

DOLPHIN INTEGRATION

Incorporated company, capital of 1,295,120 €
Headquartered at 39 avenue du Granier. Inovallée. F-38242 MEYLAN
RCS GRENOBLE 331 951 939

Semester management report of the DOLPHIN Group on social and consolidated statements for the mid fiscal year 2008

Ladies and gentlemen,

We are publishing today the results of our first fiscal half-year of 2008 ended on March 31, which show the market difficulties linked to the drop of the Dollar. The half-year financial statements will be available on our website (www.dolphin.fr) upon approval by the board of directors.

They show that we have entered into a year which will demand reassessments and acceleration of new product launches.

Results

The Group's consolidated sales turnover of 4,712 k€ at the end of the first semester of the current fiscal year, shows a slight decrease of 7 % with respect to the sales turnover of 5,073 k€ generated over the same period of last year. This demonstrates the severe tension on our commercial activity due to the Dollar decrease versus the same period of last year.

M€	F-08	F-07	F-06	F-05
Semester amount	4.71	5.07	4.04	4.70
Yearly total	12.5 goal	11.58 real	10.02 real	10.67 real

The consolidated semester statements, based upon the legally limited audit by our statutory auditors, reflect this tension but we maintain, on the basis of a historically healthy management as well as a proven will-power, our forecasts of results for the whole year:

M€	F-08	F-07	F-06	F-05
Mid-year results	-0.33	0.80	- 0.12	0.40
Year results	0.8 goal	1.91 real	0.93 real	1.17 real

The valuation and amortization of Intellectual Property Developments (DPI) properly translates the continuation of the effort to innovate, which is the heart of the Group's strategy:

M€	F-08	F-07	F-06	F-05
Net mid-year Immobilizations	3.33 real	3,24 real	2,35 real	1.69 real
Mid-year Amortization	2.76 real	2.24 real	2.05 real	1.68 real
Net yearly Immobilizations	7.08 goal	6.52 real	5.29 real	3.64 real
Yearly Amortization	6.03 goal	5.07 real	4.21 real	3.22 real

The net Cash Flow is the relevant data showing the corporate strength independently from the questions of Intellectual Property Development. The steady growth in net

Cash Flow shows the results of our efforts to speed-up the rhythm and the relevance of innovation, compensated by a decrease of the need for working capital fund:

M€	F-08	F-07	F-06	F-05
Mid-year Net Cash Flow	0.75 real	0.82 real	- 0.54 real	- 0.69 real
Yearly Net Cash Flow	0.80 goal	0.51 real	0.11 real	0.53 real

Reactions

These intermediate statements show a slow-down of our commercial business, but which is comparable to the increase of our development effectiveness focused on the launch of new products. After the implementation of the patent empowering Dolphin to defend the major innovation of SESAME 3G in the domain of cell libraries, the trio of URANUS embedded memories follows suit, which will contribute to increased sales turnover for the current year as well as the development of a new codec of very high resolution at 65 nm in parallel, and the spring forward of our EDA solutions. The Board wishes to congratulate all our teams for their strong effort to confront a tense situation and to invite investors to join our shareholders in their wisdom to entrust one of the rare French actors at export in microelectronics.

Perspectives

The company has thus further reinforced its positioning in the design of high resolution products for audio frequencies, which are above all portable, thanks to their low power consumption. This year has been marked by the introduction of the new positions of application engineers (FAE) for customer support who complement the sales staff on a purely technical point of view. Because of these changes, the sales turnover of the third quarter has already caught-up with that of last year.

The order backlog has decreased from 136 days at the beginning of the fiscal year to 93 days at the end of the first semester, but increased financial value of this backlog should provide F-08 sales turnover higher than that of the same period of last year. This context allows to keep forecasting an effective growth, notwithstanding the extreme competitive difficulty of the Dollar, as well as reaching the sales turnover objective which we have set at 12,5 M\$.

The share float has continued slow but regular increase, as a result of the respiration clause in the shareholders' pact, and currently reaches 43,6% after the 41,5 % of last year.

The company thus announces the intermediate financial statements upon their limited statutory audit. These semester figures shall be put in-line on the www.dolphin.fr site after their approval by the board of directors convened on July 24, 2008.

For the Board of Directors