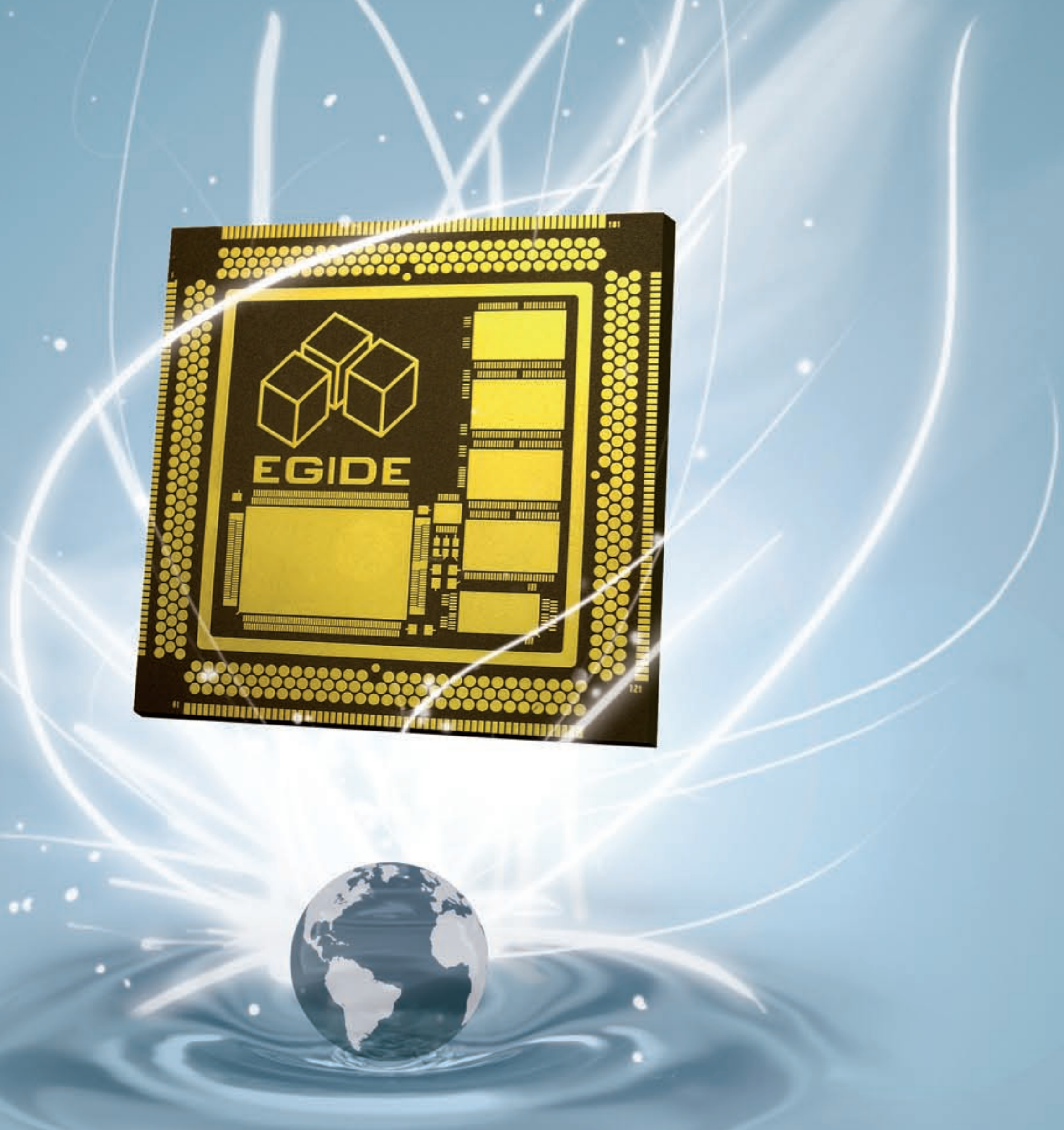
EGIDE

INNOVATIVE HERMETIC PACKAGE SOLUTIONS



ANNUAL REPORT 2008

EGIDE

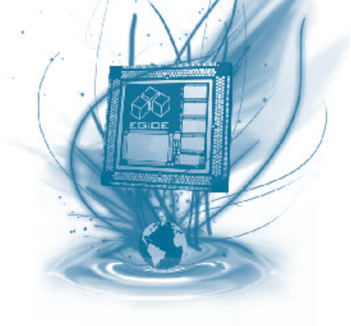
AUTORITÉ DES MARCHÉS FINANCIERS

This annual report was filed with the Securities Commission on July 29, 2009, in compliance with article 212-13 of its General Regulations. It cannot be used in support of a financial transaction unless it is accompanied by a prospectus validated by the Securities Commission.

EGIDE
A Corporation with 12,861,220 Euros in Assets
Corporate Headquarters: Parc d'Activités de Pissaloup - 78190 - TRAPPES - France
338 070 352 RCS VERSAILLES

INNOVATIVE HERMETIC PACKAGE SOLUTIONS

ANNUAL REPORT 2008



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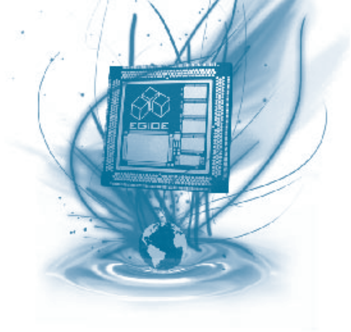
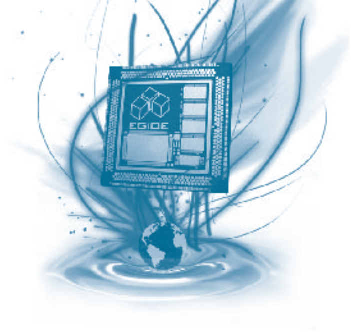




1 RESPONSIBLE PARTIES

1.1 Responsible Party for the document information

Mr. Philippe Brégi, Chief Executive Officer

1.2 Declaration of the Responsible Party

"I attest that after having taken every reasonable measure in this matter, that the information contained in this annual report is, to my knowledge, consistent with reality, and contains no omission that would alter its scope.

I received a closing letter from the statutory auditors, in which they indicated that they had verified the information concerning the financial position and statements provided in this annual report and that they had read the entire report.

The historical financial information presented in herein reference document is subject to auditors' report, incorporated on paragraph 20.4 of this document, which contains some observations."

Trappes, July 29, 2009

Philippe Brégi
Chief Executive Officer

2 STATUTORY AUDITORS

2.1 Statutory Auditors

SYC SA
Monsieur Serge Yablonsky
15 rue du Midi
92200 Neuilly sur Seine

Member of the Versailles Regional Association

Initial Appointment Date: General Meeting of June 19, 2009 in replacement of JWA, the resigning office (See §26 - 7th Resolution)

Term Expiration Date: Date of annual meeting called to approve the accounts for fiscal year ending December 31, 2009.

PricewaterhouseCoopers Audit
Monsieur Jean-François CHATEL
63 rue de Villiers
92208 Neuilly sur Seine

Member of the Versailles Regional Association

Initial Appointment Date: June 29, 2001

Term Expiration Date: Date of annual meeting called to approve the accounts for fiscal year ending December 31, 2012.

2.2 Deputy Statutory Auditors

SYC Audit
15 rue du Midi
92200 Neuilly sur Seine

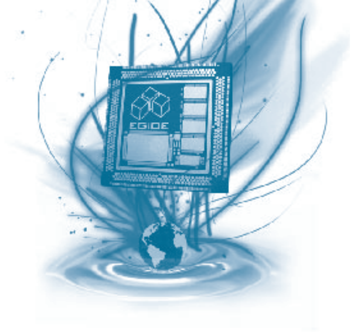
Initial Appointment Date: General Meeting of June 19, 2009 in replacement of Mr. Jean Marc Le Mer, the resigning member (See § 26 - 8th Resolution)

Term Expiration Date: Date of annual meeting called to approve the accounts for fiscal year ending December 31, 2009.

Monsieur Etienne BORIS
63 rue de Villiers
92208 Neuilly sur Seine

Initial Appointment Date: June 20, 2007

Term Expiration Date: Date of annual meeting called to approve the accounts for fiscal year ending December 31, 2012.



2.3 Fees Paid to Statutory Auditors

In compliance with article 221-1-2 of the General Regulations of the Regulatory Commission, the fees the Egide Group paid to statutory auditors for fiscal year 2008 are shown in the table below:

	Jacques Wenig and Associates				PricewaterhouseCoopers Audit			
	Amounts in Euros		%		Amounts in Euros		%	
	2008	2007	2008	2007	2008	2007	2008	2007
Audit								
- Audit, certification, examination of individual and consolidated financial statements.	83,572	76,478	100	100	155,039	81,724	91	86
- Other related assignments and other auditing assignments.	0	0	0	0	0	0	0	0
Subtotal	**83,572**	**76,478**	**100**	**100**	**155,039**	**81,724**	**91**	**86**
Other Services								
Juridical, fiscal, social *	-	-	-	-	15,599	**12,989**	9	14
Subtotal	**0**	**0**	**0**	**0**	**15,599**	**12,989**	**9**	**14**
TOTAL	**83,572**	**76,478**	**100**	**100**	**170,638**	**94,713**	**100**	**100**

** Services provided for foreign subsidiaries.*

3 FINANCIAL REPORT HIGHLIGHTS

3.1 Consolidated Financial Reports for 2006, 2007 and 2008

Information derived from the consolidated accounts for fiscal years 2006, 2007 and 2008 is provided:

(In Thousands of Euros)	2006 IFRS	2007 IFRS	2008 IFRS
Sales	25,380	26,170	29,847
Operating Income	(4,711)	(5,410)	(1,706)
Net Loss	(5,064)	(6,141)	(2,263)
Non current Assets	7,151	6,338	3,558
Cash Reserves	3,759	1,416	1,196
Financial Debt	5,389	5,202	4 713
Equity	13,337	7,415	5,480
Total Assets	**26,035**	**20,007**	**17,824**

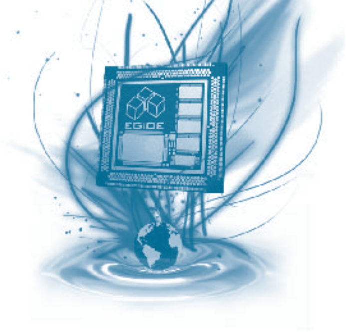
In compliance with Rule CE no. 1606/2002 dated July 19, 2002, the Egide group presents its consolidated financial statements for fiscal year ending December 31, 2008, in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union. These accounting standards include the IFRS and the International Accounting Standards (IAS), as well as the interpretations applicable on December 31, 2008. This set of standards and their interpretations are commonly called the IFRS standards, or simply the IFRS.

The group's financial statements for December 31, 2008 are the fourth published in accordance with the IFRS.

3.2 Financial Reports (Individual Accounts) 2006, 2007 and 2008

Information derived from the individual accounts for fiscal years 2006, 2007 and 2008 is provided:

(In Thousands of Euros)	2006	2007	2008
Sales	14,611	15,396	18,478
Current Operating Income	(2,694)	(2,874)	(149)
Net Loss	(4,916)	(5,934)	(1,606)
Long-Term Assets	5,407	3,728	2,376
Cash Reserves	3,630	1,072	935
Financial Debt	0	0	0
Equity	13,114	7,189	5,583
Total Assets	**18,718**	**12,738**	**11,413**



4 RISK FACTORS

The company has assessed its risks and concludes that there are no significant risks other than those shown below:

Risks associated with the global economic situation

The world crisis calls into question the company's short-term objectives of the sales figure and the balance of its cash flows. If this crisis lasts or if its scope proved more significant than anticipated, it could have a greater impact on the economic assumptions retained in the company's strategic plan.

4.1 Risks (Exchange, Rate, Stock, Credit)

4.1.1 Liquidity Risks

Since Egide's current cash position allows it to pay its debts on time, the company therefore meets its current liabilities with its available assets. In light of the forecasted cash flows in Egide's strategic plan, its realization requiring the effective implementation and on a timely basis of the contemplated asset sales, Egide establishes that its cash flow situation could become strained, but nonetheless it anticipates having a sufficient cash flow to cope with the deadlines for the next 12 months.

4.1.2 Exchange Risks

In 2008, 70% of Egide's sales were from exports, 40% of which were to North America. During the fiscal year, Egide invoiced $4.6 million (counter-value: €3.1 million), and Egide USA invoiced $13.8 million (counter-value: €9.4 million). In 2008, the constant fall of the dollar in relation to the euro reduced the group's sales figure. At a constant exchange rate in relation to fiscal year 2007, the impact of the variation in the euro/dollar parity on total sales is estimated at €0.9 million. In the same way, the fall of the British pound during the 2008 year end has had an impact of the group's sales of approximately 0.4 million Euros (at a constant exchange rate €/£ with regard to 2007).

The revenue in American dollars received directly by Egide SA is used to purchase components from suppliers in the United States. Receipts in dollars were, however, much lower than disbursements since the implementation of factoring generates financing in Euros. The risk therefore lies in the exchange rate on the day American dollars are purchased to cover the expenses paid in this currency. No specific reserve balance has been put in place, the cost of such protection being too high.

As far as the American subsidiary is concerned, purchases and sales are entirely in dollars. At the end of the fiscal year, the exchange risk will therefore be contained by the group based on the result of the Egide USA fiscal year as well as its cash position in dollars.

A customized work plan has been established between Egide and Egima: Receipts for the exportation of products manufactured in Morocco are billed by Egide; there is no exposure to the exchange rate for Moroccan dirham's. The financing structure implemented in Morocco is such that the impact of a change in the euro-dirham exchange rate is reduced. Investments made in 2001 and 2002 have been financed at around 50% by capital and around 50% by medium/long-term loans in local currency. In the case of the devaluation of the dirham, the accounting loss in value of the assets paid in dirham's would be partially compensated by a loss in value of the debt similarly paid in dirham's. By taking into account Egima's transfer in the completion phase, there will no longer be any future risk with the exchange rate linked to the Moroccan currency.

Sales achieved by the English subsidiary, Egide UK, are paid in pounds sterling and sometimes in dollars. However, they constitute less than 8% of the group's sales and the exchange rate risk will be limited to the income in the fiscal year.

The following table details the group's net position in the main currencies involved in transactions:

(In thousands on December 31, 2008)	USD	GBP	MAD
Foreign Currency Assets	4,155	540	6,264
Foreign Currency Liabilities	2,986	353	5,956
Net position before Management (+ Selling, - Purchasing)	1,169	187	309
Off-Balance Sheet Position	-	-	-
Net Position after Management	1,169	187	309
Impact of An Unfavorable Change in 1 Euro Centime (- Loss, + Gain)	(12)	(2)	(3)
Exchange Rate on December 31, 2008 (1 Euro =)	1.3917	0.9525	11.2585
Impact in Thousands of Euros	(9)	(2)	-

In 2008, the continuous downslide in the dollar and the yen noted throughout the fiscal year has also hurt Egide's competitiveness with others, be they American or Japanese, whose costs are primarily in local currency (contrary to Egide SA, whose costs are primarily in Euros).

Also se paragraph 20.3.1.5.4.2 of herein reference document (financial risks management of the annex in the consolidated financial statements).

4.1.3 Interest Rate Risks

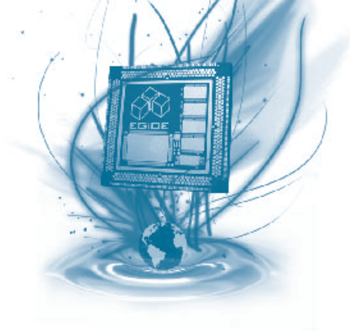
To finance investments made in Morocco in it subsidiary, Egima, and at the same time, limit the exchange risks associated with a possible devaluation of the dirham, Egide decided to obtain two loans from a local bank. The medium-term loan amount is 14.6 million dirhams, payable over a seven-year period (one year of which is franchise capital), with a fixed interest rate of 8%; the long-term loan is 12.7 million dirhams, partially unfrozen at the 10.678 million level, to be repaid over 12 years (one year of which is franchise capital), and bearing a fixed interest rate of 8.75%. These two loans were unfrozen at the beginning of 2003; they do not include a prepayment clause because a default clause has been applied. In terms of Egima's transfer in the completion phase, this bank debt will no longer be entered in Egide's consolidated financial statements.

In 2006, Egide SA entered into two factoring contracts covering domestic and export receivables. The monthly payment applied by the factors to the amounts financed is based on Euribor 3 months at the end of the preceding month. In December 2008, Egide USA entered into a finance contract with Keltic, based on the value of its receivables and inventories, whose interest rate is determined as follows: base rate + 3.50% (with an interest rate floor of 7.50%). The factoring contract put in place at Egide UK, in 2007, with the HSBC bank was replaced by an identical contract with Lloyds; the interest rate is prime rate + 1.75%. Finally, a medium term financing of £65,000.00 was obtained by Egide UK at Lloyds, at prime rate + 2.25%.

Considering the potentially low impact of interest rate variations on consolidated income, the group has not implemented specific measures to track and manage interest rate risks.

4.1.4 Share risks

The company does not directly own any shares (including its own shares) other than those from its unlisted subsidiaries. The SICAV (open-end mutual funds) portfolio held by the company is specified in paragraph 20.5.4; it consists solely of monetary SICAV with a capital guaranty, there is no other risk of loss of value. In this way, the company is not exposed to any equity price risk.



4.2 Legal Risks

4.2.1 Intellectual Property

Trademarks used by Egide are registered in France and internationally. The company uses the patents that it owns and registers them when necessary. The licenses used by the company and its subsidiaries are on the asset side of the balance sheet and are not subject to a fee.

4.2.2 Individual Regulations

Egide's activities depend on legal, regulatory, or administrative authorizations, as well as approval procedures. All measures are taken to update work authorizations for all production sites, including those of the subsidiaries, in concert with the organizations affected.

4.2.3 Insurance

Egide and its subsidiaries have all the insurance necessary to cover the risks associated with their business activities, in compliance with their countries' requirements. The risks covered are primarily the following:

In Million	Maximum Coverage			
	Egide SA	Egide USA	Egide UK	Egima
Industrial Risks	20 M€ - Franchise 0.01 M€	14.5 M$	0.60 M£	20 M DHR
Civil Liability	10 M€	10 M$	5 M£	5 M DHR
Machine Breakdown	0.10 M€	7.2 M$	-	6.5 M DHR
Use of Personal Automobiles for Business	0.15 M€	-	-	- -
Automobiles	Unlimited	1 M$	-	1.3 M DHR
Operating Losses	Annual Gross Margin Exemption 3 j	2.4 M$	Gross Margin Max 1.401 M£	-
Executives' Civil Liability	4.5 M€	4.5 M€	1 M£	-
Work Stoppage and Illness	-	0.5 M$	-	-
Legal Assistance	-	-	0.1 M£	-

4.2.4 Litigation

A dispute regarding the rate on precarious employment bonus paid out for fixed-term contracts (6% instead of 10%) puts the company in conflict with 15 employees or former employees (to date). A judgment after trial at the Employment Tribunal is awaited for October 2009.

4.2.5 Dependence on Other Companies

Since 2004, Egide no longer has any significant dependence on any particular customer; in 2008, the primary customer represented 10% of total sales against 12% in 2007. In addition, the company has no dependence on any particular supplier.

4.2.6 Political, Economic, Legal, and Fiscal Risks Associated with Export Sales

Sales in China or Thailand are either from subsidiaries of European or American clients or from world-renowned subcontractors operating in country (Fabrinet, for example), which shields the company from risks inherent to the countries concerned. Our relationship with Korea represents 1% of sales, so the risk is not deemed to be significant.

4.3 Industrial and Environmental Risks

4.3.1 Industrial Risks

Company operations do not bring about any significant risks. As far as industrial accidents are concerned, there has never been any serious accident in France, the United States, England or Morocco. The only incidents noted involved local, superficial burns.

Nickel, a metal used companywide, sometimes causes allergic skin reactions. In 20 years, Egide has only had to lay off one employee due to industrial illness caused by a nickel allergy.

4.3.2 Raw materials Risks

The raw materials used by Egide are mainly the Kovar (iron-nickel-cobalt alloy), molybdenum, steel, copper-tungsten and glass with regards to glass-to-metal and alumina (instead of glass) in reference to metal ceramics sealing. With respect to surface treatment, the company mainly uses nickel and aurocyanure.

The price evolution of raw materials obviously has an impact on the value of stocks, but it is limited to the extent that the pure material part represents approximately 10% of the cost of a package. In fact, the most important part originates from the sub-contracting of these metals (machining, drawing, casting), a part that is independent of the price of the work material.

With regards to the impact of the price evolution of gold, it is either passed on to the client through a specific additional invoice or it is the object of an adjustment at the next product quotation. However, given the low thickness deposited on our products (1.27µ in average), the impact is contained.

The components purchased by Egide are specific to each client and to each product. Their purchase is done only when an order is received. As stated below (paragraph 4.3.3), our line of work does not allow having 100% rates of return. We may therefore have overhanging stocks of components, from which our provisioning policy (explained in paragraph 20.3.1.5.3.8).

The Kovar specific treatment is linked to the fact that it is about raw material used by our subcontractors to manufacture the components that we buy. This raw material, bought in a large quantity before the internet bubble bursting, saw its annual consumption fall sharply after the bursting of the bubble and the near demand disappearance for packages in the telecom sector.

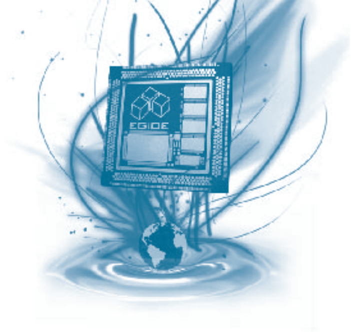
4.3.3 Business Risks

Egide's line of work is to build hermetic interconnection packages. By combining various technologies at the same time, our industry does not ensure a 100% rate of return. By contrast, it is sometimes possible to rework the bad parts to make them good.

When a product is not hermetic at the client, that is to say, it is declined by its own incoming inspection, it is quickly returned for repair or replacement. This results in the issuance of a credit note if the returned article is accepted by Egide. With regard to the half year and annual closings, the allowances are entered if the articles returned due to quality occurred after the relevant period (through credit memos to be issued). With the exception of these credit memos to be issued, no allowance is entered relative to a potential return by a client (there are very few returns at Egide, this allowance could only be a statistic and the company prefers relying on the actual returns that generally occur very quickly after the delivery allowing it to account for them).

Once the products are accepted by the clients, that is to say, confirmed by their incoming inspection, Egide is no longer responsible for problems that might arise later on (no warranty). Also, no specific insurance is taken out by the company.

The production yields that do not reach 100% are inherent to the trade and concern Egide as well as its competitors. This state of facts is known and is taken into account in the calculation of the quotations of packages.



4.3.4 Environmental Risks

With the exception of anti-pollution regulations, Egide is not subject to any particular rules. The hermetic package manufacturing process requires the use of hazardous products such as hydrogen and aurocyanure (a solution of gold and cyanide). These products are stored and used according to the standards in place and are under constant surveillance; the sites are also regularly inspected.

For its operations in Morocco, Egide decided to apply the European environmental standards currently in effect, which are more restrictive than local standards. In addition, prior to the acquisition of Electronic Packaging Products (which became Egide USA Inc.) in 2000 and the assets of Europlus (which became Egide UK) in 2002, in each case, Egide submitted to an environmental audit that revealed no risks.

The whole of production equipment used in the Egide group meets current security and environmental standards. The group regularly submits to statutory audits by approved organizations (inspection of fire-fighting equipment, electrical installations, waste water disposal, etc.)

In addition, Egide was ISO 14001:2004 certified on December 17, 2007 (the group was also ISO 9001:2000 certified).

4.4 Technological Risks

4.4.1 Substitute Product Launch

Egide manufactures hermetic packages; in the event that complete sealing was no longer required, plastic products could be in used in place of this packages.

However, integrated electronic systems or complex chips do have hermetical and heat diffusion requirements, since they are extremely sensitive to heat and air. The so-called hybrid circuits used in the defense and space industries therefore need to be hermetically sealed so that they will work reliably without risk of breakdown. The same applies to immersed or buried optoelectronic circuits since the cost of changing a defective component is prohibitive when compared with the price of the equipment. The demand for high quality also applies to products sought after by commercial industries such as aeronautics, automobile manufacturers, or safety.

In certain applications where partial sealing could suffice, the use of polymer-based package could rival that of completely hermetically sealed package. However, these particular applications are not those which Egide has chosen to concentrate on and develop.

4.4.2 Price Reduction

High volume production, customer competition, and a growing demand for component miniaturization naturally creates pressure to reduce prices, but the applications for which Egide’s products are sold are top of the line (optoelectronic, aeronautic and space industry, safety), which serves to attenuate the price reduction phenomenon.

In addition, a search is being done for reliable, low-cost suppliers of the main components purchased, the goal being to use less expensive components in the manufacturing of our packages as much as possible.

4.5 Other Risks

4.5.1 Arrival of New Competitors

It is extremely difficult to acquire the expertise necessary to develop and produce hermetic packages. Clearly, it is not sufficient to be able to produce a few laboratory prototypes; one must be capable of producing them regularly under proven repeatability and quality conditions, not only to meet technical requirements but commercial and economic requirements also. These constraints are entry barriers for new competitors who wish to tap into Egide's market.

4.5.2 Risks Associated with High Tech Market Volatility

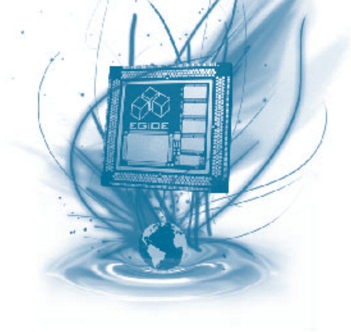
The company has positioned itself in high technology markets in every sector. None of these markets is sheltered from cyclical highs or severe lows, as it was the case in 2001 in the telecommunication industry for example. Due to its policy of active diversification in several sectors, with several clients in each sector, Egide believes it has counteracted the effects of this volatility on sales and the bottom line.

4.5.3 Risks Associated with Geographic Location

The company's production units located in Europe (France and Great Britain) or in the United States are not subject to any particular risk stemming from their geographic location. The Moroccan production site, Egima, located in Casablanca, is the one that could be most affected by that country's possible political or economic instability. However, the risk remains slight, which is why the company has implemented no specific protective measures. Furthermore, in light of Egima's transfer in the completion phase, there will no longer be any future risk attached to this site.

4.5.4 Risks Associated with Share Price Volatility

Every development concerning society, competitors, the market in general and any one of the sectors in which the company is involved (telecommunications, defense and space, civil aeronautics or automobile manufacturing) could have a positive or negative effect on the company's share price. Similarly, the company's ownership presents a certain liquidity risk. In 2008 the volume of daily average shares was indeed very low at 923 (0.07% of capital) as opposed to 2,551 a day in 2007.



5 ISSUER INFORMATION

5.1 COMPANY HISTORY AND EVOLUTION

5.1.1 Company Name

EGIDE S.A.

5.1.2 Issuer's Place of Business and Registration Number

The company is registered with the Versailles Business Registry under the number 338 070 352.

5.1.3 Date Founded and Life

The company was founded on July 11, 1986 for an initial period of 99 years, i.e., until July 10, 2085, except in case of anticipated dissolution or extension provided for by the law.

5.1.4 Corporate Headquarters and Legal Structure

The corporate headquarters is located at 2 rue Descartes, Parc d'Activités de Pissaloup - 78190 Trappes - France (Tel: + 33 1 30 68 81 00).

Egide is designated as a corporation under French law, with a board of directors, regulated by the Commercial Code.

5.1.5 Important Events in the Evolution of the Company

1986 : Egide is created to response to french defense industry needs for hermetic packages for sensitive components; the company specializes in glass-to-metal seals.

1992 : Egide acquires the encapsulation operations of Xéram, at that time a subsidiary of the Péchiney group, who developed a ceramic-to-metal sealing die. Egide becomes the only European High Temperature Cofired Ceramic (HTCC) specialist, enabling it to develop "smart" packages.

1994 : Egide enters the telecommunications market (optical transmissions), which will provide the impetus for its accelerated expansion in 1998.

1999 : Egide is listed on the Paris Stock Exchange.

2000 : Egide acquires the American packages manufacturer, Electronic Packaging Products (EPP), renamed Egide USA, ensuring a market presence in the United States. Egide creates a subsidiary in Morocco.

2001 : The bursting of the Internet bubble, which will have a direct impact on company sales, i.e., the telecommunications portion, which at that time represented more than 95%.

2002 : Acquisition of the principal assets of the British company Europlus through the Egide UK subsidiary created for this purpose. Europlus brings metal injection molding (MIM technology), involving special alloys, necessary for the competitiveness of components, particularly in telecommunications.

2002 : Opening of the subsidiary Egima's factory in Morocco, designed for high-volume, low cost production, targeting new commercial markets.

2005 : Pursuit of diversification to balance sales across the company's different market. Mr. Philippe Brégi takes over as Chairman and Chief Executive Officer, succeeding the Chairman and Chief Executive Officer who retired.

2009 : Global economic crisis with an impact on all of the company's markets and requiring reorganization in the industrial structure of the group. The Moroccan subsidiary, Egima, ceases its activities.

5.2 Investments

5.2.1 Principal Investments

The investments made by the company since 2006 are primarily for the renewal of industrial equipment at the three production sites: American, Moroccan, and French. The unit value of these investments is very often lower than 100 k€ (or even 50 k€ in most cases). The acquisitions of fixed assets for these years are as follows:

(In Thousands of Euros)	2006	2007	2008
Land and Buildings	35	330	11
Utilities and Equipment	278	564	149
Other Fixed Assets	20	86	17
Total	**333**	**980**	**177**

Note: the investments in 2007 include the equipments used for effluent storage that have been put into operation in the beginning of the year (amount: €213,000).

5.2.2 Principal Current Investments

The 2009 investment budget is similar to the previous year; about 80% is earmarked for Egide SA (building security and performance improvement), 10% for Egide USA (facilities safety), and 10% for Egide UK (equipment). These investments will be financed by our own funds or possibly by the leasing for production equipment.

5.2.3 Principal Future Investments

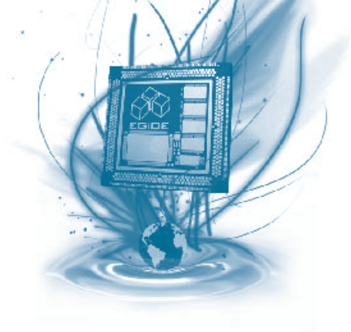
Investments made from 2000 to the present allow the company to generate a much higher level of sales than before; no substantial investment is necessary to increase production significantly, especially during a period of economic slowdown. On the other hand, in order to modernize the production management software currently used by Egide SA, a budget of approximately 0.2 million Euros could be contemplated in 2010.

5.2.4 Collateral of Assets

The Egide USA building, located in Cambridge, Maryland, was the collateral of a $1.4 million loan repaid in October 2008. There is consequently no more collateral of intangible or fixed assets (property, plant, and equipment) by the Egide group. Furthermore, the money market funds listed under assets on Egide's consolidated balance sheet as "Other Non-current Assets" are given in security for the benefit of the Egima subsidiary (to secure the loans taken out by the subsidiary as well as a bond provided to the Moroccan customs authorities) (see § 20.3.1.5.4.16).

The table below details the collateral of buildings as of December 31, 2008:

Building Collateral	Beginning Date	End Date	Total Assets Financed in € (a)	Total Balance Sheet Items in € (b)	% (a) / (b)
Intangible Assets					-
Fixed Assets			None		-
Long-Term Investments					-
Total					**-**



6 OPERATIONS OVERVIEW

6.1 Principal Operations

6.1.1 Protective Hermetic Packages

Egide designs, manufactures, and sells hermetic packages to protect and interconnect several kinds of electronic or photonic chips.

The purpose of these packages is to protect integrated electronic systems or complex chips, and therefore fragile, which are sensitive to harsh thermal, atmospheric, or magnetic environments.

These components are the result of a complex expertise, drawing upon several disciplines: material structure, particularly special alloys; chemistry and surface treatment; mechanics and thermodynamics, electronics; optoelectronics, and hyper frequency modeling. Egide is one of the few companies to master the ensemble of technologies surrounding the two types of material used for these packages in the world today: glass-to-metal and ceramics. The company also manufactures its own ceramics and, thanks to its English and American subsidiaries, produces its molded metallic components and glass beads internally.

6.1.1.1 Sealing Technologies

Glass-to-Metal

This has been the company's core technology from the beginning. The components as well as the connection pins are made of metal. These pins are maintained and isolated by glass beads to ensure a perfect hermetic seal in the spot where the pins go through the metal walls.

The metals used are special alloys, the most common being kovar, an alloy of iron, nickel, and cobalt. Other metals such as molybdenum, copper-tungsten, aluminum silicon carbide or titanium are also used for applications where heat dissipation is important or weight is critical.

Metallic package components are joined by brazing (soldering) them in high temperature furnaces. The braze performs are themselves made of special alloys, such as gold-tin, gold-germanium or silver-copper.

Ceramic-to-Metal

In this technology, which is rarer and more difficult to achieve, the package retains a metallic structure comparable to the glass-to-metal package materials, using the same alloys and the same soldering, but the glass beads are replaced by ceramic inserts.

The metallic walls are pierced by a rectangular window in which a ceramic block with screen-printed tracks is hermetically soldered, thus replacing the glass beads.

Other packages uses ceramic components assembled with metal pins, primarily for infrared applications.

6.1.1.2 Surface Treatment

Surface treatment (plating) is accomplished with electrolytic or chemical deposits (gold or nickel) on an automated, semi-automated or manual plating line, depending on the manufacturing site.

These deposits, at the micron level, are necessary for different stages of packages fabrication.

- Nickel plating of ceramic components before soldering
- Pretreatment of ceramic components
- Gold plating of glass-to-metal package in the final fabrication stage.

Egide's great expertise in the domain of plating and the integration of the line into the work flow is a major asset in ensuring optimal quality in the finished product.

6.1.1.3 Ceramics, from Powder to Component

The ceramic produced by Egide at its Bollène site is known as High Temperature Cofired Ceramic (HTCC). As a miniaturization source, this technology leads into multiple applications, such as the development of multi-chip module substrates.

Egide has mastered the entire manufacturing process from powder to component:

Ceramic Production (or Green Tape)

Raw ceramic is derived from alumina powder and organic compounds, which, when mixed, yield a paste-like material known as a slurry. The latter is poured onto plastic bands then solidified by the drying and evaporation of solvents. The bands, which are of varying thicknesses, are then cut into sheets before use.

Inks

Also manufactured at the Bollène site, inks are composed of tungsten powder and solvents. They are used for screen printing the conductive tracks on the various ceramic sheets and for filling the vias (miniscule holes on each of the sheets) to establish conduction from one layer to the other.

High Temperature Cofired Ceramic (HTCC) Process

Egide handles all operations in the transformation of the raw ceramic in a class 10,000 clean room: via and window piercing, via filling, screen printing the conductive tracks, pressing, and cutting. The combined mastery of ceramic and ink production constitutes a definite advantage in the success of the co-firing (alumina-tungsten) step of the HTCC process. During this process, heavy-duty ceramic components are obtained through the superposition of different layers, and the pressing and firing in special high-temperature furnaces (1,600°C).

6.1.1.4 Glass Beads

Egide manufactures glass beads on its American site that are used for the glass-to-metal packages. The base material is powdered glass, which is sintered, then heated to a high temperature (approximately 600°C) in a dedicated kilnfurnace. This activity completes the production integration and its provisioning independence on the key jobs of the glass-to-metal technology.

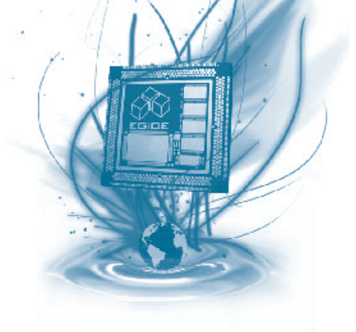
6.1.2 Metal Injection Molding (MIM)

The molding technology developed at the English subsidiary replaces the machining or stamping of metals. One uses powdered metal, injected under pressure into a mold to obtain components in complex shapes. Once the cost of the mold has been amortized, it enables the large-scale, low-cost manufacturing of shapes used most often in the manufacturing of packages. This molding technology also enables the production of plastic parts most often used in telecoms (fiber optic guides and supports) as well as metal parts for the industrial or medical sectors.

6.1.3 Sales Distribution by Activity

Consolidated sales distribution by activity is detailed in the table below:

	2006		2007		2008	
	K€	%	K€	%	K€	%
Glass-metal Products	16,773	66.1 %	15,623	59.7 %	17,518	58.6 %
Ceramic Products	6,760	26.6 %	8,034	30.7 %	9,521	31.9 %
Others (including MIM and Plastic)	1,833	7.2 %	2,369	9.0 %	2,312	7.8 %
Engineering	14	0.1 %	144	0.6 %	496	1.7 %
Total	**25,380**	**100.0 %**	**26,170**	**100.0 %**	**29,847**	**100.0 %**



6.2 Principal Markets

Present from the beginning in the defense and space industries, and then in the fiber optics telecommunications market, Egide today serves the civil aeronautics, automobile and medical markets, and the industrial applications of infrared technology.

6.2.1 The Defense and Space Industries

The electronics used in large industrial programs require hermetic packages to ensure their protection. Naturally present from the beginning in European programs, Egide, thanks to its American subsidiary, Egide USA, a local producer, also satisfies the needs of the American defense markets.

In the aeronautical domain, various combat planes such as the Rafale (France), the Eurofighter (England, Italy, Germany, and Spain), the Jas Grippen (Sweden) and the F22/F35 (United States) all use packages similar to the packages Egide makes. The same is true for the associated arms systems. Defense electronics includes ground equipment such as radar, infrared, ground-to-ground and ground-to-air missiles and equipment used in armored vehicles (the Leclerc tank in Europe), helicopters, and aircraft carriers.

Certain applications remain glass-to-metal (power chips, control systems) and others migrate to ceramic (infrared vision, missile calculator).

The Europeanization of components was expressly desired by the armed forces.

The space industry has experienced strong growth in its three applications: telecommunications, observation and navigation. Egide is present thanks to its glass-to-metal and ceramic (MCM) packages. For example, Egide provides equipment for the ARIANE V launcher, whose launch schedule is full for the next several years, as well as the packages used in satellites. The company is well positioned with equipment suppliers in this sector and perfectly meets the requirements for the Europeanization of sources.

6.2.2 Telecommunications

There are three means of transmitting information: traditional copper wire (ASDL), microwave radio links and fiber optics. The latter provides the highest rate of delivery by far.

Egide’s packages are found in several types of optoelectronic subassemblies since they call for chips made of sensitive complex materials for which hermetic packages are indispensable:

- Transmitters, that transform an electronic signal into an optical signal transported by fiber
- Receivers, which do the opposite
- Modulators, which transform a continuous signal in 0 and 1
- Amplifiers, which amplify an optical signal by means of high powered lasers
- Multiplexers, which bundle, unbundle, and route communications
- Dispersion compensators that correct certain signal errors.

The fiber optic telecommunications market experienced a crisis unprecedented in extent as well as duration. This market, in slight recovery in 2008, unfortunately is slowed down by the effects of the current global economic crisis. However, the upward trend should increase over the next few years, the excess network capacity that caused the crisis is now filled since the traffic, and therefore the need for data transmission, has not weakened.

Only fiber optic links can respond to high-capacity needs. The growing power of the Internet, of fixed and mobile telephony, and video (quadruple play offers) necessitates deployment of fiber optics in metropolitan networks. Fiber optic connection of office buildings, houses, and other local networks implies numerous FTTC connections and therefore packages. These fiber optic transmissions calls for chips made of sensitive and complex materials, for which hermetic packages are indispensable.

6.2.3 Industrial Markets

In supplying the subcontractors for Airbus Industry and Boeing, Egide has expanded its operations in industrial applications for civil aeronautics. Egide is thus offering protective packages for engine management systems (Full Authority Digital Electronic Control [FADEC]).

The desire to enhance safety fostered the arrival in the automobile industry of high technology products, aimed today at trucks and high-end vehicles. Egide, therefore, proposes packages for anti-collision radars (intelligent speed regulator) or for infrared detection in hazardous traffic conditions (fog, night, rain). The company's technical capabilities permit it to offer the components necessary for this safety equipment, which originated in the military domain.

There are multiple commercial applications for infrared technology: border surveillance, industrial buildings and public places, medical diagnostic aids, blind flying assistance, gas detection. Also derived from military applications, they have experienced considerable growth, thanks to products used by fire-fighters (seeing through smoke), security (site surveillance), predictive maintenance (diagnosis of a short-break before it happens), by the medical profession (tumor detection) or by the automobile industry (night vision).

6.2.4 Sales Distribution by Market

In the table below, consolidated sales are broken down by market:

	2006		2007		2008	
	K€	%	K€	%	K€	%
Defense and Space	10,120	39.9 %	10,028	38.3 %	12,032	40.3 %
Telecommunications	6,150	24.2 %	6,098	23.3 %	7,446	25.0 %
Other (included commercial)	9,110	35.9 %	10,044	38.4 %	10,369	34.7 %
Total	**25,380**	**100.0 %**	**26,170**	**100.0 %**	**29,847**	**100.0 %**

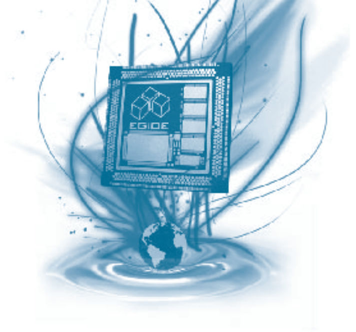
6.2.5 Clients

The company has several references in its market segments. The Egide group's clients are the following:

Telecommunications	Defense and Space	Industrial
3S Photonics (France) Alcoa (USA) Avanex (Italy) Axsun (USA) Bookham (GB/Asia) Coset (Korea) CyOptics (USA) EM4 (USA) Exfo (Canada) Fermionics (USA) Fabrinet (Asia) JDS Uniphase (USA, Canada, China) Perkin Elmer (Canada) TeraXion (Canada)	Ericsson Saab (Sweden) Goodrich (GB) International Rectifier (USA) Interpoint (USA) MBDA (France, GB) Northrop Grumann (USA) Raytheon (USA) SCD (Israel) Selex (GB) Sofradir (France) Solitron Devices (USA) Teledyne Cougar (USA) Textron Systems (USA) Thales (France) Thales Alénia Space (France, Italy & Belgium) VPT Inc (USA)	ABB Entrelec (France) Autocruise (France) Delavan (GB) Flir (USA) STPI (France, USA) Indigo (USA) Q Imaging (Canada) Richco (GB) Sensata (USA) Servomex (GB) Swan Morton (GB) Ulis (France) Unipath (GB)

In 2008, Egide's top ten clients in all segments accounted for less than 60% of sales; no individual client accounted for more than 11% of the total. In 2007, the top ten clients also accounted for approximately 60% of sales.

With this client portfolio, Egide does not deem it necessary to take out other credit insurance in addition to the factoring contracts, expect in a few individual cases (use of a documentary letter of credit if necessary). Deliveries activate client billing.



6.2.6 Sales Distribution by Geographic Zone

In the table below, consolidated sales are broken down by geographic zone:

	2006		2007		2008	
	K€	%	K€	%	K€	%
France	6,593	26.0 %	7,953	30.4 %	9,003	30.2 %
European Union (except France)	4,020	15.8 %	4,533	17.3 %	4,017	13.4 %
North America	11,832	46.6 %	10,695	40.9 %	12,050	40.4 %
Rest of the World	2,935	11.6 %	2,989	11.4 %	4,777	16.0 %
Total	**25,380**	**100.0 %**	**26,170**	**100.0 %**	**29,847**	**100.0 %**

6.3 Unforeseen Events

The telecommunications market experienced a crisis of exceptional scope in 2001 and 2002, a crisis that persisted in spite of a mini-bubble at the beginning of 2004. The current tendency would be more towards a recovery but in proportions and at a rate that should avoid the disastrous consequences of an excess capacity.

Furthermore, the current global economic crisis has an impact on Egide at a time when the group, through the progress made since 2007, recorded a continuous improvement of its industrial performance and productivity parameters. In this context, the crisis offering little visibility, Egide anticipates a decline in its annual sales upsetting a return to a balanced Ebitda hoped for in 2009. The group would like to go through this period of turbulence by taking the necessary measures to adapt its resources to the economic environment, while remaining well positioned to benefit from any rebound on the different markets in which it is present.

6.4 Competitive Position

There are very few world-class actors in the hermetic package market. Moreover, the company's European and American competitors specialize more in glass-to-metal products, while Japanese competitors primarily offer ceramic products.

The table below lists Egide's main competitors:

Name	Country	Markets	Sales	Listing	Capitalization
Ametek	United States	Aero-military	$ 1.1 billion (1)	New York	$ 3.2 billion (2)
Kyocera	Japan	Aero-military/Telecoms	€ 1.0 billion (3)	Tokyo	€ 10.3 billion (4)
Electrovac	Austria	Industrial	Not available	Not listed	-
Schott	Allemagne	Industrial, Telecoms	Not available	Not listed	-
Vactron	Spain	Automobile	Not available	Not listed	-
Sinclair	United States	Aero-military, Industrial	NNot available	Not listed	-
NTK	Japan	Aero-military, Industrial	€ 0,7 billion (5)	Tokyo	€ 1.7 billion (4)
Hirai	Japan	Industrial	Not available	Not listed	-

(1) Source: Annual Report, December 31, 2008 for electro mechanic activity.
(2) Source: New York Stock Exchange, March 11, 2009
(3) Source: Annual Report, December 31, 2008 for semi-conductor activity (9 months in 2008) - ¥ 113 billion against ¥ 114 billion in 2007
(4) Source: Tokyo Stock Exchange, March 13, 2009
(5) Source: Annual Report, December 31, 2008 (9 months in 2008) - ¥ 85.2 billion against ¥ 101 billion in 2007

The main competitors are in the telecom and defense markets, not so much in industrial applications; the marginal competitors, on the contrary, are targeting the industrial and automobile markets. Kyocera however, is the only non-American company, which, thanks to its factory in San Diego in the United States, sells its ceramic products to American defense industry clients.

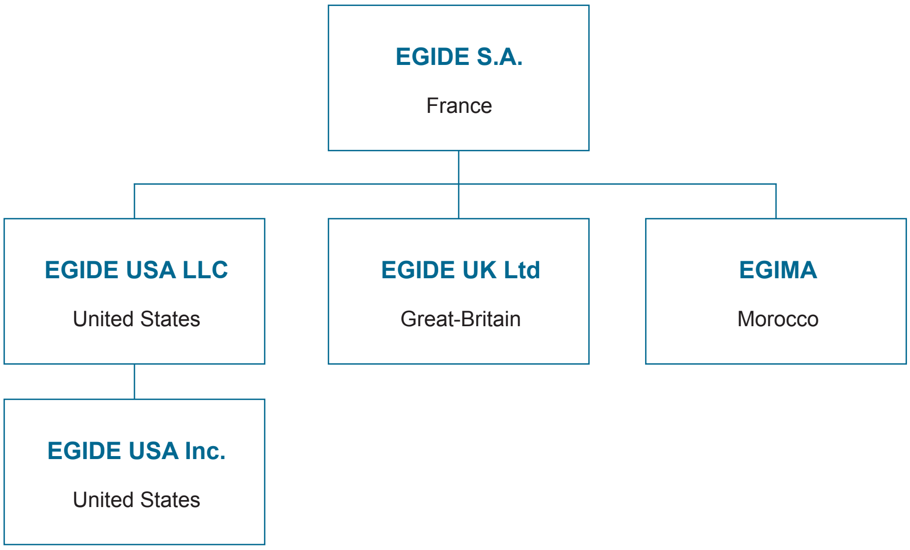
The above can be grouped into two categories:

- Very large groups (Kyocéra, NTK, Ametek) or division of a large group (Schott)
- Medium-sized companies (Egide, Hirai, Electrovac, Vactron)

In this competitive environment, Egide has a reputation for quality and high tech expertise due to its experience in electronics for the defense and space industries, industries that are extremely demanding (qualification processes, regular audits …), and it occupies a high-ranking position alongside Kyocera.

7 ORGANIZATION CHART

7.1 Group Organization Chart



7.2 List of Subsidiaries and Group Structure

Egide SA is the parent company. It wholly owns its three subsidiaries (Egide USA LLC in the United States, Egide UK Ltd in England, and Egima SARL in Morocco). Egide USA LLC wholly owns the subsidiary, Egide USA Inc., based in the United States.

Egide USA LLC is a holding company owned by the parent company, whose sole activity is to hold all of Egide USA Inc.'s capital.

Egide, Egide USA Inc., and Egide UK are companies that have their own economic activity. On this basis, they each have assets that permit them to produce independently of one another. Egima also has production assets but sells only to Egide (establishment of a special work agreement). Since July 1st, 2009 Egima has been out of activity.

These companies have their own cash and liabilities since there is no centralized cash management at the group level.

Egima, a subsidiary held at 100% by Egide SA since its creation in 2002, is in the process of transfer. It should leave the group's perimeter at a mid term.

Egide SA and all its subsidiaries have the same CEO; each has their own executive staff, administrative and accounting staff, sales forces, engineering and production services. The various exchanges between the companies in the group lead to inter-company billings, governed by regulatory agreements (see § 19.1 - Regulated Agreements).

All the operating companies in the group, with the exception of Egide UK, are active in the hermetic interconnectivity package domain. The Egide UK Ltd subsidiary sells molded metal components (which are not packages), mainly for the telecom and industrial markets. It also permits the replacement of certain suppliers of products used as components by other group members.

See § 20.3.2.4.3.21 - Concerning Affiliates and Investments

8 REAL ESTATE, FACTORIES, AND EQUIPMENT

8.1 Principal Fixed Assets

8.1.1 Industrial Sites

The Egide group has major means of production available, structured around three sites: Bollène (France), Cambridge (Maryland, USA) and Woodbridge (Suffolk, UK). The site in Morocco is no longer considered as an operational production site.

The Bollène Site (Egide SA)

A center of excellence for the two sealing technologies, it also has expertise in high temperature cofired ceramic (HTCC). In a building of approximately 5,700 m², equipped with a 500 m² 10,000 class clean room for the manufacturing of raw ceramic, Bollène ensures the end-to-end production of ceramic components, the assembly, the plating and the inspection of glass-metal and ceramic-metal packages. It has an engineering department for ceramics and for glass-to-metal as well as R&D resources. The building is fully owned.

The Cambridge Site (Egide USA Subsidiary)

In a building of 5,000 m², the site is responsible for the assembly, inspection, and plating of glass-metal packages, primarily for the American market. It also produces glass beads. It has a glass-to-metal engineering department. The building is rented to a real estate investor under a 10-year commercial lease that started in 2008.

The Woodbridge Site (Egide UK Subsidiary)

It owns the technology for molding complex products through metal injection (Metal Injection Molding – MIM). In a building of approximately 2,500 m² leased from a third party outside of the group for a period of five years (renewable), it oversees the manufacture of molds as well as the production of metal components. It has a glass-to-metal engineering department.

In addition, Egide's corporate office is situated in the Paris region (in Trappes in the Yvelines) in an approximately 1,300 m² leased building from a real estate investor under a 9-year lease that started in 2008.

For the record, the Casablanca site was associated to Bollène and dedicated to the manufacture of components for sealed base connectors for aeronautical relays. In a 3,000 m² building constructed on a 10,000 m² piece of land leased in the Casablanca airport zone, it ensured the assembly, plating and inspection of glass-metal and ceramic-metal components. Because of the demand reduction of these relay base connectors, this industrial site no longer meets the needs of the group. And so, Egima should be sold to a manufacturer specialized in surface treatment who would manage the facilities in place (automatic plating line and effluent water treatment plant) for its own activities.

8.1.2 Industrial Equipment

In all four production sites, Egide owns its industrial equipment, composed mainly of the following:

- Two ceramic casting rooms with atmospheric control equipment
- A clean room, with access control, containing numerous machines for transforming raw ceramic; machines to punch out vias and windows, machines for filling the vias, machines for screen printing conductors and open-vias, presses and automatic cutter machines.
- Equipment for manufacturing injection-molded components
- Drying furnaces
- Furnaces for high temperature (1,600°C) firing of ceramics and molded components
- Cutting machines (diamond slitting wheel)
- Machines for screen printing of tips
- A furnace for vacuum soldering
- Belt furnaces for atmosphere-controlled soldering (medium and high temperature)
- Best furnaces for hermetic sealing with glass beads
- Computer controlled plating installations
- Leak detectors
- Several carbon machining centers
- Several instruments for verifying visual and dimensional characteristics (including a 3D gauge)
- A wire bonder
- Thermal cycling machines.

The equipment dedicated to ceramics production at the Bollène site were, for the most part, acquired in 2000.

8.2 Environmental Issues that Could Potentially Affect Building Use

See § 4.3 - Industrial and Environmental Risks

8.3 Environmental Impact of Operations

Information concerning the environmental consequences of Egide’s operations provided in the Board of Directors’ report for the 2008 fiscal year is provided below:

Consumption of Water Resources, Raw Materials and Energy

In the course of its activities, the company uses water to cool its furnaces and feed its plating installation. For reasons of economy, Egide has implemented a closed-circuit furnace cooler, with cooling towers installed. Along the same lines, surface treatment has moved from a rinsing system to a "dead bath" system, i.e., the rinsing baths are changed periodically instead of being in a continuous open circuit.

As far as energy is concerned, the company uses brazing and high temperature firing furnaces, both heavy consumers of electricity. These furnaces also consume gas (nitrogen and hydrogen), regularly provided by special suppliers.

Finally, to test the hermetic sealing of its products, the company uses helium, also provided in bottles by special suppliers.

Details concerning consumption of the products cited above by Egide SA are provided in the following table:

Resource	Unit	Consumption in 2008
Water	m^3	11,480
Electricity	kWh	3,407,011
Gas	kWh	1,466,814
Hydrogen	m^3	26,328
Nitrogen	Kg	829,467

In accordance with its ISO 14001 certification, Egide strives to limit its consumption of all these resources.

In the production process, Egide primarily uses kovar (or dilver P1) as a raw material. Kovar is an alloy of iron, nickel and cobalt and is one of the components of products the company purchases from stamping or machining manufacturers. Kovar is provided by French or American specialized suppliers. Since it possesses a large quantity of Kovar (approximately 28.5 tons), Egide has only bought a small amount in this fiscal year.

Egide also consumes aurocyanure for its surface treatment activities. During the 2008 financial year, a total of 65 kg of aurocyanure were purchased, representing the equivalent of 44 kg of gold for which no difficulty was encountered in purchasing it.

Waste in the Air, Water and Soil That Seriously Affects the Environment

Egide has plating equipment, primarily composed of a semi-automatic plating chain and different types of chemical baths. All these equipment are constructed on holding tanks, linked to storage tanks, to prevent any risk of soil pollution in case of accidental overflow.

After surface treatment, packages manufactured by Egide are dried by immersion in a hydrocholorfluorcarbon (HCFC) bath. This product that falls under the European program for waste gas reduction has an impact on the ozone layer. Its use will be prohibited. Thus the company is in the process of qualifying the product that will replace HCFC and plans on using it in 2009.

Acoustic and Olfactory Nuisances

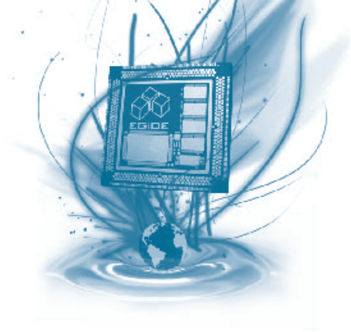
The surface treatment process can be the source of odors associated with the activity, odors that are, however, neutralized by aspirations (exhaust ventilation) in the plating room. In case of accidental stoppage of these extractions, there is a procedure in place to stop the chain and take the personnel to safety. The air extracted is treated with an air washer, a piece of equipment that traps all pollutants, preventing their release.

This air washer is the sole source of external acoustic nuisance. However, the noise remains within current standards and does not create any inconvenience, considering the environment in which the company is located (agricultural fields and industrial buildings).

When it comes to internal noises are capable of affecting salaried personnel, there are none, except for those associated with machine shop operation. Certainly, machine tools are noisy, but they conform to the current standards in place and are controlled by the CRAMIF. However, Egide has ear defenders at its personnel’s disposal.

Measures Taken to Limit Damage to the Environment

Egide SA conducts its business in an industrial zone surrounded by a recycling center, agricultural fields, a counter canal parallel to the Rhône, and the Tricastin nuclear power plant. This environment de facto minimizes harm to biological equilibrium, natural environments, animal species or protected plants. Regarding effluent discharges, Egide SA has decided to stock them in a plant built for this purpose, and then have them regularly evacuated by specialized companies. Furthermore, with respect to the ISO 14001 certification, a certain number of measures were identified and put into place in 2008 (recycling of paper and cartons, phasing out of the use of flo-pak...).



Steps Taken in Terms of Environmental Certification

Egide SA’s operations comply with the conditions of the license issued by the Prefecture (Public Administration). The company is therefore subject to numerous inspections by organizations such as Drire, Agence de l'Eau (water authority), CRAM or APAVE (waste analysis). Already certified as ISO 9001 version 2000, at the end of 2007 the organization received ISO certification 14001 Version 2004. In 2008, the regulatory audits carried out by the AFAQ have confirmed these certifications.

Company’s Compliance with Laws Affecting the Environment.

Subject to the licensing issued by prefecture’s order, Egide is in compliance with legislative and regulatory provisions in regard to the environment. In the case of evolution of the standards currently in effect, the company, with Drire’s approval, pledges compliance.

Expenses to Prevent Damage to the Environment

During fiscal year 2008, the yearly cost to the company for a Hygiene, Safety and Environment apprenticeship contract was 7,888 Euros for Egide SA.

Internal Services Responsible for Environmental Problems

Executive management, Bollène factory management and the quality and environment control director, in partnership with the company’s Committee for Hygiene, Safety and Working Conditions, are directly responsible for the effect of the company’s operations on the environment. A salaried person on the apprenticeship contract has been especially dedicated to the study of environmental problems. The company also relies on exterior organizations which are competent in the subject such as Drire, APAVE or specialized consultants.

Provisions and Guarantees Regarding the Environment

There are no specific costs provisions made regarding the environment.

Total Amount of Penalties Paid as the Result of a Judicial Decision Regarding the Environment

No penalty was paid in this regard during fiscal year 2008.

Objectives Assigned to the Company’s Subsidiaries Regarding Environmental Matters

Prior to acquiring foreign subsidiaries (Egide USA and Egide UK), the company had had an environmental audit conducted, which had confirmed that neither of these companies had violated the laws in effect in their respective countries. Since then, Egide has been committed to ensuring that its American and English subsidiaries respect the standards currently in place and any associated evolution in these standards.

In the matter of Egima, which is a factory creation, Egide applied European environmental standards, which are much more restrictive than local standards in Morocco. A liquid waste processing center, integrated into the plating line, ensured that this subsidiary releases no waste into the environment, just pure water.

In general, Egide ensures that all its subsidiaries follow the environmental standards currently in effect in each country.

9 EXAMINATION OF FINANCIAL POSITION AND PERFORMANCE

9.1 Financial Position

9.1.1 Fiscal Year 2006

The year 2006 experienced accelerated growth, with sales 17% higher than those of the previous year. Diversification progressed and allowed the company to palliate the anticipated absence of a recovery in the telecom sector. A rebound occurred during the 4th quarter, but remains far less than it should be in coming semesters. In other sectors (military and space, industrial), the growing visibility of clients' needs was evidenced by significant sales volume (more than 50,000 sets of packages for a single commercial infrared application) and by the signature of several long-term agreements or multi-year contracts, notably with American military clients.

The reinforcement of shareholders' equity, initiated at the end of 2005 and achieved in August 2006, took the form of a capital increase with maintenance of the stock purchase right. The issuance of approximately 286,000 new shares thus permitted the raising of a gross figure of 5 million Euros. To these new shares stock warrants were attached, valid until August 2009, which because of the parity of 4 warrants for 1 stock afforded the company the possibility to receive a maximum sum of 2.1 million Euros in the event that all warrants were exercised. This operation was mainly underwritten and almost entirely placed by the exercise of stock purchase rights. It should be recalled that the goal of this issue was to finance a need with working capital while waiting for a rebound in the telecom market, pursue the diversification strategy, continue new product development, maintain current production capabilities and penetrate new markets or new applications.

World recognition of Egide's expertise must be maintained, developed and used to explore new avenues. That is why 2006 saw the reinforcement of commercial teams with the arrival of a business development manager primarily responsible for the Asian market and new industrial applications. Maintaining this expertise requires reliance on a well-structured Research & Development department that has a close relationship with the production department. Thus, at the beginning of 2007, a Director of R&D and Engineering came to reinforce the teams already in place. Finally, at the Bollène and Casablanca sites, the mid-management structure was enhanced by the hiring of new engineers and technicians as well as first-line supervisors.

9.1.2 Fiscal Year 2007

The year 2007 was marked by sales trends that differed by site and that were greatly harmed by the constant fall of the dollar throughout the year. The substandard performance of the group in terms of results during the first semester led the company to delay for six months its goal of returning to cash equilibrium; however, without re-examining the strategy followed. To maintain an acceptable cash flow without a public offering, Egide adopted classic financing solutions such as a bank loan and the sale/leasing of industrial sites.

In terms of activity, the company experienced great success in competitive clusters in France, leveraging its position as an internationally recognized leader and increasing its research and development capabilities to provide the products of tomorrow.

The increase in sales in 2007 was 3% at the current exchange rate and 7% at the constant change rate. The strong decline in the dollar in relation to the euro, going from an average of 1.26 € in 2006 to 1.37 € in 2007, negatively affected sales at a cost of more than a million Euros. Egide SA experienced a slight growth in terms of expectations and Egide USA did not see any significant improvement in sales in terms of dollars. This year the company faced the absence of relays orders during the first trimester, the discrepancies in the large European space and American military programs, and the weakness in the telecom business, the slow upturn in the market not yet affecting Egide's products. Egide UK, on the other hand, experienced considerable growth, with a 21% increase in sales compared to fiscal year 2006.

In terms of results, fiscal year 2007 was impacted by lower sales than expected but also, in the United States, by higher than expected cost of materials. The cost to maintain minimal efficiency in Casablanca (relay bases), the rapid over sizing of the workforce at Bollène (time lag in space programs), the unfavorable product mix in Egide USA, and the longer and more-difficult-than-anticipated qualification of Asian sources all had a negative influence on profit margins. Along the same lines, quality problems have severely hurt the American subsidiary in the second semester, causing the return of products which had to be reworked then delivered without being re-billed. Cash burn was therefore greater than expected and led the company to define appropriate financing to keep its cash reserves at an acceptable level.

Egide USA thus set up a factoring contract in February and took out a short-term loan (1 year) for the sum of $1.4 million in October 2007. In 2007, the group also contacted several real estate agents to initiate the cession/leasing of its French industrial sites (Trappes and Bollène) and the American site (Cambridge).

In this difficult situation, Egide has nevertheless encountered great success with competitive clusters, since it was retained by two of them in 2007 for some innovative projects: very high rate optical transmission (pôle System@tic Paris Région) and a low-light vision and detection system (pôle Elopsys). Furthermore, Egide has proposed its participation to a European program (Euripides) in the field of ceramics, as well as to a project supported by a third competitive cluster (Mov'éo) in the automobile area. Egide has, in addition, initiated a partnership with DGA to develop the 75µ innovation project through the "Recherche Exploratoire et Innovation" (REI) (Exploratory Research and Innovation). The Research and Development efforts undertaken during the fiscal year began to be successful. Besides, in December, the company obtained ISO 14001 environmental certification for its French sites, which, similar to certification ISO 9001 a few years ago, is increasing in importance.

9.1.3 Fiscal Year 2008

The year 2008 was marked by a significant sales increase on all the sites (at constant exchange rates), but nevertheless penalized by an always unfavorable euro/dollar and euro/pound sterling parity. The group's performance, with a balanced Ebitda reached in the first half of the year has unfortunately not been renewed during the second half due to the level of activity in slight decrease for this period. The losses for the year have however been greatly reduced in comparison with the previous fiscal years and the level of the group's annual sales is now close to what is needed to a balance in terms of cash flow and operating results. In spite of this, its equity at December 31, 2008 has become less than half the company's capital.

According to plan and in order to maintain an acceptable cash level without a public offering during the course of the fiscal year, Egide implemented proposed financing solutions. Thus, the assignment of the rental sites of Trappes (France) and Cambridge (USA) have been carried out respectively in March and October, generating a net cash flow of approximately 1.7 million Euros. These operations have led to pay off the 1.4 million dollars loan which had been taken in 2007 by Egide USA.

The increase in sales in 2008 was 14% at the current exchange rate and 19% at the constant change rate. The decline in the dollar in relation to the euro, going from an average of 1.37 € in 2007 to 1.47 € in 2008 and the decline in the British pound in relation to the euro from 0.68 to 0.80 negatively affected sales at a cost of 1.3 million Euros. Egide SA has had the strongest growth (consistent with expectations of over 20% at a constant exchange rate), while Egide USA and Egide UK have seen their sales increase by 15 to 17% (also with a constant exchange rate). The market distribution of the sales for the fiscal year (Defense and Space: 40%; Industrial: 35%; Telecoms: 25%) was stable with respect to the year 2007, but one could already acknowledge a decline of certain industrial activities during the second half of the year.

9.2 Operating Result

See § 20.5.2 of herein reference document concerning the terms of the management report.

9.2.1 Historical Factors Affecting Sales

The telecommunications crisis of 2001 resulted in a severe drop in sales. The organizational structure was constantly adapted to the new activity level, but nevertheless, keeping in mind the minimum fixed costs associated with the functioning of all production sites, sales figures determine the company's profitability.

9.2.2 Major Elements Capable of Affecting Operating Revenue

- Evolution of the telecom market (see § 6.2.2 and 6.3)
- Evolution of the military and space market (see § 6.2.1)
- Evolution of the industrial market (see § 6.2.3)
- Exchange risk (see § 4.1.1)
- Lowered prices (see § 4.4.2)
- Unforeseen Events (see § 6.3)

10 CASH AND FUNDS

10.1 Funds

See § 20.3.1.3 - Statement of Changes in Consolidated Shareholders' Equity

10.2 Cash Flow

See § 20.3.1.4 - Statement of Changes in Consolidated Financial Position.

10.3 Lending Conditions and Financing Structure

Financial liabilities can be broken down as follows:

At Egide SA

- A factoring contract entered into in 2006 and financed at a variable rate (Euribor + 1.20 point)

At Egide USA

- A 5-year equipment lease taken out in 2005 at a fixed rate of 8.20% with an initial amount of $48,499.
- A 3-year equipment lease taken out in 2007 at a fixed rate of 15.66% with an initial amount of $16,573
- A line of credit based on receivables and stocks was signed up for in 2008 at a variable prime rate + 3.5 points (with a floor rate of 7.50%) of a maximum amount of $1,750,000.

At Egide UK

- A 3-year medium-term loan taken out in 2008 at a variable prime rate + 2.25 points, in the amount of £65,000.
- A factoring contract entered into in 2008 and financed at a variable rate (Prime Rate + 1.75 point)

At Egima

- A 6-year medium-term loan taken out in 2003, at a fixed rate of 8%, in the amount of MAD 14,600,000.
- An 11-year long-term loan taken out in 2003, at a fixed rate of 8.75%, in the amount of MAD 10,678,000.

At the close of fiscal year 2008, the total amount of financial debt reached 4.713 million Euros, of which 4.031 was for less than a year (0.369 million in loans and 3.662 million in factoring and liabilities associated with leasing agreements) and 0.682 million for more than a year.

There is no open line of credit given to the company or any of its subsidiaries.

See § 20.3.1.5.4.11 – Debt Position

10.4 Restrictions on Use of Capital

See § 20.3.1.5.4.16 - Accounting methods and explanatory notes regarding consolidated accounts/Off-balance-sheet liabilities.

10.5 Anticipated Financing Sources

For the portion of commitments not covered by working capital or by existing financing methods described in paragraph 10.3, the company could sell or lease the Bollène industrial building. An assessment of 1.8 million Euros had been done at the end of 2008. To date, no potential buyer has been identified. Moreover, certain industrial equipment that will no longer be used will be subject to sale. Finally, selling Egima would allow releasing the SICAV (open-end mutual funds) pledged to the benefit of the Moroccan banks that have granted loans to the company (approximately 0.2 million Euros available).

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Made up of ten dedicated engineers and technicians in 2008, this R&D department has as its mission the development of innovations (materials, procedures, …) and their implementation, while ensuring adequate technical support (facilitation of new product start-up, online problem resolution) and successful accomplishment of the work required in Egide's study and design contracts.

Programs participated in or pursued during this fiscal year primarily involved:

- Development of ceramic parts with tracks 75µ wide and vias 75µ in diameter,
- Development of a package to protect a transmitter-receiver module for high data rate optical signals from 40 to 100 GB/s,
- Optimization and development of ceramic slurries,
- Industrialization of a chemical gold-plating process,
- Development of ceramic packages for an application based on light intensification,
- Improvement in via ink and screen-printing performances,
- Development of glass-titanium sealing technology,
- Research for materials to safeguard the power mechatronics systems.

Many of these projects enter into the realm of competitively clusters or European clusters and as such are financed in the form of subsidies at up to 25 or 30% by the Ministry of Economics, Finance and Employment. Similarly, one study is financially supported by the DGA. Projects that are not financed are totally paid for by Egide.

The expenses assumed by Egide as well as the dedicated personnel resources are presented in the table below:

	2006	2007	2008
R&D Expenses	601 K€	954 K€	1,020 k€
Staff (Equivalent Person)	5.9	10.0	10.0

There are no significant goodwill values controlled by the group, even not accounted for in the assets. The company does not capitalize its research and development costs, since such expenditures do not correspond to the accounting rules requiring immobilization of balance sheet assets. Taking into account the partial financing of the R&D costs by the public authorities (as indicated above), the net expenses represented less than 5% of sales for the 2008 fiscal year.

The trademarks used by Egide were registered in France and at the international level. The company uses the patents that it owns and registers them when necessary. The licenses that may be used by the company and its subsidiaries are on the asset side of the balance sheet and are not subject to royalties.

Recognized in its business sector, the company is ISO 9001:2000 and ISO 14001:2004 qualified. In addition, it is qualified by ASD-EASE (AeroSpace and Defense - European Aerospace Supplier Evaluation).

12 TRENDS

12.1 Principal Trends

Following the strong progression in year 2008, the goal for year 2009 was to achieve a balanced operating income over the year, with no cash burn on the first half year (EBITDA, other than investments and working capital variation). The prudent management of resources per trimester, the continued improvement of industrial performance and productivity parameters and the current or the implemented restructuring were the elements allowing the disposal of the necessary advantages to achieve this goal.

Unfortunately, the company must develop in a difficult environment with the global financial crisis in the background. It will see its strategic plan disrupted with respect to the development of its sales figure for 2009. Therefore, the industrial markets where Egide is active (civil avionics, automobile and electronics) are strongly affected. The telecom sector remains uncertain: even if the saturation of existing networks is now a fact, there is a strong reluctance in investing among operators, especially because of the economic context. The other sectors (military, space, security) could better resist, but they are not protected from the consequences of the global crisis.

In consideration of this crisis, Egide has taken measures to anticipate the consequences that it will have on the company's profitability. Therefore, a repositioning of the Egide USA subsidiary on the domestic military market and a transfer of the telecom products production to the French site have been decided, accompanied by a significant local workforce reduction. Similarly, Egima, the Moroccan subsidiary which is no longer suitable for the group's current industrial strategy, would be transferred to a company specialized in surface treatments. Downsizing Egide UK has also been done in order to anticipate the demand slowdown for molded metal components. Finally, all the fixed-term contracts that fall due have not been renewed at Egide SA.

In the first half of 2009, the Egide Group's consolidated sales (unaudited) were 11.90 million euros, 23 % down on a year-on-year comparison. This includes 0.7 million euros from sales of gold recovered from scrapped components. Apart from this non-recurring item, the military and space sector accounted for 56 % of sales, with industry making 30 % and telecoms 14 %. The defense and space sector has withstood the crisis better than the other two sectors. Egide France accounts for 60 % of total consolidated sales, Egide USA 32 % and Egide UK 8 %..

"Although our diversification into various buoyant sectors has put us in a better position to weather the crisis, the scope of the recession has still impacted significantly on our sales. However, we should see the decline slowing down in the third quarter and first signs of a recovery in the fourth quarter", says Philippe Brégi, the Group's Chief Executive Officer.

He adds: *"In the second quarter we have pursued the necessary measures to cut our costs in order to adapt to the current level of activity. In that context we have reduced our staff by nearly one quarter since the beginning of the year and we have continued with our industrial reorganization, notably by stopping production at the Casablanca site. These measures, together with disposal of unused assets, have enabled us to maintain our cash at a sufficient level. We are, however, working on putting additional measures in place to strengthen it to face contingencies."*

12.2 Events Capable of Affecting Trends

See § 4.5.2 for the risks associated with high tech markets and § 6.3 for the unforeseen events.

13 FORECASTS OR PROFIT ESTIMATES

The company does not provide forecasts.

14 ADMINISTRATIVE, MANAGEMENT, AND TOP MANAGEMENT ORGANIZATIONS

14.1 Board of Directors

In 2008, the Board of Directors of EGIDE SA was composed of the following members:

Name	Role	Until
Mr. Philippe BREGI 34-36 rue de Clichy, 75009 Paris - France	Chairman of the Board since April 26, 2005	6/30/2011
21, Centrale Partners Represented by Régis LAMARCHE 9 avenue Hoche, 75008 Paris - France	Board member since April 17, 2000	6/30/2012
Mr. Albert ZYLBERSZTEJN 16 Parc de Diane, 78350 Jouy en Josas - France	Board member since April 16, 1999	6/30/2011
Mr. Yves DZIALOWSKI 31 Hodge Road, Princeton, NJ 08540-3011 - USA	Board member since February 26, 2002	6/19/2008 (resignation)
Mr. Antoine Dréan 46 Chemin Hauts de Grisy, 78860 St Nom la Bretèche - France	Board member since October 30, 2008	6/30/2014

Mr. Yves Dzialowski has resigned as administrator because his schedule no longer permitted him to fulfill his function effectively.

There is no board member elected by salaried personnel neither censor's position.

As defined in the Vienot report, Mr. Zylbersztejn is considered to be an independent administrator, as he does not maintain any relationship of any kind whether it is with the company, his group or his directorate that could jeopardize his freedom of judgment.

Each board member serves as a shareholder and holds at least one share in the company, in accordance with company regulations. In date of the Combined General Meeting of June 19, 2009, Mr. Philippe Brégi has 12 company shares, Mr. Albert Zylbersztejn has 1 share and Mr. Antoine Dréan (jointly with Tantale SEP) have 142,673 shares.

The Chairman of the Board of Directors is also the Chief Executive Officer of the company.

As far as the functions of the Board of Directors are concerned, we invite you to consult the president's report on the conditions for preparation and organization of the board and on the internal control procedures implemented by the company presented in paragraph 16.5.1 - President's Report on the Board of Directors' Function.

14.2 Conflicts of Interest

There is no loan and guarantee contract between Egide, the board members, and the company's executive committee. No arrangement or agreement has taken place between the principal shareholders, clients, or suppliers.

In addition, there is no engagement on the part of board members and top management regarding the cessation, after a certain time, of their participation in the company's capital.

14.3 Term Listing

The following tables list the companies in which the board members exercised or have exercised the management, direction, administration, or monitoring functions in the last 5 years.

The abbreviations have the following meanings:

- BT = Board of Trustees
- BD = Board of Directors
- PR = Permanent Representative

Mr. Philippe BREGI

Company	Address	Position	2008
Avanex France	Nozay (91)	President and Chief Executive Officer	No
Egide	Trappes (78)	President and Chief Executive Officer	Yes
Egide USA LLC	Wilmington, Delaware (USA)	President	Yes
Egide USA Inc	Cambridge, Maryland (USA)	President	Yes
Egide UK	Woodbridge (UK)	President	Yes
Egima	Casablanca - Morocco	Manager	Yes
Highwave Optical	Lannion (22)	BT member	No
Photline Technologies	Besançon (25)	PR of Avanex France to the BD	No
Teem Photonics	Meylan (38)	BT member	Yes

Mr. Antoine DRÉAN

Company	Address	Position	2008
Egide	Trappes (78)	Board member	Yes
La Cie Financière 1818	Paris (75)	Censor	Yes
Mantra Holdings SARL	Paris (75)	Managing partner	Yes
Tantale SEP	Paris (75)	Managing partner	Yes
Triago Invest SC	Paris (75)	Managing partner	Yes
Triago Manag. Dev. SARL	Paris (75)	Managing partner	Yes
Triago MEA Ltd.	Dubai (EAU)	President	Yes
Triago Europe SA	Paris (75)	President and Chief Executive Officer	Yes
Triago Americas Inc.	New York (USA)	President	Yes
Windigo SARL	Paris (75)	Managing partner	Yes

Mr. Albert ZYLBERSZTEJN

Company	Address	Position	2008
Egide	Trappes (78)	Board member	Yes

Mr. Régis LAMARCHE

Company	Address	Position	2008
Almaviva Santé	Marseille (13)	Supervisory committee member	Yes
Averys	Paris (75)	BT member	No
Centre prophétique W.H.	Marseille (13)	PR of 21 Centrale Partners to BD	Yes
Clinique Aquaviva	Marseille (13)	Vice President of the BT	Yes
Egide	Trappes (78)	PR of 21 Centrale Partners to BD	Yes
Fin. Europe Assurance	Paris (75)	BT member	No
Financière Italyc SAS	La Courneuve (93)	PR of 21 Centrale Partners to BT	Yes
Financière Syreva	Paris (75)	PR of 21 Centrale Partners to BT	No
Globalgas	St Amand les Eaux (59)	PR of 21 Centrale Partners to BD	No
Robine	St Amand les Eaux (59)	PR of 21 Centrale Partners to the College of Censors	No
Syreva (Averys)	Paris (75)	BT member	No

21 CENTRALE PARTNERS

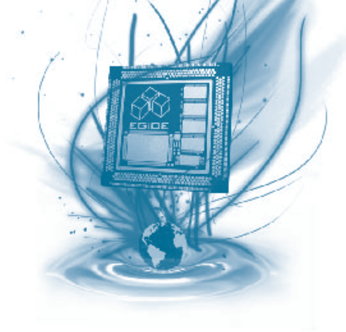
Company	Address	Position	2008
3C Finance	Saint Ouen (93)	BT member	No
Alltub	Paris (75)	BT member	No
Allvalv	Marseille (13)	BT member	Yes
Alto Expansion	Levallois Perret (92)	BT member	No
Asteel Développement	Neuilly Plaisance (93)	Board member	No
Centre prothétique W.H.	Marseille (13)	Board member	Yes
Cotherm Développement	Vinay (38)	BT member	No
Drive Planet	Abrest (03)	BT member	Yes
Egide	Trappes (78)	Board member	Yes
Financière Aramis	Glos (14)	BT member	Yes
Fin. Europe Assurance	Paris (75)	BT member	No
Fin. Syreva (Averys)	Paris (75)	BT member	No
Financière Impala	Barembach (67)	Board member	No
Financière Italyc	La Courneuve (93)	BT member	Yes
Financière Stotzhr	Paris (75)	BT member	Yes
Financière Verlys	Les Andelys (27)	BT member	Yes
Fountaine Pajot	Aigrefeuille d'Aunis (17)	Board member	Yes
France Air Holding	Miribel (01)	BT member	No
Globalgas	Saint Amand les Eaux (59)	Board member	No
Groupe Electropoli	St James (50)	Board member	Yes
Harmony	St Pal de Mons (43)	BT member	No
Jet Multimédia Group	St Didier au Mont d'or (69)	BT member	Yes
Le Goût de la Vie	Paris (75)	Board member	No
Le Public Système	Levallois Perret (92)	BT member	Yes
Meccano	Clichy (92)	Board member	Yes
Robine	Saint Amand les Eaux (59)	Member of the College of Censors	No
Safig	St Ouen (93)	Board member	No
SFTF Interflora	Paris (75)	Board member	Yes
Sword Group	St Didier au Mont d'Or (69)	Board member	Yes
The Nomad Company	Clichy (92)	BT member	No
Vulcanic Holding	Neuilly sur Marne (93)	BT member	Yes

No board member has been convicted for fraud during the last five years, nor has he been prohibited from exercising his management functions. It is also specified that in a judgment dated December 13, 2005, the Guingamp Court of First Instance with commercial statutory power initiated bankruptcy proceedings against Highwave Optical Technologies, a company on whose board of trustees Philippe Brégi served.

In addition, the companies for which 21 Centrale Partners or Mr. Régis Lamarche was an agent and which went bankrupt in the last five years are the following:

- Intrason: Bankruptcy declared on October 16, 2003; judicial liquidation on December 18, 2003.
- Le Goût de la Vie: Anticipated dissolution and out-of-court liquidation by the AGE on June 25, 2004; closure of liquidation process on December 22, 2005.

To the company's knowledge, no incrimination and/or official public sanction has been taken against an administrator of the company. Similarly, none of them has been prevented by a court to act as a member of a board of directors, an executive committee, or in the supervision of an issuer or take part in the management or the business administration of an issuer during the course of at least the last five years.



15 COMPENSATION AND BENEFITS

15.1 Compensation for Board Members and Management

Total compensation and benefits paid during fiscal year 2008 to each agent are indicated in the table below (before tax but social security charges deducted):

Board Member	Net Compensation	Benefits	Directors' Fees	Total 2008	Total 2007
Philippe Brégi	123,461.68 €	4,150.80 €	-	127,612.48 €	127,842.74 €
Albert Zylbersztejn	-	-	8,000.00 €	8,000.00 €	5,000.00 €
Yves Dzialowski	-	-	5,000.00 €	5,000.00 €	5,000.00 €
21 Centrale Part.	-	-	5,000.00 €	5,000.00 €	-
Antoine Dréan	-	-	-	-	-

In fiscal years 2007 and 2008, no compensation or benefit was received by Egide's proxy holders on the part of companies controlled by Egide pursuant to article L.233-16 of the Commercial Code.

Chief Executive Officer Philippe Brégi's compensation contains only fixed elements. As a proxy holder, he has unemployment insurance, the management portion of which constitutes a perquisite. He also is provided with a company car as well as profit sharing, in the same manner as all salaried employees. No profit sharing was paid in 2007 and 2008. There are no benefits after employment, no termination-of-contract allowance, nor any other long term benefit in favor of its executives. Irrespective of the stock options (see below), there is no payment in shares.

Board members have not received stock options, with the exception of the Chief Executive Officer, who, as of December 31, 2008 held 20,767 stock options. In compliance with the provisions of law n° 2006-1170 of December 30, 2006, it is specified that a minimum of 20% of stocks issued in the exercise of options must be registered until the end of the chief executive officer's term of employment.

In addition, board members are provided with civil responsibility for management and proxy holders insurance, underwritten by AIG Company. Coverage is for a maximum of 4.5 million Euros, the deductible in the USA is $25,000, and the premium is 11,856 Euros before taxes.

15.2 Amounts Provisioned

No specific complementary retirement program arrangement is in place for management personnel. Similarly, there is no provision for any sort of severance pay or allowance in case of termination or non-renewal.

At Egide, on the other hand, non-specific severance pay at retirement, applicable to all salaried personnel, is calculated in individual and consolidated accounts in accordance with the IAS 19 standard, as are the premiums paid to salaried personnel on receipt of the gold service medal and the special seniority allowance. These commitments result from collective bargaining agreements applicable to each establishment, and are calculated according to the method of allocating rights prorated according to seniority (see § 20.3.1.5.3.14).

These reserves do not include foreign subsidiaries; these companies have not committed to pay complementary premiums upon expiration of employee work contracts, nor on any other occasion during their presence in the company.

16 MANAGEMENT AND DIRECTORATE FUNCTIONS

16.1 Board of Directors

See § 14.1 for a list of board members

16.2 Employment Contracts

There is no employment contract between board of directors and the company or any of its subsidiaries.

16.3 Audit Committee and Compensation

There is no committee of any sort within Egide.

16.4 President's Report on Internal Controls

16.4.1 Conditions for Preparation and Organization of the Board of Directors

16.4.1.1 Corporate Governance Code

In light of its size and structure, the company does not refer itself to any code of corporate governance developed by corporate representative organizations and only applies the legal provisions in this matter. However, concerning the executive company managers' remuneration policy, for numerous years now, the board of directors complies with the governing clauses in the Afep-Medef corporate governance code of October 2008.

16.4.1.2 Composition of the Board of Directors

See § 14.1 for a list of board members

16.4.1.3 Powers and Functions of the Board of Directors (Articles 16 and 17 of the Articles of incorporation)

The board of directors determines the orientation of the company's operations and monitors their implementation. To that end, it appoints the Director General responsible of the company management within these guidelines. Subject to the powers expressly attributed by law to shareholders' meeting and within the limits of the company's purpose, it addresses every question affecting the smooth operation of the company and regulates by its deliberations the affairs that concern it. The board of directors monitors the quality of information the company provides to shareholders as well as to the market, through its accounts, reports, and publications.

The Board of Directors meets as many times as is necessary, when called by its president. Considering the size of the company and the number of board members, no internal rule other than the by-law has been written to establish the board's operating methods. Each board member participates in all deliberations, since no committee of any sort has been specifically created. He receives the information necessary to complete his mission and can obtain from top management any documents that he considers useful. The board of directors examines and makes decisions regarding important business questions, particularly those of a strategic nature.

In general, the Board of Directors meets at the 21 Centrale Partners premises. Labor-management committee members regularly attend meetings. The agenda is established by the president; decisions are made unanimously, expect in statutory cases where the president must abstain. Meeting minutes are taken and provided to the board members, upon approval, at the following meeting. The meeting register as well as all meeting reports are available at the corporate office.

During fiscal year 2008, the Board of Directors met six times; during fiscal year 2007 it also met six times.

In consideration of their participation in the board of directors, each member, with the exception of the president, receives a fee. For fiscal year 2008, a total amount of 18,000 Euros was allocated for this purpose, to share between all entitled members.

No particular elements that might have an impact in case of a public offer other than those set out in this report are to be mentioned (provisions of Article L.225-100-3 of the Commercial Code).

16.4.1.4 Rules relating to the remuneration of the executive company managers.

The board of directors adopts and possibly modifies the yearly compensation to be paid to the Chief Executive Officer (executive company manager without an employment contract), the latter being solely a fixed-term contract with no fluctuating element to be included.

Besides this compensation, the Chief Executive Officer is provided with a company car and an unemployment insurance, the private use of the car and the management portion of the insurance are considered a perquisite. No specific complementary retirement program arrangement is in place, as well as no provision for an exit compensation package or any allowance has been taken.

With regards to share options, the Chief Executive Officer benefits from the same program as other employees. For the record, the number of allotted options cannot exceed 5% of the company’s capital shares. As of the present document date, the Chief Executive Officer holds 40,767 share options, or 3.17% of the capital (20,767 allotted in April 2005 and 20,000 in March 2009).

16.4.1.5 Limitations on the President & CEO’s Powers

On April 26, 2005, Egide’s board of directors that top management would be managed by the president of the board.

No specific limitation has been placed on the powers of the Chief Executive Officer, who exerts them in conformance with the legal provisions currently in effect (article L225-56 of the Commercial Code): Egide’s Chief Executive Officer is invested with the widest range of powers to act in all circumstances in the name of the company. He exerts these powers within the limits of the company’s mission, and subject to the powers expressly attributed by the law to shareholder meetings and to the board of directors. He is not limited in the amount involved in the commitments he makes within the context of the day-to-day management of the company. As an exception, the amount of bonds, backing or guarantees he can provide without prior authorization from the board is 200,000 Euros and this authorization is renewed yearly by the board.

16.4.1.6 Participating rules for shareholders at the General Meeting

The manner and terms of participation to the General Meeting are determined in Article 25 of the Articles of incorporation: *"Every shareholder has the right to attend general meetings, personally or by proxy, regardless of the number of shares he has, merely by proving his identity and signing the company register, in his capacity as shareholder, on the third working day preceding the general meeting at midnight, Paris time.*

Any shareholder can also vote by mail, by using a form developed by the company and furnished to shareholders on request; to calculate the quorum, only forms received at least three days before the general meeting date will be counted."

16.4.2 Internal Control Procedures Adopted by the Company

This report was written in accordance with the implementation guide for internal control published by the AMF in 2006, and was the subject of a recommendation made by the AMF on January 22, 2007. The current state of the procedures in place was determined based on the company's Quality and Environmental Manual as well as discussions with the Finance department.

16.4.2.1 Company Goals in Regard to Internal Control Procedures

The internal control system put into place by the company aims to ensure:

- Compliance with rules and regulations:
- Application of instructions and plans decided on by top management
- Proper functioning of the company's internal processes, particularly those involved in safeguarding assets
- Reliability of financial reports.

and generally, to contribute to the management of its activities, the efficacy of its operations, and the efficient use of its resources.

In helping to prevent and manage the risks of not achieving the company's goals, the internal control mechanism plays a key role in the conduct and guidance of its various activities. However, internal control cannot absolutely guarantee attainment of the company's goals.

16.4.2.2 Description of Internal Control Procedures Implemented in the Context of the Company's Activities

In responding to the requirements of ISO 9001:2000 and ISO 14001:2004 standards, Egide has a set of procedures designed to ensure the proper functioning of the quality assurance system in place, outlined in its Quality and Environment Manual. This system covers the series of production activities of the company (commercial services, provisioning, production, and shipping). This system covers all of the company's production activities (commercial services, supplies, production, and expedition). Each year, management commits to apply the resultant quality and environmental policy. Quantifiable objectives are set and communicated to all personnel; they are the subject of action plans tracked with the help of process indicators and management tools.

The first parameters tracked are the rates of return customers, late delivery rates, returns, productivity, the rate of consumption of materials compared to estimates, and the proper development of relationships between Egide, its suppliers, and its customers. To this information is added specific environmental indicators such as the level of common and hazardous waste, the level of noise pollution, and the tracking of energy consumption (water, gas, electricity, etc.).

The total amount of resources used to obtain quality of service is top management's area of responsibility.

To ensure compliance with the procedures currently in effect, means of surveillance and analysis have been put in place regarding the process (indicators associated with it) and the products (inspection plans and management tools). An internal audit system has been defined and managed by the quality control manager, with the approval of the quality control director and top management. These audits, conducted by different qualified personnel in the company, permit verification of the pertinence and adequacy of the quality management system in terms of the company's goals. The preparation, auditing, and reporting are done by the person responsible for the audit. The verification of the audit report and its dissemination are ensured by the quality assurance representative, who plans and tracks performance.

Once a year, management conducts a review of the quality management system to ensure that it remains pertinent, adequate, and efficacious. The management review is prepared by quality and environmental management, who are responsible for establishing an agenda and calling together all company managers. This review is based primarily on internal quality reports, customer ratings, customer satisfaction surveys, audits by customers or external organizations, and action items from preceding management reviews.

This review permits the company to measure the efficacy of the quality management system, to redefine the quality objectives, and, if necessary, to change the quality and environmental policy. Each review is covered in a report, which is the responsibility of the quality control director. The action items agreed upon at that time are integrated into an improvement plan (corrective or preventive) and contribute to the continuous improvement of the company.

16.4.2.3 Description of Internal Control Procedures Implemented for the Preparation and Processing of Accounting and Financial Information

16.4.2.3.1 Boundaries and General Organization

The accounting and finance department conforms to the requirements of the accounting laws and standards in force and has its own rules regarding operation and control, since, contrary to other departments in the company (purchasing, sales, production…), it has not been integrated in the procedures put in place in the context of ISO 9001:2000 and described in the Quality and Environmental Manual.

Parent Company: At Egide SA, financial management is provided by the chief financial officer, who supervises the chief accountant in charge and her two assistants. Financial communication and information systems are also under the responsibility of financial management. There is an accounting procedures manual that details the accounting treatment of the most important operations. There is also a regulation watch (subscription to professional journals), facilitating awareness and anticipation of developments in the company's environment (evolution of accounting and fiscal standards). The reduced size of the department requires a high level of self-checking on the part of the assistants to facilitate control by the chief accountant in charge. The latter, who is charged with consolidating data at the group level, also verifies their consistency, and, if necessary, implements the necessary corrections.

Egide USA Subsidiary: The company has its own accounting and financial structure. It is managed by the executive director who is also director of the subsidiary. In the department, a financial controller and her assistant are in charge of day-to-day accounting, issuance of financial statements, and management control and reporting to their management and to the parent company. Egide's financial management regularly provides support and comes on location once a quarter. Egide's general management comes on location at least once a year for a commercial and strategic review.

Egide UK Subsidiary: The company has its own accounting and financial structure. It is managed day-to-day by the chief accountant who reports directly to the director of the subsidiary. She is in charge of day-to-day accounting, issuance of financial statements, and management control and reporting to their management and to the parent company. Egide's financial management also provides support whenever necessary and comes on location twice a year. Egide's general management comes on location at least once a year for a commercial and strategic review.

Egima Subsidiary: The company uses an independent accounting organization to handle its accounting functions. Supervision is directly assumed by Egide's chief accountant, who, moreover, is the sole decision-maker with the executive director in cash management matters (including the issuance of payments). Nevertheless, a salaried assistant ensures on-site interface between the accounting organization and Egide departments.

Generally, the subsidiaries follow the group's accounting regulations and standards, as defined by the parent company. When it comes to weekly or monthly informational elements transmitted to the parent company, they are subject to self-checking, and revision, if need be, by Egide's accounting manager.

In Egide SA, major significant controls, implemented by the Finance department, which are not exhaustive, are primarily based on the following periodic procedures:

- Reconciliation procedures between the accounting system and ancillary management systems
- Procedures for managing and tracking client accounts (priority review, follow-up, observance of the rules …)
- Approval procedures for significant purchasing and investments as well as supplier regulations
- Physical inventory procedures
- Procedures for tracking and pricing inventory
- Procedures for tracking and managing the group's cash (establishment of cash position, bank reconciliations, delegation of signing authority …)
- Procedures for accessing, safeguarding, and securing information systems.

The information systems manager also ensures that the company is able meet its obligations to protect the information, data, and data processing directly or indirectly involved in the preparation of accounting and financial statements.

16.4.2.3.2 Top Management's Role

Top management ensures that the accounting and financial information produced by the Finance department is reliable and that it provides a true picture of the performance and cash position in a timely manner. To this end, top management verifies that this internal control system covers the following points:

- Organization and area of responsibility of the accounting and finance functions
- Compatibility of payment methods in the accounting and financial functions with internal control objectives
- Formalization and publication of accounting rules and procedures manuals
- Conservation of information, data, and data processing techniques used to prepare accounting and financial statements
- Regular examination of the relationship between the needs and the means placed at the disposal of the accounting and financial functions (in terms of personnel and automated tools)
- Existence of regulation monitoring to enable the company to be aware of developments in its environment.

In the preparation of biannual and annual accounts, top management ensures that all operations have been registered in conformance with the accounting rules currently in effect. As far as closing is concerned, they indicate and explain the principal closing options and the estimates that imply a judgment on their part. They highlight possible changes in accounting principles and inform the board of directors, they establish the financial reports with the financial director and define the associated financial communication strategy (present indicators, financial document terms).

By virtue of its responsibility for the establishment of accounts and the implementation of internal accounting and financial control systems, top management coordinates with the auditors, ensures that the latter have access to all information surrounding the preparation of financial statements, and accesses the results of their auditing work.

16.4.2.3.3 Role of the Board of Directors

In establishing and controlling accounting and financial information and communicating it, the board is informed of major aspects capable of calling the going concern into question. It verifies with top management that guidance and control devices are able to ensure the reliability of the financial information published by the company and give a faithful image of the results and the financial position of the company and the group.

In the context of this control, the board is regularly informed of significant events occurring in the company's operations and in its cash position. It also remains informed regarding major investment projects, sales, and financing and approves their implementation.

The board of directors closes the half year and the year accounts. In this regard, it obtains all the information it deems useful from top management (closing options, changes in accounting methods, explanation as to how income was arrived at ..), and receives the auditors' assurance that they have had access to all the information necessary to exercise their responsibilities and that their work has advanced sufficiently at the time of closing to enable communication of meaningful comments. In view of the size of the Board of Directors (4 administrators whose president is also Chief Executive Officer), it doesn't seem appropriate to establish an independent audit committee of the Board itself, that is why it replaces and endorses the responsibilities of the audit committee.

16.4.2.3.4 Review and Dissemination of Financial Information

Accounting and financial information is first addressed to top management and the board of directors as well as to third parties (stockholders, bankers, investors, clients …). For each recipient, the frequency and amount of information reported is different.

Every week the executive committee (Chief Executive Officer, sales manager. industrial manager, quality and environment manager, R&D manager and chief financial officer) receives a report on the group's sales. A monthly cash position report is also distributed, but only to the Chief Executive Officer and the chief financial officer.

Every month, at the executive committee meeting, this same information is reviewed and compared to the budget established for the year under consideration. This allows the tracking of the company's operations as well as its financial soundness. A scoreboard shows quarterly income data, by subsidiary, and in consolidated form. These elements are also compared to the budget and, if necessary, show the drifts noted with regard to projections. In case of a significant variance, complementary controls are put into effect by the parent company and subsidiaries to find out if it is a material error (an accounting problem or omission) or a problem associated with the company's operations, for example, poor production performance that brought about higher than planned material usage.

Each month, a review of the subsidiaries' income takes the form of a conference call. Egide USA and Egide UK are the only ones affected, since the Egima subsidiary, a dependent of France, is reviewed by the executive committee. During these conferences, the respective officers of these subsidiaries report to the Chief Executive Officer and the chief financial officer a certain number of indicators, which will then be partially repeated in the presentation to the board of directors. It is also an opportunity to report on business trends and make decisions that are within top management's power. For this purpose Powerpoint presentations are used. Since January 1st, 2009 the format of the presentations has been unified for the two subsidiaries

Board members regularly receive a synthesized income report that summarizes sales achieved, orders registered and past cash consumption. These data are presented in consolidated form, detailed by company. When necessary, specific informational elements complete this presentation (financing project details, particular events concerning the activity, short-term cash forecasts …). Distribution is mostly electronic but it can also be the subject of a presentation during a working session of the board.

As far as communications are concerned, financial management has the responsibility to inform the public because of the company's listing in a regulated market. Only the Chief Executive Officer or Chief Financial Officer has the authority to disseminate this information. Therefore, each quarter, the company publishes group sales figures for the past quarter. It also publishes a consolidated interim report at the midpoint of the fiscal year (June 30) as well as annual individual and consolidated accounts. These accounts are established by the Finance department and top management and closed by the board of directors. They are the subject of an audit for both half year and annual accounts. These controls are realized in the corporate financial statements of the parent company and in the consolidated statements of the group; they are the subject of the auditors' report on the company's accounts. All the information provided below is regrouped into a reference document, also submitted to the auditors, established each year and registered with the Securities Commission.

In conformance with the European Transparency Directive, regulated information is distributed electronically, since the company has access to a professional distributor as agreed by the AMF (Security Commission). The information is also available on the company's web site and hard copies can be obtained from the corporate office.

16.4.2.3.5 Risk Analysis and Mastery

The company relies on its internal organization, on its management system and quality tracking necessary to maintain its ISO 9001 & ISO 14001 certifications and on its procedures for preparing accounting and financial statements to best identify the main risks associated with the company's activities. There is no specific process, nor, considering the company's structure, is there any specific organization in place.

The executive committee directly assumes risk analysis on the basis of information communicated by the company' various departments. Top management ensures its processing, resolution, and distribution to the board of directors and auditors. The principal risk factors identified are also presented in a dedicated chapter of the reference document prepared each year and registered with the AMF.

16.5 Auditors' Report on the President's Report

«Ladies and Gentlemen,

In our capacity as auditors at Egide SA, and in application of the provisions of article L 225-235 of the Commercial Code, we present our report on the report prepared by the president of your company in conformance with the provisions of article L 225-37 of the Commercial Code for fiscal year ending December 31, 2008.

It is incumbent upon the President to establish and submit to the Board of Directors, for their approval, an administration report reflecting internal control procedures and risk management put in place at the company and giving other information required as per Article L225-37 of the Commercial Code regarding corporate governance, in particular.

It is incumbent upon us:

- To communicate to you our observations concerning the information contained in the president's report concerning the internal control procedures relative to the preparation and processing of accounting and financial information.
- To attest that their report contains other information required by Article L 225-37 of Commercial Code, putting forth that we haven't to verify the truthfulness of such information.

We have accomplished our work in conformance with the professional auditing standards applicable in France.

Information concerning internal control procedures in reference to the preparation and treatment of financial and accounting information.

The standard professional rules require the implementation of due diligence to assess the sincerity of the information concerning the internal control procedures relative to the preparation and processing of accounting and financial information contained in the president's report. This due diligence consists primarily of the following:

- Examination of the internal control procedures relative to the preparation and processing of accounting and financial information underlying the information presented in the president's report as well as existing documentation
- Examination of the work that permitted the preparation of this information and the existing documentation
- Determination whether major deficiencies in internal controls relative to the preparation and processing of accounting and financial information that we would have found in the accomplishment of our mission are the subject of appropriate information in the president's report.

On the basis of these tasks, we do not have any observation on the information regarding the company's internal control procedures relative to the preparation and processing of accounting and financial information contained in the president of the board of directors' report, prepared in accordance with the provisions of article L 225-37 of the Commercial Code.

Other Information

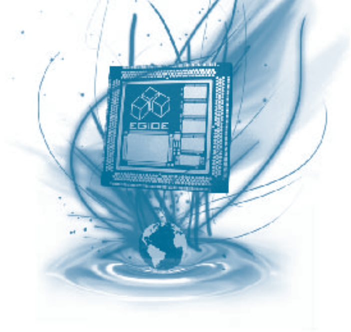
We attest that the President's report contains other information required by Article L.225-37 of the Commercial Code.

Neuilly sur Seine and Paris, June 4, 2009

The Auditors

PricewaterhouseCoopers Audit
Jean-François Chatel

Jacques Wenig & Associates
Bernard Hinfray"



16.6 Executive Committee

The company's Executive Committee is currently composed of 6 members from Egide SA, and one director for each subsidiary (American and English). The Moroccan subsidiary, Egima, is led by the Egide SA Director of Production.

Name	Current Role	Start Date
Mr. Philippe BREGI 34-36 rue de Clichy, 75009 Paris - France	President & CEO	04/26/2005
Mr. Jim COLLINS 1553 Commanche Road, Arnold, MD 21012, USA	Director, Egide USA	12/29/2000
Mr. Chris CONWAY 29 Lattice Avenue, Ipswich, Suffolk, IP4 5LJ, GB	Director, Egide UK	07/01/2002
Mr. Frédéric DISPERATI 3 Chemin des Passadoires, 84420 Piolenc - France	Director, Quality and Client Satisfaction	10/01/1990
Mr. Philippe LUSSIEZ 2 rue des Champs, 78320 La Verrière - France	Director, CFO	06/09/1992
Mr. Didier MARTIN 33 av. du Plan de l'Eglise, 78960 Voisins le Bretonneux - Fr	Director Sales & Technical Support	08/03/1992
Mr. Michel MASSIOT 8 Résidence Le Tilleul, 26130 Saint Paul Trois Châteaux - Fr	Director, R&D	01/05/2007
Mr. Wladimir MUFFATO Quartier Genève, 26130 Montségur sur Lauzon - France	Director, CTO	12/19/1994

In addition to exercising their management functions in EGID, the following personnel are also:

Name	Current Role	Start Date
Mr. Philippe BREGI	Manager of SARL Egima President of Egide USA LLC President of Egide USA Inc President of Egide UK Ltd	04/28/2005 04/28/2005 04/28/2005 44/27/2005
Mr. Jim COLLINS	Vice President of Egide USA Inc Vice President of Egide USA LLC	12/29/2000 12/29/2000
Mr. Christopher CONWAY	Board Member of Egide UK Ltd	07/01/2002
Mr. Philippe LUSSIEZ	Secretary of Egide USA Inc Secretary of Egide USA LLC	04/28/2005 04/28/2005
Mr. Didier MARTIN	Board Member of Egide UK Ltd	07/01/2002

The management team members are either engineers or confirmed academics, combining technical and management competence:

Mr. Philippe BREGI is a graduate of l'École Centrale de Lyon and he has an MBA from the IAE de Lyon. Before joining Egide, he was President and CEO of Avanex France, after the acquisition by Avanex of Alcatel Optronics, the optical components subsidiary of the Alcatel group, for which he was the director. With more than 30 years of experience in the telecommunications industry, he is internationally recognized in the optical transmissions domain. Since January 22, 2008, he is also president of Opticsvalley, an association responsible for the leadership of the optical, electronic and software networks on Ile-de-France.

Mr. Jim COLLINS has a Bachelor of Science degree in Ceramic Engineering from Rutgers University in the United States. After having exercised management functions at Electronic Packaging Products Company, he is providing operational direction at the American subsidiary, Egide USA Inc., where he has been named vice president.

Mr. Christopher CONWAY is an electrical engineer. After ten years in the fiber optic division of Hewlett Packard, he joined Europlus as Managing Director. Currently Managing Director of Egide UK, he is a board member since July 1st, 2002.

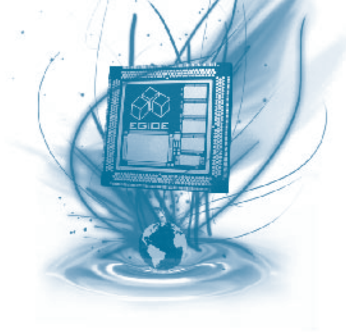
Mr. Frédéric DISPERATI is a materials engineer. On joining Egide in 1990, he was responsible for the development of aluminum products, then served as product manager in the Engineering department before spending a year and a half in technical support at the Egide USA subsidiary. On his return in March 2003, he was named quality assurance manager at Egide.

Mr. Philippe LUSSIEZ holds an advanced degree in accounting. He joined the Egide group in 1992 as accounting manager for the Bollène office, then he was named group controller responsible for financial reporting upon the company's listing on the Stock Exchange. Since July 1st, 2006, he is serving as chief financial officer.

Mr. Didier MARTIN holds an engineering degree from l'Ecole Nationale de Physique et de Chimie in Caen. He has extensive experience in the domain of semi-conductor production. He is a line manager well versed in manufacturing requirements.

Mr. Michel MASSIOT is an INSA physics engineer. After having held various management positions in industrial ceramics companies, he joined the Egide group at the beginning of 2007. He is a member of the IMAPS France Executive Committee and recognized as an expert by the European Commission.

Mr. Wladimir MUFFATO holds an engineering degree from the Ecole Nationale Supérieure de Céramique Industrielle in Limoges. Since 1994, Egide has benefited from his experience in the domain of electronic ceramic components. He took charge of the Bollène and Casablanca factories in January 2003.



17 EMPLOYEES

17.1 Répartition

The functional breakdown of personnel employed by the Egide group on December 31 is provided in the table below:

Present on December 31	2006	2007	2008
Administration and Business	30	30	29
Production, Quality and R&D	403	361	346
Total	**433**	**391**	**375**

In the table below the number of group employees is broken down by site:

Present on December 31	2006	2007	2008
Egide Trappes and Bollène	228	174	198
Egide USA	106	111	103
Egide UK	29	35	35
Egima	70	71	39
Total	**433**	**391**	**375**

In the table below, the number of group employees is broken down by contract type:

Present on December 31	2006	2007	2008
Contracts of Determined Duration	133	54	49
Contracts of Undetermined Duration	298	334	320
Apprenticeship Contracts	2	3	6
Total	**433**	**391**	**375**

17.2 Participation, Profit Sharing, and Variable Compensation Agreement

All employees in France receive fixed compensation. In addition, variable compensation is paid:

- To sales representatives, based on their performance
- To all employees, who receive profit sharing based on the company's performance. It results from a profit-sharing agreement signed between the company and the employees, represented by the secretary of the labor-management committee. This agreement was entered into for a 3-year period, from January 1st, 2007 to December 3, 2009. Profit sharing is calculated annually based on the company's current income before taxes. It is spread uniformly among employees with at least three months of seniority, prorated according to the number of hours they worked during the fiscal year concerned.

Moreover, all personnel in France receive legal participation according to base calculations provided for by law. No amount has been paid for participation and profit sharing in the past five years.

With the exception of direct production personnel in the American subsidiary, Egide USA, who are paid based on the number of hours worked, employees of Egide's foreign subsidiaries receive fixed compensation. In addition, variable compensation is paid to sales representatives based on their performance.

17.3 Stock Option Plan

Since Egide's listing on the Paris Stock Exchange, stock options have been granted to certain supervisory staff. On Mai 31, 2009, the total amount of stock options provided to Egide employees, and not yet exercised is 56,115; the amount granted to and not yet exercised by Egide USA employees is 4,100, that of Egide UK employees is 3,220 and that of Egima employees is 200.

With the exception of the president, no member of the board of directors receives stock options. In his capacity as senior officer of the company, he owns 40,767 options, which he received on April 26, 2005 and March 5, 2009 (see plan no's. 4.1 and 5.2 in the table below). In compliance with the provisions of law no. 2006-1170 of December 30, 2006, it is specified that a minimum of 20% of stocks issued in the exercise of options must be registered until the end of the chief executive officer's term of employment.

The table below lists the various plans in effect on Mai 31, 2009:

Plan Number	Plan 3.1	Plan 3.2	Plan 4.1	Plan 4.4	Plan 5.1	Plan 5.2	Total
General Meeting Council	6/29/2001 6/26/2002	6/29/2001 4/28/2003	6/8/2004 4/26/2005	6/8/2004 1/15/2007	6/20/2007 7/24/2007	6/20/2007 3/05/2009	
Initial Number of Stocks Senior officer	11,300 0	1,398 0	20,000 20,000	4,900 0	5,400 0	26,624 20,000	69,622 40,000
First 10 Salaried Personnel	9,500	1,398	0	4,500	3,800	4,124	23,322
Number of Stocks after Adjustments*	11,596	1,453	20,767	4,900	5,400	26,624	70,740
Period Beginning Date Period End Date	6/26/2004 6/25/2009	4/28/2005 4/27/2010	4/26/2007 4/25/2012	1/15/2009 1/14/2014	7/24/2009 7/23/2014	3/05/2011 3/04/2016	
Modalités d'exercice	Maximum of ¼ every 30 trading days, with a maximum of 20 stocks (plan no's. 3.1, 3.2, 4.4, 5.1 , and 5.2), 500 stocks (no. 4.1) **Egide and Egide UK Employees** Sale: Frozen for 2 years starting from the date of the exercise **Egide USA Employees (plan 3.1 only)** Sale: Total amount frozen for 1 year + 1 year for half the amount, starting from the date of the exercise. **Senior officer** Sale is according to plan no. 5.2: a maximum of 80% exercised during the term of the proxy.						
Subscription Price	45.13 €	14.97 €	29.74 €	31.15 €	27.83 €	5.79 €	
Nmb of Options Subscribed to Number of Options Lost Nmb Remain. to Be Exercised	0 5,778 5,818	0 727 726	0 0 20,767	0 200 4,700	0 400 5,000	0 0 26,624	0 7,105 63,635

** Adjustments are made after capital operation.*

During fiscal year 2008, no stock option was exercised.

It should be recalled that to exercise stock options, the beneficiary must either be a manager/proxy holder or associated with the company through an employment contract that has not been terminated by either party. He can also be subject to the completion of one or several conditions specified at the allotment. Similarly, after the expiration date of the exercise has passed, stock options are automatically lost. Thus, during fiscal year 2008, beneficiaries lost a certain number of option subscriptions.

- Plan no 4.3: 10,000 options have been cancelled as of right, because the condition of the goal achievement was not met (total plan cancelled)
- Plan no 4.4: an employee holding 200 options left the company.
- Plan no 5.1: two employees holding 200 options each left the company.

A total of 10,600 option subscriptions were lost by their owners during fiscal year 2008; they have been declared null and void by the board of directors.

The maximum number of options having been set at 5% of shares that make up capital (64,306 attributable options on March 31, 2009), 671 available options remain, i.e., 0.05% of capital. On that same date, the 63,635 options not exercised represented a potential dilution of 4.95%.

The fair market value of the share options in the consolidated financial statement is established by using the Black & Scholes valuation model (See § 20.3.1.5.4.9.1). The average life of options is of 4 ½ years at a volatility rate of 30%.

17.4 Social Impact of Egide's Activities

Egide SA's social statistics, provided by the board of directors' report for fiscal year 2008, are as follows:

Total Number of Employees

As of December 31, 2008, Egide's total work force consists of 198 personnel, 20 of whom are based at the corporate headquarters in Trappes and 178 at the Bollène factory. Since December 23, 2008, there is no longer any expatriate personnel at the Egima subsidiary. The average number of employees during the fiscal year was 183.

Recruitment

During 2008, the company hired 36 personnel (primarily operators) for a specific time period and 16 for an indefinite period (10 converted from specific time period to indefinitely and 6 new hires of technicians or engineers). Egide experienced no particular recruitment problems.

Terminations

There was one termination in 2008. It involved an employee with a long-term illness (not work-related), whose state of health did not permit her to fulfill her job responsibilities in the company or in the subsidiaries.

Overtime

During fiscal year 2008, a total of 27,280 overtime hours at the Bollène site and 2,753 at the Trappes site were paid to meet increased work levels.

Outside Labor

At the beginning of the year, Egide used a temporary staff agency (480 hours) to meet increasing work demands.

Work Schedule

The work week is 38½ hours. Non-supervisory regular personnel work on a base 35-hour week, to which 2 hours (paid at 125%) and a 1½-hour break are added. Non supervisory shift personnel work 35 hours a week, with a 3½-hour break. Supervisory personnel's schedules are annualized.

Egide employs 4 personnel half-time and 18 part time (4/5, i.e., 80% of the work week).

Absenteeism

Other than absences due to illness or maternity, compensated or not, the company has not experienced any serious absenteeism. In 2008, 27,087 hours of absence were noted, primarily attributable to long-term sick leave.

Compensation and Increases

2008 gross payroll was 5,112,567 Euros, 1,037,013 of which were for the Trappes site and 4,075,554 for the Bollène site. The average pay raise during the fiscal year was approximately 2.5%.

All company personnel are paid monthly, on a 12- or 13-month basis. No employee is paid based on performance.

Social Expenses

The amount of employer's payroll taxes entered into the accounts for fiscal year 2008 is 2,024,047 Euros, i.e., 39.6% of gross payroll. The amount of payroll taxes assessed on salaries paid in 2008 is 1,089,248 Euros, i.e., 21.3%.

Profit Sharing, Participation, and Savings Plan

A profit-sharing agreement was signed in 2007 by the company and the employees, represented by secretary of the board of directors. This agreement was entered into for a 3-year period, from January 1st, 2007 to December 31, 2009. Profit sharing is calculated annually based on the company's current income before taxes. It is spread uniformly among employees with at least three months of seniority, prorated according to the number of hours they worked during the fiscal year concerned. In view of the current loss, no profit sharing was paid in fiscal year 2008.

Moreover, all personnel in France receive legal participation according to base calculations provided for by the law. Given the current loss, no legal participation was paid for in fiscal year 2008.

The company does not have an employee savings plan.

Male-Female Equality in the Workplace

Although most departmental personnel are female, there is no position in the company that could engender unequal treatment of men and women.

Labor Relations and Collective Bargaining Agreements

Labor-management committee elections were held in 2006. A single labor management committee uniting the two sites (Bollène and Trappes) was elected for a 4-year term.

Outside of its formal relationship with the labor-management committee, Egide favors direct dialogue between managers and their personnel. Thus, depending on needs or current issues, meetings are held with all or some of the personnel, without any particular structure in place for that.

On January 28, 2009, the SPEA of Tricastin (CFDT) labor-union designated a trade union steward on the Bollène's premises. Thus, for the yearly negotiation of salary increases for the current financial year, SPEA will replace the work committee, up to now the stakeholder.

Industrial Hygiene and Safety Conditions

The Industrial Hygiene, Safety and Working Conditions Committee met 4 times in Bollène during fiscal year 2008. The company experienced 9 minor work-related accidents. On the other hand, it did not log any work-related illnesses that year.

In the fiscal year, the rates and costs of industrial accidents were as follows:

Trappes Site	Rate: 1.07%	Cost: 10,910 €
Bollène Site	Rate: 2.16%	Cost: 87,034 €

Training

In 2008, Egide committed a total amount of 31,673 Euros to training, internal and external. The number of training hours used in 2008 to satisfy the individual training right is insignificant in comparison to the number of hours (approximately 3,500) acquired by Egide employees.

Employment and Integration of Handicapped Workers

At the Bollène site, Egide directly employs 13 personnel recognized as having non-motor disabilities. In the course of the company's activities, no handicap has ever caused an accident.

Social benefits

As far as social benefits are concerned, the company directly provides a restaurant ticket program as well as a health insurance program for its employees. During the fiscal year, the company spent 139,014 Euros on restaurant tickets and 38,618 Euros as a partial contribution to the insurance program.

In addition, Egide allocated a budget to the labor-management committee that stood at 60,875 Euros during fiscal year 2008, i.e., 1.2% of gross payroll. This budget is redistributed to the employees in the form of gift certificates, outings, meals, etc.

Recourse to Temporary Agencies

For fiscal year 2008, Egide entered expenses of 30,466 Euros paid to temporary agencies and 6,841 Euros to companies who provided service personnel for the company (site guarding fees), which represents the equivalent of 0.7% of gross payroll.

Regional Impact of Employment and General Development

Egide contacts the local office of the l'Agence Nationale Pour l'Emploi (National Agency for Employment) as soon as recruiting needs arise.

Relationships with Social Agencies

Egide maintains contact with employment integration associations such as the Association pour la Gestation du Funds d'Insertion Professional des Handicaps (AGDFIPH), translated as the Association for the Management of Funds for the Integration of Handicapped Personnel into the Workplace; or the Centres d'Activate par le Travail, translated as Work Activity Centers (restaurants used for business meals). In addition, the company contributes a share of its education tax to teaching establishments.

Foreign Subsidiaries and the Impact on Regional Development

Egide has three subsidiaries, based in the United States, England, and Morocco. The employees of these subsidiaries came from the job pool in each country. With the exception of a French engineer expatriated to Morocco, all personnel are local. End of 2008, as planned, this engineer was reinstated on the Bollène site. He was replaced by a Moroccan recruit.

Respect for the Fundamental Agreements of the International Labor Organization

As a matter of principle, Egide, a French company, and its American and English subsidiaries respect international agreements pertaining to labor law. As far as the Moroccan subsidiary is concerned, the factory director, who is French (director of the Bollène site), respectfully applies the laws in effect in Morocco, which are European laws.

The majority of subcontractors Egide uses are European or American, the company is already shielded from noncompliance with the International Labor Organization (ILO) agreements.

18 PRINCIPAL SHAREHOLDERS

18.1 Breakdown of Capital and Voting Rights

Position on June 30 2009	Number of Shares	% of Capital	Number of Votes	% of Voting Rights
Shareholder Officers	**2,512**	**0.20 %**	**5,024**	**0.34 %**
FCPR 21 Développement 21 Esenga FCPR **Shareholders Acting in Concert ***	126,471 90,681 **217,152**	9.83 % 7.05 % **16.88 %**	252,942 135,129 **388,071**	17.19 % 9.19 % **26.38 %**
Public (Bearer Securities) Public (Registered Securities) **Public**	1,052,514 13,944 **1,066,458**	81.84 % 1.08 % **82.92 %**	1,052,514 23,456 **1,077,970**	71.55 % 1.73 % **73.28 %**
TOTAL	**1,286,122**	**100.00 %**	**1,471,065**	**100.00 %**
Warrants Exercised Since January 1st, 2009	0		0	
Total Listed in Circulation	**1,286,122**		**1,471,065**	

* *CMF Opinion No. 202C1661, December 17, 2002, concerning FCPR 21 Développement and 21 Esenga FCPR funds.*

This table has been constructed on the basis of information provided by CM-CIC Securities Bank, which is responsible for Egide's registered securities.

No share is held collectively by the employees, in accordance with article L.225-102 of the Commercial Code.

18.2 Crossing the Thresholds

Identity of shareholders possessing more than 5%, 10%, 15%, 20%, 25%, 33%, 50%, 66,66% et 95% of share capital or voting rights on December 31, 2008:

	More than 5%		More than 10%		More than 15%		More than 25%	
	Of Capital	Of Voting Rights	Of Capital	Of Voting Rights	Of Capital	Of Voting Rights	Of Capital	Of Voting Rights
FCPR 21, Développement	x					x		
21 Esenga FCPR	x	x						
21 Développement and 21 Esenga acting in concert					x			x
Mr. Antoine Dréan		x	x					
Optigestion		x	x					
Sopalia Fin. Compagny	x							

No shareholder has more than 20% of capital.

No shareholder has more than 33% of capital or of voting rights; an abusive control cannot be exerted in the company. Furthermore, to the company's knowledge, there is no agreement of which the implementation could lead to a change of its control at a later date.

On November 4, 2008, Mr. Antoine Dréan acting in concert with SEP Tantale informed the company and the AMF that, following the acquisition of market securities, he had crossed the 10% capital threshold. He also declared that he would not prevent himself to increase his participation in Egide within the following twelve months, but he did not anticipate a takeover of the company.

As of December 11, 2008, Optigestion declared to the company and to AMF having exceeded the 10% threshold of the company's capital after the acquisition of market shares within its activity of portfolio Management Company and UCITS (Undertakings for Collective Investment in Transferable Securities).

To the company's knowledge, other than those mentioned in the above table, there are no public shareholders possessing more than 5% of capital.

18.3 Different Voting Rights

A double voting right is conferred on all fully paid shares registered for at least two years in the name of the same shareholder.

On June 30, 2009, 187,375 registered shares (170,919 of which are held jointly by 21 Centrale Partners and 21 Esenga), have the right to a double vote.

19 TRANSACTIONS WITH RELATED PARTIES

19.1 Regulated Agreements

Relevant agreements in force on December 31, 2008 are the following:

Agreements Reached in Fiscal Year 2008 and Previously Authorized

- Guarantee agreement by Egide SA in favor of Egide UK amounting to £350,000 to establish a factoring contract between Egide UK and Lloyds Bank, and an amount of £65,000 for a loan by Egide UK with the Lloyds Bank (Board of Directors, April 18, 2008)
- Guarantee agreement by Egide SA in favor of Egide USA as per the lease agreement signed by Egide USA with 4 Washington Street Investment LLC, for amounts due by Egide USA pursuant to the said contract (Board of Directors, October 16, 2008)
- Guarantee agreement by Egide SA in favor of Egide USA to establish factoring contract or the equivalent between Egide USA and Keltic company to replace CIT for amounts due by Egide USA pursuant to the said contract (Board of Directors, October 16, 2008)

Agreements Established in Previous Fiscal Years That Are Still in Effect

- Current account agreement between Egide UK and Egide (board of directors' meetings, October 14, 2002 and October 31, 2005)
- Current account agreement between Egima and Egide (board of directors' meetings, March 16, 2001 and October 31, 2005)
- Current account agreement between Egide USA and Egide SA (board of directors' meetings, October 31, 2005)
- Re-invoicing agreement for business management, financial management, and executive management between Egide and its subsidiaries, Egide USA, Egima and Egide UK (board of directors' meetings, May 2, 2002 and October 14, 2002)
- Agreement to pledge Egide's financial instrument account in consideration for a mid-term loan granted to Egima (board of directors' meeting, June 26, 2002)
- Agreement to guarantee on first request in consideration for a long-term loan granted to Egima (board of directors' meeting, October 30, 2001)
- Agreement to pledge Egide's financial instrument account in consideration for a bond given to Egima (board of directors' meeting, October 27, 2003)
- Service agreement entered into by the company for the benefit of the Chief Executive Officer (board of directors' meeting, November 9, 2004)

Agreements Established in Previous Fiscal Years that Are No Longer in Effect

- Guarantee agreement by Egide in favor of Egide UK for up to £300,000 to establish a factoring contract between Egide UK and HSBC Bank (Board of Directors, March 30, 2007)
- Guarantee agreement by Egide in favor of Egide USA for up to a maximum of $1,500,000 for Egide USA to apply for a loan from Pinecrest National Funding LLC (Board of Directors, September 20, 2007)

At the board of directors' meeting on April 21, 2009, it was decided that starting January 1st, 2009, the wage rate in Egide's and its subsidiaries' current accounts between would be reduced from 4% to 3%.

19.2 Auditors' Report on Regulated Agreements

«Ladies and Gentlemen,

In our capacity as auditors in your company, we present our report on regulated agreements and commitments.

1 - Agreements and Commitments Authorized During the Fiscal Year

In accordance with article L.225-40 of the Commercial Code, we have been informed of the agreements and commitments subject to prior authorization by your board of directors.

It is not up to us to research the possible existence of other agreement and commitments, but to communicate to you, on the basis of the information we have been given, the essential characteristics and details of those of which we have been informed, without having to state an opinion on their utility or merit. It is up to you, according to the terms of article R.225-31 of the Commercial Code, to assess the stakes involved in entering into these agreements and commitments.

We implemented the due diligence that we considered necessary in light of the professional policy of the national company of statutory auditors pertaining to this mission. This due diligence consists of verifying the matching of information that was given to us with the basic documents from which it was taken.

1.1 - Guarantee Agreement for a Factoring Contract and a loan between Egide UK and Lloyds Bank.

Nature and Purpose: Under the terms of a factoring agreement, Lloyds Bank accorded Egide UK Ltd. an advance based on its net client receivables, with a maximum amount of £350,000. In this context, HSBC bank requested that Egide guarantee its subsidiary for the amount of this advance.
Within the purview of a loan by Egide UK Ltd. Lloyds Bank asked Egide SA to back a loan for its subsidiary for an amount of £65,000.

This agreement was authorized by the board of directors on April 18, 2008.

Details: This agreement created neither revenue nor expenses during the fiscal year.

1.2 - Guarantee Agreement by your company in favor of Egide USA for a lease agreement signed by Egide USA Inc. with 4 Washington Street Investments LLC

Nature and Purpose: Regarding this lease agreement, 4 Washington Street Investments LLC, in its capacity of lessor, asked your company to vouch for its leasing subsidiary, to the extend of the amounts due by Egide USA Inc. as per said lease agreement, without limitation as to the amount, representing a maximum of $2,438,878 for the rents.
This guarantee takes places in the assignment transaction of the building, sold by Egide USA Inc. to 4 Washington Street Investments LLC for an amount of 2 million dollars.

This agreement was authorized by the board of directors on October 16, 2008.

Details: This agreement created neither revenue nor expenses during the fiscal year.

1.3 - Guarantee Agreement by your company in favor of Egide USA for a finance contract between Egide USA and Keltic

Nature and Purpose: The factoring contract previously put in place in March 2007 at the request of CIT, between CIT and Egide USA Inc., expired at the end of November 2008.
During the month of December 2008, a finance contract was signed between Egide USA Inc. and Keltic (assignment of receivables to Keltic an inventory financing).

Egide S.A. guaranteed Keltic for this finance contract for its subsidiary, Egide USA Inc. The maximum amount guaranteed at December 31, 2008 is of 1.75 million Dollars or 1.26 million Euros.

Details: This agreement created neither revenue nor expenses during the fiscal year.

2 - Agreements and Commitments Established in Previous Fiscal Year That Are Still in Effect

In addition, in conformity with the Commercial Code, we have been informed that the execution of the following agreements and commitments, approved in previous fiscal years, continued during the last fiscal year.

2.1 - Current Account Agreement between Egide UK Ltd. and Your Company

Nature and Purpose: Advances in current account made by Egide for the benefit of its subsidiary under British law, Egide UK Ltd. On December 31, 2008, the current account balance rose to € 876,671.

This agreement was initially authorized by the board of directors on October 14, 2002, and the wage rate was modified by the board on October 31, 2005.

Details: These advances are paid at a rate of 4% a year. The amount of interest accrued as revenues for the fiscal year is € 33,247.

2.2 - Current Account Agreement between Egima SARL and Your Company

Nature and Purpose: Advances in current account made by Egide for the benefit of its subsidiary under Moroccan law, Egima. On December 31, 2008, the current account balance rose to € 8,851,252.

This agreement was initially authorized by the board of directors on March 16, 2001, and the wage rate was modified by the board on October 31, 2005.

Details: These advances would be paid at the rate of 4% a year. The amount of interest accrued as revenues for the fiscal year is € 327,901.

2.3 - Current Account Agreement between the Egide USA Inc. Subsidiary and Your Company

Nature and Purpose: Advances in current account made by Egide for the benefit of its subsidiary under American law, Egide USA Inc. On December 31, 2008, the current account balance rose to € 1,143,250.

This agreement was authorized by the board of directors on October 31, 2005.

Details : These advances would be paid at the rate of 4% a year. The amount of interest accrued as revenues for the fiscal year is € 38,035.

2.4 - Re-Invoicing Agreement for Business Management, Financial Management, and Top Management Fees Between Egide and Its Subsidiaries: Egide USA Inc., Egima, and Egide UK Ltd.

Nature and Purpose: Egide's re-invoicing of its subsidiary under American law, Egide USA Inc.; its subsidiary under Moroccan law, Egima; and its subsidiary under English law, Egide UK Ltd for a share in the costs for business, financial, and executive management.

This agreement was authorized by the board of directors on May 2, 2002 for re-invoicing between Egide and its subsidiaries, Egima SARL and Egide USA, and on October 14, 2002 for re-invoicing between Egide and Egide UK Ltd.

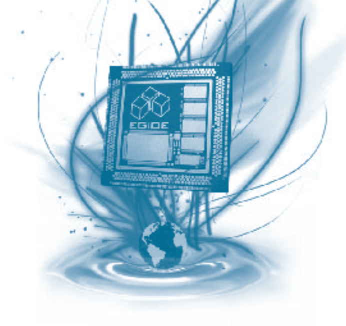
Details: The amounts billed correspond to the salaries and payroll taxes of the employees concerned on the basis of a presumptive assessment of the time spent by each one for each company in the group. For the fiscal year ended December 31, 2008, the amount billed by Egide S.A. to Egide USA Inc., amounts to € 48,952. The amount billed by Egide S.A. to Egima SARL was of € 213,159. The amount billed by Egide S.A. to Egide UK Ltd. was of € 15,343.

2.5 - Agreement for a Financial Instruments Account as Collateral for a Medium-Term Loan Accorded to Egima SARL

Nature and Purpose: Pledge of a SICAV (mutual fund) portfolio for the Benefit of Crédit Lyonnais, for the original amount of 1,420,040 €, in consideration for the guarantee provided by Crédit Lyonnais to Crédit du Maroc (with a due date of January 15, 2010) resulting from a 14,600,000 dirham loan granted by the latter to Egima, the subsidiary under Moroccan law. The loan was granted on January 28, 2003 for an initial period of 7 years, one year of which was capital franchising.

The amount of this pledge is reduced each trimester at the level of the balance of the loan remaining to be repaid; this transaction allows the release of one pledged SICAV when the reduction of the pledge is less equal to the unit value of a pledged SICAV. On December 31, 2008, the balance of the pledge was € 336,249, with the loan pledge remaining to be reimbursed at € 329,092.

This agreement was authorized by the board of directors on June 26, 2002.



Details: This agreement created neither revenue nor expenses during the fiscal year.

2.6 - Agreement to Guarantee on First Request for a Long-Term Loan Granted to Egima SARL

Nature and Purpose: Egide posted a guarantee on first request for the benefit of Crédit du Maroc in consideration for a long-term loan granted by the latter to the Egima, the subsidiary according to Moroccan law. The loan, in the amount of 10,678,000 dirhams, was granted on March 21, 2003 for an initial term of 12 years (with a due date of March 21, 2015), one year of which is franchise capital. The guarantee provided by Egide concerns capital and interest owed by Egima based 12,700,000 dirhams in principal. The balance of this loan, as of December 31, 2008 is the equivalent of € 654,097.

This agreement was authorized by the board of directors on October 30, 2001.

Details: This agreement created neither revenue nor expenses during the fiscal year.

2.7 - Agreement to Pledge a Financial Instruments Account in Consideration for a Guarantee Provided for the Benefit of Egima SARL

Nature and Purpose: Pledge of a mutual fund portfolio for a total amount of 57,447 Euros for the benefit of Crédit du Nord as collateral for a bond provided to the Société Générale Marocaine de Banque, who authorized, at the request of the Moroccan subsidiary, Egima, a permanent bond for the Moroccan customs and tax authorities. The value of the mutual funds guaranteed stood at € 63,965 on December 31, 2008.

This agreement was authorized by the board of directors on October 27, 2003.

Details: This agreement created neither revenue nor expenses during the fiscal year.

2.8 - Employment Agreement Entered into by the Company for the Chief Executive Officer

Nature and Purpose: Commitment made by Egide to the Chief Executive Officer, Mr. Philippe Brégi, relative to the funding of job loss insurance, on the date of his appointment, approved by the board of directors on November 9, 2004.

Details: Amounts invoiced reached € 3,453 in fiscal year 2008.

3 - Person Concerned

Mr. Philippe Brégi, chief executive officer of your company and also chairman of Egide UK Ltd., manager of Egima, and chairman and chief executive officer of Egide USA Inc.

Neuilly sur Seine and Paris, June 4, 2009

The Auditors

PricewaterhouseCoopers Audit	Jacques Wenig & Associés
Jean-François Châtel	Bernard Hinfray»

20 STATEMENTS CONCERNING THE ISSUER'S ASSET BASE, FINANCIAL POSITION AND PERFORMANCE

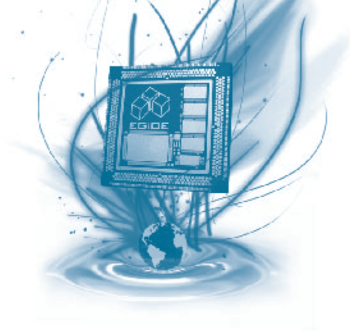
20.1 Historical Financial Statements (2006 and 2007)

The consolidated and individual financial reports for fiscal years ending December 31, 2006 and December 31, 2007, as well as the relevant auditors' reports, appearing in the documents mentioned in the following table, are incorporated by way of reference into this annual report.

Version Date	Annual Report 2006 No. D07-0562, dated June 6, 2007	Annual Report 2007 No. D08-0541, dated July 7, 2008
Consolidated Accounts and Annexes	Pages 57 - 75 (§ 20.3.1)	Pages 61 - 78 (§ 20.3.1)
Auditors' Reports on Consolidated Accounts	Pages 96 and 97 (§ 20.4.1)	Page 99 (§ 20.4.1)
Individual Accounts and Annexes	Pages 75 - 95 (§ 20.3.2)	Pages 79 - 98 (§ 20.3.2)
Auditors' Reports on Individual Accounts	Pages 97 and 98 (§ 20.4.2)	Pages 100 and 101 (§ 20.4.2)

20.2 Pro Forma Financial Statements

None.



20.3 2008 Financial Statements

20.3.1 Consolidated Financial Statements

20.3.1.1 Consolidated Balance Sheet

ASSETS (in k€, IFRS Standards)	Notes 20.3.1.5.	Value on 12/31/2008	Value on 12/31/2007
Intangible Assets	4.3	3	6
Tangible Assets	4.3	3,017	5,484
Financial Assets	4.3	138	22
Other Current Assets	4.4	400	826
Non current Assets		**3,558**	**6,338**
Inventory	4.5	5,350	5,091
Clients and Other Debtors	4.6	7,541	6,802
Cash and cash equivalents	4.7	1,196	1,416
Other current Assets	4.8	179	360
Current Assets		**14,266**	**13,669**
TOTAL ASSETS		**17,824**	**20,007**

LIABILITIES (in k€, IFRS Standards)	Notes 20.3.1.5.	Value on 12/31/2008	Value on 12/31/2007
Capital	4.9	12,861	12,861
Premiums Associated with Share Capital		349	355
Legal Reserve		402	402
Consolidated Reserves		(4,010)	1 871
Annual Income		(2,263)	(6,141)
Exchange Losses		(1,860)	(1,933)
Own Shares		0	0
Equity		**5,480**	**7,415**
Non current Reserves	4.10	215	253
Long-Term Accounts Payable	4.11	682	995
Non current Liabilities		**897**	**1,248**
Current Expenses	4.10	0	16
Short-Term Accounts Payable	4.11	4,031	4,207
Suppliers and Other Creditors	4.11	7,416	7,121
Current Liabilities		**11,447**	**11,344**
TOTAL LIABILITIES		**17,824**	**20,007**

20.3.1.2 Consolidated Income Statement

INCOME STATEMENT (In k€, IFRS Standards)	Notes 20.3.1.5.	12/31/2008	12/31/2007
Sales		29,847	26,170
Purchases Consumed		(13,853)	(12,936)
Change in Inventory of Finished Goods and WIP		(96)	92
Salaries and Fringe Benefits		(12,093)	(12,261)
External Costs		(4,664)	(4,873)
Direct and Indirect Taxes		(554)	(577)
Amortization & Depreciation of Assets	4.3	(1,128)	(1,178)
Depreciation recovery	4.5, 6, 10	(30)	6
Other operating Revenues and Costs		865	148
Operating Income	**4.13**	**(1 706)**	**(5,410)**
Financial Income	4.14	44	69
Gross Financial Debt Cost	4.14	(520)	(431)
Net Financial Debt Cost	4.14	(476)	(362)
Other Financial Revenues and Costs	4.14	(76)	(370)
Income Tax	4.12	(4)	0
Fiscal Year Income		**(2,263)**	**(6,141)**
Group Share		(2,263)	(6,141)
Minority Ownership		0	0
Earnings per Share (in €)		(1,76)	(4,78)
Diluted Earnings per Share (in €)		(1,76)	(4,78)

20.3.1.3 Table Showing Consolidated Equity Capital Changes

(In k€, Except in the Case of Stocks)	Number of Shares	Capital	Premium	Legal and Conso-lidated Reserves	Other Equity	Annual Income	Equity
Position on 01/01/2007 (1)(2)	**1,285,831**	**12,858**	**4,532**	**3,284**	**(2,029)**	**(5,064)**	**13,581**
Change in Parent Company Capital	288	3	6				8
Allocation of FY 2006 Income (3)			(4,183)	(881)		5,064	0
Annual Income						(6,141)	(6,141)
Stock Option Subscriptions				114			114
Conversion Difference Change					97		97
Position on 12/31/2007	**1,286,119**	**12,861**	**355**	**2,517**	**(1,933)**	**(6,141)**	**7,659**
Change in Parent Company Capital	3						
Allocation of FY 2007 Income			(6)	(6,136)		6,141	0
Annual Income						(2,263)	(2,263)
Stock Option Subscriptions				11			11
Conversion Difference Change					73		73
Position on 12/31/2008	**1,286,122**	**12,861**	**349**	**(3,608)**	**(1,860)**	**(2,263)**	**5,480**

(1) The credit balance brought forward of 586 k€ previously posted under "Premiums" was reclassified under the "Statutory and consolidated reserves" column.
(2) The consolidated reserves were increased by 244 k€ with the intention of correcting a stock assessment error of raw materials at Egide SA
(3) The loss for the fiscal year 2006 (4,915 k€) previously allotted under the "Premiums" column was reclassified for an amount of 733 k€ under the "Statutory and consolidated reserve" column according to the provisions of the 3rd Resolution of the Combined General Meeting of June 20, 2007 (allocation of results 2006)

There is no minority ownership in the Egide group.

20.3.1.4 Consolidated Financing Table

CASH FLOW TABLE (In k€, IFRS Standards)	12/31/2008	12/31/2007
Net Income for All Companies	(2,263)	(6,141)
Elimination of expenses and products without incidence on the cash flow or not linked to the activity		
- Amortization, depreciation, and reserves (1)	1,042	1,211
- Capital gains on sale of intangible and fixed assets	(808)	(2)
- Others	255	(123)
Change in working capital requirements associated with the operation (2)		
- (Increase)/decrease in inventory	(258)	218
- (Increase)/decrease in customer receivables	(200)	309
- (Increase)/decrease in other receivables	(164)	2,159
- Increase/(decrease) in supplier accounts payable	191	6
- Increase/(decrease) in fiscal and social security debt	39	193
- Increase/(decrease) in other debts	192	419
Cash flow associated with operations	**(1,974)**	**(1,751)**
Asset acquisitions	(344)	(789)
Sales, net of taxes	2,333	7
Incidence of variations in scope		
Cash flow associated with investment transactions	**1,989**	**(782)**
Cash capital increases	0	3
Change in shareholders' equity	0	6
Subscription to loans from credit or leasing companies	64	1,030
Repayment of loans from credit or leasing companies	(1,582)	(377)
Debts relative to factoring and revolving credit	1,030	(687)
Change in SICAV financing	253	235
Cash flow associated with financing	**(236)**	**210**
Cash flow	**(221)**	**(2,323)**

(1) Except depreciation of current assets
(2) Net value

	12/31/2008	12/31/2007
Closing cash position *	1,190	1,405
Opening cash position *	1,406	3,745
Incidence of exchange rate variations	(5)	17
Change in cash position	(221)	(2 323)

Supplier debts due at the end of December 2008 and paid at the beginning of the following semester, stood at 494K€ and 394 k€ for December 2007, paid at the beginning of 2008.

** For informational purposes, cash amounts on 12/31/2008 and 12/31/2007 can be broken down as follows:*

	Balance on 12/31/2008	Balance on 12/31/2007
Cash and cash equivalents	1,196	1,416
Bank overdrafts and accrued interest	(6)	(11)
Cash flow statement	**1,190**	**1,405**

20.3.1.5 Accounting Methods and Explanatory Notes on Consolidated Accounts

20.3.1.5.1 General

Egide designs, produces, and distributes hermetic encapsulation components (electronic packages) that protect and interconnect electronic systems.

This annex is an integral part of the consolidated accounts established on December 31, 2008, with total assets of 17,824 k€, and the income statement, shown in list format, reveals a loss of 2,263 k€ closed by the board of directors on April 21, 2009.

All information provided below is expressed in thousands of Euros (k€), unless otherwise indicated. Annual closing occurs on December 31, the fiscal year covering the period from January 1st, 2008 to December 31, 2008.

20.3.1.5.2 Information Relative to the Authoritative Accounting Pronouncements and Scope

20.3.1.5.2.1 Basis for Preparing Financial Statements

In conformity with regulation CE no. 1606/2002 dated July 19, 2002, Egide group presents its consolidated financial statements for the fiscal year ending December 31, 2008, in conformity with the International Financial Reporting Standards (IFRS), as adopted in the European Union and published by the IASB on December 31, 2008. These standards include the IFRS and the International Accounting Standards (IAS), as well as their interpretations, applicable on December 31, 2008. This set of standards and their interpretations are commonly called the IFRS standards or IFRS for short.

The group did not, in anticipation, apply any published standard or interpretation that was not in force on December 31, 2008. A study of the potential impact of these norms or interpretations is in progress. At this stage of the study, the group does not foresee any material impact.

The effects of the application of IFRS 7 are covered in 20.3.1.5.3.2, 20.3.1.5.3.4, and 20.3.1.5.3.11. IAS Amendment 1 has had no impact on the presentation of financial statements. IFRIC 7, 8, 9, and 10 had no impact on the accounts closed on December 31, 2008.

20.3.1.5.2.2 Consolidation Scope and Methods

The companies included in the Egide group's consolidated financial statements on December 31, 2008 are the following:

Companies	Corporate Headquarters	Percentage of Ownership	Consolidation Method	Date of Entry into Group
Egide SA	Trappes (Yvelines - France)	100%	Parent Company	NA
Egide USA LLC	Wilmington - Delaware (USA)	100%	Full Consolidation	11/08/2000
Egide USA Inc.	Cambridge - Maryland (USA)	100%	Full Consolidation	12/29/2000
Egima	Casablanca (Morocco)	100%	Full Consolidation	11/01/2000
Egide UK Ltd	Woodbridge - Suffolk (Great Britain)	100%	Full Consolidation	06/01/2002

All companies included in the consolidation held their annual account closing on December 31.

20.3.1.5.2.3 Consolidation Rules

The financial statements of the various foreign subsidiaries are re-processed to conform with the group's accounting plan and the common evaluation policy of the different sites to guarantee a satisfactory level of homogeneity in financial information.

20.3.1.5.3 Accounting Principles and Evaluation Methods

20.3.1.5.3.1 General Principles

The consolidated 2008 financial statements are processed, respecting principles of prudence, fiscal year independence, and continuity of operations.

Since Egide's current cash position allows it to pay its debts on time, the company therefore meets its current liabilities with its available assets. In light of the forecasted cash flows in Egide's strategic plan, its realization requiring the effective implementation and on a timely basis of the contemplated asset sales, Egide establishes that its cash flow situation could become strained, but nonetheless it anticipates having a sufficient cash flow to cope with the deadlines for the next 12 months.

20.3.1.5.3.2 Sales Recognition Methods

Products are shipped according to Incoterms' ex works. Sales are recognized upon risk transfer, either when the product is shipped or actually placed in the factory

20.3.1.5.3.3 Purchase Discrepancy

On the acquisition date, a purchase discrepancy is initially assessed by the acquiring company in terms of net asset value, liabilities identified, and possible liabilities acquired. In conformity with IFRS 3, purchase discrepancies are subject to an impairment test, annually, at a minimum, or in the case of indication of a loss of value. The impairment test is explained in paragraph 20.3.1.5.3.6.

20.3.1.5.3.4 Intangible Assets

IAS Standards 36 and 38 apply to intangible assets.

Intangible assets are valued at their acquisition cost on the date of entry of intangible assets into the patrimony, increased by the incidental fees necessary to bring these goods into a state of usefulness.

Keeping in mind the customized nature of the products marketed by Egide, research and development costs, for the most part, involve projects developed in partnership with its clients. These costs are then incorporated into the costs of prototypes invoiced to clients. As a result, no research and development cost is capitalized on the asset side of the group's balance sheet.

Capital assets with a finite life are amortized using the straight line method, based on their projected useful life, in the course of which they will provide economic benefits to the group. Depreciation rates are as follows:

	Straight Line
Licenses	10 to 20 %
Software	20 to 33.33 %
Patents	8.33 %

The amortization basis does not take into account the residual value when the asset is no longer in use because no significant residual value has been identified for Egide group's assets. The depreciation method, residual value, and useful lives are reviewed, at a minimum, at the end of each fiscal year, which could modify the initial depreciation plan in the long term.

An impairment test is conducted when there is an internal or external indication of a loss in value. Depreciation is used if the recoverable value of the capital asset concerned is less than its net asset value. This depreciation diminishes the amortizable accounting basis over the remainder of its life. The impairment test is explained in paragraph 20.3.1.5.3.6.

20.3.1.5.3.5 Tangible Assets

IAS Standards 16 and 36 apply to tangible assets.

The gross value of elements in tangible assets corresponds to their acquisition cost on the date of the tangible assets' entry into the patrimony, together with the additional costs necessary to place these goods into service. An expense is capitalized if it is probable that future economic benefits associated with it will go to the group and that its cost can be reliably assessed. The other expenditures are recorded as expenses if they do not meet this definition.

Assets under construction correspond to assets non yet placed into service at the close of the fiscal year.

When significant components with different useful lives are identified in a tangible asset, these components are accounted for separately and depreciated according to their own useful life. Expenses for replacement or renewal of a component of a tangible asset are accounted for as a separate asset, and the asset replaced is removed from the asset list.

Tangible assets are depreciated using the straight line method, based on their projected useful life, in the course of which they will provide economic benefits to the group. Depreciation rates are as follows:

	Straight Line
Buildings	4 %
Facilities, fixtures, and fittings	10 %
Machinery, industrial materials and tooling	10 to 33.33 %
Office materials and furniture, other fixtures and installations	10 to 33.33 %

No residual value has been retained at the end of these assets' useful lives and therefore it has not been deducted from the depreciation basis. The depreciation method, residual value, and useful lives are reviewed, at a minimum, at the end of each fiscal year, which could modify the initial depreciation plan in the long term.

An impairment test is conducted when there is an internal or external indication of a loss in value. Depreciation is used if the recoverable value of the capital asset concerned is less than its net asset value. This depreciation diminishes the amortizable accounting basis over the remainder of its life. The impairment test is explained in paragraph 20.3.1.5.3.6.

20.3.1.5.3.6 Impairment Test for Non-Financial Assets

Prior to the impairment test, the cash-generating units are identified. A cash-generating unit is constituted by a homogenous set of assets, the use of which generates cash inflows proper to this cash-generating unit. In the case of the Egide group, the cash-generating units are as follows:

- Egide and Egima
- Egide USA Inc
- Egide UK Ltd.

Indeed these profit centers reflect the best way to generate cash flows that define the group. The group evaluates future cash flows that each cash-generating unit will provide. The utility value corresponding to the result of the updating of these cash flows is compared to the net asset value of the intangible and tangible assets of the corresponding cash-generating unit. If this utility value is less than the net asset value, a depreciation is noted, unless a particular asset or group of assets has a specific market value higher than its book value.

20.3.1.5.3.7 Assets Acquired through Leasing

In conformity with IAS 17, leasing contracts are reprocessed and entered into the consolidated statements. The corresponding assets are entered into the balance sheet, with a corresponding debt under liabilities. The linear mode of depreciation is used based on the expected life of the asset concerned (see. duration indicated in paragraph 20.3.1.5.3.5).

20.3.1.5.3.8 Inventories and Work In Process

Inventories of raw materials, indirect materials, and merchandise are accounted for at their purchase cost (increased by their routing costs) according to their weighted average cost. The in-process items, finished products, and semi-finished products are valued at their production cost, including the total direct and indirect manufacturing costs relevant to references recognized as correct at the end of the manufacturing process; the cost of scrap left over after manufacturing is directly entered into fiscal year expenses. When the costs are higher than the selling price, reduced by the marketing costs, the difference is depreciated.

Raw materials, semi-finished products, and finished products are depreciated based on their age and their forecast for use or sale. From the first year, depreciation is at 5% and rises to 50 or 100% the second year, depending on the nature of the inventories, and to 100% the third year based on the depreciation schedule used. It should be clarified that raw material inventories include components and minerals. The latter, due to their very nature, are subject to different rates of depreciation because of their possible transformation into components or through their resale in an existing market.

Variation in inventories and in-process goods and expenses and depreciation recovery pertaining to these inventories are presented on the same line of the group's income statement.

20.3.1.5.3.9 Conversion of Financial Statements Established in Foreign Currency

The statements are prepared in Euros, the functional currency as well as the presentation currency.

Egide USA Inc.'s and Egide UK Ltd's (autonomous subsidiaries) statements are converted using the current exchange rate method, the balance sheet thus being converted into Euros on the basis of the exchange rate in effect on the closing date. The income statement and the cash flow statement are converted according to the average fiscal year price. The resulting conversion differences are recorded in shareholders' equity as conversion discrepancies.

The statements of Egide USA LLC and Egima (non-autonomous subsidiaries) are converted according to the historical cost method, the balance sheet thus being converted with the historical cost, except for the monetary elements converted at closing cost. The income statement and the cash flow statement are converted according to the average fiscal year price. The resulting conversion differences are recorded in shareholders' equity as "exchanges losses".

20.3.1.5.3.10 Reciprocal Statements and Transactions

All reciprocal statements and transactions between the consolidated companies are adjusted then eliminated.

20.3.1.5.3.11 Accounts Payable and Accounts Receivable

Accounts payable and accounts receivable are initially entered in terms of their fair market value, which having an expiration date of more than one year being eventually actualized. Their ultimate assessment is at the cost amortized according to the effective rate method.

If necessary, accounts payable running the risk of non-payment are depreciated on the basis of the estimated value of the risk.

Foreign currency accounts receivable and accounts payable are valued at the closing exchange rate in effect on that date. The corresponding conversion discrepancies result in the entry of unrealized exchange losses or gains in the operating results.

20.3.1.5.3.12 Cash Assets

Available cash at the bank or on hand is valued at the closing price.

Long-term investments are accounted for at purchase cost. They are, if necessary, adjusted to account for their liquidity abilities value at fiscal year end. Short-term investments are therefore evaluated against income at their fair market value.

The capital gains or losses realized in the fiscal year are determined by the first in, first out (FIFO) method.

20.3.1.5.3.13 Deferred Taxes

Certain changes made to consolidated companies' annual statements to bring them into accordance with accounting principles applicable to consolidated statements, as well as certain temporary discrepancies in annual accounts, reveal temporary differences between the tax value and book value of the deferred assets and liabilities.

Temporary differences give rise to deferred taxes in consolidated accounts according to the liability method of tax allocation.

Future income tax assets are not accounted for unless their recovery is probable in the foreseeable future.

20.3.1.5.3.14 Pension and Similar Benefit Reserves

At Egide SA, retirement pay is calculated in conformance with IAS Standard 19, as well as the bonuses paid to personnel on the occasion of receipt of the service medal and the special seniority allowance. These commitments are a result of collective bargaining agreements applicable to each establishment, and they are calculated according to the method of distribution of rights, prorated according to seniority. The main assumptions are the following:

- Retirement age: 65 years
- Starting Age: 18 years
- Average annual pay raise: 2.5%,
- Life expectancy is based on the Insee actuarial table 2003-2005
- Probability of attendance is assessed in terms of internal statistics proper to each establishment.
- Rate of long-term financial updating is estimated to be 3.82% (10-year bond rate)
- Provisions are calculated outside of employer taxes since, generally, such obligations are not subject to social security taxes.

These reserves do not include foreign subsidiaries; these companies have not committed to pay complementary premiums upon expiration of employee work contracts, nor on any other occasion during their tenure in the company.

The effect of recurrent updating and normal changes in the variables in the calculation of the provision (seniority, personnel transfer, rate of update, etc. …) is fully noted in the income statement.

20.3.1.5.3.15 Reserves

Accounting for reserves occurs at the time of fiscal year closure. There is an obligation to third parties, and it is probable that on the closing date it will provoke a withdrawal of resources by these third parties without at least an equivalent offset expected from them after closing date.

20.3.1.5.3.16 Stock Warrants

The company applies IFRS Standard 2, Payment in Stocks and Similar Products, to equity instruments authorized after November 7, 2002, the rights to which were not yet acquired on December 31, 2008.

20.3.1.5.3.17 Factoring

The companies in the group have had recourse to factoring: Egide since the first semester of 2006, Egide USA Inc, and Egide UK Ltd since the first trimester of 2007. There is no impact on company's accounts receivable but there is a short-term miscellaneous liability on the balance sheet. It represents the advances financed by the factor minus client payments received by the factor to pay down the receivable that has been subrogated. The group's current factoring is approximately 85% of its sales.

Egide's factoring organization, in processing export receivables plans to limit the in-process inventory to 250 k€. At December 31, 2008, this limit was not applied, because for the concerned clients, the credit insurance covers a larger outstanding amount.

20.3.1.5.3.18 Segment Information

A geographic segment is a group of assets and operations providing goods and services in a particular economic environment, which is exposed to different risks and to a profitability that is different from those of other geographic segments.

An activity segment is a group of assets and operations providing goods and services, which is exposed to different risks and to a profitability that is different from those of other activity segments.

20.3.1.5.4 Additional Information on the Balance Sheet and Income Statement

20.3.1.5.4.1 Determining Accounting Estimates and Judgments

The group conducts estimates and makes assumptions regarding future activities. The ensuing accounting estimates are, by definition, rarely equivalent to ultimate results.

The assumptions and estimates that seriously risk a significant adjustment in the accounting value of assets and liabilities during the following period primarily concern the impairment testing of intangible and tangible assets that the group may conduct. In effect, in conformance with the accounting method defined in paragraph 20.3.1.5.3.6, the amounts recoverable from cash-generating units are determined based on calculations of going-concern value. These calculations require recourse to estimates.

Next the group determines the estimated useful life of the fixed assets and the resultant depreciation expenses. As far as ceramic production equipment is concerned, this estimate is based on the projected life-cycles of the products. It could be subject to modification due to the variation in cycle duration.

Similarly, these assumptions and estimates regarding the activity have a very significant impact on the cash expected in Egide's operations. The cash level expected by Egide to meet its deadlines in the months to come, as mentioned in 20.3.1.5.3.1 above, thus depends on the successful realization of these sales and profitability projections.

20.3.1.5.4.2 Financial Risk Management

20.3.1.5.4.2.1 Exchange Risk

Egide's sales are primarily from exports (70%), with North America representing 40% of the group's sales. In 2008, the dollar stayed at a lower level in relation to the euro, which continued to reduce the group's sales figure. However, 31% of sales are made in dollars and realized by the American subsidiary, Egide USA, whose total costs are also in dollars. In addition, the major portion of European sales is paid in Euros. The exchange risk is therefore limited to the portion of sales paid in dollars and realized by the French company, Egide, i.e., 11% of sales in fiscal year 2008.

The revenue in American dollars received by Egide SA is used to purchase components in the United States. In 2008, receipts in dollars were, however, much lower than disbursements since the implementation of factoring generated financing in Euros. The risk therefore lies in the exchange rate on the day American dollars are purchased, since receipts do not cover expenses paid in this currency. No specific reserve balance has been put in place.

As far as the American subsidiary is concerned, purchases and sales are entirely in dollars. At the end of the fiscal year, the exchange risk will therefore contained by the group based on the result of the Egide USA fiscal year as well as its cash position in dollars.

A customized work plan has been established between Egide and Egima: Receipts for the exportation of products manufactured in Morocco are billed by Egide; there is no exposure to the exchange rate for Moroccan dirham's. The financing structure implemented in Morocco is such that the impact of a change in the euro-dirham exchange rate is reduced. Investments made in 2001 and 2002 have been financed at around 50% by capital and around 50% by medium/long-term loans in local currency. In the case of the devaluation of the dirham, the accounting loss in value of the assets paid in dirham's would be partially compensated by a loss in value of the debt similarly paid in dirham's.

Sales achieved by the English subsidiary, Egide UK, are mostly paid in pounds sterling. However, global sales for Egide UK represent only 8% of the group's sales and the exchange rate risk will be limited to the income in the fiscal year.

20.3.1.5.4.2.2 Interest Rate Risk

To finance investments made in Morocco in it subsidiary, Egima, and at the same time, limit the exchange risks associated with a possible devaluation of the dirham, Egide decided to obtain two loans from a local bank. The medium-term loan amount is 14.6 million dirhams, payable over a seven-year period (one year of which is franchise capital), with a fixed interest rate of 8%; the long-term loan is 12.7 million dirhams, partially unfrozen at the 10.678 million level, to be repaid over 12 years (one year of which is franchise capital), and bearing a fixed interest rate of 8.75%. These two loans were unfrozen at the beginning of 2003; they do not include a prepayment clause because a default clause has been applied.

In 2006, Egide SA entered into two factoring contracts covering domestic and export receivables. The monthly payment applied by the factors to the amounts financed is based on Euribor 3 months at the end of the preceding month. In December 2008, Egide USA entered into a finance contract with Keltic, based on the value of its receivables and stocks, whose interest rate is determined as follows: base rate + 3.50% (with an interest rate floor of 7.50%). The factoring contract put in place at Egide UK, in 2007, with the HSBC bank was replaced by an identical contract with Lloyds; the interest rate is prime rate + 1.75%. Finally, a medium term financing of £65,000.00 was obtained by Egide UK at Lloyds, at prime rate + 2.25%.

Considering the potentially low impact of interest rate variations on consolidated income, the group has not implemented specific measures to track and manage interest rate risks.

20.3.1.5.4.2.3 Liquidity Risk

See § 20.3.1.5.3.1.

20.3.1.5.4.3 Capital Assets

The intangible assets appearing on the group's balance sheets on December 31, 2008 were acquired. They include patents, licenses, and software.

Depreciable cost variation in assets can be analyzed as follows:

Items (amounts in k€)	Value on 12/31/2007	Variation in Exchange Rate	Value on 12/31/2007 at the rate of 12/31/2008	Acquisitions, Creations, Transfers, Allocations	Cessions, Removals from Service, Returns	Scope	Value on 12/31/2008
Other Intangible Assets							
Depreciable Cost	351		351				351
- Amortization	(345)		(345)	(3)			(348)
- Depreciation							
Net Value	**6**		**6**	**(3)**			**3**
Total Intangible Assets	**6**		**6**	**(3)**			**3**
Land & Fixtures							
Depreciable Cost	786	25	811		650		161
- Amortization	(86)	(3)	(89)	(3)	(66)		(27)
- Depreciation	(59)		(59)		(58)		0
Net Value	**641**	**22**	**663**	**(3)**	**526**		**134**
Buildings							
Depreciable Cost	3,773	41	3,814	11	1,505		2,320
- Amortization	(998)	(10)	(1,008)	(131)	(462)		(677)
- Depreciation	(137)		(137)		(34)		(104)
Net Value	**2,638**	**31**	**2,669**	**120**	**1,009**		**1,539**
Machinery & Industrial Equipment							
Depreciable Cost	17,359	68	17,427	149	211		17,365
- Amortization	(12,420)	114	(12,534)	(898)	(184)		(13,247)
- Depreciation	(2,824)		(2,824)	(238)	*		(3,062)
Net Value	**2,115**	**46**	**2,069**	**(987)**	**(27)**		**1,055**
Other Tangible Assets							
Depreciable Cost	2,182	14	2,196	17	8		2,206
- Amortization	(1,858)	(8)	(1,866)	(121)	(46)		(1,941)
- Depreciation	(251)		(251)		(238)	*	(14)
Net Value	**73**	**6**	**79**	**(104)**	**276**		**251**
Tangible Assets in Process, Future Advances, Progress Payments							
Tangible Assets in Process	17		17	21			38
Advances and payments	0		0				0
Total	**17**		**17**	**21**			**38**
Total fixed assets	**5,484**	**13**	**5,497**	**(1,193)**	**1,286**		**3,017**

** The depreciation resulting from the application of the IAS 36 was incorrectly accounted for on the "Other Tangible Assets" account. It is transferred to the "Technical Installations and Industrial Equipment" account.*

On March 5, 2008, Egide exercised an option to buy a building it was leasing that houses its corporate headquarters in Trappes. At the same time, the company sold the land and the building to SCI Floria for 1,000 k€. The net book value of the real-estate complex at the date of the transaction stood at 718 k€. On October 20, 2008, Egide USA Inc. sold its plant in Cambridge for $2,000 k. The net book value of this real-estate complex at the date of the transaction stood at $805 k. The corresponding assignment result appears on other operational outputs on the statement of operations.

Allocations and depreciation and amortization recovery appear on the amortization and depreciation of tangible assets line under operating income.

Application of IAS Standard 36 had required entry of 3,272 k€ of depreciation on December 31, 2005, given the current level of subnormal capacity usage in the group's factories and the assumptions made regarding future activity. The actual asset value on the balance sheet at December 31, 2008 allowed covering the net book value, no complementary depreciation was recorded and the depreciation level was maintained.

This depreciation was on part of the group's s property holding, the assignments during the fiscal year 2008 have led to take back 92 k€, bringing the amount of depreciation to 3,180 k€.

Items (amounts in K€)	Value on 12/31/2007	Variation in Exchange Rate	Value on 12/31/2007 at the rate of 12/31/2008	Acquisitions, Creations, Transfers, Allocations	Cessions, Removals from Service, Returns	Scope	Value on 12/31/2008
Financial Assets							
Loans and Other Long-Term Investments	22		22	116			138

The closing of the leasing contract for the Egidee SA and Egide USA buildings has resulted in the payment of a security deposit.

20.3.1.5.4.4 Other Non current Assets

Assets designated under this header are the following:

Amount in k€	Net Value on 12/31/2008	Net Value on 12/31/2007
Tax credit for Egide R&D expenses		173
Mutual funds pledged by Egide to guarantee a loan taken out by Egima in Morocco	400	653
Total	**400**	**826**

The R&D tax credit at December 31, 2007 for Egide SA was totally reimbursed in February 2009, and the reimbursement of the 2008 tax credit was requested in March 2009. These tax credits were posted under "Accounts receivable and other debtors" at December 31, 2008.

20.3.1.5.4.5 Inventories and In-Process Goods

Items (amounts in k€)	Value on 12/31/2007	Variation in Exchange Rate	Value on 12/31/2007 at the rate of 12/31/2008	Accretions, Allocations	Decreases, Returns	Value on 12/31/2008
Raw Materials and Supplies						
Depreciable Cost	8,360	36	8,396		428	7,968
- Depreciation	(4,911)	(36)	(4,947)	(51)	(585)	(4,412)
Net Value	**3,449**	**0**	**3,449**	**(51)**	**(157)**	**3,556**
In-Process Inventories						
Depreciable Cost	1,397	11	1,408	26		1,434
- Depreciation	(10)		(10)	(9)	(14)	(6)
Net Value	**1,387**	**11**	**1,398**	**17**	**(14)**	**1,428**
Finished Products						
Depreciable Cost	1,424	3	1,427	3		1,430
- Depreciation	(933)		(933)	(161)	(21)	1,073
Net Value	**491**	**3**	**494**	**(158)**	**(21)**	**357**
Merchandise						
Depreciable Cost	65		65	3		68
- Depreciation	(57)		(57)	(2)		(59)
Net Value	**8**		**8**	**1**		**9**
Total	**5,335**	**14**	**5,349**	**(191)**	**(192)**	**5,350**

A depreciation rate, limited to 75%, was applied to a supply of kovar, a raw material that can be resold or incorporated into structures, regardless of the year of origin of the supply

A stock of ceramic components at Egide SA was scrapped for a gross value of 574 k€. It was depreciated at 100% because it was bought or manufactured before 2004. At Egide USA, a part of the stock (maximum value: $250 k) was given as security to Keltic, the factoring company, against a financing of the same amount. The initial stock of “Raw materials & supplies” at December 31, 2007 is increased by 244 k€ in order to correct an assessment error of this stock at Egide SA. The market value of this stock of gold solders, transferred in February 2009, represents 510 k€ at this date.

20.3.1.5.4.6 Accounts Receivable - Customers and Other Debtors

The items included under the heading, Customers and Other Debtors are the following:

Items	Balance on 12/31/2008	1 year only	More than 1 year and less than 5 years	More than 5 years
Advances and Payments	34	34		
Trade Receivables and Assigned Accounts	6,329	6,329		
Personnel Accounts	6	6		
Value Added Tax	428	428		
Miscellaneous (Other) Taxes	396	396		
Miscellaneous Debtors	348	60	144	144
Total	**7,541**	**7,253**	**144**	**144**

The amount of commercial papers and transfers in accounts receivable was 46 k€ on December 31, 2008 and zero on December 31, 2007, because the receivables for clients using this mode of payment have, for the most part, been subrogated to factoring corporations since the beginning of 2007.

At the end of the fiscal year for 2008, the “Various Taxes” item included the R&D tax credit for Egide SA, because the tax credits regarding the fiscal years 2006 and 2007, previously considered as a concurrent assets, were reimbursed in February 2009, and the reimbursement of the 2008 tax credit was claimed on the corresponding income tax return in March 2009.

The “Various Debtors” item includes the balance of the assignment price of the Cambridge building that was assigned by Egide USA Inc. in October 2008 for 2,000 k$ of which 1,600 k$ were paid immediately and the balance by way of 4 promissory notes of 0.1 k$ each, expiring in 2010, 2012, 2014 and 2016, for a total of 288 k€ at December 31, 2008.

The trade receivables item has been subject to the following variations:

Items (amounts in k€)	Value on 12/31/2007	Variation in Exchange Rate	Value on 12/31/2007 at the rate of 12/31/2008	Accretions, Allocations	Decreases, Returns	Value on 12/31/2008
Depreciable Cost	6,350	(11)	6,339	287		6,626
- Depreciation	(193)	(5)	(198)	(202)	(104)	(297)
Net Value	**6,157**	**(16)**	**6,141**	**85**	**(104)**	**6,329**

In 2006, a depreciation of 162 k€ was entered for the Value Added Tax (VAT) to account for the risk that the reimbursement request documents for TVA credits that Egima submitted to the Moroccan tax authorities might be rejected.

Long-term receivables (with a due date longer than a year) are shown under the header "Other Concurrent Assets." (see §20.3.1.5.4.4).

20.3.1.5.4.7 Cash and Cash Equivalents

Mutual funds have a net book value of 416 k€. They are liquidated as operational needs arise. In accordance with the definition of cash equivalents indicated by IAS 7, these mutual funds are considered to be short-term investments, easily convertible to known amounts of cash and not subject to significant risks of change in value.

On December 31, 2008, the group’s cash position in dollars is $208,000 at Egide, $177,000 at Egide USA Inc., and $14,000 at Egide USA LLC. At Egide SA, the cash assets in Euros are of 370 k€. The other cash assets in foreign currencies are 1,316 kMAD at Egima and 6 k£ at Egide UK Ltd.

20.3.1.5.4.8 Other Current Assets

This category includes prepaid expenses, which are broken down as follows:

	12/31/2008	12/31/2007
Purchase of materials and indirect materials		
Rent	53	62
Insurance	58	158
Interest		93
Indirect taxes	19	
Miscellaneous	49	46
Total	**179**	**360**

20.3.1.5.4.9 Legal Capital

An increase in capital was achieved in August 2006 through the issuance of new stock warrants with a pre-emptive right. During fiscal year 2008, 12 stock warrants were exercised, which, at the rate of one new stock for 4 warrants, created 3 stocks, each with a par value of 10 Euros, for a total value of 30 Euros.

On December 31, 2008, therefore, share capital stood at 12,861,220 Euros, i.e., 1,286,122 stocks, each with face value of 10 Euros.

20.3.1.5.4.9.1 Stock Option Plans

During the general shareholders' meetings of June 20, 2007, the board of directors was authorized to issue stock options to management and certain salaried staff members of the company or its directly or indirectly owned subsidiaries, for time periods that would expire on August 20, 2010, the purpose being to increase capital. The total number of options granted and not yet exercised does include the right to subscribe to more than 5% of the stocks that make up capital. The options granted cannot be exercised for a period of two years, starting from the date on which they were granted, nor assigned for a period of two years after that date. In the case of option plan 3.1 of the American subsidiary, Egide USA Inc., the period of unavailability, for 50% of stock options, is reduced to a year from the date on which the options can be obtained.

During fiscal year 2008, the board of directors did not exercise this authority.

No option was exercised in 2008. At December 31, 2008, 10,000 options (plan 4.3) were cancelled, as of right, because the condition of the established target was not met, and 600 options (200 from plan 4.4 and 400 from plan 5.1) can no longer be exercised because the employees have left the company in 2008. The Board of Directors of March 5, 2009 established the cancellation of these 10,600 options.

The position of the various plans on December 31, 2008 was as follows:

Plan Number	Plan 3.1	Plan 3.2	Plan 4.1	Plan 4.4	Plan 5.1	Total
Options Granted but Not Exercised Subscription Price	5,818 45.13 €	726 14.97 €	20,767 29.74 €	4,700 31.15 €	5,000 27.83 €	37,011

By way of information, the average price per share of Egide's stock during fiscal year 2008 was 11.13 Euros, and the closing price on December 31, 2008 was 4.99 Euros.

The general shareholders' meeting having fixed the total number of shares granted and not yet exercised at a maximum of 5% of stocks comprising share capital, on December 31, 2008, there was an available balance of 27,295 options.

Stock purchase options accorded to personnel are assessed at their fair market value on their allocation date. The fair market value of the options is determined by using the Black-Scholes valuation model, on the basis of assumptions made by management. It is accounted for in the income statement for the period in which employees acquire the right to exercise the options, offset by an equivalent increase in shareholders' equity. Expenses for options that become null and void before being exercised are recovered in the income statement for the period in which their expiration is recorded due to the departure of the employees before the end of the rights acquisition period.

The gain for fiscal year 2008 is 11 k€.

20.3.1.5.4.9.2 Authorization for Capital Increase

At the joint general meeting of June 20, 2007, the board of directors was authorized to issue stocks, warrants, and more generally, all securities providing access, immediately or by a certain date, to company stock, to the extent and at the times it saw fit, in France and overseas, for a maximum par value of 10,000 k€. This issue was authorized with or without the pre-emptive right, for duration of 26 months, starting with the June 20, 2007 meeting, replacing the preceding delegation authorized at the joint shareholders' meeting of June 23, 2005. These authorizations were not used during the fiscal year.

20.3.1.5.4.10 Reserves

Items (in k€)	On 12/31/2007	Var. Exch. Rate & Adj.	On 12/31/07 at the rate of 12/31/08	Alloc.	Reverse (used)	Revers. (not used)	Entry into Scope and Other Transactions	On 12/31/08
Concurrent Reserves								
Employee Benefit Reserves	240		240	1	26			215
Miscellaneous	30	1	31		16	15		0
Total	**270**	**1**	**271**	**1**	**42**	**15**		**215**
Operating alloc / repr.					42			
Financial alloc / repr.				1				

The difference between current reserves and non-current reserves is determined by the projected due date of the group's obligation in regard to the third party concerned, which occurs in the 12-month period following the end of the fiscal year.

20.3.1.5.4.11 Accounts Payable

Items (in k€)	Balance on 12/31/2008	1 year only	More than 1 year and less than 5 years	More than 5 years	
Long-Term Accounts Payable					
Loans and Accounts Payable from Lending Institutions	673		509	164	a
Various Loans and Accounts Payable	9		9		
Short-Term Accounts Payable					
Loans and Accounts Payable from Lending Institutions	369	369			b
Various Loans and Accounts Payable	3,662	3,662			c
Suppliers and Other Creditors					
Advances and Payments	415	415			
Supplier Debts and Assigned Accounts	5,317	5,317			
Personnel Accounts	1,327	1,327			
Value Added Tax	56	56			
Other Direct and Indirect Taxes	185	185			
Miscellaneous Payables	59	59			
Asset Accounts Payable	57	57			
Total	**12,129**	**11,447**	**518**	**164**	

(a) 771 k MAD (68 k€) at a fixed rate of 8% for 6 years and 6,460 k MAD (574 k€) at a fixed rate of 8.75% for 11 years (Egima loans), 29 k£ (31 k€) at a fixed rate of 7.1638% for 3 years
(b) Principally 2,922 k MAD (260 k€) at a fixed rate of 8% for 6 years, 905 k MAD (80 k€) at a fixed rate of 8.75% for 11 years (Egima loans) and 22 k£ (23 k€) at a fixed rate of 7.1638% for 3 years
(c) of which primarily 2,629 k€ are at a variable rate based on Euribor 3 months (Egide SA factoring contracts) 1,235 k$ (888 k€) at a variable rate based on the American prime rate (Egide USA Inc. factoring contracts), and 128 k£ (134 k€) at a variable rate based on the English prime rate (Egide UK Ltd factoring contract).

On December 31, 2008, the amount for invoices not received included under the Supplier Debt and Accounts Assigned item was 890 k€ and the amount of expenses to be paid included under the Personnel and Accounts Assigned item was 670 k€ and was 163 k€ under Other Direct and Indirect Taxes topic.

20.3.1.5.4.12 Taxes and Tax Credits

20.3.1.5.4.12.1 Increases and Decreases in Future Tax Debt

Reconciliation of theoretical and accounted-for tax:

In k€	12/31/2008
Earnings before taxes for integrated companies during the fiscal year	(2,263)
Effect of theoretical tax on the rates in force on December 31 2008 Impact of Tax Losses Minimum income tax due by Egima	754 (754) (4)
Income Tax Benefit	**(4)**

The unrealized fiscal situation of December 31, 2008 is essentially composed of tax losses in the amount of 36,038 k€ for Egide SA, of 1,867 k€ pour Egide USA Inc. (December 31, 2007) and of 6,978 k€ for Egima, indefinitely deferrable.

As a precautionary measure, the deferred tax credit corresponding to the reportable deficits of Egide SA and Egide USA Inc. has not been entered under assets, in accordance with applicable accounting rules.

The R&D tax credit established for the fiscal year 2008 at Egide SA is of 223 k€. It is recorded as an operational output.

20.3.1.5.4.13 Sector Information

20.3.1.5.4.13.1 Primary Sector

The first level of sector information chosen by the group is the geographic breakdown that corresponds to the location of assets. Egide and Egima have been regrouped because Egima is a subcontractor to Egide, its only client.

In k€	On 12/31/2008				On 12/31/2007			
	Egide and Egima	Egide USA Inc	Egide UK	Total	Egide and Egima	Egide USA Inc	Egide UK	Total
Sales	18,196	9,395	2,255	29,847	15,095	8,756	2,318	26,170
Operating Income	(532)	(873)	(302)	(1,706)	(3,473)	(1,698)	(239)	(5,410)
Net Capital Assets	2,706	316	136	3,158	4,031	1,206	275	5,512
Capital Expenditure	253	83	19	355	412	88	216	716
Depreciation of Capital Assets/ IAS 36	2,871	294	15	3,180	2,871	386	15	3,272
Long-Term Liabilities	642	9	31	682	975	20		995
Short-Term Liabilities	2,975	899	157	4,031	2,828	1,190	188	4,206

20.3.1.5.4.13.2 Secondary Sector

Production assets (aside from ceramic manufacturing equipment at Egide) being common to all products, regardless of their technology (glass-to-metal and ceramics) and their application sector (defense-aerospace, telecoms, and industry), it is therefore impossible to break down the operating income and assets by their activity center and provide the necessary information. The details of the secondary sector are reduced to the distribution of sales in the application sector.

In k€	12/31/2008	12/31/2007
Defense-Aerospace	12,032	10,025
Industry	10,369	10,044
Telecoms	7,446	6,101
Total	**29,847**	**26,170**

20.3.1.5.4.14 *Financial Results*

Cash and cash equivalent income essentially comprise the income on VMP cessions realized by Egide. The cost of gross debt represents the interest expenses on loans appearing on the balance sheet as well as the financing cost of the factoring contract.

Details regarding other income and expenses are as follows:

In k€	12/31/2008	12/31/2007
Result of Exchange	**(74)**	**(346)**
Revenue	711	328
Expenses	(785)	(674)
Various Revenues and Expenses	**(2)**	**(24)**
Revenue	9	18
Expenses	(11)	(43)
Total	**(76)**	**(370)**

20.3.1.5.4.15 *Transactions with Related Parties*

There are 4 top managers at Egide SA, i.e. 1 President and Chief Executive Officer and 3 administrators. Gross compensation paid to the President of the Board of Directors stood at 154 k€ in 2008 (150 k€ in salary and 4 k€ in non-cash benefits). It includes the flat-rate elements only. As a proxy holder, he has unemployment insurance, the management portion of which constitutes a perquisite. He also is provided with a company car as well as profit sharing, in the same manner as all salaried employees. No profit sharing was paid in 2008.

No salaries were paid for top management in Egide USA LLC, Egide USA Inc. and Egima.

Board members of Egide SA have not received stock options, with the exception of the Chief Executive Officer, who, as of December 31, 2008 held 20,767 stock options. In compliance with the provisions of law no. 2006-1170 of December 30, 2006, it is specified that a minimum of 20% of stocks issued in the exercise of options must be registered until the end of the chief executive officer's term of employment.

During fiscal year 2008, 15 k€ in attendance fees were paid to other board members (gross amount) for the fiscal year 2007, and 3 k€ as advance attendance fees for 2008.

In addition, board members are provided with civil responsibility for management and proxy holders insurance, underwritten by AIG company. Coverage is for a maximum of 4,500 k€, the franchise in the USA is 25 k $ and the premium is 12 k€ Euros before taxes.

20.3.1.5.4.16 *Off-Balance Sheet Liabilities*

Commitments:

Off-balance-sheet liabilities are summarized in the following table.

In k€)	12/31/2008	12/31/2007
Collateral Securities	400	653
Sureties	4,100	2,076
Total	**4,500**	**2,729**

For the benefit of affiliated companies:

- Egide pledged mutual funds

  - *To Crédit Lyonnais until February 12, 2010, for the sum of 1,420 k€ to guarantee the mid-term loan granted to the Moroccan subsidiary, Egima. The amount of this pledge is reduced each trimester to the level of the loan balance still to be repaid. This pledge allows the freeing up of pledged mutual funds when the reduction of the pledge is at least equal to the unit value of the mutual fund base. On December 31, 2008, the present (capitalized) value of the balance of the pledge was 336 k€ for a loan balance of 328 k€.*

  - *To Crédit du Nord, for the sum of 57 k€ to secure the bank guarantee granted to the Moroccan subsidiary, Egima, in the context of the cession of temporary admissions. The guarantee is valid until the withdrawal of this bond. The capitalized value of the mutual funds pledged on December 31, 2008 is 64 k€.*

    The cash equivalents pledged were entered under the Other Non current Assets item.

- Egide posted a bond on first request for Crédit du Maroc to guarantee the long-term loan this bank granted to Egima, until the total repayment of this loan on March 21, 2015 for an amount of 654 k€.

- Egide posted a bond for Lloyds bank for a factoring contract for its subsidiary, Egide UK, in April 2008, for the sum of 350 k£, with an equivalent value of 367 k€ on December 31, 2008. Egide also posted a bond for this bank for a loan contract for its subsidiary, Egide UK, in April 2008, for the sum of 65 k£, with an equivalent value of 68 k€ on December 31, 2008.

- Egide SA guaranteed 4 Washington Street Investment LLC for a lease agreement signed by Egide USA Inc in October 2008 for sums due by Egide USA Inc. for this contract, without limitation as to the amount (the annual rent was of $219 k, indexed by 3% every year commencing on the 3rd year, and the duration of the lease agreement is of 10 years), representing a maximum of $2,439 k for rents, that is 1,752 k€ at December 31, 2008.

- Egide SA guaranteed Keltic for a finance contract put in place (based on receivables and stocks) for its subsidiary Egide USA Inc. in December 2008, for a maximum amount of 1,750 k$, representing the sum of 1,257 k€ at December 31, 2008.

For the benefit of various third parties:

- The number of education/training hours used in 2008 in the context of the Individual Right to Education is insignificant in terms of the number of hours acquired (approximately 3,500) by Egide's employees.

Commitments Received:

- No bank guarantee has been issued for the benefit of Egide.

Reciprocal Commitments:

- With the implementation of factoring in April 2006, Egide took out a credit insurance policy in which it designated the factoring companies as beneficiaries of the compensation to be paid in case of Egide clients' default. The compensation obligations of the insurance company to the company are limited to a maximum disbursement of 1,500 k€.

20.3.1.5.4.17 Work Force Breakdown

	12/31/2008	12/31/2007
Management	61	64
First-line supervisors and technicians	42	44
Employees	21	18
Workers	291	283
Total	**415**	**409**

20.3.1.5.4.18 Fees Paid to Statutory Auditors

In compliance with article 221-1-2 of the General Regulations of the Regulatory Commission, the fees the Egide Group paid to statutory auditors for fiscal year 2008 are shown in the table below:

See § 2.3

20.3.1.5.5 Events after Closing

The gold solders stock mentioned in paragraph 20.3.1.5.4.5 was assigned in February 2009 for a total value of 510 k€.

20.3.2 Corporate Financial Statements

20.3.2.1 Balance Sheet

ASSETS in Euros	Depreciable Cost on 12/31/2008	Amortization and Depreciation	Net Value on 12/31/08	Net Value on 12/31/07
Intangible Assets	**498,426**	**495,296**	**3,130**	**6,301**
Preliminary Expenses				
Research and Development Expenses				
Franchises, patents, licenses	345,977	342,847	3,130	6,301
Goodwill	152,449	152,449	0	0
Other Intangible Assets				
Tangible Assets	**13,513,695**	**12,042,362**	**1,471,334**	**1,895,741**
Land	160,680	29,658	131,022	133,386
Buildings	714,692	304,775	409,917	450,289
Machinery, Mat., and Indust.Equipment	10,722,656	10,000,884	721,772	1,080,662
Other Tangible Assets	1,613,153	1,425,244	187,909	231,404
Intangible Assets in Process	302,514	281,801	20,713	0
Advances and Payments				
Financial Assets	**86,006,534**	**85,105,053**	**901,481**	**1,826,356**
Investments	75,103,856	75,103,856	0	328,677
Accounts Receivable Connected to Invest.	10,871,173	10,001,196	869,977	1,494,872
Other Financial Assets	31,504		31,504	2,808
FIXED ASSETS	**100,018,656**	**97,642,710**	**2,375,945**	**3,728,399**
Inventories and In-Process Goods	**8,780,813**	**4,732,676**	**4,048,137**	**3,648,211**
Raw Materials and Supplies	6,645,456	3 721,770	2,923,686	2,578,056
Goods in Process	859,316	1,851	857,465	810,449
Services in Process				
Intermediate & Finished Products	1,207,336	949,828	257,508	251,385
Merchandise	68,705	59,227	9,478	8,321
Accounts Receivable	**1,563,182**	**210,192**	**1,352,990**	**1,350,205**
Advances and Payments	34,130		34,130	36,200
Receivables and Related Accounts	1,529,052	210,192	1,318,860	1,314,005
Fully Paid Capital				
Other Accounts Receivable	**1,831,489**		**1,831,489**	**1,864,092**
Available Funds	**1,276,410**		**1,276,410**	**1,650,022**
Short-Term Investments	756,779		756,779	1,216,370
Available Funds	519,631		519,631	433,652
Prepaid Expenses	**88,341**		**88,341**	**148,180**
CURRENT ASSETS	**13,540,235**	**4,942,868**	**8,597,367**	**8,660,710**
Charges to Be Spread over Several Fiscal Years				
Unrealized Losses	439,377		439,377	349,186
TOTAL	**113,998,267**	**102,585,578**	**11,412,689**	**12,738,295**

LIABILITIES in Euros	Value on 12/31/2008	Value on 12/31/2007
Capital	12,861,220	12,861,190
Bond premiums,	60	5,760
Re-evaluation Adjustment		
Legal Reserve	402,348	402,348
Statutory or Contractual Reserves		
Regulated Reserves		
Other Reserves		
Retained Earnings	(6,074,544)	(146,535)
Annual Income	(1,606,112)	(5,933,769)
Investment Subsidies		
Regulated Provisions		
SHAREHOLDERS' EQUITY	**5,582,972**	**7,188,994**
Advances	51,120	57,510
EQUITY SECURITY	**51,120**	**57,510**
Provisions for Contingencies	439,377	365,186
Provisions for Expenses	214,945	239,575
PROVISIONS	**654,322**	**604,761**
Financial Debt		
Financial Institution Loans and Debts		
Various Loans and Debts		
Advances & Payments/Current Orders	**400,217**	**227,005**
Various Debts	**4,724,058**	**4,660,026**
Supplier Debt & Related Accounts	3,335,143	3,198,558
Fiscal and Social Debt	1,273,619	1,255,243
Capital Property Supplier Debts	57,022	97,460
Other Accounts Payable	58,275	108,765
Deferred Revenue	**0**	**0**
DEBTS	**5,124,275**	**4,887,031**
Unrealized Gains		
TOTAL	**11,412,689**	**12,738,295**

20.3.2.2 Income Statement

Items (In €)	France	Export	12/31/2008	12/31/2007
Merchandise Sales	103,699	100,683	204,382	132,653
Products sales (goods)	8,266,713	8,893,100	17,159,813	14,600,385
Products Sales (services)	632,318	481,345	1,113,664	662,571
NET SALES	**9,002,730**	**9,475,128**	**18,477,859**	**15,395,609**
Production left in stock			71,740	(78,031)
Subsidies			5,947	2,287
Dep. Recovery and Prov. - exch. transfer.			676,598	94,624
Other Revenue			15,845	13,682
Marginal Revenue			**19,247,989**	**15,428,170**
Merchandise Purchases			40,559	49,295
Variations in Merchandise Inventory			(3,196)	(2,177)
Purchases of raw materials and supplies			6,776,736	5,709,280
Variations in Inventory (Raw Materials, etc.)			218,073	(101,783)
Other Purchases and External Expenses			3,947,950	3,954,869
Direct and Indirect Taxes			467,624	413,025
Salaries and Compensation			5,113,233	5,293,518
Social Expenses			2,031,254	1,984,436
Amortization Expense and Fixed Asset Depr.			599,194	742,750
Amortization Expense for Circulating Assets			182,395	215,081
Estimated Expenses			1,280	20,374
Other Operating Expenses			21,690	23,703
Operating Expenses			**19,396,794**	**18,302,370**
OPERATING RESULTS			**(148,805)**	**(2,874,200)**
Interest and Similar Income			399,640	349,773
Depr. Recovery and Prov. exch. transfers			356,494	159,239
Exchange Gains			150,988	32,295
Net income/VMP Cessions			70,695	63,958
Investment Income			**977,817**	**605,265**
Amortization & Depr. Expense - Prov.			2,936,798	3,529,805
Interests and Similar Charges			223,354	208,163
Exchange Losses			164,574	80,696
Net Expenses/VMP Cessions			10,515	0
Investment Expenses			**3,335,241**	**3,818,665**
FINANCIAL RESULT			**(2,357,424)**	**(3,213,400)**
OPERATING PROFIT BEFORE TAXES			**(2,506,229)**	**(6,087,600)**
Extra. Income in Manag.Operations			0	0
Extra. Income in Capital Operations			1,000,000	0
Other Capital Operations			0	0
Depr. Recovery and Prov. - exch. transfers			243,751	322,277
Extraordinary Income			**1,243,751**	**322,277**
Extra. Charges on Management Operations			2,309	0
Extra. Charges on Capital Operations			321,050	0
Amortization & Depreciation Expense - Prov.			243,751	327,710
Extraordinary Charges			**567,110**	**327,710**
EXTRAORDINARY INCOME			**676,641**	**(5,433)**
Income Tax Expense			(223,476)	(159,264)
TOTAL INCOME			**21,469,557**	**16,355,712**
TOTAL EXPENSES			**23,075,669**	**22,289,481**
PROFIT OR LOSS			**(1,606,112)**	**(5,933,769)**

20.3.2.3 Cash Flow Chart

Items (Amounts in Euros)	12/31/2008	12/31/2007
Net Loss	(1,606,112)	(5,933,,769)
Elimination of charges and expenses having no effect on cash or not associated with operations		
- amortizations, depr., and allowances (apart from depreciation of circulating assets	3,131,273	4,119,459
- Capital gains or losses from capital asset cessions	(678,950)	
- Deferred charges		
Variation in the need for working capital associated with the operation (in net present value)		
- Work in process inventory	(399,926)	154,504
- Customer accounts receivable	(4,855)	(424,293)
- Other accounts receivable and prepaid expenses	4,321	1,775,270
- Trade notes payable	136,584	(532,681)
- Other prepaid debt and income	141,098	315,008
CASH FLOW ASSOCIATED WITH OPERATIONS	**723,434**	**(526,502)**
Acquisition of elements of fixed assets		
- Tangible and intangible assets	(518,200)	(432,090)
- Long-term investments	(1,572,546)	(1,838,486)
Cession of elements of fixed assets		
- Tangible and intangible assets	1,000,000	
- Long-term investments		
CASH FLOW ASSOCIATED WITH INVESTMENT OPERATIONS	**(1,090,746)**	**(2,270,576)**
Increase in cash capital	30	2,880
Increase in other equity	60	5,760
Increase in financial debt		
Dividend distribution		
Reduction of equity		
Payment of financial debts	(6,390)	(6,390)
CASH FLOW ASSOCIATED WITH FINANCING OPERATIONS	**(6,300)**	**2,250**
Variation in availabilities	(373,612)	(2,794,828)
Variation in bank borrowings		
CASH VARIATION	**(373,612)**	**(2,794,828)**
Opening Cash Position	1,650,021	4,444,850
- VMP pledged	578,128	814,801
- VMP available	638,242	3,275,716
- Available cash	433,652	354,332
Closing Cash Position	1,276,410	1,650,021
- VMP pledged	341,455	578,128
- VMP available	415,324	638,242
- Available cash	519,631	433,652
CASH VARIATION	**(373,612)**	**(2,794,828)**

20.3.2.4 Accounting Methods and Explanatory Notes on Corporate Accounts

20.3.2.4.1 General

This annex is an integral part of the annual financial statements issued on December 31, 2008, showing total assets of 11,412,689 Euros, and the income statement, provided in list format, shows a loss of 1,606,112 Euros.

The fiscal year covered the 12-month period from January 1st, 2008 to December 31, 2008.

Unless otherwise noted, all information presented below is in thousands of Euros (k€).

20.3.2.4.2 Accounting Rules and Methods

20.3.2.4.2.1 Basic Rules

The annual financial statements closed on December 31, 2008 have been prepared and presented in conformance with accounting rules, duly respecting principles of prudence, fairness, regularity, sincerity, comparability, consistency of accounting methods from one fiscal year to the next, independence of fiscal years, and continuity of operations.

Since Egide's current cash position allows it to pay its debts on time, the company therefore meets its current liabilities with its available assets. In light of the forecasted cash flows in Egide's strategic plan, its realization requiring the effective implementation and on a timely basis of the contemplated asset sales, Egide establishes that its cash flow situation could become strained, but nonetheless it anticipates having a sufficient cash flow to cope with the deadlines for the next 12 months.

The evaluation of elements accounted for is practiced according to the method known as historical costs, which is characterized by the use of nominal costs expressed in current national currency.

General rules for the development and presentation of annual financial statements result from the provisions of articles L 123-12 through L 123-28 of the Commercial Code, from the decree of November 29, 1983, and from the Plan Comptable Général (General Accounting Plan) 2005 (CRC no, 99-03, revised April 29, 1999).

20.3.2.4.2.2 Intangible Assets

Intangible assets are valued at their acquisition cost on the date of entry of intangible assets into the patrimony, increased by the incidental fees necessary to bring these goods into a state of usefulness. Transfer rights, commissions, and fees related to the acquisition of intangible assets are recorded as fiscal year costs, according to the option taken in accordance with the CRC 2004-06 ruling.

Keeping in mind the customized nature of the products marketed by Egide, research and development costs, for the most part, involve projects developed in partnership with its clients. These costs are then incorporated into the costs of prototypes invoiced to clients. As a result, no research and development cost is capitalized on the asset side of the balance sheet.

Capital assets with a finite life are amortized using the straight line method, based on their projected useful life, in the course of which they will provide economic benefits to the group. Depreciation rates are as follows:

	Straight Line
Licenses	10 to 20 %
Software	20 to 33.33 %
Patents	8.33 %

The amortization basis does not take into account the residual value when the assets are no longer in use, because no significant residual value has been identified for the company's intangible assets. The depreciation method, residual values, and useful lives are reviewed, at a minimum, at the end of each fiscal year, which could modify the initial depreciation plan in the long term.

An impairment test is conducted when there is an internal or external indication of a loss in value. Depreciation is used if the recoverable value of the capital asset concerned is less than its net asset value. This depreciation diminishes the amortizable accounting basis over the remainder of its life. The impairment test is explained in paragraph 20.3.2.4.2.4.

20.3.2.4.2.3 Tangible Assets

The depreciable value of elements of the tangible assets is their acquisition cost on the date of entry of tangible assets into the patrimony, increased by the incidental fees necessary to bring these goods into a state of usefulness. Transfer rights, commissions, and fees related to the acquisition of tangible assets are recorded as fiscal year costs, according to the option taken in accordance with the CRC 2004-06 ruling.

An expenditure is recorded as an asset if it is probable that the future economic advantages associated with it will go to the company and its cost can be reliably evaluated. The other expenditures are recorded as expenses if they do not meet this definition.

Assets in process are assets that are not yet placed into service at fiscal year end.

When significant components of a tangible asset have different useful lives, they are accounted for separately and depreciated according to their particular life span. Expenditures for the replacement or renewal of a tangible asset component are accounted for as a separate asset, and the asset replaced is removed from the list of assets. The assets that are significantly decomposable are the ceramic firing kilns, for which the replacement of the heating element (approximately 20% of the total value of the kiln) occurs every 4 years, while the useful life of these kilns is 10 years.

Assets are depreciated using the straight line method according to their expected utility, during which they will generate economic benefits for the company. Depreciation rates are as follows:

	Straight Line
Buildings	4 %
Facilities, fixtures, and fittings	10 %
Kilns (structure, minus identified components)	10 %
Ceramic firing kiln heating element (identified components)	25 %
Ceramic production equipment (screen printing, via filling …)	12.50 %
Ceramic production facilities (clean room, casting machine …)	10 %
Graphite machining equipment (numerically controlled machining centers)	10 %
Other machinery, materials, and industrial equipment	12.50 to 33.33 %
Office materials and furniture, other fixtures and installations	10 to 33.33 %

The depreciation basis does not take into account the residual value at the end of the utilization of these assets since no significant residual value has been identified for the company's fixed assets. The depreciation method, residual values, and useful lives are reviewed, at a minimum, at the end of each fiscal year, which could modify the initial depreciation plan in the long term.

An impairment test is conducted when there is an internal or external indication of a loss in value. Depreciation is used if the recoverable value of the capital asset concerned is less than its net asset value. This depreciation diminishes the amortizable accounting basis over the remainder of its life. The impairment test is explained in paragraph 20.3.2.4.2.4.

20.3.2.4.2.4 Impairment Test for Non-Financial Assets

Prior to the impairment test, the cash-generating units are identified. A cash-generating unit is constituted by homogenous set of assets, the use of which generates cash inflows proper to this cash-generating unit. A single UGT combines the assets of Egide and its Moroccan subsidiary, Egima, since the latter's only customer is its parent company, and it is merely an internal subcontractor responsible for assembly, chemical treatment, and inspection of products sold by Egide.

Egide evaluates future updated cash flows that each cash-generating unit will provide. The utility value corresponding to the result of the updating of these cash flows is compared to the net asset value of the intangible and tangible assets of the corresponding cash-generating unit. If this utility value is less than the net asset value, a depreciation is noted. The expenses and recoveries relative to depreciations of the elements of the fixed asset appear in the operating results of the company's income statement.

In application of CNC opinion 06-12, published October 24, 2006, to permit fiscal deductibility of depreciation after an impairment test, the latter is transferred to the amortization account at the level of amount of amortization definitively acquired at each closing. The amount of the transfer is equal to the difference between the amount of depreciation expenses calculated on the new amortizable base (depreciation deducted) and the amount of depreciation expense that would have been accounted for in the absence of depreciation. This recovery is spread over the asset's remaining useful life.

20.3.2.4.2.5 Equipment

Contributions to the cost of equipment invoiced by the suppliers, but over which Egide does not have control, are recorded as fiscal year charges.

The equipment over which Egide has control is entered under Machinery and Equipment, and it is amortized over a useful period of three years, in which it will generate future economic benefits for the company.

20.3.2.4.2.6 Long-Term Investments

The depreciable value of investments corresponds to their acquisition at the date of entry into the company's patrimony. They are, if need be, depreciated to take into consideration their going concern value for the company. This value is appreciated at the close of each fiscal year and any resulting depreciation is reviewed at that time.

Transfer rights, commissions, and fees related to the acquisition of tangible assets are recorded as fiscal year costs, according to the option taken in accordance with the CRC 2004-06 ruling.

20.3.2.4.2.7 Inventories and Work In Process

Inventories of raw materials, indirect materials, and merchandise are accounted for at their purchase cost (increased by their routing costs) according to their weighted average cost. The in-process items, finished products, and semi-finished products are valued at their production cost, including the total direct and indirect manufacturing costs relevant to references recognized as correct at the end of the manufacturing process; the cost of scrap left over after manufacturing is directly entered into fiscal year expenses. When the costs are higher than the selling price, reduced by the marketing costs, the difference is depreciated.

Raw materials, semi-finished products, and finished products are depreciated based on their age and their forecast for use or sale. From the first year, depreciation is 5% and rises to 50 or 100% the second year, depending on the nature of the inventories, and to 100% the third year based on the depreciation schedule used. It should be clarified that raw material inventories include components and minerals. The latter, due to their very nature, are subject to different rates of depreciation because of their possible transformation into components or through their resale in an existing market.

20.3.2.4.2.8 Transactions and Accounts in Foreign Currency

Purchases and sales in foreign currency are entered into the income statement at the rate in effect on the transaction dates. At the end of the period, the accounts receivable and accounts payable are valued during the closing process by the conversion discrepancy account mechanism. The net unrealized losses … (negative exchange position) give way to constitution of a provision. The unrealized gains do not appear on the income statement.

Bank accounts and cash in foreign currency are also adjusted during closing, but the exchange rate discrepancy that results is directly entered as expenses or income under the heading "Exchange Differences."

20.3.2.4.2.9 Accounts Payable and Accounts Receivable

Accounts payable and accounts receivable are initially entered in terms of their fair market value, with the exception of severance pay reserves and similar benefits that correspond to the present value of future debt.

If necessary, accounts payable running the risk of non-payment are depreciated on the basis of the estimated value of the risk.

20.3.2.4.2.10 Factoring

The client account is liquidated upon transfer of the account receivable to the factoring company accomplished by the subrogation receipt. The account receivable that is thus created for the factoring company is paid on the financing of the receipt, with the deduction of the holdback and fees and commissions due.

The factoring company handling the export receivables has limited the liabilities authorized by the financed client to 250 k€.

20.3.2.4.2.11 Short-Term Investments

Short-term investments are accounted for at purchase cost. If necessary, a depreciation is noted if their net asset value is lower than their book value at the end of the fiscal year.

The capital gains or losses realized in the fiscal year are determined by the first in, first out (FIFO) method.

20.3.2.4.2.12 Capital Grants

Capital grants received are credited as an unusual result in the year they were obtained, without averaging.

20.3.2.4.2.13 Reimbursable Advances

Advances received from the state and reimbursable in one or two payments according to the agreed-to conditions are entered under other equity.

20.3.2.4.2.14 Severance Pay and Similar Benefits

The retirement lump sum payment, seniority allowances and service medals constitute a provision calculated in accordance with the 2003 R.01 recommendation of the National Accounting Council. The commitments for retirement and seniority allowances are a result of collective bargaining agreements applicable to each establishment, and they are calculated according to the method of distribution of rights, prorated according to seniority. Commitments relative to service medals are calculated in conformance with legal provisions on this subject. The principal assumptions made were the following:

- Retirement age: 65 years,
- Average annual pay raise: 2,5%,
- Life expectancy based on the Insee actuarial table, 2003-2005
- Probability of attendance is assessed in terms of internal statistics proper to each establishment
- Rate of long-term financial updating is estimated to be 3.82% (10-year bond rate)
- Provision is calculated outside of employer taxes since, generally, such obligations are not subject to social security taxes.

The effect of recurrent updating and normal changes in the variables in the calculation of the provision (seniority, personnel transfer, rate of update, etc. …) is fully noted in the income statement.

20.3.2.4.2.15 Provisions

Accounting for provisions for risks and provisions for expenses occurs when, at the close of the fiscal year, there is an obligation to a third party, and it is probable or certain that, on the date of account closing, it will provoke an outflow of resources to this third party without at least equivalent consideration expected from the latter after the closing date.

20.3.2.4.2.16 Method for Recognizing Sales

Products are shipped according to Incoterms' ex works. Sales are recognized upon risk transfer, either when the product is shipped or actually placed in the factory

20.3.2.4.3 Additional Information on the Balance Sheet and the Income Statement

20.3.2.4.3.1 Determining Accounting Estimates and Judgments

The company provides estimates and makes assumptions regarding future activities. The ensuing accounting estimates are, by definition, rarely equivalent to ultimate results.

The assumptions and estimates that seriously risk a significant adjustment in the accounting value of assets and liabilities during the following period primarily concern the impairment testing of intangible and tangible assets that the group may conduct. In effect, in conformance with the accounting method defined in paragraph 20.3.2.4.2.4, the amounts recoverable from cash-generating units are determined based on calculations of going-concern value. These calculations require recourse to estimates.

Next the group determines the estimated useful life of the fixed assets and the resultant depreciation expenses. As far as ceramic production equipment is concerned, this estimate is based on the projected life-cycles of the products. It could be subject to modification due to the variation in cycle duration.

Similarly, these assumptions and estimates regarding the activity have a very significant impact on the cash expected in Egide's operations. The cash level expected by Egide to meet its deadlines in the months to come, as mentioned in 20.3.1.4.2.1 above, thus depends on the successful realization of these sales and profitability projections.

20.3.2.4.3.2 Share Capital

Following the exercise of a total of 12 stock warrants during fiscal year 2008, capital was increased by 3 stocks, each with a face value of 10 Euros, i.e., 30 Euros.

On December 31, 2008, therefore, share capital stood at 12,861,220 Euros, i.e., 1,286,122 stocks, each with face value of 10 Euros.

20.3.2.4.3.3 Share Premium

Share premium results from capital increases realized by the company in 1999, 2000, 2001, and 2006, from a partial incorporation of the premium in the share capital at the level of 837,131 Euros, carried out before the conversion of capital to Euros in 2001 and the exercise of stock options that took place in fiscal years 2001 and 2003 through 2008.

The increase in the share premium linked to the exercise of stock warrants stood at 60 Euros during fiscal year 2008.

20.3.2.4.3.4 Stock Options Plans

During the general shareholders' meetings of June 20, 2007, the board of directors was authorized to issue stock options to management and certain salaried staff members of the company or its directly or indirectly owned subsidiaries, for time periods that would expire on August 20, 2010, the purpose being to increase capital. The total number of options granted and not yet exercised does include the right to subscribe to more than 5% of the stocks that make up capital. The options granted cannot be exercised for a period of two years, starting from the date on which they were granted, nor assigned for a period of two years after that date. In the case of option plan 3.1 of the American subsidiary, Egide USA Inc., the period of unavailability, for 50% of stock options, is reduced to a year from the date on which the options can be obtained.

During fiscal year 2008, the board of directors did not exercise this authority.

No option was exercised in 2008. At December 31, 2008, 10,000 options (plan 4.3) were cancelled as of right, because the condition of the established target was not met and 600 options (200 from plan 4.4 and 400 from plan 5.1) can no longer be exercised because the employees have left the company in 2008. The Board of Directors of March 5, 2009 established the cancellation of these 10,600 options.

The position of the various plans on December 31, 2008 was as follows:

Plan Number	Plan 3.2	Plan 3.2	Plan 4.1	Plan 4.4	Plan 5.1	Total
Options Granted but Not Exercised Subscription Price	5,818 45.13 €	726 14.97 €	20,767 29.74 €	4,700 31.15 €	5,000 27.83 €	37,011

By way of information, the average price per share of Egide's stock during fiscal year 2008 was 11.13 Euros, and the closing price on December 31, 2008 was 4.99 Euros.

The general shareholders' meeting having fixed the total number of shares granted and not yet exercised at a maximum of 5% of stocks comprising share capital, on December 31, 2008, there was an available balance of 27,295 options.

20.3.2.4.3.5 Authorization to Increase Capital

At the joint general meeting of June 20, 2007, the board of directors was authorized to issue stocks, warrants, and more generally, all securities providing access, immediately or by a certain date, to company stock, to the extent and at the times it saw fit, in France and overseas, for a maximum par value of 10,000 k€. This issue was authorized with or without the pre-emptive right, for duration of 26 months, starting with the June 20, 2007 meeting, replacing the preceding delegation authorized at the joint shareholders' meeting of June 23, 2005. These authorizations were not used during the fiscal year.

20.3.2.4.3.6 Table Showing Variation in Shareholders' Equity

Euros	12/31/2008	12/31/2007
Income Per share	(1,606,112) (1,25)	(5,933,769) (4,61)
Variation in Shareholders' Equity (minus income shown above) Per share	90 0,00	8,640 0,01
Proposed dividend Per share	- -	- -
Shareholders' equity at the close of the previous fiscal year before allocation Impact on the carry over of a change in accounting methods Allocation of previous FY Income by the annual meeting Shareholders' equity at the beginning of the fiscal year	13,122,762 - (5,933,769) 7,188,994	18,030,350 - (4,916,228) 13,114,122
Variations in share capital: - 12/31/2007: 288 shares issued with a face value of 10 Euros - 12/31/2008: 3 shares issued with a face value of 10 Euros	 30	 2,880
Variations in share premiums: - 06/30/2007: Allocation of 2006 income - 12/31/2007: allocation for the credit balance carried forward - 12/31/2007: 288 shares issued with a premium of 20 Euros - 06/30/2008: Allocation of 2007 income - 12/31/2008: 3 shares issued with a premium of 20 Euros	 (5,933,769) 60	 (4,916,228) 586,461 5,760
Shareholders' equity on the balance sheet at fiscal year end before the ordinary general meeting and not including income	7,189,084	13,122,762
Total variation in shareholders' equity during the fiscal year.	(1,606,022)	(5,925,129)

20.3.2.4.3.7 Reimbursable Advances

During fiscal year 2004, the company received a 63,900-euro advance from the water authority to help bring the Bollène production site into compliance. This advance is reimbursable in 10 payments of 6,390 each, starting on September 16, 2007.

20.3.2.4.3.8 *Provisions*

Variation in provision accounts can be analyzed as follows:

Items (Euros)	12/31/2007	Expense	Recovery	12/31/2008
Provisions for exchange rate loss	349,186	439,377	349,186	439,377
Provisions for retirement severance pay and similar obligations	239,575	1,280	25,910	214,945
Other provisions:				
- Litigation	16,000		16,000	0
Total	**604,761**	**440,657**	**391,096**	**654,322**
Operating allocations and recoveries		1,280	41,910	
Financial allocations and recoveries		439,377	349,186	
Exceptional allocations and recoveries				

The recovery of the provision for retirement severance pay was totally used up by the retirement of three employees during fiscal year 2008. It is the same for the industrial disputes provision further to the resolution of the corresponding dispute.

A dispute regarding the rate on precarious employment bonus paid out for fixed-term contracts (6% instead of 10%) puts the company in conflict with 15 employees or former employees (to date). On the basis of the most likely legal situation confirmed by the company lawyer, no provision for this dispute was accounted for.

20.3.2.4.3.9 *Depreciation Table*

Items (Euros)	12/31/2007	Expense	Recovery	12/31/2008
Intangible Assets	152,449			152,449
Tangible Assets	2,097,560		258,654	1 838,906
Financial Assets	82,607,632	2,497,421		85,105,053
Inventories and In-Process Goods	5,275,739	66,568	609,631	4,732,676
Accounts Receivable	104,519	115,827	10,154	210,192
Total	**90,237,899**	**2,679,816**	**878,439**	**92,039,276**

20.3.2.4.3.10 *Franchises, Patents, and Licenses*

Variation in other intangible assets can be analyzed as follows:

Euros	Depreciable Value 12/31/2007	Acquisitions, Creations, Transfers	Cessions, Transfers, Removals from Service	Depreciable Value 12/31/2008
Franchises, patents, licenses	345,977			345,977

Variations in amortization can be analyzed as follows:

Euros	Cumulative Amortization on 12/31/2007	Expense	Recovery	Cumulative Amortization on 12/31/2008
Franchises, patents, licenses	339,676	3,171		342,847

Franchises, patents, and licenses are not depreciated. Amortization expense is recorded under operating income.

20.3.2.4.3.11 Goodwill

Euros	12/31/2007	12/31/2008
Bollène Goodwill Depreciation Net accounting value	152,449 (152,449) 0	152,449 (152,449) 0

This goodwill results from the acquisition of the Bollène site in 1992, and notably of the ceramic package business that developed there. In conformity with French legislation's conferral of judicial protection ensuring its continuity, this asset is not amortized.

This goodwill was totally depreciated in 2002. In effect, the ceramic technology which was the reason for the acquisition of this fund in 1992 is mostly associated with the production of packages used in telecommunications. Due to the lack of visibility in this sector, it was considered prudent to depreciate this cost.

20.3.2.4.3.12 Tangible Assets

The variation in tangible assets can be analyzed as follows:

Items (Euros)	Depreciable Value 12/31/2007	Acquisitions, Creations, Transfers	Cessions, Transfers, Removals from Service	Depreciable Value 12/31/2008
Land	160,680			160,680
Buildings	703,843	331,899	321,050	714,692
Technical Installations and Industrial Equipment	10,768,035	133,348	178,727	10,722,656
Other Tangible Assets	1,608,140	6,705	1,692	1,613,153
Intangible Assets in Process	296,704	20,713	14,903	302,514
Advances and payments	0			
Total	**13,537,403**	**492,665**	**516,372**	**13,513,695**

On March 5, 2008, the company exercised an option to buy a building it was leasing that houses its corporate headquarters in Trappes for the amount of 321 k€ including the legal fees. At the same time, the company sold the land and the building to SCI Floria for 1,000 k€.

Decreases of other fixed assets items correspond to the scrapping of obsolete, unusable materials.

The variation in amortization of tangible assets can be analyzed as follows:

Items (Euros)	Cumulative Amortization on 12/31/2007	Expense	Recovery	Cumulative Amortization on 12/31/2008
Land	27,294	2,364		29,658
Buildings	253,554	51,221		304,775
Technical Installations and Industrial Equipment	8,596,181	735,989	178,727	9,153,443
Other Tangible Assets	667,072	50,200	1,692	715,580
Total	**9,544,101**	**839,775**	**180,419**	**10,203,456**

Depreciation expenses for tangible assets are calculated using the straight line method and entered into operating income in the amount of 596 k€ and into exceptional income in the amount of 244 k€.

The transfer of depreciation to amortization en application of CNC Opinion 06-12, published on October 24, 2006 was 244 k€ in 2008. This transaction was recorded under exceptional income.

Variation in tangible asset depreciation can be analyzed as follows:

Items (Euros)	Cumul. Depr. on 12/31/2007	Expense	Recovery	Cumul. Depr. on 12/31/2008
Technical Installations and Industrial Equipment	1,091,192		243,751	847,442
Other Tangible Assets	709,664			709,664
Tangible Assets in Process	296,704		14,903	281,801
Total	**2,097,560**		**258,654**	**1,838,906**

Cessation of operations at the Trappes factory led to depreciations in the amount of 668 k€ for industrial materials and 710 k€ for fittings in 2001. Similarly, tangible assets in process are depreciated in the amount of 281 k€.

The impairment test conducted on December 31, 2005 led the company to appreciate the going concern value of assets on the basis of development plans prepared by management at the end of 2005 and the resulting business and cash projections. On this basis, a depreciation of 1,083 k€ was deemed necessary. The current assets value in the balance sheet at December 31, 2008 allows covering their net book value, no complementary depreciation was entered.

20.3.2.4.3.13 Financial Assets

Items (Euros)	Deprecible Value 12/31/2007	Variation	Depreciable Value 12/31/2008	Depreciation on 12/31/2007	Variation	Depreciation on 12/31/2008
Egima Stocks	1,444,198		1,444,198	1,444,198		1,444,198
Egide USA LLC Investments	72,688,338		72,688,338	72,359,661	328,677	72,688,338
Egide UK Ltd Stocks	971,321		971,321	971,321		971,321
Accounts Receivables Associated with Egide UK Ltd Invest.	7,630,224	1,221,028	8,851,252	7,263,257	1,370,251	8,633,508
Receivables Associated with Egide UK Ltd Investments	973,257	(96,586)	876,671	569,195	151,371	720,567
Receivables Associated with Egide USA Inc Investments	723,842	419,408	1,143,250	0	647,123	647,123
Security Deposit	2,808	28,696	31,504			
Total	**84,433,988**	**1,572,546**	**86,006,534**	**82,607,632**	**2,497,422**	**85,105,053**

The analysis of the going concern value of the investments at year end closing reposes on a multi-criteria approach, taking into consideration subjective and objective criteria, notably the net position, recent performance, financial perspectives, the relative weight of market capitalization on the basis of sales. The balance of these criteria can differ from year to year to better consider certain differentiations or context elements.

At fiscal year end on December 31, 2008, in the context of the group's markets and recent performance of the various subsidiaries, the depreciation of these securities was determined on the basis of the share of the shareholders' equity held on December 31, 2008.

Similarly, the accounts payable associated with investments were depreciated in such a way that the constituted depreciations cover the negative net positions of these companies.

20.3.2.4.3.14 Inventories and In-Process Inventories

Variation in inventories and in in-process inventories can be analyzed as follows:

Items (Euros)	Depreciable Value 12/31/2007	Depreciable Value 12/31/2008	Depreciation on 12/31/2007	Expense	Recovery	Depreciation on 12/31/2008
Raw Materials & Supplies	6,863,529	6,645,456	4,285,473	21,426	585,129	3,721,770
In-Process Inventories	812,090	859,316	1,641	5,213	5,003	1,851
Finished Products	1,182,822	1,207,336	931,437	37,889	19,499	949,828
Merchandise	65,509	68,705	57,188	2,039		59,227
Total	**8,923,950**	**8,780,813**	**5,275,739**	**66,568**	**609,631**	**4,732,676**

A 75% depreciation rate was applied to a supply of kovar, a raw material from which certain components used by Egide are formed, regardless of its year of origin. The rate estimation took into consideration the projected rate of material depletion and the resale value of the supply.

Concerning the raw materials stock, a scrapping of components used in the ceramics products was carried out during the fiscal year 2008 for a value of 575 k€. These materials acquired before 2008 were entirely depreciated. The corresponding depreciation was taken back.

The stock of “Raw materials & supplies” at December 31, 2008 is increased by 244 k€ in order to correct an assessment error of this stock. The market value of this stock of gold solders, transferred in February 2009, represents 510 k€ at this date.

20.3.2.4.3.15 Client Receivables

Variation in client receivables can be analyzed as follow:

Euros	Depreciable Value 12/31/2007	Depreciable Value 12/31/2008	Depreciation on 12/31/2007	Expense	Recovery	Depreciation on 12/31/2008
Client Receivables	1,418,524	1,529,052	104,519	115,827	10,154	210,192

Factoring has been in effect since April 2006. It affects domestic and export receivables to the extent of 82% of sales. Client receivables assigned to factoring companies but not yet paid stand at 3,756 k€ on December 31, 2008, which would raise to 5,285 k€ the value of customer receivables in the absence of factoring on December 31 versus 4,986 k€ on December 31, 2007.

20.3.2.4.3.16 Statement of Accounts Receivable and Payable

Statement of Accounts Receivable (Euros)	Gross Amount	1 Year and Under	More than 1 Year and Less than 5 Years
Accounts Receivable Connected to Investments	10,871,173		10,871,173
Other Financial Assets	31,504		31,504
Advances and Payments	34,130	2,181	31,949
Bad Debts or Litigious Clients	210,192		210,192
Other Customer Accounts Receivable	1,318,860	1,318,860	
Personnel Accounts	4,667	4,667	
State: Tax on Benefits			
State: Value Added Tax	165,338	165,338	
State: Miscellaneous Accounts Payable	396,162	396,162	
Factoring Companies	1,225,342	1,225,342	
Miscellaneous Debtors	39,980	39,980	
Fees Paid in Advance	88,341	88,341	
Total	**14,385,689**	**3,240,871**	**11,144,818**

Accounts receivable relevant to factoring companies represent the non-financed guarantee fund as well as the de-financed amounts resulting from late payment on the client’s part or expiration of the credit assurance guarantee.

Statement of Accounts Payable (Euros)	Gross Amount	1 Year and Under	More than 1 Year and Less than 5 Years	More than 5 Years
Clients, deposits received	400,217	400,217		
Supplier Accounts	3,335,143	3,335,143		
Personnel Accounts	497,485	497,485		
Social Security, Other Social Organizations	566,866	566,866		
State: Value Added Tax	45,918	45,918		
State: Taxes and Indirect Taxes	163,349	163,349		
Asset Accounts Payable	57,022	57,022		
Other Accounts Payable	58,275	58,275		
Total	**5,124,275**	**5,124,275**		

20.3.2.4.3.17 *Long-Term Investments*

They are composed uniquely of OPCVM mutual funds with a book value of 756,779 Euros. The mutual funds are cashed as and when operational needs arise. The current value of the SICAV (open-end mutual funds), of 816,019 Euros at December 31, 2008, reveals an unrealized capital gain of 59,240 Euros.

20.3.2.4.3.18 *Prepaid Expenses*

Items (Euros)	12/31/2008	12/31/2007
Purchase of materials and indirect materials	6,108	897
Rent	29,389	30,138
Insurance	20,141	88,364
Miscellaneous (Maintenance …)	32,703	28,781
Total	**88,341**	**148,180**

20.3.2.4.3.19 *Accrued Expenses*

Items (Euros)	12/31/2008	12/31/2007
Suppliers - Invoices not received	780,338	737,343
Personnel - Estimated Liabilities for Holidays to be Paid and Accrued Expenses	630,645	580,720
Personnel - Estimated Liabilities for Premiums to Pay and Accrued Expenses	33,380	44,807
Personnel - Social Security Allowances	2,206	70
Personnel - Insurance Premiums		654
State - Other Fees to Pay	163,349	140,724
Clients - Credit Notes to Establish	3,379	6,403
Expense Accounts to Pay	1,366	5,791
Commissions to Pay	11,203	36,479
Dues to Pay		13,183
Board Members' Fees to Pay	15,000	15,000
Total	**1,640,866**	**1,581,174**

20.3.2.4.3.20 *Revenues to Be Received*

Items (Euros)	12/31/2008	12/31/2007
Clients - Invoices to Prepare	6,148	0
Suppliers - Credit Notes to Be Received	36,113	55,336
Miscellaneous - Revenues to Be Received		450
Total	**42,261**	**55,786**

20.3.2.4.3.21 Concerning Affiliates and Investments

Table showing Subsidiaries and Investments

	EGIMA Casablanca - Morocco	EGIDE USA, LLC Wilmington, DE - USA	EGIDE UK Ltd Woodbridge - GB
Capital	14,800,000 MAD	66,878,828 USD	657,064 GBP
Shareholders' Equity Other than Capital (minus Fiscal Year Income)	(98,313,540 MAD)	(364,810 USD)	(1,074,484 GBP)
Share of the Capital Held	100%	100%	100%
Book Value of Shares Held:			
- Gross	1,444,198 €	72,688,338 €	971,321 €
- Net	0 €	0 €	0 €
Loans and Advances Made but Not Yet Reimbursed	8,851,252 €	None	876,671 €
Amount of Guarantees and Avals Provided by the Company	1,054,353 €	None	435,695 €
Before-Tax Sales in the Previous Fiscal Year	9,694,892 MAD	None	1,862,874 GBP
Income (Profit or Loss) at Last Fiscal Year End	(14,726,216 MAD)	(26 USD)	(260,000 GBP)
Dividends Cashed by the Company During the Fiscal Year	None	None	None
Other Information	Subsidiary established on 11/01/2000. Began operations in 2002.	Established on 11/08/2000. Company created as holding for EGIDS USA Inc.	Subsidiary created on June 1 2002.

Accounts receivable and accounts payable with affiliated companies:

Items (Euros)	12/31/2008	12/31/2007
Accounts Receivable Connected to Investments	10,871,173	9,327,323
Client Accounts Receivable and Connected Accounts	353,575	323,217
Suppliers and Connected Accounts	60,171	106,417

20.3.2.4.3.22 Accounts Receivable and Payable Represented by Commercial Papers

Items (Euros)	12/31/2008	12/31/2007
Clients - Commercial Papers to Be Received	46,331	0
Suppliers - Commercial Papers to Pay	0	7,493

20.3.2.4.3.23 Conversion Discrepancies

Item Concerned	Currency	Asset Discrepancy (Euros)	Liability Discrepancy (Euros)
Suppliers	YEN	372	
Advances Received	YEN	13,274	
Miscellaneous	MAD	147,372	
Suppliers	MAD	416	
Suppliers	CHF	(301)	
Miscellaneous	GBP	263,638	
Suppliers	USD	(36,794)	
Clients	USD	9,049	
Miscellaneous	USD	42,351	
Total		**439,377**	

A provision for exchange loss has been accounted for at 439,377 Euros.

20.3.2.4.3.24 Company Taxes and Fiscal Deficits

The amount of fiscal deficits reportable at the close of fiscal year 2008 stands at 36,038,483 Euros.

he reportable long-term net losses in value are the following:

Year of Origin of Loss in Value	Deadline for Carrying Forward	Amount (Euros)
2001	12/31/2011	33,000,000
2002	12/31/2012	32,497,460
2003	12/31/2013	3,257,550
2004	12/31/2014	2,414,113
2005	12/31/2015	1,007,821
2006	12/31/2016	2,490,573
2007	12/31/2017	3,124,198
2008	12/31/2018	2,497,421
Total		**80,289,136**

A research tax credit of 223,476 Euros was entered for fiscal year 2008. The reimbursement of the recorded tax credits for the fiscal years 2005 to 2007 was obtained in February 2009, and the request for reimbursement for 2008 was filed in February 2009.

20.3.2.4.3.25 Increases and Decreases of Future Tax Debt at Normal Tax Rates

Increases (Euros)	2008	2007
Provision for Unrealized Exchange Loss in Fiscal Year	439,377	349,186
Retirement Severance Pay	1,280	25,829
Total	**440,657**	**375,015**
Tax Rate	33.33 %	33.33%
Accretion (Increase) in Future Tax Debt	**146,886**	**124,992**

Decreases (Euros)	2008	2007
Unrecognized Exchange Loss	439,377	349,186
Organic	29,338	24,633
Unrealized gain on OPCVM (mutual fund)	59,240	75,543
Retirement Severance Pay	17,694	
Reportable Deficits	36,038,483	36,483,184
Total	**36,584,132**	**36,932,546**
Tax Rate	33.33 %	33.33 %
Decrease in Future Tax Debt	**12,194,711**	**12,310,849**

20.3.2.4.3.26 Sales Breakdown by Business Sector

2008 sales primarily signify the delivery of finished products during that year.

Business Sectors (Euros)	12/31/2008	12/31/2007
Glass-to-Metal	8,104,483	6,876,969
Ceramic	9,521,003	8,034,226
Engineering	552,598	179,568
Group	299,775	304,846
Total	**18,477,859**	**15,395,609**

20.3.2.4.3.27 Sales Breakdown by Geographic Area

Geographic Areas (Euros)	12/31/2008	12/31/2007
France	9,003,144	7,953,476
ECC other than France	2,167,232	1,956,916
USA and Canada	3,889,396	3,138,391
Other Countries	3,118,312	2,041,980
Group	299,775	304,846
Total	**18,477,859**	**15,395,609**

20.3.2.4.3.28 Financial Results

Items (Euros)	12/31/2008	12/31/2007
Net Proceeds on VMP Cessions	60,180	63,958
Net Income from Foreign-Currency Transactions	(103,777)	(267,959)
Interest and Other Income	399,378	314,778
Depreciation of Investments & Associated Accounts Receivable	(2,497,421)	(3,157,759)
V.M.P. Depreciation	7,308	6,750
Special Financing Commission - Factoring	(223,092)	(173,168)
Total	**(2,357,424)**	**(3,213,400)**

Current accounts for Egide and its subsidiaries, Egima Egide USA LLC, Egide USA Inc., and Egide UK Ltd provide compensation at the rate of 4% a year. At closing, Egide realized investment income of 399 k€ on current accounts.

20.3.2.4.3.29 Extraordinary Result

Items (Euros)	12/31/2008	12/31/2007
Penalties and fiscal fines	(2,309)	
Asset Amortization sold out		(5,433)
Income from Cession of Elements of Assets	678,950	
Total	**676,641**	**(5,433)**

The building housing the corporate headquarters is subject to property leasing. On March 5, 2008, Egide exercised an option to buy a building it was leasing and assigned it concurrently to SCI Floria for the sum of 1,000 k€. A commercial lease concerning this building was also signed with SCI Floria for 9-year period.

20.3.2.4.3.30 Executive Compensation

Gross compensation paid to the president of the board of directors stood at 154 k€ in 2008. The attendance fees paid in 2008 to the members of the board of directors stood at 15 k€ for 2007 and 3 k€ as advance on attendance fees for 2008.

20.3.2.4.3.31 Leasing

On March 5 2008, Egide exercised an early option to purchase the lease related to its headquarters in Trappes by paying CM-CIC Lease the sum of 296,671 Euros representing the principal and interest due on that date.

20.3.2.4.3.32 Other Liabilities

Commitments:

Off-balance-sheet liabilities are summarized in the following table.

Items (Euros)	12/31/2008	12/31/2007
Collateral Securities Sureties	400,215 4,099,733	653,219 2,075,755
Total	**4,499,948**	**2,728,974**

For the benefit of affiliated companies:

- The company pledged a SICAV (mutual fund):

  • *To Crédit Lyonnais until February 12, 2010 for an initial amount of 1,420,040 Euros to guarantee the mid-term loan extended to Egima, its Moroccan subsidiary. The amount of this pledge is reduced each trimester based on the balance of the loan remaining to be repaid. This transaction allows the release of one SICAV pledged when the reduction of the pledge is at least equal to the unit value of one SICAV. On December 31, 2008, the present value of the balance of the pledge was 336,250 € for a loan balance of 328,051 Euros*

  • *To Crédit du Nord, for an initial amount of 57,447 € to secure the bank guarantee granted to the Moroccan subsidiary, Egima, in the context of the cession of temporary admissions. The guarantee is valid until the withdrawal of this bond. The present value of the SICAV (open-end mutual funds) pledged on December 31, 2008 is of 63,965 Euros.*

  The amount of VMP posted, thus being the subject of the surety is 341,455 Euros, i.e., 45% of this entry on December 31, 2008.

- The company stood surety on first request for Crédit du Maroc to guarantee the long-term loan this bank granted to Egima, until the complete repayment of this loan on March 25, 2015, for the sum of 654,138 Euros.

- The company stood surety for Lloyds bank for the establishment of a factoring contract for its Egide UK subsidiary in April 2008, for the sum of 350,000 GBP or 367,454 € on December 31, 2008. Egide also posted a bond for this bank for a loan contract for its subsidiary, Egide UK, in April 2008, for the sum of 65,000 GBP, with an equivalent value of 68,241 € on December 31, 2008.

- The company guaranteed 4 Washington Street Investment LLC for a lease agreement signed by Egide USA Inc in October 2008 for sums due by Egide USA Inc. for this contract, without limitation as to the amount (the annual rent is US$218,555, indexed by 3% every year commencing on the 3rd year, and the duration of the lease agreement is of 10 years), representing a maximum amount of US$2,438,878 for rents, that is 1,752,445 Euros at December 31, 2008.

- The company stood as surety for Keltic for the establishment of a finance contract (based on receivables and stocks) for its Egide USA Inc. subsidiary in December 2008, for a maximum amount of US$1,750,000 representing the sum 1,257,455 € at December 31, 2008.

For the benefit of various third parties:

- The number of education/training hours used in 2008 for the Individual Right to Education is insignificant in terms of the number of hours (approximately 3,500) acquired by Egide's employees.

Commitments Received:

- No bank guarantee has been issued for the benefit of Egide.

Reciprocal Commitments:

- With the implementation of factoring in April 2006, Egide took out a credit insurance policy in which it designated the factoring companies as beneficiaries of the compensation to be paid in case of Egide clients' default. The compensation obligations of the insurance company to the company are limited to a maximum disbursement of 1,500 k€.

20.3.2.4.3.33 Work Force Breakdown

	2008	2007
Management	33	35
First-line supervisors and technicians	25	25
Employees	4	4
Workers	122	136
Total	**184**	**200**

20.3.2.4.4 Events Following Closing

The gold solders stock mentioned in paragraph 20.3.2.4.3.14 was assigned in February 2009 for a total value of 510 k€.

20.4 Verification of Historical Annual Financial Statements

20.4.1 Auditors' Report on 2008 Consolidated Financial Statements

"To carry out the assignment entrusted to us by the members of your general assembly, we present you with our report for fiscal year ending December 31, 2008 in regard to the following:

- Examination of Egide Corporation's annual financial statements, as attached to this report;
- Justification of our assessments;
- Special audits provided for by the law.

The consolidated financial statements were closed by your board of directors. It is up to us, based on our audit, to express an opinion on these statements.

I - Opinion on the Consolidated Financial Statements

We have conducted our audit in accordance with the professional standards applicable in France; these standards require implementation of due diligence permitting us to obtain reasonable assurance that the consolidated financial statements do not contain any significant anomalies. An audit consists of examining, by audit testing or other selection methods, the probative elements justifying the amounts and data contained in these consolidated financial statements. It also consists of assessing the accounting principles followed and the significant estimates retained as well as assessing the accounts presentation as a whole. We consider that the elements we collected are sufficient and suitable to base our opinion on.

We certify that the fiscal year's consolidated statements are, with regard to the authoritative accounting pronouncements, the IFRS, as adopted in the European Union, regular and truthful and provide a faithful image of the patrimony and the financial position as well as the income of the ensemble constituted by the persons and entities included in the consolidation.

Without calling into question the conclusion expressed above, we draw your attention, with regards to the uncertainties on the economic outlook due to the global crisis, to the note 20.3.1.5.3.1 of the appendix that sets out the maintenance of conditions of the going-concern assumption, the latter being subject to the realization of the activity as provided in the strategic plan and requiring the effective implementation and on a timely basis of the contemplated asset sales.

II - Justification of Our Assessments

The global economic crisis has multiple implications for businesses, and particularly with regards to their activity and financing. The lack of visibility into the future creates specific conditions this year for the preparation of accounts. It is in this context that we conducted our own assessments that we bring to your attention in application of the provisions of Article L.823-9 of the Commercial Code.

As revealed in notes 20.3.1.5.3.5, 20.3.1.5.3.6 and 20.3.1.5.4.3 of the annex relative to tangible assets, an impairment test is conducted when there is an internal or external indication of a loss in value. Depreciation is used if the recoverable value of the capital asset concerned is less than its net asset value. In the absence of new indications of losses in value, no complementary depreciation was entered for the fiscal year ending on December 31 2008.

We have verified the appropriateness of the accounting methods specified above and their correct application, and we have examined the approach implemented, depending on the assumptions that group management deemed reasonable, and the resulting appraisals.

The assessments thus applied are in line with our approach to auditing the consolidated financial statements, taken as a whole, and therefore have contributed to our opinion, expressed in the first part of this report.

III - Specific Audit

We have also proceeded with the specific audit prescribed by law of the information provided in the group's management report.

With the exception of the possible incidence of the facts mentioned in the first part of the report, we have no observations to make regarding their truthfulness and their consistency with the consolidated financial statements.

Neuilly sur Seine and Paris, June 4, 2009

The Auditors

PricewaterhouseCoopers Audit
Jean-François Châtel

Jacques Wenig & Associés
Bernard Hinfray»

20.4.2 Auditors' Report on 2008 Individual Financial Statements

"Ladies and Gentlemen,

"To carry out the assignment entrusted to us by the members of your general assembly, we present you with our report for fiscal year ending December 31, 2008 in regard to the following:

- Examination of Egide Corporation's annual financial statements, as attached to this report;
- Justification of our assessments;
- Special audits and disclosures provided for by the law.

The annual financial statements have been closed by your board of directors. It is up to us, based on our audit, to express an opinion on these statements.

I - Opinion on the Individual Financial Statements

We have conducted our audit in accordance with the professional standards applicable in France; these standards require implementation of due diligence permitting us to obtain reasonable assurance that the annual financial statements do not contain any significant anomalies. An audit consists of examining, by audit testing or other selection methods, the probative elements justifying the amounts and data contained in these annual financial statements. It also consists of assessing the accounting principles followed and the significant estimates retained as well as assessing the accounts presentation as a whole. We consider that the elements we collected are sufficient and suitable to base our opinion on.

We certify that the annual financial statements for the fiscal year are, with regard to the French accounting rules and principles, regular and truthful and provide a faithful image of the operational income in the previous fiscal year as well as the company's financial position patrimony at the end of this fiscal year.

Without calling into question the conclusion expressed above, we draw your attention, in the context of the uncertainties on the economic outlook due to the global crisis, to note 20.3.2.4.2.1 of the appendix that sets out the maintenance conditions of the going-concern assumption, the latter being subject to the realization of the activity as provided in the strategic plan and requiring the effective implementation and on a timely basis of the contemplated asset sales.

We also draw your attention to note 20.3.2.4.3.14 of the appendix that sets out that the stock of “Raw materials & supplies” at December 31, 2008 is increased by 244 k€ in order to correct an assessment error of this stock at Egide SA.

II - Justification of Our Assessments

The global economic crisis has multiple implications for businesses, and particularly with regards to their activity and financing. The lack of visibility into the future creates specific conditions this year for the preparation of accounts. It is in this context that we conducted our own assessments that we bring to your attention in application of the provisions of Article L.823-9 of the Commercial Code.

With respect to our assessment of the accounting standards followed by your company, we are assured of the soundness of the change in accounting methods mentioned above and of its presentation.

As revealed in notes 20.3.2.4.2.6 and 20.3.2.4.3.13 relative to long-term investments, your company has made depreciations of its equities when the utility value is lower than the historical acquisition cost. In the context of the group's markets and the recent income of the affiliates, the depreciation of these securities has been determined on the basis of the proportionate interest of the shareholders' equity held on December 31, 2008.

We have verified the appropriateness of the above accounting methods and their correct application. We are also assured of the appropriateness of the approach implemented, based on operating and financing assumptions that the group's management deemed reasonable, and the resulting appraisals.

The assessments thus applied are in line with our approach to auditing the consolidated financial statements, taken as a whole, and therefore have contributed to our opinion, expressed in the first part of this report.

III - Specific Verifications and Disclosures

We have also proceeded with the special audits provided for by the law:

Except for the possible incidence on the facts mentioned in the first of the report, we have no further observations on:

- he truthfulness and consistency with the annual financial statements of the information provided in the board of directors' management report and in the documents addressed to stockholders regarding the company's financial position and the annual financial reports.
- The truth of the information provided in the management report relative to compensation and benefits provided to the relevant proxy holders as well as commitments made in their favor on the occasion of the assumption, cessation, or change in functions or subsequently.

In application of the law, we are sure that the information relative to the identity of the capital holders or voting rights has been communicated to you in the management report.

Neuilly sur Seine and Paris, June 4, 2009

The Auditors

PricewaterhouseCoopers Audit
Jean-François Châtel

Jacques Wenig & Associés
Bernard Hinfray»

20.5 Other Elements in the Group Management Report

20.5.1 Statement of Operations

20.5.1.1 Egide Corporation (France)'s Operations

Total sales stood at € 18.50 million in 2008 as opposed to € 15.40 million in 2007, for an increase of 20.1%; with a stable dollar, this progress would be 21.4%.

The defense and space business sector experienced extremely strong growth at 16.7%, with sales of € 6.78 million in 2008 as opposed to € 5.81 million in 2007.

Sales in the telecommunications domain has also improved, going from € 2.96 million in 2007 to € 4.11 million in 2008, therefore a very strong 39% growth, linked with the ability of the components produced by Egide to regain the sector.

Industrial markets generated sales of € 7.30 million in 2008, thanks primarily to civil infrared product applications. That represents an increase of over 15% compared to the previous fiscal year, the industrial portion of which represented 6.32 million Euros in sales, and this in spite of the stop in the second half of the year, of a product intended for the automobile market (night vision). The industrial sector therefore remains primary activity of the company in France.

Inter-group invoicing has been stable from one fiscal year to the next, with € 0.30 million in 2007 and in 2008.

The glass-to-metal technology, with 8.12 million units sold, constitutes 44% of sales in 2008 as opposed to 45% in 2007. With sales of 9.52 million Euros of ceramics in 2008 as opposed to 8.03 million Euros in 2007, has remained the principal technology for Egide SA, representing 51% of sales in 2008.

The company billed € 0.55 million for design projects financed during fiscal year 2008. This amount is three times higher than the one in 2007, reflecting Egide's numerous successes in R&D project financing.

Egide still remains an export enterprise, with 51% of its 2008 extra-group sales achieved outside of France (as opposed to 47% in 2008). Europe represents 13% and North America 21% of extra-group sales in the fiscal year. The portion realized outside of these regions reached 17% in 2008, thanks primarily to telecom sales in Asia and military sales in Israel.

20.5.1.2 Egide USA's Operations

Egide USA achieved € 9.50 million in sales in 2008 (€ 0.09 million of which were through inter-group invoicing), compared with € 8.83 million in 2007. This represents an 8% increase from one fiscal year to the next (sales outside of the group), despite the still not favorable exchange rate between the dollar and the euro (with an average exchange rate of 1.37 in 2007 compared to 1.47 in 2008). In foreign currency, sales for Egide USA (outside of the group) increased very slightly by 16%.

Defense and aerospace constituted 55% of sales in 2008, compared to 47% in 2007, with € 5.14 and 4.18 million respectively. This strong increase is due to the resumption of military orders that were in part shifted at the end of 2007. The industrial sector has also experienced a decline, going from 19% of sales to 12%, (1.17 million Euros in 2008 compared to 1.64 million Euros in 2007) further to a demand reduction from a client whose strategy was to transfer his needs in low cost countries. The telecommunications sector is stable at 33% of fiscal year sales due to steady orders for modulators, primarily from European and North American clients, (including their Asian subcontractors).

The products sold call for glass-to-metal technology uniquely. The North American market is still the principal trade outlet for the American subsidiary since that is where nearly 80% of its fiscal year 2008 sales occurred. The remaining 20% come from telecoms bound for Europe and Asia.

20.5.1.3 Egima's Operations

It should be recalled that Egima's only client is Egide, which subcontracts the production of some of its orders to it. Egima buys neither components nor gold or chemicals; these are provided by Egide. The Moroccan subsidiary therefore has no sales other than those specified as intra-group, at € 0.84 million in fiscal year 2008 compared to € 0.57 million in 2007. This increase explains the return to a normal order level of relay base connectors compared to the previous fiscal year, as well as for the greater share of telecom products sub-contracted to the subsidiary during the first half of 2008.

During the second semester, the business slowdown led to staff reduction and the transfer of the telecom activities to the Bollène site. Egima only kept the industrial relay base connectors activity.

The destination markets are primarily glass-to-metal industrial applications in the civil aeronautics domain and the automobile industry (83%) and glass-to-metal and ceramic-to-metal telecommunications products (17%).

20.5.1.4 Egide UK's Operations

This subsidiary manufactures and sells molded metal and plastic components. Fiscal year 2008 generated € 2.36 million in sales, € 0.07 million of which were realized within the group. The modest 2% decline of non-group sales, in comparison to the 2007 fiscal year that was of 2.33 million Euros, is only due to the fall of the pound sterling. Out of foreign currency, the (non-group) sales growth was of 14%.

The industrial sector represented 84% of the activity, 11% for telecommunications and 5% for defense. Plastic technology accounted for 21% of sales, with the remaining 79% being in metal molding. Sixty-seven per cent of sales are in Europe, 23% are in America, and 2% are in the rest of the world.

20.5.2 Review of the Results

20.5.2.1 Consolidated Results

As of December 31, 2008, Egide group's area of consolidation includes the following companies:

- Egide USA LLC, wholly owned
- Egide USA Inc, wholly owned through Egide USA LLC,
- Egima, wholly owned
- Egide UK Ltd, wholly owned.

Consolidated sales stand at € 29.85 million, showing an operating loss of € 1.71 million (compared to € 5.41 million in 2007).

Amortizations, depreciations, and provisions have been recorded for a total net amount of € 1.16 million, compared to € 1.17 million in 2007. No complementary depreciation of assets was recorded in 2008.

The financial result shows a loss of € 0.55 million (compared to a loss of € 0.73 million in 2007), resulting primarily from interests and similar fees associated with the implementation of factoring in the group's French, American, and English companies, interests associated with the Egide USA loan, and foreign exchange losses.

The net loss stands at € 2.26 million (compared to € 6.14 million in 2007), a 63.1% improvement.

Since fiscal year 2003 closing, there is no longer any non-amortized goodwill in the company's consolidated balance sheet.

Other non current assets appearing on the December 31 2008 balance sheet are only composed of money market funds pledged to guarantee a bank loan to the Moroccan subsidiary. The current cash position is € 1.20 million, compared to € 1.42 million at the end of 2007. The long-term debt of € 0.68 million is constituted by two bank loans on Egima's books. The financial debts under one year represent primarily the part of these loans that will be reimbursed during the fiscal year 2009 (0.37 million Euros), as well as the financing of accounts receivable by factoring organizations (3.66 million Euros). Factoring contracts have been put in place at the beginning of 2006 in France and at the beginning of 2007 in the United States and England.

The need for work capital represents a little less than 68 days of sales, a stable ratio in comparison to the previous fiscal year (71 days).

The group's financial situation is stable with a net indebtedness of 3.12 million Euros at December 31, 2008 compared to 3.13 million Euros at the end of 2007. Long- and short-term debts represent 26% of the balance sheet total, the debt/capital ratio being 0.86. Egide does not use any financial instrument to generate a particular risk.

20.5.2.2 Individual Results

The annual financial statements closed on December 31, 2008 have been prepared and presented in conformance with accounting rules, duly respecting principles of prudence, fairness, regularity, sincerity, comparability, consistency of accounting methods from one fiscal year to the next, independence of fiscal years, and continuity of operations.

Sales stood at € 18.50 million, compared to € 15.40 million in the previous fiscal year, experiencing an increase of 20%. Total marginal revenue was € 19.25 million, compared to € 15.43 million for the previous fiscal year.

Operating expenses for the fiscal year stood at € 19.40 million, a 6.0% raise for a 21.1% increase in production compared to fiscal year 2007. The continued improvement of the production performance and the stability of the product mix allowed a slightly reducing of the material consumption (by passing from 36.9% to 34.8% of the production for the financial year). On the other hand, personnel costs have declined, reaching a total of 7.14 million Euros in 2008 compared to 7.28 million Euros in 2007. This slight 1.8% decline is linked to an average dependent labor force (CDI + CDD) that passes from 200 to 183 persons, but also to a significant productivity improvement. Other external expenses remained stable at € 3.9 million.

An impairment test was conducted on December 31, 2005, the purpose of which was to assess the future utility of assets on the basis of development plans reviewed at the end of 2005 and the resulting hypotheses concerning activities and cash. This test resulted into the recording of a depreciation of 1.08 million Euros for the fiscal year 2005. No complementary depreciation was recorded in 2006 and 2007. In the absence of any new loss of value index at December 31, 2008, no complementary depreciation of assets was recorded in 2008, and this level of depreciation was maintained.

Despite the control and improvement of the operating costs, the 2008 activity is slightly below the equilibrium level and shows an operating loss of 0.15 million Euros (profit of 0.11 million during the first semester and a loss of 0.26 million during the second semester) against a loss of 2.87 million Euros during the previous fiscal year, (2.03 million during the first semester and 0.84 million during the second semester).

The amount of research and development expenses incurred during the fiscal year is assessed at approximately € 1 million. These costs are not capitalized.

Complementary depreciation of equity securities held for the American subsidiary, Egide USA LLC, was entered under interest expense in the amount of € 0.33 million. Depreciation for accounts receivable connected with the subsidiaries was entered in the amount of € 1.37 million for Egima and in the amount of € 0.65 million for Egide USA Inc. and in the amount of € 0.15 million for Egide UK, to cover the capital losses incurred and the negative net positions of these subsidiaries.

The financial result shows a loss of € 2.36 million, compared to a loss of € 3.2 million in the previous fiscal year, primarily due to depreciation in the subsidiaries' securities and accounts receivable.

Fiscal year operating results before taxes show a loss of € 2.51 million, compared to € 6.09 million for the previous fiscal year, a 59% improvement.

An exceptional profit of 0.68 million Euros was recorded; it is made up of capital gains from transfer recorded as a result of the sale of the Trappes building (this leased building was sold then leased again concurrently).

The research tax credit was entered as 0.22 million Euros, an amount three times higher than the one from the previous year resulting from the new calculation method (the rate has passed from 10 to 30% of R&D expenses).

Taking these elements into account, the fiscal year closed with a loss of € 1.61 million compared to a loss of € 5.93 million for the previous fiscal year.

As of December 31, 2008, the company's total assets stood at € 11.41 million compared to € 12.74 for the previous year. Factoring aside, the company is not indebted and has a cash position of € 1.28 million at fiscal year end, compared to € 1.65 million on January 1st, 2008.

20.5.3 Table Showing Income or Loss in the Last 5 Fiscal Years (Egide Corporation)

Closing Date Fiscal Year Duration	12/31/08 12 months	12/31/07 12 months	12/31/06 12 months	12/31/05 12 months	12/31/04 12 months
CAPITAL AT FISCAL YEAR END					
Share Capital (€)	12,861,220	12,861,190	12,858,310	9,982,560	9,933,140
Number of Shares					
- Common Shares	1,286,122	1,286,119	1,285,831	998,256	993,315
- Preferred Shares	-	-	-	-	-
Max. No. of Shares to Be Created					
- Through Bond Conversion	-	-	-	-	-
- by subscription right	64,306	64,305	64,291	49,912	49,665
OPERATIONS AND RESULTS (€)					
Sales Net of Taxes	18,477,859	15,395,609	14,610,603	13,722,541	11,964,492
Income before taxes, investments, depreciations, and provisions	856,987	(1,833,453)	(2,738,482)	(1,923,153)	(3,580,809)
Taxes on earnings	(223,476)	(159,264)	(60,372)	(20,930)	(25,694)
Depreciations and provisions	2,686,575	4,259,580	2,238,118	5,606,533	5,539,778
Net Loss	(1,606,112)	(5,933,769)	(4,916,228)	(7,508,756)	(9,094,913)
EARNINGS PER SHARE (€)					
Income after taxes, investments, depreciations, and provisions	0.84	(1.30)	(2.08)	(1.91)	(3.58)
Income after taxes, investments, depreciations, and provisions	(1.25)	(4.61)	(3.82)	(7.52)	(9.16)
PERSONNEL					
Average number of employees	183	200	190	175	177
Payroll (€)	5,113,233	5,293,518	4,942,017	4,530,775	4,468,189
Benefits (€)	2,031,254	1,984,436	1,728,995	1,790,983	1,687,187

20.5.4 Investment Securities Inventory (Egide Corporation)

Securities entered on the asset side of Egide Corporation's balance sheet on December 31, 2008 are detailed in the table below:

Amounts in Euros	Quantity	Net Value
Long-Term Investments		
Egide USA LLC Shares	-	0
Egima Shares	14,800	0
Egide UK Ltd Shares	657,064	0
Long-Term Investment Subtotal		**0**
Short-Term Investments		
SICAV LCL monétaire	6	284,008
SICAL Etoile Jour Sécu	15	57,447
SICAV Etoile Eonia	3	307,112
SICAV Etoile CT Institution	12	108,212
Short-Term Investment Subtotal		**756,779**
Total Net Book Value		**756,779**

20.6 Dividend Payment Policy

No dividend has been paid in the last 3 fiscal years. The company intends to continue to allocate all available funds to the financing of its business and its growth, and as a result, it does not intend to pay dividends in 2009.

20.7 Judicial and Arbitration Proceedings

To Egide’s knowledge, to this day there have been no proceedings that have had or could have a significant effect on the group’s financial situation or profitability.

During the course of the last twelve months, no government, legal or arbitration proceedings could have had or could have a significant effect on the Egide group’s financial situation or profitability.

21 COMPLEMENTARY INFORMATION

21.1 Share Capital

21.1.1 Number of Shares and Their Par Value

On December 31, 2008, share capital was 12,861,220 Euros, decomposable into 1,286,122 shares at 10 Euros par value. There is only one category of shares, except in the special case of double-vote shares mentioned in paragraph 18.3. Share capital is paid in full. There is no encumbrance, lien or pledge on the company's capital.

21.1.2 Authorized Capital Not Issued

The Combined General Meeting of June 20, 2007 delegated powers to the Board of Directors in order to increase the capital with retention and suppression of the pre-emptive subscription right. These delegations, the expiry date of which was August 19, 2009 were not used.

The joint general meeting of June 19, 2009 delegated the following authorities to the Board of Directors:

	Expiration Date of Delegation	Maximum Amount of Delegation	Use of Delegation
Authorization to increase capital with maintenance of the share purchase right	08/18/11	Shares: 10,000,000 € Corporate Notes: 100,000,000 €	None
Authorization to increase capital with suppression of the share purchase right	08/18/11	Shares: 10,000,000 € Corporate Notes: 100,000,000 €	None

The resolution delegating to the board of directors the authority to increase capital by issuing shares reserved to employees belonging to a savings plan instituted by the company was rejected, at the board of directors' request, by the general meeting on June 19, 2009.

21.1.3 Potential Capital

21.1.3.1 Authorization to Issue Stock Options

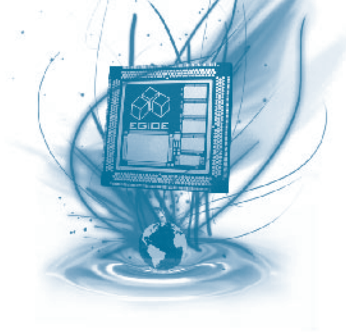
The general meeting of June 20 2007 authorized the board of directors to issue stock options within the limit of 5% of share capital. The subscription price must at least be equal to the average of the prices quoted in the last 20 Stock Market sessions preceding the board of directors' meeting, reduced by 5%. This authorization is valid for a period of 38 months.

The plans in effect on May 31, 2009 are described in § 17.3.

21.1.3.2 Stock Warrants

The increase in capital on August 17, 2006 through the issue of 285,738 new shares was supported by the issue of 285,738 stock warrants. Each stock warrant provides the possibility to subscribe to a new share to be created at a unit price of 30 Euros, at the rate of four stock warrants for 1 share. The stock warrant period is open from August 21, 2006 to August 20, 2009 inclusive and can earn the company € 2.14 million during that time.

As of June 30, 2009, a total of 1,200 stock warrants have been exercised, resulting in the creation 300 new shares (9 shares in 2006, 288 in 2007 and 3 in 2008). Thus, the unexercised balance of stock warrants is 284,538, for a potential capital of 71,134 new shares (5.53% of capital).



21.1.4 Changes in Share Capital

The following table details the changes in capital since company inception:

Date	Transaction	Capital Increase (€)	Capital Reduction (€)	Premium (€)	Total Number of Shares	Nominal of shares	Amount (Euros) % of Capital (€)
14/10/86	Incorporation	457,347			30,000	15.24 €	457,347
15/12/87	Increase (1)	320,143			51,000	15.24 €	777,490
30/09/88	Increase (1) (2)	654,311			93,920	15.24 €	1,431,801
03/11/88	Increase (1)	419,235		76,301	121,420	15.24 €	1,851,036
09/11/90	Increase (1) (3)	449,725			150,920	15.24 €	2,300,760
4/27/92	Reduction (4)		920,304		150,920	9.15 €	1,380,456
18/05/92	Increase (1)	1,829,388			350,920	9.15 €	3,209,844
03/06/94	Increase (1)	927,262			452,294	9.15 €	4,137,107
11/06/99	Increase (5)	1,749,846		1,751,013	643,598	9.15 €	5,886,953
03/04/00	Increase (6)	3,659		3,297	643,998	9.15 €	5,890,612
05/07/00	Increase (7)	841,509		11,670,355	735,997	9.15 €	6,732,121
22/12/00	Increase (8)	2,244,037		93,435,443	981,329	9.15 €	8,976,159
06/29/01	Increase (9)	837,131		(837,131)	981,329	10 €	9,813,290
12/31/01	Increase (10)	34,580		17,152	984,787	10 €	9,847,870
12/31/03	Increase (11)	14,280		7,083	986,215	10 €	9,862,150
12/31/04	Increase (12)	70,990		35,211	993,314	10 €	9,933,140
12/31/05	Increase (13)	49,420		24,512	998,256	10 €	9,982,560
02/28/06	Increase (14)	18,280		9,067	1,000,084	10 €	10,000,840
17/08/06	Increase (15)	2,857,380		2,143,035	1,285,822	10 €	12,858,220
12/31/06	Increase (16)	90		180	1,285,831	10 €	12,858,310
12/31/07	Increase (17)	2,880		5,760	1,286,119	10 €	12,861,190
12/31/08	Increase (18)	30		60	1,286,122	10 €	12,861,220

(1) Cash contributions
(2) Amount contributed in kind: 158,851.88 € (1,042,000 F)
(3) Of which compensation with accounts receivable: 137,204.12 € (900,000 F)
(4) Reduction of par value from 15.24 € (100 F) to 9.15 € (60 F)
(5) Introduction to the New Market of the Paris Stock Exchange - Visa COB n° 99-775, June 7 1999
(6) Exercise of stock options following the death of an owner.
(7) Increase in cash capital - Visa COB n° 00-884, May 26 2000
(8) Increase in cash capital - Visa COB n° 00-1844, November 14 2000
(9) Incorporation of reserves for the conversion of capital into Euros, taking the share value from 9.15 € (60 F) to 10 € (65.5957 F).
(10) Exercise of stock options during fiscal year 2001
(11) Exercise of stock options during fiscal year 2003
(12) Exercise of stock options during fiscal year 2004
(13) Exercise of stock options during fiscal year 2005
(14) Exercise of stock options on February 28 2006
(15) Increase in cash capital - Visa AMF n° 06-271, July 21 2006
(16) Exercise of 36 stock warrants during fiscal year 2006, creating 9 new shares.
(17) Exercise of 1,152 stock warrants during fiscal year 2007, creating 288 new shares.
(18) Exercise of 12 stock warrants during fiscal year 2008, creating 3 new shares.

The company does not own any of its own shares. The same is true for the subsidiaries, who do not own any parent company shares.

21.1.5 Changes in the Last Three Years

The following table shows the changes in capital, by percentage and voting rights, in the last three years

	Position on 12/31/2008			Position on 12/31/2007			Position on 12/31/2006		
	No. of Shares	% of Capital	% of Voting Rights	No. of Shares	% of Capital	% of Voting Rights	No. of Shares	% of Capital	% of Voting Rights
Executives	2,512	0.20	0.34	2,512	0.20	0.34	3,012	0.23	0.41
FCPR 21 & 21 Esenga	217,152	16.88	26.39	217,152	16.88	26.48	217,152	16.89	26.49
SNVB Part.	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
Public	1,066,458	82.92	73.27	1,066,455	82.92	73.18	1,065,667	82.88	73.10
Total	**1,286,122**	**100.00**	**100.00**	**1,286,119**	**100.00**	**100.00**	**1,285,831**	**100.00**	**100.00**

21.2 Articles of Incorporation and By-Laws

21.2.1 Company Purpose

The company has as its purpose (article 2 of the by-laws):

- The design, fabrication, import, export, and marketing of all forms of electronic package, standard-type or custom made.

- In the above domains, the acquisition and management of interests and direct or indirect participation by all means in any company or enterprise created or to be created, notably by means of company creation, contribution, subscription to or acquisition of shares, welfare rights or other titles, merging, silent partnership, and by any other means or in any other form used in France or overseas.

- And in general, any transaction of any nature, transferable or non-transferable, that could be directly or indirectly connected with its purpose or liable to facilitate its development or realization.

21.2.2 Administrative Body

Article 13 of the By-Laws: "The company is administered by a board of directors composed of at least three members and at most 18 members, subject to legal derogations provided for in case of merger. The duration of their term is six years. Every board member is re-eligible."

Article 14 of the By-Laws: "Board members must own ONE share at least. Board members appointed while at the company might not be shareholders at the time of their nomination but must become so within a three-month time period, on the lapse of which they will be terminated from office."

Article 15 of the By-Laws: "The board of directors names, among its members, who are natural persons, a president, whose term of office it limits so that it does not exceed his term of office as board member. No person can be appointed president of the Board of Directors if he is over 65. If the president is beyond that age, he is terminated from office after the next board meeting. The board can also nominate a secretary, even outside of its membership. In case of the president's absence or incapacity, the board designates, at each meeting, one of the members in attendance to preside over the meeting. The president and the secretary can always be re-elected."

Article 16 of the By-Laws: "The board of directors will meet as often as necessary and at least once a year. The members are called to the meetings by all means necessary, even verbally. A roster is kept that is signed by board members attending the meeting. Discussions are held under the quorum and majority requirements provided for by the law. In the case of a tie vote, that of the presiding member of the meeting takes precedence. Minutes are prepared and copies or extracts of the proceedings are delivered in accordance with the law. Internal regulations established by the Board of Directors can predict who will be present for the quorum and the majority of board members participating in the board meeting by teleconference, in accordance with regulations in force. This provision does not apply to the following decisions:

- Nomination, revocation, fixation of the president's, general manager's, or executive vice president's compensation
- Closing of the annual financial statement and consolidated financial statements, and establishment of the management report and group management report."

Article 17 of the By-Laws: "The board of directors determines the orientation of the company's operations and monitors their implementation. Subject to the powers expressly attributed by law to shareholders' meeting and within the limits of the company's purpose, it addresses every question affecting the smooth operation of the company and regulates by its deliberations the affairs that concern it. The board of directors at all times implements the controls and verifications that it deems opportune. Each board member must receive the information necessary to the accomplishment of his mission and can obtain from executive management all the documents that he considers useful."

21.2.3 Rights Attached to Company Shares

Article 9 of the Articles of incorporation (form of shares): "From the entire paying up of shares, they are either registered or transferable, at the holder's choice, subject to the regulations in force."

Article 10 of the Articles of incorporation (disposal and transmission of shares – book based shares – transfer of ownership of securities): "The shares, whatever their form, are book based and kept according to the effective prescribed terms and conditions. The listed securities are freely transferable and are transmitted by account-to-account transfer by way of a stock transfer order.

The company is entitled to request at any time, in accordance with the provisions in Articles L.228-2 and L.228-3 of the Commercial code, against payment at its expense, to the body responsible for the compensation of securities, the name or, if it is a body corporate, the year of incorporation and the address of the securities holders conferring an immediate or fixed-term voting right in its own meetings of shareholders, as well as the quantity of securities held by each of them, and, if necessary, the restrictions with which the securities may be subjected to."

Article 11 of the By-Laws (extract) : "Every share, in the absence of distinct categories of shares, or conversely, every share in the same category, entails the right to a net proportional share of the quantity of capital that it represents, in the benefits or reserves or in corporate assets, on any distribution, amortization, or allocation, and this according to the conditions and procedures possibly stipulated in these by-laws.
In addition, it provides the right to a vote and to representation in general meetings under legal and statutory conditions. Shareholders are only responsible up to the limit of the par value of the shares that they possess; beyond that, any call is forbidden. The rights and obligations attached to the share follow the title, regardless of the hands it passes through. Share ownership requires full adherence to the company's by-laws and to the decisions of the general meeting. Heirs, creditors, claimants, or other shareholder representatives cannot require the sealing of the possessions and wealth of the company, nor demand a share or require their auction, nor intermeddle with the acts of its administration; to exercise their rights, they must refer to an inventory and to the decisions of the general meeting. Each time that it is necessary to hold several shares to exercise a given right, in the case of exchange, regrouping, or allocation of securities, or as the result of an increase or reduction in capital, merging or other company transaction, owners of a single share or of a number lower than that required cannot exercise these rights except on condition that they make the regrouping their personal affair and possibly the purchase and sale of the necessary securities. Unless prohibited by law, there will be a common fund of all shares of all exemptions or fiscal imputations, as with all taxation liable to be assumed by the company, before undertaking any allocation or reimbursement during the life of the company or in the event of its liquidation, so that, taking into account their respective par value and use, all shares in the same category receive the same net amount."

21.2.4 Modification of Rights Attached to Company Shares

Article 29 of the By-Laws (extract): "The extraordinary general meeting can modify all provisions of the by-laws and notably decide the transformation of the company into a company of another civil or commercial form. It cannot, however, increase the commitments of the shareholders, except for transactions resulting from a regularly performed regrouping of shares."

21.2.5 General Meetings

Article 22 of the By-Laws: "Shareholder decisions are made in the general meetings. Ordinary general meetings are those called to make decisions that do not modify the by-laws. Extraordinary general meetings are called to decide or authorize direct or indirect modifications to the by-laws. Special general meetings call together the holder of shares in a single determined category to deliberate on a modification of share rights in that category. General meeting deliberations obligate all shareholders, even those who are absent, dissident, or incapable."

Article 23 of the By-Laws: "General meetings are called either by the board of directors, or by default, by the auditors, or by a proxy holder designated by the president of the civil court ruling in emergency appeal at the request of one or several shareholders representing at least one tenth of capital. During liquidation, the meetings are called by the liquidator(s). The shareholders are convened under the conditions provided for by the regulations in force. The shareholders are convened under the terms and conditions provided in the regulation in force. In the case of a public offering, the company must publish a notice containing the indications mentioned in article 130 of the decree of March 23, 1967 in the Bulletin des Annonces Légales Obligatoires (Bulletin of Obligatory Announcements) at least thirty-five (35) days before the shareholders' meeting"

Article 24 of the By-Laws: "The agenda meeting is decided by the leader of the convocation. One or several shareholders, representing at least a quota of the shareholders' equity and acting under the conditions and time frames fixed by law, have the ability to request, by certified letter with return receipt, the entry on the meeting agenda of projects and resolutions other than those concerning the presentation of candidates to the board of directors. The assembly cannot decide on a question that is not entered into the agenda. It can, however, under any circumstances, recall one or several board members and proceed to replace them."

Article 25 des statuts : "Every shareholder has the right to attend general meetings, personally or by proxy, regardless of the number of shares he has, merely by proving his identity and signing the company register, in his capacity as shareholder, on the third working day preceding the general meeting at midnight, Paris time. Any shareholder can also vote by mail, by using a form developed by the company and furnished to shareholders on request; to calculate the quorum, only forms received at least three days before the general meeting date will be counted."

Article 27 of the By-Laws: "In ordinary and extraordinary general meetings, the quorum is calculated based on the total number of shares that make up share capital, and in special general meetings, on the total number of shares in the category in question, net of shares that do not have voting rights under the law. The voting right attached to capital shares or dividend shares is proportional to the amount of capital it represents and each share gives the right to one vote. However, the right to a vote double that conferred on other shares, in regard to the portion of share capital that they represent, is granted to all fully paid shares, justified by inscription in the name of the owner for two years at least, the same owner who requested inscription of the shares in his name.
In addition, in the case of capital increase by incorporation of reserves, benefits, or share premiums, the right to a double vote is conferred, from their issuance, on nominal shares freely granted to a shareholder because of old shares that give him this right. Similarly, in case of modification of the par value of the existing shares, the double-voting right is maintained for shares at the new par value that replace the old shares. For the surplus, the double-voting right is acquired, ceases, or is transferred in the cases and under the conditions prescribed by the law. The company cannot vote conclusively with shares it purchases."

Article 28 of the By-Laws: "The ordinary general meeting is convened at least once a year, within six months of year end to adjudicate the financial statements of this period, unless this time period is prolonged by judicial decision. It does not deliberate conclusively on the first convocation unless the shareholders who are present or represented hold at least a fifth of the shares with voting rights. On the second convocation, no quorum is required. It is based on the number of votes held by the shareholders who are present or represented."

Article 29 of the By-Laws: "The extraordinary general meeting can modify all provisions of the by-laws and notably decide the transformation of the company into a company of another civil or commercial form. It cannot, however, increase the shareholders' commitment, with the exception of transactions resulting from a regular regrouping of shares. It does not deliberate conclusively unless the shareholders who are present or represented, possess at least, on first convocation, a quarter and, on second convocation, a fifth of the shares with voting rights. Failing that, the second meeting can be postponed to a later date—not longer than two months at the most from the date of convocation. It adjudicates on a two-thirds majority of the votes of the shareholders who are present or represented. By legal dispensation of the preceding dispositions, the general meeting that decides on a capital increase by means of incorporation of reserves, benefits, or premiums, can rule on the conditions for a quorum and a majority for an ordinary general meeting. In addition, in extraordinary general meetings that are constitutive in form, i.e., called to deliberate on the approval of a contribution in kind or the granting of a particular benefit, neither the contributor nor the beneficiary has the right to speak or vote, for himself or as a proxy holder."

Article 30 of the By-Laws: "If there are several categories of shares, no modification can be made to share rights of one of these categories without the vote of a special meeting open only to the owners of shares in the category in question. Special meetings do not deliberate conclusively unless the shareholders present or represented hold at least, on first convocation, a third, and on second convocation, a fifth of the shares having the right to vote and for which it is envisioned to modify the rights. Failing that, the second meeting can be postponed to a later time not longer than two months at the most from the date of convocation."

Article 31 of the By-Laws: "Every shareholder has the right to obtain the documents necessary to enable him to declare himself in full knowledge of the facts and capable of making an informed judgment on the management and control of the company. The nature of these documents and the conditions for their transmission is determined by law."

21.2.6 Special Provisions Relative to Change in Control

None.

21.2.7 Reporting Change in Percentage of Ownership

Article 11 of the By-Laws: "Every share, in the absence of distinct categories of shares, or conversely, every share in the same category, entails the right to a net proportional share of the quantity of capital that it represents, in the benefits or reserves or in corporate assets, on any distribution, amortization, or allocation, and this according to the conditions and procedures possibly stipulated in these by-laws. In addition, it provides the right to a vote and to representation in general meetings under legal and statutory conditions. Shareholders are only responsible up to the limit of the par value of the shares that they possess; beyond that, any call is forbidden. The rights and obligations attached to the share follow the title, regardless of the hands it passes through. Share ownership requires full adherence to the company's by-laws and to the decisions of the general meeting. Heirs, creditors, claimants, or other shareholder representatives cannot require the sealing of the possessions and wealth of the company, nor demand a share or require their auction, nor intermeddle with the acts of its administration; to exercise their rights, they must refer to an inventory and to the decisions of the general meeting. Each time that it is necessary to hold several shares to exercise a given right, in the case of exchange, regrouping, or allocation of securities, or as the result of an increase or reduction in capital, merging or other company transaction, owners of a single share or of a number lower than that required cannot exercise these rights except on condition that they make the regrouping their personal affair and possibly the purchase and sale of the necessary securities. Unless prohibited by law, there will be a common fund of all shares of all exemptions or fiscal imputations, as with all taxation liable to be assumed by the company, before undertaking any allocation or reimbursement during the life of the company or in the event of its liquidation, so that, taking into account their respective par value and use, all shares in the same category receive the same net amount.

In conformance with the provisions of article L.233-7 of the Commercial Code, every physical person or legal entity acting alone or in concert who possesses a number of shares representing more than a twentieth, a tenth, three twentieths, a fifth, a quarter, a third, a half, two thirds, eighteen twentieths, or nineteen twentieths of capital or voting rights must inform the company in a time period set by decree of the French Council of State, starting from the crossing of the investment threshold, of the total number of shares or voting rights it possesses. The information is also given within the same time periods when the equity stakes or voting equity is under the concerned thresholds. In case of non-respect of this obligation, the provisions of article L.233-14 will apply."

21.2.8 Special Provisions for Capital Modification

None.

21.2.9 The Company's Repurchase of Its Own Shares

Article 37 of the By-Laws: "In cases provided for by legal and/or regulatory texts, the ordinary general meeting can authorize the company, for a limited time not exceeding 18 months, to purchase its own shares. This meeting must establish the modalities of the transaction, notably the maximum purchase price, the number of shares to be acquired, and the time frame in which the acquisition must be accomplished."

The general meeting of June 20, 2007 not having ruled on a resolution aiming to implement a new program for share repurchase, no market making contract was implemented.

21.3 Marketing of Company Securities

Company shares were introduced to the New Market of the Paris Stock Exchange on June 11, 1999. The introductory price was set at 18.30 Euros per share. Formerly, they had never been listed in any financial market place, French or foreign. They are currently listed in compartment C of the Eurolist of Euronext Paris, under the code ISIN FR0000072373.

Taking into account the number of shares (1,286,122) comprising capital on December 31, 2008, with a closing price of € 4.99 on December 30, 2008, the stock exchange value was € 6.42 million.

On June 29, 2009, the company's stock exchange value was € 7.14 million (1,286,122 shares at a rate of € 5.55).

The table below traces the evolution in the rates and volume of stock transactions in the last 15 months:

	Stock Rate in Euros			Transaction Volume
	Low	High	Average Closing Rate	Number of Shares
April 2008	13.01	16.44	15.01	422
May 2008	13.06	14.89	13.99	674
June 2008	8.57	13.50	10.78	805
July 2008	7.77	9.39	8.71	694
August 2008	7.01	8.55	8.23	861
September 2008	7.11	8.49	8.10	804
October 2008	4.00	8.35	6.66	2,013
November 2008	4.00	6.25	5.09	1,784
December 2008	4.03	5.50	4.86	953
January 2009	4.85	6.85	6.18	770
February 2009	5.05	6.45	6.13	395
March 2009	4.10	5.90	5.12	382
April 2009	4.31	8.70	6.49	2,685
May 2009	5.00	6.17	5.41	1,262
June 2009	4.64	5.55	5.20	696

21.4 Stock Warrants Market

The table below traces the evolution in the rates and volume of BSA transactions in the last 15 months:

	Stock Warrant Rate in Euros			Transaction Volume
	Low	High	Average Closing Rate	In number of BSA
April 2008	1.00	1.40	1.19	466
May 2008	1.25	2.00	1.50	60
June 2008	0.21	1.11	0.63	551
July 2008	0.13	1.49	0.36	402
August 2008	No listing	No listing	No listing	No listing
September 2008	0.90	0.90	0.90	40
October 2008	0.03	0.03	0.03	436
November 2008	0.07	0.10	0.08	494
December 2008	0.10	0.12	0.11	421
January 2009	0.01	0.01	0.01	673
February 2009	0.01	0.01	0.01	629
March 2009	0.001	0.001	0.001	1,012
April 2009	0.05	0.066	0.054	1,222
May 2009	0.07	0.09	0.086	1,617
June 2009	No listing	No listing	No listing	No listing

It should be recalled that as of the date of publication of this document 284,538 stock warrants are listed under the reference ISIN FR0010361568 (GIDBS). Their expiry date is August 20, 2009, after this date they will be obsolete.

22 MAJOR CONTRACTS

In its normal course of business, Egide USA has signed one long-term contract with Textron Systems, an American client in the defense sector. This contract, which has 5 years duration, is for a total value of $1 million. It defines a multi-year frame of cooperation between Egide and Textron, showing the latter's wish to be supplied with high reliability products both in term of quality and lead time.

During the 2008 fiscal year, the following contracts have been signed:

- Egide SA: lease contract of the Trappes' building (see paragraph 8.1.1)
- Egide USA: lease contract of the Cambridge's building (see paragraph 8.1.1)
- Egide USA: line of credit based on Accounts Receivables and inventory (see paragraph 10.3)

Besides the above contract, in the past two years, no other contract has been signed involving the company or the group.

23 INFORMATION ORIGINATING FROM THIRD PARTIES AND DECLARATIONS OF INTERESTS

None.

24 DOCUMENTS AVAILABLE TO THE PUBLIC

24.1 List of Documents and Consultant Methods

During the term of validity of the Annual Report, the following documents (or copies) can be consulted at the corporate headquarters:

- By-laws
- All reports, mailings, and other documents; historical financial statements; assessments and declarations made by an expert at the issuer's request, parts of which are included or referenced in this Annual Report
- The group's historical financial statements for each of the fiscal years preceding this Annual Report.

24.2 Annual Information Document

In accordance with the Transparency Directive of January 20, 2007, the company uses the services of a distributor to ensure the dissemination of all its information.

24.2.1 Press Releases

Press releases are available for download, in French or English, on the company's Web site (www.egide.fr):

Jan 10, 2008	Fiscal Year 2007 Sales
Jan 14, 2008	Egide Participates in the Future of Microelectronics (Program Ceramjet)
Jan 21, 2008	Signature of a Contract with the General Delegation for Armament
Feb 4, 2008	Egide Obtains ISO14001:2004 Certification.
Feb 18, 2008	Egide Chosen as a Partner in Mov'eo, the Competitivity Cluster with Worldwide Orientation.
May 6, 2008	2007 Annual Income
May 6, 2008	First Quarter Sales 2008
May 6, 2008	Publication of the 2007 Financial Report
Jun 16, 2008	Egide optimizes the miniaturization of the defense applications at Eurosatory 2008 trade show.
Jun 27, 2008	Communication from the president at the Ordinary General Meeting of June 27, 2008
Jul 1, 2008	Minutes of General Meeting of June 27, 2008
Jul 9, 2008	Second Quarter Sales 2008
Jul 22, 2008	Egide / Sagem Defence & Security: contract for the SVOM ECLAIRs mission
Sep 23, 2008	Egide participates in the development of 40 Gb/s at the ECOC 2008 exhibition
Oct 27, 2008	Income on June 30, 2008 and Third Quarter Sales 2008
Nov 12, 2008	Appointment of a new administrator, Mr. Antoine Dréan
Jan 13, 2009	Publication of the 2008 half-year Financial Report
Jan 16, 2009	Fiscal Year 2008 Sales
Mar 30, 2009	Collaboration success between Egide and Lacroix Defence & Security
Apr 24, 2009	2008 Annual Income
Apr 24, 2009	First Quarter Sales 2009
Jun 9, 2009	Publication of the 2008 Financial Report
Jun 15, 2009	Release of the 2008 Report on Internal Controls
Jun 23, 2009	Minutes of the Combined General Meeting of June 19, 2009
Jul 17, 2009	Second Quarter Sales 2009

24.2.2 Annual Reports

Press releases are available for download on the company's Web site (www.egide.fr):

Sep 28, 2001	Annual Report - Fiscal Year 2000
Jul 30, 2002	Annual Report - Fiscal Year 2001
Jun 5, 2003	Annual Report - Fiscal Year 2002
Jul 8, 2004	Annual Report - Fiscal Year 2003
Jun 14, 2005	Annual Report - Fiscal Year 2004
Jun 23, 2006	Annual Report - Fiscal Year 2005
Jun 6, 2007	Annual Report - Fiscal Year 2006
Jul 7, 2008	Annual Report - Fiscal Year 2007
Jul 29, 2009	Annual Report - Fiscal Year 2008

24.2.3 Information Published in the Bulletin des Annonces Légales Obligatoires (BALO)

The following documents have been published in the Bulletin of Obligatory Legal Announcements, and they are available on its Web site (www.journal-officiel.gouv.fr):

Feb 2, 2008	2007 Sales
May 14, 2008	First Quarter Sales 2008
May 16, 2008	Corporate and Consolidated Financial Statements, 2007
May 19, 2008	Notice of meeting serving as notification to attend an Ordinary General Meeting
Jul 18, 2008	Second Quarter Sales 2008
Sep 5, 2008	Allocation of FY 2007 Income
Sep 22, 2008	Notice of meeting serving as notification to attend an Ordinary General Meeting

It is hereby stated that since September 1st, 2008 (Decree No. 2008-258 of March 13, 2008 - OJ of March 15, 2008), certain financial publications from the BALO (Federal Register) have been cancelled.

May 13, 2009	Announcement of a Joint General Meeting
Jun 3, 2009	Announcement of the Convocation of a Joint General Meeting

24.2.4 Financial Operations

The following document is available for download on the company's Web site.

Jul 21, 2006	Prospectus – 285 738 ABSA - Visa AMF no.06-271 dated July 21, 2006

24.3 Preliminary Calendar of Financial Documents to Be Released

The preliminary dates for communicating the company's figures and accounts are the following:

Date	Information	Communication
April 24, 2009	Corporate and Consolidated Financial Statements, 2008	SFAF Meeting
April 24, 2009	First Quarter Sales 2009	Press Release
June 19, 2009		General Meeting
July 17, 2009	Second Quarter Sales 2009	Press Release
July 29, 2009	Annual Report - Fiscal Year 2008	Filed with AMF
Not defined	Consolidated Net Result 2009	SFAF Meeting
October 15, 2009	Third Quarter Sales 2009	Press Release
January 15, 2010	Fourth Quarter Sales 2009	Press Release

25 INVESTMENT INFORMATION

See § 7.2 - List of Subsidiaries

See § 20.3.2.4.3.21 - Details concerning affiliates and investments.

26 RESOLUTIONS PROPOSED AND VOTED TO THE COMBINED GENERAL MEETING OF JUNE 19, 2009

ORDINARY AGENDA

- Reading of the management report on fiscal year transactions, corporate financial statements, and consolidated financial statements closed on December 31, 2008.
- Reading of the president's report on the conditions for preparation and organization of the board of directors' activities and the internal control procedures implemented by the company
- Reading of the auditors' reports on the completion of their mission, of the auditors' report on the internal control procedures, and on the agreements referred to in article L.225-38 of the Commercial Code
- Reading of the board of directors' special report on stock option subscriptions
- Approval of the Corporate Financial Statements,
- Approval of Agreements Discussed in Article L.225-38 of the Commercial Code
- Approval of result appropriation
- Approval of the Consolidated Financial Statements,
- Approval of the president's report on the conditions for preparation and organization of the board of directors' activities and the internal control procedures implemented by the company
- Approval of the board of directors' special report on stock option subscriptions
- Appointment of a statutory auditor to replace a resigning statutory auditor,
- Appointment of an alternate auditor to replace a resigning alternate auditor,
- Allocation of board members' fees
- Formality powers.

EXTRAORDINARY AGENDA

- Reading of the report of the Board of Directors,
- Reading of the auditor's special reports,
- Decision of non-dissolution of the company in pursuance of the provisions of Article L.225-248 of the Commercial Code,
- Delegation of authority to increase capital with maintenance of the pre-emptive subscription right,
- Delegation of authority to increase capital with suppression of the pre-emptive subscription right,
- Delegation of authority to the board of directors to increase the number of securities issued in the event of a capital increase with or without the pre-emptive subscription right,
- Delegation of authority to increase the capital to the employees' benefit,
- Formality powers.

ORDINARY RESOLUTIONS

FIRST RESOLUTION - Approval of the Corporate Financial Statements

The general assembly, after having heard the reading of the reports of the board and the auditors on fiscal year ending December 31, 2008, approves, as presented, the annual corporate financial statements closed on that date, culminating in a loss of 1,606,111.72 Euros.

It also approves the transactions conveyed in these statements or summarized in these reports.

The general assembly discharges the board upon the execution of duties for the past fiscal year. It also discharges the auditors upon the accomplishment of their mission.

This resolution, put to the vote, was adopted by 810,191 approvals and 1,350 disapprovals.

SECOND RESOLUTION - Agreements Discussed in Article L.225-38 of the Commercial Code

The general assembly, after having heard the reading of the auditors' special report on agreements within the scope of the provisions in article L.225-38 of the Commercial Code, approve each one of these agreements, the persons concerned not having taken part in the voting.

This resolution, put to the vote, is adopted by 767,920 approvals and 43,597 disapprovals, putting forth that the president abstains from voting.

THIRD RESOLUTION - Result Appropriation Approval

The general assembly, at the recommendation of the board of directors, has decided to appropriate the fiscal year loss of 1,606,111.72 Euros in the following manner:

- Allocation under the "Share Premium" item for 60.00 Euros, the total amount of which will become null;
- Allocation under the "Balance Carried Forward" item for the remainder that is 1,606,051.72 Euros, the total amount of which will now be 7,680,595.59 Euros.

In compliance with the provisions of article 243 bis of the French Tax Code, it is noted that no dividend has been paid for the three preceding fiscal years.

This resolution, put to the vote, is adopted unanimously.

FOURTH RESOLUTION - Approval of Consolidated Financial Statements

The general assembly, after having heard the reading of the reports of the board and the auditors on fiscal year ending December 31, 2008, approves, as presented, the annual consolidated statements closed on that date, culminating in a loss of 2,263,019.07 Euros.

This resolution, put to the vote, was adopted by 810,191 approvals and 1,350 disapprovals.

FIFTH RESOLUTION - Approval of the President's Report on the Conditions for Preparation and Organization of the Board of Directors' Activities and the Internal Control Procedures Implemented by the Company

The general assembly, after having heard the reading of the president of the board of directors' report on the conditions for preparation and organization of the board of directors' activities and the internal control procedures implemented by the company, in accordance with the provisions of article L.225-37, paragraph 6 of the Code of Commerce, and of the auditors' report on said report, approves said reports.

This resolution, put to the vote, was adopted by 769,294 approvals and 42,247 disapprovals.

SIXTH RESOLUTION - Approval of the Board of Directors' Special Report on Stock Options

The general assembly, after having read the Board of Directors' Special Report on Stock Options, approves said report.

This resolution, put to the vote, was adopted by 769,294 approvals and 42,247 disapprovals.

SEVENTH RESOLUTION - Appointment of a statutory auditor to replace a resigning statutory auditor

The General Meeting, recognizing that the resignation of Jacques Wenig and Associates, the company's joint statutory auditors, decided to appoint SYC SA (Moore Stephens SYC), domiciled at 15 rue du Midi, 92200 Neuilly, in replacement of Jacques Wenig and Associates, for the remaining period of its mandate, until after the ordinary annual General Meeting called in 2010 to rule on the financial statements for the fiscal year ended December 31, 2009.

This resolution, put to the vote, is adopted unanimously.

EIGHTH RESOLUTION - Appointment of an alternate auditor to replace a resigning alternate auditor

The General Meeting, recognizing that the resignation of Mr. Jean Marc Le Mer, the company's joint alternate auditor, decided to appoint SYC Audit, domiciled at 15 rue du Midi, 92200 Neuilly, in replacement of Mr. Jean Marc Le Mer, for the remaining period of his mandate, that is until after the ordinary annual General Meeting called in 2010 to rule on the financial statements for the fiscal year ended December 31, 2009.

This resolution, put to the vote, is adopted unanimously.

NINTH RESOLUTION - Allocation of Board Members' Fees

The general assembly has decided to assess the total amount of fees to be apportioned among the board members for current fiscal year at 18,000 Euros.

This resolution, put to the vote, was adopted by 809,147 approvals and 2,394 disapprovals.

TENTH RESOLUTION - Formality Powers

The general assembly confers all powers on the bearer of a copy or an extract of the minutes of the present deliberations to accomplish all legal publicity formalities.

This resolution, put to the vote, is adopted unanimously.

EXTRAORDINARY RESOLUTIONS

ELEVENTH RESOLUTION - Decision of non-dissolution of the company in pursuance of the provisions of Article L0.225-248 of the Commercial Code.

The General Meeting, after having heard the reading of the report of the Board of Directors and taken notice of the financial statements at December 31, 2008, approved by the ordinary annual General Meeting of today, to the effect of the provisions in article L.225-248 of the Commercial Code, decides not to dissolve the company regardless of members' equity being lower than half of the share capital.

This resolution, put to the vote, is adopted unanimously.

TWELFTH RESOLUTION - Delegation of authority to increase the capital with maintenance of the pre-emptive subscription right.

The General Meeting, after having taken notice of the board of directors' report and the auditors' special report, and pursuant to the provisions of L.225-129, L.225-129-2, L.225-130 and L.228-92 of the Commercial Code:

- delegates to the Board of Directors, the necessary authority to increase the capital, in one or several times, to the extend and in a timeline that it sees fit, both in France and abroad, by issuing common stock or securities providing immediate or fixed-term access, to the capital and/or by capitalization of reserves, profits or premiums,

- decides that the nominal amount of the capital increase likely to be realized immediately and/or at a fixed term, by virtue of the present delegation, cannot exceed ten million (10,000,000) Euros or a counter value of this amount in the event of the issuance in other currencies, amount to which the possible nominal amount of shares will be added, over and above, to preserve the rights of the security holders that confers title to the company's stock, according to the law, as well as to the applicable contractual terms and conditions, if need be. The nominal amount of the issued or to be issued shares will be applied against this authorized amount, pursuant to the 13th Resolution of the present meeting,

- it also decides that the nominal amount of the debt securities providing access to shares and likely to be issued pursuant to the present delegation cannot exceed one hundred million (100,000,000) Euros or the counter value of this amount in the event of the issuance in other currencies. The nominal amount of the debt securities to be issued by virtue of the 13th Resolution of the present meeting will be applied against this amount,

• decides that the total amount of capital increase resulting from the capitalization of reserves, premiums and profits or other, as per above, increased by the necessary amount to preserve, according to the law, the rights of the security holders that confers title to shares and irrespective of the overall ceilings of the fixed capital increases as per the present Resolution and the 13th Resolution of the present meeting, cannot exceed the overall amount of sums that could be included,

• decides that the shareholders can exercise, as per statutory requirements, their irrevocable pre-emptive subscription right. Furthermore, the Board of Directors will be able to vest the shareholders with an irrevocable subscription right to a number of securities higher than the one they could irrevocably subscribe to, proportionately to the subscriptions rights that they have available, at any time during the course of the proceedings, within the limits of their request,

• decides if the irrevocable subscriptions, and, if the need be, the revocable subscriptions, have not absorbed the entire securities issue, the Board of Directors may use, in the order it will see fit, one and/or the other of the following authorities:

- limit the issue to the amount of subscriptions under the condition that it reaches at least the three-quarters of the determined issue,
- freely distribute all or part of the unsubscribed securities,
- offer the public all or part of the unsubscribed securities,

• decides that the company's equity warrants issue likely to be realized, could occur either by an offer of subscription as per above terms, or by free allotment to the owners of old shares,

• recognizes and decides that this delegation prevails, as of right, to the benefit of the security holders, as may be necessary, providing shareholders' waiver to their pre-emptive subscription right to shares to which these securities give right to,

• decides that the Board of Directors will always have all the powers, with an option of subdelegating to the Chief Executive Officer, according to the conditions provided by the law, to implement the present delegation, for the purpose of determining the dates and terms of the issues, as well as the form and characteristics of the securities to create; decides of the issue price and conditions, fixes the amounts of the issue, determines the dated date, even if retroactive to the date of securities to be issued, and if need be, the conditions of their redemption; if necessary, suspends the exercise of the right of allotment of the company's shares attached to the securities to be issued during a time period that cannot exceed three months; settles the terms according to which the preservation of the rights of the security holders, if need be, will be assured, providing fixed-term access to the company's shares, and this, in accordance with the legal and statutory provisions; proceeds, if need be, to any allocation of the share premium(s) and in particular, to the expenses incurred for the issues; takes all useful provisions and concludes all agreements in order to bring the anticipated issues to a finality and takes note of the capital increase(s) resulting from any issue realized from the use of the present delegation and correspondingly amends the Articles of incorporation.

In the event of a debt securities issue, the Board of Directors will have all the powers to decide if they are subordinated or not, it will set their interest rate, their duration, the price of the fixed or variable redemption with or without premium, the terms of liquidation on the basis of the market conditions and the conditions by which these securities will give a right to the company's shares.

The delegation thus conferred to the Board of Directors is valid for a period of twenty-six months with effect from the date of the present meeting and replaces the present delegation authorized by the Combined General Meeting of June 20, 2007.

This resolution, put to the vote, was adopted by 745,496 approvals and 66,045 disapprovals.

THIRTEENTH RESOLUTION - Delegation of authority for capital increase with the suppression of the pre-emptive right of subscription.

The General Meeting has heard the Board of Directors' report and the auditors' special report and in accordance to the provisions of Articles L.225-129 L. 225-129-2, L.225-135 and L.228-92 of the Commercial Code:

- delegates the necessary authorities to the Board of Directors for the purposes of a capital increase by way of a public offer, in one of several times, to the extend and in a timeline that it sees fit, both in France and abroad, by issuing common stock or securities providing immediate or fixed-term access to the capital,

- decides that the nominal amount of the capital increase likely to be realized immediately and/or at a fixed term, by virtue of the present delegation, cannot exceed ten million (10,000,000) Euros or the counter value of this amount in the event of the issuance in other currencies, amount to which the possible nominal amount of shares will be added, over and above, to preserve the rights of the security holders giving a right to the company's stock, according to the law and the applicable contractual terms and conditions, if need be. It is put forth that this amount will be applied against the overall ceiling amount provided in the 12th Resolution of the present Meeting,

- decides that this capital increase can result in the exercise of the right of allotment, by means of conversion, exchange, redemption, bond presentation or any other way, resulting from all the securities issued by any company that the company holds, directly or indirectly, more than one half of the capital, and with the understanding of the latter,

- also decides that the nominal amount of the debt securities providing access to the capital and likely to be issued by virtue of the present delegation, cannot exceed one hundred million (100,000,000) Euros or the counter value of this amount in the event of an issuance in other currencies. It is put forth that this amount will be applied against the overall ceiling amount provided in the 12th Resolution of the present Meeting,

- decides to suppress the shareholders' pre-emptive subscription right to the securities to be issued, on the understanding that in consideration of this, the shareholders will benefit from a priority to subscribe all or part of the issued securities for a time period and according to the terms that will be decided by the Board of Directors, in compliance with the regulation in force at the time of the decision. This subscription priority will not give rise to the creation of negotiable rights,

- decides that if the shareholders' and the public's subscription absorbed the entire securities issue, the Board of Directors may use, in the order it sees fit, one or the other following authorities:

  - limit the issue to the amount of subscriptions under the condition that it reaches at least the three-quarters of the determined issue,
  - freely distribute all or part of the unsubscribed securities,

- recognizes and decides that this delegation prevails, as of right, to the benefit of the security holders, as may be necessary, providing shareholders' waiver to their pre-emptive subscription right to shares to which these securities give right to,

- decides that, in the event of immediate or fixed-term issue of shares issued for cash, the sum to be returned or that should be returned to the company for each of the issued shares, as per the present delegation, after consideration of a possible issue of stock purchase warrants of the subscription price of the said share warrants will equal to (a) the weighted average of the rate of exchange of the last three trading sessions prior to the price fixing of the issue, possibly reduced by a maximum discount of 5%, or (b) at the minimum fixed value according to the applicable legal and statutory provisions at the time of the use of the present delegation, if it be different,

- decides that the Board of Directors will always have all the powers, with an option of subdelegating to the Chief Executive Officer, according to the conditions provided by the law, to implement the present delegation, for the purpose of determining the dates and terms of the issues, as well as the form and characteristics of the securities to create; decides of the issue price and conditions, fixes the amounts of the issue, determines the dated date, even if retroactive to the date of securities to be issued, and if need be, the conditions of their redemption; if necessary, suspends the exercise of the right of allotment of the company's shares attached to the securities to be issued during a time period that cannot exceed three months; settles the terms according to which the preservation of the rights of the security holders, if need be, will be assured, providing fixed-term access to the company's shares, and this, in accordance with the legal and statutory provisions; proceeds, if need be, to any allocation of the share premium(s) and in particular, to the expenses incurred for the issues; takes all useful provisions and concludes all agreements in order to bring the anticipated issues to a finality and takes note of the capital increase(s) resulting from any issue realized from the use of the present delegation and correspondingly amends the Articles of incorporation.

In the event of a debt securities issue, the Board of Directors will have all the powers to decide if they are subordinated or not, it will set their interest rate, their duration, the price of the fixed or variable redemption with or without premium, the terms of liquidation on the basis of the market conditions and the conditions by which these securities will give a right to the company's shares.

The delegation thus conferred to the Board of Directors is valid for a period of twenty-six months with effect from the date of the present meeting and replaces the present delegation authorized by the Combined General Meeting of June 20, 2007.

This resolution, put to the vote, was adopted by 703,249 approvals and 108,292 disapprovals.

FOURTEENTH RESOLUTION - Delegation of authority to give to the Board of Directors for the purposes of increasing the number of securities to be issued in the event of a capital increase with or without a pre-emptive subscription right.

The General Meeting has heard the Board of Directors' report and the auditors' special report, and in compliance with Article L.225-135-1 of the Commercial Code:

1. delegates to the Board of Director its authority with the option to subdelegating in compliance with the terms prescribed by the law, to decide to increase of the number of securities to be issued in the event of a company's capital stock increase with or without a pre-emptive subscription right, at the same price as the one retained for the initial issue, within the time periods and limits provided by the applicable regulation on the day of issue (to date, within thirty days from the subscription closing and within the limit of 15% of the initial issue), in particular, with the view of extending an overallocating option as per market practices;

2. decides that the nominal amount for the capital increases decided within the present Resolution will be applied against the applicable overall ceiling amount at the initial issue or on the overall ceiling provided in the 12th Resolution of the present Meeting.

The delegation thus conferred to the Board of Directors is valid for a period of twenty-six months with effect from the date of the present meeting and replaces the present delegation authorized by the Combined General Meeting of June 20, 2007.

This resolution, put to the vote, was adopted by 770,699 approvals and 40,842 disapprovals.

Previous to the vote of the following Resolution concerning the capital increase reserved for employees, involving the establishment of a company savings plan, the President recalls that in the current economic context, the establishment of this plan does not appear timely to the Board of Directors, as a result it invites the shareholders to postpone the decision to a future General Meeting by voting against the 15th Resolution

FIFTEENTH RESOLUTION - Delegation of authority to increase the capital for the benefit of the employees

The General Meeting, as a result of the delegations of authority set out in the 12th and 13th Resolutions, after having heard the Board of Directors' report and the auditors' special report, as per the provisions in Articles L. 3332-18 to 24 of the Labor Code and of Article L. 225-138-1 of the Commercial Code, and in compliance with the provisions of Articles L. 225-129-2 and L. 225-129-6 of the Commercial Code, authorizes the Board of Directors to increase the company's capital, in one or in several times, and upon its own decisions, with the issue of shares issued for cash reserved to employees who accede to the savings plan set up by the company.

It determines the maximum ceiling for an increase in capital that could be of 1% of the current company's capital, putting forth that this amount will be applied against the maximum ceiling of the capital increase set out in the 12th Resolution of the present Meeting. The subscription price will be fixed by the Board of Directors, without exceeding the average of the prices quoted in the last 20 Stock Market sessions preceding the day of the Board of Directors' decision, nor be lower than 20% at most of this average.

The Meeting decides to suppress the shareholders' pre-emptive subscription right to new shares to be issued for the benefit of employees who accede to the company's savings plan.

This authorization is valid for a period of twenty-six months with effect from the date of the present meeting.

The Meeting grants to the Board of Directors all the powers for the purpose of determining the overall terms of the operation(s) to intervene, and in particular, in determining the issue price for the new shares; it will grant all powers for the purposes of establishing the capital increase(s) realized by implementing the present authorization, amending the Articles of incorporation accordingly, and more generally, taking the necessary steps, with an option of subdelegating to the Chief Executive Officer pursuant to the conditions prescribed by the law.

This Resolution, put to the vote, is rejected by 679,040 disapprovals and 132,501 approvals.

SIXTEENTH RESOLUTION - Formality Powers

The general assembly confers all powers on the bearer of a copy or an extract of the minutes of the present deliberations to accomplish all legal publicity formalities.

This resolution, put to the vote, is adopted unanimously.

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SIÈGE SOCIAL

Parc d'Activités de Pissaloup
78190 Trappes - France
Tél. : +33 (0)1 30 68 81 00
Fax : +33 (0)1 30 66 06 51