and 2002.

### 5.2.5.3 OFF-BALANCE COMMITMENTS

OFF-BALANCE COMMITMENTS IN K€	AMOUNT	LESS THAN 1 YEAR	FROM 1 TO 5 YEARS
Loan reimbursements	412	159	253
Loan interests	32	17	15
TOTAL	444	176	268

When equity interests were taken in 2001 in the sales company IGE+XAO Netherlands (Tessdata), a clause for additional payment were signed ; the payment of this clause depended to the capacity of Tessdata to carry out a sales objective and a net income objective before the end of 2003/2004.

- From August 1<sup>st</sup> 2001 to July 31th, 2002 :
  - Turnover : superior to € 1,089,073 ;
  - Net income before tax : superior to € 163,361.
- From August 1<sup>st</sup> 2002 to July 31th, 2003 :
  - Turnover : € 1,361,341 ;
  - Net income before tax : superior to € 245,041.

Following the non-achievement of these objectives, the method of applying the clause of complementary pricing is still under discussion at the end of the fiscal year 2002/2003.

The off-balance sheet commitments have been identified by every possible means in the possession of the Group.

This presentation recognises full commitment to and in accordance with current accounting norms.

### 5.2.5.4 OPTION PLAN GIVING THE RIGHT TO PURCHASE EXISTING SHARES

In applying the provisions of articles L225.179 and following the Code de Commerce, the Annual General Meeting has authorised, for a period of 38 months, the Board of Directors to grant for the benefit of salaried staff options giving the right to purchase existing shares in IGE+XAO coming from buy-backs made within legal requirements and up to a limit of 3% of the issued capital of the company, or a maximum of 52,620 shares. The exercise price on the options cannot be less than *both* the following limits: 95% of the average purchase price of the shares in the hands of the Company and 95% of the average price of the last twenty sessions of the stock exchange preceding the day when the option was granted. The options can only be exercised within a period of four years of being granted by the Board of Directors.

CARACTERISTIQUES DU PLAN D'OPTIONS D'ACHAT D' ACTIONS	PLAN N°1
General Meeting of shareholders	December 2, 2002
Board of Directors	June 2, 2003
End of the plan	June 2, 2009
Number of options granted	8,164
Number of options cancelled	0
Number of options exercised	0
Number of options exercisable	0
Purchasing price in €	9.80

### 5.2.5.5 AVERAGE HEAD COUNT

AVERAGE HEAD COUNT	31/07/03	31/07/02
France	108	108
Abroad	155	135
Total	263	243

### 5.2.6 PARENT COMPANY'S SIGNIFICANT DATA

IN €K	31/07/02 12 MONTHS	31/07/01 12 MONTHS
Turnover	1,632	2,039
Operating income (loss)	19	0
Current operating income (loss)	915	117
Net income (loss)	888	77

### 5.3 REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED ACCOUNTS AS OF 31, 2003

Roger DAILHE  
1, Impasse de Touraine  
31100 TOULOUSE

ERNST & YOUNG Audit  
4 rue Auber  
75009 PARIS

S.A. au capital de 3 044 220 €  
R.C.S. PARIS B 344 366 315

Statutory auditor

Statutory auditor

Member of « Compagnie Régionale de Toulouse »

Member of « la Compagnie Régionale de Paris »

In our capacity as statutory auditors, we have audited the accompanying consolidated accounts of IGE+XAO as of July 31, 2003.

These consolidated accounts are the responsibility of the Company's management. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with French professional standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated account presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts present fairly, in all material respects, the financial position of the Group as of July 31, 2003 and the results of the Group's operations included in the consolidation for the year then ended, in accordance with French accounting principles.

We have also reviewed the information relating to the Group contained in the Directors' report.

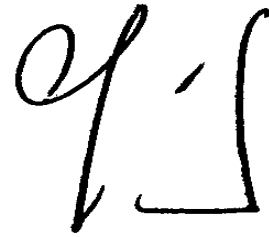
We have nothing to report with respect to the fairness of such information and its consistency with the consolidated accounts.

January 15, 2004

The Statutory Auditors

A handwritten signature in black ink, appearing to read 'DAILHE', written over a horizontal line.

Roger DAILHE

A handwritten signature in black ink, appearing to read 'GUIRAUDEN', written over a horizontal line.

ERNST & YOUNG Audit  
Jérôme GUIRAUDEN

## 5.4 INDIVIDUAL FINANCIAL STATEMENTS AND NOTES OF THE PARENT COMPANY IGE+XAO AS OF JULY 31, 2003

BALANCE SHEET			
ASSETS (in thousands of euros)	July 31, 2003	July 31, 2002	July 31, 2001
Intangible fixed assets - Net	25	50	79
Property and equipment -Net	125	158	161
Other long term assets - Net	7,730	7,652	6,687
Total long-term assets	7,880	7,860	6,927
INVENTORIES - NET	--	--	--
Receivables	47	802	384
Other current assets and accruals	2,973	2,939	1,875
Prepaid expenses	94	70	74
Marketable securities	747	761	2,863
Cash and cash equivalents	789	728	203
Current assets	4,650	5,300	5,399
<b>ASSETS</b>	<b>12,530</b>	<b>13,160</b>	<b>12,326</b>

BALANCE SHEET			
LIABILITIES (in thousands of euros)	July 31, 2003	July 31, 2002	July 31, 2001
Common stock	6,753	6,753	6,753
Additional paid-in capital	1,911	1,911	1,911
Legal reserve	155	151	139
Other reserves	557	755	794
Accumulated income (loss)	40	26	12
Net income (loss) of the period	888	77	241
Shareholders' equity	10,304	9,673	9,850
Provisions and litigations	26	53	42
Bank loans	388	519	661
Other financial debts	1,106	2,236	410
Accounts payable	155	198	188
Tax and social accruals	246	373	690
Other debts	305	108	485
Deferred revenues	--	--	--
Debts	2,200	3,434	2,434
<b>LIABILITIES</b>	<b>12,530</b>	<b>13,160</b>	<b>12,326</b>

STATEMENT OF OPERATIONS			
(in thousands of euros)	July 31, 2003 12 months	July 31, 2002 12 months	July 31, 2001 12 months
Net turnover	1 632	1,997	2,007
Operating grants	--	--	457
Other operating income	201	42	47
Operating income	1 833	2,039	2,511
Other external expenses	(1 037)	(1,196)	(1,296)
Payroll and benefit	(647)	(697)	(611)
Taxes	(53)	(46)	(43)
Provisions depreciation and amortization	(73)	(94)	(99)
Other expenses	(4)	(6)	(2)
Expenses	(1 814)	(2,039)	(2,051)
Operating income (loss)	19	0	460
Financial income (loss)	896	117	(340)
Exceptional income (loss)	1	24	13
Income tax	(14)	(37)	130
Profit-sharing	(14)	(27)	(23)
Net income (loss)	888	77	240

CONSOLIDATED STATEMENT OF CASH FLOWS		
(in thousands of euros)	July 31, 2003	July 31, 2002
Net income	888	77
Translation adjustment	(42)	45
Provision, depreciation and amortization - Net	50	180
Loss (gain) on sale of equipment	--	24
Part of grants allocated to the income statement	--	--
<b>Net income after adjustments</b>	<b>896</b>	<b>326</b>
<b>INCREASE / DECREASE IN CASH FROM :</b>		
Receivables and prepaid expenses	689	(399)
Other accounts receivable	(11)	(412)
Accounts payable and Deferred revenues	197	(30)
Other accounts payable	(127)	(318)
<b>TOTAL INCREASES (DECREASES)</b>	<b>748</b>	<b>(1 159)</b>
<b>Net cash used in operating activities</b>		
Purchases of long-term assets	(31)	(3)
Proceeds from sale of equipment	--	24
Increase (decrease) in cash from other long-term assets - Net	--	(315)
Grants	--	(731)
<b>Net cash used in investing activities</b>	<b>--</b>	
<b>Decrease in cash from acquisitions</b>	<b>(31)</b>	<b>(1 025)</b>
Cash proceeds from issuance of shares	--	--
Dividend paid to the IGE-XAO shareholders	(257)	(257)
Proceeds from loans	--	686
Repayment of loans	(1 039)	(142)
<b>Net cash provided by financing activities</b>	<b>(1 566)</b>	<b>287</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>47</b>	<b>(1 619)</b>
Cash and cash equivalent, beginning of year	1 489	3 108
Cash and cash equivalent, end of year	1 536	1 489

## **5.5 NOTES ON INDIVIDUAL FINANCIAL STATEMENTS**

**(Amounts in thousands of euros, unless otherwise mentioned)**

### **5.5.1 IGE+XAO 'S ACTIVITIES**

The Company IGE+XAO has the following activities :

- Shareholdings in subsidiaries ;
- Group cash management;
- Administrative and accounting services dedicated to the other companies of the Group.

### **5.5.2 SIGNIFICANT EVENTS**

- IGE+XAO has subscribed to an increase in capital (€10K) by the incorporation of financial receivables for the benefits of its Bulgarian subsidiary in which it already holds 100% of the equity.
- IGE+XAO has accrued its shareholding in SEE PLANET (93% against 90% previously) following the buy-back of shares from minority shareholders.
- IGE+XAO has increased its shareholding in MAYRIDIS (99.7% to 99.9%) as a result of capitalising financial receivables (€ 176K) at the 28<sup>th</sup> July 2003.
- On the 2<sup>nd</sup> June 2003, the Board of Directors made use of the authority given them at the Annual General Meeting of shareholders on the 2<sup>nd</sup> December 2002 in order to lay down the rules and conditions governing the share-options purchase plan. These rules and conditions are described hereafter.

### **5.5.3 ACCOUNTING PRINCIPLES**

#### **5.5.3.1 CHANGES IN ACCOUNTING PRINCIPLES**

No.

#### **5.5.3.2 ACCOUNTING PRINCIPLES AND RULES**

Individual accounts are established pursuant to generally accepted accounting principles and with respect to the prudence principle and of the following hypotheses :

- going concern,
- consistency of accounting methods,
- respect of cut-off.

The accounting principles applied by the Company are mainly the following :

#### **5.5.3.3 OTHER INTANGIBLE ASSETS**

Other intangible assets, except trade marks, are stated at cost and amortized on a straight-line basis over their estimated economic useful life, which do not exceed seven years.

Trade marks are stated at costs. When the carrying value of trade marks is less than their recoverable value, an impairment is recognized by a write-down of trade marks.

#### **5.5.3.4 PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost. Depreciation and amortization are charged to expense using principally the straight-line method over the estimated useful lives:

Building	straight-line	20 years
Leasehold improvement	straight-line	10 years
Equipment	straight-line	4 years
Office and computer equipment.....	straight-line	4 years
Office and fixtures	straight-line	10 years
Cars	straight-line	5 years

Long-lived assets are written-down when as a result of events and changes in circumstances within the year, their recoverable value based on un-discounted future cash flow appears to be permanently less than their carrying value.

#### **5.5.3.5 OTHER LONG-TERM ASSETS**

Participations are carried at the historical acquisition cost of shares. Their economic value is calculated at each closing date by taking into account profitability prospective and particularly the number of sold licenses, the net income realized and forecasted and the net asset of the underlying companies. A depreciation allowance is established in the event the share of equity interests in the companies as calculated above, falls below their historical acquisition cost.

#### **5.5.3.6 IGE+XAO OWN SHARES REGISTERED AS OTHER LONG -TERM ASSETS**

Own shares which could be sold or exchanged during external growth operations, or which could be kept or cancelled under legal conditions, according to the market or to opportunities offered to the Company and this, pursuant to the 5th minute of the Shareholders' meeting on December 2, 2002, are booked at their purchase price. Their allocation justifies that no depreciation is required.

#### **5.5.3.7 ACCOUNTS RECEIVABLE**

Receivables are valued at their nominal amount. A depreciation allowance is recorded when the market value falls below the book value. The market value is determined for each individual receivable depending on the default risk. Receivables are not covered by credit assurance contracts.

#### **5.5.3.8 MARKETABLE SECURITIES**

Marketable securities are carried at their acquisition cost. Reserves are established to cover unrealized capital losses. Own shares granted to the employees as stock options and those allocated to adjust the market value are booked as marketable securities at their purchase price. At each closing date, a depreciation allowance is established in the event the average market value of the shares during the last month falls below their historical purchase price (see Significant events of the period).

#### **5.5.3.9 PENSION RESERVE**

As required by French law, the French subsidiaries of the Group are obligated to participate in the collection of pension benefits. The benefits are calculated on the basis of salary and paid to the organizations which manage the retirement payment programs.

French law also requires the French subsidiaries to pay the employees a global pension indemnity which is determined on the basis of future salary trends and number of years in work. Pension indemnities are granted to the employees working in the Company at their retirement date. As required by the Ministerial Decree No 99-02, pension reserve obligations are logged into the consolidated financial statements.



## 5.5.4 NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS (IN THOUSANDS OF EUROS)

### 5.5.4.1 INTANGIBLE ASSETS

INTANGIBLE ASSETS GROSS VALUE IN €K	31/07/02	INCREASE OF THE PERIOD	DECREASE OF THE PERIOD	31/07/03
Start-up costs	--	--	--	--
Other intangible assets	185	3	--	188
<b>TOTAL</b>	<b>185</b>	<b>4</b>	<b>--</b>	<b>188</b>

INTANGIBLE ASSETS AMORTIZATION IN €K	31/07/02	INCREASE OF THE PERIOD	DECREASE OF THE PERIOD	31/07/03
Start-up costs	--	--	--	--
Other intangible assets	135	28	--	163
<b>TOTAL</b>	<b>135</b>	<b>28</b>	<b>--</b>	<b>163</b>
<b>NET VALUE</b>	<b>50</b>			<b>25</b>

### 5.5.4.2 PROPERTY AND EQUIPMENT

PROPERTY AND EQUIPMENT GROSS VALUE EN €K	31/07/02	INCREASE OF THE PERIOD	DECREASE OF THE PERIOD	31/07/03
Equipment	63	--	--	63
Installation	140	--	--	140
TRANSPORTATION	53	3	--	5-
Other equipment	100	11	(3)	107
<b>TOTAL</b>	<b>356</b>	<b>14</b>	<b>(3)</b>	<b>366</b>

PROPERTY AND EQUIPMENT AMORTIZATION IN €K	31/07/02	INCREASE OF THE PERIOD	DECREASE OF THE PERIOD	31/07/03
Equipment amortization	53	8	--	61
Installation amortization	70	10	--	80
Transportation amortization	6	19	--	25
Other equipment amortization	68	10	(3)	75
<b>TOTAL</b>	<b>197</b>	<b>47</b>	<b>(3)</b>	<b>241</b>
<b>NET VALUE</b>	<b>158</b>			<b>125</b>

### 5.5.4.3 AMORTIZATION FOR THE PERIOD

LONG-TERM ASSETS IN €K	AMORTIZATION FOR THE PERIOD			TAX AMORTIZATION	
	STRAIGHT- LINE	ACCELERATED	EXTRAORDINARY	INCREASE	DECREASE
<i>Intangible assets</i>					
Star-up costs	--	--	--	-	--
Other intangible assets	28	--	--	-	--
TOTAL	28	--	--	-	--
<i>Tangible assets</i>					
Equipment	8	--	--	-	--
Installations	10	--	--	-	--
Transportation	19	--	--	-	--
Others	10	--	--	-	--
TOTAL	47	--	--	-	--
TOTAL	75	--	--	--	--

### 5.5.4.4 OTHER LONG-TERM ASSETS

OTHER LONG-TERM ASSETS GROSS VALUE IN €K	31/07/02	INCREASE OF THE PERIOD	DECREASE OF THE PERIOD	31/07/03
Shareholding / equity interests	7,262	200	--	7,462
Receivables – associated companies	--	3	--	3
Own shares	731	--	--	731
Loans and others	3	--	--	3
TOTAL	7,996	202	(7)	8,199

#### The increase in the value of shareholdings by IGE+XAO results from :

- In the company MAYRIDIS, following an increase in capital by the incorporation of financial receivables of €176K;
- In the Bulgarian subsidiary (in which it already holds 100%) following an increase in capital by the incorporation of financial receivables of €10K;
- In SEE PLANET (93% against 90% previously) following the buy-back of shares of minority shareholders.

DEPRECIATION PROVISION IN €K	31/07/02	INCREASE	DECREASE	31/07/03
PROVISION / MAYRIDIS SHARES	(154)	(104)	--	(258)
Provision / IGE+XAO Polka shares	(111)	--	--	(111)
Provision/ Anyware shares	(80)	(20)	--	(100)
TOTAL	(344)	(124)	--	(469)
NET VALUE	7,651	--	--	7,730

The investment made in the company ANYWARE (see above) was depreciated on the basis of the accumulated losses of this company at the closing date.

#### 5.5.4.5 RECEIVABLES AND DEBTS MATURITIES

RECEIVABLES IN €K	GROSS VALUE 31/07/02	GROSS VALUE 31/07/03	RECEIVABLES < 1 YEAR	RECEIVABLES > 1 YEAR
Receivables – associated companies	--	3	3	--
Other long-term assets	2	3	3	--
Long-term assets	2	3	6	--
Inventories	--	6	6	--
Debts paid in advance	1	44	44	--
Accounts receivable	804	804	804	--
Accounts receivable - Tax	34	74	74	--
Accounts receivable - Social	2	2	2	--
Accounts receivable - Group	2,949	2,810	2,810	--
Other debtors	46	16	16	--
Translation adjustments	11	26	26	--
Prepaid expenses	70	94	94	--
Current assets	3,917	3,113	3,113	--
Total	3,919	3,119	3,119	--

DEBTS MATURITY IN €K	GROSS VALUE 31/07/02	GROSS VALUE 31/07/03	DEBTS < 1 YEAR	DEBTS > 1 YEAR
Bank loans	519	388	135	253
Advances	60	300	300	--
Accounts payable	198	155	155	--
Accounts payable – associated companies	2,236	2,106	2,106	--
Tax and social accruals	373	246	246	--
Other debts	2	2	2	--
Translation adjustments	46	3	3	--
Deferred revenues	--	--	--	--
Total	3,434	2,200	1,947	253

During the period, no bank loan was signed. The total capital pay-back amounts to € 131K over the period.

#### 5.5.4.6 INFORMATION CONCERNING ASSOCIATED AND AFFILIATED COMPANIES

ASSETS IN €K	AMOUNTS		
	Associated companies	Equity interests (non consolidated companies)	Accounts receivable and payable related to bills of exchange
Capital issued but not called	--	--	--
Intangible assets	--	--	--
Advances	--	--	--
Tangible assets	--	--	--
Other long-term assets	--	--	--
Shareholding	7,156	305	--
Receivables	--	--	--
Loans	--	--	--
Other shareholding	--	--	--
Other long-term assets	--	--	--
<b>TOTAL LONG-TERM ASSETS</b>	<b>7,156</b>	<b>305</b>	<b>--</b>
Accounts receivable	55	--	--
Other current assets	2,810	--	--
Capital issued but not called	--	--	--
<b>TOTAL CURRENT ASSETS</b>	<b>2,865</b>	<b>--</b>	<b>--</b>
Marketable securities	--	--	--
Cash and cash equivalents	--	--	--
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>--</b>	<b>--</b>	<b>--</b>
Debenture loans convertible in shares	--	--	--
Other debenture loans	--	--	--

LIABILITIES IN €K	AMOUNTS		
	Associated companies	Equity interests (non consolidated companies)	Accounts receivable and payable related to bills of exchange
Bank loans	--	--	--
Other financial debts	1,102	--	--
Advances	300	--	--
Accounts payable	7	--	--
Debts concerning long-term assets	--	--	--
Other debts	--	--	--
<b>TOTAL DEBTS</b>	<b>1,409</b>	<b>--</b>	<b>--</b>

STATEMENT OF OPERATIONS IN €K	AMOUNTS		
	Associated companies	Equity interests (non consolidated companies)	Accounts receivable and payable related to bills of exchange
Turnover	1,512	--	--
Operating expenses	(3)	--	--
Dividends	788	--	--
Financial products	188	--	--
Financial expenses	(131)	--	--

#### 5.5.4.7 MARKETABLE SECURITIES AND OWN SHARES

Marketable securities are as follows as of July 31, 2003 :

PROVISIONS EN €K	31/07/03
Marketable securities (SICAV)	516
Own shares	231

As of July 31, 2003, the fair value of marketable securities approximates the book value.

IGE+XAO own shares are partly allocated to a stock options plan and partly to the regulation of the market shares, i.e. respectively 33,685 and 12,645 shares with an average purchasing price of € 5.18.

The fair value of those shares calculated on the basis of the average price of July 2003 quotation amounts to 11.73 €.; thus, the own shares booked as marketable securities are not depreciated as of July 31, 2003.

#### 5.5.4.8 RESERVES AND PROVISIONS

RESERVES AND PROVISIONS IN €K	31/07/02	INCREASE	DECREASE	31/07/02
Shareholding depreciation (see point 5.6.5.4)	344	125	--	469
Bad debts	2	--	(2)	--
Advances to associated companies (Mayridis)	103	--	(103)	--
Unrealized foreign currency losses	11	26	(38)	26
Reserves for litigations and other risks (Mayridis)	42	--	(42)	--
<b>Reserves and provisions</b>	<b>502</b>	<b>151</b>	<b>(158)</b>	<b>495</b>

#### 5.5.4.9 INCOME TO BE RECEIVED

INCOME TO BE RECEIVED IN €K	31/07/03	31/07/02
Accounts receivable :		
Clients - Invoices to be established	22	247
<b>TOTAL</b>	<b>22</b>	<b>247</b>
Other debtors :		
Receivable to be established	2	24
<b>TOTAL</b>	<b>2</b>	<b>24</b>
Cash and cash equivalents :		
Interests to be received	2	--
<b>TOTAL</b>	<b>26</b>	<b>271</b>

#### 5.5.4.10 EXPENSES TO BE PAID

EXPENSE TO BE PAID IN €K	31/07/03	31/07/02
Bank loans :		
Bank interest to be paid	1	1
Other interests to be paid	1	1
<b>TOTAL</b>	<b>2</b>	<b>2</b>
Accounts payable:		
Suppliers – Invoices not yet received	91	80
<b>TOTAL</b>	<b>91</b>	<b>80</b>
Tax and social accruals :		
Provision for vacation	28	38
Personnel – other charges	11	10
Social entities to be paid	17	20
State to be paid	20	18
<b>TOTAL</b>	<b>76</b>	<b>86</b>
Other debts :		
Other debts to be paid	2	1
<b>TOTAL</b>	<b>2</b>	<b>1</b>
<b>TOTAL</b>	<b>171</b>	<b>169</b>

#### 5.5.4.11 PREPAID EXPENSES AND DEFERRED REVENUES

DEFERRED REVENUES IN €K	31/07/03	31/07/02
Operating income	--	--
Interest income	--	--
Extraordinary income	--	--
TOTAL	--	--

Prepaid expenses	31/07/03	31/07/02
Prepaid expenses	94	70
TOTAL	94	70

#### 5.5.4.12 TURNOVER

TURNOVER IN €K	31/07/03	31/07/02
Operating activities	1	2
Administrative services	1 631	1 995
TOTAL	1 632	2,007

#### 5.5.4.13 INTEREST CHARGES AND INCOME

INTEREST CHARGES AND INCOME IN €K	31/07/03	31/07/02
Depreciation		
- shareholding	(79)	(79)
- marketable securities	--	--
- unrealised foreign currency losses	(11)	(11)
- financial risks relative to Mayridis	(103)	(103)
TOTAL DEPRECIATIONS	(193)	(193)
Allowances	38	38
TOTAL ALLOWANCES	38	38
Forgiveness of debts granted to subsidiaries		
- Canada	--	--
- Germany	--	--
- Great Britain	(47)	(47)
- Mayridis	(85)	(85)
TOTAL DEBT FORGIVENESS	(132)	(132)
Dividends received	270	270
Other interest charges or income	238	238
TOTAL OTHER INTEREST CHARGES OR INTERESTS	404	404
TOTAL	117	117

#### 5.5.4.14 EXTRAORDINARY EXPENSES OR INCOME

EXTRAORDINARY EXPENSES IN €K	31/07/03	31/07/02
Indemnities paid	--	(164)
Social securities charges adjustments URSSAF	--	(20)
Net accounting value of assets sold	(1)	(1)
TOTAL	(1)	(185)

EXTRAORDINARY INCOME IN €K	31/07/03	31/07/02
Income related to previous years	1	20
Income resulting from re-invoicing to IGE	--	164
Sale price for assets sold	1	25
TOTAL	2	209

#### 5.5.4.15 PROFIT-SHARING

The employees of IGE+XAO benefit from profit-sharing. Profit-sharing is allocated on the basis of salaries. From August 1, 2002 to January 31, 2003 profit-sharing amounts to € 19 K.

#### 5.5.4.16 COMMON STOCK

SHARES	PER SHARE VALUE IN €	NUMBER OF SHARES			AT THE END OF THE PERIOD IN €
		AT THE BEGINNING OF THE PERIOD IN €	ISSUED DURING THE PERIOD	PAID BACK DURING THE PERIOD	
Simple voting rights	3.85	859,476	--	--	859,476
Double voting rights	3.85	804,363	--	--	804,363
Without voting rights	3.85	90,161	--	--	90,161

#### 5.5.4.17 OFF-BALANCE COMMITMENTS

COMMITMENTS IN €K	AMOUNTS	< 1 YEAR	> 1 YEAR
Commitments:			
Discounted notes	--	--	--
Guarantees, (Mayridis)	121	--	--
Leasing agreements for equipment	--	--	--
Leasing agreements for building	--	--	--
Pension reserves	7	--	7
Pledging of assets and shares	--	--	--
Guarantees related to loans (capital to be paid)	388	135	253
Interests on loans to be paid	31	16	15
<b>TOTAL</b>	<b>554</b>	<b>158</b>	<b>396</b>
Commitments received :			
Undertaking to repay in event of profitability by the North American subsidiary for the fiscal period 1999/2000	211	--	211
Undertaking to repay in event of profitability by the North American subsidiary for the fiscal period 2000/2001	183	--	183
Undertaking to repay in event of profitability by the British subsidiary for the fiscal period 2000/2001	84	--	84
Undertaking to repay in event of profitability by the British subsidiary for the fiscal period 2001/2002	47	--	47
Undertaking to repay in event of profitability by Mayridis for the fiscal period 2001/2002	85	--	85
<b>TOTAL</b>	<b>610</b>	<b>--</b>	<b>610</b>
Mutual commitments	--	--	--
<b>TOTAL</b>	<b>--</b>	<b>--</b>	<b>--</b>

When equity interests were taken in 2001 in the sales company IGE+XAO Netherlands (Tessdata), a clause for additional payment were signed ; the payment of this clause depended to the capacity of Tessdata to carry out a sales objective and a net income objective before the end of 2003/2004.

- From August 1<sup>st</sup> 2001 to July 31th, 2002 :
  - Turnover : superior to € 1,089,073 ;
  - Net income before tax : superior to € 163,361.
- From August 1<sup>st</sup> 2002 to July 31th, 2003 :
  - Turnover : € 1,361,341 ;
  - Net income before tax : superior to € 245,041.

Following the non-achievement of these objectives, the method of applying the clause of complementary pricing is still under discussion at the end of the fiscal year 2002/2003.

The off-balance sheet commitments have been identified by every possible means in the possession of the Group.

This presentation recognises full commitment to and in accordance with current accounting norms.

#### 5.5.4.18 DIRECTORS' REMUNERATION

During the period 2002/2003 the Directors' remuneration of the IGE+XAO parent company can be analysed as follows :

REMUNERATION IN €K	WAGES fixed +variable	BENEFITS PACKAGE	BOARD FEES	STOCK OPTIONS	TOTAL
Alain Di Crescenzo	136	8	--	--	144
Charles Baudron*	103	7	--	--	110
Jean Baudron	--	--	--	--	--
REMUNERATION	294	18	--	--	254

\* Mr. Baudron is employed by the company Financelec which invoices his services to IGE+XAO and which owns 31% of its shares.

#### 5.5.4.19 OPTION PLAN GIVING THE RIGHT TO PURCHASE EXISTING SHARES

In applying the provisions of articles L225.179 and following the Code de Commerce, the Annual General Meeting has authorised, for a period of 38 months, the Board of Directors to grant for the benefit of salaried staff options giving the right to purchase existing shares in IGE+XAO coming from buy-backs made within legal requirements and up to a limit of 3% of the issued capital of the company, or a maximum of 52,620 shares. The exercise price on the options cannot be less than *both* the following limits: 95% of the average purchase price of the shares in the hands of the Company and 95% of the average price of the last twenty sessions of the stock exchange preceding the day when the option was granted. The options can only be exercised within a period of four years of being granted by the Board of Directors.

CARACTERISTIQUES DU PLAN D'OPTIONS D'ACHAT D' ACTIONS	PLAN N°1
General Meeting of shareholders	December 2, 2002
Board of Directors	June 2, 2003
End of the plan	June 2, 2009
Number of options granted	8,164
Number of options cancelled	0
Number of options exercised	0
Number of options exercisable	0
Purchasing price in €	9.80



### 5.5.4.20 ASSOCIATED AND AFFILIATED COMPANIES IN €

Associated companies (+ 50%)	Common stock	Shareholders' equity (except common stock)	% of control	Shares gross value	Shares net value	Loans and advances	Guarantees	Turnover	Net income (loss)	Dividends	Observations
IGE SA	4,619,205	245,942	99.60	4,798,247	4,798,247	--	--	12,431,197	1,060,524	768,566	--
WINSOFT ELEC DIFFUSION SNC	1,524	2,404	100.00	1,372	1,372	2,383,124	--	2,349,391	(10)	--	--
SEE PLANET SARL	300,020	39,415	93.00	283,239	283,239	--	--	110,593	5,231	--	--
MAYRIDIS SARL	45,735	(110,133)	99.66	153,565	49	--	83	52,076	(41,816)	--	Guarantee / APS --
IGE+XAO POLOGNE	304,136	34,463	51.50	321,934	211,103	--	--	1,523,096	38,716	--	--
IGE+XAO BALKAN	46,346	4,605	100.00	28,667	28,667	--	--	299,396	17,511	--	--
CAE DEVPT ApS	16,769	113,125	51.00	51,129	51,129	--	--	357,066	23,258	3,911	--
IGE+XAO DENMARK A/S	67,285	73,905	49.00	587,986	587,986	--	--	366,606	(2,049)	15,831	--
IGE+XAO ALLEMAGNE GMBH	25,001	62,059	100.00	25,001	25,001	--	--	881,660	(18,988)	--	--
IGE+XAO IBERICA	3,005	(58,072)	99.00	3,049	3,049	--	--	534,787	31,841	--	--
IGE+XAO ITALIE	36,400	57,103	95.00	33,234	33,234	--	--	863,867	(467)	--	--
IGE+XAO UK LTD	142	52	100.00	152	152	133,505	--	175,581	(3,770)	--	--
IGE+XAO NORTH AMERICA TESS DATA	1563	8,388	99.90	56	56	267,611	--	664,313	69,849	--	--
	18,151	97,527	100.00	691,475	691,475	--	--	865,378	25,444	--	--
TOTAL	////////	////////	////////	6,979,106	6,714,759	2,784,240	83	////////	////////	788,308	
ANYWARE TECHNOLOGIES	177,240	38,062	19,00	304,920	205,379	--	--	698,440	(91,160)	--	Dernier exercice clos : 31 décembre 2002

#### 5.5.4.21 OTHER INFORMATION

- French Taxation Group

French taxation Group rules apply to the following companies :

IGE+XAO, SA  
IGE, SA  
Mayridis Voyages, SARL

Each company which belongs to the French taxation Group books the income tax that it would have to pay if it had been submitted to tax separately. For the fiscal year 2002/2003, the tax income amounts to € 2,103 K. The French taxation Group has no carry-back and no deferred amortization.

- Consolidation

As a parent Company, IGE+XAO S.A. establishes and publishes consolidated financial statements.

- Headcount

AVERAGE HEADCOUNT	31/07/03	31/07/02
France	13	16
Total	13	16

## 5.6 REPORT OF THE STATUTORY AUDITORS ON THE ANNUAL ACCOUNTS AS OF JULY 31, 2003

Roger DAILHE  
1, Impasse de Touraine  
31100 TOULOUSE

ERNST & YOUNG Audit  
4 rue Auber  
75009 PARIS

S.A. au capital de 3 044 220 €  
R.C.S. PARIS B 344 366 315

Statutory auditor

Statutory auditor

Member of « Compagnie Régionale de Toulouse »

Member of « la Compagnie Régionale de Paris »

These annual accounts are the responsibility of the Company's management. Our responsibility is to express an opinion on these annual accounts based on our audit.

We conducted our audit in accordance with French professional standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall annual account presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the annual accounts present fairly, in all material respects, the financial position of the Company at July 31, 2003 and the results of its operations for the year then ended, in accordance with French accounting principles.

We have also carried out, in accordance with French professional standards, the specific procedures prescribed by French law.

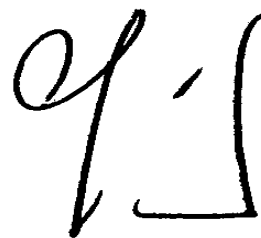
We have nothing to report with respect to the fairness of information contained in the Directors' Report and its consistency with the annual accounts and other information presented to shareholders concerning the financial position and annual accounts.

January 15, 2004

The Statutory Auditors



Roger DAILHE



ERNST & YOUNG Audit  
Jérôme GUIRAUDEN

## 5.7 SPECIAL REPORT OF THE STATUTORY AUDITORS ON RELATED PARTY TRANSACTIONS AS OF JULY 31, 2003

Roger DAILHE  
1, Impasse de Touraine  
31100 TOULOUSE

ERNST & YOUNG Audit  
4 rue Auber  
75009 PARIS

S.A. au capital de 3 044 220 €  
R.C.S. PARIS B 344 366 315

Statutory auditor

Statutory auditor

Member of « Compagnie Régionale de Toulouse »

Member of « la Compagnie Régionale de Paris »

In our capacity as statutory auditors of your Company, we are required to report on certain contractual agreements with certain related parties.

In accordance with Article L. 225-40 of French Company Law (Code de Commerce), we have been advised of certain contractual agreements which were authorized by your Board of Directors.

We are not required to ascertain whether any other contractual agreements exist but to inform you, on the basis of the information provided to us, of the terms and conditions of agreements indicated to us. It is not our role to comment as to whether they are beneficial or appropriate. It is your responsibility, under the terms of Article 92 of the March 23, 1967 Decree, to evaluate the benefits resulting from these agreements prior to their approval.

We conducted our work in accordance with French professional standards. These standards require that we perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

### AGREEMENTS AUTHORIZED DURING THE PERIOD:

We notify you that we have not been advised of any convention under article L 225-38 of the new Code of Commerce

Furthermore, we have been informed that the execution of the following conventions, approved during previous fiscal years, has continued during the course of the last fiscal.

### CONVENTIONS CONCLUDED DURING A PREVIOUS FISCAL YEAR AND WHOSE EXECUTION HAS CONTINUED DURING THE FISCAL.

#### 1 - WITH THE COMPANY MAYRIDIS VOYAGES

Board members involved : Mr. DI CRESCENZO Alain  
Mr. BAUDRON Charles

#### Guarantee and current account

IGE + XAO gave a guarantee of € 121,959.21 in favour of « l'Association Professionnelle de Solidarité du Tourisme » (A.P.S.) to cover its subsidiary MAYRIDIS VOYAGES.

IGE + XAO has frozen its current account in MAYRIDIS VOYAGES for an amount of € 83 278,17 in favour of "le Bureau IATA" which controls the travel agencies in France.

These commitments were authorized by the board members as of January 29, 2002.

## **2 - WITH THE COMPANY FINANCELEC**

Board member involved : Mr. BAUDRON Charles

### **Management Agreement**

IGE + XAO pay royalties to FINANCELEC which perform some management services to IGE+XAO. From August 1<sup>st</sup>, 1998, the services invoiced by FINANCELEC to IGE + XAO were amounted to 10% of the total royalties invoiced at cost.

A new agreement was signed between the two companies as of February 2, 1999, which has been applied from August 1<sup>st</sup>, 1998.

Amount invoiced during the period : € 38,955

Date of the approval by the board of Directors : February 2, 1999

## **3 - WITH THE COMPANY I.G.E.**

Board members involved : Mr. DI CRESCENZO Alain  
Mr. BAUDRON Charles

### **Agreement for services**

On January 3, 1991, IGE + XAO signed an agreement with S.A. IGE regarding administrative and communication services.

A new agreement was signed on January 1<sup>st</sup>, 1996.

According to these two agreements, the allocation of the services was modified.

A new agreement (N° 4) was signed on February 2, 1999.

A new agreement (N° 5) was signed on January 4, 2000. From this date, IGE+XAO invoices to IGE its total amount of operating charges occurred by the administrative and communication services performed by IGE+XAO..

Amount invoiced during the period : € 1,511,750

## **4 - WITH THE COMPANIES OF THE IGE + XAO GROUP**

Board members involved : Mr. DI CRESCENZO Alain  
Mr. BAUDRON Charles

### **Group cash management agreement**

IGE+ XAO signed with the French subsidiaries a cash management agreement on July 27, 1994, with a retroactive date on August 1<sup>st</sup>, 1993. This agreement was signed for a one two years duration, with renewal by tacit agreement per annual periods.

The advances in treasury are remunerated by the annual rate of 4 % . The interests are calculated in the currency having served the advances in treasury and are regulated annually on July 31 of each year, with latest.

This Group cash management agreement was authorized by the board of Directors on July 27, 1994.

## **5 - WITH THE SUBSIDIARIES OF IGE + XAO**

Board members involved : Mr. DI CRESCENZO Alain  
Mr. BAUDRON Charles

Tax Group

IGE+ XAO has decided to create a French tax Group to pay the income tax. Only the subsidiaries of which IGE+XAO held more than 95% of the share capital can participate to the tax Group :

IGE + XAO SA (the holding) 25 boulevard Victor Hugo à COLOMIERS

IGE SA 25 boulevard Victor Hugo à COLOMIERS

MAYRIDIS VOYAGES SARL 30 boulevard d'Arcole à TOULOUSE

This decision was authorized by the board of Directors on April 14, 1994.

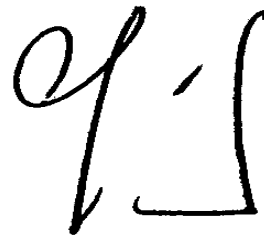
This decision was confirmed by IGE+XAO on August 1st, 1999.

Toulouse, January 15, 2004

The Statutory Auditors



Roger DAILHE



ERNST & YOUNG Audit  
Jérôme GUIRAUDEN

## 6 CORPORATE GOVERNANCE

### 6.1 COMPOSITION AND FUNCTIONING OF THE BOARD

Initially, having regard to the size of the Group, IGE+XAO has not applied all the recommendations of the Bouton report. However, IGE+XAO is introducing progressively the organisation methods, checks and formal structures recommended by this report.

#### 6.1.1 COMPOSITION

BOARD MEMBERS	RESPONSABILITIES	FIRST NOMINATION	END OF THE FUNCTION : DATE OF THE SHAREHOLDERS MEETING WHICH WILL APPROVE THE ACCOUNTS AS OF	OPERATING FUNCTIONS	
				IN THE GROUP	OUT OF THE GROUP
A. Di Crescenzo	Chairman and President of the Board of Directors	29/01/1998	31/07/2006	Administrative and financial Director / Trade subsidiaries	--
C. Baudron	Deputy General Manager	From the creation of the Company in 1986	31/07/2006	Technical Director	--
J. Baudron	Board member	From the creation of the Company in 1986	31/07/2006	--	--

Hereafter we detail the list of responsibilities and job functions in each company by each board member :

#### **Subsidiaries :**

##### **A. Di Crescenzo :**

President of the Board of Directors : IGE+XAO

Board member : IGE.

Other responsibilities aboard : IGE+XAO Softwaren Vertriebs GmbH, IGE+XAO North America and IGE+XAO Limited.

##### **C. Baudron**

President of the Board of Directors : IGE.

Board member : IGE+XAO et SEE Planet.

Other responsibilities aboard : IGE+XAO Limited and IGE+XAO Iberica.

##### **J. Baudron**

Board member : IGE+XAO.

##### **R.Grezes**

President of the Board of Directors : SEE Planet

Board member : IGE

Manager : Winsoft Electric and Mayridis Voyages

#### **Companies out of the Group :**

##### **A. Di Crescenzo :**

Board member : Financelec and Memo Page.

Other boards : Access Commerce.

##### **C. Baudron**

President of the Board of Directors : Financelec.

Manager : CAOUEC.

Other boards : SOCRI.

**J. Baudron**

Board member : BEHI et SUD Sondage.

**6.1.2 BOARD MEMBERS**

During the duration of his office, every Director should own at the very least one company share.

There is no independent Director, in the sense defined in the Bouton report, particularly known: a non executive Director, Director without a close family link to a another Director, Director exercising his mandate within less than 12 years' company service. No management fees was paid during the period.

To the best knowledge of the Company, no asset belongs directly or indirectly to the Board members, the Directors or their families.

No loan or guarantee was granted to the Board members or the Directors.

**6.1.3 FUNCTIONING OF THE BOARD**

Rules of procedures, designed to govern the functioning of the board of directors and to define the measures to take in order to evaluate its performance, also the rules governing collection and dissemination of information – stay in progress. However, the Company has decided not to hold a Board meeting without the presence of all the Board members, whether it be by physical presence, telephone or video-conferencing. The Board of Directors has held 6 meetings during the fiscal year 2002/2003. The forming of specific committees (of remuneration,...) is in the process of being thought through.

**6.1.4 BOARD MEMBERS AND AUDITORS**

**6.1.4.1 AUDITORS**

Le conseil d'administration n'a pas constitué de comité d'audit.

Des réunions (de pré-audit, de suivi en cours d'audit et de synthèse en fin de mission) sont régulièrement organisées en présence du Président et des Commissaires aux comptes ; les rapports des commissaires aux comptes (rapports sur la consolidation des comptes, rapports général et spécial, rapport sur le contrôle interne) sont soumis conseil d'administration.

Le montant des honoraires des commissaires aux comptes est discuté annuellement en fonction notamment de l'évolution du Groupe (périmètre,...).

The Board has not set up an Audit Committee.

The meetings (pre-audit, follow through and simulation at the end of the task) are regularly played out in the presence of the President of the Board and the Auditors ; the reports of the auditors (reports on the consolidation of the accounts, on general and special reports, and on internal control) are subjected to the Board.

The level of fees payable to the Auditors is discussed annually and takes into account the growth of the Group (acquisitions, etc....).

FEES IN K€ (HT)	CABINET DAILHÉ	ERNST&YOUNG AUDIT
-----------------	----------------	----------------------



	2002/2003	2002/2003
Legal audit, certification, audit of individual and consolidated accounts	26,136	42,450
Additional services	--	
Autres services	--	800

#### 6.1.4.2 AUDIT AND INTERNAL CONTROL

The Company is studying in the form of a project, the principles of evaluation of its own internal controls (location, description of procedures, methods of applying the Chief Auditor's report...) conforming to the requirements of the Financial Security Law of 1<sup>st</sup>.August 2003.

## 6.2 .MANAGEMENT

### 6.2.1 MANAGEMENT TEAM

DIRECTORS	RESPONSABILITIES	HISTORY	BACKGROUND
A. Di Crescenzo	Chairman	1988 : arrival at XAO Industrie 1991 : enter of XAO Industrie into the Group 1998 : Chairman of IGE+XAO	An Engineer from the French 'Art et Métiers' School of Engineers, directly in charge of administration and financial management as well as business operations abroad
C. Baudron	Deputy General Manager	1986 : Founder of IGE	Self-taught , Technical Manager of the Group
R. Grezes	Deputy General Manager	1988 : arrival at IGE – Previously a computer manager in a textile Company .	Skilled computer expert, Manager of the services Department

### 6.2.2 REMUNERATION AND BENEFITS PACKAGE

Two of the three principal Directors of the Company, Mr.Baudron and Grézes are remunerated by Financelec (Company not included in the consolidation scope), while Mr. Di Crescenzo is remunerated by the Company IGE+XAO. A management agreement was signed between Financelec and IGE+XAO.

During the period 2002/2003 the Directors' remuneration of the IGE+XAO parent company can be analysed as follows :

REMUNERATION IN €K	WAGES fixed +variable	BENEFITS PACKAGE	BOARD FEES	STOCK OPTIONS	TOTAL
Alain Di Crescenzo	136	8	--	--	144
Charles Baudron*	103	7	--	--	110
ROBERT GREZES	66	4	--	--	70
REMUNERATION	305	19	--	--	324

REMUNERATION IN €K	WAGES fixed +variable	BENEFITS PACKAGE	BOARD FEES	STOCK OPTIONS	TOTAL
Alain Di Crescenzo	132	--	7	--	--
Charles Baudron	99	--	7	--	--
Robert Grezes	63	--	4	--	--
J.-Marc Lalane**	12	153	1		
RÉMUNÉRATIONS	306	153	19	--	--

\*\* Mr. Lalane resigned as a Director of IGE+XAO on the 5th.October 2001. He was therefore only paid by Financelec.

The variable part of the Managers' remuneration is based on the notional profitability of the Group.

In the event of the cessation of his directorship, the contract of employment of Mr. Alain Di Crescenzo which has been suspended since the 15<sup>th</sup> of January 1998 would be re-activated on the day of the cessation of his directorship, regardless of who initiates the cessation, and for whatever the cause but within Company Law. In the case of dismissal for whatever the cause might be, either serious or grave fault, he will benefit from a contractual clause of termination indemnity equal to :

- 18 months of gross pay if the dismissal is pronounced during the first year of the re-activation of his contract of employment.
- 15 months of gross pay if the dismissal is announced during the second year of the re-activation of his contract of employment, or during following years.

This contractual clause of termination indemnity will be calculated on the basis of the last six months gross salary including bonuses if paid prior to the notification of dismissal.

The three managers benefiting from a complementary retirement scheme at the Company's cost.

### 6.3 USE OF PRIVILEGED INFORMATION

As Board members and/or Directors, or because of their responsibilities in the Group, the people who are informed of confidential data not yet made public, has to respect strict rules to use these confidential information about IGE+XAO ; in particular they are not allowed to communicate them to the market in favour of themselves or of somebody else, either directly or by anybody interposed, by buying or selling IGE+XAO's shares or financial products related to these shares.

### 6.4 OPTIONS

#### 6.4.1 STOCK OPTION PLAN

Nil

#### 6.4.2 OPTIONS GIVING THE RIGHT TO PURCHASE EXISTING SHARES

In applying the provisions of articles L225.179 and following the Code de Commerce, the Annual General Meeting has authorised, for a period of 38 months, the Board of Directors to grant for the benefit of salaried staff options giving the right to purchase existing shares in IGE+XAO coming from buy-backs made within legal requirements and up to a limit of 3% of the issued capital of the company, or a maximum of 52,620 shares. The exercise price on the options cannot be less than *both* the following limits: 95% of the average purchase price of the shares in the hands of the Company and 95% of the average price of the last twenty sessions of the stock exchange preceding the day when the option was granted. The options can only be exercised within a period of four years of being granted by the Board of Directors.

CARACTERISTIQUES DU PLAN D'OPTIONS D'ACHAT D' ACTIONS	PLAN N°1
General Meeting of shareholders	December 2, 2002
Board of Directors	June 2, 2003
End of the plan	June 2, 2009
Number of options granted	8,164
Number of options cancelled	0
Number of options exercised	0
Number of options exercisable	0
Purchasing price in €	9.80

## 6.5 PROFIT-SHARING

A profit-sharing agreement was signed between the Direction and the companies which belonged to the social and economic entity "Unité Economique et Sociale" (approved by an agreement on August 3, 2000) on March 2, 2001.

The companies which signed the agreement are :

IGE+XAO  
IGE SA  
WINSOFT ELEC DIFFUSION  
MAYRIDIS VOYAGE

This agreement was applied for the first time in 2000/1999 and renewed for three years.

The employees of the French subsidiaries benefit from profit-sharing. Profit-sharing is allocated to the French subsidiaries on the basis of salaries. From August 1<sup>st</sup>. 2001 to January 31<sup>st</sup>. 2002 profit-sharing amounts to € 179 K.

EN κ€	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003
Profit-sharing	--	195	152	163	179