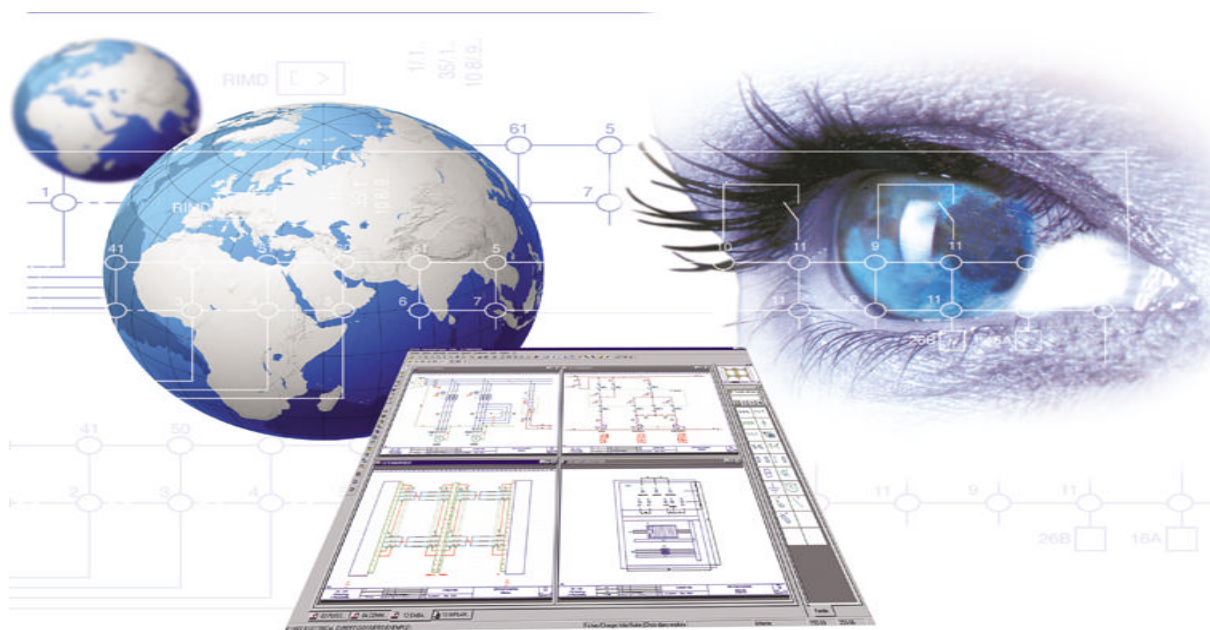




## 2001-2002 ANNUAL REPORT

**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 10<sup>th</sup> February 2003 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	31/07/02	31/07/01	31/07/00
Turnover	15.4	13.6	13.0
Operating income	2.0	1.8	1.5
Consolidated net income	1.2	1.1	1.1
Net income – Group IGE+XAO	1.1	1.1	1.0
Net income per share in euros	0.64	0.60	0.58

CONSOLIDATED BALANCE SHEET IN THOUSANDS OF EUROS	31/07/02	31/07/01	31/07/00
Net long-term assets	3.3	3.3	1.3
Current assets	11.7	11.2	10.6
Shareholders' equity	6.9*	6.7	5.9
Bank debts	0.6	0.7	0.2
Operating debts	3.6	3.6	3.6
Deferred revenues	3.2	2.7	1.9

AVERAGE HEAD-COUNT (FTE)	31/07/02	31/07/01
France	108	116
Other countries	135	144
Total	243	260

STOCK EXCHANGE	31/07/02	31/07/01	31/07/00
MONTHLY AVERAGE RATE	11.49	9.45	16.80

\* see own shares booking - points 4.1 and 4.11.2

## **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 five years, our turnover has increased from €10.7m to €15.4m, our net results from a loss of €0.9m to a profit of €1.14m 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 7.4% in fiscal 2001/2002, but also its market share. Actually, during 2002 whilst the CAC 40, the NASDAQ and the 'Nouveau Marché' lost respectively 33.75%, 31.53%, and 53%, the IGE+XAO share price has remained unchanged at €10. Thus, since flotation and in the climate of a difficult stock market, IGE+XAO shares have gone up by more than 25%, one of the best performing in the 'Nouveau Marché'.

For IGE+XAO, fiscal 2001/2002 has been one of records. Actually the Group has posted its best turnover and profits since its creation but apart from the financials, 2001/2002 has seen some exciting events, what with the EADS contract (€3 millions over three years), the biggest ever signed by the Group, but also with the consolidation of the acquisitions made overseas at the end of 2000/2001 (CAE Development, CADby Denmark and Tessdata). Of course our products came on stream at the right moment, notably the marketing of the new top-of-the-range software for SEE Electrical Expert Group, which was selected by EADS Group.

For the coming fiscal 2002/2003 our direction remains unchanged. In a difficult world economic climate, the Group's ambition is to improve the quality of its service, the volume of business, and its profits. In order to do this, IGE+XAO, preoccupied with getting ever closer to its clients and their markets, has put in place a new product and marketing organisation.

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**

# SUMMARY

<b>1</b>	<b>RESPONSABILITIES AND STATEMENTS</b>	<b>1</b>
1.1...	RESPONSIBILITY FOR THE PROSPECTUS	1
1.2...	CHAIRMAN'S STATEMENT	1
1.3...	STATUTORY AUDITORS	1
1.4...	STATUTORY AUDITORS STATEMENT AS OF JULY 31, 2002	2
1.5...	PERSON IN CHARGE OF THE INFORMATION INCLUDED IN THE PROSPECTUS	3
<b>2</b>	<b>GENERAL INFORMATION REGARDING THE ACTIVITIES, RECENT EVOLUTION AND FUTURE PROSPECTS OF IGE+XAO</b>	<b>4</b>
2.1...	GENERAL INFORMATION CONCERNING IGE+XAO	4
2.2...	INFORMATION ON THE GENERAL CHARACTERISTICS OF THE ISSUED SHARE CAPITAL	7
2.3...	SHARE PRICE	10
2.4...	DIVIDENDS	10
2.5...	COMMUNICATION WITH SHAREHOLDERS	11
<b>3</b>	<b>INFORMATION CONCERNING IGE+XAO ACTIVITIES, RECENT DEVELOPMENT AND PROSPECTS FOR THE FUTURE</b>	<b>12</b>
3.1...	THE BUSINESS OF THE IGE+XAO GROUP	12
3.2...	RISK ANALYSIS	34
3.3...	INVESTMENT POLICY	38
3.4...	RECENT EVOLUTION	39
3.5...	STRATEGY AND PROSPECTS FOR THE FUTURE	39
<b>4</b>	<b>THE BOARD OF DIRECTORS REPORT TO THE ANNUAL GENERAL MEETING ON 31ST.JANUARY 2003 (FISCAL YEAR ENDED 31ST.JULY 2002)</b>	<b>42</b>
4.1...	BUSINESS AND PROFITS OF THE GROUP	42
4.2...	THE BUSINESS AND THE RESULTS OF THE IGE+XAO COMPANY	45
4.3...	CONCERNING THE BUSINESS OF RESEARCH & DEVELOPMENT AND INVESTMENTS	47
4.4...	PREDICTED PROGRESS IN THE POSITION OF THE COMPANY AND OF THE GROUP—THE FORESEEABLE FUTURE	48
4.5...	IMPORTANT EVENTS SINCE THE CLOSURE OF THE ACCOUNTS FOR THE FISCAL YEAR	48
4.6...	THE ALLOCATION OF PROFITS OF THE FINANCIAL YEAR	48
4.7...	DISTRIBUTION OF DIVIDENDS OF THREE PREVIOUS FISCAL YEARS	49
4.8...	SUBSIDIARIES AND HOLDINGS IN FRANCE AND ABROAD AT THE CLOSE OF THE FISCAL YEAR	49
4.9...	ADDITIONAL INFORMATION CONCERNING THE SHARE CAPITAL	50
4.10.	AGREEMENTS UNDER ARTICLE L 225-38 OF THE CODE DE COMMERCE	50
4.11.	OTHER INFORMATION	51
<b>5</b>	<b>CONSOLIDATED FINANCIAL STATEMENTS AND NOTES</b>	<b>56</b>
5.1...	CONSOLIDATED FINANCIAL STATEMENTS AS OF JULY 31, 2002	56
5.2 ..	NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	59
5.3...	REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED ACCOUNTS AS OF 31, 2002	72
5.4...	INDIVIDUAL FINANCIAL STATEMENTS AND NOTES OF THE PARENT COMPANY IGE+XAO AS OF JULY 31, 2002	73
5.5 ..	NOTES ON INDIVIDUAL FINANCIAL STATEMENTS	75
	<b>COMMITMENTS IN €K</b>	<b>84</b>
5.6...	REPORT OF THE STATUTORY AUDITORS ON THE ANNUAL ACCOUNTS AS OF JULY 31, 2002	87
5.7...	SPECIAL REPORT OF THE STATUTORY AUDITORS ON RELATED PARTY TRANSACTIONS AS OF JULY 31, 2002	88
<b>6</b>	<b>CORPORATÆ GOVERNANCE</b>	<b>91</b>
6.1...	BOARD MEMBERS AS OF JULY 31, 2002	91
6.2...	DIRECTORS AS OF JULY 31, 2002	91
6.3...	REMUNERATION AND BENEFITS PACKAGE (SEE PART 4.1.1.4)	92
6.4...	UTILISATION D'INFORMATION PRIVILÉGIÉE	92
6.5...	STOCK OPTION PLAN	92
6.6...	PROFIT-SHARING	92

# **1 RESPONSABILITIES AND STATEMENTS**

---

## **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, January 30<sup>th</sup>, 2003

A handwritten signature in black ink, appearing to be 'A. Di Crescenzo', written over a vertical line that serves as a separator.

Chairman of the Board of Directors

Alain Di Crescenzo

## **1.3 STATUTORY AUDITORS**

### **Statutory**

- ?? Mr. Roger Dailhe - Impasse de Touraine, 31100 Toulouse - appointed on 26th January 1999 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. Jean Pendanx, appointed on 18th September 2002 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 26th January 1999 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 18th September 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, 2002

In our capacity as statutory auditors of IGE+XOA 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 5<sup>th</sup>, 2003

Statutory auditors



Roger DAILHE

Impasse de Touraine 31100 Toulouse

Commissaire aux Comptes  
Membre de la Compagnie  
Régionale de Toulouse



Jean PENDANX

ERNST & YOUNG Audit  
4, rue Auber 75009 Paris  
S.A. au capital de Eur.2.159.600  
344 366 315 R.C.S. Paris

Commissaire aux Comptes  
Membre de la compagnie  
Régionale de Paris

## **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)

## **2 GENERAL INFORMATION REGARDING THE ACTIVITIES, RECENT EVOLUTION AND FUTURE PROSPECTS OF IGE+XAO**

---

### **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.

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**

A double voting right is granted on all shares fully paid-up and which have been 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**

Persuant 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, 2002 :

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	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, 2001) 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 %	--	--

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>. 2002.

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>. 2002.

#### 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 and January 31<sup>st</sup>. 2001 ( COB visa N°01-001 - 02/01/2001 ), 91,966 capital shares were bought by the Company and still held by the Company as of July 31<sup>st</sup>. 2002.

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.

During this same Shareholders' meeting, it was decided:

- to grant the first 33,685 shares acquired by the Company for the benefit of the employees of the Company and/or the Group within a stock options plan,

- to allocate the 12,645 shares acquired between September 18<sup>th</sup>. 2001 and July 31<sup>st</sup>. 2002 to the support the Market,

- to use the remaining 45,636 of its own shares in accordance with the Board of Director's decisions and market conditions, to the opportunities open to the Company, either in payment or exchange among others, within the scope of dealings in acquisitions, or by selling them, or by canceling them 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>. 2002.

On March 19<sup>th</sup>. 2001 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	INCREASE IN	PREMIUM	CAPITAL STOCK	NUMBER OF
-------	-------------------	-----------	-------------	---------	---------------	-----------

		SHARES ISSUED (PAR VALUE IN FRANCS)	CAPITAL IN FRANCS	PER SHARE	AFTER OPERATION	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 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	10,800	535,055	545,855	1,080,910	31.12%	43.84%
CAOUEC INVESTISSEMENTS	1,020	0	1,020	1,020	0.06%	0.04%
IRD	0	264,501	264,501	529,002	15.08%	21.46%
SANCHEZ André	1,332	1,383	2,715	4,098	0.15%	0.17%
DANNER Gérard	0	276	276	552	0.02%	0.02%
BAUDRON Jean	0	120	120	240		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%
S.I.D.I.A.C.	0	1	1	2	0.00%	0.00%
PROXINVEST SARL	0	1	1	2	0.00%	0.00%
BOULIN Dominique	50	0	50	50	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	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%
Total	862 377	801,462	1,754,000	2,465,301	100.00%	100.00%

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 GERARD	--	276	276	552	0,02%	0,02%
BAUDRON JEAN	--	120	120	240	--	0,01%
BLANC TAILLEURPASCAL	--	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>

As of December 31<sup>st</sup>. 2001, 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	--	535 055	535 055	1 070 110	30,50%	43,11%
IRDI	--	264 501	264 501	529 002	15,08%	21,31%
SANCHEZ ANDRE	--	2 715	2 715	5 430	0,15%	0,22%
CHARENTUS HENRI	400	--	400	400	0,02%	0,02%
DANNER GERARD	--	276	276	552	0,02%	0,02%
BAUDRON JEAN	--	120	120	240	0,01%	0,01%
BLANC TAILLEURPASCAL	<b>5</b>	--	5	5	--	--
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	<b>1</b>	--	1	1	--	--
IGE+XAO (OWN SHARES)	74 684	--	74 684	--	4,26%	--
Nominees	75 090	802 788	877 878	1 605 982	50,05%	64,70%
Bearer shares	876 122	--	876 122	876 122	49,95%	35,30%
<b>TOTAL</b>	<b>951 212</b>	<b>802 788</b>	<b>1 754 000</b>	<b>2 482 104</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 €	LOWEST PRICE IN €	HIGHEST PRICE IN €	AVERAGE PRICE IN €
01/00	126,771	1,743,413	12.00	17.00	13,75
02/00	236,210	4,186,667	15.00	18.60	17,72
03/00	280,960	7,271 119	17.00	30.00	25,88
04/00	77,950	1,595 139	15.01	24.10	20,46
05/00	82,535	1,842,728	19.9	25.00	22,33
06/00	30,021	607,387	18	22.00	20,23
07/00	20,102	337,682	15.5	18.00	16,80
08/00	43,307	733,835	15.3	20.00	19,94
09/00	68,827	1,630,566	20	29.27	23,69
10/00	19,166	359,515	16.9	21.49	18,75
11/00	33,406	636,683	17.5	20.00	19,05
12/00	37,747	596,449	13.5	19.00	15,80
01/01	25,951	437,032	15.90	18.00	16,84
02/01	28,811	409,600	12.05	16.48	14,22
03/01	34,381	365,200	9.00	12.35	10,62
04/01	18,785	186,785	9.00	10.30	9,90
05/01	66,787	667,041	9.00	10.35	9,99
06/01	14,938	138,090	9.00	9.94	9,24
07/01	18,276	172,624	8.60	10.20	9,45
08/01	1,305	11,072	8.26	8.99	8,61
09/01	27,784	200,444	6.70	8.45	7,21
10/01	22,173	179,843	7.10	9.36	8,26
11/01	11,806	101,252	8.10	8.90	8,65
12/01	32,768	313,612	9.00	9.96	9,56
01/02	16,088	154,841	9.32	9.90	9,62
02/02	12,164	114,254	9.02	9.60	9,49
03/02	51,053	537,926	8.90	10.95	10,59
04/02	13,530	143,563	10.01	10.85	10,61
05/02	10,997	111,480	9.50	10.44	10,14
06/02	43,662	494,932	9.99	11.96	11,34
07/02	88,844	1,020,380	10.20	11.74	11,49
08/02	5,245	56,394	10.00	11.37	10,77
09/02	7,332	72,400	9.00	11.07	10,14
10/02	11,231	96,751	8.00	9.46	8,94
11/02	16,899	153,336	8.00	9.80	9,21
12/02	43,428	429,377	9.01	11.00	9,97

\*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, 2000	0.15 €	0.75 €
July 31, 2001	0.15 €	0.75 €
July 31, 2001	0.15 €	0.75 €

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 2001/2002 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**

---

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

For over 15 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 :

- "Xeiec" 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 €15.4 millions in France for the year ended July 31<sup>st</sup>. 2002,
- more than 36,000 licenses sold to 14,000 customers.

The IGE+XAO Group is present in the main European countries and in the United States of America through affiliates and subsidiaries which generated 31% of turnover in the fiscal year ended July 31<sup>st</sup>. 2002.

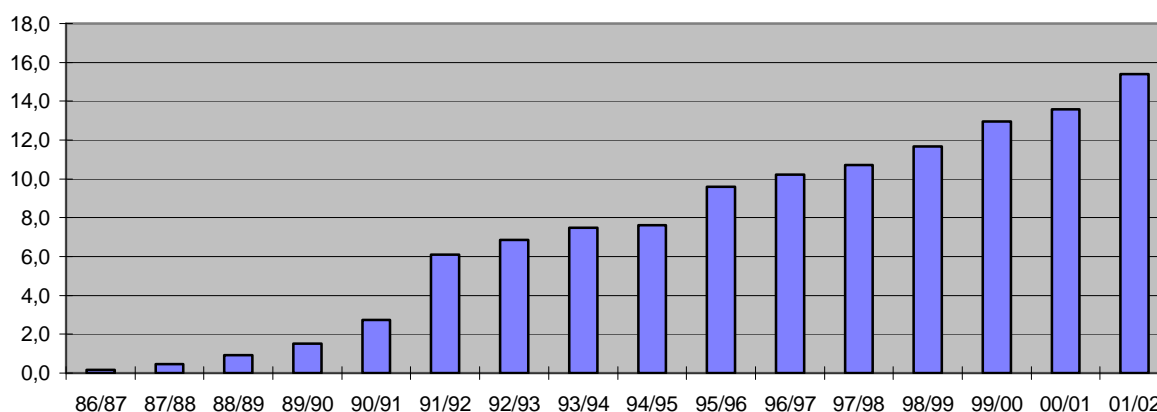
The competitive advantage of IGE+XAO results from :

- a big software design, development and industrialisation team ,
- a range of software currently covering the whole of the Electrical CAD market,
- A strong International presence.

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 centered 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 ceding 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.

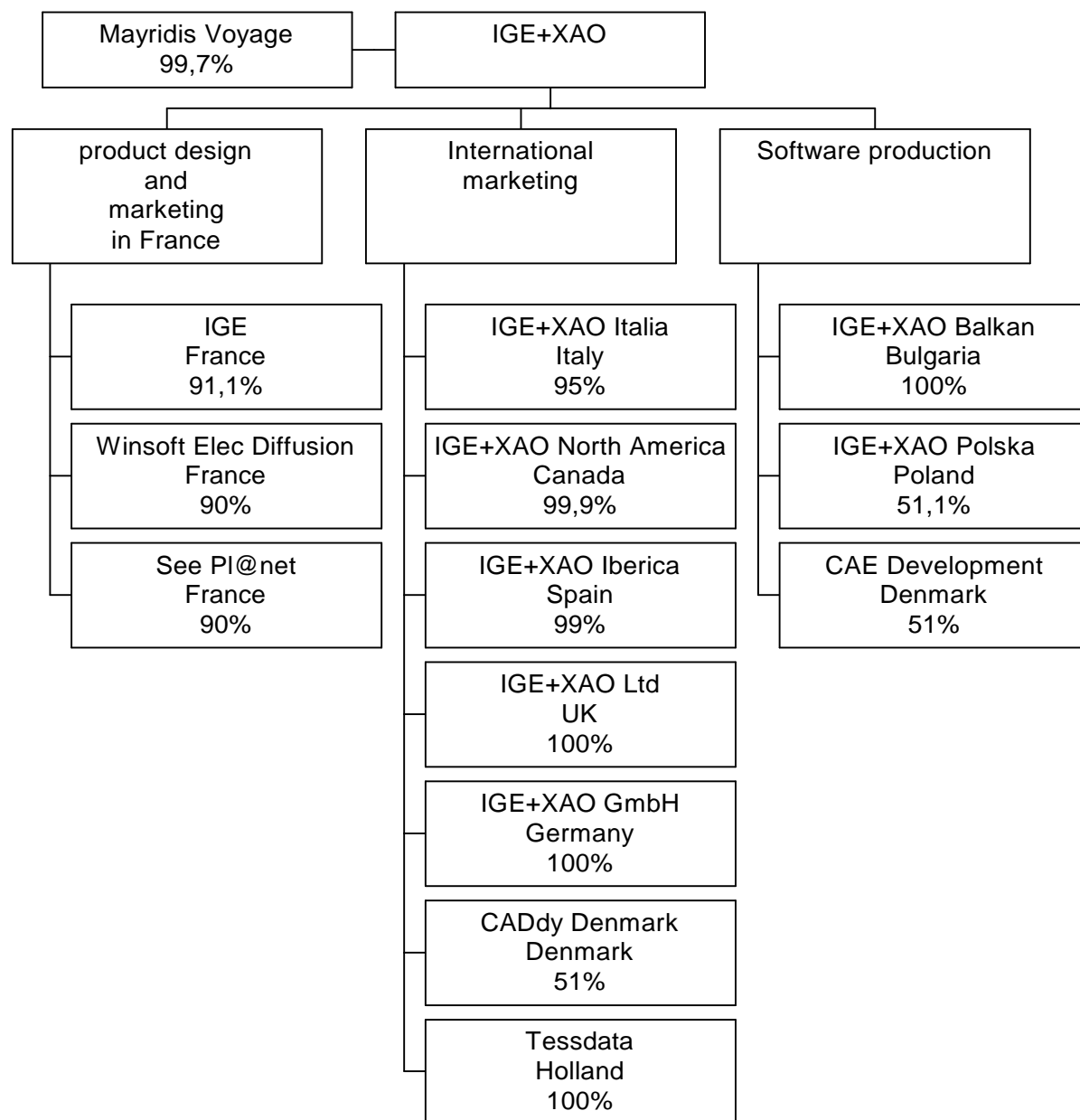
Group's key figures : 34,000 licenses sold, sales of €13.6 millions.

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.

### 3.1.2 ORGANISATIONAL CHART OF THE GROUP AT JULY 31<sup>ST</sup>. 2002

The IGE+XAO structure can be illustrated as follows :



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 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.
- ?? transportation. For wiring the electrical devices of planes, ships and trains.
- ?? power generation and transportation, for the conception and maintenance of power plants and transformer plants,
- ?? 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.
- ?? buildings and public works for domestic or industrial structures.
- ?? 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 :
  - o repairs,
  - o re-vamping machines and processes with a view to extending their use and life,
  - o 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.

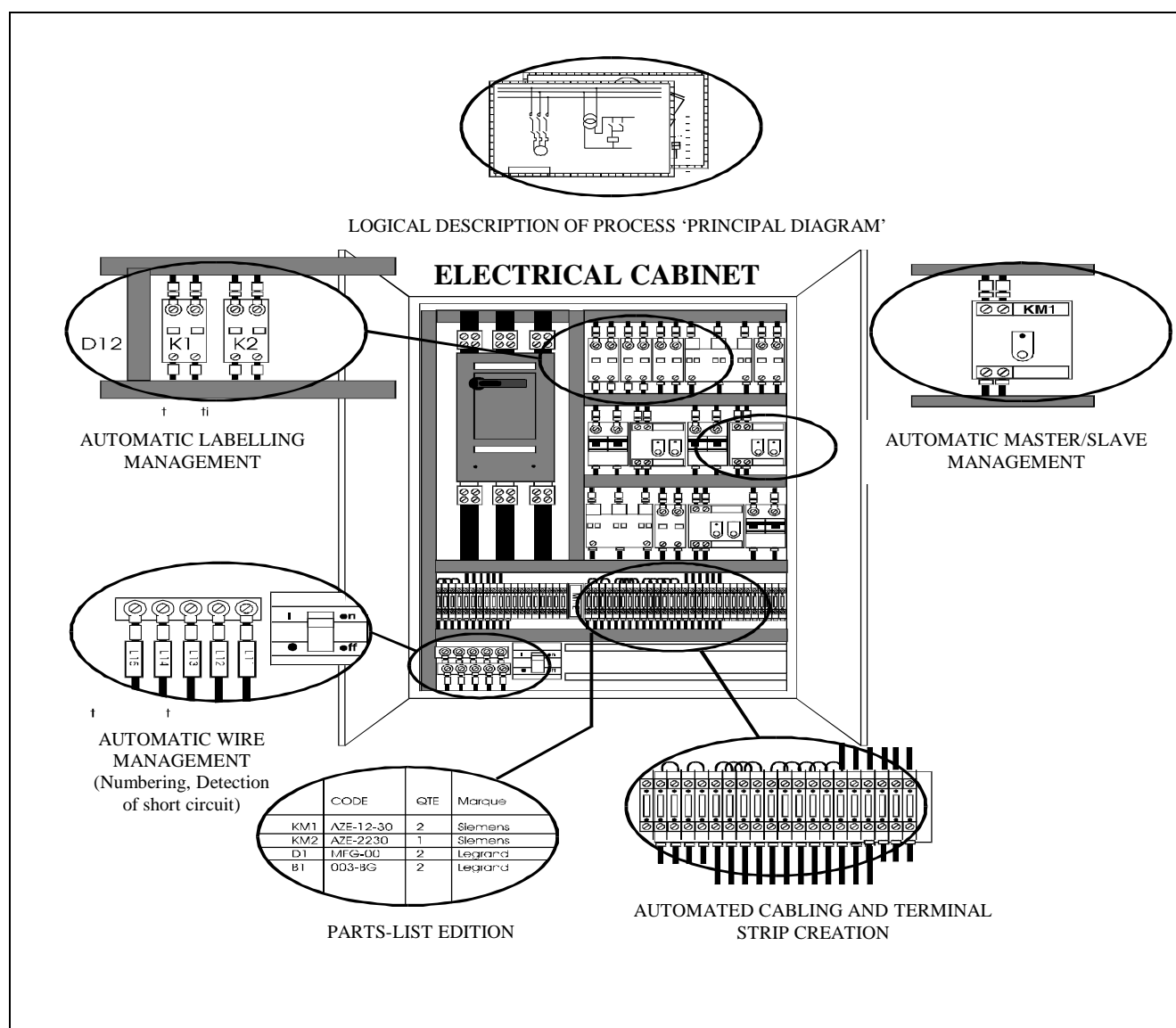
The Electrical CAD allows industrial installation designers to construct an electrical file in great detail;

- 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

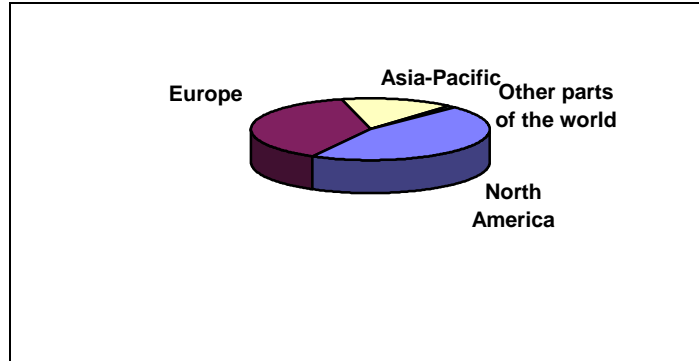


### 3.1.3.3 ELECTRICAL CAD : GEOGRAPHICAL SEGMENTATION

#### ?? 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 :

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

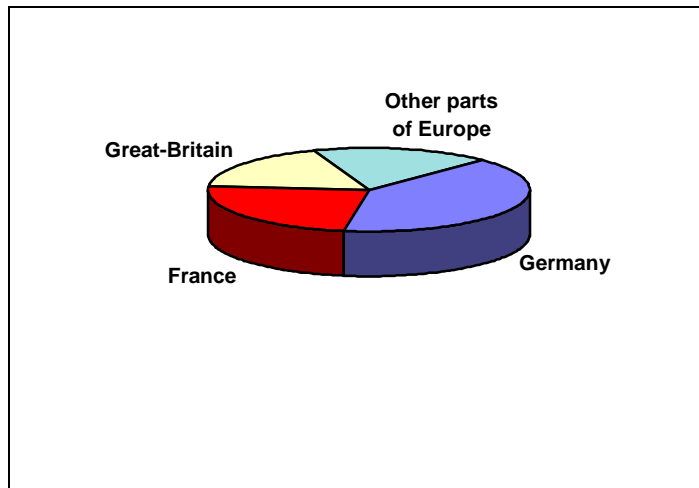


#### Western European market<sup>2</sup>

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 :

<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.

<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.

### ?? **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;

- 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.

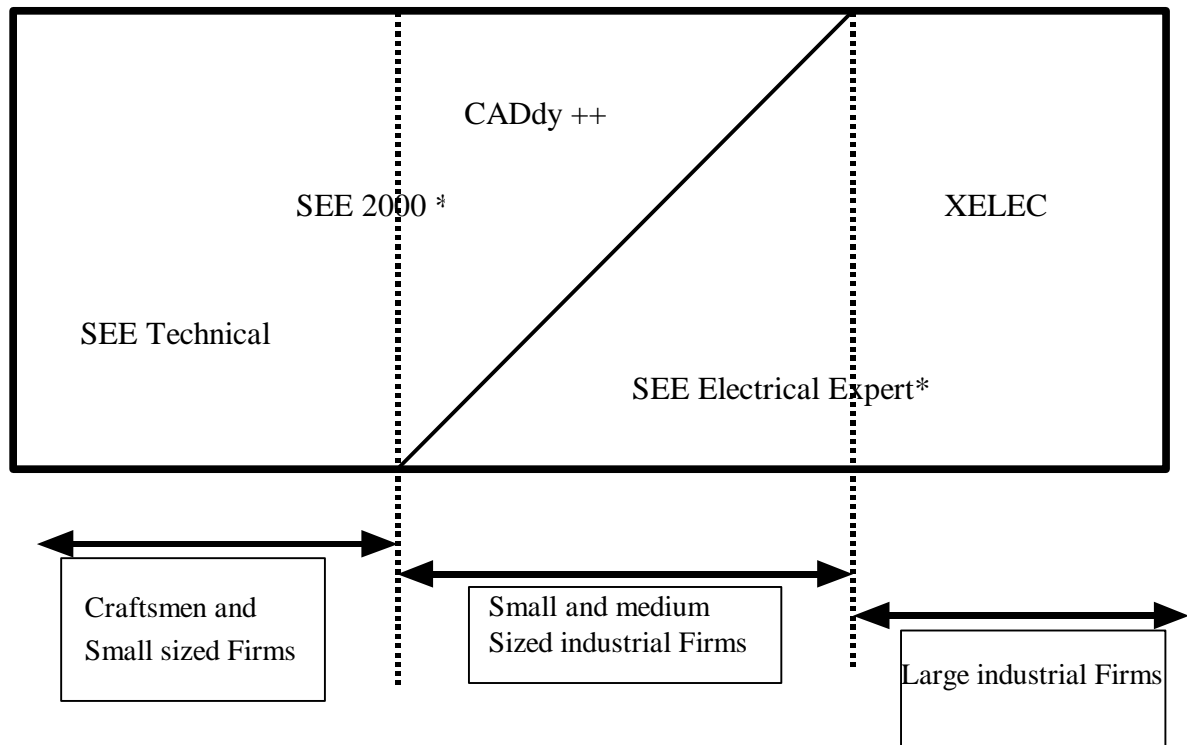


### 3.1.4 PRODUCTS AND SERVICES OF THE GROUP

#### 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 manufacturers across all segments of the market and provides all the processing functions necessary for the design of an electrical file.



\*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 36,000<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 :

?? creation and modification of diagrams in a manual way or with the help of libraries.

<sup>1</sup> Evaluation on the 31<sup>st</sup>. of July 2002

- ?? automatic numbering of components and signals
- ?? checking of diagram coherence,
- ?? automatic generation of cabinet terminal strips,
- ?? automatic generation of cables, bundles and harnesses,
- ?? creation of wiring synoptic in coherence with the principle diagram,
- ?? automatic generation of wiring and terminal strips without the presence of terminals and cables 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.

Estimated number of licenses sold at the 31<sup>st</sup>. of July 2002: 1,650.

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. The marketing of SEE Electrical Expert commenced during fiscal 2001/2002.

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.

Estimated number of licences in place at 31st. July 2002 (including the software SEE 3000, Schéma, Alpage Elec, Visicad, Winelec and Hcontrol for which SEE Electrical Expert is a base for convergence) : 19,300.

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

### **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 signals
- ?? verification of the coherence of a design,
- ?? the automatic generation of printed circuits cabinets and terminal strips
- ?? creation of lists,
- ?? the illustration of equipment in two dimensions,
- ?? associated design, marking and hatching.

Estimated number of licences sold at 31<sup>st</sup>. of July 2002 (including SEE Calculation and various other software) : 6,950.

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++ 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.

Estimated number of licences sold by CADdy ++ and its predecessor at 31<sup>st</sup>. July 2002 is around 4,500.

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).

Estimated number of licences sold at 31<sup>st</sup> July 2002 (including Eliot) : 3,800<sup>1</sup>.

Price before tax for one licence : €199 .

IGE+XAO also offers software solutions on the VISIO technology of Microsoft Corp.

### **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.

Training services have generated sales before tax of €3.1 millions, representing 20 % of the sales for the year ended July 31<sup>st</sup>. 2002.

#### **?? 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. This maintenance service, which generated sales of € 5.62 millions before tax, represents 37% of sales for the year ended July 31<sup>st</sup>. 2002. 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.

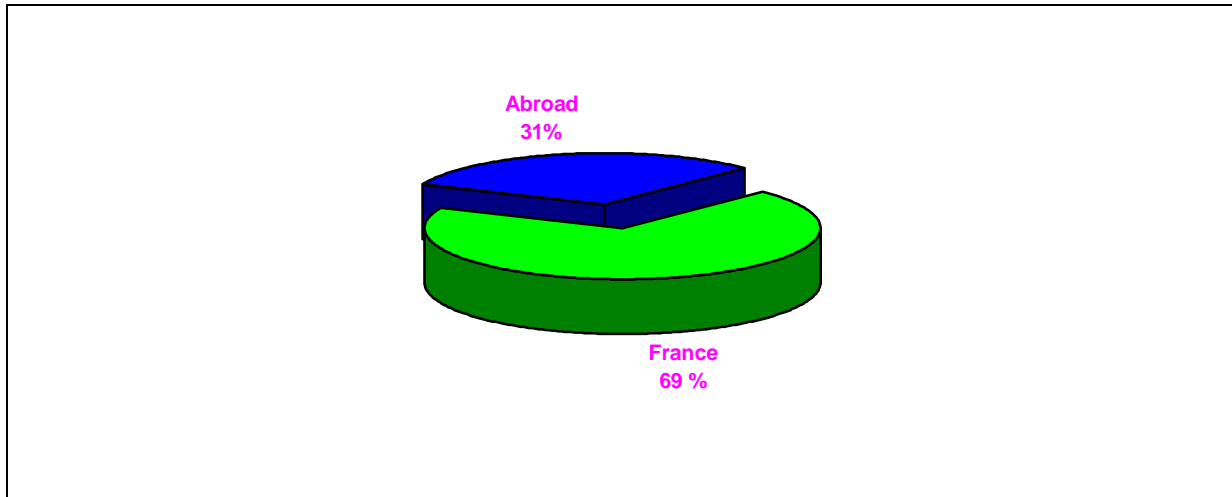
### **3.1.5 DISTRIBUTION OF IGE+XAO' S SALES, PER MAIN ACTIVITY AND PER GEOGRAPHICAL AREA**

#### **3.1.5.1 THE BREAK-DOWN OF SOFTWARE SALES AND OF SERVICES**

The sales of the IGE+XAO group in France is as follows :

TYPE OF SALE	2001/2002	2000/2001	1999/2000
SOFTWARE	41,7%	45,5%	50,0%
TRAINING	20,3%	18,5%	19,5%
MAINTENANCE	36,5%	34,0%	29,0%
MISCELLANEOUS	1,5%	,0%	1,5%
TOTAL	100%	100%	100%

### 3.1.5.2 DISTRIBUTION OF IGE+XAO' S SALES BY GEOGRAPHIC AREA



### 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 CAD software products. Historically they came first and are used to design printed boards and circuits (implantation and routing of electronic components or printed circuits, electronic appliance simulation...).

?? 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 : Parametric Technology Corp. (United States) and Dassault Systèmes (France).

#### 3.1.6.3 LEVEL 3

Competition resulting from the use of genuine Electrical CAD software. These product writers are small sized companies, except for the German company : EPLAN Software & Service and Aucotec with, respectively, their products Eplan and Elcad/Ruplan.

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)	10,5	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 CAO/DAO Electrique.

?? **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.

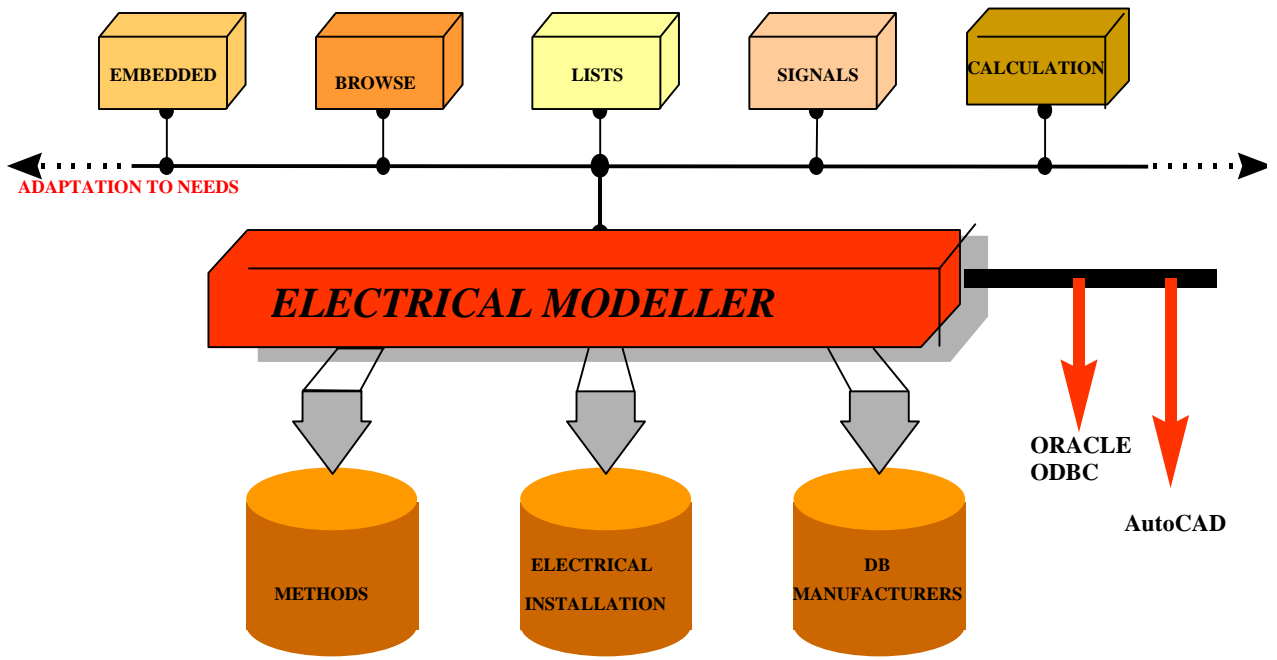
Amongst the more established writers, one notes the company EPLAN Software & Service and E.C.S. ( with E.C.T. its distributor in the U.S., in The United Kingdom and in Northern Europe.), whose products are nearly the only ones to be distributed in the different countries of Europe and The U.S.

In The United States, Mentor Graphics a company specialised in CAO electronics, 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

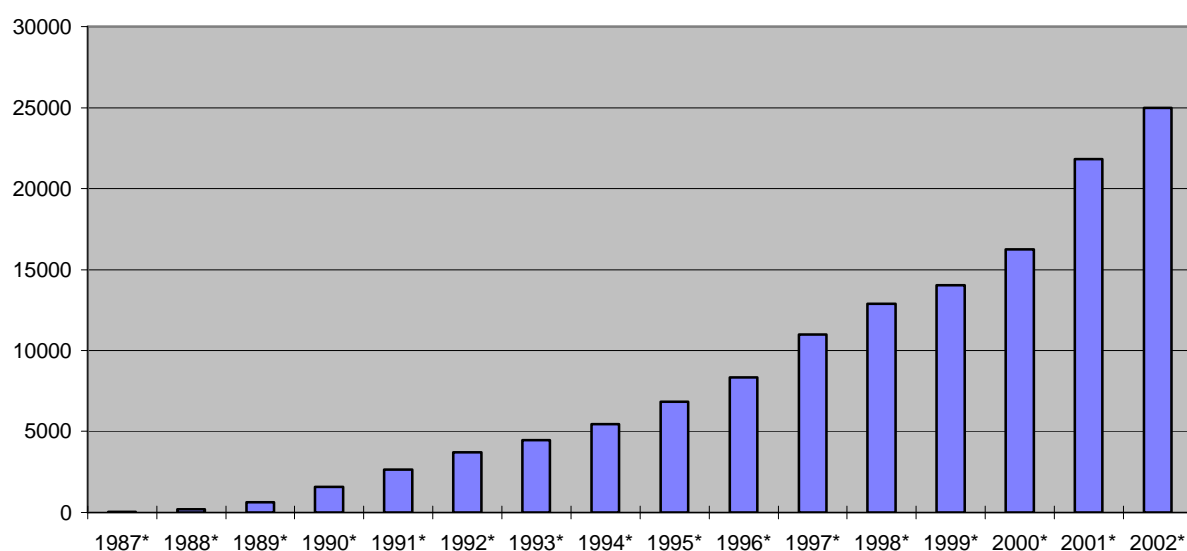
If one considers the extent of its product range, IGE+XAO is present in the entire Electric CAD market. Amongst the large industrial accounts, the following can be quoted :

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



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

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



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

### 3.1.8.3 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 20% of the sales of the group.

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

CUSTOMERS	SALES
Airbus France	5,0%
D.C.N.	3,3%
Anyware Technologies	1,5%
Clemessy	1,2%
Peugeot Citroën Automobiles SA	1,0%
JIP Elec	0,7%
Eurocopter	0,7%
Schneider Electric	0,5%
EDF	0,5%
ARC International	0,5%

### 3.1.8.4 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 €5.6 millions for the year ended 31<sup>st</sup>.July 2002.

### 3.1.8.5 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 97 days for the year ended July 31, 2002 (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
Major accounts	Direct sales	High level management, sales engineers and technical sales engineers.	20%*
Small and medium sized firms	Direct sales	Technical sales engineers	60%*
Small firms and craftsmen	Indirect sales	Technical sales engineers and trade representatives	20%*

\* 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 :

- o The high number of sub-contractors involved on electrical installations,
- o 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 :

- o 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.
- o Writers of other Computer Aided Drawing/ Computer Aided Design software (Mechanical, electronic, ...).
- o 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
31/07/00	2,0
31/07/01	2,5

For the year ended July 31<sup>st</sup>. 2002, the cost of research and development amounted to € 2.9m representing 18.8 % 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.

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 PROGRAMMING

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>. 2002, programming employed 41 staff members.

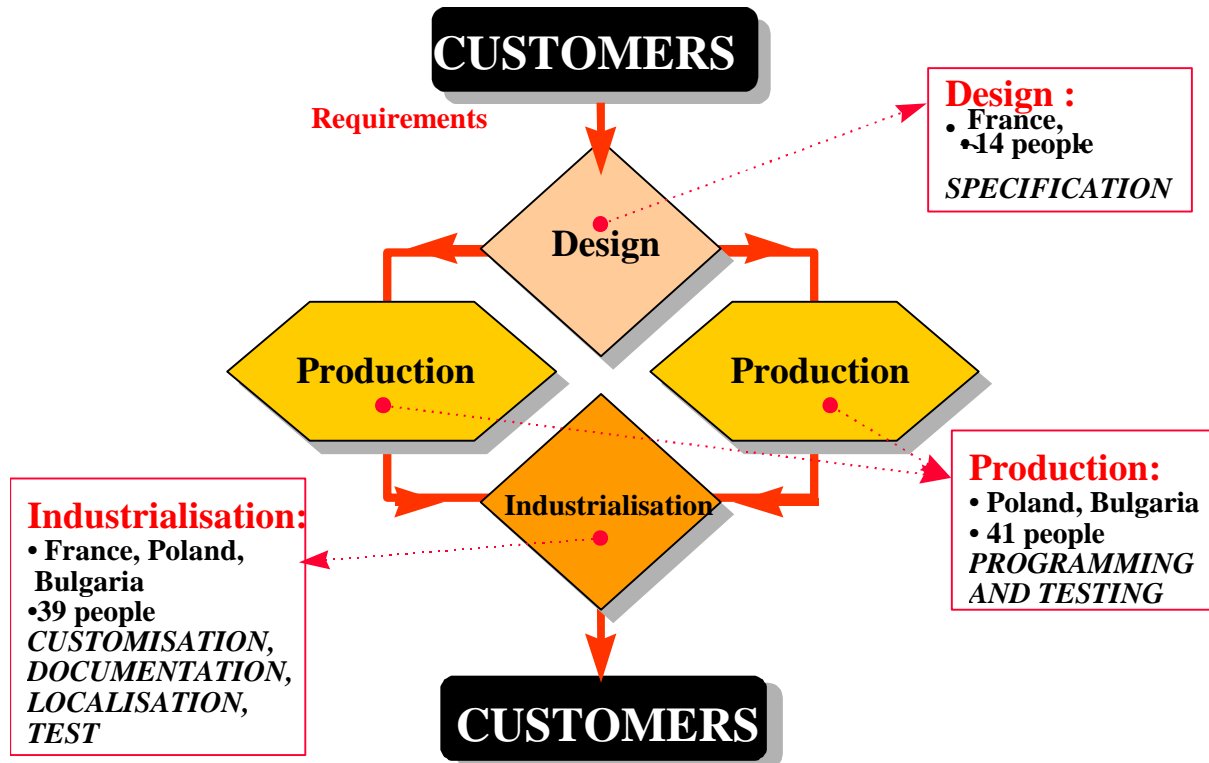
### 3.1.11.2 INDUSTRIALISATION

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>. 2002, 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 2% 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>. 2002, the senior management team of IGE+XAO comprised three members, all of whom are shareholders:

- Alain Di Crescenzo, aged 40, 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 40, 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 53, 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 :

~~LES~~ Pawel Godula, aged 40, 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.

~~LES~~ Jacek Dziedzic, aged 40, 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

~~LES~~ **Distribution per country at July 31<sup>st</sup>. 2002(staff members registered) :**

COUNTRY	2001/2002	2000/2001	1999/2000
France	116	111	100
Poland	69	74	82
Bulgaria	23	21	14
Others	53	50	24
<b>TOTAL</b>	<b>261</b>	<b>256</b>	<b>220</b>

~~LES~~ **Distribution per activity at July, 2002 (staff members registered) :**

FUNCTION	ACTIVITY	QUALIFICATION	NUMBER OF STAFF MEMBERS
Management:			1
Sales :	131 Management		9
	Sales Engineers /	Senior Engineers and	43
	Technical Sales Engineers	Technicians	
	After-Sales	Senior Technicians and	45
	Contracts	higher	
	Marketing	Senior Technicians	5
	Administration	Senior Technicians	12
			17
Technical :	107 Management		2
	Design	Senior Engineers and	14
		Technicians	
	Design	Senior Engineers and	41
		Technicians	
	Industrialisation	Senior Engineers and	39
	Technicians		
	Computer operations	Senior Engineers and	6
		Technicians	
	Quality	Senior Technicians	3

FUNCTION	ACTIVITY	QUALIFICATION	NUMBER OF STAFF MEMBERS
	France Delivery	Senior Technicians	2
Administration : 22		Senior Technicians and higher	22
<b>TOTAL</b>			<b>261</b>

The average age of IGE+XAO's staff members is around 30 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>. 2002, 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.**

##### **?? Poland :**

IGE+XAO's French operating subsidiaries sell to the Polish companies in the group, software and maintenance services for distribution purposes and buy software production for higher amounts. Therefore the exchange risk only concerns the difference between these operations which, for the year ended July 31<sup>st</sup>. 2002 amounted to € 60,242 exclusive of tax.

##### **?? Bulgaria :**

Exchanges are limited to purchases of software production from the Bulgarian subsidiary by IGE+XAO's French operating subsidiaries. Accounts receivable by the Company from the Bulgarian subsidiary were nil at 31<sup>st</sup>. July 2002.

##### **?? 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.

For England, the exchange risk at July 31<sup>st</sup>. 2002 amounted to €11,101. For Canada, the exchange risk was not significant.

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 31<sup>st</sup>. 2002, 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.

### **3.2.2 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.

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 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.

#### **3.2.2.6 OFF BALANCE SHEET OPERATIONS**

The off balance sheet operations of IGE+XAO Group are described in the notes to the consolidated accounts (5.2.5.3.) The off balance sheet operations of the holding Company IGE+XAO are described in the notes of the individual accounts of the Company (point 5.5.4.18.)

These off balance sheet operations have been identified by every means in the possession of the Company (circularisation of third parties, legal searches,... ) and have been audited by the Auditors.

The disclosures made in the notes of IGE+XAO 's accounts do not omit the existence of a single significant operation in accordance with normal current accounting practice.

#### **3.2.2.7 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.

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

#### **3.2.3.1 DANGEROUS GOODS**

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

#### **3.2.3.2 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.

#### **3.2.3.3 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.

#### **3.2.3.4 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.

#### **3.2.4 TECHNOLOGICAL RISKS**

**3.2.4.1 IN A GENERAL MANNER, SOFTWARE PRICES ARE SUBJECT TO A CONTINUAL FALL. IGE+XAO COULD BE AFFECTED BY THIS PHENOMENON.**

##### **3.2.4.2 NEW SOFTWARE OR MODULE 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.

#### **3.2.5 OTHER RISKS**

##### **3.2.5.1 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.

##### **3.2.5.2 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.

##### **3.2.5.3 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.

#### **3.2.5.4 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.

#### **3.2.5.5 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.

#### **3.2.5.6 DEPENDENCE ON SUPPLIERS**

See 3.1.12. : Suppliers.

#### **3.2.5.7 DEPENDENCE ON CUSTOMERS**

See 3.1.8.3. Concentration, dependence and repeat business.

#### **3.2.5.8 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.

#### **3.2.5.9 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	1 <sup>ST</sup> QUARTER	1 <sup>SD</sup> QUARTER	VARIATION
	2002/2003	2001/2002	
France	2 197 478	2 162 325	2%
Export	1 178 583	1 033 224	14%
<b>TOTAL</b>	<b>3 376 061</b>	<b>3 195 549</b>	<b>6%</b>

Having registered strong growth in fiscal 2001/2002, IGE+XAO followed this in the first quarter of 2002/2003 with an increase in turnover of 6%. In the International market, the main target of the Group, IGE+XAO achieved growth of 14%. In France, where IGE+XAO holds on to more than 60% of parts of the market\*\*, business increased by 2%. These strong performances are even more remarkable in that they are in a static market and in the context of difficult economic times.

At the same time, IGE+XAO Group decided to put in place from fiscal 2002/2003, a new organisation centred on the skills of its clients; Industrial Electrical Design & Maintenance, Embedded Cabling (avionics and automobiles), and Construction Industry and Wiring. This organisation will enable the Group to enhance the relevance of its quotations and its marketing strategy, thus optimising its operations.

During the current fiscal, the Company has confirmation of the success of its marketing plan, seeing both an increase in turnover and in profitability with notably a net margin expected to be between 7% and 9% of turnover\*. Furthermore, the Board of Directors proposed at the annual general meeting, held at end January 2003, a dividend distribution of up to €271,870 tax paid.

\* Hand-outs of objectives of Management.

\*\* Internal study.

#### 3.4.2 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 2002/2003 IGE+XAO plans the launch of the following products :

- SEE Electrical Expert (Version 2003),
- SEE FLUIDS V1 (first presentation at the Elec2002 Trade Fair).

?? 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.

?? 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. 2002.

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.

This has already allowed the group to build the basis of a technical and sales approach which is used to penetrate the United States market.

## **4 THE BOARD OF DIRECTORS REPORT TO THE ANNUAL GENERAL MEETING ON 31ST.JANUARY 2003 (FISCAL YEAR ENDED 31ST.JULY 2002)**

---

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 2002.
- 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 BUSINESS AND PROFITS OF THE GROUP**

The significant events of the period are described hereafter :

- During the period, IGE+XAO has taken an equity interest of 19% in the Company named ANYWARE TECHNOLOGIES S.A., created less than two years ago and specialized in a software workshop for the development of data-processing applications on the Internet. IGE+XAO does not exercise any noticeable control or influence over this company. This acquisition of shares should allow the Group to improve its competitive position with regards to maintenance and its services of electric and fluid installations. The turnover made by the Group with Anyware Technologies S.A has represented 1% of the consolidated turnover of the Group in 2001/2002.
- IGE+XAO has increased the capital in its Bulgarian subsidiary (€8K) by the incorporation of a current account. This subsidiary has been totally owned by IGE+XAO since its creation.
- During the last year equity interests were taken in sales Companies located in North Europe (TESSDATA in Netherlands, CADdy in Denmark) and in a software development Company (CAE located in Denmark). The impact of those subsidiaries in the turnover of the period corresponds to the expectations of the Group and attests to the relevance of the investment made. As these investments have no significant impact on IGE+XAO main financial totals (< 15%), no pro-forma accounts were established on the basis of a same consolidation scope :

CONTRIBUTION OF THE INVESTMENTS MADE IN Y-1 TO THE MAIN FINANCIAL TOTALS	REVENUES	NET INCOME	TOTAL ASSETS
Tessdata, IGE+XAO Denmark, CAE	7.2 %	2.0 %	1.6%

Moreover, these investments induced an indirect impact on the German subsidiary created during the fiscal year 1999/200. This subsidiary has concentrated its efforts on the sales of the software named CADdy++ produced by the Danish subsidiary, rather than developing its first activity. This change on consolidation scope may have generated approximately 2% of additional turnover through the German subsidiary, which has increased its staff consequently. Therefore impacts on total assets and consolidated net income are not significant.

- o IGE+XAO has published a note related to acquisition of its own shares in the market, in which the allocation of the shares is described. This note received the visa of the French Stock Exchange Commission (C.O.B.) on November 14, 2002 and was approved by the General Meeting of the shareholders on December 2, 2002.

During this Shareholders' General Meeting, a re-classification of the shares acquired since the beginning has been voted. The impact of this re-classification on the shareholders' equity of the Group as of July 31, 2002 is as follows :

SHAREHOLDERS' EQUITY AS OF JULY 31, 2002 AFTER OWN SHARES RE-CLASSIFICATION	31/07/02
Consolidated shareholders' equity before re-classification	7,602
Own shares impact	(731)
Consolidated shareholders' equity after re-classification	6,871

No other comments are required for the period.

The consolidated income statement can be presented as follows as of July 31, 2002 :

<b>CONSOLIDATED STATEMENT OF OPERATIONS</b>			
(in thousands of euros)	<b>July 31, 2002</b>	<b>July 31, 2001</b>	<b>July 31, 2000</b>
	<b>12 months</b>	<b>12 months</b>	<b>12 months</b>
Total revenues – France and export	<b>15,411</b>	<b>13,554</b>	<b>12,963</b>
Other operating revenues	256	422	277
<b>Total revenues</b>	<b>15,667</b>	<b>13,976</b>	<b>13,240</b>
<b>PURCHASES</b>	<b>(860)</b>	<b>(645)</b>	<b>(587)</b>
Other external expenses	(4,570)	(4,163)	(4,139)
Payroll and benefits	(7,135)	(6,335)	(5,777)
Taxes	(252)	(307)	(341)
Provisions depreciation and amortization	(625)	(520)	(614)
Other expenses	(245)	(251)	(236)
<b>Expenses</b>	<b>(13,687)</b>	<b>(12,221)</b>	<b>(11,694)</b>
<b>Operating income (loss)</b>	<b>1,980</b>	<b>1,755</b>	<b>1,546</b>
Interest income (loss)	32	56	64
<b>Income before exceptional loss and income taxes</b>	<b>2,012</b>	<b>1,811</b>	<b>1,610</b>
Extraordinary income (loss)	(46)	(2)	(173)
Income tax	(659)	(687)	(289)
<b>Income (loss) after income tax</b>	<b>1,307</b>	<b>1,122</b>	<b>1,148</b>
Depreciation allowance on goodwill	(70)	(56)	(126)
<b>Net income (loss) of consolidated companies</b>	<b>1,237</b>	<b>1,066</b>	<b>1,022</b>
<b>Net income – Minority interests</b>	<b>100</b>	<b>10</b>	<b>2</b>
<b>Net income – IGE-XAO Group</b>	<b>1,137</b>	<b>1,056</b>	<b>1,020</b>
<b>Number of shares</b>	<b>1,754,000</b>	<b>1,754,000</b>	<b>1,754,000</b>
<b>Earnings per share in euros</b>	<b>0.64</b>	<b>0.60</b>	<b>0.58</b>

The financial year ending 31st.July 2002 can be analysed as follows;

- Turnover established at € 15,411K against € 13,554 K in 2000/2001. This represents 14% growth.
- ?? IGE+XAO Group saw growth of 4% in its national market, €10,571K in 2001/2002 against € 10,187 K in 2000/2001.
- ?? IGE+XAO Group saw a growth of 44% in its international market ( €4,840 K in 2001/2002 against €3,367 K in 2000/2001 ) of which 31% resulted from the turnovers of Tessdata BV, CAE Development and IGE+XAO Denmark ( ex CADdy Denmark ) which joined the group in June 2001.
- The Gross Trading Profit is a profit of €1,980 K against €1,755 K in 2000/2001, representing growth of 13%.



- The Financial Result is a profit of €32 K against €56 K in 2000/2001
- The Result Before Tax is a profit of € 1,966 K against € 1,809 K in 2000/2001 representing growth of 9%.
- The Net Result of the Group is a profit of € 1,137 K against € 1,056 K in 2000/2001 representing growth of 8%.
- The Financial Position of the Group is markedly improved and notably,

An increase of 13% in its own capital to € 7,602 K ( before re-classification of own shares representing a reduction of these last of €731 K )

? An increase of 7% in cash-at-bank to €5,321 K ( before re-classification of its own shares representing a reduction of these last of €731 K )

? A reduction in indebtedness currently resting at € 568 K against € 690 K at 31st.July 2001

## **4.2 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 2002 :

<b>STATEMENT OF OPERATIONS</b>			
(in thousands of euros)	<b>July 31, 2002</b>	<b>July 31, 2001</b>	<b>July 31, 2000</b>
	<b>12 months</b>	<b>12 months</b>	<b>12 months</b>
Net turnover	1,997	2,007	2,263
Operating grants	--	457	--
Other operating income	42	47	28
Operating income	2,039	2,511	2,291
Other external expenses	(1,196)	(1,296)	(1,313)
Payroll and benefit	(697)	(611)	(638)
Taxes	(46)	(43)	(43)
Provisions depreciation and amortization	(94)	(99)	(112)
Other expenses	(6)	(2)	(25)
Expenses	(2,039)	(2,051)	(2,131)
<b>Operating income (loss)</b>	<b>0</b>	<b>460</b>	<b>160</b>
Financial income (loss)	117	(340)	670
Exceptional income (loss)	24	13	(142)
Income tax	(37)	130	174
Profit-sharing	(27)	(23)	(24)
<b>Net income (loss)</b>	<b>77</b>	<b>240</b>	<b>838</b>

#### NOTES :

- The turnover for the fiscal rests at € 1,997 K against € 2,007 K for 2000/2001. Mainly it comprises inter-group services invoiced at cost.
- The operating costs are covered, against a profit of € 460 K for the previous fiscal. This difference is explained by the change to the 'working subsidy' which was zero in 2001/2002 against € 457 K in 2000/2001. This subsidy was granted to IGE+XAO by the subsidiary IGE SA in an acknowledgement of the amount of work done by IGE+XAO at the time of the last acquisitions.

- The financial result is a profit of €117 K against a loss of €340 K for the previous fiscal. The items which effect the financial results are shown in the table hereafter.

FINANCIAL CHARGES AND INCOMES IN K€	31/07/02	31/07/01
Amortizations :		
? participations	(79)	--
? marketable securities	--	(38)
? exchange risk	(11)	
? financial risk related to Mayridis	(103)	(41)
<b>Total</b>	<b>(193)</b>	<b>(79)</b>
Allowances :	38	--
<b>Total</b>	<b>38</b>	<b>--</b>
Forgiveness of debts in favour of the following subsidiaries :		
? Canada	--	(183)
? Germany	--	(99)
? Great-Britain	(47)	(84)
? Mayridis	(85)	
<b>Total</b>	<b>(132)</b>	<b>(366)</b>
Dividends received	270	--
Other financial charges and incomes	238	106
<b>Total</b>	<b>404</b>	<b>106</b>
<b>TOTAL</b>	<b>117</b>	<b>(340)</b>

- The exceptional result is a profit of €24 K against €13 K in fiscal 2000/2001.
- The net result is a profit of €77 K against €240 K for the previous fiscal, this difference being explained by the increase of tax on profits which came from sales of €130 K in 2000/2001 to a charge of €37 K for the current fiscal.

#### 4.3 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 €2,899 K against €2,531 K in 2000/2001 that is to say 18.8% of turnover against 18.7% in 2000/2001 respectively, and illustrate the very great effort devoted to the development and industrialisation of products.

The costs of research & development increased by 14.5% compared to the previous fiscal. This increase is explained on the one hand by the acquisition of the Danish subsidiary CAE Development (acquired in June 2001) whose principle activity is computer development around the CADdy++ software, and on the other hand by the numerous developments on the quotes for SEE Electrical Expert ( the top-of-the-range software of the Group)

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

In the first three months of fiscal 2002/2003 the Group registered, when compared to 2001/2002, a growth in turnover in France of 2% and in overseas markets of 14% representing an increase in business of 6%.

During the current fiscal and in a static market ?? , the Group predicts a growth in turnover which will lie between ;

- 2% and 4% in the absence of any improvement in the International economy,
- 6% and 8% in the case of an improvement in the International economy.

These two growth scenarios, coupled with good control of our costs, should permit the Group to close fiscal 2002/2003 with a net result of between 7% and 9% of turnover\*. In the event of an unfavourable period in the first quarter, this result will be largely generated by the activity in the last six months of the fiscal which traditionally represent about 55% of our annual business.

\* Hand-outs of the Board's objectives.

#### **4.5 IMPORTANT EVENTS SINCE THE CLOSURE OF THE ACCOUNTS FOR THE FISCAL YEAR.**

A General and Special Meeting was held at the Company's head office in order to authorise the buying and selling of its own shares, to reach a decision on the allotment of its own shares already held by the IGE+XAO Company and to comply with the measures relative to commercial companies resulting from the law of the 15th.May 2001 on new regulations and those following the overhaul of the old commercial code under Ordinance n° 2000-912 of 18th.September 2000.

More particularly, the IGE+XAO company sent out a bulletin concerning the re-purchase of its own shares in which is clearly detailed the purpose of the securities already acquired. This bulletin received the approval of the 'Commission des Opérations' of The Paris Bourse on the 14<sup>th</sup>.November 2002 and was put to the vote at the General Meeting of Shareholders on 2<sup>nd</sup>.December 2002.

During the course of this same General Meeting, a re-classification of securities acquired since the beginning was put to the vote. This re-classification to 'gold' was taken into account in the financial statement at 31<sup>st</sup>.July 2002

Subsequently after the General Meeting, a Board Meeting was held at which it was decided to combine the duties of Chairman with Managing Director in the person of Mr.Di Crescenzo.

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

The net profit at the close of the fiscal year 31st.July 2002 for the IGE+XAO company was €76,933.

After allocation to the legal reserve of an amount of €3,847 corresponding to the legal minimum of 5% of profits, the balance represents a disposable profit of €73,086

Taking into account the good performance of the fiscal year which shows a consolidated net profit rising to €1,137,200 that is to say an increase of 8% 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 €271,870 which will come from the profits of the fiscal and from Company reserves.

This total amount will allow the payment of a dividend of 15.5 centimes per share. This dividend will benefit from a tax credit of 7.75 centimes per share thus representing, for those shareholders who are entitled to this credit, a total revenue of 23.25 centimes.

This dividend will be paid on 14th. February 2003.

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 €17,126 on which the tax is €5,879.

#### **4.7 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, 2001	0.15 €	0.75 €

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

During the fiscal year ended 31st. July 2002, 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 2002 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.

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

### **4.9.1 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.

<b>BLOCKS HELD</b>	<b>% OF CAPITAL</b>	<b>% VOTING RIGHTS</b>
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	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 %	--	--

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.

### **4.9.2 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 2001) the position was as follows ;

<b>BLOCKS HELD</b>	<b>% OF CAPITAL</b>	<b>% VOTING RIGHTS</b>
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 %	--	--

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

It is clearly stated that company employees (and/or employees of linked companies, in the sense of article L225-180 of the Commercial Code) do not hold any share capital in our company in the sense of article L 225-102.

## **4.10 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 Auditing Accountant having been duly advised of these agreements, has included them in his special report.

## 4.11 OTHER INFORMATION

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

With regard to fiscal 2001/2002, 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 €
08/01	1,305	11,072	8.26	8.99	8.61
09/01	27,784	200,444	6.70	8.45	7.21
10/01	22,173	179,843	7.10	9.36	8.26
11/01	11,806	101,252	8.10	8.90	8.65
12/01	32,768	313,612	9.00	9.96	9.56
01/02	16,088	154,841	9.32	9.90	9.62
02/02	12,164	114,254	9.02	9.60	9.49
03/02	51,053	537,926	8.90	10.95	10.59
04/02	13,530	143,563	10.01	10.85	10.61
05/02	10,997	111,480	9.50	10.44	10.14
06/02	43,662	494,932	9.99	11.96	11.34
07/02	88,844	1,020,380	10.20	11.74	11.49

### 4.11.2 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, and of 31<sup>st</sup>.January 2001, to offer the company's shares on the market with a view to stabilising the price, we advise you that during fiscal 2001/2002 the company proceeded with the purchase of 17,465 shares at a cost of € 149,023. During this same period the company disposed of 7,431 shares at a profit of €43,057.

The total number of own shares held by the company at 31st.July 2002 was 91,966 shares representing 5.24% of the capital. The market value of these shares, determined by the average price for the month of July 2002, amounted to €1,056,689.

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 €5.31;
- In reduction of its consolidated shareholders' equity : the balance of the shares, namely 45,636, acquired at an average buying price of €16.02

### 4.11.3 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 et SEE Planet.

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.

### **J.M. Lalane**

Manager : Winsoft Elec up to October 22, 2001.

Board member : IGE+XAO up to October 5, 2001, IGE and SEE PLANET up to October 22, 2001.

### **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.

### **4.11.4 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 fixed +variable	BENEFITS PACKAGE	BOARD FEES	STOCK OPTIONS	TOTAL	REMUNERATION IN €K
Alain Di Crescenzo	132	--	7	--	--	139
Charles Baudron*	99	--	7	--	--	106
Jean Baudron	--	--	--	--	--	--
Jean-Marc Lalane**	12	153	1	--	--	166

\* 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.

\*\* Mr. Lalane resigned his directorship of the IGE+XAO company on the 5th. October 2001. He was until that date remunerated by Financelec who invoice their services, euro for euro, to the IGE+XAO company and which hold 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.



#### **4.11.5 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.

#### **4.11.6 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.

#### **4.11.7 SOCIAL AND ENVIRONMENTAL CONSEQUENCES OF THE BUSINESS (L225.102.1 OF THE COMMERCIAL CODE)**

##### **4.11.7.1 ENVIRONMENTAL CONSEQUENCES**

Nothing significant

##### **4.11.7.2 SOCIAL IMPACTS**

- Head-count

COMPANIES	31/07/2001	31/07/2002	VARIATION
IGE+XAO	18	17	-1
French subsidiaries	110	116	6

- Engagements, dismissals, and reasons thereof.

IGE+XAO undertook :

- ? a dismissal for personal reasons,
- ? the engagement of a financial manager,
- ? a transfer to another company in the Group.

- 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 December1999.

- Pay and pay increases.

IGE+XAO :

Gross payroll is €497,041 against €449,067 in 2001/2002 representing an increase of 10.7%

All other French companies in the Group

Gross payroll is €3,060,148 against €2,909,469 in 2001/2002 representing an increase of 5.2%

- 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	31/07/98	31/07/99	31/07/00	31/07/01	31/07/02
<b>SHARE CAPITAL AT THE END OF THE PERIOD</b>					
Share capital	6,684,889	6,684,889	6 684 889	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	1 989 681	2 230 249	2 263 298	2 006 668	1 996 399
Net income before income tax, profit-sharing, amortizations and provisions	1 110 109	487 406	9 687	148 799	390 650
Income tax	12 043	24 087	(174 236)	130 199	36 442
Net income after income tax, profit-sharing and amortizations and provisions	(82 860)	684 802	837 780	241 107	76 933
Distributed net income	--	--	267 396	267 396	* 271 870
<b>NET INCOME PER SHARE</b>					
Net income after income tax, profit-sharing but before amortizations and provisions	0,625	0,264	0,091	0,146	0,186
Net income after income tax, profit-sharing and amortizations and provisions	(0,047)	0,390	0,478	0,137	0,044
Distributed net income per share	--	--	0,152	0,152	0,155
<b>EMPLOYEMENT DATA</b>					
Average head-count over the period	10	17	17	18	17
Payroll and benefits	39,838	435,600	462,881	449,067	496,433
Amounts paid to social entities (« Sécurité Sociale », ...)	103,245	168,487	174,948	162,425	200,737

\* submitted to the approval of the shareholders.

## 5 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

### 5.1 CONSOLIDATED FINANCIAL STATEMENTS AS OF JULY 31, 2002

BALANCE SHEET			
Assets (in thousand of euros)	July 31, 2002	July 31, 2001	July 31, 2000
Acquisition of goodwill	606	676	35
Intangible fixed assets - Net	1,399	1,470	464
Property and equipment -Net	1,007	1,062	661
Other long term assets - Net	312	93	46
Total long-term assets	3,324	3,301	1,256
Inventories - Net	127	156	57
Receivables	5,871	4,935	4,259
Other current assets and accruals	804	866	923
Prepaid expenses	248	233	251
Deferred tax	62	32	38
Marketable securities	761	3,112	3,013
Cash and cash equivalents	3,829	1,865	2,033
Total current assets	11,702	11,199	10,574
<b>ASSETS</b>	<b>15,026</b>	<b>14,500</b>	<b>11,830</b>

BALANCE SHEET			
Liabilities (in thousand of euros)	July 31, 2002	July 31, 2001	July 31, 2000
Common stock	6,753	6,753	6,685
Additional paid-in capital	1,911	1,911	1,911
Own shares	(731)	--	--
Other reserves	(2,146)	(2,943)	(3,615)
Net income (loss) of the period	1,137	1,056	1,020
Grants to encourage investments	5	--	--
Accumulated translation adjustment	(58)	(37)	(55)
Shareholders' equity	6,871	6,740	5,946
Minority interests	627	601	131
Liabilities and contingencies	83	145	73
Financial debt (long-term and current portion)	568	690	207
Accounts payable	651	712	932
Tax and social accruals	2,109	2,445	2,449
Other current liabilities	966	447	166
Deferred revenues	3,151	2,720	1,926
Total Liabilities	7,445	7,014	5,680
<b>LIABILITIES</b>	<b>15,026</b>	<b>14,500</b>	<b>11,830</b>

<b>CONSOLIDATED STATEMENT OF OPERATIONS</b>			
(in thousands of euros)	<b>July 31, 2002</b>	<b>July 31, 2001</b>	<b>July 31, 2000</b>
	<b>12 months</b>	<b>12 months</b>	<b>12 months</b>
Total revenues – France and export	<b>15,411</b>	<b>13,554</b>	<b>12,963</b>
Other operating revenues	256	422	277
<b>Total revenues</b>	<b>15,667</b>	<b>13,976</b>	<b>13,240</b>
Purchases	(860)	(645)	(587)
Other external expenses	(4,570)	(4,163)	(4,139)
Payroll and benefits	(7,135)	(6,335)	(5,777)
Taxes	(252)	(307)	(341)
Provisions depreciation and amortization	(625)	(520)	(614)
Other expenses	(245)	(251)	(236)
<b>Expenses</b>	<b>(13,687)</b>	<b>(12,221)</b>	<b>(11,694)</b>
<b>Operating income (loss)</b>	<b>1,980</b>	<b>1,755</b>	<b>1,546</b>
Interest income (loss)	<b>32</b>	<b>56</b>	<b>64</b>
<b>Income before exceptional loss and income taxes</b>	<b>2,012</b>	<b>1,811</b>	<b>1,610</b>
Extraordinary income (loss)	(46)	(2)	(173)
Income tax	(659)	(687)	(289)
<b>Income (loss) after income tax</b>	<b>1,307</b>	<b>1,122</b>	<b>1,148</b>
Depreciation allowance on goodwill	(70)	(56)	(126)
<b>Net income (loss) of consolidated companies</b>	<b>1,237</b>	<b>1,066</b>	<b>1,022</b>
<b>Net income – Minority interests</b>	100	10	2
<b>Net income – IGE-XAO Group</b>	<b>1,137</b>	<b>1,056</b>	<b>1,020</b>
<b>Number of shares</b>	<b>1,754,000</b>	<b>1,754,000</b>	<b>1,754,000</b>
<b>Earnings per share in euros</b>	<b>0.64</b>	<b>0.60</b>	<b>0.58</b>

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>		
(in thousands of euros)	July 31, 2002	July 31, 2001
Net income – Part of the Group	1,137	1,056
Net income – Minority interests	100	10
Translation adjustment	(36)	--
Provision, depreciation and amortization - Net	491	515
Loss (gain) on sale of equipment	(47)	46
Part of grants allocated to the income statement	--	--
Deferred tax	(30)	44
<b>Net income after adjustments</b>	<b>1,615</b>	<b>1,671</b>
Increase / Decrease in cash from :	(902)	(392)
Receivables and prepaid expenses	124	141
Other current assets	412	(94)
Accounts payable and Deferred revenues	163	34
Total increases (decreases)	(203)	(310)
<b>Net cash used in operating activities</b>	<b>1,412</b>	<b>1,360</b>
Purchases of long-term assets	(576)	(602)
Proceeds from sale of equipment	--	--
Increase (decrease) in cash from other long-term assets - Net	224	164
Decrease in cash from acquisitions	--	--
Net cash used in investing activities	5	--
Purchases of long-term assets	(298)	(65)
Proceeds from sale of equipment	(40)	(1,142)
Increase (decrease) in cash from other long-term assets - Net	(40)	(1,142)
<b>Decrease in cash from acquisitions</b>	<b>(685)</b>	<b>(1,645)</b>
Cash proceeds from issuance of shares	--	--
Dividend paid to the IGE-XAO shareholders	(254)	(255)
Proceeds from loans	(28)	610
Repayment of loans	(28)	610
Net cash provided by financing activities	(256)	(139)
<b>Cash proceeds from issuance of shares</b>	<b>(385)</b>	<b>216</b>
<b>Net increase (decrease) in cash and cash equivalent</b>	<b>342</b>	<b>(69)</b>
Cash and cash equivalent, beginning of year	4,977	5,046
Cash and cash equivalent, end of year	4,588	4,977
<b>Net increase (decrease) in cash and cash equivalent</b>	<b>(389)</b>	<b>(69)</b>
<b>Own shares impact (see Significant events)</b>	<b>(731)</b>	<b>(69)</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

During the period, IGE+XAO has taken an equity interest of 19% in the Company named ANYWARE TECHNOLOGIES S.A., created less than two years ago and specialized in a software workshop for the development of data-processing applications on the Internet. IGE+XAO does not exercise any noticeable control or influence over this company. This acquisition of shares should allow the Group to improve its competitive position with regards to maintenance and its services of electric and fluid installations.

?? An acquisition was realized at the end of 2000/2001 whose financial impact is described in paragraph «Consolidation scope».

?? IGE+XAO has published a note related to acquisition of its own shares in the market, in which the allocation of the shares is described. This note received the visa of the French Stock Exchange Commission (C.O.B.) on November 14, 2002 and was approved by the General Meeting of the shareholders on December 2, 2002.

During this Shareholders' General Meeting, a re-classification of the shares acquired since the beginning has been voted. The impact of this re-classification on the shareholders' equity of the Group as of July 31, 2002 is as follows :

SHAREHOLDERS' EQUITY AS OF JULY 31, 2002 AFTER OWN SHARES RE-CLASSIFICATION	31/07/02
Consolidated shareholders' equity before re-classification	7,602
Own shares impact	(731)
Consolidated shareholders' equity after re-classification	6,871

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, 2002 are the same as those applied as of July 31<sup>st</sup>. 2001.

The accounts of the individual companies that make up the IGE+XAO Group as of January 31<sup>st</sup>. 2002 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 are logged into the consolidated financial statements.

The low average age and number of years in work of the 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>. 2002.

**5.2.3 CONSOLIDATION SCOPE**

**5.2.3.1 CONSOLIDATION SCOPE EVOLUTION**

**?? Legal re-organization without impact on the Group**

The subsidiary named INGEDATA, specialized in data processing development on the basis of the « Visio Solution » from Microsoft Corp, was absorbed by IGE S.A. as of August 1<sup>st</sup>. 2001. Previously, IGE S.A. owned 100% INGEDATA shares.

Since January 31<sup>st</sup>. 2002, SEE PLANET owned 100% of D&D shares, against 74.6% previously.

These changes in the consolidation scope have no significant impact on the consolidated financial statements. Therefore, no pro-forma consolidated accounts were established on the basis of a same consolidation scope.

**?? Non consolidated equity interest**

During the period, IGE+XAO has taken an equity interest of 19% in the Company named ANYWARE TECHNOLOGIES S.A., created less than two years ago and specialized in the production of a software workshop allowing the development of data-processing applications on Internet. IGE+XAO does not exercise any noticeable control or influence on this company. This acquisition of shares should allow the Group to improve its commercial offer adapted to maintenance and to the use of electric and fluid installations.

**?? From January 1, 2001 to July 31, 2001**

During the last year equity interests were taken in sales Companies located in North Europe (TESSDATA in Netherlands, CADdy in Denmark) and in a software development Company (CAE located in Denmark). The impact of those subsidiaries in the turnover of the period corresponds to the expectations of the Group and attests to the relevance of the investment made. As these investments have no significant impact on IGE+XAO main financial totals (< 15%), no pro-forma accounts were established on the basis of a same consolidation scope :

CONTRIBUTION OF THE INVESTMENTS MADE IN Y-1 TO THE MAIN FINANCIAL TOTALS	REVENUES	NET INCOME	TOTAL ASSETS
Tessdata, IGE+XAO Denmark, CAE	7.2 %	2.0 %	1.6%

Moreover, these investments induced an indirect impact on the German subsidiary created during the fiscal year 1999/200. This subsidiary has concentrated its efforts on the sales of the software named CADdy++ produced by the Danish subsidiary, rather than developing its first activity. This change on consolidation scope may have generated approximately 2% of additional turnover through the German subsidiary, which has increased its staff consequently. Therefore impacts on total assets and consolidated net income are not significant.

### 5.2.3.2 CONSOLIDATION SCOPE

COMPANY NAMES	LEGAL FORM	FRENCH REFERENCES	COMMON STOCK (IN FOREIGN CURRENCY)	LOCALISATION	% CONTROL	% INTEREST	CONSOLID <sup>o</sup> 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)	99.6 %	99.6 %	IG
Mayridis Voyages	SARL	340.364.843	€45,735	Toulouse (31)	99.7 %	99.7 %	IG
Winsoft Elec Diffusion	SNC	338.514.987	€1,524	Paris (75)	100.0 %	99.9%	IG
IGE+XAO Pologne	Ltd	--	PLN1,100,000	Kracovia (Polka)	56.5 %	56.5 %	IG
IGE+XAO Balkan	SARL	--	BGN 70,800	Sofia (Bulgaria)	100.0 %	100 %	IG
IGE+XAO Italy	SRL	--	€36,400	Bergamo (Italy)	95.0 %	95.0 %	IG
IGE+XAO Iberica	SL	--	€3,005	Barcelona (Spain)	99.0 %	99.0 %	IG
IGE + XAO UK	Ltd		£ 100	London (Angleterre)	100.0 %	100%	IG
IGE+XAO North America	Ltd	--	CAD 100	Montreal (Canada)	99.9 %	99.9 %	IG
TESS DATA	BV	--	€18,141	Hoensbrock (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)	100.0 %	100.0 %	IG
SEE PLANET	SA	432.699.965	€300,000	Colomiers(31)	90.0 %	90.0 %	IG
D&D	SARL	434.322.848	€260,000	Chatillon(92)	100.0 %	90.0 %	IG

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

### 5.2.4.1 ACQUISITION GOODWILL

ACQUISITION GOODWILL GROSS VALUE IN €K	31/07/01	CHANGES DURING THE PERIOD		31/07/02
Ingedata	113	--		113
IGE+XAO Danemark	289	--		289
Tessdata B.V.	295	--		295
Gross value	697	--		697

AMORTIZATION ACQUISITION GOODWILL IN €K	31/07/01	INCREASE	DECREASE	31/07/02
Amortization Ingedata	(11)	(11)	--	(22)
Amortization IGE+XAO Danemark	(5)	(29)	--	(34)
Amortization Tessdata	(5)	(30)	--	(35)
Amortization	(21)	(70)	--	(91)
Net value	676	--	--	606

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

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	31/07/01	INCREASE OF THE PERIOD	DECREASE OF THE PERIOD	31/07/02
Star-up costs	45	--	--	45
Goodwill	1,410	2**		1,412
Licenses	342	40	(32)*	350
Trade marks	81	7	--	88
Software	350	15	--	365
Other intangible assets	13	7	--	20
Gross value	2,241	71	(32)	2,280

\* of which €K 7 due to reclassification

\*\* which corresponds to a translation adjustment

AMORTIZATIONS INTANGIBLE ASSETS IN €K	31/07/01	INCREASE	DECREASE	31/07/02
Start-up costs amortization	(27)	(9)	--	(36)
Goodwill amortization	(201)	(46)	--	(247)
Licenses amortization	(308)	(13)	25	(297)
Trade-marks amortization	(45)	(4)	--	(49)
Software amortization	(181)	(60)	--	(241)
Other intangible assets amortization	(8)	(4)	--	(11)
Amortization	(770)	(136)	25	(881)
Net value	1,471	--	--	1,399

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, 2002 the fair value of the goodwill corresponds to the historical value.

#### 5.2.4.3 TANGIBLE ASSETS

TANGIBLE ASSETS GROSS VALUE IN €K	31/07/01	INCREASE <sup>o</sup> OF THE PERIOD	DECREASE OF THE PERIOD	OTHER CHANGES* OF THE PERIOD	31/07/02
Building	111	--	--	(12)	99
Equipment	742	160	(99)	184	987
Other tangible assets	1,452	370	(381)	(142)	1,299
Gross value	2,305	530	(480)	30	2,385

\*of which reclassifications : €K 95 and translation adjustments : €K (65)

TANGIBLE ASSETS AMORTIZATION IN €K	31/07/01	INCREASE	DECREASE	OTHER CHANGES* OF THE PERIOD	31/07/02
Building amortization	(26)	(4)	--	3	(27)
Equipment amortization	(436)	(180)	92	(164)	(688)
Other tangible assets amortization	(781)	(183)	212	89	(663)
Amortization	(1,243)	(367)	304	(72)	(1,378)
Net value	1,062				1,007

\* of which reclassifications €K (102) and translation adjustments : €K 30

#### 5.2.4.4 FINANCIAL ASSETS

FINANCIAL ASSETS GROSS VALUE IN €K	31/07/01	INCREASE <sup>o</sup> OF THE PERIOD	DECREASE OF THE PERIOD	31/07/02
Non consolidated equity interests	--	305	--	305
Cautions	90	--	(5)	85
Loans and other financial assets	3	--	--	3
Gross value	93	305	(5)	393

During the period, IGE+XAO has taken an equity interest of 19% in the Company named ANYWARE TECHNOLOGIES S.A., created less than two years ago and specialized in a software workshop for the development of data-processing applications on the Internet. IGE+XAO does not exercise any noticeable control or influence over this company. This acquisition of shares should allow the Group

to improve its competitive position adapted with regards to maintenance and its services of electric and fluid installations.

FINANCIAL ASSETS DEPRECIATIONS IN €K	31/07/01	INCREASE	DECREASE	31/07/02
Non consolidated equity interests	--	(80)	--	(80)
Others	--	--	--	--
Depreciations	--	(80)	--	(80)
Net value	93	(80)	--	313

The investment made in the non consolidated Company (see above) was 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 31/07/01	GROSS VALUE 31/07/02	< 1 YEAR	> 1 YEAR
Loans	--	--	--	--
Other financial assets	93	393	393	--
<b>Other long-term assets</b>	<b>93</b>	<b>393</b>	<b>393</b>	<b>--</b>
Inventory	157	127	127	--
Accounts receivable	5,168	6,127	5,871	256
Debts paid in advance	18	22	22	--
Accounts receivable (fiscal)	666	618	618	--
Accounts receivable (social)	32	35	35	--
Other current assets	134	115	115	--
Deferred tax	32	62	62	--
Prepaid expenses and others	250	262	262	--
<b>Current assets</b>	<b>6,457</b>	<b>7,368</b>	<b>7,112</b>	<b>256</b>
<b>Total</b>	<b>6,550</b>	<b>7,761</b>	<b>7,505</b>	<b>256</b>

#### 5.2.4.6 MARKETABLE SECURITIES AND OWN SHARES

Marketable securities are as follows as of July 31, 2002 :

MARKETABLE SECURITIES IN €K	31/07/02
Marketable securities (SICAV)	515
Own shares	246

As of July 31, 2002, 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 €5.31.

The fair value of those shares calculated on the basis of the average price of July 2002 quotation amounts to €11.49; thus, the own shares booked as marketable securities are not depreciated as of July 31, 2002.

#### 5.2.4.7 RESERVES

RESERVES IN €K	31/07/01	INCREASE	DECREASE	31/07/02
Bad debts	233	88	(64)	257
Pension reserves	37	8	--	45
Other reserves	108	36	(106)	38
<b>Provisions</b>	<b>378</b>	<b>132</b>	<b>(170)</b>	<b>340</b>

Other reserves mainly correspond to litigations. The decrease in reserves partly covers the indemnities paid to a director who left the Group during the period.

#### 5.2.4.8 PREPAID EXPENSES AND OTHERS

PREPAID EXPENSES AND OTHERS IN €K	31/07/01	NET CHANGES	31/07/02
Prepaid expenses	233	15	248
Deferred expenses	17	(4)	13
<b>Total</b>	<b>250</b>	<b>11</b>	<b>261</b>

#### 5.2.4.9 SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY IN €K	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMUL. RESERVES	TRANSLATION ADJUSTMENT	TOTAL
<b>Shareholders' equity – July 31, 2000</b>	<b>6,685</b>	<b>1,911</b>	<b>(2,595)</b>	<b>(55)</b>	<b>5,946</b>
Common stock translation in euros	68		(68)		--
Dividends			(255)		(255)
Net income			1,055		1,055
Change in translation adjustments			--	18	18
Impact of accounting principles changes			(21)		(21)
Changes in consolidation scope			(26)		(26)
Other changes			23		23
<b>Shareholders' equity – July 31, 2001</b>	<b>6,753</b>	<b>1,911</b>	<b>(1,887)</b>	<b>(37)</b>	<b>6,740</b>
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)
<b>Shareholders' equity – July 31, 200€</b>	<b>6,753</b>	<b>1,911</b>	<b>(1,009)</b>	<b>(784)</b>	<b>6,871</b>

The capital stock consists of 1,754,000 fully paid-up shares with a par value of €3.85.

Changes in accounting principles correspond to the impact of pension reserve, which is taken into account in the consolidation since the 2000/2001 legal year.

Changes in consolidation scope in 2000/2001 correspond to the consolidation of the Dutch subsidiary which was created in 1999/2000 but not taken into account in the consolidation scope as of July 31, 2000.

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%).

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.

#### 5.2.4.10 MINORITY INTERESTS

MINORITY INTERESTS IN €K	IN THOUSANDS OF EUROS
<b>Minority interests as of July 31, 2000</b>	<b>131</b>
Changes in consolidation scope	479
Net income - Minority interests	10
Other changes	(19)
<b>Minority interests as of July 31, 2001</b>	<b>601</b>
Changes in consolidation scope	(56)
Net income - Minority interests	100
Other changes	(18)
<b>Intérêts minoritaires au 31 juillet 2002</b>	<b>627</b>

2001/2002 changes in consolidation is due to the increase of See Planet equity interests in the subsidiary D&D (from 74.6% to 100%), which penalize minority interests.

#### 5.2.4.11 INCOME TAX

##### 5.2.4.11.1 Tax classification

Income tax amounted to €659K as of July 31,2002 and can be analyzed as follows :

INCOME TAX IN €K	DUE	DIFFERED
Income tax	687	(28)

##### 5.2.4.11.2 Income tax analyse

INCOME TAX CHARGES	IN €K
Net income before tax (base)	1,896
Statutory income tax	651
Income tax	659
Difference	8
Impact of abroad tax rates	(10)
Depreciation on acquisition goodwill	24
Impact of accumulative losses and deferred amortizations	(3)
Other permanent differences	(3)
<b>TOTAL</b>	<b>8</b>

##### 5.2.4.11.3 Deferred income tax

Deferred income tax corresponds to a short-term asset and amounts to €62K.



It can be analysed as follows :

IN €K	BASE	RATE	ASSETS	LIABILITIES
Profit sharing	163	34.33%	56	
Other differences in France	43	34.33%	15	
Other differences in the subsidiaries (Poland / Denmark)	41	31.00%		13
Pension reserves	45	34.33%	16	
Provision on other long-term assets	111	19.00%		21
Other adjustments	28	34.33%	9	
<b>TOTAL</b>	//////	////////	96	34

#### 5.2.4.12 FRENCH TAXATION

French taxation contains the following companies :

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

#### ?? Tax deficits

As of July 31, 2002, the Group benefits from a long-term capital loss for an amount €190,322K This loss is not booked in the consolidated financial statements.

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

#### 5.2.4.13 DEBT MATURITY

DEBT MATURITY IN €K	GROSS VALUE 31/07/01	GROSS VALUE 31/07/02	< 1 YEAR	> 1 YEAR
Bank loans	690	568	162	406
Accounts payable	712	651	651	--
Tax and benefits liabilities	2,445	2,109	2,109	--
Other debts	447	966	966	--
Deferred revenues	2,720	3,151	3,151	--
<b>Total</b>	<b>7,014</b>	<b>7,445</b>	<b>7,039</b>	<b>406</b>

The increase in Other debts is mainly due to creditor current accounts due to the minorities of the companies which have been consolidated since 2000/2001 financial year.

#### 5.2.4.14 DEFERRED REVENUES

DEFERRED REVENUES IN €K	31/07/01	NET CHANGES	31/07/02
Operating income	2,720	431	3,151
Financial income	--	--	--
Exceptional income	--	--	--
<b>Total</b>	<b>2,720</b>	<b>431</b>	<b>3,151</b>

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

#### 5.2.4.15 TURNOVER

2001/2002 turnover can be analysed as follows :

TURNOVER IN €K	31/07/02 12 MONTHS	31/07/01 12 MONTHS
Software	6,422	6,141
Maintenance	5,632	4,610
Training	3,123	2,519
Other	234	284
<b>Total</b>	<b>15,411</b>	<b>13,554</b>

Export turnover can be analysed as follows :

TURNOVER IN €K	31/07/02 12 MOIS	31/07/01 12 MOIS
France	10,571	10,187
Export	4,840	3,367
<b>Total</b>	<b>15,411</b>	<b>13,554</b>

#### 5.2.4.16 OTHER OPERATING INCOME

Other operating income can be analysed as follows :

OTHER OPERATING INCOME IN €K	31/07/02 12 MONTHS	31/07/01 12 MONTHS
Depreciation allowance- Customers	64	97
Other depreciation allowances	35	84
Cancellation of expenses	42	174
Other operating income	115	67
<b>Total</b>	<b>256</b>	<b>422</b>

#### 5.2.4.17 EXCEPTIONAL INCOME (LOSS)

Exceptional loss can be analysed as follows :

Exceptional loss	in €K
Reorganization impact	(108)
Net gains from sales of assets	47
Other exceptional expenses and income	15
<b>Total</b>	<b>(46)</b>

The re-organization impact mainly corresponds to indemnities paid to a director (one of the founders of the Group) who left the Group during the period.

#### 5.2.4.18 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>. 2001 to January 31<sup>st</sup>. 2002 profit-sharing amounts to €163 K.

#### 5.2.4.19 NET INCOME PER SHARE

IN €	31/07/02	31/07/01
NET INCOME – PART OF THE GROUP PER SHARE IN EUROS	0.64	0.60

#### 5.2.5 OTHER INFORMATION

##### 5.2.5.1 REMUNERATION OF THE DIRECTORS

During the period 2001/2002 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	132	7	--	--	139
Charles Baudron	99	7	--	--	106
Robert Grezes	63	4	--	--	67
REMUNERATION	294	18	--	--	312

##### 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 €2,899K and €2,531K respectively as of July 31<sup>st</sup>. 2002 and 2001.

##### 5.2.5.3 OFF-BALANCE COMMITMENTS

OFF-BALANCE COMMITMENTS	INK€
Loan reimbursement	563
Loan interests	55
<b>TOTAL</b>	<b>618</b>

Last year when equity interests were taken in the sales company TESSDATA located in the Netherlands, a clause for additional payment were signed for an amount of €216,085; the payment of this clause depends to the capacity Tessdata has to carry out a sales objective and a net income objective before the end of 2003/2004.

##### 5.2.5.4 AVERAGE HEAD COUNT

AVERAGE HEAD COUNT	31/07/02	31/07/01
France	114	116
Abroad	132	144
Total	246	260

### 5.2.6 PARENT COMPANY'S SIGNIFICANT DATA

IN €K	31/07/02 12 MONTHS	31/07/01 12 MONTHS
Turnover	2,039	2,007
Operating income (loss)	0	460
Current operating income (loss)	117	120
Net income (loss)	77	241

### 5.3 REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED ACCOUNTS AS OF 31, 2002

In our capacity as statutory auditors, we have audited the accompanying consolidated accounts of IGE+XAO as of July 31, 2002.

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, 2002 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 16<sup>th</sup>, 2003

The Statutory Auditors



Roger DAILHE

Impasse de Touraine 31100 Toulouse

Commissaire aux Comptes  
Membre de la Compagnie  
Régionale de Toulouse



Jean PENDANX  
ERNST & YOUNG Audit  
4, rue Auber 75009 Paris  
S.A. au capital de Eur.2.159.600  
344 366 315 R.C.S. Paris  
Commissaire aux Comptes  
Membre de la compagnie  
Régionale de Paris

#### 5.4 INDIVIDUAL FINANCIAL STATEMENTS AND NOTES OF THE PARENT COMPANY IGE+XAO AS OF JULY 31, 2002

<b>BALANCE SHEET</b>			
ASSETS (in thousands of euros)	<b>July 31, 2002</b>	<b>July 31, 2001</b>	<b>July 31, 2000</b>
INTANGIBLE FIXED ASSETS - NET	50	79	331
Property and equipment -Net	158	161	145
Other long term assets - Net	7,652	6,687	5,078
Total long-term assets	7,860	6,927	5,554
INVENTORIES - NET	--	--	10
Receivables	802	384	933
Other current assets and accruals	2,939	1,875	1,473
Prepaid expenses	70	74	96
Marketable securities	761	2,863	3,013
Cash and cash equivalents	728	203	720
Current assets	5,300	5,399	6,245
<b>ASSETS</b>	<b>13,160</b>	<b>12,326</b>	<b>11,799</b>
<b>BALANCE SHEET</b>			
LIABILITIES (in thousands of euros)	<b>July 31, 2002</b>	<b>July 31, 2001</b>	<b>July 31, 2000</b>
Common stock	6,753	6,753	6,753
Additional paid-in capital	1,911	1,911	1,911
Legal reserve	151	139	98
Other reserves	755	794	333
Accumulated income (loss)	26	12	--
Net income (loss) of the period	77	241	838
Shareholders' equity	9,673	9,850	9,864
Provisions and litigations	53	42	--
Bank loans	519	661	162
Other financial debts	2,236	410	854
Accounts payable	198	188	296
Tax and social accruals	373	690	584
Other debts	108	485	6
Deferred revenues	--	--	33
Debts	3,434	2,434	1,935
<b>LIABILITIES</b>	<b>13,160</b>	<b>12,326</b>	<b>11,799</b>

<b>STATEMENT OF OPERATIONS</b>			
(in thousands of euros)	<b>July 31, 2002</b>	<b>July 31, 2001</b>	<b>July 31, 2000</b>
	<b>12 months</b>	<b>12 months</b>	<b>12 months</b>
Net turnover	1,997	2,007	2,263
Operating grants	--	457	--
Other operating income	42	47	28
Operating income	2,039	2,511	2,291
Other external expenses	(1,196)	(1,296)	(1,313)
Payroll and benefit	(697)	(611)	(638)
Taxes	(46)	(43)	(43)
Provisions depreciation and amortization	(94)	(99)	(112)
Other expenses	(6)	(2)	(25)
Expenses	(2,039)	(2,051)	(2,131)
<b>Operating income (loss)</b>	<b>0</b>	<b>460</b>	<b>160</b>
Financial income (loss)	117	(340)	670
Exceptional income (loss)	24	13	(142)
Income tax	(37)	130	174
Profit-sharing	(27)	(23)	(24)
<b>Net income (loss)</b>	<b>77</b>	<b>240</b>	<b>838</b>

## **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**

- ?? During the period, IGE+XAO has taken an equity interest of 19% in the Company named ANYWARE TECHNOLOGIES S.A., created less than two years ago and specialized in a software workshop for the development of data-processing applications on the Internet. IGE+XAO does not exercise any noticeable control or influence over this company. This acquisition of shares should allow the Group to improve its competitive position adapted with regards to maintenance and its services of electric and fluid installations.
- ?? IGE+XAO has increased the capital in its Bulgarian subsidiary (€8K) by the incorporation of a current account. This subsidiary has been totally owned by IGE+XAO since its creation.
- ?? 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.
- ?? During this Shareholders' General Meeting, a re-classification of the shares acquired since the beginning has been voted. The impact of this re-classification has already been taken into account as of July 31<sup>st</sup>. 2002 .

The period requires no other comment.

### **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	31/07/01	INCREASE OF THE PERIOD	DECREASE OF THE PERIOD	31/07/02
Start-up costs	--	--	--	--
Other intangible assets	181	4	--	185
<b>TOTAL</b>	<b>181</b>	<b>4</b>	<b>--</b>	<b>185</b>

INTANGIBLE ASSETS AMORTIZATION IN €K	31/07/01	INCREASE OF THE PERIOD	DECREASE OF THE PERIOD	31/07/02
Start-up costs	--	--	--	--
Other intangible assets	103	32	--	135
<b>TOTAL</b>	<b>103</b>	<b>32</b>	<b>--</b>	<b>135</b>

### 5.5.4.2 PROPERTY AND EQUIPMENT

PROPERTY AND EQUIPMENT GROSS VALUE EN €K	31/07/01	INCREASE OF THE PERIOD	DECREASE OF THE PERIOD	31/07/02
Equipment	70	--	(7)	63
Installation	140	--	--	140
Transportation	39	53	(39)	53
Other equipment	107	6	(13)	100
<b>TOTAL</b>	<b>356</b>	<b>59</b>	<b>(59)</b>	<b>356</b>

PROPERTY AND EQUIPMENT AMORTIZATION IN €K	31/07/01	INCREASE OF THE PERIOD	DECREASE OF THE PERIOD	31/07/02
Equipment amortization	44	16	(6)	54
Installation amortization	59	11	--	70
Transportation amortization	27	18	(39)	6
Other equipment amortization	65	15	(12)	68
<b>TOTAL</b>	<b>196</b>	<b>60</b>	<b>(57)</b>	<b>198</b>

### 5.5.4.3 AMORTIZATION FOR THE PERIOD

LONG-TERM ASSETS	AMORTIZATION FOR THE PERIOD	TAX AMORTIZATION
------------------	-----------------------------	------------------

IN €K	STRAIGHT- LINE	ACCELERATED	EXTRAORDINARY	INCREASE	DECREASE
<i>Intangible assets</i>					
Star-up costs	--	--	--	--	--
Other intangible assets	32	--	--	--	--
<b>TOTAL</b>	<b>32</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<i>Tangible assets</i>					
Equipment	16	--	--	--	--
Installations	11	--	--	--	--
Transportation	18	--	--	--	--
Others	15	--	--	--	--
<b>TOTAL</b>	<b>60</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>TOTAL</b>	<b>92</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

#### 5.5.4.4 OTHER LONG-TERM ASSETS

OTHER LONG-TERM ASSETS GROSS VALUE IN €K	31/07/01	INCREASE OF THE PERIOD	DECREASE OF THE PERIOD	31/07/02
Shareholding / equity interests	6,942	320	--	7,262
Receivables – associated companies	7	--	(7)	--
Own shares	--	731	--	731
Loans and others	3	--	--	2
<b>TOTAL</b>	<b>6,952</b>	<b>1,051</b>	<b>(7)</b>	<b>7,996</b>

During the period, IGE+XAO has taken an equity interest of 19% in the Company named ANYWARE TECHNOLOGIES S.A., created since less than two years and specialized in the production of a software workshop allowing the development of data-processing applications on Internet. IGE+XAO does not exercise any noticeable control or influence on this company.

DEPRECIATION PROVISION IN €K	31/07/01	INCREASE	DECREASE	31/07/02
Provision / Mayridis shares	(154)	--	--	(154)
Provision / IGE+XAO Polka shares	(111)	--	--	(111)
Provision/ Anyware shares	--	(80)	--	(80)
<b>TOTAL</b>	<b>(264)</b>	<b>(80)</b>	<b>--</b>	<b>(344)</b>
Net value	6,687	--	--	7,651

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 31/07/01	GROSS VALUE 31/07/02	RECEIVABLES < 1 YEAR	RECEIVABLES > 1 YEAR
-------------------	----------------------------	-------------------------	-------------------------	-------------------------

Receivables – associated companies	7	--	--	--
Other long-term assets	2	2	2	--
<b>Long-term assets</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>--</b>
Inventories	--	--	--	--
Debts paid in advance	17	1	1	--
Accounts receivable	384	804	800	4
Accounts receivable - Tax	23	34	34	--
Accounts receivable - Social	4	2	2	--
Accounts receivable - Group	1,807	2,949	2,949	--
Other debtors	24	46	46	--
Translation adjustments	--	11	11	--
Prepaid expenses	74	70	70	--
<b>Current assets</b>	<b>2,333</b>	<b>3,917</b>	<b>3,913</b>	<b>4</b>
<b>Total</b>	<b>2,335</b>	<b>3,919</b>	<b>3,915</b>	<b>4</b>

DEBTS MATURITY IN €K	GROSS VALUE31/0 7/01	GROSS VALUE31/07/ 02	DEBTS < 1 YEAR	DEBTS > 1 YEAR
Bank loans	661	519	133	386
Advances	481	60	60	--
Accounts payable	188	198	198	--
Accounts payable – associated companies	410	2,236	2,236	--
Tax and social accruals	690	373	373	--
Other debts	4	2	2	--
Translation adjustments	--	46	46	--
Deferred revenues	--	--	--	--
<b>Total</b>	<b>2,434</b>	<b>3,434</b>	<b>3,048</b>	<b>386</b>

During the period, the Company has signed a bank loan for an amount of €K 30 to finance a car. The total capital pay-back amounts to €K 171 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	6,957	305	--
Receivables	--	--	--
Loans	--	--	--
Other shareholding	--	--	--
Other long-term assets	--	--	--
<b>TOTAL LONG-TERM ASSETS</b>	<b>6,957</b>	<b>305</b>	--
Accounts receivable	750	--	--
Other current assets	2,949	--	--
Capital issued but not called	--	--	--
<b>TOTAL CURRENT ASSETS</b>	<b>3,699</b>	--	--
Marketable securities	--	--	--
Cash and cash equivalents	--	--	--
<b>TOTAL CASH AND CASH EQUIVALENTS</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	2,306	--	--
Advances	--	--	--
Accounts payable	2	--	--
Debts concerning long-term assets	--	--	--
Other debts	--	--	--
<b>TOTAL DEBTS</b>	<b>2,308</b>	--	--

STATEMENT OF OPERATIONS IN €K	AMOUNTS		
	Associated companies	Equity interests (non consolidated companies)	Accounts receivable and payable related to bills of exchange
Turnover	1,938	--	--
Operating expenses	(3)	--	--
Dividends	270	--	--
Financial products	192	--	--
Financial expenses	(200)	--	--
Extraordinary products	164	--	--

#### 5.5.4.7 MARKETABLE SECURITIES AND OWN SHARES

Marketable securities are as follows as of July 31, 2002 :

PROVISIONS EN €K	31/07/02
Marketable securities (SICAV)	515
Own shares	246

As of July 31, 2002, 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 €5.31.

The fair value of those shares calculated on the basis of the average price of July 2002 quotation amounts to 11.49 €; thus, the own shares booked as marketable securities are not depreciated as of July 31, 2002.

#### 5.5.4.8 RESERVES AND PROVISIONS

RESERVES AND PROVISIONS IN €K	31/07/01	INCREASE	DECREASE	31/07/02
Shareholding depreciation (see point 5.6.5.4)	264	80	--	344
Bad debts	1	1	--	2
Advances to associated companies (Mayridis)	--	103	--	103
Other depreciations	38	--	(38)	--
Unrealized foreign currency losses	--	11	--	11
Reserves for litigations and other risks (Mayridis)	42	--	--	42
<b>Reserves and provisions</b>	<b>345</b>	<b>195</b>	<b>(38)</b>	<b>502</b>

#### 5.5.4.9 INCOME TO BE RECEIVED

INCOME TO BE RECEIVED IN €K	31/07/02	31/07/01
Accounts receivable :		
Clients - Invoices to be established	247	279
<b>TOTAL</b>	<b>247</b>	<b>279</b>
Other debtors :		
Receivable to be established	24	3
<b>TOTAL</b>	<b>24</b>	<b>3</b>
Cash and cash equivalents :		
Interests to be received	--	1
<b>TOTAL</b>		<b>1</b>
<b>TOTAL</b>	<b>271</b>	<b>283</b>

#### 5.5.4.10 EXPENSES TO BE PAID

EXPENSE TO BE PAID IN €K	31/07/02	31/07/01
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	80	61

<b>TOTAL</b>	<b>80</b>	<b>61</b>
Tax and social accruals :		
Provision for vacation	38	38
Personnel – other charges	10	12
Social entities to be paid	20	20
State to be paid	18	22
<b>TOTAL</b>	<b>86</b>	<b>92</b>
Other debts :		
Other debts to be paid	1	3
<b>TOTAL</b>	<b>1</b>	<b>3</b>
<b>TOTAL</b>	<b>169</b>	<b>158</b>

#### 5.5.4.11 PREPAID EXPENSES AND DEFERRED REVENUES

DEFERRED REVENUES IN €K	31/07/02	31/07/01
Operating income	--	--
Interest income	--	--
Extraordinary income	--	--
<b>TOTAL</b>	<b>--</b>	<b>--</b>

Prepaid expenses	31/07/02	31/07/01
Prepaid expenses	70	74
<b>TOTAL</b>	<b>70</b>	<b>74</b>

TURNOVER IN €K	31/07/02	31/07/01
Operating activities	2	10
Administrative services	1 995	1 997
<b>TOTAL</b>	<b>1 997</b>	<b>2,007</b>

#### 5.5.4.12 OPERATING GRANTS

GRANTS IN €K	31/07/02	31/07/01
Grants from the company IGE S.A.	--	457
<b>TOTAL</b>	<b>--</b>	<b>457</b>

#### 5.5.4.13 INTEREST CHARGES AND INCOME

INTEREST CHARGES AND INCOME IN €K	31/07/02	31/07/01
Depreciation		
- shareholding	(79)	--
- marketable securities	--	(38)
- unrealised foreign currency losses	(11)	
- financial risks relative to Mayridis	(103)	(41)
<b>TOTAL DEPRECIATIONS</b>	<b>(193)</b>	<b>(79)</b>
Allowances	38	--
<b>TOTAL ALLOWANCES</b>	<b>38</b>	<b>--</b>
Forgiveness of debts granted to subsidiaries	--	(183)
- Canada	--	(99)
- Germany	(47)	(84)
- Great Britain	(85)	
- Mayridis		

TOTAL DEBT FORGIVENESS	(132)	(366)
Dividends received	270	--
Other interest charges or income	238	106
TOTAL OTHER INTEREST CHARGES OR INTERESTS	404	106
TOTAL	117	(340)

#### 5.5.4.14 EXTRAORDINARY EXPENSES OR INCOME

EXTRAORDINARY EXPENSES IN €K	31/07/02	31/07/01
Indemnities paid	(164)	
Social securities charges adjustments URSSAF	(20)	--
Expenses related to previous years	--	(23)
Net accounting value of assets sold	(1)	(370)
TOTAL	(185)	(393)

EXTRAORDINARY INCOME IN €K	31/07/02	31/07/01
Income related to previous years	15	
Income resulting from re-invoicing to IGE	164	
Sale price for assets sold	25	229
Gains resulting from own shares sales	5	13
Depreciation allowance resulting from sale of assets	--	141
Cancellation of expenses	--	23
TOTAL	209	406

#### 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, 2001 to January 31, 2002 profit-sharing amounts to €8 K.

#### 5.5.4.16 COMMON STOCK

SHARES	PER SHARE VALUE IN €	NUMBER OF SHARES			
		AT THE BEGINNING OF THE PERIOD IN €	ISSUED DURING THE PERIOD	PAID BACK DURING THE PERIOD	AT THE END OF THE PERIOD IN €
Simple voting rights	3.85	951,211	--	--	951,211
Double voting rights	3.85	802,789	--	--	802,789

#### 5.5.4.17 OFF-BALANCE COMMITMENTS

COMMITMENTS IN €K	AMOUNTS
<b>Commitments:</b>	
Discounted notes	--
Guarantees, (Mayridis)	129
Leasing agreements for equipment	--
Leasing agreements for building	--
Pension reserves	8
Pledging of assets and shares	--
Guarantees related to loans (capital to be paid)	517
Interests on loans to be paid	55
<b>TOTAL</b>	<b>709</b>
<b>Commitments received :</b>	
Undertaking to repay in event of profitability by the North American subsidiary for the fiscal period 1999/2000	281
Undertaking to repay in event of profitability by the North American subsidiary for the fiscal period 2000/2001	183
Undertaking to repay in event of profitability by the British subsidiary for the fiscal period 2000/2001	84
Undertaking to repay in event of profitability by the British subsidiary for the fiscal period 2001/2002	47
Undertaking to repay in event of profitability by Mayridis for the fiscal period 2001/2002	85
<b>TOTAL</b>	<b>673</b>
Mutual commitments	--
<b>TOTAL</b>	<b>--</b>

Last year when equity interests were taken in the sales company TESSDATA located in the Netherlands, a clause for additional payment were signed for an amount of €216,085; the payment of this clause depends to the capacity Tessdata has to carry out a sales objective and a net income objective before the end of 2003/2004.

#### 5.5.4.18 DIRECTORS' REMUNERATION

During the period 2001/2002 the Directors' remuneration of the IGE+XAO parent company can be analyzed as follows :

REMUNERATION IN €K	WAGES fixed +variable	BENEFITS PACKAGE	BOARD FEES	STOCK OPTIONS	TOTAL
Alain Di Crescenzo	132	7	--	--	139
Charles Baudron	99	7	--	--	106
Robert Grezes	63	4	--	--	67
<b>REMUNERATION</b>	<b>294</b>	<b>18</b>	<b>--</b>	<b>--</b>	<b>312</b>



### 5.5.4.19 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)
<b>IGE SA</b>	4 619,205	984,261	99.60	4,798,247	4,798,247	--	--	11,785,051	831
<b>WINSOFT ELEC DIFFUSION SNC</b>	1,524	3,236	100.00	1,372	1,372	2,193,538	--	2,562,504	
<b>SEE PLANET SARL</b>	300,020	6,368	90.00	271,080	271,080	--	--	191,507	4
<b>MAYRIDIS SARL</b>	45,735	(110,133)	99.66	153,565	49	120,709	83	73,855	(85,
<b>IGE+XAO POLOGNE</b>	304,136	3,256	51.50	321,934	211,103	--	--	1,366,051	28
<b>IGE+XAO BALKAN</b>	36,364	4,548	100.00	18,667	18,667	--	--	223,520	3
<b>CAE DEVPT APS</b>	16,769	120,881	51.00	51,129	51,129	--	--	357,066	23
<b>IGE+XAO DENMARK A/S</b>	67,078	80,905	49.00	587,986	587,986	--	--	570,872	97
<b>IGE+XAO ALLEMAGNE GMBH</b>	25,001	62,059	100.00	25,001	25,001	140,267	--	866,161	86
<b>IGE+XAO IBERICA</b>	3,005	55,365	99.00	3,049	3,049	--	--	440,886	(
<b>IGE+XAO ITALIE</b>	36,400	55,664	95.00	33,234	33,234	--	--	855,072	1
<b>IGE+XAO UK LTD</b>	152	(152)	100.00	152	152	95,506	--	151,199	(
<b>IGE+XAO NORTH AMERICA</b>	15	9,448	99.90	56	56	399,180	--	529,065	9
<b>TESS DATA</b>	18,151	97,527	100.00	691,475	691,475	--	--	742,540	3
<b>TOTAL</b>	////////	1,373,233	////////	6,957,022	6,692,600	2,949,200	83	////////	////

#### 5.5.4.20 OTHER INFORMATION

##### ?? **French Taxation Group**

French taxation Group rules apply to the following companies :

IGE+XAO Holding, 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 2001/2002, the tax income amounts to €1,772 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	31/07/02	31/07/01
France	16	18
Total	16	18

## **5.6 REPORT OF THE STATUTORY AUDITORS ON THE ANNUAL ACCOUNTS AS OF JULY 31, 2002**

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, 2002 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 16, 2003

The statutory auditors



**ROGER DAILHE**

Impasse de Touraine 31100 Toulouse

Commissaire aux Comptes  
Membre de la Compagnie  
Régionale de Toulouse



**JEAN PENDANX**

**ERNST & YOUNG AUDIT**  
4, rue Auber 75009 Paris  
S.A. au capital de Eur.2.159.600  
344 366 315 R.C.S. Paris  
Commissaire aux Comptes  
Membre de la compagnie  
Régionale de Paris

## **5.7 SPECIAL REPORT OF THE STATUTORY AUDITORS ON RELATED PARTY TRANSACTIONS AS OF JULY 31, 2002**

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.

?? NEW AGREEMENTS :

### **1 - CONCERNING THE COMPANY MAYRIDIS VOYAGES**

Directors involved : Mr. DI CRESCENZO Alain  
Mr. BAUDRON Charles

#### Guarantee and current account

The company IGE+XAO has given a guarantee on behalf of its subsidiary MAYRIDIS VOYAGES in favour of L'Association Professionnelle de Solidarité du Tourisme (APS) up to a level of € 121,159.21.

The company IGE+XAO decided to freeze its current account in the company MAYDRIS VOYAGES at the level of €83,278.17 in favour of Bureau IATA d'Administration des Agences France.

These undertakings were authorised by the Board of Directors at a board meeting held on 29<sup>th</sup>.January 2002.

### **2 - CONCERNING THE COMPANIES MAYRIDIS VOYAGES & IGE + XAO LIMITED**

Directors concerned: Mr. DI CRESCENZO Alain  
Mr. BAUDRON Charles

#### Abandonment of debts

Abandonment of debts which would be repaid in event of profitability to the benefit of the following subsidiaries :

MAYRIDIS VOYAGES for an amount of :	€85,287.00
IGE + XAO LIMITED for an amount of :	€47,323.53

These abandonments of debts were authorised by the Board on the 25th.of July 2002.

Furthermore, we have been informed that the execution of the following accords, which were approved during the course of previous fiscal years, continued to be pursued during the course of the last fiscal.

### **3 - CONCERNING THE COMPANY FINANCELEC**

Director concerned : Mr. BAUDRON Charles

#### **Management accord.**

IGE + XAO S.A. assigns its royalties to FINANCELEC in return for the management services rendered by FINANCELEC.

To count from 1st.August 1998, that part of services invoiced to IGE+XAO has been fixed at 10% of the total amount of royalties invoiced penny for penny (without mark-up) by FINANCELEC.

An endorsement to the management accord was made between IGE+XAO and FINANCELEC on the 2<sup>nd</sup>.February 1999 with retro-active effect from 1st.August 1998.

Amount charged in the fiscal : €38,660

Authorised by the Board of Directors on 2<sup>nd</sup>.February 1999.

### **4 - CONCERNING THE COMPANY I.G.E.**

Directors concerned : Mr. DI CRESCENZO Alain  
Mr. BAUDRON Charles

#### **An accord of help and assistance**

On the 3rd.January 1991, IGE+XAO signed with IGE S.A. an accord of help and assistance in matters of administration and communication.

Endorsement N° 1 to the accord has been signed to take effect from 1st.January 1996.

Under the terms of two endorsements of 23rd.July 1997 and 31st.July 1998 the formula for the sharing of services (charges?) has been altered.

An endorsement N° 4 has been signed on 2<sup>nd</sup>.February 1999.

A new endorsement N° 5 has been signed on the 4th.January 2000. IGE+XAO re-invoices IGE an amount of charges effectively reflecting the help and services rendered by IGE+XAO S.A.

IGE + XAO S.A. invoiced IGE S.A. an administration charge of €1,162, 292.92

### **5 - CONCERNING THE COMPANIES OF THE IGE + XAO GROUP**

Directors concerned : Mr. DI CRESCENZO Alain  
Mr. BAUDRON Charles

#### **Group cash management agreement**

IGE+XAO S.A. signed a cash management agreement between the different companies making up the IGE+XAO Group on the 27<sup>th</sup>.July 1994, effective retro-actively from 1<sup>st</sup>.August 1993 and for a two year period with annual renewal by tacit agreement.

The advances in treasury attract an interest rate of 4% per annum.. The interests are calculated in the currency having served the advances in treasury and paid annually on the 31<sup>st</sup> July each year, or thereafter.

The Group cash management agreement was authorised by the Board of Directors on 27th.July 1994

**6 - WITH THE SUBSIDIARIES OF IGE + XAO**

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

Tax Group

IGE+XAO S.A. has opted for the fiscal integration regime for the payment of corporation tax on all subsidiaries in which it holds more than 95% of the equity.

Integrated companies:

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 option to adopt the tax integration regime was authorised by the Board of Directors on the 14th. April 1994.

This option was renewed by IGE+XAO on the 1<sup>st</sup>. August 1999.

The 6th. of January 2003

The Statutory auditors



**ROGER DAILHE**

Impasse de Touraine 31100 Toulouse

Commissaire aux Comptes  
Membre de la Compagnie  
Régionale de Toulouse



**JEAN PENDANX**

**ERNST & YOUNG AUDIT**

4, rue Auber 75009 Paris  
S.A. au capital de Eur.2.159.600

344 366 315 R.C.S. Paris  
Commissaire aux Comptes  
Membre de la compagnie  
Régionale de Paris

## 6 CORPORATE GOVERNANCE

### 6.1 COMPOSITION AND FUNCTIONS OF THE BOARD OF DIRECTORS AS OF JULY 31, 2002

DIRECTORS	RESPONSABILITIES	FIRST NOMINATION	END OF THE FUNCTION : DATE OF THE SHAREHOLDERS MEETING WHICH WILL APPROVE THE ACCOUNTS AS OF
A. Di Crescenzo	Chairman and President of the Board of Directors	29/01/1998	31/07/2006
C. Baudron	Deputy General Manager	From the creation of the Company in 1986	31/07/2006
J. Baudron	Board member	From the creation of the Company in 1986	31/07/2006

A house-rule designed to govern the functioning of the Board is in the course of development. However, the Company has decided not to hold of a Board meeting without the presence of all the Directors, either physically present, by telephone or by video conferencing.

There was a board meeting eleven times during the fiscal year 2001/2002. The mandates of the Directors are enumerated in the management report (part 4).

The Company has not paid any Directors' fees to the Directors for the fiscal year ending 31st.July 2002.

To our best knowledge, no asset belongs directly or indirectly to the Directors, Managers or to members of their families.

There is no loan or guarantee accorded or construed in favour of members of the Board or the management.

The Company has not formed at this time any specific committee.

Measures to judge the performance of the Board of Directors are currently being defined.

### 6.2 MANAGERS AS OF JULY 31, 2002

MANAGERS	RESPONSABILITIES	NOMINATION	BACKGROUND
A. Di Crescenzo	Chairman	In 1998 at the date of the acquisition of the company XAO Industrie that he joined in 1988	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	Founder of IGE+XAO in 1986	Self-taught , Technical Manager of the Group
R. Grezes	Deputy General Manager	In 1988 ; before this date, he had been a computer engineer who was in charge of the computing department of a company in the textile sector	Skilled computer expert, Manager of the services Department

### **6.3 REMUNERATION AND BENEFITS PACKAGE (SEE PART 4.1.1.4)**

Three of the four principal Directors of the Company, Mr. Baudron, Mr. Grézes, and Mr. Lalane (who left Financelec and the IGE+XAO Group during the 2002/2001 fiscal year) are salaried employees of Financelec, a company outside consolidation, whilst Mr. Di Crescenzo is remunerated by the Company IGE+XAO. A management agreement has been signed between Financelec and IGE+XAO.

For the fiscal year 2001/2002 the total of salaries and benefits in kind paid to the managers, including Mr. Di Crescenzo, was increased to €478,220.30. The variable part of the managers' remuneration is based on the profitability of the Group. The granting of this to managers is subject to prior approval of the Board of Directors.

### **6.4 THE USE OF PRIVILEGED INFORMATION**

In their position as members of management and/or direction, or by reason of their role within the Group, personnel in possession of privileged information not yet in the public domain are subject to strict rules as to the use of this privileged information during their work on IGE+XAO assets ; notably, they must not use it in the market place, for their own gain or the gain of another, either directly or through an intermediary, in the buying or selling of IGE+XAO shares or financial products related to these shares.

### **6.5 STOCK OPTION PLAN**

Nil

### **6.6 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<sup>nd</sup>, 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 €163 K.