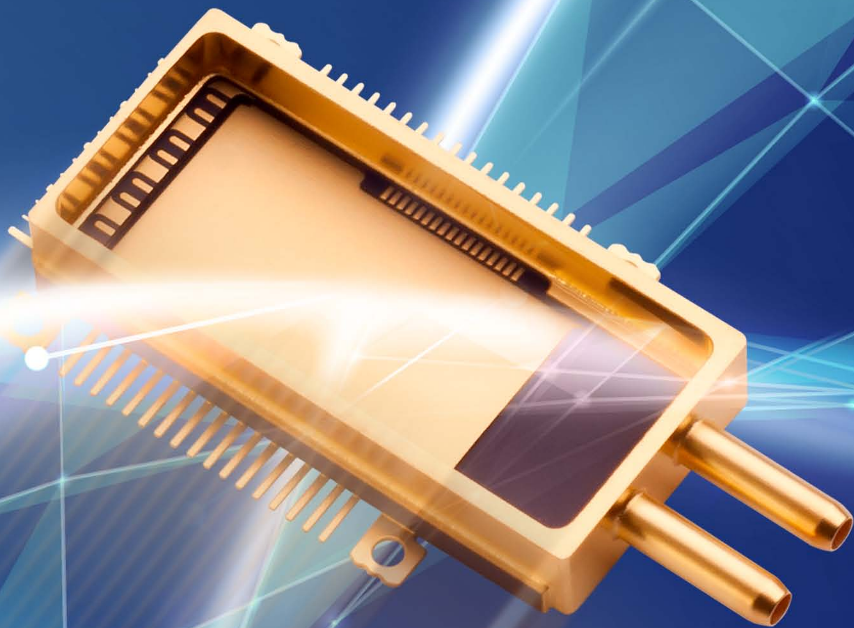
EGIDE

INNOVATIVE HERMETIC SOLUTIONS



2015 REFERENCE DOCUMENT

EGIDE

INNOVATIVE HERMETIC SOLUTIONS

The original French language version of the registration document (document de référence) for 2015 was filed with the French financial market authority (Autorité des Marchés Financiers or AMF) on June 3, 2016 in compliance with article 212-13 of the AMF General Regulation. The original French language version of this document was prepared by the issuer and is binding on its signatories. This document may be used in support of a financial transaction only if it is supplemented by an offering circular (“note d’opération”) approved by the AMF.

A French corporation (société anonyme) with a share capital of €8,943,812
Registered office: Site Sactar - 84500 - Bollene - France
Avignon Companies Register (RCS) No.: 338 070 352

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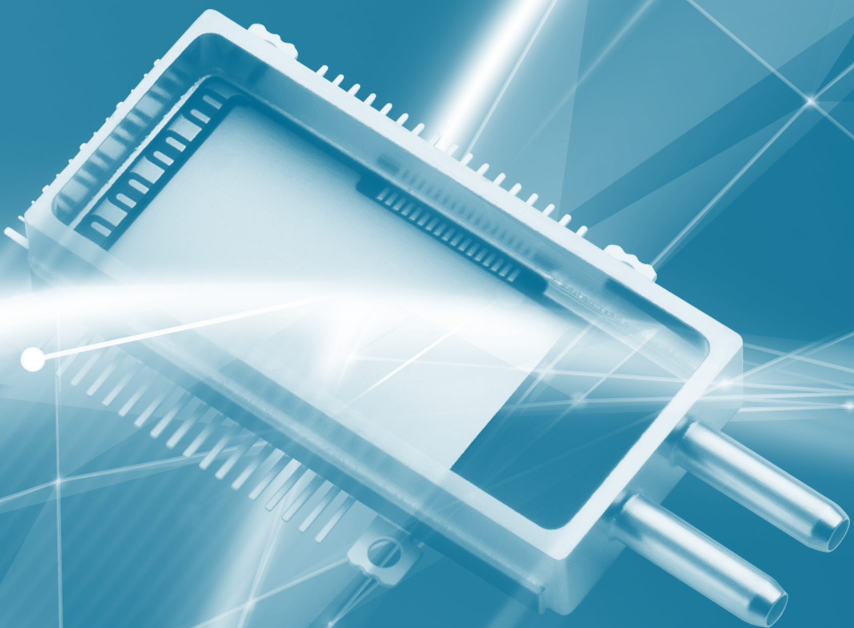

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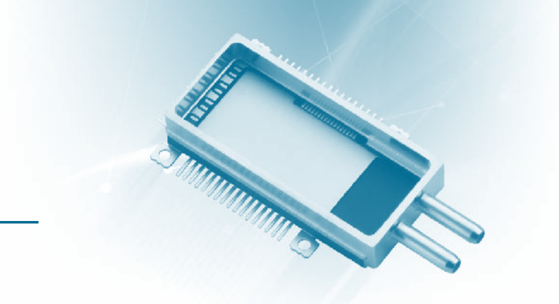

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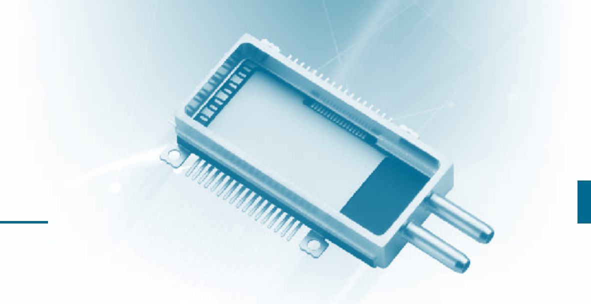

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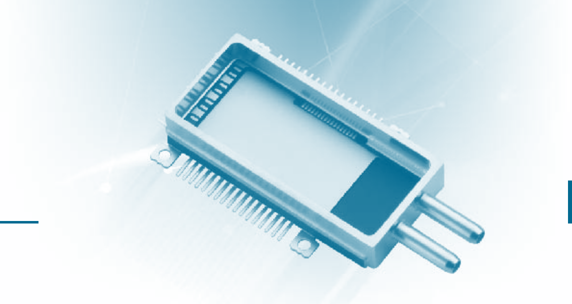


1 PERSONS RESPONSIBLE

1.1 Person responsible for the document

James F. Collins, Chief Executive Officer

1.2 Responsibility statement

I declare, after having taken all reasonable measures in this regard that to the best of my knowledge, the information presented in this 2015 registration document is accurate and there are no omissions likely to alter its import.

I have obtained a completion of work letter from the statutory auditors in which they indicate that they have verified the information concerning the financial situation and accounts presented in this registration document and read this entire registration document.

The statutory auditors' report on the historical financial information

- reproduced in paragraph 20.4 of the 2013 registration document filed on May 13, 2014 under No. D14-0510 and including emphasis of matter paragraphs. These emphasis of matter paragraphs are presented in the report on the consolidated financial statements for 2013: "Without calling into question the opinion expressed above, we draw your attention to the uncertainty with respect to the principle of going concern presented in note 2.1 to the financial statements" and in the report on the annual financial statements for 2013: "Without calling into question the opinion expressed above, we draw your attention to the uncertainty with respect to the principle of going concern presented in notes 1.1 and 2.1." "

- reproduced in paragraph 20.4 of the 2013 registration document filed on June 9, 2015 under No. D15-0576.

The statutory auditors' reports on the financial information are reproduced in paragraph 20.4 in the 2015 registration document.

Trappes, June 3, 2016

James F. Collins
Chief Executive Officer

2 STATUTORY AUDITORS

2.1 Statutory Auditors

SYC SAS
Bernard Hinfray
26 rue Cambacérès - 75008 Paris
Member of the Paris Regional Association of Statutory Auditors

First appointment: general meeting of June 19, 2009, replacing the firm JWA, having resigned.

Term expiration date: ordinary general meeting called to approve the financial statements for the period ending December 31, 2015

In connection with the internal reorganization of the engagements of statutory auditors' of the RSM Paris group, SYC SAS did not request its renewal in order to permit the appointment of RSM Paris in its place. Subject to the approval of the 7th resolution submitted to the annual general meeting of June 16, 2016, RSM Paris' engagement will expire at the end of the meeting called to approve the financial statements for the period ending December 31, 2021.

PricewaterhouseCoopers Audit
Matthieu Moussy
63 rue de Villiers - 92208 Neuilly sur Seine
Member of the Versailles Regional Association of Statutory Auditors

Date of first appointment: June 29, 2001

Renewal: combined ordinary and extraordinary general meeting of June 26, 2013.

Term expiration date: ordinary general meeting called to approve the financial statements for the period ending December 31, 2018

2.2 Deputy statutory auditors

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

First appointment: general meeting of June 19, 2009, replacing Jean-Marc Le Mer, having resigned. For information, on November 22, 2010, SYC Audit was merged into MBV & Associés through a simplified merger procedure (Transmission Universelle de Patrimoine) by its sole partner.

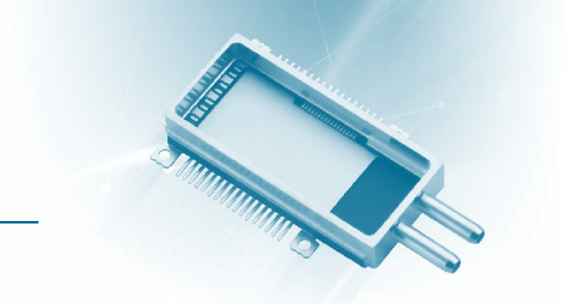
Term expiration date: ordinary general meeting called to approve the financial statements for the period ending December 31, 2015

In connection with the internal reorganization of the statutory auditors of the RSM Paris group, MBV & Associés did not request its renewal in order to permit the appointment of Fidinter in its place. Subject to the approval of the 8th resolution submitted to the annual general meeting of June 16, 2016, Fidinter's engagement will expire at the end of the meeting called to approve the financial statements for the period ending December 31, 2021.

Anik Chaumartin
63 rue de Villiers - 92208 Neuilly sur Seine

Date of first appointment: June 26, 2013, replacing Etienne Boris who did not request the renewal of his engagement.

Term expiration date: ordinary general meeting called to approve the financial statements for the period ending December 31, 2018.



2.3 Auditors' fees

In compliance with article 222-8 of the AMF General Regulation, fees paid to auditors excluding tax incurred by Egide Group for fiscal 2014 and 2015 are disclosed below:

	SYC S.A.S				PricewaterhouseCoopers Audit			
	2014		2015		2014		2015	
	€	%	€	%	€	%	€	%
Auditing								
Statutory auditing	64,300	97%	67,300	90%	88,200	100%	82,465	100%
Related procedures	2,000	3%	7,250	10%	-	-	-	-
Subtotal	**66,300**	**100%**	**74,550**	**100%**	**88,200**	**100%**	**82,465**	**100%**
Other services								
Legal, tax, employee-related assignments	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Subtotal	**0**	**0%**	**0**	**0%**	**0**	**0%**	**0**	**0%**
TOTAL	**66,300**	**100%**	**74,550**	**100%**	**88,200**	**100%**	**82,465**	**100%**

3 SELECTED FINANCIAL INFORMATION

3.1 Consolidated financials for FY 2013, 2014 and 2015

In compliance with EC regulation No. 1606/2002 of July 19, 2002, Egide Group presents its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Standards applied include IFRS and IAS (International Accounting Standards), and their interpretations applicable at December 31, 2015.

For the purpose of simplification, these standards and their interpretations are jointly referred to as "IFRS standards" or "IFRS. The financial statements for the period ended December 31, 2015 are the eleventh published by the Group according to IFRS.

For information, selected consolidated financial highlights for the 2013, 2014 and 2015 fiscal years are presented below:

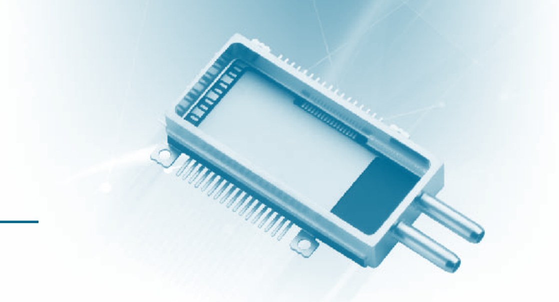
(in thousands of euros) / IFRS	2013	2014	2015
Revenue	20,386	19,967	20,591
Operating profit/(loss)	(664)	(935)	(1,483)
Net financial income (expense)	(237)	71	105
Income (loss) from discontinued operations	385	NA	NA
Net income/(loss)	**(516)**	**(863)**	**(1,378)**
Non-current assets	3,500	4,751	5,487
Cash and cash equivalents	512	4,077	2,773
Financial liabilities	2,782	4,393	4,724
Shareholders' equity	3,655	7,380	6,989
Total assets	**10,487**	**15,495**	**15,762**

On October 31, 2013, Egide SA sold the total number of shares held in Egima and Egide UK Ltd. In consequence, these subsidiaries were deconsolidated on December 31, 2013. The results of the subsidiaries until the disposal date are presented in a separate line of the comprehensive income statement under "Income (loss) from discontinued operations" that includes consolidation entries associated with these disposals.

The reinforcement of our equity capital and capital resources reflects the capital increase in cash by Egide SA for a net amount of €4.8 million in 2014. The increase in financial debt reflects the financing obtained from Bpifrance for research tax credits and pre-financing for tax credit advances (wage and research tax credits). (impact of the presentation of this financing according to IFRS).

In 2015, the Group launched operations for manufacturing HTCC ceramic packages at the Egide USA site that did not generate revenue in the period. The deterioration in 2015 results reflects the startup costs (€0.67 million) despite growth in consolidated revenue in the period.

See section 20.3.1 (consolidated financial statements) of this document.



3.2 Statutory financial information (separate annual financial statements) for FY 2013, 2014 and 2015

For information, selected statutory (French GAAP) financial highlights for Egide SA for the 2013, 2014 and 2015 fiscal years are presented below:

(in thousands of euros) / French GAAP	2013	2014	2015
Revenue	12,869	12,982	12,342
Operating profit/(loss)	(1,277)	(1,365)	(1,487)
Net income/(loss)	**(389)**	**(1,204)**	**(1,052)**
Net fixed assets	2,143	2,473	4,642
Cash and cash equivalents	394	3,955	2,589
Financial liabilities	210	437	814
Shareholders' equity	3,667	7,259	7,255
Total assets	**7,289**	**10,804**	**11,383**

The reinforcement of our equity capital and capital resources reflects the capital increase in cash by Egide SA for a net amount of €4.8 million in 2014. The increase in financial debt reflects the financing obtained from Bpifrance for research tax credits and pre-financing for tax credit advances (wage and research tax credits).

In 2015, Egide SA experienced a loss in revenue which had an adverse impact on operating results. Funds raised in 2014 were partially used by Egide USA in connection with the installation of a manufacturing line for HTCC ceramic products, increasing in due proportion the value of the subsidiary's shares (and consequently capitalized). The increase in borrowings reflects the €600,000 loan granted by Bpifrance.

See section 20.3.2 (separate parent company financial statements) of this document.

4 RISK FACTORS

After performing a review of risks that could potentially have a material adverse effect on its business, financial position or results (or its ability to meet its targets), the Company considers that there do not exist other risks than those presented below.

4.1 Market risks (foreign exchange, interest rate, equity, credit)

4.1.1 Liquidity risk

After performing a specific review of its liquidity risks, the company considers that it is able to honor its future payment obligations (also see section 4.1.3 - Interest rate risks)

4.1.2 Foreign exchange risk

In 2015, exports accounted for 66 % of Egide's revenue, including 44 % to North America where sales are invoiced in US dollars. Concerning the 15 % of sales to non-European countries, amounts are invoiced in either euros or US dollars. In the period, Egide SA invoiced sales of US$2.0 million (exchange value of €1.8 million) and Egide USA Inc. invoiced sales of US$9.4 million (€8.5 million). In 2015, the US dollar/euro exchange rate (averaging 1.1096 for the year compared to 1.3288 in 2014) had a significant impact on Group sales, and notably from the translation of US subsidiary's sales in the euros. At constant exchange rates, Group revenue invoiced in US dollars would have been 16 % lower. However, the impact of these exchange rate fluctuations on the margin was neutral since at the same time, the exchange rate value of Group purchases in foreign currency in euros declined significantly.

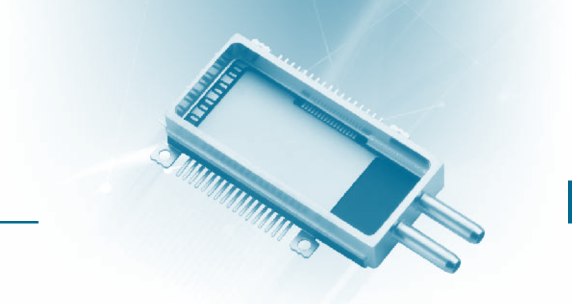
Inflows from sales in US dollars received directly by Egide SA (US$1.5 million in 2015) were used in payment of purchases for components from foreign suppliers (US$1.6 million in 2015). Any positive balance in US dollars is held in back accounts opened in this currency. In the event of an insufficient foreign currency balance, US dollars are purchased on the market at the day's prevailing rate from the euro account. Inflows from US dollar-denominated sales received by factoring companies are converted into euros at the prevailing rate of the day while financing for invoices issued in US dollars are also obtained in euros. In consequence, the corresponding risk is therefore at the level of the exchange rate on the translation date. No specific hedging arrangement has been put into place, as the cost of such arrangements remain too high.

For the US subsidiary, all purchases and sales are in US dollars. At the end of the reporting period, the Group's foreign exchange risk will be accordingly limited to the result of the period of Egide USA converted into euros for consolidation as well as its US dollar denominated cash balance.

The following table provides a summary of the net position of the Group for the main transaction currencies:

(€ thousands at December 31, 2015)	USD
Foreign currency denominated assets	5,356
Foreign currency denominated liabilities	1,095
Net position before hedging (+ short, - long)	+ 4,261
Off-balance sheet position	-
Net position after hedging	+ 4,261
Impact of an adverse 1 centime change in the euro (- loss, + gain)	- 43
Exchange rate at December 31, 2015 (1 euro =)	1.0887
Impact in thousands of euros	- 39

Also, see section 20.3.1.5.2.3 of this registration document (management of financial risks in the notes to the consolidated financial statements).



4.1.3 Interest rate risk

In 2006, Egide SA set up two factoring agreements factoring agreements for domestic and export trade receivable accounts. The corresponding monthly financing commission applied by the factors to financed amounts is based on the Euribor average 3-month rate at the end of the prior month With a floor of 0.6%. In May 2012, Egide USA Inc. obtained a credit facility from Bank of America based on the value of trade receivables and inventories subject to a rate of interest determined as follows: BBA Libor daily floating rate + 3.50%.

Regional loans were obtained in July 2010 by Egide SA from the Provence Alpes Côte d'Azur region, for €200,000 and from the Vaucluse department for €100,000 for job retention aid. These loans carried no interest rate risk as they represent interest free loans repayable in 7 years with a grace period of two years.

A €600,000 "Sofired – PME Défense" loan was obtained in December 2015 from Bpifrance, from which €30,000 was retained as cash collateral until full repayment of this loan. As a fixed rate loan for an annual rate of 3.85 %, it is not exposed to any interest rate risk. Furthermore, with a seven-year term, it benefits from a two-year grace period for the repayment of capital.

Financing to Egide SA from Bpifrance in exchange for the collateralization of French tax credit receivables (research tax credits and the CICI wage tax credit are subject to interest calculated daily at the average 1-month Euribor rate of the previous month plus 3% per annum.

Finally, in May 2012, Egide USA Inc. obtained a US$1.56 million long-term loan from Bank of America to finance the acquisition of its industrial building subject to an interest rate equal to the BBA (British Bankers Association) Libor rate (Adjusted Periodically) + 3.50%. This loan provides for a provision of early redemption based on the application of a default clause (with two covenants attached to this loan), and a clause providing that in the event of noncompliance with one of these covenants, the bank reserves the right to apply a six-point markup to the contractual interest rate. At the end of 2015, these two covenants were in compliance

Given the marginal potential impact of interest rate fluctuations on the statement of comprehensive income linked to the nature of interest rates, the Group has not adopted specific measures for monitoring and managing interest rate risks.

Financial investments are carried out through term account vehicles with interest income payments set when the account is opened. On that basis, there are no interest rate risks except in the case where it might be necessary to close the account before the term initially set.

Also see section 10.7 - Commitments and other contractual obligations

4.1.4 Equity risks

As the company does not directly hold shares or treasury shares, it is not subject to equity risks.

4.2 Legal risks

See also section 20.8 - Legal and arbitration proceedings

4.2.1 Intellectual property

Trademarks used by Egide are registered in France and internationally. As applicable, the company uses the patents to which it has title and files patents when necessary. Licenses used by the company and subsidiaries are considered as assets and as such are not subject to fees.

4.2.2 Specific 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 relevant organizations.

4.2.3 Insurance

Egide SA and its subsidiary Egide USA possess all necessary insurance coverage for risk related to their manufacturing activities, in compliance with local requirements applicable in their countries. Cover exists for the following risks:

In millions	Maximum cover	
	Egide SA	Egide USA
Industrial risks	€18.4 million - Deductible: €0.01 million	US$14.5 million
Machinery breakdown	€0.12 million	N/A
Business interruption	Annual gross margin - Deductible 3 d	US$2.4m
Civil liability	€10 million	US$10m
Business travel	€5 million	N/A
Personal vehicle coverage for business use	Unlimited	N/A
Auto	Unlimited	US$1 million
Goods in transit	€0.15 million	N/A
D&O liability	€4.5 million	€4.5 million
Environmental civil liability	€5 million	N/A
Employer's liability	€0.15 million	€0.15 million
Sick leave and occupational illnesses	N/A	US$0.5 million

Total premium for 2015 amounted to €311,000 (€199,000 for Egide SA and €112,000 for Egide USA). Furthermore, policies are regularly updated by the coordinating insurance brokers.

4.2.4 Employment-related disputes

There are no employment-related disputes with potential for having a material impact on the Group's financial statements.

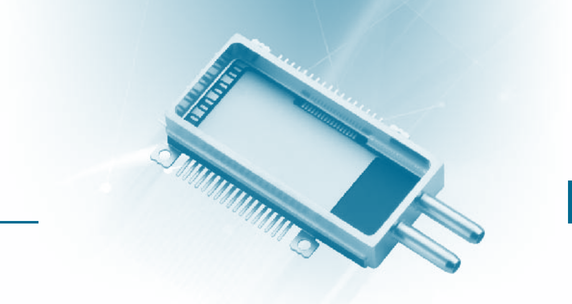
4.2.5 Risks related to dependence on third parties

Egide does not have any real relations of dependence with any of its customers. In 2015, the largest customer accounted for 19% and the second largest 14% of consolidated sales compared to respectively 17% and 10% in 2014. However, the Group's 10 largest customers account for 68% of sales and a reduction in activity by one of them could in consequence have a material impact on total sales. In 2015, as in 2014, 20 customers accounted for 80% of sales (out of a total portfolio of 150 active customers).

The company also has no relations of dependence on any of suppliers, even if certain represent strategic suppliers for the company or its customers. These suppliers are regularly monitored by the chief purchasing officer and the chief quality officer to ensure that they maintain the level of quality required to meet Egide's quality standards.

4.2.6 Political, economic, and tax risks associated with exports sales

Sales in China and Thailand (approximately 14 % of sales in 2015 compared to 11 % in 2014 and 16 % in 2013) are with either European or US customers or with world-renowned subcontractors with local operations (such as Sanmina-SCI or Fabrinet for example). This limits the company's exposure to the inherent risks of the relevant countries. For sales with local Chinese customers, the risk of customer default is limited by long-standing relationships with these customers. In the event of uncertainties about a new customer, a down payment or advance is requested.



4.3 Industrial and environmental risks

4.3.1 Industrial risks

The company's operations are not exposed to exceptional risks. Nevertheless, use of hazardous products (hydrogen, chemicals) in connection with operations increases the potential consequences of an explosion or fire if not rapidly brought under control.

With respect to industrial accidents, no serious incidents have been recorded to date in France or the United States. The only incidents recorded to date have concerned limited and superficial burns. Use of nickel, widely employed in the company, sometimes causes allergic skin reactions which may require an occupational illness-related dismissal.

4.3.2 Raw material risks

Materials used by Egide are mainly the kovar (iron-nickel-cobalt alloy), molybdenum, steel, copper-tungsten and glass with regards to glass-to-metal sealing and alumina (instead of glass), tungsten and paratungstate for ceramic-to-metal sealing. With respect to surface treatment, the company mainly uses nickel and aurocyanide.

The value of inventories is inevitably impacted by trends for raw materials prices. However this remains limited as the percentage of pure material represents approximately 10% of the cost of a package. In effect, the largest share originates from the cost of metalwork subcontracting (machining, drawing, casting) unrelated to the price of material worked.

As for fluctuations in the price of gold, these are passed on to the customer through specific supplemental invoices or invoice adjustments applied to the next product price quote. However, given the thinness of the coating on our products (1.27µ on average), the impact is contained.

The components purchased by Egide are specific to each client and to each product. Such components are purchased only when the order has been received. As mentioned below (section 4.3.3), production yields of 100% are not achievable in our business. In consequence, components may remain in inventory which explains our sourcing policy (explained in section 20.3.1.5.3.7).

The specific treatment of Kovar is related to the fact that it represents a raw material that is in turn used by Egide's suppliers (machining 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 generally stored as planks of 1828 x 382 mm of different thicknesses (from 7 to 16 mm) or pipes of different diameters, and does not deteriorate over time. During the market boom for telecommunications companies from 1998 to 2000, Egide used up to 3 tons of Kovar per month. After the burst of the dot-com bubble, the need for machined Kovar structures has significantly decreased and the consumption dropped to about 1 tons per year. To take into account this turnover rate which has become very slow, the company decided to maintain an inventory rate of 75% and keep this rate over a period of several years independently of the level of activity. Indeed, because Kovar has a minimum resale value as a basic raw material, inventory is measured at fair value (market value). For information, at December 31, 2015, the inventory of Kovar amounted to 7.8 tons.

4.3.3 Business risks

Egide is specialized in the manufacture of hermetic packages for the protection and interconnection of components. By combining several technology building blocks and requiring a high level of expertise, our industry is not able to ensure a production yield of 100%. In contrast, it is at times possible to rework subpar components to bring them in line with quality standards.

When a product is declared non-hermetic by the customer, i.e. rejected through its incoming acceptance procedures, it is rapidly returned for reparation or replacement. This in turn generates the issuance of a credit when this return is accepted by Egide. In connection with half yearly and annual closings, provisions are recorded if quality-related returns have been recorded after the corresponding reporting period (through credit notes to be issued). With the exception of these credit notes to be issued, no provisions are recorded for customer returns. As returns are relatively infrequent for Egide, it is not possible to set a fixed provision amount and the company prefers amounts to be determined according to actual returns that in general occur very quickly after delivery, allowing them to be booked in the accounts.

Once the products are accepted by the clients (i.e. after sign-off of incoming inventory), Egide is no longer responsible for any subsequent problems that may arise (no after-sales warranty). In consequence, the company does not carry any specific insurance cover for physical injury, consequential material and financial loss after delivery (excluding space and aeronautics applications).

Production yields not reaching 100% are inherent to the industry and concern both Egide and its competitors. This situation is known and factored into the calculation of quotations for its packages.

4.3.4 Environmental risks

With the exception of those governing anti-pollution measures, Egide is not subject to any specific regulations. The hermetic packaging manufacturing process requires the use of hazardous products such as hydrogen and aurocyanide (a solution of gold and cyanide). These products are stored and used according to the standards in force and are under constant surveillance. The sites are also regularly inspected.

Prior to the acquisition of Electronic Packaging Products (renamed Egide USA Inc.) in 2000, Egide performed an environmental audit that did not identify any risk.

All production equipment used within the Egide Group complies with applicable safety and environmental standards. The Group regularly conducts regulatory verifications using certified entities (verification of fire protection equipment, electrical installations, wastewater disposal systems, etc.). Egide SA is in addition certified ISO 14001.

4.4 Technological risks

4.4.1 Launch of substitution products

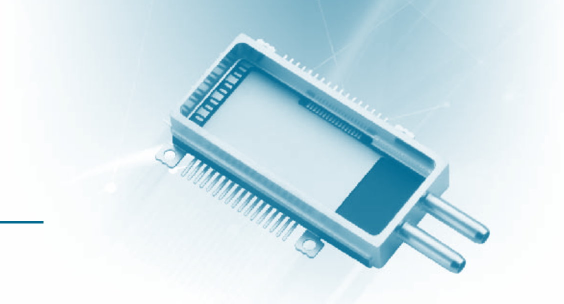
Requirements in terms of hermeticity and heat dissipation are inherent to the very existence of integrated electronic systems or complex chips extremely sensitive to the thermal or atmospheric environment. Hybrid circuits used in the defense and space industries as well as lasers for broadband telecommunications 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 civilian sector industries such as aeronautics or, more generally, safety.

However, in the event hermeticity is no longer required, other solutions may be used.

4.4.2 Price declines

Certain Egide products address applications positioned in "top-of-the-line" segments (optical telecommunications, aeronautics and space industries, defense and security). While this significantly reduces the impact of price declines, it is nevertheless not eliminated in particular in light of the resumption of high production volumes. Regarding the most common products with a simpler technology and higher volumes, the Asian players are often better positioned in terms of prices. Egide has chosen not to indiscriminately compete in this segment to avoid adverse impacts on its margin and profitability. It does however carefully monitor market prices demanded by customers and does its utmost to meet this demand, frequently involving substantial volumes, while consistently seeking to reduce its production costs.

In addition, whenever possible, it seeks suppliers combining low-cost and reliability for selected components used in the manufacture of its packages, which limits the effects of price declines on margins, and to propose satisfactory prices to a customer in relation to the competition.



4.5 Other risks

4.5.1 New market entrants

It remains extremely difficult to acquire the expertise necessary to develop and produce hermetic packages. It is necessary to be able to achieve consistent production performances in terms of output and quality in order to meet both technical but also commercial and economic requirements. These constraints constitute barriers to entry for new competitors seeking to develop into Egide's markets. Nevertheless, the phenomenon of declining prices mentioned above facilitates the market penetration of second-tier competitors for high-volume products using a technology not necessarily requiring the same high level of expertise comparable to that of Egide.

4.5.2 Risks associated with the volatility of high-tech markets

The company is positioned in high-tech market segments in all the sectors it addresses. None of these markets are exempt from risks of a sudden upward or downward cyclical swing as in 2001 in the telecommunications sector, 2009 for aeronautics and 2010 for space. Through its strategy of diversification in several sectors with several customers in each sector, Egide seeks to reduce the effects of this volatility on sales and earnings, even if recently, cycles have been shorter, more intense and linked to a global economic and financial environment with increasingly pronounced impacts and not necessarily directly linked to our commercial activities (2008 subprime crisis, decline in oil prices in 2015, for example).

4.5.3 Political risks associated with geographical locations

The Group's operating units located in France or the United States are not subject to any specific risk associated with their geographic location. The French production site's location a few kilometers from a nuclear power plant does not pose any particular problems.

4.5.4 Risks associated with share price volatility

Any event concerning the company, its competitors, the market in general and one or all of the sectors in which it operates may have a positive or negative effect on the company's share price. At the same time, the company's share may be subject to a degree of liquidity risk, even if in 2015 average trading volume remained high at 64,352 shares per day (or 1.544 % of the share capital) compared to 62,412 in 2014 or 4,544 in 2013.

4.5.5 Risks related to adverse weather conditions

The French and US production sites are not located in regions subject to the occurrence of extreme weather phenomena.

The impact of particularly sudden and dangerous climactic events (floods in Thailand in 2011 or Sandy hurricane on the East Coast of the United States in 2012, for example) may however be significant if Group customers are located in the regions affected. Fortunately, such occurrences are rare though remain fully outside the company's control.

5 INFORMATION ABOUT THE ISSUER

5.1 History and development of the company

5.1.1 Company name

EGIDE S.A.

5.1.2 Place of registration and registration number

The Company is registered with the Avignon Trade and Companies Register (RCS) under number 338 070 352. It was previously registered under the same number in the Versailles Trade and Companies Register (RCS) prior to the transfer of its registered office pursuant to the decision of May 28, 2010.

5.1.3 Date of incorporation and length of life of the company

The company was created on July 11, 1986 for a term of 99 years (until July 10, 2085), saving early dissolution or extension provided for by law.

5.1.4 Registered office and legal form

The registered office is located at Site Sactar – 84500 Bollène - France (Tel: +33 4 90 30 97 11) as from May 28, 2010. Prior to this it was located at 2 rue René Descartes, Parc d'Activités de Pissaloup - 78190 Trappes - France (Tel: +33 1 30 68 81 00) where the administrative offices are still located.

Egide is a French public limited company (société anonyme) governed by present and future laws and regulations and in particular the French commercial code as well as the company's bylaws (statuts).

5.1.5 Important events in the development of the business

1986: Created in response to French defense industry needs for hermetic packaging for sensitive components, Egide specializes in glass-to-metal seals.

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

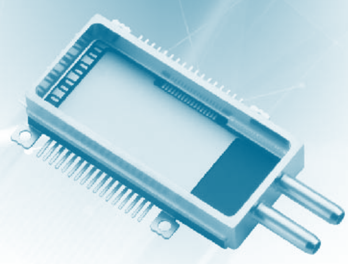
1994: Egide enters the telecommunications market (optical transmissions), which will provide the impetus for its accelerated expansion in 1998.

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: Burst of the Internet bubble, which will have a direct impact on company sales (with the telecommunications sector at that time accounting for 95% of total revenue).

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 markets.

2009: Global economic (subprime) crisis with an impact on all the company's markets and requiring the reorganization of the Group's industrial structure. Egima, the Moroccan subsidiary discontinues operations.

2010: Emergence from crisis in the second half of the year, with strong growth in infrared technology markets and significant recovery of the fiber optics telecommunications market. Legal transfer of the registered office (see section 5.1.4).

2011: A good first half performance for sales followed by a decline in the second half linked to the sovereign debt crisis in the euro zone and the United States, triggering a crisis of confidence, reduced visibility and the postponement of orders in the short-term.

2012: A worldwide economic environment slips into a period of entrenched crisis, significantly impacting Egide SA's markets. Markets of the US and English subsidiaries remain less affected.

2013: The UK subsidiary Egide UK and the Moroccan subsidiary Egima are sold.

2014: The Group rolls out an ambitious strategy centered upon its core businesses of hermetic packages for critical applications. Modification in corporate governance separating the functions of Chairman of the Board of Directors (exercised by Philippe Brégi) and Chief Executive Officer (exercised by Eric Michel, then by James F. Collins).

2015: Implementation of the strategic plan. The implementation of the HTCC ceramic packages production line from Bollène (France) to Cambridge (USA) has commenced. This initiative was financed by the €5 million capital increase and is destined to supply the US military market with locally manufactured ITAR-compliant (International Trade in Arms Regulations) ceramic packages to ITAR. The first order was delivered to the US customer that is a leader in the thermal imaging market. The deployment of the commercial network that began at the end of 2014 continued in the period and capital investments for equipment for the Bollène site have begun.

5.2 Investments

5.2.1 Main investments

Group investments concern principally the renewal of manufacturing equipment for the US and French manufacturing sites. In 2015, major investments concerned the creation of the HTCC ceramic packages production line at the Group's US site where €1.5 million were invested for a clean room and the associated equipment (of which €0.2 million were capitalized at December 31, 2014) and also for a dedicated service treatment production line. At the French site, selected equipment designed to improve management of manufacturing processes were also acquired, along with a new ERP scheduled to be commissioned in 2016.

Acquisitions of intangible assets and property, plant and equipment for 2013 to 2015 were as follows:

(in thousands of euros)	2013	2014	2015
Intangible assets	0	33	131
Land and buildings	55	0	0
Plant, machinery and equipment	631	170	1,618
Other tangible fixed assets	45	38	81
Total	**731**	**241**	**1,830**

5.2.2 Main current investments

The Group's budget for capital expenditures was approximately €1 million with around 60% allocated for Egide SA (refurbishment of the air-conditioning equipment, new equipment, security installations, performance improvements, building upkeep) and 40 % for Egide USA (a second high-temperature kiln for ceramics, installation security, building upkeep). These investments will be financed from equity or through finance leases for the production equipment.

5.2.3 Principal future investments

For Egide SA, investments to automate certain production processes to lower costs will be essential to increasing the company's competitiveness. Compliance work for plant buildings will also call for investments in the medium-term. These commitments are expected to total approximately €2 million spread over several years.

At Egide USA, significant investments linked to the HTCC ceramic production line were carried out and other significant commitments have not been budgeted other than concerning normal equipment renewal expenditures.

5.2.4 Pledging of assets

Information on assets pledged as security as of date of this document:

Asset pledges:	Inception date	Maturity date	Amount of the asset pledged in € (a)	Total assets in € (b)	% (a) / (b)
Intangible assets Property, plant and equipment Financial assets	May 30, 2012	June 1, 2027	1,835,675	18,847,892	- 9.74 % -
Total			**1,835,675**	**18,847,892**	**9.74 %**

The pledge concerns the building and land of Egide USA granted as security to the Bank of America that provided a loan to the US subsidiary to finance the purchase from said property holder. At December 31, 2015, the balance of this loan was €1,199,000.

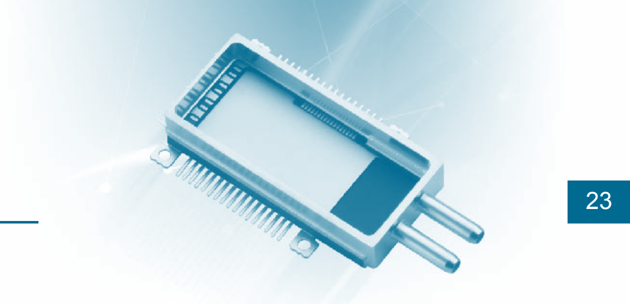
For information, there are no pledges as security on the capital.

5.2.5 Pledges of items acquired through equipment lease agreements

The following table provides information on pledges linked to lease agreements held by Egide SA as of the date of this document.

Pledge registration date	Equipment	Amount	Maturity date
February 14, 2013	Peugeot 208	17,184 €	February 9, 2017
January 16, 2015	15 laptop computers	21,659 €	December 09, 2017
March 13, 2015	Rheometer	35,322 €	February 11, 2020
March 13, 2015	Ceramic cutting machine	20,604 €	February 11, 2020
July 17, 2015	Dimensional measuring machine	45,600 €	June 15, 2020
February 15, 2016	Dimensional measuring machine	42,000 €	December 14, 2020
March 26, 2016	Machining lathe	68,400 €	February 15, 2021
Total		**250,769 €**	

No pledges of any nature are registered at Egide USA.



6 BUSINESS OVERVIEW

6.1 Principal activities

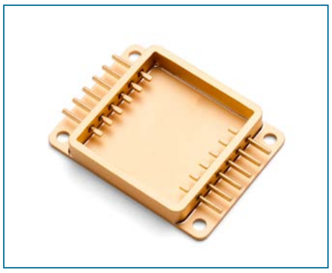
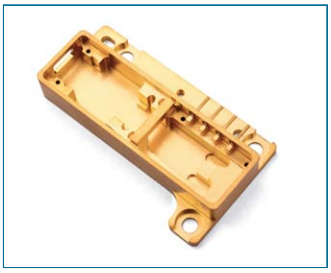
6.1.1 Hermetic packages

Egide designs, manufactures, and sells hermetic packages to protect and interconnect several kinds of electronic or photonic chips[1].

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 product of complex expertise, drawing upon several disciplines: material structure, particularly special alloys; chemistry and surface treatment; mechanics and thermodynamics, electronics; optoelectronics[2], and hyper frequency modeling[3]. Egide is one of the few companies to master all of the 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 glass beads internally.



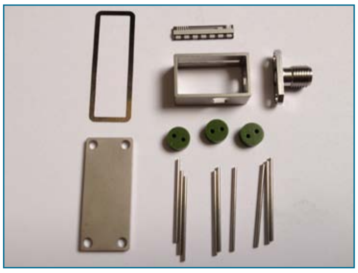
6.1.1.1 Sealing technologies

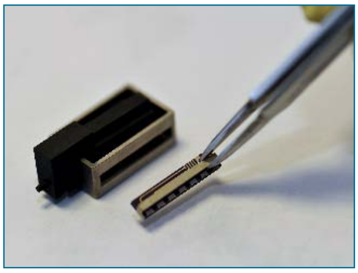
Glass-to-metal

This technology has represented the company's core business since its creation. The body of the component 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 very high temperature kilns. The braziers are themselves made of special alloys, such as gold-tin, gold-germanium, or silver-copper.





(1) The science of the study of components allowing for the generation, transmission, processing (modulation, amplification) or conversion of optical signals.
(2) Study of electronic components issuing or interacting with light, the foundations of fiber-optic telecommunications.
(3) Analysis of a very high radio frequency wave of between 1 GHz and 100 GHz, used in electronics.

Ceramic-to-metal

In this technology, which is rarer and more difficult to achieve, the packages retain 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 Telecoms applications.

Integration of passive elements

Building on its expertise in complex assembly, Egide has expanded its field of activity by the integration of passive components for some of its clients (dissipative elements, TEC[4], optical). This offer is now part of the Egide range and allows the client to remain focused on its own core business.

6.1.1.2 Surface treatment

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

These deposits, at the micron level, are necessary for different package manufacturing:

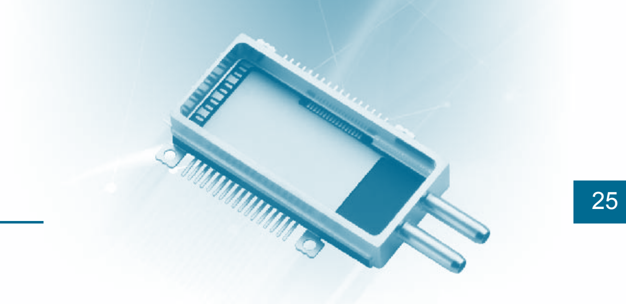
- nickel plating of ceramic components before assembly
- pre-treatment of metal components
- gold plating of glass-to-metal and ceramic packaging in the final manufacture stage
- silver plating of joints

Egide’s great expertise in the area of surface treatment, and the integration of the line into the workflow are major strengths for ensuring optimal quality in the finished product.

6.1.1.3 Ceramics, from powder to component

The ceramic produced by Egide at its Bollene 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 telecommunications markets.

(4) Thermo Electric Cooler (a cooling technique using thermal electricity). For this, components are used referred to as "Peltier" modules that transform electronic current into a temperature flux).



Egide's expertise covers 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 or slip. The latter is poured onto plastic bands then made flexible by drying and evaporation of solvents. The bands, which are of varying thicknesses, are then cut into sheets before use.

Inks

Also manufactured at the Bollene 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 (minuscule holes on each of the sheets) to establish conduction from one layer to the other.

The High Temperature Cofired Ceramic (HTCC) process

Egide handles all operations in the transformation of the "raw" ceramic in a class 10,000 clean room: via and window piercing, via filling, screen printing the conductive tracks, pressing, and cutting. The combined mastery of ceramic and ink production constitutes a definite advantage in the success of the co-firing (aluminum-tungsten) step of the HTCC process. During this process, very robust ceramic components are obtained through the superimposition 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 used for the glass-to-metal packages. The basic material is glass powder that is agglomerated and then heated at a high temperature (at approximately 600°) in a dedicated kiln. This activity completes the system for production integration and independent sourcing for one of the key glass-to-metal technology steps.

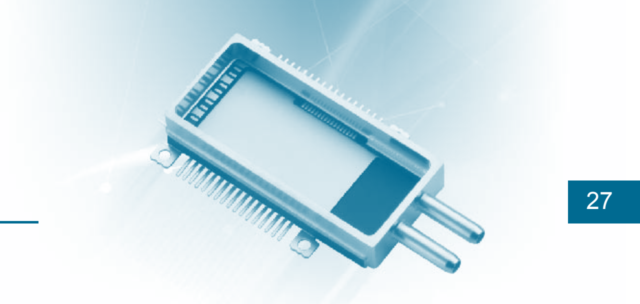
6.1.2 Business sales mix

Consolidated sales by business breaks down as follows:

	2013		2014		2015	
	K€	%	K€	%	K€	%
Glass-to-metal products	13,156	64.6	12,412	62.2	13,460	65.4
Ceramic products	6,891	33.8	7,249	36.3	7,020	34.1
Engineering	314	1.5	190	0.9	100	0.5
Other (of which the sale of gold)	25	0.1	116	0.6	11	0.0
Subtotal - packages (Egide SA + Egide USA)	**20,386**	**100.0**	**19,967**	**100.0**	**20,591**	**100.0**
Egide UK + Egima rental income	2,468	-	-	-	-	-
Total	**22,854**	**-**	**19,967**	**-**	**20,591**	**-**

Segment breakdown of consolidated sales by business breaks down as follows:

	2013		2014		2015	
	K€	%	K€	%	K€	%
Glass-to-metal products	5,611	43.7	5,400	41.7	5,020	41.3
Ceramic products	6,891	53.7	7,249	56.0	7,020	57.8
Engineering	314	2.5	190	1.4	100	0.8
Other (of which the sale of gold)	24	0.1	116	0.9	11	0.1
Egide SA subtotal - packages	**12,840**	**100.0**	**12,955**	**100.0**	**12,151**	**100.0**
Glass-to-metal products	7,546	100.0	7,011	100.0	8,440	100.0
Ceramic products	0	0.0	0	0.0	0	0.0
Engineering	0	0.0	0	0.0	0	0.0
Other	0	0.0	0	0.0	0	0.0
Egide USA subtotal - packages	**7,546**	**100.0**	**7,011**	**100.0**	**8,440**	**100.0**
Total - packages (Egide SA + Egide USA)	**20,386**	**-**	**19,967**	**-**	**20,591**	**-**



6.2 Principal markets

Operating since its inception the financial statements in the defense and space industries, and then in the telecommunications market by means of fiber optics, Egide has extended the scope of its activities to civil aeronautics, security and industrial applications of infrared technology. This historical breakdown no longer reflects the current situation of Group production as the same package may have both military and industrial uses. In consequence, starting January 1, 2016, a new market segmentation was adopted based on applications regardless of the final sector addressed.

6.2.1 Thermal imaging

This family of packages includes products using infrared radiation to form an image. Packages for thermal imaging applications concern cryogenically cooled detectors for military or space applications and also uncooled infrared detectors for military, industrial automotive or medical applications.

In the military field, packages supplied by Egide are used to manufacture very high definition thermal cameras with a nighttime vision range of several kilometers. The desire to improve safety has been rapidly extended to multiple infrared applications: border surveillance, surveillance for industrial buildings and public places, medical diagnostic tools, blind flying assistance, gas detection. Originating 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), the medical profession (tumor detection) or by the automotive industry (night vision).

The thermal imaging market is fast growing (Source: Marketandmarkets) with component sales representing US$6.2 billion in 2015. This same study forecasts growth of 6.3% between 2015 and 2020.

Using primarily the ceramic technology, the packages for infrared applications are at the present time applied by Egide SA. By installing a HTCC ceramic production line at the Egide USA site that has been in service since the end of 2015, the US military market which requires a local production source can now be supplied by the Group's US subsidiary.

6.2.2 Power packages

This product family includes packages used for power converters. Typical applications include DC-to-DC converters, motor drives, switch mode power supplies, power hybrid circuits and power thrusters for military, aeronautic and space applications.

Using primarily the glass to metal seal (GTMS) technology, power converter packages are supplied largely by Egide USA within the group, with the portion produced by Egide SA destined for the aeronautics sector (Full Authority Digital Engine Control or FADEC).

6.2.3 Optronics

This family of packages includes products submitting detecting or receiving light. The best-known final application in this field concerns fiber optic telecommunications.

Accordingly, Egide’s packages are found in several types of optoelectronic sub-assemblies 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 optical signal sequence of 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.

While long-distance and metropolitan fiber optics networks account for the major share of the telecommunications market, needs by data centers are rapidly emerging involving very large volumes and low prices. Absent from this latter market, with the intention of leveraging its strong development, the Group initiated measures in 2016 to develop a position based on a competitive offering.

Packages for optronics use mainly the ceramic technology that at the present time are supplied by Egide SA, with the US site currently devoted to ITAR compliant (International Trade in Arms Regulations).

6.2.4 Microwave / RF packages

This product family includes packages used by systems operating at frequencies ranging between 3 GHz and 100 GHz. The most frequent applications concern the defense, aerospace and telecommunications markets and in particular wireless base stations(cellular towers), Wi-Fi networks, satellite antennas, radars, air traffic control systems and add fiber optic data transport networks.

They are generally manufactured using the HTCC ceramic technology, even though there also exist glass-to-metal connectors (GPO, GPPO, etc.) capable of addressing the customer needs; the RF packages are thus able to be supplied by both of the Group's entities.

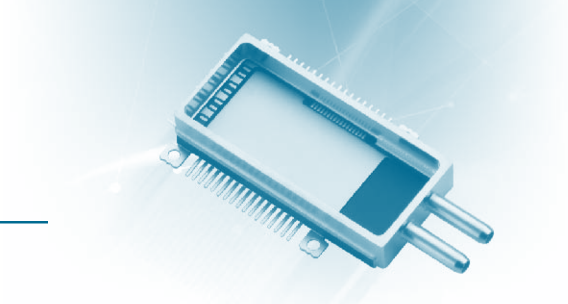
6.2.5 Sales mix by application

Consolidated sales by application break down as follows:

	2013		2014		2015	
	K€	%	K€	%	K€	%
Thermal imaging	6,436	31.6	8,410	42.1	9,248	44.9
Power packages	6,009	29.5	5,569	27.9	5,863	28.5
Optronics	4,500	22.1	3,287	16.4	2,542	12.4
Microwave/RF	1,908	9.4	1,353	6.8	1,735	8.4
Other	1,533	7.5	1,348	6.8	1,203	5.8
Subtotal - packages (Egide SA and Egide USA)	**20,386**	**100.0**	**19,967**	**100.0**	**20,591**	**100.0**
Egide UK + Egima rental income	2,468	-	-	-	-	-
Total	**22,854**	**-**	**19,967**	**-**	**20,591**	**-**

Consolidated sales by segment break down as follows:

	2013		2014		2015	
	K€	%	K€	%	K€	%
Thermal imaging	5,030	39.2	7,129	55.1	7,637	62.9
Power packages	1,493	11.6	1,126	8.7	639	5.3
Optronics	4,171	32.5	2,998	23.1	2,079	17.1
Microwave/RF	1,064	8.3	692	5.3	1,015	8.3
Other	1,082	8.4	1,010	7.8	781	6.4
Egide SA subtotal - packages	**12,840**	**100.0**	**12,955**	**100.0**	**12,151**	**100.0**
Thermal imaging	1,406	18.6	1,280	18.3	1,612	19.1
Power packages	4,516	59.9	4,445	63.4	5,223	61.9
Optronics	329	4.4	289	4.1	463	5.5
Microwave/RF (High Frequency)	844	11.2	660	9.4	719	8.5
Other	451	5.9	338	4.8	423	5.0
Egide USA subtotal - packages	**7,546**	**100.0**	**7,012**	**100.0**	**8,440**	**100.0**
Subtotal - packages (Egide SA and Egide USA)	**20,386**	**-**	**19,967**	**-**	**20,591**	**-**



6.2.6 Customer base

The company has an extensive customer base in its different business segments. Among those that may be cited are Foxconn Optical Interconnect (CyOptics), Fabrinet, JDSU, Photop, Sanmina, Alcatel Thales III/V Lab, Astrium, Crane, FLIR, International Rectifier, MBDA, Sagem, SCD, WGST, BKO, Snecma, Sofradir, Textron, Thales Alenia Space, Aéroflex, Ulis or Welwyn Components.

In 2015, Egide Group's top ten customers for all segments combined accounted for 68 % of consolidated sales, the top five 53 % and the Group 's largest customer 19 %. In 2014 this same breakdown was 68%, 52% and 17% respectively.

In light of the profile of this portfolio, Egide does not consider it necessary to obtain credit insurance other than coverage obtained in connection with factoring agreements. Furthermore, on occasion advances are requested from new customers, namely those in Asia. Customer invoices are activated by deliveries. The period covered by sales contracts often depends on product order volume. For low volume projects, orders will cover a period of few weeks and will be placed on a regular periodic basis during the course of a year. For programs involving larger volumes, orders will cover a period of several months (up to 18 months) with scheduled deliveries, or several years for master contracts. Major contracts are reported, with applicable, in Chapter 22.

The Group's commercial organization relies on direct employees for each of the operating subsidiaries (5 at Egide SA and 3 at Egide USA) as well as a network of specialized but non-exclusive agents for high-tech products covering Italy, the United Kingdom, the United States (East and West Coast, Florida), China, India, Israel, Russia and South Korea. In October 2015, a new vice president for marketing joined the group who is based in France.

6.2.7 Consolidated sales by region

Consolidated sales by region break down as follows:

	2013		2014		2015	
	K€	%	K€	%	K€	%
France	6,315	31.0	7,400	37.1	7,100	34.5
European Union (excl. France)	1,709	8.4	1,477	7.4	1,251	6.0
North America	8,401	41.2	7,600	38.1	9,074	44.1
Rest of the world	3,961	19.4	3,490	17.4	3,166	15.4
Subtotal - packages (Egide SA and Egide USA)	**20,386**	**100.0**	**19,967**	**100.0**	**20,591**	**100.0**
Egide UK + Egima rental income	2,468	-	-	-	-	-
Total	**22,854**	**-**	**19,967**	**-**	**20,591**	**-**

Segment breakdown of consolidated sales by region:

	2013		2014		2015	
	K€	%	K€	%	K€	%
France	6,315	49.2	7,400	57.2	7,100	58.4
European Union (excl. France)	1,694	13.2	1,413	10.9	1,151	9.5
North America	889	6.9	652	5.0	784	6.5
Rest of the world	3,942	30.7	3,490	26.9	3,116	25.6
Egide SA subtotal - packages	**12,840**	**100.0**	**12,955**	**100.0**	**12,151**	**100.0**
France	0	0.0	0	0.0	0	0.0
European Union (excl. France)	15	0.2	64	0.9	100	1.2
North America	7,512	99.6	6,948	99.1	8,290	98.2
Rest of the world	19	0.2	0	0.0	50	0.6
Egide USA subtotal - packages	**7,546**	**100.0**	**7,012**	**100.0**	**8,440**	**100.0**
Subtotal - packages (Egide SA and Egide USA)	**20,386**	**-**	**19,967**	**-**	**20,591**	**-**

6.3 Exceptional events

The telecommunications market (optronics) experienced a crisis of exceptional scope in 2001 and 2002, which persisted until mid-May 2010, despite an upturn in 2008. This crisis resulted in the closing of the Trappes production site.

In 2009, Egide Group companies were severely impacted by the global economic crisis that affected every sector . In response, the company took measures to reorganize industrial operations, including in particular repositioning the subsidiary Egide USA in its domestic military markets (resulting in a 50% reduction in headcount), transferring the production for telecom products to the French site and discontinuing operations of the Moroccan site as from July 1.

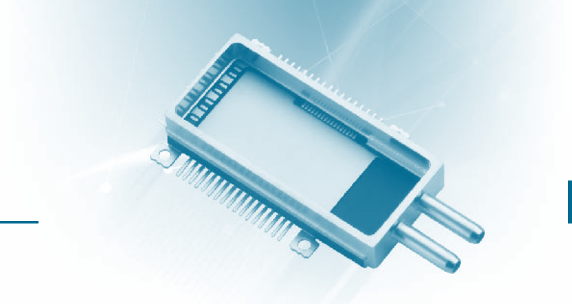
In 2011, the euro zone and US debt crises impacted the industry, precipitating a crisis of confidence about the future, low visibility, and the postponing of orders. For Egide, this led first to the rescheduling of deliveries in the third quarter, followed by the deferment of deliveries to the 2012 first quarters whereas demand was concentrated in the last quarter of 2011. All of Egide's customers were to some extent impacted by this trend, regardless of their sector of activity. However, customers of the telecommunication sector were the most affected, requiring Egide to lower sales guidance for the 2011 second half. On that basis, 2011 ended the period with growth in sales from the prior year though at a slower pace (+9%) than expected at the start of the year.

In 2012, the global economic crisis had become entrenched and impacted the development of Egide SA, the only Group entity with significant volume in the telecommunications market, which was severely affected by this crisis. This situation was compounded by a geopolitical development that was responsible for the virtual disappearance of a major Israeli military customer using infrared products. In this bleak context, only the US military, the European space and UK industrial sectors showed growth, even though insufficient to offset the losses incurred in other market segments.

In 2013, for the first time military spending was affected by budget restrictions in the United States, which in turn severely impacted Egide USA sales starting in the second quarter which have remained under budget. For Egide SA, a major customer was required to adapt to an unanticipated shift in demand by its customers to a new range of products not including packages supplied by Egide, significantly impacting the company's sales.

In 2014, Group sales in the telecommunications sector registered a further decline. The primary causes were the loss of a customer (bankruptcy filing), reduced demand by another customer and the lower-than-expected start in the Chinese market for the 100 Gb/s products for which Egide has been qualified.

Events of the kind described above remain by definition unforeseeable. To minimize potential impacts of such events (on sales and earnings) Egide seeks to achieve maximum diversification in business sectors and to maintain the highest level of state-of-the-art expertise, with very high-tech products providing greater resilience to adverse economic trends.



6.4 Competitive position

Egide has a limited number of competitors at the international level. These consist of either major international groups with divisions manufacturing electronics components, subsidiaries of large groups, or small family-owned type operations. In this universe, Egide is the only independent pure player specialized in manufacturing hermetic packages.

Generally, US competitors operate in the glass-to-metal segment whereas the Japanese are specialized in ceramics. The other Asian competitors are more active in the segment for standard low-cost products, whether glass-to-metal or ceramics, and generally address their local markets.

Main competitors:

Name	Country	Business application [1]	Revenue	Share listing	Market capitalization
Ametek	United States	TI, P, O, M/RF	€ 1.43 bn [2]	New York	€ 10.4 bn [3]
Kyocéra	Japan	TI, O, M/RF	€ 1.70 bn [4]	Tokyo	€ 15.7 bn [5]
Electrovac	Austria	P, M/RF	Unavailable	Privately held	-
Schott	Germany	O	Unavailable	Privately held	-
Sinclair	United States	P, O	Unavailable	Privately held	-
NTK	Japan	O, M/RF	€0.43 bn [6]	Tokyo	€ 3.8 bn [5]
Hirai	Japan	O	Unavailable	Privately held	-
Metallife	South Korea	O	Unavailable	Privately held	-

(1) TI: Thermal imaging - P: Power packages - O: Optronics– M/RF: Microwave/RF
(2) Source: Annual report. Revenue at December 31, 2015 for the electromechanical business unit - US$ 1.56 billion compared to US$ 1.60 billion in 2014
(3) Source: New York Stock Exchange. Stock price at April 29, 2016
(4) Source: Press release of January 29, 2016. Revenue at December 31, 2015 for the semiconductors business (calendar year) - ¥ 223.4 billion compared to ¥ 207.9 billion in 2014
(5) Source: Tokyo Stock Exchange. Stock price at April 28, 2016
(6) Source: Press release of January 29, 2016. Revenue at December 31, 2015 for the ceramic components (calendar year) - ¥ 56.9 billion compared to ¥ 49.6 billion in 2014 (calendar year)

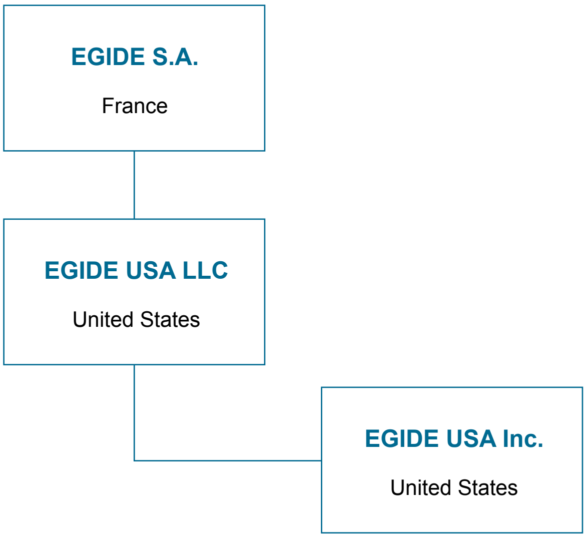
The main competitors operate in sectors covering all applications provided by the Egide group. In contrast, competitors that Egide encounters less frequently are more focused in Optronics applications, and in certain cases, the power or microwave fields. Owing to its plant in San Diego, USA, Kyocera can offer its ceramic products to American defense customers which can henceforth be assured by Egide USA. The Group's US subsidiary must now focus on positioning itself to capture new contracts in the pipeline, whereby the situation of legacy products in connection with existing contracts is not economically attractive for potential customers.

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

Egide has a worldwide reputation for quality and high tech expertise based on its experience in electronics for the defense and space industries that is distinguished by extremely demanding standards (qualification processes, regular audits …), and it occupies a top-tier position alongside Kyocera.

7 ORGANIZATIONAL STRUCTURE

7.1 Group organization



7.2 Group subsidiaries and structure

Egide SA is the parent company. Egide USA LLC is a directly wholly-owned subsidiary in the United States that in turn has a wholly-owned subsidiary, Egide USA Inc., also based in the US.

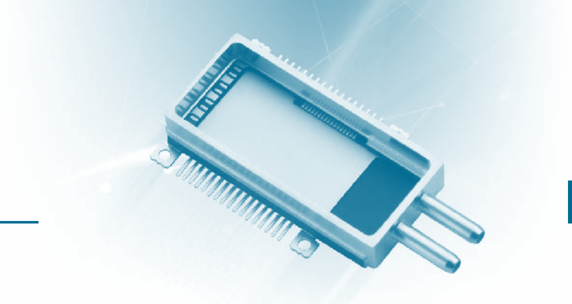
Egide USA LLC is a holding company held by the parent company exclusively for holding the capital of Egide USA Inc.

Egide SA and Egide USA Inc. operate their own economic the area of hermetically sealed interconnection devices. On this basis, they possess their own assets allowing them to independently produce and sell their products. These companies furthermore possess their own liquid assets and debts without centralized cash pooling system at the group level.

Egide SA and Egide USA share the same chair and chief executive officer. They each have their own administrative and accounting, sales, engineering, quality assurance and production departments. The finance, sales and purchasing departments are shared by both entities though the corresponding staff responsible for these areas are attached to Egide SA.

Different transactions between Group companies result in intercompany billings. Pursuant to the modification of the provisions of Order No. 2014-863 of July 31, 2014, amending article L225-39 of the French commercial code, these chargebacks no longer comply with the rules governing regulated agreements.

See section 20.3.2.4.3.21 - Information on affiliated undertakings and participating interests



8 PROPERTY, PLANT AND EQUIPMENT

8.1 Significant tangible fixed assets

8.1.1 Manufacturing sites

Egide Group's manufacturing assets are largely concentrated at two sites: Bollène (France) and Cambridge (Maryland, USA).

The Bollène site (Egide SA)

A center of excellence for the two sealing technologies, it also has expertise in high temperature cofired ceramic (HTCC). In a building of approximately 5,700 m2, equipped with a 500 m² 10,000 class clean room for the treatment of raw ceramic, would be Bollène assuring the full production cycle for ceramic components from start to finish. The site also provides the assembly, surface treatment and control of metallic glass packages - metal and ceramic - as well as the manufacturing of glass beads. It is equipped with an engineering department for ceramics and for glass-to-metal, as well as R&D resources. This site was rented from a property investor under a 12-year commercial lease commencing in 2010 and extended for three years in May 2015. Previously the site was held as a fully-owned property.

The Cambridge site, MD (Egide USA subsidiary)

In a building of 5,000 m², the site is devoted to the assembly, control, and surface treatment of glass-to-metal or ceramic-to-metal packages. Since mid-2015, the site has been equipped with a 300 m² clean room (class 10,000) and production equipment for treatment of raw ceramics supplied by Egide SA. It also produces glass beads. It has a glass-to-metal and ceramic-to-metal engineering department. The building is once again fully owned after its repurchase was negotiated at the end of May 2012. This site was previously rented to a property investor under a 10-year commercial lease that started in 2008 and was discontinued before its expiration at the lessor's request.

Other sites

The administrative, sales, purchasing and graphite machining departments of Egide SA are located in the Paris region (Trappes in the Yvelines department), in a building of approximately 1 300 m² leased from a real estate investor under a 9-year lease that commenced in 2008. At the expiration of this lease, these departments will move to a nearby building, though with a smaller surface (800 m²) providing a reduction in rental cost by nearly 40%. This new building was leased from a property investment through a 9-year commercial lease commencing on June 1, 2017 with a seven-month grace period for rent.

8.1.2 Machinery and equipment

In the two production sites, Egide is the owner of its equipment and machinery, including:

- two ceramic casting rooms (at Egide SA) with atmospheric control equipment,
- two white rooms containing numerous equipment for transforming raw ceramic (one at Egide SA and one at Egide USA): machines to punch out vias[5] and windows, machines for filling the vias, machines for screen printing conductors and open-vias, presses, and an automatic cutter,
- glass beads manufacturing equipment,
- debind ovens[6],
- ovens for high temperature (1,600°) sintering of ceramics and molded components[7],
- cutting machines (diamond slitting wheel),
- machines for screen printing of tips,
- ovens for vacuum soldering[8],
- Conveyor kilns for atmosphere-controlled soldering (medium and high temperature),

(5) Holes drilled in ceramic sheets
(6) Elimination of binders having a virtually zero impact on the parts
(7) Sintering is a manufacturing process consisting in forming material by heat without melting. Through heat, the fine material particles are welded together forming the cohesion of the part.
(8) Metal soldering is a process for permanent assembly creating metallic continuity for joined parts

- Conveyor kilns for hermetic sealing with glass beads,
- Manually-operated or computer controlled electroplating installations[9],
- machines for verifying hermetic sealing,
- Several graphite machining centers,
- Several metal machining centers, including a numerical controlled lathe,
- Several instruments for verifying visual and dimensional characteristics (including 3D gauges),
- A wire bonder (cabling facility),
- Thermal cycling machines.

The equipment for ceramic production at the Bollène site was acquired in large part in 2000. These were installed at the Cambridge site in the summer of 2015. This includes used equipment transferred from the Bollène site.

8.2 Environmental issues that may affect the issuer's utilization of tangible fixed assets

See section 4.3 - Industrial and environmental risks

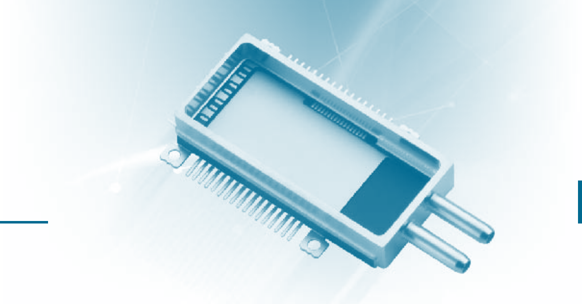
8.3 Environmental impact of Group operations

See section 26.2 - Environmental impact

8.4 Information relating to societal commitments in favor of sustainable development

See section 26.3 - Corporate social responsibility commitments in favor of sustainable development

[9] *Electroplating is an industrial process for applying coatings to fabricated materials using electrical current.*



9 OPERATING AND FINANCIAL REVIEW

9.1 Financial position

9.1.1 2014 highlights

Whether in France or the United States, these two companies did not reach the minimum sales volume required to achieve breakeven for earnings. This was the case throughout the year for Egide SA and also observed at year-end for Egide USA. In consequence, a portion of the cash burn (€0.6 million) was used to cover losses for the period.

At December 31, 2014, all Group companies have positive cash balances. Cash and cash equivalents on that date amounted to €4.08 million. Prefinancing of Egide SA's research tax credits by Bpifrance provided cash inflows of €0.62 million at the start of 2014. The capital increase carried out in June also generated net cash inflows of €4.8 million. Finally, in July Bpifrance provided pre-financing in the amount of €0.29 million for the 2013 CICE wage tax credit and the 2014 CICE wage tax credit advance. For 2015, Egide SA and Egide USA will continue to make use of factoring arrangements to finance their working capital requirements. Pre-financing of the 2013 research credit was requested and obtained in February 2015 in the amount of €0.21 million.

At the end of 2014, Group debt (excluding factoring entities) amounted to €2.02 million (€0.88 million for Egide SA and €1.14 million for Egide USA) compared to €1.25t million at December 31, 2012. This €0.77 million increase is the result of the IFRS accounting treatment of financing obtained through the research tax credit and CICE wage tax credit entailing the recognition of a debt under liabilities while retaining tax credits under assets. For information, Egide USA's loan is subject to two covenants, one of which was in breach at year-end. The bank did not exercise its right to require prepayment or modify the loan's interest rate. However, the full amount of this debt is nevertheless presented under non-current liabilities in the consolidated statement of financial position.

9.1.2 2015 highlights

Investments made in connection with the strategic plan (installation of a HTCC ceramic production line at Egide USA and strengthening commercial teams at Egide SA) were financed in full by the capital increase carried out in mid-2014. Expenses associated with this plan were recognized in the period though the amounts originally estimated adversely impacted the results of the two units (startup expenses for the HTCC activity at Egide USA and commercial expenses at Egide SA) by not generating an equivalent level of revenue.

On that basis, with revenue remaining below breakeven, the French entity continued to show a loss in 2015. As for the US entity, and even though showing a profit for its traditional operational activity (glass-to-metal hermetic package), the costs of the HTCC ceramic plan in 2015 resulted in a loss;

At December 31, 2015, all Group companies have positive cash balances. Cash and cash equivalents at year end amounted to €2.77 million with €2.58 million for Egide SA and €0.19 million for Egide USA. The research tax credit and wage tax credit (CICE) refunds for Egide SA for fiscal 2014 strengthened the cash position by €0.32 million in June 2015 whereas the capital increase carried out in November generated a net cash inflow of €1.05 million. For 2016, Egide SA and Egide USA will continue to make use of factoring arrangements to finance their working capital requirements.

At the end of 2015, Group debt (excluding factoring entities) amounted to €2.38 million (€1.18 million for Egide SA and €1.20 million for Egide USA) compared to €2.02 million at December 31, 2012. For information, Egide USA's loan is subject to two covenants, both of which were in compliance at year-end. As this was not the case at the end of 2014, the total balance of the loan was accordingly presented under current liabilities in the consolidated statement of financial position.

9.2 Operating results

9.2.1 Historic factors impacting revenue

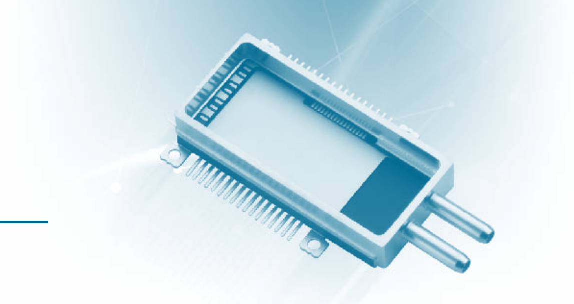
The telecommunications crisis of 2001 resulted in a sharp drop in Group sales. The global economic crisis of 2009 weighed heavily on the company's development while the crisis that began in mid-2011 also impacted annual sales growth for 2012. In addition, the absence of orders from an Egide SA military export client (infrared products) in 2012 for political and economic reasons, showed that although Egide is not particularly dependent on one or more clients (see § 6.2.5), the company nonetheless remains very sensitive to such events when total sales are low.

In 2013, US defense budgets were for the first time subject to restrictions which had a significant impact on sales for the subsidiary Egide USA. In 2014, Group sales in the telecommunications sector registered a further decline. The primary causes were the loss of a customer (bankruptcy filing), reduced demand by another customer and the lower-than-expected start in the Chinese market for the 100 Gb/s products for which Egide has been qualified.

In response to these events, the Group structure was constantly adjusted to the level of actual sales. However, despite such measures, in light of minimum fixed costs required to operate all production sites, the level of sales remains decisive for maintaining the company's profitability.

9.2.2 Significant factors likely to have a material effect on operating income

- Market trends (see section 6.2.3)
- Foreign exchange risks (see section 4.1.2)
- Price reductions (see section 4.4.2)
- Exceptional events (see section 6.3)
- Risks related to adverse weather conditions (see section 4.5.5.)



9.2.3 Consolidated balance sheet, income statement and cash flow highlights

Statement of comprehensive income at December 31, 2014 and 2015 (€ millions)

In € millions	2014		2015				
	Reported basis		Reported basis		HTCC [3]	Pro forma excluding HTCC	
REVENUE	**19.97**	**100 %**	**20.59**	**100 %**		**20.59**	**100 %**
Raw materials and consumables	- 8.66	43 %	- 9.44	44 %	- 0.10	- 9.34	43 %
Change in finished goods and work in progress	0.00		+ 0.40			+ 0.40	
Staff costs	- 8.68	43 %	- 8.92	43 %	- 0.38	- 8.54	41 %
External charges	- 3.13	16 %	- 3.63	18 %	- 0.14	- 3.49	17 %
Taxes other than on income	- 0.33	2 %	- 0.31	2 %		- 0.31	2 %
Depreciation, amortization and impairment of fixed assets	- 0.29	1 %	- 0.40	2 %	- 0.04	- 0.36	2 %
Allowances to and reversals of provisions for impairment	0.00	0 %	0.00	0 %		0.00	0 %
Other operating income and expenses [1]	+ 0.21	1 %	+ 0.22	1 %		+ 0.22	1 %
NET OPERATING INCOME (LOSS)	**- 0.94**	**- 5 %**	**- 1.48**	**- 7 %**	**- 0.67**	**- 0.81**	**- 4 %**
Net financial expense	+ 0.07	0 %	+ 0.11	1 %		+ 0.11	1 %
NET INCOME/(LOSS) [2]	**- 0.86**	**- 4 %**	**- 1.38**	**- 7 %**	**- 0.67**	**- 0.71**	**- 3 %**

(1) Of which €0.32 million in research tax credits in 2014 and €0.24 million in 2015.
(2) Discrepancies in amounts reflect the rounding of figures
(3) HTCC : the ceramic project at Egide USA.

Consolidated statement of financial position at December 31, 2015 (€ millions)

ASSETS		EQUITY AND LIABILITIES	
Fixed assets	4.86	Shareholders' equity	6.99
Other non-current assets	0.63	Non-current financial debt	2.19
Inventory and work in progress	3.41	Non-current provisions	0.41
Trade and other receivables	3.86	Current financial debt	2.54
Cash and cash equivalents	2.77	Trade and other payables	3.63
Others current assets	0.23	Other non-current liabilities	0.00
Total	**15.76**	**Total**	**15.76**

Consolidated statement of cash flows at December 31, 2014 and 2015 (€ millions)

ACTIF	2014	2015
Opening cash and cash equivalents	0.51	4.08
Operating cash flows (excl. HTCC)	- 0.64	- 0.37
Operating cash flows - HTCC	N/A	- 0.63
Change in working capital requirements	- 1.49	+ 0.18
Change in fixed assets (excl. HTCC)	- 0.29	- 0.44
Change in fixed assets - HTCC	- 0.21	- 1.22
Change in financial debt (excluding factoring)	+ 0.64	+ 0.23
Change in factoring debt	+ 0.73	- 0.12
Capital increase	+ 4.80	+ 1.05
Closing cash and cash equivalents	4.08	2.77

Refer to the management report in section 20.5.2 of this reference document

10 CAPITAL RESOURCES

10.1 Shareholders' equity

See section 20.3.1.5.4 - Shareholders equity and earnings per share

10.2 Cash flow

See section 9.2.3 - Consolidated cash flow highlights and section 20.3.1.4 – Consolidated cash flow statement

10.3 Borrowing requirements and funding structure

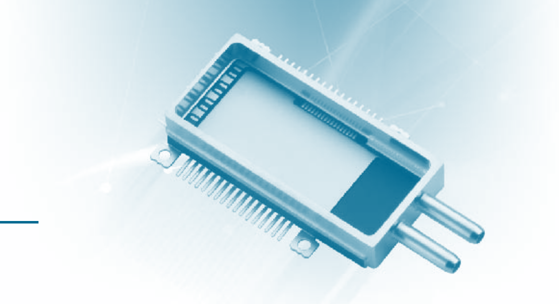
Financial debt breaks down as follows:

Egide SA:

- a factoring agreement for France concluded in 2006 and financed at a floating rate (Euribor + 1.20 points) with a floor of 0.6%,
- an Export factoring agreement concluded in 2006 and financed at a floating rate (Euribor + 1.20 points) with a floor of 0.6%,
- a €200,000 7-year interest-free loan (including a 2-year grace period) obtained in 2010 (from the PACA region);
- a €100,000 7-year interest-free loan (including a 2-year grace period) obtained in 2010 (from the Vaucluse Department);
- a €208,250 advance from Bpifrance in 2014, renewed until July 31, 2017, financed at a floating rate based on the average Euribor one month rate plus 3 points, in exchange for the 2013 research tax receivable assigned as collateral in connection with the "Dailly" law.
- a €122,690 advance from Bpifrance in 2014 until October 31, 2016 (renewable) financed at a floating rate based on the average Euribor one month rate plus 3 points, in exchange for the 2013 CICE wage tax credit receivable as collateral assigned in connection with the "Dailly" law.
- a €600,000 7-year 3.85% fixed rate "Sofired-PME Défense" loan (with a 2-year grace period) obtained from Bpifrance in 2015.

Egide USA:

- A credit line backed by trade receivables and inventories obtained in May 2012 at BBA Libor daily floating rate + 3.50 points for a maximum amount of US$1.5 million. This credit line is subject to two covenants calculated quarterly: a ratio of EBITDA to interest plus the current portion of long-term debt of at least 1.20 and a ratio of debt to equity of less than 1.20 at a debt-to-equity ratio of less than 3.0.
- A 15-year US$1.56 million long-term loan obtained in May 2012 subject to variable rate interest equal to the BBA (British Bankers Association) Libor rate (Adjusted Periodically) + 3.50 points. This loan is subject to two covenants calculated quarterly: a ratio of EBITDA to interest plus the current portion of long-term debt of at least 1.20 and a ratio of debt to equity of less than 3.00. The lender reserves the right to apply a six-point increase in the rate above the contractual rate should one of the covenants be breached.



At the end of 2015, total consolidated financial debt amounted to €4.724 million, with the current portion amounting to €2.536 million (including €0.132 million in borrowings and loans, €0.057 million in lease financing and €2.347 million in factoring) and the non-current portion €2.188 million (€1.752 million in borrowings and loans, €0.105 million in lease financing and €0.331 million in research tax credit and CICE wage tax credit pre-financing). At December 31, 2015 covenants associated with the Egide USA loan were respected. Other than those mentioned above, there are no other credit lines opened for the company or its subsidiaries.

See section 20.3.1.5.3.5 - Statement of payables

10.4 Information regarding any restrictions on the use of capital resources

See section 20.3.1.5.6.1.1 - Accounting methods and explanatory notes to the consolidated financial statements / Commitments given

10.5 Anticipated sources of funds

Egide SA having regained the status of an SME as from January 1, 2015, the company is now able to benefit from the immediate refund of the French research tax credit and CICE wage tax credit if they are not applied to corporate income tax. On that basis, it is no longer necessary to request Bpifrance to provide pre-financing for the 2015 research tax credit and wage tax credit and an amount totaling €425,249 is expected to be paid in 2016.

To acquire the production equipment included in the investment budget, to the extent possible, this will be achieved by recourse to lease with a purchase option or lease financing.

There are no other financing activities currently underway

10.6 Off-balance sheet commitments

See section 20.3.2.4.3.31

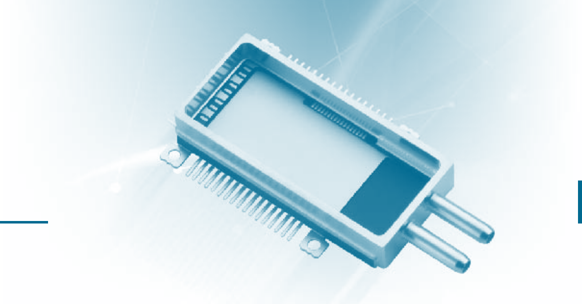
10.7 Commitments and other contractual obligations

Information at December 31, 2015 on commitments and obligations of the company and its subsidiary to make future payments pursuant to major contracts or contingent commitments are summarized below:

Contractual obligations	Total (€ thousands)	Payables by maturity (€ thousands)		
		< 1 year	1 to 5 years	> 5 years
Financial debt				
- Egide SA (loans)	685	56	389	240
- Egide SA (Bpifrance advance)	331	0	331	0
- Egide SA (finance lease)	162	57	105	0
- Egide USA (loan)	1 199	76	351	772
Operating leases				
- Egide SA (Trappes real estate) [(1)]	134	114	20	0
- Egide SA (Bollène real estate) [(2)]	1,953	207	851	895
- Egide SA (company cars) [(3)]	57	21	36	0
Total	**4,521**	**531**	**2,083**	**1,907**

[(1)] A firm 9-year lease commencing on March 5, 2008 – annual rent indexed to the INSEE cost of construction index as from April 1, 2009.
[(2)] A firm 15-year lease commencing on March 3, 2010 and extended for three years in May 2015 – annual rent indexed to the INSEE cost of construction index as from March 1, 2011.
[(3)] Company car leasing agreements for 36 or 48 months for three vehicles, subject to fixed lease payments.

Other commitments given	Total (€ thousands)	Payables by maturity (€ thousands)		
		< 1 year	1 to 5 years	> 5 years
Factoring agreements				
- Egide SA	1,529	*1,529*	0	0
- Egide USA	818	*818*	0	0
Total	**2,347**	**2,347**	**0**	**0**



11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Egide SA counts ten dedicated engineers and technicians in the Research, Development and Process Engineering Division, to which are sometimes added, for specific jobs such as microwave simulations, engineers and technicians coming from customer technical support departments. They are tasked with the development of new technological building blocks (materials, procedures, …) and their implementation, while ensuring adequate technical support (assisting product startups, online problem resolution, and successfully executing work required by Egide's study and engineering design contracts. Programs undertaken or pursued in the period:

Ceramic sector developments:

- Optimization of materials and slip
- Improvement of screen printing inks
- Improvement of processes relating to drilling in filling the vias.

Package developments:

- Low-temperature sealing process
- Improvement and development of surface treatment processes
- Optimization of high-frequency performances

Engineering study services:

- Development of a package for a Semiconductor Optical Amplifier (SOA) (SOA) with polarization diversity optical assembly
- Development of a package for dynamic control of heat removal for embedded electronics
- Development of new technological building blocks to produce packages for aerospace applications
- Development of a package as part of a light amplification project
- Development of a new technology for millimeter wave applications for satellite telecommunications

Selected projects fall within the scope of competitiveness clusters or European clusters and on that basis are generally provided with up to 25% in financing either from regional authorities, Bpifrance, ESA (European Space Agency) or the French National Research Agency (ANR or Agence Nationale de la Recherche). Projects that do not receive financing are paid for in full by Egide. R&D expenditures are not capitalized by the company and recorded as assets.

Expenses incurred that are taken into account to calculate the research tax credit for Egide SA are presented below:

Egide SA	2013	2014	2015
R&D expenditures	€1,150,000	€1,094,000	€1,062,000
% of consolidated sales	5.64 %	5.48 %	5.16 %
Headcount (person equivalents)	12.7	12.0	12.5

Egide USA does not have an R&D unit.

There are no significant intangible items controlled by the Group, including those not recorded under assets. The company does not capitalize research and development expenditures as such expenses do not meet the accounting criteria for recognition as assets.

The trademarks used by Egide have been registered in France and internationally. The company uses the patents to which it has title and files patents when necessary. Licenses that may be used by the company and subsidiaries are considered as assets and as such are not subject to fees.

Recognized in its business sector, Egide SA is certified ISO 9001:2008 and ISO 14001:2004. It is furthermore certified by ASD-EASE (AeroSpace and Defence - European Aerospace Supplier Evaluation). Egide USA is also certified ISO 9001:2008.

12 INFORMATION ON TRENDS

12.1 Annual operating highlights

The strategic plan's deployment financed by the €5 million capital increase of July 2014 remained on track throughout the year. This plan is divided into three parts, each destined to develop Group sales and a return to sustainable profitability for each of its entities.

The first part concerns strengthening the Group's commercial network that was reinforced by the addition of new members (a senior sales engineer in June tasked with developing sales in Germany and Switzerland and a chief marketing officer in October) and the signature of several new agency agreements throughout the world (in Florida, Israel, Italy, the United Kingdom, South Korea, India, China and Russia). A new website providing a greater customer focus rolled out in mid-October. This new organization is expected to start producing results in the beginning of 2016 and will provide a boost to order intake already displaying positive momentum at the end of 2015. This has made it possible to raise sales guidance for the Group to double-digit growth at constant exchange rates in 2016.

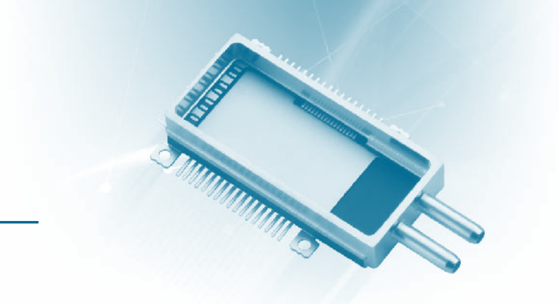
The second part involved strengthening manufacturing operations of the Bollène site by improving processes and productivity to increase operating efficiencies. On that basis, new production equipment has been acquired, computer equipment has been upgraded, and a new microwave / RF modeling application was installed as well as a new ERP was introduced with the operational rollout scheduled for 2016. At the end of the year, an investment was also made in a new CAD application, with installation expected to be completed in the 2016 first half. These renewed investments at the Bollène site will continue throughout the following year as the funding is made available.

Finally, the last priority consisted in replicating the HTCC ceramic production installations of Bollène (France) at Cambridge, Maryland (USA) to service US defense customers subject to strict ITAR regulations (International Trade in Arms Regulations) with a requirement that components are produced in the United States. The installation of a complete HTCC line that began at the start of the year was completed in September and the first prototypes were delivered to the customer at year-end for qualification. The package will be integrated into an infrared sensor for the thermal imaging market and is part of a 4 to 5 year program for which Egide US is positioned to benefit. Discussions are moreover underway with other customers of the sector interested in Egide's new capabilities to manufacture ITAR-compliant ceramic products in the United States.

In terms of financing, the company completed a capital increase through a private placement for €1.06 million in mid-November to strengthen the Group's financial resources and permit it to pursue its strategy for capital investments and increasing flexibility to address customer demand. Sigma Gestion subscribed for this capital increase in the amount of €957,000, with take-up for the balance of the new shares issued by Philippe Brégi, chair of the Board of Directors for €10,000 and by James F. Collins, the Group's chief executive officer for €90,000.

In December, Bpifrance granted Egide SA a €600,000 "SOFIRED - PME Défense" loan that will be allocated to finance investments at the Bollène site. This loan, repayable in 7 years, provides for a two-year grace period for the repayment of capital.

Finally, as of January 1, 2015, Egide had recovered its status as an SME enabling it to benefit from the immediate refund of the French research tax credit and CICE wage tax credit that amounted to €352,000 for 2014. The company also became eligible for its first year for the "Innovation Tax Credit" *(Crédit d'Impôt Innovation or CII)* for which it had been disqualified due to its status as an "intermediate-sized enterprise" (ETI).



12.2 Outlook

We will continue to focus on commercial and marketing actions to improve the Group's order book and meet our 2016 sales guidance for double-digit growth at constant exchange rates. The deployment of the commercial network either through agents or direct employees is in consequence constantly reassessed. At the same time we will continue to broaden our customer base to cover all sectors and also geographic markets in order to provide the French site with a volume of business allowing it rise above breakeven. For the US subsidiary, initiatives to acquire new customers and/or programs providing for the use of ITAR-compliant (International Trade in Arms Regulations) ceramic products will be intensified now that the production facilities are operational. Egide USA that launched its HTCC project with a leading company in the thermal imaging sector is currently engaged in discussions with three other companies, with bids having been submitted for similar products destined for military applications. Investments at the French manufacturing site that resumed in 2015 will also be maintained to bolster the competitiveness of the site in terms of cost and production capabilities in order to address effectively the needs of customers operating in increasingly competitive markets.

In conjunction with measures undertaken to develop the Group's organic sales growth and reduce sourcing costs for components, the company remains attentive to any external growth opportunities that might arise within the Egide's specific areas or in complementary areas. These lines of development will naturally be pursued while respecting the primary objective that has been set by the Group, namely limiting cash burn throughout the 2016 period while achieving steady operating cash flow (or EBITDA) for the year.

See section 20.6 "Other financial disclosures" for the 2016 first quarter.

12.3 Events likely to have an effect on trends

See section 4.5.2 on risks associated with the volatility of high-tech markets and section 6.3 on exceptional events.

13 PROFIT FORECASTS OR ESTIMATES

The company does not release forecasts.

14 ADMINISTRATIVE AND EXECUTIVE BODIES AND EXECUTIVE MANAGEMENT

14.1 Board of Directors

On the date of this document, the makeup of the Board of Directors of Egide was as follows:

Nom	Office	Since	End of term
Philippe BREGI 34-36 rue de Clichy 75009 Paris	Chairman of the Board Chief Executive Officer	04/26/05 02/02/05	06/30/17 04/02/14
James F. COLLINS 1553 Comanche Road Arnold, MD 21012 - USA	Director Chief Executive Officer	09/11/14 09/11/14	06/30/17 06/30/20
Colette LUCAS 2 avenue du Grand Mesnil 91400 Orsay	Director	07/07/14	06/30/20
Jean-Louis MALINGE 44B rue Rouelle 75015 Paris	Director	07/07/14	06/30/20

There is no Board member elected by employees or a non-voting observer (censeur) serving on the Board No family relations exist between members of the Board of Directors.

The following table summarizes the situation of directors with respect to criteria retained for recommendation R8 of the MiddleNext code for defining independence:

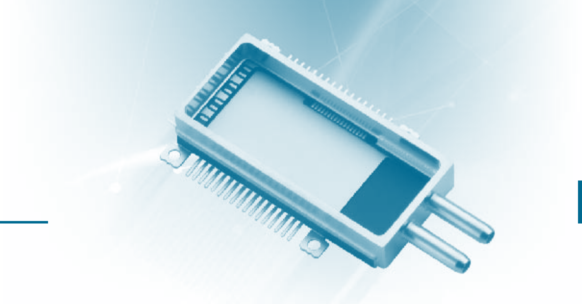
Independence criteria	P. Brégi	C. Lucas	J-L. Malinge	J. F. Collins
Existence of a financial, contractual or family relationship?	No	Yes	No	No
Employee or corporate executive officer?	Yes	No	No	Yes
Customer, supplier or banker of the company?	No	No	No	No
Lead shareholder?	No	No	No	No
Auditor of the company?	No	No	No	No
Independent director?	**No**	**Yes**	**Yes**	**No**

In 2015, the Board of Directors retained the services of Asymptotes Conseil, managed by Colette Lucas, for the purposes of an exceptional assignment. In light of the marginal expense represented by this assignment (€13,000 excluding VAT) in relation to the company's external charges, the board decided not to call into question Mrs. Lucas' status as an independent director of the company.

Each director has a status of shareholder, holding at least one share of the Company in accordance article 14 of the its bylaws.

Changes to the Board of Directors in 2015 were as follows:

- On January 15, 2015, Sigma Gestion informed the company that it had resigned from its office of Director as from January 19, 2015, after selling off its total portfolio holdings of Egide shares on the market. Since this date, this directorship has not been filled.



Regarding Board practices, readers are referred to the Chairman's report on the Board's makeup and the application of the principle of balanced representation on the Board of men and women, the preparation and organization of the Board's work, internal control and risk management procedures implemented by the company presented in section 16.4 of this document. It is noted for information that the company complies with the 15 recommendations of the MiddleNext corporate governance code to which it refers.

14.2 Conflicts of interest

There are no loan agreements or guarantees in force between Egide, directors and members of the company's executive committee. No arrangements or agreements have been concluded with the main shareholders, customers or suppliers whereby an individual was selected to serve as a director. To the best of the company's knowledge, no conflict of interest exists between directors' duties and their private interests.

Furthermore, there exist no commitments by members of the Board and executive management relating to the disposal of their equity interests in the company's capital, after a certain period.

14.3 List of directorships and offices

Information on directorships and offices currently held or exercised in the last five years by directors of the company is disclosed below

Abbreviations and definitions:

- Board = Board of Directors
- SB = Supervisory Board
- PR = permanent representative
- Yes = office still exercised at December 31, 2015
- No = office no longer exercised at December 31, 2015

Philippe BREGI

Company	Address	Office	2015
Egide SA	Bollène (84)	Chairman of the Board of Directors	Yes
Egide USA LLC *	Wilmington (Delaware)	Chairman	Yes
Egide USA Inc *	Cambridge (Maryland)	Chairman	Yes
Egide UK **	Woodbridge (Suffolk)	Chairman	No
Egima **	Casablanca - Morocco	Managing Partner	No

** Companies belonging to ** or having belonged to the Egide Group*

Colette LUCAS

Company	Address	Office	2015
Egide	Bollène (84)	Director	Yes
Asymptotes SAS	Orsay (91)	Chairman	Yes

Jean-Louis MALINGE

Company	Address	Office	2015
Egide	Bollène (84)	Director	Yes
ARCH Ventures Partners	Chicago (IL-USA)	Venture Partner	Yes
Auxora Inc.	Baldwin Park (CA-USA)	Director	No
Kotura Inc.	Monterey Park (CA-USA)	Chairman and Chief Executive Officer	No
Yadais SARL	Paris (75)	Managing Partner	Yes

James F. COLLINS

Company	Address	Office	2015
Egide	Bollène (84)	Director	Yes
Egide USA Inc.	Cambridge (MD - USA)	Director	Yes

No director has been convicted for fraud within the last five years or been subject to restrictions prohibiting him or her from managing a company.

To the best of the company's knowledge, no official public indictmentor sanction has been issued against any director of the company. Similarly, no directors have been legally disqualified from serving as members of a Board of Directors, the executive management of a company or a Supervisory Board or from participating in the management of the operations of an issuer in the last five years. Finally, no directors of the company have been a party to any bankruptcy, receivership or liquidation.

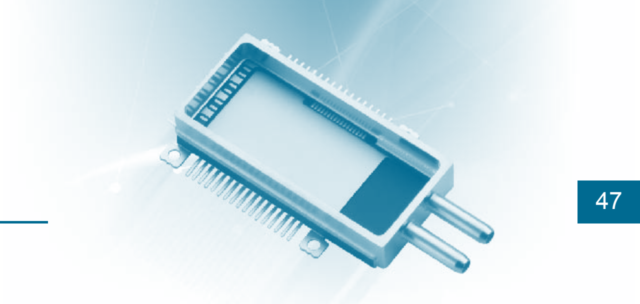
14.4 Information on Board members

Philippe Bregi is graduate of the École Centrale of Lyon and he has an MBA from the IAE of Lyon. Before joining Egide, he was Chairman and Chief Executive Officer of Avanex France, after the acquisition by Avanex of Alcatel Optronics, the "optical components" subsidiary of the Alcatel group, where he was the Chief Executive Officer. 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.

James F. Collins has a Bachelors of Science (ceramic engineering) from Rutgers University, New Jersey (United States). He began his career as a Process Engineer at General Refractories in the Chicago, Illinois area, serving the steel industry. In 1983 he left this position to join Coors Ceramics Company in Golden, Colorado, where over 14 years, he held various engineering and management positions, primarily in the Electronic Ceramics industry. In 1996, he joined a division of Phillips Electronics (Cambridge, MD) where he would occupy different management positions. This division was subsequently sold to create Electronic Packaging Products which in December 2000, would become Egide USA Inc. He took charge of the operational division and was appointed vice president. In September 2014, he was appointed chief executive officer of Egide SA.

Colette Lucas holds a degree from ISEP, the graduate engineering school in information and communication technologies. Founding Chair of Asymptotes Conseil, she is also responsible for relations and synergies with business for the Pierre et Marie Curie University (Paris VI). She has extensive technical and commercial experience in the international and French semiconductor market (having worked successively for Texas Instrument, ST and Atmel) along with wide-ranging expertise in human sciences (recruitment, managerial support and team performance). She is a member of the French Institute of Independent Directors *(Institut Français des Administrateurs* or IFA).

Jean-Louis Malinge is a graduate of the INSA Rennes engineering school as well as a holder of an Executive MBA from MIT Sloan School of Boston. He has occupied successively different technical management responsibilities, first in France (Thomson CSF - Socapex, Amphénol and Corning) and subsequently in the United States where in 1995 he became Vice President for R&D of the photonic division of Corning and from 1998 to 2002 served as Vice President & General Manager for this division. In 2004 he became CEO of Kotura, a Californian startup operating in the field of silicon photonics, subsequently acquired in August 2013 by Mellanox Group.



14.5 Expansion of the Board

At the end of this selection process managed by the Board, a proposal will be submitted to the ordinary annual general meeting of 2016 to expand the Board of Directors to five members and appoint Ms. Véronique Laurent-Lasson, born June 30, 1971, residing at 19 rue du Rocher à Paris (75008) If this appointment was to be approved, Ms. Véronique Laurent-Lasson would be the Board's third independent director.

Véronique Laurent-Lasson began her career with Euronext in charge of international trading activities (admission of foreign securities, fixed income and derivative products). In 2000, she founded the Equity Capital Market Department with the brokerage firm Crédit Mutuel CIC "CM-CIC Securities" comprised of a team of 24 professionals (more than €1 billion in funds raised with more than 40 IPOs, 25 capital increases and more than 40 liquidity agreements under management). In 2006, she joined Kepler as head of the Equity Capital Market team, and then Aelios Finance in November 2010 where she created Aelios Bourse and handled the private placement of Antenne Réunion and the IPO of EOS Imaging. At the present time she is the manager of Sponsor Finance and assists SMEs and medium-size companies in their search to find financing solutions adapted to their needs (private placement, IPOs, capital increases, etc.). A graduate of University of Paris Dauphine, she is also a director of the French Society of Financial Analysts (SFAF), Chair of the IT Group and also the Mid-Group.

With this appointment, the company will be in compliance with the regulatory provisions providing for a balanced representation of men and women on company boards (article L225-17 paragraph 2 of the French commercial code).

A proposal will also be submitted to the general meeting to create a panel of non-voting observers *(censeurs)* and appoint Mr. Michel Faure as observer in order to allow the company to profit from his knowledge and expertise.

Michel FAURE has engineering degrees from the Ecole Polytechnique Paris and Mines Paristech. He began his career as a senior civil servant in the public service (industrial development and assistance to private companies) before joining the private sector, first as a marketing manager in an electronics company and then as a manager of an industrial group in the aerospace and defense sector. He then entered the world of finance by joining the Siparex group, taking charge of an investment portfolio in the security and telecommunication sector.

15 REMUNERATION AND BENEFITS

15.1 Compensation of directors and officers

Total compensation and benefits of any nature paid in 2015 to each corporate officer of Egide SA is disclosed in the tables below (amounts before tax but net of social charges):

Table 1 - Summary of remuneration, stock options and bonus shares granted to each executive officer		
	Fiscal 2014	Fiscal 2015
Philippe Bregi - Chairman (and Chief Executive Officer until 04/02/14)		
Remuneration payable for the fiscal year (see table 2.1) Value of options granted in the period (see table 4) Value of share grants in the period (see table 6)	€ 87,083.29 None. None.	€69,268.15 None. None.
Eric Michel - Chief Executive Officer 04/02/14 to 09/11/14)		
Remuneration payable for the fiscal year (see table 2.2) Value of options granted in the period (see table 4) Value of share grants in the period (see table 6)	€ 67,388.88 None. None.	None. None. None.
James F. Collins - Chief Executive Officer (since 09/11/14)		
Remuneration payable for the fiscal year (see table 2.3) Value of options granted in the period (see table 4) Value of share grants in the period (see table 6)	€ 25,624.01 None. None.	88,615.15 € 9,000.00 € None.
Philippe Lussiez – Deputy Chief Executive Officer (since 09/11/14)		
Remuneration payable for the fiscal year (see table 2.4) Value of options granted in the period (see table 4) Value of share grants in the period (see table 6)	None. None. None.	None. None. None.
TOTAL	**€ 180,096.18**	**€ 166,883.30**

Table 2.1 - Summary of compensation for each executive officer				
	Fiscal 2014		Fiscal 2015	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Philippe BREGI				
RFixed compensation Variable compensation Exceptional compensation Attendances' fees Benefits in-kind: Company car - private unemployment insurance for executive officers (GSC)	82,786.33 € None. None. None. 4,296.96 €	82,786.33 € None. None. None. 4,296.96 €	65,631.99 € None. None. None. 3,636.16 €	65,631.99 € None. None. None. 3,636.16 €
TOTAL	**€ 87,083.29**	**€ 87,083.29**	**€ 69,268.15**	**€ 69,268.15**

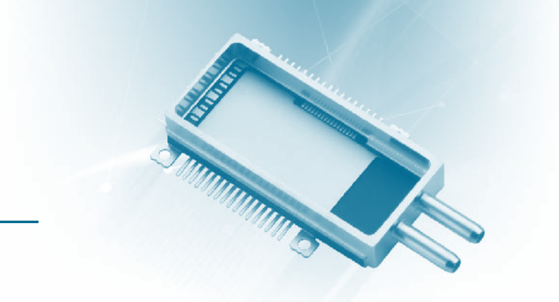


Table 2.2 - Summary of compensation for each executive officer				
	Fiscal 2014		Fiscal 2015	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Eric MICHEL				
Fixed compensation	46,446.68 €	46,446.68 €	None.	None.
Variable compensation	None.	None.	None.	None.
Exceptional compensation	8,400.00 €	8,400.00 €	None.	None.
Attendances' fees	€ 2,771.14	6,271.14 €	None.	None.
Benefits in-kind: Company car - private unemployment insurance for executive officers (GSC)	6,271.06 €	6,271.06 €	None.	None.
TOTAL	**€ 63,890.88**	**€ 67,388.88**	**€ 0.00**	**€ 0.00**

Table 2.3 - Summary of compensation for each executive officer				
	Fiscal 2014		Fiscal 2015	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
James F. COLLINS				
Fixed compensation	22,980.95 €	22,980.95 €	70,310.21 €	70,310.21 €
Variable compensation	None.	None.	48,664.87 €	€0.00
Exceptional compensation	None.	None.	None.	None.
Attendances' fees	None.	None.	None.	None.
Benefits in kind: housing	2,643.06 €	2,643.06 €	18,304.94 €	18,304.94 €
TOTAL	**€ 25,624.01**	**€ 25,624.01**	**€ 137,280.02**	**€ 88,615.15**

Table 2.4 - Summary of compensation for each executive officer				
	Fiscal 2014		Fiscal 2015	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Philippe LUSSIEZ				
Fixed compensation	None.	None.	None.	None.
Variable compensation	None.	None.	None.	None.
Exceptional compensation	None.	None.	None.	None.
Attendances' fees	None.	None.	None.	None.
Benefits in-kind	None.	None.	None.	None.
TOTAL	**€ 0.00**	**€ 0.00**	**€ 0.00**	**€ 0.00**

Table 3 - Directors' fees and other remuneration received by non-executive officers		
	Amounts paid in 2014	Amounts paid in 2015
Catherine Gerst, director		
- Attendances' fees - Other compensation	7,194.43 € None.	0.00 € None.
Albert Schune, director		
- Attendances' fees - Other compensation	7,194.43 € None.	0.00 € None.
Colette Lucas, director		
- Attendances' fees - Other compensation	2,771.14 € None.	5,715.00 € None.
Jean-Louis Malinge, director		
- Attendances' fees - Other compensation	3,694.43 € None.	5,715.00 € None.
Sigma Gestion, director		
- Attendances' fees - Other compensation	5,818.00 € None.	None. None.
TOTAL	**26,672.43 €**	**11,430.00 €**

Table 4 - Stock options granted in the period to each executive corporate officer by the issuer and by any Group company						
	Plan No. and date	Nature of options	Valuation of options	Number of options granted in the period	Exercise price	Exercise period
Philippe BREGI				None.		
James F. COLLINS	Plan 7.1 11/06/2015	Stock options	9 000,00 €	12 000	€ 2.56	11/06/2017 11/05/2022
Philippe LUSSIEZ				None.		
TOTAL			**9 000,00 €**	**12 000**		

To the best of the company's knowledge, no hedging instruments have been purchased by the corporate executive officers.

Table 5 - Options to subscribe for new shares or purchase existing shares exercised in the period by each executive corporate officer			
	Plan No. and date	Number of options exercised in the period	Exercise price
Philippe BREGI	-	None.	-
James F. COLLINS	-	None.	-
Philippe LUSSIEZ	-	None.	-
TOTAL		**-**	

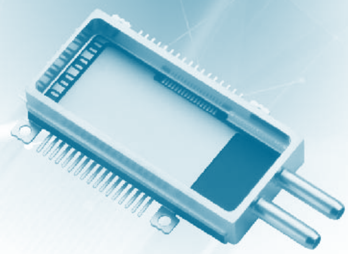


Table 6 - Shares granted (without consideration) to each corporate officer						
Options granted in the fiscal year to	Plan No. and date	Number of shares granted in the period	Valuation of shares	Vesting date	Date of availability	Conditions of performance
Philippe BREGI	None.					
James F. COLLINS	None.					
Philippe LUSSIEZ	None.					
TOTAL		-	-			

Table 7 - Bonus shares becoming available for each corporate officer			
	Plan No. and date	Number of shares becoming available in the period	Vesting conditions
Philippe BREGI	None.		
James F. COLLINS	None.		
Philippe LUSSIEZ	None.		
TOTAL		-	

Table 8 - Summary of stock option grants				
Information on options to subscribe for or purchase shares on December 31, 2015				
Plan No.	5.2	6.2	6.3	7.1
General Meeting date	06/20/07	05/28/10	05/28/10	06/26/13
Date of the Board of Director's meeting	03/05/09	10/06/11	01/30/13	11/06/15
Number of shares available for subscription*	31,257	712	725	12,000
Of which number of shares able to be subscribed by **Philippe Bregi**	18,063	0	0	0
Of which number of shares able to be subscribed by **James F. Collins**	1,626	0	0	12,000
Of which number of shares able to be subscribed by **Philippe Lussiez**	302	0	0	0
Option exercise starting date	03/05/11	10/06/13	01/30/15	11/06/17
Expiry date	03/04/16	10/05/18	01/29/20	11/05/22
Subscription price*	€4.81	€6.71	€3.67	€2.56
Exercise procedures	Maximum number exercised in fourths every 30 trading days			
Minimum number of shares arising from each option exercised	20	20	20	100
Number of shares subscribed at December 31, 2015	5,442	0	0	0
Total number of stock options canceled or lapsed	1,218	109	122	0
Options outstanding at December 31, 2015	24,597	603	603	12,000

** Adjustments that may be made after a capital transaction*

Table 9 - Options granted to the ten non-officer employee beneficiaries receiving the largest number and exercised by the latter		
	Total number of options granted/ shares subscribed	Weighted average price*
Options granted in 2014	-	-
Options exercise in 2014	-	-
Options granted in 2015	-	-
Options exercise in 2015	-	-

** after post-capital transaction adjustments*

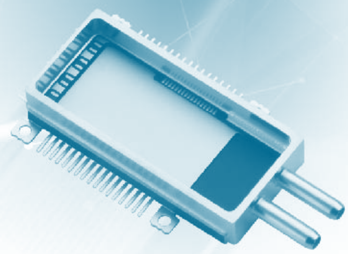
Table 10 - Bonus share grant highlights						
Information on bonus shares granted at December 31, 2015						
Plan No.	-	-	-	-	-	-
General Meeting date	-	-	-	-	-	-
Board of Directors' meeting date	-	-	-	-	-	-
Number of shares granted	None.	None.	None.	None.	None.	None.
Of which at the:	-	-	-	-	-	-
Vesting date	-	-	-	-	-	-
End of the holding period	-	-	-	-	-	-
Number of shares subscribed at December 31, 2014	-	-	-	-	-	-
Total number of shares canceled or lapsed	-	-	-	-	-	-
Bonus shares granted remaining at year-end	-	-	-	-	-	-

Table 11 - Executive officers								
	Employment contract		Supplemental retire-ment plan		Compensation or benefits owed on termination or a change in function		Payments relating to non-compete clauses	
	Yes	No	Yes	No	Yes	No	Yes	No
Philippe BREGI		**XX**		**XX**		**XX**		**XX**
James F. COLLINS		**XX**		**XX**		**XX**		**XX**
Philippe LUSSIEZ	**XX ***			**XX**		**XX**		**XX**

** Philippe Lussiez, deputy chief executive officer is also the chief administrative and financial officer, and in that capacity only has benefited from an employment contract since 1992.*

The board of directors sets and modifies annual compensation paid to the Chairman of the Board of Directors and the Chief Executive Officer (corporate officers without employment contracts). Until December 31, 2013, the chief executive officer received only fixed compensation. Since January 1, 2014, compensation of the Chief Executive Officer includes variable compensation for up to 40% of the fixed salary, subject to achieving performance indicators (annually set revenue and EBIT targets). As these performance indicators were not achieved in 2014 and 2015 at the Group level, no variable compensation was paid on this basis. On November 6, 2015, the Board of Directors also decided to introduce additional qualitative criteria in the calculation of variable compensation and, on that basis, to grant the Chief Executive Officer a bonus equal to 15% of his annual salary in the event of the successful qualification of the new ceramic installations of the US subsidiary by its initial customer. At the end of fiscal 2015, this qualification had not been granted and in consequence this bonus was not paid. For fiscal 2015, and for the first time, the Chief Executive Officer will receive the bonus granted prior to his appointment on the same basis as the key executives of Egide USA and which was based on an annual EBITDA target for the US subsidiary. This bonus will amount to US$54,000 and be paid in 2016 as this target was met.

Benefits in-kind granted to the chair of the board of directors consist of a job-loss insurance policy for chief executives, a company car and mutual insurance coverage. Given his US nationality, the chief executive officer does not benefit from French social security coverage though does receive benefits in the form of company housing in France (and related expenses) four round-trip plane tickets from the US to France per year for the benefit of his spouse and a company car in the United States.



It is specified that James F. Collins' total compensation is paid by Egide USA of which one half re-invoiced to Egide SA (amount disclosed in the above table) for his position as chief executive officer of the Group. For information, annual gross compensation paid to Mr. Collins by Egide USA in 2015 amounted to US$186,666.

The deputy chief executive officer, holder of an employment contract associated with his role as chief administrative and financial officer, does not receive compensation as a corporate officer (fixed or variable).

No specific supplemental retirement plan has been implemented nor has any provisions whatsoever been adopted for severance benefits for the benefit of executive officers. These provisions also apply to the deputy chief executive officer. The Chairman and Chief Executive Officer do not receive attendance fees either for serving as officers of Egide or for any offices held in any other Group companies.

The corporate officers receive profit-sharing benefits in the same manner as company employees. No profit-sharing payments were made in 2014 or 2015. The executives do not receive post-employment benefits, severance benefits or any other long-term benefits. Other than stock options, (see above), there is no share-based compensation.

With regard to stock options, given that the exercise and definitive grant of stock options to the senior executives are carried out under the same conditions as for the other employees, the exercise and allotment of share options are not contingent on criteria linked to future performances. However, in accordance with the provisions of Law No. 2006-1770 of December 30, 2006, the Board of Directors decided on March 5, 2009 that, in the case of grant of stock options to the CEO, a minimum of 20% of shares resulting from the exercise of options is to be retained in registered form until the CEO ceases to hold office. By extension, these provisions will also apply to the deputy chief executive officer. On the date of this document, 18,063 stock options (granted in March 2009) or 0.40 % of the share capital were held by the chair, 13,626 stock options (granted in March 2009 and November 2015) or 0.30 % of the share capital were held by the chief executive officer and 300 stock options (granted in March 2009) or 0.01% of the share capital were held by the deputy chief executive officer.

The total allocation for attendance fees granted by the annual general meeting of the shareholders is allocated among directors, with the exception of those entitled to compensation, in proportion to their attendance at Board meetings. Attendance fees paid in 2015 concerned the full year whereas those paid in 2014 took into account the directors appointed during the year.

No compensation or benefits of any kind other than those mentioned above have been paid to corporate officers of Egide SA for fiscal 2015 by controlled companies within the meaning of article L.225-102-1 of the French commercial code.

Directors are covered for liability by a D&O policy underwritten by Chartis. This policy provides maximum coverage of €4.5 million, with a US$25,000 deductible in the United States per claim an annual premium payments (unchanged in relation to the prior year) of €11,871 excluding tax.

In 2015, the Board of Directors retained the services of Asymptotes Conseil, managed by Colette Lucas who is also a director of Egide, for the purposes of an exceptional assignment (coaching the executive committee). This engagement consequently falls under the scope of regulated agreements in accordance to applicable legal provisions. The compensation set for these services was €13,000.

15.2 Accrued retirement and related post-employment benefits

No specific supplementary retirement scheme has been set up for executives. Similarly, no provision exists providing for payment of severance or similar benefits payable in the event of termination or non-renewal of their functions.

In contrast, at Egide SA non-specific retirement severance benefits for which all employees qualify are accrued for in the annual and consolidated financial statements in the form of a provision calculated in accordance with IAS 19 as are long-service and special seniority benefits. These commitments result from the collective bargaining agreement that apply to each establishment and calculated using the projected benefit method prorated on seniority. (see section 20.3.1.5.3.4).

These provisions apply to foreign subsidiaries that are not subject to requirements to pay additional employment severance benefits or benefits based on seniority in the company.

16 PRACTICES OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

16.1 Board of Directors

See section 14.1 of this document for the list of Board members.

16.2 Service contracts between the company and members of its administrative and management bodies

No service contracts exist between directors and the company or one of its subsidiaries.

16.3 Information about the issuer’s audit committee and compensation committee

In light of the Board's size (four directors) and membership (with the chair, chief executive officer and two independent directors), the creation of an independent audit committee was not considered warranted. For that reason, the Board assures the functions and responsibilities of this committee in accordance with the provisions of article L823-20 of the French commercial code. The Board of Directors meets in the capacity of audit committee exclusively for matters relating to the preparation of the annual financial statements. It is furthermore noted that when the Board meets in the capacity of audit committee, the latter is chaired by an independent director and not the Chairman of the Board or the Chief Executive Officer. In 2015, the Board of Directors met once in the capacity of audit committee. The preparation of financial information and oversight of the effectiveness of internal control and risk management systems is assured by the Board of Directors itself. Executive compensation is also defined by the Board as a Compensation Committee does not exist.

16.4 Chairman's report on internal control and risk management procedures

This report was approved by the Supervisory Board on April 28, 2016.

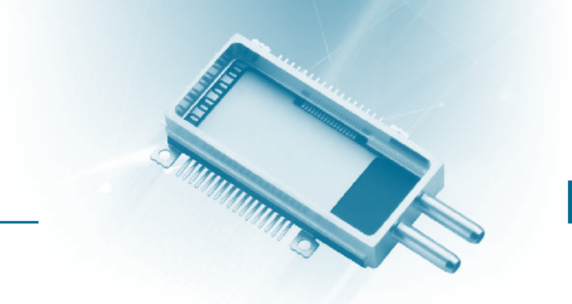
16.4.1 Conditions of preparation and organization of the Board’s work

16.4.1.1 Corporate governance code

In accordance with the provisions of article L225-37 of the French commercial code, on April 9, 2010, the Board of Directors adopted the corporate governance code for mid- and small caps established by MiddleNext as a guideline for the preparation of this report, it being specified that directors duly noted the points to be watched ("points de vigilance") cited in this code. Furthermore, reference will be made in each of the relevant paragraph of this document to the 15 recommendations of this code.

The MiddleNext corporate governance code is available for consultation from the following link:
http://www.middlenext.com/IMG/pdf/Code_de_gouvernance_site.pdf.

AMF (French financial market authority) recommendations on internal control procedures and risk management adapted for small and mid caps published on January 12, 2015 (DOC 2015-01) are also taken into account along with those of the MiddleNext code for small and mid cap companies.



16.4.1.2 Board of Directors

The company's Board of Directors has four members, all natural persons.

Directors	Since
Philippe Brégi, Chairman of the Board of Directors	April 26, 2005
James F. Collins, Chief Executive Officer	September 11, 2014
Colette Lucas	July 07, 2014
Jean-Louis Malinge	July 07, 2014

There is no Board member elected by employees or a non-voting observer (censeur) serving on the Board

Changes to the Board of Directors in 2015 were as follows:

- On January 15, 2015, Sigma Gestion informed the company that it had resigned from its office of Director as from January 19, 2015, after selling off its total portfolio holdings of Egide shares on the market. Since this date, this directorship has not been filled.

In accordance with the MiddleNext recommendation R9, information is provided on the experience and expertise of each director whose appointment is proposed to shareholders. Such information was accordingly provided for the last appointments of July 2014 through the registration document filed with the AMF on May 13, 2014 (chapter 14.4).

The following table summarizes the situation of directors with respect to criteria retained for recommendation R8 of the MiddleNext code for defining independence:

Independence criteria	P. Brégi	C. Lucas	J-L. Malinge	J.F. Collins
Existence of a financial, contractual or family relationship?	No	Yes	No	No
Employee or corporate executive officer?	Yes	No	No	Yes
Customer, supplier or banker of the company?	No	No	No	No
Lead shareholder?	No	No	No	No
Auditor of the company?	No	No	No	No
Independent director?	**No**	**Yes**	**Yes**	**No**

In 2015, the Board of Directors retained the services of the Asymptotes Conseil, managed by Colette Lucas, for the purposes of an exceptional assignment. In light of the marginal expense represented by this assignment (€13,000 excluding VAT) in relation to the company's charges, the board decided not to call into question Mrs. Lucas' status as an independent director of the company.

Each director has a status of shareholder, holding at least one share of the Company in accordance article 14 of its bylaws.

Each director is appointed for a term of 4 years in accordance with statute and MiddleNext code recommendation R10. Directors may also be reappointed (article 13 of the bylaws). it is specified that this term of six years was reduced to four years by approval of the seventeenth resolution submitted to the vote of the annual general meeting of July 16, 2015. With respect to the Company's activity, the duration of this term of office contributes to developing an understanding of the different businesses and monitoring strategies whose implementation often exceeds two years. This provision applies to any new director appointed as from the date of this meeting.

When appointed, all directors are informed of their responsibilities and encouraged to comply with the conduct of business rules relating to the obligations resulting therefrom, statutory rules governing holding multiple offices, informing the Board of Directors of conflicts of interest arising following their appointments, attendance of Board and shareholders meetings, ensuring that they possess all information necessary about Board meeting agendas prior to rendering decisions and complying with professional secrecy requirements (recommendation R7 of the MiddleNext code).

After approval of the eighteenth resolution submitted to the vote of the annual general meeting of July 16, 2015, article 15 of the bylaws on the age limit for exercising the functions of chair of the Board of Directors was modified by increasing its age limit from 65 to 67.

The company also complies with the provisions of articles L225-17 subsection 2 of the French commercial code issued pursuant to Act 2011-103 of January 27, 2011 providing for balanced representation of men and women on Boards of Directors and Supervisory Boards and workplace equality.

16.4.1.3 Board powers and practices (articles 16 and 17 of the bylaws)

The Board of Directors shall determine the business strategy of the company and ensure its implementation. To this purpose, it appoints the Chief Executive Officer who is tasked with managing the company in line with these strategic priorities. Since March 25, 2014 and effective from April 2, 2014, the functions of the chair of the Board of Directors and the chief executive officer within the company were separated. Subject to the powers expressly granted to shareholders' meetings and within the limits of the company's corporate purpose, the board of directors may address any matter relating to the efficient operation of the company and settles through its proceedings all items of business relating thereto. It ensures the quality of the information provided to shareholders and the market through financial statements, reports or publications of the company.

The Board rules of procedure and directors' charter were drawn up for the first time on April 9, 2010 to define the Board's operating procedures and can be consulted at the company's website. These provisions comply with recommendation 10 of the MiddleNext code. Board of Directors' meetings, called by its Chairman, are held as often as required. The latter ensures that documents, technical files and information relating to agenda items are made available to the Board Members by email, within a reasonable time, and in compliance with recommendation R11 of the MiddleNext code. Moreover, each Board Member may obtain from executive management any document he or she considers useful. The Board of Directors examines and makes decisions regarding important items of business, particularly those relating to strategic interests.

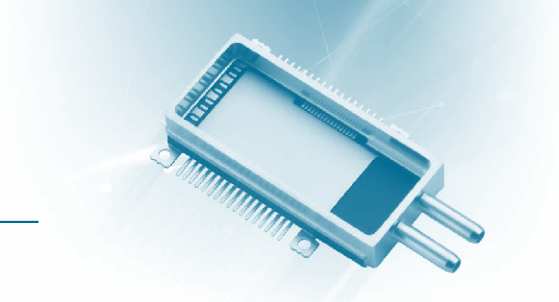
As provided in provisions of Article L823-20 paragraph 4 of the French commercial code and recommendation R12 of the MiddleNext code, it was decided that the Board of Directors would serve as audit committee in order to enable all Board members to contribute to monitoring the preparation of financial information and the efficacy of internal control procedures, and taking into account the responsibility of Board members. In exercising his executive functions, when the Board of Directors' meeting is convened in the form of an audit committee, the chief executive officer who is also a director abstains from participating. In such cases, the meeting is chaired by an independent director possessing financial and accounting expertise in view of his or her previous work experience. However, the chief executive officer may be invited to attend part of the meeting depending on the nature of the subject and details, and information he or she may be able to provide to enhance the discussions.

The company also believes that its structure and size associated with the reduced size of the Board of Directors do not require the adoption of a Compensation Committee and a Nominating Committee, as all Board members contribute collectively for all important points pertaining to the management of the company.

If it considers necessary, the Board of Directors may task one of its members with special ad hoc missions for which compensation is provided on a case-by-case basis falling under the scope of regulated agreements.

On that basis, on June 3, 2015, the Board retained the services of Asymptotes Conseil, managed by Colette Lucas for the purpose of an exceptional assignment; This assignment (coaching by analysis of the behavioral preferences of the new executive committee formed by the Chief Executive Officer) falls under the provisions of article L225-46 of the French commercial code and as such is covered by the procedure governing regulated agreements This assignment was completed in February 2016.

In general, the board of directors meets in the premises of the company or those of the corporate counsels, and in compliance with recommendation R13 of the MiddleNext code, at least four times per year and whenever circumstances so require. Works Committee's members systematically attend Board meetings (physical presence or through videoconferencing) as do statutory auditors when their presence is required by law. Meeting agendas are set by the chair. Decisions are generally made on a unanimous basis, except for those cases provided for by statute that require the chair or chief executive officer to abstain. Meeting minutes are taken and provided to the Board Members, upon approval, at the following meeting. The record of attendance meeting as well as all meeting reports are available at the registered office. In fiscal 2015, the Board of Directors met nine times compared with ten times in 2014. The attendance rate in 2015 was 94% and 89% in 2014.



Between formal board meetings, when the company developments so warrant, directors are also kept informed on a regular basis of any event and information that may have an effect on the company's obligations and its financial and cash positions.

In consideration of their actual participation in the Board of Directors, each member, with the exception of the Chairman and the Chief Executive Officer, receives attendance fees. For fiscal year 2015, a total amount of €18,000 was allocated for this purpose. In compliance with recommendation R14 of the MiddleNext code, the allocation of attendance fees is based on the physical presence of directors at meetings.

No particular item that might have an impact in the case of a public offer other than those set out in this report is to be mentioned (provisions of Article L225-100-3 of the French commercial code).

16.4.1.4 Rules governing compensation of executive officers

The Board of Directors sets and may modify annual compensation paid to the chair and the chief executive officer (executive officers without employment contracts) or the deputy chief executive officer. The board decided as from January 1, 2014 that this compensation to the chief executive officer would be accompanied by variable compensation for up to 40% of the fixed salary, subject to achieving performance indicators (annually set revenue and EBIT targets). The chair’s salary remains fixed.

Benefits in-kind granted to the Chairman of the Board of Directors are limited to job-loss insurance policy for chief executives, a company car and mutual insurance coverage. Given his US nationality, the chief executive officer does not receive these same benefits which are replaced by benefits in the form payment of company housing in France (and related expenses) plus 4 round-trip plane tickets for the benefit of his spouse.

The deputy chief executive officer, holder of an employment contract associated with his role as chief administrative and financial officer, does not receive compensation as a corporate officer (fixed or variable).

No specific supplemental retirement plan has been implemented nor has any provisions whatsoever been adopted for severance benefits. The Chairman and Chief Executive Officer do not receive attendance fees either for serving as officers of Egide or for any offices held in any other Group companies.

With regard to stock options, given that the exercise and definitive grant of stock options to the senior executives are carried out under the same conditions as for the other employees, the exercise and allotment of share options are not contingent on criteria linked to future performances. However, in accordance with the provisions of Law No. 2006-1770 of December 30, 2006, the Board of Directors decided on March 5, 2009 that, in the case of grant of stock options to the CEO, a minimum of 20% of shares resulting from the exercise of options is to be retained in registered form until the CEO ceases to hold office. By extension, these provisions will also apply to the deputy chief executive officer. On the date of this document, 18,063 stock options (granted in March 2009) or 0.40 % of share capital were held by the chair, 13,626 stock options (granted in March 2009 and November 2015) or 0.30 % of share capital were held by the chief executive officer and 300 stock options (granted in March 2009) or 0.01% of share capital were held by the deputy chief executive officer.

On that basis, the principles for setting compensation for corporate officers applied by the company meet the criteria of comprehensiveness, balance between items of compensation, benchmark, consistency, readability and measurement and transparency. In this respect the company therefore complies with recommendations R1, R2, R3, R4 and R5 of the MiddleNext code.

In light of its structure and operating organization, the company has not implemented a formal external procedure to assess the Board's work. In practice, Board members exchange their views throughout the year during Board and working meetings as well through email exchanges. However, in accordance with recommendation R15 of the MiddleNext code, and in the interest of continuing improvement, all directors were sent a self-assessment questionnaire in early 2015 to express their views on the operation of the Board and the preparation of its work. The conclusions from analysis of this questionnaire will be recorded in the minutes of the meeting to discuss these results.

16.4.1.5 Limitations on powers of the Chief Executive Officer (Directeur Général) and Deputy Chief Executive Officer *(Directeur Général Délégué)*

Egide SA's Board of Directors ruled on the organization of executive management, deciding that it would be exercised by a person other than the Chairman of the Board.

No specific limitation was imposed on the powers of the Chief Executive Officer who exercises said powers in compliance with the legal provisions in force (Article L225-56 of the French). On that basis, Egide's Chief Executive Officer is vested with the widest powers to act in all circumstances in the name of the company. He exercises these powers within the limits of the company's corporate purpose, and subject to the powers reserved by law to shareholders meetings and to the Board of Directors. He is not limited with respect to the amount of commitments that may be incurred in connection with the company's day-to-day management. By way of exception, the amount for sureties, endorsements and guarantees that may be granted without prior authorization by the Board shall be subject to a limit of €200,000 (Board meeting of September 25, 2015), to be renewed yearly by the Board.

On November 5, 2014, it was furthermore decided that the powers of the deputy chief executive officer will be exercised in accordance with applicable legal provisions, whereby it is specified that beyond the following limits, approval must be obtained from the chief executive officer:

- Signatures for any commitments for amounts exceeding €150,000;
- The hiring of any employees reporting directly to the deputy chief executive officer who is also the chief administrative and financial officer of Egide and as such oversees areas that include information systems, accounting and human resources.
- Modifying the salaries of employees reporting directly or indirectly to the chief administrative and financial officer;
- Selecting or changing the company's advisers (auditors, legal, tax, communications advisors, etc.).

16.4.1.6 Participation in shareholders meetings

The procedures for participating in shareholders' general meetings are set forth in article 25 of the articles of association: Any shareholder may attend meetings in person or by proxy regardless of the number of shares owned, subject to proof of identity and status as a shareholder of record in the register maintained for that purpose by the company no later than the second business day preceding the date of the Shareholders' Meeting at midnight, Paris time.

Any shareholder may vote by mail using a form completed and sent to the Company under the conditions provided for by law and regulations and that must be received by the Company no later than two days before the meeting date to be taken into account. "

16.4.2 Internal control and risk management procedures adopted by the company

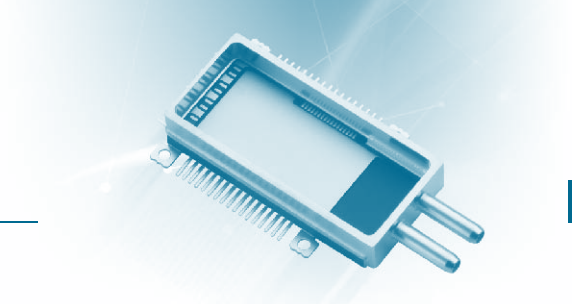
This report was drafted according to the guidelines set forth in the reference framework for internal control for small and mid caps published by the AMF and AMF recommendation of July 22, 2010, supplemented by AMF recommendation 2015-01 of January 12, 2015. Procedures in place and drawn up were based on the Quality and Environment Manual of the company as well as discussions with the finance department.

16.4.2.1 General principles of risk management system

Risk management aims to provide comprehensive system that covers all activities, processes and assets of the company. It is organized as a dynamic system, defined and implemented on this basis under the company's responsibility. It includes a set of tools, practices, procedures and actions that enables executives to keep the risks to an acceptable level for the company. These risks are moreover described and explained in the registration document produced each year by the company (in the chapter entitled "Risk factors").

Risk represents the possibility of an event occurring that could affect the company's personnel, assets, environment, objectives or reputation. The objectives of risk management are as follows:

- Create and preserve the company's value, assets and reputation
- Secure decision-making and the company's processes to attain its objectives
- Promote the consistency of the company's actions with its values (credibility)
- Bring the company's employees together behind a shared vision of the main risks



Within Egide, the risk management system is based on:

- an organizational framework: the executive committee formed by the Chief Executive Officer and line managers (technical, commercial, industrial, purchasing, ceramics quality and environment, administration and finance) meets on an ad hoc basis.
- a management process: risk mapping was first performed in each sector identifying one or more risks (along with its causes and consequences). Each risk was then assessed according to its impact on objectives and on the value of the Group and according to the level of controls, in light of measures already adopted. After this, lines of action for improvement were defined. Major risks are then classified in a management scoreboard specifying the person responsible for the sector as well as measurement criteria having been selected. Once a year the executive committee holds a special meeting in connection with the risk management assessment procedure to update the risk mapping as required.
- Ongoing controls: with the executive committee having direct responsibility for risk management, the different meetings in which it regularly participates provide opportunities for evaluating, anticipating and drawing appropriate conclusions about the possible effects of risks having occurred.

Specific attention is devoted to the issue of financial risk management. Topics covered include mainly accounting and management systems, IT services, legal issues and in particular the communication of accounting and financial information.

The first priorities seek to ensure the accuracy of the accounts, the absence of fraud or misappropriation and also the correct measurement of production costs to prevent the risk of negative sales margins. With all of the above managed through automated means, particular attention is paid to the data processing, backup and computer systems. With respect to legal affairs, legislative developments are monitored to ensure that any new legal provisions are applied, namely through legal watch (meetings, publications, etc.), and the company consults with its legal counsel when required.

In the area of accounting and financial reporting, particular attention is paid to any items (financial or otherwise) released to the public. Accounting and financial information is first sent to executive management and the Board of Directors as well as to third parties (shareholders, bankers, investors, employees, customers, suppliers, etc.). For each recipient, the frequency and amount of information provided is different.

The executive committee (chief executive officer, sales manager, engineering manager, industrial manager, purchasing manager, ceramics manager, quality and environmental manager, chief administrative and financial officer) are provided weekly reports on Group sales. A monthly cash report is also provided, though solely to the CEO and Chief Financial Officer.

On a monthly basis and when the executive committee meets, this same information is reviewed and compared to the budget drawn up for the year in question. This provides a means to monitor the performance of the company and in this manner ensure its ongoing financial strength. An operating report presents quarterly income statement data by unit and on a consolidated basis. These items are also compared to budget and highlight, as applicable, variances in relation to forecasts. In the event of a significant variances, additional controls are performed by the parent company or its subsidiary to identify either a material error (accounting recognition problem or omission) or a problem related to the company (for example, poor production output may result in higher than planned material usage).

Every month, the chief executive officer, the chief financial officer and the head of the accounting department are provided with Egide USA results by the local financial controller and every week business indicators are sent to all members of the Egide SA executive committee by the subsidiary manager. With the Group's chief executive officer spending half his time in the United States, overseeing the US subsidiary is facilitated through direct dialogue with different local departments.

Each month the chief executive officer provides the chair of the board, through PowerPoint slides, a report on all Group indicators presenting key items relating to orders, invoicing, short-term cash flow forecasts, headcount, production yields, R&D projects, and all comments required to understand these indicators. Information is generally distributed through electronic mail but also may be provided to directors in the form of presentations at working meetings, if necessary.

With respect to communications, the finance Department is responsible for compliance with disclosure obligations as a listed company traded on a regulated market. Only the chief executive officer or the chief financial officer are authorized to proceed with such disclosures. Accordingly, every quarter, the company publishes figures for Group sales for the quarter ended. It also publishes the consolidated interim financial statements for the period ending June 30 as well as the separate annual and consolidated financial statements. These accounts are produced by the finance department and executive management and approved by the Board of Directors. Interim financial statements for the six-month period are subject to a limited review and the annual financial statements to an audit. These controls are performed on the separate statutory accounts of the parent company and on the consolidated financial statements of the Group and on that basis, reports are produced by the company's statutory auditors. All information referred to above is included in a registration document also submitted to the statutory auditors and each year filed with the French financial market authority *(Autorité des Marchés Financiers or AMF).*

In compliance with the European Transparency Directive, regulated information is distributed electronically and to that purpose, the company uses a professional service for its dissemination as defined by the AMF. Information is also available from the company' website while hard copy documents may be obtained from the company's registered office.

16.4.2.2 Coordination of risk management and internal control systems

Risk management and internal control procedures contribute in a complementary manner in the effective management of company operations.

As it has been presented, the risk management system seeks to identify and analyze the main risks to which the company is exposed. Managing this process calls for the implementation of controls which are part of the internal control system.

The internal control system in turn is supported by the risk management system for identifying and handling the main risks.

16.4.2.3 General principles of internal control

Internal control is a system implemented by the company for the purpose of ensuring:

- Compliance with laws and regulations;
- Implementation of the instructions and directions given by executive management or the executive board;
- Proper functioning of the company's internal processes, especially those relating to the protection of its assets;
- The reliability of financial information.

And, more generally, contributing to the effective management of its activities and operations and the efficient use of resources.

By contributing to preventing and managing risks of not meeting the objectives set by the Company, the internal control system has a key role in running and steering its different activities. However, no system of internal control can provide an absolute guarantee that the Company's objectives will be achieved.

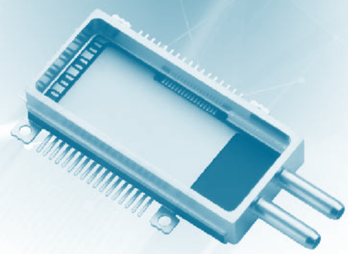
By addressing requirements imposed by standards ISO 9001 (and ISO14001 for Egide SA), Egide is equipped with a set of procedures to ensure the effective operation of the quality system in place (contained in its quality & environment manual). The system covers all production activities of the company (commercial services, sourcing, production, shipping). Every year management undertakes to apply the quality and environmental policy set forth in this guideline. Quantified objectives are set and communicated to all personnel and action plans are monitored using process indicators and management tools. These actions are coordinated by the quality and environment department, analyzed in executive committee meetings (see 16.4.2.1 regarding its membership) or management reviews.

The main metrics monitored are the rate of customer returns, the rate for late deliveries, yields, productivity, the quantity of supplies used in relation to the estimates, procurement lead-time and effective relations between Egide, its suppliers and customers. This information is supplemented by specific environmental indicators such as ordinary and hazardous waste, the rate of noise pollution and monitoring consumption trends for the main utilities (water, gas, electricity), etc.

Executive management is responsible for all resources made available contributing to the quality of the service.

To ensure compliance with procedures in effect, resources are adopted to monitor and analyze processes (indicators linked to processes) and products (control plans and management tools). An internal audit system is defined and managed by the quality and environment manager with the approval of the quality department and executive management. These audits, performed by different qualified personnel of the company, make it possible to verify the relevance and suitability of the quality and environmental management system in relation to the company's objectives. Information on the preparation, conduct of the audit and the results is produced by the audit manager. The quality and environmental manager who plans and monitors timetables for execution, verifies the audit report and ensures its distribution.

Once a year, the department reviews the quality and environmental management system to ensure it remains relevant, adequate and effective. The management review is prepared by the quality and environment department responsible for establishing an agenda and convening all company managers. This review is based primarily from internal quality reports, client ratings, customer rating results, customer satisfaction surveys, audits by customers or outside entities and prior management reviews.



This review allows the company to measure the efficacy of the quality environmental management system, redefine the corresponding objectives and, if necessary, make adjustments in the quality and environmental strategy. A report is produced on each review under the responsibility of the quality and environmental management. Decisions made in this context provide the basis for action plans (corrective or preventive) and contribute to the company's continuing improvement.

16.4.2.4 Scope of risk management and internal control procedures

The accounting and finance department complies with laws and accounting standards applicable in each country (France and the United States) and applies its rules for operations and control, as in contrast to other departments of the company (purchasing, sales, production, etc.), it is not yet fully integrated in the procedures implemented in connection with ISO 9001 and described in the Quality and Environmental Manual (only an accounting and finance process was created).

Egide SA parent company: management of the finance department is assured by the chief administrative and financial officer who oversees the chief accountant and his deputy. Financial reporting and information systems are also under the finance department's responsibility. An accounting manual describes accounting procedures for the most important transactions. Resources exist for monitoring regulatory developments (subscription to professional journals), making it possible to identify and anticipate changes in the company's regulatory environment (changes in accounting and tax doctrine). The department's small size imposes a significant degree of self-assessment by staff to facilitate oversight by the accounting manager. The latter, charged with consolidating data at the group level, also verifies their consistency, and, if necessary, takes the necessary corrective measures.

Egide USA subsidiary: the company has its own accounting and finance organization. Management is assured by the site manager. In the department, a financial controller and an 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 finance department regularly provides support and, once a quarter, comes on-site. For the record, Egide SA's executive management is assured by the former chief executive officer of Egide USA. The Group's chief executive officer who spends half his time in the United States accordingly ensures in a regular manner the application of general policy within the subsidiary

Overall, the subsidiary applies Group accounting standards that are defined by the parent company. Information for weekly or monthly reporting to the parent company is first checked directly by the subsidiary, with a subsequent review performed, as required, by Egide's accounting manager.

The main controls that are non-exhaustive, are performed by the finance departments using namely the following procedures:

- Procedures for reconciliation between the main accounting system and subledger management systems,
- Procedures for monitoring and managing accounts receivable (receivables aging, reminders, monitoring settlements, monitoring factoring companies, etc.),
- Procedures for the approval of significant purchases and investments as well as the payment of trade payables,
- Procedures for physical inventory accounts,
- Procedures for inventory monitoring and valuations,
- Procedures for monitoring and managing Group cash (producing cash positions, bank reconciliations, signing authorities, etc.),
- Procedures for information systems access, backup and security.

Information systems managers furthermore ensure that the company is able to fulfill its record keeping obligations for information, data and processing routines used directly or indirectly to prepare accounting records and financial statements.

16.4.2.5 Parties involved in risk management and internal control procedures

Risk management and internal control procedures concern both corporate governance bodies (executive management, Board of Directors, audit committee) and the company's staff (risk manager, internal audit, human resources).

16.4.2.5.1 Executive management

Executive management ensures that accounting and financial information produced by the finance department is reliable and provides a true and fair view of the company's earnings and financial situation in a timely manner. To this end, executive management ensures that the system addresses the following points:

- the organization structure and scope of responsibility of the accounting and financial reporting functions
- that incentive and compensation agreements within the accounting and financial reporting functions are compatible with internal control objectives
- that accounting rules and procedures are formalized and disseminated
- Record keeping requirements for information, data and processing routines used to prepare accounting records and financial statements
- Periodic review of the suitability of the systems cited above and the resources made available to the accounting and financial reporting functions (human resources, data processing tools,)
- Procedures for monitoring regulatory developments so that the company can adapt to changes in its environment.

In connection with preparing interim and annual financial statements, executive management ensures that all transactions are recorded in accordance with applicable accounting standards. With respect to closings, it indicates and explains the accounting options adopted for the closing and estimates involving management judgments, indicates changes in accounting methods, and informs the Board of Directors, draws up with the finance department the financial statements and defines the corresponding strategy for financial communications (reported indicators, terms for financial press releases).

16.4.2.5.2 The Board of Directors

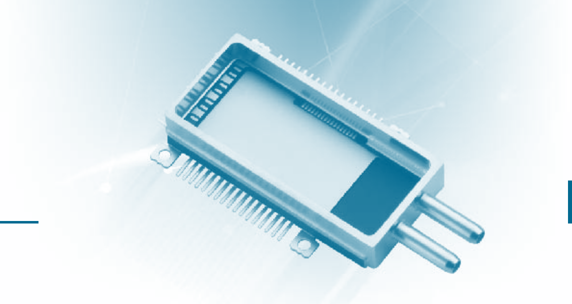
For the preparation and control of accounting and financial information and its communication, the Board is informed of any major aspects that are likely to jeopardize business continuity. It checks with executive management that the monitoring and control systems are capable of ensuring that the financial information published by the company is reliable and provides a fair view of the company's and the group's earnings and financial situations.

In the performance of these controls, the Board is regularly informed through its Chairman, of key events relating to the company' business operations and its cash position. It is also informed of major investment, divestment or financing projects and approves their completion.

The Board of Directors approves the annual financial statements and examines the interim financial statements. For this purpose, it must obtain any information from executive management that it deems necessary (information about cut-off options, changes in accounting methods and explanations about earnings components) and obtains confirmation from the statutory auditors that they had access to all information needed to perform their duties and assurances that the auditors have made enough progress on their work at the cut-off date to be able to present all their material observations.

16.4.2.5.3 Audit Committee

In light of the Board's size (four directors) and membership in 2013 (with the Chairman also serving as CEO and three independent directors), the creation of an independent audit committee was not considered warranted. For that reason, the Board assures the functions and responsibilities of this committee in accordance with the provisions of article L.823-20 of the French commercial code. It is furthermore noted that when the Board meets in the capacity of audit committee, the latter is chaired by an independent director and not the Chairman of the Board or the Chief Executive Officer. In 2015, the Board of Directors met once in the capacity of audit committee.



16.4.2.5.4 Risk manager

At Egide, this function is performed by executive management assisted in this role by the executive committee (see 16.4.2.1 for its membership).

16.4.2.5.5 Internal audit

At Egide, this function is performed by executive management assisted in this role by the executive committee (see 16.4.2.1 for its membership).

16.4.2.5.6 Human resources

The company relies on its internal organization, management system and quality monitoring required to maintain its ISO 9001 and ISO 14001 certifications (Egide SA only), as well as its procedures for preparing accounting and financial information to identify as best as possible the main risks associated with the company's business. These standards and procedures incorporate the breakdown of objectives for company personnel, whereby the latter possesses the information required to establish and operate the internal control system.

16.4.2.6 Role of the statutory auditors

In the performance of their engagement, the statutory auditors acquire an understanding and rely on internal audit work, to obtain a better understanding and formulate an opinion on the appropriateness of this work in complete independence.

In their role as responsible for producing financial statements and implementing internal controls for accounting and finance, executive management shares information with the auditors, and ensures that the auditors have access to all information needed to produce financial statements and is informed of the auditors' conclusions on their work. For the Group's two entities (Egide SA and Egide USA), the same firm has been selected to audit the accounts.

The statutory auditors also present their report on the portion of the Chairman's report on internal control procedures relating to the preparation and treatment of financial and accounting information and attest that the other information required by law has been produced.

16.4.2.7 Limitations of risk management and internal control

No matter how well-conceived and rigorously applied risk management and internal control systems are, they cannot provide an absolute guarantee that the company’s objectives will be reached. The probability of reaching these goals depends on more than just the company’s will. Every system and process has its limitations. These limitations stem from many factors, such as uncertainty about the outside world, the use of sound judgment or problems that may arise from technical and human failures or from ordinary errors.

Risk management choices are made by weighing the opportunities against the cost of risk management measures, with due consideration of their potential effects on the occurrence and/or consequences of the risk in order to avoid taking needlessly expensive actions.

16.5 Statutory Auditors' report on the Chairman's report

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

"To the shareholders:

In our capacity as Statutory Auditors of Egide S.A. and in accordance with the provisions of article L225-235 of French commercial code (code de commerce), we hereby present our report on the report prepared by the Chairman of your company in accordance with Article L225-37 of the French commercial code for the fiscal year ended December 31, 2015.

The Chairman is required to prepare a report to be submitted for approval to the Board of Directors describing the internal control and risk management procedures implemented within the Company and providing the other information required by article L225-37 of the French commercial code notably relating to the corporate governance system.

It is our responsibility to:

- Report our observations on the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information;

- Certify that the report contains the other disclosures required by article L225-37 of the French commercial code, knowing that we are not responsible for verifying the fairness of this other information.

We performed our procedures in accordance with the relevant professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

These standards require us to perform procedures to assess the fairness of the information presented in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information. These procedures notably consist in:

- Obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, on which the information presented in the Chairman's report is based, as well as reviewing supporting documentation;

- Obtaining an understanding of the work performed to prepare this information, as well as reviewing supporting documentation;

- Ensuring that any material weaknesses in internal control procedures and risk management relating to the preparation and processing of financial and accounting information that might be detected in the course of our engagement have been properly disclosed in the Chairman's report.

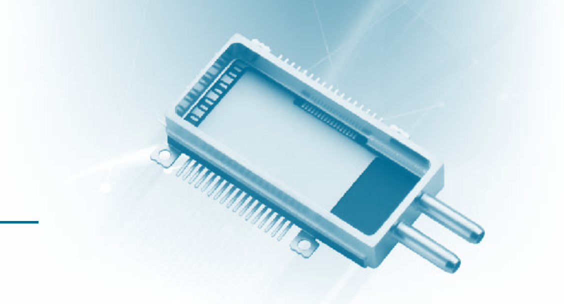
Based on these procedures, we have no matters to report in connection with the information given on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, contained in the Chairman's report, prepared in accordance with article L225-37 of the French commercial code.

Other disclosures

We certify that the Chairman's report contains the other information required by article L225 37 of the French commercial code.

Neuilly-sur-Seine and Paris, April 29, 2016

PricewaterhouseCoopers Audit, Matthieu Moussy	SYC SAS, Bernard Hinfray »



16.6 Executive committee

On the date of this document, the company's executive committee included nine members from Egide SA and one executive for the US subsidiary, Egide USA Inc.

Name	Current position	Joined the company on
James F. COLLINS 1553 Commanche Road, Arnold, MD 21012, USA	Chief Executive Officer	12/29/00
Philippe LUSSIEZ 2 rue des Champs, 78320 La Verrière	Deputy Chief Executive Officer Chief Administrative and Financial Officer	06/09/92
John TRADER 28 Algonquin Road, Cambridge MD 21613, USA	Deputy Chief Executive Officer of Egide USA Vice President, Director of Operations, Cambridge	11/27/06
Fatiha BENKOUSSA 157 rue des Papes, 84100 Orange	Quality, Environment & Customer Satisfaction Manager	09/08/08
Frédéric DISPERATI 3 Chemin des Passadoires, 84420 Piolenc	Director of Technology	10/01/90
Ignace DUPON 30 rue des Vignes, 78240 Aigremont	Sales Manager	12/01/06
Gérard GUILOINEAU 12 A route de Montfort, 78760 Jouars Pontchartrain	Purchasing Manager	03/15/93
Didier MARTIN 33 avenue du Plan de l'Eglise, 78960 Voisins le Bretonneux	Director of Operations, Bollene	08/03/92
Wladimir MUFFATO Quartier Genève, 26130 Montségur sur Lauzon	Ceramic Components Manager	12/19/94
Gérald CHRETIEN 18 Parc de Diane, 78350 Jouy-en-Josas	Marketing Manager	10/01/15

In addition their executive functions with Egide, the following persons also held offices in other companies:

Name	Office	Since
James F. COLLINS	Vice President, Egide USA Inc. Vice President, Egide USA LLC	12/29/00 12/29/00
Philippe LUSSIEZ	Corporate Secretary, Egide USA Inc. Corporate Secretary, Egide USA LLC	04/28/05 04/28/05

Members of the executive management team are either engineers or established academics, combining technical expertise with management skills:

James F. COLLINS has a Bachelors of Science (ceramic engineering) from Rutgers University, New Jersey (United States). He began his career as a Process Engineer at General Refractories in the Chicago, Illinois area, serving the steel industry. In 1983 he left this position to join Coors Ceramics Company in Golden, Colorado, where over 14 years, he held various engineering and management positions, primarily in the Electronic Ceramics industry. In 1996, he joined a division of Phillips Electronics (Cambridge, MD) where he would occupy different management positions. This division was subsequently sold to create Electronic Packaging Products which in December 2000, would become Egide USA Inc. for which he was appointed chief operating officer and vice president. In September 2014, he was appointed chief executive officer of Egide SA.

Philippe LUSSIEZ holds an advanced degree in accounting. After joining Egide group in 1992 as accounting manager for the Bollène site, he was then named group controller responsible for financial reporting when the company was listed on the stock exchange. Since July 1, 2006, he has exercised the functions of chief financial officer, and since October 2013, chief administrative and financial officer of the Group. In September 2014, he was also appointed as deputy chief executive officer of Egide SA.

Fatiha BENKOUSSA has a Master's degree in mechanical engineering and a DESS ("Diplôme d'études supérieures spécialisées") graduate degree in business management. After working as a production quality engineer in the medical sector, and a purchasing quality engineer for a major automotive parts manufacturer, in September 2008 she joined Egide as the manager in charge of supplier quality and in 2014, product quality. In June 2015, she was appointed to head up the quality, environment and customer satisfaction department, replacing Frédéric Dispérati, called upon to exercise other functions within the company.

Frédéric DISPERATI is a materials science 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 the technical support division at the Egide USA subsidiary. On his return in March 2003, he was appointed as the chief quality officer of Egide SA. His responsibilities were subsequently expanded to cover the environment and customer satisfaction. Following the internal reorganization in June 2015, the became head of the technical department of the Bollène site, replacing Didier Martin called upon to assume other functions within the company.

Ignace DUPON graduated is a Civil engineer in electronics from the Catholic University of Leuven, Belgium. He started his career as head of production at Atlas Copco in 1990. The year after, he joined Alcatel Bell Telephone before spending 5 years at Alcatel Optronics as Advanced Procurement and Sourcing Manager. He joined Highwave Optical Technologies in 2000 as head of Business Development and in 2003 he became Director of Sales and Marketing at Keopsys. Since 2006, he has been Sales Director for Intexys Photonics. He joined Egide's sales team in 2006 as business development manager. He was then appointed as head of the Asia-Pacific region. In November 2014, he was appointed to head up the Group's sales department, a position previously occupied by Didier Martin.

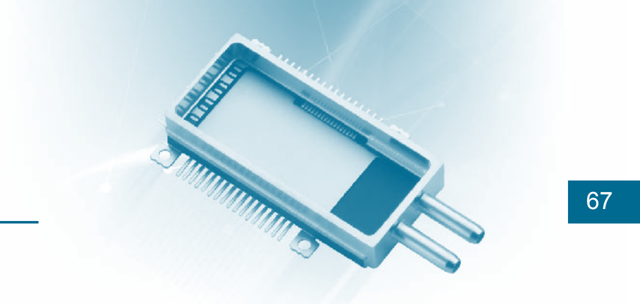
Gérard GUILOINEAU has a degree as an advanced engineering department technician. After beginning his career with Dassault Electronique, he joined the purchasing department of Egide SA in 1993, after which he became the Group's chief procurement officer in June 2015, a position previously occupied by Wladimir Muffato.

Didier MARTIN holds an engineering degree from the Ecole Nationale de Physique et de Chimie in Caen. He possesses considerable experience in the field of semiconductor manufacturing. His profile is as a line manager well-accustomed to the constraints imposed by manufacturing requirements. After serving as production manager, first for the Trappes site, and then Egide SA, he then became head of the sales, technical and R&D department. Following an internal reorganization in June 2015, he became head of the industrial department for the Bollène site, replacing Wladimir Muffato, called upon to exercise other functions within the company.

Wladimir MUFFATO has is a graduate of ENSCI ceramics engineering school *(Ecole Nationale Supérieure de Céramique Industrielle)* of Limoges. Since 1994, Egide has benefited from his experience in the domain of electronic ceramic components. He became the Bollène plant manager in January 2003. Following an internal reorganization, he became head of a new department, "Group ceramic components" in June 2015.

John TRADER's career began with the with the US Marine Corps. During his enlistment (1977 to 1981), he was trained as an Electronic Technician completing A & B Schools, specializing in F4/TA4 aircrafts. In 1981, upon honorable discharge, he joined Cambridge Scientific Industries as a repair technician. He was promoted to production supervisor in 1985 and factory manager in 2000. In 2003, he was promoted to operations manager until the factory closed in 2006. He then joined Egide USA as chief industrial officer, a position he has occupied until being appointed deputy chief executive manager of the company in 2014.

Gérald CHRETIEN is a graduate from the engineering school, ISEP (Institut Supérieur d'Electronique de Paris). He began his career as a hardware engineer, first at CEA, then for Philips TRT and Thomson LTT. In 1984, he joined FORT Fibres Optiques where he created the Transmission department. In 1986, he first joined Alcatel as Manager of the optoelectronic laboratory before contributing to the creation of Alcatel Optronics as Product Manager and then its Director of Marketing in 2000. He joined Avanex France in 2002 as Director of Marketing & Products Strategy before being appointed in 2004 industrial and plant manager for HighWave. In 2006, he co-founded Vectrawave and occupied the function of manager for operations and quality management. Since October 2015, he has served as the head of the marketing department of the Egide Group.



17 EMPLOYEES

17.1 Breakdown of headcount data

Headcount by function at December 31 for Egide Group:

(Headcount at December 31)	2013	2014	2015
Administration and sales	21	20	21
Production, quality and R&D	209	206	204
Total	**230**	**226**	**225**

Headcount by Group site:

(Headcount at December 31)	2013	2014	2015
Egide Trappes and Bollène	158	154	148
Egide USA	72	72	77
Total	**230**	**226**	**225**

Headcount by type of contract:

(Headcount at December 31)	2013	2014	2015
Fixed-term contracts	2	2	3
Permanent contracts	227	219	220
Apprenticeship contracts	1	5	2
Total	**230**	**226**	**225**

17.2 Statutory profit-sharing, incentive plan, variable compensation agreements

All salaried employees in Egide SA receive fixed compensation. In addition, variable compensation is paid to:

- all staff, incentive compensation linked to the company results. This compensation results from the terms of a voluntary profit-sharing agreement executed *(accord d'intéressement* by the company and personnel, represented by the works committee secretary. This agreement was concluded for a three-year period running from January 1, 2013 to December 31, 2015. This incentive compensation is calculated annually from current operating income before tax. This amount is allocated equally to all employees of the company with at least three months of seniority and prorated according to the number of hours worked during the year concerned. A new profit-sharing agreement will be discussed and concluded for a three-year period in the 2016 first half.

- all employees, incentive compensation linked to company results based on four criteria relating to production (the rate of hourly deliveries, the product return rates, ceramic components yields and package manufacturing yields) This incentive compensation is paid on a quarterly basis in the form of a bonus earned corresponding to 25% per criteria achieved; The thresholds to be reached for each of these criterion is set by the chief executive officer at the start of the year whereas the quarterly bonus used as the basis for the calculation is set during the mandatory annual negotiations on wages and working conditions.

- to selected employees (executive committee members and key managers), as from January 1, 2016, incentive compensation linked to the production indicators referred to above, sales order intake, the consumption rate for supplies or EBIDTA., This incentive compensation, paid annually, implies above all that the annual budget for EBIDTA has been exceeded which then triggers the payment linked to indicators that are specific to each beneficiary or group beneficiary. The bonus is a percentage of the beneficiary's annual salary with a multiplying factor for executive committee members based on the overperformance rate of the annual EBIDTA target. It is duly noted that the beneficiaries of this incentive compensation will not accumulate the compensation that might be payable quarterly, whereby the latter is included within the total annual amount.

Furthermore, all employees in France are eligible to statutory profit-sharing calculated according to the provisions provided for by law. No statutory profit-sharing and incentive compensation payments have been made over the last five years.

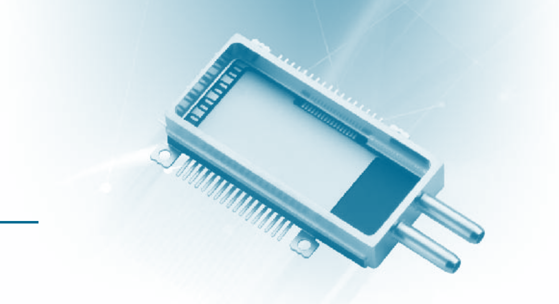
At Egide USA, an incentive plan exists for key executives. This plan provides for the payment of variable compensation assessed on annual salary if EBITDA for the period exceeds by at least 85% the budgeted amount. For fiscal 2015, a total bonus was paid amounting to US$136,000. As from January 1, 2016, the calculation of this incentive compensation is the same as that used for Egide SA employees, i.e. based on production (the rate of hourly deliveries, the product return rates, ceramic components yields and package manufacturing yields), revenue, order intake or EBITDA. This incentive compensation, paid annually, implies above all that the annual budget for EBIDTA has been exceeded which then triggers the payment linked to indicators that are specific to each beneficiary or group beneficiary. The bonus is a percentage of the beneficiary's annual salary with a multiplying factor for executive committee members based on the overperformance rate of the annual EBIDTA target.

With the exception of direct manufacturing stuff paid based on the number of hours worked, all employees of the US subsidiary receive fixed compensation.

17.3 Stock option plans

Since the company's initial public offering, stock options have been granted to selected managers. At April 30, 2016, the number of options granted to Egide SA employees and not yet exercised amounted to 1,206 and the number of options granted per employee but not yet exercised by an Egide USA employee amounted to 12,000 (or a total of 13,206 options).

With the exception of the Chief Executive Officer, no members of the Board of Directors were granted stock options. As an executive officer of the company and at April 30, 2016, the chief executive officer held a balance of 12,000 options granted on November 6, 2015 (plan No. 7.1). In compliance with the provisions of Act 2006-1770 of December 30, 2006, at least 20% of shares issued from the exercise of options must be maintained in registered form until the chief executive officer ceases to exercise his function.



Highlights for stock option plans in force at April 30, 2016 are presented below:

Plan No.	Plan 6.2	Plan 6.3	Plan 7.1	Total
AGM date Board meeting date	05/28/10 10/06/11	05/28/10 01/30/13	06/26/13 11/06/15	
Initial number of shares *- of which to corporate officers* *- of which to the top 10 employee beneficiaries*	600 *0* *600*	651 *0* *651*	12,000 *12,000* *0*	13,251 *12,000* *1,251*
Number of shares after adjustments*	712	725	12,000	13,437
Starting date for the exercise of options End date for the exercise of options	10/06/13 10/05/18	01/30/15 01/29/20	11/06/17 11/05/22	
Exercise procedures	Maximum quantity exercisable by increments of ¼ every 30 trading days subject to a minimum of 20 shares (100 for plan No. 7.1). **Egide SA employees (all plans)** Sale: 2-year lock-up from the exercise date **Corporate officers** Disposal: maximum 80 % of options exercised during the term of office			
Subscription price*	€6.71	3.67 €	2.56 €	
Number of options exercised Number of options forfeited Number of options remaining to be exercised	0 109 603	0 122 603	0 0 12,000	0 231 13,206

** Adjustments that may be made after the capital transaction*

No stock options were exercised in fiscal 2015.

For information, to exercise stock options, the beneficiary must be either an executive officer, or holding an employment contract with the company that has not been terminated by either party. In addition, fulfillment of several conditions set forth at the time of the grant may also be required. Similarly, stock options are automatically forfeited after the exercise date.

On that basis, in 2015, 364 options were forfeited pursuant to the resignation of two employee beneficiaries (242 under plan No. 6.1, rendering this plan null and void, and 122 under plan No. 6.3).

In addition, on April 30, 2016 plan No. 5.2 had exceeded its expiration date of March 4, 2016, and in consequence, a total of 24,597 options lapsed.

In light of the above, and the maximum number of stock options set at 5 % of the shares making up the share capital (or 223,595 options available to be granted at April 30, 2016), there remains a balance of 210,389 options or 4.70 % of the share capital. On this date, the 13,206 unexercised stock options represent a potential dilution of 0.30 %.

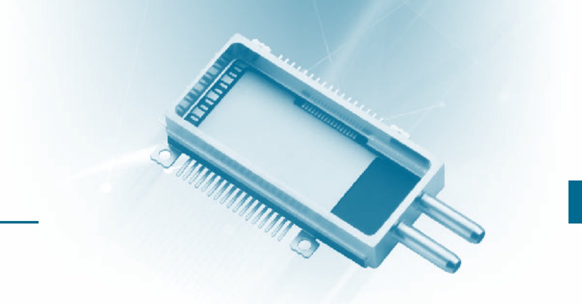
The fair value measurement of stock options in the consolidated financial statements is determined using the Black & Scholes measurement model (see section 20.3.1.5.4.1.1). Options have an average life of 4 1/2 years with a volatility rate of 30%.

17.4 Social impact of Group operations

See section 26.1 - Information on the social impact of Group operations

17.5 Information on measures to combat discrimination and promote diversity

In accordance with the provisions of Article L225-102-1 subsection 5 of the French commercial code as amended by Article 9 of Law No. 2011-672 of June 16, 2011, every year Egide SA submits to the Works Committee and employee representatives a single report providing information on measures to combat discrimination and promote diversity (see indicators in section 26.1 of this document). Moreover, no discrimination exists with training, professional promotion, working conditions and actual remuneration levels.



18 PRINCIPAL SHAREHOLDERS

18.1 Analysis of share capital and voting rights

Balance at April 30, 2016	Number of shares	Percentage of share capital	Number of voting rights	Percentage of voting rights
Philippe Brégi (registered securities) James F. Collins (registered securities)	20,226 39,614	0.45 % 0.89 %	36,606 39,614	0.81 % 0.88 %
Total managers	**59,840**	**1.34 %**	**76,220**	**1.69 %**
Free float (bearer securities) Free float (registered securities)	4,382,426 29,640	98.00 % 0.66 %	4,382,426 43,815	97.34 % 0.97 %
Total free float	**4,412,066**	**98.66 %**	**4,426,241**	**98.31 %**
Total	**4,471,906**	**100.00 %**	**4,502,461**	**100.00 %**

This table has been produced based on information provided by CM-CIC Securities, charged with ensuring the security management services for Egide standard registered shares maintained in a custody-only account and recorded directly in the company's share register in fully registered form (nominatif pur). The registered shareholder was not charged any management fees by the company for these services.

On April 30, 2016, shares held by other directors of the company were as follows: Colette Lucas, 100 shares and Jean-Louis Malinge, 100 shares.

No share is jointly held by employees within the meaning of article L225-102 of the French commercial code.

Also see section 21.1.5 - Changes in share capital within the last three years

18.2 Ownership thresholds subject to disclosure requirements

The identity of shareholders owning more than 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 33.33 %, 50 %, 66.66 %, 90 % and 95 % of the share capital or voting rights at April 30, 2016:

	More than 5 %		More than 10 %		More than 15 %		More than 25 %	
	Of the capital	Of voting rights	Of the capital	Of voting rights	Of the capital	Of voting rights	Of the capital	Of voting rights
SBD [(1)]	X	X	X					
Cie financière Sopalia [(2)]	X	X						
Sigma Gestion [(3)]	X	X	X	X	X	X		

[(1)] AMF notice of February 3, 2012 (crossing above the threshold)
[(2)] AMF notice of February 21, 2014 (crossing above the threshold)
[(3)] AMF notice of January 12, 2016 (crossing above the threshold)

As far as the company is aware, there are no public shareholders holding more than 5% of the capital other than those disclosed in the table above.

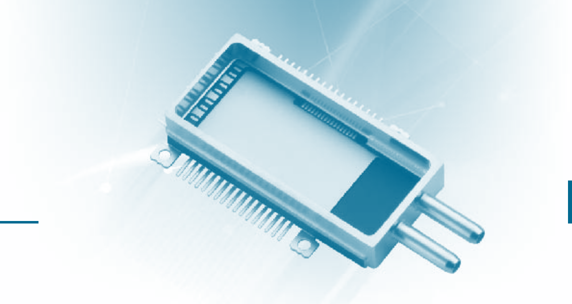
No shareholder holds more than 20%, no more than 30% of the capital or voting rights. On that basis, it is not possible to exercise undue control over the company. Furthermore, as far as the Company is aware, there are no agreements the performance of which could, at some future date, lead to a change in its control.

Based on information obtained during the last annual general meeting, and in light of the number of shares and voting rights forming the company's share capital at April 30, 2016 SBD (with 172,284 shares at July 16, 2015) and Sopalia Compagnie Financière Holding (with 102,430 shares at July 16, 2015) would have mechanically crossed below the 5% capital and voting rights thresholds. Nevertheless, no official declaration has been received by the company.

18.3 Existence of different voting rights

In compliance with article 27 of the company's articles of association, double voting rights are granted to fully paid-up shares registered in the same name for at least two years (annual general meeting of January 29, 1999). This right is conferred upon all bonus shares granted to a shareholder in respect of previously existing shares.

On April 30, 2016, there were 89,480 shares in registered form of which 30,555 carried double voting rights.



19 RELATED PARTY TRANSACTIONS

19.1 Regulated agreements

It is noted that the legal provisions governing regulated agreements as defined by article L225-38 of the French commercial code were modified as from August 3, 2014 (Order No. 2014-863 of July 31, 2014) and that henceforth agreements entered into between the company and wholly-owned subsidiaries are no longer included under this category. On that basis, agreements between Egide SA and its subsidiaries Egide USA LLC and Egide USA Inc. are no longer considered as regulated agreements.

Regulated agreements in force at December 31, 2015 are presented below:

Agreements entered into in the fiscal 2015 and previously authorized

- Assignment of coaching the new executive committee entrusted to Asymptotes Conseil, managed by Colette Lucas, also a director of the company (Board of Directors' meeting of June 3, 2015) Fees for this assignment were set at €1,060 before VAT per participant plus a flat fee of €2,400 before VAT. The amount recorded under expenses for 2015 for this agreement is €9,540.00.

Agreements entered into in prior periods and previously approved whose execution was terminated in the period under review

- None.

Agreements entered into in prior periods with continuing effect during the year

- Undertaking for the benefit of the chair-chief executive officer, Philippe Brégi, by Egide S.A., in the form of a policy providing unemployment insurance for chief executives taken out by the company (Board of Directors' meeting of November 9, 2004). This agreement was maintained for the benefit of Philippe Brégi, having become the chair as from April 2, 2014 (Board of Directors' meeting of March 25, 2014) and renewed by the Board of Directors on April 29, 2015. The amount recorded under expenses for 2015 for this agreement is €2,089.60.

Agreements entered into in prior periods whose execution was terminated in the period under review

- None.

Also see section 20.3.1.5.5.1 - Related party transactions and section 20.5.1.1 - Activity of Egide SA

19.2 Auditors' report on regulated agreements

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and regulated commitments issued in French and is provided solely for the convenience of English speaking readers. This report on regulated agreements and regulated commitments should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and the report does not apply to those related party agreements described in IAS 24 or other equivalent accounting standards.

"To the shareholders:

As the Statutory Auditors of your Company, we hereby present you with our report on related-party agreements and commitments

The terms of our engagement do not require us to identify such agreements and commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their utility and merits.

It is your responsibility, pursuant to Article R 225-31 of the French commercial code, to assess the merits of concluding these agreements and commitments for the purpose of approving them.

In addition, we are required, where applicable, to inform you in accordance with Article L225-31 of the French commercial code concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

1 - Agreements and commitments submitted for approval to the general meeting

Agreements and commitments approved in the period ended

Pursuant to Article L225-40 of the French commercial code (code de commerce), the following agreements, previously authorized by the Board of Directors of your Company, have been brought to our attention.

Assignment for the coaching of the new executive committee

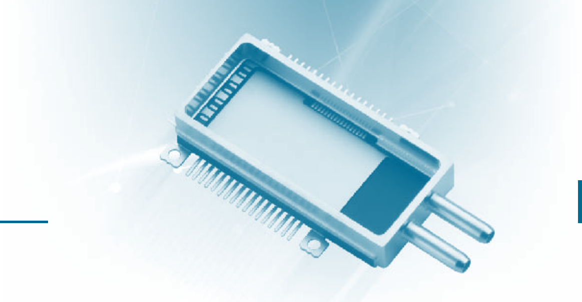
Related party: Colette Lucas, director of your company and manager of Asymptotes Conseil

Nature and purpose: Asymptotes Conseil was retained to provide coaching services for the new executive committee. Fees for this assignment were set at €1,060 before VAT per participant plus a flat fee of €2,400 before VAT.
This agreement was authorized by the Board meeting of June 23, 2015.

Terms and conditions: For services rendered under this contract, €9,540 was invoiced in fiscal 2015.

Purpose: The Board of Directors justifies the interest of this agreement by the fact that this mission was requested by the chief executive officer with the objective of better understanding the behavioral preferences of each of the executive committee members of Egide SA and in this way to optimize the organization of its management team. The Board of Directors furthermore indicated that this mission was all the more important given the fact that the relations of the chief executive officer who spends a portion of his time in the United States with his team are less close than if he was present on a full-time basis.

The board also indicated that it selected Asymptotes Conseil because its skills and expertise corresponded to the needs expressed by the chief executive officer and that in addition, because its knowledge of the company made it possible to optimize the deadlines and cost of this mission.



2 - Agreements and commitments already approved by the general meeting

In accordance with the provisions of article R.225-30 the French commercial code, we were informed that the following agreements, already approved by the general meeting in prior periods, remained in force in the period under review.

Undertaking by the company for the benefit of the Chief Executive Officer

Related party: Philippe Brégi, Chairman of the Board of Directors.

Nature and purpose: Undertaking on behalf of the Chairman-CEO, Philippe Brégi, by Egide S.A., in the form of a job loss insurance policy for chief executives taken out by the company on the date of his appointment approved by the Board of Directors on November 9, 2004.

On April 29, 2015, after conducting its annual review of this agreement, it was renewed by your Board of Directors.

Terms and conditions: For this policy, €2,089.60 in premium payments were invoiced in fiscal 2015.

Purpose: The Board of Directors justified the interest of this agreement by the fact that as a corporate officer without an employment contract, and in consequence not paying into the regular unemployment insurance system, in his capacity as chair, Philippe Brégi does not qualify for any benefits in the event his functions should be terminated. The Board of Directors furthermore noted that Egide covers the cost for only a portion of the annual amount which is not significant in relation to the company's staff costs (€1,545,324 paid in social benefits such as social security or related social costs in 2015).

For that reason, the board considers it legitimate that the chair benefits from coverage similar to that provided to the company's employees.

Neuilly-sur-Seine and Paris, April 29, 2016

Statutory Auditors

[French original signed by:]

PricewaterhouseCoopers Audit,
Matthieu Moussy

SYC SAS,
Bernard Hinfray »

20 FINANCIAL INFORMATION ON THE ASSETS, FINANCIAL POSITION AND EARNINGS OF THE ISSUER

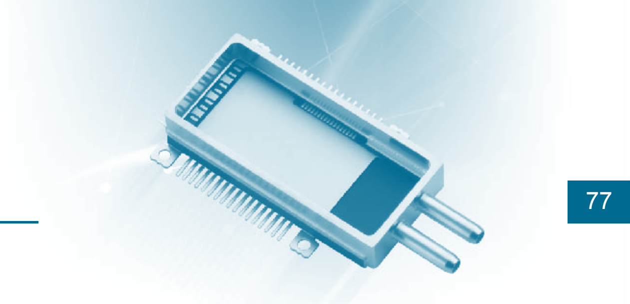
20.1 Consolidated financial highlights (2013 and 2014)

The consolidated and annual financial statements for the fiscal years ended December 31, 2013 and December 31, 2014 as well as the corresponding Auditors' reports, reproduced in the documents mentioned in the following table are incorporated by reference in this registration document.

Printed version of the registration document	2013	2014
AMF registration no:	D14-0510 of May 13, 2014	D14-0576 of June 09, 2015
Consolidated financial statements and notes	Pages 75 to 97 (section 20.3.1)	Pages 78 to 99 (section 20.3.1)
Statutory Auditors' report on the consolidated financial statements	Page 117 and 118 (section 20.4.1)	Page 120 (section 20.4.1)
Annual financial statements and notes	Pages 98 to 116 (section 20.3.2)	Pages 100 to 119 (section 20.3.2)
Auditors' report on the annual financial statements	Pages 119 to 120 (section 20.4.2)	Page 121 (section 20.4.2)

20.2 Pro forma financial information

None.



20.3 Financial statements

20.3.1 2015 consolidated financial statements

20.3.1.1 Consolidated statement of financial position

ASSETS (€ thousands)	Notes 20.3.1.5.	Net value at 12/31/15	Net value at 12/31/14
Intangible assets	3.1	119	32
Property, plant and equipment	3.1	4,511	3,122
Other financial assets		224	192
Other non-current assets	3.2	633	1,406
Non-current assets		**5,487**	**4,751**
Inventories		3,414	2,886
Trade and other receivables	3.3	3,863	3,501
Cash and cash equivalents		2,773	4,077
Others current assets		226	280
Current assets		**10,275**	**10,744**
TOTAL ACTIF		**15,762**	**15,495**

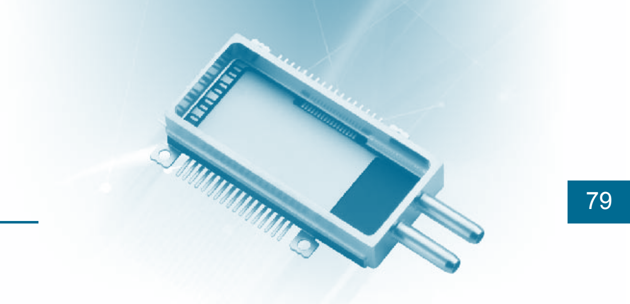
EQUITY AND LIABILITIES (€ thousands)	Notes 20.3.1.5.	Values at 12/31/15	Values at 12/31/14
Paid-in capital	4.1	8,944	8,131
Additional paid-in capital		2,058	1,823
Legal reserve		356	356
Consolidated reserves		(283)	574
Net income/(loss)		(1,378)	(863)
Translation differences		(2,709)	(2,641)
Attributable to non-controlling interests		0	0
Shareholders' equity		**6,989**	**7,380**
Provisions	3.4	413	430
Borrowings and financial liabilities	3.5	2,188	603
Other non-current liabilities		1	5
Non-current liabilities		**2,601**	**1,038**
Borrowings and financial liabilities	3.5	2,536	3,790
Trade and other payables	3.5	3,632	3,279
Other current liabilities		4	7
Current liabilities		**6,172**	**7,076**
TOTAL EQUITY AND LIABILITIES		**15,762**	**15,495**

20.3.1.2 Statement of comprehensive income

(€ thousands)	Notes 20.3.1.5.	12/31/15	12/31/14
Revenue		20,591	19,967
Raw materials and consumables		(9,442)	(8,657)
Change in finished goods and work in progress		404	(33)
Staff costs		(8,921)	(8,675)
External charges		(3,634)	(3,128)
Taxes other than on income		(314)	(331)
Amortization, depreciation and impairment of fixed assets	3.1	(398)	(292)
Allowances and reversals of depreciation & provisions	3.4	17	6
Other operating income	3.8	280	345
Other operating expenses	3.8	(65)	(136)
Operating profit/(loss)	**3.7**	**(1,483)**	**(935)**
Income from cash and cash equivalents		0	0
Gross borrowing costs	3.9	(207)	(176)
Net interest expense	3.9	(207)	(176)
Other financial income	3.9	467	280
Other financial expenses	3.9	(155)	(33)
Income before tax		(1,378)	(863)
Income tax	3.6	0	0
Income (loss) from continuing operations		(1,378)	(863)
Income (loss) from discontinued operations		0	0
Net income/(loss)		**(1,378)**	**(863)**
Attributable to the Group		(1,378)	(863)
Minority interests		0	0
Earnings per share (in €)	4.2	(0.31)	(0.21)
Diluted earnings per share (in €)	4.2	(0.31)	(0.21)
Items able to be recycled in profit or loss:			
Items unable to be recycled in profit or loss:			
Other comprehensive income		**0**	**0**
Comprehensive income		**(1,378)**	**(863)**
Attributable to the Group		(1,378)	(863)
Attributable to non-controlling interests		0	0

20.3.1.3 Statement of changes in shareholder's equity

(€ thousands)	Number of shares	Capital	Additional paid-in capital	Legal and consolidated reserves	Profit/loss for the year	Other equity	Shareholders' equity
Balance at 12/31/13	**1,784,797**	**3,570**	**1,588**	**1,550**	**(516)**	**(2,537)**	**3,655**
Changes in parent company equity	2,280,573	4,561	235				4,796
Appropriation of earnings for fiscal 2013				(516)	516		0
Comprehensive income (loss) for the period					(863)		(863)
Stock options				(104)			(104)
Currency translation adjustments						(104)	(104)
Balance at 12/31/14	**4,065,370**	**8,131**	**1,823**	**930**	**(863)**	**(2,641)**	**7,380**
Changes in parent company equity	406,536	813	235				1,048
Appropriation of earnings for fiscal 2014				(863)	863		0
Comprehensive income (loss) for the period					(1,378)		(1,378)
Stock options				5			5
Currency translation adjustments						(68)	(68)
Balance at 12/31/15	**4,471,906**	**8,944**	**2,058**	**73**	**(1,378)**	**(2,709)**	**6,989**



There are no non-controlling interests in Egide Group.

Notes on paragraph 20.3.1.5 are an integral part of the consolidated financial statements.

20.3.1.4 Statement of cash flows

(€ thousands)	Notes 20.3.1.5.	12/31/15	12/31/14
Net income of consolidated operations		(1,378)	(863)
Adjustments to non-cash income and expenses to net cash provided by operating activities			
- Amortization, depreciation and provisions (1)	3.1, 3.4	380	327
- Capital gains from the sale of intangible assets & property, plant and equipment		(3)	3
- Other	4.1	5	(104)
- Impact of changes in Group structure			
Change in operating working capital requirements [2]		**184**	**(1,485)**
- (increase) / decrease in inventories		(427)	46
- (increase) / decrease in trade receivables	3.3	124	(581)
- (increase) / decrease in other receivables	3.3	445	(217)
- (increase) / decrease in trade payables	3.5	168	(157)
- (increase) / decrease in tax and employee-related liabilities	3.5	(110)	(182)
- (increase) / decrease in other payables	3.5	(17)	(393)
Net cash from (used in) operating activities		**(811)**	**(2 122)**
Acquisitions of non-current assets	3.1	(1,667)	(495)
Reduction in non-current assets		3	
Net cash provided by (used in) investing activities		**(1,664)**	**(495)**
Issue of new cash shares	4.1	813	4 561
Change in other equity	4.9	235	235
New bank borrowings	3.5	208	744
Repayment of bank borrowings	3.5	(692)	(55)
Other borrowings	3.5	834	
Repayment of other borrowings	3.5	(124)	(51)
Financial debt relating to factoring and revolving credit	3.5	(118)	733
Net cash flows provided by (used in) financing activities		**1,155**	**6,168**
Change in cash and cash equivalents		**(1,320)**	**3,551**
Closing cash and cash equivalents*		2,773	4,077
Opening cash and cash equivalents*		4,077	512
Effect of changes in exchange rates		(15)	- 15
Change in cash and cash equivalents		**(1,320)**	**3,551**

[1] *Excl. impairment of current assets*
[2] *In net values*

* For information, cash at 12/31/15 broke down as follows:

	Balance at 12/31/15	Balance at 12/31/14
Cash and cash equivalents	2,773	4,077
Bank overdrafts and accrued interest		
Cash according to the cash flow statement	**2,773**	**4,077**

20.3.1.5 Accounting principle and notes

20.3.1.5.1 Preliminary remarks

Egide designs, manufactures, and sells hermetic packages (passive electronic components) for the protection and interconnection of electronic systems.

These notes are an integral part of the consolidated financial statements established on December 31, 2015 with a statement of financial position showing total assets of €15,762,000 and a statement of comprehensive income presented in the form of a list showing a loss of €1,378,000, adopted by the Board of Directors on April 28, 2016.

The information given below is expressed in thousands of euros, unless stated otherwise.
The financial period ends on December 31 and covers a twelve-month period from January 1, 2015 to December 31, 2015.

20.3.1.5.2 Significant accounting policies and basis of consolidation

20.3.1.5.2.1 Compliance statement

The consolidated financial statements are prepared in accordance with the principles of conservatism, the time period concept (accrual basis of accounting), and going concern.

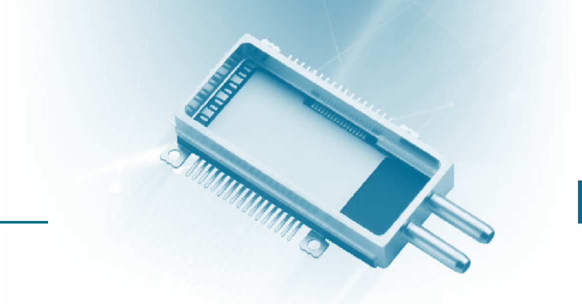
In compliance with EC regulation No. 1606/2002 of July19, 2002, Egide Group (see section 1.4) presents its consolidated financial statements for the period ended December 31, 2015 in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and adopted by the European Union at December 31, 2015. Standards applied include IFRS and IAS (International Accounting Standards), and their interpretations applicable at December 31, 2015. For the purpose of simplification, these standards and their interpretations are jointly referred to as "IFRS standards" or "IFRS. These standards may be consulted at the European Commission's website at the following address: http://ec.europa.eu/finance/company-reporting/index_en.htm.

Application of certain standards, interpretation or amendments to existing standards is mandatory according to IFRS for periods commencing on January or February 1, 2015 though do not have a material impact on the Group consolidated financial statements:

Standard, interpretation	Subject	IASB issue date	EU adoption date
IFRIC 21	Levies	20/05/13	13/06/14
Amendments to IAS 19	Employee contributions	21/11/13	09/01/15
Annual improvements (2010-2012 and 2011-2013)	Annual improvements cycle	12/12/13	09/01/15

The Group's consolidated financial statements at December 31, 2015 do not include possible impacts of those standards, interpretations and amendments adopted by the European Union at December 31, 2015 but for which application was not mandatory for periods commencing before January 1, 2016. In the Group's opinion, these are not expected to have an impact on the consolidated financial statements:

Standard, interpretation	Subject	IASB issue date	EU adoption date
Amendments to IFRS 11	Acquisitions of interests in joint operations	06/05/14	25/11/15
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortization	12/05/14	03/12/15
Amendment to IAS 27	Equity method in separate financial statements	12/08/14	23/12/15
Annual improvements (2012-2014)	Annual improvements cycle	25/09/14	15/12/15
Amendment to IAS 1	Presentation of financial statements	18/12/15	19/12/15



Texts published by IASB at December 31, 2015 but not in effect in the European Union are not expected to have an impact on the Group's financial statements. These include the following:

Standard, interpretation	Subject	IASB issue date
IFRS 9	Financial instruments (to replace IAS 39)	11/12/09
IFRS 15	Revenue from contracts with customers	05/01/14
Amendments to IFRS 10 and IAS 28	Sales or contributions of assets between the group and its associates	09/11/14
Amendments to IFRS 10, IFRS 12 and IAS 28	Exemption from preparing consolidated financial statements for investment entities	12/18/14

Group operations are not affected by seasonality factors.

20.3.1.5.2.2 Critical accounting estimates and judgments

The Group makes estimates and applies assumptions with regard to future activity. The resulting accounting estimates will by definition rarely be identical to actual results.

The critical accounting estimates and assumptions that could result in a material adjustment to the carrying amount of assets and liabilities during subsequent periods concerned mainly impairment tests the Group may perform on intangible and intangible assets. Specifically, recoverable amounts of cash generating units are determined from calculations for value in use which call for use of estimates.

20.3.1.5.2.3 Financial risk management

20.3.1.5.2.3.1 Exchange rate risk

In 2015, exports accounted for 66% of Egide's revenue, including 44% to North America where sales are invoiced in US dollars. Concerning the 15% of sales to non-European countries, amounts are invoiced in either euros or US dollars. In the period, Egide SA invoiced sales of US$2.0 million (exchange value of €1.8 million) and Egide USA Inc. invoiced sales of US$9.4 million (€8.5 million). In 2015, the US dollar/euro exchange rate (averaging 1.1096 for the year compared to 1.3288 in 2014) had a significant impact on Group sales. At constant exchange rates, Group revenue invoiced in US dollars would have been 16% lower. However, the impact of these exchange rate fluctuations was neutral on the margin since at the same time, the exchange rate value of Group purchases in foreign currency in euros declined significantly.

Inflows from sales in US dollars received directly by Egide SA (€1.5 million dollars in 2015) were used in payment of purchases for components from US suppliers (US$1.6 million in 2015). The positive balance in US dollars is maintained in dollar denominated bank accounts. In the event of insufficient currencies, dollars are purchased at the prevailing exchange rate using account balances in euros. Inflows from US dollar-denominated sales received by factoring companies are converted into euros at the prevailing rate of the day while financing for invoices issued in US dollars are also obtained in euros. In consequence, the corresponding risk is therefore at the level of the exchange rate on the translation date. No specific hedging arrangement has been put into place as the cost of such arrangements remains too high.

For the US subsidiary, all purchases and sales are in US dollars. At the end of the reporting period, the Group's foreign exchange risk will be accordingly limited to the result of the period of Egide USA converted into euros for consolidation as well as its US dollar denominated cash balance.

20.3.1.5.2.3.2 Interest rate risk

In 2006, Egide SA set up two factoring agreements factoring agreements for domestic and export trade receivable accounts. The corresponding monthly financing commission applied by the factors to amounts financed is based on the Euribor average 3 month rate at the end of the prior month subject to a 0.60 % minimum. In May 2012, Egide USA Inc. obtained a credit facility from Bank of America based on the value of trade receivables and inventories subject to a rate of interest determined as follows: BBA Libor daily floating rate + 3.50 %.

Regional loans were obtained in July 2010 by Egide SA from the Provence Alpes Côte d'Azur region, for €200,000 and from the Vaucluse department for €100,000 for job retention aid. These loans carried no interest rate risk as they represent interest free loans repayable in 7 years with a grace period of two years.

A €600,000 "SOFIRED – PME Défense" loan was obtained in December 2015 from Bpifrance, from which €30,000 was retained as cash collateral until full repayment of this loan. As a fixed rate loan for an annual rate of 3.85%, it is not exposed to any interest rate risk. Furthermore, with a seven year term, it benefits from a two-year grace period for the repayment of capital.

Financing to Egide SA from Bpifrance in exchange for the collateralization of French tax credit receivables (research tax credits and the CICI wage tax credit are subject to interest calculated daily at the average 1 month Euribor rate of the previous month plus 3% per annum.

Finally, in May 2012, Egide USA Inc. obtained a US$1.56 million long-term loan from Bank of America to finance the acquisition of its industrial building subject to an interest rate equal to the BBA (British Bankers Association) Libor rate (Adjusted Periodically) + 3.50 points. This loan provides for a provision of early redemption based on the application of a default clause (with two covenants attached to this loan), and a clause providing that in the event of noncompliance with one of these covenants, the bank reserves the right to apply a six-point markup to the contractual interest rate. At the end of 2015, these two covenants were in compliance

Given the marginal potential impact of interest rate fluctuations on the statement of comprehensive income linked to the nature of interest rates, the Group has not adopted specific measures for monitoring and managing interest rate risks.

Financial investments are carried out through term account vehicles with interest income payments set when the account is opened. On that basis, there are no interest rate risks except in the case where it might be necessary to close the account before the term initially set.

20.3.1.5.2.4 Consolidated companies and basis of consolidation

The following companies were consolidated by Egide Group at December 31, 2015:

Company	Place of registration or incorporation	Ownership interest (%)	Consolidation method	Date of first consolidation
Egide SA	Bollène (Vaucluse) (France)	100 %	Parent company	NA
Egide USA LLC	Wilmington - Delaware (USA)	100 %	Full consolidation	11/08/00
Egide USA Inc.	Cambridge - Maryland (USA)	100 %	Full consolidation	12/29/00

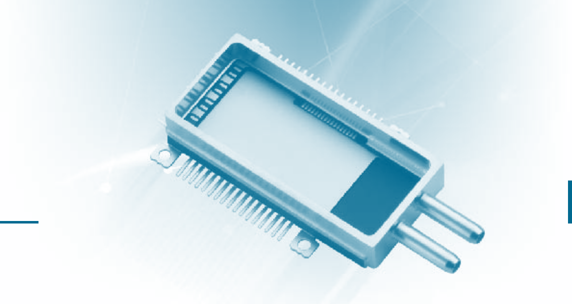
Subsidiaries over which exclusive control is exercised are fully consolidated. The notion of control is taken to mean the power to define and manage the financial and operational strategies of a company so as to benefit from its activities. Control is presumed to exist in those companies in which the Group directly or indirectly holds majority voting rights therein.
Consolidated companies close their annual financial statements on December 31.

Financial statements are presented in euros, the functional currency of Egide SA and the currency for the presentation of the Group accounts.

The financial statements of Egide USA Inc (a self-sustaining subsidiary) are translated according to the closing rate method, whereby the statement of financial position (balance sheet) is converted into euros based on the exchange rate prevailing at the end of the reporting period. The comprehensive income statement and the cash flow statement are translated at the average exchange rate for the period. Translation differences are recorded directly in equity under the heading "foreign currency translation reserve".

The financial statements of 'Egide USA LLC (integrated subsidiary) are translated according to the historical rate method whereby the statement of financial position is translated according to historical rates, except for monetary items which are translated at closing exchange rate. The comprehensive income statement and the cash flow statement are translated at the average exchange rate for the period. Translation differences are recorded directly in equity under the heading "foreign currency translation reserve".

Income and expenses from intercompany transactions are eliminated in the balance sheet when preparing the consolidated financial statements.



20.3.1.5.3 Notes to the financial statements

20.3.1.5.3.1 Fixed assets

Assets owned by the Group

In light of the "customized" nature of products marketed by Egide, research and development expenditures concern mainly products developed in partnership with customers. These costs are then incorporated into the costs of prototypes which are invoiced to customers. In consequence, no research and development expenditures are capitalized and accounted for as assets.
Intangible assets presented under assets in the Group's statement of financial position at December 31, 2015 and consisting of patents, licenses and software had been acquired.

Finite life assets are amortized on a straight-line basis over the expected useful life for generating economic benefits for the Group. Amortization periods applied are as follows:

	Straight-line
Licenses Software Patents	5 to 10 years 3 to 5 years 12 years
Buildings Buildings fixtures and fittings Plant, machinery and equipment Office equipment and furniture, other fixtures and fittings	25 years 10 years 3 to 10 years 3 to 10 years

As no residual values are retained at the end of these useful lives, a corresponding deduction is not made from the depreciation base.

Leased assets

Leases that effectively transfer substantially all risks and rewards inherent in the ownership of an asset to the Group are classified as finance leases. The original value of the property is recognized under the corresponding asset and a miscellaneous financial liability is recorded under liabilities. The depreciation period applied to this property is consistent with the normal depreciation periods applied by the Group.
All other leases represent operating leases and the corresponding assets are in this case not recognized in the Group's balance sheet.

Intangible and tangible assets break down as follows:

Gross amounts	Intangible assets	Land and buildings	Plant and machinery	Other tangible fixed assets	Work in progress, prepayments	Total
At 12/31/14	**336**	**1,713**	**14,172**	**1,319**	**333**	**17,873**
Increase	131		1,618	81	17	1,847
Decrease			(969)		(209)	(1,179)
Translation adjustments		197	478	62	37	774
At 12/31/15	**467**	**1,910**	**15,298**	**1,462**	**178**	**19,315**

Amortization, depreciation and impairment	Intangible assets	Land and buildings	Plant and machinery	Other tangible fixed assets	Work in progress, prepayments	Total
At 12/31/14	**304**	**131**	**13,220**	**1,063**		**14,718**
Increase Decrease Translation adjustments	44	59 15	247 (969) 459	51 62		401 (969) 536
At 12/31/15	**348**	**205**	**12,956**	**1,176**		**14,685**

In net values	Intangible assets	Land and buildings	Plant and machinery	Other tangible fixed assets	Work in progress, prepayments	Total
At 12/31/14	**32**	**1,582**	**952**	**255**	**333**	**3,153**
Increase Decrease Translation adjustments	87	(59) 182	1,371 19	30 0	17 (209) 37	1,446 (210) 238
At 12/31/15	**119**	**1,705**	**2 342**	**286**	**178**	**4,630**

Decreases reflect the updating of the inventory of fixed assets and the scrap of various equipment at Egide SA with a carrying value that was already nil.

The creation of a clean room at Egide USA required capital expenditures for plant and machinery amounting to €1,246,000, net of the partial reversal for assets in progress as at December 31, 2014.

The conclusion of lease agreements in early 2015 by Egide SA, in accordance with IAS 17, resulted in the capitalization of the corresponding assets. This included €130,000 for intangible assets (software) and €85,000 for plant and machinery.

As the present value of assets recorded in the statement of financial position at December 31, 2015 covers their net carrying value, no additional amounts were recorded for impairment.

20.3.1.5.3.2 Other non-current assets

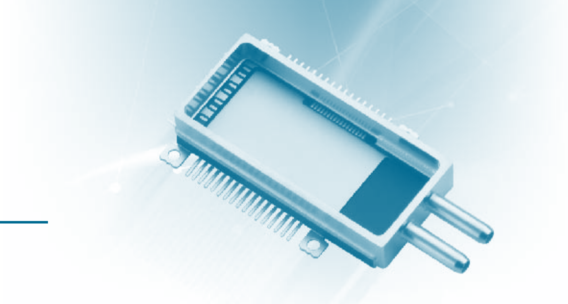
The following line items are included under "Other non-current assets”:

Line items	Balance at 12/31/15	Balance at 12/31/14
Egide SA building debt assignment	242	242
2012 research tax credit		256
2013 research tax credit	262	262
2014 research tax credit		319
2013 CICE wage tax credit	129	129
2014 CICE wage tax credit		197
Total	**633**	**1,406**

The receivable in the amount of €242,000 relating to the sale of the Bollène building of Egide SA corresponds to deferred payment for a portion of the sale price linked to the Cofacerating score for Egide SA.

The 2012 research tax credit is classified under current assets on December 31, 2015 as it will be reimbursed by the tax authorities in 2016, i.e. at the end of three year period following its recognition. The 2013 research tax credit and CICE wage tax credit will be refunded in 2017.

In contrast, because Egide SA was considered as an SME within the meaning of European regulation as of December 31, 2014, the research tax credit and CICE wage tax credit for fiscal 2014 were refunded in June 2015. Similarly, the receivables relating to fiscal 2015 were classified under current assets because they will be refunded in 2016.



20.3.1.5.3.3 *Trade and other receivables*

On initial recognition, receivables are recognized at fair value, and those having maturities of more than one year are discounted as applicable. For subsequent recognition, they are measured at amortized cost using the effective interest method. Impairment charges are recorded for receivables are subject, as applicable, to collection risks, amounting to the estimated value of the risk.

Receivables in foreign currency are measured at the closing exchange rate on this date. The corresponding translation differences result in the recognition of unrealized foreign exchange losses or gains under net financial income.

The following line items are included under "Trade and other receivables":

Line items	Balance at 12/31/15	Balance at 12/31/14
Advances and prepayments on orders	11	14
Accounts receivables	3,079	3,103
Employees and related receivables	2	1
VAT receivables	62	56
Sundry tax receivables (RTC and CICE wage tax credits)	682	251
Sundry debtors	18	75
Total	**3,863**	**3,501**

The 2012 research tax credit (RTC) of Egide SA of €256,000 will be refunded by the tax authorities in mid-2016. The research tax credit of €243,000 and the CICE wage tax credit of €182,000 for fiscal 2015 will be also refunded in 2016.

The aged trial balance for accounts receivables is presented below:

	Total	Not due	Past due 0 to 30 days	Past due 31 to 60 days	Past due 61 to 90 days	Past due more than 91 days
Balance at 12/31/14	3,103	2,560	365	133	12	33
Balance at 12/31/15	3,079	2,575	428	42	26	8

20.3.1.5.3.4 *Provisions*

At Egide SA retirement severance benefits are accrued for in the consolidated financial statements in the form of a provision calculated in accordance with IAS 19 as are long-service and special seniority benefits. These commitments result from the collective bargaining agreement that apply to each establishment and calculated using the projected benefit method prorated on seniority. For these calculations, the following assumptions are used:

- Retirement age: 65 to 67 (according to the date of birth),
- Salary escalation rate: 2 %
- Life expectancy: based on the INSEE 2009 actuarial table
- Probability of presence determined according to internal statistics specific to each establishment
- The long-term discount rate: 2.33 % (Markit Iboxx Eur corporates AA 10+)
- Provisions are calculated excluding employer contributions

These provisions apply to foreign subsidiaries which are not subject to requirements to pay additional employment severance benefits or benefits based on seniority in the company.

The impact of recurrent discounting and normal changes in variables for calculating the provision (seniority, personnel changes, discount rate, etc.) is fully recognized in the statement of comprehensive income. Actuarial gains and losses on provisions for employee benefits amounted to €27,000.

These represent non-current provisions, breaking down as follows:

	Provisions for employee benefits
At 12/31/14	**430**
Increase Reversal of provisions used in the period Reversal of unused provisions	37 (23) (31)
At 12/31/15	**413**

20.3.1.5.3.5 Liabilities

On initial recognition, payables are recognized at fair value, and those having maturities of more than one year are discounted as applicable. For subsequent recognition, they are measured at amortized cost using the effective interest method. Payables in foreign currency are measured at the closing exchange rate on this date. The corresponding translation differences result in the recognition of unrealized foreign exchange losses or gains under net financial income.

The capitalization of finance leases resulted in the recognition under liabilities of a miscellaneous financial liability for the same initial amount. This financial liability is amortized over the lease term.

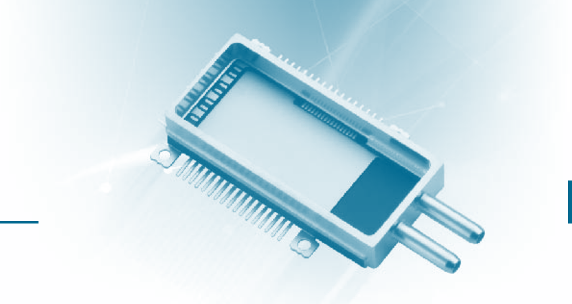
20.3.1.5.3.5.1 Borrowings and financial liabilities falling due in more than one year

Line items	Balance at 12/31/15	Due within 1 to 5 years	Due after 5 years	Balance at 12/31/14	Due within 1 to 5 years
Building loan - Egide USA Inc. RTC and CICE wage tax credit pre-financing - Egide SA	1,123 331	351 331	772	 518	 518
Total borrowings from credit institutions	**1,454**	**682**	**772**	**518**	**518**
Sofired PME Défense loan - Egide SA Finance lease debt - Egide SA PRME - Egide SA	600 105 29	360 105 29	240	 85	 85
Total financial liabilities	**734**	**494**	**240**	**85**	**85**
Total borrowings and financial liabilities	**2,188**	**1,176**	**1,012**	**603**	**603**

At December 31, 2014, there were no payables outstanding with terms exceeding five years.

With covenants relating to real estate loans of Egide USA Inc. in compliance on December 31, 2015, the presentation of this debt according to a breakdown between non-current and current liabilities is once again possible, whereas at December 31, 2014, the breach of these covenants resulted in their classification under current liabilities in their entirety.

Pursuant to the conclusion of finance leases in early 2015 by Egide SA, the corresponding assets were capitalized in accordance with IAS 17, with a reverse entry of €105,000 under non-current liabilities and €57,000 under current liabilities.



20.3.1.5.3.5.2 Current debts

Debts with maturities of less than one year break down as follows:

Line items	Balance at 12/31/15	Balance at 12/31/14
Building loan - Egide USA Inc. CICE wage tax credit pre-financing - Egide SA	76	1,139 226
Total borrowings from credit institutions	**76**	**1,365**
Factoring and revolving credit debt Finance lease debt - Egide SA PRME - Egide SA	2,347 57 56	2,372 53
Total financial liabilities	**2,460**	**2,425**
Total borrowings and financial liabilities	**2,536**	**3,790**

Line items	Balance at 12/31/15	Balance at 12/31/14
Advances and prepayments on orders	119	58
Trade payables and related accounts	2,086	1,836
Employees and related payables	1,194	1,107
VAT payables	23	19
Other tax payables	96	115
Sundry creditors	79	85
Payables for fixed assets	34	60
Total trade and other payables	**3,632**	**3,279**

20.3.1.5.3.6 Tax and tax credits

Reconciliation between the theoretical tax and actual tax recognized:

	At 12/31/15
Pretax profit (loss) of consolidated companies	(1,378)
Theoretical tax income from rate of December 31, 2015	459
Impact of loss carryforwards	(459)

For information, deferred taxes at December 31, 2014 consisted of tax losses carried forward indefinitely amounting to €48,866,000 for Egide SA and €5,478,000 for Egide USA Inc.

Deferred tax corresponds to tax loss carryforwards that will not be capitalized in the short-term given the amount of tax losses.

20.3.1.5.3.7 Segment information

Products are shipped ex-factory according to Incoterm definition. Revenue is recognized upon the transfer of risks either when products are shipped or from availability for shipment ex-works.

In accordance with the Group's internal reporting methods, an operating sector is defined as a component of an entity engaged in ordinary activities generating income and expenses for which financial information is available.
On this basis, for the two segments, operating results as regularly reviewed by the chief operating decision-maker of the entity are determined as follows: Egide SA and Egide USA Inc.

Accounting principles applied to information provided for the segments are the same as those used to prepare the consolidated financial statements.

Financial highlights for operating segments break down as follows:

In K€	At 12/31/15			At 12/31/14		
	Egide SA	Egide USA Inc	Total	Egide SA	Egide USA Inc	Total
Revenue	12,150	8,441	20,591	12,955	7,011	19,967
Operating profit/(loss)	(1,198)	(285)	(1,483)	(907)	(27)	(935)
Net fixed assets	1,519	3,334	4,854	1,354	1,991	3,345
Capital expenditures for the period	444	1,223	1,667	124	371	495
Fixed asset impairments / IAS 36	(1,262)	(205)	(1,466)	(1,262)	(205)	(1,466)
Non-current borrowings and financial liabilities	1,065	1,123	2,188	829	0	829
Current borrowings and financial liabilities	1,641	895	2,535	1,601	1,963	3,564

20.3.1.5.3.8 Other operating income and expenses

The breakdown for this item is as follows:

Line items	At 12/31/15		At 12/31/14	
	Income	Expenses	Income	Expenses
Research tax credit - Egide SA	243		319	
Application of statute of limitation rules - Egide SA		(3)		(54)
Attendances' fees		(18)		(32)
Other	37	(44)	25	(50)
Total	**280**	**(65)**	**345**	**(136)**

20.3.1.5.3.9 Net financial income/(loss)

Gross borrowing costs include interest expense on loans as shown in the statement of that position and financing commissions linked to factoring.

Other financial income and expenses break down as follows:

Line items	At 12/31/15		At 12/31/14	
	Income	Expenses	Income	Expenses
Foreign exchange gains / (losses)	458	(155)	267	(33)
Other income and expenses	9		13	
Total	**467**	**(155)**	**280**	**(33)**

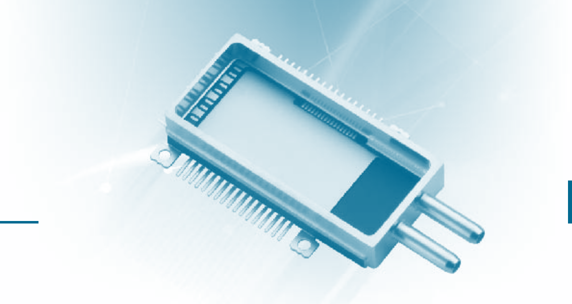
20.3.1.5.4 Shareholders equity and earnings per share

20.3.1.5.4.1 Information on paid-in capital

The reserved capital increase of November 13, 2015 resulted in the issuance of 406,536 shares at €2.60 per share with a nominal value of €2. At December 31, 2015, the share capital was made up of 4,471,906 shares of €2 at par representing €8,943.812.

Additional paid-in capital at December 31, 2015 amounted to €1,741.193. Pursuant to the capital increase, the share premium was increased to €243,922 on November 13, 2015.

Transaction costs amounting to €9,000 were charged to share premium.



20.3.1.5.4.1.1 Stock option plans

On June 26, 2013 the general meeting of Egide SA authorized the Board of Directors to grant to members of the executive management and selected personnel of the company or subsidiaries held directly or indirectly, for a period that will expire on August 26, 2016, options conferring a right to subscribe for shares to be issued through a capital increase. The total number of options granted and not yet exercised does not confer a right to subscribe to more than 5% of the shares making up the share capital. Options thus granted may not be exercised within a two-year period from the exercise date, nor sold before a two-year period from this date. With respect to grants of options to personnel of the US subsidiary, Egide USA Inc. the lockup period for 50% of these options may be reduced to one year from their exercise date.

In 2015, 12,000 options were granted.

In addition, pursuant to the departure of two employees of the Group, 364 options were forfeited in fiscal 2015, resulting in the closure of plan 6.1.

Year-end stock option plan highlights are presented below:

Numéro du plan	Plan 5.2	Plan 6.2	Plan 6.3	Plan 7.1	Total
Options granted and not exercised Subscription price	24,597 € 4.81	603 € 6.71	603 € 3.67	12,000 € 2.56	37,803

For information, the average price for the Egide SA share for fiscal 2015 was €3.14 and the closing price at December 31, 2015 was €3.65.

With the total number of options granted and not exercised yet by the general meeting at a maximum of 5 % of the shares making up the share capital, there remained at December 31, 2015 a balance of 185.792 options available for grants.

Stock options to purchase shares granted to employees are measured at their fair value on the grant date. Fair value measurement of options is determined using the Black & Scholes valuation model based on management assumptions (option life: 4.5 years; volatility: 30%). The resulting amount is recognized in with the statement of comprehensive income for the employees' vesting period with an equivalent increase in equity. Expenses recognized for options lapsing before being exercised are reversed in the comprehensive income statement for the period in which options lapsing due to the departure of employees before the end of the vesting period were recorded.

The company applies IFRS 2 "Share-based payments and equivalents" to equity instruments granted after November 7, 2002 and not yet vested by December 31, 2015.

20.3.1.5.4.1.2 Capital increase authorizations

The combined extraordinary and ordinary general meeting of July 16, 2015 authorized the Board of Directors to issue, through one or more installments, in amounts and at such times as it chooses, ordinary shares and/or securities constituting of equity securities and giving access to equity securities to be issued governed by articles L.228-91 et seq. of the French commercial code and/or by capitalizing reserves, earnings or additional paid-in capital, for a maximum nominal amount of €5 million, maintaining shareholders preferential subscription rights. It furthermore authorized the Board of Directors to increase the number of securities to be issued by up to 15% the initial issue amount for the purpose of providing for an overallotment (greenshoe) option in accordance with market practices. These issues are authorized for a period of 26 months from the date of this general meeting, i.e. until September 15, 2017. Finally, it authorized issuances through public offerings as provided for by article L.411-2 of the French monetary and financial code (code monétaire et financier) with cancellation of the shareholders' pre-emptive subscription rights subject to a limit of 10 % of the share capital over the total duration of the authorization. This issue is authorized for a period of 18 months from the date of this general meeting, i.e. until January 15, 2017.

These authorizations were partially used in the period with the completion on November 13, 2015 of a capital increase by the issuance of 406,536 new shares, suspending the preferential subscription right for the benefit of persons mentioned in article L.411-2 of the French monetary and financial code (see Sections 20.3.1.5.3.2, 20.3.1.5.3.3 and 20.3.1.5.3.6).

20.3.1.5.4.2 Earnings per share

Earnings per share, diluted or basic, take into account "Net income attributable to Group shareholders" as shown in the statement of comprehensive income.

Basic earnings per share are determined by dividing this result by the weighted average number of shares outstanding in the period. Share issuances resulting from cash capital increases are taken into account as from the date on which the funds are available. There is only one class of shares.
Diluted earnings per share are determined by adjusting the weighted average number of shares according to the maximum impact from converting dilutive instruments into ordinary shares, using the treasury stock method. Stock options are taken into account in calculating the theoretical number of additional shares only if the exercise price is lower than the listed share price on

The following table presents the numbers of shares used for the calculation:

Date for calculation purposes	Number of shares	At 12/31/15		At 12/31/14	
			Weighted number	Prorated presence	Weighted number
12/31/99	643,598	1	643,598	1	643,598
04/03/00	400	1	400	1	400
07/05/00	91,999	1	91,999	1	91,999
12/22/00	245,332	1	245,332	1	245,332
12/31/01	3,458	1	3,458	1	3,458
12/31/03	1,428	1	1,428	1	1,428
12/31/04	7,099	1	7,099	1	7,099
12/31/05	4,942	1	4,942	1	4,942
08/21/06	285,738	1	285,738	1	285,738
12/31/06	1,837	1	1,837	1	1,837
12/31/07	288	1	288	1	288
12/31/08	3	1	3	1	3
12/31/09	153	1	153	1	153
06/10/11	25	1	25	1	25
02/17/12	493,080	1	493,080	1	493,080
04/04/12	5,417	1	5,417	1	5,417
06/30/14	2,280,573	1	2,280,573	0.5	1,140, 287
11/13/15	406,536	0.13	50,817		
Ordinary shares			**4,116,187**		**2,925,084**
Theoretical number of additional shares			0		0
Impact of dilutive instruments.			**4,116,187**		**2,925,084**

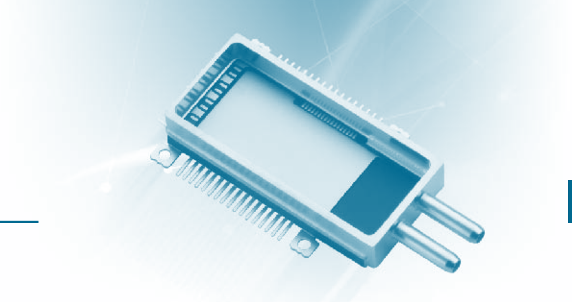
20.3.1.5.5 Related parties

20.3.1.5.5.1 Related party transactions

The five executive officers of Egide SA are the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officer and two independent directors.

The Chairman of the Board of Directors was paid €87,000 in gross compensation for fiscal 2015 (salary of €83,000 and benefits in-kind of €4,000). This compensation includes only fixed components. The executives do not receive post-employment benefits, severance benefits or any other long-term benefits. Other than stock options, (see above), there is no share-based compensation. Benefits in-kind granted to the Chairman of the Board of Directors consist of an unemployment insurance policy for chief executives, a company car and mutual insurance coverage.

The Chief Executive Officer was paid €103,000 in gross compensation for fiscal 2015 (salary of €84,000 and benefits in-kind of €18,000). Compensation of the Chief Executive Officer includes variable compensation for up to 40% of the fixed salary, subject to achieving performance indicators (annually set revenue and EBIT targets). As these performance indicators were not achieved in 2015 at the Group level, no variable compensation was paid on this basis. On November 6, 2015, the Board of Directors furthermore decided to introduce an additional qualitative criteria in the calculation of variable compensation and, on that basis, to grant the Chief Executive Officer a bonus equal to 15% of his annual salary in the event of the successful qualification of the new ceramic installations



of the US subsidiary by its initial customer. At the end of fiscal 2015, this qualification had not been granted and in consequence this bonus was not paid. Finally, for fiscal 2015, and for the first time, the Chief Executive Officer will receive the bonus granted prior to his appointment on the same basis as the key executives of Egide USA which was based on an annual EBITDA target for the US subsidiary. This bonus will amount to US$55,000 and be paid in 2016 as this target was met. Given his US nationality, the chief executive officer does not benefit from French social security coverage though does receive benefits in the form of company housing in France (and related expenses) four round-trip plane tickets from the US to France per year for the benefit of his spouse and a company car in the United States.

The Deputy Chief Executive Officer, also holding an employment contract for distinct technical functions as chief administrative and financial officer, does not receive remuneration for his corporate office.

Directors of Egide SA did not receive stock options with the exception of the Chairman of the Board of Directors who at December 31, 2015 held 18,063 stock options, the Chief Executive Officer 13,626 stock options and the Deputy Chief Executive Officer 302 stock options.

For fiscal 2015 attendance fees paid to other members of the Board of Directors totaled €18,000 (gross amount plus a fixed statutory social levy for the "forfait social" of €4,000 for Egide SA).

Furthermore, directors are covered for liability by a D&O policy underwritten by Chartis. Coverage under this policy is for a maximum amount of €4.5 million with a deductible for the United States of US$25,000 for an annual premium of €13,000 excluding tax.

20.3.1.5.5.2 Breakdown of average headcount

	2015	2014
Executives and management staff	50	51
Supervisory staff and technicians,	25	26
Plant and office staff	148	164
Total	**223**	**240**

20.3.1.5.6 Commitments and other contractual obligations

20.3.1.5.6.1 Commitments related to company financing activities

20.3.1.5.6.1.1 Commitments given

20.3.1.5.6.1.1.1 Commitments on behalf of affiliated companies

The company stood guarantee to the benefit of Bank of America in connection with a loan agreement obtained by Egide USA Inc. in May 2012 to finance the purchase of its industrial building for amounts owed by Egide USA Inc. representing at a maximum the amount of principal and interest remaining due, estimated at US$1,777,000 (€1,632,000) at December 31, 2015.

20.3.1.5.6.1.1.2 Commitments in favor of financial institutions

In accordance with articles L313-23 to L313-34 of the French monetary and financial code, Egide assigned to Bpifrance receivables represented by 2013 research tax credit and the 2013 CICE wage tax credit. The assignment of these securitized receivables (Dailly receivables) made it possible to pledge these receivables in exchange for:

- the grant in February 2015 of a cash credit line for 80% of the 2013 research tax credits or €208,000.
- financing received in July 2014 representing 95% of the 2013 CICE wage tax credit or €123,000.

This pledge guarantees repayment by Egide for all amounts owed under its commitments to Bpifrance.

Off-balance-sheet commitments are summarized below:

Line items	At 12/31/15	At 12/31/14
Pledges Guarantees given	331 1,632	744 1,595
Total	**1,963**	**2,339**

20.3.1.5.6.1.2 Commitments received

No bank guarantees were issued to the benefit of Egide.

20.3.1.5.6.1.3 Reciprocal commitments

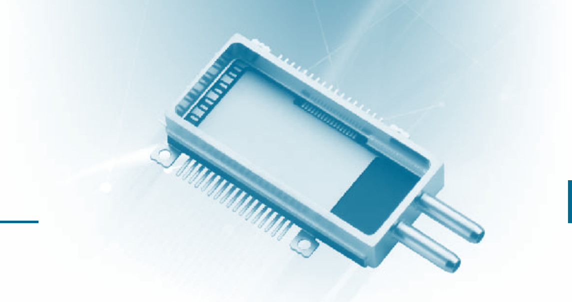
In connection with the factoring arrangement set up in April 2006, Egide SA took out a credit insurance policy designating the factors as beneficiaries for insurance payments to be made in the event of default by the company's customers. Obligations for claims payments by the insurance company are limited with respect to the company to maximum payments equal to €1 million.

20.3.1.5.6.2 Commitments given related to company operating activities

The breakdown by maturity for unrecognized commitments on the operating lease is as follows:

	Values at 12/31/15	Due within less than 1 year	Due within 1 to 5 years	Due after 5 years
Trappes property lease - Egide SA [1] Bollène property lease - Egide SA [2] Company cars - Egide SA [3]	134 1,953 57	114 207 21	20 851 36	0 895 0
Total	**2,144**	**342**	**907**	**895**

[1] A firm 9-year lease commencing on March 5, 2008 – annual rent indexed to the INSEE cost of construction index as from April 1, 2009.
[2] A firm 15-year lease commencing on March 3, 2010 – annual rent indexed to the INSEE cost of construction index as from March 1, 2011.
[3] Company car leasing agreements for 36 or 48 months for three vehicles, subject to fixed lease payments.

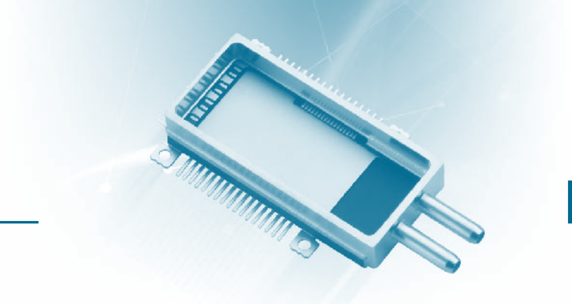


20.3.2 2015 annual financial statements

20.3.2.1 Balance sheet - assets and liabilities (in euros)

ASSETS in euros	Gross value at 12/31/15	Amortization, depreciation and impairment	Net value at 12/31/15	Net value at 12/31/14
Intangible assets	**489,345**	**468,051**	**21,293**	**31,534**
Start-up costs				
Research and development expenditures				
Concessions, patents, licenses	336,896	315,602	21,293	31,534
Goodwill	152,449	152,449	0	0
Other intangible assets				
Property, plant and equipment	**10,179,676**	**9,076,954**	**1,102,722**	**1,151,572**
Land				
Buildings				
Plant, machinery and equipment.	9,180,990	8,371,735	809,255	878,820
Other PPE	822,896	553,268	269,629	265,423
PPE under construction	159,280	151,951	7,329	7,329
Advances and prepayments	16,510		16,510	
Financial assets	**77,146,861**	**73,629,295**	**3,517,566**	**1,289,527**
Equity interests	74,484,637	73,629,295	855,342	0
Investment-related receivables	2,444,846		2,444,846	1,102,935
Other financial assets	217,378		217,378	186,592
NON-CURRENT ASSETS	**87,815,882**	**83,174,300**	**4,641,582**	**2,472,632**
Inventory and work in progress	**5,711,136**	**3,569,304**	**2,141,832**	**2,068,054**
Raw materials, supplies	3,728,851	2,565,124	1,163,727	1,212,866
Work-in-progress: goods	567,544	2,308	565,236	475,606
Work-in-progress: services	68,926		68,926	63,639
ntermediate and finished goods	1,293,244	952,626	340,618	311,730
Trade goods	52,571	49,246	3,325	4,213
Receivables	**423,351**		**423,351**	**542,169**
Advances and installments paid on orders	10,925		10,925	13,785
Trade receivables and related accounts				
Subscribed capital - called and unpaid	412,426		412,426	528,384
Other receivables	**1,479,236**	**86,493**	**1,392,743**	**1,527,210**
Cash at bank and in hand	**2,589,104**		**2,589,104**	**3,955,023**
Marketable securities	1,051,352		1,051,352	
Cash at bank and in hand	1,537,752		1,537,752	3,955,023
Prepaid expenses	**194,297**		**194,297**	**239,311**
CURRENT ASSETS	**10,397,124**	**3,655,797**	**6,741,327**	**8,331,767**
Translation differences (assets)				
TOTAL	**98,213,006**	**86,830,097**	**11,382,909**	**10,804,399**

EQUITY & LIABILITIES in euros	Values at 12/31/15	Values at 12/31/14
Capital	8,943,812	8,130,740
Additional paid-in capital	1,741,193	1,506,328
Revaluation reserves		
Legal reserve	355,876	355,876
Statutory and contractual reserves		
Tax-based reserves		
Other reserves		
Retained earnings	(2,734,079)	(1,530,254)
Net income for the period	(1,051,859)	(1,203,824)
Investment grants		
Tax-based provisions		
SHAREHOLDERS' EQUITY	**7,254,943**	**7,258,866**
Advances on conditions	6,390	12,780
OTHER SHAREHOLDERS' EQUITY	**6,390**	**12,780**
Provisions for contingencies		
Provisions for expenses	412,514	429,760
PROVISIONS	**412,514**	**429,760**
Financial liabilities	**813,780**	**437,352**
Bank borrowings	122,690	287,352
Other financial liabilities	691,091	150,000
Advances and downpayments on orders in progress	**119,396**	**58,315**
Other payables	**2,623,474**	**2,472,658**
Trade payables and related accounts	1,373,382	1,151,778
Tax and employee-related liabilities	1,136,285	1,175,908
Payables to fixed asset suppliers	34,455	59,766
Other liabilities	79,351	85,207
Deferred income		
PAYABLES	**3,556,650**	**2,968,324**
Translation differences (liabilities)	152,411	134,669
TOTAL	**11,382,909**	**10,804,399**



20.3.2.2 Income statement (in euros)

Line items	France	Export	12/31/15	12/31/14
Sale of goods	72,037	227,326	299,363	613,321
Sold production (goods)	6,717,789	4,585,006	11,302,795	11,766,567
Sold production (services)	306,989	432,973	739,962	602,142
NET REVENUE	**7,096,816**	**5,245,305**	**12,342,120**	**12,982,030**
Change in finished goods and in-progress inventory			165,787	68,392
Grants			665	4,500
Reversals of impairment & provisions - Expense reclassifications			90,187	165,950
Other income			23,681	2,229
Operating income			**12,622,440**	**13,223,101**
Purchase of trade goods			28,871	25,059
Changes in inventories of goods held for resale			(845)	218
Purchase of raw materials & other supplies			4,124,662	4,301,125
Changes in inventory (raw materials & other supplies)			67,747	27,596
Other purchases and external expenses			3,433,715	3,080,806
Taxes other than on income			265,890	294,114
Salaries and wages			4,277,887	4,676,758
Social security contributions			1,545,324	1,756,403
Allowances for amortization, depreciation & impairment of fixed assets			214,162	213,560
Allowances for impairment of current assets			76,934	59,429
Allowances for provisions			21,114	48,612
Other operating expenses			54,313	104,792
Operating expenses			**14,109,775**	**14,588,474**
OPERATING INCOME			**(1,487,335)**	**(1,365,372)**
Interest and similar income			11,330	10,605
Reversals of impairment & provisions - Expense reclassifications			940,957	166,374
Foreign exchange gains			248,927	21,165
Net proceeds from the disposal of marketable securities				86
Financial income			**1,201,215**	**198,229**
Allowances for depreciation and reserves			940,957	268,795
Interest and related expenses			50,501	58,379
Foreign exchange losses			19,909	4,473
Net proceeds from the disposal of marketable securities				
Financial expenses			**1,011,367**	**331,647**
NET FINANCIAL INCOME / (EXPENSE)			**189,848**	**(133,417)**
INCOME FROM ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS AND TAX			**(1,297,487)**	**(1,498,790)**
Exceptional income from non-capital transactions			5,200	7,711
Exceptional income on capital transactions			2,585	
Other capital transactions				
Reversals of impairment & provisions - Expense reclassifications				
Exceptional income			**7,785**	**7,711**
Exceptional expenses on non-capital transactions			5,202	28,893
Exceptional expenses on capital transactions				
Allowances for depreciation and reserves				2,788
Exceptional expenses			**5,202**	**31,681**
NET EXCEPTIONAL ITEMS			**2,583**	**(23,970)**
Income tax			(243,045)	(318,936)
Employee profit sharing				
TOTAL INCOME			**13,831,440**	**13,429,041**
TOTAL EXPENSES			**14,883,299**	**14,632,865**
NET INCOME (LOSS) FOR THE PERIOD			**(1,051,859)**	**(1,203,824)**

20.3.2.3 Cash flow statement (in euros)

Line items	12/31/15	12/31/14
Net income/(loss)	**(1,051,859)**	**(1,203,824)**
Adjustments for non-cash income and expense or items unrelated to operating activities:		
- Amortization, depreciation and provisions (excl. depreciation of current assets)	196,916	354,127
- Capital gains or losses from asset disposals	(2,585)	
Change in working capital requirements (net values)		
- Inventories and work in progress	(73,778)	(39,804)
- Trade receivables	115,958	35,885
- Other receivables and prepaid expenses	182,341	379,687
- Trade payables	221,605	(199,039)
- Other payables and deferred income	33,346	(141,881)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(378,056)**	**(814,848)**
Fixed asset purchases		
- Tangible and intangible fixed assets	(180,383)	(117,297)
- Financial assets	(2,228,040)	(523,522)
Fixed asset disposals		
- Tangible and intangible fixed assets	2,585	
- Financial assets		
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(2,405,838)**	**(640,819)**
Issue of new cash shares	1,047,937	4,795,863
Increases in other equity		
Decreases in other equity	(6,390)	(6,390)
Distribution of dividends		
Increase in borrowings	601,091	287,352
Decrease in borrowings	(224,662)	(60,000)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	**1,417,975**	**5,016,824**
Change in cash at bank and on hand	(1,365,919)	3,561,157
Change in current bank facilities		
CHANGE IN CASH AND CASH EQUIVALENTS	**(1,365,919)**	**3,561,157**
Opening cash and cash equivalents	**3,955,023**	**393,866**
- of which marketable securities pledged		
- of which available-for-sale market securities		65,028
- of which cash at bank and on hand	3,955,023	328,838
Closing cash and cash equivalents	**2,589,104**	**3,955,023**
- of which available-for-sale market securities	1,051,352	
- of which cash at bank and on hand	1,537,752	3,955,023
CHANGE IN CASH AND CASH EQUIVALENTS	**(1,365,919)**	**3,561,157**

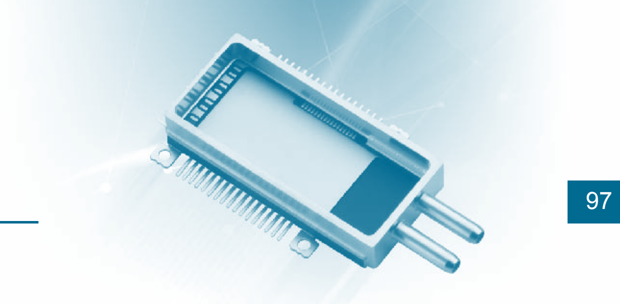
20.3.2.4 Accounting principles and notes

20.3.2.4.1 Preliminary remarks

These notes are an integral part of the annual financial statements established on December 31, 2015 showing total assets of €11,382,909 with a statement of comprehensive income presented in list form showing a loss of €1,051,859, adopted by the Board of Directors on April 28, 2016. These accounts have also been included in the consolidated financial statements of Egide SA as the parent company.

The financial period runs for twelve months from January 1 to December 31, 2015.

The information given below is expressed in euros or thousands of euros, unless otherwise indicated.



20.3.2.4.2 Significant accounting policies

20.3.2.4.2.1 Basis of preparation and compliance statement

The annual financial statements for the period ended December 31, 2015 have been prepared in accordance with applicable accounting standards based on the principles of conservatism, fair presentation, consistency of presentation, the time period concept and going concern.

Account items are measured in accordance with the historical cost method which makes use of nominal costs as expressed in the current national currency.

The annual financial statements have been prepared and presented in accordance with French generally accepted accounting practices (L123-12 to L123-28 of the French commercial code, the decree of November 29, 1983 and ANC Regulation 2014-03 issued by the French accounting standards setter.

20.3.2.4.2.2 Intangible assets

Intangible assets are measured at acquisition cost on initial recognition, plus incidental expenses required to bring the asset into usable condition. Transfer duties, commissions and fees relating to acquisition of intangible assets are expensed in the period, in accordance with the option available under French GAAP (CRC regulation No. 2004-06)

In light of the "customized" nature of products marketed by Egide, research and development expenditures concern mainly products developed in partnership with customers. These costs are then incorporated into the costs of prototypes which are invoiced to customers. In consequence, no research and development expenditures are capitalized in the balance sheet and accounted for as such under assets.

Finite life assets are amortized on a straight-line basis over the expected useful life for generating economic benefits for the company. Amortization is calculated according to the following rates:

	Straight-line
Licenses	10% to 20 %
Software	20% to 33.33%
Patents	8.33%

As no significant residual values were identified for the company's intangible assets, the amortization base does not take into account any residual values at the end of their period of use.
The amortization method, residual amounts and useful lives are reviewed at a minimum at the end of each reporting period, and may modify on a prospective basis the initial amortization schedule.
An impairment test is performed whenever there exists an internal or external indicator of a loss in value. On that basis, an impairment loss is recognized if the recoverable value of the asset concerned is lower than the net carrying value. This impairment loss is deducted from depreciable accounting base over the asset's remaining useful life

Information on the impairment test is provided in section 1.4

20.3.2.4.2.3 Property, plant and equipment

The gross value of asset components is measured at acquisition cost on initial recognition as fixed assets, plus incidental expenses required to bring these assets into usable condition. Transfer duties, commissions and fees relating to acquisition of property, plant and equipment are expensed in the period, in accordance with the option available under French GAAP (CRC regulation No. 2004-06)

Expenditures are capitalized if is likely that the future economic benefits associated with this asset will flow to the company and its costs can be reliably measured. Other expenditures are expensed if they do not meet this definition.

Assets in progress represent assets not yet commissioned at the end of the reporting period.

When significant components of tangible assets are identified with different useful lives, these components are accounted for and depreciated separately according to their own useful lives. Expenditures relating to the replacement or renewal of a tangible asset component are recognized as a distinct asset and the replaced asset is derecognized. Assets with significant components include ceramic kilns requiring the replacement of the equipment's heating system (approximately 20% of the asset's total value) every four years compared with a useful life for the entire asset of 10 years.

Depreciable assets are depreciated on a straight-line basis over the expected useful life for generating economic benefits for the company. Amortization is calculated according to the following rates:

	Straight-line
Buildings	4 %
Buildings fixtures and fittings	10 %
Furnaces (structure, excluding identified components)	10 %
Ceramic firing furnace heating system (identified component)	25 %
Ceramic production equipment (screen printing, via filling, etc.)	12.50 %
Ceramic production facilities (clean room, casting machine, etc.)	10 %
Graphite machining equipment (CNC machining centers)	10 %
Other machinery and equipment	12.50 % to 33.33 %
Office equipment and furniture, other fixtures and fittings	10 % to 33.33 %

As no significant residual values were identified for the company's tangible assets, the depreciation base does not take into account any residual values at the end of their period of use.

The amortization method, residual amounts and useful lives are reviewed at a minimum at the end of each reporting period, and may modify on a prospective basis the initial amortization schedule.

An impairment test is performed whenever there exists an internal or external indicator of a loss in value. On that basis, an impairment loss is recognized if the recoverable value of the asset concerned is lower than the net carrying value. This impairment loss is deducted from depreciable accounting base over the asset's remaining useful life
Information on the impairment test is provided in section 1.4

20.3.2.4.2.4 Impairment test for non-financial assets

Before impairment tests, cash generating units (CGU) are first of the five. A CGU is a group of homogeneous assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets.
Egide accordingly measures discounted future cash flow that will be generated by each CGU.
Value in use is determined by comparing the present value of cash flows to the net carrying value of the corresponding intangible and tangible assets of the corresponding CGU. An impairment loss is recognized if value in use falls below the net carrying value.

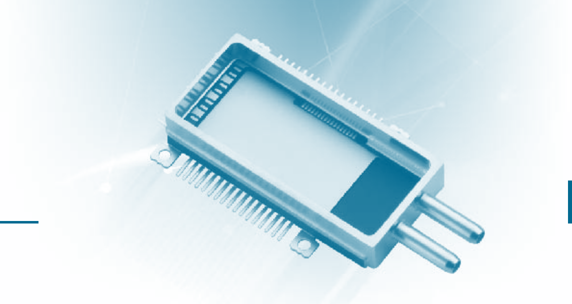
Allowances and reversals of amounts for impairment of fixed assets are presented in the company's income statement under results from operations.

In accordance with French GAAP (CNC recommendation 06-12 of 24 October 2006), to allow for the tax deduction of impairment charges resulting from an impairment test, the irreversible depreciation charge relating thereto at the end of each reporting period is transferred to allowances for depreciation. The amount of this transfer equals the difference between allowances for depreciation calculated from the new depreciable amount (depreciation deducted) and allowances for depreciation that would have been recognized in the absence of impairment. This reversal is spread over the remaining useful life of the asset.

20.3.2.4.2.5 Tooling

Contributions to the tooling cost invoiced by suppliers over which Egide does not exercise control are expensed in the period.

Tooling over with Egide exercises control is recognized under "Plant and machinery" and depreciated on the basis of an expected useful life of three years for generating future economic benefits for the company.



20.3.2.4.2.6 Financial assets

The gross value of investments represents their acquisition cost on initial recognition.
Amounts for impairment are recorded, as applicable, to reflect their useful life for the company. The value is remeasured at the end of the reporting period which may result in the recognition of an impairment.

Transfer rights, commissions and fees relating to the acquisition of financial assets are expensed in the period in accordance with the option available under French GAAP (CRC regulation 2004-06).

20.3.2.4.2.7 Inventory and work in progress

Inventories materials, consumables and trade goods are recognized at their acquisition cost (plus shipping costs) according to the weighted average cost method. Work in progress, finished goods and semi-finished goods are measured at production cost which includes direct manufacturing costs and factory overheads relating to references recognized as correct at the end of the manufacturing process. The costs of manufacturing scrap are expensed in the period. When costs are higher than the selling price, after deducting selling costs for products, a charge for impairment is recorded for the difference.

Depreciation charges are recognized for raw materials, semi-finished and finished goods and based on their age and expectations for their use and sale. For the first year, an impairment charge of 5% is recorded which is increased to 50% to 100% in the second year and 100% the third year based on the actual depreciation schedule. For information, inventories for raw material include components and basic raw materials (minerals). Items in this latter category by nature are subject to different depreciation rules based on factors relating to stock use, transformation into components or resale of an existing market.

20.3.2.4.2.8 Transactions and account balances in foreign currency

Purchases and sales in foreign currency are recognized in the income statement at the rate in effect on the transaction date. At the end of the reporting period, payables and receivables in foreign currency are measured at the year-end exchange rate through the accounts for translation differences. Provisions are recorded in the income statement for net unrealized foreign exchange losses (negative foreign exchange balance). Unrealized foreign exchange gains are not recognized in the income statement.

Foreign-currency bank account and cash balances are also subject to adjustments at year-end rates though the resulting gains or losses are recognized directly in financial income and expenses under the heading "translation differences".

20.3.2.4.2.9 Payables and receivables

Payables and receivables are registered at face value except provisions for retirement severance payments and similar benefits which correspond to the present value of the future liability.

Impairment charges are recorded for receivables are subject, as applicable, to collection risks, amounting to the estimated value of the risk.

20.3.2.4.2.10 Factoring

The trade receivables account is cleared when the receivable is transferred to the factor resulting in the issuance of a subrogation receipt.
The resulting receivable created in favor of the factor is extinguished when the receipt has been financed, after deducting the holdback and fees and commissions payable.
The factoring company which handles export receivables does contractually limit outstanding receivables balances per customer financed to €250,000.

20.3.2.4.2.11 Marketable securities

Marketable securities are recognized at acquisition cost. An impairment charge is recorded if their net asset value falls below their carrying value at the end of the reporting period.

Capital gains or losses in the period are determined according to the "first in first out" (F.I.F.O.) method.

20.3.2.4.2.12 Advances on conditions

Advances received from government entities and repayable in one or more installments according to conditions defined by agreement are recognized under other equity.

20.3.2.4.2.13 Provisions for retirement severance payments and similar benefits

Provisions are recorded for retirement severance, seniority and long service benefits calculated in accordance with French GAAP (Recommendation 2003-R.01 of the Conseil National de la Comptabilité). Retirement severance and seniority benefits result from the terms of collective bargaining and company-level agreements applicable to each establishment and calculated according to the projected benefit method prorated on seniority. Liabilities for long-service benefits are calculated in accordance with the statutory provisions. The main assumptions used for estimating these obligations are as follows:

- Retirement age: 65 to 67 (according to the date of birth),
- Salary escalation rate: 2 %,
- Life expectancy: based on the INSEE 2009 actuarial table
- Probability of presence determined according to internal statistics specific to each establishment,
- The long-term discount rate: 2.33 % (Markit Iboxx Eur corporates AA 10+)
- Provisions are calculated excluding employer contributions as normally such obligations are not subject to social charges.

The impact of recurrent discounting and normal changes in variables for calculating the provision (seniority, personnel changes, discount rate, etc.) is fully recognized in the income statement.

20.3.2.4.2.14 Provisions

Provisions for contingencies and expenses are recorded when on the balance sheet date there exists an obligation towards a third-party for which it is probable or certain that an outflow of resources embodying economic benefits will be required to settle the obligation and no equivalent benefit is expected to be received in return after this date.

20.3.2.4.2.15 Revenue recognition

Products are shipped ex-factory according to the Incoterm definition. Revenue is recognized upon the transfer of risks either when products are shipped or from availability for shipment ex-works.

20.3.2.4.3 Additional balance sheet and income statement disclosures

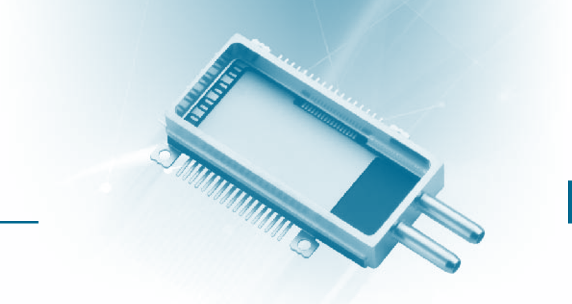
20.3.2.4.3.1 Critical accounting estimates and judgments

The company makes estimates and applies assumptions with regard to future activity. The resulting accounting estimates will by definition, rarely be identical to actual results.

The critical accounting estimates and assumptions that could result in a material adjustment to the carrying amount of assets and liabilities during subsequent periods concern impairment tests the company may perform on intangible and intangible assets. In effect, in accordance with the accounting method defined in section 1.4, recoverable amounts are determined from calculations for value in use which call for use of estimates.

20.3.2.4.3.2 Share capital

The capital increase of November 13, 2015 resulted in the issuance of 406,536 shares at €2.60 per share with a nominal value of €2. At December 31, 2015, the share capital was made up of 4,471,906 shares of €2 at par representing €8,943,812.



20.3.2.4.3.3 Additional paid-in capital

Share premium at December 31, 2015 amounted to €1,741,193. Pursuant to the capital increase described in section 2.2, share premium was increased to €243,922 at November 13, 2015.

Transaction costs amounting to €9,057 were charged to share premium.

20.3.2.4.3.4 Stock option plans

On June 26, 2013 the general meeting of Egide SA authorized the Board of Directors to grant to members of the executive management and selected personnel of the company or subsidiaries held directly or indirectly, for a period that will expire on August 26, 2016, options conferring a right to subscribe for shares to be issued through a capital increase. The total number of options granted and not yet exercised does not confer a right to subscribe to more than 5% of the shares making up the share capital. Options thus granted may not be exercised within a two-year period from the exercise date, nor sold before a two-year period from this date. With respect to grants of options to personnel of the US subsidiary, Egide USA Inc. the lockup period for 50% of these options may be reduced to one year from their exercise date.

In 2015, 12,000 options were granted.

In addition, pursuant to the departure of two employees of the Group, 364 options were forfeited in fiscal 2015, resulting in the closure of plan 6.1.

Year-end stock option plan highlights are presented below:

Plan No.	Plan 5.2	Plan 6.2	Plan 6.3	Plan 7.1	Total
Options granted and not exercised Subscription price	24,597 € 4.81	603 € 6.71	603 € 3.67	12,000 € 2.56	37,803

For information, the average price for the Egide SA share for fiscal 2015 was €3.14 and the closing price at December 31, 2015 was €3.65.

With the total number of options granted and not exercised set by the general meeting at a maximum of 5 % of the shares making up the share capital, there remained at December 31, 2015 a balance of 185,792 options available for grants.

20.3.2.4.3.5 Capital increase authorization

The combined extraordinary and ordinary general meeting of July 16, 2015 authorized the Board of Directors to issue, through one or more installments, in amounts and at such times as it chooses, ordinary shares and/or securities constituting of equity securities and giving access to equity securities to be issued governed by articles L.228-91 et seq. of the French commercial code and/or by capitalizing reserves, earnings or additional paid-in capital, for a maximum nominal amount of €5 million, maintaining shareholders preferential subscription rights. It furthermore authorized the Board of Directors to increase the number of securities to be issued by up to 15% the initial issue amount for the purpose of providing for an overallotment (greenshoe) option in accordance with market practices. Finally, it authorized issuances through public offerings as provided for by article L.411-2 of the French monetary and financial code (code monétaire et financier) with cancellation of the shareholders' pre-emptive subscription rights subject to a limit of 10 % of the share capital over the total duration of the authorization. This authorization shall be valid for a term of 26 months from the date of this general meeting, i.e. until September 15, 2017.

These authorizations were partially used in the period with the completion on November 13, 2015 of a capital increase by the issuance of 406,536 new shares, suspending the preferential subscription right for the benefit of persons mentioned in article L.411-2 of the French monetary and financial code (see Sections 20.3.2.4.3.2, 20.3.2.4.3.3 and 20.3.2.4.3.6).

20.3.2.4.3.6 Statement of changes in shareholders' equity

In euros	12/31/15	12/31/14
Reported net income Per share basis	(1,051,859) (0.24)	(1,203,824) (0.30)
Change in equity (excluding above income/loss) Per share basis	1,047,937 0.23	4,795,863 1.18
Proposed dividend Per share basis	- -	- -
Shareholders' equity at the end of the reporting period before appropriation Impact on retained earnings of a change in accounting methods Appropriation of earnings of prior year decided by the AGM Shareholders' equity at the beginning of the period	8,462,690 - (1,203,824) 7,258,866	4,055,725 - (388,898) 3,666,827
Changes during the fiscal year:		
Changes in share capital: - 06/30/14: issuance of 2,280,573 shares at €2.25 per share - 06/30/14: deduction of share issuance expenses - 11/13/15: issuance of 406,536 shares at €2.60 per share - 11/13/15: deduction of share issuance expenses	 1,056,994 (9,057)	 5,131,289 (335,426)
Reported shareholders' equity before the AGM and excluding income (loss) for the period	8,306,802	8,462,690
Total changes in shareholders' equity in the period	(3,922)	3,592,039

20.3.2.4.3.7 Advances on conditions

In connection with the compliance measures undertaken for the Bollène production site, in 2004, the company received an advance of €63,900 from the French Water Agency (Agence de l'Eau). This advance was subject to repayment in ten €6,390 installments of as from September 16, 2007.

20.3.2.4.3.8 Provisions

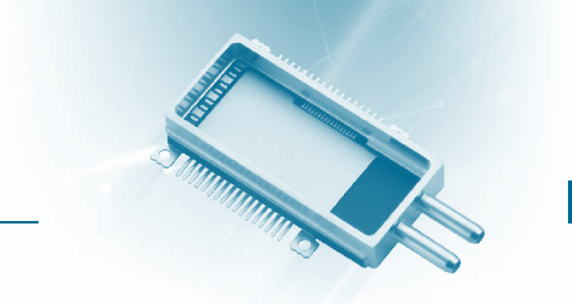
Changes in the provisions break down as follows:

Line items (euros)	12/31/14	Allowances	Reversals	12/31/15
Provisions for foreign exchange losses Provisions for retirement severance payments and similar benefits	 429,760	 21,114	 38,360	0 412,514
Total	**429,760**	**21,114**	**38,360**	**412,514**
Operating allowances and reversals Financial allowances and reversals Exceptional allowances and reversals		21,114	38,360	

20.3.2.4.3.9 Other financial liabilities

In connection with a regional job protection plan, in July 2010 the company received €200,000 from the Provence Alpes Côte d'Azur region and a loan of €100,000 from the Vaucluse department. These 7-year interest-free loans with a two-year grace period are repayable through annual installments of respectively €40,000 and 20,000.

A €600,000 "SOFIRED – PME Défense" loan was granted on December 16, 2015 by Bpifrance, from which €30,000 was retained as cash collateral until full repayment of this loan. This loan, repayable in 7 years, provides for a two-year grace period for the repayment of capital and will be subject to annual interest of 3.85%.



20.3.2.4.3.10 Depreciation schedule

Line items (euros)	12/31/14	Allowances	Reversals	12/31/15
Intangible assets	152,449			152,449
Property, plant and equipment	606,489		348,743	257,746
Financial assets	73,629,295			73,629,295
Inventory and work in progress	3,544,197	76,934	51,827	3,569,304
Receivables	86,493			86,493
Total	**78,018,923**	**76,934**	**400,570**	**77,695,287**

20.3.2.4.3.11 Concessions, patents, licenses

Changes in the other intangible assets break down as follows:

In euros	Gross value at 12/31/14	Acquisitions, creations, reclassifications	Disposals, reclassifications, decommissioning	Gross value at 12/31/15
Concessions, patents, licenses	335,879	1,017		336,896

Changes in the amortizations break down as follows:

In euros	Accumulated depreciation at 12/31/14	Allowances	Reversals and derecognition	Accumulated depreciation at 12/31/15
Concessions, patents, licenses	304,345	11,257		315,602

Concessions, patents and licenses are not subject to impairment.

Decreases reflect the updating of the inventory of fixed assets and the decommissioning of various software packages with a carrying value that was already nil.

20.3.2.4.3.12 Goodwill

In euros	12/31/15	12/31/14
Bollène goodwill	152,449	152,449
Impairment	(152,449)	(152,449)
Net carrying value	0	0

This goodwill results from the acquisition in 1992 of the Bollène establishment, and notably the MCM-type ceramic packaging activity developed at the site. In compliance with French laws imposing legal production guaranteeing the continuity of the site, this asset is not subject to amortization.

This goodwill was fully written off in 2002 as the products concerned by the acquisition of this technology were no longer marketed.

20.3.2.4.3.13 Property, plant and equipment

The change in property, plant and equipment breaks down as follows:

Line items (euros)	Gross value at 12/31/14	Acquisitions, creations, reclassifications	Disposals, reclassifications, decommissioning	Gross value at 12/31/15
Land	0			0
Buildings	0			0
Plant, machinery and equipment	10,058,802	91,664	969,477	9,180,990
Other PPE	777,015	45,881		822,896
PPE under construction	159,280			159,280
Advances and prepayments	0	16,510		16,510
Total	**10,995,097**	**154,056**	**969,477**	**10,179,676**

Changes in the depreciation of fixed assets break down as follows:

Line items (euros)	Accumulated depreciation at 12/31/14	Allowances	Reversals and derecognition	Accumulated depreciation at 12/31/15
Land	0			0
Buildings	0			0
Plant, machinery and equipment	8,725,445	161,229	620,734	8,265,940
Other PPE	511,592	41,676		553,268
Total	**9,237,037**	**202,905**	**620,734**	**8,819,208**

Allowances for the depreciation of fixed assets are calculated on a straight-line basis and on that basis €202,905 was recognized under operating results.

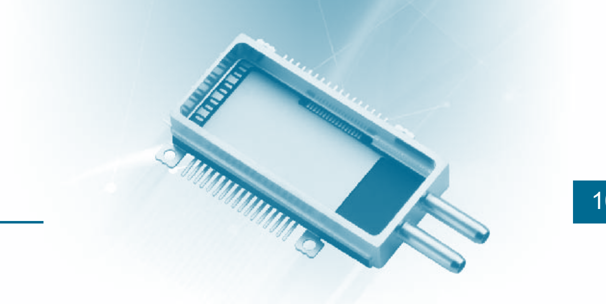
Decreases reflect the updating of the inventory of fixed assets and the decommissioning of various equipment with a carrying value that was already nil.

Changes in the depreciation of tangible fixed assets break down as follows:

Line items (euros)	Accumulated depreciation at 12/31/14	Allowances	Reversals	Accumulated depreciation at 12/31/15
Plant, machinery and equipment	454,538		348,743	105,795
Tangible fixed assets under construction	151,951			151,951
Total	**606,489**		**348,743**	**257,746**

The discontinuation of operations of the Trappes plant resulted in the recognition of amounts for impairment in 2001 of €455,000 for industrial equipment. This impairment charge for equipment of €349,000 was reversed in 2015 after these assets were decommissioned.

As the present value of assets recorded at December 31, 2015 covers their net carrying value, no additional amounts were recorded for impairment.



20.3.2.4.3.14 Financial assets

Line items (euros)	Gross value at 12/31/14	Change	Gross value at 12/31/15	Impairment at 12/31/14	Change	Impairment at 12/31/15
Egide USA LLC interests	72,688,338	1,796,300	74,484,637	72,688,338	940,957	73,629,295
Investment-related receivables Egide USA Inc.	2,043,892	400,954	2,444,846	940,957	(940,957)	0
Other fixed securities	100		100			
Deposit guarantee	186,492	786	187,278			
Cash collateral deposit for the Sofired-PME Défense loan		30,000	30,000			
Total	**74,918,822**	**2,228,039**	**77,146,861**	**73,629,295**	**0**	**73,629,295**

The increase in investment-related receivables of €401,000 includes €2,109,000 in advances to Egide USA Inc., corresponding to the transfer of funds to the subsidiary originating from the capital increase of June 2014 for investments planned in connection with the USA ceramic project, with the deduction of €1,708,000 (or US$2 million) of receivables converted to shares of the subsidiary, Egide USA LLC. For this purpose, Egide SA transferred to Egide USA LLC its Egide USA Inc. investment-related receivable in exchange for Egide USA LLC shares, after which Egide USA LLC waived this debt that was converted into Egide USA Inc. shares.

Analysis of the equity interest at the end of the reporting period is based on multi-criterion approach capable of taking into account both subjective and objective criteria, and namely, net equity, recent performance, financial prospects, the relative weight in Egide's market capitalization based on sales. The weight of these different criteria may vary from one financial period to the next, in order to take into account selected specific or contextual factors.

Value in use as determined on December 31, 2015 according to this method did not result in the recognition of any impairment for fiscal year 2015.

20.3.2.4.3.15 Inventories and work in progress

Changes in the inventories and work in progress break down as follows:

Line items (euros)	Gross value at 12/31/14	Gross value at 12/31/15	Impairment at 12/31/14	Allowances	Reversals	Impairment at 12/31/15
Raw materials & other supplies	3,796,598	3,728,851	2,583,732	23,124	41,733	2,565,124
Work in progress	540,685	636,470	1,440	2,308	1,440	2,308
Finished goods	1,223,242	1,293,244	911,512	49,768	8,654	952,626
Trade goods	51,726	52,571	47,513	1,733		49,246
Total	**5,612,251**	**5,711,136**	**3,544,197**	**76,934**	**51,827**	**3,569,304**

A depreciation rate limited to 75% is applied to stock of kovar, (a primary raw material from which certain components used by Egide are machined), regardless of the year of inception for this material. This rate is estimated by taken into account the foretasted rate of depletion for this material and the resale value of this inventory.

20.3.2.4.3.16 Trade receivables

Changes in trade receivables break down as follows:

In euros	Gross value at 12/31/14	Gross value at 12/31/15	Impairment at 12/31/14	Allowances	Reversals	Impairment at 12/31/15
Trade receivables	528,384	412,426	0			0

Factoring has been in use since April 2006 and concerns domestic and export receivables representing 78 % of actual sales. Receivables assigned to the factor but not yet settled at December 31, 2015 amounted to €1,724,000, thus increasing the value of trade receivables in the absence of factoring to €2,136,000 on this date compared to €2,377,000 at December 31, 2014.

20.3.2.4.3.17 Receivables and payables

Statement of receivables (euros)	Gross amount	Less than 1 year	More than 1 year
Investment-related receivables	2,444,846		2,444,846
Other financial assets	217,378		217,378
Advances and down payments paid	10,925	10,925	
Trade receivables	412,426	412,426	
Employees and related receivables	1,803	1,803	
2012 research tax credit receivables (reimbursed in 2016)	256,426	256,426	
2013 research tax credit receivables (portion not transferred to Bpifrance)	1,908		1,908
2015 research and innovation tax credit	243,045	243,045	
2015 CICE wage tax credit	182,204	182,204	
Miscellaneous tax receivables	86,493		86,493
VAT receivables	61,767	61,767	
2015 CVAE added value business tax adjustment	9,556	9,556	
Bpifrance: 2013 research tax credits assigned and not financed	52,062		52,062
Bpifrance: 2013 CICE wage tax credit assigned	129,147		129,147
Factors	195,257	195,257	
Sundry debtors	259,568	17,568	242,000
Prepaid expenses	194,297	194,297	
Total	**4,759,108**	**1,585,274**	**3,173,834**

Egide having regained the status of SME (within the meaning of the community regulations) on January 1, 2015, the 2014 French research tax credit and the CICE wage tax credit were reimbursed by the tax authorities in mid-2015. The 2015 tax credits will be similarly reimbursed in 2016.

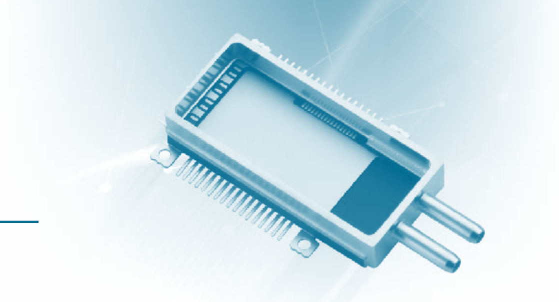
The 2012 and 2013 research tax credits for which this status was not eligible will accordingly be reimbursed at the end of the third year after being granted, i.e. in 2016 and 2017.

The 2013 research tax credit was assigned in February 2015 to BPI France to obtain a cash facility which is presented under "Cash at bank and on hand" at €208,000 representing 80 % of the amount of these tax credits.
The 2011 research tax credit was refunded by the tax authorities in July 2015 and reimbursement of the 2012 research tax credit is expected in the first half of 2016.

The income from the 2015 CICE tax credit was recognized in the income as a credit to staff costs (social security expenses).
Bpifrance financed in part the 2013 CICE wage tax credit in July 2014. However, the corresponding receivable of €129,000 was maintained under assets as a reverse entry for recognizing the liability for a debt under "Bank borrowings".
In accordance with the provisions of article 244 quater C of the French general tax code, this tax credit must be used to finance the acquisition of the ERP and implement four finance leases for production equipment.

The receivable represented by a €86,000 tax credit arising from withholding tax payable to Morocco (linked to the former subsidiary, Egima, sold in 2013) was fully written down in light of the limited probability of its future application to income tax for Egide SA.

The receivables relating to these factors represent non-financed guarantee fund.



At the time of the sale of the building of the Bollène plant, a portion of the sale price (€242,000) was retained by the buyer pending an improvement in the credit rating by Cofacerating.

Statement of payables (euros)	Gross amount	Less than 1 year	More than 1 and less than 5 years	More than 5 years
Bank borrowings	122,690		122,690	
Other financial liabilities	691,091	61,091	270,000	360,000
Customer advances and prepayments	119,396	119,396		
Trade payables and equivalent	1,373,382	1,373,382		
Employee and related-payables	483,126	483,126		
Social security and related-payables	533,816	533,816		
VAT payables	23,407	23,407		
Other tax and related payables	95,937	95,937		
Payables for fixed assets	34,455	34,455		
Other liabilities	79,351	79,351		
Total	**3,556,650**	**2,803,961**	**392,690**	**360,000**

20.3.2.4.3.18 Prepaid expenses

Line items (euros)	12/31/15	12/31/14
Rent and rental charges	103,606	90,251
Insurance	33,099	93,844
Miscellaneous expenses (maintenance, etc.)	57,591	55,215
Total	**194,297**	**239,311**

20.3.2.4.3.19 Accrued expenses

Line items (euros)	12/31/15	12/31/14
Suppliers - purchase invoice accruals	290,971	257,456
Personnel - social security payments	1,061	2,935
Personnel - personal protection insurance payments	164	1,221
Personnel - accrued vacation and related expenses	625,369	640,360
Personnel - accrued bonuses and related expenses	12,055	27,024
French government – other accrued expenses	95,937	108,647
VAT on credit notes receivable	466	176
Accrued expense voucher payments	5,053	2,772
Accrued commissions	30,975	29,726
Other accrued expenses	34,326	34,326
Total	**1,096,377**	**1,104,643**

20.3.2.4.3.20 Accrued income

Line items (euros)	12/31/15	12/31/14
Suppliers - accrued credit notes	14,927	9,645
Other accrued income	242,000	301,694
VAT on unbilled trade payables	46,844	41,883
French government - accrued income	9,556	3,566
Total	**313,327**	**356,788**

20.3.2.4.3.21 Information on affiliated undertakings and participating interests

Subsidiaries and associates

Subsidiaries and associates	Egide USA, LLC Wilmington DW - United States
Capital	USD 68,878,828
Equity other than share capital (excluding income of the period)	US$366,144
Ownership interest (%)	100%
Carrying value of shares (euros): - Gross - Net	 € 74,484,637 € 855,342
Loans and advances granted and not yet repaid (euros)	None.
Pledges and guaranties given by the company (euros)	None.
Sales ex-VAT for year ended	None.
Profit (loss) at closing	US$279
Dividends received by the company in the period	None.
Others informations	Created on 11/08/2000.Incorporated as holding for Egide USA Inc.

Related party receivables and payables

Line items (euros)	12/31/15	12/31/14
Investment-related receivables Trade receivables and related accounts Trade payables and related accounts	2,444,846 45,799 0	2,043,892 24,128 22,062

20.3.2.4.3.22 Translation differences

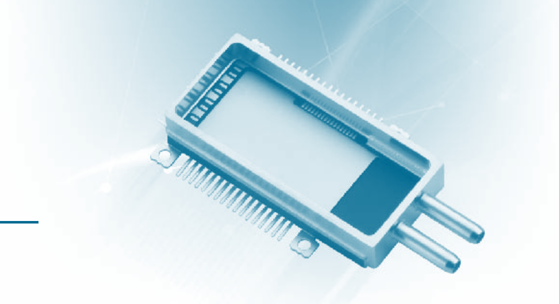
Relevant line item	Currency	Foreign exchange (debit balance) (euros)	Foreign exchange (credit balance) (euros)
Trade payables Trade receivables Miscellaneous (of which Egide USA current account)	USD USD USD		791 (1,241) 152,861
Total			**152,411**

No provision was recorded unrealized foreign exchange.

20.3.2.4.3.23 Corporate income tax and tax losses

Tax loss carryforwards at the end of 2015 amounted to €49,441,000.

A research and innovation tax credit for fiscal 2015 of €243,000 and a CICE wage tax credit of €182,000 were recognized. These tax credits will be refunded in 2016.



20.3.2.4.3.24 Changes in future tax liabilities at the standard tax rate

Increases (euros)	2015	2014
Unrealized losses on foreign exchange	0	0
Total	**0**	**0**
Tax rate	33.33%	33.33%
Increase in future tax liabilities	**0**	**0**

Reduction (euros)	2015	2014
Retirement severance benefits	21,114	12,966
Allowances for seniority bonuses of long-service awards	0	22,392
Organic tax	0	20,752
Unrealized losses on foreign exchange	152,411	134,669
Provision for unrealized foreign exchange losses	0	21,691
Tax loss carryforwards	50,381,871	48,865,783
Total	**50,555,396**	**49,078,253**
Tax rate	33.33%	33.33%
Reduction in future tax liabilities	**16,851,799**	**16,359,418**

20.3.2.4.3.25 Revenue by business segment

Revenue in 2015 originated mainly from deliveries of finished products shipped in the period.

Business segments (euros)	12/31/15	12/31/14
Glass-to-metal	5,019,310	5,399,616
Ceramic	7,019,983	7,249,013
Engineering	100,874	190,136
Non-core activities	9,698	116,356
Group (Egide USA)	192,256	26,910
Total	**12,342,120**	**12,982,030**

20.3.2.4.3.26 Revenue by region

Geographic segments (euros)	12/31/15	12/31/14
France	7,100,313	7,400,443
EEC excluding France	1,151,246	1,412,544
USA and Canada	782,924	652,070
Other countries	3,115,381	3,490,063
Group (Egide USA)	192,256	26,910
Total	**12,342,120**	**12,982,030**

Non-core activities are included mainly in the "France" segment.

20.3.2.4.3.27 Net financial income/(loss)

Line items (euros)	12/31/15	12/31/14
Net proceeds from disposals and revenue from marketable securities	2,996	86
Net gains (losses) from foreign currency transactions	229,019	46,654
Impairment of investment-related receivables	0	(132,384)
Special commission on financing/factoring	(34,176)	(34,495)
Other financial income and expenses	(7,990)	(13,278)
Total	**189,848**	**(133,417)**

The current account balance between Egide SA and its subsidiaries Egide USA Inc. was subject to annual interest of 0.094 %. At year-end, Egide SA recorded financial income representing €2,000 in interest income on current account balances.

20.3.2.4.3.28 Net exceptional items

Line items (euros)	12/31/15	12/31/14
Insurance payments not allocated to expenses *		7,711
Results from the retirement and disposal of assets components	2,585	(2,788)
Other	(2)	28,893
Total	**2,583**	**(23,970)**

** Claims payments by insurers with respect to fixed asset replacement costs pursuant to the fire of March 1, 2012 and damage from the hailstorm of August 7, 2013.*

20.3.2.4.3.29 Compensation of directors and officers

The Chairman of the Board of Directors was paid €87,000 in gross compensation in 2015 which included benefits in kind.

Gross remuneration paid for the office of Chief Executive Officer amounted to €103,000 in 2015 including benefits in-kind.

The Deputy Chief Executive Officer, also holding an employment contract for distinct technical functions as chief administrative and financial officer, does not receive remuneration for his corporate office.

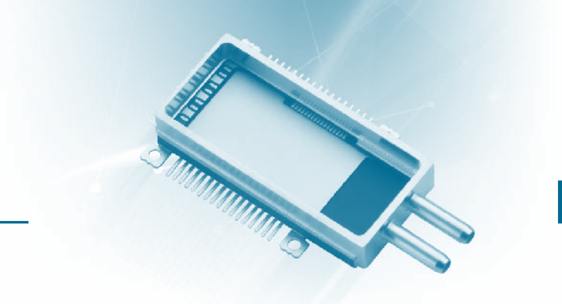
Attendance fees paid in 2015 to two members of the Board of Directors amounted to €18,000 (gross amount) for fiscal 2015.

20.3.2.4.3.30 Other commitments

20.3.2.4.3.30.1 Commitments given

20.3.2.4.3.30.1.1 Commitments on behalf of affiliated companies

The company stood guarantee to the benefit of Bank of America in connection with a loan agreement obtained by Egide USA in May 2012 to finance the purchase of its industrial building for amounts owed by Egide USA Inc. representing at the maximum the amount of principal and interest remaining, estimated at US$1,776,753 (€1,631,995) at December 31, 2015.



20.3.2.4.3.30.1.2 Commitments in favor of financial institutions

In accordance with articles L313-23 to L313-34 of the French monetary and financial code, Egide assigned to Bpifrance receivables represented by 2013 research tax credit and the 2013 CICE wage tax credit. The assignment of these securitized receivables (Dailly receivables) made it possible to pledge these receivables in exchange for:

- the grant in February 2015 of a cash credit line for 80% of the 2013 research tax credits or €208,000.
- financing received in July 2014 representing 95% of the 2013 CICE wage tax credit or €123,000.

This pledge guarantees repayment by Egide for all amounts owed under its commitments to Bpifrance.

Off-balance-sheet commitments are summarized below:

Line items (euros)	12/31/15	12/31/14
Pledges Guarantees given	330,939 1,631,995	744,247 1,594,636
Total	**1,962,934**	**2,338,883**

20.3.2.4.3.30.1.3 Finance lease liabilities

Finance lease liabilities relate exclusively to the following line items and break down as follows:

Plant and machinery (euros)	12/31/15
Value of assets at the least inception date	101,526
Allowances for depreciation if the assets have been acquired: *- in the period* *- accumulated depreciation at opening*	 *10,576* *0*
Lease payments: *- in the period* *- accumulated depreciation at opening*	 *14,788* *0*
Balance of lease payments outstanding at closing	93,338
Residual purchase price	1,015

Other property, plant and equipment (euros)	12/31/15
Value of assets at the least inception date	38,843
Allowances for depreciation if the assets have been acquired: *- in the period* *- accumulated depreciation at opening*	 *10,312* *8,004*
Lease payments: *- in the period* *- accumulated depreciation at opening*	 *11,336* *7,265*
Balance of lease payments outstanding at closing	19,191
Residual purchase price	6,754

20.3.2.4.3.30.2 Commitments received

No bank guarantees were issued to the benefit of Egide.

20.3.2.4.3.30.3 Reciprocal commitments

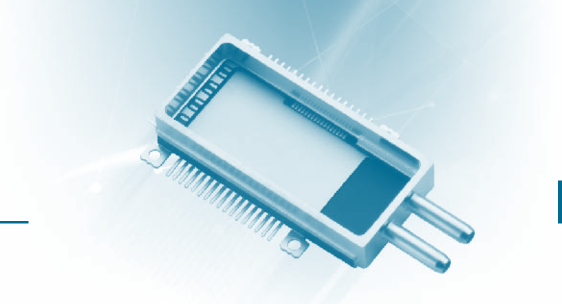
In connection with the factoring arrangement set up in April 2006, Egide SA took out a credit insurance policy designating the factors as beneficiaries for insurance payments to be made in the event of default by the company's customers. Obligations for claims payments by the insurance company are limited with respect to the company to maximum payments equal to €1.5 million.

20.3.2.4.3.31 Breakdown of average headcount

	2015	2014
Executives and management staff	32	32
Supervisory staff and technicians,	19	22
Employees	4	3
Workers	95	110
Average headcount	**150**	**167**

20.3.2.4.4 Post-closing events

None.



20.4 Auditing of historical annual financial information

20.4.1 Auditors' report on the 2015 consolidated financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

"To the shareholders,

In accordance with the terms of our engagement entrusted to us by the annual general meeting, we hereby report you for the year ended December 31, 2015, on:

- The audit of the consolidated financial statements of Egide SA as enclosed herewith,
- The justification of our assessments,
- The specific procedures and disclosures required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, the significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion given below

In our opinion, the financial statements for the fiscal year ended December 31, 2015 give a true and fair view of the assets, operations, and financial position of the companies and entities comprising the consolidated group, in accordance with IFRS standards as adopted by the European Union.

II - Justification of our assessments

In application of the terms of Article L823-9 of the French commercial code relating to the justification of our assessments, we bring to your attention the following matter:

Note 1.2 stipulates that critical accounting estimates and judgments concern primarily the impairment testing of the Group's intangible and tangible assets that may be performed when there exists internal or external indication of a loss in value. Our work has consisted in particular in ensuring that the market value of fixed assets is greater than their net carrying values and the appropriate nature of disclosures provided in notes 1.2 and 2.1.

The assessments on these matters were made in the context of our audit of the consolidated financial statements taken as a whole and therefore helped us form our opinion expressed in the first part of this report.

III - Specific verifications and disclosures

We also carried out the specific verification, as required by law, of information given in the Group management report, in accordance with professional standards applicable in France.

We have no matters to report with respect to the fair presentation of this information and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris, April 29, 2016

Statutory Auditors

[French original signed by:]

PricewaterhouseCoopers Audit,
Matthieu Moussy

SYC S.A.S,
Bernard Hinfray »

20.4.2 Auditors' report on the 2015 annual financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

"To the shareholders:

In accordance with the terms of our engagement entrusted to us by the annual general meeting, we hereby report you for the year ended December 31, 2015, on:

- The audit of the annual financial statements of Egide SA as enclosed herewith,
- The justification of our assessments,
- The specific verifications and information provided by law.

The financial statements have been approved by your Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

1 - Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatements. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used, the significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion given below

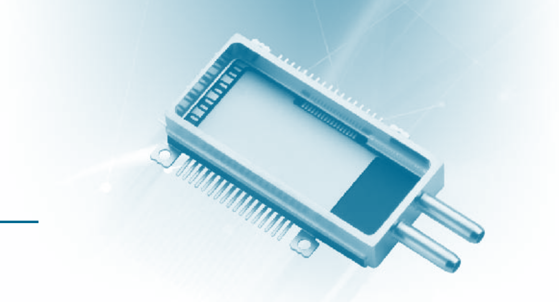
In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

2 - Justification of our assessments

In application of the terms of Article L823-9 of the French commercial code relating to the justification of our assessments, we bring to your attention the following matters:

Notes 1.6 and 2.14 on financial assets indicate that your company records amounts for the impairment of equity securities in investment-related receivables when their useful value falls below their initial acquisition cost.

As presented in notes 1.3, 1.4 and 2.13 on property, plant and equipment, an impairment test is performed whenever there exists an internal or external indicator of a loss in value. On that basis, an impairment loss is recognized if the recoverable value of the asset concerned is lower than the net carrying value.



We confirmed that these accounting methods referred to above are reasonable and have been properly applied. We have also ensured the appropriate nature of the approach adopted.

Our assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore assisted us in reaching our opinion as expressed in the first part of this report.

3 - Specific verifications and disclosures

We have also performed, in accordance with professional practice standards applicable in France, the specific verifications required by French law.

We have no matters to report in connection with the fair presentation and consistency with the financial statements of the information given in the Board of Directors' report and the documents addressed to the shareholders in respect to the financial position and the financial statements;

Concerning information provided in accordance with Article L.225-102-1 of the French commercial code on remuneration and benefits paid to corporate officers and other commitments granted in their favor, we have verified that they are consistent with the accounts or data used to prepare them and, when applicable, information obtained by your Company from companies exercising control over it or that it controls. On the basis of these procedures, in our opinion this information is accurate and provides a fair presentation.

In addition, as required by law, we have verified that the management report includes the mandatory disclosures on the identity of owners of share capital and voting rights of your company.

Neuilly-sur-Seine and Paris, April 29, 2016

Statutory Auditors

[French original signed by:]

PricewaterhouseCoopers Audit, Matthieu Moussy	SYC S.A.S, Bernard Hinfray »

Notes

Notes 1.2 and 2.1 referred to in the Auditors' report on the consolidated financial statements correspond to respectively sections 20.3.1.5.2.2 and 20.3.1.5.3.1 of this registration document.

Notes 1.3, 1.4, 1.6, 2.13 and 2.14 referred to in the Auditors' report on the annual financial statements correspond to respectively sections 20.3.2.4.2.3, 20.3.2.4.2.4, 20.3.2.4.2.6, 20.3.2.4.3.13 and 20.3.2.4.3.14 of this registration document.

20.5 Other items disclosed in the Group management report

20.5.1 Review of operations

20.5.1.1 Egide SA operating highlights

Revenue in 2015 amounted to €12.34 million compared to €12.98 million in 2014, or down 6 %.

Like last year, the defense and space sector once again registered strong revenue (13 %) with revenue of €8.16 million compared to €7.20 million in 2014. This increase is primarily driven by infrared products and military electronic sales.
Revenues in the telecommunications sector declined sharply (41%) to €1.60 in 2015 compared to €2.72 million in 2014, reflecting the ongoing reduction in demand by the main customer in this sector for deliveries of end-of-life products.

The industrial segment also registered a decline (-21%) with €2.39 million in revenue compared to €3.03 million in 2014. This sector, that includes primarily infrared products for civilian applications and products destined for the civil aviation sector, experienced weak demand by Egide's two main customers that was unfortunately not offset by other players of these sectors.

Intra-group transaction flows corresponding to commercial and financial fees invoiced between Egide SA and its subsidiary Egide USA, increased in 2015 in relation to the prior year (€0.19 million compared to €0.03 million respectively). This increase reflects costs invoiced in connection with the HTCC ceramic project for time spent by French staff for assistance provided at the US site.

The breakdown of sales between the glass-to-metal and the ceramic-to-metal seal technologies remained stable from one year to the next. Accordingly, glass-to-metal accounted for 41% of revenue with sales of €5.02 million in 2015 (42% in 2014) and ceramic-to-metal accounted for 58% of revenue in 2015 (56% in 2014), confirming its position as Egide SA's top-selling technology. Trends for these two technologies are primarily a reflection of the product mix in the infrared sector.

Fees from engineering studies in 2015 amounted to €0.10 million, down from €0.19 million one year earlier, reflecting a different invoicing schedule, with amounts more spread out over time. Research and development efforts are nevertheless comparable from one period to another.

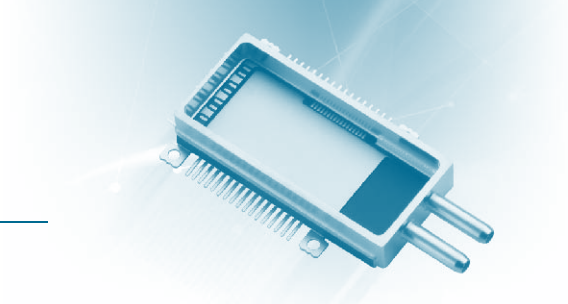
France accounted for 58 % of Egide SA's revenue in 2015 (excluding intercompany sales) compared to 57 % in 2014. Europe excluding France accounted for 10% of revenue and North America 6% in the period, with this revenue mix remaining stable from one year to the next. Revenue from other regions in 2015 represented 26% compared to 27% in 2014 and concerned primarily Israel, China and Thailand.

20.5.1.2 Egide USA operating highlights

Egide USA had revenue of €8.50 million in 2015 (of which €0.06 million from amounts invoiced by the Group to Egide SA) compared to €7.05 million in 2014. This significant rise of more than 20% reflects entirely the impact of the US dollar/euro exchange rate that declined from an average rate of 1.3288 in 2014 to 1.1096 in 2015. As for sales in US dollars, this continues to account for less than 1%. Against the backdrop of an uncertain economic environment in the United States with the upcoming presidential elections (resulting in signatures for none or few new military contracts or programs before November 2016), the US subsidiary was accordingly successful in maintaining steady sales from one year to the next.

The "defense and space" segment accounted for 76 % of 2015 revenue, compared to 75 % in 2014 with respectively €6.41 million and €5.25 million. The industrial sector also remained stable as a percentage of sales at 22 % (€1.86 million in 2015 compared to €1.51 million for the previous period). The telecommunications sector for which Egide USA is a supplier solely for a selected number of very specific niche products declined marginally to 2 % of revenue for the period compared to 4 % one year earlier (at respectively €0.19 million and €0.25 million).

Products sold use only the glass-to-metal seal (GTMS) technology, as manufacturing operations for the ceramic-to-metal technology have not yet begun at the site All sales (98 %) of the US subsidiary in 2015 as in 2014 (excluding intercompany sales) originated from the US market.



20.5.2 Presentation of results

20.5.2.1 Consolidated results

At December 31, 2015, the following companies were consolidated by Egide Group:

- Egide SA, the parent company (consisting of a main establishment located in Bollène and a secondary establishment in Trappes, France)
- Egide USA LLC, a direct wholly-owned subsidiary,
- Egide USA Inc., wholly-owned through Egide USA LLC,

For Egide SA, income and expenses are presented solely in euros. Sales in foreign currency (US dollar) account for approximately 15% of the French entity's revenue and are offset by purchases in foreign currency from foreign suppliers. For the subsidiary Egide USA, all income and expenses are presented in US dollars. In consequence, the significant change in the euro/dollar exchange rate between 2014 and 2015 (weighted average rates of 1.3288 and 1.1096 respectively) had a significant impact only for the translation of data into euros for Egide USA on a line item basis in consolidation while having only a marginal effect on the consolidated results. For that reason, foreign exchange hedges at the Group level were not considered necessary.

In order to neutralize the impact of HTCC ceramic project startup costs at Egide USA in 2015, the corresponding expenses were isolated for the purpose of presenting a pro-forma 2015 income statement comparable with the prior period in terms of the scope of activities.

(€m)	2014 reported basis		2015 reported basis		HTCC [3] 2015	2015 pro-forma excluding HTCC	
Revenue	**19.97**	**100%**	**20,59**	**100%**		**20.59**	**100%**
Raw materials and consumables	- 8.66	43%	- 9.44	44%	- 0.10	- 9.34	43%
Change in finished and in progress products	- 0.00		+ 0.40			+ 0.40	
Staff costs	- 8.68	43%	- 8.92	43%	- 0.38	- 8.54	41%
External charges	- 3.13	16%	- 3.63	18%	- 0.14	- 3.49	17%
Taxes other than on income	- 0.33	2%	- 0.31	2%		- 0.31	2%
Amort. & depr. of fixed assets	- 0.29	1%	- 0.40	2%	- 0.04	- 0.36	2%
Allowances and reversals of provisions	0.00	0%	+ 0.00	0%		+ 0.00	0%
Other operating income and expenses [1]	+ 0.21	1%	+ 0.22	1%		+ 0.22	1%
Operating profit (loss)	**- 0.94**	**- 5%**	**- 1.48**	**- 7%**	**- 0.67**	**- 0.81**	**- 4%**
Net financial expense	+ 0.07	0%	+ 0.11	1%		+ 0.11	1%
Comprehensive income [2]	**- 0.86**	**- 4%**	**- 1.38**	**- 7%**	**- 0.67**	**- 0.71**	**- 3%**

[1] Of which research tax credits of €0.32 million in 2014 and €0.24 million in 2015.
[2] Discrepancies in amounts reflect the rounding of figures
[3] HTCC: the ceramic project at Egide USA.

Consolidated revenue in 2015 amounted to €20.59 million (€19.20 million at constant exchange rates) generating an operating loss of €1.48 million (compared to a loss of €0.94 million in 2014 on revenue of €19,97 million).

Measures to maintain the consumption of supplies at a steady level and lower staff costs (with an average Group headcount for 2015 of 223 employees compared to 240 in 2014), made it possible to offset this decline in sales (at constant exchange rates) and limit its impact on Group results. The rise in external charges reflects primarily the increase in selling expenses (mainly travel expenses) and software license fees (Office 365 and the new ERP). Lower taxes reflect the elimination of the so-called "Organic" tax at Egide SA whereas the increase in allowances for depreciation and amortization reflect investments by Egide SA, while investments at Egide USA concern only the Egide HTCC ceramic project that is excluded from the pro forma consolidated statements. In terms of operating results, the pro forma loss for 2015 (€0.81 million) represents a significant improvement from the prior year (€0.94 million) resulting in large part from staff cost adjustments(reduction in fixed term employment contracts and non-replacement of departing employees).

In compliance with IFRS, the €0.24 million research tax credit of Egide SA was recognized under "operating income". The CICE wage tax credit of Egide SA was recognized as a deduction from "staff costs" for €0.18 million.

Net financial expense includes borrowing costs (interest expense linked to the use of factoring by the two Group entities plus interest expense on the US loan). As with the previous year, foreign exchange transactions generated a gain amounting to €0.30 million in 2015 compared to €0.23 million in 2014.

On a reported basis, net income represented a loss of €1.38 million that included startup costs for the HTCC ceramic project of €0.67 million. In 2014 the reported net loss amounted to €0.86 million.

Concerning the financial position, as of December 31, 2003, the company's consolidated balance sheet no longer shows a balance of amortized goodwill.

Current cash amounted to €2.77 million, compared to €4.08 million at December 31, 2014. The cash position was strengthened in 2015 by proceeds of €1.05 million from a capital increase and by €0.6 million from a loan in December 2015 obtained by Egide SA. These funds were used primarily for the HTCC ceramic plan in the United States and to strengthen marketing and sales teams in France.

Long-term debt of €2.19 million (€0.61 million at the end of 2014) consisted of:

- a 7-year regional PRME "job protection" loan (Prêt Régional au Maintien de l'Emploi) obtained by Egide SA in 2010 with a 2 year grace period (€0.03 million)
- a 15-year-long obtained by Egide USA to finance the purchase of its industrial building subject to two covenants that were respected at year-end(€1.12 million)
- financing to Egide SA from Bpifrance in 2014 and 2015 in exchange for the collateralization of French tax credit receivables (research tax credits and the CICI wage tax credit) (€0.33 million)
- finance lease agreements commencing in 2015 (€0.11 million)
- a 7-year Sofired PME Défense loan obtained by Egide SA in 2015 with a 2 year grace period (€0.60 million)

Current debt represented trade receivables financing from factoring entities (€2.35 million) and the current portion of the borrowings and loans listed above (€0.19 million). It is specified that Egide does not use financial instruments giving rise to any particular risk.

Working capital represented 68 days of sales compared to 61 days in 2014. This rise reflects on the one hand the increase in Egide SA's trade receivables resulting from the reclassification of the research tax credit receivable subject to a credit line in 2014 (hence classified as cash), that was not renewed in 2015 because the receivable will be refunded by the government in 2016 and, on the other hand, increased inventory at Egide SA (increased billings in the 2016 first quarter) and at Egide USA (from the adoption of a policy to shorten customer delivery times).

20.5.2.2 Parent company annual results

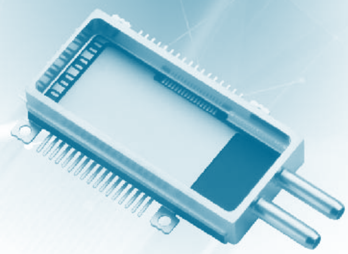
The annual financial statements of Egide SA for the period ended December 31, 2015 have been prepared in accordance French GAAP based on the principles of conservatism, fair presentation, consistency of presentation, the time period concept and going concern.

Revenue for the period amounted to €12.34 million compared to €12.98 million for the previous period or down 5 %. Operating income totaled €12.62 million compared to €13.22 million one year earlier.

Operating expenses for the period came to €14.11 million, down 3 % from €14.59 million in 2014. The rate of consumption of raw materials and supplies remained stable from one year to the other (33.5% in 2015 compared to 33.2% in 2014) whereas staff costs declined, largely in response to the adoption of part time work measures necessary by the volume of business (16 days in 2015 compared to only 12 days in 2014).

Average headcount for the period (fixed-time contracts and permanent contracts) decline from 167 in 2014 to 149 in 2015. The CICE wage tax credit was registered as a €0.2 million deduction from staff costs in 2014. Because Egide was again qualified as an SME as from the beginning of 2015, the tax credit will be refunded in 2016.

External charges declined marginally to €3.43 million from €3.08 million 2014. The main line items that registered increases concerned software license agreement fees (new ERP) and travel expenses by the sales department. It should be noted that since James F. Collins' appointment to the position of chief executive officer, half of his compensation is invoiced by Egide USA to Egide SA and the resulting expenses are recognized by the latter under "external personnel". In previous years, the compensation of the chief executive officer was recognized under "staff costs".



An impairment test had been performed on December 31, 2005 which involved the measurement of value in use of fixed assets based on business plans produced at the end of 2005 and the resulting cash flow projections. This test resulted in the recognition of an impairment charge of €1.08 million for fiscal 2005. No additional impairment charges have been recognized since. Pursuant to the impairment test performed on December 31, 2015, no additional impairment charges were recognized in the period and the level of impairment was accordingly maintained. Amounts for the depreciation and amortization of fixed assets remained stable at €0.20 million.

Despite efforts to adjust staff costs and good performances for indicators for yields and productivity, the decline in sales and the level of fixed costs prevented the company from rising above breakeven for 2015. Accordingly, an operating loss was recorded of €1.49 million compared to a loss of €1.37 million in the prior period.

Research and development expenditures remained stable at €1.1 million. These expenditures were not capitalized.

Net financial income amounted to €0.19 million (compared to a loss of €0.13 million in 2014). This item consists of primarily foreign exchange gains whereas in the previous year this represented mainly the impairment of investment-related receivables for holdings in Egide USA Inc. (with no additional impairment in 2015).

The pretax current operating loss was €1.30 million compared to a loss of €1.50 million the prior year.

Net exceptional items for 2015 were nil whereas in 2014 this item represented a marginal loss of €0.02 million.

Amounts recognized for Research Tax Credit and the "Innovation Tax Credit" *(Crédit d'Impôt Innovation or CII)* in the period amounted to €0.24 million compared to 0.32 million euros one year earlier. It is noted that inflows from grants obtained for studies financed was greater in 2015 than in 2014. These amounts are deducted from the calculation base for the Research Tax Credit and the Innovation Tax Credit, whereby the tax credit was reduced even though expenses allocated to R&D remained at a comparable level from one year to the next.

In light of these items, a net loss of €1.05 million was recorded for 2015 compared to a loss of €1.20 million in 2014.

At December 31, 2015, the company had total assets of €11.38 million compared to €10.80 million for 2014. At the end of the period, cash amounted to €2.59 million compared to €3.96 million on January 1, 15. This amount was bolstered by €1.05 million in net proceeds from the capital increase and the €6 million Sofired PME Défense loan obtained at the end of December. Financial debt accordingly amounted to €0.81 million at December 31, 2015. This included, in addition to this loan, financing from Bpifrance relating to the 2013 Research Tax Credit and the CICE wage tax credit and the balance of the loan granted in July 2010 by the Provence-Alpes-Côte d'Azur region and the Vaucluse department in connection with the PRME "job protection" loan *(Prêt Régional au Maintien de l'Emploi)*.

20.5.3 Statutory disclosures on the trade payables aging balance (Egide SA)

In accordance with article L441-6-1 of the French commercial code, information on the aging balance for trade payables of Egide SA at December 31, 2014 and 2015 is provided below:

In euros	2014	%	2015	%
Not due (purchase invoice accruals)	257,456	22.35	265,619	19.34
Past due	18,958	1.65	45,401	3.31
At 30 days	633,738	55.02	596,186	43.41
At 60 days	231,766	20.12	414,205	30.16
More than 60 days	9,860	0.86	51,972	3.78
Total	**1,151,778**		**1,373,383**	

Payables due at the end of 2015 concerned mainly invoices for components pending the issuance of partial credit notes and that will be settled in early 2016. Egide applies contractual payment terms of 60 days from the invoice date which explains why there are payables exceeding 30 days (the French statutory payment limit). Payables exceeding 60 days at December 31, 2015 and 2014 concerned mainly invoices payable in several installments.

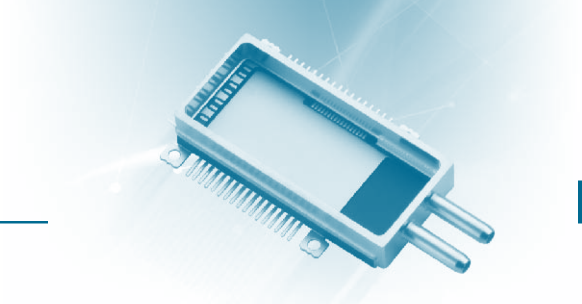
20.5.4 Five-year financial summary (Egide SA)

Closing date	12/31/15	12/31/14	12/31/13	12/31/12	12/31/11
Length of fiscal year	12 months	12 months	12 months	12 months	12 months
SHARE CAPITAL AT YEAR-END					
Share capital (€)	8,943,812	8,130,740	3,569,594	3,569,594	2,572,600
Number of shares - *common shares* - *preferred shares*	 4,471,906 -	 4,065,370 -	 1,784,797 -	 1,784,797 -	 1,286,300 -
Maximum number of potential shares - *from the conversion the bonds* - *from the exercise of subscription rights*	 - 223,595	 - 203,268	 - 89,239	 - 89,239	 - 64,315
OPERATIONS AND RESULTS (€)					
Sales ex-VAT	12,342,120	12,982,030	12,869,215	14,030,704	17,699,368
Earnings before taxes, employee profit-sharing, impairment, depreciation, amortization and provisions Income tax Allowances for impairment, deprecia-tion, amortization and provisions*** Net income/(loss)	(1,072,881) (243,045) 222,023 (1,051,859)	(1,211,938) (318,936) 310,822 (1,203,824)	(733,838) (262,220) (82,720) (388,898)	(915,245) (256,426) 97,767 (756,586)	(180,597) (251,235) (154,390) 225,028
EARNINGS PER SHARE (€)					
Earnings after tax but before impairment, depreciation, amortization and provisions	(0.19)	(0.23)	(0.26)	(0.37)	0.05
Earnings before taxes, employee profit-sharing, impairments, depreciation, amortization and provisions	(0.24)	(0.30)	(0.22)	(0.42)	0.17
PERSONNEL					
Average number of employees Payroll(€) Social charges and benefits paid(€)	150 4,277,887 1,545,324	167 4,676,758 1,756,403	166 4,599,353 1,637,192	182 5,027,992 1,940,840	224 5,886,758 2,284,458

20.5.5 Statutory disclosures of marketable securities (Egide SA)

Information of marketable securities presented in the balance sheet of Egide SA at December 31, 2015 is presented below:

Amounts in euros	Quantity	Net value
Fixed securities Egide USA LLC shares	-	0
Subtotal - fixed securities		**0**
Marketable securities CAR Thesauris (BPVF)	1	1,051,352
Subtotal - marketable securities		**1,051,352**
Total - net carrying value		**1,051,352**



20.5.6 Disclosures on disallowed deductions (Egide SA)

There were no non-deductible luxury expenses within the meaning of the French general tax code recorded in the parent company financial statements for fiscal 2015.

20.5.7 Disclosures on dividends (Egide SA)

In compliance with the disclosure requirement provided for by article 243 *bis* of the French general tax code, readers are informed there have been no dividend distributions for the last three financial periods.

20.5.8 Disclosures on loans granted by the company (Egide SA)

No loans have been granted by the company to micro-enterprises, SMEs or intermediate-sized enterprises (ETI) with which it has economic relations (article L511-6, 3 bis f the French monetary and financial code).

20.6 Other financial disclosures

The Group has announced that it entered into a Manufacturing and Supply Agreement with Sofradir for an initial term of three years, which renews automatically with consent of both parties. The purpose of this agreement is for Sofradir to purchase products manufactured by Egide to Sofradir's specifications and from time to time using Sofradir supplied components. Egide will design, process, and manufacture components for Sofradir, based on schedules provided by Sofradir. Egide has undertaken to guarantee to fixed prices for 12 months as well as a safety stock agreement in exchange for annual forecasted quantities. The company is one of Sofradir's preferred providers for products under contract. There are required performance metrics as part of the agreement, and intellectual property rights are protected for each company.

The Group moreover reported consolidated revenue (unaudited) for the 2016 first quarter of €5.75 million, up 15,5%% in relation to the 2015 first half and up 2.3 % from the 2014 fourth quarter. In the 2016 first quarter, Egide SA contributed 63% and Egide USA contributed 37% to consolidated revenue.

Starting January 1, 2016, the Group adopted a new business segmentation. On this basis, the 2016 first-quarter sales break down as follows:

- Thermal imaging: 46 % (compared to 46% in the 2015 first quarter)
- Optronics: 11 % (compared to 12 %)
- High-frequency: 10 % (compared to 9 %)
- Power management: 27 % (compared to 27 %)
- Other electronics: 6 % (compared to 6 %)

Finally, in connection with the startup of HTCC ceramic operations at Egide USA the first parts for a US leader in the thermal imaging sector were successfully qualified in March of this year. This success bolsters the Group's decision to establish a position as a quality provider of HTCC ceramic products with a local manufacturing base to supplying the US military market.

20.7 Dividend policy

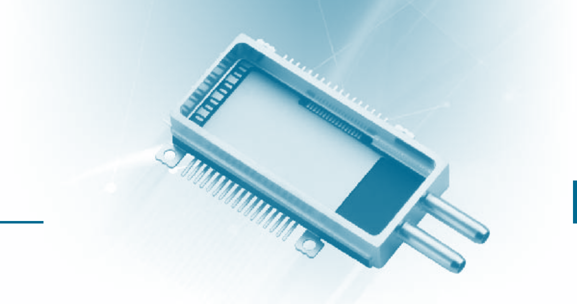
No dividends have been paid for the last three financial periods. In the short-term, the company intends to continue to allocate available funds to financing operations and growth and in consequence, does not plan to distribute dividends in 2016.

20.8 Legal and arbitration proceedings

There are no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the company is aware as of the date of this document) which may have or have had during the last twelve months a significant effect on the financial position or profitability of the company.

20.9 Significant change in the Company's financial or trading position

On the date of this registration document, no other significant changes to the Group's financial or trading position have occurred since December 31, 2015.



21 ADDITIONAL INFORMATION

21.1 Share capital

21.1.1 Number of shares and nominal value

Share capital of April 30, 2016 amounted to €8,943,812 divided into 4,471,906 shares with a nominal value of €2 per share. There was only one class of shares, excluding the specific case of shares carrying double voting rights described in section 18.3. Share capital is fully paid up. No security rights, encumbrances or pledges exist on the company's capital.

21.1.2 Unissued authorized capital

Authorizations for capital increases granted by the general meeting to the Board of Directors at April 30, 2016 are summarized below:

	Shareholders' Meeting date	Expiry date of the authorization	Authorized amount	Use of authorizations in prior periods	Authorizations used in the period	Residual amount on the date this summary was produced
Authorization to increase the capital maintaining preemptive subscription rights	07/16/15	09/15/17	**Shares** 5,000,000 €	No	Yes	**Shares** 4,186,928 €
Authorization to increase the number of securities to be issued in the event of a capital increase with and without preemptive subscription rights	07/16/15	09/15/17	15% of the initial amount of the increase	No	No	-
Authorization to increase the share capital by an offering covered by article L.411-2 II of the French monetary and financial code	07/16/15	01/15/17	**Maximum** 10 % of the share capital per year	No	Yes (100%)	None.
Authorization for a capital increase to the benefit of employees with cancellation of preemptive subscription rights	07/16/15	09/15/17	**Maximum** 1 % of the capital	No	No	-
Authorization to issue stock options to subscribe for shares	06/26/13	08/25/16	5 % of the capital	Yes	Yes	4.70 % of the capital

There is only one class of shares, all of which carry the same preferential subscription rights.

21.1.3 Potential share capital

Authorization to issue stock options to subscribe for shares

The general meeting of June 26, 2013 authorized the Board of Directors to issue stock options within the limit of 5% of the share capital. The subscription price will be at least equal to the average weighted price of the last twenty trading sessions subject to a discount of 5%. This authorization is valid for a period of 38 months, or until August 25, 2016.

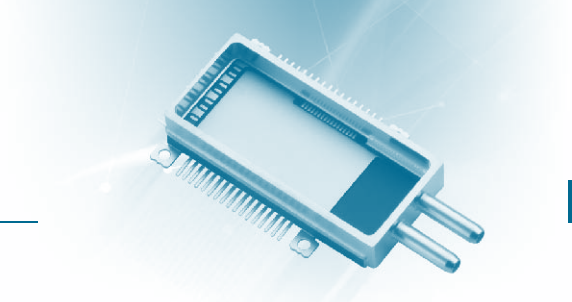
Information on plans in force at April 30, 2016 is provided in section 17.3 of this document.

21.1.4 Changes in share capital

Changes in share capital since the company's creation are presented below:

Date	Nature of transaction	Capital increase (€)	Share capital decrease (€)	Additional paid-in capital Gross amount (€)	Number of shares	Par value	Montant du capital (€)
10/14/86	Incorporation	457,347			30,000	€ 15.24	457,347
12/15/87	Increase [1]	320,143			51,000	€ 15.24	777,490
09/30/88	Increase [1] [2]	654,311			93,920	€ 15.24	1,431,801
11/03/88	Increase [1]	419,235		76,301	121,420	€ 15.24	1,851,036
11/09/90	Increase [1] [3]	449,725			150,920	€ 15.24	2,300,760
04/27/92	Reduction [4]		920,304		150,920	€ 9.15	1,380,456
05/18/92	Increase [1]	1,829,388			350,920	€ 9.15	3,209,844
06/03/94	Increase [1]	927,262			452,294	€ 9.15	4,137,107
06/11/99	Increase [5]	1,749,846		1,751,013	643,598	€ 9.15	5,886,953
04/03/00	Increase [6]	3,659		3,297	643,998	€ 9.15	5,890,612
07/05/00	Increase [7]	841,509		11,670,355	735,997	€ 9.15	6,732,121
12/22/00	Increase [8]	2,244,037		93,435,443	981,329	€ 9.15	8,976,159
06/29/01	Increase [9]	837,131		(837,131)	981,329	€10	9,813,290
12/31/01	Increase [10]	34,580		17,152	984,787	€10	9,847,870
12/31/03	Increase [11]	14,280		7,083	986,215	€10	9,862,150
12/31/04	Increase [12]	70,990		35,211	993,314	€10	9,933,140
12/31/05	Increase [13]	49,420		24,512	998,256	€10	9,982,560
02/28/06	Increase [14]	18,280		9,067	1,000,084	€10	10,000,840
08/17/06	Increase [15]	2,857,380		2,143,035	1,285,822	€10	12,858,220
12/31/06	Increase [16]	90		180	1,285,831	€10	12,858,310
12/31/07	Increase [17]	2,880		5,760	1,286,119	€10	12,861,190
12/31/08	Increase [18]	30		60	1,286,122	€10	12,861,220
12/31/09	Increase [19]	1,530		3,060	1,286,275	€10	12,862,750
11/28/11	Increase [20]	250			1,286,300	€10	12,863,000
11/28/11	Reduction [21]		10,290,400		1,286,300	€2	2,572,600
02/16/12	Increase [22]	986,160		1,479,240	1,779,380	€2	3,558,760
12/31/12	Increase [23]	10,834		18,093	1,784,797	€2	3,569,594
06/30/14	Increase [24]	4,561,146		570,143	4,065,370	€2	8,130,740
11/16/15	Increase [25]	813,072		243,922	4,471,906	€2	8,943,812

[1] Cash contribution
[2] Of which contributions in kind:: € 158,851.88 (FFR 1,042,000)
[3] Of which offset with debt: € 137,204.12 (FFR 900,000)
[4] Reduction in the par value from € 15.24 (FFR 100) to € 9.15 (FFR 60)
[5] Listing on the Nouveau Marché of the Paris stock exchange - COB approval No. 99-775 of June 7, 1999
[6] Exercise of stock options following the death of a beneficiary
[7] Cash capital increase - COB approval No. 00-884 of May 26, 2000
[8] Cash capital increase - COB approval No. 00-1844 of November 14, 2000
[9] Capitalization of reserves for the conversion of capital into euros increasing the par value of the share from € 9.15 (FFR 60) to € 10 (FFR 65.5957)
[10] Exercise of stock options for fiscal 2001
[11] Exercise of stock options for fiscal 2003
[12] Exercise of stock options for fiscal 2004
[13] Exercise of stock options for fiscal 2005
[14] Exercise of stock options on February 28, 2006
[15] Cash capital increase - AMF clearance (Visa) No. 06-271 of July 21, 2006
[16] Exercise of 36 share warrants in fiscal 2006 resulting in the creation of 9 new shares
[17] Exercise of 1,152 share warrants in fiscal 2007 resulting in the creation of 288 new shares
[18] Exercise of 12 share warrants in fiscal 2008 resulting in the creation of 3 new shares
[19] Exercise of 612 share warrants in fiscal 2009 resulting in the creation of 153 new shares
[20] Exercise of stock options on November 28, 2011
[21] Reduction of the par value from €10 to € 2 - EGM of November 28, 2011
[22] Cash capital increase - AMF clearance (Visa) No. 12-024 of January 17, 2012
[23] Exercise of stock options on December 31, 2012
[24] Cash capital increase - AMF clearance (Visa) No. 14-247 of May 28, 2014
[25] Cash capital increase - Private placement without a public offer (see below)



On November 6, 2015, the Board of Directors used the delegation of authority granted to it by the 14th resolution of the general meeting of the shareholders of July 16, 2015, and on that basis decided to increase the share capital by €813,072 by issuing 406,536 new shares with a par value of €2 per share at a price of €2.60 per share, or a total amount of €1,056,933.60 including share premium for the benefit of the investors covered by article L411-2of the French monetary and financial code. The purpose of this transaction was to strengthen the Group's financial resources in order to pursue its capital investment strategy and increase its flexibility to address customer demand.

The provisions of this delegation of authority provide that the new shares issued must have a minimum weighted average price for the last three trading sessions of the Eurolist market of Euronext preceding the fixing, reduced by a maximum discount of 5%. On that basis, as the weighted average price for the share from November 3 to November 5, 2015 was €2.74, the issue price set after the 5% discount was €2.60.

The company does not directly hold own shares. This also applies to subsidiaries which do not hold any shares of the parent company.

21.1.5 Changes in share capital in the last three years

The following table presents changes in share capital as a percentage of capital and voting rights for the last three years:

	Balance at 12/31/15			Balance at 12/31/14			Balance at 12/31/13		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
P. Brégi	20,226	0.45	0.81	16,380	0.41	0.54	16,380	0.92	0.91
J. F. Collins	39,614	0.89	0.88	5,000	0.12	0.12	0	0.00	0.00
Public	4,412,066	98.66	98.31	4,043,990	99.47	99.34	1,768,417	99.08	99.09
Total	**4,471,906**	**100.00**	**100.00**	**4,065,370**	**100.00**	**100.00**	**1,784,797**	**100.00**	**100.00**

Information on the shareholder structure at April 30, 2016 is provided in section 18.1 of this document.

21.2 Memorandum of incorporation and bylaws

21.2.1 Corporate purpose

The company's corporate purpose (article 2 of the bylaws) is:

- the design, manufacture, import, export and marketing of all forms of standard or custom design electronic packages,

- in the above areas, acquiring and managing interests and participating directly or indirectly through all means in any company or undertaking created or to be created, and notably by creating a company, contributions, subscribing for or acquiring shares, ownership interests or other securities, mergers, partnerships and through any other means and in any other form used in France and other countries,

- And, in general, any transaction of any nature whatsoever, including either securities and real estate transactions which may be directly or indirectly related to the above or contribute thereto.

21.2.2 Corporate governance

Article 13 of the bylaws: "The company shall be administered by a Board of Directors. The number of Directors shall not be less than three and not more than eighteen subject to exceptions provided for by statutes in the event of a merger. Directors are appointed for terms of four years Every director is eligible for reappointment. "

Article 14 of the bylaws: "Directors must own at least one share of the company Directors appointed during the company's term are not required to be shareholders at the time of their appointment though must become so within a period of six months, failing which they shall be considered to have resigned from their office. "

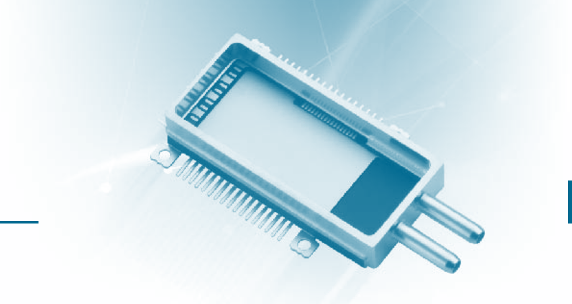
Article 16 of the bylaws: "The Board of Directors may appoint from among its members who are individuals, a Chair whose term of office shall not exceed that of his/her term of office as director. No person shall be appointed Chairman of the Board of Directors that is over 67 years of age. If the Chairman exceeds this age, he or she shall be considered to have resigned at the end of the next Board meeting to be held. The Board may also appoint a secretary, who needs not necessarily be a Board member. If the Chairman is absent or prevented from attending, the Board shall appoint for each meeting one of its members to serve as chair. The Chairman and secretary of the meeting may always be reappointed. "

Article 16 of the bylaws: "The Board shall meet as often as the interests of the company require and at least once a year. Notice of Board meetings communicated to directors may be made by all means, including orally. A record of attendance is maintained that is signed by Directors participating in the Board meeting. Meetings are conducted and decisions voted according to the conditions of quorum and majority provided for by statute. In the case of a tie, the chair of the meeting shall have the deciding vote. The minutes shall be prepared, and copies or excerpts of the proceedings shall be issued as required by statute. Except when the Board meets for the purpose of transactions covered by articles L232-1 and L233-16 of the French commercial code, the rules of procedure provide that directors who take part in a meeting of the Board by means of videoconferencing or telecommunications allowing their identification and assuring their actual participation, are deemed present, for calculating the quorum and the majority. The form and terms of application of these rules of procedure are set forth by decree of the French Council of State *(Conseil d'Etat)*. "

Article 17 of the bylaws: "The Board of Directors shall determine the business strategy of the company and ensure its implementation. Subject to the powers expressly granted to shareholders' meetings and within the limits of the company's corporate purpose, the Board may address any matter relating to the efficient operation of the company and settles through its proceedings all items of business relating thereto. The Board of Directors shall perform at any time such controls and verifications that it judges appropriate. Each director must be provided with all information necessary to perform his or her duties and may obtain from executive management all documents deemed useful for the purpose. "

Subject to the provisions of the 22nd resolution submitted to the next general meeting of the shareholders relating to the creation of a panel of non-voting observers (censeurs) the bylaws will be amended by the addition of an article 17bis worded as follows:

Article 17bis of the bylaws: "The company is assisted by a panel of a maximum of three non-voting observers (censeurs), chosen from among the shareholders or from persons other than shareholders. They are each appointed for a term of four years by the ordinary general meeting of the shareholders, acting on the Board of Directors' proposal. Their functions shall terminate at the end of the ordinary general meeting having been called to approve the financial statements for the year ended, held in the course of the year when their terms expire. If one or more of these positions of the observers becomes vacant between two general meetings, the board of directors may make one or more appointments subject to ratification at the next general meeting. In this case, the observer is appointed for the remainder of his or her predecessor's term. At the end of their terms, observers may be reappointed. The observers participate in meetings of the board of directors to which they are called under the same conditions as directors. They may also attend, at the initiative of the board, meetings of committees created by the latter and they are provided with all documents that are provided to board members. They are subject to the obligation of strict confidentiality with respect to deliberations. They are not vested with any power of decision though they are at the disposal to provide their opinions regarding questions of any nature submitted to them, and notably relating to technical, commercial, administrative or financial matters. In the course of the board's proceedings they exercise an advisory role only and do not participate in the vote. On the chair’s proposal, the board of directors decides on the matter of the observers' remuneration.



21.2.3 Rights attached to shares of the company

Article 9 of the bylaws (form of shares): "From the date they are fully paid up, shares may be in registered or bearer form, at the choice of the holder, subject to provisions set by applicable regulations. "

Article 10 of the bylaws (Disposal and transfer of shares - Registration of shares - Transfer of title for shares): "The shares, regardless of their form, shall be registered in accordance with the provisions and according to procedures provided for by regulations in force. Shares are freely transferable and transferred account-to-account through a securities transfer order. The company may request at any time, in accordance with the provisions of articles L228-2 and L228-3 of the French commercial code, in exchange for payment at its expense, from the entity responsible for clearing securities transactions, as the case may be, for individuals or legal entities respectively, the name or company name, the nationality, the year of birth or year of incorporation and the address of holders of shares which confer present or future rights to vote in its own shareholders meetings, as well as the quantity of shares held by each and if applicable the restrictions which may apply to the securities. "

Article 11 of the bylaws (excerpt): "Any share, in the absence of a distinct class of shares or any share of the same class in the contrary case, confers a right to a net share proportional to the portion of capital it represents, in the earnings and reserves or corporate assets, for any distribution, redemption or allotment, in accordance with the provisions and procedures that may moreover be provided for under these bylaws. Furthermore, each share shall entitle its holder to vote and be represented in the shareholders' meetings in accordance with statutory rules and the provisions of these by-laws. Shareholders shall only be liable up to the amount of the par value of the shares they hold, with any call for funds above this amount prohibited. The rights and obligations attached to the shares are transferred with title to the shares. Ownership of a share automatically entails acceptance of the Company's bylaws and of the resolutions of the general meeting. The heirs, creditors, legal beneficiaries and other representatives of a shareholder may not place liens on the property or securities of the company, nor request the division or public sale, nor interfere in the administration of the company. For the proper exercise of their rights, they shall refer to the corporate records and to the decisions of the shareholders' meeting. Whenever it is required to possess more than one share to exercise a right of any nature in connection with an exchange, a share consolidation or share grants, in the event of an increase or decrease in the share capital or a merger or any other corporate action, owners of individual shares or a number of shares lower than required, may exercise said rights only if they undertake at their personal initiative to combine their shares with others and, as the case may be, purchase or sell the necessary shares. Except where prohibited by statute, all tax exemptions or charges applicable to the total number of ordinary shares as well as all taxation which may be borne by the Company shall be taken into account prior to any allotment or reimbursement either within the course of the life of the Company or upon its liquidation so that, according to their respective nominal values and dates of record, all the existing shares of the same class shall receive the same net amount. "

Article 27 of the bylaws (excerpt): "Voting rights attached to the capital shares and dividend-right (bonus) shares are proportional to the percentage of the share capital that such shares represent and each share carries one voting right. However, a voting right double that of other shares is granted in proportion to the share capital they represent to all fully paid up shares which can be demonstrated to have been registered for at least two years in the name of the same shareholder having requested for the shares to be held in registered form. Furthermore, in the event of a capital increase by the capitalization of reserves, earnings or issue premium, registered shares granted for free to a shareholder shall carry double voting right when issued, if the corresponding shares already held by the shareholder also carry double voting rights. Similarly, in the case of a change in the nominal value of existing shares, the double voting right is maintained for shares at the new nominal value replacing the previous shares. For other shares, double voting rights are acquired, cease or are transferred in the cases and conditions provided for by statute. The company is not authorized to exercise voting rights on shares it has purchased. "

21.2.4 Modification of rights attached to shares of the company

Article 29 of the bylaws: "The extraordinary general meeting can modify all provisions of the bylaws and namely decide on the transformation of the company into a company with another non-trading or commercial company form. It may not, however, increase shareholder commitments, except for properly executed transactions resulting from a share consolidation. Such meetings may conduct proceedings only if shareholders present or represented own one third of the shares with voting rights and, on the second notice, one fifth of said shares. If this quorum is not reached, the second meeting may be postponed to a date no later than two months after the date for which it was called. Decisions are adopted by a majority of two thirds of the votes of the shareholders attending or represented at the meeting. As a statutory exception to the preceding provisions, the general meeting which decides to increase the share capital through the capitalization reserves, profits or issue premiums can deliberate on same the conditions as to quorum and majority voting as an ordinary general meeting. In “incorporation” types of extraordinary general meetings, i.e., those called to approve a contribution in kind or the grant of a specific benefit, the contributors or beneficiaries have no right to vote either for themselves or as proxies. "

21.2.5 Shareholder meetings

Article 22 of the bylaws: "The decisions of shareholders shall be made at shareholders meetings. Ordinary shareholders meetings shall be those that are held to vote on decisions that do not amend the bylaws. Extraordinary shareholders meetings shall be those called to decide or authorize direct or indirect amendments to the bylaws. Special shareholders meetings shall be held to assemble shareholders of a specific class to rule on a change in the rights pertaining to the shares in that class. Deliberations of shareholders meetings shall be binding for all shareholders, even those who are absent, in disagreement or unavailable or without legal capacity. "

Article 23 of the bylaws: "General meetings are called either by the Board of Directors or, failing that, by the independent auditor(s), or by an agent designated by the commercial court in expedited proceedings in accordance with the provisions set by article L225-103 of the French commercial code. During the liquidation period, shareholders meetings shall be called by the liquidators. General meetings of shareholders are to be held at the registered office or at any other venue indicated in the notice of meeting. Shareholders meeting shall be called in accordance with the provisions provided for by applicable regulations. The company is required to publish a notice at least thirty-five (35) days before the meeting in the *Bulletin des Annonces Légales Obligatoires*, containing the information mentioned in article R225-73 of the French commercial code. "

Article 24 of the bylaws: "The meeting agenda is drawn up by the author of the meeting notice. One or more shareholders, representing at least the required percentage of the registered capital, and acting according to the provisions and deadlines provided by law, shall have the authority to request by registered letter with acknowledgment of receipt, that draft resolutions be placed on the agenda, other than those concerning the submission of candidates for appointment to the Board of Directors. The meeting may not consider items which are not on the agenda. However, in any circumstances it can revoke one or more directors and have them replaced. "

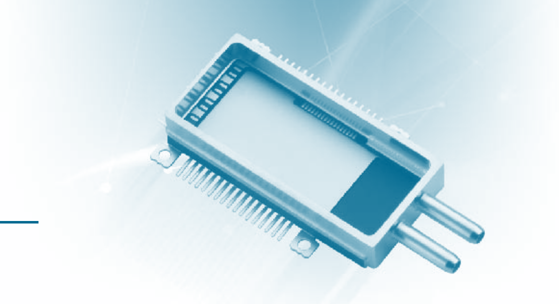
Article 25 of the bylaws: "Any shareholder may attend meetings in person or by proxy regardless of the number of shares owned, subject to proof of identity and status as a shareholder of record in the register maintained for that purpose by the company no later than the second business day preceding the date of the Shareholders' Meeting at midnight, Paris time. Any shareholder may vote by mail using a form completed and sent to the Company under the conditions provided for by law and regulations and that must be received by the Company no later than two days before the meeting date to be taken into account. "

Article 27 of the bylaws (excerpt): "For ordinary and extraordinary general meetings, the quorum shall be calculated based on all shares comprising the registered capital, except at special shareholders meetings, where it shall be calculated based on all shares of the class involved, less shares without voting rights as prescribed by Law. "

Article 28 of the bylaws: "An ordinary shareholders meeting shall meet at least once per year, within six months of the close of the fiscal year, to approve the accounts of that fiscal year, subject to extension of this deadline by decision of a court of law. On the first convocation, the meeting may validly deliberate only if the shareholders present or represented by proxy represent at least one fifth of the shares entitled to vote. Upon the second convocation, no quorum is required. Decisions are adopted by a majority of votes of the shareholders attending or represented at the meeting. "

Article 30 of the bylaws: "If there are several classes of shares, no change may be made to the rights of the shares of one such class, without the due vote of an extraordinary shareholders meeting open to all shareholders and, in addition, without also a duly conducted vote of a special meeting open only to the owners of the shares of the class in question. Special meetings may conduct proceedings only if shareholders present or represented own one third of the shares with voting rights and, on the second notice, one fifth of said shares for which the modification of their rights is being considered. If this quorum is not reached, the second meeting may be postponed to a date no later than two months after the date for which it was called. "

Article 31 of the bylaws: "All shareholders are entitled to access to documents necessary to allow them to have full knowledge of relevant facts and make informed judgments about the management and oversight of the company. The nature of these documents and the procedures for their transmission by mail or making them available are defined by law. "



21.2.6 Special provisions relating to a change in control

None.

21.2.7 Ownership disclosure thresholds

Article 11 of the bylaws (excerpt): "In accordance with the provisions of L233-7 of the French commercial code (Code de Commerce), all shareholders, natural persons or legal entities, acting alone or in concert, who cross thresholds in either direction in respect to the number of shares owned representing more than one twentieth, one tenth, three twentieths, one fifth, one quarter, three tenths, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of the capital or voting rights of the company, must notify the Company. The disclosure requirement also applies within the same time limits whenever the percentage of capital or voting rights held falls below one of the thresholds mentioned above. In the event of noncompliance with this obligation, the provisions provided for by article L233-14 of the French commercial code will apply. "

21.2.8 Special provisions relating to changes to share capital

None.

21.2.9 Purchases by the company of its own shares

Article 37 of the bylaws: "In those cases provided for by statute and/or regulations, the ordinary general meeting may grant an authorization to the company for a period not exceeding eighteen months to purchase its own shares. This meeting must set the terms of the transaction and notably the maximum purchase price, the maximum number of shares to be acquired and the period within which the share buyback must be carried out. "

A request to authorize the implementation of a share buyback program was not proposed to the annual general meeting of the shareholders held in 2015. Such a request will also not be proposed at the general meeting called to be held on June 16, 2016.

21.3 Information on the Company's share

The company' shares were listed on the Nouveau Marché of the Paris stock exchange on June 11, 1999. The opening price for the initial public offering was set at €18.30 per share. Prior to this, the share had not been listed in any French or foreign financial market. They are currently listed in Segment C Euronext Paris, under ISIN code FR0000072373.

Based on the daily liquidity of the Egide share in 2015, i.e. above a daily amount of €100,000 on Euronext Paris, the company was informed by Euronext Paris, that its shares are eligible for the SRD “Long-only” deferred settlement service as from December 29, 2015.

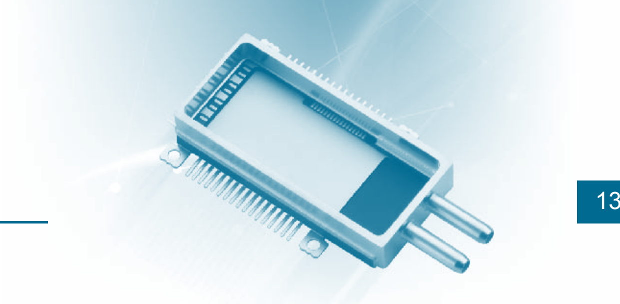
Based on the number of 4,471,906 shares making up the capital at December 31, 2015 and a closing price on the same date of €3.65, the market capitalization was €16.3 million.

On April 29, 2016, the company's market capitalization was €14.31 million (4,471,906 shares at €3.20 per share).

Information on trading ranges and volume since January 1, 2015 is presented below (Source: Euronext):

	Share price in euros			Average trading volume
	Low	High	Average closing price	In number of shares
January 2015	2.62	3.74	3.00	145,467
February 2015	2.55	5.22	3.58	351,769
March 2015	3.21	3.98	3.59	39,576
April 2015	3.24	4.36	3.74	114,062
May 2015	3.48	3.87	3.62	16,601
June 2015	2.80	3.60	3.11	28,058
July 2015	2.92	3.44	3.12	16,440
August 2015	2.23	3.12	2.82	8,842
September 2015	2.35	2.87	2.63	4,094
October 2015	2.24	3.35	2.60	28,648
November 2015	2.53	3.09	2.80	22,061
December 2015	2.71	3.73	3.20	24,329
January 2016	2.72	3.70	3.31	13,614
February 2016	2.62	3.55	3.00	6,675
March 2016	3.09	3.49	3.19	6,247
April 2016	3.10	3.44	3.22	6,324

Egide's share is traded on Euronext Paris through the continuous trading method.



22 MATERIAL CONTRACTS

Long-term contracts having been executed and remaining in force on the date of this registration document are presented below::

Egide SA :

- Trappes building lease agreement executed in 2008 (see sections 8.1.1 and 20.3.1.5.4.19.2)
- Bollène building lease agreement executed in 2010 (see sections 8.1.1 and 20.3.1.5.4.19.2)
- Trappes building lease agreement executed in 2016 (see sections 8.1.1)
- The manufacturing and supply agreement with the customer, Sofradir (press release of January 28, 2016)

Egide USA :

- Credit line based on the trade receivables balance and inventory executed in 2012 (see section 10.3)
- Long-term loan agreement executed in 2012 with Bank of America in connection with the purchase of the industrial building (see section 10.3)

Excluding those referred to above, no material long-term contracts binding on the company or the Group have been executed in the last two years.

23 THIRD PARTY INFORMATION AND STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

None.

24 DOCUMENTS ON DISPLAY

24.1 List of documents and method of consultation

For the duration of the registration document's validity, the following documents (or copies thereof) may be consulted at the registered office or administrative offices:

- bylaws *(statuts)*
- all reports, letters and other documents, past financial data, and expert opinions or statements requested by the issuer that are included or mentioned in this registration document; and
- consolidated historical financial information on the Group for each of the two fiscal years preceding the publication of this registration document.

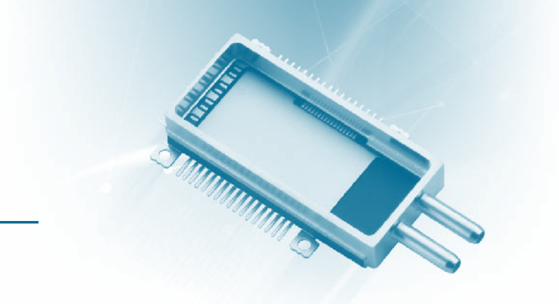
24.2 Annual information document

With respect to the disclosure of regulated information, since the application of the Transparency Directive of January 20, 2007, the company has used the services of a professional service for its dissemination as defined by the AMF.

24.2.1 Press releases

Press releases are available for consultation and may be downloaded in French and/or in English from the company's website (www.egide-group.com) :

01/13/15	2014 annual sales
01/21/15	Changes to the Board
03/18/15	Egide confirms its eligibility for French tax-advantaged equity savings vehicles intended to finance SMEs (PEA-PME)
03/20/15	Egide deploys its commercial presence in international markets
04/09/15	2014 annual results – 2015 first-quarter sales
06/05/15	Report to the combined annual general meeting
06/10/15	Availability of the 2014 registration document
07/01/15	Report of the combined general meeting of June 29, 2015
07/15/15	2015 first-quarter revenue
30/07/15	Report of the combined general meeting of July 16, 2015
10/01/15	2015 first-half results
10/05/15	Availability of the 2015 interim financial report
10/12/15	2015 third-quarter revenue
11/16/15	A €1.06 million capital increase by private placement
11/30/15	A new marketing department for the Egide Group, arrival of Gérald Chrétien
05/01/16	Egide shares admitted to the SRD “Long-only” deferred settlement service
01/15/16	2015 annual revenue
01/28/16	Egide signs an LTA agreement with Sofradir
03/14/16	Egide will attend the European Smallcap Event
04/06/16	2015 annual results - 2016 first-quarter sales
04/29/16	Availability of the 2015 annual financial report



24.2.2 Registration documents

Registration documents may be consulted and downloaded from the company's website (www.egide.fr):

09/28/01	Registration document – FY 2000
07/30/02	Registration document – FY 2001
06/05/03	Registration document – FY 2002
07/08/04	07/08/04 Registration document – FY 2003
06/14/05	Registration document – FY 2004
06/23/06	0Registration document – FY 2005
06/06/07	Registration document – FY 2006
07/07/08	Registration document – FY 2007
07/29/09	Registration document – FY 2008
05/18/10	Registration document – FY 2009
04/21/11	Registration document – FY 2010
01/17/12	Registration document update – FY 2010
04/23/12	Registration document – FY 2011
06/20/13	Registration document – FY 2012
05/13/14	Registration document – FY 2013
06/09/15	Registration document – FY 2014

24.2.3 Legal announcements

The following information has been published in the French publication for legal announcements *(Bulletin des Annonces Légales Obligatoires or BALO)*, and may be consulted on this publication's website (www.journal-officiel.gouv.fr). For information, since September 1, 2008 certain legal announcements published in this publication have been eliminated (Decree 2008-258 of March 13, 2008 - "*Journal Officiel*" of March 15, 2008).

05/11/15 05/29/15 06/10/15 07/03/15 07/17/15	Preliminary notice for the combined ordinary and extraordinary general meeting of June 16, 2015 Meeting notice for the combined ordinary and extraordinary general meeting of June 16, 2015 Meeting notice for the combined ordinary and extraordinary general meeting of June 29, 2015) Second meeting notice for the combined ordinary and extraordinary general meeting of June 16, 2015 Appropriation of 2014 earnings
02/03/16 05/11/16	Designation of the shareholder registrar services provider Preliminary notice for the combined ordinary and extraordinary general meeting of June 16, 2016

24.2.4 Opérations financières

11/16/15	A €1.06 million capital increase by private placement

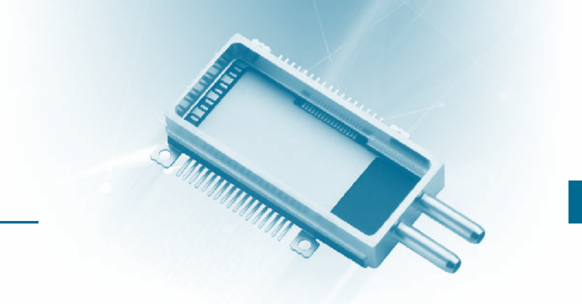
24.3 Publication date of financial disclosures

Date	Information	Venue/Publication
April 06, 2016	Presentation of unaudited accounts for fiscal 2015	SFAF analysts meeting Press release
April 06, 2016	2016 first-quarter sales:	Press release
June 16, 2016		AGM date
July 12, 2016	2016 second-quarter sales	Press release
October 04, 2016	2016 first-half results	SFAF analysts meeting
October 11, 2016	2016 third-quarter sales	Press release
January 10, 2017	2016 fourth-quarter sales:	Press release

25 INFORMATION ON HOLDINGS

See section 7.2 - Subsidiaries

See section 20.3.2.4.3.21 - Information on affiliated undertakings and participating interests



26 CSR INFORMATION

In accordance with the provisions of article L225-102-1 subsection 5 of the French commercial code and article R225-105-1 of Decree 2012-557 of April 24, 2012, corporate social responsibility information for the company and subsidiaries of the Egide Group on December 31, 2015, includes information on the employment-related and environmental impacts of their activity and their social commitments in favor of sustainable development, as presented below: This reporting boundary includes Egide SA (parent company) and its American subsidiary, Egide USA.

In preparing this report, the company does not refer to any external guidelines but instead follows an internal reporting procedure.

26.1 Information on the employment-related impact of Group operations

Information presented herein has been collected from human resources management of each of these sites (Trappes and Bollène for Egide SA, Cambridge, MD for Egide USA).

a) Employment

Total workforce (all contracts combined)

At December 31, 2014 and 2015, total salaried employees of the Group, including the chair of the board of directors and the chief executive officer, broke down as follows (by gender and geographic region):

	At December 31, 2014			At December 31, 2015		
	Men	Women	Total	Men	Women	Total
Egide SA (France - Trappes)	13	4	17	15	4	19
Egide SA (France - Bollène)	35	102	137	31	98	129
Egide USA (United States)	25	47	72	24	53	77
Total	**73**	**153**	**226**	**70**	**155**	**225**

By age bracket, the headcount presented above break down as follows:

	At December 31, 2014			At December 31, 2015		
	18-35	36-55	56-70	18-35	36-55	56-70
Egide SA (France - Trappes)	1	12	4	2	12	5
Egide SA (France - Bollène)	30	89	18	21	81	27
Egide USA (United States)	13	31	28	19	25	33
Total	**44**	**132**	**50**	**42**	**118**	**65**

These headcount figures do not take into account long-term sick leave who continue to be counted though do not receive remuneration.

In May 2014, Egide had 23 part-time employees (21 in Bollène, 1 in Trappes, 1 in Cambridge-USA) including 6 working half-time or less (5 in Bollène and 1 in Cambridge-USA) and 17 working mainly on a 4/5th basis corresponding to 80% of a weekly working hours (16 at Bollène, 1 at Trappes). The remainder of the workforce is full-time employees.

In May 2015, Egide had 26 part-time employees (23 in Bollène, 3 in Cambridge-USA) including 11 working half-time or less (8 in Bollène and 3 in Cambridge-USA) and 15 working mainly on a 4/5th basis corresponding to 80% of weekly working hours (all employees at Bollène). The remainder of the workforce is full-time employees.

Part-time employment is usually at the request of employees and concerns all personnel categories (engineers, technicians, equipment operators, men and women)

Average seniority is 13.1 years at Egide SA and 12.8 years at Egide USA.

Recruitments, departures and dismissals

For 2014 and 2015, Group information on recruitment is provided below:

Changes in headcount	Fiscal 2014			Fiscal 2015		
	Permanent contract	Fixed-term contracts	Apprenticeship contracts	Permanent contract	Fixed-term contracts	Apprenticeship contracts
Egide SA (France - Trappes)	3	0	0	2	0	0
Egide SA (France - Bollène)	3	27	5	8	16	2
Egide USA (United States)	5	12	0	19	6	0
Total	**11**	**39**	**5**	**29**	**22**	**2**

The 10 additional permanent employment contracts include two new recruitments, seven persons returning from long-term sick leave and one person returning from parental leave. Egide Group does not encounter any particular difficulties in terms of recruitment.

In 2014 and 2015, departures reported by the Group were as follows:

Departures (excluding dismissals)	Fiscal 2014			Fiscal 2015		
	Permanent contract	Fixed-term contracts	Apprenticeship contracts	Permanent contract	Fixed-term contracts	Apprenticeship contracts
Egide SA (France - Trappes)	1	0	0	0	0	0
Egide SA (France - Bollène)	11	27	0	12	15	5
Egide USA (United States)	8	1	0	12	6	0
Total	**20**	**28**	**0**	**24**	**21**	**5**

In 2014, the departure of employees at Egide SA resulted from five resignations, two parental leaves, 3 retirements, one sabbatical leave, and the expiration of 27 fixed-term contracts and a trial period. At Egide USA, three employees retired and six resigned.

In 2015, the departure of employees at Egide SA resulted from two resignations, two parental leaves, 6 retirements, two long-term sick leaves, the expiration of 15 fixed-term contracts and 5 apprenticeship contracts periods. At Egide USA, two employees retired and 12 resigned.

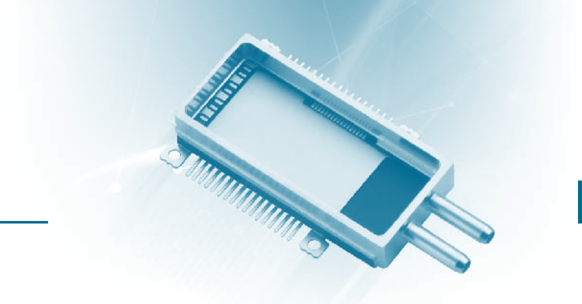
Fixed-term contracts concern primarily temporary increases in workloads.

In 2014 and 2015, the dismissal of employees by the Group broke down as follows

Layoffs	Fiscal 2014			Fiscal 2015		
	Permanent contract	Fixed-term contracts	Other	Permanent contract	Fixed-term contracts	Other
Egide SA (France - Trappes)	0	0	0	0	0	0
Egide SA (France - Bollène)	3	0	0	2	0	0
Egide USA (United States)	6	3	0	2	0	0
Total	**9**	**3**	**0**	**4**	**0**	**0**

In 2014, at Egide SA, there was one dismissal of personal grounds and two on grounds of incapacity. At Egide USA, proceedings have been initiated to address a mismatch with a position and adapt production capacity to the volume of work.

In 2015, at Egide SA, there were two dismissals on grounds of professional incapacity. At Egide USA, proceedings have been initiated to adapt production capacity to the level of work.



Compensation information and trends, social charges

All employees of Egide SA received monthly compensation on a 12 or 13-month basis. Employees of Egide USA are paid every two weeks. No employees of the Group are paid based on output.

Gross payroll and employer's social security contributions paid in 2014 and 2015 by Group companies break down as follows:

	Fiscal 2014		Fiscal 2015	
	Gross	Social charges	Gross	Social charges
Egide SA (France)	€ 4,676,758	€ 1,756,403	€ 4,427,887	€ 1,545,324
Egide USA (United States)	US$ 2,584,497	US$ 497,086	US$ 2,812,866	US$ 502,107

In 2014, the average increase in salary in France was 1.2%, including a general increase of 1% in accordance with the wage policy agreement concluded between the company and trade union representatives including 0.2% for other salary increases (changes in grade or function, merit, promotion). No salary increase was granted in the United States in the period.

In 2015, the average increase in salary in France was 2.9 %, including a general increase of 1% in accordance with the wage policy agreement concluded between the company and trade union representatives including 1.9 % for other salary increases (changes in grade or function, promotions pursuant to the reorganization of the management team). In the United States, the 5% salary reduction measure applied to all personnel since 2013 was canceled in this period resulting in a 5% increase in staff costs in relation to the prior year.

Incentive, statutory profit-sharing and employee savings plans

An incentive compensation agreement was concluded on June 13, 2013 between Egide SA and personnel, represented by the secretary of the Works Committee and in the presence of trade union representatives. This agreement was concluded for a three-year period running from January 1, 2013 to December 31, 2015, replacing the previous incentive compensation plan whose term had expired. This incentive compensation is calculated annually from pretax current operating profit. This amount is allocated equally to all employees of the company with at least three months of seniority and prorated according to the number of hours worked during the year concerned. In light of the current operating loss, no incentive compensation was paid for 2015, as was the case as well for 2014. A new profit-sharing agreement is currently under preparation and is expected to be signed before June 30, 2016 for a new three-year period (from January 1, 2016 to December 31, 2018).

Furthermore, all personnel of Egide SA are qualified for statutory profit-sharing determined according to the calculation base provided for by law. In light of the results, no statutory profit-sharing payments were made for 2014 and 2015. A company savings plan does not exist for employees.

At Egide USA, a bonus system exists for key executives. This plan provides for the payment of variable compensation assessed on annual salary if EBITDA for the period exceeds by at least 85% the budgeted amount. For fiscal 2014, no bonus payments were made, as objectives have not been reached. An amount totaling US$140,000 was accrued for in 2015 and will be paid in 2016 to a total of ten persons.

b) Work organization

In France, the workweek is five days for 38 1/2 hours. Non-management personnel on an hours per day basis work in reference to a 35 hour workweek to which are added two bonus hours (paid 125%) with an hour and a half break. Non-management personnel on an hourly shift basis work 35 hours per week, to which are added 3 1/2 hours for breaks. Hours for management personnel are annualized.

In the United States, the workweek is 40 hours over 4 days (Monday to Thursday). Non-management personnel benefit from a daily break of one hour (30 minutes for lunch and two 15 minute breaks)) Hours for management personnel are annualized.

Overtime

In 2014 and 2015 overtime payments broke down as follows:

	Fiscal 2014	Fiscal 2015
Egide SA (France - Trappes) Egide SA (France - Bollène) Egide USA (United States)	2,209 12,143 4,021	1,680 8,935 6,592
Total (heures)	**18,373**	**17,207**

For information, an overtime hour represents time worked exceeding the 35 hours workweek in France and the 40 hour workweek in the United States. The major share of overtime at Egide SA is linked to two bonus hours included for work weeks of between 35 and 37 hours.

Absenteeism

In 2014 and 2015 hours of absenteeism (excluding part-time employment) broke down as follows:

	Fiscal 2014	Fiscal 2015
Egide SA (France - Trappes) Egide SA (France - Bollène) Egide USA (United States)	411 38,272 250	826 28,029 890
Total (hours)	**38,933**	**29,745**

These absences were mainly due to sick leave (short and long-term) and maternity leaves. Eleven employees were on long-term sick leave in 2014 and six in 2015 (representing totals of 15,073 and 9,803 hours per year).

Use of temporary personnel

For fiscal 2014, Egide SA had registered under expenses €25,803 paid to two temporary employment companies related to the replacement of employees on sick leave and an increased workload and €8,333 to two service companies that assigned personnel to the company (site security expenses), which represented an equivalent of 0.73 % of the annual payroll.

For fiscal 2015, Egide SA registered under expenses €5,510 paid to two temporary employment companies in response to a temporary surplus of work and €6,779 to service companies that assigned personnel to the company (site security expenses), representing an equivalent of 0.29 % of the annual payroll.

Egide USA did not make use of temporary personnel in fiscal 2014 and 2015.

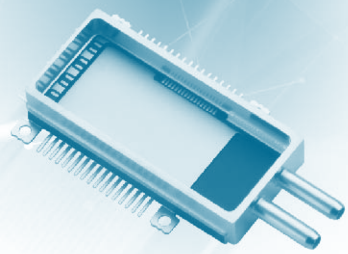
c) Labor relations

Labor relations and collective bargaining agreements

In France, Works Committee elections were organized in 2014. Only a single Works Committee covering the two sites (Bollène and Trappes) was appointed for a four-year term. There is not any Works Committees in other countries.

Excluding formal relations with the Works Committee and labor organizations where they exist, Egide Group promotes direct dialogue between supervising line management and their staff. On that basis, in accordance with needs and current issues, meetings are organized with all or part of the personnel without this being required by a specific structure.

There is only one collective bargaining agreement between Egide SA and its employees, which relates to an employee profit-sharing.



At Egide SA, two French labor unions (Tricastin SPEA (CFDT) and Force Ouvrière trade union) each have a representative at the Bollène site. At Egide USA there are no labor unions.

Territorial impact of its activity in terms of employment and general development

Egide SA has established contacts with local offices of the French employment agency. The US subsidiary works with similar organizations where they exist and gives preference to local recruitment.

Relations with social partners

Egide SA maintains contacts with organizations promoting social integration (*AGEFIPH or Association pour la Gestion du Fonds d'Insertion Professionnel des Handicapés*) or sheltered work opportunities (*ESAT or Etablissements et Services d'Aide par le Travail*). In addition, in connection with the French apprenticeship tax, the company pays a contribution to training establishments.

Similar arrangements do not exist in the US subsidiary.

Foreign subsidiaries and their impact on regional development

Egide has a subsidiary in the United States whose employees originate from the local labor force.

Public service initiatives

With respect to public service initiatives, Egide SA offers employees meal voucher contributions as well as a contribution to a mutual insurance and personal protection plans. In 2015, €122,196 was allocated by the company for meal vouchers (€134,110 in 2014), €58,021 as a partial contribution for the mutual insurance plan) €56,810 in 2014) and €44,960 as a partial contribution for the personal protection plan (€46,843 in 2014). Furthermore, the company allocates a budget to the Works Committee amounting to €51,217 for 2015 (55,864 in 2014) or 1.2% of payroll (of which 0.2% was allocated to the operating budget). This budget is redistributed to employees in the form of gift vouchers, outings, meals, etc.

At Egide USA, partial payment for mutual and personal protection insurance represented a cost to the company of US$226,294 in 2015 (US$231,702 in 2014).

Egide USA set up a 401(k) retirement plan for its employees whereby the company covers the total amount of contributions for the first 3% of pay and one half of additional contribution amounts up to 2% of pay (or a maximum contribution by Egide USA of 4%). Its annual cost for the company in 2015 was US$44,328 (US$47,911 in 2014)

d) Health and safety

Health and safety conditions

The Health, Safety and Working Conditions Committee of Egide SA met four times at Bollène in 2015 (four times in 2014). Similar bodies do not exist at Egide USA.

In 2015, the French company reported two work-related accidents involving employees, including one resulting in sick leave (compared to 3 in 2014, all involving sick leaves), representing a frequency rate[10] of 7.4% (10.4% in 2014). The US subsidiary did not report any work related accident in 2015 (two accidents in 2014, with a one-day sick leave). For information, no commuting accidents were reported by Egide SA in 2015 (same as in 2014).

In 2015, Egide SA reported one professional illness (a musculoskeletal disorder) compared to one in 2014 (that continued in 2015), with a severity rate[11] of 2.06 (0.52 in 2014).

(10) Frequency rate: number of accidents x 1000 / hours worked
(11) Severity rate: number of lost workdays x 1000 / hours worked

Rates and contributions for occupational accidents:

Site	2014 rates	2014 contribution	2015 rates	2015 contribution
Trappes (FR)	1.02 %	9,797 €	1.00 %	9,070 €
Bollène (FR)	1.34 %	49,467 €	1.21 %	40,620 €
Cambridge (USA)	N/A	-	N/A	-

Egide uses CMR products (carcinogens, mutagens and reprotoxins) in connection with its industrial operations. In France, a Works Committee meets on a quarterly basis to ensure the safe usage of such products and their replacement by non-CMR products. The list of products used and actions taken by this committee are reviewed by the executive committee at their meetings and at the annual review of risks.

At Egide SA, meetings were held in 2014 with respect to a new law on work-related hardships to explain the 10 criteria for classifying hardship conditions under new French regulations, and providing details on tasks performed within the company, organizing a schedule for assessing the first four criteria in 2015 and the remaining six in 2016. It has been determined that among the first four, only that relating to repetitive work should be assessed in connection with Egide's activity. These meetings were organized in the form of working groups with the participation of the Health, Safety and Working Conditions Committee, the human resources manager and the plant safety manager. Pursuant to legislative developments easing obligations relating to work-related hardships (the “Rebsamen” Act No. 2015-994 of 17 August 2015,) and the first four criteria thereof that ultimately not applying to Egide, discussions on the subject were suspended until the final legal framework has been defined;

Report on agreements concluded relating to occupational health and safety

No specific agreements in group companies have been signed relating to occupational health and safety. Each entity applies local regulations applying in this area (for example Health, Safety and Working Conditions Committee at Egide SA).

In each entity, business vehicle coverage is provided to employees who use their personal vehicle for professional purposes.

e) Training

Training policy

At Egide SA, an assessment of training needs is determined based on input provided by different departments, in general, in January, with a date for reply to each service requested by January 31. The human resources manager then transmits the requests to executive management who in turn presents a summary of the monthly executive committee meeting to be held in February. In accord with employee representatives bodies, discussions on the training plan are included in meetings organized for French annual statutory wage negotiations.

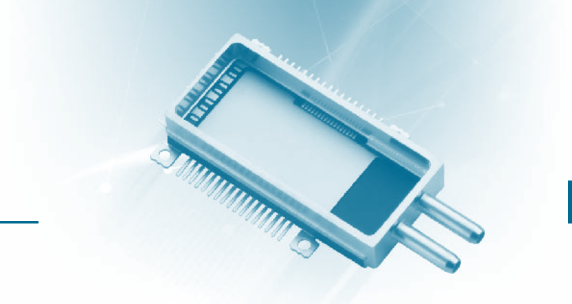
To take into account the economic uncertainties, the trend is to limit whenever possible, the inclusion of external expenditures in the training plan, develop to the extent possible internal training solutions, giving preference to group training over individual training and in consequence, strongly encourage use by employees who so wish, on fixed-term or permanent contracts, of their personal training account ("*Compte Personnel de Formation*" replacing the previous system "*Droit Individuel à la Formation*").

No obligations exists with respect to training in the Group's foreign subsidiaries. However, individual requests that may arise are reviewed and handled by local management according to the same principles that apply to Egide SA.

Training hours

Total training hours (internal and external) amounted to 640 for Egide SA (822 in 2014) and 60 for Egide USA (110 in 2014). In 2014, total expenditures for outside training for Egide SA amounted to €31,485 (€31,491 in 2014) and for Egide USA US$1,243 (US$1,049 in 2014).

As of January 1, 2015, the French system providing for individual training rights (Droit Individuel à la Formation or DIF) was replaced by the so-called Personal Training Account (Compte Personnel de Formation or CPF). On this occasion, management of the system was transferred from the employer to the Caisse des Dépôts et Consignation and personal information relating thereto is henceforth completely private. For that reason it is no longer possible to indicate for employees vested training hour benefits as was the case under the previous system (at December 31, 2014, this represented 16,999 training hours) nor is it possible to indicate if the training hours were used within the framework of the new system (in 2014, 182 hours were used under the previous system); These provisions concern only Egide SA.



f) Equal opportunity and non-discrimination

Gender equality in the workplace between men and women

Even though women represent the majority of plant personnel at each of the production sites, there are no positions within the Group that could give rise to unequal treatment between men and women.

Employment and integration of handicapped workers

In 2015, Egide SA employed 16 persons with non-motor-based disabilities at the Bollène site (i.e. equivalent to 12.29 units) and none at the Trappes site (respectively 15 and 0 in 2014 or equivalent to 13.84 and 0 in units). No disabilities were the result of an accident occurring in relation to the company's activities. For information, the statutory obligation (law of February 11, 2005) for 2015 provided for 7 units and for 2014 eight units. On that basis, the French entity had exceeded these requirements.

No similar regulation exist for the Group's US subsidiary that moreover does not employ any disabled workers.

Information on measures to combat discrimination and promote diversity

In pursuance of the provisions of Article L225-102-1 subsection 5 of the French commercial code as amended by Article 9 of Law No. 2011-672 of June 16 2011, every year Egide SA submits to the Works Committee and employee representatives a single report providing information on measures to combat discrimination and promote diversity (see indicators presented above). Moreover, no discrimination exists with training, professional promotion, working conditions and actual remuneration levels.

g) Compliance with the core conventions of the International Labor Organization

Egide, a French company, and its US subsidiary respect as a matter of principle the international labor conventions.

26.2 Information on the environmental impact of operations

In accordance with the provisions of article L225-102-1 paragraph 5 of the French commercial code and article R225-105-1 of decree No. 2012-557 of April 24, 2012, selected disclosures relating to environmental impacts of the activity of Egide SA and its subsidiaries held at December 31, 2015 are provided below. Information presented herein was collected from the plant maintenance & security manager and the quality & environment manager for the French entity and from local managers for the US subsidiary.

a) General environmental policy

Compliance by the company with environmental provisions

The activity of Egide SA is subject to a requirement for an operating authorization issued by the regional authorities ("*Préfecture*") of Vaucluse. The company is accordingly subject to inspections by a number of regulatory agencies (DREAL, the Water Agency, CARSAT and the APAVE for waste analysis). Egide USA also requires an authorization to operate which is issued by the Maryland Department of the Environment (MDE) and the city of Cambridge in Maryland. It is subject to inspections by MDE and the Environmental Protection Agency. Quarterly waste analysis reports are transmitted to the Department of Works of the city of Cambridge.

Internal departments responsible for environmental issues

Executive management, the plant management (Bollene, Cambridge and Woodbridge) and the Quality Control and Environment department, in consultation with the Health, Safety and Working Conditions Committee for France, are directly responsible for the monitoring environmental impacts of the company's operations. The Group consults, if necessary, with relevant external organizations in the matter.

Environmental certification initiatives

Egide SA's 14001 certification was renewed in December 2015. Although without environmental certification, the Group's American subsidiary complies with applicable standards in force in the United States and adheres to the provisions of its ISO 9001 certification.

Employee training and information initiatives

At Egide SA, training initiatives address environmental issues and are an integral part of the annual training program negotiated with employee representative bodies. This training is provided by the plant maintenance and security manager who was assisted by the quality and environmental manager.

At Egide USA, while no specific training measures exist, information is provided to production managers when appropriate.

Expenditures incurred for the prevention of environmental impacts

Environmental issues are monitored directly by quality and environmental departments of each Group company. For 2014 and 2015 no specific expenditures were incurred other than those relating to these departments.

Provisions and guarantees for environmental risks

No provisions for costs to be incurred in relation to environmental issues have been established at the Group level.

Environmental objectives for subsidiaries

No environmental penalties were paid by the Group in 2014 and 2015.

Objectifs assignés aux filiales de la société en matière d'environnement

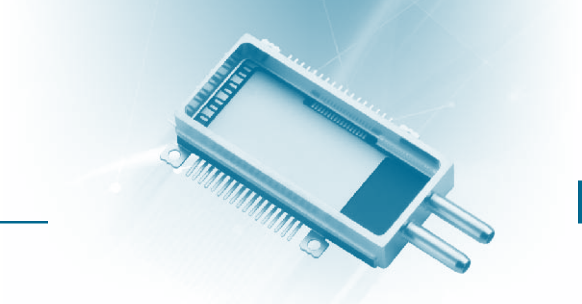
Prior to the acquisition of Egide USA, an environmental audit was performed at Egide's initiative which confirmed that the US subsidiary was in compliance with US laws and regulations. Since then, Egide has ensured that its subsidiary remains in compliance with applicable current and future standards.

As a general rule, Egide ensures that each Group company applies the environmental standards in force in their respective countries.

b) Pollution and waste management

Discharges in the air, water and ground causing serious environmental impacts

Egide SA and Egide USA have surface treatment equipment, composed primarily of a manual and semi-automatic plating 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 or spillage.



Measures for prevention, recycling and eliminating waste

The waste and by-products generated by Egide Group's production units originated mainly from surface treatment activities. When possible, liquid waste is recycled though generally, this waste is removed then disposed of by specialized waste management companies.

Furthermore, measures have been put into place for the collection of certain ordinary or hazardous waste. Accordingly, at Egide SA special containers are available to staff to sort paper, cardboard, wooden pallets, batteries, ink printer cartridges and used neon bulbs for the purposes of their reuse, recycling or destruction. Similarly, used computer equipment (PCs, monitors, printers) is collected for instruction through a specific channel for this purpose. At Egide USA, containers intended for recycling aluminum cans, plastic bottles and paper are installed in the company's premises.

Certified for the ISO 14001 standard, indicators are in place at Egide SA to monitor waste. Data is not available for the American subsidiary Egide USA.

Waste	Unit	Egide SA		Egide USA	
		2014	2015	2014	2015
Non-hazardous waste	Tons	20.6	16.3	NA	NA
Hazardous waste	Tons	610.0	601.6	14.8	14.9

For Egide SA, data is analyzed in relation to number of production units per year in order to monitor these indicators based on the company's actual output.

The difference between levels for hazardous waste between Egide SA and Egide USA reflects the fact that the first disposes of liquid waste while the second disposes of waste concentrated in solid form (resulting from a different internal process for chemical discharges).

Neither Egide SA nor Egide USA have canteens at their premises. As such, the Group is not able to take measures at this level to combat food waste.

Noise and odor pollution

The surface treatment process may produce odors associated with the activity which are however neutralized by exhaust ventilation systems in the electroplating room. In the case of an accidental shutdown of these systems, measures exists for shutting down the production line and evacuating personnel to safety. Extracted air is filtered by equipment which traps all pollutants before being released to the outside.

Air compressors (compressed air supply system) and air cooling towers (kiln cooling) represent the only sources of external noise disturbances. Noise remains however within the limits imposed by standards in force and does not create any significant disturbances in light of the environment where the Group companies are located (rural area with agricultural fields and industrial buildings for Egide SA, urban commercial and traffic area for Egide USA).

There are no internal sound nuisances which may affect employees, other than those relating to operating the machining centers in those units thus equipped. Machine tools generate significant noise levels though comply with regulations in force and are monitored by the occupational physician in France and OHSA (Occupational Health and Safety Authority) in the United States. However, hearing protection helmets and earplugs are made available to Egide personnel.

c) Sustainable use of resources

Water, raw materials and energy consumption

Water consumption for Group operating activities are mainly for cooling the ovens and supplying the electroplating lines. In the interest of reducing expenses and energy efficiency, Egide SA and Egide USA have put into place a closed loop cooling system for the ovens with the installation of cooling towers. Egide USA has in addition equipment operating on an open loop basis hence with considerably higher water consumption. In the same spirit, surface treatment installations have switched from the current rinsing system to a "static bath" system whereby rinsing baths are changed on a periodic basis in contrast to a continually circulating open-loop system. Certain operations at Egide USA nevertheless continue to use the open-loop system.

The Group uses high temperature brazing and high temperature sintering furnaces which use significant amounts of energy. These furnaces also consume gas (nitrogen or hydrogen) obtained through regular deliveries of specialized suppliers.

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

Information on consumption is summarized below:

Ressources	Unit	Egide SA		Egide USA	
		2014	2015	2014	2015
Water	m^3	7,135	7,953	67,729	84,407
Electricity	kWh	3,271,335	3,151,027	4,026,000	4,323,600
Gas	kWh	1,145,747	1,115,450	5,234,249	4,976,054
Hydrogen	m^3	18,185	17,238	35,554	33,302
Nitrogen	Kg	773,493	772,631	1,272,914	1,163,547

Whether with (Egide SA) or without ISO 14001 certification, the Group endeavors to ensure limited consumption of these resources in conducting its operations.

In connection with its activity, the raw materials used by Egide are mainly ASTM F15 (or Kovar™), alumina, tungsten or ammonium. ASTM F15 is an iron, nickel and cobalt alloy entering into the composition of metal products purchased by the Group from machinists, molders or powder suppliers. While Kovar is sometimes sourced by Egide from specialized French or American companies, it is generally supplied directly by component suppliers. In 2015 Egide accordingly purchased a limited quantity of kovar supply (only 225 kg by Egide SA). In 2014, amounts purchased totaled 40 kg for Egide SA and none for Egide USA. Alumina, tungsten or ammonium are used for the manufacture of ceramic components. 635 kilos of tungsten were purchased in 2015 (200 kilos in 2014) as well as 12 tons of alumina and 1 ton of ammonium (no purchases in 2014).

Egide also uses aurocyanide in its surface treatment activities. In 2015, 97 kg of aurocyanide were purchased (40 kg by Egide SA and 57 kg by Egide USA), representing the equivalent of 66 kg of gold metal with no difficulties encountered for procurement. In 2014, 78 kg of aurocyanide was purchased (23 kg by Egide SA and 55 kg by Egide USA), representing the equivalent of 53 kg of gold.

This data is analyzed in relation to the number of production units per year in order to monitor these indicators based on the company's actual output.

Soil use

No Group companies use resources originating directly from the soil. The industrial facilities cover an area of 5,700 m² in Bollène, 1,300 m² in Trappes and 5,000 m² in Cambridge MD. In 2014 and 2015, none of the sites were expanded.

d) Climate change

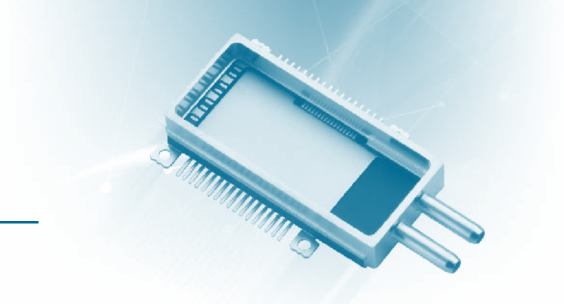
Greenhouse gas emissions

No procedure has been adopted to estimate the impact of possible greenhouse gas emissions from the Group production sites.

Adapting to the consequences of climate change

No specific measure has been identified for the purpose of adapting Group sites to climate change.

Group entities use significant amounts of electricity to operate their equipment. For information, in France 75% of electricity is produced from nuclear energy (i.e. no greenhouse gas emissions).



e) Protection of biodiversity

Measures taken to limit environmental damage

Egide SA operates in an industrial zone bordered by a waste collection facility, agricultural fields, a drainage canal parallel to the Rhône and the Tricastin nuclear power plant. Egide USA is located in a commercial urban area off a road with heavy traffic. The environment of each Group company thus limits adverse impacts on the biological balance, natural habitats, and protected animal or vegetable species. Regarding effluent discharges, Egide SA has decided to store them in and installation built specifically for this purpose to be evacuated and processed on a regular basis by specialized companies. Egide USA recovers pollutants for treatment before discharging the effluents into the municipal networks (after prior pH control). Whenever possible, the Group gives preference to the regeneration of certain used chemical products.

Furthermore, with respect to Egide SA's ISO 14001 certification, a number of measures have been identified and implemented (paper and cardboard recycling, phasing out of the use of flo-pak etc.).

26.3 Information relating to corporate social responsibility commitments in favor of sustainable development

In accordance with the provisions of article L225-102-1 paragraph 5 of the French commercial code and article R225-105-1 of decree No. 2012-557 of April 24, 2012, selected disclosures relating to corporate social responsibility commitments in favor of sustainable development of Egide SA and its subsidiaries included in the consolidation scope at December 31, 2014 are provided below

a) Regional, economic and social impact

Employment and regional development

Each Group company gives preference to the local labor force for the recruitment of new staff. In addition, regional infrastructure resources are used when available.

Impacts on resident or local populations

The French site is located in an industrial area surrounded by agricultural fields while the US site is located in a commercial area off the main road in a town environment. By their location, the impact of Group entities on resident or local populations is very limited.

b) Relations with persons or organizations interested by the activity of the company

Conditions of dialogue

All persons interested in the activity of the company may freely contact the different Group units. The relevant contact information is available from Egide website.

Corporate partnerships or sponsorship initiatives

No corporate partnerships or sponsorship initiatives have been implemented by Group companies

c) Outsourcing and suppliers

An ethics clause is included in the charter sent by Egide SA to all suppliers and acceptance by suppliers of purchase order constitutes acceptance of the provisions of this clause. With most of the suppliers with whom Egide works from Europe or the United States, the company is overall not subject to a risk of their noncompliance with ILO conventions. With respect to suppliers, particularly in Asia where application of ILO conventions can sometimes be challenged, the existence of the Egide purchasing charter helps ensure that these conventions are better applied. In addition, Egide suppliers are regularly audited by the Group's quality department in order to, in particular, ensure compliance with the purchasing charter.

Egide moreover specifically prohibits using suppliers having recourse to child labor or forced labor. By objecting in order from Egide, the supplier unconditionally undertakes to comply and ensure compliance by its own suppliers of this clause.

Egide SA on occasion uses technical subcontracting for the manufacture of certain packages which in 2015 represented total expenditures of €367,727 (compared to €287,350 in 2014).

d) Fair trade practices

Actions taken to prevent corruption

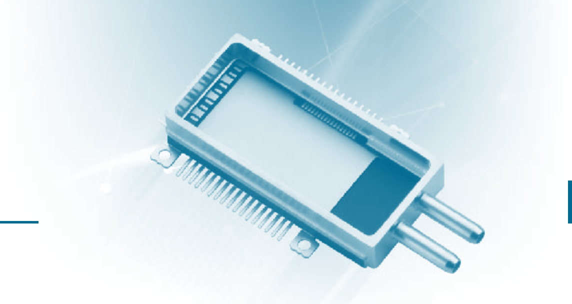
The company relies on procedures in place at each unit to prevent all risks of corruption. Otherwise, no specific measures addressing the subject have been adopted.

Consumer health and safety measures

The company has an exclusively B2B customer base and none of the products sold by the Group are destined for the consumer segment. Concerning health, Egide applies the laws and regulations in force in each country (for example REACH).

e) Other actions undertaken in favor of the human rights

No specific measures in this area have been adopted at Group companies.



26.4 Verification of the CSR report by an independent third-party

In compliance with the statutory provisions set forth by the legal order published on May 13 2013 determining the conditions in which the independent third party shall perform its engagement to review the CSR report, Egide's executive management appointed the firm Finexfi for that purpose. Finexfi was granted certification by the French National Accreditation Body (COFRAC) under No. 3-1081.

This is a free translation into English of the third-party verification and independent assurance report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

"To the shareholders:

Pursuant to the request by Egide SA and in our capacity as independents assurance providers accredited by COFRAC under No. 3-1081 (for details on the scope refer to www.cofrac.fr), we hereby present our report on consolidated employment-related environmental and social information presented in the annual report prepared for the period ended 12/31/15 in accordance with the provisions of article L225-102-1 of the French commercial code.

Responsibility of company management

The Board of Directors is responsible for the preparation of the management report including the consolidated social, environmental and societal information in accordance with the requirements of Article R225-105-1 of the French commercial code (hereafter the "Information"), established according to the company's internal reporting standards (the "Guidelines") and which can be obtained from the EGIDE's registered office.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession (Code de Déontologie) and Article L822-11 of the French commercial code. In addition, we have put into place a quality control system that includes policies and documented procedures for the purpose of ensuring compliance with conduct of business rules, professional standards and applicable laws and regulations.

Responsibility of the independent third-party assurance providers

Based on our work, it is our responsibility to:

- attest that required disclosures are presented in the management report or, if not presented, whether an appropriate explanation is given in accordance with the third paragraph of Article R225-105 of the French commercial code *(Code de Commerce)* and Decree no. 2012-557 24 April 2012 (Attestation of Disclosure);
- provide limited assurance on whether the information is fairly presented in all material respects in accordance with the Guidelines adopted (Limited Assurance Report).

STATEMENT OF DISCLOSURE

Our engagement was performed in accordance with professional standards applicable in France:

- We compared the Information presented in the management report with the list as provided for in Article R225-105-1 of the French commercial code;
- We ensured that the Information covers the scope of consolidation, i.e., the company, its subsidiaries as defined by Article L233-1 and the entities it controls as defined by Article L233-3 of the French commercial code;
- In the event of the omission of certain consolidated information, we verified that an appropriate explanation was given in accordance with Decree no. 2012-557 dated 24 April 2012.

Based on these procedures, we certify that the annual report includes the required Information.

REASONED OPINION ON THE FAIRNESS OF THE CSR INFORMATION

Nature and scope of our work

Our work was carried out over a period of four workdays between April 6 and April 25, 2016.

We performed our work in accordance with the standards applicable in France, ISAE 3000 (International Standard on Assurance Engagements) and with legal order published on May 13 2013 determining the conditions in which the independent third party performs its engagement.

We conducted three interviews with persons responsible for preparing CSR information from the departments responsible for collecting information and, where appropriate, those in charge of internal control and risk management procedures in order to:

- Assess the suitability of the guidelines in light of their relevance, completeness, impartiality, comprehensibility, and reliability, taking industry best practices into account when necessary;
- Verify that the Company had set up a process for the collection, compilation, processing and control of the CSR Information to ensure its completeness and consistency. We examined the internal control and risk management procedures relating to the preparation of the CSR Information.

We identified the consolidated information to be tested and determined the nature and scope of the tests, taking into consideration their importance with respect to the employment-related social and environmental consequences related to the Company's business and characteristics, its CSR priorities and best industry practices.

With regard to the CSR Information that we considered to be the most important at the consolidating entity level:

- We have consulted documentary sources and conducted meetings to corroborate qualitative information (organization, policies, actions);
- We implemented analytical procedures for quantitative information and verified, using sampling techniques, calculations as well as the consolidation of data;
- We performed detailed tests based on samples[12], consisting in verifying calculations and reconciling data with supporting evidence and verified their consistency and concordance with the other information in the management report.

For the other CSR consolidated information published, we assessed based on our knowledge of the Company.

Finally, we also assessed the relevance of explanations given for any information not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgment, allow us to express limited assurance. A higher level of assurance would have required us to carry out more extensive work.

Our work covered more than 50 % of the consolidated value of quantitative indicators for employment-related information and more than 50% for environmental-related information.

Because of the use of sampling techniques and other limitations intrinsic to the operation of any information and internal control system, we cannot completely rule out the possibility that a material irregularity in CSR information has not been detected.

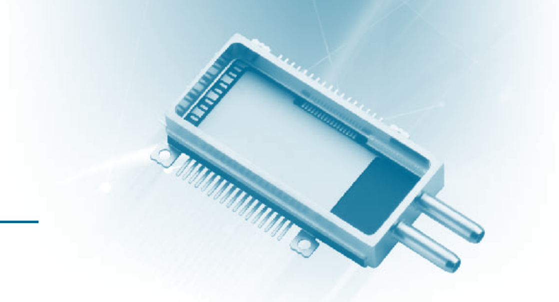
CONCLUSION

Based on our work described in this report, no material misstatements have come to our attention that might cause us to believe that the Information is not fairly presented, in all material respects, in accordance with the Guidelines.

Lyon, April 29, 2016

The independent auditor
FINEXFI - Isabelle Lhoste, partner"

[12] *Intervention at the Bollène site; companies selected for the tests: Trappes, Bollène*



27 CROSS-REFERENCES WITH THE MANAGEMENT REPORT

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