

2004-2005 annual report



AMF This prospectus was placed before the operations commission of the Paris Bourse on the 25th. December 2005 under the number D.05-1380, in accordance with article 212-13 in its General Rule. It can only be used to support a financial transaction if it is endorsed with a note of approval from the Bourse Authorities.

The Specialist in Computer Aided Design
dedicated to Electrical Engineering,
Systems and Industrial Fluids



www.ige-xao.com

PRINCIPLE FINANCIAL INFORMATION

The key results of the financial position of the Group are as follows:

CONSOLIDATED INCOME STATEMENT IN € ,000'S	31st July 2005	31st July 2004	31st July 2003
Turnover	19.0	17.3	16.1
Operating income	2.6	2.4	2.3
Consolidated net income	1.8	1.5	1.3
Net income – Group IGE+XAO	1.6	1.4	1.2
Net income per share in euros	0.94	0.84	0.7

CONSOLIDATED BALANCE SHEET IN THOUSANDS OF EUROS	31st July 2005	31st July 2004	31st July 2003
Net long-term assets	3.6	3.3	3.1
Current assets	16.9	14.9	12.3
Shareholders' equity	10.4	9.0	7.8
Bank debts	0.2	0.3	0.4
Operating debts	3.9	3.7	3.2
Deferred revenues	5.0	4.2	3.1

AVERAGE HEAD-COUNT (FTE)	31st July 2005	31st July 2004	31st July 2003
France	127	109	108
Other countries	222	184	155
Total	349	293	263

STOCK EXCHANGE MONTHLY AVERAGE RATE	31st July 2005	31st July 2004	31st July 2003
	27.87	18.71	11.73

A WORD FROM THE CHAIRMAN



DEAR SHAREHOLDERS,

“To provide our clients with innovative software programmes which will contribute appreciably to the improvement of productivity and quality of design, fabrication and maintenance of electrical installations and equipment.” that is the mission statement governing the IGE+XAO Group throughout its software programmes and services. In order to respond to the needs of its clients IGE+XAO has had in place, since its very creation in 1986, a strategy that is as clearly defined as it is ambitious, embracing the two key characteristics of commercial dynamism and innovation.

The Group has continued to win whole segments of the market not only in France but in different European and American countries. This conquest has been achieved through its 19 subsidiaries and regional offices spread throughout 11 countries and a network of top-quality partners. Today, IGE+XAO boasts more than 43,000 software programmes sold throughout the world with a clientele ranging from very small companies to very large enterprises in every sector of industry and of services.

The Group’s second main characteristic is innovation. Our Research & Development takes up over 22% of our annual turnover. Our development teams, with more than 160 engineers and technicians throughout the world, unendingly create and improve our products and technical ability. In 2005 and 2006 IGE+XAO efforts in R & D will focus specially on PLM, topology, automated cabling and systems engineering and all in the context of the improvement of productivity and quality.

In addition to these different commercial successes, we can show a solid financial strength and large available funds with virtually no debt.

I am extremely confident in the capacity of the Group to develop in its different markets and to achieve strong growth in the years to come.

I would like to thank you most sincerely for your trust and for the confidence you have placed in our Group IGE+XAO.

ALAIN DI CRESCENZO

THE CHAIRMAN

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1 RESPONSIBILITY FOR THE REPORT & ACCOUNTS . LEGAL & RISK CONTROL

1.1 RESPONSIBILITY

RESPONSIBILITY FOR THE PROSPECTUS

Mr. Alain Di Crescenzo,

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

RESPONSIBILITY FOR THE INFORMATION

Mr. Alain Di Crescenzo,

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

CHAIRMAN’S STATEMENT

« To the best of our knowledge, having taken every reasonable measure of due diligence, the information contained in this prospectus is true and accurate, and this prospectus contains all the 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.

We have obtained from the appointed Chartered Accountants their certificate of the finalisation of the accounts in which they have verified, in accordance with the laws and norms applicable in France, the financial situation and accounts presented in this document.»

Colomiers, December 20th 2005

Alain Di Crescenzo

Managing Director, IGE+XAO Company

1.2 STATUTORY AUDITORS

STATUTORY AUDITORS

Ernst & Young Audit
Represented by Jérôme Guirauden
11 allée de l'Arche, Faubourg de l'Arche
92 037 Courbevoie

Marc Lopez,
Espace Valentine B
1 montée de Saint-Menet
13 011 Marseille

DEPUTY STATUTORY AUDITORS

Claude Hazard
7-9 allée Haussmann
33 300 Bordeaux

Bernard Paris
Espace Valentine B
1 montée de Saint-Menet
13 011 Marseille

DATES OF COMMENCEMENT & EXPIRATION OF MANDATES

STATUTORY AUDITORS

Ernst&Young was appointed on 18th September 1996 and renewed by the ordinary general meeting on 31th January 2002 for 6 fiscal years until the ordinary general meeting which will vote on the annual accounts for fiscal year 2006/2007.

Mr Marc Lopez was appointed on 31st January 2005, for 6 fiscal years until the ordinary general meeting which will vote on the annual accounts for fiscal year 2009/2010 in replacement of Monsieur Dailhé.

The mandate of Monsieur Dailhé, individual, has not been renewed in accordance with the laws on fiduciary control currently in force.

DEPUTY STATUTORY AUDITORS

Mr Bernard Paris was appointed on 31st January 2005, for 6 fiscal years until the ordinary general meeting which will vote on the annual accounts for fiscal year 2009/2010.

Mr. Claude Hazard -7-9 allée Haussmann, 33300 Bordeaux - appointed on 9th December 1996 and renewed on 31 th December 2002 until the ordinary general meeting which will vote on the annual accounts for fiscal year 2006/2007.

1.3 INFORMATION & COMMUNICATION POLICY

Since its listing on the New Market, IGE+XAO has always followed a policy of voluntary and regular communication with both the shareholders and the financial markets.

DOCUMENTS AVAILABLE TO THE PUBLIC

ON THE WEB

The following information is available on the IGE+XAO Group web site : (www.ige-xao.com)

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

COMPANY HEAD OFFICE

Throughout the validity of this reference document, the following information can be seen at IGE+XAO head office either by a visit or by electronic means:

- The incorporation & statutes of the IGE+XAO company,
- If needed, every report, letter and every other document, historical financial information, evaluation and declaration provided by an expert at the request of the company, any part of which is included in or authorised by this document,
- Historical information of the IGE+XAO company and its subsidiaries for each of the two fiscal years preceding the publication of this report & accounts.

CALENDAR OF PLANNED INFORMATION RELEASES

The calendar of planned information releases for fiscal 2005/2006 is as follows:

PRESS RELEASE	PROVISIONAL DATES OF PUBLICATION
Consolidated turnover - first quarter 2005/2006	15th December 2005
Annual general meeting - accounts closed as of July 31, 2005	31st January 2006
Consolidated turnover - second quarter 2005/2006	11th March 2006
Consolidated turnover - first half year 2005/2006	28th April 2006
Investors meeting	11th May 2006
Consolidated turnover - third quarter 2005/2006	12th June 2006
Consolidated turnover - 2005/2006 fiscal year	11th September 2006
Consolidated accounts - 2005/2006 fiscal year	31st October 2006
Investors meeting	9th November 2006
Annual general meeting - accounts closed as of July 31, 2006	31st January 2007

Contact details for IGE+XAO are the following:

Le Pythagore
25, Boulevard Victor Hugo
31770 Colomiers
Phone : + 33 (0)5.62.74.36.36
Fax : + 33 (0)5.62.74.36.37
<http://www.ige-xao.com>

1.4 RISK FACTORS

A GENERAL OVER-VIEW OF OUR BUSINESS RISKS

This analysis identifies the risks that the company must take in its market at any moment in time.

RISKS INHERENT IN THE SOFTWARE WRITING PROFESSION

Most software existing throughout the world contains errors which can have harmful effects on their correct 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.

LAUNCH OF NEW SOFTWARE OR MODULES

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 softwares 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 these circumstances, its impact on growth might be expected.

DECREASE IN PRICES

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

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.

NEW COMPETITORS

The very large investment necessary for the development and launching of competitive technology, as well as the in-depth knowledge which IGE+XAO has in this sector, constitute very significant entry barriers to any competitor. However, it is impossible to exclude the arrival of new competitors in markets served by IGE+XAO and which could have an unfavourable impact on prices.

GROWTH MANAGEMENT

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.

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 economic, legal and political context in these countries and which are likely to impact its financial position.

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.

RISKS IN RELATION TO IGE+XAO'S QUOTATION ON THE EUROLIST OF EURONEXT, PARIS

POSSIBLE INSTABILITY OF SHARE PRICES

Financial markets are inherently volatile. The IGE+XAO share price has seen fluctuations in the past, not only for reasons of exploitation but also for reasons which have nothing to do with the operational performance of the Group. This could have a significant impact on shareholders' value.

INSIDER TRADING

An employee or non-executive director could benefit from privileged information relative to IGE+XAO and its business affairs and use it to undermine the good name of the company as a consequence. The company is ready and able to communicate on this matter and has put in place the correct procedures to limit this risk.

COMPLIANCE WITH THE REGULATIONS

As a quoted company, IGE+XAO must observe certain rules or specific recommendations defined, notably, by the Financial Markets Authorities. In order to protect itself against the contravention of these recommendations and laws, the company has surrounded itself with professional advisors and has put in place and promulgated the correct procedures to limit this risk.

LEGAL RISKS

The ongoing business activities of IGE+XAO are not subordinate to a single legal authority, regime or administration. Accordingly, legal risks exist in differing areas ; social law, contract law and company law, etc.

DISPUTES OR OTHER EXCEPTIONAL ITEMS

Outside of that litigation provided for in the provisions of the accounts, to our knowledge there does not exist 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.

The Group is currently restructuring the management and organisation of its Polish subsidiary. One of the decisions taken has notably been the dismissal of two Managers in October 2005. IGE+XAO does not anticipate any significant financial impact as a result of these measures.

INTELLECTUAL PROPERTY

Apart from those of recent acquisitions made in Holland and Denmark in 2001, registered trademarks used by the Group have been registered in The European Community, in Canada and The United States.

Under current French law, computer programmes are not patentable inventions therefore the protection of IGE+XAO is based on its technical expertise and the observance of laws regarding software licences and royalties.

However, good protection of royalties is not guaranteed in all countries. Legal actions may therefore prove to be necessary which might affect the results of the company.

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

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.

Furthermore, at the core of partnership agreements the IGE+XAO programmes integrate, and will integrate more and more, with the softwares and savoir faire developed by third parties (Microsoft, Dassault Systèmes,...).

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

In recent years, Poland and Bulgaria have embarked upon big political, economic 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.

The increase 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 procedural rules allowing for the implementation of these recent regulations are still under way and 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.

FINANCIAL RISKS

The financial risks (tax, exchange rates, interest rates and share prices) similarly off-balance-sheet operations, are detailed in the annexes to the consolidated accounts (the financial situation & results).

THE PROCEDURE OF CONSOLIDATION

IGE+XAO publishes its consolidated accounts which gather together the financial situation of the IGE+XAO company and of its subsidiaries. The detailing of these accounts is complex as a result of the rules of consolidation, of their changes, the distance of foreign subsidiaries, the rules & regulations which are in permanent evolution, and the changes to international accountancy norms from the 1st.January 2005 (IFRS norms). The detailed process of elaboration therefore leads to risks of errors & omissions that the company strives to limit by the imposition of procedures and by the submission of its financial situation to constant inspection (external Chartered Accountants in particular).

INDUSTRIAL RISKS WITH REGARD TO THE ENVIRONMENT

DANGEROUS GOODS

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

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.

INSURANCE

IGE+XAO and its French subsidiaries have taken out 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 persons, Chairman of the Board of Directors, Alain Di Crescenzo.

Principle cover and premiums are as follows:

SIGNIFICANT INSURANCES	COVER	PREMIUMS
Civil liability	6.0 M€	15 K€
Industrial All Risks	0.25 M€	3 K€

The company estimates that the cover provided by these insurance contracts are sufficient having regard to the maximum possible claims which have been identified.

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.

2 A GENERAL OVER-VIEW OF IGE+XAO, THE HISTORY, AN ORGANIGRAM AND ITS BUSINESS

2.1 THE HISTORY & DEVELOPMENT OF THE COMPANY

For the last nineteen years the IGE+XAO Group has been conceiving, writing, producing, selling and ensuring the maintenance of a range of computer aided design softwares, now known as ‘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 three complete ranges of Electrical CAD software for all customers in three very specific markets of manufacturing, harness design and the construction industry.

IGE+XAO software products function on either an independent computer or within a company network.

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

IGE+XAO in the international market:

- A turnover of € 19 millions in the fiscal year ended 31st. July 2005.
- More than 43,000 work-tops equipped for a total of more than 20,000 clients.

IGE+XAO’s competitive advantage results from:

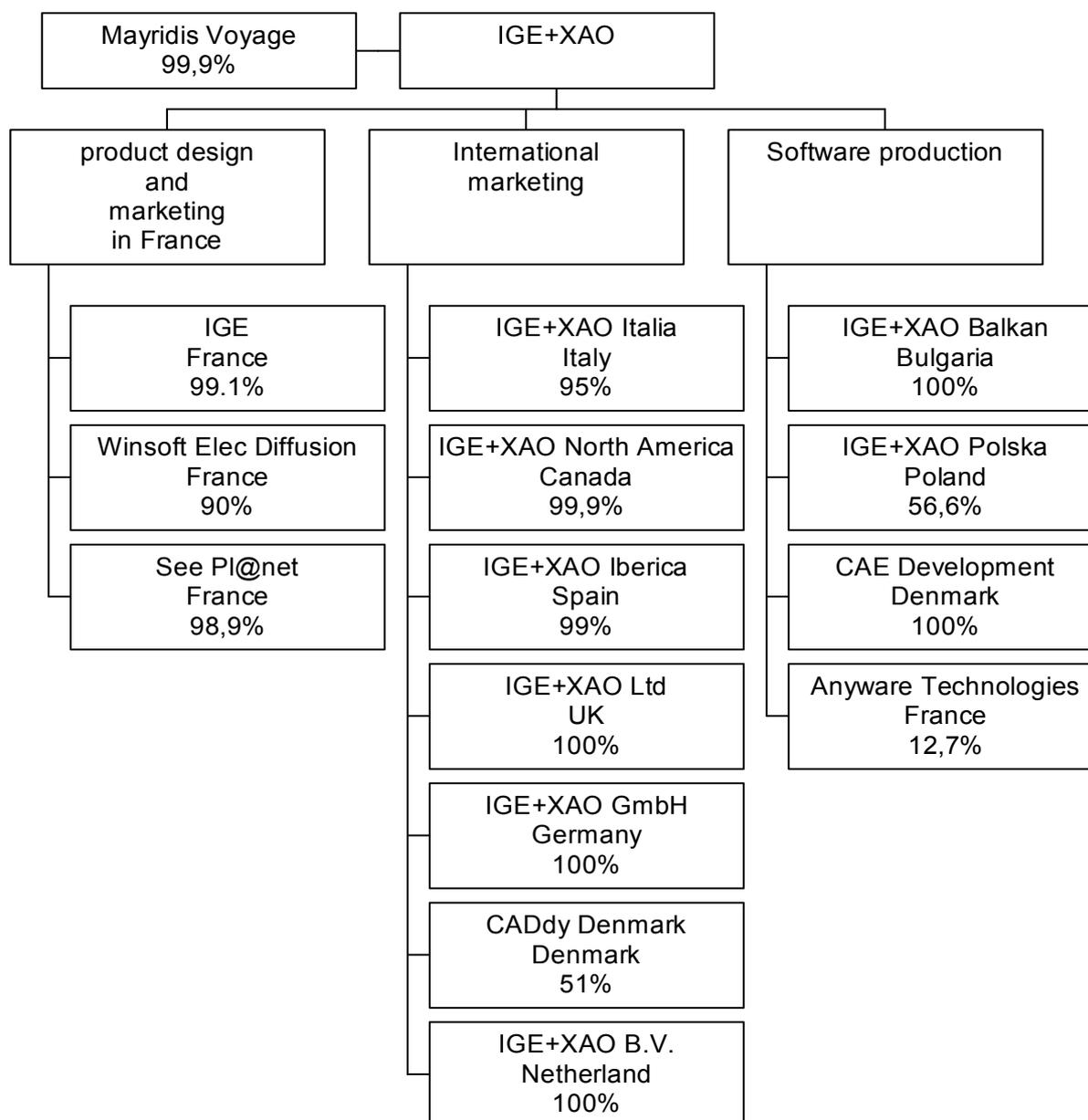
- a big software design, development and industrialisation team,
- a range of software currently covering the whole of the Electrical CAD market,
- clients in every sector of industry, renowned throughout the world,
- highly effective marketing teams throughout the world,
- a solid financial base.

A detailed history of the group is shown in annex 1. Here are the main events:

FISCAL YEAR	EVENT
1986/1987	Mr. Charles Baudron and Mr. Jean-Marc Lalane establish the company IGE S.A. and design the Schema software.
1987/1988	The Regional Institute for Industrial Development (IRDI) invests in IGE S.A., acquiring 25% of the Capital.
From 88 to 99	Creation of the main marketing and production subsidiaries (the first in Poland in 1988)
1996/1997	Listing of IGE+XAO on the ‘Nouveau Marché’ of the Paris Bourse.
2000/2001	Acquisition of companies: Ingedata Développement – a French SARL-, TESSDATA BV – a Dutch marketing company, CAE Development APS and Caddy Denmark A/S – Danish companies in software design & marketing.
2003/2004	A speeding-up of operations in harness design (embedded cabling). Signature of a technical and commercial partnership with Dassault Systems.
2004/2005	The buying back of the remaining 49% of the company CAE Development. The signature of more technical & marketing contracts (Eurocopter Group, Weidmüller and Moeller Electric).

2.2 GROUP ORGANISATION

ORGANISATIONAL CHART OF THE GROUP AT JULY 31ST 2005



The above organigram of subsidiaries and holdings are shown in the section « Financial situation & accounts »

THE RÔLE OF THE QUOTED COMPANY

The IGE+XAO Company does the following:

- Shareholdings,
- Group cash management,
- Administrative and accounting services.

SUBSIDIARIES & MINORITY SHAREHOLDINGS

The main flow of funds between IGE+XAO and its subsidiaries comprises advances which are remunerated at 4% and by the payment of dividends.

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

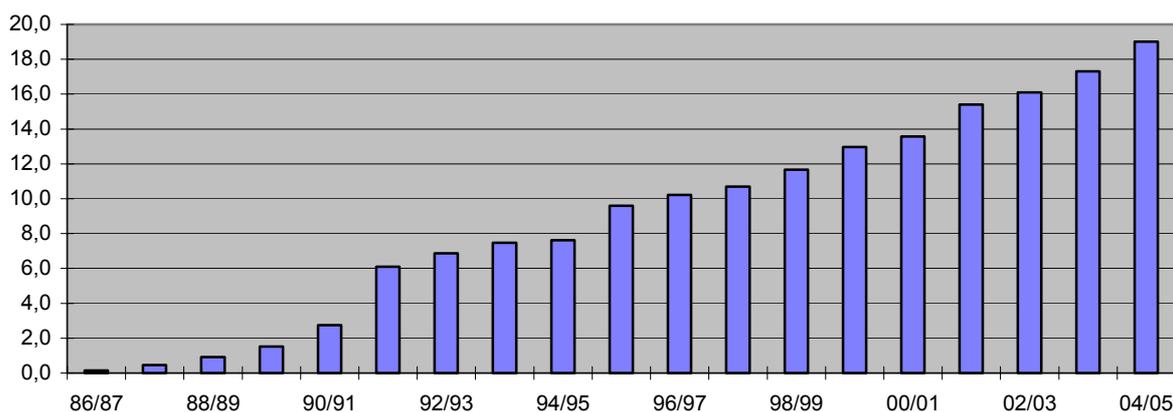
Significant financial information on the impact of the Group's main subsidiaries are the following:

IN K€	IGE+XAO POLSKA	IGE+XAO DANMARK	IGE SA	OTHER SUBSIDIARIES	IGE+XAO SA HOLDING	CONSOLID. DATA
Long-term assets	160	809	1,000	1,334	281	3,584
Cash	465	608	4,640	1,899	2,212	9,824
Operating cash flows	155	221	1,518	941	236	3,071
Dividends paid during the period to IGE+XAO	--	23	909	--	N/A	334

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

2.3 ACTIVITIES

IGE+XAO turnover (in millions of Euros)



A DESCRIPTION OF THE GROUP'S MARKETS

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 for manufacturing industry. The use of electrical energy, as well as its production, demands the design and maintenance of electrical installations.

The conception and maintenance of electrical installations lead to the design and management of electrical plans, the so-called 'electrical files'.

The main users of electrical files are companies which IGE+XAO has divided into three main industrial sectors as follows:

■ Manufacturing

- the car industry for the design and maintenance of manufacturing machines and for wiring electrical devices of vehicles. For example, all the manufacturing machines used by Renault to produce its new 'D' engine (Clio 1.1 Litre) needed the addition of 60,000 electrical files,

- 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.
- **Harness Design**
 - the car industry, for the wiring of cars,
 - transportation, for the wiring of the electrical devices of planes, ships and trains.
- **Construction**
 - Building, for wiring domestic or industrial structures.

Because their activities require a range of computer aided design softwares, research and engineering companies involved in the industrial sectors quoted above have a requirement at two levels, namely:

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

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

THE ELECTRICAL CAD: THE 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 constant modification costs and loss of time.

- **COMPUTER AIDED DRAWING ("CAD"): 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 does not improve the design of the electrical files because:

- Nothing is done to check the coherence of the design,
- Nothing is done to impose the integration of the standards and good practice of the electrical profession.

It is from these shortcomings, at the end of the 80's, that the software for computer assisted design in the electrical field (Electrical CAD), 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, and detecting short circuits, etc. It can completely take over 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.

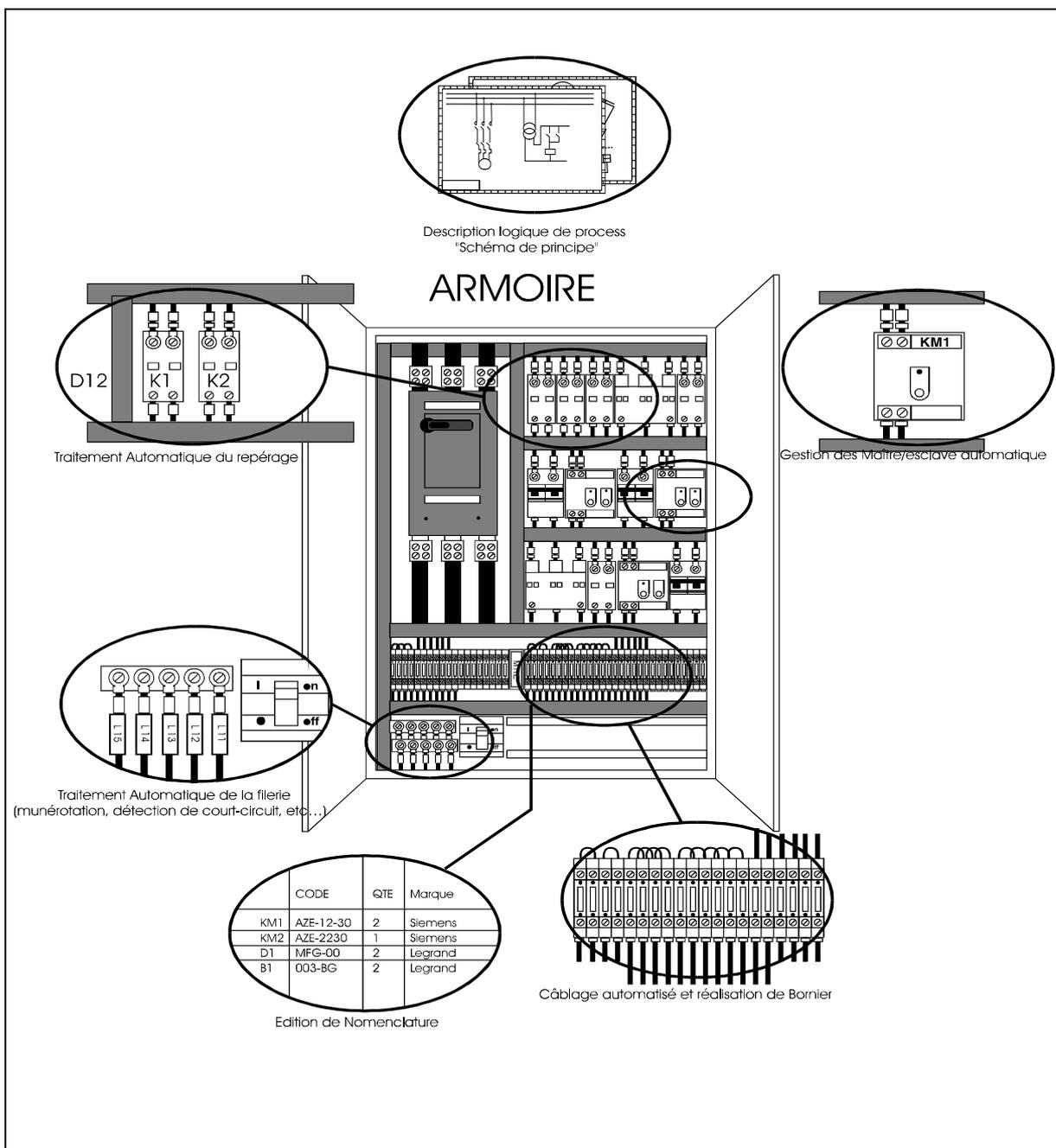
The Electrical CAD allows industrial installation designers to construct an electrical file in great detail by pursuing the following steps ;

- Definition of the principle function 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.
- Defining the exact position, in two or three dimensions, of the different elements in electrical cabinets and control panels of an installation.
- Defines the precise wiring diagrams necessary for the different electrical connections between elements, either the wiring inside electrical cabinets, or the wiring to connect the different cabinets. For example, the wiring of a ship such as the "Souverain des Mers" necessitates more than 1,000 kilometres of wiring.
- Definition of all the equipment used to achieve a precise function, called the "parts list". This enables the search for an element 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 for example.

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 equipments taking into account given 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 follow-up of modifications.

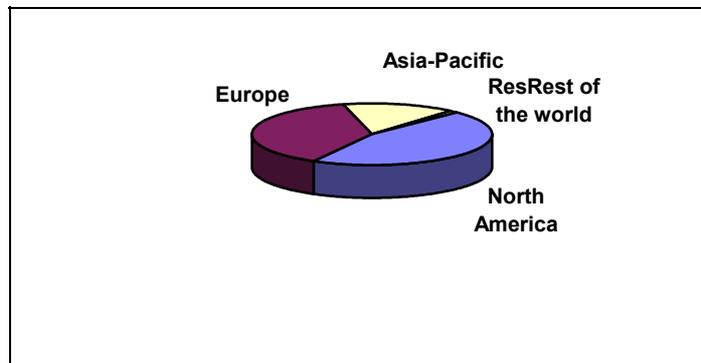


ELECTRICAL CAD: GEOGRAPHICAL SEGMENTATION

■ THE WORLD MARKET¹

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 %

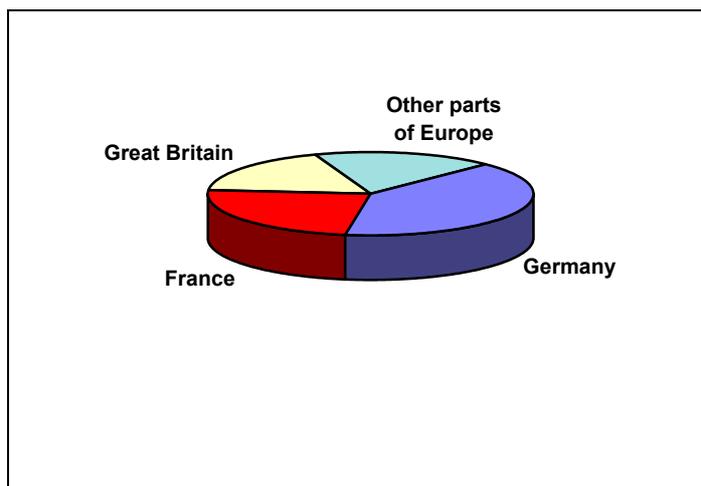


■ WESTERN EUROPEAN MARKET¹

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.

ELECTRICAL CAD : SEGMENTATION BY TYPE OF MARKET

IGE+XAO divides its potential market for Electrical CAD into three distinct sectors:

■ MANUFACTURING

¹Sources 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.

The design and maintenance of the electrical part of machines and production lines.

Examples : PSA Peugeot Citroën, Renault, HydroQuebec., Schneider Electric, Michelin, and their major sub-contractors.

■ HARNESS DESIGN

Design of electrical cabling systems (electrical harness) installed onboard aircraft, cars, trains and ships.

Examples : Airbus, Thales, DCN, Eurocopter, Labinal, Latelec... and their major sub-contractors

■ THE CONSTRUCTION INDUSTRY

Design & maintenance of the electrical wiring of buildings, whether they be domestic or industrial.

Examples: Electricity companies, builders and electricians, etc

ELECTRICAL CAD : SEGMENTATION BY TYPE OF CUSTOMER

The market operates at three levels:

■ LARGE INDUSTRIAL ACCOUNTS

Due to the complexity, the size (many thousands of electrical plans) and the sensitivity (security, confidentiality, etc....) of electrical installations to be designed or for which maintenance will be required, large industrial accounts, who can have requirements for more than 500 licences, need complete solutions combining maximum automation, highly sophisticated software and the ultimate in reliability.

Their needs in order of priority are as follows:

- 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 who design or maintain medium sized electrical installations. They require simpler solutions and at a lower cost than those used by large industrial accounts.

Their needs in order of priority are as follows:

- The technology (functional level)
- Price,
- Simplicity of use (user-friendly software),
- 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 as follows:

- Price,
- Simplicity of use.

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

THE SEASONAL FACTOR OF ELECTRICAL CAD

The market is influenced by the seasons:

- Generally there is a low level of company activity in the summer when maintenance operations are being done on 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 see a small rise in demand for the entry level and mid-range software programmes because of the influence of budget constraints.

IGE+XAO'S PRODUCT RANGE AND SERVICES

IGE+XAO's product range

In order to meet the Electrical CAD requirements of industrial firms, IGE+XAO offers a complete range of products that meet those three sectors of the market that the Group has identified.

The software programmes being offered in each range are, generally speaking, modular so that together they can cover some segments of each market (large industrials, SMBs).

The total number of licences (industrial & educational) for all the software programmes sold by the IGE+XAO Group numbers about 43 000¹ altogether.

■ HARNESS DESIGN MARKET

- ⇒ SEE EED: A software dedicated to the description of electrical equipment.
- ⇒ SEE Functional: a software dedicated to functional design which is independent of the technologies being used (electricity, fluids, etc...).
- ⇒ SEE Logical: a software dedicated to system design which is independent of the technologies being used (electricity, fluids, etc...).
- ⇒ Xelec: a suite of softwares to complete electrical files.
- ⇒ SEE Electrical Expert Embedded: a suite of consecutive softwares to complete electrical files which addresses the same market as Xelec and which in time, will be its successor.

¹ Evaluation on the 31st. of July 2005

- ⇒ SEE Topology: software dedicated to harness design. SEE Topology allows for the automatic generation of electrical cabling data from the information system or from a simple principle scheme.
- ⇒ SEE View: software for the automatic generation of cabling plans.
- ⇒ SPM/PLM: software to manage the life-cycle of electrical installations operating on a given database.

■ MANUFACTURING MARKET

- ⇒ Xelec: a suite of consecutive softwares to complete and update electrical files.
- ⇒ SEE Electrical Expert: consecutive softwares to complete and update electrical files. This software addresses the same market as Xelec and in time will replace it.
- ⇒ SEE 2000: a suite of softwares to edit and manage electrical plans.
- ⇒ CADdy ++ Electrical: a suite of softwares to edit and manage electrical plans.
- ⇒ SEE Electrical CADdy ++: a suite of softwares to manage electrical plans combining the softwares of SEE 2000 and CADdy ++ Electrical.

■ CONSTRUCTION MARKET

- ⇒ SEE 2000 One-line: a suite of softwares to manage electrical plans.
- ⇒ CADdy ++ Electrical: a suite of softwares to manage electrical plans.
- ⇒ SEE Electrical CADdy ++: a suite of softwares to manage electrical plans combining the softwares of SEE 2000 and CADdy ++ Electrical.
- ⇒ SEE Calculation: calculation software in conformity to norms C15-100.
- ⇒ SEE Technical: entry-level software to manage electrical plans.

IGE+XAO' s service to customers

Considering the significance of the sales of services which represented 59.5% of total sales for the year ended July 31st. 2005 (representing € 11.3 millions) and the expectation of demand for services in the coming years, IGE+XAO has decided to bring forward its capacity to offer client services. The service being offered includes product up-grades, assistance in the use of products, training and consulting.

As most Electrical CAD editors 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

Using training materials and programmes which it has developed itself, IGE+XAO offers training services in the use and the setting-up of its software products. This training can be done either as company courses at IGE+XAO or directly on the customer's premises.

■ AFTER SALES SERVICE OR MAINTENANCE

After-sales services are offered to all customers at the cost of an annual fee corresponding to 12% of the cost of the licence. 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 consulting, assistance and the integration and development of specific computer systems.

■ CONSULTING AND HELP IN COMPUTER SYSTEMS DEVELOPMENT

IGE+XAO has been involved more and more frequently in the offering of consulting in the development of computer systems and the integration of its softwares on clients’ computer environment (generally for major industrial clients). In order to do this, IGE+XAO now has in place a ‘Solutions Department’ dedicated to this type of service.

DISTRIBUTION OF IGE+XAO’ S SALES PER ACTIVITY

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

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

SALES	2004/2005	2003/2004	2002/2003
SOFTWARE	40.5%	38.3%	40.9%
SERVICES	20.3%	22.7%	18.9%
MAINTENANCE	37.5%	38.2%	38.9%
OTHERS	1.7%	0.9%	1.3%
TOTAL	100.0%	100.0%	100.0%

During this period of analysis, neither the effect of consolidation nor of exchange rates are significant.

COMPETITION

In view of increasing competition, this is met at three levels :

Level 1

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

Level 2

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

■ ELECTRONIC CAD SOFTWARE:

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

■ MECHANICAL CAD SOFTWARE

Representing the highest sales figure, they are used to design mechanical devices and moulded, pressed, or welded parts.

Level 3

Competition resulting from the use of genuine Electrical CAD software.

At this level, the major competitors are:

■ IN FRANCE

COMPANIES	MARKET SEGMENTS
IGE+XAO (CAD)	All
AUTODESK	Small to medium-sized industrial companies
FTZ	Large industrial accounts
EPLAN Software & Service	Large and medium-sized industrial companies
TRACE (applications on AutoCad®)	Small to medium-sized industrial companies
ASSIGRAPH	Large industrial accounts
ECT (applications on AutoCad®)	Small to medium-sized industrial companies
AUCOTEC	Large and medium-sized industrial companies
ALGOTECH	Small to medium-sized industrial companies

■ OTHER PARTS OF THE WORLD

In Germany, three companies represent about 70% of the market (estimation by IXE+XAO), these are EPLAN Software & Service, Aucotec and E.C.S.

In the rest of the world, a large number of small writers share the DAO/CAO market functioning under AutoCad©. However, the turnover achieved by these writers rarely exceeds € 2 millions.

Amongst the more established writers, the significant ones are 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 virtually the only ones to be distributed in the different countries of Europe and the U.S.

Specialised in electronic CAO, Mentor Graphics (U.S) and Zuken (Japan) also offer an electrical business largely dedicated to harness design.

In 2004, Autodesk also made its appearance in the market by the acquisition of an American company called Via Development.

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 modeller,
- management of embedded systems,
- management of several electrical standards,
- acces to the data bases of electrical materials manufacturers,
- customisation of manufacturers' processing methods,
- integration with other CAO softwares (Dassault Systèmes, ...),
- compatibility with established systems (Oracle, ODBC, Dxf et Dwg).

DESCRIPTION OF MAJOR CUSTOMERS

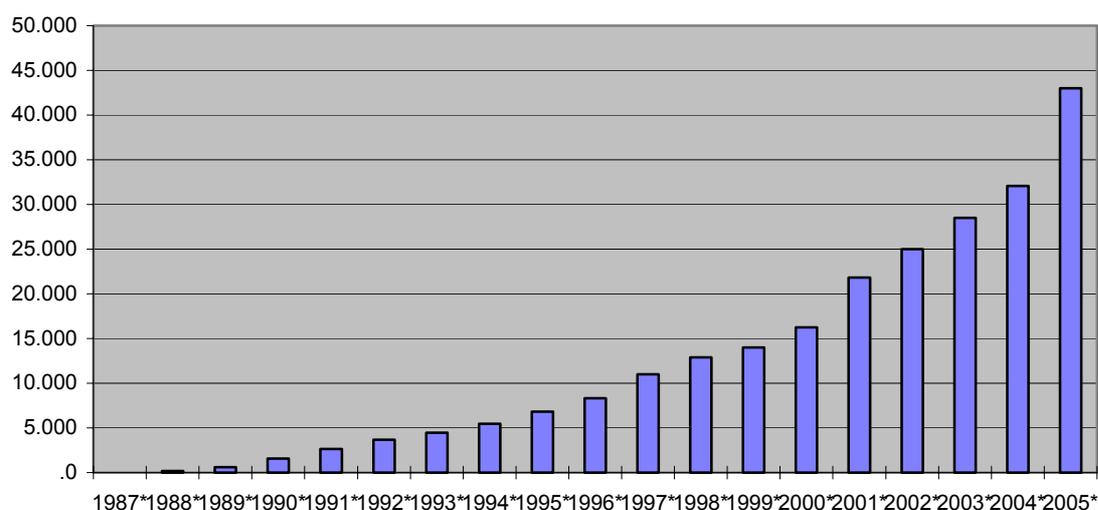
Characteristics of IGE+XAO'S client base

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 are noteworthy:

ACTIVITÉS	INDUSTRIALS		
Aeronautical and space	AIRBUS Air France-KLM CNRS	Dassault Aviation EADS Sogerma Services Eurocopter	ONERA Thales
Car Industry	Caterpillar Dunlop Faurecia Française de Mécanique	General Motors Heuliez PSA Renault	Renault Trucks Volkswagen Valéo
Chemicals, Petrochemicals	Ciments Lafarge Glaxo SmithKline Hutchinson Hoechst Kléber	Kodak Michelin Sanofi-Aventis Saint Gobain Shell	SNPE Solvay Total Fina Elf
Food Industry	Beghin Say Biscuits LU Bongrain SA Boursin Danone Haribo	Hennessy (LVMH) Kraft Foods Lindt Martell Nestlé SOPAD Perrier	Quaker (PepsiCo) Rémy Cointreau Rivoire & Carré Lustucru Rotschild Schweppes William Saurin
General Electricity and Power generation	Amec Spie CEA Cegelec Clemessy Cogema (AREVA)	EDF Forclum (Eiffage) GDF Hydro Quebec INEO	Santerne SGN (AREVA) Vinci Energies
Mining and Metallurgical Industry	Cockerill (Arcelor) Luzenac Group Mines du Bourneix	Mines de Salsigne Pechiney (Alcan) Sollac Méditerranée	UGINE&ALZ (Arcelor) Vallourec

Progression of IGE+XAO's sales

GROWTH IN THE NUMBER OF LICENSES SOLD IN THE INDUSTRY



* Estimated at the 31st. of July

CONCENTRATION, DEPENDENCE AND REPEAT BUSINESS

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

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

CLIENTS (OR GROUPS)	TURNOVER
Airbus	3.8%
DCN	2.2%
Dassault	1.8%
Spie	1.0%
Schneider	0.8%
Peugeot	0.7%
Clemssy	0.5%
ECS	0.5%
Eurocopter	0.4%
Forclum	0.4%
	12.0%

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 lead-time 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 € 7.1 millions for the year ended 31st.July 2005.

CUSTOMERS' SOLVENCY

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.

ORGANISATION AND SALES POLICY

A SERVICE-TO-THE-CUSTOMER SALES ORGANISATION

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

CUSTOMERS	MARKETING	CONTACTS
Major accounts	Direct sales	High level management, sales engineers and technical sales engineers
Small and medium sized firms	Direct and indirect sales	Technical sales engineers
Small firms and craftsmen	Indirect sales	Technical sales engineers and trade representatives

A SALES POLICY FOCUSED ON PRESCRIBERS AND OPINION LEADERS

Aware of the importance of prescribers and opinion leaders, IGE +XAO focuses its sales actions toward them.

LARGE INDUSTRIAL ACCOUNTS: PRESCRIBERS FOR THEIR SUB-CONTRACTORS

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

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

A STRONG PARTNERSHIP POLICY

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

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

EDUCATION: FUTURE CUSTOMERS AND PRESCRIBERS

IGE+XAO has for several years been leading a campaign toward 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.

RESEARCH AND DEVELOPMENT

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 twenty engineers, after having studied the needs of customers, work on the creation of new modules and softwares.

Since its creation, IGE+XAO has regarded technological watch as its priority, both in the field of computing techniques and in electro-technology. Thanks to this active watch, IGE+XAO has always been able to react rapidly thus giving it a certain competitive edge.

The increase in the costs of Research & Development are as follows:

FISCAL YEARS ENDED	RESEARCH AND DEVELOPMENT COSTS IN MILLIONS EUROS
31st July 2002	2.9
31st July 2003	3.1
31st July 2004	3.6

For the year ended July 31st. 2005, the cost of research & development amounted to € 4.2m representing 22 % of sales volume.

PRODUCTION

Software production comprises two operations:

Development

Mainly divided between the two sites in Poland and Bulgaria, the development is organised around teams comprising a head of production, the computer engineers, and the technicians who check the development.

Industrialisation

This entails the following operations:

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

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

SUPPLIERS

Equipment or software purchases represent less than 5% of IGE+XAO's turnover. 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

In the overall marketing of its products, IGE+XAO raises less than two per cent of its turnover in the sale of third party products.

2.4 HUMAN RESOURCES – AN OVERVIEW

THE MANAGEMENT TEAM

At July 31st. 2005, the senior management team of IGE+XAO comprised three members, all of whom are shareholders:

Alain Di Crescenzo, aged 43, Chairman and CEO since January 1998. Member of the team of XAO Industries since August 1988, he joined the Group's management at the time of the acquisition of XAO Industries by IGE. 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.

Charles Baudron, Deputy General Manager, aged 43, founder of IGE in May 1986. He is a self-taught (Winner of the Harvard and Coopers & Lybrand Self-taught Victory of the South Pyrenees region in 1995) and a skilled computer expert. He is the Technical Manager of the Group.

Robert Grèzes, aged 56, 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 Manager of the Solutions Department.

IGE+XAO'S WORK FORCE

- Distribution per country at July 31st. 2005 (registered staff members):

COUNTRY	2004/2005	2003/2004	2002/2003
France	127	121	113
Poland	136	100	77
Bulgaria	50	32	27
Others	65	59	53
TOTAL	378	312	270

- Distribution per activity at July 31st. 2005 (registered staff members):

FUNCTION	ACTIVITY	QUALIFICATION	NUMBER OF STAFF MEMBERS
Management:	3		3
Information systems:	5	Senior Engineers and Technicians	5
Quality:	1	Senior Technicians	1
Business:	170		
	Sales	Senior Engineers and Technicians	133
	Marketing & communication	Senior Engineers and Technicians	7
	Administration & Finance	Senior Technicians and others	30
R&D:	168		
	Design	Senior Engineers and Technicians	19
	Industrialisation	Senior Engineers and Technicians	149
Solutions:	31		
	Support to major accounts	Senior Engineers and Technicians	13
	Services	Senior Engineers and Technicians	18
TOTAL:	378		378

The average age of IGE+XAO's staff members is around 35 years.

TRAINING COSTS

IGE+XAO recognises that its success is 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 allocated in France to internal and external training for the year ended July 31st. 2005, represented more than 2 % of total wages.

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.

EMPLOYEE SHARE OPTIONS

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

CHARACTERISTICS OF THE SHARE OPTION PURCHASE SCHEME	PLAN N°1
General Meeting of shareholders	December 2, 2002
Board of Directors	June 2, 2003
End of the plan	June 2, 2009
Number of options granted	8,164
Of which, granted to first 10 holders	6,280
Number of options cancelled	(1,256)
Number of options exercised	0
Number of options exercisable	0
Purchasing price in €	9.80

CHARACTERISTICS OF THE SHARE OPTION PURCHASE SCHEME	PLAN N°2
General Meeting of shareholders	December 2, 2002
Board of Directors	July 29th, 2005
End of the plan	June 2, 2011
Number of options granted	3,008
Of which, granted to first 10 holders	1,880
Number of options cancelled	0
Number of options exercised	0
Number of options exercisable	0
Purchasing price in €	26.48

2.5 INVESTMENT POLICY

Investments by the Group are mainly allocated to the development of new softwares, to the improvement of existing softwares for the French market and to the adaptation of these softwares to foreign markets. These investments are made from the Company's own funds, (see « financial situation, report & accounts » – « Research & Development, patents & licences ») and are directly posted in the Company's expenses. Some of these investments benefit from financial help granted by ANVAR in the form of refundable advances.

2.6 PREMISES, WORKSHOPS AND EQUIPMENT

The operating activities of IGE+XAO involve the renting of business offices (traditional business leases) through third parties which have no connection with the Company. IGE+XAO has acquired 800 square metres of business premises in Poland, and 600 square metres in Bulgaria.

The equipment used by the companies in the group are, broadly speaking, computers and are owned outright.

Good functioning of the computer connections between the companies in the Group is a determining element for the Group's organisation.

3 CORPORATE GOVERNANCE

Initially, having regard to the size of the Group, IGE+XAO did not apply all the recommendations of the Bouton report. However, IGE+XAO is now progressively introducing the organisation methods, checks and formal structures recommended by this report. In 2003/2004, the IGE+XAO board of directors accordingly identified and adopted a set of internal rules and an independent administrator has also been named. In 2004/2005, a remunerations committee was put in place.

3.1 BOARD, DIRECTION & GENERAL MANAGEMENT

MEMBERS OF THE BOARD AND MANAGEMENT TEAM

MEMBERS	RESPONSIBILITIES			OPERATING FUNCTIONS		OTHER FUNCTIONS
	RESPONSIBILITIES	FIRST NOMINATION	END OF THE FUNCTION : DATE OF THE SHAREHOLDERS MEETING WHICH WILL APPROVE THE ACCOUNTS AS OF	IN THE GROUP	OUT OF THE GROUP	
A. DI CRESCENZO 25-27 boulevard Victor Hugo 31 773 Colomiers	Chairman and President of the Board of Directors	29/01/1998	31/07/2009	Administrative and financial Director / Trade subsidiaries	--	--
C. BAUDRON 25-27 boulevard Victor Hugo 31 773 Colomiers	Deputy General Manager and Board member	From the creation of the Company in 1986	31/07/2006	Director R&D	--	--
J. BAUDRON 7 Rue des Glaieuls 31 700 Blagnac	Board member	From the creation of the Company in 1986	31/07/2006	--	--	--
P. REVEL-MOUROZ CEVA 10, avenue Ballastière 33500 Libourne	Independent administrator (in compl. with Bouton report)	28/09/2004	31/07/2010	--	Administra tive and financial Director	--

In order to take a seat on the board, a member must hold one IGE+XAO share.

EXPERTISE AND COMPETENCE

Alain Di Crescenzo has occupied the post of Managing Director of the IGE+XAO Group since 1997 and his career path is closely tied to the development of the Group. In 1988 he joined the XAO company as Head of Business then became Managing Director successively, of XAO in 1991 then of IGE+XAO in 1995 following the takeover of XAO by the IGE company. Furthermore, Alain Di Crescenzo has been elected to the Chamber of Commerce & Industry of Toulouse and he is a non-executive Director of Banque Courtois. He is a Board Member of Mémopages.com (Paris) and Vice-President and a non-Executive Director of Access Commerce (Toulouse). He has a Diploma from l'Ecole Nationale Supérieure des Arts et Métiers.

Charles Baudron founded the IGE company in 1986 and was the Managing Director of IGE+XAO up to the listing of the Group on the Paris Bourse in 1997. Since that time he has been Deputy Managing Director and Head of Research & Development, a department comprising about 170 people (20 in design and 150 laboratory technicians) spread over four sites in Poland, Bulgaria, Denmark and France. He manages the complete process of the generation of IGE+XAO softwares right through from conception to development. In 1994 Charles Baudron was elected Lauréat de la Victoire des Autodidactes en Midi Pyrénées.

Jean Baudron, the father of Charles Baudron, is a thermal engineer who did his engineering training with CNAM in the 1960's and who has put his skills to good use in several companies (Venot Pic, Société des Ponts Jumeaux et TubSud). From 1972 he became a consultant thermal engineer and created different industrial concepts much to the advantage of national companies and public services, le Système Pénates with GDF (Tableau de bord d'appartement agreed by the Minister of Energy) and the service of «Thermic Simulation of Buildings» destined for administrative buildings. Jean Baudron has also been Maître de Conférence at the Paul Sabatier University at Toulouse and visiting Professor at INSA Génie Mécanique et Energétique at Toulouse. He participated in the creation of IGE and today Jean Baudron is in retirement.

Pierre Revel-Mouroz is the Administrative & Financial Director of the Ceva Santé Animale Group (originally Santé Animale of the Sanofi Group) with a turnover of approximately € 260 millions in fiscal 2005 and which has nearly 40 subsidiaries throughout the world. Until June 2000 he was an Associate at Ernst & Young where he was in charge of Entrepreneurs' business for the South West region and a member of the business direction committee at National level. Pierre Revel-Mouroz has a Diploma from ESSEC and is a Chartered Accountant.

Robert Grèzes is Director of Solutions at the heart of IGE+XAO. He is the operational head of a team of nearly 40 people, on several sites, whose objective is the integration of Group products into the information systems of clients, specially those of the large industrials. A shareholder since the creation of IGE in 1986, he joined the Group in 1988 as Joint Technical Director and has thus actively participated in the progressive development of IGE+XAO products. Previously, he worked on the Ivory Coast for 15 years as Head of Computer Development in a textile company. Robert Grèzes holds a university diploma in computer studies.

OTHER MANDATES DURING THE LAST FIVE YEARS

The other mandates of the officers of the company undertaken in every company, by each of the officers, are listed in appendix 2.

JUDGEMENTS, INCRIMINATIONS AND BANKRUPTCY

The members of the board have no judgements against them for fraud nor any incrimination and/nor official public sanction by the statutory or regulatory authorities during at least the last five years. They have not been associated with any procedures for bankruptcy, put in sequestration or placed in liquidation, nor impeached by a Tribunal acting for any administration, governing council nor controlling body of a listed company, nor been subject to any intervention in the conduct of its affairs by any listed company, during the course of the same period of time.

CONFLICTS OF INTEREST AT BOARD LEVEL, DIRECTION & GENERAL MANAGEMENT

There is no conflict of interest between the duties in any listed company and any of the persons mentioned in the above tableau, with their private interests and/or their other duties.

No member named on the tableau above has been elected to the board of directors or to management as the result of an arrangement or accord with any third party, or in any other way whatsoever.

3.2 REMUNERATION AND BENEFITS PACKAGE

REMUNERATION

The remunerative packages paid by the IGE+XAO company to those persons listed in the tableau above during the course of fiscals 2004/2005 and 2003/2004 are the following:

REMUNERATION IN € K 2004/2005	WAGES		FRINGE	BOARD	STOCK	TOTAL
	FIXED PART	VARIABLE PART	BENEFITS	FEES	OPTIONS	
Alain Di Crescenzo	130,736	38,422	11,445	--	--	180,603
Charles Baudron	105,697	20,000	11,132	--	--	136,829
Robert Grèzes	72,609	15,000	6,087	--	--	93,696
Jean Baudron	--	--	--	--	--	--
Pierre Revel-Mouroz	--	--	--	--	--	--
REMUNERATIONS	309,042	73,422	28,664	--	--	411,128

REMUNERATION IN € 2003/2004	WAGES	FRINGE	BOARD	STOCK	TOTAL
	fixed + variable	BENEFITS	FEES	OPTIONS	
Alain Di Crescenzo	153,894	7,593	--	--	161,487
Charles Baudron	114,067	6,539	--	--	120,606
Robert Grèzes	75,731	3,637	--	--	79,368
Jean Baudron	--	--	--	--	--
Pierre Revel-Mouroz	--	--	--	--	--
RÉMUNÉRATIONS	343,692	17,769	--	--	361,461

Monsieur Robert Grèzes is not an officer nor employee of IGE+XAO. He is however, heavily implicated in the management of the group.

Two of the three principal Directors of the company, Mr.Baudron and Mr.Grèzes, are remunerated by Financelec (a Company not included in the scope of the consolidation and which holds 31% of the capital of IGE+XAO), whilst Mr. Di Crescenzo is remunerated by the IGE+XAO company. A management agreement has been signed between Financelec and IGE+XAO.

These persons have received no remuneration nor benefits in kind from any subsidiaries within the group.

The variable part of the Managers' remuneration is based on the notional profitability of the Group and related to net income / turnover.

The task of the remuneration committee in 2005/2006 is to propose a formula for the calculation of both the fixed and variable parts of the officers' remuneration package.

Pension contributions reserved out by the Group at 31st.July 2005 for pensions provision at a later date are as follows:

INDEMNITIES ON RETIREMENT IN €	IN €
Alain Di Crescenzo	9,509
Charles Baudron	13,240
Robert Grèzes	21,115

CONTRACTUAL INDEMNITY IN THE CASE OF DISMISSAL

In the event of his directorship ceasing, the contract of employment of Mr. Alain Di Crescenzo which has been suspended since the 15th.of January 1998, would be re-activated on the day of the cessation of his directorship regardless of who initiates the cessation and for whatever the cause, but within Company law. In the case of dismissal for whatever the cause might be, except serious or grave fault, he will benefit from a contractual clause of termination indemnity equal to:

- 18 months of gross pay if the dismissal takes place during the first year of the re-activation of his contract of employment ;
- 15 months of gross pay if the dismissal takes place during the second year of the re-activation of his contract of employment, or during following years.

This contractual clause of termination indemnity will be calculated on the basis of the last six months gross salary, including bonuses, if paid prior to the notification of dismissal.

The three managers benefit from a complementary retirement scheme at the Company's cost.

EQUITY AND SHARE OPTIONS

Board members of the company do not benefit from a share option scheme nor any other financial instrument giving access to capital. Their actual participation in the share capital of the IGE+XAO company is described in the chapter 'information concerning the listed company's capital'.

MOVEMENTS OF IGE+XAO SHARES BY MANAGERS

In accordance with article L 621-18-2 of the Financial & Monetary Code, the movements of shares during the fiscal year by the managers, or by persons to whom they are closely connected, are hereby declared as follows;

NAME & FIRST NAME OF MANAGER	ALAIN DI CRESCENZO
Job title	Managing Director
Description of financial instr.	Ordinary shares
Nature of transaction	Transfer of shares
Place	Paris
Number sold	2 402
Average price	28.13 €

3.3 THE FUNCTIONING OF THE BOARD OF DIRECTORS

The Board of Directors of IGE+XAO decided to write an internal rule describing its functioning principles. This internal rule was adopted at a board meeting on July 12th. 2004.

EXPIRY DATES OF THE MANDATES.

These are detailed in the tableau under point 1.1.1 .

CONTRACTS OF SERVICE

There is no contract of service binding the members of the board and direction of IGE+XAO or any of its subsidiaries whatever, allowing for or granting any benefits.

COMMITTEES

THE BOARD OF DIRECTORS & THE REMUNERATION COMMITTEE.

The board of directors has put in place a remunerations committee whose tasks and operating methods are described in articles 6 and 7 of its internal rules. It is presided over by Mr. Pierre Revel-Mouroz, the Independent Administrator, who can be assisted by any or all of the board members and depending upon the need, by any other person of his choice.

The remunerations committee has been operational since October 1st. 2004.

THE BOARD OF DIRECTORS & THE AUDIT COMMITTEE.

The Board has not set up an Audit Committee.

The meetings (pre-audit, follow through and simulation at the end of the task) are regularly played out in the presence of the Head of the Board and the Auditors ; the reports of the auditors (reports on the consolidation of the accounts, general and special reports, and reports on internal control) are subjected to the Board.

The level of fees payable to the Auditors is discussed annually and takes into account the growth of the Group (acquisitions, etc....)

3.4 INTERNAL CONTROL PROCEDURES

THE CHAIRMAN'S REPORT

In applying article L225-37 of the Code de Commerce, the Chairman of the Board must submit in a joint report, prepared with the board of directors, the situation regarding preparation and organisation of the board's work, together with the internal control procedures. This report is shown in the annexe to this document. It is also available on the company's web site, or can be sent to anyone on a simple written demand addressed to the head office of IGE+XAO.

This report also includes the Auditor's report which can be similarly found in the annexe to this document.

USE OF PRIVILEGED INFORMATION

As Board members and/or Directors, or because of their responsibilities in the Group, those persons who are privy to confidential data not yet made public, must observe strict rules in the use of this information concerning IGE+XAO. In particular, they are not permitted to communicate it to the market for the benefit of themselves, or of somebody else, either directly or through a third party, by buying or selling IGE+XAO's shares or financial products related to these shares.

3.5 OTHER INFORMATION

IMPORTANT CONTRACTS OUTSIDE OF THE COMPANY'S NORMAL BUSINESS

At the date of the registration of this document, there have been no important contracts during the two years immediately preceding the publication of this document, in which IGE+XAO or any other member of the group has been a party and which would require stating here because of its nature, benefit, obligation or undertaking on the entire group.

INFORMATION FROM THIRD PARTIES, DECLARATIONS FROM EXPERTS AND DECLARATIONS OF INTEREST.

Right up to the date of registration of this document, there have been no declarations or reports coming from any person acting as an expert consultant on the period detailed in this report.

4 THE FINANCIAL SITUATION, STRATEGY & PERSPECTIVES

This chapter looks again briefly at the analysis and explanations of the report by the Board of Directors at the Annual General Meeting of 31st January 2006.

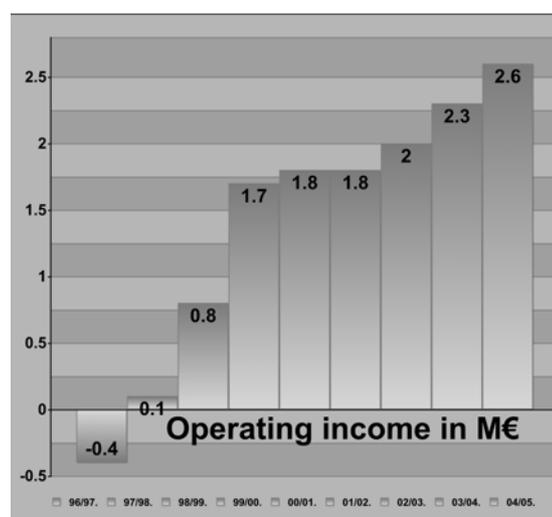
4.1 AN EXAMINATION OF THE FINANCIAL SITUATION AND OF THE RESULTS

EVOLUTION OF THE GROUP

The IGE+XAO Group with its production and marketing subsidiaries, located mainly in Europe but also in North America, can boast today of nearly 43,000 licences sold and more than 20,000 clients throughout the world.

These last few years, turnover (€ 19m. in 2004/2005) has gone through levels of dynamic growth of between 8% and 10% in each of the last three fiscal years. The principle factors contributing to this performance are the following:

- intensification of the policy of partnership on a technical and marketing point of view,
- speeding up of the development of integrated softwares,
- penetration of new markets such as harness design, principally for the aeronautics industry,
- speeding up of our international business.



In parallel to this, the Group has formed a new organisation called 'See One' which offers itself as the liaison point within IGE+XAO with the following objectives:

- See One Corporate/Incorporated : define the internal organisation of every company consolidated within the group,
- See One Alliances: supply and/or share products and/or services, new markets and new technologies with the companies in which IGE+XAO has a minority holding,
- See One Partners (technical or business partners): promote the development of operations in those geographical areas poorly, or not covered, by IGE+XAO ; capitalise on complementary products and/or services.

MAIN OPERATIONAL DATA

The following table shows the main operational data for the Group for the fiscal years ending 31st July 2003, 2004, and 2005:

In € '000	2004/2005	2003/2004	Change	2002/2003	Change
Turnover	19,011	17,290	10.0%	16,068	7.6%
Expenses	16,751	15,149	10.5%	14,105	7.4%
of which payroll and benefits	9,865	8,388	17.6%	7,651	9.6%
Operating income (loss)	2,630	2,391	10%	2,337	2.3%
Interest income (loss)	68	97	-29%	(21)	//////
Income before exceptional loss and income taxes	2,698	2,488	8.4%	2,316	7.4%
Extraordinary income (loss)	(74)	33	//////	(95)	//////
Net income (loss) of consolidated companies	1,762	1,519	16.0%	1,279	19%
Net income – IGE-XAO Group	1,613	1,436	12.3%	1,222	17.5%

Situation at 31st July 2005

IGE+XAO progressed faster during fiscal 2004/2005 with a turnover of K€ 19,011 a growth of 10% compared to the previous year.

Apart from the increase in turnover, fiscal 2004/2005 was particularly active with the signing of a contract for more than € 1.5 millions over a two-year period with Group Eurocopter. At the same time, IGE+XAO entered into several major partnerships notably with Weidmüller and with Moeller Electric. The first aims to integrate Weidmüller's wiring materials in IGE+XAO software and to permit business synergies. The second is in the supplying by IGE+XAO of a software programme for the drawing of electrical circuits destined for the clients of Moeller Electric.

In terms of profitability, the business results are up by 10% at € 2, 630 K. The strict control of costs allows for the amortisation of the impact which is anticipated from the increase in staff numbers (17.5%). In the same period, the average workforce of the group increased by 22% .

The financial result in 2004/2005 is explained by the fall in the U.S. Dollar rate of exchange during the course of the fiscal year.

The exceptional negative result is related principally to the outcome of a lawsuit with Mayridis, but also to adjustments to previous fiscal years.

In 2004/2005 a € 100 K tax credit for research is integrated in the corporate income tax.

The scope of consolidation remains unchanged.

The total results of those consolidated companies rose to € 1,762 K an increase of 16%.

The net results of the Group rose by 12% to € 1,613 K.

The net margin improved to 8.5% of turnover, thus underwriting a figure of more than 8% which was the objective announced by the Board of Directors.

Situation at 31st July 2004

IGE+XAO continued to make good progress in 2003/2004 with an increase in turnover of 7.6%. This performance is particularly noticeable in the international market where IGE+XAO has posted a high growth rate, up 11% over the period.

Fiscal year 2003/2004 has been marked by the launch of new versions of software and new products, by the signing of a partnership with Dassault Systems and by the announcement of the project with Boeing.

The Group net income increased by 17.6% to K€ 1,437. The net margin improved to 8.3% of total turnover compared to 7.6% last year.

Situation at 31st. July 2003

In a difficult economic climate, IGE+XAO continued its expansion during fiscal 2002/2003 with an increase in turnover of 4.5% (up 6% at a constant exchange rate). This performance is particularly notable in the international market, the main target of the Group, where the business grew by 14% over the period (up 19% at a constant exchange rate).

The consolidated operating income increased by 18% thanks to the increase in turnover and to the strict control over costs which have gone up by only 3% compared to 2001/2002.

These performances enabled the Group to improve its profitability indicators and in particular the operating margin and the net margin which are 14.5% and 7.6% respectively and in line with declared objectives.

PRINCIPAL DATA FROM THE BALANCE SHEET TOGETHER WITH FLUCTUATIONS

The tables herewith show main balance sheet data together with pertaining cash flows for the fiscal years ended 31st. July 2005, 2004, and 2003:

(Euro'000's)	ASSETS		
	July 31, 2005	July 31, 2004	July 31, 2003
Total long-term assets	3,584	3,268	3,125
Total current assets	16,920	14,886	12,318
of which cash and cash equivalents	9,824	8,032	4,831
ASSETS	20,504	18,154	15,443

(Euro'000's)	LIABILITIES		
	July 31, 2005	July 31, 2004	July 31, 2003
Shareholder's equity	11,201	9,711	8,502
Liabilities and contingencies	236	219	121
Financial debt	151	292	434
Other current liabilities	3,873	3,703	3,147
Deferred revenues	5,043	4,229	3,239
LIABILITIES	20,504	18,154	15,443

(Euro'000's)	CASH FLOWS		
	July 31, 2005	July 31, 2004	July 31, 2003
Net income after adjustments	2,406	2,179	1,824
Net cash used in operating activities	3,002	4,381	1,096
Decrease in cash from acquisitions	(797)	(749)	(428)
Decrease in cash from financing	(429)	(441)	(427)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	1,776	3,191	241

Investments

Investments by the Group are mainly allocated to the development of new softwares, to the improvement of existing softwares for the French market and to the adaptation of these softwares to foreign markets. These investments are made from the Company's own funds, and are directly posted in the Company's expenses. Some of these investments benefit from financial help granted by ANVAR in the form of refundable advances.

Investments in hardware

Current investments by the Group consist essentially of computer hardware (computers, servers, peripherals...). The historical financial information for the period covered is as follows:

(Euro'000's)	July 31, 2005	July 31, 2004	July 31, 2003
Purchases of long-term assets	610	711	453

The average cost of equipment necessary per person is about € 1,500 (computer hardware). Its technological obsolescence is rapid, about three years, therefore the stock of computers is constantly renewed.

Financial investments

With regard to capital investments, two major operations have been carried through during the period:

- Having already acquired 51% of the Danish company CAE Development Aps in 2001, IGE+XAO purchased the remaining 49% of the shares for € 300 K on 21st February 2005. This acquisition should speed up the technical development and the marketing of the softwares conceived by the Danish company. The purchase has not had a significant impact on the principles of everyday management, consequently no pro forma accounts have been established.
- IGE+XAO granted its subsidiary IGE+XAO Balkan an advance of € 392 K to current account which was converted to capital on 11th August 2005, a concrete expression of the willingness of the Group to develop this subsidiary. These advances have financed the acquisition of premises to be used as offices in Sophia.

In continuance of the policy for growth, the Board of Directors authorised two new investments on the 25th.November 2005:

- The opening of a subsidiary in the United States,
- The purchase of the shares held by a minority shareholder (22% of the capital) in the Polish production subsidiary IGE-XAO Poland.

Financial Debt

This is not significant throughout the three periods analysed. It corresponds principally to bank borrowings repayable at the latest in 2006 and originally taken out at a fixed rate of interest in order to partly finance overseas expansion undertaken in 2001 (Denmark and Holland).

Cash flows

Cash at bank has been high for two years, its level increased from € 4.8M in July 2003 to € 9.8M in July 2005. This situation has come about by the cash flows generated by the business and in particular to the development of our traditional business allied to the completion of projects and contracts with our big accounts.

At the same time, delays in payments by clients have diminished progressively at the behest of companies in the Group, having fallen from 87 days in July 2003 to 83 days in July 2005 (calculated on repeat business, excluding the big accounts).

Products confirmed in advance had risen to € 5.0M in July 2005 against € 4.2M and € 3.2M at 31st.July 2004 and 31st.July 2003 respectively. The principle reason for this is the impact of projects invoiced, paid, and on which IGE+XAO is engaged on work stretching for up to twelve months after the closure.

Finally, dividends paid to company shareholders during the course of the last three financial years are the following:

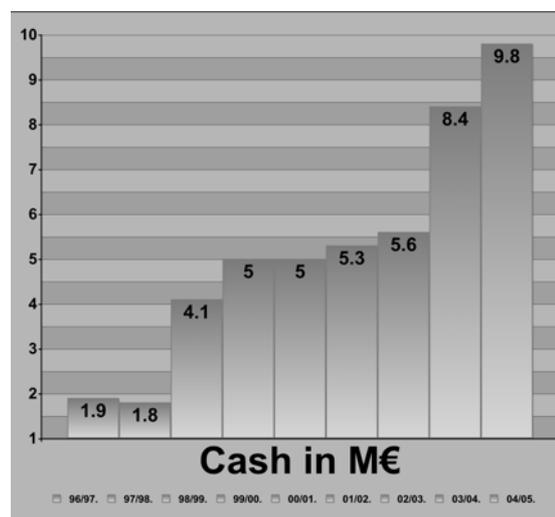
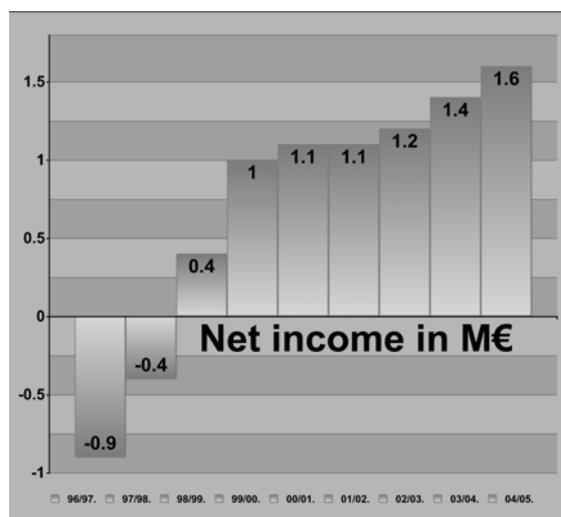
	DIVIDEND PER SHARE	TAX PER SHARE
Fiscal year ended July 31 st . 2003	€ 0.16	€ 0.080
Fiscal year ended July 31 st . 2004	€ 0.17	N/A
Fiscal year ended July 31 st . 2005	€ 0.18	N/A

Financial Situation and resources

Group debt in neither the medium nor the long term is significant:

(in Euro '000s)	July 31, 2005	July 31, 2004	July 31, 2003
Financial debts (Liabilities)	151	292	434
Marketable securities	(890)	(1,003)	(747)
Cash and cash equivalents	(8,934)	(7,029)	(4,084)
Cash	(9,824)	(8,032)	(4,831)

The net indebtedness of the Group (gross debt minus cash at bank) allows IGE+XAO to consider any opportunities for growth be they internal or external. The Group hopes to pursue a policy of the financial management of external growth by applying a mix of its own funds and recourse to debt.



RESEARCH & DEVELOPMENT

The costs of research & development are booked during the fiscal in which they are incurred. These are € 4.2 M against € 3.6M and € 3.1M in 2004/2003 and 2002/2003 and reflect 22%, 21% and 19% of turnover. This progression illustrates the very great effort devoted to the development and commercialisation of products.

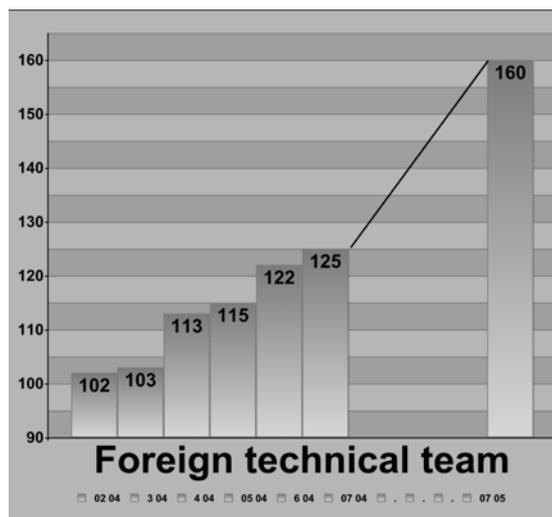
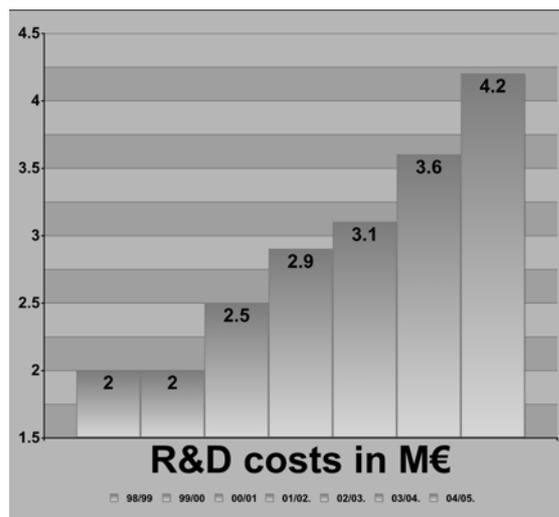
Over the past three years, the main thrust of research & development has been on the adaptation of modules and software to users' new requirements (new functions), to new computer technologies (Windows©, Data base, ...) and the changing activities of customers.

- Electrical CAD dedicated to harness design: Having responded to manufacturers' needs for Electrical CAD production tools, IGE+XAO has for several years been developing, in collaboration with companies such as Airbus, Eurocopter, Thales, GIAT Industries and Air France, a set of processing functions allowing its software (Xeiec, SEE Electrical Expert) to meet the requirements of Electrical CAD dedicated to harness design (planes, helicopters, Leclerc tank, flight simulators,...).

- Development in numerous environments: from the resources at the very heart of technical know-how in Electrical CAD, IGE+XAO has set the target of making it compatible with most Mechanical computer Aided Drawings of DAO, Design software, or for the management of technical data.
- Development of a new tender integral with Dassault Systems software.

Noteworthy, the increase in costs of research & development in 2005/2004 is principally the result of the willingness of IGE+XAO to speed up its development of harness design.

The increase in costs of research & development in 2004/2003 is explained essentially by the launch of new software versions and also the speeding up of development projects within the partnership with Dassault Systems.



IMPORTANT EVENTS OCCURING AFTER THE FISCAL YEAR END

The advances to current account granted to the Bulgarian subsidiary to enable it to acquire office premises, were capitalised to an amount of € 387 K on 11th August 2005.

The Group has restructured the organisation and management of the Polish subsidiary. One of the notable decisions taken was the dismissal of two Managers in October 2005. IGE+XAO does not anticipate any significant financial impact as a result of this action.

STRATEGY, PERSPECTIVES AND TRENDS

STRATEGY AND FUTURE PERSPECTIVES

The objective of the IGE+XAO Group is to become the world bench mark for CAO electrical software. In order to achieve this, Group strategy in the medium term is focussed on four major factors:

- Innovation, clearly reflected in the management of the level of the Group's R&D (22% of turnover in 2004/2005 representing an increase of 16.6% compared with 2004/2003),
- The opening up of new markets, not only through its marketing plan for the creation of its own new subsidiaries to penetrate those markets insufficiently, or not yet covered by the Group, but also by its technology with the launch of new product lines and services,
- The continued strengthening of partnerships developed in 2004/2005,
- The pursuit of external growth, seeking to consolidate the Group's position in the CAO Electrical market and to develop complementary solutions.

For the current financial year, and excluding any potential acquisitions, the Group can identify two separate hypotheses for growth in turnover. The first between 3% and 5% and the second evolving between 5% and 9% relying on either the signing of new contracts or an improvement in market conditions.

These two growth scenarios, coupled with strict control over costs, should allow the Group to close the financial year 2005/2006 with a net result of between 8% and 10% of turnover*.

Taking into account the exceptional start to fiscal 2004/2005 (turnover up 20% against the 10% annual average) the impact of the growth in turnover should be felt from the second quarter of 2005/2006.

* data corresponding to Board objectives

RECENT TRENDS & PROGRESS

WEIDMÜLLER and the IGE+XAO Group signed a strategic worldwide partnership

Hanover – Toulouse – Detmold, April 15th, 2005 – WEIDMÜLLER and the IGE+XAO Group announced that they had signed a worldwide strategic partnership during the Hanover Fair.

This partnership covers both technical and commercial matters. The first is to develop data exchange between WEIDMÜLLER's and IGE+XAO's products. In so doing, Weidmüller's "RailDesigner" (terminals configuration software) and "PrintJet" (labelling printer) and IGE+XAO's Electrical CAD packages "SEE Electrical Expert" and "CADdy⁺⁺/SEE Electrical" will communicate with each other.

Second, the two companies will team up worldwide in order to conduct cross-selling and marketing operations. Combined, the two companies cover 70 different countries in Europe, America and Asia/Far-East.

Thomas H. Hagen, WEIDMÜLLER's Chairman quotes: "With this cooperation, we give users from the machine tools and plant engineering fields an easy and fast access to our products range." From Alain Di Crescenzo, IGE+XAO's CEO, "This strategic partnership between two key global players represents a strong added value for customers, as well as a major competitive advantage for both groups".

Moeller Electric and the IGE+XAO GROUP signed a strategic partnership and launch "SEE for Moeller" an innovative software for designing and dimensioning electrical installations - July 18th, 2005

Moeller Electric, a low voltage electrical equipment specialist, and IGE+XAO, one of the worldwide leaders in the field of software packages dedicated to Electrical Computer Aided Design (CAD), have signed a strategic partnership agreement and launched SEE FOR MOELLER, a new software package that combines design and dimensioning of electrical installation for electrical panels up to 125 amp. From Alain Di Crescenzo, CEO and Chairman of the IGE+XAO Group, "this partnership confirms our willingness to become a major player in the market of software packages dedicated to the building sector. This agreement with Moeller Electric, with its significant position and experience in this sector, will allow us to increase our expertise and go much further to more exactly meeting the customers' needs". From Anne Varon, President of Moeller Electric France, "SEE FOR MOELLER is a software package developed to meet the requirements of building professionals and enable them to select the best Moeller products. In addition, this cooperation with IGE+XAO, the benchmark in this field, is an assurance of ongoing service in the future as well as a guarantee of quality for our customers".

Truly innovative, SEE FOR MOELLER will adapt to all low voltage schematics, both for new projects as well as in existing installations which may need to be renovated.

First Quarter 2005/2006 Turnover (under French accounting standards)

Continued Growth

Euros	Financial year			Change	
	05/06	04/05	03/04	05/06 vs 04/05	04/05 vs 03/04
Q1 Turnover	4,365,169	4,286,080	3,572,003	2%	20%
Annual Turnover	--	19,010,851	17,289,577	--	10%

The IGE+XAO Group's consolidated turnover increased 2% during the first quarter of 2005/2006. However this increase should be judged in the light of the exceptional performance posted during the same period a year ago, where first quarter turnover for 2004/2005 increased 20% against an average of 10% over the entire financial year. Therefore after adjustment for average growth rate over 2004/2005, the increase in first quarter turnover for 2005/2006 rises to 11%.

On the technical, marketing and sales side, fiscal 2005/2006 will be particularly eventful with both the launch of new products and the creation of two new branches, one in Dallas-Fort Worth (USA) and the other in Nanjing (China).

From a financial standpoint, IGE+XAO Group's goal is to continue its marketing strategy aimed at improving both turnover and profitability with a net margin that should be in the region of 9% of turnover.

For information, quarterly financial information is not audited.

4.2 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Historical information follows herewith concerning the last audited fiscal year, that is the year ended 31st July 2005, together with the documents of the reporting auditors.

Historical financial information, duly audited, pertaining to the last two fiscal years has been fully presented in previous Reports & Accounts and which have been placed regularly before the Financial Markets Authority (N°.D 05-224 and N°.D 04-147). They are also available on the IGE+XAO Group website ([ige-xao.com / Investors](http://ige-xao.com/Investors)), or from the Head Office of the IGE+XAO Group.

HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED ACCOUNTS

(in euros '000s)	ASSETS		
	July 31, 2005	July 31, 2004	July 31, 2003
Acquisition of goodwill	619	467	536
Intangible fixed assets - net	1,216	1,225	1,299
Property and equipment - net	1,422	1,240	1,021
Other long term assets - net	327	336	269
Total long-term assets	3,584	3,268	3,125
Inventories - net	170	138	147
Receivables	6,029	5,844	6,281
Other current assets and accruals	502	509	732
Prepaid expenses	312	225	217
Deferred tax	83	138	110
Marketable securities	890	1,003	747
Cash and cash equivalents	8,934	7,029	4,084
Total current assets	16,920	14,886	12,318
ASSETS	20,504	18,154	15,443

(in euro'000s)	LIABILITIES		
	July 31, 2005	July 31, 2004	July 31, 2003
Common stock	6,753	6,753	6,753
Additional paid-in capital	1,910	1,910	1,910
Own shares	(689)	(731)	(731)
Other reserves	831	(360)	(1,297)
Net income (loss) for the period	1,613	1,437	1,222
Grants to encourage investments	3	3	4
Accumulated translation adjustment	2	(6)	(16)
Shareholders' equity	<u>10,423</u>	<u>9,006</u>	<u>7,845</u>
Minority interests	778	705	657
Liabilities and contingencies	236	219	121
Financial debt (long-term and current portion)	151	292	434
Accounts payable	823	765	690
Tax and social accruals	2,794	2,420	2,066
Other current liabilities	256	518	391
Deferred revenues	5,043	4,229	3,239
Total Liabilities	<u>9,067</u>	<u>8,224</u>	<u>6,820</u>
LIABILITIES	20,504	18,154	15,443

CONSOLIDATED STATEMENT OF OPERATIONS			
(in euro'000s)	July 31, 2005 12 months	July 31, 2004 12 months	July 31, 2003 12 months
Total revenues – France and export	19,011	17,290	16,068
Other operating revenues	370	250	374
Total revenues	<u>19,381</u>	<u>17,540</u>	<u>16,442</u>
Purchases	(248)	(625)	(709)
Other external expenses	(5,414)	(5,008)	(4,746)
Payroll and benefits	(9,865)	(8,388)	(7,651)
Taxes	(537)	(322)	(273)
Provisions, depreciation and amortization	(632)	(805)	(689)
Other expenses	(55)	(1)	(37)
EXPENSES	<u>(16,751)</u>	<u>(15,149)</u>	<u>(14,105)</u>
Operating income (loss)	2,630	2,391	2,337
Interest income (loss)	68	97	(21)
Income before exceptional loss and income taxes	2,698	2,488	2,316
Extraordinary income (loss)	(75)	33	(95)
Income tax	(782)	(932)	(872)
Income (loss) after income tax	<u>1,841</u>	<u>1,589</u>	<u>1,349</u>
Depreciation allowance on goodwill	(79)	(70)	(70)
Net income (loss) of consolidated companies	<u>1,762</u>	<u>1,519</u>	<u>1,279</u>
Net income – Minority interests	(149)	(82)	(57)
Net income – IGE-XAO Group	<u>1,613</u>	<u>1,437</u>	<u>1,222</u>
Number of shares	1,754,000	1,754,000	1,754,000
Number of shares, except own shares booked in deduction of the consolidated shareholders' equity	1,712,164	1,708,364	1,708,364
Earnings per share in euros	0.94	0.84	0.72

CONSOLIDATED STATEMENT OF CASH FLOWS			
(in euro'000s)	July, 31 2005	July, 31 2004	July, 31 2003
Net income – Part of the Group	1,613	1,436	1,222
Net income – Minority interests	150	83	57
Translation adjustment	1	3	(20)
Provision, depreciation and amortization - Net	602	686	610
Loss (gain) on sale of equipment	(1)	2	(9)
Part of grants allocated to the income statement	(1)	--	--
Deferred tax	42	(31)	(36)
Net income after adjustments	2,406	2,179	1,824
Increase/decrease in Cash from:			
Receivable and prepaid expenses	(160)	666	(397)
Other current assets	93	2	--
Accounts payable and Deferred revenues	1,125	1,512	76
	(462)	22	(407)
Total increases (decreases)	596	2,202	(728)
Net cash used in operating activities	3,002	4,381	1,096
Purchases of long-term assets	(610)	(711)	(453)
Proceeds from sale of equipment	44	97	14
Increase (decrease) in cash from other long-term assets - Net	--	(111)	11
Cash from change in the consolidation scope	(231)	(24)	--
Decrease in cash from acquisitions	(797)	(749)	(428)
Dividend paid	(303)	(284)	(260)
Proceeds from loans	41	5	--
Repayment of loans	(167)	(162)	(167)
Decrease in cash from financing	(429)	(441)	(427)
Net increase (decrease) in cash and cash equivalent	1,776	3,191	241
Incidences of changes in exchange rate	28		
Cash and cash equivalent, beginning of year	8,020	4,829	4,588
Cash and cash equivalent, end of year	9,824	8,020	4,829
Net increase (decrease) in cash and cash equivalent	1,804	3,191	241

Significant events of the period and other events after closure of the accounts

Activity

The year 2004/2005 was particularly intense with the signing of a contract for more than € 1.5 million over two years with the Eurocopter Group. During the same period, IGE+XAO put in place some major partnerships notably with the Weidmüller company and with Moeller Electric. The first sees the integration of Weidmüller wiring materials with an IGE+XAO software and thus also the establishment of commercial synergy. The second sees the supply of an IGE+XAO software for the creation of electrical plans destined for Moeller Electric clients.

Share-holdings and other matters

- The IGE+XAO Group has held 100% of CAE Development Aps. since February 21st. 2005 . This Danish company, in which the Group had already acquired 51% in 2001, writes the software programme ‘CADdy++ Electrical’ dedicated to the medium to low range of Electrical CAD (Computer-Aided Design) products.
This buy-out has not had a significant impact on the management of this company, consequently no pro-forma accounts have been prepared.
- The advance to current account of € 88,000 granted to Anywhere Technology was capitalised on 4th.October 2004. As a result, the shareholding by IGE+XAO in this company has risen to 12.7 %.
- In April 2005, The Group IGE s.a. was the subject of a tax audit as a result of the VAT minimal contributions made for the years 2002, 2003 and 2004. This investigation did not give rise to any re-adjustments.
- The two managers of the Polish subsidiary of the Group were dismissed on the 14th.October 2005.

The fiscal year does not call for any further comment.

Adoption of the IFRS standards

The Group has taken the first preparatory steps towards adopting the IAS/IFRS requirements which will be applicable to IGE+XAO consolidated accounts for the financial year commencing 1st.August 2005. Notably under consideration is a study of the main differences between the new accounting norms and those applied up until now and also as to the consequences which will impact as much on the financial budgets as on the internal organisation and information systems. More particularly, the repercussions of applying norm IAS 38 yielding intangible fixed assets on the organisation, remains a matter of some consideration. The level of pension contributions are currently determined in accordance with norm IAS 19 based on an actuarial revue, however the limits ought still to be set within individual companies in the Group. Finally, in conforming to norm IAS 17 rental contracts within the heart of the Group are currently being analysed in order to determine, depending upon their legal form, how they should be incorporated in the accounts. The other norms should not have a significant impact on the accounts of the Group. The first public accounts written under IFRS norms will be those of the consolidated accounts for the half-year ended 31st.January 2006.

Principles of consolidation

The accompanying consolidated financial statements were established pursuant to the 22nd June 1999 Ministerial Decree applying CRC regulation No 99-02. The methods and the accounting principles applied to the consolidated financial statement at 31st.July 2005 are the same as those applied at 31st.July 2004.

The accounts of the individual companies that make up the IGE+XAO Group at 31st.July 2005 were established in accordance with generally accepted accounting principles in France and were re-stated 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.

Consolidation

The reporting currency of the Group 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 allowances where appropriate.

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

Conversion 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 exchange rates pertaining 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 conversion 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.

Recognition of revenue

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

REVENUES ARE RECOGNISED AS FOLLOWS:

- licences 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 signature but revenues are recognised over the duration of the contract.

Deferred tax

The liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined by reference to differences between financial reporting and tax bases of assets and liabilities, and are measured using the actual 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 realised.

Acquisition Goodwill

Acquisition goodwill is 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 is amortised over 5 to 10 years using the straight line-method.

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.

Market shares

Market shares recorded in the individual accounts of the subsidiaries corresponds to acquired market shares.

At each consolidation date, the Group values market shares 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 that the re-evaluation of the market shares is less than the historical value.

Research and development

Research and development costs are charged as incurred.

Other intangible assets

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

Intangible Fixed Assets

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

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

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.

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.

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 consolidation date, a depreciation allowance is established in the event that the average market value of the shares during the last month falls below their historical purchase price.

Provisions for risks & charges

Provisions are included in the accounts when, at the closure of the fiscal year, there is a Group liability towards a third party where it is probable or certain that this will result in a settlement to that third party, without a corresponding benefit of at least equivalent value which is due from them.

This could perhaps be in the nature of a legal, regulatory or contractual liability. If there is no accurate way of arriving at a valuation of this, no provision is made in the accounts. A note is therefore furnished in the annexe.

Products booked in advance

Maintenance contracts have a duration of twelve months. The total revenue of the contract is booked at the date of signature, then revenue related to the future period is cancelled as deferred revenue.

Pension obligations

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

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 the number of years of service. Pension indemnities are granted to the employees working in the Company at their retirement date. As required by the Ministerial Decree No 99-02, pension reserve obligations for the French and the Polish employees are logged into the consolidated financial statements.

The method of calculating the pension contributions reserved out is in accordance with Recommendation N° 2003-RO1 of the CNC dated 1st.April 2003 and relate to the rules of accounting and valuation of pension liabilities and similar benefits.

Extent of Consolidation

The evolution of the consolidation.

IGE+XAO shareholdings have evolved in the following manner:

- The shareholding of IGE+XAO in the subsidiary SEE PLANET has increased from 98.8% to 99.35% following the acquisition of minority shareholders' shares.
- The shareholding of IGE+XAO in the subsidiary CAE DEVELOPMENT has increased from 49% to 100% following the acquisition of minority shareholders' shares.

The Extent of Consolidation

COMPANY NAMES	LEGAL FORM	FRENCH REFERENCES	COMMON STOCK (IN FOREIGN CURRENCY)	LOCALITY	% CONTROL	% INTEREST	CONSOL° METHODS (1)
IGE+XAO France	SA	338,514,987	6,752,900 €	Colomiers(31)	Holding	Holding	IG
IGE	SA	399,737,006	4,619,327 €	Colomiers(31)	99.1 %	99.1 %	IG
Mayridis Voyages	SARL	340,364,043	222,650 €	Toulouse (31)	99.9 %	99.9%	IG
Winsoft Elec Diffusion	SNC	418,236,261	1,524 €	Paris (75)	100 %	99.9%	IG
IGE+XAO Polska	Ltd	--	1,100,000 sloties	Krakow (Poland)	56.6 %	56.6 %	IG
IGE+XAO Balkan	SARL	--	90,300 levas	Sofia (Bulgaria)	100 %	100 %	IG
IGE+XAO Italy	SRL	--	36,400 €	Bergamo (Italy)	100 %	100 %	IG
IGE+XAO Iberica	SL	--	3,005 €	Madrid (Spain)	99 %	99 %	IG
IGE + XAO UK	Ltd	--	100 £	Sheffield (UK)	100 %	100 %	IG
IGE+XAO North America	Ltd	--	100 CAD	Boucherville (Canada)	99.9 %	99.9 %	IG
IGE+XAO Netherlands	BV	--	18,141 €	Hoensbroek (Netherlands)	100 %	100 %	IG
CAE Development	ApS	--	125,000 DKK	Birkerod (Denmark)	100 %	100 %	IG
IGE+XAO Danmark	A/S	--	500,000 DKK	Birkerod (Denmark)	49 %	49 %	IG
IGE + XAO GMBH	GmbH	--	25,000 €	Rastatt (Germany)	100 %	100 %	IG
SEE PLANET	SA	432,699,965	300,000 €	Colomiers(31)	99.4 %	99.4 %	IG

ADDITIONAL INFORMATION ON THE BALANCE SHEET RESULTS (IN MILLIONS OF EUROS).

Variations in acquisition values

GROSS VALUES IN € '000s	31ST JULY 04	VARIATIONS IN THE PÉRIOD	31ST JULY 05
IGE SA (Ingedata)	113	--	113
IGE+XAO Danemark	289	--	289
IGE+XAO Netherlands	295	--	295
CAE Development	--	231	231
Gross values	697	231	928

IGE+XAO, having already acquired 51% of the Danish company CAE Development Aps in 2001, purchased the remaining 49% of the shares at a price of € 300,000 on 21st.February 2005. On the date of the transfer of the shares an amount of € 210,000 was paid. The balance will be paid 18 months after the date of the buy-out on condition that the vendors have not broken their contract of employment in CAE Development at that date.

PROVISION FOR DEPRECIATION VARIOUS ACQUISITIONS IN € '000s	31ST JULY 04	DOTATIONS	REPRISES	31ST JULY 05
Amortisation IGE SA (Ingedata)	(44)	(11)	--	(55)
Amortisation IGE+XAO Danemark	(92)	(29)	--	(121)
Amortisation IGE+XAO Netherlands	(94)	(30)	--	(120)
CAE Development	--	(9)	--	(9)
Total provisions	(230)	(79)	--	(309)
Net values	467	--	--	619

Within the structure of the different shareholdings, the changes in first consolidation arise in the following manner:

In € '000s	INGEDATA	IX Danmark	IX Netherlands	CAE Dev.	TOTAL
Market shares	112	589	295	--	996
Changes in holdings	113	289	295	231	928
TOTAL	225	878	590	231	1,924

The true value of the changes in holdings arise on the basis of the business of the company concerned with its financial impact on the Group and is in line with the accountable net value of the change in holding.

Intangible assets

INTANGIBLE ASSETS GROSSVALUE IN € K	JULY,31 2004	INCREASE IN THE PERIOD	DECREASE IN THE PERIOD	OTHER CHANGES	JULY, 31 2005
Start-up costs	47	--	(5)	--	42
Market shares	1,388	25	--	(2)	1,411
Licences	386	5	(16)	(44)	331
Trade marks	113	28	--	--	141
Software	410	23	(8)	--	425
Other intangible assets	35	15	--	--	50
Gross value	2,379	96	(29)	(46)	2,400

The share holdings are as follows:

GROSS VALUE	IN K€
The share holdings in 2001	996
IGE	371
Softelec	25
Mayridis	19
	1,411

DEPRECIATIONS INTANGIBLE ASSETS IN €'000s	JULY, 31 2004	INCREASE	DECREASE	OTHERCHANGES	JULY, 31 2005
Start-up costs amortisation	(45)	(1)	5	--	(41)
Market shares amortisation	(350)	(30)	--	--	(380)
Licences amortisation	(323)	(24)	15	44	(288)
Trade-marks amortisation	(61)	(8)	--	--	(69)
Software amortisation	(351)	(31)	8	--	(374)
Other intangible assets provisions	(24)	(8)	--	--	(32)
Total provisions	(1,154)	(102)	28	44	(1,184)
Net value	1,225	--	--		1,216

The fair value of the share holding is arrived at on the basis of the business developed by the companies acquired and the financial impact of them on the Group. The fair value of the share holding is regarded as the accountable net value of that share holding.

Tangible assets

TANGIBLE ASSETS GROSS VALUE IN €K	JULY, 31 2004	INCREASE OF THE PERIOD	DECREASE OF THE PERIOD	OTHER CHANGES OF THE PERIOD	JULY, 31 2005
Building	384	28		7	419
Equipment	1,052	192	(54)	76*	1,266
Other tangible assets	1,499	383	(419)	(88)**	1,375
Gross value	2,935	603	(473)	(5)	3,060

* translation adjustments K€ 14 and reclassifications K€ 62

* translation adjustments K€ 15 and reclassifications K€ 103

TANGIBLE ASSETS AMORTISATION IN €'000S	JULY, 31 2004	INCREASE	DECREASE	OTHER CHANGES	JULY, 31 2005
Building amortisation	(30)	(18)	--	(2)	(50)
Equipment amortisation	(732)	(184)	52	(55)*	(919)
Other tangible assets amortisation	(933)	(212)	380	96**	(669)
Amortisation	1,695	(414)	432	39	(1,638)
Net value	1,021	--	--	--	1,422

* translation adjustments (K€ 9) and reclassifications (K€ 46)

* translation adjustments K€ 9 and reclassifications K€ 87

Financial assets

FINANCIAL ASSETS GROSS VALUE IN €'000S	JULY, 31 2004	INCREASE OF THE PERIOD	DECREASE OF THE PERIOD	JULY, 31 2005
Non consolidated equity interests	305	88	--	393
Accounts receivable related to non consolidated shareholdings. guarantees	91		(91)	--
	84	--	--	84
Loans and other financial assets	6	--	(6)	--
Gross value	486	88	(97)	477

FINANCIAL ASSETS DEPRECIATIONS IN €'000S	JULY, 31 2004	INCREASE	DECREASE	JULY, 31 2005
Non consolidated equity interests	(150)	--	--	(150)
Others	--	--	--	--
Depreciations	(150)	--	--	(150)
Net value	336	--	--	327

The shares acquired in Anyware Technologies s.a. (12.7%) have been subjected to depreciation in recognition of the losses accumulated by this company. However, IGE+XAO remains confident in the future development prospects of Anyware Technologies.

Maturity of assets at the consolidated date

ASSETS MATURITY IN €'000S	GROSS VALUE JULY, 31 2004	GROSS VALUE JULY, 31 2005	< 1 YEAR	> 1 YEAR
Loans	--	--	--	--
Other financial assets	486	477	--	477
Other long-term assets	486	477	--	477
Inventory	138	170	170-	--
Accounts receivable	6,316	6,288	6,018	270
Debts paid in advance	68	9	9	--
Accounts receivable (fiscal)	308	391	391	--
Accounts receivable (social)	20	4	4	--
Other current assets	109	109	109	--
Deferred tax	138	83	83	--
Prepaid expenses and others	229	312	312	--
Current assets	7,326	7,366	7,096	270
Total	7,812	7,843	7,096	747

Marketable securities and own shares

Marketable securities are as follows at 31st. July 2005:

MARKETABLE SECURITIES IN €'000S	31 ST .JULY 2005	31 ST .JULY 2004
Marketable securities (SICAV)	640	758
Own shares	250	245

At 31st. July 2005, the fair value of marketable securities approximates to the book value.

IGE+XAO's own shares are partly allocated to a stock option plan and partly to the regulation of the market shares, respectively 33,685 and 10,407 shares at an average purchasing price of € 5.95.

The fair value of those shares calculated on the basis of the average price quoted for July 2005 is € 27.87. Therefore the own shares booked as marketable securities are not depreciated at 31st July 2005.

Reserves

RESERVES IN €'000S	31 JULY, 2004	INCREASE	DECREASE	31 JULY, 2005
Bad debts	472	95	(297)	270
Deferred tax	9	--	--	9
Pension reserves	85	32	--	117
Other reserves	125		(15)	110
Reserves	691	127	(312)	506

The amount allocated to provision, having been drawn upon, stood at € 302 k at 31st.July 2005.

For the sake of better clarity, the draw down against provision for doubtful receivables has been offset in the accounts by the losses on commercial receivables relating to an amount of € 287 k..

The pension reserves related to the French Companies of the Group (36% of the headcount of the Group – € 109k) are based on the following actuarial hypotheses :

- Actuarial rate: 3.35%
- Rate of increase in salaries: from 3 to 5%
- Rate of turnover of staff (according to age): 8%

The amortisation of actuarial losses and gains during the fiscal corresponds to the actuarial discrepancies arising which exceed 10% of the debt calculated at 31st. July 2005. This is amortised on the average remaining life expectancy of the business (11.4 years).

ANALYSIS OF THE ACTUARIAL DEBT IN € '000S	In € k
Standard cost	(18)
Interest on the actuarial debt	(8)
Actuarial losses & gains arising	44
Actuarial debt at the end of the period.	172
Actuarial losses not amortised	(63)
Provision at 31st. July 2005	109
Standard cost	(18)

ANALYSIS OF THE PROVISION IN € '000S	in € k
Provision at the start of the period :	79
Standard cost	18
Interest on the actuarial debt	8
Amortisation of actuarial losses	4
Provision at the start of the period	109

The pension reserves related to the Polish Company of the Group (36% of the headcount of the Group – € 8 k) are based on the following actuarial calculations:

- Actuarial rate : 4.4%
- Rate of increase in salaries : 6%
- Rate of turnover of staff (according to age) : 10%

The low average age and the number of years service of the employees in the Group's other foreign subsidiaries explain why the pension reserve obligations of those companies are not significant. Accordingly, no pension reserve has been made for them at 31st. July 2005.

Other reserves mainly correspond to litigations.

Prepaid expenses and others

PREPAID EXPENSES AND OTHERS IN €'000S	31 ST .JULY 2004	NET CHANGES	31 ST .JULY 2005
Prepaid expenses	225	87	312
Deferred expenses	4	(4)	--
Total	229	83	312

Shareholders' equity

SHAREHOLDERS' EQUITY IN €'000S	COMMON	ADDITIONAL	ACCUMUL.	TRANSLATION	TOTAL
	STOCK	PAID-IN CAPITAL	RESERVES	ADJUSTMENT	
Shareholders' equity – July 31, 2002	6,753	1,911	(1,740)	(53)	6,87
Dividends			(245)		(245)
Net income			1,222		1,222
Change in translation adjustments ???				(13)	(13)
Impact of accounting principles changes					--
Additional paid-in capital			21		21
Grants financing investments				(1)	(1)
Others				(10)	(10)
Shareholders' equity – July 31, 2003	6,753	1,911	(742)	(77)	7,84
Dividends			(266)		(266)
Net income			1,437		1,437
Change in translation adjustments ???			--		--
Impact of accounting principles changes			--		--
Changes in consolidation scope			(8)		(8)
Others				(2)	(2)
Shareholders' equity – July 31, 2004	6,753	1,911	421	(79)	9,00
Dividends			(283)		(283)
Net income			1,613		1,613
Change in translation adjustments				20	20
Impact of accounting principles changes			--		--
Changes in consolidation scope			--		--
Others			67		67
Shareholders' equity – July 31, 2005	6,753	1,911	1,818	(59)	10,42

Minority interests

MINORITY INTERESTS IN €'000S	EURO'000S
Minority interests as of July 31, 2002	627
Changes in consolidation scope	(7)
Net income - Minority interests	57
Other changes	(20)
Minority interests at 31 st . 2003	657
Changes in consolidation scope	(17)
Net income - Minority interests	83
Dividends - Minority interests	(18)
Minority interests at 31 st . July 2004	705
Changes in consolidation scope	(71)
Net income - Minority interests	150
Dividends - Minority interests	(20)
Change in translation adjustments	14
Minority interests at 31 st . July 2005	778

Income tax

Tax classification

Income tax amounted to € 782 K at 31st.July and can be analysed as follows:

INCOME TAX IN €'000S	DUE	DEFERRED
Income tax	741	41

Income tax analysis

INCOME TAX CHARGES	IN €K
Net income before tax (base)	2,545
Statutory income tax	861
Income tax	783
Difference	78
Impact of research tax credit	100
Impact of overseas tax rates	18
Depreciation on acquisition of goodwill	(24)
Losses by subsidiaries	(25)
Other permanent differences	9
Total	78

Deferred income tax

Tax analysis at 31st.July 2005:

IN €'000S	BASE	RATE	ASSETS	LIABILITIES
Profit sharing	191	33.83%	65	
Other differences in France	95	33.83%	(32)	
Other differences in the subsidiaries	74	19%	13	
Other differences in the subsidiaries	41	22%		9
Pension reserves	109	33.83%	37	
Other adjustments		34.43%		
Total	//////	////////	83	9

French taxation

French taxation applies to the following companies:

IGE+XAO, SA

IGE, SA

Mayridis Voyages, SARL

Debt maturity

DEBT MATURITY IN €'000S	GROSS VALUE JULY, 31st 04	GROSS VALUE JULY, 31st 05	< 1 YEAR	> 1 YEAR
Bank loans	253	127	127	--
Other bank debts	38	24	24	--
Accounts payable	765	823	823	--
Tax and benefits liabilities	2,419	2,794	2,794	--
Other debts	520	256	256	--
Deferred revenues	4,229	5,043	5,043	--
Total	8,224	9,067	9,067	--

Existing bank loans benefit from fixed interest rates and have no default clause.

Deferred revenues

DEFERRED REVENUES IN €'000S	JULY, 31st 04	NET CHANGES	JULY, 31st 05
Operating income	4,229	814	5,043
Financial income	--	--	--
Exceptional income	--	--	--
Total	4,229	814	5,043

Operating deferred revenues relate to those parts of the maintenance contracts which are not completed. Their large increase at 31st.July 2005 arises essentially from the impact of projects which have been invoiced and paid and on which IGE+XAO expects a great deal of work to be done during the twelve months following the closure of the financial year.

Data per sector

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

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

INCOME STATEMENT IN €'000s	COUNTRIES	31 ST .JULY 05 12 MONTHS	31 ST .JULY 04 12 MONTHS
Turnover *	French companies	19,480	17,709
Internal flows	French companies	(5,754)	(5,073)
Consolidated turnover	French companies	13,726	12,636
Turnover *	Foreign companies	8,503	6,903
Internal flows	Foreign companies	(3,218)	(2,250)
Consolidated turnover	Foreign companies	5,285	4,653
Total consolidated turnover	Group	19,011	17,289
Operating income *	French companies	2,168	2,224
Operating income *	Foreign companies	462	167
Consolidated operating income	Group	2,630	2,391

* before intra-group balance and transaction adjustments

ELEMENTS OF THE BALANCE SHEET. IN €'000s	COUNTRIES	JULY, 31st 05 12 MONTHS	JULY, 31st 04 12 MONTHS
Net assets	French companies	1,821	1,689
Net assets	Foreign companies	2,288	2,029
Internal flows		(525)	(450)
Net consolidated assets	Group	3,584	3,268

Other operating income

Other operating income can be analysed as follows:

OTHER OPERATING INCOME IN €'000s	JULY, 31st 05 12 MONTHS	JULY, 31st 04 12 MONTHS
ANVAR subsidies	191	--
Depreciation allowance- Customers	22	66
Other depreciation allowances	--	37
Cancellation of expenses	45	115
Other operating income	113	32
Total	371	250

The revenues coming from subsidies and repayable advances written into the long term development programmes are booked against products on the basis of a percentage of their prospects. These products rose to € 191 k during fiscal 2004-2005.

Interest Income

Interest income can be analysed as follows :

Interest income in € '000s	31 ST . JULY 05 12 MONTHS	31 ST . JULY 04 12 MONTHS
Net result on transfer of VMP	72	39
Net result on exchange rate	(81)	86
Shareholding depreciation	--	(78)
Other financial charges and incomes	77	50
Total	68	97

Exceptional income (loss)

The exceptional loss arises principally from the adjustments to previous fiscal years.

Profit-sharing

The employees of the French subsidiaries benefit from profit-sharing which is allocated on the basis of salaries. From 1st. August 2004 to 31st. 2005 profit-sharing amounted to € 191 k.

Net income per share

IN €	31 ST . JULY 05	31 ST . JULY 04
Net income – part of the group per share in euros	0.94	0.84

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

The plan for the purchase of share options does not have the effect of dilution.

OTHER INFORMATION

Remuneration of the directors

During the period 2004/2005, the Directors' remuneration of the IGE+XAO parent can be analysed as follows:

REMUNERATION IN €K	WAGES	FRINGE	BOARD FEES	STOCK OPTIONS	TOTAL
	fixed +variable	BENEFITS			
Alain Di Crescenzo	169,158	11,445	--	--	180,603
Charles Baudron	125,697	11,132	--	--	136,829
Robert Grèzes	87,609	6,087	--	--	93,696
RÉMUNÉRATION	382,464	28,664	--	--	411,128

Research and development expenses

Research and development expenses are booked in profit and loss in the consolidated accounts. They amount to € 4,242 K and € 3,559 K respectively at 31st. July 2005 and 2004.

Off-balance sheet commitments

OFF-BALANCE COMMITMENTS IN € '000S	AMOUNT	LESS THAN 1 YEAR	FROM 1 TO 5 YEARS
Loan reimbursements	124	124	--
Loan interests	3	3	--
Pension provisions : actuarial discrepancies not amortised	63	9	54
guarantee Mayridis	121		121
guarantee véhicule (IGE+XAO Iberica)	25		25
guarantee véhicule (IGE+XAO UK)	16		16
TOTAL	352	136	216

The off-balance sheet commitments have been identified by every possible means in the possession of the Group (circulars to third parties, legal monitoring...) and have been audited by the appointed Chartered Accountants.

The presentation in the IGE+XAO annexe does not omit any significant obligation, in accordance with current accounting norms.

Option plan giving the right to purchase existing shares

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

CHARACTERISTICS OF THE SHARE OPTION PURCHASE PLAN	PLAN N°1
General Meeting of shareholders	December 2, 2002
Board of Directors	June 2, 2003
End of the plan	June 2, 2009
Number of options granted	8,164
Number of options cancelled	(1,256)
Number of options exercised	0
Number of options exercisable	0
Purchasing price in €	9.80

CHARACTERISTICS OF THE SHARE OPTION PURCHASE PLAN	PLAN N°2
General Meeting of shareholders	December 2, 2002
Board of Directors	July, 29 2005
End of the plan	June, 2 2011
Number of options granted	3,008
Number of options cancelled	0
Number of options exercised	0
Number of options exercisable	0
Purchasing price in €	26.48

Exchange rate risk

The billing currency is the euro in most cases. The other currencies used arise essentially from the business activity of subsidiaries outside the euro zone. The position of the Group at 31st.July 2005 follows herewith:

In €'000s	USD	PLN	BLN	DKK	CAD	GBP
Assets	369	3,293	1,134	5,992	286	65
Liabilities	--	1,225	56	3,132	619	27
Net	369	2,068	1,078	2,860-	333	38
Off balance sheet	--	--	--	--	--	--
Net	369	2,068	1,078	2,860	-333	38
Exchange rate at the closing date	0.827	0.246	0.511	0.134	0.673	1.451
Net in €	305	508	551	383	-224	55
Impact in €'000s in case of €1 change	3	21	11	29	-3	0
In €'000s	USD	PLN	BLN	DKK	CAD	GBP
Assets	369	3,293	1,134	5,992	286	65

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

The means put in place to ensure the close management of exchange rate risk amounts principally to the daily examination of the rates of exchange and the levels of holdings, thus allowing regular analysis of the risks by Senior Management.

- Poland, Bulgaria and Denmark:

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

- England, Denmark and Canada:

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

IGE+XAO considers that in future the development of sales in these countries will lead to an increase in this activity.

Interest Rate risks

The IGE+XAO Group is not exposed to interest rate changes at the present time.

At 31st July 2005, the outstanding balance of borrowings of more than one year made by the different companies in the Group was less than € 0,2m. 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.

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

Shares risks

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

The French companies of the Group have invested in a money market product indexed to 3 month PIBOR renewable every three months. The sensitivity of Group results to a fall of 10% in this product is as follows:

In €'000s	Sensitivity : 10% Pibor at 3 months
Asset	1,000
Off balance sheet	--
Net	1,000
Index	2.11%
Impact in € '000s in the case of a 10% variation of the index	0.8

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

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

Average head count (FTE – fiscal year 2004/2005)

AVERAGE HEAD-COUNT (FTE)	JULY, 31ST 05	JULY, 31ST 04
France	127	109
Other countries	222	184
Total	349	293

Key statistics of the Holding Company

In €'000s	JULY, 31ST 05 12 MONTH	JULY, 31ST 04 12 MONTH
Turnover	2,001	1,905
Operating income	(58)	12
Income before exceptional loss and income taxes	897	835
Net income	910	800

Fees payable to the Auditors

FEES IN € K (EXCL. VAL) 2004/2005	CABINET LOPEZ	CABINET DAILHÉ	ERNST & YOUNG AUDIT
Legal audit, certification, audit of individual and consolidated accounts	12,000	14,550	42,000
Additional services	--	--	--
Audit	12,000	14,550	42,000
Other services	--	--	--

FEES IN € K (EXCL. VAL) 2004/2005	CABINET DAILHÉ	ERNST & YOUNG AUDIT
Legal audit, certification, audit of individual and consolidated accounts	25,800	46,700
Additional services	--	3,300
Audit	25,800	50,000
Other services	--	--

Additional tasks during 2003/2004 relate to the application of Recommendation N° 2003-R01 of the CNC of the 1st April 2003 regarding the accounting rules and the evaluation of pension liabilities and similar benefits.

REPORT OF THE AUDITORS ON THE CONSOLIDATED ACCOUNTS AT 31ST. JULY 2005

Marc LOPEZ
Espace Valentine B
1, montée de Saint-Menet
13 011 Marseille

Legal auditor
Membre de la Compagnie Régionale d'Aix-en-Provence

ERNST & YOUNG Audit
11 allée de l'Arche –
Faubourg de l'Arche
92 400 Courbevoie
S.A. à capital variable
344 366 315 R.C.S. Paris
Legal auditors
Membre de la Compagnie Régionale de Paris

Report of the Auditors on the consolidated accounts.

Dear Shareholders,

In our capacity as statutory auditors, we have audited the accompanying consolidated accounts of IGE+XAO as of 31st July 2005.

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.

I. Our opinion on the consolidated accounts

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 mis-statement. 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 accounts thus presented. 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 at the 31st.July 2005 and the results of the Group's operations included in the consolidation for the year then ended, in accordance with French accounting principles.

II. Justification of our assessments

In compliance with the requirements of article L.823-9 of the Code de Commerce relating to the justification of our assessments, we draw your attention to the following elements:

- Note 1.2.3.3. in the annexe shows the rules and accounting methods regarding the recognition of turnover. At the root of our understanding of the rules and accounting methods followed by your Group we have verified the nature of the accounting method adopted, detailed above and the information provided in the notes to the annexe, and we are assured of their correct application.
- As indicated in note 1.2.3.7. of the annexe on the accounting principles relative to market share of registered assets, your company has carried out an estimation of the value of these. At the root of our understanding of the considerable estimations set aside for the closure of the accounts, we have reviewed the hypotheses held, the coherence of the methods, and the evaluations justifying the absence of depreciation of market shares at the 31st July 2005.

These understandings falling as they do within the scope of our audit of the consolidated accounts, taken in their entirety, lead us to the formation of our opinion without reservation as expressed in the first part of this report.

III. Specific verification

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

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

Marseille and Paris-La-Défense, 12th.December 2005.

The Statutory Auditors

Marc LOPEZ

ERNST & YOUNG Audit
Jérôme Guirauden

FINANCIAL INFORMATION RELATING TO THE COMPANY ACCOUNTS

COMPTES SOCIAUX DE LA SOCIETE IGE+XAO AU 31 JUILLET 2005

BALANCE SHEET			
ASSETS (in thousands of euros)	July, 31st 2005	July, 31st 2004	July, 31st 2003
Intangible fixed assets - Net	11	7	25
Property and equipment -Net	129	97	125
Other long term assets - Net	8,527	8,212	7,730
Total long-term assets	8,667	8,316	7,880
Inventories - Net	11	14	--
Receivables	203	269	47
Other current assets and accruals	817	1,267	2,973
Prepaid expenses	151	63	94
Marketable securities	839	1,003	747
Cash and cash equivalents	1,373	733	789
Current assets	3,395	3,349	4,650
ASSETS	12,062	11,665	12,530

BALANCE SHEET			
LIABILITIES (IN THOUSANDS OF EUROS)	July, 31st 2005	July, 31st 2004	July, 31st 2003
Common stock	6,753	6,753	6,753
Additional paid-in capital	1,911	1,911	1,911
Legal reserve	240	200	155
Other reserves	1,581	1,120	557
Accumulated income (loss)	69	55	40
Net income (loss) of the period	910	800	888
Shareholders' equity	11,464	10,839	10,304
Provisions and litigations	24	20	26
Bank loans	124	253	388
Other financial debts	3	3	1,106
Accounts payable	148	178	155
Tax and social accruals	190	369	246
Other debts	109	3	305
Deferred revenues		--	--
Debts	574	806	2,200
LIABILITIES	12,062	11,665	12,530

STATEMENT OF OPERATIONS			
(in euros'000s)	July, 31st 2005 (12 months)	July, 31st 2004 (12 months)	July, 31st 2003 (12 months)
Net turnover	2,001	1,905	1,632
Operating grants	--	--	--
Other operating income	40	30	201
Operating income	2,041	1,935	1,833
Other external expenses	(1,187)	(1,123)	(1,037)
Payroll and benefit	(804)	(679)	(647)
Taxes	(73)	(63)	(53)
Provisions depreciation and amortization	(35)	(58)	(73)
Other expenses		--	(4)
Expenses	(2,099)	(1,923)	(1,814)
Operating income (loss)	(58)	12	19
Financial income (loss)	955	823	896
Exceptional income (loss)	58	(11)	1
Income tax	(21)	(1)	(14)
Profit-sharing	(24)	(23)	(14)
Net income (loss)	910	800	888

TABLE OF SUBSIDIARIES AND SHAREHOLDINGS

Subsidiary (+ 10%)	Common stock	Shareholders' equity except share capital	% control	Shares gross value	Shares net value	Loans & advances	Guarantees & deposits°	Turnover	Operating income	Dividends	Remarks
IGE SA	4,619,205	548,271	99.13	4,800,732	4,800,732	682,875	--	14,967,324	1,205,367	901,155	Head office: Colomiers SIREN : 399 737 006
WINSOFT ELEC											Head office: Colomiers
DIFFUSION SNC	1,524	1,961	90.00	1,372	1,372	4,181	--	2,587,796	--	--	SIREN : 418 236 261
SEE PLANET SARL	300,020	44,646	99.40	307,386	307,386	--	--	82,514	23,313	--	Head office: Colomiers SIREN : 340364843
MAYRIDIS SARL	65,000	(5,703)	99.94	330,480	20,334	--	121,000	52,679	(3,122)	--	Head office: Colomiers guarantee / APS
IGE+XAO Z.O.O. POLAND	250,478	138,909	50.80	321,934	321,934	--	--	2,349,722	165,622	--	Head office: Krakow
IGE+XAO EURL BALKAN	46,170	22,011	100.00	28,667	28,667	--	--	563,470	29,811	--	Head office: Sofia
CAE DEVPT APS DENMARK	16,811	111,104	100.00	351,129	351,129	--	--	503,364	27,192	--	Head office: Birkerod
IGE+XAO A/S DENMARK	67,243	119,706	49.00	587,986	587,986	--	--	780,305	134,175	11,425	Head office: Birkerod
IGE+XAO GMBH GERMANY	25,001	43,071	100.00	25,001	25,001	--	--	1,135,860	38,573	--	Head office: Rastatt
IGE+XAO IBERICA	3,005	(26,231)	99.00	3,049	3,049	--	25,000	712,466	20,013	--	guarantee / CB car Head office: Madrid
IGE+XAO SRL ITALY	36,400	56,636	95.00	33,310	33,310	--	16,000	1,022,968	3,649	--	Head office: Bergamo
IGE+XAO LTD (UK)	151	(4,462)	100.00	152	152	147,381	--	178,305	(25,819)	--	Head office: Sheffield
IGE+XAO NORTH AMERICA	63	77,970	99.90	56	56	233,283	--	417,073	(44,055)	--	Head office: Boucherville
IGE+XAO BV	18,151	122,971	100.00	691,475	691,475	--	--	862,278	(17,815)	--	Head office: Hoensbroek
TOTAL	////////		////////	7,482,738	7,172,592	1,067,719	162,000	////////	////////	912,580	
ANYWARE TECHNOLOGIES	308,590	1,732,605	12.70	304,920	155,379	--	--	1,240,659	(523 ,557)	--	Last fiscal close : 31 december 2004

REPORT OF THE STATUTORY AUDITORS ON THE ANNUAL ACCOUNTS

Marc LOPEZ
Espace Valentine B
1, montée de Saint-Menet
13 011 Marseille

Statutory auditor

Member of « la Compagnie Régionale d'Aix-en-Provence »

ERNST & YOUNG Audit
11 allée de l'Arche –
Faubourg de l'Arche
92 400 Courbevoie
S.A. à capital variable
344 366 315 R.C.S. Paris
Statutory auditors

Member of « la Compagnie Régionale de Paris »

Dear Shareholders,

In our capacity as statutory auditors, we submit to you herewith our report relating to the financial year ended 31st. July 2005, on the following matters ;

- The checking of the annual accounts of the IGE+XAO company which are attached to this report.
- The justification for our understandings,
- The specific verifications and the information required by law.

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

I. Our opinion on the annual accounts

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 mis-statement. 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 the significant estimates made by management, as well as evaluating the overall presentation of the consolidated accounts. 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 results of the Group's operations for the year then ended, and the financial position of the Group as of July 31st, 2005, in accordance with French accounting principles.

II. Justification of our understandings

In application of the requirements of article L. 823-9 of the Code de Commerce regarding the justification of our understandings, we would like to draw your attention to the following element :

- The note ‘accounting principles’ under point 2.1.3.5. « equity investments » of the annexe, shows that the shareholdings are made the subject of a provision for depreciation when their inventory value is lower than their accounted value and states the principles held by the company to arrive at this inventory value. Our task consisted of verifying the application of these principles and of understanding the accounting data used by the company to arrive at these estimations. In our overall understanding of the meaningful estimations arrived at for the closure of the accounts, we have assured ourselves that these are perfectly reasonable.

These understandings, falling as they do within the scope of our audit of these annual accounts, taken in their entirety, lead us to the formation of our opinion without reservation as expressed in the first part of this report.

III. Verifications and specific information.

We have also reviewed the specific information required by law.

We have no observations to make on the accuracy and concordance of the annual accounts with the information given in the Board of Director’s management report and in the documents addressed to the shareholders on the financial situation and the annual accounts.

In due application of the law, we have assured ourselves that diverse information relating to the shareholdings and control, of the identity of the holders of capital and of voting rights and of cross share-holdings, have been communicated to you in the management report.

Marseille and Paris-La défense, 12th.December 2005.

The Statutory Auditors

Marc LOPEZ

ERNST & YOUNG Audit
Jérôme Guirauden

Special report by the Auditors on regulated agreements – fiscal year end 31st.July 2005

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344 366 315 R.C.S. Paris

Statutory auditor
Member of « la Compagnie Régionale d'Aix-en-Provence » Member of « la Compagnie Régionale de Paris »
Statutory auditors

A special report by the Auditors on regulated agreements, fiscal year end 31st.July 2005.

Dear Shareholders,

- In our capacity as statutory auditors, we are required to report on regulated agreements.

In accordance with Article L. 225-40 of French Company Law (Code de Commerce), we have been advised of certain contractual agreements which were authorised 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 rôle to comment as to whether they are beneficial or appropriate. It is your responsibility, under the terms of Article 92 of the March 23, 1967 decree, to evaluate the benefits resulting from these agreements prior to their approval.

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

AGREEMENTS AUTHORISED DURING THE PERIOD

1- ADVANCES TO CURRENT ACCOUNT.

1.1 During the board meeting of 13th.September 2004 your Board of Directors authorised an advance to current account of the sum of € 55,000 for the benefit of IGE+XAO Balkans (Bulgaria), a subsidiary of your company.

This interest-free advance is for the development of the Head Office of IGE+XAO Balkans and should ultimately be incorporated in the capital of IGE+XAO Balkans during a future increase in the capital of this company.

Board member involved: Mr Alain DI CRESCENZO

1.2 During the board meeting of 4th.October 2004 your Board of Directors authorised a contribution to the capital of the company ANYWHERE TECHNOLOGIES by means of the incorporation of the debt of € 88,000 held against them by your company.

Before its incorporation into capital, this debt carried interest at the rate of 6 % from its commencement on 4th.January 2004.

Board member involved: Mr Alain DI CRESCENZO

1.3 During the board meeting of 9th.December 2004 your Board of Directors authorised an advance to current account of € 45,000 to the company MAYRIDIS VOYAGES at an interest rate of 4 %.

Board member involved: Mr Alain DI CRESCENZO.

2- COMPOSITION OF FINANCIAL DEBT

During the board meeting of 29th.July 2005 your Board of Directors authorised the composition of a part of the debt held against the company MAYRIDIS VOYAGES. That is to say the composition of € 40,000 granted without recourse at a later date.

The sum accounted for under financial charges for this security for fiscal ended 31st.July 2005, is €46,364.78.

Board member involved: Mr Alain DI CRESCENZO

Furthermore, in applying the decree of 23rd.March 1967, we have been informed that the execution of the following agreements, approved during the course of previous fiscal years, continued during this last fiscal.

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

1- GUARANTEE AND CURRENT ACCOUNT

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

Board member involved: Mr Alain DI CRESCENZO

2- AGREEMENT TO PAY THE COST OF AUDIT

The IGE+XAO company, quoted on the EUROLIST, is subject to audit.

Bearing in mind its business and its size, the IGE+XAO company required its Polish subsidiary to undertake an audit of its individual accounts by an outside auditor. Accordingly, IGE+XAO Poland re-invoiced in turn your company with the cost of this audit and report demanded by the Group and in accordance with the authority granted by the Board of Directors on 30th.July 2004.

The cost of this audit & report relating to fiscal ended 31st.July 2005 is € 3,523.26

Board member involved: Mr Alain DI CRESCENZO

3- MANAGEMENT AGREEMENT

IGE + XAO pays royalties to FINANCELEC which performs some management services to IGE+XAO.

From 1st.August 1998, the services invoiced by FINANCELEC to IGE + XAO amounted to 10% of the total royalties invoiced at cost.

An endorsement to the management agreement, authorised by a board decision, was signed between the two companies on 2nd. February 1999 and has been applied with effect from 1st.August 1998.

The amount invoiced during fiscal year ended 31st.July 2005 is € 42,996.35.

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

4- AGREEMENT FOR SERVICES

On 3rd. January 1991, IGE + XAO signed an agreement with IGE s.a. regarding administrative and communication services, modified by four endorsements dated 1st.January 1996, 23rd.July 1997, 31st.July 1998 and 2nd.February 1999.

In accordance with the terms of the latest endorsement signed on 4th.January 2000, IGE+XAO invoices IGE its total amount of operating charges occurred by the administrative and communication services performed by IGE+XAO .

The amount of administrative services invoiced by IGE+XAO to IGE during fiscal year ended 31st July, 2005 was € 1,835,595.53.

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

5- CASH MANAGEMENT AGREEMENT

IGE+XAO signed a cash management agreement on 29th July 2004 with the companies IGE , WINSOFT DIFFUSION, SEE PLANET and MAYRIDIS for an indeterminate duration.

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

6- TAX GROUPING

IGE+XAO has decided to create a French tax group to pay income tax. Only the subsidiaries in which IGE+XAO held more than 95% of the share capital can participate in this tax group, namely IGE and MAYRIDIS VOYAGES.

This decision was authorised by the Board of Directors on 14th.April 1994.

This decision was confirmed by IGE+XAO on 1st August 1999.

Marseille and Courbevoie, 12th December 12th 2005

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

Marseille and Courbevoie, 12th December 2005

Statutory auditors

Marc LOPEZ

ERNST & YOUNG Audit
Jérôme Guirauden

4.3 COMPLEMENTARY INFORMATION

ADOPTION OF THE IAS/IFRS STANDARDS

THE CONTEXT OF THE TRANSITION TO INTERNATIONAL ACCOUNTING NORMS.

In applying rule n°1606/2002 in accordance with norm IFRS 1, first adoption of IFRS, the consolidated accounts of the IGE+XAO Group relating to fiscal year ended 31st July 2006 will be established in accordance with International Accounting Norms in force at 31st July 2006 with a comparison established in accordance with those same norms.

In order to publish this comparative information, IGE+XAO must prepare a balance sheet opening on 1st August 2004, the departure point for the application of IFRS norms and the date on which the impact of adoption on its own capital will be registered. IGE+XAO must also re-do all the cash flows for 2004/2003 in order to ensure the correct presentation of this comparative exercise.

THE ORGANISATION OF THE CONVERSION PROJECT.

In order to do this, the Group has put in place a project of conversion to international norms which should enable the identification and dealing with the different principles of accounting methods in force in July 2004, thus starting preparatory work on the opening balance sheet for 1st August 2004.

More precisely, the application of norm IAS 38 relating to intangible fixed assets on the internal organisation could potentially have a significant impact at this stage of the analysis. Future pension liabilities are determined today in accordance with norm IAS 19, however their limits of liability should remain within the individual companies in the Group. Finally, in accordance with norm IAS 17, the rental contracts within the Group are being analysed to understand precisely, in terms of their legal structure, their method for accountability. The other norms are also being analysed.

PROVISIONAL CALENDAR FOR COMMUNICATION OF THE GROUP'S FINANCIAL IFRS INFORMATION.

In order to help the financial community with the transition to international accounting standards, IGE+XAO reminds people that the first publication of accounts in accordance with IFRS norms will be applied to the results of the first quarter 2005/2006 and will be available end April 2006.

FEES PAYABLE TO THE AUDITORS

Fiscal year 2004/2005	Ernst&Young		Marc Lopez		Roger Dailhé		Independent experts in foreign subsidiaries	
	Amount	%	Amount	%	Amount	%	Amount	%
Audit								
<input type="checkbox"/> Legal audit, certification, audit of individual and consolidated accounts	42,000	100%	12,000	100%	14,550	100%	28,759	100%
<input type="checkbox"/> Additional services	0	7%	0	0%	0	0%	0	0%
Sub-total	42,000	100%	12,000	100%	14,550	100%	28,759	100%
Other services, if any								
Legal, fiscal, social	0	0%	0	0%	0	0%	0	0%
Information technologies	0	0%	0	0%	0	0%	0	0%
Internal audit	0	0%	0	0%	0	0%	0	0%
Other (to be specified if > to 10 % of the Audit fees)	0	0%	0	0%	0	0%	0	0%
Sub-total	0	0%	0	0%	0	0%	0	0%
TOTAL	42,000	100%	12,000	100%	14,550	100%	28,759	100%

5 GENERAL INFORMATION REGARDING ACTIVITIES AND RECENT DEVELOPMENTS

5.1 GENERAL INFORMATION CONCERNING IGE+XAO

CORPORATE NAME AND REGISTERED OFFICE

IGE+XAO

Immeuble Le Pythagore
25 boulevard Victor Hugo
31770 COLOMIERS

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.

DATE OF FORMATION AND DURATION

IGE+XAO S.A. was registered with the Registry of Commerce and Commercial Companies on 27th August, 1986, as IGE S.A.. Its duration is 99 years expiring on August 27th, 2085.

On 30th 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.

CORPORATE PURPOSE OF THE COMPANY(ARTICLE 3 OF THE STATUTES)

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

COMMERCIAL REGISTER

IGE+XAO S.A. is registered with the Registry of Commerce and Commercial Companies of Toulouse under number 338 514 987 (Code APE : 722C).

The articles of association, minutes of shareholders' meetings and all other corporate documents may be inspected at the registered office of the Company.

FISCAL YEAR

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

5.2 SPECIAL PROVISIONS IN THE ARTICLES OF ASSOCIATION

ALLOCATION AND PROFIT

If the annual accounts, as approved at a general meeting, show distributable profits the Annual 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 Annual 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.

ANNUAL 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.

DOUBLE VOTING RIGHTS

On February 10th. 1997, the shareholders' meeting decided to grant a double voting right to all shares fully paid-up and registered in a registered account for at least two years with the same shareholder, and to registered shares allocated to a shareholder as part of an increase of capital by incorporation of reserves, profits or issue premium, as a result of its holding of existing shares giving rise to that right.

This double voting right is withdrawn immediately for every share converted to bearer shares or upon the transfer of all the rights attached to such a share. Equally, it can be cancelled by the decision of an Extraordinary General Meeting.

IDENTIFIABLE BEARER SHARES

Pursuant to article L228-2 of the New Commercial Law, the Company has adopted a system 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.

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 in writing by registered mail with acknowledgement of receipt, 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 November 30th, 2005:

BLOCKS HELD	% OF CAPITAL	% OF VOTING RIGHTS
From 2 to 5 %	<ul style="list-style-type: none"> ▪ Société de Participations Techniques et Financières ▪ ODYSSEE Venture ▪ Siparex ▪ Alto Invest 	<ul style="list-style-type: none"> ▪ Société de Participations Techniques et Financières ▪ ODYSSEE Venture
From 5 to 10 %	<ul style="list-style-type: none"> ▪ AXA Investment Managers Private Equity Europe 	<ul style="list-style-type: none"> ▪ AXA Investment Managers Private Equity Europe
From 10 to 20 %	<ul style="list-style-type: none"> ▪ IRDI Midi-Pyrénées 	<ul style="list-style-type: none"> ▪ IRDI Midi-Pyrénées
From 20 to 33 1/3 %	<ul style="list-style-type: none"> ▪ Financelec 	<ul style="list-style-type: none"> ▪ Financelec
From 33 1/3 to 50 %	--	--
From 50 to 66 2/3 %	--	--
More than 66 2/3 %	--	--

The businesses managed by the fund management company Alto Invest broke through the threshold from 2% to 4% of the shares on the 14th November 2005.

The businesses managed by the fund management company Siparex broke through the threshold of 2% of the shares on the 29th July 2005.

The fund manager AXA Investment Managers Private Equity Europe broke through the threshold of 5% of the shares and the voting rights on 15th August 2003, then fell below this same threshold on the 12th January 2005.

The fund manager Odyssee Venture broke through the thresholds of 4 %, 5 % and 6 % of the shares on the 5th July 2004, the 30th September 2004 and the 10th January 2005 respectively, and the threshold of 4 % of the voting rights on the 5th November 2004.

On the first day of the financial year (on 1st August 2004), the share ownerships were as follows:

BLOCKS HELD	% OF CAPITAL	% OF VOTING RIGHTS
From 2 to 5 %	<ul style="list-style-type: none"> ▪ Société de Participations Techniques et Financières ▪ ODYSSEE Venture 	<ul style="list-style-type: none"> ▪ Société de Participations Techniques et Financières ▪ ODYSSEE Venture
From 5 to 10 %	<ul style="list-style-type: none"> ▪ AXA Investment Managers Private Equity Europe 	<ul style="list-style-type: none"> ▪ AXA Investment Managers Private Equity Europe
From 10 to 20 %	<ul style="list-style-type: none"> ▪ IRDI Midi-Pyrénées 	<ul style="list-style-type: none"> ▪ IRDI Midi-Pyrénées
From 20 to 33 1/3 %	<ul style="list-style-type: none"> ▪ Financelec 	<ul style="list-style-type: none"> ▪ Financelec
From 33 1/3 to 50 %	--	--
From 50 to 66 2/3 %	--	--
More than 66 2/3 %	--	--

The investment fund “Odyssee Venture” exceeded the 2% threshold on the 13th of June 2003 and the threshold of 2 % of the voting rights on 21st November 2003.

To the best knowledge of the Company there is no other shareholder holding directly or indirectly 2% or more of the capital or voting rights at 21st July 2005.

To the best knowledge of the Company there is no significant change in the share ownership or voting rights at 31st July 2005.

TREASURY STOCK

In compliance with the requirements of article L 225-211 of the Code de Commerce and within the authorisation which you gave us at the Ordinary General Meetings of 29th January 1998, of 25th January 2000, of 31st January 2001, of 2nd December 2002, of 28th September 2004, and of 31st January 2005, to intervene in the market in the company’s shares with a view to price stabilisation, we advise you that 85,928 of the company’s shares (4.9 %) have been bought directly and indirectly (by means of a limit order) by IGE+XAO and were held by the company at 31st July 2005.

5.3 INFORMATION ON THE GENERAL CHARACTERISTICS OF THE ISSUED SHARE CAPITAL

ISSUED SHARE CAPITAL

The Company's share capital amounts to € 6,752, 900 at 31st July 2005 divided into 1,754,000 shares.

On 15th March 2000 the Board of Directors decided on the conversion of the par value of the shares into 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 June 86	Incorporation	2,600	--	--	F 260,000	2,600
22 dec. 87	Share capital increase in cash	400	F 40,000	--	F 300,000	3,000
28 Feb. 88	Share capital increase in cash reserved for IRDI	1,000	F 100,000	F 100	F 400,000	4,000
27 Nov 90	Share capital increase in cash	848	F 84,800	F 1,400	F 484,800	4,848
27 Nov 90	Share capital increase by capitalization of reserves	35,152	F 3,515,200	--	F 4,000,000	40,000
05 March 92	Share capital increase in cash	10,059	F 1,005,900	F 50	F 5,005,900	50,059
05 March 92	Share capital increase in cash	20,941	F 2,094,100	--	F 7,100,000	71,000
16 Nov 92	Share capital increase in cash	15,000	F 1,500,000	--	F 8,600,000	86,000
14 Dec 95	Share capital increase by capitalisation of reserves	144,000	F 14,400,000	--	F 23,000,000	230,000
24 June 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
04 Nov 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 Feb 97	Split of the par value into 4	--	--	--	F 26,700,000	1,068,000
05 March 97	Capital increase by cash	686,000	F 17,150,000	F 26	F 43,850,000	1,754,000
19 March 01	Capital increase through capitalisation of reserves	--	F 446,120.23	--	F 44,296,120	1,754,000
				--	€ 6,752,900	1,754,000

OTHER SHARES GIVING ACCESS TO THE CAPITAL

None

CAPITAL AUTHORISED BUT NOT ISSUED, COMMITMENT TO INCREASE CAPITAL

None

SECURITIES NON REPRESENTATIVE OF CAPITAL

None

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.

CURRENT BREAKDOWN OF THE CAPITAL AND RIGHTS ATTACHED TO SHARES

At 30th November 2005, the capital of the company comprised 1,754,000 shares of which 834,037 were held to the registration of 16 shareholders. The shareholders of bearer shares who have overstepped the legal threshold for possession of IGE+XAO shares are recorded under the paragraph "exceeding of thresholds".

To the best knowledge of the company, no other shareholder owns more than two per cent of the capital or the voting rights at the fiscal year end, nor has there been any other significant movement in the division of capital during the last three fiscal years.

As of 30th November 2005, 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	3,405	545,855	549,260	1,095,115	31.31%	44.81%
CAOUEC INVESTISSEMENTS	--	1,020	1,020	2,040	0.06%	0.08%
IRDI	--	224,616	224,616	449,232	12.81%	18.38%
Di Crescenzo Alain	14,026	4	14,030	14,034	0.80%	0.57%
Baudron Charles	--	4	4	8	0.00%	0.00%
Grèzes Robert	--	36	36	72	0.00%	0.00%
Baudron Jean	--	120	120	240	0.01%	0.01%
Pierre Revel-Mouroz	1	--	1	1	0.00%	0.00%
Autres personnes au nominatif	221	4,283	4,504	8,787	0.26%	0.36%
	17,653	775,938	793,591	1,569,529	45.24%	64.22%
IGE+XAO (own shares)	--	--	85,854	--	4.89%	
Nominees	17,653	775,938	879,445	1,569,529	50.14%	64.22%
BEARER SHARES	874,555	--	874,555	874,555	49.86%	35.78%
TOTAL	892,208	775,938	1,754,000	2,444,084	100.00%	100.00%

As of December 24th 2004, the breakdown of the capital and voting rights was as follows :

SHARE OWNERSHIP	NUMBER OF SHARES		NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	% CAPITAL	% OF VOTING SINGLE VOTING RIGHTS
	SINGLE VOTING RIGHTS	DOUBLE VOTING RIGHTS				
FINANCELEC	--	545,855	545,855	1,091,710	31.12%	44.03%
CAOUEC INVESTISSEMENTS	--	1,020	1,020	2,040	0.06%	0.08%
IRDI	115	264,501	264,616	529,117	15.09%	21.34%
Di Crescenzo Alain	17,899	4	17,903	17,907	1.02%	0.72%
Baudron Charles	--	4	4	8	--	--
Grèzes Robert	--	36	36	72	--	--
Baudron Jean	--	120	120	240	0.01%	0.01%
Other registered holders.	165	4,318	4,483	8,811	0.26%	0.36%
	18,179	815,858	793,591	1,569,529	47.55%	66.55%
IGE+XAO (own shares)	--	--	90,598	--	5.17%	--
Nominees	18,179	815,858	924,635	1,649,895	52.72%	66.55%
BEARER SHARES	829,365	--	829,365	829,365	47.28%	33.45%
TOTAL	847,544	815,858	1,754,000	2,479,260	100.00%	100.00%

As of January 15th 2004, the breakdown of the capital and voting rights was as follows :

SHARE OWNERSHIP	NUMBER OF SHARES		NUMBER OF SHARES	NUMBER OF VOTING RIGHTS	% CAPITAL	% OF VOTING RIGHTS
	SINGLE VOTING RIGHTS	DOUBLE VOTING RIGHTS				
FINANCELEC	--	535,855	545,855	1,091,710	31.12%	44.03%
CAOUEC INVESTISSEMENTS	--	1,020	1,020	2,040	0.06%	0.08%
IRDI	115	264,501	264,616	529,117	15.09%	21.34%
Di Crescenzo Alain	--	4	4	8	0.00%	0.00%
Baudron Charles	--	4	4	8	0.00%	0.00%
Grèzes Robert	--	36	36	72	0.00%	0.00%
Baudron Jean	--	120	120	240	0.01%	0.01%
Other registered holders.	165	4,318	4,488	8,811	0.26%	110.06%
	280	815,863	816,143	1,632,006	46.53%	65.,81%
IGE+XAO (own shares)	--	--	90,161	--	5.14%	--
Nominees	280	815,858	924,635	1,632,006	51.67%	65.81%
BEARER SHARES	847,696	--	847,696	847,696	48.33%	34.19%
TOTAL	847,976	815,858	1,754,000	2,479,702	100.00%	100.00%

INDIVIDUALS OR LEGAL ENTITIES CONTROLLING THE COMPANY– SHAREHOLDERS’ AGREEMENTS

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

SHARE GUARANTEE

No.

5.4 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 detailed hereafter^(*) :

MONTH/YEAR	NUMBER OF SHARES	VALUE IN K€	LOWEST PRICE IN €	HIGHEST PRICE IN €	AVERAGE PRICE IN €
01/03	8,601	83	9.5	10.8	9.75
02/03	6,048	57	9.2	9.7	9.45
03/03	7,337	69	9.2	10.0	9.51
04/03	3,861	36	9.2	9.9	9.59
05/03	13,208	129	9.3	10.0	9.85
06/03	34,473	386	9.9	12.5	11.31
07/03	13,159	153	11.2	12.0	11.73
08/03	15,802	188	11.6	12.2	12.04
09/03	27,157	338	11.7	13.3	12.39
10/03	18,333	226	12.2	12.9	12.35
11/03	33,221	444	12.4	14.1	13.42
12/03	65,575	1,000	13.3	16.5	15.30
01/04	51,440	927	15.0	19.9	18.15
02/04	19,266	349	17.0	18.5	18.11
03/04	32,980	620	18.0	19.5	18.69
04/04	18,144	346	18.7	19.5	19.08
05/04	32,300	640	18.8	20.5	19.89
06/04	32,168	606	18.2	19.0	18.66
07/04	27,500	516	18.1	19.1	18.71
08/04	9,289	167	17.5	18.5	18.00
09/04	8,559	150	17.3	18.0	17.57
10/04	16,929	296	17.2	18.4	17.49

11/04	26,470	498	17.3	19.2	18.83
12/04	36,426	722	18.9	20.5	20.01
01/05	110,366	2,370	19.1	25.9	21.79
02/05	48,260	1,247	24.0	27.8	25.88
03/05	38,554	1,000	25.0	27.2	25.95
04/05	40,527	1,048	25.2	27.0	25.70
05/05	13,839	357	24.0	26.5	26.04
06/05	32,791	871	24.0	28.9	26.60
07/05	18,424	511	27.1	28.5	27.87
08/05	7,390	203	27.2	28.0	27.47
09/05	19,061	526	26.4	28.9	27.44
10/05	17,932	438	22.7	26.6	24.80
11/05	11,754	302	24.1	27.3	25.52

* Data Sources : Euronext - Paris.

The Company signed a market maker's convention with Portzamparc on December 13th, 2004 in accordance with the AFEI convention. This convention is tacitly renewed each year for a period of one year.

It is confirmed that the Company is only quoted on the "Eurolist" of the Paris Bourse (section C) and on no other financial market.

5.5 THE POLICY OF DIVIDEND DISTRIBUTION.

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 five fiscal years, IGE+XAO paid the following amounts :

	DIVIDEND PER SHARE	TAX CREDIT PER SHARE
July 31, 2001	0.15 €	0.075 €
July 31, 2002	0.15 €	0.075 €
July 31, 2003	0.16 €	0.080 €
July 31, 2004	0.17 €	N/A
July 31, 2005	0.18 €	N/A

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

6 APPENDIX

APPENDIX 1 : HISTORY AND STRUCTURE OF THE GROUP

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

History :

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

Group's key figures : 17 licences 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 licences 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 licences sold, sales of € 914,700.

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

1990/1991 : A subsidiary of Bank Courtois « 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 licences 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 sophisticated product designed by this company resulted in an increase in the number of customers in large industrial groups.

Group's key figures : 3,600 licences 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 licences 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 licences 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 licences 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 licences 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 licences 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, la Micro and Alpage Engineering. The dissolution foreseen of La Foliothèque SARL after ceeding its assets to IGE SA. The creation of a company under the collective name of Winsoft Elec.Diffusion, with a view to regrouping the French sales teams. The creation of two commercial agencies, one in a suburb of London (England) and the other in Toronto (Canada).

Group's key figures: 11,800 licences 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 licences 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 licences 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 licences 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 licences sold, sales of € 15.4 millions.

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

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

2003/2004 : Speeding up in the business of harness design (on board cabling), signature of a technical and marketing partnership with Dassault Systems.

Development of the shareholding in the company Anywhere Technologies SA following its increase in capital.

Group's key figures: 41,700 licences sold, sales of € 17,3 millions.

2004/2005 : Purchase of the remaining 49% of the shares in the company CAE Development.

Signature of commercial and technical contracts (Groupe Eurocopter, Weidmüller et Moeller Electric) (43,000 licences sold, sales of € 19 millions).

APPENDIX 2 :

LIST OF MANDATES

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 as of July 31st 2005.

Subsidiaries :

A. Di Crescenzo :

President of the Board of Directors and Managing Director, IGE+XAO (renewed at the AGM 30th January 2004).

Board member : IGE .

Other responsibilities include : IGE+XAO Softwaren Vertriebs GmbH, IGE+XAO North America and IGE+XAO UK Limited, IGE+XAO Poland (appointed by the AGM 14th October 2005)

These mandates were validated during the last five fiscal years and are still in force.

C. Baudron

President of the Board of Directors and Managing Director, IGE.

Board member: IGE+XAO (renewed at the AGM 31st January 2001) and SEE Pl@net.

Other responsibilities include: IGE+XAO UK Limited, IGE+XAO Iberica and CAE Development, IGE+XAO Polska (appointed by the AGM 14th October 2005)

These mandates were validated during the last five fiscal years and are still in force.

J. Baudron

Board member: IGE+XAO (renewed at the AGM 31st January 2001).

These mandates were validated during the last five fiscal years and are still in force.

R. Grèzes

Manager: Winsoft Electric and Mayridis Voyages

President of the Board of Directors et Directeur général : SEE Pl@net

Board member: IGE

These mandates were validated during the last five fiscal years and are still in force.

P. Revel-Mouroz

Board member: IGE+XAO (appointed by the AGM 28th September 2004)

Board member: IGE (appointed by the AGM 30th January 2005).

Companies outside of the Group :

A. Di Crescenzo:

Board member: Financelec and Memo Page.

Other boards: Access Commerce (appointed on 15th November 2002 for a mandate of 4 years).

These mandates were validated during the last five fiscal years and are still in force.

C. Baudron

President of the Board of Directors: Financelec.

President: CAOUEC.

Other boards: SOCRI.

These mandates were validated during the last five fiscal years and are still in force.

J. Baudron

Board member: BEHI

This mandate was validated during the last five fiscal years and is still in force.

P. Revel-Mouroz

Manager : CEVA ANIMAL HEALTH BULGARIA (Bulgaria)

Board member: BIOMUNE COMPANY, INC (USA) (appointed 1st October 2005)

Board member: CEVA ANIMAL HEALTH USA, INC (USA) (appointed 1st October 2005)

Board member: CEVA-PHYLAXIA VETERINARY BIOLOGICALS CO. LTD (Hungary)
(appointed 21st March 2005)

Board member: CEVA VETEM S.P.A. (Italy) (appointed 28th April 2005)

Board member: VETEM TECNICA S.P.A (Italy) (appointed 28th April 2005)

Board member: CEVA DIF ILAC A.S. (Turkey) (appointed 15th July 2005)

ANNEXE 3 :

REPORTS ON THE COURSE AND ORGANISATION OF THE DUTIES OF THE BOARD OF DIRECTORS AND THE INTERNAL CONTROL PROCEDURES.

CHAIRMAN'S REPORT

In conforming with the requirements of article L. 225-37 of the Code de Commerce, the Chairman of your Board of Directors submits to you, in this report which follows, the course of preparation and organisation of the duties of the Board of Directors, together with the procedures of internal control put in place by your company.

The Chairman relies on the preparatory work and the due diligence of the Chief Financial Officer of the company, who is directly accountable to him.

In order to guarantee the quality and accuracy of the financial information provided, a process of stepping up and improving the internal control system has been put in hand at the heart of the IGE+XAO Group.

THE PREPARATION & ORGANISATION OF THE DUTIES OF THE BOARD OF DIRECTORS.

IGE+XAO has endeavoured to put in hand the procedures of application of the principles and recommendations for the governance of quoted companies detailed in the Viennot reports of July 1995 and July 1999 and in the Bouton report of September 2002.

The measures taken in particular, but not exclusively, towards;

- ✓ the responsibility and the independence of the Directors,
- ✓ the rules governing the communication of information,
- ✓ and respect for the rights of shareholders,

were detailed in the internal administrative rules adopted by the Board of Directors at their meeting on 12th July 2004 (available on the IGE+XAO website)

During the same board meeting, the Board of Directors decided to verify the correct functioning of these internal rules once a year (article 4 of the internal rule).

IGE+XAO is a classic limited company (a French société anonyme) managed by a Board of Directors and whose shares have traded on the Eurolist of the Paris Euronext, section C, since 1997.

The Board of the company is headed up by the Chairman who combines the functions of Chairman and Managing Director, assisted by his Deputy Managing Director.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors is composed of the following four members, appointed by the Annual General Meeting for a period of six years;

- | | |
|--------------------------|------------------------------|
| ✓ M. Alain Di Crescenzo | Chairman & Managing Director |
| ✓ M. Charles Baudron | Deputy Managing Director |
| ✓ M. Jean Baudron | Director |
| ✓ M. Pierre Revel-Mouroz | Director |

The list of functions undertaken by the board members in the other companies figures in the management report.

The company has accepted the notion in the Bouton report of the need for an independent administrator: a non-salaried administrator or person mandated to the company, an administrator without close family ties with a director, an administrator exercising his mandate for less than twelve years in the company, an administrator not having been an appointed auditor or other appointed expert to the company within five years. M. Pierre Revel-Mouroz fits this definition.

FREQUENCY OF MEETINGS

In its internal regulations, the Board of Directors has stipulated the necessity to meet at least once every two months in accordance with a modifiable provisional calendar pre-arranged for the fiscal year.

During fiscal 2004-2005, the Board of Directors met seven times as a board under the direction of the Managing Director to address themselves to the following questions ;

MEETING	SUBJECT
13/07/04	<ul style="list-style-type: none"> ▪ The changing of the Chairman's company car and the evaluation of the benefit in kind and similar advantages. ▪ The authorisation of an advance to current account for the benefit of the subsidiary IGE+XAO Balkans up to a level of € 55,000.
04/10/04	<ul style="list-style-type: none"> ▪ Authorisation to capitalise the advance granted to current account of the company Anywhere Technologies.
21/10/04	<ul style="list-style-type: none"> ▪ Examination and closing of the accounts and balance sheet for the fiscal and also the consolidated accounts for the year ended 31st July 2004. ▪ Nomination of Mr. Lopez joint appointed Auditor in replacement of Mr. Dailhé whose mandate has run to term. ▪ Adjustments to the programme of re-purchase of shares.
9/12/04	<ul style="list-style-type: none"> ▪ Noting the advance to current account for the benefit of the company MAYRIDIS VOYAGES
18/02/05	<ul style="list-style-type: none"> ▪ An examination of the project to acquire 49 % of the shares of the company CAE DEVELOPMENT in Denmark, ▪ An examination of the project to acquire the client files of the company NEWTEC INNOVACIONES TECNICAS in Spain, also a partnership agreement with the company IGE SA, ▪ Noting the number of own shares held by the company IGE+XAO at 15th February 2005. Validation of the value of own shares and allocation to the "Reserves" head
22/04/05	<ul style="list-style-type: none"> ▪ Closing of the results of the consolidated accounts for the first quarter of fiscal 2004-2005, ▪ An examination of the project to acquire 51% of the shares of a company.
07/06/05	<ul style="list-style-type: none"> ▪ Closure of the consolidated turnover at 30th April 2005. ▪ Authorisation for a guarantee for the account of the subsidiary IGE+XAO Limited, ▪ A decision to modify own shareholding by the IGE+XAO company, ▪ The authorisation of an advance to current account for the benefit of the subsidiary IGE+XAO Balkans up to a level of € 100,000.
29/07/05	<ul style="list-style-type: none"> ▪ The awarding of an exceptional bonus to the Chairman. ▪ Up-dating the option plan to buy-back shares adopted at the board meeting of 2nd. June 2003. ▪ Returns of the remunerations committee on the fiscal year. ▪ Conclusions on the method of running the board during the fiscal year. ▪ Summarise and focus on the situation at the subsidiary Mayridis.

The appointed stewards of the works committee are called to each board meeting. In conforming with article L.225-238 of the Code de Commerce, the Auditors are called to all those board meetings which examine and close the quarterly and annual accounts. Generally, all the directors are present at the board meetings.

VENUE OF BOARD MEETINGS

The meetings are held at the company's head office.

REMUNERATION

No Directors fees were granted during fiscal 2004/05..

ROLES & FUNCTIONING OF THE BOARD OF DIRECTOR'S COMMITTEES

The Board has put in place a remunerations committee whose roles and method of functioning are detailed in articles 6 & 7 of the internal rules. It is presided over by Monsieur Pierre Revel, Independent Administrator, who can be assisted by any or all of the members of the Board and should the need arise, by any other person of his choice.

The remunerations committee has been operational since 1st. October 2004. Its first job was an analysis of the remuneration of managers in companies similar in size and nature to IGE+XAO. Its report was placed before the Chairman of the Board and accordingly discussed at the Board meeting of 29th July 2005.

In 2006, the principle mission of the remunerations committee will be a detailed study of the variable part of the remuneration of managers.

THE POWERS OF THE CHAIRMAN OF THE BOARD & THE MANAGING DIRECTOR

RESTRICTIONS OF POWERS BY COMPANY STATUTES

The company statutes do not limit the powers of the Chairman. He is always re-eligible, subject to an age limit fixed at 75 years.

RESTRICTIONS OF POWERS BY THE INTERNAL RULES

The Board of Directors comes to decisions together on matters of the strategic, economic, social, financial and technological direction of the company and see to their putting in hand by the Board.

The medium term direction of the Group is defined each year by a strategic plan which is prepared and presented by the Chairman and adopted by the Board of Directors.

The Chairman is responsible for putting in hand the general direction of the strategic plan.

The Chairman must obtain the authorisation of the Board of Directors to bind the company in any investment or withdrawal from any investment for an amount in excess of € 2 millions per operation.

The Chairman brings to the notice of the Board every problem, or more generally, every matter affecting the putting in hand of the direction of the strategic plan.

PROCEDURES FOR INTERNAL CONTROL AND REPORTING OBJECTIVES

DEFINITION OF INTERNAL CONTROL.

The system and internal control procedures in force are for the object of ;

- To see to the actions of the management or the completion of operations and the behaviour of persons following the applicable laws and rules, similarly the general direction given by Directors and the values, norms and internal rules of the Group.
- To check that accounting information, finances and the management of instructions emanating from the Directors of the company accurately reflect the business and the overall situation of the Group.

- To warn against and control the risks for error and for fraud, particularly in the field of accountancy and finances, without the power however to set up an absolute guarantee that these risks have been totally eliminated.
- Nevertheless, as with every control system it is not possible to furnish an absolute guarantee that these risks are totally eliminated.

ORGANISATION

Direction and managerial staff

The Board of Directors comprises the Chairman of the Group (aspects of the business, that is to say the divisions of Marketing, Administration & Finance), the Director of Research & Development, and the Director of Solutions responsible for the big accounts. This board gets together regularly at Head Office or at any other location, in the presence of the persons in charge of the Group, depending on the need and the subject of discussion in order to:

- put in hand the strategy approved by the Board,
- specify the actions and take decisions in order to achieve objectives,
- make sure that the law and internal rules are being followed,
- these meetings take place at least once a month.
- In the same way, the Board organises a ‘kick-off’ meeting once a year at the beginning of the fiscal during which ;
- the strategy of the Group, approved by the Board, is presented,
- the objectives and tasks at the heart of each operational division are clearly stated,
- functional organigrams are drawn up,
- the individual objectives of the managers of the Group are defined.

Once or twice a year, a wide-ranging committee of Directors is called. It assembles together the Board of Directors, the Chairmen of subsidiary companies and the supporting managers of the Group (corporate) in order to take stock of the situation regarding the objectives defined in the ‘kick-off’ meeting and also to address specific subjects (important projects, changes in market conditions, human resources, finances...) presented by the Directors or the participating managers. Written minutes are taken of these meetings.

Once a month since the 1st November 2004 in accordance with a calendar arranged for the fiscal year, but subject however to the vagaries of the business, the Board of Directors leads a committee of management which gathers together physically or by telephone, the key people of the Group. The objective is to inform these people of strategic changes within the Group. The Board of Directors has decided that there would not be any formalised record coming out of these meetings for reasons of confidentiality of the subjects broached.

At the same time, Divisional meetings are held regularly.

Accounts & financial management information

IGE+XAO has a Corporate Finance Officer who reports directly to the Chairman. His duties include the following ;

- Fixing the closure dates for the quarterly and annual accounts together with monthly turnover figures and gathering the reports from correspondents within the Group ;
- Supervising accountancy services at the heart of the Group and the external accountancy services which look after the accounts of a number of overseas subsidiaries ;
- Is in charge of putting together the consolidated accounts of the Group ;
- Ensures the smooth liaison with the Group's Appointed Auditors, the subsidiaries and other independent experts ;
- Prepares the financial information destined for the financial markets ;
- Watches over the correct application of the law, the internal rules and procedures in force and makes every possible improvement ;
- Is involved in the imposition of the rules and procedures within the Group, the methods of management of accounts, financings, borrowings, guarantees and deposits ;
- Is involved in studying the changes in accounting principles & rules, the changes in the legal scope of the Group and its organisation ;
- Supervises the establishment of budgets for the companies within the Group.

The organisation of the French accountancy team comprises seven people managed by a Chief Accountant, recruited in January 2004, to back up the accounts department and the quality of the information emanating from the French companies. The organisation of this service is based on the separation of duties:

- The Chief Accountant is in charge of the accountants' summaries and the production of the accounts, the preparation of the operations for the quarterly, monthly and annual closures, the declaration of results and the taxes pertaining to them, the supervision of accounts payable, clients' and suppliers' payments, together with periodic reporting on cash flows and turnover.
- An accountant is responsible for the flow of purchases and of suppliers and for the following of procedures in purchase orders. He is assisted by an accountant who is in charge of receivable accounts and travelling expenses ;
- Cash flows are followed at the accounts department level by a person who also reports on related management matters.
- An accountant is responsible for the flow of sales /clients, following up dubious clients and the preparation of monthly reports on sales figures.
- Two people are in charge of following up clients and reporting on other related matters.

All company matters and their preparation for the accounts relating to Human Resources.

Management Control & Budgets

In the month of April 2005, a general manager joined IGE+XAO. Reporting directly to the company's Chief Financial Officer, he is mainly in charge of overseeing the budgets of companies within the Group, but he also has a horizontal management responsibility for the projects underway in the Solutions Department.

Accordingly, the completed budgets are approved by the Board of Directors. They allow an ongoing analysis comparing the actual monthly figures cumulatively with both the budget and the previous year and put in place the corrective actions to achieve more closely the objectives and the development of the business. The tables of the monthly figures are presented to the Financial Director every month.

This routine is currently being put in place.

PROCEDURES AND DIRECTIVES

The Drafting of procedures & directives

The principle rules & procedures are drawn up by the Chief Financial Officer of the Group.

The consolidated accounts of the Group are established in compliance with the Code de Commerce decree of 23rd.March 1967, the order of 22nd.June 1999 sanctioning rule 99-02 of the Committee for accountancy rules.

The accountancy principles are regularly up-dated. The procedure for consolidation will be formalised in 2006.

In applying rule n° 1606/2002 and in compliance with norm IFRS1, first adoption of IFRS, the consolidated accounts of the IGE+XAO Group relating to the fiscal year ended 31st. July 2006 will be established according to international accountancy norms in force at 31st. July 2006 with a comparative written under the same norms.

In order to publish this comparative information, IGE+XAO must prepare a balance sheet with an opening date of 1st.August 2004, the departure point for the application of IFRS norms and the date on which the impact of the transition will be felt on its own capital. Equally, IGE+XAO must re-do all the cash-flows for 2004/2005 in order to complete the presentation of this comparative exercise.

Controls on the accounting information & finances

The daily operations of internal control are over-seen by the Chief Financial Officer of the company with the assistance of the General Manager in both the treatment of accounting information and finance and in the checking of these:

- Checking the overall financial position : the instructions on financial reporting comprising the reference to accounting principles, the calendar for the release of financial information, the register for financial reporting (including the balance sheet, the results, the tables of cash-flows and other qualitative data), a pro forma model of instructions is sent every year to the subsidiaries.
- Every quarter, the Head of each subsidiary or their external auditor addresses to the Head of Corporate Finance by e-mail or by post, their financial report in accordance with a pre-arranged calendar of dates. All this financial information, the correct procedures for the closure of accounts, the re-working and reconciliation of intra-group accounts, are checked exhaustively and are then used for the needs of consolidation and to validate management data (the following of turnover, the following of budgets in the main,....see hereafter) .
- Each month, the accounts offices of the very small subsidiaries send their accounting documents, extracted from their systems, directly to the Chief Financial Officer after validation by the Chief Executive of the subsidiary.

- Checking monthly turnover reports : The Chief Accountant does checks to ensure the cohesion between the agreed budgets and those of the previous fiscal year. The discrepancies and changes are analysed. Quarterly, the data on turnover is compared with the accounting data.

Internal Audit

During the course of fiscal 2004/2005, the due diligence of the internal audit was applied principally to the following:

- the putting in place of a centralised follow-up system for client invoices of all the entities in the Group, operational from the beginning of 2005/2006.
- the start of an internal task on intra-group relations ;
- the putting in place in France of a software programme for automatic bank reconciliations and a module to manage fixed assets in a far better way and to much greater effect.

This due diligence has been achieved by the accountants under the supervision of the Chief Financial Officer.

From the point of view of evaluating this internal control, the speed and quality of information will be greatly enhanced. More precise parameters have yet to be defined.

Working relations with the Auditors

In compliance with the law, they have free access to documents and employees of the Group in order to do their job. They are invited to meetings to prepare for their mission and similarly to those meetings just prior to financial year end to discuss notably the main points of the audit and the options for closure.

The Auditors are regularly invited to board meetings examining half-yearly or annual accounts or dealing with any subject of an accounting or financial nature.

THE MANAGEMENT OF SPECIFIC RISKS

The risks are detailed in the IGE+XAO Report & Accounts. The means of control aiming to limit those risks most specific to the business of IGE+XAO, are the following:

- Risks attaching to the business

IGE+XAO follows a monitoring policy in order to better adapt its organisation to the changes in its industry and its market and to remain permanently on net with its clients, their prospects and their expectations.

- Dependency on key people

There is absolutely no guarantee that the company will manage to retain the loyalty, in the long term, of its principle managers or important employees for the continuance of its business. However, a certain number of measures have been put in hand (a targeted employee policy, share option purchase plan) in order to preserve at the heart of the Group the key people at high level. A policy of career management is unfolding generally within the Group.

- Risks relating to the handling of information.

In order to limit the risk to the obligations of managers and those persons who are close to them, with regard to information to which they are privy and to the shares of the Company, IGE+XAO has put in place and distributed to all people concerned, specially the managers, a procedure on information.

- Legal risks

IGE+XAO protects itself from the risks of legal action by taking out insurance policies to cover these risks. The cost of the premiums relating to these insurance policies was not significant during the fiscal year. There is an inventory of these contracts in this reference document.

In other respects, IGE+XAO avails itself, should the need arise, of its lawyers to be sure of a transaction or any other incident in the day to day affairs of the Group.

- Risks within the setting out of the consolidated accounts.

The reliability in the procedures for the production of the consolidated accounts of IGE+XAO is assured by:

- ⇒ The procedures run by the Chief Financial Officer (see procedures above),
- ⇒ The accounts departments of the subsidiaries are run by the professionals of outside Auditors,
- ⇒ The consolidation is done internally thanks to a dedicated software programme,
- ⇒ The financial affairs and the consolidation of the accounts are made the subject of a complete audit on the 31st July together with a limited revue on 31st January.

MEDIUM & LONG-TERM OBJECTIVES

In 2005/2006, the Group will follow its approach of continuing to adapt the internal control procedures. It will bring to bear its efforts notably on the following:

- The putting in place of the new IFRS norms and of the changes which ensue in terms of organisation, should the need arise ;
- The simplification of the functional organigram of the Group in France ;
- The opening of an assignment on the internal information system ;
- The continuation of formalisation of internal procedures.

Colomiers, 21st. November 2005,

The Chairman.

REPORT OF THE STATUTORY AUDITORS

Statutory auditors' report, prepared in accordance with article L.225-235 of the French Company Law (Code de Commerce), on the report prepared by the President of the Board of IGE+XAO, on the internal control procedures relating to the preparation and processing of financial and accounting information.

To the shareholders,

In our capacity as statutory auditors of IGE+XAO, and in accordance with article L.225-235 of the French Company Law (Code de Commerce), we report to you on the report prepared by the President of your company in accordance with article L.225-37 (or L.225-68) of the French Company Law (Code de Commerce) for the year ended July 31, 2005.

It is for the President to give an account, in his report, notably of the conditions in which the duties of the board of directors are prepared and organized and the internal control procedures in place within the company.

It is our responsibility to report to you our observations on the information set out in the President's report on the internal control procedures relating to the preparation and processing of financial and accounting information.

We performed our procedures in accordance with professional guidelines applicable in France. These require us to perform procedures to assess the fairness of the information set out in the President's report on the internal control procedures relating to the preparation and processing of financial and accounting information. These procedures notably consisted of:

- obtaining an understanding of the objectives and general organization of internal control, as well as the internal control procedures relating to the preparation and processing of financial and accounting information, as set out in the President's report;
- obtaining an understanding of the work performed to support the information given in the report.

On the basis of these procedures, we have no matters to report in connection with the information given on the internal control procedures relating to the preparation and processing of financial and accounting information, contained in the President of the board's report, prepared in accordance with article L.225-37 (or article L.225-68) of the French Company Law (Code de Commerce).

Marseille and Paris-La Défense, December 12, 2005

The Statutory Auditors

Marc LOPEZ

ERNST & YOUNG Audit
Jérôme Guirauden