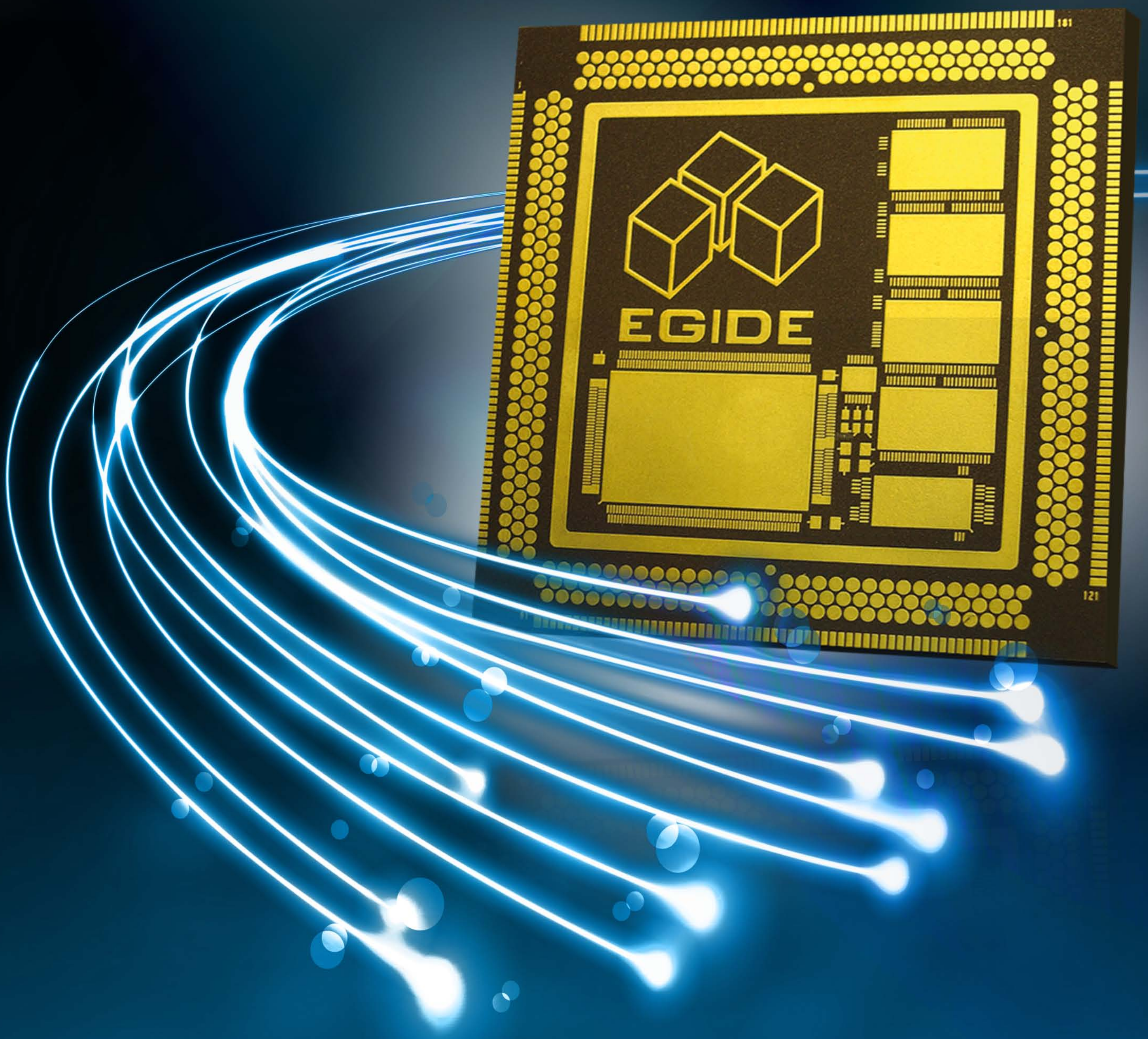
EGIDE



ANNUAL REPORT 2011

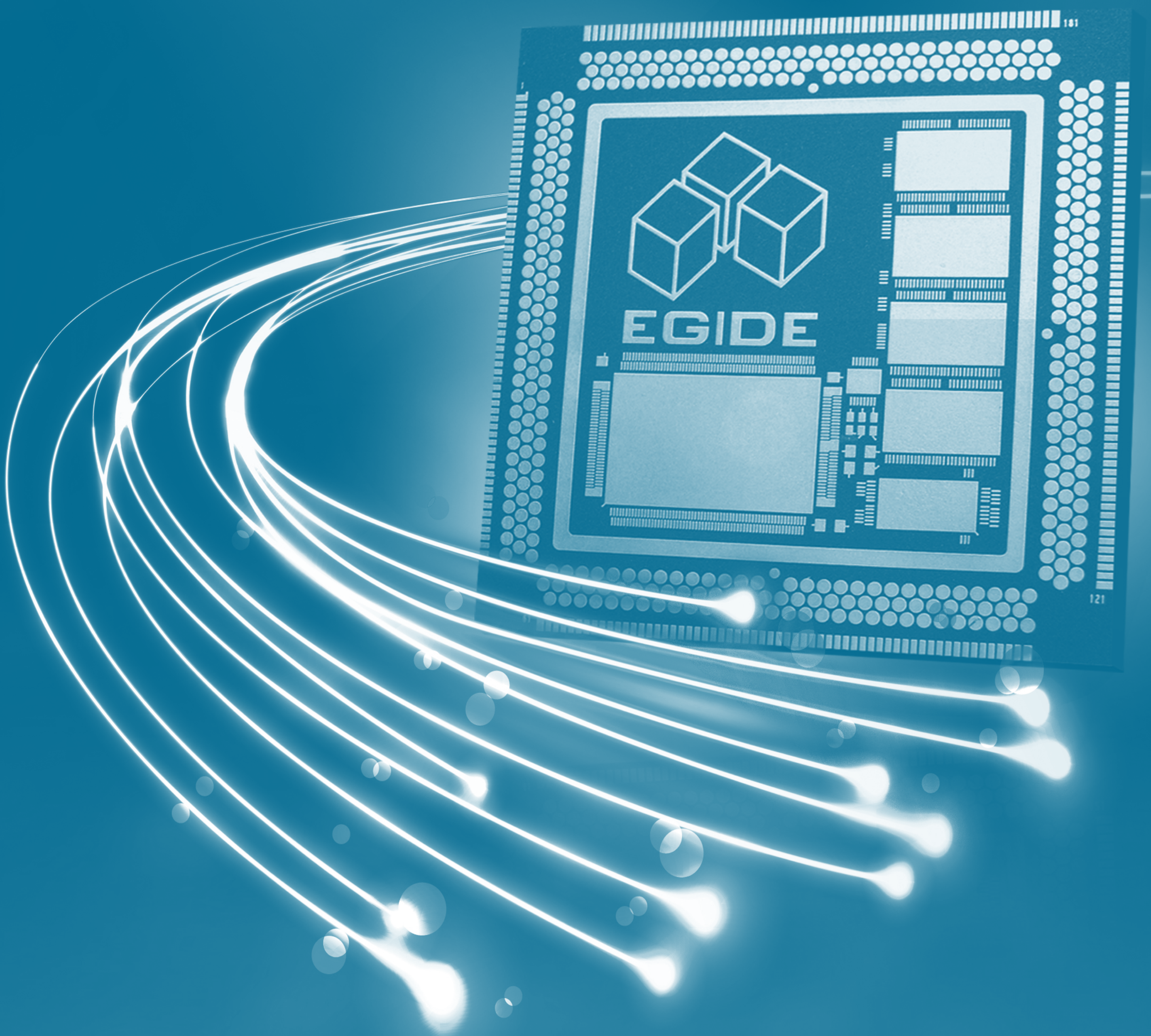
INNOVATIVE HERMETIC PACKAGE SOLUTIONS

EGIDE

AUTORITÉ DES MARCHÉS FINANCIERS

This 2011 annual report was filed with the Securities Commission on April 23, 2012 in compliance with article 212-13 of its General Regulations. This document was prepared by the issuer and commits its signatories. 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 3,558,760 euros in Assets
Corporate Headquarters: Industrial site of Sactar - 84500 BOLLENE
338 070 352 RCS AVIGNON



ANNUAl REPORT 2011

INCLUDING THE ANNUAL FINANCIAL REPORT

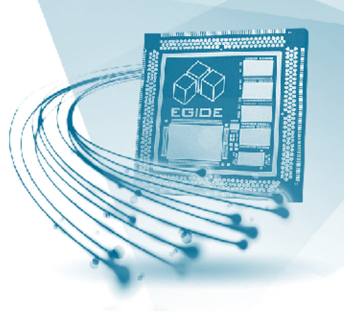
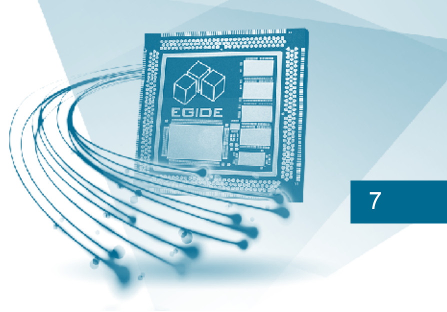


Table of contents



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 2011 annual report is, to my knowledge, consistent with reality, and contains no omission that would alter its scope.

I hereby attest that, to the best of my knowledge, the accounts were prepared in accordance with the applicable accounting standards and that they truly reflect the patrimony, the financial position and income of the company and all the companies included in the consolidation. The information pertaining to the management report listed in Chapter 27 reflects a true and fair view of the business development, the income and financial position of the company and all the companies included in the consolidation, as well as a description of the principal risks and uncertainties that they face.

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 this entire report.“

Trappes, Friday, April 20, 2012

Philippe Brégi
Chief Executive Officer

2 STATUTORY AUDITORS

2.1 Statutory Auditors

SYC SAS
Mr. Bernard HINFRAY
39 avenue de Friedland - 75008 Paris - France

Member of the Regional Association of Statutory Auditors of Paris.

Date of first appointment: General Meeting of June 19, 2009, replacing the resigning JWA firm.

Renewal: Combined General Meeting of May 28, 2010.

Term Expiration Date: date of ordinary general meeting called to adjudicate accounts for fiscal year ending December 31, 2015.

PricewaterhouseCoopers Audit
Mr. Jean François Châtel
63 rue de Villiers - 92208 Neuilly sur Seine - France

Member of the Regional Association of Statutory Auditors of Versailles.

Initial Appointment Date: June 29, 2001.

Renewal: Combined General Meeting of Wednesday, June 20, 2007.

Term Expiration Date: date of ordinary general meeting called to adjudicate accounts for fiscal year ending December 31, 2012.

2.2 Deputy Statutory Auditors

MBV & Associés (formerly SYC Audit)
39 avenue de Friedland - 75008 Paris - France

Date of first appointment: General Meeting of June 19, 2009 in replacement of Mr. Jean-Marc Le Mer, the resigning member. The firm, SYC Audit, was absorbed via the transfer of all its assets and liabilities by its sole shareholder, the auditing firm, MBV & Associés, on November 22, 2010 (see 8th resolution proposed at the General Meeting of May 15, 2012 in Chapter 26 of this Annual Report).

Renewal: Combined General Meeting of May 28, 2010.

Term Expiration Date: date of ordinary general meeting called to adjudicate accounts for fiscal year ending December 31, 2015.

Mr. Etienne BORIS
63 rue de Villiers - 92208 Neuilly sur Seine - France

Initial Appointment Date: June 20, 2007.

Term Expiration Date: date of ordinary general meeting called to adjudicate 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 -excluding taxes- the Egide Group paid to statutory auditors for fiscal years 2010 and 2011 are shown in the table below:

	SYC S.A.S.				PricewaterhouseCoopers Audit			
	Amounts in euros		%		Amounts in euros		%	
	2010	2011	2010	2011	2010	2011	2010	2011
Audit								
- Audit, certification, examination of individual and consolidated financial statements	53,800	60,000	100	97	84,812	84,946	100	100
- Other related assignments and other auditing assignments	0	2,000	0	3	0	0	0	0
Subtotal	**53,800**	**62,000**	**100**	**100**	**84,812**	**84,946**	**100**	**100**
Other Services								
Legal, fiscal, social *	-	-	-	-	-	-		10
Subtotal	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL	**53,800**	**62,000**	**100**	**100**	**84,812**	**84,946**	**100**	**100**

** Services provided by foreign subsidiaries.*

3 FINANCIAL REPORT HIGHLIGHTS

3.1 Consolidated Financial Reports for 2009, 2010 and 2011

Information derived from the consolidated accounts for fiscal years 2009, 2010 and 2011 is provided:

(In Thousands of euros)	2009 IFRS	2010 IFRS	2011 IFRS
Sales	21,850	24,704	26,873
Operating Results	(2,728)	681 *	795
Net Result	(2,999)	657 *	673
Non-current Assets	1,538	1,595	1,915
Cash Reserves	483	1,677	1,142
Financial Debt	2,540	2,928	2,663
Financial debts of the liabilities pertaining to the assets held for sale	642	490	394
Equity	2,450	2,901	3,488
Total Assets	11,196	13,203	12,545

** Including 0.9 million euros of real estate capital gains.*

In compliance with Regulation EC No 1606/2002 dated July 19, 2002, the Egide group presents its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union. This comprehensive basis of accounting includes the IFRS and IAS (International Accounting Standards), and their interpretations applicable as of Saturday, December 31, 2011.

In accordance with IFRS 5, having initiated a process of assignment of shares in 2009 of its subsidiary Egima, Egide continues to be fully consolidated with further consideration of the income from its activity, but its assets and liabilities are categorized on a specific line of the consolidated balance sheet (assets and liabilities).

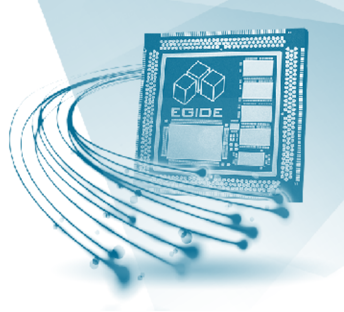
This set of standards and their interpretation are commonly called IFRS standards or simply "IFRS". The group's financial statements for December 31, 2011 are the seventh published in accordance with the IFRS.

3.2 Financial Reports (annual accounts) 2009, 2010 and 2011

Information derived from the yearly accounts for fiscal years 2009, 2010 and 2011 is provided:

(In Thousands of euros)	2009	2010	2011
Sales	13,282	16,089	17,699
Operating Result	(2,184)	(140)	226
Net Result	(3,502)	233 *	225
Net fixed Assets	1 435	1,153	1,368
Cash Reserves	415	1,592	979
Financial Debt	0	300	300
Equity	2,086	2,318	2,544
Total Assets	6,465	8,238	7,612

** Including 0.9 million euros of real estate capital gains.*



4 RISK FACTORS

The company has assessed the risks that could have a significant negative impact on its activity, its financial position or results (or on its ability to achieve its objectives), and considers that there are no significant risks other than those shown below.

4.1 Market Risks (Exchange, Rate, Stock, Credit)

4.1.1 Liquidity Risks

The company conducted a specific review of its liquidity risk and consequently should be able to meet its future maturities.

See §20.3.1.5.4.11 - Debt Position

4.1.2 Exchange Risks

In 2011, 67 % of Egide's sales were from exports, 30 % of which were to North America where the billing currency is the U.S. dollar. With regard to the 26 % to non-European countries, the invoicing currency is either the euro or the U.S. dollar. During the fiscal year, Egide invoiced 6.67 million dollars (counter-value: 4.79 million euros), and Egide USA invoiced 9.58 million dollars (counter-value: 6.88 million euros). The parity of the dollar against the euro in 2011 (an average of 1.3917 over the year against 1.3268 in 2010) had a reducing effect on the group's sales. The slight variation of the British pound during fiscal year 2011 did not, however, have any significant impact.

Revenues in dollars received directly by Egide SA (5.58 millions in 2011) are used primarily to pay for purchases of components from American suppliers (2.47 million dollars in 2011). During the course of the fiscal year, receipts in dollars were much higher than the disbursements, because non-European customers whose invoicing currency is the U.S. dollar are not financed by factoring companies; the surplus is consequently converted in euros. In terms of dollar-denominated revenues received by the factoring companies, they are converted into euros at the exchange rate applicable on that day and the financing of invoices issued in dollars is also converted into euros. The risk therefore lies in the exchange rate on the day of the currency conversion. 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.

The financing structure implemented in the subsidiary in Morocco is such that the impact of a change in the euro-dirham exchange rate is reduced. Investments made have indeed been financed at 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 dirhams would be partially compensated by a loss in value of the debt similarly paid in dirhams. As the totality of the sales and costs is in dirhams, the currency risk is limited to Egima's fiscal year result.

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

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

(in thousands on December 31, 2011)	USD	GBP	MAD	YEN
Foreign Currency Assets	4,170	1,046	5,068	-
Foreign Currency Liabilities	2,609	725	4,825	-
Net position before Management (+ Selling, - Purchasing)	1,561	321	243	-
Off-Balance Sheet Position	-	-	-	-
Net Position after Management	1,561	321	243	-
Impact of An Unfavorable Change in 1 euro cent (- Loss, + Gain)	- 16	- 3	- 2	-
Exchange Rate on December 31, 2011 (1 euro =)	1.2939	0.8353	11.1095	-
Impact in Thousands of euros	- 12	- 4	0	-

See also 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

The long-term loan of 12.7 million dirhams, partially released for an amount of 10.678 million in 2003 from a Moroccan bank, repayable over a period of 12 years (of which 1 year of capital franchise), has a fixed rate of interest of 8.75%. On the one hand, it had been subscribed to finance investments made in Morocco in the Egima subsidiary, and on the other hand, to limit currency risks further to possible dirham devaluation. It does not include an early repayment provision due to the application of "default" provision.

With respect to the factoring contracts covering Egide's domestic accounts receivable and exports, the monthly financial commission applied by the factors to the financed amounts is based on Euribor 3 Month rate at the closing of the previous month.

Egide USA Inc renewed a finance contract in 2011 with Keltic, based on the value of its client receivables and stocks, whose interest rate is determined as follows: base rate + 2.25 % (with an interest rate floor of 7.00 %).

The factoring contract put in place for Egide UK with the Lloyds bank has an interest rate equal to the prime rate + 1.75 %. Finally, the medium term financing of £ 71,000 was obtained by Egide UK at Lloyds, at prime rate + 3.75 %.

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.

See also § 10.7 - Commitments and other contractual obligations

4.1.4 Share Price Risks

The company does not own any shares (or own shares) other than those from its unlisted subsidiaries. The SICAV (open-end mutual funds) portfolio held by the company is specified in paragraph 20.5.5; 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

See also §20.8 - Legal and Arbitral Procedures

4.2.1 Intellectual Property

Trademarks used by Egide (corporate acronym and logo) 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. However, the group's sales figure is not dependent on any patents included on the balance sheet.

The company uses a firm specialized in industrial property to ensure the management of existing patents (payment of annual royalties) and review, if applicable, the filing of new patents.

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 Millions	Maximum Coverage			
	Egide SA	Egide USA	Egide UK	Egima
Industrial Risks	€ 17 M - Franchise € 0.01 M	$ 14.5 M	£ 2 M	DHR 20 M
Civil Liability	€ 10 M	$ 10 M	£ 5 M	DHR 5 M
Machine Breakdown	€ 0.12 M	-	-	DHR 6.5 M
Use of Personal Automobiles for Business	€ 0.15 M	-	-	-
Automobiles	Unlimited	-	-	-
Operating Losses	Annual Gross Margin - Exemption 3 d	$ 2.4 M	Gross Margin - Max £ 1.788 M	DHR 1.3 M
Executives' Civil Liability	€ 4.5 M	€ 4.5 M	£ 1 M	-
General liability for environmental impairment	€ 5 M	-	-	-
Employer Civil Liability	€ 0.15 M	€ 0.15 M	€ 0.15 M	€ 0.15 M
Work Stoppage and Illness	-	$ 0.5 M	-	-
Legal Assistance	-	-	-	-

The total amount of premiums recorded in 2011 stands at € 312 k (€ 197 k for Egide SA, € 84 k for Egide USA, € 18 k for Egide UK and € 13 k for Egima). Moreover, the various insurance policies constitute regular updates by various brokers in charge of their follow-up.

4.2.4 Litigation

A dispute regarding the rate on precarious employment bonus paid out for fixed-term contracts (6 % instead of 10 %) resulted in 2011 in the payment of a sum of approximately € 45 k (including expenses) to the 20 applicant employees of Egide SA. An appeal by an employee is still in progress, the amount involved is € 7,5 k.

4.2.5 Dependence on Other Companies

Egide has no significant dependence on any particular customer; in 2011, the first and the second customers represented each 13 % of total consolidated sales against 10 % each in 2010. See also § 6.2.5 and § 20.3.1.5.4.6 of this document. In addition, the company has no reason for dependence on any supplier, although a few of them prove to be of strategic importance to the company or its customers. These suppliers are regularly followed-up by the purchasing manager and quality control manager to ensure that they maintain the level of quality required by Egide.

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

Sales in China or Thailand (about 13 % of the sales in 2011) are either from subsidiaries of European or American clients or from world-renowned subcontractors operating in country (Sanmina-SCI or Fabrinet, for example), which shields the company from risks inherent to the countries concerned. Relations with South Korea represent approximately 1.2 % of sales, but concern only a single client, itself a subcontractor of European players; the risk is considered insignificant.

4.3 Industrial and Environmental Risks

4.3.1 Industrial Risks

Company operations do not bring about any significant risks. Nevertheless, the use of hazardous products (hydrogen, chemicals) in connection with operations increases consequences that explosion or fire may have if not quickly controlled.

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 company wide, sometimes causes allergic skin reactions. In 20 years, Egide SA had only to lay off one employee due to industrial illness caused by a nickel allergy.

4.3.2 Raw materials Risks

The 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 aurocyanide.

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 20.3.1.5.3.7).

The specific treatment of Kovar is relevant to the fact that this raw material is used by Egide's suppliers (machine tool operators, molders or metal injection molding (MIM)) to manufacture our basic components (bases, basins, frames, pins, etc...). This material is an alloy of iron, nickel and cobalt which is stored as planks of 1828 x 382 mm of different thicknesses (from 7 to 16 mm) and does not deteriorate over time. During the booming telecommunications market of 1998 to 2000, Egide used up to 3 tons of Kovar each month. After the bursting of the dot-com bubble, the need for fabricated Kovar structures had almost disappeared and the consumption dropped to about 1 ton per year. To account for this turnover rate that slowed down, the company decided to fund this stock at the rate of 75 % and maintain this rate for several years regardless of the level of activity. Indeed, Kovar has a minimum resale value as a basic raw material and the rule of fair value is applied to the stock (market value).

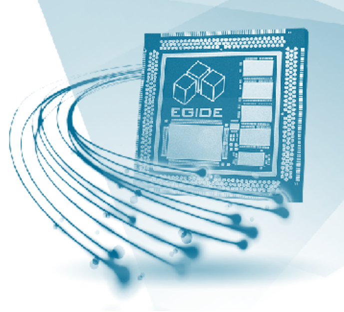
4.3.3 Business Risks

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 the product is not hermetic at the client, that is to say, it is declined by its own receiving 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 receiving 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 rates of return that do not reach 100 % are inherent to the trade and concern Edige 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 packaging 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 applies 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 ensemble 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...).

Furthermore, Egide is certified ISO 14001:2004 since December 2007.

4.4 Technical Risks

4.4.1 Substitute Product Launch

Egide manufactures hermetic packages; in the event that complete sealing were 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 packaging could rival that of completely hermetically sealed packaging. However, these particular applications are not those which Egide has chosen to concentrate on and develop.

4.4.2 Price Reduction

The applications for which Egide’s products are sold remain in a "top of the line" position (optoelectronics, aeronautics and space industries, safety), allowing to play down a significant phenomenon of a decrease in prices without necessarily eliminating the risk. Regarding the most common products with a simpler technology, the Asian players tend to drive prices down, but Egide has chosen not to seek to compete with them so as not to affect its margin and profitability levels.

Finding low cost and reliable suppliers for a few components used in the manufacturing of our packages can limit the effects of decreasing sales prices on margins.

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. Nevertheless, the phenomenon of the decrease in prices mentioned above facilitates the access of junior competitors to significant volume products and where the technology used can be described as "simpler".

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 or in 2009 in the aeronautical and in 2010 in space industries for example. Through its active diversification policy in several sectors and with several clients within each sector, Egide believes intends to counteract the effects of this volatility on the sales figure and the bottom line, even if recently the cycles are much shorter and significant fluctuations linked to a global economic and financial environment with increasing impact.

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 based in Casablanca) is no longer operational since July 1, 2009; it will not affect the group in case of potential political or economic instability in the country in which it is installed.

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. Thus in 2011, the average daily trading, though increasing, remained low with 3,189 trades per day (or 0.25 % of the capital) as opposed to 552 in 2010.

4.5.5 Risks Related to Adverse Weather Conditions

The floods that severely affected the Bangkok region (Thailand) during the month of October 2011 forced our client to close its factory for several weeks. This led to the suspension of scheduled deliveries and had an effect on sales and therefore the group's cash flow. The situation has since improved and shipments have resumed. The slower than expected resurgence of the on-site activity has resulted in sales carried over from one quarter to another (therefore from fiscal year 2011 to the beginning of fiscal year 2012).

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 Avignon Business Registry under the number 338 070 352. It was previously registered under the same number in the Versailles Business Registry before the transfer of the head office decided on May 28, 2010.

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 are situated at the Industrial site of Sactar – 84500 Bollène - France (Tel.: +33 4 90 30 97 11) as of May 28, 2010. It used to be located at 2 rue Descartes, Parc d'Activités de Pissaloup - 78190 Trappes - France (Tel: +33 1 30 68 81 00), where the administrative offices are.

Egide is a French public limited company with a Board of Directors governed by current and future legislative and statutory provisions, in particular by the provisions and articles of association of the French 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 "intelligent" 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 packaging 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.

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

2010 : Emergence from crisis in the second half of the year, strong growth in infrared technology markets and significant return of the fiber optics telecommunications market. Legal transfer of registered offices (See § 5.1.4).

2011 : A good first half in terms of sales, but with a slowdown in the second half because of the economic crisis linked to the indebtedness of the euro zone countries and the United States, which led to a lack of confidence for the future, low visibility and a short-term deferral of orders.

5.2 Investments

5.2.1 Principal Investments

The investments made by the company since 2009 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 50 k€ in most cases. The acquisitions of fixed assets for the years 2009 to 2011 are as follows:

(In Thousands of euros)	2009	2010	2011
Terrains et constructions Land and Buildings	15	45	18
Utilities and Equipment	148	178	183
Other Fixed Assets	2	18	56
Total	**165**	**241**	**257**

5.2.2 Principal Current Investments

The capital budget for fiscal year 2012 is approximately € 400 k, which is higher than the previous fiscal year; approximately 65 % is provided for Egide SA (new equipment, facility security, improved performance, building maintenance), 20 % for Egide USA (facility security, building maintenance) and 15 % for Egide UK (equipment). These investments will be financed by our own funds or possibly by the leasing of production equipment.

5.2.3 Principal Future Investments

At Egide SA, rapid changes in product mix toward complex ceramic components make some investments necessary to increase production capacity and keep up with demand. Some special equipment with lead times of several months (high-temperature kilns) will thus be considered in the medium term. Others, such as advanced simulation software, are becoming increasingly necessary to address client issues. Compliance of industrial buildings will also require some investments in 2-3 years. However, an internal solution was developed around the existing management software, making the anticipated investment of 0.2 million euros unnecessary at the moment.

At Egide USA, significant investments will be mainly dedicated to infrastructure and equipment of the surface treatment workshop. At Egide UK, production capacity is currently limited by existing equipment to the extent that the subsidiary recently produces slightly positive cash flows; the acquisition of new production tools may be considered. However, the activity of the British subsidiary (see § 6.1.2) not being at the core of Egide's business (see § 6.1.1), it is not intended that the parent company takes part to the financing of these investments.

5.2.4 Financing of Assets

Money market mutual funds included in Egide's consolidated balance sheet are pledged as security for the benefit of the subsidiary Egima (guarantee to Moroccan customs) (see § 20.3.1.5.4.18).

The table below details the financing of fixed assets as of December 31, 2011:

Financing of fixed assets:	Beginning Date	End Date	Total Assets Financed in € (a)	Total Balance Sheet Items in € (b)	% (a) / (b)
Intangible Assets Fixed Assets Long-Term Investments			None		- - -
Total					**-**

It is hereby stated that the capital is not subject to any collateral security.

6 OPERATIONS OVERVIEW

6.1 Principal Operations

6.1.1 Protective Hermetic Packaging

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, and therefore fragile, chips, 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 manufactures its own ceramics and, thanks to its English and American subsidiaries, produces its molded metallic components and glass beads internally. The technological transfer of this activity to the French production site, initiated in recent months has also progressed well. The first qualifications were announced early 2012 and the final layout of the production facility at the Bollène site as well as its operator and technician training are scheduled for April.

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 pierce the metal panels.

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 packages components are joined by brazing (soldering) them in high temperature kilns. The braziers 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 packages retains a metallic structure comparable to the glass-to-metal packages materials, using the same alloys and the same soldering, but the glass beads are replaced by ceramic inserts. The packages panels 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 require either ceramic components assembled with metal pins, primarily for infrared applications, or complex ceramic bases on which metal frames are inserted for Telecom applications.

Integration of passive elements

Building on its expertise of complex assembly, Egide has expanded its field of activity by the integration of passive components for some of its customers (dissipative elements, TEC, optical …). This offer is now part of the Egide proposal and allows the client to remain focused on its core business.

6.1.1.2 Surface Treatment

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

These deposits, at the micron level, are necessary for different stages of packaging fabrication:

- nickel plating of ceramic components before soldering
- pretreatment of metal components
- gold plating of glass-to-metal and ceramic packages in the final fabrication stage

Egide's great expertise in the domain of surface treatment, and the integration of the line into the work flow are major assets 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). This technology, a source of miniaturization and complex connectivity, results in multiple applications such as making inserts, multi-chip modules substrata (Multi-Chip Modules) or specific components that meet the needs of infrared and high-end Telecom markets.

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

Ceramic Production or "Green Tape" Production

Raw ceramic is derived from aluminum 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) Procedure

Egide handles all operations in the transformation of the raw ceramic in a class 10000 clean room: via and window piercing, via piercing, 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 (aluminum-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 kilns (1,600°).

6.1.1.4 Glass Beads

Egide manufactures glass beads 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°) in a dedicated kiln. 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 packaging. 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

Sales distribution. consolidated by activity, is detailed in the table below:

	2009		2010		2011	
	K€	%	K€	%	K€	%
Glass-metal Products	12,347	56.5 %	12,002	48.6 %	12,442	46.3 %
Ceramic Products	6,665	30.5 %	10,671	43.2 %	11,395	42.4 %
Others (including MIM and Plastic)	1,759	8.0 %	1,738	7.0 %	2,418	9.0 %
Engineering	384	1.8 %	293	1.2 %	363	1.4 %
Non-recurring elements *	695	3.2 %	0	0.0 %	255	0.9 %
Total	**21,850**	**100.0 %**	**24,704**	**100.0 %**	**26,873**	**100.0 %**

** Sale of gold in 2009 and Egima's rental revenues in 2011*

6.2 Principal Markets

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

6.2.1 The Defense and Space Industries

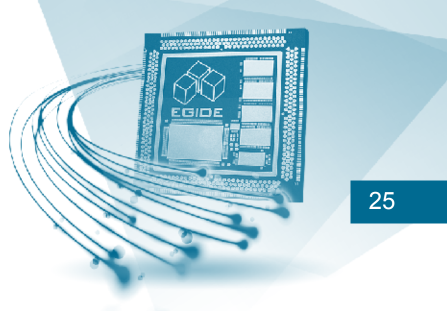
The electronics used in large industrial programs require hermetic packages to ensure their protection. Naturally present from the beginning in European programs, Egide, thanks to its American subsidiary, Egide USA, a local producer, also satisfies the needs of the American defense markets.

Thus, the packages such as those manufactured by Egide in the various combat aircraft such as Rafale (France), Eurofighter (UK, Italy, Germany and Spain), Jas Grippen (Sweden) or F22 and F35 (USA), but also in associated weapons systems. Defense electronics also included ground equipment such as radars, infrared sensors, ground-to-ground and missiles and equipment used in armored vehicles, helicopters, drones or aircraft carriers. Similarly, projects linked to future infantryman equipment have accelerated: FELIN (Fantassin à Equipements et Liaisons Intégrés/Infrantryman with integrated equipment and links) program in France or FFW (Future Force Warrior) program in the United States also require packages to protect the associated electronics.

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

The Europeanization of components has been expressly required by the major armed forces and the Pentagon remains intransigent on the American origin of its military systems.

With regard to space applications, they cover three areas: telecommunications, observation and navigation. Egide is represented by its glass-to-metal or aluminum packages used for satellites and through its metal joints silvering activity by providing equipment manufacturing for the Ariane launcher. This market remains subject to the vagaries of financing major European or international programs, but outside its cyclical aspect, it is perfectly suited to Egide's skills, and again 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 and is now the core of telecommunication networks.

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 after 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,
- wavelength switches (WSS) that allow the reuse of the same wavelength by several users.

The fiber optics telecom market has experienced an exceptional crisis in both its expansion (a sudden craze followed by an abrupt stop in a few months) and by its duration (approximately 10 years). With a slight recovery in 2008, this market has unfortunately been hampered by the effects of the global economic crisis of 2009 and then in 2011. Nevertheless, the upward trend is expected to intensify over the coming years, the network overcapacity behind the crisis is now filled and the traffic, thus the need for data transmission, has not failed and is even being greater with use of popular Smartphones and other communication devices as touchpads. In recent months, announcements are more numerous regarding the roll out of networks at 40 and 100 Gbit/s in the world.

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) in Europe and in the United States 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 packaging components.

We have also seen the return of major submarine projects, such as the modernization of the SEA-ME-WE4 connection(South East Asia - Middle East - West Europe 4), which links France to Singapore through 20,000 km of fiber optics or the installation of a network of 440 km of fiber (Silphium project) connecting Libya to Greece. The modernization of the France Telecom-Orange's Paris-London connection (720 km), the installation of a network of 10,400 km Asia-Pacific (Asia Pacific Gateway), the modernization of 9,800 km of the network connecting Hong Kong, South Korea, Japan and Taiwan, the roll out of a network of 2,000 km between Morocco and Spain, another network of 2,300 km connecting Israel and Italy or even the Tonga Islands (South Pacific) connection to the submarine network linking Australia to the United States via a submarine cable of 827 km, were also the object of a communication. All these fiber optic transmissions call for chips made of sensitive and complex materials, for which hermetic packaging is indispensable.

6.2.3 Industrial Markets

The industrial markets include all applications that are neither military nor spatial, nor telecommunications. They also include civil aeronautics, automotive, civil infrared equipment as well as the medical or instrumentation sectors.

Egide provides equipment manufacturing for Airbus Industry, Boeing and Embraer, notably by offering protective packages for engine management systems (FADEC - Full Authority Digital Engine Control) or the relay bases. In the automotive sector, Egide sells packages for anti-collision radar ("intelligent" speed regulators), which are currently in a down-market shift (they were previously reserved for larger luxury sedans and trucks). The company's technical capabilities permit it to offer the components necessary for this safety equipment, which originated in the military domain.

The desire to improve safety has led to the arrival of multiple civil infrared applications: 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 (diagnosing a short-circuit before it happens), by the medical profession (tumor detection), or by the automobile industry (night vision).

Finally, aided by the offerings of cast metal products of Egide UK, the group aims toward a broad industrial market (instrumentation, agricultural equipment) and medical sector (knife handles), acutely attuned with the market conditions, but nonetheless a source of needed diversification.

6.2.4 Sales Distribution by Market

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

	2009		2010		2011	
	K€	%	K€	%	K€	%
Defense and Space	11,973	54.8 %	12,524	50.7 %	13,066	48.6 %
Telecommunications	3,255	14.9 %	6,070	24.6 %	5,790	21.6 %
Other (Commercial)	5,927	27.1 %	6,110	24.7 %	7,762	28.9 %
Non-recurring elements *	695	3.2 %	0	0.0 %	255	0.9 %
Total	**21,850**	**100.0 %**	**24,704**	**100.0 %**	**26,873**	**100.0 %**

** Sale of gold in 2009 and Egima's rental revenues in 2011.*

6.2.5 Clients

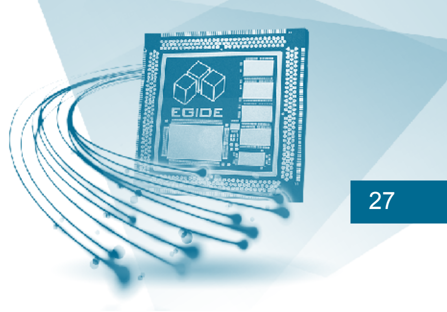
The company has several references in our market segments. The Egide group’s clients are the following:

Telecommunications	Defense and Space	Industrial
3S Photonics (France) Agilent Technologies (USA) Alcatel Thales III/V Lab Alcoa (USA) Axsun (USA) Coset (Korea) CyOptics (USA) Discovery Semi (USA) EM4 (USA) Fermionics (USA) Fabrinet (Asia) JDS (USA, Canada, China) Perkin Elmer/Excelitas (Canada) Sanmina (China) TeraXion (Canada) U²t (Germany)	Astrium (France) Crane (USA) Delta Electronics (USA) International Rectifier (USA) MBDA (France, GB) Mipot (Italy) MS Kennedy (USA) Northrop Grumann (USA) Q-Tech Corporation (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)	Aeroflex (USA) Autocruise (France) Carlton Life Support (USA) C-Mac Microcircuit (GB) Delavan (GB) Flir (USA) Gripple (GB) Interplex (GB) Q Imaging (Canada) Petercem/ABB (France) Richco (GB) Servomex (GB) STPI Groupe (France) Surgical Innovation (GB) Swan Morton (GB) Ulis (France) Welwyn Components (GB) Xsis Electronics (USA)

In 2011, Egide’s top ten clients in all segments accounted for less than 63 % of sales; no individual client accounted for more than 13 % of the total. In 2010, the top ten clients accounted for less than 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. The period covered by commercial contracts often depends on the amount of products ordered. For low volume projects, orders will cover a period of 3 to 9 weeks and will be regularly taken during the course of a year; for programs involving larger volumes, orders will cover a period of several months with scheduled deliveries. Significant contracts are mentioned in Chapter 22.

The commercial organization of the group relies on direct employees for each of the operating subsidiaries (Egide SA, USA et UK) as well as a network of specialized but non-exclusive agents in high tech products covering the United States (3 persons) and Asia (5 persons).



6.2.6 Sales Distribution by Geographic Zone

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

	2009		2010		2011	
	K€	%	K€	%	K€	%
France	5,601	25.6 %	6,414	25.9 %	8,754	32.6 %
European Union (outside of France)	3,278	15.0 %	3,677	15.0 %	2,968	11.1 %
North America	8,099	37.1 %	8,895	36.0 %	8,076	30.0 %
Rest of the World	4,177	19.1 %	5,718	23.1 %	6,820	25.4 %
Non-recurring elements *	695	3.2 %	0	0.0 %	255	0.9 %
Total	**21,850**	**100.0 %**	**24,705**	**100.0 %**	**26,873**	**100.0 %**

** Sale of gold in 2009 and Egima's rental revenues in 2011.*

6.3 Unforeseen Events

The telecommunications market experienced a crisis of exceptional scope in 2001 and 2002, a crisis that persisted until mid May 2010 in spite of a mini-bubble at the beginning of 2008. It led to the closing of the Trappes production site.

In 2009, a global economic crisis that affected all sectors of the economy, its impacts were particularly severe for all companies of the Egide group. For the rest, this crisis led the company to conduct an industrial reorganization, in particular by repositioning the subsidiary Egide USA on its domestic military markets, a production shift of telecommunication products to the French production site and the shutdown of activities on the Moroccan site with effect from July 1st.

In 2011, the crisis linked to the indebtedness of countries in the euro zone and the United States had an impact on the industry, which led to a lack of confidence for the future, low visibility and a short-term deferral of orders. For Egide, this initially led to the rescheduling of deliveries during the third quarter, and by deferral of deliveries in the first quarters of 2012 where demand occurred during the fourth quarter of 2011. All customers of the company were more or less affected by it regardless of their sector of activity. However, telecom customers were the most affected, which resulted for Egide in a downward revision of numbers in the second half of 2011. The year 2011 therefore closed with an increase in sales compared to 2010, but in lower proportions (+9 %) with regard to expectations at the beginning of the year.

Events such as those listed above are by definition unpredictable. To actively guard itself against consequences that they entail (sales and results), Egide seeks to diversify its business sectors to a maximum up and tends to maintain the highest level of the state of the art, high technology products which tend to best resist the economic situation.

6.4 Competitive Position

At the international level, the number of Egide's competitors remains small. These competitors are made up of either major international groups, which include a branch that manufactures electrical components, or of subsidiaries of large groups, or small family-type structures. In this universe, Egide is almost the only independent player whose sole activity is the manufacture of hermetic packages.

Generally, we meet the U.S. competitors in the glass-to-metal technology, while the Japanese tend to specialize in ceramic technology. The other Asian competitors are more active regarding very low cost standard products (thus, simpler) whether in glass-to-metal or in ceramic.

The table below lists Egide's main competitors:

Name	Country	Markets	Sales	Listing	Capitalization
Ametek	United States	Aeromilitary	€ 0.96 billion [(1)]	New York	€ 5.8 billion [(2)]
Kyocéra	Japan	Aeromilitary, Telecoms	€ 1.4 billion [(3)]	Tokyo	€ 12.5 billion [(4)]
Electrovac	Austria	Industrial	Not available	Not listed	-
Schott	Germany	Industrial, Telecoms	Not available	Not listed	-
Sinclair	United States	Aeromilitary, Industrial	Not available	Not listed	-
NTK	Japan	Aeromilitary, Industrial	€ 0.50 billion [(5)]	Tokyo	€ 2.2 billion [(4)]
Hirai	Japan	Industrial	Not available	Not listed	-
Metallife	Korea	Industrial	Not available	Not listed	-

[(1)] *Source: January 26, 2012 press release. Sales at December 31, 2011 for the "electromechanical" activity - $ 1.343 billion against $ 1.146 billion in 2010*
[(2)] *Source: New York Stock Exchange. Stock market price at April 10, 2011*
[(3)] *Source: Annual Report of January 30, 2012. Sales at December 31, 2011 for semi-conductor activity (calendar year) - ¥ 159.8 billion against ¥ 173.5 billion in 2010 (calendar year)*
[(4)] *Source: Tokyo Stock Exchange. Stock market price at April 10, 2012*
[(5)] *Source: January 31, 2012 press release. Sales at December 31, 2011 for ceramic components activity (calendar year) - ¥ 55.5 billion against ¥ 72.2 billion in 2010 (calendar year)*

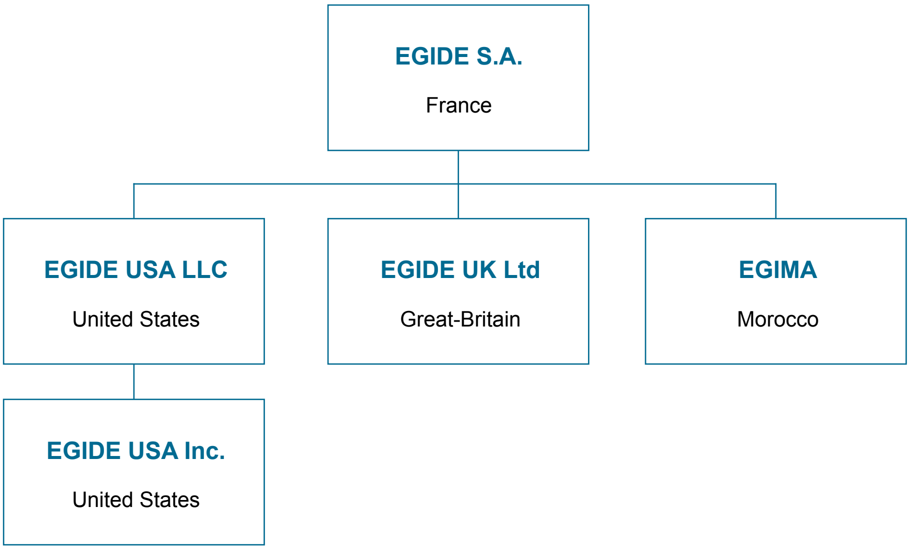
The primary competitors are in the telecoms and defense markets, not so much in industrial applications. Egide's marginal competitors, on the contrary, are targeting the industrial and automobile markets. Owing to its plant in San Diego, USA, Kyocéra can offer its ceramic productions to American defense customers, which Egide USA cannot do because it does not have the ceramic technology.

In this environment, Egide is not dependent on any patents or licenses, its manufacturing processes such as those of its competitors are generally based on its teams' know-how and experience.

All around the world, 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, et Egima 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 and sell independently of one another. Egima also has production assets but sells only to Egide (establishment of a special work agreement). Since July 1, 2009, Egima suspended its activity and the disposal of this subsidiary is underway.

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

Egide SA, Egide USA and Egide UK have the same CEO, but each has their own executive staff, administrative and accounting staff, business services, engineering, and production services. Egide's President is also Egima's managing Director, which subsidiary no longer had a local management since November 1, 2010. Only an interim management is present in Morocco through the plant maintenance manager and administrative officer.

The various exchanges between the companies in the group lead to inter-company billings, governed by regulatory agreements (see § 19.1 - Regulated Agreements).

The operating companies Egide SA et Egide USA Inc. are active in the hermetic interconnectivity packaging domain. The Egide UK Ltd subsidiary sells molded metallic components (which are not packaging), primarily for the telecoms and industrial markets. It also permits the replacement of certain suppliers of products used as components by other group members.

See § 20.3.2.4.3.22 - 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 an operational production site.

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 treatment of raw ceramic, Bollène ensures the end-to-end production of ceramic components. The site also provides the assembly, plating and control of glass-to-metal and ceramic-to-metal packages as well as the manufacturing of glass beads. It is equipped with a research department for ceramics and for glass-to-metal, as well as R&D resources. The building is rented to a real estate investor under a 12-year commercial lease that started in 2010. The building was previously fully owned.

The Cambridge Site, MD (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 building was previously fully owned.

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 MIM engineering department.

Other sites

Furthermore, Egide's administration, commercial, purchasing and graphite machining services are located in the Paris region (Trappes in the Yvelines), in a leased building of approximately 1,300 m² from a real estate investor pursuant to a 9 year lease which started in 2008.

For the record, the Casablanca site has a building of 3,000 m² built on a plot of 10,000 m² in the area of the Casablanca airport. Only the automatic plating line and effluent treatment installation have been left in place. The entire site is in the process of disposal.

8.1.2 Industrial Equipment

In all three production sites, Egide owns its industrial equipment, composed primarily of the following:

- two ceramic casting rooms with atmospheric control equipment,
- a white room containing numerous equipments 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 an automatic cutter,
- manufacturing equipment of injection-molded components,
- glass beads manufacturing equipment,
- drying ovens,
- batch furnaces for high temperature (1,600° C) firing of ceramics and molded components,
- cutting machines (diamond slitting wheel),
- machines for screen printing of tips,
- ovens for vacuum soldering,
- continuous furnaces for atmosphere-controlled soldering (medium and high temperature),
- continuous furnaces for hermetic sealing with glass beads,
- manually-operated or computer controlled galvanoplasty installations,
- machines for verifying hermetic sealing,
- several graphite machining centers,
- several machining centers,
- several instruments for verifying visual and dimensional characteristics (including a 3D gauge),
- a wire bonder (cabling facility),
- thermal cycling machines.

Equipments dedicated to the production of ceramics on the Bollène site were acquired for the most part in 2000.

8.2 Environmental Issues that Could Potentially Affect Building Use

See § 4.3 - Industrial and Environmental Risks

8.3 Environmental Impact of Group Operations

In conformance with the provisions of article L.225-102-1, paragraph 5 of the Commercial Code, various information relating to environmental consequences of Egide's and its subsidiaries activities are indicated below. This information was collected from the plant maintenance/safety manager and the quality control/environment manager concerning the French company, and from local managers with regard to the U.S. and UK subsidiaries. Having no industrial activity since July 1, 2009, no information is provided for the Moroccan company, Egima:

Consumption of Water Resources, Raw Materials, and Energy

As part of its business, the group uses water mainly for oven cooling and feed for its galvanoplastic chains. For reasons of economy, Egide SA, Egide USA et Egide UK have implemented a closed-circuit oven cooler, with cooling towers installed. In addition, Egide USA has equipment that operates in open circuit. In the same vein, the surface treatment, which only the French and U.S. companies have, changed from the current rinse system to a system called "dead bath", namely that the rinsing baths are changed periodically instead of being in a continuous open circuit. Certain operations are still in open circuit at Egide USA.

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

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

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

Ressource	Unit	Egide SA	Egide USA	Egide UK
Water (all uses)	m3	12,831	3,746	1,228
Electricity	kWh	3,972,239	3,620,050	738,000
Gas	kWh	1,521,445	4,642,602	-
Hydrogen	m3	28,708	33,348	9,360
Nitrogen	Kg	906,020	857,960	9,672

As a certified ISO 14001 company (Egide SA) or not, the group looks to limit consumption of all these resources as part of its business activity.

In the production process, Egide primarily uses kovar (or dilver P1) as a raw material. Kovar is an iron, nickel and cobalt alloy for use in metal product formulations purchased by the group from machinists, molders or powder suppliers. Kovar is supplied by Egide to French or American specialized companies or directly by suppliers. Egide purchased a small quantity of gross kovar during the course of the fiscal year (239 kg for Egide SA, 300 kg for Egide USA and 400 kg of powder for Egide UK). The alumina and tungsten are used in the manufacture of ceramic components; 400 kilos of tungsten were purchased during the fiscal year 2011.

Egide also consumes aurocyanide for its surface treatment activities. During the 2011 financial year, a total of 126 kg of aurocyanide were purchased (63 kg by Egide SA and 63 kg by Egide USA), representing the equivalent of 86 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 SA and Egide USA have surface treatment equipment, primarily composed of a manual and semi-automatic galvanoplastic chain as well as different types of chemical baths. All this equipment is constructed on holding tanks, linked to storage tanks, to prevent any risk of soil pollution in case of accidental overflow.

For the drying of packages after surface treatment, Egide no longer uses hydridochloridofluoridocarbon (HCFC) because this product is now banned, the group has described the replacement products.

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 galvanoplasty 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 filtered with equipment that traps all pollutants before releasing them outside. Discharges of ovens used by Egide UK can cause unpleasant odors in the surrounding areas, but filters and optimum position of extractions maintain the discharges within the regulations in force, controlled by SCEH (Suffolk Coastal Environmental Health).

Air compressors (air supply) and cooling towers (cooling of furnaces) are the only sources of external noise. Noise remains, however, within the regulations in force and does not create any significant inconvenience considering the environment in which the companies of the group are situated (rural area with agricultural fields and industrial buildings for Egide SA, commercial and traffic urban area for Egide USA, and a former airbase for Egide UK).

Regarding the internal sound nuisances, which are likely to affect employees, there are none except those relating to the operation of machining centers in the units equipped with them. Machine-tools are in fact noisy, but compliant with the regulations in force and monitored by the occupational medicine in France and OHSA (Occupational Health and Safety Authority) in the US. However, Egide has ear defenders at its personnel’s disposal.

Measures Taken to Limit Damage to the Environment

Egide 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. Egide USA is located in a commercial urban area, on a roadside with heavy traffic. Egide UK has industrial facilities on a former NATO air base. For each of the companies of the group, their environment limits damages to the ecological balance, natural environments, and protected animal or plant species. Regarding effluent discharges, Egide SA has decided to stock them in a plant built for this purpose, and then have them regularly evacuated and treated by specialized companies. Egide USA recovers pollutants for treatment before discharging the effluents into the city network (after prior pH control). Egide UK has little chemical discharges because the company does not have surface treatment facilities, its discharges are therefore stored prior to disposal and treatment by specialized companies. Whenever it can, the group promotes the regeneration of certain chemical products used.

Furthermore, with respect to the ISO 14001 certification of Egide SA, a certain number of measures were identified and put into place (recycling of paper and cartons, phasing out of the use of flo-pak...).

Steps Taken in Terms of Environmental Certification

Certified ISO 9001:2008, Egide SA has obtained the renewal of its ISO 14001:2004 certification in November 2009. The U.S. and UK subsidiaries of the group, although they are not certified, comply with the regulations in force in their respective countries.

The Company's Compliance with Laws Affecting the Environment

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 DREAL, l'Agence de l'Eau (water authority), la CRAM or l'APAVE (waste analysis). The activity of Egide USA is subject to an operating permit issued by the Maryland Department of the Environment (MDE) and the City of Cambridge, MD. It is subject to inspections by the MDE and Environmental Protection Agency. Quarterly reports of analysis of discharges are provided to the City of Cambridge (Department of Works). Egide UK is monitored by local authorities in Suffolk regarding pollutant emissions that may originate from oven and kiln extractions.

Expenditures to Prevent Damage to the Environment

The follow-up of environmental aspects are directly addressed by the Quality and Environmental Services from each of the companies of the group; no specific expenditures were incurred during the fiscal year 2011 other than those for the services.

Internal Services Responsible for Environmental Problems

The senior management, the plant managements (Bollène, Cambridge and Woodbridge) and the Quality and Environmental Management, in consultation with the Committee for Hygiene, Safety, and Working Conditions (CHSW) for France, are directly responsible for the monitoring of effects of each company's operations on the environment. The group relies, if necessary, to competent external organizations in the matter.

Provisions and Guarantees Regarding the Environment

There are no specific costs provisions made regarding the environment at the group level.

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

No penalty was paid by the group in this regard during fiscal year 2011.

Objectives Assigned to the Company's Subsidiaries Regarding Environmental Matters

Prior to acquiring foreign subsidiaries (Egide USA et 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, Egide applied European environmental standards, which are much more restrictive than local standards, in Morocco. An effluent treatment plant integrated with the electroplating line allowed the subsidiary not to release any harmful waste into the environment. Since July 1, 2009, this unit is no longer operational and its impact on the environment is zero.

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

8.4 Information on Corporate Social Responsibility in Favor of Sustainable Development

Egide is proud of its established competence and its industrial vocation, but recognizes that all industrial activities can be perpetuated only with full respect for its environment and the need to limit its consumption of natural resources. That is why Egide SA has implemented a management system compliant with standard ISO 14001 as from the year 2007. This allows the company to better identify its environmental impacts and turn its concerns into concrete action plans. This project follows on the quality policy and the Quality and the Environment Manual is the reference.

The main actions concern the following:

- Compliance with regulatory texts and other environmental commitments (REACH for example),
- Management of liquid and gaseous discharges through adequate controls and by optimization from the industrial footprint to the production volume,
- Reduction and treatment of industrial waste,
- Limit on the consumption of natural resources by combating wastage,
- Prevention of all risks of pollution,
- Awareness and personnel training on environmental issues.

These commitments are reflected in continuous improvement and regular reviews of concrete actions resulting from them. These actions can, however, be part of major projects of which return on investments may have longer periods of time, and in the current economic and financial environment, Egide strives to make the best to the extent of its resources, which remain limited. Targeting actions to reduce the environmental impact of the company is part of one of the four strategic axes for the year 2012, which are set by senior management and each employee is invited to participate in this effort in their daily activities.

Actions in terms of corporate social responsibility have been implemented:

- Encouraging employees to carpool by providing dedicated parking,
- Planning personnel schedules to avoid time slots of traffic congestion and reduce vehicles' CO^2 emissions,
- Training in professional and private selective sorting,
- Teaching and support of good environmental practices on a daily basis,
- Integrating the staff in reflecting on how environmental impacts of the company's activity can be reduced,
- Trade unions association and works council to societal decisions,
- Saving measures to sustain the company and maintain employment,
- Active age management in the company by entering into an agreement for the employment of older workers,
- Attention should be paid to achieve compliance with anti-discrimination measures and promotion of diversity in the company's hiring procedures.

"Sustainable development is a development that meets present needs without compromising the ability of future generations to meet their own needs" (Brundtland Report, 1987). With this in mind, Egide displays its determination to combine the three areas covered by sustainable development, namely economic, environmental and social aspects.

9 EXAMINATION OF FINANCIAL POSITION AND PERFORMANCE

9.1 Financial Position

9.1.1 Fiscal Year 2009

Egide has unfortunately not escaped the global economic crisis, the consequences of which have been particularly grueling during the three first quarters of year for all the group's companies: - 31% of sales for Egide SA, - 26% for Egide USA and Egide UK. Moreover, this crisis led the group to conduct an industrial reorganization, in particular by repositioning the subsidiary Egide USA on its domestic military markets, a production shift of telecommunication products to the French production site and the shutdown of activities on the Moroccan site with effect from July 1.

Although the diversification in various sectors has allowed to be better prepared to weather this crisis, the scope of the recession nevertheless had a significant impact on our sales. Thus, not taking into account the non-recurring elements (sale of gold), Egide was forced to cope with a decrease of over 29% in sales compared to the fiscal year 2008.

The industrial markets where Egide is present (civil avionics, automotive and electronics) have been heavily affected with a setback in sales of 43%. The relay base business for civil aeronautics, carried out solely at the Egima site in Morocco, has thus fallen to such a low level that maintaining a dedicated production site can no longer be justified. Similarly, the automobile industry, already declining in the second half of 2008, has remained very weak. It should be noted that at its highest, this market represented less than 4% of group's sales figure.

The Telecom sector has remained very uncertain as, even if the saturation of existing networks is now a recognized fact, operators are still very reluctant to invest, particularly due to the economic climate. Sales in this sector have therefore fallen by more than 56 % compared to 2008 and have reached their lowest point historically since 2003.

The other sectors (military, space, security) did better resist and stabilized, but they have however not been protected from the consequences of the global crisis. Thus, a European space program has put on hold for over 4 months and a French military customer has lowered its short-term needs. On the other hand, military sales in the U.S. and the Middle East have improved.

The market distribution of the sales for the fiscal year: Defense and Space: 57 %; Industrial: 28 %; Telecoms: 15 %. They were respectively of 40%, 35% and 25% in 2008

In response to the global economic crisis that affected all the sectors in 2009, Egide took swift measures to mitigate the impact of this crisis on its financial position. The reduction in personnel in the United States and Great Britain, the non-renewal of fixed term contracts in France and the mothballing of the Moroccan site have led to a reduction and an adjustment of manpower costs in the group's activity. The assignment of some unused equipment and a gold stock recovered from rejected components also permitted generating a cash inflow of about 0.8 million euros during the fiscal year given the high value of this precious metal in 2009. Finally, a good control of the production performance helped maintain material consumption rates in line with the cost and time estimates not generating surcharges in terms of inventory financing.

All these elements combined with an adequate level of cash flow at the beginning of the fiscal year and the optimum utilization of factoring by all the group's companies allowed Egide to withstand the effects of the economic crisis without resorting to loans. The group's financial debt at December 31, 2009 stood at 0.72 million euros corresponding to the long-term loan balance of the subsidiary Egima and the bank overdraft authorized by Egide UK.

Nevertheless, the level of activity of the group remained below the break-even point and the company continued to use its cash flow to finance the operating losses. As a result, the assignment/lease transaction of the building in Bollène which commenced at the end of 2008 was maintained in order to strengthen the cash flow with a net inflow of approximately 1.1 million euros. Similarly, the current transfer of the Moroccan site should help eliminate the bank debt from the consolidated balance sheet, but it will not generate any cash inflow inasmuch as the price of the transfers takes into account the value of the liabilities equivalent to that of the assets.

9.1.2 Fiscal Year 2010

The year 2009 was marked by the global economic crisis and led the group to conduct an industrial reorganization: the Moroccan site (Egima) had ceased all operating activities in July and the U.S. subsidiary (Egide USA) had refocused on its domestic markets. With regard to strengthening of cash flow position, the disposal/lease of the building in Bollène was launched and its completion in March 2010 had a positive impact on the results. In this environment, also marked by a more favorable euro/dollar exchange rate, a scenario for a growth recovery by increments seemed most likely and was expected in the fourth quarter of 2009. It occurred as planned, the four quarters of 2010 respectively showing sales of 5.3 million, 6.3 million, 6.2 million and 6.9 million euros.

With a total of 24.7 million euros in sales, growth in turnover for the year 2010 is 13% compared to last year and up to 17% if it does not account for the non-recurring items (for the record, sale of gold recovered from scrapped components for 0.7 million euros in the first half of 2009).

The three sectors on which Egide operates shows a sequential progression; the Telecom sector is by far the largest with + 86%. The military and space industry, solid but mature sound, is up 5%, while still resistant industrial markets (safety, civil avionics, automotive and electronic) show an increase of 3%.

(€ million)	2009*	2010	Variation
Military and space industry	12.0	12.5	+ 0.5
Industrial	5.9	6.1	+ 0.2
Telecoms	3.3	6.1	+ 2.8
Total	**21.2**	**24.7**	**+ 3.5**

** Out of non-recurring item.*

The market distribution of the sales for the fiscal year is a follow: Defense and Space: 51%; Industrial: 25%; Telecoms: 24%. They were respectively of 57%, 28% and 15% in 2009. The Telecom sector is one that has driven growth in sales during the fiscal year 2010 mainly due to the recovery of investments made by equipment manufacturers and Telecom operators in fiber optics, the saturation of telecommunication networks is now proven. The sales acceleration and the level reached during the fourth quarter confirm Egide's emergence from the crisis.

The various measures taken early in 2009 to limit the impact of the economic crisis on the financial position of the group have been successful. Thus, the company's indebtedness has not deteriorated (0.72 million euros in January 1st, 2010) and the cash flow position was strengthened (+ 1.1 million euros) due to the completion of the disposal/rental of the Bollène building in March 2010. Continuous improvement of industrial performance and a relatively stable foreign currency have also contributed to limiting cash consumption during the year.

Nevertheless, the level of activity of the group remained below the break-even point and the company continued to use its cash flow to finance the operating losses. However, the level reached during the fourth quarter led to slightly exceed the threshold of profitability and contributed to the strengthening of the cash flow position in the second half. This cash flow was also increased in July for 0.3 million euros through a regional loan to Regional Loan for Job Retention has been granted to Egide SA by the PACA region and the department of Vaucluse. This interest-free loan, repayable over 7 years including 2 years of deferment of payments was received in support to many new hires made during the year 2010 on the Bollène site. The subsidiary Egide UK in turn obtained a loan of £71,000 repayable over 3 years, secured only by its assets in order to finance its working capital needs. This loan is the continuation of the one that had been granted to the company in 2008 for £65,000 (guaranteed by Egide SA) and the balance was has been repaid early at the end of 2010.

The business outlook for 2011 should allow the group to remain at levels sufficient to no longer generate operating losses and in doing this reduce the cash consumption. The completion of the ongoing sale of the Moroccan site should also help eliminate the fixed costs linked to the subsidiary and thus reduce its impact on Egide's cash flow. The use of factoring is still maintained by the three companies of the group in order to finance the needed working capital and investments required to develop the activity that is restarting. At December 31, 2010, the consolidated cash flow stood at 1.68 million euros and the out of factor indebtedness was of 0.77 million euros (including Egima's loan for 0.49 million euros).

9.1.3 Fiscal Year 2011

Uncertainties relating to the financial difficulties of some countries in the euro zone, the consequences relating to the amount of United States debt and the likelihood of a slowdown of the growth in China have resulted in a lack of confidence, which directly impacted the world economy in mid 2011. The sales growth objectives of the Egide group, supported by a good first half, were sharply reduced to end on a 9% increase in comparison to 2010 against an estimate in excess of 15% at the beginning of the year. Nonetheless, Egide posted significant sales growth despite the unfavorable economic environment and a penalizing effect of the euro-dollar exchange rates.

The breakdown of the three markets in which Egide operates is as follows:

(€ million)	2010	2011	Variation
Military and space industry	12.5	13.1	+ 0.6
Industry and civil security	6.1	7.7	+ 1.6
Telecoms	6.1	5.8	- 0.3
Non-recurring elements *	0.0	0.3	+ 0.3
Total	**24.7**	**26.9**	**+ 2.2**

** Rental income of Egima's assets.*

The military & space and industrial sectors grew strongly, namely because of the strength of the U.S. military markets, the growth of the bases for space equipment and the very strong demand for civil infrared products. The telecoms sector was, despite recent decisions on the roll out of fiber optic and the saturation of existing networks in the U.S. and Europe, the area that suffered the greatest impact with the freeze or deferral of operators' investments. It 's not a problem of surplus stocks (as experienced in the 2000s), but simply a reaction to caution from the players in the field dealing with the uncertainty in the global economy. This reluctance is expected to generate a gap between demand (important) and supply (insufficient) that could cause a sudden rebound as soon as the financial and economic fears are allayed. Moreover, the bad weather that hit Thailand at the end of the year led to a one-month shutdown of the plant of one of our customers, which is an important subcontractor to our main telecom customer, shifting all the delivery and invoicing of products ordered.

In this sudden uncertain economic environment where visibility was temporarily reduced, the Egide Group implemented actions needed to cope with this short-term situation, whilst maintaining its industrial capabilities and its market positioning, which are needed to gain in the medium run the expected market growth. The operational results of all production units are positive or balanced over the year, benefiting from the sales growth and control of direct and indirect production costs. Moreover, to secure the cash flow, the company decided in early October to strengthen its equity base for an amount of 2.2 million euros through a capital increase enabling it to cope with the consequences of the current economic crisis, which could be longer than expected, and with the needs relating to the expected recovery of the activity (financing of its working capital requirements).

The transfer process of the Moroccan subsidiary, Egima, which began in April 2011 with the Slicom group is proceeding as planned. The provision of premises for the benefit of Casablanca Aéronautique, Slicom's Moroccan subsidiary, began on April 11, 2011 for an initial period of 6 months, which was renewed until April 10, 2012. At expiry of this lease or its new extension, Egima's assets or shares will be transferred to Casablanca Aéronautique for a price covering the liabilities of the subsidiary, so that no significant income or expenses result from it for the Egide group.

Finally, discussions were initiated in September with a British mergers and acquisitions firm at their request, the latter acting on behalf of one of its customers who was interested in acquiring Egide UK, the group's British subsidiary. It should be noted that Egide UK, which is specialized in the manufacture of molded metallic components, is not strategic to the Egide group and a transfer of 100 % of the shares could be considered.

Aided by a good level of sales achieved in the first half of 2011, the group generated an operational profit of 0.4 million. The strongly improved results, in continuation to previous semesters, confirm that the company's positioning strength of high-end products associated with a satisfactory sales volume enables it to fulfill its objectives of operational profitability. During the second half, the effects of the economic crisis began to be felt, particularly at Egide SA. Nevertheless, optimization of working capital requirements was instrumental to finish the fiscal year 2011 with a satisfactory level of cash for 1.1 million euros.

The business outlook for 2012 had taken into account a first half that could be slower to pick up, which had justified the strengthening of the company's capital base decided in October 2011. With a net amount of 2.3 million euros raised, Egide group's cash flow is thus considerably reinforced and can withstand the effects of a lasting crisis, while providing financing for working capital requirements relating to the upturn in activity.

All the companies of the group had a positive bottom line and cash balance at December 31, 2011, including Egima the Moroccan subsidiary (in the second half) since its leasing. However, the level is still too weak to ensure a self-sustaining financial basis for working capital requirements and investments. Therefore, for the year 2012, the use of factoring will be maintained for the three companies of the group (Egide SA, Egide USA and Egide UK).

At December 31, 2011, the group's debt with credit institutions (excluding factoring organizations) is of 0.70 million euros (including Egima's loan of 0.39 million euros) against 0.77 million euros at the end of 2010.

9.2 Operating Result

See § 20.5.2 of the present 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 global economic crisis of 2009 weighed heavily on the company's development. The crisis that began in mid-2011 also had substantial effects on the annual sales growth, which could slow down the crisis of the beginning of the year 2012. 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 maintain the company’s profitability.

9.2.2 Major Elements Capable of Affecting Operating Revenue

- Evolution of the telecoms 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 § 4.1.2)
- Lowered prices (see § 4.4.2)
- Unforeseen Events (see § 6.3)
- Risks relating to adverse weather conditions (see § 4.5.4.)

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 France factoring contract entered into in 2006 and financed at a variable rate (Euribor + 1.20 point)
- An Export factoring contract entered into in 2006 and financed at a variable rate (Euribor + 1.20 point)
- A loan over 7 years (including 2 years grace period) obtained in 2010 (from the PACA region), at 0 rate, for an amount of 200,000 euros
- A loan over 7 years (including 2 years grace period) obtained in 2010 (from the Vaucluse region), at 0 rate, for an amount of 100,000 euros

At Egide USA

- A line of credit based on receivables and stocks was signed up for in 2008 at a variable prime rate + 2.25 points (with a floor rate of 7.00 %) of a maximum amount of $ 1,750,000

At Egide UK

- A factoring contract entered into in 2008 and financed at a variable rate (Prime Rate + 1.75 point)
- A bank overdraft contracted in 2009, at a fixed rate of 10.56 %, for a maximum of £ 50,000
- A 3-year medium-term loan taken out in 2010 at a variable prime rate + 3.75 points, in the amount of £ 71,000

At Egima

- 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 2011, the total amount of financial debts (except for Egima, entity to be sold) reached 2.662 million euros, 2.386 of which was for less than a year (0.028 million in borrowings and 2.358 million in factoring) and 0.276 million for more than a year. The amount of Egima's financial debts is of 0.394 million euros (bank loan) of which 0.285 million is over one year and 0.109 million is under one year.

There are no other lines of credit open to the company or its subsidiaries other than those mentioned above. There is no "bank covenant" clause included in the loan agreement or the loan.

See § 20.3.1.5.4.11 - Debt Position

10.4 Restrictions on Use of Capital

See § 20.3.1.5.4.18 - Accounting methods and explanatory notes regarding consolidated accounts/off-balance-sheet liabilities.

10.5 Anticipated Financing Sources

The strengthening of the capital base decided October 6, 2011 took the form of a capital increase by issuing 428,766 new shares at a price of 5 euros maintaining the preferential subscription rights. Launched on January 17, 2012 and having received the AMF visa No.12-024 on that date, the operation was successfully concluded on February 16 with an oversubscription rate of 221%. The company has thus exercised the extension clause of 15% and issued a total of 493,080 new shares. The total gross proceeds of the offering were 2.46 million euros; the net proceeds were of 2.3 million euros. Thus, the level of expected cash is sufficient to deal with the effects of the current economic crisis and the funding requirements associated with the expected rebound of the activity. There is currently no other financing operations.

10.6 Off-Balance Sheet Liabilities

See § 20.3.2.4.3.32

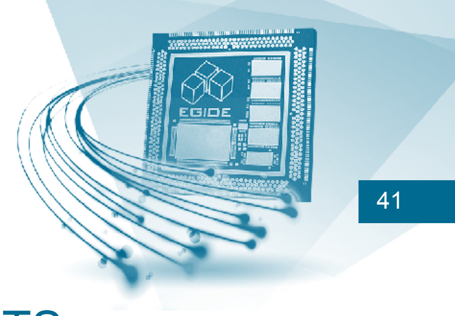
10.7 Commitments and other contractual obligations

The information at Saturday, December 31, 2011 regarding the obligations and commitments of the company and its subsidiaries to make future payments because of major contracts or contingent commitments are grouped together in the table below:

Contractual obligations	Total (€ k)	Payments due by period (€ k)		
		< 1 year	from 1 to 5 years	> 5 years
Financial Debt				
- Egide SA (loan)	*300*	*30*	*240*	*30*
- Egide USA	*0*	*0*	*0*	*0*
- Egide UK (loan and overdraft)	*50*	*28*	*22*	*0*
- Egima (loan)	*393*	*108*	*285*	*0*
Simple lease contracts				
- Egide SA (Trappes Real Estate) (1)	*560*	*106*	*434*	*19*
- Egide SA (Bollène Real Estate) (2)	*2,058*	*193*	*793*	*1,072*
- Egide USA (Real Estate) (3)	*1,337*	*180*	*777*	*380*
- Egide UK (Real Estate) (4)	*144*	*96*	*48*	*0*
- Egima (land) (5)	*660*	*23*	*91*	*546*
Total	**5,502**	**764**	**2,690**	**2,047**

(1) A firm 9 year lease contract which started on March 5, 2008 - Yearly rent index-linked to INSEE (National Economic Studies and Statistical Institute - France) for the cost of construction with effect from April 1st, 2009
(2) A firm 12 year lease contract which started on March 03, 2010 - Yearly rent index-linked to INSEE (National Economic Studies and Statistical Institute - France) for the cost of construction with effect from March 1st, 2011
(3) Lease contract for a firm 10 year period which started on October 20, 2008 - Yearly rent increase of 3 % per year with effect from October 20, 2010
(4) A firm 5 year lease contract which started on June 25, 2008 - Yearly rent increase of 2.74 % after the first year followed by an increase of 6.67 % after the 2nd year (rents for the 4th and 5th years remain unchanged)
(5) Lease contract for 40 years which started on February 1st, 2001 - Fixed yearly rent

Other commitments	Total (€ k)	Payments due by period (€ k)		
		< 1 year	from 1 to 5 years	> 5 years
Factoring contracts				
- Egide SA	*1,366*	*1,366*	*0*	*0*
- Egide USA	*746*	*746*	*0*	*0*
- Egide UK	*244*	*244*	*0*	*0*
- Egima	*0*	*0*	*0*	*0*
Total	**2,356**	**2,356**	**0**	**0**



11 RESEARCH AND DEVELOPMENT, PATENTS, AND LICENSES

Egide SA has 11 dedicated engineers and technicians within the Research, Development and Process Engineering Division (RDI), to which, for specific jobs such as microwave simulations, engineers and technicians come in from customer technical support service. Their mission is the development of innovations (materials, procedures …) and their implementation, while ensuring adequate technical support (facilitation of new product startup, 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:

- Improvement in via ink and screen-printing performance;
- Improved drying processes;
- Development of glass beads;
- Development of packages using innovative high heat dissipation materials;
- The development of conductors with high current in ceramics;
- The development of advanced electric transitions at very high frequency in the ceramic.

Many of these projects enter into the realm of competitivity clusters or European clusters and as such are financed at up to 25% by the Ministry of Economics, Finance, and Employment. Projects that are not financed are totally paid for by Egide. The company does not capitalize its R&D costs to the assets of its balance sheet.

Expenses incurred, which were taken into account in the calculation of Egide's research tax credit are shown in the table below:

Egide SA	2009	2010	2011
R&D Expenditures	1,178 K€	1,118 K€	1,094 K€
% of the consolidated sales figure	5.57 %	4.52 %	4.07 %
Staff (in Equivalent Person)	11.3	11.1	13.2

Moreover, the calculation of a research tax credit was done for the first time by the British subsidiary, Egide UK; England benefiting from similar French provisions. The main programs undertaken or continued during the year 2011 involved the development of surgical tools, components for automotive accessories and ejection seats for fighter planes, and the use of new materials. It should be noted that the calculation for the years 2009 and 2010 was done retroactive to June 2011.

Expenses incurred that have been taken into account in the calculation of the research tax credit for Egide UK are shown in the table below:

Egide UK	2009	2010	2011
R&D Expenditures	353 K€	410 K€	455 K€
% of the consolidated sales figure	1.62 %	1.66 %	1.69 %
Staff (in Equivalent Person)	13.0	13.0	13.0

There are no significant incorporeal 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.

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, Egide SA is ISO 9001:2008 and ISO 14001:2004 qualified. In addition, it is qualified by ASD-EASE (Aerospace and Defense - European Aerospace Supplier Evaluation). Egide USA and Egide UK are also certified ISO 9001:2008.

12 TRENDS

12.1 Principal Trends

All of Egide's markets are growing markets. Thus, despite the rigor, Western countries, including France, expect a slight increase for 2012 of their defense budgets. The space market should again be well oriented as of next year and the annual growth forecasts for our major industrial markets (security, aeronautics and automotive) are good. Regarding the telecoms sector, despite the expected short-term downturn, analysts confirm a very strong demand for optical networks, and the European Union announced measures to accelerate the roll out of fiber broadband networks. This market should therefore rapidly lead to growth.

To support these growth prospects, finance working capital requirements resulting from it and secure the cash, the Board of Directors decided to strengthen the company's long-term resources, which took the form of a capital increase in the amount of 2.4 million euros finalized in February 2012. In addition, Egide demonstrated over the course the year 2011 its return to profitability as soon as soon as the activity was in a position to cover its fixed costs. These elements reinforced the company's strategic choices and its position in diverse markets requiring highly reliable products. Thus, despite the crisis that is expected to influence the activity of the first half, including the French company, Egide calmly tackles the year 2012.

The discussions initiated in late 2011 with an English mergers and acquisitions firm, the latter acting on behalf of one of its customers who is interested in acquiring Egide UK, ended in February 2012. Despite the interest shown by the potential buyer, payment conditions proposed did not permit to adequately secure the operation, and Egide's board members preferred not to proceed with the proposal received.

The transfer process of the Moroccan subsidiary, Egima, to the Slicom group continues as planned. The provision of premises in favor of Casablanca Aéronautique, the Moroccan subsidiary of Slicom, was renewed until April 10, 2012. At expiry of this lease or its new extension, Egima's assets or shares will be transferred to Casablanca Aéronautique for a price covering the liabilities of the subsidiary, so that no significant income or expenses result from it for the Egide group.

An incident occurred on Thursday, March 1, 2012 on the Bollène site: an incipient fire, quickly extinguished by firefighters, occurred shortly before 7am in a chemical pretreatment facility. No injuries or environmental impact were reported, only material damage was caused. Following this incident, the insurance company immediately began the repairing of the premises and equipment, while interim measures were arranged by Egide to minimize the effects of this incident on planned production and deliveries in concert with potentially affected customers. This incident should not have a significant impact on the activity for the fiscal year 2012.

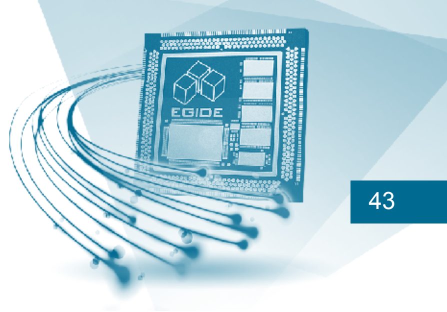
Excerpt from press release dated April 2, 2012:

Philippe Brégi, Chief Executive Officer of the group states: *"In the year 2012, we will most likely come out of the world economic crisis, which is ongoing since July 2011 and has resulted in stagnating sales for Egide since the third quarter of 2011. We expect a similar second quarter as the first and an incipient recovery from mid-year."*

He adds: *"Egide's continued strategy: the positioning of its products of high technical quality and high technological requirement, which protects it from the low cost competition, and a presence in diverse markets, in particular, by maintaining a highly developed expertise in optical telecommunications. In fact, although this sector's upturn was once again delayed, it is poised for substantial growth and Egide remains one of the best equipped actors to take advantage of it. While securing our cash flow, our successful capital increase earlier this year gives us the means to pursue this strategy."*

12.2 Events Capable of Affecting Trends

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

At March 31, 2012, Egide's Board of Directors is comprised of the following members:

Name	Role	Until
Mr. Philippe BREGI 34-36 rue de Clichy, 75009 Paris	Chairman of the Board Since 4/26/2005	6/30/2017
Mr. Antoine Dréan 46 Chemin Hauts de Grisy, 78860 St Nom la Bretèche	Board member Since 10/30/2008	6/30/2014
Mr. Vincent HOLLARD 47 boulevard Beauséjour, 75116 Paris	Board member Since 5/13/2011	6/30/2017
Mrs. Catherine Gerst 7 rue Saint Lazare, 75009 Paris	Board member Since 5/13/2011	6/30/2017

There is no board member elected by salaried personnel nor is there an auditor position. The board members have no family ties between them.

Information on the experience and expertise of each director for whom an appointment was proposed was communicated at the shareholders' meeting held on May 13, 2011. The proposed appointment of Ms. Catherine Gerst and Mr. Vincent Hollard was also the subject of a separate resolution for each of them allowing shareholders to freely decide on the composition of the company's Board of Directors.

With regard to Mr. Antoine Dréan, it should be noted that since January 19, 2012, and following the liquidation of the Tantale joint venture, which he managed on behalf of Société Bretonne de Développement (SBD), he now holds only 14,127 shares in Egide and is therefore no longer considered part of the major shareholders. SBD has meanwhile recovered the free management of its 129,213 shares held in Egide at that date, but is not a director of the company.

In accordance with recommendation R8 of the Middlenext governance code which the company refers to, Mrs. Catherine Gerst and Mr. Antoine Dréan are considered as independent board members because they do not maintain any financial, contractual or family relation with the company that may impair their independence of judgment. They are neither the company's employees nor corporate officers, nor customers or suppliers or bankers and are not major shareholders.

Each board member serves as a shareholder and holds at least one share in the company, in accordance with company regulations. On March 31, 2012, Mr. Philippe Brégi held 10,963 company shares, Mr. Antoine Dréan 14,127 shares, Mrs. Catherine Gerst 1 share and Mr. Vincent Hollard 1 share. Each Director is appointed for a term of six years and may be re-appointed (Article 13 of the By-laws).

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

Regarding the modus operandi of the Board, please refer to the report of the President of the Board on the composition of the Board and the principle of balanced representation of women and men within it, on the conditions of preparation and organization of the Board's work and on internal control and risk management procedures implemented by the company as presented in paragraph 16.4.

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 been reached with major shareholders, customers or suppliers, whereby a person was selected as director. To the company's knowledge, there is no conflict of interest between board members' duties and their private interests.

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 and indications have the following meaning:

- BD = Board of Directors
- PR = Permanent Representative
- Yes = the mandate is under way as at December 31, 2011
- No = the mandate is no longer exercised as at December 31, 2011

Mr. Philippe BREGI

Company	Address	Position	2011
Egide SA *	Bollène (84)	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
Teem Photonics	Meylan (38)	BT member	No

* *Companies belonging to the Egide group*.

Mr. Antoine Dréan

Company	Address	Position	2011
Arques Industries AG	Munich (Germany)	Supervisory board member	No
Egide	Bollène (84)	Board member	Yes
Elevon Invest SARL (formerly Mantra Holdings SARL)	Paris (75)	Managing partner	Yes
La Cie Financière 1818	Paris (75)	Censor	No
Mantra Americas LLC	New York (USA)	President and Chief Executive Officer	Yes
Mantra Management SARL	Luxembourg	Board members	Yes
Palico SAS	Paris (75)	President and Chief Executive Officer	Yes
Tantale SEP	Paris (75)	Managing partner	Yes
Triago Americas Inc.	New York (USA)	Board members	Yes
Triago Europe SA	Paris (75)	President and Chief Executive Officer	Yes
Triago Invest SC	Paris (75)	Managing partner	Yes
Triago Manag. Dev. SARL	Paris (75)	Managing partner	Yes
Triago MEA Ltd.	Dubai (EAU)	President and Chief Executive Officer	Yes
Triago IB SARL	Paris (75)	Managing partner	No
Windigo SARL	Paris (75)	Managing partner	No

Mrs. Catherine Gerst

Company	Address	Position	2011
Egide	Bollène (84)	Board member	Yes

Mr. Vincent HOLLARD

Company	Address	Position	2011
Altra Banque	Paris (75)	Board member	No
ANSA	Paris (75)	Member of the board	No
Cofip	Levallois Perret (92)	President	Yes
Copafima	Paris (75)	Board member	Yes
Didot Bottin	Paris (75)	Board member	No
Egide	Bollène (84)	Board member	Yes
Foncière INEA	Gennevilliers (92)	Supervisory board member	Yes
Gimar Finance et Cie	Paris (75)	Board member and Vice President	Yes
Guyenne et Gascogne	Bayonne (64)	Board member and Vice President	Yes
International Chamber of Commerce	Paris (75)	Member of the board	No
Quinette Gallay	Montreuil (93)	Board member	Yes
Sogara	Evry (91)	Board member	Yes
Sté des Amis du Musée de la Légion d'Honneur	Paris (75)	President	Yes

No board member has been convicted for fraud during the last five years, nor has he been prohibited from exercising his management functions.

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. Finally, none of the company's board members have been involved in a bankruptcy, receivership or liquidation (except for information concerning Mr. Antoine Dréan mentioned in paragraph 14.1).

15 COMPENSATION AND BENEFITS

15.1 Compensation for Board Members and Management

Total compensation and benefits paid during fiscal year 2011 to each agent are indicated in the tables below (before tax but social security charges deducted):

Table No. 1 - Summary of compensations and options and shares assigned to each corporate officer and director		
	Year 2010	Year 2011
Philippe BREGI - Chief Executive Officer		
Compensations due for the fiscal year (see Table 2) Valuation of options assigned during the fiscal year (see Table 4) Valuation of options assigned during the fiscal year (see Table 6)	€ 127,703.45 None None	€ 138,772.07 None None
TOTAL	**€ 127,703.45**	**€ 138,772.07**

Table No. 2 - Summary of compensation for each corporate officer and director				
	Year 2010		Year 2011	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Philippe BREGI Chief Executive Officer				
Fixed compensation Variable compensation Compensation exception. Board Members' Fees Non-cash benefits: Car - GSC	123,441.45 € None None None 4,262.00 €	123,441.45 € None None None 4,262.00 €	134,455.67 € None None None 4,316.40 €	134,455.67 € None None None 4,316.40 €
TOTAL	**127,703.45 €**	**127,703.45 €**	**138,772.07 €**	**138,772.07 €**

Table No. 3 - Director's fees and other compensation received by non-director corporate officers		
	Amounts paid in 2010	Amounts paid in 2011
Albert ZYLBERSZTEJN, Director		
- Board Members' Fees - Other compensations	6,000.00 € None	6,000.00 € None
21 CENTRALE PARTNERS, board member		
- Board Members' Fees - Other compensations	6,000.00 € None	6,000.00 € None
Antoine DREAN, board member		
- Board Members' Fees - Other compensations	6,000.00 € None	6,000.00 € None
Catherine GERST, board member		
- Board Members' Fees - Other compensations	None None	None None
Vincent HOLLARD, board member		
- Board Members' Fees - Other compensations	None None	None None
TOTAL	**18,000.00 €**	**18,000.00 €**

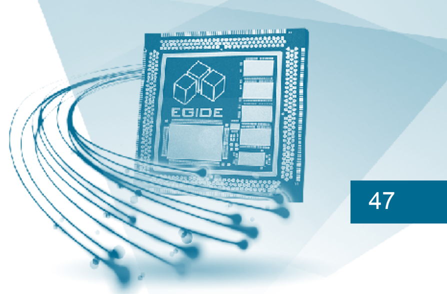


Table No. 4 - Stock options or stock purchase assigned to each corporate officer and director during the fiscal year by the issuer and by any company in the group						
	No. and date of the plan	Nature of the options	Valuation of the options	Number of options assigned during the fiscal year	Price of exercise	Period of exercise
Philippe BREGI				None		
TOTAL			-	-	-	

To the knowledge of the company, no hedging instrument has been used by the corporate officer and director.

Table No. 5 - Subscription options or stock options exercised during the fiscal year by each corporate officer and director			
	No. and date of the plan	Number of exercised options during the fiscal year	Price of exercise
Philippe BREGI	None		
TOTAL		-	-

Table No. 6 - Performance shares assigned to each corporate officer						
Shares assigned during the fiscal year to	No. and date of the plan	Number of options assigned during the fiscal year	Valuation of the options	Acquisition date	Availability date	Performance conditions
Philippe BREGI	None					
TOTAL		-	-			

Table No. 7 - Performance shares that have become available to each corporate officer			
	No. and date of the plan	Number of options that have become available during the fiscal year	Acquisition conditions
Philippe BREGI	None		
TOTAL			

Table No. 8 - History of stock options or stock purchase allotments						
Information on stock options or stock purchase at December 31, 2011						
Plan No	4.1	4.4	5.1	5.2	6.1	6.2
Date of meeting	6/8/2004	6/8/2004	6/20/2007	6/20/2007	5/28/2010	5/28/2010
Date of Board meeting	4/26/2005	1/15/2007	7/24/2007	3/5/2009	10/18/2010	10/6/2011
Total number of subscribed shares *	20,767	4,900	5,400	26,624	200	600
The number of which can be subscribed by **Philippe BREGI**	20,767	0	0	20,000	0	0
Starting point for exercising options	4/26/2007	1/15/2009	7/24/2009	3/5/2011	10/18/2012	10/6/2013
Expiry date	4/25/2012	1/14/2014	7/23/2014	3/4/2016	10/17/2017	10/5/2018
Subscription Price	€ 29.74	€ 31.15	€ 27.83	€ 5.79	€ 5.63	€ 8.08
Terms of exercise and minimum number of shares for each exercise	Maximum exercise per quarter every 30 trading days					
	500	20	20	20	20	20
Number of subscribed shares at Saturday, December 31, 2011	0	0	0	25	0	0
Cumulated number of cancelled or obsolete options	0	800	1,000	1,000	0	0
Stock options outstanding at fiscal year end on December 31, 2011	20,767	4,100	4,400	25,599	200	600

Table No. 9 - Stock options assigned to the ten first appointed non-corporate-officer employees and options exercised by them		
	Total number of assigned options/exercised shares	Weighted average price
Options granted during the fiscal year 2010 Options exercised during the fiscal year 2010 Options granted during the fiscal year 2011 (on December 31) Options exercised during the fiscal year 2011 (on December 31)	200 None 600 25	5.63 € - 8.08 € 5.79 €

Table No. 10 - Corporate officers and directors								
	Work contract		Additional retirement plan		Compensation or benefits payable by reason of termination or change of function		Compensation for covenant not to compete	
	Yes	No	Yes	No	Yes	No	Yes	No
Philippe BREGI		**xx**		**xx**		**xx**		**xx**

For fiscal years 2009, 2010 and 2011, 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 (Peugeot 207) as well as profit sharing, in the same manner as all salaried employees. No profit sharing was paid in 2010 and 2011. 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, 2011 held 40,767 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.

In addition, board members are provided with civil responsibility for management and proxy holders insurance, underwritten by Chartis company. Coverage is for a maximum of 4.5 million euros, the deductible in the USA is $ 25,000, and the premium is 12,939 euros before taxes remains unchanged.

15.2 Amounts Provided

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 the annual consolidated statement 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 § 20.3.1.5.3.13).

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.

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 so defined audit committee or remuneration committee at Egide. In view of the size (four board members) and the composition of the Board of Directors (the chairman who also acts as executive Director, two independent directors and one director representing a major shareholder), it did not seem appropriate to create an independent audit committee of the Board itself. This is why the latter replaces and assumes the responsibilities of the Audit Committee in accordance with provisions of Article L. 823-20 of the French Commercial Code. Within the company, the Board of Directors meets as audit committee only as regards the preparation of annual accounts. The preparation of financial information and the follow-up of the efficiency of internal control systems and risk management is monitored by the Board of Directors itself. Executive compensation is set by the Board.

Since the appointment of Mrs. Catherine Gerst as board member (Annual General Meeting (AGM) of May 13, 2011), a member of the Board of Directors has expertise in the area of finance while at the same time remaining independent.

16.4 President's Report on Internal Control and Risk Management

This report was approved by the Board of Directors on Thursday, March 29, 2012.

16.4.1 Conditions for Preparation and Organization of the Board of Directors

16.4.1.1 Corporate Governance Code

In conformance with the provisions of article L.225-37 of the Commercial Code, on April 9, 2010, the Board of Directors decided to adopt the corporate governance for small and mid-size companies established by Middlenext as the company's reference code for the preparation of this report, provided that the board members have taken cognizance of the watch-points of the said code. Moreover, the 15 recommendations of the code will be indicated with reference to each relevant paragraph in this document.

Middlenext's governance code is available for download at the following address:
http://www.middlenext.com/IMG/pdf/Code_de_gouvernance_site.pdf

16.4.1.2 Composition of the Board of Directors

The company's Board of Directors is comprised of four members, all of which are private individuals:

Board Member	Since
Mr. Philippe Brégi, Chief Executive Officer	April 26, 2005
Mr. Antoine Dréan	October 30, 2008
Mrs. Catherine Gerst	May 13, 2011
Vincent Hollard	May 13, 2011

There is no board member elected by salaried personnel nor is there an auditor position.

On May 2, 2011, 21 Centrale Partners informed the company of its decision to resign, with immediate effect, from its office as board member, with which it had been entrusted on April 17, 2000 and renewed on June 29, 2006 for a period of six years.

Furthermore, Mr. Albert Zylbersztejn, board member since February 16, 1999 and whose mandate expired at the close of the General Meeting on May 13, 2011, had not wish to renew it.

In accordance with recommendation R9 of the Middlenext code, information on the experience and expertise of each board member for whom an appointment was proposed was communicated at the General Meeting of shareholders held on May 13, 2011. The proposed appointment of Ms. Catherine Gerst and Mr. Vincent Hollard was also the subject of a separate resolution for each of them allowing shareholders to freely decide on the composition of the company's Board of Directors.

With regard to Mr. Antoine Dréan, it should be noted that since January 19, 2012, and following the liquidation of the Tantale joint venture, which he managed on behalf of Société Bretonne de Développement (SBD), he now holds only 14,127 shares in Egide and is therefore no longer considered part of the major shareholders. SBD has meanwhile recovered the free management of its 129,213 shares held in Egide at that date, but is not a board member of the company.

As per recommendation R8 of the Middlenext code, Mrs. Catherine Gerst and Mr. Antoine Dréan are considered independent board members because they have no financial, contractual or family relationship with the company that may impair their independence of judgment. They are neither employees nor corporate officers, nor customers or suppliers or bankers of the company and they are not major shareholders.

Each board member serves as a shareholder and holds at least one share in the company, in accordance with article 14 of the company by-laws).

Each board member is appointed for a term of 6 years in accordance with the law and as permitted by recommendation R10 of the Middlenext code. He is also eligible for re-appointment (Article 13 of the By-Laws). With regard to the company's activity, this period provides an understanding of the various trades and a follow-up of the strategy which often unfolds beyond 2 years.

At the time of his appointment, each board member is made aware of responsibilities assigned to him and is encouraged to observe the rules of professional conduct relating to the obligation of results and comply with the legal rules governing holding multiple appointments. He must also inform the Board of Directors of any conflict of interest that may arise after obtaining the mandate, attend meetings of the Board of Directors and General Meeting, ensure that he has all relevant information on the agenda items of Board meetings before making any decision and will respect professional secrecy (recommendation R7 of the Middlenext code).

In compliance with provisions of Law No. 2011-103 of January 27, 2011 relating to the balanced representation of men and women on Boards of Directors and Boards of trustees, and professional equality, the General Meeting which met on May 13, 2011 decided to appoint a female member on the Board of Directors.

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 internal rules of the Board of Directors and the Directors' Charter have been drafted for the first time on April 9, 2010 to determine the Board's operating methods. Such provisions are in line with recommendation R6 of the Middlenext code. The Board of Directors meets as many times as is necessary, when called by its president. The latter ensures that documents, technical records and information relating to agenda items are made available to members of the Board of Directors via email, within a reasonable period of time in compliance with recommendation R11 of the Middlenext code. Moreover, each board member may obtain from the senior management any document he deems useful. The board of directors examines and makes decisions regarding important business questions, particularly those of a strategic nature.

As contemplated in provisions of Article L.823-20 para. 4 of the Commercial Code and recommendation R12 of the Middlenext code, the decision was made that the Board of Directors would serve as audit committee to enable all board members to contribute to the monitoring of the process according to which the financial information is developed and the effectiveness of internal control systems. In the exercise of his executive functions, the CEO shall abstain from attending board meetings carried out in the form of audit committee. The chair of the meeting is therefore entrusted to Mrs. Catherine Gerst, independent and competent board member in finance and accounting in view of her previous work experience, however, the CEO is invited to attend part of the meeting depending on the nature of the subject and details, and information that he can provide in order to enrich the debates.

The company also believes that its structure and its size associated with the reduced size of the Board of Directors does not require the implementation of a Compensation Committee and an Appointments Committee, all board members acting collectively on all important points pertaining to the management of the company.

The Board of Directors usually meets in the premises of the board members or those of the corporate counsels, and in compliance with recommendation R13 of the Middlenext code, at least 3 times per year and whenever circumstances so require. Committee members and auditors regularly attend corporate boards when their presence is required by law. The agenda is established by the president; decisions are usually 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 roster as well as all meeting reports are available at the corporate office. During the fiscal year 2011, the Board of Directors met 5 times (4 times in 2010) in the presence of all the directors.

Between meetings, board members are also kept informed on a regular basis of any event and information that may have an effect on the company's obligations, its financial and cash positions when warranted by events concerning the company.

In consideration of their participation in the board of directors, each member, with the exception of the president, receives a fee. For fiscal year 2011, a total amount of 24,000 euros was allocated for this purpose. In compliance with recommendation R14 of the Middlenext code, the allocation of attendance fee is based on the physical presence of the representative of the Boards of Directors.

No particular element that might have an impact in case of a public offer other than those set out in this report is 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 unemployment insurance, the private use of the car and the management portion of the insurance are considered a benefit in kind.

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. The CEO does not receive attendance fees neither as part of his office held within Egide nor as part of offices held in other companies of the group.

With regard to stock options, given that the exercise and definite allotment of share options to the CEO are carried out under the same program as other employees, the exercise and allotment of share options are not subject to future performance conditions. However, in accordance with provisions of Law No. 2006-1770 of December 30, 2006, the Board of Directors decided on March 5, 2009 that in case of allotment of stock options to the CEO, a minimum of 20 % of shares resulting from the exercise of options are required to be retained in registered form until the CEO ceases to hold office. As of the date hereof, the CEO holds 40,767 stock options, or 2.29% of the capital (20,767 allocated in April 2005 and 20,000 allocated in March 2009).

Thus, with respect to the remuneration of executive company managers, the principles of determination followed by the company meet the criteria of comprehensiveness, balance between remuneration elements, benchmark, consistency, readability of the rules, measurement and transparency. At this point, the company is in compliance with recommendations R1, R2, R3, R4 and R5 of the Middlenext code.

The company has not implemented an evaluation procedure of the Board's work to date in light of its structure and its mode of operation. In practice, the board members exchange their views throughout the fiscal year during board meetings and work conferences as well as by electronic mail communications. The Board considers that, because of its small size, the guideline set out in recommendation R15 of the Middlenext code is satisfied informally and that there is no need for a formal evaluation).

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, avals, 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

The preparation of this report was established based on the guide to implementation of the reference framework for small and mid-sized companies published by the AMF, which was the subject of a recommendation dated July 22, 2010, supplemented by the AMF report on corporate governance, executive compensation and internal control of small and mid-size companies of December 7, 2010. The state of 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 General principles of risk management

Risk management aims to be comprehensive and covers all activities, processes and assets of the company. It is a dynamic system, defined and implemented under its responsibility. It includes a set of tools, behaviors, procedures and actions that enables executives to keep the risks to an acceptable level for the company.

The risk represents the possibility of an event occurring and the consequences of which would be likely to affect people, assets, environment, objectives of the company or its reputation. The objectives of risk management are the following:

- Create and preserve value, assets and the reputation of the company
- Secure decision making and company processes to help achieve objectives
- Promote consistency of actions with company values (credibility)
- Mobilize company employees around a shared vision of key risks

At Egide, the risk management system is based on:

- An organizational framework: the steering committee made up of the Director General and five operational unit directors (technical and commercial, industrial, quality and environment, R&D, and financial), will meet in an ad hoc session.
- A management process: a mapping was first carried out in which each sector has identified one or more risks (with its causes and consequences). Each risk was then assessed in terms of its impact on the objectives and the value of the group, and on its level of control given the actions already in place; in addition, areas in need of improvement were defined. Major risks were finally grouped on a control panel specifying the head of the sector as well as the most relevant measurement criterion chosen.
- A continuous control: the steering committee being directly assigned with the risk management, various meetings in which it regularly participates are many opportunities to assess, anticipate and learn from the possible effects of risks that have developed. Once a year, the management board holds a special meeting as part of the review of the risk management system in order to update the mapping, if necessary.

A specific point is made in the management of financial risks. The topics covered mainly include accounting and management systems, computer services, legal aspect and in particular the accounting and financial reporting.

The first elements are intended to ensure the accuracy of accounts, the absence of fraud or misappropriation of funds and the proper assessment of production costs in order to avoid negative margin sales. The whole being managed by computer, special attention is paid to the processing system and data backup and systems. On a legal point of view, the monitoring of legislative developments ensures that any new statutory provision will be implemented, including legal watch (meetings, publications...) and the use of corporate counsels when necessary.

In terms of accounting and financial reporting, special attention is paid to any element (financial or otherwise) that is released to the public. 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 American subsidiary's (Egide USA) income takes the form of a conference call. 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 1, 2009 the format of the presentations has been unified. For the Moroccan (Egima) et British (Egide UK) subsidiaries, their respective positions (more operational activity since July 1, 2009 for the first company and relatively low emphasis for the second) justifies a quarterly reporting or a case by case is now sufficient.

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 trimester, the company publishes group sales figures for the past trimester. 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 a limited examination by auditors regarding the financial position on June 30, and of an audit in the case of 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 report, 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 such as the AMF. The information is also available on the Web site, and hard copies can be obtained from the corporate office.

16.4.2.2 Link between risk management and internal control

The risk management and internal controls systems are involved in a complementary manner to the company's control activities.

We have seen it, the risk management system aims to identify and analyze the principal risks faced by the company's activities. The management of this process involves checks to be put in place, which fall under the internal control system.

For its part, the internal control system is based on the risk management system to identify key risks to be controlled and ensure their process.

16.4.2.3 General principle for internal control

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.

In responding to the requirements of ISO 9001:2008 et 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. These operations are coordinated by the quality and environment management, and analyzed by the steering committee (see 2. 1 for its composition) or during management reviews.

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.

16.4.2.4 Limits of the risk management and internal control

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 yet integrated in the procedures put in place in the context of ISO 9001:2008 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 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 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 regularly travels to the company's location 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 and comes on location when necessary. Egide's senior management conducts a remote commercial review as the subsidiary is not considered strategic (not "core business").

Egima subsidiary: The company uses an independent accounting organization to handle its accounting functions. Supervision is directly assumed by the Egide, who, moreover, is the sole decision-maker with the executive director in cash management matters (including the issuance of payments. A salaried assistant in the nevertheless 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, 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.

16.4.2.5 Risk management and internal control players

Risk management and internal control concern both governing bodies (general management, Board of Directors, audit committee) and all the company's collaborators (risk manager, internal audit and staff).

16.4.2.5.1 General Directorate

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).

16.4.2.5.2 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 accounts annually and examines biannual accounts. In this regard, it obtains all the information it deems useful for 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.

16.4.2.5.3 Audit Committee

In view of the size (four board members) and the composition of the Board of Directors (the chairman who also acts as executive Director, two independent directors and one director representing a major shareholder), it did not seem appropriate to create an independent audit committee of the Board itself. This is why the latter replaces and assumes the responsibilities of the Audit Committee in accordance with provisions of Article L. 823-20 of the French Commercial Code.

16.4.2.5.4 Risk Manager

At Egide, this function is performed by senior management assisted in his task by the steering committee (see 16.4. 2.1 for its composition).

16.4.2.5.5 Internal audit

At Egide, this function is performed by senior management assisted in his task by the steering committee (see 16.4. 2.1 for its composition).

16.4.2.5.6 Company Personnel

The company relies on its internal organization, its management system, and quality tracking necessary to maintain its ISO 9001 et 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. The entire standards and procedures incorporate general objectives with the company personnel, the latter, in fact, possessing the information necessary to establish and operate the internal monitoring system.

16.4.2.6 Auditors' role

As part of their legal duties, auditors acquire knowledge and build on internal audit work to get a better understanding and arrive quite independently at an informed judgment on their relevance.

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. Regarding the two main entities of the group (Egide SA and Egide USA together account for more than 90 % of sales), the same firm of auditors was selected to conduct the audit.

The auditors also communicate their comments on this President's report, for those internal monitoring procedures that are relative to the preparation and processing of financial and accounting information, and demonstrate the establishment of other information required by law.

16.4.2.7 Risk management and internal control limits

Risk management and internal control systems, as well designed and well implemented as they may be, cannot provide absolute assurance regarding the achievement of company goals. The likelihood of achieving these objectives does not fall under the sole initiative of the company because there are limits inherent in all systems and processes. These limits derive from many factors, including uncertainties from the outside world, the exercise of the faculty of judgment or of malfunctions that may occur due to technical or human failures or simple errors.

The choice of treatment of a particular risk is done by deciding between the opportunities to be seized and the cost of treatment of risk measures, taking into account their possible effects on the occurrence and/or consequences of risk in order not to undertake actions that would turn out to be unnecessarily costly.

16.5 Auditors' Report on the President's Report

« Ladies and Gentlemen,

In our capacity as auditors at EGIDE SA, and in conformance with 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 accordance with the provisions of Article L. 225-37 of the Commercial Code for fiscal year ending December 31, 2011.

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 L. 225-37 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 and risk management 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 cannot verify the truthfulness of this information.

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

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

These standards require the implementation of due diligence to assess the sincerity of the information concerning the internal control and risks management 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 and risk management 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 and risks management 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 Board President's report contains other information required by Article L.225-37 of the Commercial Code.

Neuilly sur Seine and Paris, April 20, 2012

The Auditors

PricewaterhouseCoopers Audit,
Jean-François Châtel

SYC SAS,
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 office	Joined the company on
Mr. Philippe BREGI 34-36 rue de Clichy, 75009 Paris	President - Chief Executive Officer	11/9/2004
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	7/1/2002
Mr. Frédéric DISPERATI 3 Chemin des Passadoires, 84420 Piolenc	Director, Quality, Environment and Client Satisfaction	10/1/1990
Mr. Philippe LUSSIEZ 2 rue des Champs, 78320 La Verrière	Director, Finance	6/9/1992
Mr. Didier MARTIN 33 avenue du Plan de l'Eglise, 78960 Voisins le Bretonneux	Business and technical support manager	8/3/1992
Mr. Michel MASSIOT 8 Résidence Le Tilleul, 26130 Saint Paul Trois Châteaux	Director, R&D	1/5/2007
Mr. Wladimir MUFFATO Quartier Genève, 26130 Montségur sur Lauzon	Industrial manager (production and acquisition)	12/19/1994

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

Name	Role	Since
Mr. Philippe BREGI	Manager of SARL Egima President of Egide USA LLC President of Egide USA Inc President of Egide UK Ltd	4/28/2005 4/28/2005 4/28/2005 4/27/2005
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	7/1/2002
Mr. Philippe LUSSIEZ	Secretary of Egide USA Inc Secretary of Egide USA LLC	4/28/2005 4/28/2005
Mr. Didier MARTIN	Board Member of Egide UK Ltd	7/1/2002

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 holds a Bachelor of Science degree in Ceramic Engineering from Rutgers University in the USA. 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 has been a board member since July 1st, 2002.

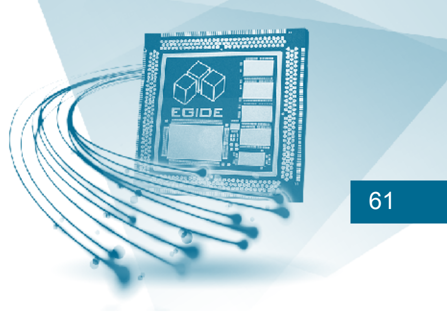
Mr. Frédéric DISPERATI is a materials engineer. On joining Egide in 1990, he was responsible for the development of aluminum products, then served as product manager in the Engineering department before spending a year and a half in technical support at the Egide USA subsidiary. On his return in March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

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

(Present on December 31)	2009	2010	2011
Administration and Business	29	28	28
Production, Quality, and R&D	259	301	275
Total	**288**	**329**	**303**

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

(Present on December 31)	2009	2010	2011
Egide Trappes and Bollène	164	210	189
Egide USA	65	68	77
Egide UK	29	23	28
Egima	30	28	9
Total	**288**	**329**	**303**

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

(Present on December 31)	2009	2010	2011
Contracts of Determined Duration	13	60	32
Contracts of Undetermined Duration	274	269	269
Apprenticeship Contracts	1	0	2
Total	**288**	**329**	**303**

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 concluded for a period of 3 years from January 1 2010 to December 31, 2012. This profit-sharing is calculated annually from the company's operating results before corporate tax. 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.

At Egide USA, a profit-sharing agreement is in force between the company and its key executives. It is a variable percentage of the annual salary that is paid if the EBITDA generated during the fiscal year exceeds 85% of what was budgeted. A total gross amount of $ 126,033 was paid for bonuses for fiscal year 2011.

At Egide UK, all employees benefit from a profit-sharing plan according to sales realized on a monthly, quarterly and yearly basis. Fixed premiums are paid to each employee according to a scale determined every year. A total gross amount of £ 18,200 was paid for fiscal year 2011.

At Egima, no profit-sharing agreement was implemented.

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 Options Plans

Since Egide's listing on the Paris Stock Exchange, stock options have been granted to certain supervisory staff. On March 31, 2012, the total amount of stock options provided to Egide employees, and not yet exercised is 57,358; the amount granted to and not yet exercised by Egide USA employees is 2,981, and that of Egide UK employees is 60,339.

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 March 31, 2012:

Plan Number	Plan 4.1	Plan 4.4	Plan 5.1	Plan 5.2	Plan 6.1	Plan 6.2	Total
General Meeting Council	6/8/2004 4/26/2005	6/8/2004 1/15/2007	6/20/2007 7/24/2007	6/20/2007 3/5/2009	5/28/2010 10/18/2010	5/28/2010 10/6/2011	
Initial Number of Stocks - Proxy holders - First 10 Salaried Personnel	20,000 20,000 0	4,900 0 4,500	5,400 0 3,800	26,624 20,000 4,124	200 0 200	600 0 600	57,724 40,000 13,224
Number of Stocks after Adjustments*	22,500	5,246	5,774	28,776	217	651	63,164
Period Beginning Date Period End Date	4/26/2007 4/25/2012	1/15/2009 1/14/2014	7/24/2009 7/23/2014	3/5/2011 3/4/2016	10/18/2012 10/17/2017	10/6/2013 10/5/2018	
Terms and Conditions	Maximum of ¼ every 30 trading days, with a maximum of 20 stocks (plan no's. 4.4, 5.1, 5.2, 6.1 , and 6.2), 500 stocks (no. 4.1) **Employees of Egide SA (all plans) and Egide USA (plan 6.1)** Disposal: Frozen for 2 years starting from the date of the exercise **Egide USA Employees (except plan 6.1)** Disposal: Total amount frozen for 1 year + 1 year for half the amount, starting from the date of the exercise. **Proxy holder** Disposal of plan no. 5.2: a maximum of 80% exercised during the term of the proxy.						
Subscription Price *	27.45 €	28.75 €	25.69 €	5.34 €	5.20 €	7.46 €	
Number of Options Subscribed to Number of Options Lost Number Remaining to Be Exercised	0 0 22,500	0 800 4,446	0 1,000 4,774	25 1,000 27,751	0 0 217	0 0 651	25 2,800 60,339

** Adjustments are made after capital operation.*

During fiscal year 2011, 25 options were subscribed by an employee of Egide SA.

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 2011, beneficiaries lost a certain number of option subscriptions.

- **Plan No. 4.4:** an beneficiary employee of 200 options informed the company of his resignation
- **Plan No. 5.2:** the employee beneficiary of the 4.4 plan who left the company was the holder of 100 options

A total of 300 options was thus lost for the period, the expiry of which was ascertained by the Board of Directors on March 29, 2012.

Further to the effective realization of the capital increase on February 17, 2012, the Board of Directors on March 29, 2012 proceeded to an adjustment of the conditions of exercise of stock options (price and quantity) (Article L.228-99, 3° of the Commercial Code in reference to Article L.225-181, para. 2 and Article R.228-91, para.1 of the Commercial Code in reference to Article R.225-137). The resulting quantity and price adjustments are as follows:

Price adjustment (Art. R.228-91, 1°)

Plan Number	Plan 4.1	Plan 4.4	Plan 5.1	Plan 5.2	Plan 6.1	Plan 6.2
Initial Subscription Price	29.74 €	31.15 €	27.83 €	5.79 €	5.63 €	8.08 €
Adjusted Subscription Price	27.45 €	28.75 €	25.69 €	5.34 €	5.20 €	7.46 €

Quantity adjustment (Art. R.225-140 and R.225-142, para. 2)

Plan Number	Plan 4.1	Plan 4.4	Plan 5.1	Plan 5.2	Plan 6.1	Plan 6.2	Total
Initial total balance	20,767	4,100	4,400	25,599	200	600	55,666
Adjusted total balance	22,500	4,446	4,774	27,751	217	651	60,339

Taking these elements into account the maximum number of options having been set at 5 % of shares that make up capital (88,969 attributable options on March 31, 2012), 28,630 available options remain, i.e., 1.61 % of capital. On that same date, the 60,339 options not exercised represented a potential dilution of 3.39%.

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 the group's activities

Company information relating to companies of the Egide group are shown below. They were collected from HR managers from each site (Trappes and Bollène for Egide SA, Cambridge, MD for Egide USA, Woodbridge for Egide UK and Casablanca for Egima).

Total Number of Employees

At December 31, 2011, the group's total paid workforce was 303 persons, including 17 based on the Trappes site, 172 on the Bollène site, 77 on the Cambridge site, 28 on the Woodbridge site and 9 on the Casablanca site. The average number of employees during the fiscal year was 336.

Egide employs a total of 6 part-time employees (4 in Bollène, 1 in Cambridge and 1 in Woodbridge) and 19 part-time employees, mostly 4/5 or 80 % of the weekly hours of work (17 in Bollène et 2 in Woodbridge). The remaining staff works full time.

Recruitment

During the course of the year 2011, the company hired 69 person with fixed-term contracts or the equivalent (mostly operators of which 60 are in Bollène, 2 in Trappes and 7 in Cambridge), and 30 with open-ended contracts or the equivalent (21 conversions from open-ended to fixed-term contracts) and 5 hires in Bollène, 2 hires in Cambridge and 2 hires in Woodbridge). Two apprentices were also employed on the Bollène site. The Egide group has no particular difficulties when it comes to recruitments.

Terminations

Two proceedings for dismissal were taken during the year 2011 at Egide USA for disciplinary reasons. A redundancy plan was negotiated at Egima in May 2011, which resulted in the termination of 17 open-ended contracts with the signing of an arbitration agreement each time. The plan occurred in the context of the suspension of operations of the Moroccan subsidiary and it affected all employees whose position was not related to surface treatment. No departure due to dismissal was noted in other companies of the group.

Overtime

During fiscal year 2011, a total of 27,918 hours was paid for overtime, of which 23,094 hours on the Bollène site, 2,475 hours on the Trappes site, 587 hours on the Cambridge site, and 1,762 hours on the Woodbridge site. It should be noted that an extra hour is the hour that exceeds the legal weekly limit of 35 hours in France, 39 hours in Britain and 40 hours in the United States and Morocco.

Outside Labor

Group Egide does not appeal to outside manpower other than temporary (see § ad hoc).

Work Schedule

In France, the work week is 38½ hours spread over 5 days. Non-supervisory hourly personnel work a base 35-hour week, to which 2 hours (paid at 125%) and a 1½-hour break are added. Nonsupervisory regular personnel work 35 hours a week, with a 3½-hour break. Supervisory personnel's schedules are annualized.

In the U.S., the work week is 40 hours spread over 4 days (from Monday to Thursday). Non-management employees have a daily break of one hour (30 minutes for lunch and two breaks of 15 minutes each). Supervisory personnel's schedules are annualized.

In Britain, the work week is 39 hours spread over 5 days. Non-management employees have a daily break of 1 hour 25 minutes. Supervisory personnel's schedules are annualized.

In Morocco, the work week is 40 hours spread over 5 days. Employees have a daily break of one hour (40 minutes for lunch and two breaks of 10 minutes each).

Absenteeism

In 2011, 42,473 hours of absence were noted at the group's level, primarily attributable to sick leaves (short and long term) or maternity leave (1,918 hours in Trappes, 39,535 hours in Bollène, 500 hours in Cambridge and 520 hours in Woodbridge).

Compensation and Increases

Gross payroll paid in 2011 was € 5,886,758 euros in France, $ 2,611,357 in the U.S., £ 831,261 in Britain and MAD 1,272,011 in Morocco (excluding severance pay and compensation in lieu of notice for MAD 1,133,000).

The average salary increase was 2 % in France, in compliance with a memorandum of agreement on compensation policy in 2011, which was signed between the company and its trade union stewards and 3 % in the U.S. The salaries of the British and Moroccan companies have not evolved.

All company personnel are paid monthly, on a 12 or 13-month basis in France, Britain and Morocco. The personnel is paid every two weeks in the USA. No employee of the group is paid based on performance.

Social Expenses

At Egide SA, the amount of employer's contributions entered in the accounts for fiscal year 2011 is 2,284,458 euros or 38.8 % of gross payroll.

At Egide USA, employer's contributions amounted to $ 537,917 in 2011 or 21.0 % of gross payroll. At Egide UK, they were of £ 86,654 (10.4 %), and at Egima of MAD 317,857 (25.0 %).

Profit Sharing, Participation, and Savings Plan

A profit-sharing agreement was signed on June 04, 2010 by the company and the employees, represented by secretary of the Labor-management committee and in presence of the trade union stewards. It was concluded for a period of 3 years from January 1, 2010 to December 31, 2012, replacing the previous agreement which had expired. This profit-sharing is calculated annually from the company's operating results before tax. 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 2011.

Moreover, all of Egide's personnel benefit from profit-sharing according to basic calculations provided by law. Based on the results achieved, no profit-sharing was paid for fiscal year 2011. The company does not have an employee savings plan.

At Egide USA, a profit-sharing agreement is in force between the company and its key executives. It is a variable percentage of the annual salary that is paid if the EBITDA generated during the fiscal year exceeds 85% of what was budgeted. A total gross amount of $ 126,033 was paid for bonuses for fiscal year 2011.

At Egide UK, all employees benefit from a profit-sharing plan according to sales realized on a monthly, quarterly and yearly basis. Fixed premiums are paid to each employee according to a scale determined every year. A total gross amount of £ 18,200 was paid for fiscal year 2011.

At Egima, no profit-sharing agreement was implemented.

Male-Female Equality in the Workplace

Although most departmental personnel are female, there is no position within the group that could engender unequal treatment between men and women.

Labor Relations and Collective Bargaining Agreements

In France, labor-management committee elections were held in 2010. One labor-management committee uniting two sites (Bollène and Trappes) was elected for a 4-year term. There is no labor-management committee abroad.

Outside of its formal relationship with the labor-management committee and trade unions when these bodies exist, the Egide group encourages 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 need for a particular structure in place for that.

At Egide SA the SPEA of Tricastin (CFDT) and the Union Locale CGT labor-unions designated a trade union steward on the Bollène's premises. There are no labor unions in other facilities of the group (Trappes, Cambridge, Woodbridge and Casablanca).

Industrial Hygiene and Safety Conditions

The Industrial Hygiene, Safety, and Working Conditions Committee of Egide SA met 4 times in Bollène during fiscal year 2011. There are no similar organizations in the foreign subsidiaries. The French company experienced 7 work-related accidents and 1 commuting accident, which affected employees including 4 with temporary leave without disablement and 4 without any temporary leave. The U.S. subsidiary experienced 2 accidents that affected employees without temporary leave.

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

Trappes Site	Rate: 1.12 %	Cost: 10,771 €
Bollène Site	Rate: 2.05 %	Cost: 101,318 €
Cambridge Site	Not applicable	Cost: -
Woodbridge Site	Not applicable	Cost: -
Casablanca Site	Rate: 4.50 %	Cost: 60,152 MAD

Training

In 2011, Egide SA committed a total of 36,744 euros and Egide USA. $1,952 for training. There were no training expenses at Egide UK and Egima.

At Egide SA, no hours of training were used during the course of the fiscal year as part of the Individual Entitlement to Training (DIF). At December 31, 2011, the cumulated hours earned by the company's employees for the Individual Entitlement to Training were 17,605 hours.

Employment and Integration of Handicapped Workers

Egide SA employs 15 recognized disabled employees (not motor) on the Bollène site and none on the Trappes site. In the course of the company's activities, no handicap has ever caused an accident. The obligation to employ disabled workers (Law of February 11, 2005) for fiscal year 2011 being of 12 persons, the French company has fulfilled its obligation.

There is no similar regulation for the group's subsidiaries and none of them employs disabled workers.

Benefits

As far as social benefits are concerned, Egide SA directly provides a restaurant ticket program as well as health insurance program and a provident fund for its employees. In 2011, the company committed 174,944 euros for restaurant tickets, 45,425 euros as partial contribution to the health insurance program, and 35,871 euros as partial contribution to the provident fund. In addition, the company allocated a budget to the labor-management committee that stood at 70,847 euros during fiscal year 2011, i.e., 1.2 % of gross payroll. This budget is redistributed to the employees in the form of gift certificates, outings, meals, etc.

At Egide USA, the partial contribution to the health insurance program and provident fund cost the company $ 259,857. At Egide UK, the assumption of a health insurance program for 6 managers cost £ 4,029. Finally at Egima, the assumption of a health insurance program stood at MAD 67,548 in 2011.

Recourse to Temporary Agencies

For fiscal year 2011, Egide SA entered expenses of 28,940 euros paid to two temporary employment agencies with regard to replacements for maternity and sick leaves, and 5,823 euros to two companies that provided service personnel to the company (site guarding fees), which represents the equivalent of 0.60 % of annual gross payroll.

The group's foreign subsidiaries did not use temporary employment agencies during the fiscal year 2011.

Regional Impact of Employment and General Development

Egide SA contacts the local office of the employment center of the National Agency for Employment as soon as recruiting needs arise. The foreign subsidiaries use similar companies when they exist, but favor local hires.

Relationships with Social Agencies

Egide SA 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. In addition, the company contributes a share of its education tax to teaching establishments.

There are no similar links in foreign subsidiaries.

Foreign Subsidiaries and the Impact on Regional Development

Egide has three subsidiaries, one based in the United States, a second in England, and a third in Morocco. The employees of these subsidiaries came from the job pool in each country.

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, (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.. An ethical clause is included in the charter that Egide SA sends to all its suppliers (namely Asians for whom the application of agreements could be more aleatory), the acceptance of an order by the latter constitutes acceptance of conditions of said agreement. Under no circumstances will Egide use suppliers involved child or forced labor. By accepting an order from Egide, the supplier unconditionally undertakes to comply with and ensure compliance with this clause by its own suppliers.

17.5 Information on the Fight Against Discrimination and the Promotion of Diversity

In pursuance of provisions of Article L. 225-102-1 paragraph 5 of the Commercial Code as amended by Article 9 of Law No. 2011-672 of 16 June 2011, every year Egide SA submits to the labor-management committee and personnel representatives a single report in which several items related to the company's commitments in the fight against discrimination and the promotion of diversity are mentioned (see above indicators). Moreover, with regard to vocational training and promotion, working conditions and actual remuneration, there is no differentiation between a man and a woman within the Egide group.

18 PRINCIPAL SHAREHOLDERS

18.1 Breakdown of Capital and Voting Rights

Position on March 31, 2012	Number of Shares	% of Capital	Number of Votes	% of Voting Rights
Philippe Brégi (Bearer Securities) Philippe Brégi (Registered Securities)	10,947 16	0.62 % 0.00 %	10,947 28	0.61 % 0.00 %
Total Philippe Brégi (President & CEO)	**10,963**	**0.62 %**	**10,975**	**0.61 %**
Public (Bearer Securities) Public (Registered Securities)	1,752,244 16,173	98.47 % 0.91 %	1,752,244 27,863	97.83 % 1.56 %
Public Total	**1,768,417**	**99.38 %**	**1,780,107**	**99.39 %**
TOTAL	**1,779,380**	**100.00 %**	**1,791,082**	**100.00 %**

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

On March 31, 2012, shares held by other members of the company's Board of Director are as follows: Mr. Antoine Dréan 14,127 shares, Mrs. Catherine Gerst 1 share and Mr. Vincent Hollard 1 share.

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

See also § 21.1.5 - Changes in the Last Three Years

18.2 Crossing the Thresholds

Identity of shareholders possessing more than 5%, 10%, 15%, 20%, 25%, 30 %, 33.33%, 50%, 66.66%, 90% and 95% of share capital or voting rights on March 31, 2012:

	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
Cie financière Sopalia [1]	X							
Optigestion [2]		X	X					
SBD [3]	X	X	X					

[1] *AMF opinion of December 5, 2007 (threshold exceeding upward).*
[2] *AMF opinion of December 11, 2008 (threshold exceeding upward).*
[3] *AMF opinion of February 03, 2012 (threshold exceeding upward).*

No shareholder has more than 20% nor more than 30% of the capital or of the voting rights. An improper control over the company cannot be carried out. 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.

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

On April 20, 2011 (AMF notification), 21 Centrale Partners informed the company that it had gone through the 20 and 25% lower thresholds in consecutive voting rights to the loss of double voting rights further to the conversion to bearer form shares held by it.

On June 23, 2011 (AMF notification), 21 Centrale Partners informed the company that it had gone through the 5, 10 and 15% lower thresholds in capital, and the 20, 15, 10 and % thresholds in voting rights further to the off-market transfer of all the shares it held.

On January 23, 2012 (AMF notification), Mr. Antoine Dréan informed the company that he had gone through the 5 and 10% lower thresholds in capital and in voting rights further to the liquidation of the company SEP Tantale, which he managed. The close of the liquidation period of the joint-venture company Tantale having been concluded and its liquidation accounts finalized on January 19, 2012, and in accordance with its statutes, the 129,213 shares held by Tantale (10.05% of capital and 9.95% of voting rights at that date) were surrendered to its dealer, Société Bretonne de Développement (RCS Brest 389 804 568) with effect from January 20, 2012, chaired by Mr. Albert Cam. Mr. Antoine Dréan meanwhile retains the 14,127 shares, which he held directly (1.10% of the capital and 1.09% of voting rights at that date).

On February 3, 2012, the simplified joint stock company, Société Bretonne de Développement (SBD), declared that, on January 31, 2012, it crossed over the threshold of 5% of the capital and voting rights, as well as 10% of the capital of the company, and that it holds 129,213 Egide shares representing as many voting rights (or 10.05% of the capital and 9.95% of the voting rights at that date). The threshold crossing is a result of the liquidation of SEP Tantale and the allotment of 129,213 Egide shares that it held at its parent company, Société Bretonne de Développement.

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 (General Meeting January 29, 1999). This right is conferred to any bonus share issued to a shareholder in respect of old shares.

On March 31, 2012, 16,189 shares were registered of which 11,702 benefited from a double voting right.

19 TRANSACTIONS WITH RELATED PARTIES

19.1 Regulated Agreements

Relevant agreements in force on December 31, 2011 are the following:

Agreements Reached in Fiscal Year 2011 and Previously Authorized

None.

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 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)
- Guarantee agreement by Egide in favor of Egide UK as part of the establishment of a factoring contract between Egide UK and Lloyds bank (Board of Directors meeting of April 18, 2008)
- Guarantee agreement by Egide SA in favor of Egide USA as part of the lease agreement signed by Egide USA with 4 Washington Street Investment LLC (Board of Directors meeting of October 16, 2008)
- Guarantee agreement by Egide in favor of Egide USA as part of the establishment of a factoring contract between Egide USA and Keltic (Board of Directors meeting of October 16, 2008)
- A guarantee agreement by Egide in favor of Egide UK which stands at £50,000 as part of the establishment of a bank overdraft between Egide UK and the Lloyds bank (Board of Directors meeting dated October 16, 2008 - General Delegation)

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

None.

See also § 20.3.1.5.4.17 - Transactions with Related Parties

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.

On the basis of information given to us, it is our responsibility to report the essential characteristics and terms of agreements and commitments of which we were informed or which we would have discovered during our mission without having to decide on their usefulness and relevance, nor determining the existence of other agreements and commitments. 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.

Moreover, it is our responsibility, if need be, to give you information provided in Article R. 225-31 of the French Commercial Code relating to the implementation during the past fiscal year, as well as agreements and commitments already approved by the General Assembly.

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 - Agreements and commitments submitted for approval to the general assembly

We inform you that we have not been given notice of any agreement or commitment authorized during the past fiscal year to submit for approval to the General Assembly in accordance with provisions of Article L. 225-38 of the French Commercial Code.

2 - Agreements and commitments already approved by the general assembly

Agreements and commitments approved in prior fiscal years

a) Which continued during the past financial year

In addition, in conformity with article R. 225-30 of the Commercial Code, we have been informed that the execution of the following agreements and commitments, approved in previous fiscal years, continued during the previous fiscal year.

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, 2011, the current account balance rose to € 1,192,898.

This agreement was initially authorized by the board of directors on Monday, October 14, 2002, and the wage rate was modified by the board on Tuesday, April 21, 2009.

Details: These advances are paid at a rate of 3 % a year. The amount of interest accrued as revenues for the fiscal year is € 34,361.

Current Account Agreement Between Egima S.A.R.L. and Your Company

Nature and Purpose: Advances in current account made by Egide for the benefit of its subsidiary under Moroccan law, Egima S.A.R.L. On December 31, 2011, the current account balance rose to € 11,076,438.

This agreement was initially authorized by the board of directors on March 16, 2001, and the wage rate was modified by the board on Tuesday, April 21, 2009.

Details: This agreement created no revenue during the fiscal year.

Current Account Agreement Between the Egide USA Inc. Subsidiary and Your Company

Nature and Purpose: Advances in current account made by Egide S.A. for the benefit of its subsidiary under American law, Egide USA Inc. On December 31, 2011, the current account balance rose to € 1,506,621.

This agreement was initially authorized by the board of directors on October 31, 2005, and the wage rate was modified by the board on April 21, 2009.

Details: These advances would be paid at the rate of 3 % a year. The amount of interest accrued as revenues for the fiscal year is €44,332.

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

Nature and Purpose: Egide's reinvoicing of its subsidiary under American law, Egide USA Inc.; its subsidiary under Moroccan law, Egima S.A.R.L.; 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 reinvoicing between Egide and its subsidiaries, Egima S.A.R.L. and Egide USA, and on October 14, 2002 for reinvoicing 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, 2011, the amount billed by Egide S.A. to Egide USA Inc., amounts to € 32,591. The amount billed by Egide S.A. to Egide UK Ltd. was of 17,601 euros. Nothing was charged to Egima S.A.R.L. for 2011.

Guarantee agreement on First Request for a Long-Term Loan Granted to Egima S.A.R.L.

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 S.A.R.L, the subsidiary according to Moroccan law. The loan, in the amount of 10,678,000 dirham's, 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 S.A. concerns capital and interest owed by Egima S.A.R.L. with a limit of 12,700,000 dirhams in principal. The balance of this loan, due on Saturday, December 31, 2011 is the equivalent of € 393,342.

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.

Agreement to Pledge a Financial Instruments Account in Consideration for a Guarantee Provided for the Benefit of Egima S.A.R.L.

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 S.A.R.L., a permanent bond for the Moroccan customs and tax authorities. The value of the mutual funds guaranteed stood at € 64,885 on December 31, 2011.

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.

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 €2,762 in fiscal year 2011.

Guarantee Agreement for the establishment of a factoring contract between Egide UK and the 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, Lloyds Bank requested that Egide SA guarantee its subsidiary for the amount of this advance.

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.

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 extent of the amounts due by Egide USA Inc. as per said lease agreement, without limitation as to the amount, representing a maximum of US$ 1,730,530 for the rents,
This guarantee takes places in the assignment transaction of the American real-estate complex, sold by Egide USA Inc. to 4 Washington Street Investments LLC for an amount of 2 million US 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.

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, 2011 is of 1.75 million dollars or 1.35 million euros.

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.

Guarantee Agreement for the establishment of a bank overdraft between Egide UK and the Lloyds bank

Nature and Purpose: Pursuant to the establishment of a bank overdraft between Egide UK and the Lloyds bank, a guarantee agreement was entered into in the amount of £ 50,000.

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.

b) Without performance during the last financial year

None.

3 - Person Concerned

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

Neuilly sur Seine and Paris, April 20, 2012

The Auditors

PricewaterhouseCoopers Audit,	SYC SAS,
Jean-François Châtel	Bernard Hinfray "

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

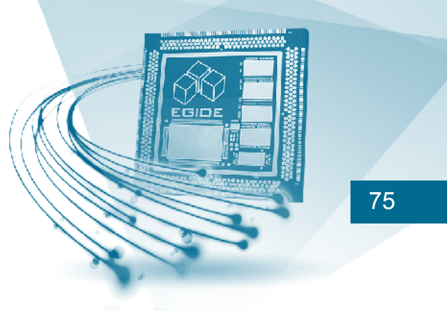
20.1 Historical Financial Statements (2009 and 2010)

The consolidated annual financial reports for fiscal years ending December 31, 2009 and December 31, 2010, 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.

Printed version of the Annual Report	2009	2010
AMF filing form	No. D10-0453 of May 18, 2010	No. D11-0354 of April 21, 2011
Consolidated Accounts and Annexes	Pages 65 - 84 (§ 20.3.1)	Pages 69 - 90 (§ 20.3.1)
Auditors' Reports on Consolidated Accounts	Page 104 (§ 20.4.1)	Page 109 (§ 20.4.1)
Annual Accounts and Annexes	Pages 85 -103 (§ 20.3.2)	Pages 90 - 108 (§ 20.3.2)
Auditors' Reports on annual Accounts	Pages 105 and 106 (§ 20.4.2)	Pages 110 and 111 (§ 20.4.2)

20.2 Pro Forma Financial Statements

None.



20.3 Financial Statements

20.3.1 Consolidated Financial Statements

20.3.1.1 Statement of financial position

ASSETS (in k€, IFRS Standards)	Notes 20.3.1.5.	Net value on 12/31/2011	Net value on 12/31/2010
Intangible Assets	4.3	0	0
Tangible Assets	4.3	767	728
Financial Assets	4.3	270	266
Other Current Assets	4.4	878	601
Noncurrent Assets		**1,915**	**1,595**
Inventory	4.5	4,165	3,896
Clients and Other Debtors	4.6	3,480	4,344
Cash and Cash Equivalents	4.7	1,142	1,677
Other current Assets	4.8	399	259
Current Assets		**9,186**	**10,177**
Non-current assets held for sale.	4.12	1,443	1,430
TOTAL ASSETS		**12,545**	**13,203**

LIABILITIES (in € k, IFRS Standards)	Notes 20.3.1.5.	Values on 12/31/2011	Values on 12/31/2010
Contributed Capital	4.9	2,573	12,863
Premiums Associated with Share Capital		349	349
Legal Reserve		402	402
Consolidated Reserves		1,668	(9,280)
Annual Income		673	657
Exchange Losses		(2,177)	(2,090)
Internal Security Check		0	0
Equity		**3,488**	**2,901**
Noncurrent Reserves	4.10	289	218
Long-Term Accounts Payable	4.11	276	283
Other Current Liabilities	4.11	35	51
Noncurrent Liabilities		**599**	**552**
Current Expenses	4.10	0	0
Short-Term Accounts Payable	4.11	2,386	2,645
Suppliers and Other Creditors	4.11	5,273	6,286
Other current Liabilities	4.11	58	20
Current Liabilities		**7,717**	**8,951**
Liabilities relating to non-current assets held for sale.	4.12	740	800
TOTAL LIABILITIES		**12,545**	**13,203**

20.3.1.2 Combined comprehensive income statement

COMBINED COMPREHENSIVE INCOME STATEMENT (in k€, IFRS Standards)	Notes 20.3.1.5.	12/31/2011	12/31/2010
Sales		26,873	24,704
Purchases Consumed		(10,010)	(10,255)
Variable Inventory of Finished and In-Process Products		(18)	279
Salaries and Fringe Benefits		(11,743)	(10,825)
External Costs		(3,943)	(3,771)
Direct and Indirect Taxes		(490)	(472)
Amort. & Depr. of Capital Assets	4.3	(276)	(320)
Depreciation recovery & Provisions	4.5, 6, 10	(15)	70
Other operating income	4.3, 13	487	2,025
Other operating expenses	4.3	(71)	(757)
Operating Income	4.14	**795**	**681**
Cash and cash equivalents of Treas.	4.15	2	1
Gross Debt	4.15	(252)	(181)
Net Debt	4.15	(250)	(180)
Other financial products	4.15	567	819
Other financial expenses		(437)	(661)
Profit before tax		674	659
Income Tax	4.13	(1)	(2)
Fiscal Year Income		**673**	**657**
Group Share		673	657
Minority Ownership		0	0
Earnings per Share (in €)	4.16	0.52	0.51
Diluted Earnings per Share (in €)	4.16	0.52	0.51
Other items of the combined comprehensive income statement		0	0
Combined comprehensive income statement		673	657
Group Share		673	657
Minority Ownership		0	0

20.3.1.3 Table Showing Consolidated Equity Capital

(In k€, Except in the Case of Stocks)	Number of Shares	Capital	Premiums	Legal and Consolidated Reserves	Fiscal Year Income	Other Equity	Equity
Position on 12/31/2009	**1,286,275**	**12,863**	**352**	**(5,910)**	**(2,999)**	**(1,857)**	**2,450**
Change in Parent Company Capital							
FY 2009 Profit Allocation			(3)	(2,996)	2,999		0
Fiscal year result					657		657
Stock Option Subscriptions				28			28
Conversion Difference Change						(233)	(233)
Position on 12/31/2010	**1,286,275**	**12,863**	**349**	**(8,878)**	**657**	**(2,090)**	**2,901**
Change in Parent Company Capital	25	(10,290)		10,290			0
FY 2010 Profit Allocation				657	(657)		0
Fiscal year result					673		673
Stock Option Subscriptions				1			1
Conversion Difference Change						(87)	(87)
Position on 12/31/2011	**1,286,300**	**2 573**	**349**	**2,070**	**673**	**(2,177)**	**3,488**

There is no minority ownership in the Egide group.

The notes contained in paragraph 20.3.1 5 are an integral part of the consolidated financial statements.

20.3.1.4 Consolidated Financing Table

CASH FLOW TABLE (In k€, IFRS Standards)	12/31/2011	12/31/2010
Net Income for All Companies	673	657
Elimination of expenses and products without incidence on the cash flow or not linked to the activity		
- amortization, depreciation, and provisions [1]	349	108
- capital gains on sale of intangible and fixed assets		(1,055)
- others	1	27
Change in working capital requirements associated with the operation [2]		
- (increase)/decrease in inventory	(195)	(640)
- (increase)/decrease in customer receivables	820	(306)
- (increase)/decrease in other receivables	(303)	(146)
- increase/(decrease) in supplier accounts payable	(875)	532
- increase/(decrease) in fiscal and social security debt	(65)	213
- increase/(decrease) in other debts	(153)	55
Cash flow associated with operations	**252**	**(483)**
Asset acquisitions	(358)	(243)
Sales, net of taxes		1 632
Cash flow associated with investment transactions	**(358)**	**1,389**
Cash capital increases	0	0
Change in shareholders' equity	0	0
Subscription to loans from credit or leasing companies	0	83
Repayment of loans from credit or leasing companies	(131)	(209)
Taking of various loans	0	235
Debts relative to factoring and revolving credit	(240)	83
Change in SICAV financing	0	73
Cash flow associated with financing	**(371)**	**264**
Cash flow	**(477)**	**1,171**

[1] *Except depreciation of current assets .*
[2] *Net value.*

	12/31/2011	12/31/2010
Closing cash position *	1,142	1,643
Non-current assets held for sale at the closing.	35	4
Opening cash position *	1,643	427
Non-current assets held for sale at the opening	4	45
Incidence of currency exchange rate variations	(8)	(4)
Change in cash position	(477)	1,171

Supplier debts due at the end of December 2011 and paid at the beginning of the following semester, stood at € 443 k and € 418 k for December 2010, paid at the beginning of 2011.

** For information purposes, outside non-current assets held for sale at 12/31/2011 and 12/31/2010 are broken down as follows:*

	Balance on 12/31/2011	Balance on 12/31/2010
Cash and Cash Equivalents	1,142	1,678
Bank overdrafts and accrued interest	0	(35)
Cash flow statement	**1,142**	**1,643**

20.3.1.5 Accounting Methods and Explanatory Notes Regarding 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 appendix is an integral part of the consolidated accounts established on December 31, 2011, with total assets of € 12,545 k, and the income statement, shown in list format, reveals a loss of € 673 k closed by the board of directors on March 29, 2012.

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 1, 2011 to December 31, 2011.

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 compliance with Regulation EC No 1606/2002 dated July 19, 2002, the Egide group presents its consolidated financial statements for fiscal year ending December 31, 2011, in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union and published by the IASB on December 31, 2011. This comprehensive basis of accounting includes the IFRS and IAS (International Accounting Standards), and their interpretations applicable as of Saturday, December 31, 2011. This set of standards and their interpretation are commonly called IFRS standards or simply "IFRS". This repository is available on the website of the European Commission: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

Certain standards, interpretations or amendments to existing standards for mandatory application to financial year commencing on January 1 2011 under IFRS. The following set of standards, interpretations and amendments in connection with the activity of the group is necessarily applicable at January 1 2011, but is regarded as irrelevant to the consolidated financial statements of the group:

- Revised IFRS 3 "Business Combinations"
- Revised IAS 27 "Consolidated and individual financial statements"
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"
- IFRIC 17 "Distribution of non-cash assets to owners"
- IFRIC 18 "Transfers of assets from customers"
- Amendments to IFRS 5, "Discontinued operations" from 2008 improvements
- Amendments to IFRS 2 "Intragroup transactions settled in cash"
- Annual improvements to IFRS 2009

Optional application of standards and interpretations at Saturday, December 31, 2011, in connection with the activity of the group, but regarded as irrelevant for the purposes of the group's consolidated financial statements are:

- Revised IAS 24 "Related Party Disclosures"
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"
- Amendment to IFRIC 14 "Prepayment of minimum funding requirements"
- Improvements to IFRS 2010.

The group did not, in anticipation, apply any published standard or interpretation that was not in force on December 31, 2011. 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.

20.3.1.5.2.2 Consolidation Scope and Methods

The companies included in the Egide group's consolidated financial statements on December 31, 2011 are the following:

Companies	Corporate Headquarters	Percentage of Ownership	Consolidation Method	Date of Entry into Group
Egide SA	Bollène (Vaucluse)	100 %	Parent Company	NA
Egide USA LLC	Wilmington, Delaware (USA)	100 %	Full Consolidation	11/8/2000
Egide USA Inc.	Cambridge, Maryland (USA)	100 %	Full Consolidation	12/29/2000
Egima	Casablanca (Morocco)	100 %	Full Consolidation	11/1/2000
Egide UK Ltd	Woodbridge, Suffolk (Great Britain)	100 %	Full Consolidation	6/1/2002

Exclusively controlled subsidiaries are fully consolidated. Control results from power for the group to direct the financial and operational policies so as to obtain benefits from their activities. Control is presumed to exist when the group holds directly or indirectly a majority of voting rights in the company.

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

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 IAS 36, 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	5 to 10 years
Software	3 to 5 years
Patents	12 years

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.

20.3.1.5.3.5 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 not 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	25 years
Facilities, fixtures, and fittings	10 years
Machinery, industrial materials and tooling	3 to 10 years
Office materials and furniture, other fixtures and installations	3 to 10 years

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 SA
- 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 this cash flow 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 Inventories and In Process Goods

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.

20.3.1.5.3.8 Conversion of Financial Statements Established in Foreign Currency

The financial 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 closing price 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 monetary-nonmonetary method, the balance sheet thus being converted according to the monetary-nonmonetary method, except for the monetary elements converted at closing. 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.

20.3.1.5.3.9 Reciprocal Statements and Transactions

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

20.3.1.5.3.10 Accounts Payable and Accounts Receivable

Accounts payable and accounts receivable are initially entered in terms of their fair market value, which has an expiration date of more than one year. 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.

20.3.1.5.3.11 Cash Assets

Available cash at the bank or on hand is valued during the closing process

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.

20.3.1.5.3.12 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.

20.3.1.5.3.13 Pension and Similar Benefit Reserves

At Egide, 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 to 67 years old depending on the year of birth
- Average annual pay raise: 2 %,
- Life expectancy is based on the Insee actuarial table 2009
- Probability of attendance is assessed in terms of internal statistics proper to each establishment.
- the rate of the long-term financial updating was of 4.60% (Markit Iboxx Eur corporates AA 10+ 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.

20.3.1.5.3.14 Reserves

Accounting for reserves occurs at the time of fiscal year closure. There is a 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.

20.3.1.5.3.15 Stock Options

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, 2011.

Stock purchase options accorded to personnel are assessed at their fair market value on their allocation date. The fair value of options is determined by using the option valuation model by Black-Scholes based on assumptions determined by the management (useful life of option from 4.5 years and 30 % volatility). 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.

20.3.1.5.3.16 Factoring

The companies in the group have had recourse to factoring: Egide SA since the 1st semester of 2006, Egide USA Inc and Egide UK Ltd since the 1st trimester of 2007. There is no impact on the company's accounts receivable, but a short-term financial debt disclosed as a liability on the statement of financial position. 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 companies put up with payment delays from their customers because funding received corresponding to an invoice that has exceeded its due date by 60 to 120 days is resumed by the factor after that date. However, if the nature of the default on payment falls within the guarantees covered by the credit insurance, the companies may partially recover their debt in case of complete failure by the customer, particularly following liquidation by order of the court.
The group's current factoring is approximately 80 % of its sales.

Egide's factoring organization, in processing export receivables plans to limit the in-process inventory to € 250 k. At December 31, 2011, this limit was not applied, because for the concerned clients, the credit insurance covers a larger outstanding amount.

20.3.1.5.3.17 Sector Information

In accordance with internal reporting methods of the group, an operational sector is defined as a component of an entity engaged in ordinary activities, from which it can derive products and incur expenses, and for which financial information is available. Therefore, three sectors whose operating results are regularly reviewed by the chief operating decision maker of the entity, and are determined as follows: Egide SA, Egide USA and Egide UK.

The accounting principles applied to information given on these sectors are the same as those that are as basis for the consolidated accounts. The presentation of segment information under IFRS 8 does not differ from that which has previously been formalized under IAS 14.

20.3.1.5.3.18 Non-current assets held for sale

In accordance with the provisions of IFRS 5, when the group decides to sell non-current assets and when it is highly probable that this sale will occur within twelve months, these non-current assets (or group of assets including current assets relating to it) are recorded separately in the balance sheet items under "Non-current assets held for sale". The liabilities that are connected to it are recorded separately under "Liabilities incidental to non-current assets held for sale". This ranking implies that the assets (or group of assets) held for sale are available for immediate sale in their present state.

The highly probable sale is assessed according to the following criteria: the management has committed to the launching of an asset sale (or group of assets) plan and a program to find a buyer and finalize the plan. Furthermore, the assets must be actively marketed for a sale at a reasonable price with regard to their fair value.

As soon as they are classified in this category, non-current assets and groups of assets and liabilities are valued below their book and fair values less their sales costs.

The non-current assets concerned cease to be depreciated with effect from the date of classification of the assets held for sale. In case of a loss in value of an asset or a group of assets and liabilities, a depreciation is recorded as income under "Results of operations held for sale". The loss of value recorded as such is reversible.

20.3.1.5.4 Further information on statements of financial position and combined comprehensive income statements

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.

Moreover, IFRS 5 is applied as at June 30, 2009 and affects its subsidiary Egima currently owned at 100 %, for which Egide SA actively launched the search for a buyer for the total shares or for industrial assets. The leasing of industrial facilities by Egima to Casablanca Aéronautique, a subsidiary of the French group, Slicom, since April 2011, coupled with a willingness to acquire such assets or transfer of its shares in the first half of 2012, ascertains that management will consider the operation as highly probable at that date and therefore could be completed within twelve months.

The nature of the operation leads to the separate recording of the non-current assets in Egima's balance sheet under "Non-current assets held for sale". The subsidiary's debts are recorded separately under "Liabilities relating to non-current assets held for sale". Egima's result is included in each corresponding item of the combined comprehensive income statement.

20.3.1.5.4.2 Financial Risk Management

20.3.1.5.4.2.1 Exchange Risk

In 2011, 67% of Egide's sales were from exports, 30 % of which were to North America and 26 % to non-European countries where the invoicing currency is primarily the U.S. dollar. During the fiscal year, Egide invoiced $6.7 million (counter-value: €4.8 million), and Egide USA invoiced $9.6 million (counter-value: €6.9 million).

Revenues in dollars received directly by Egide SA are used primarily to pay for purchases of components from American suppliers ($2.5 million in 2011). During the course of the fiscal year, receipts in dollars were much higher than the disbursements, because non-European customers whose invoicing currency is the U.S. dollar are not financed by factoring companies. 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 is therefore contained for the group based on the result of the Egide USA fiscal year as well as its cash position in dollars.

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 dirhams would be partially compensated by a loss in value of the debt similarly paid in dirhams. In addition, this subsidiary no longer operational activity since July 1, 2009, the currency risk is limited to Egima's fiscal year result.

Sales achieved by the English subsidiary, Egide UK, are paid in pounds sterling and sometimes in dollars. However, they constitute about 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

Egima long-term loan of 12.7 million dirhams, partially released for an amount of 10.678 million in 2003 from a Moroccan bank, repayable over a period of 12 years (of which 1 year of capital franchise). It carries a fixed interest rate of 8.75% and was taken out to finance investments in Morocco on the one hand, and to limit currency risk after a possible devaluation of the dirham on other hand. This loan does not include an early repayment provision due to the application of the "default" provision.

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 + 2.25 % (with an interest rate floor of 7.00 %). The factoring contract put in place at Egide UK with the Lloyds bank has an interest rate equal to prime rate + 1.75%.

Finally, a medium term financing of £71,000.00 was obtained in October 2010 by Egide UK at Lloyds, at prime rate + 3.75 %.

In addition, a regional loan to maintain employment was received in July 2010 by Egide SA from the Provence Alpes Cote d'Azur region for 200 K€ and from the Vaucluse department for 100 K€. These loans have no interest rate risk since they are interest-free loans repayable in 7 years with a deferred reimbursement period of 2 years.

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.

Financial investments are made through capital guarantees money market funds, whose earnings fluctuate with the EONIA. Interest rate risk is very low compared to amounts invested and their pay rate on the fiscal year 2011.

20.3.1.5.4.2.3 Liquidity Risk

None.

20.3.1.5.4.3 Fixed Assets

The intangible assets appearing on the group's balance sheets on December 31, 2011 were acquired. They include patents, licenses, and software.

Items (amounts in k€)	Value on 12/31/2010	Variation in Exchange Rate	Value on 12/31/2010 at the rate of 12/31/2011	Acquisitions, Creations, Transfers, Allocations	Assignments, Removals from Service, Returns	Value on 12/31/2011*
Other Intangible Assets						
Depreciable Cost	351		351			351
- Amortization	(351)		(351)			(351)
- Depreciation						
Net Value	**0**		**0**			**0**
Total Intangible Assets	**0**		**0**			**0**
Land & Fixtures						
Depreciable Cost	0		0			0
- Amortization	0		0			0
- Depreciation	0		0			0
Net Value	**0**		**0**			**0**
Buildings						
Depreciable Cost	17	1	18	18		36
- Amortization	(9)		(9)	(4)		(13)
- Depreciation	0		0			0
Net Value	**8**	**1**	**9**	**14**		**23**
Machinery & Industrial Equipment						
Depreciable Cost	13,769	137	13,906	183	(162)	13,928
- Amortization	(11,690)	(132)	(11,822)	(238)	162	(11,898)
- Depreciation	(1,473)		(1,473)		2	(1,470)
Net Value	**606**	**5**	**612**	**(55)**	**2**	**559**
Other Tangible Assets						
Valeur brute	2,123	18	2,141	56		2,197
- Amortization	(1,995)	(17)	(2,012)	(40)		(2,052)
- Depreciation	(29)		(29)			(29)
Net Value	**99**	**1**	**100**	**16**		**116**
Tangible Assets in Process, Future Advances, Progress Payments						
Tangible Assets in Process	14		14	84	(29)	70
Advances and payments	0		0			0
Net Value	**14**		**14**	**84**	**(29)**	**70**
Total Tangible Assets	**728**	**7**	**734**	**59**	**(27)**	**767**

** See § 20.3.1.5.4.12.*

Allocations and write-backs of depreciation and depreciations shown under "Amortization and capital depreciation" of the operating results for an allocation amount of € 279 k.

The decommissioning of industrial machinery accounted for € 162 k and mainly concern capital assets already fully amortized.

As a reminder, on March 3, 2010, Egide SA sold of all its real-estate complex from its Bollène property for € 1,629 k. The income from the sale included under the headings "Other operating income" and "Other operating expenses" of the combined comprehensive income statement was in 2010 of € 929 k.

Application of IAS Standard 36 had required entry of € 3,272 k of depreciation on December 31, 2005 (out of which € 1,202 k allocated to Egima), given the current level of subnormal capacity usage in the group's factories and the assumptions made regarding future activity. Disposals of tangible assets, including real estate, led to take back € 682 k, thus reducing the amount of depreciation to € 2,590 k or € 1,500 k excluding depreciation allocated to Egima's assets.

The current assets value in the balance sheet at December 31, 2011 allows covering their net book value, no complementary depreciation was entered.

Items (amounts in € k)	Value on 12/31/2010	Variation in Exchange Rate	Value on 12/31/2010 at the rate of 12/31/2011	Acquisitions, Creations, Transfers, Allocations	Assignments, Removals from Service, Returns	Value on 12/31/2011*
Financial Assets Loans and Other Long-Term Investments	266	3	269	1		270

** Outside non-current assets held for sale (see § 20.3.1.5.4.12)*

20.3.1.5.4.4 Other Non-current Assets

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

Items (amount in € k)	Balance on 12/31/2011*	Balance on 12/31/2010*
Debt assignment of building Egide USA Inc.	205	187
Dept assignment of building Egide SA	216	208
Research Tax Credit 2010	206	206
Research Tax Credit 2011	251	
Total	**878**	**601**

** Outside non-current assets held for sale (see § 20.3.1.5.4.12)*

The claim relating to the assignment of the building of Egide USA Inc., for amounts due in 2012, 2014 and 2016, represents $ 300 k that is, at present value, € 205 k at December 31, 2011.

The receivable relating to the transfer of the Bollène building at Egide SA corresponds to the deferred payment of part of the sale price linked to the rating of Egide SA by Cofacerating, amounting to € 242 k or € 216 k at the present value.

Egide's Research Tax Credit no longer benefits from immediate repayment measures for implemented in 2009 and 2010, and it will therefore be recoverable in 2014 for the 2010 RTC and in 2015 for the 2011 RTC if it could not be credited against the corporate tax by that date. The product representing the 2011 RTC is entered under the "Other operating income" item of the combined comprehensive income statement.

The item "Other operating income" also includes the RTC for 2009 and 2010 obtained retroactively in 2011 by Egide UK Ltd for an amount of € 99 k. This amount was repaid by the British tax authorities in October 2011 because the company was loss-making during the relevant fiscal years. The 2011 RTC was also entered as income for € 62 k because the company was loss-making in 2011, the application for refund will be filed with the Tax Administration with the 2011 corporate tax return.

20.3.1.5.4.5 Inventories and In-Process Goods

Items (amounts in € k)	Valeur au 31/12/2010	Variation de change	Valeur au 31/12/2010 au cours du 31/12/2011	Augment., dotations	Diminut., reprises	Valeur au 31/12/2011*
Raw Materials and Supplies						
Depreciable Cost	6,412	145	6,557		(443)	6,113
- Depreciation	(4,054)	(27)	(4,081)	(24)	686	(3,418)
Net Value	**2,358**	**118**	**2,476**	**(24)**	**243**	**2,695**
In-Process Inventories						
Depreciable Cost	1,294	(78)	1,216	34	(351)	900
- Depreciation	(2)		(2)	(23)	7	(19)
Net Value	**1,292**	**(78)**	**1,214**	**11**	**(344)**	**881**
Finished Products						
Depreciable Cost	1,178	10	1,188	362		1,549
- Depreciation	(935)	(3)	(938)	(138)	105	(971)
Net Value	**243**	**7**	**250**	**223**	**105**	**579**
Merchandise						
Depreciable Cost	52		52	7		59
- Depreciation	(48)		(48)	(1)		(49)
Net Value	**4**		**4**	**6**		**10**
Total	**3,896**	**47**	**3,944**	**216**	**5**	**4,165**

** Outside non-current assets held for sale (see § 20.3.1.5.4.12).*

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.

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 (amount in € k)	Balance on 12/31/2011*	Balance on 12/31/2010*
Advances and Payments	13	6
Trade Receivables and Assigned Accounts	3,300	4,095
Personnel Accounts	2	2
Research Tax Credit for Egide UK Ltd	64	
Value Added Tax	79	222
Miscellaneous Debtors	21	19
Total	**3,480**	**4,344**

** Outside non-current assets held for sale (see § 20.3.1.5.4.12).*

At December 31, 2011, the breakdown of receivables by currency is € 2,133 k, $ 1,017 k and £ 319 k.

The status of outstanding receivables according to invoices' due date is as follows:

Items (Amount in k€)	Value on 12/31/2011	From 0 to 30 days	From 31 to 60 days	From 61 to 90 days	More than 90 days
Client Receivables	3,300	3,174	38	40	49

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

Items (amounts in € k)	Value on 12/31/2010	Variation in Exchange Rate	Value on 12/31/2010 at the rate of 12/31/2011	Expense	Recovery	Value on 12/31/2011*
Depreciation	194		194		57	138

** Outside non-current assets held for sale (see § 20.3.1.5.4.12).*

20.3.1.5.4.7 Cash and Cash Equivalents

The value of the cash position is analyzed as follows:

En K€	12/31/2011*	12/31/2010*
OPCVM (mutual fund)	787	668
Term Deposit		300
Cash position	354	709
Total	**1,142**	**1,677**

** Outside non-current assets held for sale (see § 20.3.1.5.4.12).*

Mutual funds have a net book value of 787 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. The term deposit meets the same definition.

On December 31, 2011, the group's cash position in dollars is $ 221 k at Egide SA, $ 151 k at Egide USA Inc., and $ 13 k at Egide UK LLC. At Egide SA, the cash assets in euros are of € 22 k.

20.3.1.5.4.8 Other Current Assets

The prepaid expenses are broken down as follows:

	12/31/2011*	12/31/2010*
Raw materials	24	
Rent	107	111
Insurance	107	30
Maintenance	44	24
Indirect taxes	19	18
Miscellaneous	32	13
Total	**333**	**195**

** Outside non-current assets held for sale (see § 20.3.1.5.4.12).*

The SICAVs given as collateral by Egide SA for the surety in favor of the Moroccan Customs for Egima for €65 k would be released upon completion of the assignment (see § 20.3.1.5.4.12).

20.3.1.5.4.9 Legal Capital

On December 31, 2011 the share capital stood at 2,572,600 euros, i.e. 1,286,300 shares with a par value of 2 euros each. To comply with provisions of Article L.225-248 of the Commercial Code, the extraordinary general meeting which was held on November 28, 2011 decided on a reduction in capital prompted by previous losses by reducing the par value, which was set at 10 euros and decreased to 2 euros per share, it being specified that the number of shares remained unchanged.

20.3.1.5.4.9.1 Stock Option Plans

During the general shareholders' meetings of Friday, May 28, 2010, 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 Saturday, July 27, 2013, 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 the American subsidiary, Egide USA Inc., the period of unavailability, for 50% of stock options, may be reduced to a year from the date on which the options can be obtained.

During fiscal year 2011, the board of directors exercised this authority to create 600 options.

25 options were exercised in 2011. During the course of fiscal year 2011, 300 options became null and void due to the departure of the option holder employee (200 from plan 4.4 and 100 from plan 5.2)

The position of the various plans at year-end was as follows:

Plan Number	Plan 4.1	Plan 4.4	Plan 5.1	Plan 5.2	Plan 6.1	Plan 6.1	Total
Options Granted but Not Exercised Subscription Price	20,767 29.74 €	4,100 31.15 €	4,400 27.83 €	25,599 5.79 €	200 5.63 €	600 8.08 €	55,666

By way of information, the average price per share of Egide's stock during fiscal year 2011 was 10.43 euros, and the closing price on December 31, 2011 was 5.93 euros.

The General 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, 2011, there was an available balance of 8,649 options.

The evaluation of the fair value of stock options has led to record a charge related to fiscal year 2011 for € 1 k.

20.3.1.5.4.9.2 Authorization for Capital Increase

At the combined general meeting of May 13, 2011, 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 is authorized with or without withdrawal of the preemptive subscription right for a period of 26 months from the date of the meeting. Moreover, the combined general meeting of May 28, 2010 authorized the Board of Directors to issue, through an offer pursuant to Article L.411-2 of the Monetary and Financial Code, shares or securities giving access to the company's capital, with cancellation of preferential subscription rights for an amount not to exceed 20% partnership capital per year. This issue is authorized for a period of 26 months commencing on the date of the meeting. On October 6, 2011, the Board of Directors decided on the principle of a capital increase by issuing approximately 400,000 new shares with pre-emptive subscription rights being maintained, and it sub-delegated its execution to the Chief Executive Officer. This occurred on January 17, 2012.

20.3.1.5.4.10 Reserves

Items (In k€)	On 12/31/2010	Rate of exchange	On 12/31/2010 at the rate of 12/31/2011	Alloc.	Recov. (prov. used)	Recov. (prov. not used)	Entry into Scope and Other Transactions	On 12/31/2011
Noncurrent Reserves Employee Benefit Reserves Miscellaneous	218		218	72				289
Total	**218**		**218**					**289**
Operating Financial				72				

The difference between current reserves and noncurrent 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

20.3.1.5.4.11.1 Long-Term Liabilities

Liabilities due for over one year are as follows:

Items (In k€)	Balance on 12/31/2011*	1 year only*	More than 1 year and less than 5 years*	More than 5 years*
Loans and Debts				
Loans and Accounts Payable from Lending Institutions	22 [(a)]	22		48
Various Loans and Accounts Payable	254 [(b)]	225	29	235
Other Current Liabilities				
Other liabilities	35 [(b)]	34	1	51
Total	**310**	**280**	**30**	**334**

** Outside the liabilities relating to non-current assets held for sale (see § 20.3.1.5.4.12).*
[(a)] Loan of £18 k (€22 k) for a period of 36 months at prime rate + 3.75%.
[(b)] Of which loans for a period of 7 years with a grace period of 2 years, interest-free, which led, according to IAS 39 and IAS 20, to note a discount recorded in "Other liabilities".

20.3.1.5.4.11.2 Long-Term Liabilities

Liabilities due less than one year are as follows:

Items (In k€)	Balance on 12/31/2011*	Balance on 12/31/2010*
Loans and Debts		
Loans and Accounts Payable from Lending Institutions	28 [(a)]	62
Various Loans and Accounts Payable	2,358 [(b)]	2,582
Suppliers and Other Creditors		
Advances and Payments	431	578
Supplier Debts and Assigned Accounts	2,846	3,704
Personnel Accounts	1,356	1,510
Value Added Tax	18	2
Other Direct and Indirect Taxes	246	200
Clients, Credit Notes to Establish	175	53
Miscellaneous Payables	102	108
Asset Accounts Payable	86	131
Other current Liabilities		
Other liabilities	58	20
Total	**7,704**	**8,951**

** Outside the liabilities relating to non-current assets held for sale (see § 20.3.1.5.4.12).*
[(a)] Loan of £24 k (€28 k) for a period of 36 months at prime rate + 3.75%.
[(b)] Of which primarily € 1,366 k are at a variable rate based on Euribor 3 months (Egide SA factoring contracts) $ 968 k (€ 748 k) at a variable rate based on the American prime rate (Egide USA Inc. factoring contracts), and 204 k£ (244 k€) at a variable rate based on the English prime rate (Egide UK Ltd factoring contract).

On December 31, 2011, the amount for invoices not received included under the Supplier Debt and Accounts Assigned item was € 202 k and the amount of expenses to be paid included under the Personnel and Accounts Assigned item was € 885 k, was € 246 k under Other Taxes and Indirect Taxes topic, and was € 74 k under Other Creditors.

20.3.1.5.4.12 Non-current assets held for sale

Egide SA initiated a process of assignment of shares of its subsidiary Egima, at the beginning of the 2nd half of 2009. Thus, in accordance with IFRS 5, Egima continues to be fully integrated with further consideration of the income of its activity, but its assets and liabilities are categorized on a specific line in the consolidated balance sheet under assets and liabilities.

Details of these lines are presented in the table below:

Items (amounts in € k)	Balance on 12/31/2011	Balance on 12/31/2010
Tangible Assets	***1,296***	***1,295***
Depreciable Cost	3,911	3,910
- Amortizations	(1,525)	(1,525)
- Depreciations	(1,090)	(1,090)
Other financial assets	***16***	***16***
Loans and Other Long-Term Investments	16	16
Other current Assets	***132***	***119***
Advances and Payments	29	
Stocks and outstandings		3
Trade Receivables and Assigned Accounts	14	1
Personnel Accounts		1
Taxes on earnings	1	1
Value Added Tax	41	108
Miscellaneous Debtors	10	
Cash position	36	5
Total of non-current assets held for sale	**1,443**	**1,430**

In 2006, a depreciation of € 229 k was entered for the Value Added Tax (VAT) and was completed in 2009 and 2010 to account for the risk that the reimbursement request documents for TVA credits that Egima submitted to the Moroccan tax authorities might be rejected.

Items (amounts in € k)	Balance on 12/31/2011	Balance on 12/31/2010
Current Loans and Debts	***285***	***391***
Loans and Accounts Payable from Lending Institutions	285	391
Current Loans and Debts	***109***	***99***
Loans and Accounts Payable from Lending Institutions	109	99
Other liabilities	***345***	***309***
Supplier Debts and Assigned Accounts	16	26
Personnel Accounts	9	17
Value Added Tax	4	0
Corporate income tax	218	217
Other Direct and Indirect Taxes	88	49
Miscellaneous Payables	1	0
Other liabilities	8	0
Total of liabilities relating to non-current assets held for sale	**740**	**800**

The financial debts at more than one year represent MAD 3,166 k (€ 285 k) at a fixed rate of 8.75% over 11 years; the financial debts under one year represent MAD 1,215 k (€ 109 k) at a fixed rate of 8.75 % over 11 years.

On December 31, 2011 the situation of the tax losses carried forward which existed at Egima at the time of the assignment are broken down as follows: € 2,768 k carried forward indefinitely, € 614 k carried forward until 12/31/2012, € 670 k until 12/31/2013, € 461 k until 12/31/2014 and € 160 k until 12/31/2015. No deferred tax asset was recorded at Egima regarding this unrealized tax situation because of the difficulty of anticipating the possibility of using these deficits by the prospective purchaser of Egima shares (no recent tax audit validating these losses and non-appraisable taxable income after assignment).

The book value of the net assets held for sale amounts to € 704 k. However, additional liabilities will arise during the completion of the assignment of the shares or with the sale of the industrial assets in 2012. Thus, sums that could not be determined at December 31, 2011 will be due in respect of dismissal of remaining personnel and for the reconciling of customs files currently under negotiation.

In case of assignment of the shares it would be appropriate on the day of the said assignment that Egima's net worth is reorganized through a capital increase with a debt-for-equity swap (Egima's current account towards Egide) and then a reduction of capital to absorb the balance brought forward once again in deficit. This transaction will generate registration fees due on the value of the increased capital which are estimated at € 110 k. It would also constitute the cause of action regarding the payment of penalties and interests on arrears relating to the VAT and the withholding tax on Egide's invoices regarding the capital increase estimated at € 127 k at December 31, 2011.

Thus, the book value of the net assets held for sale would be close to the net fair value of the costs of assignment which was considered by the group's management. There is therefore no need to depreciate the non-current assets held for sale at December 31, 2011.

20.3.1.5.4.13 Taxes and Tax Credits

Reconciliation of theoretical and accounted-for tax:

En K€	12/31/2011
Earnings before taxes for integrated companies during the fiscal year	673
Impact of Tax Losses Effect of theoretical tax on the rates in force on December 31, 2011 Minimum income tax due by Egima	(673) 0 (1)
Income tax recorded	**(1)**

As a reminder the unrealized fiscal situation at December 31, 2010 is made up of losses carried over indefinitely in the amount of € 45,087 k for Egide SA, of € 5,084 k pour Egide USA Inc. and of € 1,309 k for Egide UK Ltd.

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

20.3.1.5.4.14 Sector Information

The identified operational sectors represent the following values:

(In € k)	On 12/31/2011				On 12/31/2010			
	Egide and Egima	Egide USA Inc	Egide UK	Total	Egide and Egima	Egide USA Inc	Egide UK	Total
Sales	17,904	6,819	2,150	26,873	16,050	6,956	1,698	24,704
Operating Income	450	216	129	795	712	69	(101)	681
Net Capital Assets	818 *	102	118	1,038	772 *	133	91	995
Capital Expenditure	281 *	14	62	357	237 *	(2)	8	243
Depreciation of Capital Assets / IAS 36	(1,276) *	(209)	(15)	(1,500)	(1,276) *	(211)	(15)	(1,502)
Current Loans and Debts	237	0	39	276	235 *	0	48	283
Current Loans and Debts	1,366	748	273	2,386	1,845	463	337	2,645

** Outside non-current assets held for sale and related liabilities (see § 20.3.1.5.4.12).*

Egima's operational result amounts to € 140 k for the fiscal year 2011 and € 492 k for the financial year 2010.

The group has no significant dependence on any particular customer; in 2011, the two primary customers represented 13 % of total consolidated sales against 9.8 % in 2010.

20.3.1.5.4.15 Operating Results

Cash and cash equivalent income are related to the income on VMP cessions realized by Egide SA.

The cost of gross debt represents interest expenses on borrowings appearing in the statement of financial position and financing commission relating to factoring.

Details regarding "other income and expenses" are as follows:

(In € k)	12/31/2011	12/31/2010
Result of Exchange	**102**	**219**
Products	539	806
Expenses	(437)	(587)
Various Revenues and Expenses	**29**	**(61)**
Products	29	13
Expenses		(73)
Total	**130**	**158**

20.3.1.5.4.16 Earnings per share

Earnings per share, diluted or not, take into account the "Net Income - group's share" as reflected in the combined comprehensive income statement.

Basic earnings per share are calculated by dividing the above result by the weighted average number of shares outstanding during the course of the year. The date of recognition of share issues resulting from increases in capital stock is the date of availability of funds. There is only one category of shares.

Diluted earnings per share are calculated by adjusting the weighted average number of shares of the maximum impact of the conversion of all dilutive ordinary shares using the method of share repurchases. Stock options are taken into account in the calculation of the number of additional theoretical shares only, when their exercise price is below the share price on the market at the date of calculation.

The following table shows the number of shares considered:

Date	Number of Shares	On 12/31/2011		On 12/31/2010	
		Pro rata presence	Weighted number	Pro rata presence	Weighted number
12/31/1999	643,598	1	643,598	1	643,598
4/3/2000	400	1	400	1	400
7/5/2000	91,999	1	91,999	1	91,999
12/22/2000	245,332	1	245,332	1	245,332
12/31/2001	3,458	1	3,458	1	3,458
12/31/2003	1,428	1	1,428	1	1,428
12/31/2004	7,099	1	7,099	1	7,099
12/31/2005	4,942	1	4,942	1	4,942
8/21/2006	285,738	1	285,738	1	285,738
12/31/2006	1,837	1	1,837	1	1,837
12/31/2007	288	1	288	1	288
12/31/2008	3	1	3	1	3
12/31/2009	153	1	153	1	153
6/10/2011	25	0.6	15	0	0
Ordinary shares			**1,286,290**		**1,286,275**
Number of additional theoretical shares			0		0
Impact of dilutive instruments			**1,286,290**		**1,286,275**

20.3.1.5.4.17 Transactions with Related Parties

There are 4 top managers at Egide SA, that is 1 President and Chief Executive Officer and 3 board members. Gross compensation paid to the President of the Board of Directors stood at 167 k€ in 2011 (163 k€ in salary and 4 k€ in non-cash benefits). It includes the flat-rate elements only. 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. 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 during fiscal year 2011.

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, 2011 held 40,767 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 2011, € 18 k in attendance fees was paid to other board members (gross amount) for fiscal year 2010.

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 € 13 k euros before taxes.

20.3.1.5.4.18 Off-Balance Sheet Liabilities

20.3.1.5.4.18.1 Financing commitments of the company

Commitments:

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

(In € k)	12/31/2011*	12/31/2010*
Sureties	3,170	3,240
Total	**3,170**	**3,240**

** Outside the liabilities relating to non-current assets held for sale (see § 20.3.1.5.4.12).*

- Egide SA 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 € 419 k on December 31, 2011. Egide also posted a bond for this bank for a bank overdraft obtained in March 2009, for the amount of £ 50 k, with an equivalent value of € 60 k on December 31, 2011.

- 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 yearly 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 $ 1,730 k for rents, that is € 1,338 k at December 31, 2011.

- 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 € 1,353 k at December 31, 2011.

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€.

Commitments relating to non-current assets held for sale:

- 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, 2011 is € 65 k.

  The cash equivalents pledged were entered under the Other Noncurrent 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 393 k€.

20.3.1.5.4.18.2 Commitments relating to operational activities of the company

Commitments:

The commitments are:

Items (in € k)	Value on 12/31/2011*	Due under 1 year*	Due from 1 to 5 years*	More than 5 years*
Property letting Trappes – Egide SA (1)	560	106	434	19
Property letting Bollène – Egide SA (2)	2,058	193	793	1,072
Property letting – Egide USA Inc. (3)	1,337	180	777	380
Property letting – Egide UK Ltd (4)	144	96	48	0
Total	**4,099**	**575**	**2,052**	**1,471**

** Outside the liabilities relating to non-current assets held for sale (see § 20.3.1.5.4.12).*
(1) A firm 9 year lease contract which started on March 5, 2008 - Yearly rent index-linked to INSEE (National Economic Studies and Statistical Institute - France) for the cost of construction with effect from April 1st, 2009
(2) A firm 12 year lease contract which started on March 03, 2010 - Yearly rent index-linked to INSEE (National Economic Studies and Statistical Institute - France) for the cost of construction with effect from March 1st, 2011
(3) Lease contract for a firm 10 year period which started on October 20, 2008 - Yearly rent increase of 3 % per year with effect from October 20, 2010.
(4) A firm 5 year lease contract which started on June 25, 2008 - Yearly rent increase of 2.74 % after the first year followed by an increase of 6.67 % after the 2nd year (rents for the 4th and 5th years remain unchanged)

Commitments relating to non-current assets held for sale:

Items (in € k)	Value on 12/31/2011*	Due under 1 year*	Due from 1 to 5 years*	More than 5 years*
Egima - property letting	660	23	91	547

This is a lease contract for 40 years which commenced on February 1, 2001 and the annual rent is fixed.

20.3.1.5.4.19 Work Force Breakdown

	12/31/2011	12/31/2010
Management	54	55
First-line supervisors and technicians	32	35
Operatives and employees	250	223
Total	**336**	**313**

20.3.1.5.5 Events after Closing

The operation to strengthen the company's capital base decided by the Board of Directors on October 6, 2011 took the form of a capital increase by the issuance of 428,766 new shares at a price of 5 euros with pre-emptive subscription rights. Launched on January 17, 2012 and having received the AMF visa No. 12-024 on that date, the operation was successfully concluded on February 16 with an oversubscription rate of 221%. The company exercised the extension clause of 15% and issued a total of 493,080 new shares. The gross proceeds of the offering stood at 2.46 million euros, the net proceeds were for 2.3 million euros.

20.3.2 Annual Financial Statements

20.3.2.1 Balance Sheet

ASSETS in euros	Depreciable Cost on 12/31/2011	Amortization and Depreciation	Net value on 12/31/2011	Net value on 12/31/2010
Intangible Assets	**498,426**	**498,426**	**0**	**0**
Preliminary Expenses				
Research and Development Expenses				
Franchises, patents, licenses	345,977	345,977	0	**0**
Goodwill	152,449	152,449	0	**0**
Other Intangible Assets				
Tangible Assets	**11,607,771**	**10,934,659**	**673,112**	**635,257**
Land				
Buildings				
Machinery, Materials, & Industrial Equipment	9,620,243	9,134,784	485,459	513,612
Other Tangible Assets	1,635,580	1,518,074	117,506	107,295
Intangible Assets in Process	351,947	281,801	70,146	14,350
Advances and Payments				
Financial Assets	**89,059,378**	**88,364,759**	**694,620**	**517,507**
Investments	75,103,856	75,103,856	0	0
Accounts Receivable Connected to Invest.	13,775,957	13,260,902	515,055	338,885
Other Financial Assets	179,565		179,565	178,623
CAPITAL ASSETS	**101,165,575**	**99,797,844**	**1,367,731**	**1,152,764**
Inventories and In-Process Goods	**6,676,342**	**3,569,840**	**3,106,502**	**3,094,493**
Raw Materials and Supplies	4,688,787	2,653,289	2,035,498	1,956,692
Goods in Process	551,528	17,234	534,294	935,585
Services in Process	49,816		49,816	15,546
Intermediate & Finished Products	1,327,278	850,298	476,980	182,896
Merchandise	58,933	49,019	9,914	3,774
Accounts Receivable	**805,970**	**138,082**	**667,888**	**819,686**
Advances and Payments on Orders	12,897		12,897	6,372
Receivables and Related Accounts	793,073	138,082	654,991	813,315
Fully Paid Capital				
Other Accounts Receivable	**1,197,349**	**217,341**	**980,008**	**1,085,165**
Available Funds	**1,036,421**		**1,036,421**	**1,649,400**
Short-Term Investments	843,796		843,796	1,025,517
Available Funds	192,625		192,625	623,883
Prepaid Expenses	**203,972**		**203,972**	**126,668**
CIRCULATING ASSETS	**9,920,054**	**3,925,263**	**5,994,791**	**6 775,413**
Charges to Be Spread over Several Fiscal Years				
Unrealized Losses	249,862		249,862	309,741
TOTAL	**111,335,492**	**103,723,107**	**7,612,385**	**8,237,918**

LIABILITIES in euros	Values on 12/31/2011	Values on 12/31/2010
Capital	2,572,600	12,862,750
Bond premiums,		
Re-evaluation Adjustment		
Legal Reserve	402,348	402,348
Statutory or Contractual Reserves		
Regulated Reserves		
Other Reserves		
Retained Earnings	(656,271)	(11,179,181)
Fiscal year result	225,028	232,510
Investment Subsidies		
Regulated Provisions		
SHAREHOLDERS' EQUITY	**2,543,705**	**2,318,427**
Advances	31,950	38,340
EQUITY SECURITY	**31,950**	**38,340**
Provisions for Contingencies	249,862	309,741
Provisions for Expenses	289,182	217,665
PROVISIONS	**539,044**	**527,406**
Financial Debt	**300,000**	**300,000**
Financial Institution Loans and Debts		
Various Loans and Debts	300,000	300,000
Advances & Payments/Current Orders	**430,853**	**561,881**
Various Debts	**3,734,819**	**4,489,116**
Supplier Debt & Related Accounts	2,029,567	2,776,655
Fiscal and Social Debt	1,346,633	1,420,259
Capital Property Supplier Debts	85,794	131,288
Other Accounts Payable	272,825	160,914
Deferred Revenue	**0**	**0**
DEBTS	**4,465,672**	**5,350,998**
Unrealized Gains	32,013	2,748
TOTAL	**7,612,385**	**8,237,918**

20.3.2.2 Income Statement

Items (euros)	France	Export	12/31/2011	12/31/2010
Merchandise Sales	125,077	103,808	228,884	323,243
Products sales (goods)	7,285,540	9,114,265	16,399,804	15,126,323
Products Sales (services)	752,379	318,301	1,070,680	639,074
NET SALES	**8,162,995**	**9,536,373**	**17,699,368**	**16,088,641**
Production left in stock			(60,675)	332,863
Subsidies			8,243	1,000
Depreciation Recovery and Provisions			767,165	457,597
Other Revenue			12,374	98,329
Marginal Revenue			**18,426,476**	**16,978,430**
Merchandise Purchases			52,798	28,321
Variations in Merchandise Inventory			(6,847)	11,215
Purchases of raw materials and supplies			5,487,953	6,194,785
Variations in Inventory (Raw Materials, etc.)			514,216	(156,986)
Other Purchases and External Expenses			3,139,340	2,893,195
Direct and Indirect Taxes			380,918	373,407
Salaries and Compensation			5,886,758	5,278,210
Social Expenses			2,284,458	2,102,063
Amortization Expense and Fixed Asset Dep			189,956	233,647
Amortization Expense for Circulating Assets			130,477	120,654
Estimated Expenses			71,660	19,616
Other Operating Expenses			69,153	19,984
Operating Expenses			**18,200,840**	**17,118,110**
OPERATING RESULTS			**225,636**	**(139,680)**
Interest and Similar Income			85,029	76,014
Dep. Recovery and Prov. - Transf of Charges			404,278	472,918
Exchange Gains			55,743	105,372
Net income/VMP Cessions			2 108	1,032
Investment Income			**547,158**	**655,336**
Amortization & Depreciation Expense			624,631	1,160,130
Interests and Similar Charges			87,141	51,267
Exchange Losses			86,900	140,309
Net Expenses/VMP Cessions			0	0
Investment Expenses			**798,671**	**1,351,706**
FINANCIAL RESULT			**(251,513)**	**(696,370)**
OPERATING PROFIT BEFORE TAXES			**(25,876)**	**(836,050)**
Extr. Income in Management Operations			0	0
Extraordinary Income in Capital Operations			0	1,631,885
Other Capital Operations			0	0
Dep. Recovery and Prov. - Transf. of Charges			1,670	14,998
Extraordinary Income			**1,670**	**1,646,883**
Extr. Charges on Management Operations			0	26,319
Extraordinary Charges on Capital Operations			0	742,467
Amortization & Depreciation Expense			2,000	14,998
Extraordinary Charges			**2,000**	**783,784**
EXTRAORDINARY INCOME			**(330)**	**863,099**
Income Tax Expense			(251,235)	(205,461)
TOTAL INCOME			**18,975,304**	**19,280,649**
TOTAL EXPENSES			**18,750,276**	**19,048,139**
PROFIT OR LOSS			**225,028**	**232,510**

20.3.2.3 Cash Flow Chart

Items (Amounts in euros)	12/31/2011	12/31/2010
Net Loss	225,028	232,510
Elimination of charges and expenses having no effect on cash or not associated with operations		
- Amortizations, depreciations, and allowances (apart from depreciation of circulating assets	482,156	907,643
- Capital gains or losses from capital asset cessions		(1,054,768)
- Deferred charges		
Variation in the need for working capital associated with the operation (in net present value)		
- Work in process inventory	(12,009)	(740,287)
- Customer accounts receivable	182,319	209,742
- Other accounts receivable and prepaid expenses	81,207	(253,940)
- Trade notes payable	(747,088)	894,390
- Other prepaid debt and income	(63,478)	409,511
CASH FLOW ASSOCIATED WITH OPERATIONS	**148,133**	**604,801**
Acquisition of elements of fixed assets		
- Tangible and intangible assets	(273,633)	(84,854)
- Long-term investments	(481,339)	(1,341,436)
Cession of elements of fixed assets		
- Tangible and intangible assets		1,631,885
- Long-term investments		
CASH FLOW ASSOCIATED WITH INVESTMENT OPERATIONS	**(754,972)**	**205,595**
Increase in cash capital	250	
Increase in other equity		
Change in shareholders' equity	(6,390)	(6,390)
Dividend distribution		
Increase in financial debt		300 000
Payment of financial debts		
CASH FLOW ASSOCIATED WITH FINANCING OPERATIONS	**(6,140)**	**293,610**
Variation in availabilities	(612,979)	1,104,006
Variation in bank borrowings		
CASH VARIATION	**(612,979)**	**1,104,006**
Opening Cash Position	**1,649,400**	**545,394**
- VMP pledged	57,447	130,741
- VMP available	968,070	242,875
- Available cash	623,883	171,778
Closing Cash Position	**1,036,421**	**1,649,400**
- VMP pledged	57,447	57,447
- VMP available	786,350	968,070
- Available cash	192,625	623,883
CASH VARIATION	**(612,979)**	**1,104,006**

20.3.2.4 Accounting Methods and Explanatory Notes on Annual Accounts

20.3.2.4.1 General

This annex is an integral part of the annual financial statements issued on December 31, 2011, showing total assets of 7,612,385 euros, and the income statement, shown in list format, shows a benefit of 225,028 euros. These accounts are also the object of consolidation, Egide SA being the consolidating parent company.

The fiscal year covered the 12-month period from January 1, 2011 to December 31, 2011.

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, 2011 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.

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 à 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 under construction correspond to assets not yet placed into service at the close of the fiscal year.

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 %
Furnaces (structure, minus identified components)	10 %
Ceramic firing furncace 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. 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 flow 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 In-Process Goods

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 contractually limited the liabilities authorized by the financed client to 250 k€.

20.3.2.4.2.11 Long-Term Investments

Long-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 to 67 years old depending on the year of birth
- Average annual pay raise: 2 %,
- Life expectancy is based on the Insee actuarial table 2009,
- Probability of attendance is assessed in terms of internal statistics proper to each establishment
- the rate of the long-term financial updating was of 4.60 % (Markit Iboxx Eur corporates AA 10+ 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.

20.3.2.4.3.2 Share Capital

On December 31, 2010, therefore, share capital stood at 12,862,750 euros, i.e., 1,286,275 shares, each with par value of 10 euros. Further to the exercise of options to subscribe for shares in 2011, 25 new shares were issued with a par value of 10 euros each.

On November 28, 2011, the company achieved a reduction in capital by reducing the par value to absorb past losses. An amount of 10,290,400 euros was transferred from the "Balance Carried Forward" item to the "Share Capital" item.

On December 31, 2011, the capital is made of 1,286,300 shares at 2 euros par value, i.e. 2,572,600 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 2009. The balance carried forward of December 31, 2009 was partially allocated to this premium , which led to reduce its balance to zero.

20.3.2.4.3.4 Stock Options Plans

During the general shareholders' meetings of Friday, May 28, 2010, 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 Sunday, July 28, 2013, 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 the American subsidiary, Egide USA Inc., the period of unavailability, for 50% of stock options, may be reduced to a year from the date on which the options can be obtained.

During fiscal year 2011, the board of directors exercised this authority to create 600 options.

25 options were exercised in 2011. During fiscal year 2011, 300 options became null and void due to the departure of the option holder employee (200 from plan 4.4 and 100 from plan 5.2).

The position of the various plans at year-end was as follows:

Plan Number	Plan 4.1	Plan 4.4	Plan 5.1	Plan 5.2	Plan 6.1	Plan 6.2	Total
Options Granted but Not Exercised Subscription Price	20,767 29.74 €	4,100 31.15 €	4,400 27.83 €	25,599 5.79 €	200 5.63 €	600 8.08 €	55,666

For information, the average price per share of Egide SA's stock during fiscal year 2011 was 10.43 euros, and the closing price on December 31, 2011 was 5.93 euros.

The General 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, 2011, there was an available balance of 8,649 options.

20.3.2.4.3.5 Authorization to Increase Capital

At the combined general meeting of May 13, 2011, 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 is authorized with or without withdrawal of the preemptive subscription right for a period of 26 months from the date of the meeting. Moreover, the combined general meeting of May 28, 2010 authorized the Board of Directors to issue, through an offer pursuant to Article L.411-2 of the Monetary and Financial Code, shares or securities giving access to the company's capital, with cancellation of preferential subscription rights for an amount not to exceed 20% partnership capital per year. This issue is authorized for a period of 26 months commencing on the date of the meeting. On October 6, 2011, the Board of Directors decided on the principle of a capital increase by issuing approximately 400,000 new shares with pre-emptive subscription rights being maintained, and it sub-delegated its execution to the Chief Executive Officer. This occurred on January 17, 2012.

20.3.2.4.3.6 *Table Showing Variation in Shareholders' Equity*

Euros	12/31/2011	12/31/2010
Income Per share	225,028 0.17	232,510 0.18
Variation in Shareholders' Equity (minus income shown above) Per share	250 0.00	0 0.00
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	2,085,917 - 232,510 2,318,427	5,587,562 - (3,501,645) 2,085,917
Variations in share capital: - 12/31/2011: 25 shares issued with a face value of 10 euros	 250	
Shareholders' equity on the balance sheet at fiscal year end before the ordinary general meeting and not including income	2,318,677	2,085,917
Total variation in shareholders' equity during the fiscal year.	225,278	232,510

20.3.2.4.3.7 *Reimbursable Advances*

During fiscal year 2004, the company received a 63,900 euros advance from the Agence de l'Eau 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)	12/31/2010	Expense	Recovery	12/31/2011
Provisions for exchange rate loss Provisions for retirement severance pay and similar obligations Other provisions	309,741 217,665	249,862 71,660	309,741 143	249,862 289,182
Total	**527,406**	**321,522**	**309,884**	**539,044**
Operating allocations and recoveries Financial allocations and recoveries Exceptional allocations and recoveries		71,660 249,862	143 309,741	

20.3.2.4.3.9 *Various Loans and Debts*

As part of a regional plan for job retention, the company received in July 2010 a loan of €200,000 from the PACA region and a loan of €100,000 from the department of Vaucluse. These interest-free loans are repayable in 7 years with a total grace period of 2 years.

20.3.2.4.3.10 Depreciation Table

Items (euros)	12/31/2010	Expense	Recovery	12/31/2011
Intangible Assets	152,449			152,449
Tangible Assets	1,395,797		1,670	1,394,097
Financial Assets	88,060,532	398,763	94,537	88,364,759
Inventories and In-Process Goods	4,149,893	130,270	710,323	3,569,840
Accounts Receivable	435,911	207	80,694	355,423
Total	**94,194,552**	**529,240**	**887,224**	**93,836,567**

20.3.2.4.3.11 Franchises, Patents, and Licenses

Variation in other intangible assets can be analyzed as follows:

Euros	Depreciable Value 12/31/2010	Acquisitions, Creations, Transfers	Assignments, Transfers,Removals from Service	Depreciable Value 12/31/2011
Franchises, patents, licenses	345,977			345,977

Variations in amortization can be analyzed as follows:

Euros	Cumulative Amortization on 12/31/2010	Expense	Recovery	Cumulative Amortization on 12/31/2011
Franchises, patents, licenses	345,977			345,977

Franchises, patents, and licenses are not depreciated.

20.3.2.4.3.12 Goodwill

Euros	12/31/2011	12/31/2010
Bollène Goodwill	152,449	152,449
Depreciation	(152,449)	(152,449)
Net accounting value	0	0

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

This goodwill has been fully depreciated in 2002, the products affected by the acquisition of this technology is no longer marketed.

20.3.2.4.3.13 Tangible Assets

The variation in tangible assets can be analyzed as follows:

Items (euros)	Depreciable Value 12/31/2010	Acquisitions, Creations, Transfers	Assignments, Transfers, Removals from Service	Depreciable Value 12/31/2011
Land				
Buildings				
Technical Installations and Industrial Equipment	9,567,388	126,100	73,244	9,620,243
Other Tangible Assets	1,589,336	46,244		1,635,580
Intangible Assets in Process	296,151	84,378	28,581	351,947
Advances and payments				
Total	**11,452,875**	**256,721**	**101,826**	**11,607,771**

The outputs of industrial materials correspond to scrap left over that was mostly subject to replacement by acquisitions.

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

Items (euros)	Cumulative Amortization on 12/31/2010	Expense	Account-to-account transfer	Recoveries and withdrawals	Cumulative Amortization on 12/31/2011
Land					
Buildings					
Technical Installations and Industrial Equipment	8,579,585	154,253	1,670	73,244	8,662,264
Other Tangible Assets	842,265	36,033			878,299
Total	**9,421,851**	**190,286**	**1,670**	**73,244**	**9,540,562**

Depreciation expenses for tangible assets are calculated using the straight line method and entered into operating income in the amount of € 190 k.

Variation in tangible asset depreciation can be analyzed as follows:

Items (euros)	Cumul. Depr. on 12/31/2010	Expense	Account-to-account transfer	Recovery	Cumul. Depr. on 12/31/2011
Technical Installations and Industrial Equipment	474,191		1,670		472,521
Other Tangible Assets	639,775				639,775
Tangible Assets in Process	281,801				281,801
Total	**1,395,767**	**0**	**1,670**	**0**	**1,394,097**

The transfer of depreciation to amortization en application of CNC Opinion 06-12, published on October 24, 2006 was € 2 k in 2011. This transaction was recorded under exceptional income. At December 31, 2011, the entire transfer was carried out.

The shutdown at the Trappes factory led to the recording of the depreciations for 2001 that stood at € 472 k for industrial materials and € 640 k for fixtures. Similarly, the current tangible assets are depreciated for an amount of € 282 k.

The impairment test conducted on December 31, 2005 had 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 € 1,048 k had been deemed necessary. The current assets value in the balance sheet at December 31, 2011 allows covering their net book value, no complementary depreciation was entered.

20.3.2.4.3.14 Financial Assets

Items (euros)	Depreciable Value 12/31/2010	Variation	Depreciable Value 12/31/2011	Depreciation on 12/31/2010	Variation	Depreciation on 12/31/2011
Egima Stocks	1,444,198		1,444,198	1,444,198		1,444,198
Egide USA LLC Investments	72,688,338		72,688,338	72,688,338		72,688,338
Egide UK Ltd Stocks	971,321		971,321	971,321		971,321
Accounts Receivables Associated with Egima	10,776,894	299,544	11,076,438	10,776,894	299,544	11,076,438
Accounts Receivables Associated with Egide UK Ltd	1,093,679	99,219	1,192,898	1,093,679	99,219	1,192 898
Accounts Receivables Associated with Egide USA Inc	1,424,988	81,634	1,506,621	1,086,103	(94,537)	991,566
Security Deposit	178,623	942	179,565			
Total	**88,578,040**	**481,339**	**89,059,378**	**88,060,532**	**304,226**	**88,364,759**

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, 2011, 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, 2011.

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. In addition, for Egima and Egide UK Ltd, the net value in respect of the amounts receivable is henceforth null in connection with the low probability of recovery of both companies by Egide SA.

20.3.2.4.3.15 Inventories and In-Process Inventories

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

Items (euros)	Depreciable Value 12/31/2010	Depreciable Value 12/31/2011	Depreciation on 12/31/2010	Expense	Recovery	Depreciation on 12/31/2011
Raw Materials & Supplies	5,203,003	4,688,787	3,246,311	5,234	598,256	2,653,289
In-Process Inventories	952,912	601,344	1,781	22,164	6,711	17,234
Finished Products	1,036,385	1,327,278	853,489	102,166	105,356	850,298
Merchandise	52,086	58,933	48,312	707		49,019
Total	**7,244,386**	**6,676,324**	**4,149,893**	**130,270**	**710,323**	**3,569,840**

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.

The scrapping done in 2011 made for raw materials and finished products were depreciated at 100 %, which led to a reversal of the full depreciation.

20.3.2.4.3.16 Client Receivables

Variation in client receivables can be analyzed as follow:

Euros	Depreciable Value 12/31/2010	Depreciable Value 12/31/2011	Depreciation on 12/31/2010	Expense	Recovery	Depreciation on 12/31/2011
Client Receivables	1,031,885	793,073	218,570	207	80,694	138,082

Factoring has been in effect since April 2006. It affects domestic and export receivables to the extent of 74 % of sales. Client receivables assigned to factoring companies but not yet paid stand at € 1,544 k on December 31, 2011, which would raise to € 2,338 k the value of customer receivables in the absence of factoring on December 31, 2011 versus € 3,277 k on December 31, 2010.

The recovery was mainly carried out further to the settlement received from a client.

20.3.2.4.3.17 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	13,775,957	12,269,336	1,506,621
Other Financial Assets	179,565		179,565
Advances and Payments	12,897	12,897	
Bad Debts or Litigious Clients	138,082		138,082
Other Customer Accounts Receivable	654,991	654,991	
Personnel Accounts	2,287	2,287	
Report: Research Tax Credit	456,696		456,696
Report: Value Added Tax	77,318	77,318	
Report: Miscellaneous Accounts Receivable	217,341	217,341	
Factoring Companies	181,565	181,565	
Miscellaneous Debtors	262,144	20,144	242,000
Fees Paid in Advance	203,972	203,972	
Total	**16,162,813**	**13,639,849**	**2,522,964**

The amount receivable represented by a deduction from tax for 217 k€ deriving from the withholding tax due in Morocco has been fully depreciated in light of the low probability of its future allocation on the payment of corporate income tax.

The research tax credit is repayable at the end of the 3rd year following that of the granting if not debited by then to corporate income tax. The RTC for the year 2010 for € 205 K will be repayable in 2014 and that of 2011 for € 251 K in 2015. The amount receivable pertaining to the factors represents the non-financed guarantee fund as well as the de-financed amounts resulting from the client's delay in payment.

On disposal of the Bollène plant building, a part of the sale price (or €242K) was kept by the buyer in anticipation of improvement of the company's credit rating by Cofacerating.

Debt Position (euros)	Gross Amount	1 Year and Under	More than 1 Year and Less than 5 Years	More than 5 Years
Various Loans and Debts	300,000	30,000	240,000	30,000
Clients, deposits received	430,853	430,853		
Supplier Accounts	2,029,567	2,029,567		
Personnel Accounts	512,607	512,607		
Social Security, Other Social Organizations	587,791	587,791		
Report: Value Added Tax	346	346		
Report: Other Taxes and Indirect Taxes	245,889	245,889		
Asset Accounts Payable	85,794	85,794		
Other Accounts Payable	272,825	272,825		
Total	**4,465,672**	**4,195,672**	**240,000**	**30,000**

20.3.2.4.3.18 Long-Term Investments

They are composed uniquely of OPCVM mutual funds with a book value of 843,796 euros. The mutual funds are cashed as and when operational needs arise. The current value of the SICAV (open-end mutual funds), of 852,282 euros at December 31, 2011, reveals an unrealized capital gain of 8,486 euros.

20.3.2.4.3.19 Prepaid Expenses

Items (euros)	12/31/2011	12/31/2010
Purchase of materials and indirect materials	1,221	0
Rent	76,554	88,899
Insurance	83,482	6,594
Miscellaneous (Maintenance…)	42,715	31,175
Total	**203,972**	**126,668**

20.3.2.4.3.20 Accrued Expenses

Items (euros)	12/31/2011	12/31/2010
Suppliers - Invoices not received	174,951	601,280
Personnel - Estimated Liabilities for Holidays to be Paid and Accrued Expenses	629,301	656,269
Personnel - Estimated Liabilities for Premiums to Pay and Accrued Expenses	34,143	116,644
Personnel - Social Security Allowances	958	1,346
Personnel - Insurance Premiums	462	0
State - Other Fees to Pay	245,889	199,887
VAT on receivable credit notes	346	1,729
Clients - Credit Notes to Establish	170,384	52,891
Expense Accounts to Pay	1,743	1,947
Commissions to Pay	14,010	26,052
Board Members’ Fees to Pay	24,000	18,000
Other Fees to Pay	34,326	34,326
Total	**1,330,514**	**1,710,371**

20.3.2.4.3.21 Revenues to Be Received

Items (euros)	12/31/2011	12/31/2010
Clients - Invoices to Prepare	0	0
Suppliers - Credit Notes to Be Received	14,674	13,291
Other revenues to be received	242,000	242,000
VAT credit	28,979	122,410
VAT on invoices not received	27,193	88,287
VAT on credit notes to establish	12,567	0
Total	**325,412**	**465,988**

20.3.2.4.3.22 Concerning Affiliates and Investments

Table showing Subsidiaries and Investments

	EGIMA Casablanca - Morocco	EGIDE USA, LLC Wilmington, DE - USA	EGIDE UK Ltd Woodbridge - GB
Capital	MAD 14,800,000	66,878,828 USD	GBP 657,064
Shareholders’ Equity Other than Capital (minus Fiscal Year Income)	(131,831,272 MAD)	(365,198 USD)	(GBP 1 ,578,010)
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	€ 11,076,438	None	€ 1,192,898
Amount of Guarantees and Avals Provided by the Company	458,227 €	None	478,870 €
Before-Tax Sales in the Previous Fiscal Year	MAD 2,866,594	None	GBP 1,946,946
Income (Profit or Loss) at Last Fiscal Year End	(MAD 2,522,856)	(231 USD)	GBP 144,626
Dividends Cashed by the Company During the Fiscal Year	None	None	None
Other Information	Subsidiary created on 11/1/2000. Began operations in 2002.	Created on 11/8/2000. Cny created as holding for EGIDE USA Inc.	Subsidiary created on 6/1/2002.

Accounts receivable and accounts payable with affiliated companies

Items (euros)	12/31/2011	12/31/2010
Accounts Receivable Connected to Investments	13,775,957	13,295,561
Client Accounts Receivable and Connected Accounts	54,648	83,927
Suppliers and Connected Accounts	14,935	28,632

20.3.2.4.3.23 Conversion Discrepancies

Item Concerned	Currency	Asset Discrepancy (euros)	Liability Discrepancy (euros)
Suppliers	YEN	4 760	
Miscellaneous	MAD	73 717	
Suppliers	GBP	34	
Miscellaneous	GBP	171 293	
Suppliers	CHF	58	
Suppliers	USD		(12 137)
Clients	USD		6 372
Miscellaneous	USD		37 778
Total		**249 862**	**32 013**

A provision for exchange loss has been accounted for at 249,862 euros.

20.3.2.4.3.24 Company Taxes and Fiscal Deficits

The amount of fiscal deficits reportable at the close of fiscal year 2011 stands at 45,013,357 euros.

The 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	825,971
2007	12/31/2017	1,772,266
2008	12/31/2018	328,676
Total		**75,103,856**

A research tax credit was entered for the year 2010 for 205,461 euros and the year 2011 for 251,235 euros. They will be respectively repayable from January 1, 2014 and January 1, 2015 if not debited by then to corporate income tax.

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

Increases (euros)	2011	2010
Provision for Unrealized Exchange Loss in Fiscal Year	249,862	309,741
Retirement Severance Pay		5,293
Total	**249,862**	**315,034**
Tax Rate	33.33 %	33.33 %
Accretion (Increase) in Future Tax Debt	**83,287**	**105,011**

Decreases (euros)	2011	2010
Unrecognized Exchange Loss	249,862	309,741
Organic	28,319	25,752
Unrealized gain on OPCVM (mutual fund)	8,486	7,028
Retirement Severance Pay	45,526	
Reportable Deficits	45,013,357	45,086,692
Total	**45,345,550**	**45,429,213**
Tax Rate	33.33 %	33.33 %
Decrease in Future Tax Debt	**15,115,183**	**15,143,071**

20.3.2.4.3.26 Sales Breakdown by Business Sector

2011 sales primarily signify the delivery of finished products during that year.

Business Sectors (euros)	12/31/2011	12/31/2010
Glass-to-Metal	5,622,317	5,045,120
Ceramic	11,394,560	10,671,205
Engineering	362,852	292,711
Associated activities	269,414	41,225
Group	50,225	38,380
Total	**17,699,368**	**16,088,641**

20.3.2.4.3.27 Sales Breakdown by Geographic Area

Business Sectors (euros)	12/31/2011	12/31/2010
France	8,162,995	6,413,673
ECC other than France	1,722,958	2,214,679
USA and Canada	1,044,476	1,912,740
Other Countries	6,718,714	5,509,169
Group	50,225	38,380
Total	**17,699,368**	**16,088,641**

Associated activities are included in the "France" sector.

20.3.2.4.3.28 Financial Results

Items (euros)	12/31/2011	12/31/2010
Net Proceeds on VMP Cessions	2,108	1,032
Net Income from Foreign-Currency Transactions	28,722	128,241
Depreciation of Investments & Associated Accounts Receivable	(280,231)	(850,389)
Special Financing Commission - Factoring	(62,328)	(47,145)
Other Financial Costs and Revenues	60,216	71,891
Total	**(251,513)**	**(696,370)**

Current accounts for Egide and its subsidiaries, Egima Egide USA LLC, Egide USA Inc., and Egide UK Ltd provide compensation at the rate of 3 % a year. At closing, Egide realized investment income of 79 k€ on current accounts.

20.3.2.4.3.29 *Extraordinary Result*

Items (euros)	12/31/2011	12/31/2010
Penalties and fiscal fines Income from Cession of Elements of Assets	(330)	(26,319) 889,418
Total	**(330)**	**863,099**

The Bollène plant building was sold to SCI Etche Bollène in March 2010 for a sale price of €1,629K.

20.3.2.4.3.30 *Executive Compensation*

The gross remuneration paid to the Chairman of the Board amounted to € 167 k in 2011, including non-cash benefits. The attendance fees paid in 2011 to the other three members of the board of directors stood at € 18 k for 2010.

20.3.2.4.3.31 *Other Liabilities*

Commitments:

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

Items (euros)	12/31/2011	12/31/2010
Collateral Securities Sureties	64,885 3,562,165	64,408 3,728,008
Total	**3,627,050**	**3,792,416**

For the benefit of affiliated companies:

- To Crédit du Nord, for the sum of 57,447 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 present value of the SICAV (open-end mutual funds) pledged on December 31, 2011 is of 64,885 euros.

  The amount of Long-Term Investments posted, thus being the subject of the surety is 8 % of this entry on December 31, 2011.

- 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 21, 2015, for the sum of 393,342 euros.

- The company acted as guarantor in favor of the Lloyds bank for its subsidiary Egide UK:

  - As part of the establishment of a factoring agreement in April 2008 for an amount of GBP 350,000 or EUR 419,011 at December 31, 2011
  - As part of a bank overdraft in March 2009 for an amount of GBP 50,000 or 59,859 euros on December 31, 2011

- 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 was of USD 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 of USD 1,730,530 for rents, that is 1,337,453 euros on December 31, 2011.

- 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 USD 1,750,000 representing the sum 1,352,500 euros at December 31, 2011.

Individual Entitlement to Training:

No hours were used during the course of the fiscal exercise as part of the Individual Entitlement to Training (DIF)- At December 31, 2011, the cumulated hours earned by the company's employees for the training entitlement were 17,605 hours.

Leasing agreements:

The leasing agreements concerning only the "Other tangible assets" item are summarized as follows:

Transport equipment (euros)	12/31/2011
Value of goods at the date of contract signature	102,528
Depreciation expenses that would have been entered if the goods had been acquired:	
- During the fiscal year	*18,917*
- Cumulated at commencement of the fiscal year	*32,870*
Fees paid:	
- During the fiscal year	*19,639*
- Cumulated at commencement of the fiscal year	*29,366*
Fees to be paid at fiscal year end	44,821
Residual purchase price	32,023

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

	2011	2010
Management	32	32
First-line supervisors and technicians	24	24
Employees	4	4
Workers	162	133
Total	**224**	**193**

20.3.2.4.4 Events Following Closing

The operation to strengthen the company's capital base decided by the Board of Directors on October 6, 2011 took the form of a capital increase by the issuance of 428,766 new shares at a price of 5 euros with pre-emptive subscription rights. Launched on January 17, 2012 and having received the AMF visa No. 12-024 on that date, the operation was successfully concluded on February 16 with an oversubscription rate of 221%. The company exercised the extension clause of 15 % and issued a total of 493,080 new shares. The gross proceeds of the offering stood at 2.46 million euros, the net proceeds were for 2.3 million euros.

20.4 Verification of Historical Annual Financial Statements

20.4.1 Auditors' Report on 2011 Consolidated Financial Statements

« Ladies and Gentlemen,

To carry out the assignment entrusted to us by the members of your General Meeting, we present you with our report for fiscal year ending December 31, 2011 in regard to the following:

- Examination of Egide Corporation's consolidated 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 the 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.

II - Justification of Our Assessments

In application of the provisions of article L.823-9 of the Code of Commerce relative to the justification of the assessments, we bring the following to your attention:

As revealed in notes 2.5, 2.6 and 3.3 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, 2011.

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

In conformity with the professional standards applicable in France, we have also verified the information relative to the group, provided in the management report.
We have no observation to make regarding their truthfulness and their consistency with the consolidated financial statements.

Neuilly sur Seine and Paris, April 20, 2012

The Auditors

PricewaterhouseCoopers Audit,
Jean-François Châtel

SYC S.A.S,
Bernard Hinfray »

20.4.2 Auditors' Report on 2011 Annual Financial Statements

« Ladies and Gentlemen,

To carry out the assignment entrusted to us by the members of your General Meeting, we present you with our report for fiscal year ending December 31, 2011 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 the board of directors. It is up to us, based on our audit, to express an opinion on these statements.

I - Opinion on the Annual 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 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.

II - Justification of Our Assessments

In application of the provisions of article L.823-9 of the Code of Commerce relative to the justification of our assessments, we bring the following to your attention:

As described in the notes 1.6 and 2.14 of the appendix pertaining to the permanent financial investments, your company has depreciated its investments as well as the receivables appurtenant to them when the going 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, 2011.

As revealed in notes 1.3, 1.4 and 2.13 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, 2011.

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

In conformity with the professional standards applicable in France, we have also conducted specific verifications provided for by the law.

We have no observation to make regarding the 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.
Regarding the information provided pursuant to provisions of Article L.225-102-1 of the Commercial Code on wages and benefits paid to corporate officers as well as commitments made in their favor, we have verified their consistency with the accounts or data used in

the preparation of these accounts and, where appropriate, with the items collected by your company from the companies controlling your company or controlled by it. Based on this work, we confirm the accuracy and truthfulness of this information.

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

Neuilly sur Seine and Paris, April 20, 2012

The Auditors

PricewaterhouseCoopers Audit,
Jean-François Châtel

SYC S.A.S,
Bernard Hinfray »

Note

The notes 2.5, 2.6 and 3.3 mentioned in the auditors' report regarding the consolidated accounts correspond respectively to paragraphs 20.3.1.5.3.5, 20.3.1.5.3.6 and 20.3.1.5.4.3 of this reference document.

The notes 1.6, 2.14, 1.3, 1.4 et 2.13 mentioned in the auditors' report regarding the annual financial statements correspond to paragraphs 20.3.2.4.2.6, 20.3.2.4.3.14, 20.3.2.4.2.3, 20.3.2.4.2.4 and 20.3.2.4.3.13 of this reference document.

20.5 Other Elements in the Group Management Report

20.5.1 Statement of Operations

20.5.1.1 Egide Corporation's Operations

In 2011, the sales figure stood at € 17.70 million against € 16,09 million in 2010, that is to say a rise of 10 %.

The defense and space business sectors experienced growth at 5.8 %, with sales of € 7.78 million in 2011 as opposed to € 7.36 million in 2010. This is an evolution similar to that of last year reflecting the strength of the mature military markets.

Sales realized in telecommunications sector show a slight increase of 2.2 % for the year, from 5.37 million euros in 2010 to 5.48 million euros in 2011. If the market growth recorded in the first half (+ 58.4 % with regard to the first half of 2010) clearly reflects a recovery in the needs in optical broadband solutions inherent to the saturation of existing networks; the financial and economic crisis of the second half marked an abrupt stop to this increase, with a decline of over 30 % of sales compared to the equivalent half of 2010. The shutdown of the plant of our Thai customer (subcontractor for assembly for our largest telecoms) for a month clearly did not help matters.

Industrial markets have generated sales of 4.38 million euros in 2011 against 3.33 million euros in 2010. This strong growth of 31.7 % was mainly due to the success of sales of infrared products, lead safety markets remaining potential, but also by the good performance of the civil aeronautics and automotive sectors.

Inter-group invoicing remained stable from one fiscal year to another at 0.05 million euros and correspond only to re-invoicing of financial management and top management fees between Egide SA and its subsidiaries.

The glass-to-metal technology with 5.62 million units sold represents 32 % of sales in 2011, up from 11.4 % compared to the previous fiscal year. With sales of 11.40 million euros of ceramics in 2011 against 10.67 million in 2010 (+ 6.8 %), is therefore the main technology implemented by Egide SA representing more than two thirds of the sales in 2011.

The company billed € 0.36 million for design projects financed during fiscal year 2011. This amount is slightly higher than that of 2010, which stood at 0.29 million euros, but it is only a change of invoice due date; R&D efforts were maintained from one fiscal year to another.

Egide still remains an export-oriented enterprise, with 54 % of its 2011 extra-group sales achieved outside of France (as opposed to 60 % in 2010). Europe, without France, represents 10 % and North America 6 % of extra-group sales in the fiscal year. The part realized outside these regions reached 38 % in 2011 against 34 % in 2010, mainly due to the telecom sales in Thailand (where manufacturing subcontractors of Egide's second client were located in 2011) and military sales to Israel (where Egide's third client was located in 2011).

20.5.1.2 Egide USA's Operations

Egide USA realized sales of 6.88 million euros in 2011 (of which 0.06 million euros of invoicing to the group) against 7.02 million euros in 2010. This decrease of 2 % in euros is due solely to the evolution of the euro-dollar exchange rate during the course of the year 2011 (average price of 1.3917 against 1.3268 in 2010) and actually masks a dollar growth if 2.8 % ($ 9.58 against $ 9.32 million).

Defense and Space constituted 77 % of sales in 2011, compared to 74 % in 2010, with 5.26 and 5.14 million euros, respectively. The industrial sector is also growing at 20 % of sales (1.37 million euros in 2011 against 1.21 million euros during the last financial year). The telecommunications sector, for which Egide USA provides a few special niche products, other needs being served by Egide SA, represents only 3% of sales for the year with 0.18 million euros (against 0.63 million euros in sales for 2010).

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 98 % of its fiscal year 2011 sales occurred. The remaining 2 % comes from industrial orders bound for Europe).

20.5.1.3 Egide UK's Operations

This subsidiary manufactures and sells molded metal and plastic components but no hermetic packages such as the other companies in the group. Fiscal year 2011 generated 2.24 million euros in sales, 0.09 million euros of which were realized within the group. This growth of 25.4 % of sales compared to fiscal year 2010 (1.79 million euros) is mainly due to the sharp increase of a product intended for the medical sector (+ 176 %) and the continued growth of the product intended for the automotive market (+ 15 %).

The industrial sector represented 93 % of the activity, 6 % for telecommunications and 1 % for defense. Plastic technology accounted for 15 % of sales, with the remaining 85 % being in metal molding. 79 % of sales are in Europe, 17 % are in North America, and 4 % are in the rest of the world.

20.5.1.4 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. Since July 1, 2009, this production unit has been mothballed and a process to dispose of the subsidiary was started because none of the group's need matches the aspects of this site. Therefore, there were no industrial sales generated during fiscal 2011 by Egima. However, since April 11, 2011, Egima leases its premises and some of its assets to Casablanca Aéronautique, the latter carrying on its industrial activity while waiting to become the full owner. Egima also re-invoices certain services such as the supply of water or electricity and rental charges. Thus, sales of 0.26 million euros were recorded in the accounts of Egima for fiscal year 2011.

20.5.2 Review of the Results

20.5.2.1 Consolidated Results

As of December 31, 2011, 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.

The consolidated sales amounted to 26.87 million euros, which made an operational profit of 0.80 million euros (against a profit of 0.68 million in 2010, of which 0.93 million euros in products related to the disposal of the Bollène building).

Amortizations, depreciations, and provisions have been recorded for a total net amount of 0.29 million euros, compared to 0.25 million euros in 2010. No complementary depreciation of assets was recorded in 2011.

The fiscal year financial result is a loss of 0.12 million euros (against a loss of 0.02 million euros in 2010), interest and similar charges connected to the use of factoring on the group's French, American and English entities being partly offset by foreign exchange gains.

The net profit is of 0.67 million euros (against a loss of 0.66 million euros in 2010).

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

The current cash position is of 1.14 million euros, against 1.68 million in 2010. The long-term debt is unchanged compared to previous fiscal year (0.28 million euros) and consists of the Regional Loan for Job Retention received by Egide SA in 2010 and repayable in 7 years including 2 years of deferred payment, and the loan received by Egide UK which is repayable in 3 years. The indebtedness under one year represents the financing of accounts receivable by factoring organizations (2.36 million euros) as well as the under one year part of Egide's UK loan (0.03 million euros). Egide does not use any financial instrument to generate a particular risk.

The working capital requirements represents 36 days of sales and remains stable compared to fiscal year 2010.

In accordance with IFRS, Egima's assets and liabilities and the subsidiary held for sale are posted on a separate line in the consolidated balance sheet. The assets mainly consist of the building, the surface treatment line, the effluent treatment system and a VAT credit. The liabilities consist of a long-term loan (0.39 million euros) and of tax debts.

20.5.2.2 Annual income

The annual financial statements of Egide SA closed on December 31, 2011 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 17.70 million euros, compared to 16.09 million euros in the previous fiscal year, experiencing an increase of 10 %. Total marginal revenue was 18.43 million euros, compared to 16.98 million euros for the previous fiscal year.

Operating expenses for the fiscal year totaled 18.20 million euros, up 6.3 % as opposed to fiscal year 2010, which were of 17.1 million euros. Maintaining production yields at expected levels and the volume effect has improved the rate of material consumption. Personnel costs have increased, reaching a total of 8.17 million euros in 2011 against 7.38 million in 2010. This 10.7 % increase reflects the increase in personnel directly associated to the increase in activity and strengthening of direct production supervision with two experienced engineers. The average number of employees (open-ended and fixed-term contracts) went from 193 persons in 2010 to 224 persons in 2011. The level of other external expenses slightly increased to 3.1 million euros, against 2.9 million euros in 2010. The main items that have evolved concerning indirect production costs (EDF, small equipment and tools) and maintenance costs of production equipment.

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 accounts for fiscal year 2005. No additional depreciation was recorded since. Following the impairment test at December 31, 2011, no supplemental depreciation of the fixed assets was recorded in the fiscal year and the depreciation level was maintained. The amount of depreciation and amortization of fixed assets stood at 0.19 million euros in 2011 against 0.23 million euros in 2010.

The good level of activity achieved in 2011 and the control of operating costs permitted to exceed the equilibrium level for the fiscal year, the operating results being of 0.23 million euros against a loss of 0.14 million euros for the previous fiscal year.

The amount of research and development expenses incurred during the fiscal year remained stable at 1.1 million euros. These costs are not capitalized.

Complementary depreciation for accounts receivable connected with the subsidiaries was entered in the amount of 0.30 million euros for Egima and in the amount of 0.10 million euros for Egide UK, to cover the capital losses incurred and the negative net positions of these subsidiaries. A reversal of depreciation of the current account for an amount of 0.09 million euros was recorded regarding Egide USA Inc.

The financial result shows a loss of 0.25 million euros, compared to a loss of 0.70 million euros in the previous fiscal year, primarily due to depreciation in the subsidiaries' securities and accounts receivable.

Fiscal year operating results before taxes show a very slight loss of 0.03 million euros against a loss of 0.84 million euros for the previous fiscal year, a very marked improvement.

There are no exceptional elements in respect of fiscal year 2011 whereas an exceptional profit of 0.86 million euros was recorded in 2010, which consists of capital gain from the transfer recorded as a result of the sale of the Bollène building realized during the fiscal year.

The research tax credit for the year was entered in the accounts for 0.25 million euros, an amount slightly higher to that of the previous fiscal year, which was for 0.21 million euros.

Taking these elements into account, the result for the fiscal year shows a profit of 0.23 million euros, the same as for the previous fiscal year, but to compare to a loss that would have been of 0.66 million euros in 2010 excluding estate capital gains.

As of December 31, 2011, the company's total assets stood at 7.61 million euros compared to 8.24 million euros for the previous year. The cash flow stands at 1.04 million euros at the end of the fiscal year against 1.65 million at January 1, 2011. The financial debt consists of a loan of 0.3 million euros, which was granted in July 2010 by the Provence-Alpes-Côte d'Azur region and the Vaucluse administrative department within the purview of the PRME (Regional Loan for Job Retention). This interest-free loan is repayable over 7 years with a deferred payment of 2 years.

20.5.3 Information regarding the payment terms (Egide SA)

Pursuant to Article L.441-6-1 of the French Commercial Code, we are providing you with the breakdown of the balance by due date of Egide SA's debts at December 31, 2010 and 2011 in respect of suppliers:

Euros	2010	%	2011	%
Unexpired (invoices not received)	601,280	21.65	174,951	8.62
Expired	463,950 [1]	16.71	551,780 [2]	27.19
At 30 days	1,067,849	38.46	879,422	43.33
At 60 days	570,513	20.55	356,101	17.55
More than 60 days	73,063	2.63	67,312	3.31
Total	**2,776,655**		**2,029,567**	

(1) Of which € 418,146 paid at the beginning of 2011 (or 90 % of expired item).
(2) Of which € 443,385 paid at the beginning of 2012 (or 80 % of expired item).

Liabilities expired at year-end closing correspond to the end-December due date, which was paid in early January of following year. Egide applying contractual payment periods of 60 days from date of invoice, it explains that there are debts exceeding 30 days (legal payment deadline). Debts over 60 days at December 31, 2010 mainly relate to an invoice whose service was not completed at year-end closing and to invoices in dispute (receivable credit notes). Debts over 60 days at December 31, 2011 mainly relate to an invoice whose service is not completed at year-end closing.

20.5.4 Table Showing Income or Loss in the Last 5 FY (Egide SA)

Closing Date Fiscal Year Duration	12/31/2011 12 months	12/31/2010 12 months	12/31/2009 12 months	12/31/2008 12 months	12/31/2007 12 months
CAPITAL AT FISCAL YEAR END					
Share Capital (€)	2,572,600	12,862,750	12,862,750	112,861,220	12,861,190
Number of Shares					
- Common Shares	1,286,300	1,286,275	1,286,275	1,286,122	1,286,119
- Preferred Shares	-	-	-	-	-
Max. No. of Shares to Be Created					
- Through Bond Conversion	-	-	-	-	-
- By subscription right	64,315	64,313	64,313	64,306	64,305
OPERATIONS AND RESULTS (€)					
Sales Net of Taxes	17,699,368	16,088,641	13,282,064	18,477,859	15,395,609
Income before taxes, investments, depreciations, and provisions	(180,597)	630,581	(1,238,511)	856,987	(1,833,453)
Taxes on earnings	(251,235)	(205,461)	(226,541)	(223,476)	(159,264)
Depreciations and provisions	(154,390)	603,532	2,489,675	2,686,575	4,259,580
Net Loss	225,028	232,510	(3,501,645)	(1,606,112)	(5,933,769)
EARNINGS PER SHARE (€)					
Income after taxes, investments, depreciations, and provisions	0.05	0.65	(0.79)	0.84	(1.30)
Income after taxes, investments, depreciations, and provisions	0.17	0.18	(2.72)	(1.25)	(4.61)
PERSONNEL					
Average number of employees	224	193	168	183	200
Payroll (€)	5,886,758	5,278,210	4,675,161	5,113,233	5,293,518
Benefits (€)	2,284,458	2,102,063	1,938,718	2,031,254	1,984,436

20.5.5 Investment Securities Inventory (Egide SA)

Securities entered on the asset side of Egide Corporation's balance sheet on December 31, 2011 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		
SICAL Etoile Jour Sécu	15	57,447
SICAV Etoile Euro Cash flow	2	418,499
SICAV Etoile CT Institution	6	55,176
SICAV Etoile Eonia	3	312,674
Short-Term Investment Subtotal		**843,796**
Total Net Book Value		**843,796**

20.6 Other financial information

With regard to activity, Egide realized consolidated unaudited sales of 6.5 million euros during the first quarter of 2012, a slight increase of 3 % with respect to the fourth quarter of 2011 and a decrease of 7 % with respect to the first quarter of the previous fiscal year. Egide SA represented 58% of the consolidated sales, Egide USA 32 %, Egide UK 9 % and Egima 1 %. The defense and space sector accounted for 47 % of sales, the telecoms for 18 % and the industrial sector for 35 %.

20.7 Dividend Payment Policy

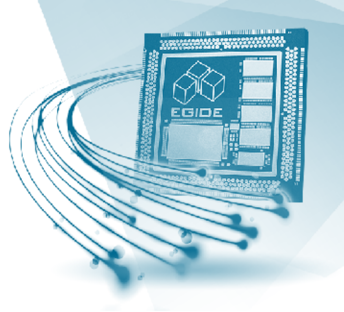
No dividend has been paid in the last 3 fiscal years. The company intends to continue to allocate all available funds to the financing of its business and its growth, and as a result, it does not intend to pay dividends in 2012.

20.8 Judicial and Arbitration Proceedings

There are no governmental, legal or arbitrational procedure, including any procedure that the company has the knowledge of at the date of this document, which is pending or threatened and likely to have or have had significant effects on the company's financial position or profitability during the last 12 months.

20.9 Significant Changes in the Financial or Business Position

On the date of this reference document, no other significant change of the group's financial or trading position has occurred since Saturday, December 31, 2011.



21 COMPLEMENTARY INFORMATION

21.1 Share Capital

21.1.1 Number of Shares and Their Par Value

On March 31, 2012, share capital was 3,558,760 euros, decomposable into 1,779,380 shares at 2 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.

For the record, the extraordinary general meeting held on November 28, 2011 decided on a reduction of capital prompted from previous losses. This reduction resulted in the decrease of the par value of the share, which went from 10 euros to 2 euros. The number of shares remained unchanged at 1,286,300.

The Board of Directors of October 26, 2011 had also agreed to the principle of a capital increase, which resulted in the issuance of 493,080 new shares of 2 euros in par value. This operation was closed on February 16, 2012.

21.1.2 Authorized Capital Not Issued

The summary table of the jurisdiction delegations of authority granted by the General Meeting of the Board of Directors concerning the capital increases at March 31, 2012 is as follows:

	GM date	Expiration Date of Delegation	Authorized amount	Use of delegations during the previous years	Use of delegations during the course of the financial year	Residual amount on the day of the esta-blishment of the present table
Authorization to increase capital while maintaining a share purchase right	5/13/2011	7/12/2013	*Shares* 10,000,000 € *Corporate Notes* 100,000,000 €	No	Yes	*Shares* € 9,013,840 *Corporate Notes* 100,000,000 €
Authorization to increase capital with the withdrawal of the share purchase right	5/13/2011	7/12/2013	*Shares* 10,000,000 € *Corporate Notes* 100,000,000 €	No	No	*Shares* 10,000,000 € *Corporate Notes* 100,000,000 €
Approval of increase of the number of titles to issue in case of capital increase with or without a share pur-chase right	5/13/2011	7/12/2013	15% of the initial amount of the increase	No	Yes (all)	-
Authorization to increase capital through an offer referred to in Article L. 411-2 II of the Monetary and Financial Code	5/28/2010	7/27/2012	Maximum specific amount in the resolution with removal of preferen-tial subscription rights and 20% of share capital per year	No	No	-
Authorization to issue stock options	5/28/2010	7/27/2013	5% of the capital	Yes	Yes	1.61% of the capital

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 May 28, 2010 and the one on May 13, 2011.

21.1.3 Potential Capital

Authorization to issue stock options

The general meeting of May 28, 2010 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 twenty 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 March 31, 2012 are described in § 17.3.

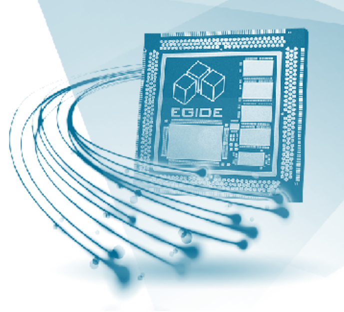
21.1.4 Changes in Share Capital

The following table details the changes in capital since company inception:

Date	Transaction	Capital Increase (€)	Reduction in capital (€)	Share premium (€)	Total Number of Shares	Nominal of shares	Amount (euros) % of Capital (€)
10/14/1986	Incorporation	457,347			30,000	€ 15,24	457,347
12/15/1987	Increase (1)	320,143			51,000	€ 15,24	777,490
9/30/1988	Increase (1) (2)	654,311			93,920	€ 15,24	1,431,801
11/3/1988	Increase (1)	419,235		76,301	121,420	€ 15,24	1,851,036
11/9/1990	Increase (1) (3)	449,725			150,920	€ 15,24	2,300,760
4/27/1992	Reduction (4)		920,304		150,920	€ 9,15	1,380,456
5/18/1992	Increase (1)	1,829,388			350,920	€ 9,15	3,209,844
6/3/1994	Increase (1)	927,262			452,294	€ 9,15	4,137,107
6/11/1999	Increase (5)	1,749,846		1,751,013	643,598	€ 9,15	5,886,953
4/3/2000	Increase (6)	3,659		3,297	643,998	€ 9,15	5,890,612
7/5/2000	Increase (7)	841,509		11,670,355	735,997	€ 9,15	6,732,121
12/22/2000	Increase (8)	2,244,037		93,435,443	981,329	€ 9,15	8,976,159
6/29/2001	Increase (9)	837,131		(837,131)	981,329	10 €	9,813,290
12/31/2001	Increase (10)	34,580		17,152	984,787	10 €	9,847,870
12/31/2003	Increase (11)	14,280		7,083	986,215	10 €	9,862,150
12/31/2004	Increase (12)	70,990		35,211	993,314	10 €	9,933,140
12/31/2005	Increase (13)	49,420		24,512	998,256	10 €	9,982,560
2/28/2006	Increase (14)	18,280		9,067	1,000,084	10 €	10,000,840
8/17/2006	Increase (15)	2,857,380		2,143,035	1,285,822	10 €	12,858,220
12/31/2006	Increase (16)	90		180	1,285,831	10 €	12,858,310
12/31/2007	Increase (17)	2,880		5,760	1,286,119	10 €	12,861,190
12/31/2008	Increase (18)	30		60	1,286,122	10 €	12,861,220
12/31/2009	Increase (19)	1,530		3,060	1,286,275	10 €	12,862,750
11/28/2011	Increase (20)	250			1,286,300	10 €	12,863,000
11/28/2011	Reduction (21)		10,290,400		1,286,300	2 €	2,572,600
2/16/2012	Increase (22)	986,160		1,479,240	1,779,380	2 €	3,558,760

(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 (F 100) to € 9.15 (F 60)
(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 a beneficiary
(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 (F 60) to € 10 (F 65.5957)
(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
(19) Exercise of 612 stock warrants during fiscal year 2009, creating 153 new shares
(20) Exercise of stock options on November 28, 2011
(21) Reduction of par value from € 10 to € 2 - EGM November 28, 2011
(22) Increase in cash capital - Visa AMF n° 12-024, January 17, 2012

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 12/31/2011			Position on 12/31/2010			Position on 12/31/2009		
	No. of Shares	% of Capital	% of Voting Rights	No. of Shares	% of Capital	% of Voting Rights	No. of Shares	% of Capital	% of Voting Rights
P. Brégi	12	0.00	0.00	12	0.00	0.00	12	0.00	0.00
FCPR 21 and 21 Esenga	0	0.00	0.00	217,152	16.88	26.42	217,152	16.88	26.42
Public	1,286,288	100.00	100.00	1,069,111	83.12	73.58	1,069,111	83.12	73.58
Total	**1,286,300**	**100.00**	**100.00**	**1,286,275**	**100.00**	**100.00**	**1,286,275**	**100.00**	**100.00**

On June 23, 2011 (AMF notification), 21 Centrale Partners informed the company that it had gone through the 5, 10 and 15 % lower thresholds in capital, and the 20, 15, 10 and 5 % thresholds in voting rights further to the off-market transfer of all the shares it held.

The situation at March 31, 2012 is shown in paragraph 18.1 of this document.

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 packaging, 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-electable. »

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 six-month time period, on the lapse of which they will be supposed to have automatically resigned. »

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 nominated 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. Except when the Board is convened to proceed with operations referred to in Articles L.232-1 and L.233-16, the internal rules may provide that the participating board members are deemed to be present at the meeting by videoconference or telecommunication, for quorum and majority purposes, allowing their identification and ensuring their effective participation of which the nature and conditions of application are determined by decree in the Council of State. »

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 their mission and may obtain from executive management all the documents that they consider useful. »

21.2.3 Rights Attached to Company Shares

Article 9 of the By-Laws (form of shares): « When fully issued stocks may be registered shares or bearer shares, according to the holder's preferences and, subject to the regulations in force. »

Article 10 of the By-Laws (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. Shareholder 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. »

Article 27 of the By-Laws (extract): « 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. »

21.2.4 Modification of Rights Attached to Company Shares

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. »

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. For at least thirty-five (35) days before the shareholders' meeting, the company is held to publish in the "Bulletin des Annonces Légales Obligatoires" (BALO) a notice containing information referred to in Article R.225-73 of the French Commercial Code. »

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 of the By-Laws: « 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 (extract): « 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. »

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 makes decisions by a majority vote of the shareholders who are present or represented. »

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 date-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 (extract): « 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 are under the concerned thresholds. In case of non-respect of this obligation, the legal provisions of article L.233-14 of the Commercial Code 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 eigtheen months, to purchase its own shares. This meeting must establish the modalities of the transaction, namely the maximum purchase price, the maximum number of shares to be acquired, and the time frame in which the acquisition must be accomplished. »

As the General Meeting of May 13, 2011 did not make a decision about a resolution to implement a share repurchase program and as the level of free reserves was not sufficient at the time, no liquidity contract could be put in place by the company during fiscal year 2011. The general meeting scheduled for May 15, 2012 will be called to deliberate on a share repurchase program, the free reserves being replenished further to the capital increase of February 17, 2012.

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 NYSE Euronext Paris, under the code ISIN FR0000072373.

Taking into account the number of shares (1,286,300) comprising capital on December 31, 2011, with a closing price of € 5.93 on December 30, 2011, the stock exchange value was 7.63 million euros.

On March 30, 2012, the company's stock exchange value was 12.28 million euros (1,779,380 shares at a rate of € 6.90).

The table below shows the evolution in the rates and volume of stock transactions during the last 15 months (adjusted rates of financial operations carried out in February 2012 - Source: Euronext):

	Stock Rate in euros			Transaction Volume
	Low	High	Average Closing Rate	Number of Shares
January 2011	4.94	7.45	6.23	1,711
February 2011	6.38	7.45	6.90	1,414
March 2011	7.49	23.85	12.15	12,423
April 2011	11.95	16.14	13.67	2,963
May 2011	11.93	14.84	13.98	1,449
June 2011	10.66	16.51	12.21	8,244
July 2011	11.15	14.07	12.88	1,776
August 2011	7.61	12.32	9.89	1,797
September 2011	6.62	10.71	8.48	2,017
October 2011	5.38	7.06	6.10	3,088
November 2011	4.95	6.83	5.47	1,940
December 2011	4.59	6.31	5.51	1,405
January 2012	5.27	7.99	6.19	8,060
February 2012	6.09	8.60	7.18	11,895
March 2012	6.60	7.32	6.88	2,634

A "continuous" quotation is the method of trading Egide's securities on Euronext Paris.

21.4 Transfer Project on Alternext

The General Meeting of May 28, 2010 had allowed in its sixteenth resolution to transfer to the Alternext multilateral trading market NYSE Euronext, and given full powers to the Board of Directors to implement this transfer. Market conditions during the fiscal years 2010 and 2011 not having permitted to file a transfer, the Board has not yet used the delegation that it was given.

22 MAJOR CONTRACTS

In November 2011, Egide USA renewed its long-term contract of 2 years with Crane Aerospace & Electronics (formerly Interpoint). According to this agreement, Egide USA will provide more than 100,000 high power hermetic packages worth approximately 4.3 million dollars, which will be produced on the American site of the Cambridge group (Maryland).

During the course of the previous fiscal years, the following contracts were signed:

- Egide USA: 5-year commercial contract signed in 2006 with Textron Systems (value: $1 million)
- Egide SA: lease contract of the building in Trappes (see § 8.1.1)
- Egide USA: lease contract of the building in Cambridge (see § 8.1.1)
- Egide USA: line of credit based on client receivables and the inventory (see § 10.3)
- Egide SA: lease contract of the building in Bollène (see § 8.1.1)
- Egide UK: 5-year commercial contract signed in 2010 with a major player in the medical sector in the UK (value: 1.2 million pounds)

Besides the above contract, in the past two years, no other long term 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 and/or English, on the company Web site (www.egide.fr) :

01/17/2011	Fiscal Year 2010 Sales
03/08/2011	Egide presents at OFC its new Telecom Broadband 100 Gbit/s package
04/05/2011	2010 Annual Income
04/05/2011	2011 Quarter 1 Sales
04/07/2011	Advanced discussions with the Slicom group regarding Egima's transfer
04/26/2011	Egide offers SPIE a full range of solutions for the infrared
05/13/2011	Minutes of General Meeting of May 13, 2011
06/20/2011	At the 49th Salon du Bourget, Egide introduced a full range of solutions for aeronautics and space
06/27/2011	Appointment of Catherine Gerst and Vincent Hollard as Egide's board members
07/13/2011	2011 Quarter 2 Sales
09/13/2011	Forecast of slower sales growth
10/10/2011	2011 First Semester results - 2011 Quarter 3 Sales
11/02/2011	Egide renews its long-term contract with the American company, Crane Aerospace & Electronics
11/23/2011	Egide announces its participation in SIMCLAIRS, the European defense program
11/29/2011	Minutes of General Meeting of November 28, 2011
01/04/2012	Fiscal Year 2011 Sales
02/15/2012	Successful capital increase - 2.46 million euros raised
03/01/2012	Notice of incident on the Bollène site (France)
03/06/2012	Egide introduces a complete range of solutions for optical telecommunications at the 37th OFC conference in Los Angeles
04/02/2012	2011 Annual Income
04/02/2012	2012 Quarter 1 Sales

24.2.2 Annual Reports

Press releases are available for download on the company Web site (www.egide.fr) :

09/28/2001 07/30/2002 06/05/2003 07/08/2004 06/14/2005 06/23/2006 06/06/2007 07/07/2008 07/29/2009 05/18/2010 04/21/2011 01/17/2012	FY 2000 Annual Report FY 2001 Annual Report FY 2002 Annual Report FY 2003 Annual Report FY 2004 Annual Report FY 2005 Annual Report FY 2006 Annual Report FY 2007 Annual Report FY 2008 Annual Report FY 2009 Annual Report FY 2010 Annual Report Update - FY 2010 Annual Report

24.2.3 Information Published in the Bulletin des Annonces Légales Obligatoires (BALO)

The following information was published in the BALO (Bulletin des annonces légales obligatoires) and was available on BALO's website (www.journal-officiel.gouv.fr), given that since September1st, 2008 (Decree No.2008-258 of March 13, 2008 - Official Gazette of March 15, 2008), certain BALO financial publications have been deleted:

04/08/2011 04/27/2011 05/20/2011 10/21/2011 11/09/2011	Prior notice to the Combined General Meeting Call for Combined General Meeting FY 2010 Profit Allocation Prior notice to the Extraordinary General Meeting Call for Extraordinary General Meeting
04/06/2012	Prior notice to the Extraordinary General Meeting

24.2.4 Financial Operations

01/17/2012	Prospectus - Issue of 493,080 shares - Visa AMF no. 12-024, January 17, 2012

24.3 Preliminary Calendar of Financial Documents to Be Released

Date	Information	Communication
April 02, 2012 April 02, 2012 May 15, 2012 July 2012 October 2012 October 2012 January 2013	Accounts presentation for the fiscal year 2011 First Quarter Sales, 2012 Second Quarter Sales, 2012 Half Year Results, 2012 Third Quarter Sales, 2012 Fourth Quarter Sales, 2012	SFAF Meeting Press Release General Meeting Press Release SFAF Meeting Press Release Press Release

25 INVESTMENT INFORMATION

See § 7.2 - List of Subsidiaries

See § 20.3.2.4.3.22- Concerning Affiliates and Investments

26 RESOLUTIONS PROPOSED AT THE GENERAL MEETING OF MAY 15, 2012

TEXT FOR ORDINARY RESOLUTIONS

FIRST RESOLUTION - Approval of the Corporate Financial Statements

The General Meeting, after having heard the reading of the reports of the board and the auditors on fiscal year ending December 31, 2011, approves, as presented, the annual corporate financial statements closed on that date, culminating in a benefit of 225,027.97 euros.

It also approves the transactions conveyed in these statements or summarized in these reports.

The General Meeting discharges the board members upon the execution of duties for the past fiscal year. It also discharges the auditors upon the accomplishment of their mission.

SECOND RESOLUTION - Agreements Discussed in Article L.225-38 of the Commercial Code

The General Meeting, 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.

THIRD RESOLUTION - Result Appropriation Approval

The General Meeting, at the recommendation of the board of directors, has decided to appropriate the fiscal year benefit of 225,027.97 euros in the following manner:

- Allocation under item "Balance Carried Forward" for the totality, of which the aggregate amount now stands at - 431,242.60 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.

FOURTH RESOLUTION - Allocation to the legal reserve

The General Meeting, at the recommendation of the Board of Directors, has decided to reduce the item "Legal reserve" for an amount of 46,471.54 euros in the following manner:

- allocation of the item "Balance carried forward" for the totality, of which the aggregate amount now stands at – 384,771.06 euros.

In compliance with provision of Article L.232-10 of the Commercial Code, it should be noted that the amount of the legal reserve shall be capped at 10 % of the share capital.

FIFTH RESOLUTION - Approval of the consolidated accounts

The General Meeting, after hearing the reading of the reports of the board and the auditors on fiscal year ending December 31, 2011, approves, as presented, the annual corporate financial statements closed on that date, culminating in a benefit of 673,134.01 euros.

SIXTH RESOLUTION - Approval of the President's report on the preparation and organization conditions of the Board of Directors' work and on the internal control procedures and risk management implemented by the company, and the auditors' report prepared in accordance with the provisions of Article L. 225-235 of the French Commercial Code

The General Meeting, 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 and risks management 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.

SEVENTH RESOLUTION - Approval of the Board of Directors' Special Report on Stock Options

The General Meeting, after having read the Board of Directors' Special Report on Stock Options, approves said report.

EIGHTH RESOLUTION - Status on the mandate of the alternate auditor

The General Meeting having taken note that:

- SYC AUDIT, alternate auditor of the company, was absorbed via the transfer of all its assets and liabilities by its sole shareholder, the auditing firm MBV & Associés on November 22, 2010,
- and that this transfer of all its assets and liabilities has no effect on Egide,
- that in compliance with provisions in Article L.823-5 of the Commercial Code stating that "when an auditing firm is absorbed by another auditing firm, the absorbing company pursues the entrusted mandate of the absorbed company until the expiry date of the latter"

takes note that MBV & Associés has replaced as of right SYC AUDIT in the capacity of alternate auditor and has decided to maintain MBV & Associés as alternate auditor for the duration of the remaining period of the mandate of AUDIT SYC, that is until the ordinary general meeting called to act upon the financial statements for the fiscal year ending December 31, 2015.

NINTH RESOLUTION - Allocation of Board Members' Fees

The General Meeting decides to assess the total amount of attendance fees to be apportioned among the board members for current fiscal year at 24,000 euros.

TENTH RESOLUTION - Share Repurchase Authorization

The General Meeting, after having read the report of the Board of Directors, authorizes the company, in accordance with Articles L.225-209 and L.225-210 of the Commercial Code, to purchase its own shares on the stock exchange under the following conditions:

- Objectives (in descending order of priority):
    - Foster the liquidity transactions and regularity of quotations of the company share and avoid all discrepancies in rates not justified by market trends through a liquidity agreement with a provider of investment services, in observance of the market practices accepted by the AMF,
    - Subsequently deliver shares further to an exchange or as consideration in connection with any external growth transactions, in observance of the market practices accepted by the AMF,
    - The implementation of any market practice that may be recognized by the law or by the AMF.

- Maximum share of capital: 2.5 %
- Maximum number of shares: 44,484 shares
- Maximum purchase price: € 20 per share
- Maximum amount of funds destined for the realization of the program: 889,680 €
- Duration: 18 months from the General Meeting of May 15, 2012

The maximum number of shares and the maximum purchase price will be, if necessary, adjusted during eventual financial transactions of the company or decisions regarding the share capital.

The General Assembly also decided that the acquisition, sale or transfer of shares may be realized by any means and in any case, including by private contract, by options or by blocks of securities in one or more times, in the proportions and at times that the Board of Directors sees fit, in particular during of public offer in observance of the regulations in force.

To this end, the General Assembly gives full powers to the Board of Directors with an option of subdelegating to this authorization share price adjustment purposes, to put in stock market orders, to negotiate agreements in the aim of carrying out all formalities, file all declarations with the AMF, perform all formalities, grant all powers and, more generally, to do what is necessary.

ELEVENTH RESOLUTION - Formality Powers

The General Meeting 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.

TEXT FOR EXTRAORDINARY RESOLUTIONS

TWELVETH RESOLUTION - Jurisdiction delegation of authority to the Board of Directors in order to issue shares or securities, through an offer pursuant to Article L.411-2 II of the Monetary-Financial Code, giving access to the capital of the company with the withdrawal of the preemptive subscription right

The General Meeting, deciding on the quorum and majority conditions required for the extraordinary meetings, after having taken notice of the report of the Board of Directors and the special auditors' report, and in accordance with the provisions in Articles L.225-129 et seq. of the Commercial Code, in particular Articles L.225-129-2, L.225-135 and L.225-136 of the said Code and the provisions set out in Articles L.228-91 et seq. of the said Code:

• With the power to sub-delegate in the conditions laid down by law, delegates to the Board of Directors its jurisdiction to decide on the share capital increase, in one or more occasions, in the amounts and at times it sees fit, subject to the provisions in Article L. 233-32 of the Commercial Code, in France or abroad, by means of one or more offers pursuant to Article L.411-2 II of the Monetary-Financial Code, either in euros or in any other currency or monetary unit based on several currencies, by the issuance of common shares or securities conferring title to the company's ordinary shares governed by Articles L.228-91 et seq. of the Commercial Code, given that the subscription of stock and other securities may be effectuated either in cash or by offset against liquidated and payable claims,

• Decides that the aggregate nominal amount of the increases of capital likely to be effectuated immediately or over time by virtue of this resolution:

- (i) May not exceed the nominal amount of the maximum increases of capital without a preemptive subscription right pursuant to the fourteenth resolution adopted by the extraordinary General Meeting of May 13, 2011, or, if applicable, the nominal amount of the cap set by the ejusdem generis resolutions that could possibly succeed to the said resolution during the period of validity of this delegation,
- (ii) Shall be deducted from the maximum nominal amount of increases of capital without a preferential subscription right as per the fourteenth resolution adopted by the extraordinary General Meeting of May 13, 2011, or, if applicable, the amount of the cap set by the ejusdem generis resolutions that might possibly succeed to the said resolution during the period of validity of this delegation; given that the possible nominal amount of shares to be issued will be added to these caps, where applicable, in the event of new financial transactions, to preserve the rights of holders of securities giving access to the capital, and in any case, the issues of securities effectuated by virtue of this delegation are limited in accordance with the law,
- (iii) Cannot exceed 20% of the share capital per annum,

- Decides to withdraw the preferential subscription right of shareholders to securities provided in this resolution to the benefit of persons referred to in Article L.411-2, II of the Monetary-Financial Code,

- Decides that if the subscriptions have not absorbed the entire issue, the Board of Directors may limit the amount of the transaction to the amount of the subscriptions received under the condition that it reaches at least three-quarters of the determined issue,

- Takes note of the fact that this delegation implies acceptance, to the benefit of the holders of securities issued giving access to the company's capital, of an express waiver by the shareholders of their preemptive subscription right to shares to which the securities will confer title immediately or in the long run,

- Decides that:

  - The issue price of shares directly issued shall be at least equal to the minimum required by the applicable regulations on the date of issue (to this date, the weighted average of the market prices of the last three trading sessions on euronext's eurolist prior to its price determination possibly reduced by a maximum discount of 5 %), after correction, if applicable, of this average should there be a difference between the dated dates,
  - The issue price of securities giving access to the capital and the number of shares to which the conversion, the reimbursement or in general the transformation of each security giving access to the capital will be such that the amount immediately received by the company, increased, in case of need, by the amount to be subsequently collected by the latter for each share issued as a result of the issuance of these securities will be at least equal to the minimum subscription price defined in the preceding paragraph,

- Decides that the Board of Directors, with the right of sub-delegation in the conditions laid down by law, will have all powers to implement the present delegation, and in particular:

  - Determine the conditions of the issue, the nature and characteristics of the securities giving access to the capital, the procedures for allotting equity securities to which such securities confer the title, as well as the dates on which the allotment right may be exercised,
  - Charge at its sole initiative the cost of capital increases on the amount of premiums pertaining thereto and deduct from this amount the necessary sums to provide for the legal reserve,
  - Proceed with all adjustments taking into account the effect of the capital transactions of the company,
  - Enter into any agreement in particular to achieve the successful completion of the proposed issues,
  - Record the capital increases, correspondingly amend the articles of incorporation, perform the necessary formalities and in a general way, take the necessary steps.

- Notes that this delegation, being limited to the capital increase through issues without a pre-emptive subscription right by one or more offers referred to in Article L.411-2 II of the Monetary-Financial Code, does not have the same object as in the fourteenth resolution adopted by the extraordinary General Meeting of May 13, 2011. As a consequence, it acknowledges that this delegation does not render ineffective, if applicable, up to the unused portion, the thirteenth resolution adopted by the extraordinary General Meeting of Friday, May 13, 2011, the validity and duration of which are not affected by this delegation,

- Takes note that should the Board of Directs use the present delegation, the Board will report at the next ordinary General Meeting on the use of this jurisdiction delegation of authority pursuant to the statutory and regulatory provisions.

The delegation thus granted to the Board of Directors replaces the previous delegation granted by the extraordinary general meeting of May 28, 2010 and is valid until July 12, 2013.

THIRTEENTH 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 proposal set out in the 12th Resolution, 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 French Commercial Code, and in compliance with the provisions of Articles L.225-129-2 and L.225-129-6 of the French 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 assembly hereby gives full power to the Board of Directors, with the right of sub-delegation to the Director General under the conditions laid down by law, for the purposes of stopping all the implementation procedures of this delegation, and in particular, determining the issue price of new shares, establishing the opening and closing dates of subscriptions, the dated dates of new shares, the paying up of new shares, ascertaining the execution of capital increase(s), amending the articles of incorporation accordingly, and in general, taking the necessary steps for the implementation of the present delegation.

FOURTEENTH RESOLUTION - Formality Powers

The General Meeting 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.

27 TABLE OF CONCORDANCE WITH THE ELEMENTS OF THE MANAGEMENT REPORT

Point of the FY 2011 Management Report	§ of the present document
Highlights during the fiscal year 2011	9.1.3
Presentation of the activity of the company and its subsidiaries	20.5.1
Presentation of the annual income for the 2011 fiscal year	20.5.2.2
Presentation of the consolidated income statement for the 2011 fiscal year	20.5.2.1
Presentation of the group's financial position	9.1.3
Events after the 2011 year-end closing	12.1
Future outlook	12.1
Risks Information	4
R&D activity	11
Information regarding the payment terms (Egide SA)	20.5.3
Information on the corporate officers	14.1 - 14.3 - 15.1
Information on Reduction of Share Capital	21.1.1
Information regarding the holding of capital	18.1
Information regarding stock options	17.3
Social impact of the Egide group	17.4
Information on the fight against discrimination and the promotion of diversity	17.5
Environmental impact of the Egide group	8.3
Corporate social responsibility regarding sustainable development	8.4
Information on the subsidiaries and equity ownership	25
Market Information	21.3
President’s Report on Internal Controls	16.4
Auditors' report	16.5 - 19.2 - 20.4
Information on the agenda of the next General Meeting	26
Table Showing Income or Loss in the Last 5 Fiscal Years (Egide Corporation)	20.5.4
Summary table of delegated authority granted to the Board	21.1.2
Inventory of securities	20.5.5
Status of the security interests, guarantees or sureties given by the company	20.3.2.4.3.32

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