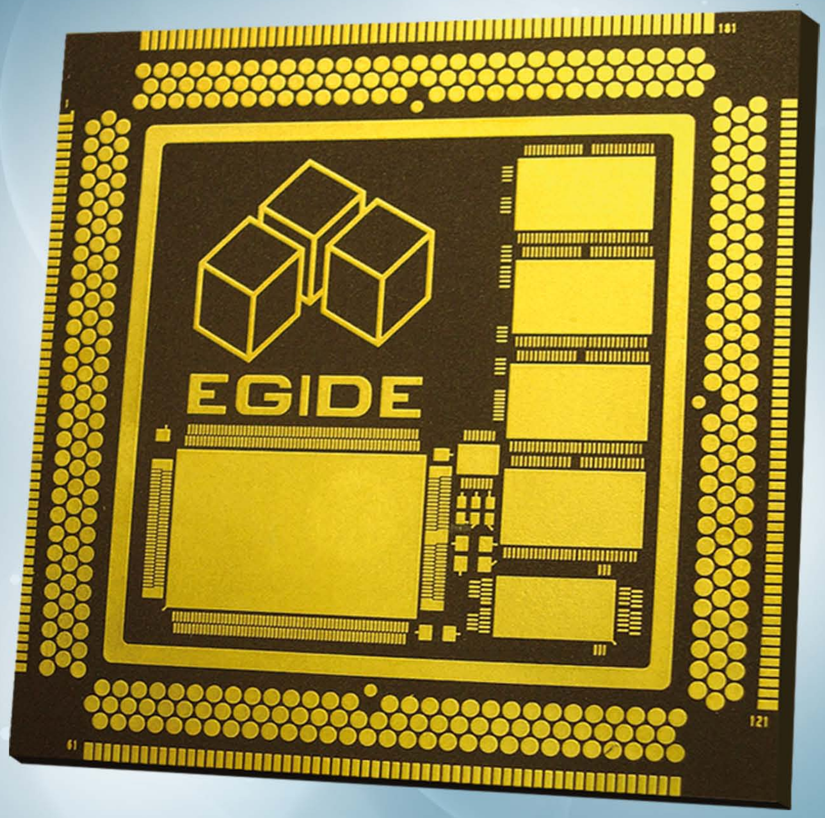
EGIDE



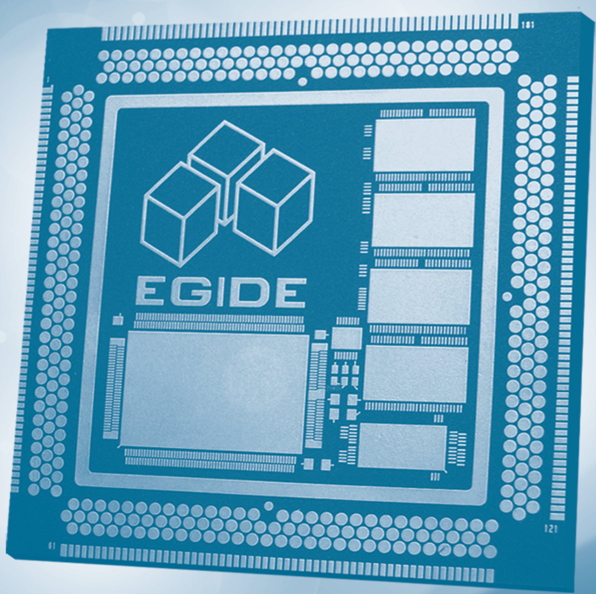
ANNUAL REPORT 2010

INNOVATIVE HERMETIC PACKAGE SOLUTIONS

EGIDE

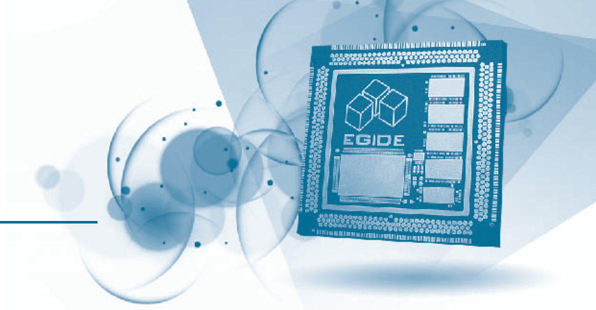
This annual report was filed with the Securities Commission on April 21, 2011 in compliance with article 212-13 of its General Regulations. It cannot be used in support of a financial transaction unless it is accompanied by a prospectus validated by the Securities Commission. This document was prepared by the issuer and commits its signatories.

EGIDE
A corporation with 12,862,750 euros in Assets
Corporate Headquarters: Industrial site of Sactar
84500 BOLLENE
338 070 352 RCS AVIGNON



ANNUAL REPORT 2010

INNOVATIVE HERMETIC PACKAGE SOLUTIONS



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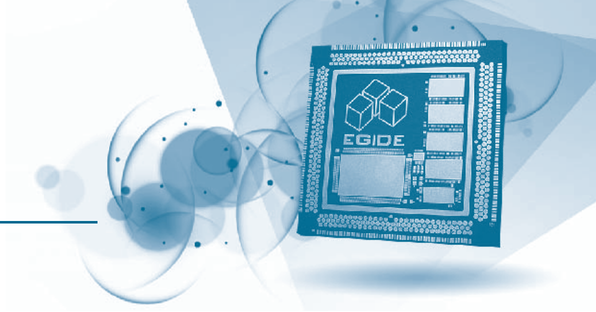
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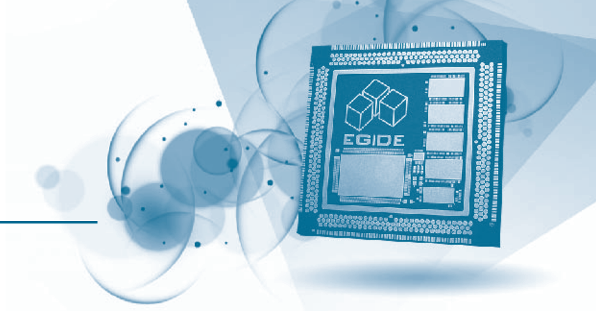


1 RESPONSIBLE PARTIES

1.1 Responsible Party for the document information

Mr. Philippe Brégi, Chief Executive Officer

1.2 Declaration of the Responsible Party

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

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

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

The annual consolidated financial statements for the fiscal year ended December 31, 2008 were the subject of the statutory auditors' reports respectively appearing in paragraphs 20.4.1 and 20.4.2 of the reference document filed with the AMF on July 7, 2009 under number D.09-0593 which contain the observations.

Trappes, April 21 2011

Philippe Brégi
Chief Executive Officer

2 STATUTORY AUDITORS

2.1 Statutory Auditors

SYC SAS
Mr. Serge Yablonsky
39 avenue de Friedland
75008 Paris

Member of the Regional Association of Statutory Auditors of Versailles

Initial Appointment Date: General Assembly of June 19, 2009 replacing JWA, the resigning firm

Renewal: Combined General Meeting of May 28, 2010

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

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

Member of the Regional Association of Statutory Auditors of Versailles

Initial Appointment Date: June 29, 2001

Renewal: Combined General Meeting of June 20, 2007

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

2.2 Deputy Statutory Auditors

SYC Audit
39 avenue de Friedland
75008 Paris

Initial Appointment Date: General Meeting of June 19, 2009 in replacement of Mr. Jean-Marc Le Mer, the resigning member

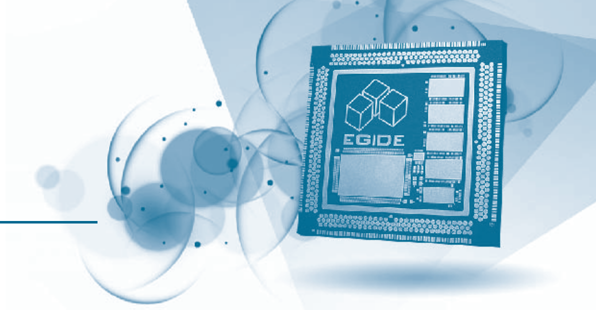
Renewal: Combined General Meeting of May 28, 2010

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

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

Initial Appointment Date: June 20, 2007

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



2.3 Fees Paid to Statutory Auditors

In compliance with article 221-1-2 of the General Regulations of the Regulatory Commission, the fees -excluding taxes- the Egide Group paid to statutory auditors for fiscal years 2009 and 2010 are shown in the table below:

	SYC S.A.				PricewaterhouseCoopers Audit			
	Amounts in euros		%		Amounts in euros		%	
	2010	2009	2010	2009	2010	2009	2010	2009
Audit								
- Statutory auditors, certification, examination of individual and consolidated financial accounts	53,800	21,840	100	100	84,812	104,316	100	90
- Other side tasks and other audit engagements	0	0	0	0	0	0	0	0
Subtotal	**53,800**	**21,840**	**100**	**100**	**84,812**	**104,316**	**100**	**90**
Other Services								
Juridical, fiscal, social *	-	-	-	-	-	11,788		10
Subtotal	**0**	**0**	**0**	**0**	**0**	**11,788**	**0**	**10**
TOTAL	**53,800**	**21,840**	**100**	**100**	**84,812**	**116,105**	**100**	**100**

** Services provided for foreign subsidiaries*

The firm SYC S.A. was appointed by the general assembly of June 19, 2009, replacing Jacques Wenig & Associates, the resigning firm. The SYC S.A. mandate was renewed by the general meeting of May 28, 2010.

	Jacques Wenig & Associés			
	Amounts in euros		%	
	2010	2009	2010	2009
Audit				
- Statutory auditors, certification, examination of individual and consolidated financial accounts	0	70,940	100	100
- Other side tasks and other audit engagements	0	0	0	0
Subtotal	**0**	**70,940**	**100**	**100**
Other Services				
Juridical, fiscal, social *	-	-	-	-
Subtotal	**0**	**0**	**0**	**0**
TOTAL	**0**	**70,940**	**100**	**100**

** Services provided for foreign subsidiaries*

3 FINANCIAL REPORT HIGHLIGHTS

3.1 Consolidated financial information for 2008, 2009 and 2010

As an indication, the following information regarding the consolidated accounts for fiscal years 2008, 2009, and 2010 may be selected:

(in thousands of euros)	2008 IFRS	2009 IFRS	2010 IFRS
Sales	29,847	21,850	24,704
Operational results	(1,706)	(2,728)	681
Net income	(2,263)	(2,999)	657
Non-current Assets	3,558	1,538	1,595
Available cash flow	1,196	483	1,677
Financial Debts	4,713	2,540	2,928
Financial debts of liabilities linked to assets held for sale	Not applicable	642	490
Equity Capital	5,480	2,450	2,901
Balance sheet total	**17,824**	**11,196**	**13,203**

In compliance with Rule CE no. 1606/2002 dated July 19, 2002, the Egide group presents its consolidated financial statements for fiscal year ending December 31, 2010, in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union. This reference system includes the IFRS and IAS (International Accounting Standards), and their interpretations applicable at December 31, 2010.

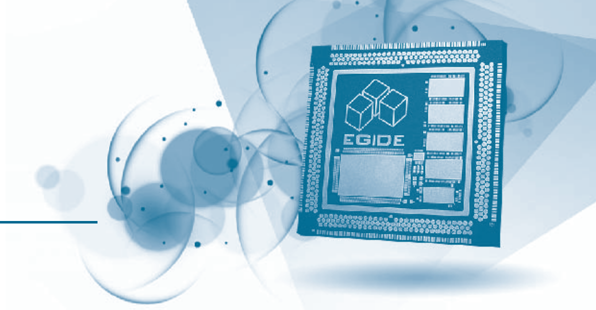
In accordance with IFRS 5, having initiated a process of assignment of shares in 2009 of its subsidiary Egima, Egide continues to be fully consolidated with further consideration of the income from its activity, but its assets and liabilities are categorized on a specific line of the consolidated balance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

This set of standards and their interpretation are commonly called IFRS standards or simply "IFRS". The group’s financial statements for December 31, 2010 are the fifth published in accordance with the IFRS.

3.2 Financial Reports (Individual Accounts) 2008, 2009 and 2010

Information derived from the yearly accounts for fiscal years 2008, 2009, and 2010 is provided:

(in thousands of euros)	2008	2009	2010
Sales	18,478	13,282	16,089
Operating Income	(149)	(2,184)	(140)
Net income	(1,606)	(3,502)	233
Net Capital Asset	2,376	1,435	1,153
Available cash flow	935	415	1,592
Financial Debts	0	0	300
Equity Capital	5,583	2,086	2,318
Balance sheet total	**11,413**	**6,465**	**8,238**



4 RISK FACTORS

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

4.1 Risks (Exchange, Rate, Stock, Credit)

4.1.1 Liquidity Risks

Consequently, Egide anticipates having sufficient cash flow to meet its deadlines for the 12 upcoming months.

See § 20.3.1.5.4.11 – Debt Position

4.1.2 Foreign Exchange Risks

In 2010, Egide achieved 74% of its export sales, 36% went to North America and 23% to non-European countries where the billing currency is the U.S. dollar. During the fiscal year, Egide invoiced $6.7 million (counter-value: €5.1 million), and Egide USA invoiced $9.3 million (counter-value: €7.0 million). The parity of the dollar against the Euro in 2010 (an average of 1.3268 over the year) had a reducing effect on the group's sales figure. In addition, the fall of the British pound during fiscal year 2010 has had an impact of the group's sales of approximately 0.06 million euros (at a constant exchange rate €/£ with regard to 2009).

Revenues in dollars received directly by Egide SA are used primarily to pay for purchases of components from American suppliers ($2.5 million in 2010). During the course of the fiscal year, receipts in dollars were much higher than the disbursements, because non-European customers whose invoicing currency is the U.S. dollar are not financed by factoring companies. The risk therefore lies in the exchange rate on the day American dollars are purchased to cover the expenses paid in this currency. No specific reserve balance has been put in place, the cost of such protection being too high.

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

The financing structure implemented in Morocco is such that the impact of a change in the euro-dirham exchange rate is reduced. Investments made in 2001 and 2002 have been financed at around 50% by capital and around 50% by medium/long-term loans in local currency. In the case of the devaluation of the dirham, the accounting loss in value of the assets paid in dirhams would be partially compensated by a loss in value of the debt similarly paid in dirhams. In addition, this subsidiary no longer operational activity since July 1, 2009, the currency risk is limited to Egima's fiscal year result.

Sales achieved by Egide UK the British subsidiary are paid in pounds sterling and sometimes in dollars. However, they constitute less than 7% of the group's sales and the foreign exchange risk will be limited to the income summary account.

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

(in thousands at December 31, 2010)	USD	GBP	MAD	YEN
Foreign Currency Assets	4,528	504	4,958	0
Foreign Currency Liabilities	3,336	258	4,076	10,983
Net position before Management (+ Selling, - Purchasing)	1,192	246	882	- 10,983
Off-Balance Sheet Position	-	-	-	-
Net Position after Management	1,192	246	882	- 10,983
Impact of an unfavorable change of 1 euro cent (- loss, + gain)	- 12	- 2	- 9	110
Exchange Rate on December 31, 2010 (1 Euro =)	1.3362	0.8608	11.1735	108.65
Impact in thousands of euros	- 9	- 2	- 1	1

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

4.1.3 Interest Rate Risks

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

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

Egide USA Inc entered into a finance contract with Keltic, based on the value of its client outstandings and stocks, whose interest rate is determined as follows: base rate + 3.50% (with an interest rate floor of 7.50%).

The factoring contract put in place for Egide UK with the Lloyds bank has an interest rate equal to the prime rate + 1.75%. Finally, the medium term financing of £71,000.00 was obtained by Egide UK at Lloyds, at prime rate + 3.75%.

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

4.1.4 Share Price Risks

The company does not directly own any shares (including its own shares) other than those from its unlisted subsidiaries. The SICAV (open-end mutual funds) portfolio held by the company is specified in paragraph 20.5.5; it consists solely of monetary SICAV with a capital guaranty, there is no other risk of loss of value. In this way, the company is not exposed to any equity price risk.

4.2 Legal Risks

See also §20.8 - Legal and Arbitral Procedures

4.2.1 Intellectual Property

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

4.2.2 Special Regulations

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

4.2.3 Insurance

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

In Millions	Maximum Coverage			
	Egide SA	Egide USA	Egide UK	Egima
Industrial Risks	€17M - Deductible €0.01M	$14.5M	£2M	DRH20M
Civil Liability	€10M	$10M	£5M	DHR5M
Machine Breakdown	€0.12M	-	-	DHR6.5M
Use of Personal Automobiles for Business	€0.15M	-	-	-
Automobiles	Unlimited	-	-	-
Operating Losses	Annual Gross Margin - Exemption 3 d	$2.4M	Gross Margin - Max £1.788M	DHR1.3M
Executives' Civil Liability	€4.5M	€4.5M	£1M	-
Work Stoppage and Illness	-	$0.5M	-	-
Legal Assistance	-	-	-	-

4.2.4 Industrial disputes

A dispute regarding the rate on precarious employment bonus paid out for fixed-term contracts (6% instead of 10%) resulted in the payment of a sum of approximately €25K (including expenses) to 17 employee applicants. An employee has appealed the decision of the industrial tribunal and 2 new disputes have appeared to date.

4.2.5 Dependence on Other Companies

Egide has no significant dependence on any particular customer; in 2010, the primary customer represented 9.8% of total sales against 11.5 % in 2009. In addition, the company has no significant dependence on any particular supplier, even though some of them appear to be of strategical interest for the company or clients.

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

Sales in China or Thailand (about 11% of the sales in 2010) are either from subsidiaries of European or American clients or from world-renowned subcontractors operating in country (Sanmina-SCI or Fabrinet, for example), which shields the company from risks inherent to the countries concerned. Relations with South Korea represent approximately 3% of sales, but concern only a single client, itself a subcontractor of European players; the risk is considered insignificant.

4.3 Industrial and Environmental Risks

4.3.1 Industrial Risks

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

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

4.3.2 Raw material risks

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

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

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

The components purchased by Egide are specific to each client and to each product. Their purchase is done only when an order is received. As stated below (paragraph 4.3.3), our line of work does not allow having 100% rates of return. We may therefore have overhanging stocks of components, from which our provisioning policy (explained in paragraph 20.3.1.5.3.7).

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

4.3.3 Business Risks

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

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

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

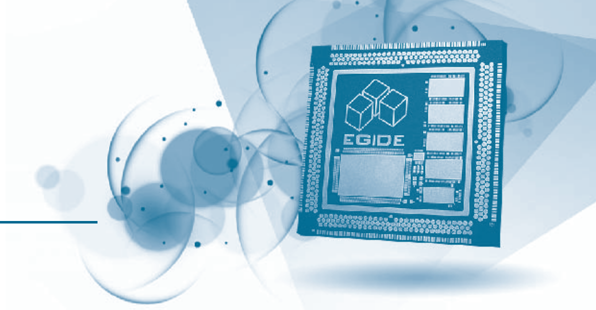
The production rates of return that do not reach 100% are inherent to the trade and concern Egide as well as its competitors. This state of facts is known and is taken into account in the calculation of the quotations of packages.

4.3.4 Environmental Risks

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

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

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



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

4.4 Technical Risks

4.4.1 Substitute Product Launch

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

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

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

4.4.2 Price Decrease

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

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

4.5 Other Risks

4.5.1 Arrival of New Competitors

It is extremely difficult to acquire the expertise necessary to develop and produce hermetic packages. Clearly, it is not sufficient to be able to produce a few laboratory prototypes; one must be capable of producing them regularly under proven repeatability and quality conditions, not only to meet technical requirements but commercial and economic requirements also. These constraints are entry barriers for new competitors who wish to tap into Egide’s market. Nevertheless, the phenomenon of the decrease in prices mentioned above facilitates the access of junior competitors to significant volume products and where the technology used can be described as "simpler".

4.5.2 Risks Associated with High Tech Market Volatility

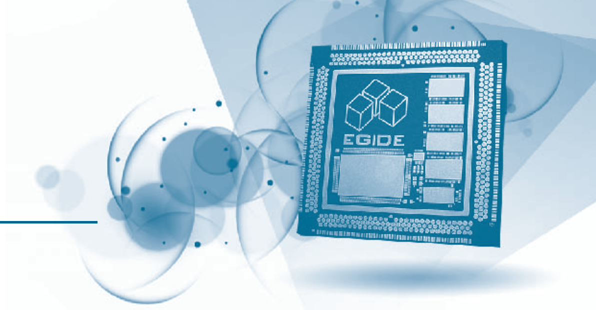
The company has positioned itself in high technology markets in every sector. None of these markets is sheltered from cyclical highs or severe lows, as it was the case in 2001 in the telecommunication industry or in 2009 in the aeronautical and space industries for example. Due to its policy of active diversification in several sectors, with several clients in each sector, Egide believes it has counteracted the effects of this volatility on sales and the bottom line.

4.5.3 Risks Associated with Geographic Location

The company's production units located in Europe (France and Great Britain) or in the United States are not subject to any particular risk stemming from their geographic location. The Moroccan production site (Egima based in Casablanca) is no longer operational since July 1, 2009; it will not affect the group in case of potential political or economic instability in the country in which it is installed.

4.5.4 Risks Associated with Share Price Volatility

Every development concerning society, competitors, the market in general and any one of the sectors in which the company is involved (telecommunications, defense and space, civil aeronautics, or automobile manufacturing) could have a positive or negative effect on the company's share price. Similarly, the company's ownership presents a certain liquidity risk. In 2010 the volume of daily average shares remained indeed very low at 552 (0.04% of capital) as opposed to 1,526 a day in 2009.



5 ISSUER INFORMATION

5.1 Company History and Evolution

5.1.1 Company Name

EGIDE S.A.

5.1.2 Issuer's Place of Business and Registration Number

The company is registered with the Avignon Business Registry under the number 338 070352. It was previously registered under the same number in the Versailles Business Registry before the transfer of headquarters decided on May 28, 2010.

5.1.3 Date of incorporation and Life

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

5.1.4 Corporate Headquarters and Legal form of organization

The head offices are situated at the Industrial site of Sactar – 84500 Bollène (Tel.: +33 (0)4 90 30 97 11) since May 28, 2010. It used to be located at 2 rue Descartes, Parc d'Activités de Pissaloup - 78190 Trappes (Tel: +33 (0)1 30 68 81 00), where the administrative offices are.

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

5.1.5 Important Events in the Evolution of the Company

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

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

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

1999 : Egide is listed on the Paris Stock Exchange.

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

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

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

2002 : Opening of the subsidiary Egima's plant 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 crisis with an impact on all of the company's markets and requiring reorganization in the industrial structure of the group. Egima, the Moroccan subsidiary is shutting down.

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

5.2 Investments

5.2.1 Principal Investments

The investments made by the company since 2008 are primarily for the renewal of industrial equipment at the three production sites: American, Moroccan, and French. The unit value of these investments is very often lower than €50K in most cases. The acquisitions of fixed assets for the years 2008 to 2010 are as follows:

(in thousands of euros)	2008	2009	2010
Terrains et constructions Land and Buildings Utilities and Equipment Other Fixed Assets	11 149 17	15 148 2	45 178 18
Total	**177**	**165**	**241**

5.2.2 Principal Current Investments

The capital budget for the 2011 fiscal year is substantially higher than the previous year, in order to take the strong demand for ceramic products into account. In this way, about 80% is expected for Egide SA (new equipment, facilities' safety, performance improvement, building maintenance), 10% for Egide USA (facilities' safety) and 10% for Egide UK (equipment). These investments will be financed by our own funds or possibly by the leasing of production equipment.

5.2.3 Principal Future Investments

At Egide SA, rapid changes in product mix toward complex ceramic components make some investments necessary to increase production capacity and keep up with demand. Some special equipment with lead times of several months (high-temperature kilns) will thus be considered in the medium term. Others, such as advanced simulation software, are becoming increasingly necessary to address client issues. Compliance of industrial buildings will also require some investments in 3-4 years. However, an internal solution was developed around the existing management software, making the anticipated investment of 0.2 million euros unnecessary at the moment. At Egide USA, no significant investment is required as long as a ceramic technology transfer is not considered. At Egide UK, production capacity is currently limited by existing equipment. However, the activity of the British subsidiary (see § 6. 1. 2) not being at the core of Egide's business (see § 6.1.1), it is not intended to make investments necessary to its development.

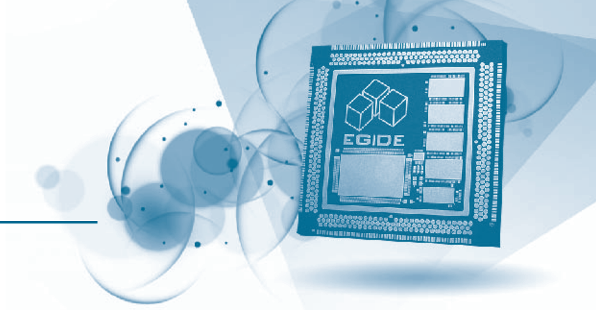
5.2.4 Liens on Assets

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

The table below details the financing of liens as of December 31, 2010:

Lien on capital assets:	Start Date	End Date	Total Assets Financed in € (a)	Total Balance Sheet Items in € (b)	% (a) / (b)
Intangible Assets Fixed Assets Equities			None		- - -
Total					**-**

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



6 OPERATIONS OVERVIEW

6.1 Principal Operations

6.1.1 Protective hermetic packages

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

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

These components are the result of a complex expertise, drawing upon several disciplines: material structure, particularly special alloys; chemistry and surface treatment; mechanics and thermodynamics, electronics; optoelectronics, and hyper frequency modeling. Egide is one of the few companies to master the ensemble of technologies surrounding the two types of material used for these packages in the world today; glass-to-metal and ceramics. The company manufactures its own ceramics and, thanks to its English and American subsidiaries, produces its molded metallic components and glass beads internally. The technological transfer of this activity to the French production site, initiated in recent months has also progressed well, the first qualifications being expected at the beginning of 2011.

6.1.1.1 Sealing Technologies

Glass-to-Metal

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

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

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

Ceramic-to-Metal

In this technology, which is rarer and more difficult to achieve, the packages retain a metallic structure comparable to the glass-to-metal package materials, using the same alloys and the same soldering, but the glass beads are replaced by ceramic inserts. The inner sides of the packages are pierced by a rectangular window in which a ceramic block with screen-printed tracks is hermetically soldered, thus replacing the glass beads.

Other packages require either ceramic components assembled with metal pins, primarily for infrared applications, or complex ceramic bases on which metal frames are inserted for Telecom applications.

Integration of passive elements

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

6.1.1.2 Plating

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

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

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

Egide's great expertise in the field of plating and the integration of the line into the production flow are major assets in ensuring optimal quality in the finished product.

6.1.1.3 Ceramics, from Powder to Component

The ceramic produced by Egide at its Bollène site is known as High Temperature Cofired Ceramic (HTCC). This technology, a source of miniaturization and complex connectivity, results in multiple applications such as making inserts, multi-chip modules substrata (Multi-Chip Modules) or specific components that meet the needs of infrared and high-end Telecom markets.

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

Ceramic Production or "Green Tape" Production

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

Inks

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

High Temperature Cofired Ceramic (HTCC) Procedure

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

6.1.1.4 Glass Beads

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

6.1.2 Metal Injection Molding (MIM)

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

6.1.3 Sales Distribution by Activity

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

	2008		2009		2010	
	K€	%	K€	%	K€	%
Glass-metal Products	17,518	58.6 %	12,347	56.5 %	12,002	48.6 %
Ceramic Products	9,521	31.9 %	6,665	30.5 %	10,671	43.2 %
Others (including MIM and Plastic)	2,312	7.8 %	1,759	8.0 %	1,738	7.0 %
Studies	496	1.7 %	384	1.8 %	293	1.2 %
Non-recurring elements (gold)	0	0.0 %	695	3.2 %	0	0.0 %
Total	**29,847**	**100.0 %**	**21,850**	**100.0 %**	**24,704**	**100.0 %**

6.2 Main Markets

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

6.2.1 The Defense and Space Industries

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

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

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

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

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

6.2.2 Telecommunications

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

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

- transmitters, that transform an electronic signal into an optical signal transported by fiber,
- receivers, which do the opposite,
- modulators, which transform a continuous signal after 0 and 1,
- amplifiers, which amplify an optical signal by means of high powered lasers,
- multiplexers, which bundle, unbundle, and route communications,
- dispersion compensators that correct certain signal errors,
- wavelength switches (WSS) that allow the reuse of the same wavelength by several users.

The fiber optics telecom market has experienced an exceptional crisis in both its expansion (a sudden craze followed by an abrupt stop in a few months) and by its duration (approximately 10 years). With a slight recovery in 2008, this market has unfortunately been hampered by the effects of the global economic crisis of 2009. Nevertheless, the upward trend is expected to intensify over the coming years, the network overcapacity behind the crisis is now filled and the traffic, thus the need for data transmission, has not failed.

Only fiber optic links can respond to high-capacity needs. The growing power of the Internet, of fixed and mobile telephony, and video (quadruple play offers) in Europe and in the United States necessitates deployment of fiber optics in metropolitan networks. Fiber optic connection of office buildings, houses, and other local networks implies numerous FTTC connections and therefore packaging components.

We have also seen the return of major submarine projects, such as the modernization of the SEA-ME-WE4 connection (South East Asia - Middle East - West Europe 4), which links France to Singapore through 20,000 km of fiber optics or the installation of a network of 440 km of fiber (Silphium project) connecting Libya to Greece. These fiber optics transmissions call for chips made of sensitive and complex materials, for which hermetic packages are indispensable.

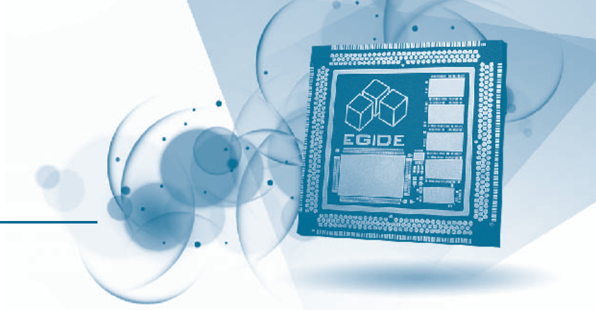
6.2.3 Industrial Markets

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

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

The desire to improve safety has led to the arrival of multiple civil infrared applications: border surveillance, industrial buildings and public places, medical diagnostic aids, blind flying assistance, gas detection. Also derived from military applications, they have experienced considerable growth, thanks to products used by fire-fighters (seeing through smoke), safety (site surveillance), predictive maintenance (diagnosing a short-circuit before it happens), by the medical profession (tumor detection), or by the automobile industry (night vision).

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



6.2.4 Sales Distribution by Market

Consolidated sales are broken down by market in the table below:

	2008		2009		2010	
	K€	%	K€	%	K€	%
Defense and Space	12,032	40.3 %	11,973	54.8 %	12,524	50.7 %
Telecommunications	7,446	25.0 %	3,255	14.9 %	6,070	24.6 %
Other (Commercial)	10,369	34.7 %	5,927	27.1 %	6,110	24.7 %
Non-recurring elements (gold)	0	0.0 %	695	3.2 %	0	0.0 %
Total	**29,847**	**100.0 %**	**21,850**	**100.0 %**	**24,704**	**100.0 %**

6.2.5 Clients

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

Telecommunications	Defense and Space	Industrial
3S Photonics (France)	Atrium (France)	Aeroflex (USA)
Agilent Technologies (USA)	Crane (USA)	Autocruise (France)
Alcatel Thales III/V Lab	Delta Electronics (USA)	Carlton Life Support (USA)
Alcoa (USA)	International Rectifier (USA)	C-Mac Microcircuit (GB)
Axsun (USA)	BAD (France, GB)	Delavan (GB)
Coset (Korea)	Minot (Italy)	Flir (USA)
CyOptics (USA)	MS Kennedy (USA)	Grapple (GB)
Discovery Semi (USA)	Northrop Grumman (USA)	Interplex (GB)
EM4 (USA)	Q-Tech Corporation (USA)	Q Imaging (Canada)
Fermionics (USA)	Raytheon (USA)	Petercem/ABB (France)
Fabrinet (Asia)	SCD (Israel)	Richco (GB)
JDS (USA, Canada, China)	Selex (GB)	Servomex (GB)
Perkin Elmer/Escalates (Canada)	Sorfradir (France)	STPI Groupe (France)
Sanmina (China)	Solitron Devices (USA)	Surgical Innovation (GB)
Terrain (Canada)	Teledyne Cougar (USA)	Swan Morton (GB)
U^{2}t (Germany)	Textron Systems (USA)	Ulis (France)
	Thales (France)	Welwyn Components (GB)
	Thales Alénia Space (France, Italy & Belgium)	Xsis Electronics (USA)

In 2010, Egide's top ten clients in all segments accounted for less than 60% of sales; no individual client accounted for more than 10% of the total. In 2009, the top ten clients also accounted for less than 60% of sales.

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

6.2.6 Sales Distribution by Geographic Zone

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

	2008		2009		2010	
	K€	%	K€	%	K€	%
France	9,003	30.2 %	5,601	25.6 %	6,414	25.9 %
European Union (outside of France)	4,017	13.4 %	3,278	15.0 %	3,677	15.0 %
North America	12,050	40.4 %	8,099	37.1 %	8,895	36.0 %
Rest of the World	4,777	16.0 %	4,177	19.1 %	5,718	23.1 %
Non-recurring elements (gold - France)	0	0.0 %	695	3.2 %	0	0.0 %
Total	**29,847**	**100,0 %**	**21,850**	**100.0 %**	**24,704**	**100.0 %**

6.3 Unforeseen Events

The Telecom market has experienced a crisis of exceptional scope in 2001 and 2002, which persisted until mid 2010 in spite of a surge in 2008. It led to the closing of the Trappes production site.

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

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

6.4 Competitive Position

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

Generally, we meet the U.S. competitors in the glass-to-metal technology, while the Japanese tend to specialize in ceramic technology. Other Asian competitors are in turn more active in the glass-to-metal technology for standard products (therefore simple), at very low cost.

The table below lists Egide's main competitors:

Name	Country	Markets	Sales	Listing	Capitalization
Ametek	United States	Aeromilitary	€0.86 billion (1)	New York	€5.2 billion (2)
Kyocéra	Japan	Aeromilitary, Telecom	€1.6 billion (3)	Tokyo	€15 billion (4)
Electrovac	Austria	Industrial	Not available	Not listed	-
Schott	Germany	Industrial, Telecom	Not available	Not listed	-
Sinclair	United States	Aeromilitary, Industrial	Not available	Not listed	-
NTK	Japan	Aeromilitary, Industrial	€0.66 billion (5)	Tokyo	€2.6 billion (4)
Hirai	Japan	Industrial	Not available	Not listed	-
Metallife	Korea	Industrial	Not available	Not listed	-

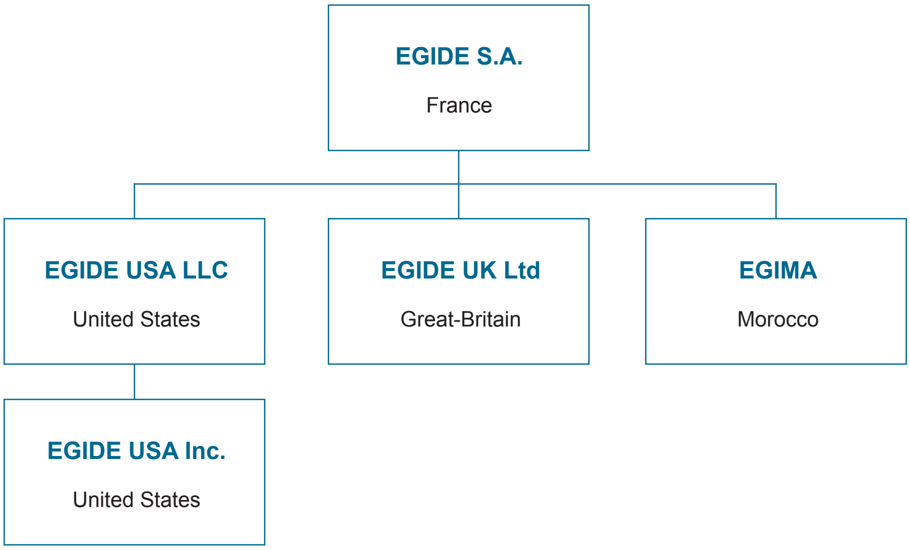
(1) source: Press release dated January 27, 2011. Sales at December 31, 2010 for the "electromechanical" activity - $1.146 billion against $0.95 billion in 2009
(2) source : New York Stock Exchange. Stock market price at February 15, 2011
(3) source : Financial Report, January 27, 2011 Sales revenue by December 31, 2010 for semi-conductor activity (calendar year) - ¥173.5 billion against ¥121.3 billion in 2009 (calendar year)
(4) source: Tokyo Stock Exchange. Stock market price at February 21, 2011
(5) source: Press release dated January 31, 2011. Sales revenue by December 31, 2010 for ceramic components activity (calendar year) - ¥72.2 billion against ¥70.9 billion in 2009 (calendar year)

The primary competitors are in the Telecom and defense markets, not so much in industrial applications; the marginal competitors, on the contrary, are targeting the industrial and automobile markets. On account of its plant in San Diego, USA, Kyocera can offer ceramic products to American defense industry clients.

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

7 ORGANIZATION CHART

7.1 Group Organizational Chart



7.2 List of Subsidiaries and Group Structure

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

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

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

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

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

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

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

See § 20.3.2.4.3.22 - Concerning Affiliates and Investments

8 REAL ESTATE, FACTORIES AND EQUIPMENT

8.1 Principal Fixed Assets

8.1.1 Industrial Sites

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

Bollène Site (Egide SA)

A center of excellence for the two sealing technologies, it also has expertise in high temperature co-fired ceramic (HTCC). In a building of approximately 5,700 m2, equipped with a clean room of 500 m² (class 10000) for the treatment of raw ceramic, Bollène ensures the end-to-end production of ceramic components. 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 a research department for ceramics and for glass-to-metal, as well as R&D resources. The building is rented to a real estate investor under a 12-year commercial lease that started in 2010. It was previously fully owned.

The Cambridge Site, MD (Egide USA Subsidiary)

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

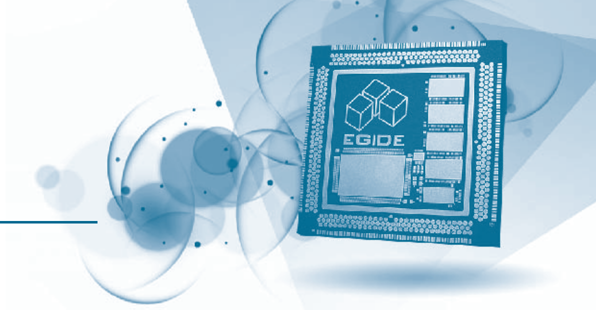
The Woodbridge Site (Egide UK Subsidiary)

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

Other sites

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

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



8.1.2 Industrial Equipment

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

- two ceramic casting rooms with atmospheric control equipment
- a clean room containing equipment to transform the raw ceramic: machines to punch out vias and windows, machines for filling the vias, machines for screen printing conductors and open-vias, presses, and an automatic cutter.
- equipment for manufacturing injection-molded components
- glass beads manufacturing equipment,
- drying kilns
- ovens for high temperature (1,600°) firing of ceramics and molded components,
- cutting machines (diamond slitting wheel),
- machines for screen printing of tips
- ovens for vacuum soldering
- continuous kilns for atmosphere-controlled soldering (medium and high temperature),
- continuous kilns for hermetic sealing with glass beads
- computer controlled electroplating installations,
- machines for verifying hermetic sealing,
- several graphite machining centers,
- several instruments for verifying visual and dimensional characteristics (including a 3D gauge),
- a wire bonder (wiring equipment),
- thermal cycling machines.

The equipment dedicated to the production of ceramics on the Bollène site was acquired for the most part during the course of the year 2000.

8.2 Environmental Issues that Could Potentially Affect Building Use

See § 4.3 - Industrial and Environmental Risks

8.3 Environmental Impact of Operations

Information concerning the environmental consequences of Egide's operations provided in the Board of Directors' report for the 2010 fiscal year is provided below:

Consumption of Water Resources, Raw Materials and Energy

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

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

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

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

Ressource	Unit	Consumption in 2010
Water	m^3	9,293
Electricity	kWh	3,784,273
Town gas	kWh	1,363,337
Hydrogen	m^3	22,562
Nitrogen	Kg	860,423

As a certified ISO 14001 company, Egide looks to limit consumption of all these resources as part of its business activity.

In the production process, Egide primarily uses kovar (or dilver P1) as a raw material. Kovar is an alloy of iron, nickel, and cobalt and is one of the components of metallic products the company purchases from molders. Kovar is supplied by Egide to French or American specialized companies or directly by suppliers. Since it possesses a large quantity of Kovar (approximately 17 tons), Egide has only bought a small amount during the current fiscal year. Alumina and tungsten are used in the manufacture of ceramic components. Twenty-four tons of alumina and three hundred kilograms of tungsten were purchased during fiscal year 2010.

Egide also consumes aurocyanide for its surface treatment activities. During the 2010 financial year, a total of 63 kg of aurocyanide were purchased, representing the equivalent of 43 kg of gold for which no difficulty was encountered in purchasing it.

Discharges to Air, Water and Land That Seriously Affects the Environment

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

After surface treatment, packages manufactured by Egide were dried by immersion in a hydridochloridofluoridocarbon (HCFC) bath. This product that falls under the European program for waste gas reduction has an impact on the ozone layer. Its use is prohibited. The company approved the product, which replaced the HCFC in 2010.

Acoustic and olfactory Nuisances

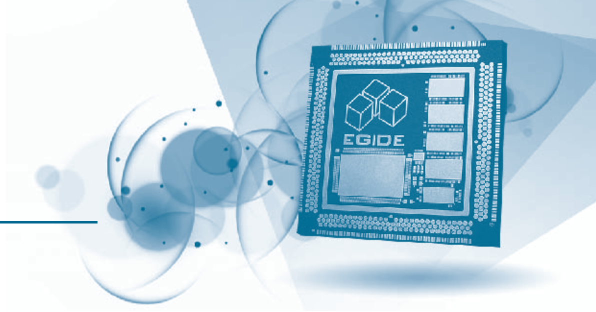
Plating process can be the source of odors associated with the activity, odors that are, however, neutralized by suction in the electroplating facility. In case of accidental stop of these extractions, there is a procedure in place to stop the chain and take the personnel to safety. The air extracted is filtered with equipment that traps all pollutants before releasing them outside.

Air compressors (air supply) and cooling towers (cooling of furnaces) are the only sources of external noise. However, the noise remains within current standards and does not create any inconvenience considering the environment in which the company is located (agricultural fields and industrial buildings).

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

Measures Taken to Limit Damage to the Environment

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



Steps Taken in Terms of Environmental Certification

Egide’s operations comply with the conditions of the license issued by the Prefecture (Public Administration). The company is therefore subject to numerous inspections by organizations such as DREAL, l'Agence de l'Eau (water authority), la CRAM or l'APAVE (waste analysis). Certified ISO 9001:2008, the company has obtained the renewal of its ISO 14001:2004 certification in October 2010.

The Company’s Compliance with Laws Affecting the Environment.

Subject to operating permit issued by prefectural order, Egide applies legislative and regulatory provisions in regard to the environment. In the event of the evolving of current norms, the company undertakes to bring in line its operations with DREAL.

Expenditures to Prevent Damage to the Environment

The monitoring of environmental aspects are directly supported by the Quality management, Environment and Customer Satisfaction, no specific expenditure has been incurred during fiscal year 2010 other than for the service.

Internal Services Responsible for Environmental Problems

Executive management, Bollène plant management, and the quality and environment control Director, in partnership with the company’s Committee for Hygiene, Safety, and Working Conditions, are directly responsible for the effect of the company’s operations on the environment. The company also relies on exterior organizations that are competent in the subject such as la DREAL, l'APAVE, or specialized consultants.

Provisions and Guarantees Regarding the Environment

There are no specific cost provisions made regarding the environment.

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

No penalty was paid in this regard during fiscal year 2010.

Objectives Assigned to the Company’s Subsidiaries Regarding Environmental Matters

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

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

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

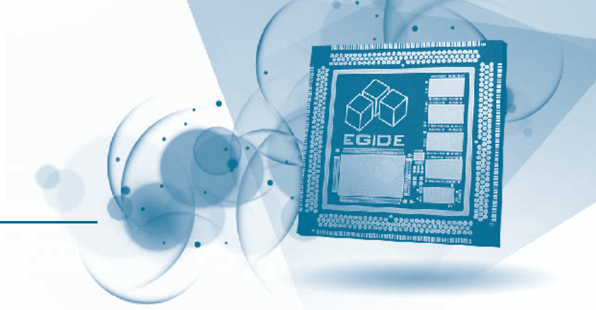
8.4 Information on corporate social responsibility in favor of sustainable development

In 2003, Egide SA a certified ISO 9001 company decides to extend its Quality Management System for the Environment. Owing to a motivated staff and strong proposals, the company's efforts were recognized in 2007 by obtaining the ISO 14001 certification. This certification is only a stage of a comprehensive project of Egide's commitment towards sustainable development.

Sustainable development is an long-term approach, which relies on large projects where return on investment that may take a long time. In the current economic and financial environment, Egide seeks to make the best to the extent of its resources which remain limited. However, with more than 50 employees hired in recent months, a production volume increase of over 10% and an average reduction of its environmental impact of 10% (consumption of energy and natural resources, waste generation), the company has produced positive results. Actions in terms of corporate social responsibility have been implemented:

- use of processes and products more environmentally friendly,
- encouraging employees to carpool by providing dedicated parking,
- training in professional and private selective sorting,
- teaching and support of good environmental practices on a daily basis,
- integrating the staff in reflecting on how environmental impacts of the company's activity can be reduced,
- trade unions association and works council to societal decisions,
- saving measures to sustain the company and maintain employment.

Egide displays its determination to combine the three areas covered by sustainable development, namely economic, environmental and social aspects.



9 EXAMINATION OF FINANCIAL POSITION AND PERFORMANCE

9.1 Financial Position

9.1.1 Fiscal Year 2008

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

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

The increase in sales in 2008 was 14% at the current exchange rate and 19% at the constant change rate. The dollar devaluation against the euro, from an average of 1.37 in 2007 to 1.47 in 2008 and the British pound devaluation against the euro going from 0.68 to 0.80 have negatively affected sales at a cost of 1.3 million euros. Egide SA has had the strongest growth (consistent with expectations of over 20% at a constant exchange rate), while Egide USA and Egide UK have seen their sales increase by 15 to 17% (also with a constant exchange rate). The allocation by sales markets for the year (Defense and Space: 40%; Industrial: 35%; Telecom: 25%) remained stable with respect to the year 2007, but one could already acknowledge a decline of certain industrial activities during the 2nd half of the year.

9.1.2 Fiscal Year 2009

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

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

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

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

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

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

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

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

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

9.1.3 Fiscal Year 2010

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

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

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

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

** Out of non-recurring item.*

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

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

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

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

9.2 Operating Result

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

9.2.1 Historical Factors Affecting Sales

The telecommunications crisis of 2001 resulted in a severe drop in sales. The world economic crisis of 2009 also weighed on the development of the company. The organizational structure was constantly adapted to the new activity level, but nevertheless, keeping in mind the minimum fixed costs associated with the functioning of all production sites, sales figures determine the company’s profitability.

9.2.2 Major Elements Capable of Affecting Operating Revenue

- Evolution of the Telecom market (see § 6.2.2 and 6.3)
- Evolution of the military and space market (see § 6.2.1)
- Evolution of the industrial market (see § 6.2.3)
- Exchange risk (see § 4.1.2)
- Decreased prices (see § 4.4.2)
- Unforeseen Events (see § 6.3)

10 CASH AND FUNDS

10.1 Funds

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

10.2 Cash Flow

See § 20.3.1.4 - Consolidated funds flow statement

10.3 Terms of loan and Structured finance

Financial liabilities are broken down as follows:

At Egide SA

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

At Egide USA

- a line of credit based on client outstandings and stocks was signed up for in 2008 at a variable prime rate + 3.5 points (with a floor rate of 7.50%) of a maximum amount of $1,750,000.

At Egide UK

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

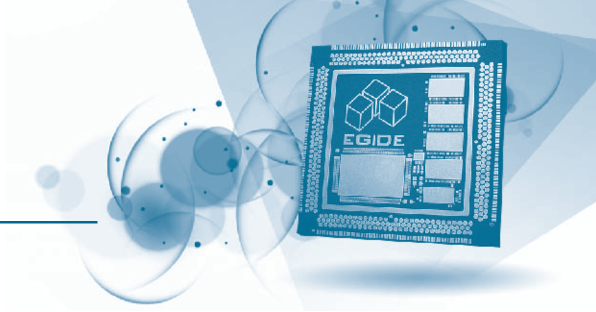
At Egima

- an 11-year long-term loan taken out in 2003, at a fixed rate of 8.75%, in the amount of MAD10,678,000.

At end of fiscal year 2010, the total amount of financial obligations (outside of Egima, entity to be sold) reached 2.928 million euros, 2.645 of which was for less than a year (0.062 million in loans and 2.583 million in factoring and liabilities associated with leasing commitments), and 0.283 million for more than a year. The amount of Egima's financial debts is of 0.489 million euros (bank loan) of which 0.391 million is over one year and 0.098 million is under one year.

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

See § 20.3.1.5.4.11 - Debt Position



10.4 Restrictions on Use of Capital

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

10.5 Anticipated Financing Sources

There is no current fund-raising activity.

10.6 Off-Balance Sheet Liabilities

See § 20.3.2.4.3.32

10.7 Commitments and other contractual obligations

The information by 12/31/2010 regarding the obligations and commitments of the company and its subsidiaries to make future payments as a result of main contracts or contingent commitments are grouped together in the table below:

Contractual obligations	Total (€K)	Payments due by period (€K)		
		< 1 year	from 1 to 5 years	> 5 years
Financial Debts				
- Egide SA (loan)	*300*	*0*	*210*	*90*
- Egide USA	*0*	*0*	*0*	*0*
- Egide UK (loan and overdraft)	*112*	*64*	*48*	*0*
- Egima (loan)	*489*	*98*	*391*	*0*
Simple lease contracts				
- Egide SA (Trappes Real Estate) (1)	*665*	*105*	*540*	*20*
- Egide SA (Bollène Real Estate) (2)	*2,250*	*192*	*986*	*1,072*
- Egide USA (Real Estate) (3)	*1,465*	*170*	*927*	*368*
- Egide UK (Real Estate) (4)	*232*	*93*	*139*	*0*
- Egima (land) (5)	*679*	*23*	*113*	*543*
Total	**6,192**	**745**	**3,354**	**2,093**

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

Other commitments	Total (€K)	Payments due by period (€K)		
		< 1 year	from 1 to 5 years	> 5 years
Factoring contracts				
- Egide SA	*1,845*	*1,845*	*0*	*0*
- Egide USA	*463*	*463*	*0*	*0*
- Egide UK	*275*	*275*	*0*	*0*
- Egima	*0*	*0*	*0*	*0*
Total	**2,583**	**2,583**	**0**	**0**

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Comprised of 11 dedicated engineers and technicians in 2010, this R&D department has as its mission the development of innovations (materials, procedures, …) and their implementation, while ensuring adequate technical support (facilitation of new product start-up, online problem resolution, and successful accomplishment of the work required in Egide's study and design contracts.

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

- ink jet characterization on ceramic
- optimization and development of new ceramic slurries
- improvement in via ink and screen-printing performance
- industrialization of a chemical gold-plating procedure
- the development of a new drying process
- the development of innovations using materials with high heat dissipation materials
- the development of electric transitions at very high frequency in the ceramic
- the hermetic sealing of optical elements.

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

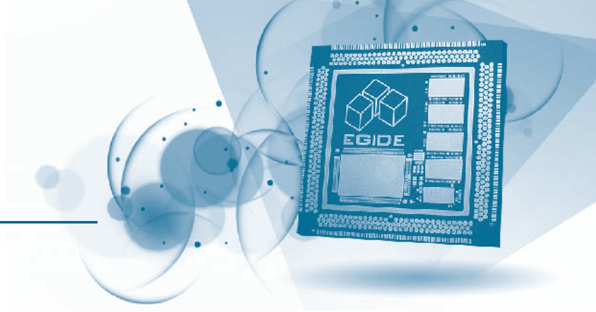
Expenses assumed by Egide as well as the dedicated personnel resources are presented in the table below:

	2008	2009	2010
R&D Expenses	1,020 K€	1,178 K€	1,118 K€
% of the consolidated sales figure	3,56 %	5.57 %	4.52 %
Staff (Equivalent in Person)	10.0	11.3	11.1

There are no significant incorporeal values controlled by the group, even not accounted for in the assets. The company does not capitalize its research and development costs, since such expenditures do not correspond to the accounting rules requiring immobilization of balance sheet assets.

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

Recognized in its business sector, Egide SA is ISO 9001:2008 and ISO 14001:2004 certified. In addition, it is approved by ASD-EASE (AeroSpace and Defense - European Aerospace Supplier Evaluation). Egide USA and Egide UK are also certified ISO 9001:2008.



12 TRENDS

12.1 Principal Trends

The strong increase in sales for 2010 and the level reached during the fourth quarter confirm that, for Egide, the group has emerged from the crisis. Increasingly strong saturation in existing optical networks and the recent decisions concerning the deployment of fiber optics should lead to strong sales progression in the Telecom sector, whereas the trends of the other two sectors are projected to balance: an infrared growing market, stability of other military needs, a low cycle of the space market and an industry sector offering by its very nature a lower visibility.

In 2011, a growth of over 15% is expected. The balance point should be achieved given the actions already carried out and levels of projected sales.

Despite discussions with several third parties potentially interested in taking control of Egima the Moroccan SARL, the latter fulfilling the conditions laid down for industrial project with its facilities and production capacity that the parties wish to develop, no transaction had yet materialized. Arguably, the slow crisis in the aeronautics sector is in it for something as many subcontractors invited to get established in Morocco are still hesitant to do so. That is why the company decided to appoint a Moroccan law firm to assist it in accelerating the restructuring of the subsidiary and thus facilitating the disposal.

On April 7, 2011, Egide Group and Slicom group announced that they had engaged in advanced discussions regarding the disposal of the site of Egima the Moroccan company. It is within this framework that Egima has already made its facilities available to Casablanca Aéronautique, a subsidiary of Slicom the Moroccan company, since Monday, April 11, 2011. Casablanca Aerospace, whose facilities on the nearby technocity have been partially destroyed by fire just a week, will now this site will now develop its surface treatment activity on this industrial site for the requirements of the Moroccan aeronautics industry and those of the parent company's customers in Clermont-Ferrand.

12.2 Events Likely to Affect Trends

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

13 FORECASTS OR PROFIT ESTIMATES

The company does not provide forecasts.

14 ADMINISTRATIVE, MANAGEMENT AND TOP MANAGEMENT ORGANIZATIONS

14.1 Board of Directors

In 2010, the Board of Directors of Egide SA was composed of the following members:

Name	Position	Until
Mr. Philippe BREGI 34-36 rue de Clichy, 75009 Paris	Chairman of the Board since April 26, 2005	June 30, 2011
21, Centrale Partners Represented by Henry Huyghues Despointes 9 avenue Hoche, 75008 Paris	Director since April 17, 2000	June 30, 2012
Mr. Albert ZYLBERSZTEJN 16 Parc de Diane, 78350 Jouy en Josas	Director since April 16, 1999	June 30, 2011
Mr. Antoine DREAN 46 Chemin Hauts de Grisy, 78860 St Nom la Bretèche	Director since October 30, 2008	June 30, 2014

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

On December 8, 2010, the company 21 Centrale Partners decided to appoint Mr. Henry Huyghues Despointes as permanent representative at the Board of Directors of Egide, in lieu of Mr. Régis Lamarche.

In compliance with the R-8 Recommendation of the Code of Corporate Governance prepared by Middlenext and to which the company refers, Mr. Zylbersztejn is considered an independent Director because he has no relationship of any kind with the company, its group or management that could compromise the exercise of his freedom of judgment.

Each Director serves as a shareholder and holds at least one share in the company, in accordance with company regulations. In date of the Combined General Meeting of June 19, 2009, Mr. Philippe Brégi hold 12 company shares, Mr. Albert Zylbersztejn had 1 share and Mr. Antoine Dréan (jointly with Tantale SEP) had 142,673. Each Director is appointed for a term of six years and may be re-appointed (Article 13 of the By-laws).

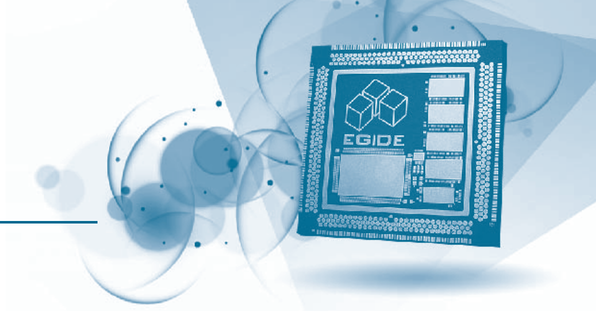
The Chairman of the Board of Directors is also the Chief Executive Officer of the company.

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

14.2 Conflicts of Interest

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

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



14.3 List of mandates

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

The abbreviations and indications have the following meaning:

- BD = Board of Directors
- PR = Permanent Representative
- Yes = the mandate is under way as at December 31, 2010
- No = the mandate is no longer exercised as at December 31, 2010

Mr. Philippe BREGI

Company	Address	Position	2010
Egide	Bollène (84)	President and Chief Executive Officer	Yes
Egide USA LLC	Wilmington, Delaware (USA)	President	Yes
Egide USA Inc	Cambridge, Maryland (USA)	President	Yes
Egide UK	Woodbridge (UK)	President	Yes
Egima	Casablanca - Morocco	Manager	Yes
Teem Photonics	Meylan (38)	Member of the supervisory board	No

Mr. Antoine DREAN

Company	Address	Position	2010
Arques Industries AG	Munich (Germany)	Member of the supervisory board	Yes*
Egide	Bollène (84)	Director	Yes
La Cie Financière 1818	Paris (75)	Observer	No
Mantra Holdings SARL	Paris (75)	Managing partner	Yes
Tantale SEP	Paris (75)	Managing partner	Yes
Triago Invest SC	Paris (75)	Managing partner	Yes
Triago Manag. Dev. SARL	Paris (75)	Managing partner	Yes
Triago MEA Ltd.	Dubaï (EAU)	President and Chief Executive Officer	Yes
Triago Europe SA	Paris (75)	President and Chief Executive Officer	Yes
Triago Americas Inc.	New York (USA)	Directors	Yes
Windigo SARL	Paris (75)	Managing partner	Yes

** end of term in August 2010.*

Mr. Régis LAMARCHE (PR of 21 Centrale Partners until December 8, 2010)

Company	Address	Position	2010
Almaviva Santé SAS	Marseille (13)	PR of 21CP Supervisory Board	Yes
Averys SA	Paris (75)	Member of the supervisory board	No
Centre prothétique W.H.	Marseille (13)	PR of 21 Centrale Partners to BD	No
Clinique Aquaviva SA	Marseille (13)	Vice President of the Supervisory Board	No
Egide SA	Bollène (84)	PR of 21 Centrale Partners to BD	Yes
Fin. Europe Assurance SAS	Paris (75)	Member of the supervisory board	No
Financière Italyc SAS	La Courneuve (93)	Member of the supervisory board	Yes
Financière Syreva SAS	Paris (75)	PR of 21 Centrale Partners at Supervisory Board	No
Globalgas SA	St Amand les Eaux (59)	PR of 21 Centrale Partners to BD	No
Robine SA	St Amand les Eaux (59)	PR of 21 Centrale Partners to the Advisory Board	No
Syreva SA	Paris (75)	Member of the supervisory board	No

Mr. Albert ZYLBERSZTEJN

Company	Address	Position	2010
Egide	Bollène (84)	Director	Yes

21 CENTRALE PARTNERS

Company	Address	Position	2010
Alltub SAS	Paris (75)	Member of the supervisory board	No
Allvalv SAS	Marseille (13)	Member of the supervisory board	Yes
Almaviva Santé SAS	Marseille (13)	Member of the supervisory board	Yes
Alto Expansion	Levallois Perret (92)	Member of the supervisory board	No
Centre prothétique W.H.	Marseille (13)	Director	No
Club Med Gym	Paris (75)	Director	Yes
Coyote System SAS	Suresnes (92)	Member of the supervisory board	Yes
Digital Virgo SAS (Ex Jet Multimedia Group)	Lyon (69)	Member of the supervisory board	Yes
Drive Planet SAS	Abrest (03)	Member of the supervisory board	Yes
Egide SA	Bollène (84)	Director	Yes
Fin. Europe Assurance SAS	Paris (75)	Member of the supervisory board	No
Fin. Syreva SAS	Paris (75)	Member of the supervisory board	No
Financière Aramis SAS	Glos (14)	Member of the supervisory board	Yes
Financière CMG SAS	Paris (75)	Member of the supervisory board	Yes
Financière Italyc SAS	La Courneuve (93)	Member of the supervisory board	Yes
Financière Louis SAS	Paris (75)	Member of the supervisory board	Yes
Financière Storage SAS	Paris (75)	Member of the supervisory board	Yes
Financière Verlys SAS	Les Andelys (27)	Member of the supervisory board	Yes
Financière Vivaldi SAS	Nanterre (92)	Member of the supervisory board	Yes
Fountaine Pajot SA	Aigrefeuille d'Aunis (17)	Director	Yes
France Air Holding SA	Miribel (01)	Member of the supervisory board	No
Global Financial Services SA	Paris (75)	Member of the supervisory board	Yes
Globalgas SA	Saint Amand les Eaux (59)	Director	No
Groupe Electropoli SA	St James (50)	Director	No
Le Public Système SA	Levallois Perret (92)	Member of the supervisory board	Yes
Meccano SA	Clichy (92)	Director	Yes
Newgate SAS	Paris (75)	Member of the supervisory board	Yes
Robine SA	Saint Amand les Eaux (59)	Member of the Advisory Board	No
SFTF Interflora SA	Paris (75)	Director	Yes
The Nomad Company SAS	Clichy (92)	Member of the supervisory board	No
Vulcanic Holding SAS	Neuilly sur Marne (93)	Member of the supervisory board	Yes

Mr. Henry Huyghues Despointes (PR of 21 Centrale Partners since December 8, 2010)

Company	Address	Position	2010
21 Centrale Partners SA	Paris (75)	Member of the Executive	Yes
Almaviva Santé SAS	Marseille (13)	President of the Supervisory Board	Yes
Digital Virgo SAS	Lyon (69)	Member of the supervisory board	Yes
Egide	Bollène (84)	PR of 21CP to BD	Yes
Financière Aramis SAS	Glos (14)	President of the Supervisory Board	Yes
Financière Italyc SAS	La Courneuve (93)	President of the Supervisory Board	Yes
Financière Ravel SAS	Nanterre (92)	Member of the supervisory board	Yes
Financière Vivaldi SAS	Nanterre (92)	Member of the supervisory board	Yes
RSVP Srl	Italie	Director	Yes

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

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

- Le Goût de la Vie: Anticipated dissolution and out-of-court liquidation by the AGE on June 25, 2004; closure of liquidation process on December 22, 2005.

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

14.4 Evolution of the Board of Directors

Mr. Albert Zylbersztejn, administrator whose term expires at the end of the general meeting and who will render a decision on the accounts for the year 2010, did not wish to renew. Subject to approval of 8th proposed resolution to the General Meeting held 13 May 13, 2011, he will be replaced by Mrs. Catherine Gerst, born December 12, 1957 in Toulon (83) whose address is 7 rue Saint Lazare in Paris (75009). Catherine Gerst has spent her entire career in the financial world. After accompanying the development of large export contracts as head of export credits of the Bank of the European Union (1984-1991) in Asia and Eastern Europe, she joined the agency Moody's Investors Service in Paris (1991-2000), where she worked as Director General. After working in investment banking (2000-20003) as consultant in credit assessment of industrial groups, she joined the world of financial reporting as partner at Brunswick, from 2003 to 2005, responsible for financial reporting of initial public offerings (IPO), mergers and acquisitions and sensitive situations (image issues, class actions, shareholder activism). Mrs. Gerst joined the Canadian rating agency DBRS as head of credit ratings of structured finance, in 2006. She recently joined Citigate Dewe Rogerson in Paris, a financial communications group focusing on financial institutions and businesses, as Operating Partner. Mrs. Gerst has a background in mathematics (Bachelor of Mathematics from the University of Aix Marseille II) and language (Institute of Oriental Languages, Russian Section). A graduate of SFAF, she is also a financial analyst and Associate Professor at the Institut de Haute Finance, and Associate Professor at the University of Evry.

Moreover, in order to strengthen the Board of Directors currently composed of 4 members, and subject to approval of the 9th resolution proposed at the General Meeting held on May 13, 2011, Mr. Vincent Hollard, born September 8,1929 in Montrouge (92), residing at 47 boulevard Beauséjour, Paris (75116), will join Egide's Board. Vincent Hollard graduated from the Institut des Hautes Etudes Internationales and was awarded a doctorate in Legal and Political Sciences. In 1961, he joined the Bank of the European Union, where he filled the post of Deputy Director-General in 1971. He served as President of Omnium of the European Union from 1976 to 1979. In 1978, he created COFIP (Compagnie Financière Privée) which takes control of Didot-Bottin, on the one hand, and Office de Vulgarisation Pharmaceutique (OVP Editions du Vidal), on the other hand. He is chairman of numerous companies of the COFIP group and Didot-Bottin (COFIP, Didot-Bottin, Quinette and Gallay). He also chaired (or was seated on) the Board of many companies that belonged to the group in the past (Le Chasseur Français, O.V.P. and Chemical Week Groupe de Divonne, TTHD Casino de Divonne, Compagnie de Fougerolles). He serves or has served on the Boards of Kleinwort Benson Gimar & Cie (until 1997), Société Générale de Transport et d'Industrie, Champagne de Venoge (until 1996), Radiotechnique, Veuve Cliquot Ponsardin, Moët Hennessy, Piper-Heidsieck, La Madeleine (Texas) and Guyenne et Gascogne of which he is Vice-President. From 1999 to 2003 he was Director of Vivendi Universal Publishing. He serves on the Board of Altra Bank and SOPALIA. Honorary Member of the Chamber of Commerce and Industry of Paris where he chaired the Committee on Legal Affairs (1989 - 1994). He was President of the Palais des Congrès of Paris (1989 - 1996) and Director of the Société du Parc des Expositions de la Porte de Versailles (1988 -1995). He is Honorary Chairman of Palais des Congrès de Paris. He is a Director of ICC World Council, treasurer of Comité National Français and member of its executive committee. Vincent Hollard is also President of Société des Amis du Musée National of the Legion of Honor. He is Commander of the Legion of Honor, Commander of the National Order of Merit, Croix de Guerre.

15 COMPENSATION AND BENEFITS

15.1 Compensation for Directors and Managers

Total compensation and benefits paid during fiscal year 2010 to each agent are indicated in the tables below (before tax but social security charges deducted):

Table No. 1 - Summary of compensations and options and shares assigned to each corporate officer and Director		
	Year 2009	Year 2010
Philippe BREGI - Chief Executive Officer		
Compensations due for the fiscal year (see Table 2) Valuation of options assigned during the fiscal year (see Table 4) Valuation of options assigned during the fiscal year (see Table 6)	€127,461.12 €36,820.00 None	€127,703.45 None None
TOTAL	**€164,281.12**	**€127,703.45**

Table No. 2 - Summary of compensation for each corporate officer and Director				
	Year 2009		Year 2010	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Philippe BREGI Chief Executive Officer				
Fixed compensation Variable compensation Compensation exception. Directors' Fees Non-cash benefits: Car - GSC	€123,065.48 None None None €4,395.64	€123,065.48 None None None €4,395.64	€123,441.45 None None None €4,262.00	€123,441.45 None None None €4,262.00
TOTAL	**€127,461.12**	**€127,461.12**	**€127,703.45**	**€127,703.45**

Table No. 3 - Director's fees and other compensation received by non-Director corporate officers		
	Amounts paid during the 2009 fiscal year	Amounts paid during the 2010 fiscal year
Albert ZYLBERSZTEJN, Director		
- Directors' Fees - Other compensations	€6,000.00 None	€6,000.00 None
21 CENTRALE PARTNERS, Director		
- Directors' Fees - Other compensations	€9,000.00 None	€6,000.00 None
Antoine DREAN, Director		
- Directors' Fees - Other compensations	None None	€6,000.00 None
TOTAL	**€15,000.00**	**€18,000.00**

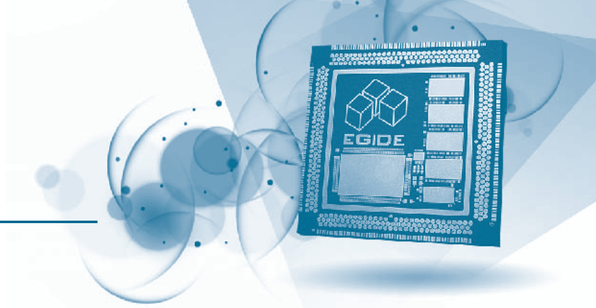


Table No. 4 - Stock options or stock purchase assigned to each corporate officer and Director during the fiscal year by the issuer and by any company in the group						
	No. and date of the plan	Nature of the options	Valuation of the options	Number of options assigned during the fiscal year	Exercise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

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

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

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

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

Table No. 8 - History of stock options or stock purchase allotments					
Information on stock options or stock purchase					
Plan n°	4.1	4.4	5.1	5.2	6.1
Date of meeting	06/08/04	06/08/04	06/20/07	06/20/07	05/28/10
Date of Board meeting	04/26/05	01/15/07	07/24/07	03/05/09	10/18/10
Total number of subscribed shares	20,767	4,900	5,400	26,624	200
The number of which can be subscribed by **Philippe BREGI**	20,767	0	0	20,000	0
Starting point for exercising options	04/26/07	01/15/09	07/24/09	03/05/11	10/18/12
Expiry date	04/25/12	01/14/14	07/23/14	03/04/16	10/17/17
Subscription Price	€29.74	€31.15	€27.83	€5.79	€5.63
Terms of exercise	Maximum exercise per quarter every 30 trading days				
Minimum number of shares for each exercise	500	20	20	20	20
Number of subscribed shares at April 30, 2010	0	0	0	0	0
Cumulated number of cancelled or obsolete options	0	600	1,000	700	0
Stock options outstanding at fiscal year-end	20,767	4,300	4,400	25,924	200

Table No. 9 - Stock options assigned to the ten first appointed non-corporate-officer employees and options exercised by them		
	Total number of assigned options/exercised shares	Weighted average price
Options granted during the fiscal year Options exercised during the fiscal year	200 None	€5.63 -

Table No. 10 - Corporate officers and directors								
	Work contract		Additional retirement plan		Compensation or benefits payable by reason of termination or change of function		Compensation for covenant no to compete	
	Yes	No	Yes	No	Yes	No	Yes	No
Philippe BREGI		xx		xx		xx		xx

No compensation or benefit was received by Egide's corporate officers for fiscal years 2009 and 2010, from companies controlled by Egide pursuant to article L.233-16 of the French Commercial Code.

Chief Executive Officer Philippe Brégi's compensation contains only fixed elements. As a corporate officer, he benefits from unemployment insurance (Social Guarantee for business executives), of which the employer's contribution constitutes a benefit in kind. He also is provided with a company car (Peugeot 207) as well as profit sharing, in the same manner as all salaried employees. No profit sharing was paid in 2009 and 2010. There are no benefits after employment, no termination-of-contract allowance, nor any other long term benefit in favor of its executives. Irrespective of the stock options (see below), there is no payment in shares.

Directors have not received stock options, with the exception of the Chief Executive Officer, who, as of December 31, 2010 held 40,767 stock options. In compliance with the provisions of law no. 2006-1170 of December 30, 2006, it is specified that a minimum of 20% of stocks issued in the exercise of options must be kept registered until the end of the chief executive officer's term of employment.

In addition, Directors are provided with civil responsibility for management and proxy holders insurance, underwritten by Chartis company. The guarantee is for a maximum of 4.5 million euros, the deductible in the USA is $25,000, and the premium is 11,856 euros before taxes remains unchanged.

15.2 Amounts Provided

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

At Egide, on the other hand, non-specific severance pay at retirement, applicable to all salaried personnel, is calculated in the annual consolidated statement in accordance with the IAS 19 standard, as are the premiums paid to salaried personnel on receipt of the gold service medal and the special seniority allowance. These commitments result from collective bargaining agreements applicable to each establishment, and are calculated according to the method of allocating rights prorated according to seniority (see § 20.3.1.5.3.13).

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

16 MANAGEMENT AND DIRECTORATE FUNCTIONS

16.1 Board of Directors

See § 14.1 for a list of Directors

16.2 Employment Contracts

There is no employment contract between Board of Directors and the company or any of its subsidiaries.

16.3 Audit Committee and Compensation

There is no audit committee or remuneration committee at Egide. The Board consisting meets in the form of an audit committee with respect to the preparation of half-yearly and yearly accounts; the officer's compensation is also defined by the Board.

16.4 President's Report on Internal Control and Risk Management

This report was approved by the Board of Directors on March 29, 2011.

16.4.1 Conditions for Preparation and Organization of the Board of Directors

16.4.1.1 Corporate Governance Code

In pursuance of the provisions of Article L.225-37 of the French Commercial Code, the Board decided to rely on the Middlenext Code of Corporate Governance for medium and small values of December 2009, given that the directors have taken notice of the key points of the said code. Middlenext's code is available for download at the following address: http://www.middlenext.com/spip.php?rubrique37.

16.4.1.2 Composition of the Board of Directors

See § 14.1 for a list of Directors

In accordance with provisions of law no. 2011-103 of January 27, 2011 concerning the balanced representation of men and women on boards of directors and supervisory boards and professional equality, and insofar that, at the general meeting to be held in 2011, the Board will have to rule on the appointment of directors and a female member not represented to date on the Board.

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

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

The internal rules of the Board of Directors and the Directors' Charter have been drafted for the first time at the beginning of 2010 to determine the Board's operating methods. The Board of Directors meets as many times as is necessary, when called by its President. Each Director receives the information necessary to the accomplishment of his mission and can obtain from executive management all the documents that he considers useful." The Board of Directors examines and makes decisions regarding important business questions, particularly those of a strategic nature. In view of the composition of the Board of Directors (only one independent Director, two directors representing major shareholders and an administrator performing the function of Director General), the mission assigned to the audit committee is provided by the Board itself in accordance with provisions of Article L. 823-20 par. 4 of the French Commercial Code.

In general, the Board of Directors meets at the 21 Centrale Partners premises. Committee members and auditors regularly attend corporate boards when their presence is required by law. The agenda is established by the President; decisions are usually made unanimously, expect in statutory cases where the President must abstain. Meeting minutes are taken and provided to the Directors, upon approval, at the following meeting. The meeting roster as well as all meeting reports are available at the corporate office.

During the fiscal year 2009, the Board of Directors met 4 times in the presence of all the directors.

In consideration for their participation in the Board of Directors, each member, with the exception of the President, receives a fee. For fiscal year 2010, a total amount of 18,000 euros was allocated for this purpose, to share between all entitled members.

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

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

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

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

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

16.4.1.5 Limitations on the President & CEO's Powers

On April 26, 2005, Egide's Board of Directors that top management would be managed by the President of the Board.

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

16.4.1.6 Participating rules for shareholders at the General Meeting

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

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

16.4.2 Internal Control Procedures Adopted by the Company

This report was written in accordance with the implementation guide for internal control published by the AMF in 2006, and was the subject to a recommendation made by the AMF on 07/22/10. The current state of the procedures in place was determined based on the company's Quality and Environmental Manual as well as discussions with the Finance department.

16.4.2.1 General principles of risk management

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

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

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

At Egide, the risk management system is based on:

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

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

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

In terms of accounting and financial reporting, special attention is paid to any element (financial or otherwise) that is released to the public. Accounting and financial information is first addressed to top management and the Board of Directors as well as to third parties (stockholders, bankers, investors, clients …). For each recipient, the frequency and amount of information reported is different.

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

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

Each month, a review of the American subsidiary's (Egide USA) income takes the form of a conference call. During these conferences, the respective officers of these subsidiaries report to the Chief Executive Officer and the chief financial officer a certain number of indicators, which will then be partially repeated in the presentation to the Board of Directors. It is also an opportunity to report on business trends and make decisions that are within top management's power. For this purpose PowerPoint presentations are used. Since January 1, 2009 the format of the presentations has been unified. For the Moroccan (Egima) et British (Egide UK) subsidiaries, their respective positions (more operational activity since July 1, 2009 for the first company and relatively low emphasis for the second) justifies a quarterly reporting or a case by case is now sufficient.

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

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

In conformance with the European Transparency Directive, regulated information is distributed electronically, since the company has access to a professional distributor such as the AMF. The information is also available on the Web site, and hard copies can be obtained from the corporate office.

16.4.2.2 Link between risk management and internal control

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

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

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

16.4.2.3 General principle for internal control

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

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

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

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

In responding to the requirements of ISO 9001:2008 et ISO 14001:2004 standards, Egide has a set of procedures designed to ensure the proper functioning of the quality assurance system in place, outlined in its Quality and Environment Manual. This system covers the series of production activities of the company (commercial services, provisioning, production, and shipping). This system covers all of the company's production activities (commercial services, supplies, production, expedition). Each year, management commits to apply the resultant quality and environmental policy. These operations are coordinated by the quality and environment management, and analyzed by the steering committee (see 2. 1 for its composition) or during management reviews.

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

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

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

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

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

16.4.2.4 Limits of the risk management and internal control

The accounting and finance department conforms to the requirements of the accounting laws and standards in force and has its own rules regarding operation and control, since, contrary to other departments in the company (purchasing, sales, production…), it has not been yet integrated in the procedures put in place in the context of ISO 9001:2008 and described in the Quality and Environmental Manual.

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

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

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

Egima Subsidiary: The company uses an independent accounting firm to handle its bookkeeping. Supervision is ensured directly by Egide's accounting manager who is the sole decision-maker with the executive Director with regard to cash management matters (including payments). A salaried associate in the subsidiary ensures the interface between the accounting firm and Egide's services on-site.

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

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

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

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

16.4.2.5 Risk management and internal control players

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

16.4.2.5.1 General Directorate

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

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

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

16.4.2.5.2 Board of Directors

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

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

The Board of Directors closes the accounts annually and examines biannual accounts. In this regard, it obtains all the information it deems useful for top management (closing options, changes in accounting methods, explanation as to how income was arrived at ..), and receives the auditors' assurance that they have had access to all the information necessary to exercise their responsibilities and that their work has advanced sufficiently at the time of closing to enable communication of meaningful comments.

16.4.2.5.3 Audit Committee

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

16.4.2.5.4 Risk Manager

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

16.4.2.5.5 Internal audit

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

16.4.2.5.6 Company Personnel

The company relies on its internal organization, its management system, and quality tracking necessary to maintain its ISO 9001 et ISO 14001 certifications and on its procedures for preparing accounting and financial statements to best identify the main risks associated with the company's activities. The entire standards and procedures incorporates general objectives with the company personnel, the latter, in fact, possessing the information necessary to establish and operate the internal monitoring system.

16.4.2.6 Auditors' role

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

By virtue of its responsibility for the establishment of accounts and the implementation of internal accounting and financial control systems, top management coordinates with the auditors, ensures that the latter have access to all information surrounding the preparation of financial statements, and accesses the results of their auditing work. Regarding the two main entities of the group (Egide SA and Egide USA together account for 93% of sales), the same firm of auditors was selected to conduct the audit.

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

16.4.2.7 Risk management and internal control limits

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

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

16.5 Auditors' Report on the President's Report

"Ladies and Gentlemen,

In our capacity as auditors at EGIDE, and in application of the provisions of article L 225-235 of the French Commercial Code, we present our report on the report prepared by the President of your company in conformance with the provisions of article L 225-37 of the French Commercial Code for the fiscal year ended December 31, 2010.

It is incumbent upon the President to establish and submit to the Board of Directors, for their approval, an administration report reflecting internal control procedures and risk management put in place at the company and giving other information required as per Article L 225-37 of the French Commercial Code regarding corporate governance, in particular.

It is incumbent upon us:

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

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

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

These standards require the implementation of due diligence to assess the sincerity of the information concerning the internal control procedures relative to the preparation and processing of accounting and financial information contained in the President's report. This diligence consists primarily of the following:

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

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

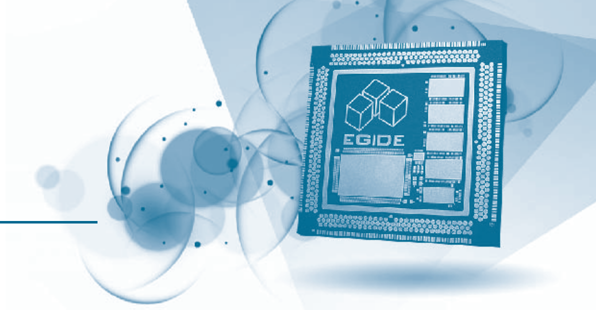
Other Information

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

Neuilly sur Seine and Paris, April 21, 2011

The Statutory Auditors

PricewaterhouseCoopers Audit, Jean-François Chatel	Moore Stephens Syc (SYC S.A.S), Serge Yablonsky »



16.6 Executive Committee

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

Name	Current office	Joined the company on
Mr. Philippe BREGI 34-36 rue de Clichy, 75009 Paris	President & CEO	11/09/2004
Mr. Jim COLLINS 1553 Commanche Road, Arnold, MD 21012, USA	Director, Egide USA	12/29/2000
Mr. Chris CONWAY 29 Lattice Avenue, Ipswich, Suffolk, IP4 5LJ, GB	Director, Egide UK	07/01/2002
Mr. Frédéric DISPERATI 3 Chemin des Passadoires, 84420 Piolenc	Director, Quality, Environment and Client Satisfaction	10/01/1990
Mr. Philippe LUSSIEZ 2 rue des Champs, 78320 La Verrière	Director, Finance	06/09/1992
Mr. Didier MARTIN 33 avenue du Plan de l'Eglise, 78960 Voisins le Bretonneux	Business and technical support manager	08/03/1992
Mr. Michel MASSIOT 8 Résidence Le Tilleul, 26130 Saint Paul Trois Châteaux	Director, R&D	01/05/2007
Mr. Wladimir MUFFATO Quartier Genève, 26130 Montségur sur Lauzon	Industrial manager (production and acquisition)	12/19/1994

In addition to exercising their management functions at EGIDE, the following persons are also:

Name	Position	Since
Mr. Philippe BREGI	Manager of SARL Egima President of Egide USA LLC President of Egide USA Inc President of Egide UK Ltd	04/28/2005 04/28/2005 04/28/2005 04/27/2005
Mr. Jim COLLINS	Vice President of Egide USA Inc Vice President of Egide USA LLC	12/29/2000 12/29/2000
Mr. Christopher CONWAY	Director of Egide UK Ltd	07/01/2002
Mr. Philippe LUSSIEZ	Secretary of Egide USA Inc Secretary of Egide USA LLC	04/28/2005 04/28/2005
Mr. Didier MARTIN	Director of Egide UK Ltd	07/01/2002

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

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

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

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

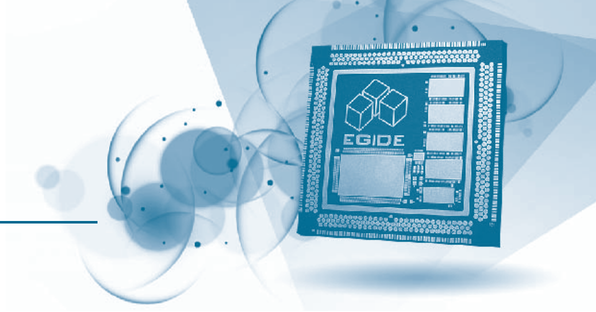
Mr. Frédéric DISPERATI is a materials engineer. On joining Egide in 1990, he was responsible for the development of aluminum products, then served as product manager in the Engineering department before spending a year and a half in technical support at the Egide USA subsidiary. Upon his return in March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

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

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

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

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



17 EMPLOYEES

17.1 Breakdown

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

(Present on 12/31)	2008	2009	2010
Administration and Business	29	29	28
Production, Quality, and R&D	346	259	301
Total	**375**	**288**	**329**

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

(Present on 12/31)	2008	2009	2010
Egide Trappes and Bollène	198	164	210
Egide USA	103	65	68
Egide UK	35	29	23
Egima	39	30	28
Total	**375**	**288**	**329**

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

(Present on 12/31)	2008	2009	2010
Contracts of Determined Duration	49	13	60
Open-ended Employment Contracts	320	274	269
Apprenticeship Contracts	6	1	0
Total	**375**	**288**	**329**

17.2 Participation, Profit Sharing and Variable Compensation Agreement

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

- To sales representatives, based on their performance
- To all employees, who receive profit sharing based on the company's performance. It results from a profit-sharing agreement signed between the company and the employees, represented by the secretary of the labor-management committee. This agreement was entered into for a 3-year period, from January 1, 2010 to December 31, 2012. This profit sharing is calculated annually from the company's operating results before tax. It is spread uniformly among employees with at least three months of seniority, prorated according to the number of hours they worked during the fiscal year concerned.

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

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

17.3 Stock Options Plans

Since Egide's listing on the Paris Stock Exchange, stock options have been assigned to certain members of the management staff. On March 31, 2009, the total amount of stock options assigned to EgideSA employees, and not yet exercised is 52,641; the amount granted to and not yet exercised by Egide USA employees is 2,750 (i.e. 55,391 options in total).

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

The table below lists the various plans in effect on March 31, 2011:

Plan Number	Plan 4.1	Plan 4.4	Plan 5.1	Plan 5.2	Plan 6.1	Total
General Meeting of Board of	06/08/2004 04/26/2005	06/08/2004 01/15/2007	06/20/2007 07/24/2007	06/20/2007 03/05/2009	05/28/2010 10/18/2010	
Initial Number of Stocks to corporate officer first 10 salaried employees	20,000 20,000 0	4,900 0 4,500	5,400 0 3,800	26,624 20,000 4,124	200 0 200	57,124 40,000 12,624
Number of Stocks after Adjustments*	20,767	4,900	5,400	26,624	200	57,891
Period Beginning Date Period End Date	04/26/2007 04/25/2012	01/15/2009 01/14/2014	07/24/2009 07/23/2014	03/05/2011 03/04/2016	10/18/2012 10/17/2017	
Terms and Conditions	Maximum of ¼ every 30 trading days, with a maximum of 20 stocks (plan no's. 4.4, 5.1, 5.2 , and 6.1), 500 stocks (no. 4.1) **Employees of Egide SA (all plans) and Egide USA (plan 6.1)** Disposal: Frozen for 2 years starting from the date of the exercise **Egide USA Employees (except plan 6.1)** Disposal: Total amount frozen for 1 year + 1 year for half the amount, starting from the date of the exercise. **Corporate officer** Disposal is according to plan no. 5.2: a maximum of 80% exercised during the term of the proxy.					
Subscription Price	€29.74	€31.15	€27.83	€5.79	€5.63	
Number of Options Subscribed to Number of Options Lost Number Remaining to Be Exercised	0 0 20,767	0 600 4,300	0 1,000 4,400	0 900 25,724	0 0 200	0 2,500 55,391

** Adjustments are made after capital operation.*

During fiscal year 2010, no stock option subscription was exercised.

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

Thus, during fiscal year 2010, beneficiaries lost a certain number of stock options.

- **Plan 3.2:** the year-end date for the remaining 726 options was set at April 27, 2010
- **Plan 4.4:** two employees have left the company, one was the holder of 100 options and the other of 200 options
- **Plan 5.1:** the employee beneficiary of the 4.4 plan who left the company was the holder of 300 options
- **Plan 5.2:** each of the employees beneficiary of the 4.4 plan who left the company was the holder of 100 options

A total of 1,726 stock options has been lost by their beneficiaries for the period. The expiry of 800 of them was ascertained by the Board of Directors' meeting of May 31, 2010; the expiry of the remaining 200 was ascertained by the Board of Directors' meeting of March 29, 2011.

Taking this information into account the maximum number of options having been set at 5% of shares that make up capital (64,313 attributable options on December 31, 2010), 8,922 available options remain, i.e., 0.69% of capital. On that same date, the 55,391 options not exercised represented a potential dilution of 4.31%.

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

17.4 Social Impact of Egide's Activities

Information on Egide's social statistics provided in the Board of Directors'report for fiscal year 2009 (they were collected from the Director of Human Resource department), are as follows:

Total Number of Employees

At December 31, 2010, Egide's total number of staff was 210, including 17 staff members based on the Trappes site and 193 on the Bollène site. The average number of staff for the fiscal year was 193 (18 in Trappes and 175 in Bollène).

Recruitment

During 2010, the company hired 50 personnel (primarily operators) for a specific time period and 14 for an indefinite period (converted from specific time period to indefinitely). Egide experienced no particular recruitment problems.

Terminations

Two dismissal procedures were undertaken during the year 2010. They concerned an employee who left because he was physically unfit (not work-related) and another one for professional misconduct (abandonment of position).

Overtime

During fiscal year 2010, a total of 21,740 overtime hours at the Bollène site and 2,229 at the Trappes site were paid as extra hours. As a reminder, an additional hour is one that exceeds the legal limit of 35 hours weekly.

Outside Labor

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

Work Schedule

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

Egide employs 4 personnel half-time and 21 part time (mainly 4/5, or 80% of the work week).

Absenteeism

In 2010, 29,194 hours of absence were noted, primarily attributable to long-term sick or maternity leave.

Compensation and Increases

2010 gross payroll was 5,137,084 euros, 943,724 of which were for the Trappes site and 4,193,360 for the Bollène site. The average salary increase was 1.7% according to the memorandum of agreement on the 2010 wage policy that was signed between the company and its union stewards.

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

Social Expenses

The amount of employer's payroll taxes entered into the accounts for fiscal year 2010 is 1,809,341 euros, i.e., 35.2% of gross payroll. The amount of payroll taxes assessed on salaries paid in 2010 is 1,115,703 euros, (or 21.7%).

Profit Sharing, Participation and Savings Plan

A profit-sharing agreement was signed in 2007 by the company and the employees, represented by secretary of the Board of Directors. It was concluded for a period of 3 years from January 1, 2010 to December 31, 2012, replacing the previous agreement which had expired. This profit-sharing is calculated annually from the company's operating results before tax. It is spread uniformly among employees with at least three months of seniority, prorated according to the number of hours they worked during the fiscal year concerned. In view of the current loss, no profit sharing was paid for the fiscal year 2010.

Moreover, all personnel in France receive legal participation according to base calculations provided for by the law. Given the current loss, no legal participation was paid for the fiscal year 2010.

The company does not have an employee savings plan.

Male-Female Equality in the Workplace

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

Labor Relations and Collective Bargaining Agreements

Labor-management committee elections were held in 2010. A single labor management committee uniting the two sites (Bollène and Trappes) was elected for a 4-year term.

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

On January 28, 2009, the SPEA of Tricastin (CFDT) labor-union designated a trade union steward on the Bollène's premises.

Industrial Hygiene and Safety Conditions

The Industrial Hygiene, Safety, and Working Conditions Committee met three times in Bollène during fiscal year 2010. The company experienced 12 work-related accidents suffered by employees, of which 5 with a temporary leave without disablement and 7 without any temporary leave.

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

Trappes Site	Rate: 1.05%	Contribution: €9,991
Bollène Site	Rate: 2.00%	Contribution: €96,452

Training

In 2010, Egide committed a total amount of 29,538 euros for training. The number of training hours used in 2009 as part of the personal training entitlement was of 22.50 hours. At December 31, 2010, the cumulated hours earned by Egide's employees for the training entitlement was of 14,987.50 hours.

Employment and Integration of Handicapped Workers

Egide employs 11 recognized disabled employees (not motor) on the Bollène site and none on the Trappes site. In the course of the company’s activities, no handicap has ever caused an accident.

Benefits

As far as social benefits are concerned, the company directly provides a restaurant ticket program as well as a health insurance program for its employees. During fiscal year 2010, the company spent 147,558 euros on restaurant tickets and 35,351 euros as a partial contribution to the insurance program.

In addition, Egide allocated a budget to the labor-management committee that stood at 62,153 euros during fiscal year 2010, i.e., 1.21% of gross payroll. This budget is redistributed to the employees in the form of gift certificates, outings, meals, etc.

Recourse to Temporary Agencies

For fiscal year 2010, Egide entered expenses of 7,407 euros paid to temporary agencies and 7,231 euros to companies who provided service personnel for the company (site guarding fees), which represents the equivalent of 0.28% of yearly total payroll.

Regional Impact of Employment and General Development

Egide contacts the local office of the employment center of the National Agency for Employment as soon as recruiting needs arise.

Relationships with Social Agencies

Egide maintains contact with employment integration associations such as the Association pour la Gestion du Fonds d'Insertion Professionnel des Handicapés (AGEFIPH), translated as the Association for the Management of Funds for the Integration of Handicapped Personnel into the Workplace; or the Centres d'Activité par le Travail, translated as Work Activity Centers. In addition, the company contributes a share of its education tax to teaching establishments.

Foreign Subsidiaries and the Impact on Regional Development

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

Respect for the Fundamental Agreements of the International Labor Organization

As a matter of principle, Egide, a French company, and its American and English subsidiaries respect international agreements pertaining to labor law. As far as the Moroccan subsidiary is concerned, in accordance with the laws in force in Morocco, the plant manager (manager of the Bollène site) applies the European laws.

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

18 PRINCIPAL SHAREHOLDERS

18.1 Breakdown of Capital and Voting Rights

Position on April 8, 2011	Number of Shares	% of Capital	Number of Votes	% of Voting Rights
Shareholder Officers	**2,512**	**0.20 %**	**5,024**	**0.39 %**
Public (Bearer Securities) Public (Registered Securities) **Public**	1,272,133 11,630 **1,283,763**	98.90 % 0.90 % **99.80 %**	1,272,133 20,854 **1,292,987**	98.00 % 1.61 % **99.61 %**
TOTAL	**1,286,275**	**100.00 %**	**1,298,011**	**100.00 %**

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

No share is held collectively by the employees, according to article L.225-102 of the French Commercial Code.

18.2 Thresholds Exceeding

Identity of shareholders possessing more than 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% and 95% of share capital or voting rights on 04/08/11:

	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
FCPR 21, Développement [(1)]	x	x						
21 Esenga FCPR [(1)]	x	x						
21 Développement et 21 Esenga *acting together*					x	x		
Mr. Antoine Dréan [(2)]		x	x					
Optigestion [(3)]		x	x					
Cie financière Sopalia [(4)]	x							

[(1)] MFA opinion of April 20, 2011 (threshold exceeding downward)
[(2)] MFA opinion of November 4, 2008 (threshold exceeding upward)
[(3)] MFA opinion of December 11, 2008 (threshold exceeding upward)
[(4)] MFA opinion of December 5, 2007 (threshold exceeding upward)

No shareholder has more than 20%, or more than 30% of the capital or of the voting rights. An improper control over the company cannot be carried out. Furthermore, to the company's knowledge, there is no agreement of which the implementation could lead to a change of its control at a later date.

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

18.3 Different Voting Rights

A double voting right is conferred to all fully paid shares for which a nominal registration is justified for at least two years in the name of the same shareholder (General Meeting of January 29, 1999). This right is conferred to any bonus share assigned to a shareholder in respect of existing shares.

At March 31, 2011, there were 184,933 registered stock. 182,655 shares benefited from a double a voting right of which 170,919 shares were jointly held by FCPR 21 Développement and 21 Esenga.

On 8 April, 2011, the 170,919 registered stock held by FCPR 21 Développement and 21 Esenga were converted to bearer, they have therefore lost their right to double voting. At that date, 14,142 shares were registered of which 11,736 benefited from a double voting right.

19 TRANSACTIONS WITH RELATED PARTIES

19.1 Regulated Agreements

Relevant agreements in force at December 31, 2010 are the following:

Agreements Reached in Fiscal Year 2010 and Previously Authorized

None

Agreements Established in Previous Fiscal Years That Are Still in Effect

- Current account agreement between Egide UK and Egide (Board of Directors' meetings, October 14, 2002 and October 31, 2005)
- Current account agreement between Egima and Egide (Board of Directors' meetings, March 16, 2001 and October 31, 2005)
- Current account agreement between Egide USA and Egide SA (Board of Directors' meetings, October 31, 2005)
- Re-invoicing agreement for business management, financial management, and executive management between Egide and its subsidiaries, Egide USA, Egima and Egide UK (Board of Directors' meetings, May 2, 2002 and October 14, 2002)
- Agreement to guarantee on first request in consideration for a long-term loan granted to Egima (Board of Directors' meeting, October 30, 2001)
- Agreement to pledge Egide's financial instrument account in consideration for a bond given to Egima (Board of Directors' meeting, October 27, 2003)
- Service agreement entered into by the company for the benefit of the Chief Executive Officer (Board of Directors' meeting, November 9, 2004)
- Guarantee agreement by Egide in favor of Egide UK as part of the establishment of a factoring contract between Egide UK and Lloyds bank (Board of Directors meeting of April 14, 2008)
- Guarantee agreement by Egide SA in favor of Egide USA as part of the lease agreement signed by Egide USA with 4 Washington Street Investment LLC (Board of Directors meeting of October 16, 2008)
- Guarantee agreement by Egide in favor of Egide USA as part of the establishment of a factoring contract between Egide USA and Keltic (Board of Directors meeting of October 16, 2008)
- A guarantee agreement by Egide in favor of Egide UK which stands at £50,000 as part of the establishment of a bank overdraft between Egide UK and the Lloyds bank (Board of Directors meeting dated October 16, 2008 - General Delegation)

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

- Agreement to pledge Egide's financial instrument account in consideration for a mid-term loan granted to Egima (Board of Directors' meeting, June 26, 2002)
- Guarantee agreement by Egide SA in favor of Egide UK as part of the establishment of a factoring contract between Egide UK and the Lloyds Bank, and as part of a loan contracted by Egide UK at the Lloyds Bank (Board of Directors meeting of April 18, 2008)

See also § 20.3.1.5.4.16 Transactions with Related Parties

19.2 Auditors’ Report on Regulated Agreements

"Ladies and Gentlemen,

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

On the basis of information given to us, it is our responsibility to report the essential characteristics and terms of agreements and commitments of which we were informed or which we would have discovered during our mission without having to decide on their usefulness and relevance, nor determining the existence of other agreements and commitments. It is up to you, according to the terms of Article R.225-31 of the French Commercial Code, to assess the stakes involved in entering into these agreements and commitments in furtherance of their approval.

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

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

1 - Agreements and commitments submitted for approval to the General Assembly

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

2 - Agreements and commitments approved in prior fiscal years

a) Which continued during the past financial year

As part of Article R.225-30 of the French Commercial Code, we have been informed that the performance of the following agreements and commitments approved at the General Meeting during the course of previous fiscal years, has taken place during the last fiscal year.

Current Account Agreement between Egide UK Ltd. and Your Company

Nature and Purpose: Advances in current account made by Egide for the benefit of its British subsidiary, Egide UK Ltd. On December 31, 2010, the current account balance rose to €1,093,679.

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

Details: These advances are paid at a rate of 3% a year. The amount of interest accrued as revenues for the fiscal year stands at €28,431.

Current Account Agreement between Egima SARL and Your Company

Nature and Purpose: Advances in current account made by Egide S.A. for the benefit of its Moroccan subsidiary, Egima. On December 31, 2010, the current account balance rose to €10,776,894.

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

Details: These advances would be paid at the rate of 3% a year. The amount of interest accrued as revenues for the fiscal year stands at €145,028.

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

Nature and Purpose: Advances in current account made by Egide for the benefit of its subsidiary under American law, Egide USA Inc. On December 31, 2010, the current account balance rose to €1,424,988.

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

Details: Ces avances seraient rémunérées au taux de 3 % l'an. Le montant des intérêts comptabilisés en produits au titre de l'exercice s'élève à 51 532 €.

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

Nature and Purpose: Egide's reinvoicing to Egide USA Inc. its American subsidiary, Egima SARL its Moroccan subsidiary, and Egide UK Ltd its British subsidiary for a share of costs for sales operations, finance division and senior management.

This agreement was authorized by the Board of Directors on May 2, 2002 for reinvoicing between Egide and its subsidiaries, Egima SARL and Egide USA, and on October 14, 2002 for reinvoicing between Egide and Egide UK Ltd.

Conditions: The amounts invoiced correspond to the salaries and social security costs for the employees concerned on the basis of a presumptive assessment of the time spent by each one for each company in the group. For the fiscal year ended December 31, 2010, the amount billed by Egide S.A. to Egide USA Inc., amounts to €22,747. The amount billed by Egide S.A. to Egide UK Ltd. was of €15,703. Nothing was invoiced to Egima SARL for 2010.

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

Nature and Purpose: Egide S.A. posted a guarantee on first request for the benefit of Crédit du Maroc in consideration for a long-term loan granted by the latter to the Egima the Moroccan subsidiary. The loan, in the amount of 10,678,000 dirhams, was granted on March 21, 2003 for an initial term of 12 years (with a due date of March 21, 2015), one year of which is franchise capital. The guarantee provided by Egide concerns capital and interest owed by Egima based 12,700,000 dirhams in principal. The balance of this loan, due on December 31, 2010 is the equivalent of €489,049.

This agreement was authorized by the Board of Directors on October 30, 2001.

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

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

Nature and Purpose: Pledge of a mutual fund portfolio for a total amount of 57,447 euros for the benefit of Crédit du Nord as collateral for a bond provided to the Société Générale Marocaine de Banque, who authorized, at the request of the Moroccan subsidiary, Egima, a permanent bond for the Moroccan customs and tax authorities. The value of the mutual funds guaranteed stood at €64,408 on December 31, 2010.

This agreement was authorized by the Board of Directors on October 27, 2003.

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

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

Nature and Purpose: The commitment made by Egide to the Chief Executive Officer, Mr. Philippe Brégi, relative to the "Business executive" funding of job loss insurance, on the date of his appointment and approved by the Board of Directors on November 9, 2004.

Details: Amounts invoiced reached €2,874 in fiscal year 2010.

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

Nature and Purpose: Under the terms of a factoring agreement, Lloyds Bank accorded Egide UK Ltd. an advance based on its client outstandings, with a maximum amount of £350,000. In this context, HSBC bank requested that Egide guarantee its subsidiary for the amount of this advance.

This agreement was authorized by the Board of Directors on April 18, 2008.

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

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

Nature and Purpose: Regarding this lease agreement, 4 Washington Street Investments LLC, in its capacity of lessor, asked your

company to vouch for its leasing subsidiary, to the extent of the amounts due by Egide USA Inc. as per said lease agreement, without limitation as to the amount, representing a maximum of US $1,956,985 for the rents.
This guarantee takes places in the assignment transaction of the American real-estate complex, sold by Egide USA Inc. to 4 Washington Street Investments LLC for an amount of 2 million US dollars.

This agreement was authorized by the Board of Directors on October 16, 2008.

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

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

Nature and Purpose: The factoring contract previously put in place in March 2007 at the request of CIT, between CIT and Egide USA Inc., expired at the end of November 2008.
During the month of December 2008, a finance contract was signed between Egide USA Inc. and Keltic (assignment of receivables to Keltic and inventory financing).
Egide S.A. guaranteed Keltic for this finance contract for its subsidiary, Egide USA Inc. The maximum amount guaranteed at December 31, 2010 is of 1.75 million dollars or 1.31 million euros.

This agreement was authorized by the Board of Directors on October 16, 2008.

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

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

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

This agreement was authorized by the Board of Directors on October 16, 2008.

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

b) Without performance during the last financial year

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

Nature and Purpose: A SICAV (mutual fund) portfolio as collateral for the benefit of Crédit Lyonnais for an initial amount of €1,420,040 , in consideration for the guarantee provided by Crédit Lyonnais to Crédit du Maroc (due on January 28, 2010) further to a loan for 14,600,000 dirhams granted by the latter to Egima the Moroccan subsidiary. The loan was granted on January 28, 2003 for an initial period of 7 years, one year of which was for capital franchising.

The amount of this pledge is reduced each trimester at the level of the balance of the loan remaining to be repaid; this transaction allows the release of one secured SICAV when the reduction of the pledge is at least equal to the unit value of a secured SICAV.

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

Nature and Purpose: Within the purview of a loan by Egide UK Ltd. Lloyds Bank asked Egide SA to back a loan for its subsidiary for an amount of £65,000.

3 - Person Concerned

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

Neuilly sur Seine and Paris, April 21, 2010

The Statutory Auditors

PricewaterhouseCoopers Audit,
Jean-François Châtel

Moore Stephens Syc (SYC SAS),
Serge Yablonsky"

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

20.1 Historical Financial Statements (2008 and 2009)

The consolidated annual financial reports for fiscal years ending December 31, 2008 and December 31, 2009, as well as the relevant auditors' reports, appearing in the documents mentioned in the following table, are incorporated by way of reference into this annual report.

Printed Version Dated:	Reference document 2008 No. D09-0593 of July 29, 2009	Reference document 2009 No. D10-0453 of May 18, 2010
Consolidated Accounts and Appendices	Pages 61to78 (§ 20.3.1)	Pages 65 to 84 (§ 20.3.1)
Auditors' Reports on Consolidated Accounts	Pages 98 and 99 (§ 20.4.1)	Page 104 (§ 20.4.1)
Annual Accounts and Appendices	Pages 79 to 98 (§ 20.3.2)	Pages 85 to 103 (§ 20.3.2)
Auditors' Reports on annual Accounts	Pages 99 and 100 (§ 20.4.2)	Pages 105 and 106 (§ 20.4.2)

20.2 Pro Forma Financial Statements

None.

20.3 Financial Statements

20.3.1 Consolidated Financial Statements

20.3.1.1 Statement of financial position

ASSETS (in €K IFRS Standards)	Notes 20.3.1.5.	Net Worth on 12/31/2010	Net Worth on 12/31/2009
Intangible Assets	4.3	0	1
Tangible Assets	4.3	728	1,254
Financial Assets	4.3	266	122
Other Current Assets	4.1.2, 4.4	601	161
Non-current Assets		**1,595**	**1,538**
Inventory	4.5	3,896	3,196
Clients and Other Debtors	4.1.2, 4.6	4,344	4,201
Cash and cash equivalents	4.7	1,677	483
Other current Assets	4.8	259	279
Current Assets		**10,177**	**8,159**
Non-current assets held for sale	4.12	1,430	1,499
TOTAL ASSETS		**13,203**	**11,196**

LIABILITIES (in €K, IFRS Standards)	Notes 20.3.1.5.	Values on 12/31/2010	Values on 12/31/2009
Charter Capital	4.9	12,863	12,863
Premiums Associated with Share Capital		349	352
Legal Reserve		402	402
Consolidated Reserves		(9,280)	(6,311)
Annual Income		657	(2,999)
Currency Translation Adjustment		(2,090)	(1,857)
Internal Security Check		0	0
Equity Capital		**2,901**	**2,450**
Noncurrent Reserves	4.10	218	231
Long-Term Accounts Payable	4.11	283	8
Other Current Liabilities	4.11	51	0
Non-current Liabilities		**552**	**239**
Current Expenses	4.10	0	0
Short-Term Accounts Payable	4.1.2, 4.11	2,645	2,532
Suppliers and Other Creditors	4.11	6,286	5,028
Other current Liabilities	4.11	20	0
Current Liabilities		**8,951**	**7,560**
Liabilities relating to non-current assets held for sale.	4.12	800	947
TOTAL LIABILITIES		**13,203**	**11,196**

20.3.1.2 Combined comprehensive income statement

COMBINED COMPREHENSIVE INCOME STATEMENT (in €K, IFRS Standards)	Notes 20.3.1.5.	12/31/2010	12/31/2009
Sales		24,704	21,850
Purchases consumed		(10,255)	(9,521)
Variable Inventory of Finished and In-Process Products		279	(486)
Salaries and Fringe Benefits		(10,825)	(9,983)
External Costs		(3,771)	(3,398)
Direct and Indirect Taxes		(472)	(478)
Amort. & Depr. of Capital Assets	4.3	(320)	(592)
Allocations and depreciation recovery and allowances	4.5, 6, 10	70	(249)
Other operating income	4.3, 13	2,025	305
Other operating expenses	4.3	(757)	(176)
Operational results	**4.14**	**681**	**(2,728)**
Cash and cash equivalents Treas.	4.15	1	6
Gross Debt	4.15	(181)	(211)
Net Debt	4.15	(180)	(205)
Other financial products	4.15	819	662
Other financial expenses		(661)	(726)
Profit before tax		659	(2,996)
Income Tax	4.13	(2)	(3)
Fiscal Year Income		**657**	**(2,999)**
Group Share		657	(2,999)
Minority Ownership		0	0
Earnings per Share (in €)	4.16	0.51	(2.33)
Diluted Earnings per Share (in €)	4.16	0.51	(2.33)
Other items of the combined comprehensive income statement		0	0
Combined comprehensive income statement		657	(2,999)
Group Share		657	(2,999)
Minority Ownership		0	0

20.3.1.3 Table Showing Consolidated Equity Capital Change

(In €K, Except in the Case of Stocks)	Number of Shares	Capital	Premiums	Legal and Conso-lidated	Fiscal Year Income	Other Equity	Equity Capital
Position on 12/31/2008	**1,286,122**	**12,861**	**349**	**(3,608)**	**(2 263)**	**(1 860)**	**5 480**
Adjustments and restatements [(1)]				(48)			(48)
Situation on January 1, 2009	1,286,122	12,861	349	(3,656)	(2,263)	(1,860)	5,431
Change in Parent Company Capital	153	2	3				5
Allocation of FY 2008 Income				(2,263)	2,263		0
Annual Income					(2,999)		(2,999)
Adjustments and restatements [(1)]				1			1
Stock options				8			8
Conversion Difference Change						3	3
Position on 12/31/2009 [(1)]	**1,286,275**	**12,863**	**352**	**(5,910)**	**(2 999)**	**(1,857)**	**2,450**
Change in Parent Company Capital							
Allocation of FY 2009 Income			(3)	(2,996)	2,999		0
Annual Income					657		657
Stock options				28			28
Conversion Difference Change						(233)	(233)
Position on 12/31/2010	**1,286,275**	**12,863**	**349**	**(8,878)**	**657**	**(2,090)**	**2,901**

[(1)] *See paragraph 20.3.1.5.4.1.2 - Adjustments and restatements*

There is no minority ownership in the Egide group.

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

20.3.1.4 Consolidated Financing Table

CASH FLOW TABLE (In €K, IFRS Standards)	12/31/2010	12/31/2009
Net income for integrated companies	657	(2,999)
Elimination of expenses and products without incidence on the cash flow or not linked to the activity		
- amortization, depreciation, and provisions [1]	108	607
- capital gains on sale of intangible and fixed assets	(1,055)	(41)
- others	27	8
Change in working capital requirements associated with the operation [2]		
- (Increase)/decrease in inventory	(640)	2,140
- (Increase)/decrease in customer receivables	(306)	2,600
- (Increase)/decrease in other receivables	(146)	438
- increase/(decrease) in supplier accounts payable	532	(2,198)
- increase/(decrease) in fiscal and social security debt	213	202
- increase/(decrease) in other debts	55	(43)
Cash flow associated with operations	**(483)**	**715**
Asset acquisitions	(243)	(216)
Sales, net of taxes	1,632	90
Cash flow associated with investment transactions	**1,389**	**(126)**
Cash capital increases	0	2
Change in shareholders' equity	0	3
Subscription to loans from credit or leasing companies	83	0
Repayment of loans from credit or leasing companies	(209)	(376)
Taking of various loans	235	0
Debts relative to factoring and revolving credit	83	(1,196)
Change in SICAV financing	73	263
Cash flow associated with financing	**264**	**(1,304)**
Cash flow	**1,171**	**(716)**

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

	12/31/2010	12/31/2009
Closing cash position *	1,643	427
Non-current assets held for sale at the closing.	4	45
Opening cash position *	427	1,190
Non-current assets held for sale at the closing.	45	
Incidence of exchange rate variations	(4)	2
Change in cash position	1,171	(716)

Supplier debts due at the end of December 2010 and paid at the beginning of the following semester, stood at €418K and €220K for December 2009, paid at the beginning of 2010.

** For information purposes, outside non-current assets held for sale on 12/31/2010 and 12/31/2009 are broken down as follows:*

	Balance on 12/31/2010	Balance on 12/31/2009
Cash and cash equivalents	1,678	483
Bank overdrafts and accrued interest	(35)	(56)
Cash flow statement	**1,643**	**427**

20.3.1.5 Accounting Methods and Explanatory Notes Regarding Consolidated Accounts

20.3.1.5.1 General

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

This appendix is an integral part of the consolidated accounts established at December 31, 2010, with a total of €13,203K in the statement of financial position, and the combined comprehensive income statement shown in list format reveals a profit of €657K closed by the Board of Directors on April 9, 2010.

All information provided below is expressed in thousands of euros (€K), unless otherwise indicated. Annual closing occurs on December 31, the financial year covering the period from January 1, 2010 to December 31, 2010.

20.3.1.5.2 Information Relative to the Authoritative Accounting Pronouncements and Scope

20.3.1.5.2.1 Basis for Preparing Financial Statements

In compliance with Rule CE no. 1606/2002 dated July 19, 2002, the Egide group presents its consolidated financial statements for fiscal year ending December 31, 2010, in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union and published by the IASB on December 31, 2009. This reference system includes the IFRS and IAS (International Accounting Standards), and their interpretations applicable at December 31, 2010. This set of standards and their interpretation are commonly called IFRS standards or simply "IFRS". This repository is available on the website of the European Commission: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

Certain standards, interpretations or amendments to existing standards for mandatory application to financial year commencing on January 1, 2010 under IFRS. The following set of standards, interpretations and amendments in connection with the activity of the group is necessarily applicable at January 1, 2010, but is regarded as irrelevant to the consolidated financial statements of the group:

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

Optional application of standards and interpretations at December 31, 2010, in connection with the activity of the group, but regarded as irrelevant for the purposes of the group's consolidated financial statements are:

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

The group did not, in anticipation, apply any published standard or interpretation that was not in force on December 31, 2009. A study of the potential impact of these norms or interpretations is in progress. At this stage of the study, the group does not foresee any material impact.

Moreover, the CVAE that replaced the business tax in 2010 for Egide S.A. continues to be presented as operating results under item "Dues and taxes".

20.3.1.5.2.2 Consolidation Scope and Methods

The companies included in the Egide group's consolidated financial statements on December 31, 2010 are the following:

Companies	Corporate Headquarters	Percentage of Ownership	Consolidation Method	Date of Entry into Group
Egide SA	Bollène (Vaucluse)	100 %	Parent Company	NA
Egide USA LLC	Wilmington, Delaware (USA)	100 %	Full Consolidation	11/08/2000
Egide USA Inc.	Cambridge, Maryland (USA)	100 %	Full Consolidation	12/29/2000
Egima	Casablanca (Morocco)	100 %	Full Consolidation	11/01/2000
Egide UK Ltd	Woodbridge, Suffolk (Great Britain)	100 %	Full Consolidation	6/01/2002

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

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

20.3.1.5.2.3 Consolidation Rules

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

20.3.1.5.3 Accounting Principles and Evaluation Methods

20.3.1.5.3.1 General Principles

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

20.3.1.5.3.2 Sales Recognition Methods

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

20.3.1.5.3.3 Purchase Discrepancy

On the acquisition date, a purchase discrepancy is initially assessed by the acquiring company in terms of net asset value, liabilities identified, and possible liabilities acquired. In conformity with IAS 36, purchase discrepancies are subject to an impairment test, annually, at a minimum, or in the case of indication of a loss of value. The impairment test is explained in paragraph 20.3.1.5.3.6.

20.3.1.5.3.4 Intangible Assets

IAS Standards 36 and 38 apply to intangible assets.

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

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

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

	Straight Line
Licenses	5 to 10 years
Software	3 to 5 years
Patents	12 years

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

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

20.3.1.5.3.5 Tangible Assets

IAS Standards 16 and 36 apply to tangible assets.

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

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

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

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

	Straight Line
Buildings	25 years
Facilities, fixtures, and fittings	10 years
Machinery, industrial materials and tooling	3 to 10 years
Office materials and furniture, other fixtures and installations	3 to 10 years

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

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

20.3.1.5.3.6 Impairment Test for Non-Financial Assets

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

- Egide SA
- Egide USA Inc
- Egide UK Ltd.

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

20.3.1.5.3.7 Inventories and Outstanding Amounts

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

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

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

20.3.1.5.3.8 Conversion of Financial Statements Established in Foreign Currency

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

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

20.3.1.5.3.9 Reciprocal Statements and Transactions

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

20.3.1.5.3.10 Accounts Payable and Accounts Receivable

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

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

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

20.3.1.5.3.11 Cash Assets

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

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

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

20.3.1.5.3.12 Deferred Taxes

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

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

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

20.3.1.5.3.13 Pension and Similar Benefit Reserves

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

- Retirement age: 65 to 67 years old depending on the year of birth
- Starting Age: 18 years
- Average annual pay raise: 2%
- Life expectancy is based on the Insee actuarial table 2009
- Probability of attendance is assessed in terms of internal statistics proper to each establishment.
- the rate of the long-term financial updating was of 4.68% (Markit Iboxx Eur corporates AA 10+ rate)
- Provisions are calculated outside of employer taxes since, generally, such obligations are not subject to social security taxes.

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

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

20.3.1.5.3.14 Provisions

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

20.3.1.5.3.15 Stock Options

The company applies IFRS Standard 2, Payment in Stocks and Similar Products, to equity instruments authorized after November 7, 2002, the rights to which were not yet acquired on December 31, 2010.

Stock purchase options accorded to personnel are assessed at their fair market value on their allocation date. The fair value of options is determined by using the option valuation model by Black-Scholes based on assumptions determined by the management (useful life of option from 4.5 years and 30% volatility). It is accounted for in the combined comprehensive income statement for the period in which employees acquire the right to exercise the options, offset by an equivalent increase in shareholders' equity. Expenses for options that become null and void before being exercised are recovered in the combined comprehensive income statement for the period in which their expiration is recorded due to the departure of the employees before the end of the rights acquisition period.

20.3.1.5.3.16 Factoring

The companies in the group have had recourse to factoring: Egide SA since the 1st semester of 2006, Egide USA Inc and Egide UK Ltd since the 1st trimester of 2007. There is no impact on the company's accounts receivable, but a short-term financial debt disclosed as a liability on the statement of financial position. It represents the advances financed by the factor minus client payments received by the factor to pay down the receivable that has been subrogated.

The companies put up with payment delays from their customers because funding received corresponding to an invoice that has exceeded its due date by 60 to 120 days is resumed by the factor after that date. However, if the nature of the default on payment falls within the guarantees covered by the credit insurance, the companies may partially recover their debt in case of complete failure by the customer, particularly following liquidation by order of the court.
The group's current factoring is approximately 85% of its sales.

Egide's factoring organization, in processing export receivables plans to limit the in-process inventory to €250K. At December 31, 2010, this limit was not applied, because for the concerned clients, the credit insurance covers a larger outstanding amount.

20.3.1.5.3.17 Sector Information

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

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

20.3.1.5.3.18 Non-current assets held for sale

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

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

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

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

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

20.3.1.5.4.1.1 Determining Accounting Estimates and Judgments

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

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

Moreover, IFRS 5 is applied as at 30.06.09 and affects its subsidiary Egima currently owned at 100%, for which Egide SA actively launched the search for a buyer for the total shares. Discussions for the Egima recovery resulted in having the management consider the transaction as highly likely to completed and carried out within a period of twelve months. However, the global economic crisis of 2009 did not allow this assignment to occur within this delay as the industrialists in the aeronautical sector interested in taking over Egima were particularly hit by the crisis. However, contacts with potential buyers having resumed in late 2010, the management does not call into question the IFRS 5 application at December 31, 2010.

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

20.3.1.5.4.1.2 Adjustments and restatements 2009

In October 2008, the building in Cambridge (Egide USA) was sold for $2,000K, of which $1,600K were paid immediately and the balance ($400K) in the form of four promissory notes of $100K each, maturing in 2010, 2012, 2014 and 2016. At December 31, 2008, this debt of $400K was recorded under the heading "Sundry accounts" (current assets), and it should have been updated according to the payment schedule and included in the non-current assets.

In accordance with IAS 8, the group has retrospectively corrected this accounting treatment. The impact at January 1, 2009 is of - €48K and at December 31, 2009 of + €1K (see statement of changes in equity). The claim has been reclassified in non-current assets for a discounted amount of €161K at December 31, 2009 and €187K at December 31, 2010.

We were led to restate the 2009 accounts in order to correct an undervaluation that we noted of the IFRS restatement of factoring operations in 2009. This had resulted in the reduction of €863K under the headings "Accounts receivable" (assets) and "Various Current Loans and Financial Debts" (liabilities). It was ineffective in the income statement.

20.3.1.5.4.2 Financial Risk Management

20.3.1.5.4.2.1 Exchange Risk

In 2010, Egide achieved 74% of its export sales, 36% went to North America and 23% to non-European countries where the billing currency is the U.S. dollar. During the fiscal year, Egide invoiced $6.7 million (counter-value: €5.1 million), and Egide USA invoiced $9.3 million (counter-value: €7.0 million). The parity of the dollar against the Euro in 2010 (an average of 1.3268 over the year) had a reducing effect on the group's sales figure. In addition, the fall of the British pound during fiscal year 2010 has had an impact of the group’s sales of approximately 0.06 million euros (at a constant exchange rate €/£ with regard to 2009).

Revenues in dollars received directly by Egide SA are used primarily to pay for purchases of components from American suppliers ($2.5 million in 2010). During the course of the fiscal year, receipts in dollars were much higher than the disbursements, because non-European customers whose invoicing currency is the U.S. dollar are not financed by factoring companies. The risk therefore lies in the exchange rate on the day American dollars are purchased to cover the expenses paid in this currency. No specific reserve balance has been put in place, the cost of such protection being too high.

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

The financing structure implemented in Morocco is such that the impact of a change in the euro-dirham exchange rate is reduced. Investments made in 2001 and 2002 have been financed at around 50% by capital and around 50% by medium/long-term loans in local currency. In the case of the devaluation of the dirham, the accounting loss in value of the assets paid in dirhams would be partially compensated by a loss in value of the debt similarly paid in dirhams. In addition, this subsidiary no longer operational activity since July 1, 2009, the currency risk is limited to Egima's fiscal year result.

Sales achieved by Egide UK the British subsidiary are paid in pounds sterling and sometimes in dollars. However, they constitute less than 7% of the group’s sales and the foreign exchange risk will be limited to the income summary account.

20.3.1.5.4.2.2 Interest Rate Risk

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

In 2006, Egide SA entered into two factoring contracts covering domestic and export receivables. The monthly payment applied by the factors to the amounts financed is based on Euribor 3 months at the end of the preceding month. In December 2008, Egide USA entered into a finance contract with Keltic, based on the value of its client outstandings and stocks, whose interest rate is determined as follows: base rate + 3.50% (with an interest rate floor of 7.50%). The factoring contract put in place at Egide UK with the Lloyds bank has an interest rate equal to prime rate + 1.75%.

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

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

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

Financial investments are made through capital guarantees money market funds, whose earnings fluctuate with the EONIA and term deposit, rates and capital guaranteed maturity. Interest rate risk is very low compared to amounts invested and their pay rate on the fiscal year 2010.

20.3.1.5.4.2.3 Liquidity Risk

None.

20.3.1.5.4.3 Capital Assets

The intangible assets appearing on the group's balance sheets on December 31 2010 were acquired. They include patents, licenses, and software.

Items (amounts in €K)	Value on 12/31/2009	Variation in Exchange Rate	Value on 12/31/2009 at the rate of 12/31/2010	Acquisitions, Creations, Transfers, Allocations	Disposals, Removals from Service, Returns	Value on 12/31/2010*
Other Intangible Assets						
Depreciable Cost	351		351			351
- Amortization	(350)		(350)	(1)		(351)
- Depreciation						
Net Value	**1**		**1**	**(1)**		**0**
Total Intangible Assets	**1**		**1**	**(1)**		**0**
Land & Fixtures						
Depreciable Cost	161		161		(161)	0
- Amortization	(29)		(29)	(3)	32	0
- Depreciation	0		0			0
Net Value	**131**		**131**	**(3)**	**(129)**	**0**
Buildings						
Depreciable Cost	695		695	45	(723)	17
- Amortization	(324)		(324)	(12)	327	(9)
- Depreciation	(104)		(104)		104	0
Net Value	**267**		**267**	**33**	**(292)**	**8**
Machinery & Industrial Equipment						
Depreciable Cost	14,540	285	14,825	178	(1,234)	13,769
- Amortization	(12,024)	(273)	(12,297)	(491)	1,098	(11,690)
- Depreciation	(1,860)		(1,860)		387	(1,473)
Net Value	**656**	**12**	**669**	**(313)**	**251**	**606**
Other Tangible Assets						
Depreciable Cost	2,107	38	2,145	18	(40)	2,123
- Amortization	(1,912)	(36)	(1,948)	(137)	90	(1,995)
- Depreciation	(14)		(14)	(15)		(29)
Net Value	**182**	**2**	**183**	**(134)**	**50**	**99**
Tangible Assets in Process, Future Advances,						
Tangible Assets in Process	18		18	14	(18)	14
Advances and payments	0		0			0
Total	**18**		**18**	**14**	**(18)**	**14**
Total Intangible Assets	**1,254**	**14**	**1,268**	**(403)**	**(138)**	**728**

** See § 20.3.1.5.4.12.*

Allocations and write-backs of depreciation and write-downs shown under "Amortization and capital depreciation" of the operating results for an amount of €320K represent only the allocations.

On March 3, 2010, Egide SA sold of all its real-estate complex from its Bollène property for €1,629K. The income from the sale included under the headings "Other operating income" and "Other operating expenses" of the combined comprehensive income statement is of €929K.

Application of IAS Standard 36 had required entry of €3,272K of depreciation on December 31, 2005 (out of which €1,202K), given the current level of subnormal capacity usage in the group's factories and the assumptions made regarding future activity. Disposals of tangible assets, including real estate, led to take back €680K, thus reducing the amount of depreciation to €2,592K or €1,502K excluding depreciation allocated to Egima's assets.

The current assets value in the balance sheet at December 31, 2009 allows covering their net book value, no complementary depreciation was entered.

Items (amounts in €K)	Value on 12/31/2009	Variation in Exchange Rate	Value on 12/31/2009 at the rate of 12/31/2010	Acquisitions, Creations, Transfers, Allocations	Disposals, Removals from Service, Returns	Value on 12/31/2010*
Financial Assets						
Loans and Other Long-Term Investments	122	7	129	146	9	266

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

The signing of the rental lease for the Bollène plant building for Egide SA following the disposal of the latter, required a security deposit to the lessor of €148K.

20.3.1.5.4.4 Other Noncurrent Assets

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

Items (Amount in €K)	Balance on 12/31/2010*	Balance on 12/31/2009 *
Debt assignment of building Egide USA Inc.	187	161
Dept assignment of building Egide SA	208	0
Research Tax Credit 2010	206	0
Total	**601**	**161**

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

The claim relating to the assignment of the building of Egide USA Inc., for amounts due in 2012, 2014 and 2016, represents $300K that is, at present value, €187K at December 31, 2010.

In March 2010, following the sale of the Bollène building, a debt arose for Egide SA corresponding to the deferred payment of part of the sale price. This debt, which payability is linked to the Cofacerating assessment of Egide, was registered in non-current and current assets for an amount of €208K.

The Research Tax Credit in 2010 no longer benefits from immediate repayment measures implemented in 2009 and 2010, and it will therefore not be recoverable in 2014 if it could not be credited against the corporate tax by that date.

20.3.1.5.4.5 Inventories and Outstanding Amounts

Items (amounts in €K)	Value on 12/31/2009	Variation in Exchange Rate	Value on 12/31/2009 at the rate of 12/31/2010	Accretions, Allocations	Decreases, Returns	Value on 12/31/2010*
Raw Materials and Supplies						
Depreciable Cost	6,212	87	6,299	113		6,412
- Depreciation	(4,258)	(58)	(4,316)	(40)	(302)	(4,054)
Net Value	**1,954**	**29**	**1,983**	**73**	**(302)**	**2,358**
In-Process Inventories						
Depreciable Cost	965	26	991	303		1,294
- Depreciation	(6)		(6)		(4)	(2)
Net Value	**959**	**26**	**985**	**303**	**(4)**	**1,292**
Finished Products						
Depreciable Cost	1,187	9	1,196		18	1,178
- Depreciation	(908)	(5)	(913)	(47)	(26)	(935)
Net Value	**279**	**4**	**283**	**(47)**	**(8)**	**243**
Merchandise						
Depreciable Cost	63		63		11	52
- Depreciation	(59)		(59)		(1)	(48)
Net Value	**5**		**4**		**0**	**4**
Total	**3,196**	**59**	**3,255**	**329**	**(314)**	**3,896**

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

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

20.3.1.5.4.6 Accounts Receivable - Customers and Other Debtors

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

Items (Amount in €K)	Balance on 12/31/2010 *	Balance on 12/31/2009 *
Advances and Partial Payments on Orders	6	33
Customer Receivables and Related Accounts (1)	4,095	3,726
Staff and Related Accounts	2	1
Corporate Tax Expense		227
Value Added Tax	222	120
Miscellaneous Debtors (1)	19	95
Total	**4,344**	**4,201**

** Outside non-current assets held for sale (see § 20.3.1.5.4.12).*
(1) See paragraph 20.3.1.5.4.1.2 - Adjustments and restatements 2009.

Trade receivables are broken down by currency at December 31, 2010, that is €2,569K, €1,617K and £272K. The amount of receivable bills of exchange and fund transfers included in the trade account receivables is nil at December 31, 2010 and stood at an amount of €6K at December 31, 2009.

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

Items (Amount in €K)	Value on 12/31/2010	From 0 to 30 days	From 31 to 60 days	From 61 to 90 days	More than 90 days
Trade Receivables	4,095	3,979	73	10	33

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

Items (amounts in €K)	Value on 12/31/2009	Variation in Exchange Rate	Value on 12/31/2009 at the rate of 12/31/2010	Allocations	Draw-downs	Value on 12/31/2010*
Depreciation	278		278		83	195

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

The recovery of €83K follows a settlement received from a client for €40K and the establishment of a partial credit note for €43K

20.3.1.5.4.7 Cash and Cash Equivalents

The value of the cash position is analyzed as follows:

(In €K)	12/31/2010*	12/31/2009*
OPCVM (mutual fund)	668	243
Term Deposit	300	
Cash position	709	240
	1,677	**483**

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

Mutual funds have a net book value of €968K. They are liquidated as operational needs arise. In accordance with the definition of cash equivalents indicated by IAS 7, these mutual funds are considered to be short-term investments, easily convertible to known amounts of cash and not subject to significant risks of change in value. The term deposit meets the same definition.

On December 31, 2010, the group's cash position in dollars is $434K at Egide, $100K at Egide USA Inc., and $14K at Egide USA LLC. At Egide SA, the cash assets in euros are of €299K.

20.3.1.5.4.8 Other Current Assets

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

	12/31/2010*	12/31/2009*
Rents	111	48
Insurance	30	39
Maintenance	24	0
Taxes	18	18
Miscellaneous	13	36
Total	**195**	**141**

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

The SICAVs given as collateral by Egide SA for the surety in favor of the Moroccan Customs for Egima for €64K would be released upon completion of the assignment (see § 20.3.1.5.4.12).

20.3.1.5.4.9 Information on Charter Capital

On December 31 2010, therefore, share capital stood at 12,862,750 euros, that is 1,286,275 shares with a face value of 10 euros each.

20.3.1.5.4.9.1 Stock Option Plans

During Egide's general shareholders' meetings of May 28, 2010, the Board of Directors was authorized to issue stock options to management and certain salaried staff members of the company or its directly or indirectly owned subsidiaries, for time periods that would expire on July 27, 2013, the purpose being to increase capital. The total number of options granted and not yet exercised does include the right to subscribe to more than 5% of the stocks that make up capital. The assigned options cannot be exercised before a period of two years, starting from the date on which they were exercisable, nor assigned before a period of two years from that date. In the case of the American subsidiary, Egide USA Inc., the period of unavailability, for 50% of stock options, is reduced to a year from the date on which the options can be obtained.

During fiscal year 2010, the Board of Directors exercised this authority to create 200 options.

No profit sharing was paid in 2010. During the same period, a certain number of stock options were lost by their beneficiaries:

- **Plan 3.2:** the year-end date for the remaining 726 options was set at April 27, 2010
- **Plan 4.4:** two employees have left the company, one was the holder of 100 options and the other of 200 options
- **Plan 5.1:** the employee beneficiary of the 4.4 plan who left the company was the holder of 300 options
- **Plan 5.2:** employees beneficiary of Plan No. 4.4 who have left the company each held 100 options, and an employee beneficiary of 200 options has left the company

A total of 1,726 stock options has been lost by their beneficiaries for the period. For 800 of them, their expiry was ascertained by the Board of Directors' meeting of May 31, 2010; the expiry of the remaining 200 will be ascertained by the Board of Directors' meeting of March 29, 2011.

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

Plan Number	Plan 4.1	Plan 4.4	Plan 5.1	Plan 5.2	Plan 6.1	Total
Options Assigned but Not Exercised	20,767	4,300	4,400	25,724	200	55,391
Subscription Price	€ 29.74	€ 31.15	€ 27.83	€ 5.79	€ 5.63	

By way of information, the average price per share of Egide's stock during fiscal year 2010 was 6.99 euros, and the closing price on December 31, 2010 was 5.64 euros.

The general shareholders' meeting having fixed the total number of shares granted and not yet exercised at a maximum of 5% of stocks comprising share capital, on December 31 2010, there was an available balance of 8,922 options.

The evaluation of the fair value of stock options has led to record a charge related to fiscal year 2010 for €27K.

20.3.1.5.4.9.2 Authorization for Capital Increase

At the joint general meeting of June 19, 2009, the Board of Directors was authorized to issue, once or in stages, stocks, subscription warrants, and more generally, all securities providing access to company stock immediately and/or in the long term, in France or overseas, for a maximum value of €10,000K. This issue is authorized with or without cancellation of preferential subscription right for a period of 26 months from the date of the meeting. Moreover, the combined general meeting of May 28, 2010 authorized the Board of Directors to issue, through an offer pursuant to Article L.411-2 of the Monetary and Financial Code, shares or securities giving access to the company's capital, with cancellation of preferential subscription rights for an amount not to exceed 20% partnership capital per year. This issue is authorized for a period of 26 months commencing on the date of the meeting. These authorizations have not been used during the course of the financial year.

20.3.1.5.4.10 Provisions

Items (In €K)	On 12/31/2009	Valuation change	On 12/31/2009 at the rate of 12/31/2010	Alloc.	Repr. (prov. used)	Repr. (prov. not used)	Entry into Scope and Other Transactions	On 12/31/2010
Noncurrent Reserves *Employees Benefit Provisions* *Miscellaneous*	231		231	20	33			218
Total	**231**		**231**					**218**
Dot. / repr. Dot. Financial repr.				20	33			

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

20.3.1.5.4.11 Accounts Payable

20.3.1.5.4.11.1 Long-Term Liabilities

Liabilities due for over one year are as follows:

Items (In €K)	Balance on 12/31/2010*	1 year only*	More than 1 year and less than 5 years*	More than 5 years	
Loans and Debts Loans and Accounts Payable from Lending Institutions Various Loans and Accounts Payable	 48 235	 48 150	 85		 a b
Other Current Liabilities Other liabilities	 51	 46	 5		 b
Total	**334**	**244**	**90**		

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

(a) loan of £42K (€48K) for a period of 36 months at prime rate + 3.75%.
(b) loans for a period of 7 years with a grace period of 2 years, interest-free, which led, according to IAS 39 and IAS 20, to note a discount recorded in "Other liabilities".

20.3.1.5.4.11.2 Long-Term Liabilities

Liabilities due under one year are as follows:

Items (In €K)	Balance on 12/31/2010*	Balance on 12/31/2009*	
Loans and Debts			
Loans and Accounts Payable from Lending Institutions	62	80	a
Various Loans and Accounts Payable [(1)]	2,582	2,452	b
Suppliers and Other Creditors			
Advances and Payments	578	380	
Supplier Debts and Related Accounts	3,704	3,068	
Staff and Related Accounts	1,510	1,188	
Value Added Tax	2	29	
Other Direct and Indirect Taxes	200	288	
Clients, Credit Notes to Establish	53	2	
Miscellaneous Payables	108	61	
Asset Accounts Payable	131	12	
Other current Liabilities			
Other liabilities	20		
Total	**8,951**	**7,560**	

** Outside the liabilities relating to non-current assets held for sale (see § 20.3.1.5.4.12).*
(a) Loan for £24K (€27k) for a period of 36 months at prime rate + 3.75% and bank overdraft of £30K (€35K) at a fixed rate of 10.56%.
(b) Of which primarily €1,845K are at a variable rate based on Euribor 3 months (Egide SA factoring contracts) $618K (€463K) at a variable rate based on the American prime rate (Egide USA Inc. factoring contracts), and £320K (€275K) at a variable rate based on the English prime rate (Egide UK Ltd factoring contract).

[(1)] See paragraph 20.3.1.5.4.1.2 - Adjustments and restatements 2009.

On December 31, 2010 the amount for invoices not received included under the Supplier Debt and Other debts was of €662K, and the amount of expenses to be paid included under the Personnel and Other Accounts was of €961K and €200K under Other Direct and Indirect Taxes topic.

20.3.1.5.4.12 Non-current assets held for sale

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

Details of these lines are presented in the table below:

Items (amounts in €K)	Balance on 12/31/2010	Balance on 12/31/2009
Tangible Assets	***1,295***	***1,277***
Depreciable Cost	3,910	3,910
- Amortizations	(1,525)	(1,432)
- Depreciations	(1,090)	(1,202)
Other financial assets	***16***	***15***
Loans and Other Long-Term Investments	16	15
Other current Assets	***119***	***206***
Stocks and outstanding amounts	3	3
Customer Receivables and Related Accounts	1	1
Staff and Related Accounts	1	3
Corporate Income Tax	1	0
Value Added Tax	108	151
Other Direct and Indirect Taxes	0	1
Cash position	5	47
Total of non-current assets held for sale	**1,430**	**1,499**

A depreciation of €165K was entered in 2006, supplemented by €34K in 2009 and €24K in 2010 for the Value Added Tax (VAT) to determine the risk of rejection of reimbursement application files for TVA credits that Egima submitted to the Moroccan tax authorities.

Items (amounts in €K)	Balance on 12/31/2010	Balance on 12/31/2009
Non Current Loans and Debts	***391***	***483***
Loans and Accounts Payable from Lending Institutions	391	483
Current Loans and Debts	***99***	***159***
Loans and Accounts Payable from Lending Institutions	99	159
Other liabilities	***309***	***305***
Supplier Debts and Related Accounts	26	37
Staff and Related Accounts	17	15
Value Added Tax	0	1
Corporate income tax	217	217
Other Direct and Indirect Taxes	49	32
Miscellaneous Payables	0	3
Total of liabilities relating to non-current assets held for sale	**800**	**947**

The financial debts at more than one year represent MAD4,370K (€483K) at a fixed rate of 8.5% over 11 years; the financial debts under one year represent MAD1,110K (€68K) at a fixed rate of 8% over 6 years and MAD995K (€88K) at a fixed rate of 8.75% over 11 years.

The situation of the tax losses carried forward which existed at Egima at the time of the assignment are broken down as follows: €2,680K carried forward indefinitely, €2,697K carried forward with €962K until December 31, 2010, €610K until December 31, 2011, €667K until December 31, 2013 and €458K until December 31, 2014. No deferred tax asset was recorded at Egima regarding this unrealized tax situation because of the difficulty of anticipating the possibility of using these deficits by the prospective purchaser of Egima shares (no recent tax audit validating these losses and non-appraisable taxable income after assignment).
The book value of the net assets held for sale amounts to €630K. However, additional liabilities may arise during the completion of the assignment of Egima's shares since it would be appropriate on the day of the said assignment that Egima's net worth is reorganized through a capital increase with a debt-for-equity swap (Egima's current account towards Egide) and then a reduction of capital to absorb the balance brought forward once again in deficit. This transaction will generate registration fees due on the value of the increased capital which are estimated at €110K. It would also constitute the cause of action regarding the payment of penalties and interests on arrears relating to the VAT and the withholding tax on Egide's invoices regarding the capital increase estimated at €185K on December 31, 2010. Finally, sums that cannot be determined at December 31, 2010 could be due to dismissal of staff who would not be rehired and for the reconciling of customs files currently underway.

Thus, the book value of the net assets held for sale would be close to the net fair value of the costs of assignment which was considered by the group's management. There is therefore no need to depreciate the non-current assets held for sale at December 31, 2010.

20.3.1.5.4.13 Taxes and Tax Credits

Reconciliation of theoretical and accounted-for tax:

(In €K)	12/31/2010
Earnings before taxes for integrated companies during the fiscal year	657
Effect of theoretical tax on the rates in force on December 31, 2010	219
Impact of Tax Losses	(219)
Minimum income tax due by Egima	2
Revenue from taxes accounted for	**2**

The unrealized fiscal situation on 12/31/2010 is made up of losses carried over indefinitely in the amount of €45,105K for Egide SA and of €4,923K for Egide USA Inc.

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

20.3.1.5.4.14 *Segment Information*

The identified operational sectors represent the following values:

(In €K)	On 12/31/2010				On 12/31/2009			
	Egide and Egima	Egide USA Inc	Egide UK	Total	Egide and Egima	Egide USA Inc	Egide UK	Total
Sales	16,050	6,956	1,698	24,704	13,212	6,953	1,685	21,850
Operational results	712	69	(101)	681	(2,316)	(219)	(193)	(2,728)
Net Capital Assets	772 *	133	91	995	1,078 *	183	117	1,377
Capital Expenditure for the Financial Year	237 *	(2)	8	243	195 *	5	12	212
Depreciation of Capital Assets/IAS 36	1,276 *	211	15	1,502	1,669 *	294	15	1,978
Non-Current Loans and Debts	235 *	0	48	283	0 *	0	8	8
Current Loans and Debts	1,845	463	337	2,645	1,624 *	644	264	2,532

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

Egima's operational result amounts to €492K for the fiscal year 2010 and €828K for the financial year 2009.

20.3.1.5.4.15 *Operating Results*

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

Details regarding "Other Income and Expenses" are as follows:

(In €K)	12/31/2010	12/31/2009
Result of Exchange	**219**	**(65)**
Products	806	660
Expenses	(587)	(725)
Various Revenues and Expenses	**(61)**	**1**
Products	13	2
Expenses	(73)	(1)
Total	**158**	**(64)**

20.3.1.5.4.16 *Earnings per share*

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

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

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

The following table shows the number of shares considered:

Date of account taken	Number of Shares	On 12/31/2010		On 12/31/2009	
		Pro rata presence	Weighted number	Pro rata presence	Weighted number
12/31/1999	643,598	1	643,598	1	643,598
04/03/2000	400	1	400	1	400
07/05/2000	91,999	1	91,999	1	91,999
12/22/2000	245,332	1	245,332	1	245,332
12/31/2001	3,458	1	3,458	1	3,458
12/31/2003	1,428	1	1,428	1	1,428
12/31/2004	7,099	1	7,099	1	7,099
12/31/2005	4,942	1	4,942	1	4,942
08/21/2006	285,738	1	285,738	1	285,738
12/31/2006	1,837	1	1,837	1	1,837
12/31/2007	288	1	288	1	288
12/31/2008	3	1	3	1	3
12/31/2009	153	1	153		
Ordinary shares			**1,286,275**		**1,286,122**
Number of additional theoretical shares			0		9,129
Impact of dilutive instruments			**1,286,275**		**1,295,251**

20.3.1.5.4.17 Transactions with Related Parties

There are 4 top managers at Egide SA, that is 1 President and Chief Executive Officer and 3 administrators. Gross compensation paid to the President of the Board of Directors stood at €154K in 2010 (€150K in salary and €4K in non-cash benefits). It includes the flat-rate elements only. There are no benefits after employment, no termination-of-contract allowance, nor any other long term benefit in favor of its executives. Irrespective of the stock options (see below), there is no payment in shares. As corporate officer, he benefits from unemployment insurance (Social Guarantee for business executives), of which the employer's contribution constitutes a benefit in kind. He also is provided with a company car as well as profit sharing, in the same manner as all salaried employees. No profit sharing was paid during fiscal year 2010.

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

Directors of Egide SA have not received stock options, with the exception of the Chief Executive Officer, who, as of December 31, 2010 held 40,767 stock options. In compliance with the provisions of law no. 2006-1170 of December 30, 2006, it is specified that a minimum of 20% of stocks issued in the exercise of options must be registered until the end of the chief executive officer’s term of employment.

During fiscal year 2010, €18K in fees was paid to Directors (gross amount)

In addition, Directors are provided with civil responsibility for management and proxy holders insurance, underwritten by AIG company. The guarantee is for a maximum of €4,500K, the deductible in the USA is of $25K, and the yearly premium is of €13K euros before taxes.

20.3.1.5.4.18 Off-Balance Sheet Liabilities

20.3.1.5.4.18.1 Financing commitments of the company

Commitments:

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

(In €K)	12/31/2010*	12/31/2009*
Sureties	3,240	3,279
Total	**3,240**	**3,279**

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

- Egide posted a bond for Lloyds bank for a factoring contract for its subsidiary, Egide UK, in April 2008, for the sum of £350K, with an equivalent value of €407K on December 31, 2010. Egide also acted as guarantor in favor of this bank for a line of credit obtained in March 2009 for an amount of £50K representing €58K at December 31, 2008.

- Egide SA guaranteed 4 Washington Street Investment LLC for a lease agreement signed by Egide USA Inc in October 2008 for sums due by Egide USA Inc. for this contract, without limitation as to the amount (the annual rent was of $219K, indexed by 3% every year commencing on the 3rd year, and the duration of the lease agreement is of 10 years), representing a maximum of $1,957K for rents, that is €1,465K at December 31, 2010.

- Egide SA guaranteed Keltic for a finance contract put in place (based on receivables and stocks) for its subsidiary Egide USA Inc. in December 2008, for a maximum amount of $1,750K, representing the sum of €1,310K on December 31, 2010.

Commitments Received:

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

Reciprocal Commitments:

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

Commitments relating to non-current assets held for sale:

- Egide SA pledged mutual funds to Crédit du Nord for an amount of €57K to secure the bank guarantee granted to Egima the Moroccan subsidiary in the context of assignments of temporary admissions. The guarantee is valid until the withdrawal of this bond. The present value of the mutual funds secured at December 31, 2010 is €64K.

The secured cash equivalents were entered under the heading "Other current assets".

- Egide posted a bond on first request for Crédit du Maroc to guarantee the long-term loan this bank granted to Egima, until the total repayment of this loan on March 21, 2015 for an amount of €489K.

20.3.1.5.4.18.2 Commitments relating to operational activities of the company

Commitments:

The commitments are:

Items (Amount in €K)	Value on 12/31/2010*	Due under 1 year *	Due from 1 to 5 years*	More than 5 years*
Trappes – Egide SA property letting (1)	665	105	540	20
Bollène – Egide SA property letting (2)	2,250	192	986	1,072
Property letting – Egide USA Inc. (3)	1,465	170	927	368
Egide UK Ltd – property letting (4)	232	93	139	0
Total	**4,612**	**560**	**2,592**	**1,460**

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

Commitments relating to non-current assets held for sale:

Items (Amount in €K)	Value on 12/31/2010	Due under 1 year	Due from 1 to 5 years	More than 5 years
Egima - property letting	679	23	113	543

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

20.3.1.5.4.18 Work Force Breakdown

	12/31/2010	12/31/2009
Management	55	55
First-line supervisors and technicians	35	40
Operatives and employees	223	201
Total	**313**	**296**

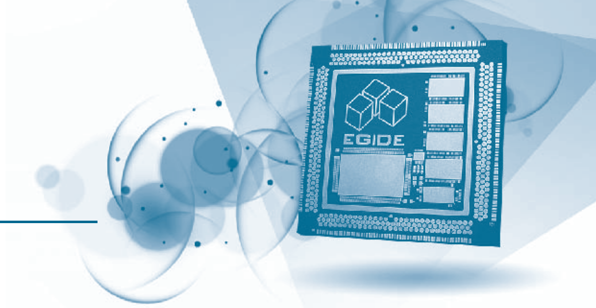
20.3.1.5.5 Events Following Closing

None.

20.3.2 Annual Financial Statements

20.3.2.1 Balance Sheet

ASSETS in euros	Depreciable Cost on 12/31/2010	Amortization and Depreciation	Net Worth on 12/31/2010	Net Worth on 12/31/2009
Intangible Assets	**498,426**	**498,426**	**0**	**1,142**
Preliminary Expenses				
Research and Development Expenses				
Franchises, patents, licenses	345,977	345,977	0	1,142
Goodwill	152,449	152,449	0	0
Other Intangible Assets				
Tangible Assets	**11,452,875**	**10,817,618**	**635,257**	**1,223,682**
Land				128,658
Buildings				366,435
Machinery, Materials, and Indust.Equipment	9,567,388	9,053,776	513,612	567,773
Other Tangible Assets	1,589,336	1,482,041	107,295	142,670
Intangible Assets in Process	296,151	281,801	14,350	18,146
Advances and Payments				
Financial Assets	**88,578,040**	**88,060,532**	**517,507**	**210,399**
Investments	75,103,856	75,103,836	0	0
Accounts Receivable Connected to Invest.	13 295,561	12,956,676	338,885	177,370
Other Financial Assets	178,623		178,623	33,029
CAPITAL ASSETS	**100,529,340**	**99,376,576**	**1,152,764**	**1,435,223**
Inventories and Outstanding Amounts	**7,244,386**	**4,149,893**	**3,094,493**	**2,354,206**
Raw Materials and Supplies	5,203,003	3,246,311	1,956,692	1,529,910
Goods in Process	937,366	1,781	935,585	592,530
Services in Process	15,546		15,546	
Intermediate & Finished Products	1,036,385	853,489	182,896	227,243
Merchandise	42,086	48,312	3,774	4,523
Accounts Receivable	**1,038,256**	**218,570**	**819,686**	**889,513**
Advances and Payments on Orders	6,372		6,372	33,311
Customer Receivables and Related Accounts	1,031,885	218,570	813,315	856,201
Fully Paid Capital				
Other Accounts Receivable	**1,302,506**	**217,341**	**1,085,165**	**679,688**
Available Funds	**1,649,400**		**1,649,400**	**545,394**
Short-Term Investments	1,025,517		1,025,517	373,615
Available Funds	623,883		623,883	171,778
Prepaid Expenses	**126,668**		**126,668**	**88,088**
CIRCULATING ASSETS	**11,361,217**	**4,585,804**	**6,775,413**	**4,556,889**
Charges to Be Spread over Several Fiscal Years				
Unrealized Losses	309,741		309,741	472,918
TOTAL	**112,200,298**	**103,962,380**	**8,237,918**	**6,465,030**



LIABILITIES in euros	Values on 12/31/2010	Values on 12/31/2009
Capital	12,862,750	12,862,750
Bond premiums,		3,060
Re-evaluation Adjustment		
Legal Reserve	402,348	402,348
Statutory or Contractual Reserves		
Regulated Reserves		
Other Reserves		
Retained Earnings	(11,179,181)	(7,680,596)
Annual Income	232,510	(3,501,645)
Investment Subsidies		
Regulated Provisions		
SHAREHOLDERS' EQUITY	**2,318,427**	**2,085,917**
Advances	38,340	44,730
EQUITY SECURITY	**38,340**	**44,730**
Provisions for Contingencies	309,741	472,918
Provisions for Expenses	217,665	230,969
PROVISIONS	**527,406**	**703,887**
Financial Debts	**300,000**	
Financial Institution Loans and Debts		
Various Loans and Debts	300,000	
Advances & Payments/Current Orders	**561,881**	**379,637**
Various Debts	**4,489,116**	**3,250,859**
Supplier Debt & Related Accounts	2,776,655	1,882,265
Fiscal and Social Debt	1,420,259	1,293,799
Capital Property Supplier Debts	131,288	11,940
Other Accounts Payable	160,914	62,855
Deferred Revenue	**0**	**0**
DEBTS	**5,350,998**	**3,630,496**
Unrealized Gains	2,748	
TOTAL	**8,237,918**	**6,465,030**

20.3.2.2 Income Statement

Items (euros)	France	Export	12/31/2010	12/31/2009
Merchandise Sales	179,030	144,213	323,243	256,312
Products sales (goods)	5,798,352	9,327,971	15,126,323	11,518,105
Products Sales (services)	143,580	495,495	639,074	1,507,646
NET SALES	**6,120,962**	**9,967,679**	**16,088,641**	**13,282,064**
Production left in stock			332,863	(410,218)
Subsidies			1,000	4,830
Depr. Recov. & Prov. – Transf. of Charges			457,597	466,191
Other Revenue			98,329	6,970
Marginal Revenue			**16,978,430**	**13,349,836**
Merchandise Purchases			28,321	29,716
Variations in Merchandise Inventory			11,215	5,404
Purchases of raw materials and supplies			6,194,785	3,187,976
Variations in Inventory (Raw Materials, etc.)			(156,986)	1,599,439
Other Purchases and External Expenses			2,893,195	2,683,214
Direct and Indirect Taxes			373,407	390,025
Salaries and Compensation			5,278,210	4,675,161
Social Expenses			2,102,063	1,938,718
Amortization Expense and Fixed Asset Depreciation			233,647	388,061
Amortization Expense for Circulating Assets			120,654	585,162
Provision Expense			19,616	27,950
Other Operating Expenses			19,984	22,657
Operating Expenses			**17,118,110**	**15,533,482**
OPERATING RESULTS			**(139,680)**	**(2,183,646)**
Interest and Similar Income			76,014	350,389
Depr. Recov. & Prov. - Transf. of Charges			472,918	439,377
Exchange Gains			105,372	51,277
Net income/Short-Term Disposals			1,032	58,772
Investment Income			**655,336**	**899,816**
Amortization & Depr. Expense & provisions			1,160,130	2,394,071
Interests and Similar Charges			51,267	61,628
Exchange Losses			140,309	43,807
Net Expenses/Short-Term Disposals			0	0
Investment Expenses			**1,351,706**	**2,499,406**
FINANCIAL RESULT			**(696,370)**	**(1,599,590)**
OPERATING PROFIT BEFORE TAXES			**(836,050)**	**(3,783,236)**
Extraordinary Income in Management Op.			0	3,185
Extraordinary Income in Capital Operations			1,631,885	56,400
Other Capital Operations			0	0
Depr. Recov. & Prov. – Transf. of Charges			14,998	127,317
Exceptional Income			**1,646,883**	**186,902**
Extraordinary Charges on Management Operations			26,319	876
Extraordinary Charges on Capital Operations			742,467	3,659
Amortization & Depr. Expense & Provisions			14,998	127,317
Extraordinary Charges			**783,784**	**131,852**
EXTRAORDINARY INCOME			**863,099**	**55,050**
Corporate Tax Expense			(205,461)	(226,541)
TOTAL INCOME			**19,280,649**	**14,436,554**
TOTAL EXPENSES			**19,048,139**	**17,938,199**
PROFIT OR LOSS			**232,510**	**(3,501,645)**

20.3.2.3 Cash Flow Chart

Items (Amounts in euros)	12/31/2010	12/31/2009
Net income	232,510	(3,501,645)
Elimination of charges and expenses having no effect on cash or not associated with operations		
- amortizations, depreciations, and allowances (apart from depreciation of circulating assets	907,643	2,358,779
- Capital gains or losses from capital asset disposals	(1,054,768)	(52,741)
- Deferred charges		
Variation in the need for working capital associated with the operation (in net present value)		
- Work in process inventory	(740,287)	1,693,931
- Customer accounts receivable	209,742	462,658
- Other accounts receivable and prepaid expenses	(253,940)	1,119,332
- Trade notes payable	894,390	(1,452,878)
- Other prepaid debt and income	409,511	4,181
CASH FLOW ASSOCIATED WITH OPERATIONS	**604,801**	**631,617**
Acquisition of elements of fixed assets		
- Tangible and intangible assets	(84,854)	(187,163)
- Long-term investments	(1,341,436)	(1,230,070)
Cession of elements of fixed assets		
- Tangible and intangible assets	1,631,885	56,400
- Long-term investments		
CASH FLOW ASSOCIATED WITH INVESTMENT OPERATIONS		**(1,360,833)**
Increase in cash capital		1,530
Increase in other equity		3,060
Change in shareholders' equity	(6,390)	(6,390)
Dividend distribution		
Increase in financial debt	300,000	
Payment of financial debts		
CASH FLOW ASSOCIATED WITH FINANCING OPERATIONS	**293,610**	**(1,800)**
Variation in availabilities	1,104,006	(731,016)
Variation in bank borrowings		
CASH VARIATION	**1,104,006**	**(731,016)**
Opening Cash Position	**545,394**	**1,276,410**
- Short-term investment pledged	130,741	341,455
- Short-term investment available	242,875	415,324
- Available cash	171,778	519,631
Closing Cash Position	**1,649,400**	**545,394**
- Short-term investment pledged	57,447	130,741
- Short-term investment available	968,070	242,875
- Available cash	623,883	171,778
CASH VARIATION	**1,104,006**	**(731,016)**

20.3.2.4 Accounting Methods and Explanatory Notes on Annual Accounts

20.3.2.4.1 General

This annex is an integral part of the annual financial statements issued on December 31, 2010, showing total assets of 8,237,918 euros, and the income statement, provided in list format, shows a benefit of 232,510 euros. These accounts are also the object of consolidation, Egide SA being the consolidating parent company.

The fiscal year covered the 12-month period from January 1, 2010 to December 31, 2010.

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

20.3.2.4.2 Accounting Rules and Methods

20.3.2.4.2.1 Basic Rules

The annual financial statements closed on December 31, 2010 have been prepared and presented in conformance with accounting rules, duly respecting principles of prudence, fairness, regularity, sincerity, comparability, consistency of accounting methods from one fiscal year to the next, independence of fiscal years, and continuity of operations.

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

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

20.3.2.4.2.2 Intangible Assets

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

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

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

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

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

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

20.3.2.4.2.3 Tangible Assets

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

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

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

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

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

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

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

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

20.3.2.4.2.4 Impairment Test for Non-Financial Assets

Prior to the impairment test, the cash-generating units are identified. A cash-generating unit is constituted by homogeneous set of assets, the use of which generates cash inflows proper to this cash-generating unit. Egide evaluates future updated cash flows that each cash-generating unit will provide.

The utility value corresponding to the result of the updating of these cash flow is compared to the net asset value of the intangible and tangible assets of the corresponding cash-generating unit. If this utility value is less than the net asset value, a depreciation is noted.

The expenses and recoveries relative to depreciations of the elements of the fixed asset appear in the operating results of the company's income statement.

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

20.3.2.4.2.5 Equipment

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

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

20.3.2.4.2.6 Long-Term Investments

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

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

20.3.2.4.2.7 Inventories and Outstanding Amounts

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

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

20.3.2.4.2.8 Transactions and Accounts in Foreign Currency

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

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

20.3.2.4.2.9 Accounts Payable and Accounts Receivable

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

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

20.3.2.4.2.10 Factoring

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

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

20.3.2.4.2.11 Long-Term Investments

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

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

20.3.2.4.2.12 Capital Grants

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

20.3.2.4.2.13 Reimbursable Advances

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

20.3.2.4.2.14 Severance Pay and Similar Benefits

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

- Retirement age: 65 to 67 years old depending on the year of birth
- Average annual pay raise: 2%
- Life expectancy is based on the Insee actuarial table 2009,
- Probability of attendance is assessed in terms of internal statistics proper to each establishment
- the rate of the long-term financial updating was of 4.68% (Markit Iboxx Eur corporates AA 10+ rate)
- Provision is calculated outside of employer taxes since, generally, such obligations are not subject to social security taxes.

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

20.3.2.4.2.15 Provisions

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

20.3.2.4.2.16 Method for Recognizing Sales

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

20.3.2.4.3 Additional Information on the Balance Sheet and the Income Statement

20.3.2.4.3.1 Determining Accounting Estimates and Judgments

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

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

20.3.2.4.3.2 Share Capital

On December 31 2010, therefore, share capital stood at 12,862,750 euros, i.e., 1,286,275 stocks, each with face value of 10 euros.

20.3.2.4.3.3 Share Premium

Share premium results from capital increases realized by the company in 1999, 2000, 2001, and 2006, from a partial incorporation of the premium in the share capital at the level of 837,131 euros, carried out before the conversion of capital to euros in 2001 and the exercise of stock options that took place in fiscal years 2001 and 2003 through 2009. The new report on December 31, 2009 was partially due to this premium, which led to a balance of zero.

20.3.2.4.3.4 Stock Options Plans

During Egide's general shareholders' meeting of May 28, 2010 , the Board of Directors was authorized to issue stock options to management and certain salaried staff members of the company or its directly or indirectly owned subsidiaries, for time periods that would expire on July 13, 2013, the purpose being to increase capital. The total number of options granted and not yet exercised does include the right to subscribe to more than 5% of the stocks that make up capital. The assigned options cannot be exercised before a period of two years, starting from the date on which they were exercisable, nor assigned before a period of two years from that date. In the case of the American subsidiary, Egide USA Inc., the period of unavailability, for 50% of stock options, is reduced to a year from the date on which the options can be obtained.

During fiscal year 2010, the Board of Directors exercised this authority to create 200 options.

No profit sharing was paid in 2010. During the same period, a certain number of stock options were lost by their beneficiaries:

- **Plan 3.2:** the year-end date for the remaining 726 options was set at April 27, 2010
- **Plan 4.4:** two employees have left the company, one was the holder of 100 options and the other of 200 options
- **Plan 5.1:** the employee beneficiary of the 4.4 plan who left the company was the holder of 300 options
- **Plan 5.2:** employees beneficiary of Plan No. 4.4 who have left the company each held 100 options, and an employee beneficiary of 200 options has left the company

A total of 1,726 stock options has been lost by their beneficiaries for the period. For 800 of them, the expiry was ascertained by the Board of Directors' meeting of May 31, 2010; the expiry of the remaining 200 will be ascertained by the Board of Directors' meeting in 2011.

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

Plan Number	Plan 4.1	Plan 4.4	Plan 5.1	Plan 5.2	Plan 6.1	Total
Options Assigned but Not Exercised Subscription Price	20,767 € 29.74	4,300 € 31.15	4,400 € 27.83	25,724 € 5.79	200 € 5.63	55,391

By way of information, the average price per share of Egide's stock during fiscal year 2010 was 6.99 euros, and the closing price on December 31, 2010 was 5.64 euros.

The general shareholders' meeting having fixed the total number of shares granted and not yet exercised at a maximum of 5% of stocks comprising share capital, on December 31, 2010, there was an available balance of 8,922 options.

20.3.2.4.3.5 Authorization to Increase Capital

At the joint general meeting of June 19, 2009, the Board of Directors was authorized to issue, once or in stages, stocks, subscription warrants, and more generally, all securities providing access to company stock immediately and/or in the long term, in France or overseas, for a maximum value of €10,000K. This issue is authorized with or without cancellation of preferential subscription right for a period of 26 months from the date of the meeting. Moreover, the combined general meeting of May 28, 2010 authorized the Board of Directors to issue, through an offer pursuant to Article L.411-2 of the Monetary and Financial Code, shares or securities giving access to the company's capital, with cancellation of preferential subscription rights for an amount not to exceed 20% partnership capital per year. This issue is authorized for a period of 26 months commencing on the date of the meeting. These authorizations have not been used during the course of the financial year.

20.3.2.4.3.6 Table Showing Variation in Shareholders' Equity

Euros	12/31/2010	12/31/2009
Net accounting result	232 510	(3 501 645)
Per share	0,18	(2,72)
Variation in Shareholders' Equity (minus income shown above)	0	4 590
Per share	0,00	0,00
Proposed dividend	-	-
Per share	-	-
Shareholders' equity at the close of the previous fiscal year before allocation	5 587 562	7 189 084
Impact on the carry-over of a change in accounting methods	-	-
Allocation of previous FY Income by the annual meeting	(3 501 645)	(1 606 112)
Shareholders' equity at the beginning of the fiscal year	2 085 917	5 582 972
Variations in share capital: 12/31, 2009: 153 shares issued with a face value of 10 euros		1 530
Variations in share premiums: 12/31, 2009: 153 shares issued with a premium of 20 euros		3 060
Shareholders' equity on the balance sheet at fiscal year-end before the ordinary general meeting and not including income	2 085 917	5 587 562
Total variation in shareholders' equity during the fiscal year.	232 510	(3 497 055)

20.3.2.4.3.7 Reimbursable Advances

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

20.3.2.4.3.8 Provisions

Variation in provision accounts can be analyzed as follows:

Items (euros)	12/31/2009	Expense	Recovery	12/31/2010
Provisions for exchange rate loss	472,918	309,741	472,918	309,741
Provisions for retirement severance pay and similar obligations	230,969	19,616	32,920	217,665
Other provisions				
Total	**703,887**	**329,357**	**505,838**	**527,406**
Operating allocations and recoveries		19,616	32,920	
Financial allocations and recoveries		309,741	472,918	
Exceptional allocations and recoveries				

The recovery of the provision for retirement severance pay was totally used up by the retirement of four employees during fiscal year 2010.

20.3.2.4.3.9 Various Loans and Debts

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

20.3.2.4.3.10 Depreciation Table

Items (euros)	12/31/2009	Expense	Recovery	12/31/2010
Intangible Assets	152,449			152,449
Tangible Assets	1,711,589		315,822	1,395,797
Financial Assets	87,026,205	1,034,327		88,060,532
Inventories and Outstanding Amounts	4,411,546	79,500	341,153	4,149,893
Accounts Receivable	662,219	41,154	267,462	435,911
Total	**93,964,008**	**1,154,981**	**924,437**	**94,194,552**

20.3.2.4.3.11 Franchises, Patents, and Licenses

Variation in other intangible assets can be analyzed as follows:

Euros	Depreciable Value on 12/31/2009	Acquisitions, Creations, Transfers	Disposals, Transfers, Removals from Service	Depreciable Value on 12/31/2010
Franchises, patents, licenses	345,977			345,977

Variations in amortization can be analyzed as follows:

Euros	Cumulative Amortization on 12/31/2009	Expense	Recovery	Cumulative Amortization on 12/31/2010
Franchises, patents, licenses	344,835	1,142		345,977

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

20.3.2.4.3.12 Goodwill

Euros	12/31/2009	12/31/2010
Bollène Goodwill	152,449	152,449
Depreciation	(152,449)	(152,449)
Net accounting value	0	0

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

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

20.3.2.4.3.13 Tangible Assets

The variation in tangible assets can be analyzed as follows:

Items (euros)	Depreciable Value on 12/31/2009	Acquisitions, Creations, Transfers	Disposals, Transfers, Removals from Service	Depreciable Value on 12/31/2010
Land	160,680		160,680	0
Buildings	723,310		723,310	0
Technical Installations and Industrial Equipment	10,612,138	189,821	1,234,571	9,567,388
Other Tangible Assets	1,598,507	18,177	27,348	1,589,336
Intangible Assets in Process	299,947	13,914	17,710	296,151
Advances and payments				
Total	**13,394,582**	**221,912**	**2,163,619**	**11,452,875**

The disposal of the Bollène plant building in March 2010 led all capital assets that were the object of this sale to be removed from the asset list.

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

Items (euros)	Cumulative Amortization on 12/31/2009	Expense	Account -to-account transfer	Recoveries and withdrawals	Cumulative Amortization on 12/31/2010
Land	32,022	414		32,435	0
Buildings	356,875	9,062		365,937	0
Technical Installations and Industrial Equipment	9,324,240	181,294	232,849	1,158,798	8,579,585
Other Tangible Assets	746,173	41,735	62,129	7,771	842,265
Total	**10,459,311**	**232,505**	**294,978**	**1,564,942**	**9,421,851**

Depreciation expenses for tangible assets are calculated using the straight line method and entered into operating income in the amount of €233K.

Variation in tangible asset depreciation can be analyzed as follows:

Items (euros)	Cumulative Amortization on 12/31/2009	Expense	Account -to-account transfer	Recoveries and withdrawals	Cumulative Amortization on 12/31/2010
Technical Installations and Industrial Equipment	720,125		242,083	3,850	474,191
Other Tangible Assets	709,664		69,889		639,775
Tangible Assets in Process	281,801				281,801
Total	**1,711,589**	**0**	**311,972**	**3,850**	**1,395,767**

The transfer of depreciation to amortization en application of CNC Opinion 06-12, published on October 24, 2006 was €15K in 2010. This transaction was recorded under exceptional income.

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

The impairment test conducted on December 31, 2005 had led the company to appreciate the going concern value of assets on the basis of development plans prepared by management at the end of 2005 and the resulting business and cash projections. On this basis, a depreciation of €1,048K had been deemed necessary. The current assets value in the balance sheet at December 31, 2010 allows covering their net book value, no complementary depreciation was entered.

20.3.2.4.3.14 Financial Assets

Items (euros)	Depreciable Value on 12/31/2009	Variation	Depreciable Value 12/31/2010	Depreciation on 12/31/2009	Variation	Depreciation on 12/31/2010
Egima Stocks	1,444,198		1,444,198	1,444,198		1,444,198
Egide USA LLC Investments	72,688,338		72,688,338	72,688,338		72,688,338
Egide UK Ltd Stocks	971,321		971,321	971,321		971,321
Accounts Receivables Associated with Egima	9,943,380	833,514	10,776,894	9,943,380	833,514	10,776,894
Accounts Receivables Associated with Egide UK Ltd	969,405	124,274	1,093,679	969,405	124,274	1,093,679
Accounts Receivables Associated with Egide USA Inc	1,186,934	238,054	1,424,988	1,009,564	76,539	1,086,103
Security Deposit	33,029	145,594	178,623			
Total	**87,236,604**	**1,341,436**	**88,578,040**	**87,026,205**	**1,034,327**	**88,060,532**

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

At fiscal year-end on December 31, 2010, in the context of the group's markets and recent performance of the various subsidiaries, the depreciation of these securities was determined on the basis of the share of the shareholders' equity held on December 31, 2010.

Similarly, the accounts payable associated with investments were depreciated in such a way that the constituted depreciations cover the negative net positions of these companies. In addition, for Egima and Egide UK Ltd, the net value in respect of the amounts receivable is henceforth null in connection with the low probability of recovery of both companies by Egide SA.

20.3.2.4.3.15 Inventories and Outstanding Amounts

Variation in inventories and in outstanding amounts can be analyzed as follows:

Items (euros)	Depreciable Value on 12/31/2009	Depreciable Value on 12/31/2010	Depreciation on 12/31/2009	Expense	Recovery	Depreciation on 12/31/2010
Raw Materials & Supplies	5,046,017	5,203,003	3,516,107	32,105	301,901	3,246,311
In-Process Inventories	595,561	952,912	3,031	1,781	3,031	1,781
Finished Products	1,060,873	1,036,385	833,630	45,385	25,525	853,489
Merchandise	63,301	52,086	58,778	230	10,696	48,312
Total	**6,765,752**	**7,244,386**	**4,411,546**	**79,500**	**341,153**	**4,149,893**

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

20.3.2.4.3.16 Client Receivables

Variation in client receivables can be analyzed as follow:

Euros	Depreciable Value on 12/31/2009	Depreciable Value on 12/31/2010	Depreciation on 12/31/2009	Expense	Recovery	Depreciation on 12/31/2010
Client Receivables	1,301,080	1,031,885	444,878	41,154	267,462	218,570

Factoring has been in effect since April 2006. It concerns domestic and export receivables to the extent of 74% of sales. Client receivables assigned to factoring companies but not yet paid stand at €2,245K on December 31, 2010, which would raise to €3,277K the value of customer receivables in the absence of factoring on December 31, 2009 versus €3,232K on December 31, 2009.

The debts relating to Egide UK Ltd subsidiary have been fully depreciated for a total of €24K with regard to their low recovery probability.

20.3.2.4.3.17 Statement of Accounts Receivable and Payable

Statement of Accounts Receivable (euros)	Gross Amount	1 Year and Under	More than 1 Year and Less than 5 Years
Accounts Receivable Connected to Investments	13,295,561	10,776,894	2,518,667
Other Financial Assets	178,623		178,623
Advances and Payments	6,372	6,372	
Bad Debts or Litigious Clients	218,570		218,570
Other Customer Accounts Receivable	813,315	813,315	
Staff and Related Accounts	1,486	1,486	
State: Corporate Tax Expense	205,461		205,461
State: Value Added Tax	216,184	216,184	
State: Miscellaneous Accounts Payable	217,341	217,341	
Factoring Companies	399,991	399,991	
Miscellaneous Debtors	259,859	17,859	242,000
Fees Paid in Advance	126,668	126,668	
Total	**15,939,430**	**12,576,110**	**3,363,321**

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

The Research Tax Credit in 2010 of €205K will be repaid in 2014 if it was not debited by then to the corporate tax. The amount receivable pertaining to the factors represents the non-financed guarantee fund as well as the de-financed amounts resulting from the client's delay in payment.

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

Statement of Accounts Payable (euros)	Gross Amount	1 Year and Under	More than 1 Year and Less than 5 Years	More than 5 Years
Various Loans and Debts	300,000	0	210,000	90,000
Clients, deposits received	561,881	561,881		
Suppliers and Related Accounts	2,776,655	2,776,655		
Staff and Related Accounts	589,489	589,489		
Social Security, Other Social Organizations Soc.	629,154	629,154		
State: Value Added Tax	1,729	1,729		
State: Taxes and Indirect Taxes	199,887	199,887		
Secured liability on property	131,288	131,288		
Other Accounts Payable	160,914	160,914		
Total	**5,350,998**	**5,050,998**	**210,000**	**90,000**

20.3.2.4.3.18 Long-Term Investments

They are composed uniquely of mutual funds with a book value of 724,834 euros. The mutual funds are cashed as and when operational needs arise. The current value of the SICAV (open-end mutual funds), of 731,862 euros at December 31, 2010, reveals an unrealized capital gain of 7,028 euros.

A long-term account of 300,000 euros was opened in September 2010 for six months Accrued interest at December 31, 2010 amounted to 683 euros.

20.3.2.4.3.19 Prepaid Expenses

Items (euros)	12/31/2010	12/31/2009
Purchase of materials and indirect materials	0	178
Rents	88,899	31,861
Insurance	6,594	29,036
Miscellaneous (Maintenance …)	31,175	27,013
Total	**126,668**	**88,088**

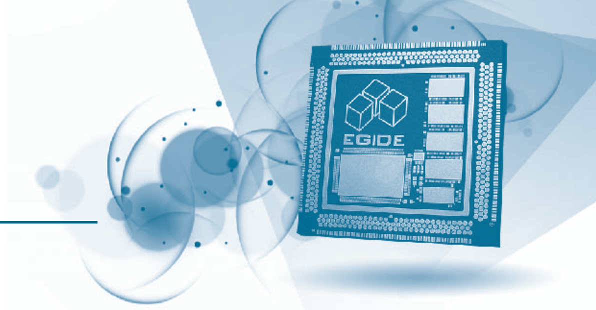
20.3.2.4.3.20 Accrued Expenses

Items (euros)	12/31/2010	12/31/2009
Suppliers – Invoices not received	601,280	644,746
Personnel – Estimated Liabilities for Holidays to be Paid and Accrued Expenses	656,269	611,898
Personnel – Estimated Liabilities for Premiums to Pay and Accrued Expenses	116,644	31,928
Personnel – Social Security Allowances	1,346	949
Personnel – Insurance Premiums	0	97
State – Other Fees to Pay	199,887	287,573
VAT on receivable credit notes	1,729	1,584
Clients – Credit Notes to Establish	52,891	1,600
Expense Accounts to Pay	1,947	2,011
Commissions to Pay	26,052	14,701
Directors' Fees to Pay	18,000	18,000
Other Fees to Pay	34,326	0
Total	**1,710,371**	**1,615,086**

To ensure the husbanding of the cash flow and pending the completion of the assignment/rental transaction of the Bollène establishment, we obtained from the Bollène Treasury to stagger the payment of the 2009 Professional Tax amounting to 167,595 euros to the beginning of 2010.

20.3.2.4.3.21 Revenues to Be Received

Items (euros)	12/31/2010	12/31/2009
Clients - Invoices to Prepare	0	0
Suppliers - Credit Notes to Be Received	13,291	19,317
Other revenues to be received	242,000	0
VAT credit	122,410	17,940
VAT on invoices not received	88,287	96,752
Total	**465,988**	**134,009**



20.3.2.4.3.22 *Concerning Affiliates and Investments*

Table showing Subsidiaries and Investments

	EGIMA Casablanca - Morocco	EGIDE USA, LLC Wilmington, DE - USA	EGIDE UK Ltd Woodbridge - GB
Capital	MAD 14,800,000	USD 66,878,828	GBP 657,064
Shareholders' Equity Other than Capital (minus Fiscal Year Income)	(MAD 125,407,237)	(USD 364,854)	(GBP 1,521,611)
Share of the Capital Held	100%	100%	100%
Book Value of Shares Held:			
- Gross	€1,444,198	€72,688,338	€971,321
- Net	€0	€0	€0
Loans and Advances Made but Not Yet Reimbursed	€10,776,894	None	€1,093,679
Amount of Guarantees and Avals Provided by the Company	€553,457	None	€464,684
Before-Tax Sales in the Previous Fiscal Year	MAD 33,551	None	GBP 1,535,444
Income (Profit or Loss) at Last Fiscal year-end	(MAD 6,424,035)	(USD 345)	(GBP 55,296)
Dividends Cashed by the Company During the Fiscal Year	None	None	None
Other Information	Subsidiary established on November 1, 2002. Began operations in 2002.	Established on Nov.8, 2000. Company created as holding for EGIDE USA Inc.	Subsidiary created on June 1, 2002.

Accounts receivable and accounts payable with affiliated companies:

Items (euros)	12/31/2010	12/31/2009
Accounts Receivable Connected to Investments	13,295,561	12,099,719
Client Accounts Receivable and Connected Accounts	83,927	28,538
Suppliers and Connected Accounts	28,632	15,695

20.3.2.4.3.23 *Accounts Receivable and Payable Represented by Commercial Papers*

Items (euros)	12/31/2010	12/31/2009
Clients - Commercial Papers to Be Received	0	6,043
Suppliers - Commercial Papers to Pay	0	0

20.3.2.4.3.24 *Conversion Discrepancies*

Item Concerned	Currency	Asset Discrepancy (euros)	Liability Discrepancy (euros)
Suppliers	YEN	5,174	
Miscellaneous	MAD	110,762	
Suppliers	GBP	(16)	
Miscellaneous	GBP	193,822	
Suppliers	USD		(8,557)
Clients	USD		6,280
Miscellaneous	USD		5,025
Total		**309,741**	**2,748**

A provision for exchange loss has been accounted for at 309,741 euros.

20.3.2.4.3.25 Company Taxes and Fiscal Deficits

The amount of fiscal deficits reportable at the close of fiscal year 2010 stands at 45,041,389 euros.

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

Year of Origin of Loss in Value	Deadline for Carrying Forward	Amount (euros)
2001	12/31/2011	33,000,000
2002	12/31/2012	32,497,460
2003	12/31/2013	3,257,550
2004	12/31/2014	2,414,113
2005	12/31/2015	1,007,821
2006	12/31/2016	825,971
2007	12/31/2017	1,772,266
2008	12/31/2018	328,676
Total		**75,103,856**

A research tax credit of 205,461 euros was entered for fiscal year 2010. It will be repayable from January 1, 2014 if not debited by then to the corporate tax.

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

Increases (euros)	2010	2009
Provision for Unrealized Exchange Loss in Fiscal Year	309,741	472,918
Retirement Severance Pay	5,293	24,224
Total	**315,034**	**497,142**
Tax Rate	33.33 %	33.33 %
Accretion (Increase) in Future Tax Debt	**105,011**	**165,714**

Decreases (euros)	2010	2009
Unrecognized Exchange Loss	309,741	472,918
Organic	25,752	21,251
Unrealized gain on OPCVM (mutual fund)	7,028	6,818
Retirement Severance Pay		2,613
Reportable Deficits	45,041,389	45,105,421
Total	**45,383,910**	**45,609,021**
Tax Rate	33.33 %	33.33 %
Decrease in Future Tax Debt	**15,127,970**	**15,203,007**

20.3.2.4.3.27 Sales Breakdown by Business Sector

2010 sales primarily signify the delivery of finished products during that year. In 2009, the sales figure includes a sale of gold worth 695,056 million euros recovered from scrap components.

Business Sectors (euros)	12/31/2010	12/31/2009
Glass-to-Metal	5,045,120	5,390,777
Ceramic	10,671,205	6,664,791
Studies	292,711	384,123
Associated activities	41,225	763,158
Group	38,380	79,216
Total	**16,088,641**	**13,282,064**

20.3.2.4.3.28 Sales Breakdown by Geographic Area

Geographic Areas (euros)	12/31/2010	12/31/2009
France	6,413,673	6,296,172
ECC other than France	2,214,679	1,889,167
USA and Canada	1,912,740	1,382,780
Other Countries	5,509,169	3,634,729
Group	38,380	79,216
Total	**16,088,641**	**13,282,064**

Associated activities are included in the "France" sector.

20.3.2.4.3.29 Financial Results

Items (euros)	12/31/2010	12/31/2009
Net Proceeds on Short-Term Disposals	1,032	58,772
Net Income from Foreign-Currency Transactions	128,241	(26,071)
Interest and Other Income	71,891	349,455
Depreciation of Investments & Associated Accounts Receivable	(850,389)	(1,921,152)
Special Financing Commission – Factoring	(47,145)	(60,593)
Total	**(696,370)**	**(1,599,590)**

Current accounts for Egide and its subsidiaries, Egima Egide USA LLC, Egide USA Inc., and Egide UK Ltd provide compensation at the rate of 3% a year. At closing, Egide realized investment income of €73K on current accounts.

20.3.2.4.3.30 Extraordinary Result

Items (euros)	12/31/2010	12/31/2009
Penalties and fiscal fines	(26,319)	2,309
Income from Cession of Elements of Assets	889,418	52,741
Total	**863,099**	**55,050**

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

20.3.2.4.3.31 Executive Compensation

Gross compensation paid to the President of the Board of Directors stood at €154K in 2010. The attendance fees paid in 2008 to the members of the Board of Directors stood at €18K for 2009.

20.3.2.4.3.32 Other Liabilities

Commitments:

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

Items (euros)	12/31/2010	12/31/2009
Collateral Securities	64,408	137,551
Sureties	3,728,008	3,851,060
Total	**3,792,416**	**3,988,611**

For the benefit of affiliated companies:

- The company pledged a SICAV (open-ended mutual fund) to Crédit du Nord, for the sum of €57,447 to secure the bank guarantee granted to the Moroccan subsidiary, Egima, in the context of the cession of temporary listings. The guarantee is valid until the withdrawal of this bond. The present value of the SICAV pledged on December 31, 2010 is of 64,408 euros.

The amount of short-term investments posted, thus being the subject of the security, stands for 6% of this entry on December 31, 2008.

- The company stood surety on first request for Crédit du Maroc to guarantee the long-term loan this bank granted to Egima, until the complete repayment of this loan on March 21, 2015, for the sum of 489,049 euros.

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

  - *as part of the establishment of a factoring agreement in April 2008 for an amount of GBP 350,000 or EUR 406,599 on 12/31/2010*
  - *as part of a bank overdraft in April 2009 for an amount of GBP 50,000 or EUR 58,086 on 12/31/2010*

- The company guaranteed 4 Washington Street Investment LLC for a lease agreement signed by Egide USA Inc in October 2008 for sums due by Egide USA Inc. for this contract, without limitation as to the amount (the annual rent was of $218,555, indexed by 3% every year commencing on the 3rd year, and the duration of the lease agreement is of 10 years), representing a maximum of $1,956,985 for rents, that is €1,464,590K on December 31, 2010.

- The company stood as surety for Keltic for the establishment of a finance contract (based on receivables and stocks) for its Egide USA Inc. subsidiary in December 2008, for a maximum amount of USD1,750,000 representing the sum €1,309,684 at December 31, 2010.

Commitments Received:

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

Reciprocal Commitments:

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

20.3.2.4.3.33 Work Force Breakdown

	2010	2009
Management	32	33
First-line supervisors and technicians	24	25
Employees	4	4
Workers	133	106
Total	**193**	**168**

20.3.2.4.4 Events Following Closing

None.

20.4 Verification of Historical Annual Financial Statements

20.4.1 Auditors' Report on 2010 Consolidated Financial Statements

"To carry out the assignment entrusted to us by the members of your general assembly, we present you with our report for fiscal year ending December 31, 2010 in regard to the following:

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

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

I - Opinion on the Consolidated Financial Statements

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

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

II - Justification of Our Assessments

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

As revealed in notes 20.3.1.5.3.5, 20.3.1.5.3.6 et 20.3.1.5.4.3 of the annex relative to tangible assets, an impairment test is conducted when there is an internal or external indication of a loss in value. Depreciation is used if the recoverable value of the capital asset concerned is less than its net asset value. In the absence of new indications of losses in value, no complementary depreciation was entered for the fiscal year ending on December 31, 2010.

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

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

III - Specific Audit

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

Neuilly sur Seine and Paris, on April 21, 2011

The Statutory Auditors

PricewaterhouseCoopers Audit, Jean-François Châtel	Moore Stephens Syc (SYC S.A.S), Serge Yablonsky"

20.4.2 Auditors' Report on 2010 Annual Financial Statements

" Ladies and Gentlemen,

To carry out the assignment entrusted to us by the members of your general assembly, we present you with our report for fiscal year ending December 31, 2010 in regard to the following:

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

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

I - Opinion on the Annual Financial Statements

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

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

II - Justification of Our Assessments

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

As described in the notes 20.3.2.4.2.6 and 20.3.2.4.3.14 of the appendix pertaining to the permanent financial investments, your company has depreciated its investments as well as the receivables appurtenant to them when the going value is lower than the historical acquisition cost. In the context of the group's markets and the recent income of the affiliates, the depreciation of these securities has been determined on the basis of the proportionate interest of the shareholders' equity held on December 31, 2010.

As revealed in notes 20.3.2.4.2.3, 20.3.2.4.2.4 and 20.3.2.4.3.13 of the annex relative to tangible assets, an impairment test is conducted when there is an internal or external indication of a loss in value. Depreciation is used if the recoverable value of the capital asset concerned is less than its net asset value. In the absence of new indications of losses in value, no complementary depreciation was entered for the fiscal year ending on December 31, 2010.

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

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

III - Specific Verifications and Disclosures

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

We have no observation to make regarding the truthfulness and consistency with the annual financial statements of the information provided in the Board of Directors' management report and in the documents addressed to stockholders regarding the company's financial position and the annual financial reports.

Regarding the information provided pursuant to provisions of Article L.225-102-1 of the French Commercial Code on wages and benefits paid to corporate officers as well as commitments made in their favor, we have verified their consistency with the accounts or data used in the preparation of these accounts and, where appropriate, with the items collected by your company from the companies controlling your company or controlled by it. Based on this work, we confirm the accuracy and truthfulness of this information.

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

Neuilly sur Seine and Paris, on April 21, 2011

The Statutory Auditors

PricewaterhouseCoopers Audit,
Jean-François Châtel

Moore Stephens Syc (SYC S.A.S),
Serge Yablonsky "

20.5 Other Elements in the Group Management Report

20.5.1 Statement of Operations

20.5.1.1 Egide Corporation's Operations

In 2010, the sales figure stood at €16.09 million against €13,28 million in 2009, that is to say a rise of 21.1%. In 2009, sales included the sale of gold recovered from scrapped components for 0.7 million euros. To make the figures comparable between the two financial years, this non-recurring item will be separated from the calculations.

The defense and space activity sector experienced an increase of 5.4% with sales amounting to 7.36 million euros in 2010 against 6.98 million in 2009 reflecting the strength of a mature military market but also a downward cycle for the space sector.

Sales in the telecommunications sector has grown substantially from 2.33 million euros in 2009 to 5.37 million euros in 2010, that is an increase of over 130% due to the recovery in the needs in optical broadband solutions inherent to the saturation of existing networks.

Industrial markets generated sales of €3.33 million in 2010, against 3.22 million in 2009. Industrial markets have generated sales of 3.33 million euros in 2010 against 3.22 million euros in 2009. The slight growth of 3.5% is explained by the steady increase in sales of infrared products, safety markets remaining potential offset by the absence of sales by Egima in 2010 (against 0.7 million euros in the first half of 2009) and by much slower emergence from the crisis for the civil aeronautics sector.

Intergroup invoicing was again reduced from one year to another, going from 0.08 million in 2009 to 0.04 million in 2010, mainly because of Egima's shutdown of activities (this non-autonomous subsidiary was managed by Egide SA's services).

The ceramics sector with sales of 10.67 million euros in 2010 as opposed to 6.67 million euros in 2009 remained the principal technology for Egide SA, representing over two third of sales in 2010.

The company invoiced 0.29 million euros as part of the studies during the course of the 2010 fiscal year. This amount is slightly lower than that of 2009, but it is only the variation of the invoicing cycle, R&D efforts and development, which were maintained from one fiscal year to another.

Egide still remains an export enterprise, with 60% of its 2010 extra-group sales achieved outside of France (as opposed to 55 % in 2009). Europe, without France, represents 14% and North America 12% of extra-group sales in the fiscal year. The portion achieved outside these regions reached 34% in 2010 against 29% in 2009, mainly due to military sales to Israel (where Egide's third client was in 2010) and to Telecom sales in China and Thailand (where manufacturing subcontractors of Egide's first client were in 2010).

20.5.1.2 Egide USA's Operations

Egide USA achieved sales of 7,02 millions euros in 2010 (of which 0.04 million euros of invoicing to the group) against 7 million euros in 2009. This euro stability actually masks a decline in dollars (9.32 against 9.75 million) due solely to the strategic decision taken, during the course of the first quarter of fiscal 2009, to transfer products from the Telecom sector to Egide SA.

The defense and space sector represented 74% of sales in 2010 against 71% in 2009, with 5.14 and 4.91 million euros respectively. The industrial sector remained stable at 17% of sales (1.21 million euros in 2010 against 1.22 million euros during the last financial year). Because of the re-direction of the activity set out above, the Telecom sector automatically declined with sales of 0.63 million euros in 2010 against 0.83 million in 2009 (or a downswing of 24%).

The products sold call for glass-to-metal technology uniquely. The North American market is still the principal trade outlet for the American subsidiary since that is where 96% of its fiscal year 2010 sales occurred. The remaining 4% originate mainly from a few Telecom and industrial backorders bound for Europe (2%) and Asia (2%).

20.5.1.3 Egima's Operations

It should be recalled that Egima's only client is Egide, which subcontracts the production of some of its orders to it. Since July 1, 2009, this production unit has been mothballed and a process to dispose of the subsidiary was started because none of the group's need matches the aspects of this site. Therefore, there were no sales generated during fiscal 2010 by Egima.

20.5.1.4 Egide UK's Operations

This subsidiary manufactures and sells molded metal and plastic components but no hermetic packages such as the other companies in the group. Fiscal year 2010 generated €1.79 million in sales, €0.09 million of which were realized within the group. This sales stability compared to financial 2009 (1.70 million euros outside the group) is mainly due to the sharp increase of a product intended for the automotive market (+124%), which offset the decline in other sectors (including the medical sector).

The industrial sector represented 93% of the activity, 4% for telecommunications and 3% for defense. Plastic technology accounted for 19% of sales, with the remaining 81% being in metal molding. 80% of sales are in Europe, 17% are in America, and 3% are in the rest of the world.

20.5.2 Review of the Results

20.5.2.1 Consolidated Results

As of December 31, 2010, Egide group's area of consolidation includes the following companies:

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

The consolidated sales amounted to 24.70 million euros, which made an operational profit of 0.68 million euros (against a loss of 2.73 million in 2009), of which 0.93 million euros in products related to the disposal of the Bollène building.

Amortizations, depreciations, and provisions have been recorded for a total net amount of €0.25 million, compared to €0.84 million in 2009. No complementary depreciation of assets was recorded in 2010.

The financial result is close to 0 (against a loss of 0.27 million euros in 2009), interest and similar charges connected to the use of factoring on the group's French, American and English entities being offset by foreign exchange gains.

The net profit is of 0.66 million euros (against a loss of 3 million euros in 2009)

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

The current cash position is €1.68 million, compared to €0.48 million at the end of 2009. The long-term debt (0.28 million euros) consists of the Regional Loan for Job Retention received by Egide SA in 2010 and repayable in 7 years including 2 years of deferred payment, and the loan received by Egide UK which is repayable in 3 years. The indebtedness under one year represents the financing of receivables by the factoring agencies (2.58 million euros) as well as Egide's UK bank overdraft (0.06 million euros). Egide does not use any financial instrument to generate a particular risk.

The need for working capital represents 32 days of the sales figure, down sharply from the previous fiscal year due to control inventory levels, increased trade payables at year-end and the receipt of customer advances.

In accordance with IFRS, Egima's assets and liabilities and the subsidiary held for sale are posted on a separate line in the consolidated balance sheet. The assets mainly consist of the building, the surface treatment line, the effluent treatment system and a VAT credit. The liabilities consist of a long-term loan (0.49 million euros) and of tax debts.

20.5.2.2 Annual income

The annual financial statements closed on December 31 2010 have been prepared and presented in conformance with accounting rules, duly respecting principles of prudence, fairness, regularity, sincerity, comparability, consistency of accounting methods from one fiscal year to the next, independence of fiscal years, and continuity of operations.

Sales stood at €16.09 million compared to €13.28 million in the previous fiscal year, experiencing an increase of 21%. Total marginal revenue was €16.98 million, compared to €13.35 million for the previous fiscal year.

Operating expenses for the fiscal year stood at € 17.12 million, a 10.20% increase compared to fiscal year 2009. Maintaining production performances at a high level has helped stabilize material consumption to expected levels. Manpower costs have increased reaching a total of 7.38 million euros in 2010 against 6.61 million in 2009. This increase of 11.6% remains lower to that of the sales figure reflecting improvements in productivity. The average dependent labor force (open-ended and fixed-term contracts) went from 168 to 193 persons. The level of other external expenses increased slightly to 2.9 million euros, against 2.7 million euros in 2009. The main items that have evolved concerning rental costs of the Bollène site (+ 0.2 million euros in 2010) resulting from the disposal/rental of the building occurred in March 2010, trade commissions paid to sales agents (+ 0.13 million euros) related to Egima's increased sales and subcontracting costs (- €0.2 million) that disappeared following the mothballing of the Moroccan site.

An impairment test was conducted on December 31, 2005, the purpose of which was to assess the future utility of assets on the basis of development plans reviewed at the end of 2005 and the resulting hypotheses concerning activities and cash. This test resulted into the recording of a depreciation of 1.08 million euros for the fiscal year 2005. No further depreciation was recorded since then. Following the impairment test at December 31, 2010, no supplemental depreciation of the fixed assets was recorded in 2010 and the depreciation level was maintained. The amount of depreciation and amortization of fixed assets stood at 0.23 million euros in 2010 against 0.39 million euros in 2009.

The good level of activity achieved in 2010 and the control of operating costs has enabled to reach almost the equilibrium level for the year, the operating loss of 0.14 million euros against a loss of 2.18 million euros for the previous financial year.

The amount of research and development expenses incurred during the fiscal year is approximately €1.2 million. These costs are not capitalized.

A complementary depreciation for accounts receivable connected with the subsidiaries was entered in the amount of €0.83 million for Egima and in the amount of €0.12 million for Egide USA Inc. and in the amount of €0.08 million for Egide UK, to cover the capital losses incurred and the negative net positions of these subsidiaries.

The financial result shows a loss of €0.70 million, compared to a loss of €1.60 million in the previous fiscal year, primarily due to depreciation in the subsidiaries' securities and accounts receivable.

Fiscal year operating results before taxes show a loss of €0.84 million, compared to €3.78 million for the previous fiscal year, a 59% improvement.

An exceptional profit of €0.86 million was recorded; it is made up of the holding gains from the assignment recorded as a result of the sale of certain unused tangible assets.

The research tax credit for the current fiscal year was recorded on the books for €0.21 million, the same amount as the previous fiscal year.

Taking these elements into account, the fiscal year closed with a benefit of €0.23 million compared to a loss of €3.50 million for the previous fiscal year.

As of December 31, 2010, the company's total assets stood at €8.24 million compared to €6.46 for the previous year. The cash flow is of 1.65 million euros at the end of the fiscal year against 0.55 million at January 1, 2010. The financial debt consists of a loan of €0.3 million, which was granted in July 2010 by the Provence-Alpes-Côte d'Azur region and the department of Vaucluse within the purview of the PRME (Regional Loan for Job Retention). This interest-free loan is repayable over 7 years with a deferred payment of 2 years.

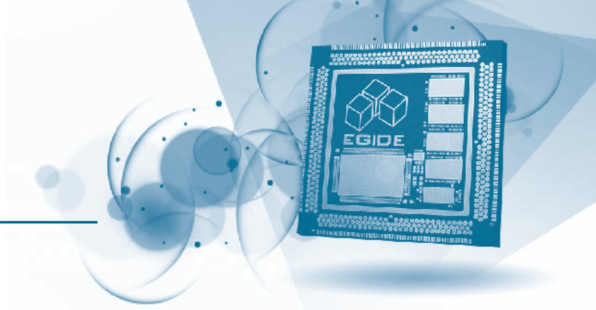
20.5.3 Information regarding the payment terms (Egide SA)

Pursuant to Article L. 441-6-1 of the French Commercial Code, we are providing you with the breakdown of the balance by due date of Egide's debts at December 31, 2009 and 2010 in respect of suppliers:

Euros	2009	%	2010	%
Unexpired (invoices not received)	644,747	34.25	601,280	21.65
Expired	289,985 (1)	15.41	463,950 (2)	16.71
At 30 days	564,997	30.02	1,067,849	38.46
At 60 days	333,731	17.73	570,513	20.55
More than 60 days	48,805	2.59	73,063	2.63
Total	**1,882,265**		**2,776,655**	

(1) *of which €211,965 paid at the beginning of 2010 (or 73% of expired item)*
(2) *of which €418,146 paid at the beginning of 2011 (or 90% of expired item)*

Liabilities expired at year-end correspond to the end-December due date, which was paid in early January of following year. Egide applying contractual payment periods of 60 days from date of invoice, it explains that there are debts exceeding 30 days (legal payment deadline). Finally, debts over 60 days at December 31, 2009, mainly correspond to a disputed invoice (non-compliant service delivery) and to suppliers for whom orders were made prior to January 1, 2009 (LME enforcement date - Law of Modernization of the Economy). Debts over 60 days at December 31, 2010 mainly relate to an invoice whose service is not completed at year-end and to invoices in dispute (receivable credit notes).



20.5.4 Table Showing Income or Loss in the Last 5 Fiscal Years (Egide Corporation)

Closing Date Fiscal Year Duration	12/31/2010 12 months	12/31/2009 12 months	12/31/2008 12 months	12/31/2007 12 months	12/31/2006 12 months
CAPITAL AT FISCAL YEAR-END					
Share Capital (€)	12,862 750	12,862,750	112,861,220	12,861,190	12,858,310
Number of Shares					
- *Common Shares*	1,286,275	1,286,275	1,286,122	1,286,119	1,285,831
- *Preferred Shares*	-	-	-	-	-
Max. No. of Shares to Be Created					
- *Through Bond Conversion*	-	-	-	-	-
- *By subscription right*	64,313	64,313	64,306	64,305	64,291
OPERATIONS AND RESULTS (€)					
Sales Net of Taxes	16,088,641	13,282,064	18,477,859	15,395,609	14,610,603
Income before taxes, investments, depreciations, and provisions	630,581	(1,238,511)	856,987	(1,833,453)	(2,738,482)
Corporate Income Tax	(205,461)	(226,541)	(223,476)	(159,264)	(60,372)
Depreciations and provisions	603,532	2,489,675	2,686,575	4,259,580	2,238,118
Net income	232,510	(3,501,645)	(1,606,112)	(5,933,769)	(4,916,228)
EARNINGS PER SHARE (€)					
Income after taxes, investments, before depreciations, and prov.	0.65	(0.79)	0.84	(1.30)	(2.08)
Income after taxes, investments, depreciations, and provisions	0.18	(2.72)	(1.25)	(4.61)	(3.82)
PERSONNEL					
Average number of employees	193	168	183	200	190
Payroll (€)	5,278,210	4 675,161	5,113,233	5,293,518	4,942,017
Benefits (€)	2,102,063	1,938,718	2,031,254	1,984,436	1,728,995

20.5.5 Investment Securities Inventory (Egide SA)

Securities entered on the asset side of Egide Corporation's balance sheet on December 31 2010 are detailed in the table below:

Amounts in euros	Quantity	Net Value
Long-Term Investments		
Egide USA LLC Shares	-	0
Egima Shares	14,800	0
Egide UK Ltd Shares	657,064	0
Long-Term Investment Subtotal		**0**
Short-Term Investments		
SICAL Etoile Jour Sécu	15	57,447
SICAV Etoile Euro Cash flow	3	621,806
SICAV Etoile CT Institution	5	45,581
Term Deposit		300,683
Short-Term Investment Subtotal		**1,025,517**
Total Net Book Value		**1,025,517**

20.6 Other financial information

In terms of activity, Egide has achieved during the first quarter of 2011 unaudited consolidated sales of 7.0 million euros, a slight increase over the previous quarter and a growth of over 30% compared to the first quarter of fiscal year 2010. The breakdown by market is the following: 50% of sales during the quarter in the military and space sectors; 27% in industrial applications; and 23 % in the telecommunications sector.

20.7 Dividend Payment Policy

No dividend has been paid in the last 3 fiscal years. The company intends to continue to allocate all available funds to the financing of its business and its growth, and as a result, it does not intend to pay dividends in 2011.

20.8 Judicial and Arbitration Proceedings

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

20.9 Significant Changes in the Financial or Business Position

On the date of this reference document, no other significant change of the group's financial or trading position has occurred since 31 December, 2010.

21 COMPLEMENTARY INFORMATION

21.1 Share Capital

21.1.1 Number of Shares and Their Par Value

On December 31, 2010, share capital was 12,862,750 euros, decomposable into 1,286,275 shares at 10 euros par value. There is only one category of shares, except in the special case of double-vote shares mentioned in paragraph 18.3. Share capital is paid in full. There is no encumbrance, lien or pledge on the company's capital.

21.1.2 Authorized Capital Not Issued

The summary table of the jurisdiction delegations of authority granted by the general assembly of the Board of Directors concerning the capital increases at March 31, 2011 is as follows:

	General assembly date	Expiration Date of Delegation	Authorized amount	Use of delegations during the previous years	Use of delegations during the course of the financial year	Residual amount on the day of the establishment of the present table
Approval of the capital increase and maintaining a preferential subscription rights	06/19/2009	08/18/2011	*Shares* €10,000,000 *Corporate Notes* €100,000,000	No	No	*Shares* €10,000,000 *Corporate Notes* €100,000,000
Approval of capital increase with the removal of the preferential subscription rights	06/19/2009	08/18/2011	*Shares* €10,000,000 *Corporate Notes* €100,000,000	No	No	*Shares* €10,000,000 *Corporate Notes* €100,000,000
Approval of increase of the number of titles to issue in case of capital increase with or without preferential subscription rights	06/19/2006	08/18/2011	15% of the initial amount of the increase	No	No	-
Authorization to increase capital through an offer referred to in Article L. 411-2 II of the Monetary and Financial Code	05/28/2010	07/27/2012	Maximum specific amount in the resolution with removal of preferential subscription rights and 20% of share capital per year	No	No	-
Authorization to issue stock options	05/28/2010	07/27/2013	5% of the capital	Yes	Yes	0.69% of the capital

The resolution delegating to the Board of Directors the authority to increase capital by issuing shares reserved to employees belonging to a savings plan instituted by the company was rejected, at the Board of Directors' request, by the general meeting on June 19, 2009 and the one on May 28, 2010.

21.1.3 Potential Capital

Authorization to issue stock options

The general meeting of June 20, 2010 authorized the Board of Directors to issue stock options within the limit of 5% of share capital. The subscription price must at least be equal to the average of the prices quoted in the last 20 Stock Market sessions preceding the Board of Directors' meeting, reduced by 5%. This authorization is valid for a period of 38 months.

The plans in effect on March 31, 2011 are described in § 17.3.

21.1.4 Changes in Share Capital

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

Date	Transaction	Capital Increase (€)	Capital Reduction (€)	Premium (€)	Total Number of Shares	Nominal of shares	Amount (€)
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	10 €	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

(1) Cash contributions
(2) Amount contributed in kind: €158,851.88 (F1,042,000)
(3) Of which compensation with accounts receivable: €137,204.12 (F900,000)
(4) Reduction of par value from €15.24 (F100) to €9.15 (F60)
(5) Introduction to the New Market of the Paris Stock Exchange – Visa COB n° 99-775, June 7, 1999
(6) Exercise of stock options following the death of an owner.
(7) Increase in cash capital - Visa COB n° 00-884, May 26, 2000
(8) Increase in cash capital - Visa COB n° 00-1844, November 14, 2000
(9) Incorporation of reserves for the conversion of capital into euros, taking the share value from €9.15 (F60) to €10 (F65.5957).
(10) Exercise of stock options during fiscal year 2001
(11) Exercise of stock options during fiscal year 2003
(12) Exercise of stock options during fiscal year 2004
(13) Exercise of stock options during fiscal year 2005
(14) Exercise of stock options on February 28, 2006
(15) Increase in cash capital - Visa AMF n° 06-271, July 21, 2006
(16) Exercise of 36 stock warrants during fiscal year 2006, creating 9 new shares.
(17) Exercise of 1,152 stock warrants during fiscal year 2007, creating 288 new shares.
(18) Exercise of 12 stock warrants during fiscal year 2008, creating 3 new shares.
(19) Exercise of 612 stock warrants during fiscal year 2009, creating 153 new shares.

The company does not own any of its own shares. The same is true for the subsidiaries, who do not own any parent company shares.

21.1.5 Changes in the Last Three Years

The following table shows the changes in capital, by percentage and voting rights, in the last three years:

	Position on 12/31/10			Position on 12/31/09			Position on 12/31/08		
	No. of Shares	% of Capital	% of Voting Rights	No. of Shares	% of Capital	% of Voting Rights	No. of Shares	% of Capital	% of Voting Rights
Executives	2,512	0.20	0.34	2,512	0.20	0.34	2,512	0.20	0.34
FCPR 21 and 21 Esenga	217,152	16.88	26.42	217,152	16.88	26.42	217,152	16.88	26.39
Public	1,066,611	82.92	73.24	1,066,611	82.92	73.24	1,066,458	82.92	73.27
Total	**1,286,275**	**100.00**	**100.00**	**1,286,275**	**100.00**	**100.00**	**1,286,122**	**100.00**	**100.00**

21.2 Articles of Incorporation and By-Laws

21.2.1 Company Purpose

The company has as its purpose (article 2 of the By-laws):

- The design, fabrication, import, export, and marketing of all forms of electronic packaging, standard-type or custom made.
- In the above domains, the acquisition and management of interests and direct or indirect participation by all means in any company or enterprise created or to be created, notably by means of company creation, contribution, subscription to or acquisition of shares, welfare rights or other titles, merging, silent partnership, and by any other means or in any other form used in France or overseas.
- And in general, any transaction of any nature, transferable or non-transferable, that could be directly or indirectly connected with its purpose or liable to facilitate its development or realization.

21.2.2 Administrative Body

Article 13 of the By-Laws: "The company is administered by a Board of Directors composed of at least three members and at most 18 members, subject to legal derogations provided for in case of merger. The duration of their term is six years. Every board member is re-electable."

Article 14 of the By-laws (subject to the approval of the 12th resolution proposed at the general meeting of May 13, 2011): "Directors must own ONE share at least. Directors appointed while at the company might not be shareholders at the time of their nomination but must become so within a three-month time period, on the lapse of which they will be terminated from office."

Article 15 of the By-Laws: "The Board of Directors names, among its members, who are natural persons, a President, whose term of office it limits so that it does not exceed his term of office as Director. No person can be appointed President of the Board of Directors if he is over 65. If the President is beyond that age, he is terminated from office after the next board meeting. The board can also nominated a secretary, even outside of its membership. In case of the President's absence or incapacity, the board designates, at each meeting, one of the members in attendance to preside over the meeting. The President and the secretary can always be re-elected."

Article 16 of the By-Laws: "The Board of Directors will meet as often as necessary and at least once a year. The members are called to the meetings by all means necessary, even verbally. A roster is kept that is signed by Directors attending the meeting. Discussions are held under the quorum and majority requirements provided for by the law. In the case of a tie vote, that of the presiding member of the meeting takes precedence. Minutes are prepared and copies or extracts of the proceedings are delivered in accordance with the law. Except when the Board is convened to proceed with operations referred to in Articles L. 232-1 and L. 233-16, the internal rules may provide that the participating directors are deemed to be present at the meeting by videoconference or telecommunication, for quorum and majority purposes, allowing their identification and ensuring their effective participation of which the nature and conditions of application are determined by decree in the Council of State."

Article 17 of the By-Laws: "The Board of Directors determines the orientation of the company's operations and monitors their implementation. Subject to the powers expressly assigned by law to shareholders' meetings and within the limits of the corporate purpose, it addresses every question affecting the smooth operation of the company and regulates by its deliberations the affairs that concern it. The Board of Directors at all times implements the controls and verifications that it deems opportune. Each Director must receive the information necessary to the accomplishment of his mission and can obtain from executive management all the documents that he considers useful."

21.2.3 Rights Attached to Company Shares

Article 9 of the By-Laws (form of shares): "From the entire paying up of shares, they are either registered or transferable, at the holder's choice, subject to the regulations in force."

Article 10 of the By-Laws (disposal and transmission of shares - book based shares - transfer of ownership of securities): "The shares, whatever their form, are book based and kept according to the effective prescribed terms and conditions. The listed securities are freely transferable and are transmitted by account-to-account transfer by way of a stock transfer order. The company is entitled to request at any time, in accordance with the provisions in Articles L.228-2 and L.228-3 of the Commercial code, against payment at its expense, to the body responsible for the compensation of securities, the name or, if it is a body corporate, the year of incorporation and the address of the securities holders conferring an immediate or fixed-term voting right in its own meetings of shareholders, as well as the quantity of securities held by each of them, and, if necessary, the restrictions with which the securities may be subjected to."

Article 11 of the By-Laws (extract): "Every share, in the absence of distinct categories of shares, or conversely, every share in the same category, entails the right to a net proportional share of the quantity of capital that it represents, in the benefits or reserves or in corporate assets, on any distribution, amortization, or allocation, and this according to the conditions and procedures possibly stipulated in these by-laws. In addition, it provides the right to a vote and to representation in general meetings under legal and statutory conditions. Shareholder are only responsible up to the limit of the par value of the shares that they possess; beyond that, any call is forbidden. The rights and obligations attached to the share follow the title, regardless of the hands it passes through. Share ownership requires full adherence to the company's by-laws and to the decisions of the general meeting. Heirs, creditors, claimants, or other shareholder representatives cannot require the sealing of the possessions and wealth of the company, nor demand a share or require their auction, nor intermeddle with the acts of its administration; to exercise their rights, they must refer to an inventory and to the decisions of the general meeting. Each time that it is necessary to hold several shares to exercise a given right, in the case of exchange, regrouping, or allocation of securities, or as the result of an increase or reduction in capital, merging or other company transaction, owners of a single share or of a number lower than that required cannot exercise these rights except on condition that they make the regrouping their personal affair and possibly the purchase and sale of the necessary securities. Unless prohibited by law, there will be a common fund of all shares of all exemptions or fiscal imputations, as with all taxation liable to be assumed by the company, before undertaking any allocation or reimbursement during the life of the company or in the event of its liquidation, so that, taking into account their respective par value and use, all shares in the same category receive the same net amount."

21.2.4 Modification of Rights Attached to Company Shares

Article 29 of the By-Laws: "The extraordinary general meeting can modify all provisions of the by-laws and notably decide the transformation of the company into a company of another civil or commercial form. It cannot, however, increase the shareholders' commitment, with the exception of transactions resulting from a regular regrouping of shares. It does not deliberate conclusively unless the shareholders who are present or represented, possess at least, on first convocation, a quarter and, on second convocation, a fifth of the shares with voting rights. Failing that, the second meeting can be postponed to a later date-not longer than two months at the most from the date of convocation. It adjudicates on a two-thirds majority of the votes of the shareholders who are present or represented. By legal dispensation of the preceding dispositions, the general meeting that decides on a capital increase by means of incorporation of reserves, benefits, or premiums, can rule on the conditions for a quorum and a majority for an ordinary general meeting. In addition, in extraordinary general meetings that are constitutive in form, i.e., called to deliberate on the approval of a contribution in kind or the granting of a particular benefit, neither the contributor nor the beneficiary has the right to speak or vote, for himself or as a proxy holder."

21.2.5 General Meetings

Article 22 of the By-Laws: "Shareholder decisions are made in the general meetings. Ordinary general meetings are those called to make decisions that do not modify the by-laws. Extraordinary general meetings are called to decide or authorize direct or indirect modifications to the by-laws. Special general meetings call together the holder of shares in a single determined category to deliberate on a modification of share rights in that category. General meeting deliberations obligate all shareholders, even those who are absent, dissident, or incapable."

Article 23 of the By-laws (subject to the approval of the 12th resolution proposed at the general meeting of May 13, 2011): "General meetings are called either by the Board of Directors, or by default, by the auditors, or by a corporate officer designated by the President of the civil court rendering summary judgment at the conditions of Article L.225-103 of the French Commercial Code. During liquidation, the meetings are called by the liquidator(s). The shareholders are convened under the conditions provided for by the regulations in force. The shareholders are convened under the terms and conditions provided in the regulation in force. For at least thirty-five (35) days before the shareholders' meeting, the company is held to publish in the "Bulletin des Annonces Légales Obligatoires" (BALO) a notice containing information referred to in Article R. 225-73 of the French Commercial Code."

Article 24 of the By-laws (subject to the approval of the 12th resolution proposed at the general meeting of May 13, 2011): "The agenda meeting is decided by the leader of the convocation. One or several shareholders, representing at least a quota of the shareholders' equity and acting under the conditions and time frames fixed by law, have the ability to request, by certified letter with return receipt, the entry on the meeting agenda of projects and resolutions other than those concerning the presentation of candidates to the Board of Directors. The assembly cannot decide on a question that is not entered into the agenda. It can, however, under any circumstances, recall one or several Directors and proceed to replace them."

Article 25 of the By-Laws: "Every shareholder has the right to attend general meetings, personally or by proxy, regardless of the number of shares he has, merely by proving his identity and signing the company register, in his capacity as shareholder, on the third working day preceding the general meeting at midnight, Paris time. Any shareholder can also vote by mail, by using a form developed by the company and furnished to shareholders on request; to calculate the quorum, only forms received at least three days before the general meeting date will be counted."

Article 27 of the By-Laws: "In ordinary and extraordinary general meetings, the quorum is calculated based on the total number of shares that make up share capital, and in special general meetings, on the total number of shares in the category in question, net of shares that do not have voting rights under the law. The voting right attached to capital shares or dividend shares is proportional to the amount of capital it represents and each share gives the right to one vote. However, the right to double voting from that conferred to other shares, taking into account the lot of share capital that they represent, is assigned to all fully paid shares for which a nominal registration will be justified for two years at least in the name of the same owner who requested the nominal registration of these shares. In addition, in the case of capital increase by incorporation of reserves, benefits or premiums, the right to a double vote is conferred, from their issuance, on nominal shares freely assigned to a shareholder because of old shares that give him this right. Similarly, in case of modification of the par value of the existing shares, the double-voting right is maintained for shares at the new par value that replace the old shares. For the surplus, the double-voting right is acquired, ceases, or is transferred in the cases and under the conditions prescribed by the law. The company cannot vote conclusively with shares it purchases."

Article 28 of the By-Laws: "The ordinary general meeting is convened at least once a year, within six months of year-end to adjudicate the financial statements of this period, unless this time period is prolonged by judicial decision. It does not deliberate conclusively on the first convocation unless the shareholders who are present or represented hold at least a fifth of the shares with voting rights. On the second convocation, no quorum is required. It is based on the number of votes held by the shareholders who are present or represented."

Article 30 of the By-Laws: "If there are several categories of shares, no modification can be made to share rights of one of these categories without the vote of a special meeting open only to the owners of shares in the category in question. Special meetings do not deliberate conclusively unless the shareholders present or represented hold at least, on first convocation, a third, and on second convocation, a fifth of the shares having the right to vote and for which it is envisioned to modify the rights. Failing that, the second meeting can be postponed to a later date-not longer than two months at the most from the date of convocation."

Article 31 of the By-Laws: "Every shareholder has the right to obtain the documents necessary to enable him to declare himself in full knowledge of the facts and capable of making an informed judgment on the management and control of the company. The nature of these documents and the conditions for their transmission is determined by law."

21.2.6 Special Provisions Relative to Change in Control

None.

21.2.7 Breach of Threshold

Article 11 of the By-laws (extract subject to the approval of the 12th resolution proposed at the general meeting of May 13, 2011): "According to provisions of article L.233-7 of the French Commercial Code, any physical person or legal entity acting alone or in concert who possesses a number of shares representing more than a twentieth, a tenth, three twentieths, a fifth, a quarter, three tenths, a third, a half, two thirds, eighteen twentieths or nineteen twentieths of the capital or voting rights must inform the company in a time period set by decree of the French Council of State, starting at the crossing of the participation threshold, of the total number of shares or voting rights it possesses. The information is also given within the same time periods when the equity stakes or voting equity are under the concerned thresholds. In case of non-respect of this obligation, the provisions of article L.233-14 will apply."

21.2.8 Special Provisions for Capital Modification

None.

21.2.9 The Company's Repurchase of Its Own Shares

Article 37 of the By-Laws: "In cases provided for by legal and/or regulatory texts, the ordinary general meeting can authorize the company, for a limited time not exceeding 18 months, to purchase its own shares. This meeting must establish the modalities of the transaction, notably the maximum purchase price, the number of shares to be acquired, and the time frame in which the acquisition must be accomplished."

The General Meeting of May 28, 2010 no resolution was passed to implement a share repurchase program and the level of free reserves not being sufficient, no liquidity contract could be put in place by the company.

21.3 Marketing of Company Securities

Company shares were introduced to the New Market of the Paris Stock Exchange on June 11, 1999. The introductory price was set at 18.30 euros per share. Formerly, they had never been listed in any financial market place, French or foreign. They are currently listed in compartment C of the Eurolist of NYSE Euronext Paris, under the code ISIN FR0000072373.

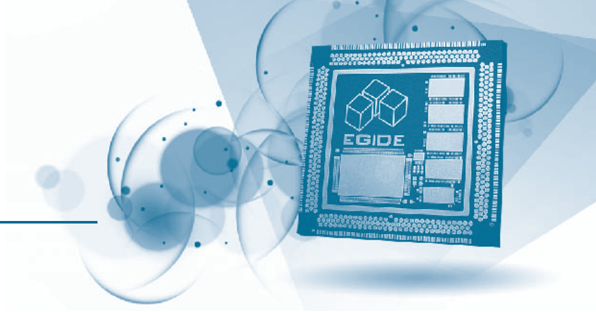
Taking into account the number of shares (1,286,275) comprising capital on December 31, 2010, with a closing price of €5.64 on December 30, 2010, the stock exchange value was €7.25 million.

On March 31, 2011, the company's stock exchange value was €20.13 million (1,286,275 shares at a rate of €15.65).

The table below traces the evolution in the rates and volume of stock transactions in the last 15 months:

	Stock Rate in euros			Average Transaction Volume
	Low	High	Average Closing Rate	Number of Shares
January 2010	8.73	9.79	9.29	296
February 2010	7.90	9.38	8.53	317
March 2010	8.11	8.93	8.49	489
April 2010	8,22	9.50	8.52	598
May 2010	6.32	9.50	7.72	532
June 2010	6.18	7.78	6.63	421
July 2010	5.58	7.03	6.14	936
August 2010	5.31	6.20	5.76	471
September 2010	5.20	6.90	5.82	992
October 2010	5.63	6.56	5.89	407
November 2010	5.70	6.38	6.04	330
December 2010	5.28	5.90	5.61	821
January 2011	5.38	7.20	6.79	1,569
February 2011	6.96	7.92	7.52	1,297
March 2011	8.16	19.40	13.24	11,396

The method of trading Egide's securities on Euronext Paris was until March 31, 2011 a "continuous" quotation. The decision of the method of securities trading on Euronext by the market operator is according to the number of transactions performed each day. The choice of method of "continuous" trades concern securities that have more than 2,500 transactions per year. The securities less traded are eligible for the "fixing" method, that is to say, one or two quotations per day in order to concentrate the liquidity in a time of day and allow an optimal meeting between offer and demand. Indeed, below this number of transactions the method of continuous trading is less efficient. At December 31, 2010, the number of transactions on the title Egide was 1,121 transactions. Accordingly, the method of trading of Egide's securities has been modified according to this criterion, effective April 4, 2011.



21.4 Transfer Project on Alternext

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

22 MAJOR CONTRACTS

In the normal course of affairs, Egide UK signed a long-term contract in May 2010 of 5 years with a major player in the medical sector in the UK. Through this contract worth 1.2 million pounds sterling, the British subsidiary of the group will provide complex components using the technique of metal injection molding (MIM). This agreement marks the recognition of knowledge and expertise of Egide UK.

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

- Egide USA: 5-year commercial contract signed in 2006 with Textron Systems (value: $1 million)
- Egide SA: lease agreement of the building in Trappes (see § 8.1.1)
- Egide SA: lease agreement of the building in Cambridge (see § 8.1.1)
- Egide USA: line of credit based on consumer receivables and the inventory (see § 10.3)
- Egide SA: lease agreement of the building in Bollène (see § 8.1.1)

Besides the above contract, in the past two years, no other long term contract has been signed involving the company or the group.

23 INFORMATION ORIGINATING FROM THIRD PARTIES AND DECLARATIONS OF INTERESTS

None.

24 DOCUMENTS AVAILABLE TO THE PUBLIC

24.1 List of Documents and Consultant Methods

During the term of validity of the Annual Report, the following documents (or copies) can be consulted at the corporate headquarters:

- by-laws
- all reports, mailings, and other documents; historical financial statements; assessments and declarations made by an expert at the issuer's request, parts of which are included or referenced in this Annual Report
- the group's historical financial statements for each of the fiscal years preceding this Annual Report.

24.2 Annual Information Document

In accordance with the Transparency Directive of January 20 2007, the company uses the services of a distributor to ensure the dissemination of all its information.

24.2.1 Press Releases

Press releases are available for download, in French or English, on the company's Web site (www.egide.fr) :

01/18/10	Fiscal Year 2009 Sales
03/08/10	Completion of the disposal/rental transaction of the Bollène site
04/12/10	2009 Annual Income
04/12/10	First Quarter Sales, 2010
04/21/10	Assignment project from Euronext to Alternext
04/27/10	Publication of the 2009 Financial Report
04/27/10	Release of the 2009 Report on Internal Controls
05/21/10	Access to 2009 reference document
05/31/10	Minutes of General Meeting of May 28, 2010
07/09/10	Second Quarter Sales, 2010
07/19/10	A long-term contract for Egide UK
10/19/10	Half-Year income 2010 - Third Quarter Sales, 2010
10/21/10	Access to the 2010 Half-Year Financial Report
11/15/10	Rohylab Project
01/17/11	Fiscal Year 2010 Sales
03/08/11	Egide presents at OFC its new Telecom Broadband 100 Gbit/s package
04/05/11	2010 Annual Income
04/05/11	First Quarter Sales, 2011
04/07/11	Advanced discussions with the Slicom group regarding Egima's disposal

24.2.2 Annual Reports

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

09/28/01	Annual Report – Fiscal Year 2000
07/30/02	Annual Report – Fiscal Year 2001
06/05/03	Annual Report – Fiscal Year 2002
07/08/04	Annual Report – Fiscal Year 2003
06/14/05	Annual Report – Fiscal Year 2004
06/23/06	Annual Report – Fiscal Year 2005
06/06/07	Annual Report – Fiscal Year 2006
07/07/08	Annual Report – Fiscal Year 2007
07/29/09	Annual Report – Fiscal Year 2008
05/18/10	Annual Report – Fiscal Year 2009
04/21/11	Annual Report – Fiscal Year 2010

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

The following information was published in the BALO (Bulletin des annonces légales obligatoires) and was available on BALO's website (www.journal-officiel.gouv.fr), given that since September 1, 2008 (Decree No. 2008-258 of March 13, 2008 - Official Gazette of March 15, 2008), certain BALO financial publications have been deleted:

04/21/10 05/12/10 06/07/10	Announcement of a Combined General Meeting Announcement of the Convocation of a Combined General Meeting Allocation of FY 2009 Income
04/08/11 04/27/11	Notice at the General Meeting Announcement of the Convocation of a Combined General Meeting

24.2.4 Financial Transactions

None.

24.3 Preliminary Calendar of Financial Documents to Be Released

Date	Information	Communication
April 5, 2011	Accounts presentation for the fiscal year 2010	SFAF Meeting
April 5, 2011	First Quarter Sales, 2011	Press Release
April 21, 2011	Annual Report - Fiscal Year 2010	Filed with AMF
May 13, 2011		General Meeting
July 12, 2011	Second Quarter Sales, 2011	Press Release
Not defined	Half-Year income 2011	SFAF Meeting
October 11, 2011	Third QuarterSales, 2011	Press Release
January 10, 2012	Fourth Quarter Sales, 2011	Press Release

25 INVESTMENT INFORMATION

See § 7.2 - List of Subsidiaries

See § 20.3.2.4.3.22 - Concerning Affiliates and Investments

26 DRAFT RESOLUTIONS PROPOSED TO THE COMBINED GENERAL MEETING OF MAY 13, 2011

ORDINARY AGENDA

- Reading of the management report on fiscal year transactions, corporate financial statements, and consolidated financial statements closed on December 31, 2010.
- Reading of the President's report on the conditions for preparation and organization of the Board of Directors' activities and the internal control procedures implemented by the company
- Reading of the auditors' reports on the completion of their mission, on the internal control procedures, and on the agreements referred to in article L.225-38 of the French Commercial Code
- Reading of the Board of Directors' special report on stock options
- Approval of the Corporate Financial Statements,
- Approval of Agreements Discussed in Article L.225-38 of the French Commercial Code
- Approval of result appropriation
- Approval of the Consolidated Financial Statements,
- Approval of the President's report on the preparation and organization conditions of the Board of Directors' work and on the internal control procedures implemented by the company and the auditors' report prepared in accordance with the provisions of Article L . 225-235 of the French Commercial Code,
- Approval of the Board of Directors' special report on stock options
- Renewal of a Director's mandate,
- Nomination of new directors,
- Allocation of Directors' fees
- Formality powers.

EXTRAORDINARY AGENDA

- Reading of the report of the Board of Directors,
- Reading of the auditor's special reports,
- Compliance of statutes with existing legal provisions,
- Delegation of authority to increase capital with maintenance of the preferential subscription right,
- Delegation of authority to increase capital with suppression of the preferential subscription right,
- Delegation of authority to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with or without preferential subscription right,
- Delegation of authority to increase the capital to the employees' benefit,
- Formality powers.

ORDINARY RESOLUTIONS

FIRST RESOLUTION - Approval of the Corporate Financial Statements

The general assembly, after having heard the reading of the reports of the board and the auditors on fiscal year ending December 31, 2010, approves, as presented, the annual corporate financial statements closed on that date, culminating in a benefit of 232,510.14 euros.

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

The general assembly discharges the board upon the execution of duties for the past fiscal year. It also discharges the auditors upon the accomplishment of their mission.

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

The general assembly, after having heard the reading of the auditors' special report on agreements within the scope of the provisions in article L.225-38 of the French Commercial Code, approve each one of these agreements, the persons concerned not having taken part in the voting.

THIRD RESOLUTION - Result Appropriation Approval

The general assembly, at the recommendation of the Board of Directors, has decided to appropriate the fiscal year benefit of 232,510.14 euros in the following manner:

- account assignment under " Balance carried forward " for the totality

In compliance with the provisions of article 243 bis of the French Tax Code, it is noted that no dividend has been paid for the three preceding fiscal years.

The general assembly acknowledges that owner's equity remains lower than the share capital.

FOURTH RESOLUTION - Approval of Consolidated Financial Statements

The general assembly, after having heard the reading of the reports of the board and the auditors on fiscal year ending December 31, 2010, approves, as presented, the annual corporate financial statements closed on that date, culminating in a benefit of 656,578.60 euros.

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

The general assembly, after having heard the reading of the President of the Board of Directors' report on the conditions for preparation and organization of the Board of Directors' activities and the internal control and risks management procedures implemented by the company, in accordance with the provisions of article L.225-37, paragraph 6 of the Code of Commerce, and of the auditors' report on said report, approves said reports.

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

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

SEVENTH RESOLUTION - Renewal of a Director's mandate

The General Assembly, noting that the term of office of Mr. Philip Brégi expires on this day, decides, on a proposal of the Board, to renew the term of the latter for a period of six years, that is to say, until the end of the ordinary general meeting to be called in 2017 regarding accounts for the year ending December 31, 2016.

EIGHTH RESOLUTION - Appointment of a new Director

The General Assembly, noting that the term of office of Mr. Albert Zylbersztejn expires on this day and that he does not wish to renew his mandate, decides on a proposal of the Board, to appoint a new Director for a period of six years expiring at the end of the meeting of the Ordinary General Meeting to be held in the year 2017 to approve the accounts for the year ending December 31, 2016:

Mrs. Catherine Gerst
Born on December 12, 1957 in Toulon (83)
Residing at 7 rue Saint Lazare in Paris (75009)

NINTH RESOLUTION - Appointment of a new Director

The General Assembly, on recommendation of the Board of Directors, decides to appoint a new Director for a term of six years expiring at the end of the Ordinary General Meeting to be held in the year 2017 to approve accounts for the year ending December 31, 2016:

Mr. Vincent Hollard
Born on September 8, 1929 in Montrouge (92)
Residing at 47 boulevard Beauséjour in Paris (75116)

TENTH RESOLUTION – Allocation of Directors' Fees

The general assembly has decided to assess the total amount of fees to be apportioned among the Directors for current fiscal year at 24,000 euros.

ELEVENTH RESOLUTION - Formality Powers

The general assembly confers all powers on the bearer of a copy or an extract of the minutes of the present deliberations to accomplish all legal publicity formalities.

EXTRAORDINARY RESOLUTIONS

TWELFTH RESOLUTION - Compliance of statutes with existing laws and regulations and consequential amendment of the statutes

The General Assembly, having taken cognizance of the report of the Board of Directors, resolves to amend articles 11, 14, 20, 23 and 24 of the statutes in order to bring them in compliance with existing laws and regulations:

Article 11 - Rights and obligations attached to shares

The threshold of three tenths is inserted into the 8th paragraph relating to crossing of thresholds.

Article 14 - Shares of directors

In the 2nd paragraph, the period of 3 months given to a Director to become a shareholder is increased to 6 months.

Article 20 - Agreements between the company and a Director or CEO

In the 2nd paragraph, the 5% threshold mentioned is increased to 10%. The last paragraph is entirely replaced by the following text:

"However, these agreements must be submitted by the applicant to the Chairman of the Board, except when, because of their object or their financial implications, they are not significant for either party. The list and the object of said agreements are provided by the Chairman of the Board to members of the Board of Directors and to auditors."

Article 23 - Convening meetings

The 1st paragraph is entirely replaced by the following text:

General meetings are called either by the Board of Directors, or by default, by the auditors, or by a corporate officer designated by the President of the civil court rendering summary judgment at the conditions of Article L.225-103 of the French Commercial Code."

The last paragraph is entirely replaced by the following text:

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

Article 24 - Agenda

The 2nd paragraph is entirely replaced by the following text:

"One or several shareholders, representing at least a quota of the shareholders' equity and acting under the conditions and time frames fixed by law, have the ability to request, by certified letter with return receipt, the entry on the meeting agenda of projects and resolutions other than those concerning the presentation of candidates to the Board of Directors."

THIRTEENTH RESOLUTION – Delegation of authority to increase the capital with maintenance of the preferential subscription right.

The General Meeting, after having taken notice of the Board of Directors' report and the auditors' special report, and pursuant to the provisions of L.225-129, L.225-129-2, L.225-130 and L.228-92 of the French Commercial Code:

• delegates to the Board of Directors, the necessary authority to increase the capital, in one or several times, to the extend and in a timeline that it sees fit, both in France and abroad, by issuing common stock or securities providing immediate or fixed-term access, to the capital and/or by capitalization of reserves, profits or premiums,

• decides that the nominal amount of the capital increase likely to be realized immediately and/or at a fixed term, by virtue of the present delegation, cannot exceed ten million (10,000,000) euros or a counter-value of this amount in the event of the issuance in other currencies, amount to which the possible nominal amount of shares will be added, over and above, to preserve the rights of the security holders that confers title to the company's stock, according to the law, as well as to the applicable contractual terms and conditions, if need be. The nominal amount of the issued or to be issued shares will be applied against this authorized amount, pursuant to the 14th Resolution of the present meeting,

• it also decides that the nominal amount of the debt securities providing access to shares and likely to be issued pursuant to the present delegation cannot exceed one hundred million (100,000,000) euros or the counter-value of this amount in the event of the issuance in other currencies. The nominal amount of the debt securities to be issued by virtue of the 14th Resolution of the present meeting will be applied against this amount,

• decides that the total amount of capital increase resulting from the capitalization of reserves, premiums and profits or other, as per above, increased by the necessary amount to preserve, according to the law, the rights of the security holders that confers title to shares and irrespective of the overall ceilings of the fixed capital increases as per the present Resolution and the 14th Resolution of the present meeting, cannot exceed the overall amount of sums that could be included,

• decides that the shareholders can exercise, as per statutory requirements, their irrevocable preferential subscription right. Furthermore, the Board of Directors will be able to vest the shareholders with an irrevocable subscription right to a number of securities higher than the one they could irrevocably subscribe to, proportionately to the subscriptions rights that they have available, at any time during the course of the proceedings, within the limits of their request,

• decides if the irrevocable subscriptions, and, if the need be, the revocable subscriptions, have not absorbed the entire securities issue, the Board of Directors may use, in the order it will see fit, one and/or the other of the following authorities:

- *Limit the issue to the amount of subscriptions under the condition that it reaches at least the three quarters of the determined issue*
- *Freely distribute all or part of the unsubscribed securities*
- *Offer the public all or part of the unsubscribed securities*

• decides that the company's equity warrants issue likely to be realized, could occur either by an offer of subscription as per above terms, or by free allotment to the owners of old shares,

• recognizes and decides, as may be necessary, that this delegation prevails as of right to the benefit of holders of securities giving access to shares of the company, which may be issued, providing shareholders' waiver to their preferential subscription right to shares to which these securities give a right,

• decides that the Board of Directors will always have all the powers, with an option of subdelegating to the Chief Executive Officer, according to the conditions provided by the law, to implement the present delegation, for the purpose of determining the dates and terms of the issues, as well as the form and characteristics of the securities to create; decides of the issue price and conditions, fixes the amounts of the issue, determines the dated date, even if retroactive to the date of securities to be issued, and if need be, the conditions of their redemption; if necessary, suspends the exercise of the right of allotment of the company's shares attached to the securities to be issued during a time period that cannot exceed three months; settles the terms according to which the preservation of the rights of the security holders, if need be, will be assured, providing fixed-term access to the company's shares, and this, in accordance with the legal and statutory provisions; proceeds, if need be, to any allocation of the share premium(s) and in particular, to the expenses incurred for the issues; takes all useful provisions and concludes all agreements in order to bring the anticipated issues to a finality and takes note of the capital increase(s) resulting from any issue realized from the use of the present delegation and correspondingly amends the Articles of incorporation.

In the event of a debt securities issue, the Board of Directors will have all the powers to decide if they are subordinated or not, it will set their interest rate, their duration, the price of the fixed or variable redemption with or without premium, the terms of liquidation on the basis of the market conditions and the conditions by which these securities will give a right to the company's shares.

The delegation thus conferred to the Board of Directors is valid for a period of twenty-six months with effect from the date of the present meeting and replaces the present delegation authorized by the Combined General Meeting of June 19, 2009.

FOURTEENTH RESOLUTION - Delegation of authority for capital increase with the suppression of the pre-emptive right of subscription.

The General Meeting has heard the Board of Directors' report and the auditors' special report and in accordance to the provisions of Articles L.225-129 L. 225-129-2, L.225-135 and L.228-92 of the French Commercial Code:

- delegates the necessary authorities to the Board of Directors for the purposes of a capital increase by way of a public offer, in one of several times, to the extend and in a timeline that it sees fit, both in France and abroad, by issuing common stock or securities providing immediate or fixed-term access to the capital,

- decides that the nominal amount of the capital increase likely to be realized immediately and/or at a fixed term, by virtue of the present delegation, cannot exceed ten million (10,000,000) euros or the counter-value of this amount in the event of the issuance in other currencies, amount to which the possible nominal amount of shares will be added, over and above, to preserve the rights of the security holders giving a right to the company's stock, according to the law and the applicable contractual terms and conditions, if need be. It is put forth that this amount will be applied against the overall ceiling amount provided in the 13th Resolution of the present Meeting,

- decides that this capital increase can result in the exercise of the right of allotment, by means of conversion, exchange, redemption, bond presentation or any other way, resulting from all the securities issued by any company that the company holds, directly or indirectly, more than one half of the capital, and with the understanding of the latter,

- also decides that the nominal amount of the debt securities providing access to the capital and likely to be issued by virtue of the present delegation, cannot exceed one hundred million (100,000,000) euros or the counter-value of this amount in the event of an issuance in other currencies. It is put forth that this amount will be applied against the overall ceiling amount provided in the 13th Resolution of the present Meeting,

- decides to suppress shareholders' preferential subscription right to the securities to be issued, on the understanding that in consideration of this, the shareholders will benefit from a priority to subscribe all or part of the issued securities for a time period and according to the terms that will be decided by the Board of Directors, in compliance with the regulation in force at the time of the decision. This subscription priority will not give rise to the creation of negotiable rights,

- decides that if the shareholders' and the public's subscription absorbed the entire securities issue, the Board of Directors may use, in the order it sees fit, one or the other following authorities:

  - *Limit the issue to the amount of subscriptions under the condition that it reaches at least the three-quarters of the determined issue*
  - *Freely distribute all or part of the unsubscribed securities*

- recognizes and decides that this delegation prevails as of right to the benefit of the securities holders giving access to company shares in the long term, which may be issued providing shareholders' waiver to their preferential subscription right to shares to which these securities give a right,

- decides that, in the event of immediate or fixed-term issue of shares issued for cash, the sum to be returned or that should be returned to the company for each of the issued shares, as per the present delegation, after consideration of a possible issue of stock purchase warrants of the subscription price of the said share warrants will equal to (a) the weighted average of the rate of exchange of the last three trading sessions prior to the price fixing of the issue, possibly reduced by a maximum discount of 5%, or (b) at the minimum fixed value according to the applicable legal and statutory provisions at the time of the use of the present delegation, if it be different,

- decides that the Board of Directors will have all powers, with the option of subdelegating to the Chief Executive Officer, according to conditions provided by law, to implement the present delegation, for the purposes of determining the dates and terms of the issues, as well as the form and characteristics of the securities to create; decides the issue price and conditions, fixes the amounts of the issue, determines the dated date, even if retroactive to the date of securities to be issued, and if need be, the conditions of their redemption; suspends, if appropriate, the exercise of the right of allotment of the company's shares attached to the securities to be issued during a time period that cannot exceed three months; settles the terms according to which the preservation of the rights of the security holders, if need be, will be assured, providing fixed-term access to the company's shares, and this, in accordance with the legal and statutory provisions; proceed, if need be, to any allocation of the share premium(s) and in particular to the expenses incurred for the issues; takes all the useful provisions and concludes all agreements in order to bring the anticipated issues to a finality and takes note of the capital increase(s) resulting from any issue realized from the use of the present delegation and correspondingly amends the Articles of incorporation.

In the event of a debt securities issue, the Board of Directors will have all the powers to decide if they are subordinated or not, it will set their interest rate, their duration, the price of the fixed or variable redemption with or without premium, the terms of liquidation on the basis of the market conditions and the conditions by which these securities will give a right to the company's shares.

The delegation thus conferred to the Board of Directors is valid for a period of twenty-six months with effect from the date of the present meeting and replaces the present delegation authorized by the Combined General Meeting of June 19, 2009.

FIFTEENTH RESOLUTION - Delegation of authority to give to the Board of Directors for the purposes of increasing the number of securities to be issued in the event of a capital increase with or without a preferential subscription right.

The General Meeting has heard the Board of Directors' report and the auditors' special report, and in compliance with Article L.225-135-1 of the French Commercial Code:

- delegates to the Board of Director its authority with the option to subdelegating in compliance with the terms prescribed by the law, to decide to increase of the number of securities to be issued in the event of a company's capital stock increase with or without a preferential subscription right, at the same price as the one retained for the initial issue, within the time periods and limits provided by the applicable regulation on the day of issue (to date, within thirty days from the subscription closing and within the limit of 15% of the initial issue), in particular, with the view of granting an over-allocation option as per market practices. The use of the extension clause in connection with a capital increase with maintenance of the preferential subscription right only benefitting shareholders and/or assignees of preferential subscription rights who have requested a subscription subject to allocation;

- decides that the nominal amount for the capital increases decided within the present Resolution will be applied against the applicable overall ceiling amount at the initial issue or on the overall ceiling provided in the 13th Resolution of the present Meeting.

The delegation thus conferred to the Board of Directors is valid for a period of twenty-six months with effect from the date of the present meeting and replaces the present delegation authorized by the Combined General Meeting of June 19, 2009.

SIXTEENTH RESOLUTION – Delegation of authority to increase the capital for the benefit of the employees

The General Meeting, as a result of the delegations of authority set out in the 13th and 14th Resolutions, after having heard the Board of Directors' report and the auditors' special report, as per the provisions in Articles L. 3332-18 to 24 of the Labor Code and of Article L. 225-138-1 of the French Commercial Code, and in compliance with the provisions of Articles L. 225-129-2 and L. 225-129-6 of the French Commercial Code, authorizes the Board of Directors to increase the company's capital, in one or in several times, and upon its own decisions, with the issue of shares issued for cash reserved to employees who accede to the savings plan set up by the company.

It determines the maximum ceiling for an increase in capital that could be of 1% of the current company's capital, putting forth that this amount will be applied against the maximum ceiling of the capital increase set out in the 13th Resolution of the present Meeting.

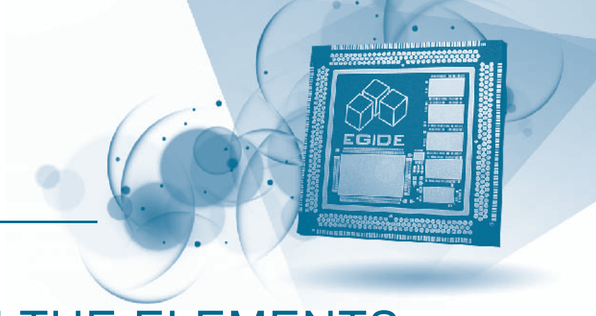
The subscription price will be fixed by the Board of Directors without exceeding the average of prices quoted in the last 20 Stock Market sessions preceding the day of the Board of Directors' decision, nor be lower than 20%, at most, of this average.

The Meeting decides to suppress the shareholders' pre-emptive subscription right to new shares to be issued for the benefit of employees who accede to the company's savings plan.
This authorization is valid for a period of twenty-six months with effect from the date of the present meeting.

The assembly hereby gives full power to the Board of Directors, with the right of sub-delegation to the Director General under the conditions laid down by law, for the purposes of stopping all the implementation procedures of this delegation, and in particular, determining the issue price of new shares, establishing the opening and closing dates of subscriptions, the dated dates of new shares, the paying up of new shares, ascertaining the execution of capital increase(s), amending the articles of incorporation accordingly, and in general, taking the necessary steps for the implementation of the present delegation.

SEVENTIENTH RESOLUTION - Formality Powers

The general assembly confers all powers on the bearer of a copy or an extract of the minutes of the present deliberations to accomplish all legal publicity formalities.



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EGIDE