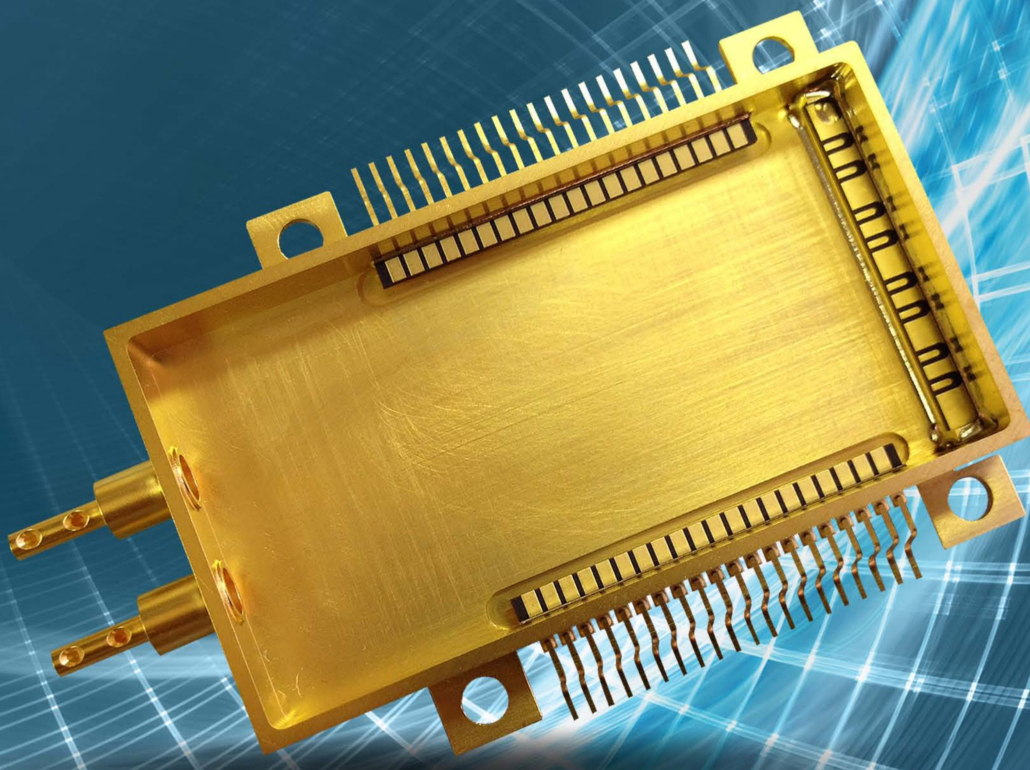
EGIDE



ANNUAL REPORT 2012

INNOVATIVE HERMETIC PACKAGE SOLUTIONS

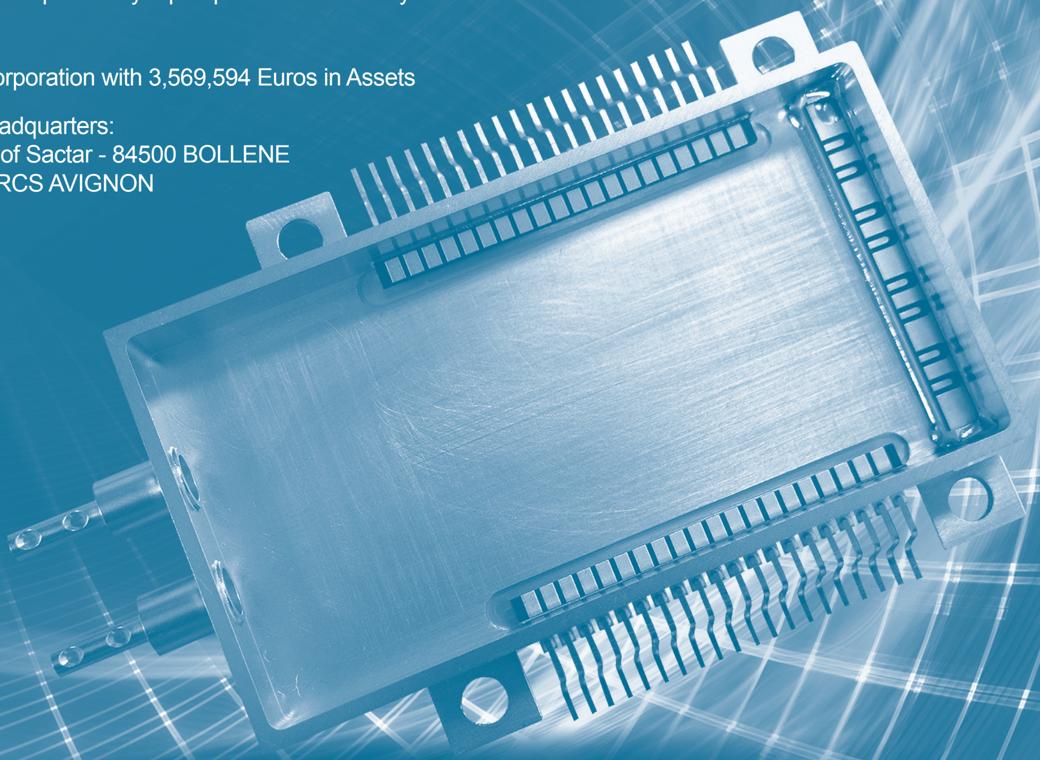
EGIDE

AUTORITÉ
DES MARCHÉS FINANCIERS

This 2012 annual report was filed with the Securities Commission on June 20, 2013 in compliance with Article 212-13 of its General Regulations. This document was prepared by the issuer and commits its signatories. It cannot be used in support of a financial transaction unless it is accompanied by a prospectus validated by the Securities Commission.

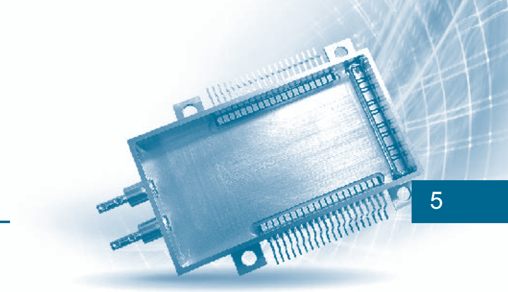
EGIDE - A Corporation with 3,569,594 Euros in Assets

Corporate Headquarters:
Industrial site of Sactar - 84500 BOLLENE
338 070 352 RCS AVIGNON



ANNUAL REPORT **2012**

INNOVATIVE HERMETIC PACKAGE SOLUTIONS



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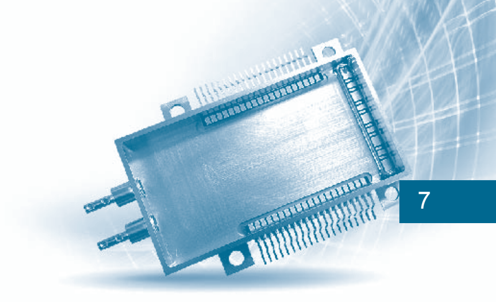
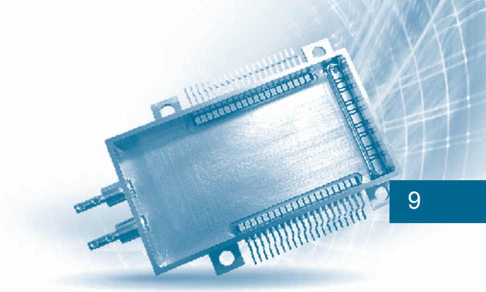




1 RESPONSIBLE PARTIES

1.1 Responsible Party for the document information

Mr. Philippe Brégi, Chief Executive Officer

1.2 Declaration of the Responsible Party

I attest, after having taken every reasonable measure in this matter, that the information contained in this 2012 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 28 reflects a true and fair view of the business development, the income and financial position of the company and all the companies included in the consolidation, as well as a description of the principal risks and uncertainties that they face.

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

The historic financial information presented in this annual report has been subject to reports by legal inspectors, shown in paragraph 20.4 of the aforementioned document, which contains some observations. These observations are presented in the report on the consolidated statements: "Without contesting the opinion expressed above, we draw your attention to the uncertainty relating to continuing the operation shown in the notes 2.1 General principles, 3.1 Significant estimates and accounting judgments and in the paragraph relating to events occurring after the fiscal year end described in the appendices" and in the report on company statements: "Without contesting the opinion expressed above, we draw your attention to the uncertainty relating to continuing the operation shown in notes 1.1 and 2.1 and in the paragraph relating to events occurring after the fiscal year end from the appendix"

Trappes, June 20 2013

Philippe Brégi
Chief Executive Officer

2 STATUTORY AUDITORS

2.1 Statutory Auditors

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

Member of the Regional Association of Statutory Auditors of Paris

Initial appointment date: general meeting of June 19 2009, replacing the resigning firm, JWA.

Renewal: combined general meeting of May 28 2010

Term expiry date: date of ordinary general meeting called to adjudicate accounts for fiscal year ending December 31 2015

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

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 expiry date: date of ordinary general meeting called to adjudicate accounts for fiscal year ending December 31 2012.

The re-appointment of the PriceWaterhouseCoopers Audit company as statutory auditors will be put to the vote at the general meeting (see 11th resolution proposed at the general meeting of June 26 2013 in Chapter 27 of this annual report).

2.2 Deputy Statutory Auditors

MBV & Associés (formerly 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, who resigned. It is stated that the company SYC AUDIT was absorbed via the transfer of all its assets and liabilities by its sole shareholder, the auditing firm MBV & Associés on November 22 2010.

Renewal: combined general meeting of May 28 2010

Term expiry date: date of ordinary general meeting called to adjudicate accounts for fiscal year ending December 31 2015

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

Initial appointment date: 20 June 2007

Term expiry date: date of ordinary general meeting called to adjudicate accounts for fiscal year ending December 31 2012

As Mr. Boris does not seek to renew his mandate, the appointment of Ms. Anik Chaumartin as Deputy Statutory Auditor will be put to the vote at the general meeting (see 12th resolution proposed at the general meeting of June 26 2013 in chapter 27 of this annual report).

2.3 Fees Paid to Statutory Auditors

In compliance with Article 222-8 of the General Regulations of the Regulatory Commission, the fees -excluding taxes- the Egide Group paid to statutory auditors for fiscal years 2011 and 2012 are shown in the table below:

	SYC S.A.S.				PricewaterhouseCoopers Audit			
	Amounts in Euros		%		Amounts in Euros		%	
	2011	2012	2011	2012	2011	2012	2011	2012
Audit								
- Audit, certification, examination of individual and consolidated financial statements	60,000	60,000	97	90	84,946	87,700	100	95
- Other related assignments and other auditing assignments	2,000	7,000	3	10	0	5,000	0	5
Sub-total	**62,000**	**67,000**	**100**	**100**	**84,946**	**92,700**	**100**	**100**
Other Services								
Legal, fiscal, social	-	-	-	-	-	-	-	-
Sub-total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL	**62,000**	**67,000**	**100**	**100**	**84,946**	**92,700**	**100**	**100**

3 Financial Report Highlights

3.1 Consolidated Financial Reports for 2010, 2011, and 2012

Information derived from the consolidated accounts for fiscal years 2010, 2011 and 2012 is provided:

(in thousands of Euros)	2010 IFRS	2011 IFRS	2012 IFRS
Turnover	24,704	26,873	25,595
Operating result	681 *	742 **	(672)
Net result	657 *	620 **	(866)
Non-current assets	1,595	1,915	4,714
Cash Reserves	1,677	1,142	1,131
Financial Debt	2,928	2,663	4,238
Financial debts of the liabilities pertaining to assets held for sale	490	394	0
Equity Capital	2,901	3,435 **	4,711
Total Assets	13,203	12,492 **	14,116

** Including 0.9 million Euros of real estate capital gains*
*** Correction of an error of 53 thousand Euros on 12/31/2011 (valuation of Egide UK stocks)*

In compliance with EC Regulation No. 1606/2002 dated July 19 2002, the Egide group presents its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union. This comprehensive basis of accounting includes the IFRS and IAS (International Accounting Standards), and their interpretations applicable as of December 31 2012.

IFRS 5 which concerned the subsidiary Egima, for which Egide SA has been seeking a purchaser for all the company shares or industrial assets since June 30 2009, no longer applies at December 31 2012 as the operation can no longer be considered as highly probable within a twelve month deadline.

The nature of the operation led in 2011 to the separate recording of the assets in Egima's balance sheet under "Non-current assets held for sale". The subsidiary's debts were recorded separately under "Liabilities relating to assets held for sale". Egima's result was included in each corresponding item of the combined comprehensive income statement in 2010 and 2011.

As IFRS 5 is no longer being applied, the assets and liabilities of Egima in existence on December 31 2012 are presented in the corresponding category of the statement of the financial position on this date.

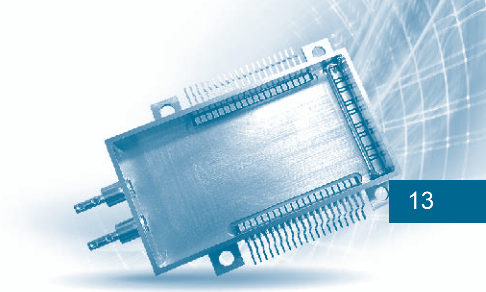
This set of standards and their interpretations are commonly called IFRS standards or simply "IFRS". The group's financial statements for December 31 2012 are the eighth published in accordance with the IFRS.

3.2 Financial Reports (annual accounts) 2010, 2011 and 2012

Information derived from the yearly accounts for fiscal years 2010, 2011 and 2012 is provided:

(in thousands of Euros)	2010	2011	2012
Turnover	16,089	17,699	14,031
Operating Result	(140)	226	(1,673)
Net result	233 *	225	(757)
Net Fixed Assets	1,153	1,368	2,155
Cash Reserves	1,592	979	848
Financial Debt	300	300	270
Equity Capital	2,318	2,544	4,056
Total Assets	8,238	7,612	8,079

** Including 0.9 million Euros of real estate capital gains*



4 RISK FACTORS

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

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

4.1.1 Liquidity Risks

Since Egide's current cash position allows it to pay its debts on time, the company therefore meets its current liabilities with its available assets. Bearing in mind the cash flow forecasts expected within the context of its strategic plan, Egide notes that its cash flow situation requires additional funding to be implemented in the very near future. In this context, the Board of Directors has decided to undertake proceedings in order to obtain the funding of tax credits by the OSEO, and to pursue the current bond issue with private placement. Consequently, the success of these funding operations underlies the idea of continuing the operation. As such, Egide considers that it would have sufficient cash flow to meet its payments for the year 2013.

See §20.3.1.5.4.11 - Debt Position

4.1.2 Exchange Risks

In 2012, 67% of Egide's sales were from exports, 42% of which were to North America where the billing currency is the U.S. dollar. With regard to the 13% to non-European countries, the invoicing currency is either the euro or the U.S. dollar. During the fiscal year, Egide invoiced 4.0 million dollars (counter-value: 3.2 million Euros), Egide USA invoiced 11.1 million dollars (counter-value: 8.7 million Euros), and Egide UK invoiced 2.1 million pounds (counter-value: 2.6 million Euros). The parity of the dollar against the Euro in 2012 (an average of 1.2856 over the year compared to 1.3917 in 2011) had a favorable effect on the group's sales figures. The variation in the British sterling pound during the fiscal year 2012 (0.8111 on average over the year compared to 0.8678 in 2011) also generated a positive impact on consolidated sales converted into Euros.

Revenues in dollars received directly by Egide SA (2.42 million in 2012) are used primarily to pay for purchases of components from American suppliers (1.5 million dollars in 2012). During the course of the fiscal year, receipts in dollars were higher than disbursements, because non-European clients whose invoicing currency is the U.S. dollar are not financed by factoring companies; the surplus is consequently converted into Euros. In terms of dollar-denominated revenues received by the factoring companies, they are converted into Euros at the exchange rate applicable on that day and the financing of invoices issued in dollars is also converted into Euros. The risk therefore lies in the exchange rate on the day of the currency conversion. No specific reserve balance has been put in place, the cost of such protection being too high.

As far as the American subsidiary is concerned, purchases and sales are all made in dollars. At the end of the fiscal year, the exchange risk for the group will therefore be restricted based on the result of the Egide USA fiscal year being converted into Euros for the consolidation 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 would be reduced. Investments made have indeed been financed at 50% by medium/long-term loans in local currency. In the case of the devaluation of the dirham, the accounting loss in value of the assets paid in dirhams would be partially compensated by a loss in value of the debt similarly paid in dirhams. As the totality of the income and costs is in dirhams, the exchange risk is limited to Egima's fiscal year result being converted into Euros for the consolidation.

Sales achieved by the English subsidiary, Egide UK, are mainly denominated in pounds sterling, the rest in dollars. These dollars are converted into pounds, as the company has no supplies invoiced in dollars. The currency risk is therefore limited to the conversion rate used when these dollars are sold and to the fiscal year result being converted into Euros for the consolidation.

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

(in thousands at December 31 2012)	USD	GBP	MAD
Foreign Currency Assets	4,246	828	7,036
Foreign Currency Liabilities	2,679	196	6,744
Net position before Management (+ Selling, - Purchasing)	1,567	632	291
Off-Balance Sheet Position	-	-	-
Net Position after Management	1,567	632	291
Impact of an unfavorable change in 1 euro cent (- Loss, + Gain)	(16)	(6)	(3)
Exchange Rate on December 31 2012 (1 euro =)	1.3194	0.8161	11.1465
Impact in Thousands of Euros	(12)	(7)	-

See also paragraph 20.3.1.5.4.2 of this annual report (financial risks management of the appendix to 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 (including 1 year of capital franchise), has a fixed rate of interest of 8.75%. On the one hand, it had been taken out to finance investments made in Morocco in the Egima subsidiary, and on the other hand, to limit currency risks further to possible dirham devaluation. It does not include an early repayment provision due to the application of the "default" provision.

The long-term loan of 1.56 million dollars taken out by Egide USA over a 15 year period has a variable interest rate equal to the BBA (British Banker Association) Libor Adjusted Periodically + 3.50 points. This loan is accompanied by two covenants calculated every quarter, one being a ratio of Ebitda to interest + the under one year part of long-term debts of at least 1.35 and the other a debt to equity ratio lower than 4.1 (a limit which gradually lowers to 3.0 until September 2015). This last ratio was 4 (and which dropped to 2.5) before an amendment to the loan contract was signed on May 9 2013.

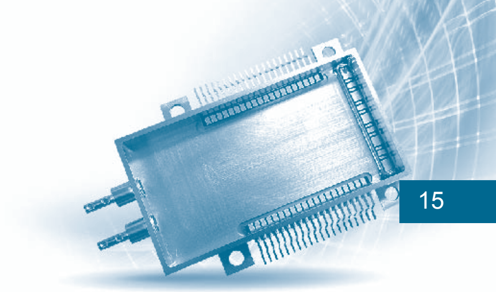
With respect to the factoring contracts covering Egide SA's domestic accounts receivable and exports, the monthly financial commission applied by the factors to the financed amounts is based on 3-month Euribor at the closing of the previous month, with a minimum of 0.60%. At Egide USA Inc, the credit line granted by the Bank of America, based on the value of its receivables and stocks, bears an interest rate determined as follows: BBA Libor Daily Floating Rate + 3.50%. This credit line is accompanied by two covenants, identical to those of the long-term loan of Egide USA mentioned in the previous paragraph (also changed by the amendment of May 9 2013). The factoring contract put in place for Egide UK with Lloyds Bank has an interest rate equal to the prime rate + 1.75%. Finally, the medium term funding of £ 71,000 was obtained by Egide UK from Lloyds at the base rate + 3.75% and the loan taken out to finance equipment is at a fixed rate of 14.81%.

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

See also § 10.7 - Commitments and other contractual obligations

4.1.4 Share Price Risks

The company does not directly own any shares or treasury shares (other than those of 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 guarantee, there is no other risk of loss of value. As such, the company is not exposed to any share price risk.



4.2 Legal Risks

See also §20.8 - Legal and Arbitration Procedures

4.2.1 Intellectual Property

Trademarks used by Egide (corporate acronym and logo) are registered in France and internationally. The company uses the patents that it owns and registers them when necessary. The licenses used by the company and its subsidiaries are on the asset side of the balance sheet and are not subject to a fee. However, the group's sales figure is not dependent on any patents included on the balance sheet.

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

4.2.2 Individual Regulations

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

4.2.3 Insurance

Egide SA 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 Cover			
	Egide SA	Egide USA	Egide UK	Egima
Industrial Risks	€ 17 M Excess € 0.01 M	$ 14.5 M	£ 1.9 M	-
Civil Liability	€ 10 M	$ 10 M	£ 5 M	-
Machine Breakdown	€ 0.12 M	-	-	-
Use of Personal Automobiles for Business	€ 0.15 M	-	- -	-
Automobiles	Unlimited	$ 1 M	Gross Margin - Max £ 2.48 M	-
Operating Losses	Annual Gross Margin - Exemption 3 d	$ 2.4 M	€ 4.5 M	-
Executives' Civil Liability	€ 4.5 M	€ 4.5 M	+ £ 1 M	€ 4.5 M
General liability for environmental impairment	€ 5 M	-	-	-
Employer Civil Liability	€ 0.15 M	€ 0.15 M	€ 0.15 M	€ 0.15 M
Work Stoppage and Illness	-	$ 0.5 M	-	-

The total amount of premiums recorded in 2012 stands at € 321 k (€ 212 k for Egide SA, € 79 k for Egide USA, € 24 k for Egide UK and € 6 k for Egima). Moreover, the various insurance policies are regularly updated by various brokers in charge of monitoring them.

4.2.4 Litigation

A dispute regarding the rate of short-term contract bonus paid out for fixed-term contracts (6% instead of 10%) resulted in 2011 in the payment of a sum of approximately € 45 k (including social charges) to the 20 applicant employees of Egide SA. The case which was still under way on December 31 2011 was settled in July 2012 by payment of the sum of € 7.5 k which had been planned for. A new demand was made by an employee in 2013 of which certain unanticipated elements could lead to a compensation payment of around € 14 k; the judgment is expected in September 2013.

Furthermore, a dispute over the amount of severance pay to be paid to the last two employees of the Moroccan subsidiary began in September 2012. A judgment from the Casablanca Tribunal de Premiere Instance awarded these two employees an overall amount that was € 17 k higher than that offered by the company. Egima appealed against this decision but in any case, any additional amount to pay will be passed on to the sales price of the subsidiary which is in the process of being sold. An allowance for a total of € 57 k has however been recorded in the financial statements to cover the whole dispute.

4.2.5 Dependence on Other Companies

Egide has no dependence on any particular client; in 2012, the first and the second clients each represented 9% of total consolidated sales against 13% each in 2011. Nevertheless, when one of these clients drastically reduces its business, the impact on the group's sales can be significant. As such, a major client of Egide SA in the military export field (infrared products) placed almost no orders during the fiscal year, which led to a drop in turnover of over 2 million Euros.

In addition, the company has no reason for dependence on any supplier, although a few of them prove to be of strategic importance to the company or its clients. These suppliers are regularly followed up by the purchasing manager and quality control manager to ensure that they maintain the level of quality required by Egide.

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

Sales in China and Thailand (about 7% of the sales in 2012 compared to 13% in 2011) are either from subsidiaries of European or American clients or from world-renowned sub-contractors operating in country (Sanmina-SCI or Fabrinet, for example), which shields the company from risks inherent to the countries concerned. In the case of uncertainties where the client is concerned, in China in particular, an advance payment or deposit will be requested. Relations with South Korea represent approximately 2.2% of consolidated sales in 2012 compared to 1.2% in 2011, but concern only a single client, itself a sub-contractor of European players; the risk is therefore considered insignificant.

4.3 Industrial and Environmental Risks

4.3.1 Industrial Risks

The company's activities do not bring about any significant risks. Nevertheless, the use of hazardous products (hydrogen, chemicals) in connection with operations increases the consequences that explosion or fire may have if not quickly controlled. As such, on March 1 2012 the Bollène site had to deal with a fire that started in the pre-treatment area. This fire, which claimed no victims, only caused material damage and production was only suspended for a few days whilst the affected facilities were quickly refurbished. Procedures in force within the company meant the effects of this fire on the business were limited.

As far as industrial accidents are concerned, there has never been any serious accident in France, the United States, England or Morocco. The only incidents noted involved local, superficial burns. Nickel, a metal used company wide, sometimes causes allergic skin reactions. In 25 years, Egide SA had only to lay off one employee due to industrial illness caused by a nickel allergy.

4.3.2 Raw materials Risks

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

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

With regards to the impact of the price evolution of gold, it is either passed on to the client through a specific additional invoice or it is subject to 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 carried out only when an order is received. As stated below (paragraph 4.3.3), our line of work does not allow 100% rates of return. We may therefore have surplus stocks of components, resulting in provisioning policy (explained in paragraph 20.3.1.5.3.7).

The specific treatment of Kovar is related 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) or pipes of different diameters, and does not deteriorate over time. During the booming telecommunications market of 1998 to 2000, Egide used up to 3 tones of Kovar each month. After the burst of the dot-com bubble, the need for fabricated Kovar structures has significantly decreased and the consumption dropped to about 1 tone per year. To account for this turnover rate that slowed down, the company decided to fund its stock at the rate of 75% and maintain this rate for several years regardless of the level of activity. Indeed, Kovar has a minimum resale value as a basic raw material and the rule of fair value is applied to the stock (market value).

4.3.3 Business Risks

Egide’s line of work is to build hermetic interconnection packages. By combining various technologies at the same time and requiring a high level of expertise, 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's end, that is to say, it is declined during 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 yearly 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 after-sales warranty). Also, no specific insurance is taken out by the company other than civil responsibility linked to personal injury, material and non-material damages caused after delivery (except for spatial and aeronautic applications).

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

4.3.4 Environmental Risks

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

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

All of the production equipment used in the Egide group meets current security and environmental standards. The group regularly has statutory audits carried out by approved organizations (inspection of fire-fighting equipment, electrical installations and waste water disposal). Furthermore, Egide SA is ISO 14001:2004 certified.

4.4 Technical Risks

4.4.1 Substitute Product Launch

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

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

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

4.4.2 Price Reduction

The applications for which Egide's products are sold remain in a "top of the line" position (optoelectronics, aeronautics and space industries, safety), allowing to play down a significant phenomenon of a decrease in prices without necessarily eliminating the risk, in particular due to the return of high volumes of production. 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.

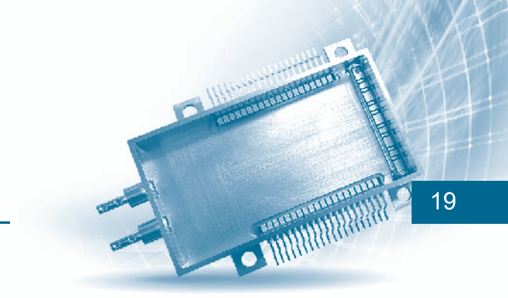
4.5 Other Risks

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 was the case in 2001 in the telecommunications industry or in 2009 in the aeronautical and in 2010 in space industries. Through its active diversification policy in several sectors and with several clients within each sector, Egide intends to counteract the effects of this volatility on the sales figure and the bottom line, even if recently the cycles are much shorter and significant fluctuations linked to a global economic and financial environment with increasing impact.



4.5.3 Risks Associated with Geographic Location

The company’s production units located in Europe (France and Great Britain) or in the United States are not subject to any particular risk stemming from their geographic location. As the Moroccan production site (Egima 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 the company, competitors, the market in general and any one of the sectors in which the company is involved (telecommunications, defense and space, civil aeronautics, or automobile manufacturing) could have a positive or negative effect on the company’s share price. Similarly, the company’s ownership presents a certain liquidity risk. Thus in 2012, the average daily trading, though increasing, remained low with 3,537 trades per day (or 0.20% of the capital) as opposed to 3,189 in 2011.

4.5.5 Risks related to adverse weather conditions

The floods that severely affected the Bangkok region (Thailand) during the month of October 2011 forced our client to close its factories for several weeks. This led to the suspension of scheduled deliveries and had an effect on sales and therefore the group's cash flow which suffered the consequences of this delay. In 2012, hurricane "Sandy", which hit the East Coast of the United States end of October, did not cause any damage to humans or property at the American subsidiary Egide USA based in Maryland. Just one disconnection of the factory from the power network interrupted activity for a few days but the business for the fiscal year 2012 suffered no impact.

5 ISSUER INFORMATION

5.1 Company History and Evolution

5.1.1 Company Name

EGIDE S.A.

5.1.2 Issuer's Place of Business and Registration Number

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

5.1.3 Date Founded and Duration

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

5.1.4 Corporate Headquarters and Legal Structure

The Corporate Headquarters are situated at the Industrial site of Sactar – 84500 Bollene, France (Tel.: 04 90 30 97 11) as of May 28 2010. It used to be located at 2 rue Descartes, Parc d'Activités de Pissaloup, France - 78190 Trappes (Tel: 01 30 68 81 00), where the administrative offices are still located.

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

5.1.5 Important Events in the Evolution of the Company

1986 : Egide is created in response to French defense industry needs for hermetic packaging 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 Pechiney 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.

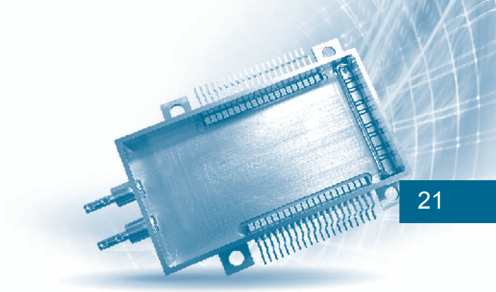
1999 : Egide is listed on the Paris Stock Exchange.

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 burst of the Internet bubble, which will have a direct impact on company sales (the telecommunications portion, which at that time represented more than 95%).

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

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



2005 : Pursuit of diversification to balance sales across the company's different markets.

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

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

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

2012 : A global economic situation that is stuck in the crisis, having a strong impact on Egide SA's markets. Those of the American and English subsidiaries remain less affected.

5.2 Investments

5.2.1 Principal Investments

The investments made by the company since 2010 are primarily for the renewal of industrial equipment at the American and French production sites. The unit value of these investments is very often lower than € 50 k in most cases. In 2012, two important events had an impact on the usual levels of investment:

- the fire in the pre-treatment room on the Bollene site that destroyed a large part of the equipment which then had to be bought again brand new (value: 0.3 million Euros).
- Egide USA's purchase of its industrial building (value: 1.5 million Euros).

The acquisitions of fixed assets for the years 2010 to 2012 are as follows:

(in thousands of Euros)	2010	2011	2012
Land and Buildings	45	18	1 521
Utilities and Equipment	178	183	309
Other Fixed Assets	18	56	231
Total	**241**	**257**	**2,061**

5.2.2 Principal Current Investments

The group's capital budget for fiscal year 2013 is approximately € 350 K; approximately 70% is provided for Egide SA (new equipment, facility security, improved performance, building maintenance), 25% for Egide USA (facility security, building maintenance, renovation of the room for surface treatment) and 5% for Egide UK (equipment). These investments will be financed by our own funds or possibly by the leasing of production equipment. In addition to these amounts, there is extra equipment purchased by Egide SA for refurbishing the pre-treatment room destroyed by the fire of March 2012 and the cost of this is covered by insurance.

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. Similarly, investment intended to automate certain production processes and lower costs will be essential to increasing the company's competitiveness. Compliance of industrial buildings will also require some medium term investments. However, an internal solution was developed around the existing management software, making the anticipated investment of 0.2 million Euros with a view to modernizing the production management tool unnecessary at the moment. If funds become available, this project could be re-launched.

At Egide USA, significant investments will be mainly dedicated to infrastructure and equipment of the surface treatment workshop. If funds obtained by the bond issue allow, the investment required for developing ceramic technology on the American site to deal promptly with the local military markets will be accelerated. At Egide UK, production capacity is currently limited by existing equipment to the extent that the subsidiary recently produces positive cash flows and its order book is well positioned; the acquisition of new production tools may be considered with a view to increasing its turnover. However, the activity of the British subsidiary (see § 6.1.2) not being at the core of Egide's business (see § 6.1.1), it is not intended that the parent company should take part in the financing of these investments.

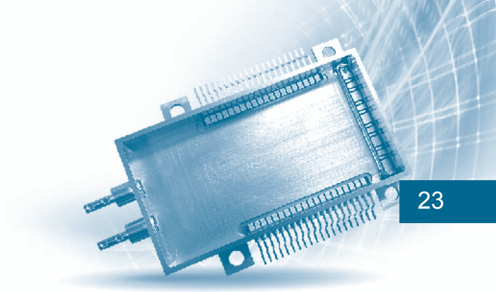
5.2.4 Financing of Assets

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

The table below details the financing of fixed assets as of December 31 2012:

Financing of fixed assets:	Start date	End date	Total Assets Financed in € (a)	Total Balance Sheet Items in € (b)	% (a) / (b)
Intangible Assets Fixed Assets Financial Investments			None		- - -
Total					**-**

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



6 OPERATIONS OVERVIEW

6.1 Principal Operations

6.1.1 Protective Hermetic 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 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 all of the technologies surrounding the two types of material used for these packages in the world today; glass-to-metal and ceramics. The company manufactures its own ceramics, and thanks to its English and American subsidiaries, it is able to produce molded metallic components and glass beads internally. The technological transfer of this activity to the French production site is completed and the qualification for glass beads approved.

6.1.1.1 Sealing Technologies

Glass-to-Metal

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

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

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

Ceramic-to-Metal

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

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

Integration of passive elements

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

6.1.1.2 Surface Treatment

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

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

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

Egide's great expertise in the area of surface treatment, and the integration of the line into the work flow are major assets in ensuring optimal quality in the finished product.

6.1.1.3 Ceramics, from Powder to Component

The ceramic produced by Egide at its Bollene site is known as High Temperature Cofired Ceramic (HTCC). This technology, a source of miniaturization and complex connectivity, results in multiple applications such as making inserts, multi-chip modules substrata (Multi-Chip Modules) or specific components that meet the needs of infrared and high-end Telecoms 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 made flexible by drying and evaporation of solvents. The bands, which are of varying thicknesses, are then cut into sheets before use.

Inks

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

High Temperature Cofired Ceramic (HTCC) Procedure

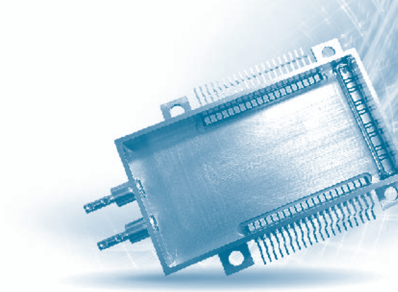
Egide handles all operations in the transformation of the "raw" ceramic in a class 10,000 clean room: via and window piercing, via filling, screen printing the conductive tracks, pressing, and cutting. The combined mastery of ceramic and ink production constitutes a definite advantage in the success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

6.1.1.4 Glass Beads

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

6.1.2 Metal Injection Molding (MIM)

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



6.1.3 Sales Distribution by Activity

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

	2010		2011		2012	
	K€	%	K€	%	K€	%
Glass-metal Products	12,002	48.6 %	12,442	46.3 %	13,241	51.7 %
Ceramic Products	10,671	43.2 %	11,395	42.4 %	8,545	33.4 %
Others (including MIM and Plastic)	1,738	7.0 %	2,418	9.0 %	2,912	11.4 %
Research	293	1.2 %	363	1.4 %	512	2.0 %
Non-recurring elements*	0	0.0 %	255	0.9 %	385	1.5 %
Total	**24,704**	**100.0 %**	**26,873**	**100.0 %**	**25,595**	**100.0 %**

** Egima's rental income*

6.2 Principal Markets

Present from the beginning in the defense and space industries, and then in the telecommunications market by means of fiber optics, Egide has extended its services to 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 all military equipment mainly 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 are found in the various combat aircraft such as Rafale (France), Eurofighter (UK, Italy, Germany and Spain), Jas Grippen (Sweden) or F22 Raptor and F35 Joint Strike Fighter (USA), but also in associated weapons systems. Defense electronics also include ground equipment such as radars, infrared sensors, or 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 and they 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 sensitive 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, (mobile cellular telephone, in particular 3G and 4G) 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 sub-assemblies since they call for chips made of sensitive complex materials for which hermetic packages are indispensable:

- transmitters, that transform an electronic signal into an optical signal transported by fiber,
- receivers, which do the opposite,
- modulators, which transform a continuous optical signal 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 telecoms market has experienced an exceptional crisis in both its expansion (a sudden craze followed by an abrupt stop in a few months) and in its duration (approximately 10 years). Showing a slight recovery in 2008, this market has unfortunately been slowed down by the effects of the various global economic crises that have followed since 2009 (sub prime, Greek debt, debt position of the euro zone). Nevertheless, the recovery is only delayed as the network overcapacity behind the crisis has been filled for a long time and the traffic, i.e. the need for data transmission, increases further, in particular with the widespread use of Smartphones and other communication devices such as touchpads. In 2012, announcements of roll out of 40 and especially 100 Gbits/s networks became more frequent in France (France Digital 2020 Plan) and in the world; however they have not yet been confirmed in terms of installing new networks.

As such, since the year 2013, there have been press releases regarding improvements to existing networks (Telefonica about its network in Brazil, RASCOM and its 8,600 km of fiber optic in Russia) and on the installation of new networks that would be operational from the end of 2014 (Bay of Bengal Gateway with a sub-marine network of 8,000 kilometers that will connect Oman, the United Arab Emirates, India, Sri Lanka and Malaysia, ARSAT that will use its network in Argentina or New Zealand Telecoms that will co-invest with Vodafone and Telstra to roll out a sub-marine cable between Auckland and Sydney). According to the company Ovum, specialists in forecasting telecoms networks, the year 2012 was a year of transition for the market in optical telecommunications, in particular due to the slow start up of 100 Gbits/s networks, but the year 2013 should see overall growth of 4%. For its part, the company Infonetics Research estimates that sales of 100 Gbits/s products should more than double between 2012 and 2013 and between 2013 and 2014.

It has been confirmed that only fiber optic links can respond to high-capacity needs. The growing power of the Internet, fixed and mobile telephony, and video in high definition (quadruple play offers) in Europe, in the United States and in Asia inevitably necessitates reinforcement of long distance links and deployment of fiber optics in metropolitan networks. Fiber optic connection of office buildings, houses, and other local networks, implying numerous FTTC connections and therefore packaging components, has thus become a priority to numerous governments and private operators. All these fiber optic transmissions call for chips made of sensitive and complex materials, for which hermetic packaging is, today, still indispensable.

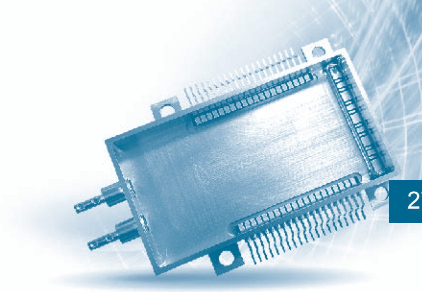
6.2.3 Industrial Markets

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

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

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



6.2.4 Sales Distribution by Market

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

	2010		2011		2012	
	K€	%	K€	%	K€	%
Defense and Space	12,524	50.7 %	13,066	48.6 %	12,166	47.5 %
Telecommunications	6,070	24.6 %	5,790	21.6 %	4,537	17.7 %
Other (including industrial)	6,110	24.7 %	7,762	28.9 %	8,507	33.3 %
Non-recurring elements*	0	0.0 %	255	0.9 %	385	1.5 %
Total	**24,704**	**100.0 %**	**26,873**	**100.0 %**	**25,595**	**100.0 %**

** Egima's rental income*

6.2.5 Clients

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

Telecommunications	Defense and Space	Industrial
3S Photonics (France) Agilent Technologies (USA) Alcoa (USA) Axsun (USA) Coset (Korea) CyOptics (USA) Discovery Semi (USA) EM4 (USA) Fermionics (USA) Fabrinet (Asia) JDSU (USA, Canada, China) Perkin Elmer/Excelitas (Canada) Photline (France) Photop (China) Sanmina (China) TeraXion (Canada) U²t (Germany)	AIM (Germany) Alcatel Thales III/V Lab Astrium (France, Germany, Spain, GB) CETC (China) C-Mac Microcircuit (GB) Crane (USA) Delta Electronics (USA) FLIR (Sweden) INO (Canada) International Rectifier (USA) Kunming (China) MBDA (France, GB) Mipot (Italy) MS Kennedy (USA) Norspace (Scandinavia) Northrop Grumann (USA) Q-Tech Corporation (USA) Raytheon (USA) RUAG (Scandinavia) Sagem (France) SCD (Israel) Selex (GB) Snecma (France) Sofradir (France) Solitron Devices (USA) STPI Groupe (France) Teledyne Cougar (USA) Textron Systems (USA) Thales (France) Thales Alenia Space (France, Italy & Belgium) UMS (France)	Aeroflex (USA) Autocruise (France) Auxitrol (France) Carlton Life Support (USA) Delavan (GB) Flir (USA) Gripple (GB) Interplex (GB) Q Imaging (Canada) Petercem/ABB (France) Richco (GB) Servomex (GB) Solartron (GB) Stratec (GB) Surgical Innovation (GB) Swan Morton (GB) Ulis (France) Welwyn Components (GB) Xsis Electronics (USA)

In 2012, Egide's top ten clients in all segments accounted for approximately 56% of turnover; no individual client accounted for more than 10% of the total. In 2011, the top ten clients accounted for approximately 63% of sales.

With this client portfolio, Egide does not deem it necessary to take out other credit insurance in addition to the factoring contracts. What's more, at times an advance payment is requested from new clients, in particular, those from Asia. Deliveries activate client billing. The period covered by sales contracts often depends on the amount of products ordered. For low volume projects, orders will cover a period of several weeks and will be regularly taken during the course of a year; for programs involving larger volumes, orders will cover a period of several months (up to 18 months) with scheduled deliveries, even several years for framework contracts. Significant contracts are mentioned in Chapter 22.

The commercial organization of the group relies on direct employees for each of the operating subsidiaries (Egide SA, USA and UK) as well as a network of specialized but non-exclusive agents in high-tech products covering the United States (3 persons) and Asia (5 persons). Furthermore, one of the aims of the bond issue decided at the start of 2013 is to strengthen the group's commercial presence on the West coast of the United States and in China, in order to develop sales opportunities whilst remaining focused on protective boxes for sensitive electronic components.

6.2.6 Sales Distribution by Geographic Zone

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

	2010		2011		2012	
	K€	%	K€	%	K€	%
France	6,414	25.9 %	8,754	32.6 %	8,343	32.6 %
European Union (outside of France)	3,677	15.0 %	2,968	11.1 %	3,204	12.5 %
North America	8,895	36.0 %	8,076	30.0 %	10,725	41.9 %
Rest of the world	5,718	23.1 %	6,820	25.4 %	2,938	11.5 %
Non-recurring elements*	0	0.0 %	255	0.9 %	385	1.5 %
Total	**24,705**	**100.0 %**	**26,873**	**100.0 %**	**25,595**	**100.0 %**

** Egima's rental income*

6.3 Unforeseen Events

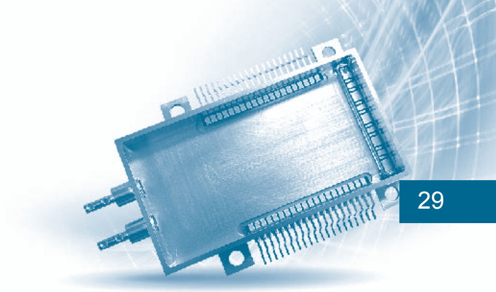
The telecommunications market experienced a crisis of exceptional scope in 2001 and 2002, a crisis that persisted until mid May 2010 in spite of a mini-bubble at the beginning of 2008. It led to the closing of the Trappes production site.

In 2009, there was a global economic crisis that affected all sectors of the economy; its impact was particularly severe for all companies of the Egide group. In addition, 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 telecommunications products to the French production site and the shutdown of activities on the Moroccan site with effect from July 1st.

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

In 2012, the global economic crisis took hold on a long-term basis and had an impact on the development of Egide SA, the only one within the group to provide on a large scale for the telecommunications market, which was particularly affected by this crisis. In addition, there occurred a geo-political event which resulted in the quasi-disappearance of an important Israeli military client who used infra red products, again from the French entity's sales. In this dismal context, only the American military, European spatial and English industrial fields have shown growth, which is nevertheless insufficient to compensate for losses suffered in the other markets.

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



6.4 Competitive Position

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

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

The table below lists Egide’s main competitors:

Name	Country	Markets	Turnover	Listing	Capitalization
Ametek	United States	Aero military	€ 1.13 billion (1)	New York	€ 8.1 billion (2)
Kyocéra	Japan	Aero military, Telecoms	€ 1.26 billion (3)	Tokyo	€ 15.7 billion (4)
Electrovac	Austria	Industrial	Not available	Not listed	-
Schott	Germany	Industrial, Telecoms	Not available	Not listed	-
Sinclair	United States	Aero military, Industrial	Not available	Not listed	-
NTK	Japan	Aero military, Industrial	€ 0.41 billion (5)	Tokyo	€ 3.3 billion (4)
Hirai	Japan	Industrial	Not available	Not listed	-
Metallife	Korea	Industrial	Not available	Not listed	-

(1) Source: January 26, 2013 Press release. Turnover at December 31, 2012 for the "electromechanical" activity - $1.462 billion against $1.343 billion in 2011
(2) Source: New York Stock Exchange. Stock market price at May 15, 2013
(3) Source: April 25, 2013 Annual Report Turnover at December 31, 2012 for semi-conductor activity (calendar year) - ¥163.1 billion compared to ¥159.8 billion in 2011 (calendar year)
(4) Source: Tokyo Stock Exchange. Stock market price at May 15, 2013
(5) Source: January 31, 2013 Press release. Turnover at December 31, 2012 for ceramic components activity (calendar year) - ¥52.7 billion compared to ¥55.5 billion in 2011 (calendar year)

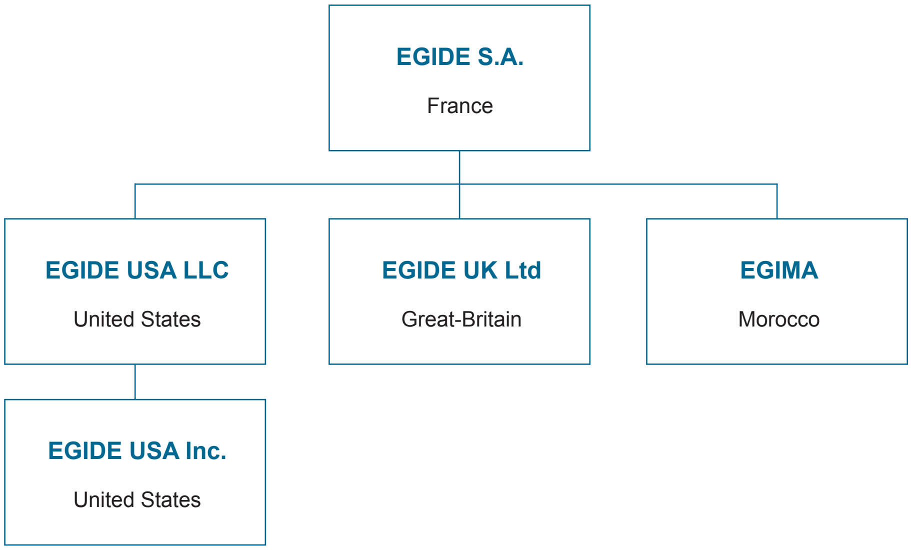
The primary competitors are in the telecoms and defense markets, not so much in industrial applications. Egide's marginal competitors, on the contrary, are targeting the industrial and automobile markets. Owing to its plant in San Diego, USA, Kyocera can offer its ceramic productions to American defense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

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

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

7 ORGANIZATION CHART

7.1 Group Organization Chart



7.2 List of Subsidiaries and Group Structure

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

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

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

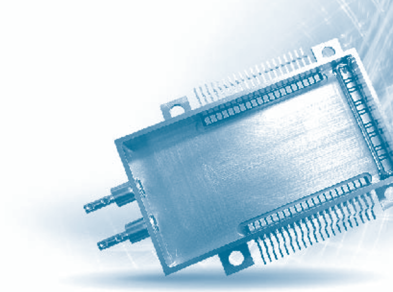
These companies have their own available assets and liabilities since there is no centralized financial management at the group level.

Egide SA, Egide USA and Egide UK have the same CEO, but each has their own executive staff, administrative and accounting staff, business services, engineering, and production services. The President of Egide SA is also Egima's Managing Director, a subsidiary which no longer has either a local management since November 1 2010, or employees since May 31, 2013.

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

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

See § 20.3.2.4.3.22 - Concerning Affiliates and Investments



8 REAL ESTATE, FACTORIES, AND EQUIPMENT

8.1 Principal Fixed Assets

8.1.1 Industrial Sites

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

Bollène Site (Egide SA)

A center of excellence for the two sealing technologies, it also has expertise in high temperature cofired ceramic (HTCC). In a building of approximately 5,700 m2, equipped with a 500 m² 10,000' class clean room for the treatment of raw ceramic, Bollène ensures the end-to-end production of ceramic components, and the assembly, surface treatment, and inspection of glass-metal and ceramic-metal packages. 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. The building was previously fully owned.

The Cambridge Site, MD (Egide USA Subsidiary)

In a building of 5,000 m2, the site is responsible for the assembly, inspection, and surface treatment of glass-metal packages, primarily for the American market. It also produces glass beads. It has a glass-to-metal engineering department. The building is once again fully owned, following its buy-back negotiated at the end of May 2013. Previously, this site was rented to a property investor under a 10 year commercial lease that started in 2008 and which was interrupted prematurely at the lessor's request.

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 metal molding engineering department.

Other sites

The administration, commercial, purchasing and graphite machining services of Egide SA are located in the Paris region (Trappes in the Yvelines), in a leased building of approximately 1,300 m² from a real estate investor pursuant to a 9-year lease which 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 the effluent treatment have been left in place. The entire site is in the process of disposal.

8.1.2 Industrial Equipment

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

- two ceramic casting rooms with atmospheric control equipment,
- a white room containing numerous equipments for transforming raw ceramic; machines to punch out vias and windows, machines for filling the vias, machines for screen printing conductors and open-vias, presses, and an automatic cutter.,
- manufacturing equipment of injection-molded components,
- glass beads manufacturing equipment,
- drying 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,
- passage kilns for atmosphere-controlled soldering (medium and high temperature),
- passage kilns for hermetic sealing with glass beads,
- manually-operated or computer controlled plating installations,
- machines for verifying hermetic sealing,
- several graphite machining centers,
- several machining centers,
- several instruments for verifying visual and dimensional characteristics (including a 3D gauge),
- a wire bonder (cabling facility),
- thermal cycling machines.

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

8.2 Environmental Issues that Could Potentially Affect Building Use

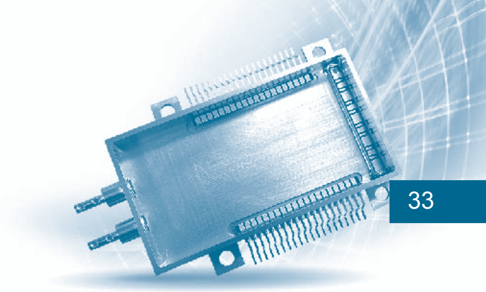
See § 4.3 - Industrial and Environmental Risks

8.3 Environmental Impact of Group Operations

See § 26.2 - Environmental Impact

8.4 Information on corporate social responsibility in favor of sustainable development

See § 26.3 - Corporate social responsibility in favor of sustainable development



9 EXAMINATION OF FINANCIAL POSITION AND PERFORMANCE

9.1 Financial Position

9.1.1 Fiscal Year 2010

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

With a total of 24.7 million Euros in sales, growth in turnover for the year 2010 is 13% compared to last year and up 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
Telecoms	3.3	6.1	+ 2.8
Total	**21.2**	**24.7**	**+ 3.5**

** out of non-recurring item*

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

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

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

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

9.1.2 Fiscal Year 2011

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

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

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

** Rental income of Egima's assets*

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

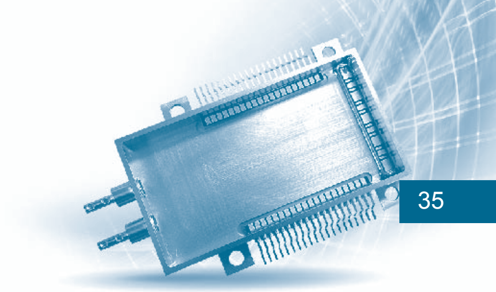
In this sudden uncertain economic environment where visibility was temporarily reduced, the Egide Group implemented actions needed to cope with this short-term situation, whilst maintaining its industrial capabilities and its market positioning, which are needed to gain in the medium term the expected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

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

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

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

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



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

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

9.1.3 Fiscal Year 2012

The increase in capital maintaining the preferential subscription right, carried out in February 2012 was very successful with an over-subscription of 221%. In the end, 493,080 new shares have been created and the gross total raised was 2.46 million Euros.

The fire that occurred at the Bollene site on March 1 did not have any significant impact on the business. The affected equipment was temporarily re-installed in adjacent premises and rebuilding work which started promptly meant normal service could be resumed at the very start of 2013. All costs connected to this incident have been covered by insurance payments. The part of the payments used to replace fittings, which in fact were almost amortized, was shown as a non-recurring income in the fiscal year's financial statements. The impact on the group's cash flow is restricted to the WCR effect (Working Capital Requirement), the payment of the balance of the payments being expected for the end of the first quarter of 2013, whereas all the suppliers have normally been paid on the settlement date.

Operations entered into with the Slicom group relating to the sale of Egima are under way but at a slower pace than expected; they have nonetheless confirmed their interest in the Moroccan site. At the end of April, seven out of the nine employees of the Moroccan subsidiary left the company under agreed termination arrangements; the remaining two employees were made redundant at the end of May but discussions relating to their severance pay are still ongoing. Although the wish to quickly finalize the sale of company shares in Egima is not in question by either the purchaser, or by Egide, the framework of application for IFRS 5 has however led Egide to remove Egima from the specific treatment provided by this standard at the end of the 2012 fiscal year. Nevertheless it is noted that since the rental of the building and its industrial equipment to the Slicom Aeronautic group, the subsidiary Egima is no longer a cost centre for the Egide group.

The subsidiary Egide USA, which rented its industrial building in Cambridge (Maryland) after selling it in October 2008 for 2 million dollars, had the opportunity to own it again for 1.95 million dollars. Financed by a loan for 1.56 million dollars over 15 years granted by the Bank of America, by allocating the outstanding amount of 0.3 million dollars owed by the owner and by recovering the rental deposit of 0.1 million dollars, the operation, finalized on May 30 2012, was cash neutral. It will mean a reduction in future disbursements, the loan payment (principal and interest) being almost half of the rent that was outgoing as costs and it results in an increase in fixed assets on the balance sheet.

Although the change in currency rates was more favorable for Egide, the dismal global economic context, especially at the end of the year, meant any hopes of emerging from the crisis in the short term were in vain and, on the contrary, it weighed more heavily than expected on the level of business for Egide SA which has become insufficient to guarantee its financial balance. As such, and although the operational American and English subsidiaries are posting positive results, the group must record a loss in 2012 as a result of its parent company. In order to limit the consequences of this fall in business for the group's results and available funds, measures have been taken at Egide SA in order to adapt the production capacity to under-activity from time to time, in particular by resorting to a week of part-time activity in October and by considering a review of the organization making it possible to reduce the number of indirect.

Finally, on December 10 2012 the Egide SA Board of Directors agreed to a proposal for a single convertible bond issue for 5 million Euros, carried out by Arkeon Finance. On January 30 2013, the Board Members decided to carry out this issue by private placement.

By producing increased capital in February 2012, the group's cash flow position was strengthened to a level of 2.3 million Euros net. The favorable results from Egide USA and Egide UK during the fiscal year have also contributed towards maintaining a balanced financial position.

The property transaction carried out by Egide USA in May 2012 (buy-back of the industrial building for 2 million dollars) had no effect on the cash flow level, the funding being completely covered by a bank loan (1.6 million dollars), the allocation of a debt from the vendor (0.3 million dollars) and the recovery of a rent guarantee deposit (0.1 million dollars).

On the other hand, and despite measures taken by Egide SA to adapt expenses as far as possible to the level of business that remained weak throughout the year, operational profitability has not been realized in 2012, and break even point was not reached. In addition to the increase in the working capital requirement, which has gone from 36 days in 2011 to 49 days of turnover in 2012 (see paragraph above relating to consolidated financial statements), Egide SA's losses have had a significant impact on the fiscal year's cash flow consumption.

All entities in the group have a positive cash balance at December 31 2012, with the exception of Egima, which is close to 0. Cash available on this date is 1.13 million Euros. Over the year 2013, recourse to factoring will be maintained for the group's three companies (Egide SA, Egide USA and Egide UK) in order to help meet the funding of the working capital requirement. Funding launched in 2013 will also contribute towards ensuring the group's financial position (see § Events occurring after the fiscal year end).

On December 31 2012, the group's debt with credit institutions (excluding factoring organizations) is of 1.74 million Euros (Egide USA has 1.16 million Euros, Egima has 0.32 million, Egide SA has 0.23 million and Egide UK has 0.02 million) compared to 0.70 million Euros in 2011. This increase of around 1 million Euros is linked to the property loan for Egide USA, of which the counter part is recorded in tangible fixed assets (land and building).

9.2 Operating Result

See § 20.5.2 of this annual report concerning the terms of the management report.

9.2.1 Historical Factors Affecting Sales

The telecommunications crisis of 2001 resulted in a severe drop in sales. The global economic crisis of 2009 weighed heavily on the company's development. The crisis that began in mid-2011 once again had substantial effects on the annual sales growth of the year 2012. In addition, the absence of orders from an Egide SA military export client (infrared products) in 2012 for political and economic reasons, showed that although Egide is not particularly dependent on one or more clients (see § 6.2.5), nonetheless the company remains very sensitive to this phenomenon when the level of total sales is low. Consequently, the organizational structure was constantly adapted to the actual activity level, but nevertheless, while keeping in mind the minimum fixed costs associated with the functioning of all production sites, sales figures have a more determining role when it comes to maintaining the company’s profitability.

9.2.2 Major Elements Likely to Affect Operating Revenue

- Evolution of the telecoms market (see § 6.2.2 and 6.3)
- Evolution of the military and space market (see § 6.2.1)
- Evolution of the industrial market (see § 6.2.3)
- Exchange risk (see § 4.1.2)
- Lowered prices (see § 4.4.2)
- Unforeseen Events (see § 6.3)
- Risks relating to adverse weather conditions (see § 4.5.5.)

10 CASH AND FUNDS

10.1 Funds

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

10.2 Cash Flow

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

10.3 Lending Conditions and Financing Structure

Financial liabilities can be broken down as follows:

At Egide SA

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

At Egide USA

- a line of credit based on receivables and stocks was signed up for in May 2012 at a variable BBA Libor Daily Floating Rate + 3.5 points of a maximum amount of $ 1,500,000. This loan is accompanied by two covenants calculated every quarter, one being a ratio of Ebitda to interest + the under one year part of long-term debts of at least 1.35 and the other a debt to equity ratio lower than 4.1 (a limit which gradually lowers to 3.00 until September 2015). On signing this contract, this last ratio was 4.0 (with a limit that dropped to 2.5); it was changed in an amendment signed on May 9 2013.
- a 15-year long-term loan taken out in May 2012 at a variable BBA Libor Adjusted Periodically rate + 3.50 points, for the amount of £ 1,560,000. This loan is accompanied by two covenants calculated every quarter, one being a ratio of Ebitda to interest + the under one year part of long-term debts of at least 1.35 and the other a debt to equity ratio lower than 4.1 (a limit which gradually lowers to 3.00 until September 2015). On signing this contract, this last ratio was 4.0 (with a limit that dropped to 2.5); it was changed in an amendment signed on May 9 2013.

At Egide UK

- a factoring contract entered into in 2008 and financed at a variable rate (Prime Rate + 1.75 point)
- a bank overdraft contracted in 2009, at a fixed rate of 10.56%, for a maximum of £ 50,000
- a 3-year medium-term loan taken out in September 2010 at a variable Base Rate + 3.75 points, for the amount of £ 71,000
- a 3-year medium-term leasing taken out in December 2011, at a fixed rate of 14.807%, for the amount of £ 22,400

At Egima

- an 11-year long-term loan taken out in 2003, at a fixed rate of 8.75%, for the amount of MAD 10,678,000

At the close of fiscal year 2012, the total amount of financial debts reached 4.238 million Euros, 3.875 of which was for less than a year (1.335 million in borrowings and 2.540 million in factoring) and 0.363 million for more than a year. It is made clear that the Egide USA loan was classed under debts of under one year at the fiscal year end as it did not meet one of the initial covenants (ratio of 4.07 instead of 4.0).

There are no lines of credit open to the company or its subsidiaries other than those mentioned above.

See § 20.3.1.5.4.11 - Debt Position

10.4 Restrictions on Use of Capital

See § 20.3.1.5.4.19 - Accounting methods and explanatory notes regarding consolidated accounts / Off-balance-sheet liabilities

10.5 Anticipated Financing Sources

The operation to strengthen cash flow, decided upon on January 30 2013 by the Board of Directors took the form of a bond issue by private placement; the amount sought being around 5 million Euros. In this context, a proposal made by Arkeon Finance led to the launch of an operation on May 2 2013 under the following conditions: issue of a maximum of 4,999 bonds with face value of 1,000 Euros, providing a nominal annual interest rate of 4% payable in arrears each year. These bonds will be amortized by full repayment at the end of 3 years, at 106% of the face value if the subscriber retains the bond continuously until its expiry or at par value if the subscriber transfers ownership of it. The bonds will be listed in compartment E1 of Alternext Paris. On the date of this report, the placement is not concluded, the end of the subscription period initially set at May 28 having been extended until July 5 2013.

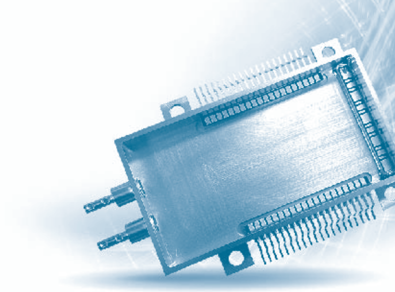
Alongside this bond loan, the company has decided to ask the OSEO to fund the Research Tax Credits (RTC) of Egide SA, of which the gross amount for the years 2010, 2011 and 2012 stands at a total of € 713 k. The OSEO, after accepting the application and a technical validation of the Research Tax Credit files, could provide advance funding for 80% of the amounts and would pay the remaining 20% when the tax credits fall due for repayment by the State. Payment of the funds would be expected during the 3rd quarter 2013. Furthermore, Egide has also decided to ask the OSEO to provide advance funding for Egide SA's CICE (Tax Credit for Business Competitiveness) for the year 2013 of which the gross amount is estimated at € 130 k. This funding of 85% of the total CICE could take place before the end of the year.

Continuing Egide's operation in the forthcoming year depends on effective realization of business estimates and retained costs and on the successful conclusion of funding operations initiated in 2013 as described above, the outcome of which is not necessarily known when the accounts are compiled.

There is currently no other financing operation underway.

10.6 Off-Balance Sheet Liabilities

See § 20.3.2.4.3.31



10.7 Commitments and other contractual obligations

The information at December 31, 2012 regarding the obligations and commitments of the company and its subsidiaries to make future payments because of major contracts or contingent commitments are grouped together in the table below:

Contractual obligations	Total (€ k)	Payments due by period (€ k)		
		< 1 year	from 1 to 5 years	> 5 years
Financial Debt				
- Egide SA (loan)	*236*	*47*	*189*	*0*
- Egide USA (loan)	*1,157*	*1,157*	*0*	*0*
- Egide UK (loan and overdraft)	*22*	*22*	*0*	*0*
- Egima (loan)	*312*	*147*	*165*	*0*
Simple lease contracts				
- Egide SA (Trappes real estate) [1]	*481*	*113*	*368*	*0*
- Egide SA (Bollène real estate) [2]	*1,986*	*208*	*853*	*925*
- Egide UK (real estate) [3]	*371*	*81*	*258*	*32*
- Egima (land) [4]	*636*	*23*	*91*	*522*
Total	**5,201**	**1,798**	**1,924**	**1,479**

[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] 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). This contract will be renewed in June 2013 for a new 5 year term. The rents will be fixed for the term and the amount reduced by 35% compared to that paid in 2012 following a reduction in the areas being rented.
[4] Lease contract for 40 years which started on February 1 2001 - Fixed yearly rent

Other commitments given	Total (€ k)	Payments due by period (€ k)		
		< 1 year	from 1 to 5 years	> 5 years
Factoring contracts				
- Egide SA	*1,294*	*1,294*	*0*	*0*
- Egide USA	*834*	*834*	*0*	*0*
- Egide UK	*356*	*356*	*0*	*0*
- Egima	*0*	*0*	*0*	*0*
Total	**2,484**	**2,484**	**0**	**0**

11 RESEARCH AND DEVELOPMENT, PATENTS, AND LICENSES

Egide SA has 11 dedicated engineers and technicians within the Research, Development and Process Engineering Division (RDI), in addition to which, for specific jobs such as microwave simulations, engineers and technicians come in from client technical support service. Their mission is the development of innovations (materials, procedures, …) and their implementation, while ensuring adequate technical support (facilitation of new product startup, online problem resolution, and successful accomplishment of the work required in Egide's study and design contracts.

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

- Improvement in materials and ceramic processes
- Improvement in via ink and screen-printing performance
- Development of glass beads
- Development of new gilding tanks
- Development of conductors with high current in ceramics
- Development of soldering and other dissipating equipment based on nanomaterials
- Development of blocks concerning thermal management and the glass seal of optical elements
- Development of packages including HTCC waveguides
- Development of wide band 42G coplanar transitions and CMS
- Development of technological blocks based on HTCC for power and high voltage power
- Development of single chip 30 to 50 GHz HTCC packages with high dissipating ability

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

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

Egide SA	2010	2011	2012
R&D Expenditures	1,118 K€	1,094 K€	1,111 K€
% of the consolidated sales figure	4.52 %	4.07 %	4.34 %
Staff (in Equivalent Person)	11.1	13.2	13.0

Moreover, the calculation of a research tax credit is also done by the British subsidiary Egide UK, England benefiting from similar French provisions. The main programs undertaken or continued during the year 2012 involved the development of surgical tools, components for automotive accessories, and the use of new materials.

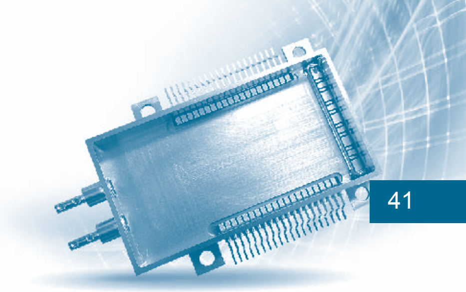
Expenses incurred that have been taken into account in the calculation of the Research Tax Credit for Egide UK are shown in the table below:

Egide UK	2010	2011	2012
R&D Expenditures	410 K€	455 K€	644 K€
% of the consolidated sales figure	1.66 %	1.69 %	2.52 %
Staff (in Equivalent Person)	6.7	6.7	8.3

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 qualified by ASD-EASE (Aerospace and Defense - European Aerospace Supplier Evaluation). Egide USA and Egide UK are also ISO 9001:2008 certified.



12 TRENDS

12.1 Principal Trends

Sale prospects for 2013 show no signs of recovery or deterioration, which will therefore lead to stability in the group's sales. As in 2012, the American and English subsidiaries should nevertheless show growth in their business, as their respective markets (military and diversified industrial) remain in a good position. Highly dependent on the telecommunications market, where recovery is not expected before the end of the second half of the year, Egide SA should nevertheless maintain the sales level produced in 2012, by relying on the developed civil and military infra red markets and an aeronautic and spatial market that is somewhat in the process of developing. Where Egima is concerned, it will continue to rent its premises until its sale is completed.

Discussions concerning the sale of the subsidiary Egima to the Slicom Aeronautique Group restarted from April 19 2013, the date when the company ACE Management took over the entities of the aeronautic division of the Slicom Group. As such, a draft letter of intention was sent to Egide to confirm the potential purchase of the shares in the company Egima by the Auvergne Aeronautique Group. The terms of the sale remain identical to those negotiated at the outset with Slicom Group, in particular the purchaser's responsibility for liabilities shown in the accounts. The parties have a desire to finalize this sale quickly; nevertheless, no firm commitment has been signed yet.

Excerpt from press release dated April 15 2013:

Philippe Brégi, Chief Executive Officer of the group states: *"Sales prospects for 2013 show no signs of recovery or deterioration, which will therefore lead to stability in the group's sales. In this context, Egide will retain its positioning strategy towards high quality technical products with high technological requirements. In addition, the company will strengthen its cash flow by private placement in the coming weeks, which will enable us to continue our developments in key fields for major accounts and find new sales opportunities by increasing our presence on the West coast of the United States and in China, and by increasing our contacts with consultancies and those who place final orders. This will also allow us to seize every opportunity for external growth in order to widen the areas of business for Egide, whilst at the same time remaining focused on protective packages for sensitive electronics. "*

He concludes: *"Egide demonstrated its return to profitability over the course of the year 2011 as soon as the business was in a position to cover its fixed costs. That also proved to be the case in 2012 for the group's foreign subsidiaries, but it has not been the case for Egide SA. All measures undertaken at the end of last year in order to adapt the costs of Egide SA to its level of business will be continued in 2013 in order to limit the impact of fixed costs on the group's results. The prospects offered by diversified markets where Egide products are indispensable, give the group confidence in its future. In the medium term, the group's growth markets will enable it to return to profitability".*

12.2 Events Capable of Affecting Trends

See § 4.5.2 for the Risks associated with high-tech markets and § 6.3 Unforeseen Events.

13 FORECASTS OR PROFIT ESTIMATES

The company does not provide forecasts.

14 ADMINISTRATIVE, MANAGEMENT, AND TOP MANAGEMENT BODIES

14.1 Board of Directors

At the time of this document being compiled, the Board of Directors of Egide SA is composed of the following members:

Surname	Role	Until
Mr. Philippe BREGI 34-36 rue de Clichy, 75009 Paris	President of the Board Since 4/26/2005	6/30/2017
Ms. Catherine GERST 7 rue Saint Lazare, 75009 Paris	Board Member Since 5/13/2011	6/30/2017
Mr. Albert SCHUNE 2 avenue du Président Franklin Roosevelt, 92320 Sceaux	Board Member Since 12/10/2012	6/30/2014
Mr. Eric MICHEL 93 avenue de Villiers, 75017 Paris	Board Member Since 1/30/2013	6/30/2017

There is no Board Member elected by salaried personnel nor is there an auditor position. The Board Members have no family ties between them.

On June 7 2012, Mr. Antoine Dréan, a Board Member since October 30 2008 informed the company of his decision to resign from his mandate with immediate effect; bearing in mind the dissolution of SEP Tantale and the resulting significant reduction in holding, this role no longer seemed to him to be justified. The Board of Directors on July 2 2012 had then noted this resignation and had decided not to carry out an immediate replacement for the member's position that had become vacant.

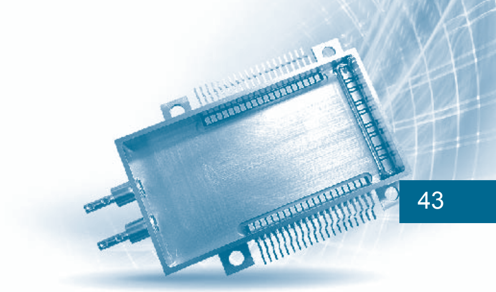
On November 29 2012, Mr. Vincent Hollard, a Board Member since May 13 2011, informed the company of his decision to resign with effect from December 10 2012 for personal reasons (age and health). The Board of Directors, meeting on December 10 2012, formally recorded this resignation whilst at the same time, it co-opted Mr. Albert Schune to the position of Board Member made vacant as a result of the resignation of Mr. Antoine Dréan.

On January 30 2013, the Board of Directors co-opted Mr. Eric Michel to the position of Board Member made vacant as a result of the resignation of Mr. Vincent Hollard.

Information on the experience and skills of each Board Member for whom a nomination has been made was distributed by means of a press release dated February 4 2013. Regarding the two cases of co-opting, the proposed ratification of appointments of Mr. Schune and Mr. Michel at the general meeting will be subject to a separate resolution for each of them, enabling the shareholders to freely decide on the makeup of the company's Board of Directors.

As per recommendation of the Middlenext corporate governance code, Ms. Catherine Gerst, Mr. Albert Schune and Mr. Eric Michel are considered independent Board Members because they have no financial, contractual or family relationship with the company that may impair their independence of judgment. They are neither employees nor corporate officers, nor clients or suppliers or bankers of the company and they are not major shareholders.

Each Board Member serves or will serve as a shareholder and holds or will hold at least one share in the company, in accordance with Article 14 of the company by-laws.



The President of the Board of Directors is also the Executive Director of the company.

Regarding the modus operandi of the Board of Directors, please refer to the report of the President of the Board of Directors 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 of this annual report.

14.2 Conflicts of Interest

There is no loan and guarantee contract between Egide, the Board Members, and the company's executive committee. No arrangement or agreement has been reached with major shareholders, clients or suppliers, whereby a person was selected as a Board Member. To the company's knowledge, there is no conflict of interest between Board Members' duties and their private interests.

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

14.3 Term Listing

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

The abbreviations and indications have the following meaning:

- BD = Board of Directors
- PR = Permanent Representative
- Yes = the mandate is underway as at December 31 2012
- No = the mandate is no longer exercised as at December 31 2012

Mr. Philippe BREGI

Company	Address	Position	2012
Egide SA	Bollène (84)	Chief Executive Officer	Yes
Egide USA LLC *	Wilmington, Delaware (USA)	President	Yes
Egide USA Inc *	Cambridge, Maryland (USA)	President	Yes
Egide UK *	Woodbridge, Suffolk (UK)	President	Yes
Egima *	Casablanca - Morocco	Manager	Yes
Teem Photonics	Meylan (38)	Supervisory Board Member	No

* *Companies belonging to the Egide Group*

Ms. Catherine GERST

Company	Adresse	Position	2012
Egide	Address	Board Member	Yes
Citigate	Paris (75)	Operating Partner (employee)	Yes

Mr. Albert SCHUNE

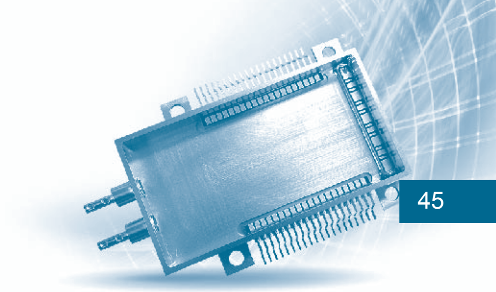
Company	Address	Position	2012
Egide TXCOM ASC	Bollène (84) Le Plessis Robinson (92) Sceaux (92)	Board Member Board Member Auto-entrepreneur (Self-employed)	Yes Yes Yes

Mr. Eric MICHEL

Company	Address	Position	2012
Egide Aforge Michel Eric François	Bollène (84) Paris (75) Paris (75)	Board Member Senior Advisor M&A Liberal Profession	Yes Yes Yes

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

To the company’s knowledge, no incrimination and/or official public sanction has been taken against an administrator of the company. Similarly, none of them has been prevented by a court to act as a member of a Board of Directors, an executive committee, or in the supervision of an issuer or take part in the management or the business administration of an issuer during the course of at least the last five years. Finally, none of the company's Board Members have been involved in a bankruptcy, receivership or liquidation (except for information concerning Mr. Antoine Dréan mentioned in paragraph 14.1 of this annual report).



15 COMPENSATION AND BENEFITS

15.1 Compensation for Board Members and Management

Total compensation and benefits paid during fiscal year 2012 to each corporate officer of Egide SA 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 2011	Year 2012
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)	€ 138,772.07 None None	€ 142,245.94 None None
TOTAL	**€ 138,772.07**	**€ 142,245.94**

Table No. 2 - Summary of compensation for each corporate officer and director				
	Year 2011		Year 2012	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Philippe BREGI **Chief Executive Officer**				
Fixed payment Variable compensation Compensation exception. Board Members' Fees Non-cash benefits: Car - GSC	€ 134,455.67 None None None € 4,316.40	€ 134,455.67 None None None €4,316.40	€ 137,819.02 None None None € 4,426.92	€ 137,819.02 None None None € 4,426.92
TOTAL	**€ 138,772.07**	**€ 138,772.07**	**€ 142,245.94**	**€ 142,245.94**

Table No. 3 - Director's fees and other compensation received by non-director corporate officers		
	Amounts paid in 2011	Amounts paid in 2012
Albert ZYLBERSZTEJN, Board Member		
- Board Members' Fees - Other compensations	€ 6,000.00 None	€ 3,200.00 None
21 CENTRALE PARTNERS, Board Member		
- Board Members' Fees - Other compensations	€ 6,000.00 None	€ 3,200.00 None
Antoine DREAN, Board Member		
- Board Members' Fees - Other compensations	€ 6,000.00 None	€ 8,000.00 None
Catherine GERST, Board Member		
- Board Members' Fees - Other compensations	None None	€4,800.00 None
Vincent HOLLARD, Board Member		
- Board Members' Fees - Other compensations	None None	€ 4,800.00 None
TOTAL	**€ 18,000.00**	**€ 24,000.00**

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	Strike 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	Strike price
Philippe BREGI	5.2 - 3/5/2009	5,417	€ 5.34
TOTAL		**5,417**	

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

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

Table No. 8 - History of stock options or stock purchase allotments						
Information on stock options or stock purchase at December 31, 2012						
Plan No.	4.1	4.4	5.1	5.2	6.1	6.2
Date of meeting	6/8/2004	6/8/2004	6/20/2007	6/20/2007	5/28/2010	5/25/2010
Date of Board meeting	4/26/2005	1/15/2007	7/24/2007	3/5/2009	10/18/2010	10/6/2011
Total number of subscribed shares *	22,500	5,246	5,774	28,776	217	651
The number of which can be subscribed by Philippe BREGI	22,500	0	0	20,000	0	0
Starting point for exercising options	4/26/2007	1/15/2009	7/24/2009	3/5/2011	10/18/2012	10/6/2013
Expiry date	4/25/2012	1/14/2014	7/23/2014	6/4/2016	10/17/2017	10/5/2018
Subscription Price *	€ 27.45	€ 28.75	€ 25.69	€ 5.34	€ 5.20	€ 7.46
Terms of exercise	Maximum exercise per quarter every 30 trading days					
Minimum number of shares for each exercise	500	20	20	20	20	20
Number of subscribed shares at December 31 2012	0	0	0	5,442	0	0
Cumulated number of cancelled or obsolete options	22,500	909	1,000	1,109	0	0
Stock options outstanding at fiscal year end on December 31 2012	0	4,337	4,774	22,225	217	651

** Adjustments are made after capital operation*

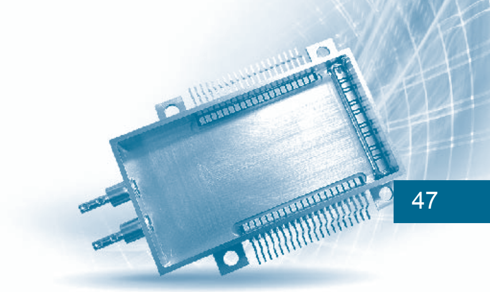


Table No. 9 - Stock options assigned to the ten first appointed non-corporate-officer employees and options exercised by them		
	Total number of assigned options/ exercised shares	Weighted average price
Options granted during the fiscal year 2011 *	651	7.46 €
Options exercised during the fiscal year 2011	25	5.79 €
Options granted during the fiscal year 2012	-	-
Options exercised during the fiscal year 2012	5,417	5.34 €

** Adjustments are made after capital operation*

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

For fiscal years 2010, 2011 and 2012, no compensation or benefit was received by the corporate officers of Egide SA on the part of companies controlled by Egide SA pursuant to Article L.233-16 of the Commercial Code.

Chief Executive Officer Philippe Brégi's compensation contains only fixed elements. As a corporate officer, he has unemployment insurance (GSC contract - unemployment insurance for corporate directors), the management portion of which constitutes a perquisite. He is also provided with a company car (Peugeot 208) as well as profit sharing, in the same manner as all salaried employees. No profit sharing was paid in 2011 and 2012. There are no benefits after employment, no termination-of-contract allowance, nor any other long term benefit in favor of its executives. Irrespective of the stock options (see below), there is no payment in shares.

Board Members have not received stock options, with the exception of the Chief Executive Officer, who, at December 31 2012, held 16,253 stock options. It is made clear that during the fiscal year, the Executive Director took up a total of 5,417 stock options and that plan No. 4.1 of which he was the sole beneficiary for 22,500 options became null and void. 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 granted as of this date must be registered until the end of the chief executive officer's term of employment.

In addition, Board Members are provided with civil responsibility for management and corporate officers insurance, underwritten by the Chartis Company. Coverage is for a maximum of 4.5 million Euros, the deductible in the USA is $ 25,000, and the premium of 12,939 Euros before taxes remains unchanged.

15.2 Amounts Provided

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

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

These reserves do not include foreign subsidiaries; these companies have not committed to pay additional premiums upon expiry 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 of this annual report for a list of Board Members

16.2 Employment Contracts

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

16.3 Audit Committee and Compensation

In view of the size (four Board Members) and the composition of the Board of Directors (the President who also acts as Executive Director and three independent Board Members), 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 the provisions of Article L. 823-20 of the French Commercial Code. Within the company, the Board of Directors meets as audit committee only as regards the preparation of annual accounts. It is made clear that in the case where the board meets in the form of the audit committee, the latter is chaired by an independent Board Member and not by the President of the Board of Directors who is not independent, as he also holds the position of Executive Director. The preparation of financial information and the follow-up of the efficiency of internal control systems and risk management is monitored by the Board of Directors itself. Executive compensation is set by the Board.

Since the appointment of Ms. Catherine Gerst (Shareholders meeting of May 13 2011) and the co-optation of Mr. Eric Michel (Board Meeting of January 30 2013) to the position of Board Member, two Board Members have expertise in financial matters whilst at the same time being independent.

16.4 President's Report on Internal Control and Risk Management

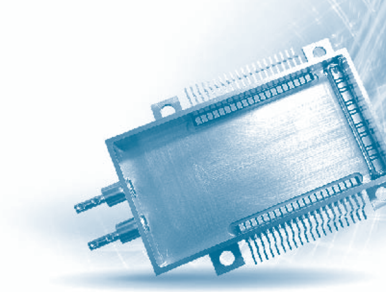
This report was approved by the Board of Directors on April 26 2013.

16.4.1 Conditions for Preparation and Organization of the work of the Board of Directors

16.4.1.1 Corporate Governance Code

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

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



16.4.1.2 Composition of the Board of Directors

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

Board Members	Since
Mr. Philippe Brégi, Chief Executive Officer, President of the Board of Directors	April 26 2005
Ms. Catherine Gerst	May 13 2011
Mr. Albert Schune	December 10 2012
Mr. Eric Michel	January 30 2013

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

On June 7 2012, Mr. Antoine Dréan, Board Member since October 30 2008, informed the company of his decision to resign from his mandate with immediate effect. Bearing in mind the dissolution of SEP Tantale, for which he held the mandate as manager, and the significant reduction in holdings of Egide shares that resulted from it, this role no longer seemed to him to be justified. The Board of Directors on July 2 2012 had then noted this resignation and had decided not to carry out an immediate replacement for the member's position that had become vacant.

On November 29 2012, Mr. Vincent Hollard, a Board Member since May 13 2011, informed the company of his decision to resign with effect from December 10 2012 for personal reasons. The Board of Directors, meeting on December 10 2012, formally recorded this resignation whilst at the same time co-opting Mr. Albert Schune to the position of Board Member made vacant as a result of the resignation of Mr. Antoine Dréan, for the remaining term of the mandate of Mr. Dréan.

On January 30 2013, the Board of Directors co-opted Mr. Eric Michel to the position of Board Member made vacant as a result of the resignation of Mr. Vincent Hollard, for the remaining term of the mandate of Mr. Hollard.

The ratification of these two co-optations will be proposed at the general meeting taking place on June 26 2013. In accordance with recommendation R9 of the Middlenext code, information on the experience and expertise of each Board Member for whom a ratification is to be proposed was communicated to the shareholders through a press release issued on February 4 2013. The ratification of co-optation of Mr. Albert Schune and Mr. Eric Michel will also be the subject of a separate resolution for each of them, allowing shareholders to freely decide on the composition of the company's Board of Directors.

As per recommendation R8 of the Middlenext code, Ms. Catherine Gerst, Mr. Albert Schune and Mr. Eric Michel are considered independent Board Members because they have no financial, contractual or family relationship with the company that may impair their independence of judgment. They are neither employees nor corporate officers, nor clients or suppliers or bankers of the company and they are not major shareholders.

Each Board Member serves as a shareholder and holds at least one share in the company, in accordance with Article 14 of the company by-laws.

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

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

Furthermore, the company is in compliance with the provisions of Article L. 225-17 para. 2 of the Commercial Code taken from Law No. 2011-103 of January 27 2011 relating to balanced representation of women and men within boards of directors, supervisory boards and to equality in the workplace.

16.4.1.3 Powers and Functions of the Board of Directors (Articles 16 and 17 of the company's by-laws)

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

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

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

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

The Board of Directors usually meets in the premises of the company, the Board Members or those of the corporate counsels, and in compliance with recommendation R13 of the Middlenext code, at least 3 times per year and whenever circumstances so require. Members of the labor-management committee systematically attend corporate boards when their presence is required by law. The agenda is established by the president; decisions are usually made unanimously, expect in statutory cases where the president must abstain. Meeting minutes are taken and provided to the Board Members, upon approval, at the following meeting. The meeting rosters as well as all meeting reports are available at the corporate office. During the 2012 fiscal year, the Board of Directors met 5 times, the same as in 2011.

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

In consideration of their participation in the Board of Directors, each member, with the exception of the president, receives a fee. For fiscal year 2012, a total amount of 24,000 Euros was allocated for this purpose. In compliance with recommendation R14 of the Middlenext code, the allocation of attendance fee is based on the physical presence of the representative of the Boards of Directors.

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

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

The Board of Directors adopts and possibly modifies the yearly compensation to be paid to the Executive Director (corporate officer without an employment contract), it being solely a fixed compensation with no fluctuating element to be included. Besides this compensation, the Executive Director is provided with a company car and an unemployment insurance, whereby the private use of the car and the management portion of the insurance are considered a benefit in kind.

No specific complementary retirement program arrangement is in place, as well as no provision for an exit compensation package or any allowance has been taken. The CEO does not receive attendance fees neither as part of his mandate held within Egide nor as part of his mandates held in other companies of the group.

With regard to stock options, given that the exercise and definite allotment of share options to the CEO are carried out under the same conditions as for the other employees, the exercise and allotment of share options are not subject to future performance conditions. However, in accordance with the provisions of Law No. 2006-1770 of December 30 2006, the Board of Directors decided on March 5 2009 that, in case of allotment of stock options to the CEO, a minimum of 20% of shares resulting from the exercise of options is to be retained in registered form until the CEO ceases to hold office. As of the date of this report, the Executive Director holds 16,253 stock options that is 0.91% of the capital. It is made clear that the Executive Director took up a total of 5,417 options during the 2012 fiscal year (all registered at par value) and that plan No. 4.1 of which he is the sole beneficiary expired on April 25 2012 without being taken up.

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

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

16.4.1.5 Limitations on the Executive Director's Powers

On April 26 2005, Egide SA's Board of Directors has delivered its opinion on the organization of the top management and decided it would be managed by the President of the Board.

No specific limitation has been placed on the powers of the Executive Director, who exerts them in conformance with the legal provisions currently in effect (Article L225-56 of the Commercial Code): Egide's Executive Director is invested with the widest range of powers to act in all circumstances in the name of the company. He exerts these powers within the limits of the company's mission, and subject to the powers expressly attributed by the law to shareholder meetings and to the Board of Directors. He is not limited in the amount involved in the commitments he makes within the context of the day-to-day management of the company. As an exception, the amount of bonds, backings 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 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. "

16.4.2 Internal Control Procedures Adopted by the Company

The preparation of this report was established based on the guide to implementation of the reference framework for small and mid-sized companies published by the AMF, which was the subject of a recommendation dated July 22, 2010, supplemented by the AMF report on corporate governance, executive compensation and internal control of small and mid-size companies of December 7, 2010. It is made clear that the Financial Markets Authority Recommendation No. 2012-14 of October 11 2012 on corporate governance and directors' remuneration only applies to companies under the AFEP/MEDEF code (and not those who have adopted the Middlenext code). The state of procedures in place was determined based on the company's Quality and Environmental Manual as well as discussions with the Finance department.

16.4.2.1 General principles of risk management

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

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

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

At Egide, the risk management system is based on:

- an organizational framework: the steering committee made up of the Executive Director 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. 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 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.

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 the top management and the Board of Directors as well as to third parties (stockholders, bankers, investors, employees, clients, suppliers etc.). For each recipient, the frequency and amount of information reported is different.

Every week the executive committee (Executive Director, 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 Executive Director 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 results of the American subsidiary (Egide USA) and the English subsidiary (Egide UK) takes the form of a conference call. During this conference, the respective officers of these subsidiaries present their comments to the Executive Director and the chief financial officer on a certain number of indicators, some of which may then be partially repeated in presentations to the Board Members. It is also an opportunity to report on business trends and to make decisions that are within the top management's power. For this purpose PowerPoint presentations are used. As for the Moroccan subsidiary (Egima), with no operational activity since July 1, 2009, accounting is carried out on a quarterly basis only.

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

As far as communications are concerned, financial management has the responsibility to inform the public because of the company's listing in a regulated market. Only the Executive Director 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 the 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 the 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 and ISO 14001:2004 standards, Egide has a set of procedures designed to ensure the proper functioning of the quality assurance system in place, outlined in its Quality and Environment Manual. This system covers the series of production activities of the company (commercial services, provisioning, production, and shipping). This system covers all of the company's production activities (commercial services, supplies, production and expedition). Each year, management commits to apply the resultant quality and environmental policy. These operations are coordinated by the quality and environment management, and analyzed by the steering committee (see § 16.4.2.1 for its composition) or during management reviews.

The first parameters tracked are the rates of return clients, late delivery rates, returns, productivity, the rate of consumption of materials compared to estimates, procurement lead time, and the proper development of relationships between Egide, its suppliers, and its clients. 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 the top management's area of responsibility.

To ensure compliance with the procedures currently in effect, means of surveillance and analysis have been put in place regarding the process (indicators associated with it) and the products (inspection plans and management tools). An internal audit system has been defined and managed by the quality control manager, with the approval of the quality control director and the 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, client ratings, client satisfaction surveys, audits by clients or external organizations, and action items from previous 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 yet been completely integrated in the procedures put in place in the context of ISO 9001:2008 and described in the Quality and Environmental Manual (only an accounting and financial procedure has been created).

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

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

Egide UK subsidiary: The company has its own accounting and financial structure. It is managed day to day by the chief accountant who reports directly to the director of the subsidiary. She is in charge of day-to-day accounting, issuance of financial statements, and management control and reporting to their management and to the parent company. Egide's financial management also provides support and comes on location when necessary. Egide's top management conducts a remote commercial review as the subsidiary is not considered strategic (for not "core business").

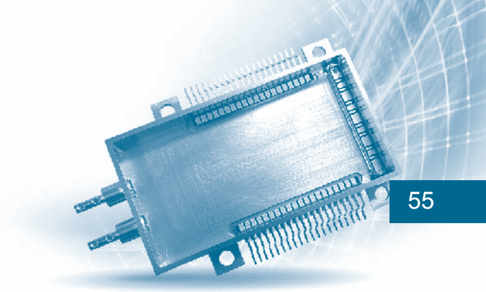
Egima subsidiary: The company uses an independent accounting organization to handle its accounting functions. It is directly overseen by the head of accounting at Egide SA who is in direct contact with this organization. Furthermore, only she and the Executive Director are decision makers where cash flow management matters are concerned (including issue of payments).

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 (top management, Board of Directors, audit committee) and all the company's collaborators (risk manager, internal audit and staff).

16.4.2.5.1 Top Management

The 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, the top management verifies that this internal control system covers the following points:

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

In the preparation of biannual and annual accounts, the top management ensures that all operations have been registered in accordance 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 reports terms).

16.4.2.5.2 Board of Directors

As regards the establishing and controlling of 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 the top management that guidance and control devices are able to ensure the reliability of the financial information published by the company and give a faithful image of the results and the financial position of the company and the group.

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

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

16.4.2.5.3 Audit Committee

In view of the size (four Board Members) and the composition of the Board of Directors (the President who also acts as Executive Director and three independent Board Members), 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 the provisions of Article L. 823-20 of the French Commercial Code. It is made clear that in the case where the board meets in the form of the audit committee, the latter is chaired by an independent Board Member and not by the President of the Board of Directors who is not independent, as he also has the position of Executive Director.

16.4.2.5.4 Risk Manager

At Egide, this function is performed by the top management, assisted in its 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 the top management, assisted in its 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 monitoring necessary to maintain its ISO 9001 and ISO 14001 certifications, as well as on its procedures for preparing accounting and financial statements to best identify the main risks associated with the company's activities. The entire standards and procedures incorporate general objectives with the company personnel, the latter, in fact, possessing the information necessary to establish and operate the internal monitoring system.

16.4.2.6 Auditors' role

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

By virtue of its responsibility for the establishment of accounts and the implementation of internal accounting and financial control systems, the 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 approx. 90% of sales), the same firm of auditors was selected to conduct the audit. A local audit company was selected for the English subsidiary Egide UK.

The auditors also communicate their comments on this President's report, for those regarding 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

Dear Shareholders,

In our capacity as auditors at EGIDE SA, and in compliance with the provisions of Article L.225-235 of the Commercial Code, we present our report on the report prepared by the President of your company in accordance with the provisions of Article L.225-37 of the Commercial Code for fiscal year ending December 31 2012.

It is incumbent upon the President to establish and submit to the Board of Directors, for their approval, a report reflecting internal control and risk management procedures put in place within the company and giving other information required as per Article L.225-37 of the Commercial Code regarding corporate governance measures, 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 the other information required by Article L.225-37 of Commercial Code, putting forth that we cannot verify the truthfulness of this information.

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

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

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

- Examination of the internal control and risk management procedures relative to the preparation and processing of accounting and financial information underlying the information presented in the President's report as well as existing documentation;
- Examination of the work that permitted the preparation of this information and the existing documentation
- Determination whether major deficiencies in internal control and risk management 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 report of the President of the Board of Directors, prepared in accordance with the provisions of Article L225-37 of the Commercial Code.

Other Information

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

Drawn up at Neuilly-sur-Seine and Paris, June 5 2013

The Auditors

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

16.6 Executive Committee

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

Surname	Current office	Joined the company on
Mr. Philippe BREGI 34-36 rue de Clichy, 75009 Paris	Chief Executive Officer	11/9/2004
Mr. Jim COLLINS 1553 Commanche Road, Arnold, MD 21012, USA	Director Egide USA	12/29/2000
Mr. Chris CONWAY 29 Lattice Avenue, Ipswich, Suffolk, IP4 5LJ, GB	Director Egide UK	7/01/2002
Mr. Frédéric DISPERATI 3 Chemin des Passadoires, 84420 Piolenc	Director, Quality, Environment and Customer Service	10/1/1990
Mr. Philippe LUSSIEZ 2 rue des Champs, 78320 La Verrière	Financial Director	6/9/1992
Mr. Didier MARTIN 33 avenue du Plan de l'Eglise, 78960 Voisins le Bretonneux	Business and technical support manager	8/3/1992
Mr. Michel MASSIOT 8 Résidence Le Tilleul, 26130 Saint Paul Trois Châteaux	Director R&D	1/5/2007
Mr. Wladimir MUFFATO Quartier Genève, 26130 Montségur sur Lauzon	Industrial manager (production and acquisition)	12/19/1994

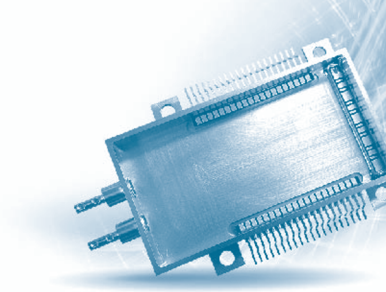
In addition to exercising their management functions in EGIDE, the following personnel are also:

Surname	Fonction	Depuis le
Mr. Philippe BREGI	Manager of SARL Egima President of Egide USA LLC President of Egide USA Inc. President of Egide UK Ltd	4/28/2005 4/28/2005 4/28/2005 4/27/2005
Mr. Jim COLLINS	Vice-President of Egide USA Inc. Vice-President of Egide USA LLC	12/29/2000 12/29/2000
Mr. Christopher CONWAY	Board Member of Egide UK Ltd	7/1/2002
Mr. Philippe LUSSIEZ	Secretary of Egide USA Inc. Secretary of Egide USA LLC	4/28/2005 4/28/2005
Mr. Didier MARTIN	Board Member of Egide UK Ltd	7/1/2002

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

M. Philippe BREGI is a graduate of the École Centrale de Lyon and he has an MBA from the IAE de Lyon. Before joining Egide, he was CEO of Avanex France, after the acquisition by Avanex of Alcatel Optronics, the "optical components" subsidiary of the Alcatel group, where he was the managing 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.

M. Jim COLLINS holds a "Bachelor of Science degree in Ceramic Engineering" from Rutgers University in the USA. After having exercised management functions at the company Electronic Packaging Products, he took over operational leadership at the American subsidiary, Egide USA Inc., where he has been named vice president.



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

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

M. 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.

M. Didier MARTIN holds an engineering degree from the 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.

M. 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.

M. 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 at December 31 is provided in the table below:

(Present at December 31)	2010	2011	2012
Administration and Business	28	28	28
Production, Quality, and R&D	301	275	260
Total	**329**	**303**	**288**

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

(Present at December 31)	2010	2011	2012
Egide Trappes and Bollène	210	189	174
Egide USA	68	77	82
Egide UK	23	28	32
Egima	28	9	0
Total	**329**	**303**	**288**

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

(Present at December 31)	2010	2011	2012
Contracts of Determined Duration	60	32	13
Contracts of Undetermined Duration	269	269	273
Apprenticeship Contracts	0	2	2
Total	**329**	**303**	**288**

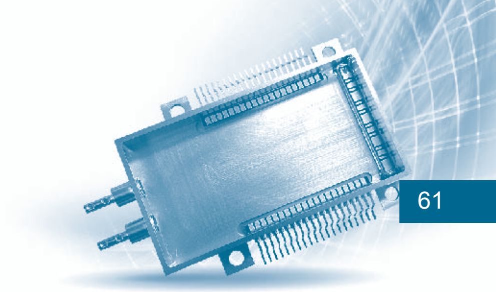
17.2 Participation, Profit Sharing, and Variable Compensation Agreement

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

- To sales representatives, based on their performance
- To all employees, who receive profit sharing based on the company’s performance. It results from a profit-sharing agreement signed between the company and the employees, represented by the secretary of the labor-management committee. This agreement was concluded for a period of 3 years from January 1 2010 to December 31, 2012. This profit sharing is calculated annually from the company's operating results before corporate tax. It is spread uniformly among employees with at least three months of seniority, prorated according to the number of hours they worked during the fiscal year concerned. A new profit sharing agreement will be discussed in 2013 to cover a 3 year period.

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

At Egide USA, a profit sharing agreement is in force between the company and its key executives. It is a variable percentage of the annual salary that is paid if the EBITDA generated during the fiscal year exceeds 85% of what was budgeted. A total gross amount of $ 169,728 was paid for bonuses for fiscal year 2012.



At Egide UK, all employees benefit from a profit-sharing plan according to sales realized on a monthly, quarterly and yearly basis. Fixed premiums are paid to each employee according to a scale determined every year. A total gross amount of £ 38,264 was paid for fiscal year 2012.

At Egima, no profit-sharing agreement was implemented.

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

17.3 Stock Options Plans

Since Egide's listing on the Paris Stock Exchange, stock options have been granted to certain supervisory staff. On April 30 2013, the total amount of stock options provided to Egide employees, and not yet exercised, is 29,874; the amount granted to and not yet exercised by Egide USA employees is 2,981 (that is a total of 32,855 stock options).

With the exception of the president, no member of the Board of Directors receives stock options. In his capacity as director of the company, he holds a balance of 16,253 options at April 30 2013 which were allocated to him on March 5 2009 (see plan No. 5.2 in the table hereafter). In compliance with the provisions of Law No. 2006-1170 of December 30 2006, it is specified that a minimum of 20% of stocks issued in the exercise of options must be registered until the end of the chief executive officer's term of employment.

The table below lists the various plans in effect on April 30 2013:

Plan Number	Plan 4.1	Plan 4.4	Plan 5.1	Plan 5.2	Plan 6.1	Plan 6.2	Plan 6.3	Total
General Meeting	6/8/2004	6/8/2004	6/20/2007	6/20/2007	5/28/2010	5/28/2010	5/28/2010	
Council	4/26/2005	1/15/2007	7/24/2007	3/5/2009	10/18/2010	10/6/2011	1/30/2013	
Initial Number of Stocks	20,000	4,900	5,400	26,624	200	600	651	58,375
Corporate Officers	20,000	0	0	20,000	0	0	0	40,000
First 10 Salaried Personnel	0	4,500	3,800	4,124	200	600	651	13,875
Number of Stocks after Adjustments*	22,500	5,246	5,774	28,776	217	651	651	63,815
Period Beginning Date	4/26/2007	1/15/2009	7/24/2009	3/5/2011	10/18/2012	10/6/2013	1/30/2015	
Period End Date	4/25/2012	1/14/2014	7/23/2014	3/4/2016	10/17/2017	10/5/2018	1/29/2020	
Terms and Conditions	Maximum rise of 1/4 every 30 trading days with a minimum of 20 shares **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 of plan No. 5.2: a maximum of 80% exercised during the term of the proxy.							
Subscription Price *	€ 27.45	€ 28.75	€ 25.69	€ 5.34	€ 5.20	€ 7.46	€ 4.08	
Number of Options Subscribed to	0	0	0	5,442	0	0	0	5,442
Number of Options Lost	22,500	909	1,000	1,109	0	0	0	25,518
Number Remaining to Be Exercised	0	4,337	4,774	22,225	217	651	651	32,855

** Adjustments are made after capital operation.*

During fiscal year 2012, 5,417 options were subscribed under plan No. 5.2 by the Executive Director of Egide SA.

It should be recalled that to exercise stock options, the beneficiary must either be a director/corporate officer 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 expiry date of the exercise has passed, stock options are automatically lost.

Thus, during fiscal year 2012, beneficiaries lost a certain number of option subscriptions.

- **Plan No° 4.4 :** one employee who was a beneficiary of 109 was made redundant
- **Plan No° 5.2 :** this employee who was made redundant, was a beneficiary of plan No. 4.4 and held 109 options

A total of 218 options was thus lost for the period, the expiry of which was ascertained by the Board of Directors on January 30 2013.

Similarly, plan No. 4.1 with an expiry date set at April 25 2012, was not exercised, and so the 22,500 stock options from this plan are legitimately cancelled.

Taking these elements into account the maximum number of options having been set at 5% of shares that make up capital (that is 89,239 attributable options on April 30, 2013), 56,384 available options remain, i.e. 3.16% of capital. On that same date, the 32,885 options not exercised represented a potential dilution of 1.84%.

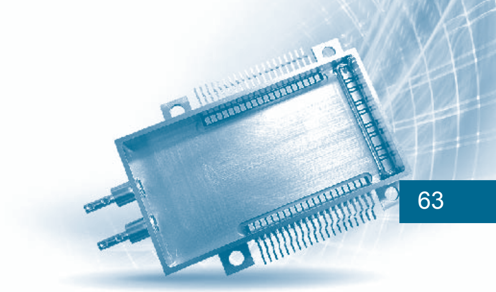
The fair market value of the share options in the consolidated financial statement is established by using the Black & Scholes valuation model (See § 20.3.1.5.4.9.1). The average life of options is of 4 ½ years at a volatility rate of 30%.

17.4 Social impact of the group's activities

See § 26.1 - Information relating to the social impact of the group's activity.

17.5 Information on the fight against discrimination and the promotion of diversity

In pursuance of the provisions of Article L.225-102-1 paragraph 5 of the Commercial Code as amended by Article 9 of Law No. 2011-672 of June 16 2011, every year Egide SA submits to the labor management committee and personnel representatives a single report in which several items related to the company's commitments in the fight against discrimination and the promotion of diversity are mentioned (see above indicators of paragraph 26.1 of this document). Moreover, there is no discrimination with regard to vocational training and promotion, working conditions and actual remuneration.



18 PRINCIPAL SHAREHOLDERS

18.1 Breakdown of Capital and Voting Rights

Situation at 30 April 2013	Number of Shares	% of Capital	Number of Votes	% of Voting Rights
Philippe Brégi (Registered Securities)	16,380	0.92 %	16,392	0.91 %
Total Philippe Brégi (President & CEO)	**16,380**	**0.92 %**	**16,392**	**0.91 %**
Public (Bearer Securities) Public (Registered Securities)	1,750,182 18,235	98.06 % 1.02 %	1,750,182 32,236	97.30 % 1.79 %
Public Total	**1,768,417**	**99.08 %**	**1,782,418**	**99.09 %**
TOTAL	**1,784,797**	**100.00 %**	**1,798,810**	**100.00 %**

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

On March 30 2013, shares held by other members of the company's Board of Directors are as follows: Ms. Catherine Gerst 1 share, Mr. Albert Schune 100 shares and Mr. Eric Michel 10 shares.

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

See also § 21.1.5 - Changes in the Last Three Years

18.2 Crossing the Thresholds

Identity of shareholders possessing more than 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66% and 95% of share capital or voting rights on 30 April 2013:

	More than 5%		More than 10%		More than 15%		More than 25%	
	Of Capital	Of Voting Rights	Of Capital	Of Voting Rights	Of Capital	Of Voting Rights	Of Capital	Of Voting Rights
Cie financière Sopalia [(1)]	X							
SBD [(2)]	X	X	X					
OTC Asset Management [(3)]	X	X						
Optigestion [(4)]	X	X						

[(1)] AMF opinion of December 5 2007 (threshold exceeding upward)
[(2)] AMF opinion of February 3 2012 (threshold exceeding upward)
[(3)] AMF opinion of May 11 2012 (threshold exceeding upward)
[(4)] AMF opinion of June 6 2012 (threshold exceeding downward)

No shareholder has more than 20% nor more than 30% of the capital or of the voting rights. An improper control over the company cannot be carried out. Furthermore, to the company's knowledge, there is no agreement of which the implementation could lead to a change of its control at a later date.

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

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

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

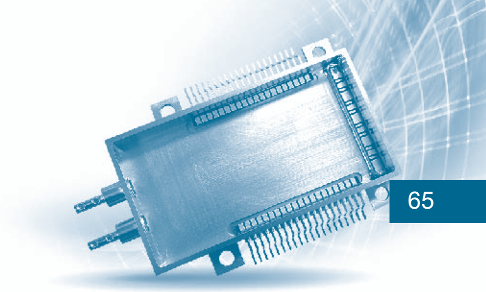
On May 11 2012, the limited company OTC Asset Management, acting for the funds it manages, declared, by way of regularization, that it had exceeded the threshold on February 3 2012, of 5% of the capital and voting rights of the company, and that it held on this date, on behalf of these funds, 105,085 Egide shares representing as many voting rights (that is 5.91% of capital and 5.87% of voting rights on that date). Crossing this threshold was brought about by subscription to the increase in the company's capital carried out in February 2012.

On June 6 2012, the limited company Optigestion, acting on behalf of the clients and funds it manages, declared that it had fallen below the threshold on June 5 2012, of 10% of the capital and voting rights of the company, and that it held on this date, on behalf of these clients and funds, 107,455 Egide shares representing as many voting rights (that is 6.02% of capital and 5.98% of voting rights). Crossing this threshold was brought about by the termination of the assignment of financial management of 65,980 shares held by the funds FCP UG AG Croissance, previously managed by Optigestion.

18.3 Different Voting Rights

A double voting right is conferred on all fully paid shares registered for at least two years in the name of the same shareholder (General Meeting January 29 1999). This right is conferred to any bonus share issued to a shareholder in respect of old shares.

At April 30 201, 36,615 shares were registered of which 14,013 benefited from a double voting right.



19 TRANSACTIONS WITH RELATED PARTIES

19.1 Regulated Agreements

Relevant agreements in force on December 31 2012 are the following:

Agreements Reached in Fiscal Year 2012 and Previously Authorized

- Guarantee agreement by Egide in favor of Egide USA for up to $ 1,560,000 to establish a bank loan between Egide USA and Bank of America (Board of Directors, May 15 2012)

Agreements Established in Previous Fiscal Years That Are Still in Effect

- Current account agreement between Egide UK and Egide (Board of Directors' meetings, October 14 2002 and October 31, 2005)
- Current account agreement between Egima and Egide (Board of Directors' meetings, March 16 2001 and October 31 2005)
- Current account agreement between Egide USA and Egide SA (Board of Directors' meetings, October 31 2005)
- Re-invoicing agreement for business management, financial management, and executive management between Egide and its subsidiaries, Egide USA, Egima and Egide UK (Board of Directors' meetings, May 2 2002 and October 14 2002)
- Agreement to guarantee on first request in consideration for a long-term loan granted to Egima (Board of Directors' meeting, October 30 2001)
- Agreement to pledge Egide's financial instrument account in consideration for a bond given to Egima (Board of Directors' meeting, October 27 2003)
- Service agreement entered into by the company for the benefit of the Chief Executive Officer (Board of Directors' meeting, November 9 2004)
- Guarantee agreement by Egide in favor of Egide UK as part of the establishment of a factoring contract between Egide UK and Lloyds bank (Board of Directors meeting of April 18 2008)
- 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

- 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 K€ltic (Board of Directors meeting of October 16 2008)

See also § 20.3.1.5.4.18 - Transactions with Related Parties

19.2 Auditors' Report on Regulated Agreements

Dear Shareholders,

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 225-31 of the Commercial Code, to assess the stakes involved in entering into these agreements and commitments.

Moreover, it is our responsibility, if need be, to give you information provided in Article 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

Agreements and Commitments Authorized During the Preceding Fiscal Year

In accordance with Article 225-40 of the Commercial Code, we have been informed of the following agreements and commitments subject to prior authorization by your Board of Directors.

Guarantee Agreement by your company in favor of EGIDE USA for a bank loan between Egide USA and the Bank of America

Person concerned: Mr. Philippe Brégi, chief executive officer of your company is also chairman and chief executive officer of the company Egide USA Inc.

Nature and Purpose: In the context of a loan contract signed by its subsidiary EGIDE USA. Inc, in May 2012 to finance the purchase of its industrial building, EGIDE SA stood as guarantor in favor of the Bank of America. The maximum amount guaranteed at December 31 2012 stands at $ 2,228,628 that is € 1,689,122.

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

2 - Agreements and commitments already approved by the general assembly

Agreements and commitments approved in prior fiscal years

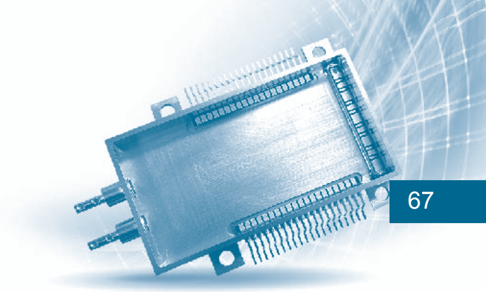
M. Philippe Brégi, chief executive officer of your company and also chairman of Egide UK Ltd., manager of Egima S.A.R.L., and chairman and chief executive officer of Egide USA Inc.

a) Which continued during the past financial year

In compliance with Article R. 225-30 of the Commercial Code, we have been informed that the execution of the following agreements and commitments, approved in previous financial years, continued during the last financial year.

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

Nature and Purpose: EGIDE SA posted a guarantee on first request for the benefit of Crédit du Maroc in consideration for a long-term loan granted by the latter to the Egima S.A.R.L, the subsidiary according to Moroccan law. The loan, in the amount of 10,678,000 dirham's, was granted on March 21, 2003 for an initial term of 12 years (with a due date of March 21, 2015), one year of which is franchise capital. The guarantee provided by Egide S.A. concerns capital and interest owed by Egima S.A.R.L. with a limit of 12,700,000 dirhams in principal. The balance of this loan, due on 31 December 2012 is the equivalent of € 312,009.



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

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

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

Nature and Purpose: Pledge of a mutual fund portfolio for a total amount of 57,447 Euros for the benefit of Crédit du Nord as collateral for a bond provided to the Société générale Marocaine de Banque, who authorized, at the request of the Moroccan subsidiary, Egima S.A.R.L., a permanent bond for the Moroccan customs and tax authorities. The value of the mutual funds guaranteed stood at € 65,017 on 31 December 2012.

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

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

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

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

Details: Amounts invoiced reached € 2,840 in fiscal year 2012.

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

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

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

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

Guarantee Agreement 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.

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

Nature and Purpose: Regarding this lease agreement, 4 Washington Street Investments LLC, in its capacity of lessor, asked your company to vouch for its leasing subsidiary, to the extent of the amounts due by Egide USA Inc. as per said lease agreement, without limitation as to the amount, representing a maximum of US$ 1,730,530 for the rents,

This guarantee takes places in the assignment transaction of the American real-estate complex, sold by Egide USA Inc. to 4 Washington Street Investments LLC for an amount of 2 million USD.

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

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

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

Nature and Purpose: The factoring contract previously put in place in March 2007 at the request of CIT, between CIT and Egide USA Inc., expired at the end of November 2008.

During the month of December 2008, a finance contract was signed between Egide USA Inc. and Keltic (assignment of receivables to Keltic an inventory financing).

Egide S.A. guaranteed Keltic for this finance contract for its subsidiary, Egide USA Inc.

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

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

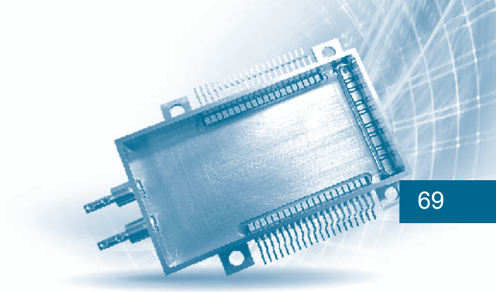
b) Without performance during the last financial year

None

Neuilly sur Seine and Paris, June 5 2013

The Auditors

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



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

20.1 Historical Financial Statements (2010 and 2011)

The consolidated annual financial reports for fiscal years ending December 31 2010 and December 31 2011, as well as the relevant auditors' reports, appearing in the documents mentioned in the following table, are incorporated by way of reference into this annual report.

Printed version of the Annual Report	2010	2011
AMF filing form	No. D11-0354 (April 21 2011)	No. D12-0386 (April 23 2012)
Consolidated Accounts and Annexes	Pages 69 - 90 (§ 20.3.1)	Pages 75 - 95 (§ 20.3.1)
Auditors' Reports on Consolidated Accounts	Page 109 (§ 20.4.1)	Page 115 (§ 20.4.1)
Annual Accounts and Annexes	Pages 90 - 108 (§ 20.3.2)	Pages 96 - 114 (§ 20.3.2)
Auditors' Reports on annual Accounts	Pages 110 and 111 (§ 20.4.2)	Pages 116 and 117 (§ 20.4.2)

20.2 Pro Forma Financial Statements

None

20.3 Financial Statements

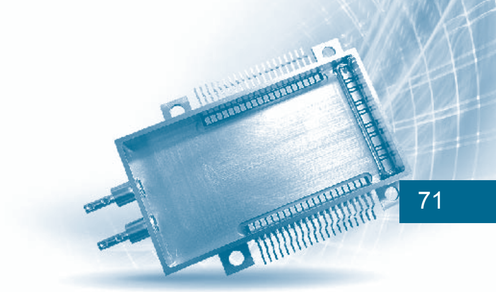
20.3.1 Consolidated Financial Statements

20.3.1.1 Statement of financial position

ASSETS (in k€, IFRS Standards)	Notes 20.3.1.5.	Net value on 12/31/2012	Net value on 12/31/2011
Intangible Assets	4.3	13	0
Tangible/Fixed Assets	4.3	3,551	767
Financial Assets	4.3	204	270
Other Current Assets	4.4	946	878
Non-current Assets		**4,714**	**1,915**
Inventory	4.5	3,624	4,112
Clients and Other Debtors	4.6	4,366	3,480
Cash and Cash Equivalents	4.7	1,131	1,142
Other Current Assets	4.8	283	399
Current Assets		**9,403**	**9,133**
Non-current Assets held for sale	4.12	0	1,443
TOTAL ASSETS		**14,116**	**12,492**

LIABILITIES (in € k, IFRS Standards)	Notes 20.3.1.5.	Values at 12/31/2012	Values at 12/31/2011
Contributed Capital	4.9	3,570	2,573
Premiums Associated with Share Capital		1,621	349
Legal Reserve		356	402
Consolidated Reserves		2,182	1,668
Results of the fiscal year [(1)]		(866)	620
Exchange loss		(2,151)	(2,177)
Internal Security Check		0	0
Equity Capital		**4,711**	**3,435**
Non-current Reserves	4.10	362	289
Long-Term Accounts Payable	4.11	363	276
Other Current Liabilities	4.11	22	35
Non-current Liabilities		**746**	**599**
Current Expenses	4.10	57	0
Short-Term Accounts Payable	4.11	3,875	2,386
Suppliers and Other Creditors	4.11	4,633	5,273
Other Current Liabilities	4.11	93	58
Current Liabilities		**8,659**	**7,717**
Liabilities relating to Non-current Assets held for sale.	4.12	0	740
TOTAL LIABILITIES		**14,116**	**12,492**

[(1)] *Egide UK Ltd on 12/31/2011 corrected an error in the valuation of its stocks for an amount of € 53 k.*



20.3.1.2 Combined comprehensive income statement

COMBINED COMPREHENSIVE INCOME STATEMENT (in k €, IFRS Standards)	Notes 20.3.1.5.	12/31/2012	12/31/2011
Turnover		25,595	26,873
Purchases consumed		(11,063)	(10,010)
Variable Inventory of Finished and In-Process Products (1)		(68)	(71)
Personnel expenses		(10,834)	(11,743)
External Costs		(3,852)	(3,943)
Taxes and Duties		(419)	(490)
Amort. & Depr. of Fixed assets	4.3	(979)	(276)
Depreciation recovery & provis.	4.5, 6, 10	0	(15)
Other operating income	4.15	1,235	487
Other operating expenses	4.15	(287)	(71)
Operating result	4.14	**(672)**	**742**
Cash and cash equivalents of Treas.	4.16	20	2
Cost of gross financial indebtedness	4.16	(210)	(252)
Net Debt	4.16	(190)	(250)
Other financial products	4.16	472	567
Other financial expenses	4.16	(475)	(437)
Profit before tax		(864)	621
Income tax	4.13	(2)	(1)
Fiscal year income		**(866)**	**620**
Group share		(866)	620
Minority ownership		0	0
Earnings per share (in €)	4.16	(0.49)	0,48
Diluted earnings per share (in €)	4.16	(0.49)	0,48
Other items of the combined comprehensive income statement		0	0
Combined comprehensive income statement		(866)	620
Group share		(866)	620
Minority Ownership		0	0

(1) Egide UK Ltd on 12/31/2011 corrected an error in the valuation of its stocks for an amount of € 53 k.

20.3.1.3 Table Showing Consolidated Equity Capital

(In k€, Except in the case of stocks)	Number of Shares	Capital	Premiums	Legal and Consolidated Reserves	Fiscal Year Income	Other Equity	Equity Capital
Situation at 12/31/2010	**1,286,275**	**12,863**	**349**	**(8,878)**	**657**	**(2,090)**	**2,901**
Change in Parent Company Capital	25	(10,290)		10,290			0
Fiscal year 2010 Profit Allocation				657	(657)		0
Fiscal year result					673		673
Adjustments and restatements (1)				(53)			(53)
Stock Option Subscriptions							
Conversion Difference Change							
Situation at 12/31/2011	**1,286,300**	**2,573**	**349**	**2,017**	**673**	**(2,177)**	**3,435**
Change in Parent Company Capital	498,497	997	1,272				2,269
Fiscal year 2011 Profit Allocation				673	(673)		0
Fiscal year result					(866)		(866)
Stock Option Subscriptions				(153)			(153)
Conversion Difference Change						26	26
Situation at 12/31/2012	**1,784,797**	**3,570**	**1,621**	**2,537**	**(866)**	**(2,151)**	**4,711**

(1) Egide UK Ltd on 12/31/2011 corrected an error in the valuation of its stocks for an amount of € 53 k.

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)	Notes 20.3.1.5.	12/31/2012	12/31/2011
Net Income for All Companies [3]		(866)	620
Elimination of expenses and products without incidence on the cash flow or not linked to the activity			
- amortization, depreciation, and provisions [1]	4.3, 4.10	1,098	349
- capital gains on sale of intangible assets. & fixed		18	
- others		(153)	1
Change in working capital requirements associated with the operation [2]		(1,265)	(718)
- (Increase)/decrease in inventory	4.5	469	(142)
- (Increase)/decrease in client receivables	4.6	(386)	820
- (Increase)/decrease in other receivables	4.6, 4.8	(364)	(303)
- increase/(decrease) in supplier accounts payable	4.11	(551)	(875)
- increase/(decrease) in fiscal and social security debt	4.11	(186)	(65)
- increase/(decrease) in other debts	4.11	(247)	(153)
Cash flow associated with operations		**(1,169)**	**252**
Asset acquisitions	4.3	(2,367)	(358)
Sales, net of taxes			
Cash flow associated with investment transactions		**(2,367)**	**(358)**
Cash capital increases	4.9	997	
Change in shareholders' equity	4.9	1,272	
Subscription to loans from credit or leasing companies	4.11	1,213	
Repayment of loans from credit or leasing companies	4.11	(163)	(131)
Taking of various loans			
Repayment of various loans	4.11	(15)	
Debts relative to factoring and revolving credit	4.11	178	(240)
Change in SICAV financing			
Cash flow associated with financing		**3,483**	**(371)**
Cash flow		**(53)**	**(477)**

[1] Except depreciation of current assets
[2] net value
[3] Egide UK Ltd on 12/31/2011 corrected an error in the valuation of its stocks for an amount of € 53 k

	Notes 20.3.1.5	12/31/2012	12/31/2011
Closing cash position *	4.7	1,121	1,142
Non-current assets held for sale at the closing.	4.12	0	35
Opening cash position *	4.7	1,177	1,643
Non-current assets held for sale at the opening	4.12	0	4
Incidence of currency exchange rate variations		3	(8)
Change in cash position		(53)	(477)

Supplier debts due at the end of December 2011 and paid at the beginning of the following semester, stood at € 443 k. Debts owed at the end of December 2012 were paid in 2012.

** For information purposes, cash flow totals at 12/31/2012 excluding non-current assets intended for sale at 12/31/2011 are broken down as follows:*

	Balance at 12/31/2012	Balance at 12/31/2011
Cash and Cash Equivalents	1,131	1,142
Bank overdrafts and accrued interest	(10)	0
Cash flow statement	**1,121**	**1,142**

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 on December 31 2012, with total assets of € 14,116 k, and the combined comprehensive income statement, shown in list format, reveals a loss of € 866 k closed by the Board of Directors on April 26 2013 and May 31 2013.

All information provided below is expressed in thousands of Euros (k €), unless otherwise indicated. Annual closing occurs on December 31, the fiscal year covering the period from January 1 2012 to December 31 2012.

20.3.1.5.2 Information Relative to the Authoritative Accounting Pronouncements and Scope

20.3.1.5.2.1 Basis for Preparing Financial Statements

In compliance with Regulation EC No. 1606/2002 dated July 19 2002, the Egide group presents its consolidated financial statements for fiscal year ending December 31 2012, in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union and published by the IASB on December 31 2012. This comprehensive basis of accounting includes the IFRS and IAS (International Accounting Standards), and their interpretations applicable as of December 31 2012. This set of standards and their interpretation are commonly called IFRS standards or simply "IFRS". This repository is available on the website of the European Commission: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

Mandatory application applies to certain standards, interpretations or amendments to existing standards to fiscal year commencing after June 30 2011 under IFRS. This is the case for amendment IFRS 7 "Financial Instruments: information to be provided - transfer of financial assets" but it has no impact on the group's consolidated financial statements.

The group's consolidated financial statements at December 31 2012 do not include any impact from standards, interpretations and amendments adopted by the European Union at December 31 2012, but the application of which is compulsory only with effect from fiscal years starting later than December 31 2012. The group does not foresee these texts having any impact on the consolidated financial statements:

- amendment to IAS 1 "Presentation of items of other comprehensive income" published on June 16 2011
- amendment to IAS 12 "Deferred taxes: recovery of underlying assets" published December 20 2010
- revision of IAS 19 "Staff benefits" published on June 16 2011
- revision of IAS 27 "Individual financial statements" published May 12 2011
- revision of IAS 28 "Investments in associates and joint ventures" published May 12 2011
- amendment to IAS 32: "Offsetting financial assets/liabilities" published December 16 2011
- amendment to IFRS 7: "Compensation of financial assets and financial liabilities" published December 16 2011
- amendment to IFRS 1: "First application of IFRS" published December 20 2010
- IFRS standard 10: "Consolidated financial statements" published May 12 2011
- IFRS standard 11: "Joint arrangements" published May 12 2011
- IFRS standard 12: "Disclosure of Interests in other Entities" published May 12 2011
- IFRS standard 13: "Fair value measurement" published May 12 2011
- interpretation IFRIC 20: "Stripping costs in the production phase of a surface mine" published October 19 2011

Texts published by the IASB at December 31 2012 and not in force in the European Union should not have any impact on the group's financial statements. These texts are the following:

- IFRS standard 9: "Financial instruments: recognition and measurement" published November 12 2009
- amendments to IFRS 9 and IFRS 7: "Date of application" published December 16 2011
- amendment to IFRS 1: "Government loans" published March 13 2012
- improvements to IFRS (2009-2011) published May 17 2012
- amendments to transitional provisions of IFRS standards 10, 11 and 12 published June 28 2012
- amendments to IFRS 10, IFRS 12 and IAS 27: "Investment entities" published October 31 2012

20.3.1.5.2.2 Consolidation Scope and Methods

The companies included in the Egide group's consolidated financial statements on December 31 2012 are the following:

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

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

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

20.3.1.5.2.3 Consolidation Rules

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

20.3.1.5.3 Accounting Principles and Evaluation Methods

20.3.1.5.3.1 General Principles

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

Since Egide's current cash position allows it to pay its debts on time; the company therefore meets its current liabilities with its available assets. Bearing in mind the cash flow forecasts expected within the context of its strategic plan, Egide notes that its cash flow situation requires additional funding to be implemented in the very near future. In this context, the Board of Directors has decided to undertake proceedings in order to obtain funding of tax credits by the OSEO, and to pursue the current bond issue with private placement. Consequently, the success of these funding operations underlies the idea of continuing the operation. As such, Egide considers that it would have sufficient cash flow to meet its payments for the year 2013.

20.3.1.5.3.2 Sales Recognition Methods

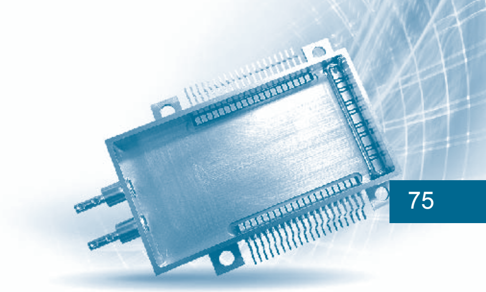
Products are shipped according to Incoterms ex works. Sales are recognized upon risk transfer, when the product is either shipped or actually placed in the factory.

20.3.1.5.3.3 Purchase Discrepancy

On the acquisition date, goodwill is initially assessed by the excess of the cost of the business combination over the acquirer's interest in the net fair value, liabilities identified, and contingent acquired liabilities.

In conformity with IAS 36, goodwill is subject to an annual impairment test, 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 statement of financial position.

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 in process correspond to assets not yet placed into service at the close of the fiscal year.

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

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

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

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

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

The impairment test is explained in paragraph 20.3.1.5.3.6.

20.3.1.5.3.6 Impairment Test for Non-Financial Assets

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

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

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

20.3.1.5.3.7 Inventories and In-process Goods

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

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

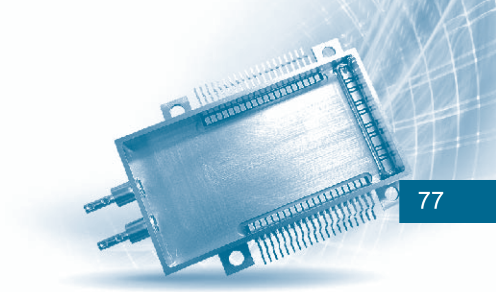
Variation in inventories and in-process goods and expenses and depreciation recovery pertaining to these inventories are presented on the same line of the group’s income statement.

20.3.1.5.3.8 Conversion of Financial Statements Established in Foreign Currency

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

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

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



20.3.1.5.3.9 Reciprocal Statements and Transactions

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

20.3.1.5.3.10 Accounts Payable and Accounts Receivable

Accounts payable and accounts receivable are initially entered in terms of their fair market value; those which have an expiry date of more than one year are updated where necessary. 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 so as to bring them into accordance with accounting principles applicable to consolidated statements, as well as certain temporary discrepancies in annual accounts, reveal temporary differences between the tax value and book value of the deferred assets and liabilities.

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

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

20.3.1.5.3.13 Pension and Similar Benefit Reserves

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

- Retirement age: 65 to 67 years old depending on the year of birth
- Average annual pay raise: 2%,
- Life expectancy is based on the Insee actuarial table 2009
- Probability of attendance is assessed in terms of internal statistics proper to each establishment.
- The rate of the long-term financial updating was of 2.69% (Markit Iboxx Eur corporates AA 10+ rate)
- The provisions are calculated excluding employer's taxes

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

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

20.3.1.5.3.14 Reserves

Accounting for reserves occurs at the time of fiscal year closure. There is an obligation to third parties, and it is probable that on the closing date it will provoke a withdrawal of resources, the amount of which can be assessed reliably, in favor of 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, Share-based Payment, to equity instruments authorized after November 7 2002, the rights to which were not yet acquired on December 31 2012.

Stock purchase options accorded to personnel are assessed at their fair market value on their allocation date. The fair value of options is determined by using the option valuation model by Black-Scholes based on assumptions determined by the management (useful life of option from 4.5 years and 30% volatility). It is accounted for in the income statement for the period in which employees acquire the right to exercise the options, offset by an equivalent increase in shareholders' equity. Expenses for options that become null and void before being exercised are recovered in the combined comprehensive income statement for the period in which their expiry 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 clients because funding received corresponding to an invoice that has exceeded its due date by 60 to 120 days is recovered 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 client, particularly following liquidation by order of the court.

The group's current factoring is approximately 80% of its sales.

Egide's factoring organization, in processing export receivables plans to limit the in-process inventory to € 250 k. At December 31 2012, 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.

The non-current assets concerned cease to be depreciated with effect from the date of classification of the assets held for sale.

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.

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

20.3.1.5.4.1 Determining Accounting Estimates and Judgments

The group conducts estimates and makes assumptions regarding future activities. The ensuing accounting estimates are, by definition, rarely equivalent to ultimate results. The assumptions and estimates retained have a very significant impact on Egide's cash flow and therefore on the total expected by the company to meet its payments for the year 2013. The management team of Egide remains confident about successfully fulfilling its forecasts which it considers to be realistic.

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.

Continuing Egide's operation, as stated in paragraph 20.3.1.5.3.1 also depends on the successful conclusion of funding operations, the outcome of which is currently unknown, on the date the accounts are compiled.

Furthermore, IFRS 5 which concerned the subsidiary Egima, for which Egide SA has been seeking a purchaser for all of the company shares or industrial assets since June 30 2009, is no longer applied at December 31 2012. Indeed, although the wish to quickly finalize the sale of Egima is not in question by either the purchaser, or by Egide, the framework of application for IFRS 5 has led Egide to remove Egima from the specific treatment provided by this standard at the end of the fiscal year.

The nature of the operation leads in 2011 to the separate recording of the non-current assets in Egima's statement of financial position 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 was included in each corresponding item of the combined comprehensive income statement in 2011.

As IFRS 5 is no longer being applied, the assets and liabilities of Egima at December 31 2012 are presented in the corresponding category of the statement of the financial position on this date.

20.3.1.5.4.2 Financial Risk Management

20.3.1.5.4.2.1 Exchange Risk

In 2012, 67% of Egide’s sales were from exports, 42% of which were to North America and 13 % to non-European countries where the invoicing currency is primarily the U.S. dollar. During the fiscal year, Egide invoiced \$ 4.0 million (counter-value: € 3.2 M) Egide USA Inc. invoiced for \$ 11.1 M (counter-value: € 8.7 M) Egide USA Inc. invoiced for £ 2.1 M (counter-value: € 2.6 M)

Invoices in dollars issued by Egide SA and sold to the factoring company are financed in Euros at the rate on the day of receipt of the sale. Receipts received in dollars directly by Egide SA coming from invoices not financed by the factor are either used to pay foreign suppliers for purchases of components (\$ 1.5 M in 2012), or converted into Euros by selling them on the market. The risk therefore lies in the exchange rate on the day these surplus American dollars are sold. No specific reserve balance has been put in place, the cost of such protection being too high.

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

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

Sales achieved by the English subsidiary, Egide UK Ltd, are mainly denominated in pounds sterling, the rest in dollars. These dollars are converted into pounds, as the company has no supplies invoiced in dollars. The currency risk is therefore limited to the conversion rate used when these dollars are sold and to the fiscal year result being converted into Euros for the consolidation.

20.3.1.5.4.2.2 Interest Rate Risk

Egima's long-term loan equals to 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 the 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 financing commission applied by the factors to the totals financed is based on the monthly average of the Euribor 3-month rate, set the previous month with a minimum rate of 0.60%. In May 2012, Egide USA Inc. entered into a finance contract with the Bank of America, based on the value of its receivables and stocks, the interest rate of which is determined as follows: BBA Libor Daily Floating Rate + 3.50%. The factoring contract put in place at Egide UK with the Lloyds Bank has an interest rate equal to prime rate + 1.75%.

Medium term financing for £ 71 k was obtained in October 2010 by Egide UK from Lloyds, at prime rate + 3.75%.

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

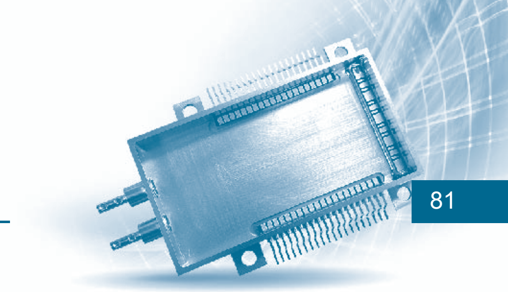
Finally, long-term financing for $ 1.56 M was obtained in May 2012 by Egide USA Inc. from the Bank of America, to finance the purchase of its industrial building, at a rate equal to the BBA LIBOR Adjusted Periodically Rate + 3.5%. This loan includes an early repayment clause due to the "default" clause (existence of 2 covenants attached to this loan).

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

Financial investments are made through capital guarantees money market funds, whose earnings fluctuate with the EONIA. Interest rate risk is very low compared to amounts invested and their pay rate on the fiscal year 2012.

20.3.1.5.4.2.3 Liquidity Risk

See § 20.3.1.5.3.1



20.3.1.5.4.3 Fixed Assets

The intangible assets appearing on the group's balance sheets on December 31 2012 were acquired. They include patents, licenses, and software.

Items (amounts in € k)	Value at 12/31/2011*	Variation in Exchange Rate	Value at 12/31/2011 at the rate of 12/31/2012 *	Acquisitions, Creations, Transfers, Allocations	Assignments, Removals from Service, Returns	Value at 12/31/2012
Other Intangible Assets						
Depreciable Cost	351		351	13		364
- Amortization	(351)		(351)			(351)
- Depreciation						
Net Value	**0**		**0**	**13**		**13**
Total Intangible Assets	**0**		**0**	**13**		**13**
Land & Fixtures						
Depreciable Cost	0			419		419
- Amortization	0					0
- Depreciation	0					0
Net Value	**0**			**419**		**419**
Buildings						
Valeur brute	36	1	37	2,743		2,779
- Amortization	(13)		(13)	(682)		(695)
- Depreciation	0		0	(390)		(390)
Net Value	**23**	**1**	**24**	**1,671**		**1,694**
Machinery & Industrial Equipment						
Depreciable Cost	13,928	(61)	13,867	2,522	145	16,244
- Amortization	(11,898)	61	(11,837)	(1,313)	(127)	(13,022)
- Depreciation	(1,470)		(1,470)	(1,090)		(2,560)
Net Value	**559**	**0**	**560**	**119**	**18**	**662**
Other Tangible Assets						
Depreciable Cost	2,197	(8)	2,189	289		2,477
- Amortization	(2,052)	8	(2,044)	(107)		(2,150)
- Depreciation	(29)		(29)			(29)
Net Value	**116**	**0**	**116**	**182**		**298**
Tangible Assets in Process, Future Advances, Progress Payments						
Tangible Assets in Process	70		70	452	70	452
Advances and payments	0			25		25
Total	**70**		**70**	**477**	**70**	**478**
Total Tangible Assets	**767**	**1**	**769**	**2,869**	**88**	**3,551**

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

Allocations and write-backs of depreciation and depreciations shown under "Amortization and capital depreciation" of the operating results for an amount of € 589 k representing allocations, and € 390 k representing depreciation.

In fact, no longer applying IFRS 5 at December 31 2012 to Egima's non-current assets, which cease to be classified as intended for sale, has meant Egima's non-current assets on this date are now included in the "sales-transfer" column for a net total of € 630 k. Amortizations which had stopped since July 1 2009 are allocated as expenses of € 276 k for the fiscal year 2012 and, under IAS 36, the book value of the building was brought back to its lower recoverable value, incurring depreciation of € 390 k.

Purchases on "land and equipment" and "constructions" items regarding Egide USA Inc. which on May 30 2012 bought the land and building of its factory which it had rented since 2008 for a price for the whole property of $ 1,950 k ($ 1,999 k including costs).

On March 1 2012 the chemical pre-treatment premises of Egide SA's factory at Bollene were destroyed by a fire. As such, the outgoings for industrial equipment correspond for the most part to disposal of equipment that disappeared during this incident. In return, the insurance took care of the repair of the premises and purchase of equipment required to continue this activity which was still not completely back in service at the end of the year. Insurance payments which compensate for the purchase cost of these fittings are recorded in the income statement under the heading "other operational income" for an amount of € 585 k.

Application of IAS Standard 36 had required entry of € 3,272 k of Depreciation at December 31 2005, 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 early take back of € 682 k, thus reducing the amount of depreciation to € 2,590 k.

The current assets value in the financial position statement at December 31 2012, excluding those of Egima shown above allows their net book value to be covered, no additional depreciation was entered.

Items (amounts in € k)	Value at 12/31/2011 *	Variation in Exchange Rate	Value at 12/31/2011 at the rate of 12/31/2012 *	Acquisitions, Creations, Transfers, Allocations	Assignments, Removals from Service, Returns	Value at 12/31/2012
Other financial assets						
Loans and Other Long-Term Investments	270	(1)	269	19	84	204

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

Egide USA Inc. recovered its guarantee deposit of $ 111 k. covering the rent of its building, when it bought back the building.

20.3.1.5.4.4 Other Non-current Assets

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

Items (amount in € k)	Balance at 12/31/2012	Balance at 12/31/2011 *
Debt assignment of building Egide USA Inc.	0	205
Debt assignment of building Egide SA	233	216
Research Tax Credit 2010	206	206
Research Tax Credit 2011	251	251
Research Tax Credit 2012	256	0
Total	**946**	**878**

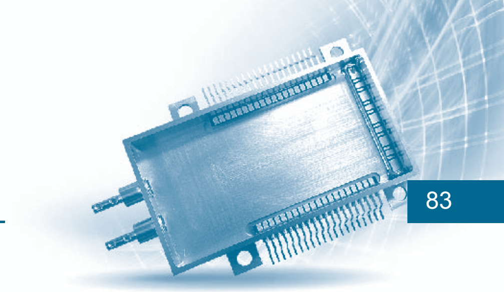
** Excluding assets held for sale (see § 20.3.1.5.4.12)*

The debt linked to the sale of the Egide USA Inc. building, existing at December 31 2011, was allocated to the buy-back price of the building which was finalized in May 2012.

The receivable relating to the transfer of the Bollene building at Egide SA corresponds to the deferred payment of part of the sale price linked to the rating of Egide SA by Cofacerating, amounting to € 242 k, i.e. € 233 k at the present value.

Egide's Research Tax Credit (RTC) no longer benefits from immediate repayment measures implemented in 2009 and 2010, and it will therefore be recoverable in 2014 for the 2010 RTC and in 2015 for the 2011 RTC and in 2016 for the 2012 RTC if it could not be allocated to corporate tax between now and that date.

The 2012 RTC is included in the item "Other operational income" in the combined comprehensive income statement with the RTC of Egide UK Ltd, that is € 63 k, but the latter appears in current assets since it will be repaid in 2013.



20.3.1.5.4.5 Inventories and In-Process Goods

Items (amounts in € k)	Value on 12/31/2011 *	Adjust. And withdrawal	Variation in Exchange Rate	Value on 12/31/2011 at the rate of 12/31/2012 *	Accretions, Allocations	Decreases Returns	Value at 12/31/2012
Raw Materials and Supplies							
Gross value	6,113		(22)	6 091		412	5,680
- Depreciation	(3,418)		14	(3,404)	(166)	(121)	(3,449)
Net Value	**2,695**		**(8)**	**2,687**	**(166)**	**291**	**2,231**
In-Process Inventories							
Gross value	900		(5)	895	178		1,074
- Depreciation	(19)			(19)	(3)	(19)	(3)
Net Value	**881**		**(5)**	**876**	**175**	**(19)**	**1 071**
Finished Products							
Gross value	1,549	(53)**	(3)	1,493		235	1,257
- Depreciation	(971)		2	(969)	(27)	(35)	(961)
Net Value	**579**	**(53)**	**(1)**	**524**	**(27)**	**200**	**296**
Merchandise							
Gross value	59			59	17		76
- Depreciation	(49)			(49)	(1)		(50)
Net Value	**10**			**10**	**16**		**26**
Total	**4,165**	**(53)**	**(14)**	**4,097**	**(2)**	**472**	**3,624**

** Excluding assets held for sale (see § 20.3.1.5.4.12)*
*** Correction of error in valuation of stocks at Egide UK Ltd*

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

20.3.1.5.4.6 Accounts Receivable - Clients and Other Debtors

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

Items (amount in € k)	Balance at 12/31/2012	Balance at 12/31/2011 *
Advances and Payments	19	13
Trade Receivables and Assigned Accounts	3,689	3,300
Personnel Accounts	4	2
Taxes on earnings		64
Value Added Tax	284	79
Various state taxes	104	
Miscellaneous Debtors	265	21
Total	**4,366**	**3,480**

** Excluding assets held for sale (see § 20.3.1.5.4.12)*

At December 31 2012, the breakdown of receivables by currency is € 2,101 k, $ 1,231 k £ 393 k and MAD 1,923 k.

The item "various debtors" includes € 210 k of insurance compensation to be received by Egide SA at the start of 2013 to cover part of the expenses incurred following the fire of March 1 2012.

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

Items (Amount in k €)	Value at 12/31/2012	From 0 to 30 days	From 31 to 60 days	From 61 to 90 days	More than 90 days
Client Receivables	3,689	3,570	61	10	48

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

Items (amounts in € k)	Value at 12/31/2011 *	Variation in Exchange Rate	Value at 12/31/2011 at the rate of 12/31/2012 *	Provisions	Reversals	Value at 12/31/2012
Depreciation	138		138			138

** Excluding assets held for sale (see § 20.3.1.5.4.12)*

20.3.1.5.4.7 Cash and Cash Equivalents

The value of the cash position is analyzed as follows:

(In € k)	12/31/2012	12/31/2011 *
OPCVM (mutual fund) BMTN Cash position	0 301 830	787 0 354
Total	**1,131**	**1,142**

** Excluding assets held for sale (see § 20.3.1.5.4.12)*

The BMTN has a net book value of € 301 k. In accordance with the definition of cash equivalents indicated by IAS 7, the BMTN is considered to be short-term investment, easily convertible to known amounts of cash and not subject to significant risks of change in value.

At December 31 2011, the group's cash position in different currencies is $ 4 k at Egide SA, $ 196 k at Egide USA Inc. and $ 13 k at Egide USA LLC and £ 101 k at Egide UK Ltd. At Egide SA, the cash assets in Euros are of € 240 k.

Egide SA has also made term deposits for a total value of € 305 k including accrued interest at December 31 2012.

20.3.1.5.4.8 Other Current Assets

The prepaid expenses are broken down as follows:

	12/31/2012	12/31/2011 *
Materials Rent & charges Insurance Maintenance Indirect taxes Miscellaneous	0 118 21 14 33 31	24 107 107 44 19 32
Total	**218**	**333**

** Excluding assets held for sale (see § 20.3.1.5.4.12)*

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

20.3.1.5.4.9 Legal Capital

At December 31 2012 the share capital stood at 3,569,594 Euros, i.e. 1,784,797 shares each with a face value of 2 Euros.

20.3.1.5.4.9.1 Stock Option Plans

During Egide SA's general 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 a time period 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 equity capital. The options granted cannot be exercised for a period of two years, starting from the date on which they were granted, nor assigned for a period of two years after that date. In the case of allocation of stock options to staff of the American subsidiary, Egide USA Inc., the period of unavailability, for 50% of stock options, may be reduced to a year starting from the date on which the options may be obtained.

During fiscal year 2012, the Board of Directors did not exercise this authority.

Further to the effective realization of the capital increase on February 16 2012, the Board of Directors on March 29 2012 carried out an adjustment of the conditions of exercise of stock options (price and quantity) (Article L.228-99, 3 of the Commercial Code in reference to Article L.225-181, paragraph 2 and Article R.228-91, paragraph 1 of the Commercial Code in reference to Article R.225-137). The resulting quantity and price adjustments are as follows:

Price adjustment (Art. R.228-91, 1°)

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

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

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

Furthermore, 5,417 options were taken up in April 2012 under plan 5.2 and stock options were lost by a beneficiary in the second half of the year:

- Plan No. 4.4: one employee who was a beneficiary of 109 options was made redundant
- Plan No. 5.2: this employee who was made redundant, was a beneficiary of plan No. 4.4 and held 109 options

A total of 218 options was thus lost for the period, their being null and void was noted by the Board of Directors on January 30 2013.

Furthermore, as plan No. 4.1 expired on April 25 2012, the 22,500 options not exercised on this date are legitimately cancelled.

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

Plan Number	Plan 4.4	Plan 5.1	Plan 5.2	Plan 6.1	Plan 6.2	Total
Options Granted but Not Exercised	4,337	4,774	22,225	217	651	32,204
Subscription Price	28.75 €	25.69 €	5.34 €	5.20 €	7.46 €	

For information, the average price per share of Egide SA's stock during fiscal year 2012 was 4.99 Euros, and the closing price on December 31 2012 was 4.08 Euros.

The General Meeting having fixed the total number of shares granted and not yet exercised at a maximum of 5% of stock comprising share capital, at December 31 2012, an available balance of 57,035 options remained.

20.3.1.5.4.9.2 Authorization for Capital Increase

At the combined general meeting of May 13 2011, the Board of Directors was authorized to issue stocks, warrants, and more generally, all securities providing access, immediately or by a certain date, to company stock, on one or more occasions, to the extent and at the times it saw fit, in France and overseas, for a maximum face value of € 10,000 k. This issue is authorized with or without withdrawal of the preferential subscription right for a period of 26 months from the date of the meeting, that is, until July 12 2013. This authorization was used on February 16 2012 for the issue of 493,080 new shares representing a capital increase for a nominal amount of 986,160 Euros.

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% of the company's capital per year. This issue was authorized for a period of 26 months starting from the date of the general meeting and expired on July 27 2012 without being used.

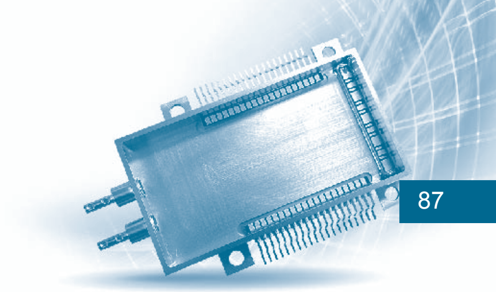
20.3.1.5.4.10 Reserves

Items - (In € k)	Value at 12/31/2011*	Rate of exch.	On 12/31/11 at the rate of 12/31/12*	Alloc.	Reverse (prov. used)	Reverse (prov. not used)	Value at 12/31/2012
Noncurrent Reserves							
Employee Benefit Reserves	289		289	108	35		362
Current Expenses							
Provisions for litigation				57			57
Total	**289**		**289**	**165**	**35**		**420**
Dot. / repr.				165	35		
Dot. Financial repr.							

** Excluding liabilities relating to assets held for sale (see § 20.3.1.5.4.12)*

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

Bearing in mind the assumptions shown in paragraph 20.3.1.5.3.13 and retained at the year-end, the impact on equity of updating the reserve for staff benefits would have been € 46 k.



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 at 12/31/2012	Due from 1 to 5 years*	Due after more than 5 years	Balance at 12/31/2011*
Loans and Debts				
Loans and Accounts Payable from Lending Institutions	165 [(a)]	165		22
Various Loans and Accounts Payable	197 [(b)]	197		254
Other Current Liabilities	22 [(b)]	22		35
Total	**384**	**384**		**310**

** Excluding liabilities relating to assets held for sale (see § 20.3.1.5.4.12)*

[(a)] loan with fixed rate of 8.75% over 11 years (MAD 1,842 k)
[(b)] including € 189 k loans over a period of 7 years with a grace period for repayment of 2 years, interest-free, which led, according to IAS 39 and IAS 20, to noting a discount recorded in "Other liabilities"

20.3.1.5.4.11.2 Long-Term Liabilities

The debts which all have a repayment date within a year are analyzed as follows:

Items (In € k)	Balance at 12/31/2012	Balance at 12/31/2011 *
Loans and Debts		
Loans and Accounts Payable from Lending Institutions	1,335 [(a)]	28
Various Loans and Accounts Payable	2,540 [(b)]	2,358
Suppliers and Other Creditors		
Advances and Payments	294	431
Supplier Debts and Assigned Accounts	2,314	2,846
Personnel Accounts	1,292	1,356
Value Added Tax	154	18
Other Direct and Indirect Taxes	303	246
Clients, Credit Notes to Establish	2	175
Miscellaneous Payables	113	102
Asset Accounts Payable	160	86
Other current Liabilities	93	58
Total	**8,601**	**7,704**

** Excluding liabilities relating to assets held for sale (see § 20.3.1.5.4.12)*

[(a)] Including a loan for £ 18 k (€ 22 k) over a period of 36 months at the prime rate + 3.75%, a loan for $ 1,527 k (€ 1.157 k) over a period of 15 years at the BBA Libor rate + 3.50% and a loan for € 147 k (MAD 1,636 k) at a fixed rate of 8.75% over a period of 11 years
[(b)] Including € 1,294 k at a variable rate based on Euribor 3-month rate (Egide SA factoring contracts), $ 1,100 k (€ 834 k) at a variable rate based on the BBA Libor (Egide USA Inc. factoring contract), £ 291 k (€ 356 k) at a variable rate based on the UK base rate (Egide UK Ltd factoring contract) and € 47 k of loans for a period of 7 years, with a grace period for repayment of 2 years, interest-free, which led, according to IAS 39 and IAS 20 to note a discount recorded in "Other liabilities".

It is made clear that the factoring contract and the Egide USA property loan are accompanied by two covenants calculated every quarter, one being a ratio of Ebitda to interest + the under one year part of long-term debts of at least 1.35 and the other a debt to equity ratio lower than 4 (a limit which gradually lowers to 2.50 until September 2015). This second ratio standing at 4.07 on December 31 2012, the IAS 1 standard requires the whole loan to be classed as a current liability on this date even if the bank warned Egide USA Inc. at the start of 2013 that it would not take into account this overrun on December 31 2012.

At December 31 2012 the amount for invoices not received included under the Supplier Debt and Accounts Assigned item was € 324 k and the amount of expenses to be paid included under the Personnel and Accounts Assigned item was € 862 k, and € 153 k was included under Other Taxes and Indirect Taxes and € 81 k was included under Miscellaneous.

20.3.1.5.4.12 Non-current assets held for sale

Egide SA initiated a process of assignment of shares or industrial assets of its subsidiary Egima, at the beginning of the 2nd half of 2009. Thus, in accordance with IFRS 5, applied until December 31 2011, Egima continued to be fully integrated with further consideration of the income of its activity, and its assets and liabilities were categorized on a specific line in the statement of consolidated financial position under assets and liabilities. However, as the application criteria for IFRS 5 are no longer being respected at December 31 2012, this presentation of the Egima assets and liabilities is no longer upheld on this date. They are included under the corresponding items of the statement of consolidated financial position (in the columns "Purchases-transfers" if this detail is provided for the item in question.

Details of these lines are presented in the table below:

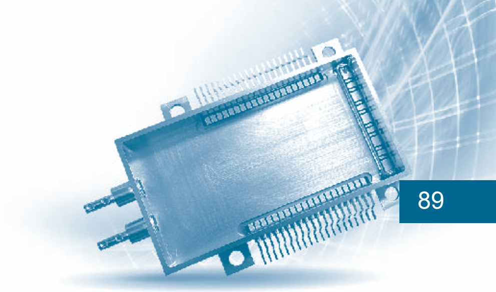
Items (amounts in € k)	Balance at 12/31/2011
Tangible Assets	***1,297***
Gross value	3,911
- Amortizations	(1,525)
- Depreciations	(1,090)
Other financial assets	***16***
Loans and Other Long-Term Investments	16
Other current Assets	***132***
Advances and Payments	29
Trade Receivables and Assigned Accounts	14
Taxes on earnings	1
Value Added Tax	41
Miscellaneous Debtors	10
Cash position	36
Total assets held for sale	**1,443**

In 2006, a depreciation of € 228 k was entered for the Value Added Tax (VAT) and was completed in 2009 and 2010 to account for the risk that the reimbursement request documents for TVA credits that Egima submitted to the Moroccan tax authorities might be rejected.

Items (amounts in € k)	Balance at 12/31/2011
Current Loans and Debts	***285***
Loans and Accounts Payable from Lending Institutions	285
Current Expenses	
Provisions for company disputes	
Current Loans and Debts	***109***
Loans and Accounts Payable from Lending Institutions	109
Other liabilities	***345***
Supplier Debts and Assigned Accounts	16
Personnel Accounts	9
Value Added Tax	4
Corporate income tax	218
Other Direct and Indirect Taxes	88
Miscellaneous Payables	1
Other liabilities	8
Total liabilities pertaining to assets held for sale	**740**

The financial debts at more than one year represent MAD 1,842 k (€ 165 k) at a fixed rate of 8.75% over 11 years; the financial debts under one year represent MAD 1,636 k (€ 147 k) at a fixed rate of 8.75% over 11 years.

At December 31 2012 the situation of the tax losses carried forward which existed at Egima at the time of the assignment are broken down as follows: € 2,759 k carried forward indefinitely, € 668 k carried forward until 12/31/2013, € 459 k until 12/31/2014, and € 159 k until 12/31/2015. No deferred tax asset was recorded at Egima regarding this unrealized tax situation because of the difficulty of



anticipating the possibility of using these deficits by the prospective purchaser of Egima shares (no recent tax audit validating these losses and non-appraisable taxable income after assignment).

20.3.1.5.4.13 Taxes and Tax Credits

Reconciliation of theoretical and accounted-for tax:

(In € k)	31/12/2012
Annual results of integrated companies before tax	(866)
Effect of theoretical tax at the rates in force on December 31 2012 Impact of Tax Losses Minimum Egima tax	289 (289) 2
Income tax recorded	**2**

As a reminder the unrealized fiscal situation at December 31, 2011 is made up of losses carried over indefinitely in the amount of € 45,013 k for Egide SA, of € 5,084 k for Egide USA Inc. and of € 1,355 k for Egide UK Ltd.

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

20.3.1.5.4.14 Sector Information

The identified operational sectors represent the following values:

(In € k)	At 12/31/2012				At 12/31/2011			
	Egide and Egima	Egide USA Inc	Egide UK	Total	Egide and Egima	Egide USA Inc	Egide UK	Total
Turnover	14,367	8,664	2,564	25,595	17,904	6,819	2,150	26,873
Operating result	(1,247)	262	314	(671)	450	216	129	795
Net Capital Assets	2,105	1,542	121	3,768	818 *	102	118	1,038
Capital Expenditure	774	1,545	49	2,369	281 *	14	62	357
Depreciation of Capital Assets/ IAS 36	(2,786)	(209)	(15)	(3,010)	(1,276) *	(209)	(15)	(1,500)
Current Loans and Debts	354	0	8	363	237		39	276
Current Loans and Debts	1,497	1,990	387	3,875	1,366	748	273	2,386

** Excluding assets held for sale and related liabilities (see § 20.3.1.5.4.12).*

The operating result for Egima stands at - € 140 k for the 2011 fiscal year.

20.3.1.5.4.15 Other operating income and expenditure

The detail of this item on the combined comprehensive income statement is as follows:

(in € k)	12/31/2012		12/31/2011	
	Product	Expense	Product	Expense
Insurance payments following fire at Egide SA	642			
Research Tax Credits for Egide SA and Egide UK Ltd	319		408	
Egide SA reduced professional tax adjustment	119	(123)		
Penalties		(79)		
Egima recovery of patent expenses to pay 2008 to 2011	88			
Miscellaneous	67	(85)	79	(71)
Total	**1,235**	**(287)**	**487**	**(71)**

At Egide UK Ltd, the RTC applications were filed for the first time in 2011; the income also concerns the 2009 and 2010 fiscal years which had not yet been stipulated.

20.3.1.5.4.16 Operating Results

Cash and cash equivalent income essentially comprise the income on sales of marketable securities and interest on term deposits at Egide SA.

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

Details regarding other income and expenses are as follows:

(in € k)	12/31/2012	12/31/2011
Result of Exchange	**(23)**	**102**
Product	426	539
Expense	(450)	(437)
Various Revenues and Expenses	**20**	**29**
Product	46	29
Expense	(26)	0
Total	**(3)**	**130**

20.3.1.5.4.17 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	At 12/31/2012		At 12/31/2011	
		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	1	153
06/10/2011	25	1	25	0.6	15
02/17/2012	493,080	0,9	443,772	0	0
04/04/2012	5,417	0,7	3,792	0	0
Ordinary shares			**1,733,864**		**1,286,290**
Number of additional theoretical shares			0		0
Impact of dilutive instruments			**1,733,864**		**1,286,290**

20.3.1.5.4.18 Transactions with Related Parties

There are 3 top managers at Egide SA, which are 1 Chief Executive Officer and two Board Members.

Gross compensation paid to the President of the Board of Directors stood at € 173 k for the 2012 fiscal year (€ 169 k in salary and € 4 k in non-cash benefits). It includes the flat-rate elements only. There are no benefits after employment, no termination-of-contract allowance, nor any other long term benefit in favor of its executives. Irrespective of the stock options (see below), there is no payment in shares. As a corporate officer, he has unemployment insurance (GSC contract - unemployment insurance for corporate directors), the management portion of which constitutes a perquisite. He also is provided with a company car as well as profit sharing, in the same manner as all salaried employees. No profit sharing was paid during fiscal year 2012.

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

Board Members of Egide SA have not received stock options, with the exception of the Chief Executive Officer, who, as of December 31 2012 held 16,253 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 2012, a total of € 24 k in attendance fees was paid to other Board Members (gross amount) for fiscal year 2011.

In addition, Board Members are provided with civil responsibility for management and proxy holders insurance, underwritten by the company Chartis. Coverage is for a maximum of € 4,500 k, the franchise in the USA is $ 25 k and the premium is € 13 k Euros before taxes.

20.3.1.5.4.19 Off-Balance Sheet Liabilities

20.3.1.5.4.19.1 Commitments linked to financing the company

Commitments:

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

Items (in € k)	12/31/2012	12/31/2011 *
Sureties	2,556	3,170
Total	**2,556**	**3,170**

** Excluding liabilities relating to assets held for sale (see § 20.3.1.5.4.12)*

- Egide SA pledged mutual funds to Credit du Nord, for the original sum of € 57 k to secure the bank guarantee granted to the Moroccan subsidiary, Egima, in the context of the sales of temporary admissions. The guarantee is valid until the withdrawal of this bond. The capitalized value of the mutual funds pledged on December 31 2012 is € 65 k.

  The cash equivalents pledged were entered under '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 € 312 k.

- Egide SA posted a bond for Lloyds Bank for a factoring contract for its subsidiary, Egide UK Ltd, in April 2008, for the sum of £ 350 k, with an equivalent value of € 429 k on December 31 2012. Egide also posted a bond for a bank overdraft obtained in March 2009, for the amount of £ 50 k, with an equivalent value of € 61 k on December 31 2012.

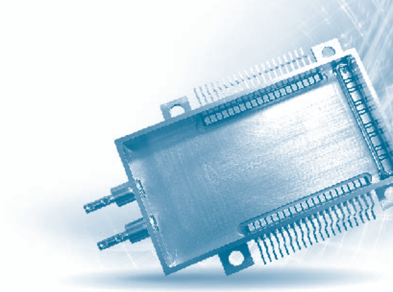
- Egide SA posted a bond for the Bank of America for a loan signed by Egide USA Inc. in May 2012 to finance the purchase of its industrial building, for sums owed by Egide USA Inc, representing at most the remaining capital and interest owed, estimated at $ 2,229 k or € 1,689 k on December 31 2012.

Commitments Received:

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

Reciprocal Commitments:

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



20.3.1.5.4.19.2 Commitments relating to operational activities of the company

Commitments:

The commitments are:

Items - In K€	Value at 12/31/2012	Due under 1 year	Due from 1 to 5 years	Due in over 5 years
Property lease Trappes - Egide SA [1]	481	113	368	0
Property lease Bollene - Egide SA [2]	1,986	208	853	925
Property lease - Egide UK Ltd [3]	371	81	258	32
Property lease - Egima [4]	635	23	91	522
Total	**3,473**	**425**	**1,570**	**1,479**

Excluding liabilities relating to 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] A firm 5-year lease contract which started on June 25 2008, which will be renewed on June 25 2013, for a period of 10 years with a clause to terminate or review rent at the end of the 5th year
[4] Lease contract for 40 years which started on February 1 2001 with a fixed yearly rent

20.3.1.5.4.20 Work Force Breakdown

	12/31/2012	12/31/2011
Management	55	54
First-line supervisors and technicians	32	32
Operatives and employees	208	250
Total	**295**	**336**

20.3.1.5.5 Events after Closing

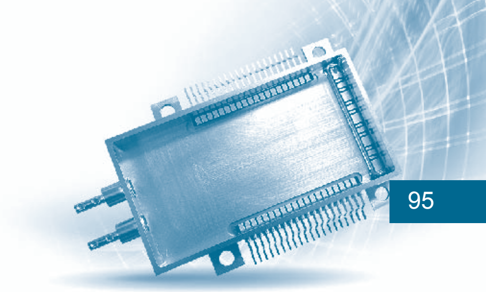
The operation to strengthen cash flow, decided upon on January 30 2013 by the Board of Directors took the form of a bond issue by private placement, the amount sought being around 5 million Euros. In this context, a proposition made by Arkéon Finance led to the launch of an operation on May 2 2013 under the following conditions: issue of a maximum of 4,999 bonds with face value of 1,000 Euros, providing a nominal annual interest rate of 4% payable in arrears each year. These bonds will be amortized by full repayment at the end of 3 years, at 106% of the face value if the subscriber retains the bond continuously until its expiry or at face value if the subscriber transfers ownership of it. The bonds will be listed in compartment E1 of Alternext Paris. On the date of this report, the placement is not concluded, the end of the subscription period initially set at May 28 having been extended until July 5 2013.

Alongside this bond loan, the company has decided to ask the OSEO to fund the Research Tax Credits (RTC) of Egide SA, of which the gross amount for the years 2010, 2011 and 2012 stands at a total of € 713 k. The OSEO, after accepting the application and a technical validation of the RTC files, could provide advance funding for 80% of the amounts and would pay the remaining 20% when the tax credits by the State fall due for repayment. Payment of the funds would be expected during the 3rd quarter 2013. Furthermore, Egide has also decided to ask the OSEO to provide advance funding for Egide SA's Tax Credit for Business Competitiveness for the year 2013 of which the gross amount is estimated at € 130 k; this funding of 85% of the total Tax Credit for Business Competitiveness could take place before the end of the year.

20.3.2 Annual Financial Statements

20.3.2.1 Balance Sheet

ASSETS in Euros	Depreciable Cost on 12/31/2012	Amortization and Depreciation	Net value at 12/31/2012	Net value at 12/31/2011
Intangible Assets	**498,995**	**498,615**	**380**	**0**
Preliminary Expenses				
Research and Development Expenses				
Franchises, patents, licenses	346,546	346,166	380	**0**
Goodwill	152,449	152,449	0	**0**
Other Intangible Assets				
Tangible Assets	**12,319,423**	**11,017,422**	**1,302,001**	**673,112**
Land				
Buildings				
Machinery, Materials, and Industrial Equip.	9,700,853	9,172,781	528,072	485,459
Other Tangible Assets	1,861,365	1,565,111	296,254	117,506
Intangible Assets in Process	731,971	279,529	452,442	70,146
Advances and Payments	25,234		25,234	
Financial Assets	**89,209,828**	**88,357,139**	**852,689**	**694,620**
Investments	75,103,856	75,103,856	0	0
Accounts Receivable Connected to Invest.	13,920,962	13,253,282	667,680	515,055
Other Financial Assets	185,009		185,009	179,565
CAPITAL ASSETS	**102,028,246**	**99,873,176**	**2,155,070**	**1,367,731**
Inventories and In-Process Goods	**5,839,224**	**3,517,286**	**2,321,938**	**3,106,502**
Raw Materials and Supplies	4,139,132	2,609,982	1,529,150	2,035,498
Goods in Process	534,186	2,702	531,484	534,294
Services in Process	38,185		38,185	49,816
Intermediate & Finished Products	1,070,112	854,213	215,899	476,980
Merchandise	57,609	50,389	7,220	9,914
Accounts Receivable	**732,758**	**138,044**	**594,711**	**667,888**
Advances and deposits paid on orders	19,320		19,320	12,897
Receivables and Related Accounts	713,436	138,044	575,391	654,991
Fully Paid Capital				
Other Accounts Receivable	**1,799,650**	**86,493**	**1,713,157**	**980,008**
Available Funds	**905,922**		**905,922**	**1,036,421**
Short-Term Investments	357,983		357,983	843,796
Available Funds	547,939		547,939	192,625
Prepaid Expenses	**139,614**		**139,614**	**203,972**
CURRENT ASSETS	**9,417,165**	**3,741,823**	**5,675,342**	**5,994,791**
Unrealized Losses	248,093		248,093	249,862
TOTAL	**111,693,503**	**103,614,999**	**8,078,504**	**7,612,385**



LIABILITIES in Euros	Values at 12/31/2012	Values at 12/31/2011
Capital	3,569,594	2,572,600
Bond premiums	1,271,612	
Re-evaluation Adjustment		
Legal Reserve	355,876	402,348
Statutory or Contractual Reserves		
Regulated Reserves		
Other Reserves		
Retained Earnings	(384,771)	(656,271)
Fiscal year result	(756,586)	225,028
Investment Subsidies		
Regulated Provisions		
SHAREHOLDERS' EQUITY	**4,055,725**	**2,543,705**
Advances	25,560	31,950
EQUITY SECURITY	**25,560**	**31,950**
Provisions for Contingencies	248,093	249,862
Provisions for Expenses	362,087	289,182
PROVISIONS	**610,180**	**539,044**
Financial Debt	**270,000**	**300,000**
Financial Institution Loans and Debts		
Various Loans and Debts	270,000	300,000
Adv. & Deposit Payments/Current Orders	**292,524**	**430,853**
Various Debts	**2,809,651**	**3,734,819**
Supplier Debt & Related Accounts	1,354,922	2,029,567
Fiscal and Social Debt	1,180,477	1,346,633
Capital Property Supplier Debts	159,750	85,794
Other liabilities	114,502	272,825
Deferred Revenue	**0**	**0**
DEBTS	**3,372,174**	**4,465,672**
Unrealized Gains	14,866	32,013
TOTAL	**8,078,504**	**7,612,385**

20.3.2.2 Income Statement

Items	France	Export	12/31/2012	12/31/2011
Merchandise Sales	149,502	157,189	306,691	228,884
Products sales (goods)	6,684,239	5,878,876	12,563,114	16,399,804
Products Sales (services)	919,604	241,294	1,160,899	1,070,680
NET SALES	**7,753,345**	**6,277,359**	**14,030,704**	**17,699,368**
Production left in stock			(286,139)	(60,675)
Subsidies			5,799	8,243
Dep. Recovery & prov. Transfer of Charges			590,248	767,165
Other Revenue			12,432	12,374
Operating Revenue			**14,353,044**	**18,426,476**
Merchandise Purchases			58,126	52,798
Variations in Merchandise Inventory			1,324	(6,847)
Purchases of raw materials and supplies			4,624,773	5,487,953
Variations in Inventory (Raw Materials, etc.)			549,655	514,216
Other Purchases and External Expenses			3,037,651	3,139,340
Taxes and duties			335,826	380,918
Salaries and Compensation			5,027,992	5,886,758
Social Expenses			1,940,840	2,284,458
Allocation to amortization & depr. on assets			200,113	189,956
Amortization Expense for Circulating Assets			90,465	130,477
Allocation to provisions			107,941	71,660
Other Operating Expenses			51,690	69,153
Operating Expenses			**16,026,396**	**18,200,840**
OPERATING RESULTS			**(1,673,352)**	**225,636**
Interest and Similar Income			42,295	85,029
Depr. Recovery & Prov. Transfer of Charges			443,465	404,278
Exchange Gains			44,876	55,743
Net income/VMP Sales			2,951	2,108
Investment Income			**533,586**	**547,158**
Amortization & Depre. Expenses & Provisions			434,076	624,631
Interests and Similar Charges			53,016	87,141
Exchange Losses			38,982	86,900
Net Expenses/VMP Sales			0	0
Financial Expenses			**526,073**	**798,671**
FINANCIAL RESULT			**7,513**	**(251,513)**
OPERATING PROFIT BEFORE TAXES			**(1,665,839)**	**(25,876)**
Extra. Income in Management Operations			793,341	0
Extraordinary Income in Capital Operations			0	0
Other Capital Operations			0	0
Depr. Recovery & prov. -Transfer of Charges			0	1,670
Extraordinary income			**793,341**	**1,670**
Extra. Charges on Management Operations			122,936	0
Extraordinary Charges on Capital Operations			0	0
Amorti. & Depreciation Expense & Provisions			17,578	2,000
Extraordinary Charges			**140,514**	**2,000**
EXTRAORDINARY INCOME			**652,827**	**(330)**
Income Tax Expense			(256,426)	(251,235)
Employees shareholdings				
TOTAL INCOME			**15,679,971**	**18,975,304**
TOTAL EXPENSES			**16,436,557**	**18,750,276**
PROFIT OR LOSS			**(756,586)**	**225,028**

20.3.2.3 Cash Flow Chart

Items	12/31/2012	12/31/2011
Net result	(756,586)	225,028
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	263,629	482,156
- Capital gains or losses from capital asset sales	17,578	
Variation in the need for working capital associated with the operation (in net present value)		
- Inventory and Work in progress	784,564	(12,009)
- Client accounts receivable	79,599	182,319
- Other accounts receivable and prepaid expenses	(673,444)	81,207
- Trade notes payable	(674,644)	(747,088)
- Other prepaid debt and income	(479,956)	(63,478)
CASH FLOW ASSOCIATED WITH OPERATIONS	**(1,439,260)**	**148,133**
Acquisition of elements of fixed assets		
- Tangible and intangible assets	(773,006)	(273,633)
- Long-term investments	(150,449)	(481,339)
Sale of elements of fixed assets		
- Tangible and intangible assets		
- Long-term investments		
CASH FLOW ASSOCIATED WITH INVESTMENT OPERATIONS	**(923,455)**	**(754,972)**
Increase in cash capital	2,268,606	250
Increase in other equity		
Change in shareholders' equity	(6,390)	(6,390)
Dividend distribution		
Increase in financial debt		
Payment of financial debts	(30,000)	
CASH FLOW ASSOCIATED WITH FINANCING OPERATIONS	**2,232,216**	**(6,140)**
Variation in availabilities	(130,500)	(612,979)
Variation in bank borrowings		
CASH VARIATION	**(130 500)**	**(612,979)**
Opening Cash Position	**1,036,421**	**1,649,400**
- VMP pledged	57,447	57,447
- VMP available	786,350	968,070
- Available cash	192,625	623,883
Closing Cash Position	**905,922**	**1,036,421**
- VMP pledged	57,447	57,447
- VMP available	300,536	786,350
- Available cash	547,939	192,625
CASH VARIATION	**(130,500)**	**(612,979)**

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 accounts compiled on December 31 2012, with total assets of 8,078,504 Euros, and the annual income statement, shown in list format, reveals a loss of 756,586 Euros closed by the Board of Directors on April 26 2013 and May 31 2013. Thesc 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 2012 to December 31 2012.

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 2012 have been prepared and presented in compliance 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.

Egide's current cash position allows it to pay its debts on time; the company therefore meets its current liabilities with its available assets. Bearing in mind the cash flow forecasts expected within the context of its strategic plan, Egide notes that its cash flow situation requires additional funding to be implemented in the very near future. In this context, the Board of Directors has decided to undertake proceedings in order to obtain funding of tax credits by the OSEO, and to pursue the current bond issue with private placement. Consequently, the success of these funding operations underlies the idea of continuing the operation. As such, Egide considers that it would have sufficient cash flow to meet its payments for the year 2013.

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

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

20.3.2.4.2.2 Intangible Assets

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

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

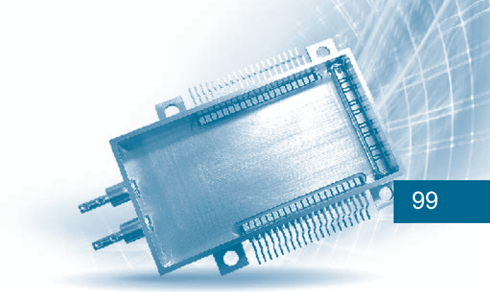
	Straight Line
Licenses	10 to 20%
Software	20 to 33.33%
Patents	8.33%

The 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.

20.3.2.4.2.3 Tangible Assets

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



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

Assets in process 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 furnace, for which the replacement of the heating element (approximately 20% of the total value of the furnace) occurs every 4 years, while the useful life of these furnace 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%
Furnace (structure, minus identified components)	10%
Ceramic firing furnace heating element (identified components)	25%
Ceramic production equipment (screen printing, via filling …)	12.50%
Ceramic production facilities (clean room, casting machine …)	10%
Graphite machining equipment (numerically controlled machining centers)	10%
Other machinery, materials, and industrial equipment	12.50 to 33.33%
Office materials and furniture, other fixtures and installations	10 to 33.33%

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

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

The impairment test is explained in paragraph 20.3.2.4.2.4.

20.3.2.4.2.4 Impairment Test for Non-Financial Assets

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

The going-concern 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 going-concern value is less than the net asset value, a depreciation is noted.

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

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

20.3.2.4.2.5 Equipment

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

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

20.3.2.4.2.6 Long-Term Investments

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

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

20.3.2.4.2.7 Inventories and In-Process Goods

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

Raw materials, semi-finished products, and finished products are depreciated based on their age and their forecast for use or sale. From the first year, depreciation is 5% and rises to 50 to 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 face value, with the exception of severance pay reserves and similar benefits that correspond to the present value of future debt.

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

20.3.2.4.2.10 Factoring

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

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

20.3.2.4.2.11 Long-Term Investments

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

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

20.3.2.4.2.12 Capital Grants

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

20.3.2.4.2.13 Reimbursable Advances

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

20.3.2.4.2.14 Severance Pay and Similar Benefits

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

- Retirement age: 65 to 67 years old depending on the year of birth,
- Average annual pay raise: 2%,
- Life expectancy is based on the Insee actuarial table 2009,
- Probability of attendance is assessed in terms of internal statistics proper to each establishment,
- The rate of the long-term financial updating was of 2.69% (Markit Iboxx Eur corporates AA 10+ rate),
- Provision is calculated excluding employer taxes since, generally, such obligations are not subject to social security taxes.

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

20.3.2.4.2.15 Provisions

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

20.3.2.4.2.16 Method for Recognizing Sales

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

20.3.2.4.3 Additional Information on the Balance Sheet and the Income Statement

20.3.2.4.3.1 Determining Accounting Estimates and Judgments

The company provides estimates and makes assumptions regarding future activities. The ensuing accounting estimates are, by definition, rarely equivalent to ultimate results. The assumptions and estimates retained have a very significant impact on Egide's cash flow and therefore on the total expected by the company to meet its payments for the year 2013. The management team of Egide remains confident about successfully fulfilling its forecasts which it considers to be realistic.

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

Continuing Egide's operation, as stated in paragraph 20.3.2.4.2.1 also depends on the successful conclusion of funding operations, the outcome of which is currently unknown, on the date the accounts are compiled.

20.3.2.4.3.2 Share Capital

At December 31 2011 share capital stood at 2,572,600 Euros, i.e., 1,286,300 shares, each with a face value of 2 Euros.

On February 16 2012 the company carried out an increase in capital by issuing 493,080 new shares with a face value of 2 Euros representing € 986,160.

During the 2012 fiscal year the number of stock options exercised by employees stands at 5,417 shares, leading to the creation of 5,417 new shares with a face value of 2 Euros, that is 10,834 Euros.

At December 31 2012 the share capital is therefore made up of 1,784,797 shares representing 3,569,594 Euros.

20.3.2.4.3.3 Share Premium

The balance of the share premium was zero on December 31 2011. The increase in capital of 493,080 shares on February 16 2012 enabled a premium of 3 Euros per share to be generated, that is 1,479,240 Euros. The costs of increasing capital allocated to this premium (financial intermediary, legal advertising, issue costs, auditors) are 225,721 Euros.

The stock options exercise during the 2012 fiscal year brought about a premium of 18,093 Euros.

Therefore the share premium on December 31 2012 stands at 1,272,612 Euros.

20.3.2.4.3.4 Stock Options Plans

During Egide SA's general 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 a time period 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 options granted cannot be exercised for a period of two years, starting from the date on which they were granted, nor assigned for a period of two years after that date. In the case of the American subsidiary, Egide USA Inc., the period of unavailability, for 50% of stock options, may be reduced to a year from the date on which the options can be obtained.

During fiscal year 2012, the Board of Directors did not exercise this authority.

Further to the effective realization of the capital increase on February 16 2012, the Board of Directors on March 29 2012 carried out an adjustment of the conditions of exercise of stock options (price and quantity) (Article L.228-99, 3 of the Commercial Code in reference to Article L.225-181, para. 2 and Article R.228-91, para.1 of the Commercial Code in reference to Article R.225-137). The resulting quantity and price adjustments are as follows:

Price adjustment (Art. R.228-91, 1°)

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

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

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

Furthermore, 5,417 options were taken up in 2012 under plan 5.2 and stock options were lost by a beneficiary:

- Plan No. 4.4: one employee who was a beneficiary of 109 options was made redundant;
- Plan No. 5.2: this employee who was made redundant, was a beneficiary of plan No. 4.4 and held 109 options.

A total of 218 options was thus lost for the period, their being null and void was noted by the Board of Directors on January 30 2013.

Furthermore, as plan No. 4.1 expired on April 25 2012, the 22,500 options not exercised on this date are legitimately cancelled.

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

Plan Number	Plan 4.4	Plan 5.1	Plan 5.2	Plan 6.1	Plan 6.2	Total
Options Granted but Not Exercised	4,337	4,774	22,225	217	651	32,204
Subscription Price	28.75 €	25.69 €	5.34 €	5.20 €	7.46 €	

For information, the average price per share of Egide SA's stock during fiscal year 2012 was 4.99 Euros, and the closing price on December 31 2012 was 4.08 Euros.

The General Meeting having fixed the total number of shares granted and not yet exercised at a maximum of 5% of stock comprising share capital, at December 31 2012, an available balance of 57,035 options remained.

20.3.2.4.3.5 Authorization to Increase Capital

At the combined general meeting of May 13 2011, the Board of Directors was authorized to issue stocks, warrants, and more generally, all securities providing access, immediately or by a certain date, to company stock, in one or more steps, to the extent and at the times it sees fit, in France and overseas, for a maximum face value of € 10,000 k. This issue is authorized with or without withdrawal of the preferential subscription right for a period of 26 months from the date of the meeting, that is, until July 12 2013. This authorization was used on February 16 2012 for the issue of 493,080 new shares representing a capital increase for a nominal amount of 986,160 Euros.

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% of the company's capital per year. This issue was authorized for a period of 26 months starting from the date of the general meeting and expired on July 27 2012 without being used.

20.3.2.4.3.6 Table Showing Variation in Shareholders' Equity

Euros	12/31/2012	12/31/2011
Income Per share	(756,586) (0.42)	225,028 0.17
Variation in Shareholders' Equity (minus income shown above) Per share	2,268,606 1.27	250 0.00
Proposed dividend Per share	- -	- -
Shareholders' equity at the close of the previous fiscal year before allocation Impact on the carry over of a change in accounting methods Allocation of previous fiscal year income by the annual meeting Shareholders' equity at the beginning of the fiscal year	2,318,677 - 225,028 2,543,705	2,085,917 - 232,510 2,318,427
Variations during the fiscal year: Variations in share capital: - 12/31/2011: 25 shares issued with a face value of 10 Euros - 02/16/2012: 493,080 shares issued with a face value of 5 Euros - 02/16/2012: allocation of costs of increasing capital - 04/05/2012: exercise of 5,471 stock options	 2,465,400 (225,721) 28,927	 250
Shareholders' equity on the balance sheet at fiscal year end before the ordinary general meeting and not including income	4,812,311	2,318,677
Total variation in shareholders' equity during the fiscal year	1,512,020	225,278

20.3.2.4.3.7 Reimbursable Advances

During fiscal year 2004, the company received a 63,900 Euros advance from the Agence de l'Eau (water authority) to help bring the Bollene 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)	12/31/2011	Provisions	Reversals	12/31/2012
Provisions for exchange rate loss Provisions for retirement severance pay and similar obligations Other provisions	249,862 289,182	248,093 107,941	249,862 35,036	248,093 362,087
Total	**539,044**	**356,034**	**284,898**	**610,180**
Operating allocations and recoveries Financial allocations and recoveries Exceptional allocations and recoveries		107,941 248,093	35,036 249,862	

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 interests-free loans are repayable in 7 years with a grace period for repayment totaling 2 years, at the rate of 40,000 Euros (10,000 Euros in 2012 for the first installment) and 20,000 Euros per year respectively.

20.3.2.4.3.10 Depreciation Table

Items (Euros)	12/31/2011	Provisions	Reversals	12/31/2012
Intangible Assets	152,449			152,449
Tangible Assets	1,394,097	10,606	12,878	1,391,825
Financial Assets	88,364,759	185,983	193,603	88,357,139
Inventories and In-Process Goods	3,569,840	90,410	142,964	3,517,286
Accounts Receivable	355,423	55	130,941	224,537
Total	**93,836,567**	**287,054**	**480,386**	**93,643,236**

20.3.2.4.3.11 Franchises, Patents, and Licenses

Variation in other intangible assets can be analyzed as follows:

Euros	Depreciable Value 12/31/2011	Acquisitions, Creations, Transfers	Sales, Transfers, Removals from Service	Depreciable Value 12/31/2012
Franchises, patents, licenses	345,977	569		346,546

Variations in amortization can be analyzed as follows:

Euros	Cumulative Amortization at 12/31/2011	Provisions	Recoveries and withdrawals	Cumulative Amortization at 12/31/2012
Franchises, patents, licenses	345,977	189		346,166

Franchises, patents, and licenses are not depreciated.

20.3.2.4.3.12 Goodwill

Euros	12/31/2012	12/31/2011
Bollene Goodwill	152,449	152,449
Depreciation	(152,449)	(152,449)
Net accounting value	0	0

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

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

20.3.2.4.3.13 Tangible Assets

The variation in tangible assets can be analyzed as follows:

Items (Euros)	Depreciable Value 12/31/2011	Acquisitions, Creations, Transfers	Sales, Transfers, Removals from Service	Depreciable Value 12/31/2012
Land	0			0
Buildings	0			0
Technical Installations and Industrial Equipment	9,620,243	202,471	121,862	9,700,853
Other Tangible Assets	1,635,580	225,785		1,861,365
Intangible Assets in Process	351,947	452,442	72,418	731,971
Advances and payments	0	25,234		25,234
Total	**11,607,771**	**905,932**	**194,280**	**12,319,423**

On March 1 2012 the chemical pre-treatment premises of Egide SA's factory at Bollene were destroyed by a fire. As such, the outgoings for industrial equipment correspond for the most part to disposal of equipment that disappeared during this incident.

In return, the insurance took care of the repair of the premises and purchase of equipment required to continue this activity which was still not completely back in service at the end of the year. Insurance payments which compensate for the purchase cost of these fittings are recorded in the income statement under the heading "Extraordinary income from management operations" for an amount of € 584,651.

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

Items (Euros)	Cumulative Amortization at 12/31/2011	Provisions	Recoveries and withdrawals	Cumulative Amortization at 12/31/2012
Land	0			0
Buildings	0			0
Technical Installations and Industrial Equipment	8,662,264	142,280	104,283	8,700,261
Other Tangible Assets	878,299	47,037		925,336
Total	**9,540,562**	**189,318**	**104,283**	**9,625,597**

Depreciation expenses for tangible assets are calculated using the straight line method and entered into operating income in the amount of € 189 k.

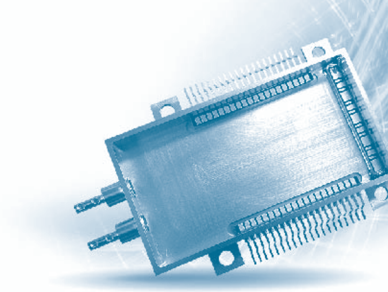
Outgoings are mainly linked to the fire.

Variation in tangible asset depreciation can be analyzed as follows:

Items (Euros)	Cumul. Depr. at 12/31/2011	Provisions	Reversals	Cumul. Depr. at 12/31/2012
Technical Installations and Industrial Equipment	472,521			472,521
Other Tangible Assets	639,775			639,775
Tangible Assets in Process	281,801	10,606	12,878	279,529
Total	**1,394,097**	**10,606**	**12,878**	**1,391,825**

The shutdown at the Trappes factory led to the recording of the depreciations for 2001 that stood at € 472 k for industrial materials and € 640 k for fixtures. Similarly, the current tangible assets are depreciated for an amount of € 280 k.

The impairment test conducted on December 31 2005 had led the company to appreciate the going concern value of assets on the basis of development plans prepared by management at the end of 2005 and the resulting business and cash projections. On this basis, a depreciation of € 1,048 k had been deemed necessary. The current assets value in the balance sheet at December 31 2012 allows covering their net book value, no complementary depreciation was entered.



20.3.2.4.3.14 *Financial Assets*

Items (Euros)	Depreciable Value 12/31/2011	Variation	Depreciable Value 12/31/2012	Depreciation at 12/31/2011	Variation	Depreciation at 12/31/2012
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	11,076,438	109,869	11,186,307	11,076,438	109,869	11,186 307
Accounts Receivables Associated with Egide UK Ltd	1,192,898	17,443	1,210,341	1,192,898	17,443	1,210,341
Accounts Receivables Associated with Egide USA Inc	1,506,621	17,693	1,524,314	991,566	(134,932)	856,634
Security Deposit	179,565	5,444	185,009			
Total	**89,059,378**	**150,449**	**89,209,828**	**88,364,759**	**(7 620)**	**88 357 139**

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 2012, 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 2012.

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

20.3.2.4.3.15 *Inventories and In-Process Inventories*

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

Items (Euros)	Depreciable Value 12/31/2011	Depreciable Value 12/31/2012	Depreciation at 12/31/2011	Provisions	Reversals	Depreciation at 12/31/2012
Raw materials & supplies	4,688,787	4,139,132	2,653,289	58,926	102 233	2,609,982
In-Process Inventories	601,344	572,371	17,234	2,702	17 234	2,702
Finished Products	1,327,278	1,070,112	850,298	27,411	23 496	854,213
Merchandise	58,933	57,609	49,019	1,370		50,389
Total	**6,676,342**	**5,839,224**	**3,569,840**	**90,410**	**142,964**	**3,517,286**

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 12/31/2011	Depreciable Value 12/31/2012	Depreciation at 12/31/2011	Provisions	Reversals	Depreciation at 12/31/2012
Client Receivables	793,073	713,436	138,082	55	93	138,044

Factoring has been in effect since April 2006. It affects domestic and export receivables to the extent of 69% of sales. Client receivables assigned to factoring companies but not yet paid stand at € 1,599 k on December 31 2012, which would raise to € 2,313 k the value of client receivables in the absence of factoring on December 31 2012 against € 2,338 k on December 31 2011.

20.3.2.4.3.17 Statement of Accounts Receivable and Payable

Statement of Accounts Receivable (Euros)	Gross Amount	1 Year and Under	Due in over 1 year
Accounts Receivable Connected to Investments	13,920,962	11,186,307	2,734,656
Other Financial Assets	185,009		185,009
Advances and Payments	19,320	19,320	
Bad Debts or Litigious Clients	138,044		138,044
Other Client Accounts Receivable	575,391	575,391	
Personnel Accounts	3,669	3,669	
Report: Research Tax Credit (RTC)	713,122		713,122
Report: Miscellaneous Accounts Receivable	86,493	86,493	
Report: Value Added Tax	165,918	165,918	
Report – Revenues to Be Received	41,930	41,930	
Factoring Companies	306,179	306,179	
Insurance compensation payments to be received	210,414	210,414	
Miscellaneous Debtors	271,925	29,925	242,000
Fees Paid in Advance	139,614	139,614	
Total	**16,777,990**	**12,765,160**	**4,012,831**

The research tax credit is paid back at the end of the 3rd year after it was awarded if it has not been off-set against corporate income tax in the meantime; the RTC for the year 2010 for € 205 k will be repaid in 2014, that of 2011 for € 251 k in 2015 and that of 2012 for € 256 k in 2016.

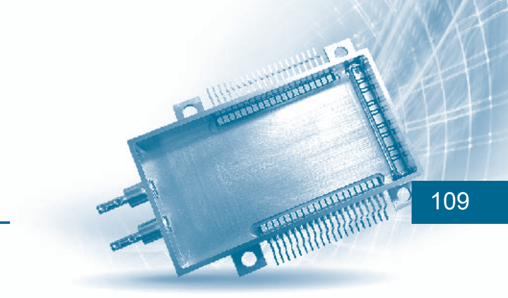
The amount receivable represented by a deduction from tax for 86 k€ deriving from the withholding tax due in Morocco has been fully depreciated in light of the low probability of its future allocation on the payment of corporate income tax.

The 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.

Following the fire on March 1 2012, the insurers initially made an advance payment of compensation after an overall assessment of the claim. When the full extent of the expenses was known, the insurers paid an initial balance representing the costs incurred after deducting the value of wear and tear. On presentation of all invoices relating to expenses for which they are responsible, the insurers are then to carry out in, 2013, a second balance payment representing 100% of the brand new value of expenses relating to the construction works and up to 25% of the expenses of replacing equipment.

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

Debt Position (Euros)	Gross Amount	1 Year and Under	More than 1 Year and Less than 5 Years	More than 5 Years
Various Loans and Debts	270,000	270,000		
Clients, deposits received	292,524	292,524		
Supplier Accounts	1,354,922	1,354,922		
Personnel Accounts	489,957	489,957		
Social Security, Other Social Organizations	532,741	532,741		
Report: Value Added Tax	4,545	4,545		
Report: Other Taxes and Indirect Taxes	153,234	153,234		
Asset Accounts Payable	159,750	159,750		
Other liabilities	114,502	114,502		
Total	**3,372,174**	**3,372,174**		



20.3.2.4.3.18 Long-Term Investments

They are made up of OPCVM (mutual funds) including a book value of 57,447 Euros and a Medium Term Note for 300,536 Euros.

The current value of the SICAV (open-end mutual funds), of 65,017 Euros at December 31 2012, reveals an unrealized capital gain of 7,570 Euros.

20.3.2.4.3.19 Prepaid Expenses

Items (Euros)	12/31/2012	12/31/2011
Purchase of materials and indirect materials	1,479	1,221
Rent	82,275	76,554
Insurance	11,403	83,482
Miscellaneous (Maintenance)	44,456	42,715
Total	**139,614**	**203,972**

20.3.2.4.3.20 Accrued Expenses

Items (Euros)	12/31/2012	12/31/2011
Suppliers - Unreceived Invoices	189,766	174,951
Personnel - Estimated Liabilities for Holidays to be Paid and Accrued Expenses	604,679	629,301
Personnel - Estimated Liabilities for Premiums to Pay and Accrued Expenses	27,833	34,143
Personnel - Social Security Allowances	1,012	958
Personnel - Insurance Premiums	5,224	462
State - Other Fees to Pay	153,234	245,889
VAT on receivable credit notes	2,260	346
Clients - Credit Notes to Establish	2,241	170,384
Expense Accounts to Pay	3,052	1,743
Commissions to Pay	15,589	14,010
Board Members' Fees to Pay	24,000	24,000
Other Fees to Pay	34,326	34,326
Total	**1,063,217**	**1,330,514**

20.3.2.4.3.21 Revenues to Be Received

Items (Euros)	12/31/2012	12/31/2011
Suppliers - Credit Notes to Be Received	21,467	14,674
Other revenues to be received	243,012	242,000
Insurance compensation payments to be received	210,414	
VAT credit	107,379	28,979
VAT on invoices not received	30,203	27,193
VAT on credit notes to establish		12,567
Report - revenues to be received	41,930	
Total	**654,406**	**325,412**

20.3.2.4.3.22 Concerning Affiliates and Investments

Table showing Subsidiaries and Investments

	EGIMA Casablanca - Morocco	EGIDE USA, LLC Wilmington DW - 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 (134,354,128)	USD (365,429)	GBP (1,479,079)
Share of the Capital Held	100%	100%	100%
Book Value of Shares Held:			
- Gross	€ 1,444,198	€ 72,688,338	€ 971,321
- Net	€ 0	€ 0	€ 0
Loans and Advances Made but Not Yet Reimbursed	€ 11,186,307	None	€ 1,210,341
Amount of Guarantees and Avals Provided by the Company	€ 312,009	None	€ 490,136
Before-Tax Sales in the Previous Fiscal Year	MAD 4,278,421	None	GBP 2,087,354
Income (Profit or Loss) at Last Fiscal Year End	MAD (1,069,664)	USD (231)	GBP 231,307
Dividends Cashed by the Company During the Fiscal Year	None	None	None
Other Information	Subsidiary incorporated on 11/01/2000. Began operations in 2002	Created on 11/8/2000. Company created as holding for EGIDE USA Inc	Subsidiary incorporated on 06/01/2002

Accounts receivable and accounts payable with affiliated companies

Items (Euros)	12/31/2012	12/31/2011
Accounts Receivable Connected to Investments	13,920,962	13,775,957
Client Accounts Receivable and Connected Accounts	73,056	54,648
Suppliers and Connected Accounts	9,032	14,935

20.3.2.4.3.23 Conversion Discrepancies

Item Concerned	Currency	Asset Discrepancy (Euros)	Liability Discrepancy (Euros)
Suppliers	YEN		361
Miscellaneous	MAD	94,696	
Suppliers	GBP	(5)	
Miscellaneous	GBP	153,402	
Suppliers	USD		2,336
Clients	USD		(4,385)
Miscellaneous	USD		16,554
Total		**248,093**	**14,866**

A provision for exchange loss has been accounted for at 248,093 Euros.

20.3.2.4.3.24 Company Taxes and Fiscal Deficits

The amount of fiscal deficits reportable at the close of fiscal year 2012 stands at 46,116,500 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)
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		**9,606,397**

A research tax credit was entered for the year 2010 for 205,461 Euros, for the year 2011 for 251,235 Euros and for the year 2012 for 256,426 Euros. They will be repayable from January 1 2014, January 1 2015 and January 1 2016 respectively, if not off-set by then against corporate income tax.

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

Increases (Euros)	2012	2011
Unrealized Losses	248,093	249,862
Total	**248,093**	**249,862**
Tax Rate	3.33 %	33.33 %
Accretion (Increase) in Future Tax Debt	**82,698**	**83,287**

Decreases (Euros)	2012	2011
Retirement Severance Pay	55,135	45,526
Allowances for long service and long service awards	88,822	
Organic	22,240	28,319
Unrealized Gains	14,866	32,013
Provisions for exchange rate risk	248,093	249,862
Unrealized gain on OPCVM (mutual fund)	7,570	8,486
Deficits to be carried forward against tax	46,116,500	45,013,357
Total	**46,553,226**	**45,377,563**
Tax Rate	33.33 %	33.33 %
Decrease in Future Tax Debt	**15,517,742**	**15,125,854**

20.3.2.4.3.26 Sales Breakdown by Business Sector

2012 sales primarily signify the delivery of finished products during that year.

Business Sectors (Euros)	12/31/2012	12/31/2011
Glass-to-Metal	4,577,817	5,622,317
Ceramic	8,544,777	11,394,560
Engineering	512,026	362,852
Associated activities	346,618	269,414
Group	49,465	50,225
Total	**14,030,704**	**17,699,368**

20.3.2.4.3.27 Sales Breakdown by Geographic Area

Geographic Areas (Euros)	12/31/2012	12/31/2011
France	7,753,345	8,162,995
EEC other than France	1,750,768	1,722,958
USA and Canada	1,572,318	1,044,476
Other Countries	2,904,808	6,718,714
Group	49,465	50,225
Total	**14,030,704**	**17,699,368**

Associated activities are included in the "France" sector

20.3.2.4.3.28 Financial Results

Items (Euros)	12/31/2012	12/31/2011
Net Proceeds on VMP Sales	2,951	2,108
Net Income from Foreign - Currency Transactions	7,664	28,722
Depreciation of Investments & accounts receivables associated	7,620	(280,231)
Special Financing Commission - Factoring	(36,697)	(62,328)
Other Financial Costs and Revenues	25,976	60,216
Total	**7,513**	**(251,513)**

Current accounts for Egide SA and its subsidiaries, Egide USA Inc. and Egide UK Ltd provide compensation at the rate of 0.869% per year. At closing, Egide realized an investment income of € 24 k on current accounts.

20.3.2.4.3.29 Unusual Result

Items (Euros)	12/31/2012	12/31/2011
Insurance claims not allocated to expenses	641,484	
Income from discarding elements of assets	(17,578)	
Reduction in tax on contributions for accidents in the work place 2010 and 2011	32,677	
Miscellaneous	(3,756)	(330)
Total	**652,827**	**(330)**

Following the fire on March 1 2012, replacement expenses that are not tangible assets have been left as expenses for the fiscal year and have been compensated for by transfers of expenses of € 281 k for their total paid by the insurers. For expenses recorded as assets, an extraordinary income of € 641 k has been recorded, corresponding to the sums paid as compensation in 2012.

20.3.2.4.3.30 Executive Compensation

The gross remuneration paid to the Chairman of the Board amounted to € 173 k in 2012, including non-cash benefits.

The attendance fees paid in 2012 to 5 Board Members stood at € 24 k for the fiscal year 2011.

20.3.2.4.3.31 Other Liabilities

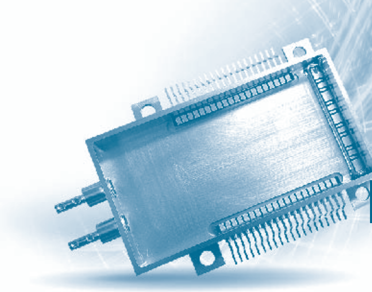
20.3.2.4.3.31.1 Commitments

20.3.2.4.3.31.1.1 Commitments in favor of connected companies

- To Credit du Nord, for the sum of € 57,447 k to secure the bank guarantee granted to the Moroccan subsidiary, Egima, in the context of the sale of temporary admissions. The guarantee is valid until the withdrawal of this bond. The present value of the SICAV (open-end mutual funds) pledged on December 31 2012 is 65,017 Euros.

  The amount of Long-Term Investments posted, thus being the subject of the surety is 16% of this entry on December 31 2012.

- 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 312,009 Euros.



- The company posted a bond for the Lloyds Bank for its subsidiary Egide UK:

  - as part of establishing a factoring agreement in April 2008 for an amount of £ 350,000 or € 428,869 at December 31 2012
  - as part of establishing a bank overdraft authorized in March 2009 for an amount of £ 50,000 or € 61,267 on December 31 2012

- The company posted a bond for the Bank of America for a loan signed by Egide USA Inc. in May 2012 to finance the purchase of its industrial building, for sums owed by Egide USA Inc, representing at most the remaining capital and interest owed, estimated at $ 2,306,395 or € 1,748,064 on December 31 2012.

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

Items (Euros)	12/31/2012	12/31/2011
Collateral Securities	65,017	64,885
Sureties	2,411,522	3,562,165
Total	**2,476,539**	**3,627,050**

20.3.2.4.3.31.1.2 Individual Entitlement to Training

35 training hours were used up during the course of the fiscal year 2012 as part of the Individual Entitlement to Training (DIF); at December 31 2012, the cumulated hours earned by the company's employees for the Individual Entitlement to Training total 16,866 hours.

20.3.2.4.3.31.1.3 Leasing agreements

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

Transport equipment (Euros)	12/31/2012
Value of goods at the date of contract signature	59 594
Depreciation expenses that would have been entered if the goods had been acquired:	
- during the fiscal year	*14 899*
- cumulated at the start of the fiscal year	*13 093*
Fees paid:	
- during the fiscal year	*13 482*
- cumulated at the start of the fiscal year	*14 427*
Fees to be paid at fiscal year end	27 875
Residual purchase price	23 278

20.3.2.4.3.31.2 Commitments Received

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

20.3.2.4.3.31.3 Reciprocal Commitments

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

20.3.2.4.3.32 Work Force Breakdown

	2012	2011
Management	32	32
First-line supervisors and technicians	26	24
Other employees	4	4
Workers	120	162
Total	**182**	**224**

20.3.2.4.4 Events Following Closing

The operation to strengthen cash flow, decided upon on January 30 2013 by the Board of Directors took the form of a bond issue by private placement, the amount sought being around 5 million Euros. In this context, a proposition made by Arkéon Finance led to the launch of an operation on May 2 2013 under the following conditions: issue of a maximum of 4,999 bonds with face value of 1,000 Euros, providing a nominal annual interest rate of 4% payable in arrears each year. These bonds will be amortized by full repayment at the end of 3 years, at 106% of the face value if the subscriber retains the bond continuously until its expiry or at face value if the subscriber transfers ownership of it. The bonds will be listed in compartment E1 of Alternext Paris. On the date of this report, the placement is not concluded, the end of the subscription period initially set at May 28 having been extended until July 5 2013.

Alongside this bond loan, the company has decided to ask the OSEO to fund the Research Tax Credits (RTC) of Egide SA, of which the gross amount for the years 2010, 2011 and 2012 stands at a total of € 713 k. The OSEO, after accepting the application and a technical validation of the RTC files, could provide advance funding for 80% of the amounts and would pay the remaining 20% when the tax credits by the State fall due for repayment. Payment of the funds would be expected during the 3rd quarter 2013. Furthermore, Egide has also decided to ask the OSEO to provide advance funding for Egide SA's Tax Credit for Business Competitiveness for the year 2013 of which the gross amount is estimated at € 130 k, this funding of 85% of the total Tax Credit for Business Competitiveness could take place before the end of the year.

20.4 Verification of Historical Annual Financial Statements

20.4.1 Auditors' Report on 2012 Consolidated Financial Statements

Dear Shareholders,

To carry out the assignment entrusted to us by the members of your general meeting, we present you with our report for fiscal year ending December 31 2012 in regard to the following:

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

The consolidated financial statements were closed by the Board of Directors. It is up to us, based on our audit, to express an opinion on these statements.

I - Opinion on the Consolidated Financial Statements

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

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

Without contesting the opinion expressed above, we draw your attention to the uncertainty relating to the continuity of operations shown in the notes 2.1 General principles, 3.1 Significant estimates and accounting judgments and in the paragraph relating to events occurring after the fiscal year end described in the appendices.

II - Justification of Our Assessments

Under the provisions of Article L.823-9 of the Commercial Code relating to justification of our assessments, we inform you that the assessments we have carried out covered the appropriate nature of accounting principles applied as well as the reasonable nature of significant estimates upheld.

On the basis of our work and the information delivered to us to date, and as part of our assessment of accounting principles adopted by your company, we consider that the information provided in the appendix is appropriate to the position of the company with regard to the uncertainty, shown above, regarding the continuity of operations.

Furthermore, note 2.5 relating to tangible assets indicates that 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.

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 compliance with the professional standards of practice applicable in France, we have also specifically verified, as required by law, the information relative to the group, provided in the management report.

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

Neuilly sur Seine and Paris, June 5 2013

The Auditors

PricewaterhouseCoopers Audit
Jean-François Châtel

SYC S.A.S
Bernard Hinfray

20.4.2 Auditors' Report on 2012 Annual Financial Statements

Dear Shareholders,

To carry out the assignment entrusted to us by the members of your general meeting, we present you with our report for fiscal year ending December 31 2012 in regard to the following:

- Examination of Egide Corporation's annual financial statements, as attached to this report;
- Justification of our assessments;
- Specific verifications and information provided for by law.

The annual financial statements have been closed by your Board of Directors on May 26 and May 31 2013. 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.

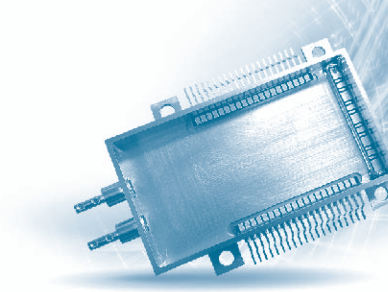
We certify that the annual financial statements are, with regard to the French accounting rules and principles, regular and truthful and provide a faithful image of the operational income in the previous fiscal year as well as the company's financial position patrimony at the end of this fiscal year.

Without contesting the opinion expressed above, we draw your attention to the uncertainty relating to the continuity of operations shown in the notes 1.1 and 2.1 and in the paragraph relating to events occurring after the fiscal year end from the appendix.

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:

On the basis of our work and the information delivered to us to date, and as part of our assessment of accounting principles adopted by your company, we consider that the information provided in the appendix is appropriate to the position of the company with regard to the uncertainty, shown above, regarding the continuity of operations.



Notes 1.6 and 2.14 of the appendix pertaining to the permanent financial investments state that your company has noted depreciation of its investments as well as the receivables related to them when the going-concern value is lower than the historical acquisition cost. In the context of the group's markets and the recent income of the subsidiaries, the depreciation of these securities and related debts has been determined on the basis of the proportionate interest of the shareholders' equity held on December 31 2012.

As revealed in notes 1.3, 1.4 and 2.13 of the annex relative to tangible assets, an impairment test is conducted when there is an internal or external indication of a loss in value. Depreciation is used if the recoverable value of the capital asset concerned is less than its net asset value.

We have verified the appropriateness of the above accounting methods and their correct application. We have also been assured the approach implemented is appropriate.

As such, the assessments applied are in line with our approach to auditing the annual accounts, taken as a whole, and therefore have contributed to the opinion we have formed, 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.

Except for any potential impact of the facts stated in the first part of this report, 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 the provisions of Article L.225-102-1 of the Commercial Code on wages and benefits paid to corporate officers as well as commitments made in their favor, we have verified their consistency with the accounts or data used in the preparation of these accounts and, where appropriate, with the items collected by your company from the companies controlling your company or controlled by it. Based on this work, we confirm the accuracy and truthfulness of this information.

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

Neuilly sur Seine and Paris, June 5 2013

The Auditors

PricewaterhouseCoopers Audit,
Jean-François Châtel

SYC S.A.S,
Bernard Hinfray »

Note

The notes 2.1, 2.5 and 3.1 mentioned in the auditors' report regarding the consolidated accounts correspond respectively to paragraphs 20.3.1.5.3.1, 20.3.1.5.3.5 and 20.3.1.5.4.1.1 of this annual report.

The notes 1.1, 1.3, 1.4, 1.6, 2.1, 2.13 and 2.14 mentioned in the auditors' report regarding the annual financial statements correspond to paragraphs 20.3.2.4.2.1, 20.3.2.4.2.3, 20.3.2.4.2.4, 20.3.2.4.2.6, 20.3.2.4.3.1, 20.3.2.4.3.13 and 20.3.2.4.3.14 of this annual report.

20.5 Other Elements in the Group Management Report

20.5.1 Statement of Operations

20.5.1.1 Egide Corporation's Operations

In 2012, the sales figure stood at € 14.03 million against € 17.70 million in 2011, that is to say a fall of 21%.

The defense and space business sectors experienced a 28% fall, with sales of € 5.61 million in 2012 as opposed to € 7.78 million in 2011. This very significant reduction is explained by the decision of one export client buying infrared products, who, for political and economic reasons, has placed almost no orders during the year 2012. This client alone represents a drop in sales of 2.3 million Euros compared to the year 2011.

Sales realized in the telecommunications sector also show a significant fall (28% for the year), from 5.48 million Euros in 2011 to 3.95 million Euros in 2012. The telecoms operators have not yet recovered their investments in networks, mainly due to the global economic context which has remained dismal throughout the year. As such, sales have fallen to levels reached in 2009 when the post-subprime crisis in the financial sector was at its worst. Egide SA has also suffered from a fall in orders for optical switches from its main telecoms client, and in addition, renewing the range of optical switches led to delivery delays linked to qualification problems with the new product.

Industrial markets have generated sales of 4.43 million Euros in 2012 against 4.38 million Euros in 2011, in other words a slight rise of 1%. This sector comprises infra red products for civil application and those intended for civil aeronautics and automobiles.

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

The glass-to-metal technology with 4.58 million units sold represents 33% of sales in 2012, almost the same as that of the previous fiscal year. Ceramics, with sales of 8.55 million Euros, remains the main technology implemented by Egide SA and represented 61% of sales in 2012 (compared to 65% in 2011).

The company billed € 0.51 million for design projects financed during the fiscal year 2012. This amount is higher than that of 2011, which stood at 0.36 million Euros, but it is only a change of invoice due date; R&D efforts were maintained from one fiscal year to another.

Egide remains an export-oriented enterprise, with 45% of its 2012 sales (extra-group) achieved outside of France (as opposed to 54% in 2011). Europe, without France, represents 13% and North America 11% of sales in the fiscal year. The portion realized outside these regions reaches 21% in 2012 compared to 38% in 2011, mainly due to the loss in sales of the Israeli client in military infrared products and the slowing down of the telecoms client whose manufacturing sub-contractors are based in Asia.

20.5.1.2 Egide USA's Operations

Egide USA realized sales of 8.70 million Euros in 2012 (including 0.04 million Euros of invoicing to the group) against 6.88 million Euros in 2011. This 26% rise in Euros is partly due to organic growth (16.8% rise in dollar with sales going from $ 9.58 million to $ 11.19 million) and also linked to changes in the euro/dollar exchange parity noted during the year 2012 (average rate of 1.2856 compared to 1.3917 in 2011).

Defense and Space constituted 76% of sales in 2012, compared to 77 % in 2011, with 6.56 and 5.26 million Euros, respectively. The industrial sector remains relatively stable at 18% of sales (1.57 million Euros in 2012 against 1.37 million Euros during the previous fiscal year). The telecommunications sector, for which Egide SA only supplies a few very specific niche products, is on the increase and represents 6% of the year's sales compared to 3% during the previous year (for the amounts of 0.54 and 0.18 million Euros respectively).

The products sold call for glass-to-metal technology uniquely. The North American market is the principal trade outlet for the American subsidiary since that is where 99% of its sales for the fiscal year 2012 occurred. The remaining 1% comes from industrial orders bound for Europe.

20.5.1.3 Egide UK's Operations

This subsidiary manufactures and sells molded metal and plastic components but no hermetic packages such as the other companies in the group. The fiscal year 2012 generated 2.57 million Euros in sales, of which a negligible part was realized within the group. This growth in sales of 14.7% compared to fiscal year 2011 (2.24 million Euros) is mainly due to the sharp increase of a product intended for the medical sector (+41%) and the continued growth of products intended for the automotive market (+ 32%).

The industrial sector represented 98% of the activity, and telecommunications 2%. Plastic technology accounted for 23% of sales, with the remaining 77 % being in metal molding. 77% of sales are in Europe, 22% are in North America, and 1% is in the rest of the world.

20.5.1.4 Egima's Operations

It should be recalled that Egima's only client is Egide, which subcontracts the production of some of its orders to it. Since July 1 2009, this production unit has been mothballed and a process to dispose of the subsidiary was started because none of the group's need matches the aspects of this site. Therefore, there were no industrial sales generated during fiscal 2012 by Egima. However, since April 11 2011, Egima leases its premises and some of its assets to Casablanca Aéronautique, the latter carrying on its industrial activity while waiting to become the full owner. Egima also re-invoices certain services such as the supply of water or electricity and rental charges. Thus, sales of 0.38 million Euros were recorded in the accounts of Egima for fiscal year 2012.

20.5.2 Review of the Results

20.5.2.1 Consolidated Results

At December 31 2012, the 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 25.60 million Euros, which made an operational loss of -0.67 million Euros (against a profit of 0.80 million Euros in 2011, for sales of 26.87 million Euros). This result, close to break-even if one does take into account depreciation of Egima assets recorded for 2012 at 0.67 million Euros, nevertheless reflects significant disparities between the companies within the group. As such, Egide SA posts an operating loss of 0.61 million Euros whereas the subsidiaries in the group's business are all operationally profitable: Egide USA for 0.26 million and Egide UK for 0.31 million. Egima's operating result is of 0.03 million before depreciation and of -0.64 million after depreciation. The level of activity of the parent company has remained insufficient throughout the fiscal year 2012 to absorb its fixed costs whereas the American and English operating entities have fully benefited from the volume effect linked to their respective rises in sales.

It should be made clear that Egide USA's product mix in 2012 was slightly unfavorable in terms of consumption of materials, which, when added to the non-recurring costs incurred as part of its property loan, eroded the margin provided by the American unit. Furthermore, the insurance compensation payment received by Egide SA, not corresponding to the expenses but with its counterpart being entered under assets, has been recorded as "operating income" for 0.64 million Euros. Finally, research tax credits for Egide SA and Egide UK, in accordance with the IFRS rules have been recorded under "operating income" for 0.3 million Euros and not as a negative tax expense (dealt with under social security).

Amortizations, depreciations, and provisions have been entered for a total net amount of 0.98 million Euros, compared to 0.29 million Euros in 2011. As a result of abandoning IFRS 5 at the end of the fiscal year, amortization of Egima's equipment, suspended since 1 July 2009, has been fully recorded in the income statement for the 2012 fiscal year for a total of 0.28 million Euros. In addition, it is made clear that an additional depreciation of Egima's assets was recorded in 2012 for 0.39 million Euros in order to adjust the non-current asset of the company to its realizable value.

The fiscal year financial result is a loss of 0.19 million Euros (against a loss of 0.12 million Euros in 2011) and corresponds to the cost of financial debt: interest connected to the use of factoring on the group's French, American and English entities, interest on American and Moroccan loans. In 2012, the gains and losses from exchange rates balance out, whereas a net gain from exchange rates of 0.10 million Euros was recorded in 2011.

The net result is a loss of 0.86 million Euros (against a profit of 0.62 million Euros in 2011).

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

The current cash position is of 1.13 million Euros, against 1.14 million in 2011. The long-term debt, of 0.36 million Euros (0.28 million Euros at the end of 2011) consists of the Regional Loan for Job Retention received by Egide SA in 2010 repayable in 7 years, including 2 years of deferred payment, the loan obtained by Egide UK to finance equipment, which is repayable in 2 years and Egima's loan. Debt repayable within less than a year represents the funding of client debts by factoring organizations (2.50 million Euros), the part of the Egide UK loan, at under one year (0.02 million Euros), of the Egide SA loan (0.05 million Euros) and of the Egima loan (0.15 million Euros) as well as the balance (1.16 million Euros) of the loan taken out by Egide USA in May 2012 to finance the buy-back of its industrial building, repayable in 15 years, of which one of the covenants was not respected at the end of the fiscal year (application of IAS1, although the creditor has accepted the non-respect of the covenant which led to this loan being entered under current liabilities). Egide does not use any financial instrument to generate a particular risk.

The working capital requirement represents 49 days of sales, an increase of 13 days compared to fiscal year 2011. The main items that have an impact on this rise are client debts (business at Egide USA, rents at Egima), debts to the State [VAT and reduction in CVAE (French Corporate Tax) at Egide SA], various debts (insurance compensation payments to be received by Egide SA) and the reduction in supplier debts (the part falling due at the end of December 2012 was paid in 2012, contrary to that due at the end of 2011 which was paid at the start of 2012).

In accordance with the IFRS, Egima's assets and liabilities, the subsidiary held for sale, were posted on a separate line in the consolidated balance sheet in 2011. At the end of fiscal year 2012, since completing a sale of the subsidiary within less than 12 months was not highly probable, the application of IFRS 5 was abandoned. Therefore the assets and liabilities of Egima are included in the corresponding items of the statement of the consolidated financial position.

20.5.2.2 Annual income

The annual financial statements of Egide SA closed on December 31 2012 have been prepared and presented in compliance 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.

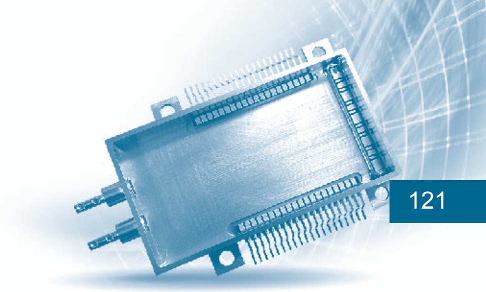
Sales stood at 14.03 million Euros, compared to 17.70 million Euros in the previous fiscal year, experiencing a fall of 21%. Total marginal revenue was 14.35 million Euros, compared to 18.43 million Euros for the previous fiscal year.

Operating expenses for the fiscal year totaled 16.03 million Euros, a fall of 12% as opposed to fiscal year 2011, when they were 18.20 million Euros. Production rates of return remained at expected levels but the absence of the volume effect, resulting from the significant reduction in business in 2012, and the product mix (glass metal activity uses more materials than ceramic activity) led to a 4 point rise in the rate of consumption of materials. Personnel costs represented a total of 6.97 million Euros in 2012 against 8.17 million in 2011. This fall of 14.7% reflects the adjustment to direct personnel that occurred during the fiscal year, as a result of the reduction in activity; nevertheless, the indirect personnel burden increased mathematically, as the adjustment levers are more reduced at this level. The average number of employees (open-ended and fixed-term contracts) went from 224 persons in 2011 to 182 persons in 2012. The level of other external expenses slightly decreased to 3.04 million Euros, against 3.14 million Euros in 2011. The main items that have showed a downward trend concern indirect production costs (supplies, small equipment and tools) and maintenance costs of production equipment as well as sales commissions.

An impairment test was conducted on December 31 2005, the purpose of which was to assess the future utility of assets on the basis of development plans reviewed at the end of 2005 and the resulting hypotheses concerning activities and cash. This test resulted into the recording of a depreciation of 1.08 million Euros for the accounts for fiscal year 2005. No additional depreciation was recorded since. Following the impairment test on December 31 2012, no additional depreciation of the fixed assets was recorded in the fiscal year and the depreciation level was maintained. The amount of depreciation and amortization of fixed assets stood at 0.20 million Euros in 2012 against 0.19 million Euros in 2011.

Despite efforts to adjust variable costs, the significant fall in activity noted in 2012 has meant break-even has not been reached during this fiscal year. As such, the operating result shows a loss of 1.67 million Euros, against a profit of 0.23 million Euros for the previous fiscal year.

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



Complementary depreciation for accounts receivable connected with the subsidiaries was entered in the amount of 0.11 million Euros for Egima and in the amount of 0.02 million Euros for Egide UK, to cover the capital losses incurred and the negative net positions of these subsidiaries. A reversal of depreciation in the current account for 0.13 million Euros was recorded concerning Egide USA Inc. The net impact of the subsidiaries' depreciation is therefore zero on the accounts of the 2012 fiscal year.

The financial result is balanced compared to a loss of 0.25 million Euros for the previous fiscal year. In 2011, the financial loss was mainly due to depreciation of the subsidiaries' debts.

Fiscal year operating result before tax shows a loss of 1.67 million Euros against a loss of 0.03 million Euros for the previous fiscal year, meaning a very clear deterioration.

An extraordinary profit was recorded in the accounts for the 2012 fiscal year, of 0.65 million Euros. Its main source is the insurance compensation payments that were received following the fire at the pre-treatment premises and which were not allocated to expenses but to fixed assets. There was no extraordinary element in the 2011 fiscal year.

The research tax credit for the year was entered in the accounts for 0.26 million Euros, an amount similar to that of the previous fiscal year, which was for 0.25 million Euros.

Taking these elements into account, the fiscal year closed with a net loss of € 0.76 million Euros compared to a profit of € 0.23 million Euros in 2011.

At December 31 2012 the company’s total assets stood at 8.08 million Euros compared to 7.61 million Euros for the previous year. The cash flow stands at 0.91 million Euros at the end of the fiscal year against 1.04 million at January 1 2012. The financial debt consists of a loan of 0.27 million Euros, which was granted in July 2010 by the Provence-Alpes-Côte d’Azur region and the Vaucluse administrative department within the framework of the PRME (Regional Loan for Job Retention). This interest-free loan is repayable over 7 years with a deferred payment of 2 years. During the fiscal year, 0.03 million Euros have been reimbursed.

20.5.3 Information regarding the payment terms (Egide SA)

Pursuant to Article L.441-6-1 of the Commercial Code, we are providing you with the breakdown of the balance by due date of Egide SA's debts at December 31 2011 and 2012 in respect of suppliers:

En euros	2011	%	2012	%
Unexpired (invoices not received)	174,951	8.62	189,766	14.01
Expired	551,780 (1)	27.19	113,796	8.40
At 30 days	879,422	43.33	681,640	50.31
At 60 days	356,101	17.55	364,915	26.93
More than 60 days	67,312	3.31	4,805	0.35
Total	**2,029,567**		**1,354,922**	

(1) *Of which € 443,385 paid at the beginning of 2012 (or 80% of expired item)*

The expired debts at the end of 2012 mainly correspond to invoices that have not yet been approved and which will be paid in 2013. Egide applying contractual payment periods of 60 days from date of invoice, it explains that there are debts exceeding 30 days (legal payment deadline). Debts payable after 60 days on 31 December 2012 mainly correspond to an invoice payable in 4 installments.

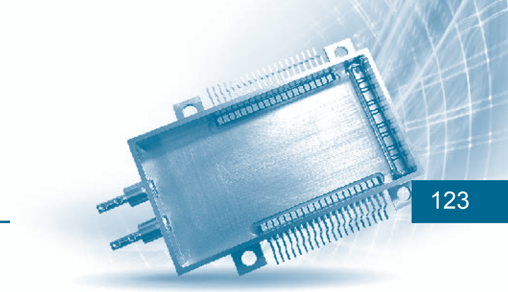
20.5.4 Table showing Income or Loss in the last 5 fiscal years (Egide SA)

Closing Date Fiscal Year Duration	12/31/2012 12 months	12/31/2011 12 months	12/31/2010 12 months	12/31/2009 12 months	12/31/2008 12 months
CAPITAL AT FISCAL YEAR END					
Share Capital (€)	3,569,594	2,572,600	12,862,750	12,862,750	12,861,220
Number of shares					
- Common Shares	1,784,797	1,286,300	1,286,275	1,286,275	1,286,122
- Preferred Shares	-	-	-	-	-
Max. No. of Shares to Be Created					
- Through Bond Conversion	-	-	-	-	-
- by subscription right	89,239	64,315	64,313	64,313	64,306
OPERATIONS AND RESULTS (€)					
Sales Net of Taxes	14,030,704	17,699,368	16,088,641	13,282,064	18,477,859
Income before taxes, investments, depreciations, and provisions	(915,245)	(180,597)	630,581	(1,238,511)	856,987
Taxes on earnings	(256,426)	(251,235)	(205,461)	(226,541)	(223,476)
Depreciations and provisions	97,767	(154,390)	603,532	2,489,675	2,686,575
Net result	(756,586)	225,028	232,510	(3,501,645)	(1,606,112)
EARNINGS PER SHARE (€)					
Income after taxes, investments, depreciations, and provisions	(0.37)	0.05	0.65	(0.79)	0.84
Income after taxes, investments, depreciations, and provisions	(0.42)	0.17	0.18	(2.72)	(1.25)
PERSONNEL					
Average number of employees	182	224	193	168	183
Gross Payroll (€)	5,027,992	5,886,758	5,278,210	4,675,161	5,113,233
Benefits (€)	1,940,840	2,284,458	2,102,063	1,938,718	2,031,254

20.5.5 Investment Securities Inventory (Egide SA)

Securities entered on the asset side of Egide SA's balance sheet on December 31 2012 are detailed in the table below:

Amounts in Euros	Quantity	Net Value
Long-Term Investments		
Egide USA LLC Shares	-	0
Egima Stocks	14,800	0
Egide UK Ltd Stocks	657,064	0
Long-Term Investment Sub-total		**0**
Short-Term Investments		
SICAL Etoile Jour Sécu	15	57,447
Medium Term Note (BMTN) Credit du Nord	1	300,536
Short-Term Investment Sub-total		**357,983**
Total Net Book Value		**357,983**



20.6 Other financial information

With regard to activity, Egide realized consolidated unaudited sales of 6.25 million Euros during the first quarter of 2013, a slight increase of 1.1% with respect to the fourth quarter of 2012 and a decrease of 4.4% with respect to the first quarter of the previous fiscal year. This quasi-stability is in keeping with budget estimates that had been made for the quarter and should continue throughout the year 2013.

During the first quarter of 2013, Egide SA represents 54% of total consolidated sales (unaudited), Egide USA 36%, Egide UK 9% and Egima 1%. The defense and spatial sector represented around 50% of sales, the telecoms sector 18%, the industrial sector 31% and rent received by Egima 1%.

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 2013.

20.8 Judicial and Arbitration Proceedings

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

20.9 Significant Changes in the Financial or Business Position

On the date of this annual report, no other significant change of the group's financial or trading position has occurred since December 31 2012.

21 ADDITIONAL INFORMATION

21.1 Share Capital

21.1.1 Number of Shares and Their Face Value

On April 30 2013, share capital was 3,569,594 Euros, divided into 1,784,797 shares at 2 Euros face 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.

As a reminder, an increase in capital decided by the Board of Directors on October 26 2011 and finalized on February 16 2012 led to the issue of 493,080 new shares with a face value of 2 Euros.

21.1.2 Authorized Capital Not Issued

The summary table of the jurisdiction delegations of authority granted by the General Meeting of the Board of Directors concerning the capital increases at April 30 2013 is as follows:

	GM date	Expiry Date of Delegation	Authorized amount	Use of delegations during the previous years	Use of delegations during the course of the fiscal year	Residual amount on the day of the establishment of this table
Authorization to increase capital while maintaining a share purchase right	5/13/2011	7/12/2013	*Shares* € 10,000,000 *Corporate Notes* € 100,000,000	No	Yes	*Shares* € 9,013,840 *Corporate Notes* € 100,000,000
Authorization to increase capital with the withdrawal of the share purchase right	5/13/2011	7/12/2013	*Shares* € 10,000,000 *Corporate Notes* € 100,000,000	No	No	*Shares* € 10,000,000 *Corporate Notes* € 100,000,000
Approval of increase of the number of titles to issue in case of capital increase with or without a share purchase right	5/13/2011	7/12/2013	15% of the initial amount of the increase	No	Yes (all)	-
Authorization to issue stock options	5/28/2010	7/27/2013	5% of the capital	Yes	Yes	3.16% of the capital

The resolution delegating to the Board of Directors the authority to increase capital by issuing shares reserved to employees belonging to a savings plan instituted by the company was rejected, at the Board of Directors' request, by the general meeting on May 28 2010 and the one on May 13 2011.

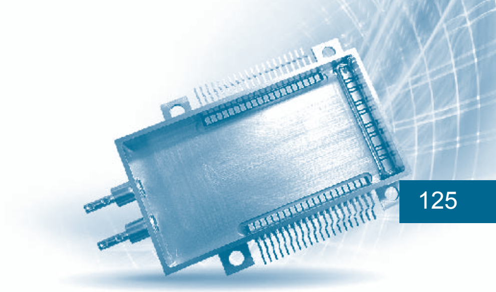
At the combined general meeting of June 26 2013, the renewal of all delegations of powers about to expire in July 2013 will be proposed (see chapter 27 of this annual report).

21.1.3 Potential Capital

Authorization to issue stock options

The general meeting of May 28 2010 authorized the Board of Directors to issue stock options within the limit of 5% of share capital. The subscription price must at least be equal to the average of the prices quoted in the last twenty Stock Market sessions preceding the Board of Directors' meeting, reduced by 5%. This authorization is valid for a period of 38 months.

The plans in effect on April 30 2013 are described in § 17.3 of this document.



21.1.4 Changes in Share Capital

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

Date	Transaction	Capital Increase (€)	Reduction in capital (€)	Share premium (€)	Total Number of Shares	Nominal of shares	Amount % of Capital (€)
10/14/86	Incorporation	457,347			30,000	€ 15,24	457,347
12/15/87	Increase [1]	320,143			51,000	€ 15,24	777,490
09/30/88	Increase [1] [2]	654,311			93,920	€ 15,24	1,431,801
11/03/88	Increase [1]	419,235		76,301	121,420	€ 15,24	1,851,036
11/09/90	Increase [1] [3]	449,725			150,920	€ 15,24	2,300,760
04/27/92	Reduction [4]		920,304		150,920	€ 9,15	1,380,456
05/18/92	Increase [1]	1,829,388			350,920	€ 9,15	3,209,844
06/03/94	Increase [1]	927,262			452,294	€ 9,15	4,137,107
06/11/99	Increase [5]	1,749,846		1,751,013	643,598	€ 9,15	5,886,953
04/03/00	Increase [6]	3,659		3,297	643,998	€ 9,15	5,890,612
07/05/00	Increase [7]	841,509		11,670,355	735,997	€ 9,15	6,732,121
12/22/00	Increase [8]	2,244,037		93,435,443	981,329	€ 9,15	8,976,159
06/29/01	Increase [9]	837,131		(837,131)	981,329	€ 10	9,813,290
12/31/01	Increase [10]	34,580		17,152	984,787	€ 10	9,847,870
12/31/03	Increase [11]	14,280		7,083	986,215	€ 10	9,862,150
12/31/04	Increase [12]	70,990		35,211	993,314	€ 10	9,933,140
12/31/05	Increase [13]	49,420		24,512	998,256	€ 10	9,982,560
02/28/06	Increase [14]	18,280		9,067	1,000,084	€ 10	10,000,840
08/17/06	Increase [15]	2,857,380		2,143,035	1,285,822	€ 10	12,858,220
12/31/06	Increase [16]	90		180	1,285,831	€ 10	12,858,310
12/31/07	Increase [17]	2,880		5,760	1,286,119	€ 10	12,861,190
12/31/08	Increase [18]	30		60	1,286,122	€ 10	12,861,220
12/31/09	Increase [19]	1,530		3,060	1,286,275	€ 10	12,862,750
11/28/11	Increase [20]	250			1,286,300	€ 10	12,863,000
11/28/11	Reduction [21]		10,290,400		1,286,300	€ 2	2,572,600
02/16/12	Increase [22]	986,160		1,479,240	1,779,380	€ 2	3,558,760
12/31/12	Increase [23]	10,834		18,093	1,784,797	€ 2	3,569,594

[1] *Cash contributions*
[2] *Amount contributed in kind: € 158,851.88 (F 1,042,000)*
[3] *Of which compensation with accounts receivable: € 137,204.12 (F 900,000)*
[4] *Reduction of face value from € 15.24 (F 100) to € 9.15 (F 60)*
[5] *Introduction to the New Market of the Paris Stock Exchange - Visa COB n° 99-775, June 7 1999*
[6] *Exercise of stock options following the death of a beneficiary*
[7] *Increase in cash capital - Visa COB n° 00-884, May 26 2000*
[8] *Increase in cash capital - Visa COB n° 00-1844, November 14, 2000*
[9] *Incorporation of reserves for the conversion of capital into Euros, taking the share value from € 9.15 (F 60) to € 10 (F 65.5957)*
[10] *Exercise of stock options during fiscal year 2001*
[11] *Exercise of stock options during fiscal year 2003*
[12] *Exercise of stock options during fiscal year 2004*
[13] *Exercise of stock options during fiscal year 2005*
[14] *Exercise of stock options on February 28 2006*
[15] *Increase in cash capital - Visa AMF n° 06-271, July 21 2006*
[16] *Exercise of 36 stock warrants during fiscal year 2006, creating 9 new shares*
[17] *Exercise of 1,152 stock warrants during fiscal year 2007, creating 288 new shares*
[18] *Exercise of 12 stock warrants during fiscal year 2008, creating 3 new shares*
[19] *Exercise of 612 stock warrants during fiscal year 2009, creating 153 new shares*
[20] *Exercise of stock options on November 28 2011*
[21] *Reduction of face value from € 10 to € 2 - EGM November 28 2011*
[22] *Increase in cash capital - Visa AMF n° 12-024, January 17 2012*
[23] *Exercise of stock options on December 31 2012*

The company does not own any of its own shares. The same is true for the subsidiaries, who do not own any parent company shares.

21.1.5 Changes in the Last Three Years

The following table shows the changes in capital, by percentage and voting rights, in the last three years

	Situation at 12/31/2012			Situation at 12/31/2011			Situation at 12/31/2010		
	No. of Shares	% of Capital	% of Voting Rights	No. of Shares	% of Capital	% of Voting Rights	No. of Shares	% of Capital	% of Voting Rights
P. Brégi	16,380	0.92	0.91	12	0.00	0.00	12	0.00	0.00
FCPR 21 & 21 Esenga	0	0.00	0.00	0	0.00	0.00	217,152	16.88	26.42
Public	1,768,417	99.08	99.09	1,286,288	100.00	100.00	1,069,111	83.12	73.58
Total	**1,784,797**	**100.00**	**100.00**	**1,286,300**	**100.00**	**100.00**	**1,286,275**	**100.00**	**100.00**

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

On February 16 2012 Mr. Philippe Brégi subscribed to 10,951 shares as part of the increase in capital of April 4 2012, he exercised 5,417 stock options.

The situation at April 30 2012 is shown in paragraph 18.1 of this document.

21.2 Articles of Incorporation and By-Laws

21.2.1 Company Purpose

The company has as its purpose (Article 2 of the by-laws):

- The design, fabrication, import, export, and marketing of all forms of electronic packaging, standard-type or custom made.
- In the above domains, the acquisition and management of interests and direct or indirect participation by all means in any company or enterprise created or to be created, notably by means of company creation, contribution, subscription to or acquisition of shares, welfare rights or other titles, merging, silent partnership, and by any other means or in any other form used in France or overseas.
- And in general, any transaction of any nature, transferable or non-transferable, that could be directly or indirectly connected with its purpose or liable to facilitate its development or realization.

21.2.2 Administrative Body

Article 13 of the By-Laws: "The company is administered by a Board of Directors composed of at least three members and at most 18 members, subject to legal derogations provided for in case of merger. The duration of their term is six years. Every Board Member is re-electable."

Article 14 of the By-Laws: "Board Members must own ONE share at least. Board Members appointed while at the company might not be shareholders at the time of their nomination but must become so within a six-month time period, on the lapse of which they will be supposed to have automatically resigned."

Article 15 of the By-Laws: "The Board of Directors names, among its members, who are natural persons, a president, whose term of office it limits so that it does not exceed his term of office as Board Member. No person can be appointed President of the Board of Directors if he is over 65 years old. If the president is beyond that age, he is terminated from office after the next board meeting. The board can also nominate a secretary, even outside of its membership. In case of the president’s absence or incapacity, the board designates, at each meeting, one of the members in attendance to preside over the meeting. The president and the secretary can always be re-elected."

Article 16 of the By-Laws: "The Board of Directors will meet as often as necessary and at least once a year. The members are called to the meetings by all means necessary, even verbally. A roster is kept that is signed by Board Members attending the meeting. Discussions are held under the quorum and majority requirements provided for by the law. In the case of a tie vote, that of the presiding member of the meeting takes precedence. Minutes are prepared and copies or extracts of the proceedings are delivered in accordance with the law. Except when the Board is convened to proceed with operations referred to in Articles L.232-1 and L.233-16, the internal rules may provide that the participating Board Members are deemed to be present at the meeting by videoconference or telecommunication, for quorum and majority purposes, allowing their identification and ensuring their effective participation of which the nature and conditions of application are determined by decree in the Council of State."

Article 17 of the By-Laws: "The Board of Directors determines the orientation of the company’s operations and monitors their implementation. Subject to the powers expressly attributed by law to shareholders’ meeting and within the limits of the company’s purpose, it addresses every question affecting the smooth operation of the company and regulates by its deliberations the affairs that concern it. The Board of Directors at all times implements the controls and verifications that it deems opportune. Each Board Member must receive the information necessary to the accomplishment of their mission and may obtain from the top management all the documents that they consider useful."

21.2.3 Rights Attached to Company Shares

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

Article 10 of the By-Laws (disposal and transmission of shares – book based shares – transfer of ownership of securities): "The shares, whatever their form, are book based and kept according to the effective prescribed terms and conditions. The listed securities are freely transferable and are transmitted by account-to-account transfer via a stock transfer order. The company is entitled to request at any time, in accordance with the provisions of Articles L.228-2 and L.228-3 of the Commercial code, against payment at its expense, to the body responsible for the compensation of securities, the name or, if it is a body corporate, the year of incorporation and the address of the securities holders conferring an immediate or fixed-term voting right in its own meetings of shareholders, as well as the quantity of securities held by each of them, and, if necessary, the restrictions with which the securities may be subjected to."

Article 11 of the By-Laws (extract): "Every share, in the absence of distinct categories of shares, or conversely, every share in the same category, entails the right to a net proportional share of the quantity of capital that it represents, in the benefits or reserves or in corporate assets, on any distribution, amortization, or allocation, and this according to the conditions and procedures possibly stipulated in these by-laws. In addition, it provides the right to a vote and to representation in general meetings under legal and statutory conditions. Shareholders are only responsible up to the limit of the face 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 face value and use, all shares in the same category receive the same net amount."

Article 27 of the By-Laws (extract): "The voting right attached to capital shares or dividend shares is proportional to the amount of capital it represents and each share gives the right to one vote. However, the right to a vote double of that conferred on other shares, in regard to the portion of share capital that they represent, is granted to all fully paid shares for which it will be justified by inscription in the name of the owner for at least two years, the same owner who requested inscription of the shares in his name. In addition, in the case of capital increase by incorporation of reserves, benefits, or share premiums, the right to a double vote is conferred, from their issuance, on nominal shares freely granted to a shareholder because of old shares that give him this right. Similarly, in case of modification of the face value of the existing shares, the double-voting right is maintained for shares at the new face value that replace the old shares. For the surplus, the right to a double vote is acquired, ceases, or is transferred in the cases and under the conditions prescribed by the law. The company cannot vote conclusively with shares it purchases."

21.2.4 Modification of Rights Attached to Company Shares

Article 29 of the By-Laws: "The extraordinary general meeting can modify all provisions of the by-laws and notably decide the transformation of the company into a company of another civil or commercial form. It cannot, however, increase the shareholders' commitment, with the exception of transactions resulting from a regular regrouping of shares. It does not deliberate conclusively unless the shareholders who are present or represented, possess at least, on first convocation, a quarter and, on second convocation, a fifth of the shares with voting rights. Failing that, the second meeting can be postponed to a later date - no later 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 adjudicate the conditions for a quorum and a majority for an ordinary general meeting. In addition, in extraordinary general meetings that are constitutive in form, i.e. called to deliberate on the approval of a contribution in kind or the granting of a particular benefit, neither the contributor nor the beneficiary has the right to speak or vote, for himself or as a proxy holder."

21.2.5 General Meetings

Article 22 of the By-Laws: "Shareholder decisions are made in the general meetings. Ordinary general meetings are those called to make decisions that do not modify the by-laws. Extraordinary general meetings are called to decide or authorize direct or indirect modifications to the by-laws. Special general meetings call together the holder of shares in a single determined category to deliberate on a modification of share rights in that category. General meeting deliberations obligate all shareholders, even those who are absent, dissident, or incapable."

Article 23 of the By-Laws: "General meetings are called either by the Board of Directors, or by default by the auditor(s), or by a proxyholder designated by the president of the civil court ruling in emergency appeal at the request of one or several shareholders representing at least one tenth of capital. During liquidation, the meetings are called by the liquidator(s). The shareholders are convened under the conditions provided for by the regulations in force. The shareholders are convened under the terms and conditions provided in the regulation in force. For at least thirty-five (35) days before the shareholders' meeting, the company is held to publish in the "Bulletin des Annonces Légales Obligatoires" (BALO) a notice containing information referred to in Article R.225-73 of the French Commercial Code. "

Article 24 of the By-Laws: "The meeting agenda 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 meeting cannot decide on a question that is not entered into the agenda. It can, however, under any circumstances, recall one or several Board Members and proceed to replace them."

Article 25 of the By-Laws: "Every shareholder has the right to attend general meetings, personally or by proxy, regardless of the number of shares he has, merely by proving his identity and signing the company register, in his capacity as shareholder, on the third working day preceding the general meeting at midnight, Paris time. Any shareholder can also vote by mail, by using a form developed by the company and available to shareholders on request; to calculate the quorum, only forms received at least three days before the general meeting date will be counted."

Article 27 of the By-Laws (extract): "In ordinary and extraordinary general meetings, the quorum is calculated based on the total number of shares that make up share capital, and in special general meetings, on the total number of shares in the category in question, net of shares that do not have voting rights under the law."

Article 28 of the By-Laws: "The ordinary general meeting is convened at least once a year, within six months of year end to adjudicate the financial statements of this period, unless this time period is prolonged by judicial decision. It does not deliberate conclusively on the first convocation unless the shareholders who are present or represented hold at least a fifth of the shares with voting rights. On the second convocation, no quorum is required. It makes decisions by a majority vote of the shareholders who are present or represented."

Article 30 of the By-Laws: "If there are several categories of shares, no modification can be made to share rights of one of these categories without the vote of a special meeting open only to the owners of shares in the category in question. Special meetings do not deliberate conclusively unless the shareholders present or represented hold at least, on first convocation, a third, and on second convocation, a fifth of the shares having the right to vote and for which it is envisioned to modify the rights. Failing that, the second meeting can be postponed to a later date - not longer than two months at the most from the date of convocation."

Article 31 of the By-Laws: "Every shareholder has the right to obtain the documents necessary to enable him to declare himself in full knowledge of the facts and capable of making an informed judgment on the management and control of the company. The nature of these documents and the conditions for their transmission is determined by law."

21.2.6 Special Provisions Relative to Change in Control

None.

21.2.7 Reporting Change in Percentage of Ownership

Article 11 of the By-Laws (extract): "In conformance with the provisions of Article L.233-7 of the Commercial Code, every physical person or legal entity acting alone or in concert who possesses a number of shares representing more than a twentieth, a tenth, three twentieths, a fifth, a quarter, a third, a half, two thirds, eighteen twentieths, or nineteen twentieths of capital or voting rights must inform the company within a time period set by decree of the French Council of State, starting from the crossing of the investment threshold, of the total number of shares or voting rights it possesses. The information is also given within the same time periods when the equity stakes or voting equity are under the concerned thresholds. In case of non-respect of this obligation, the legal provisions of Article L.233-14 of the Commercial Code will apply."

21.2.8 Special Provisions for Capital Modification

None.

21.2.9 The Company's Repurchase of Its Own Shares

Article 37 of the By-Laws: "In cases provided for by legal and/or regulatory texts, the ordinary general meeting can authorize the company, for a limited time not exceeding eighteen months, to purchase its own shares. This meeting must establish the modalities of the transaction, namely the maximum purchase price, the maximum number of shares to be acquired, and the time frame in which the acquisition must be accomplished. " "In cases provided for by legal and/or regulatory texts, the ordinary general meeting can authorize the company, for a limited time not exceeding eighteen months, to purchase its own shares. This meeting must establish the modalities of the transaction, namely the maximum purchase price, the maximum number of shares to be acquired, and the time frame in which the acquisition must be accomplished."

In its 10th Resolution, the general meeting of May 15 2012 authorized the implementation of a share buy-back programme. However this authorization has not been used during the 2012 fiscal year and no contract to increase market activity is under way on the date this document is being compiled.

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 of 1,784,797, comprising capital on December 31 2012, with a closing price of € 4.08 on December 31 2012, the stock exchange value was 7.28 million Euros.

On April 30 2013, the company’s stock exchange value was 6.46 million Euros (1,784,797 shares at a rate of € 3.62).

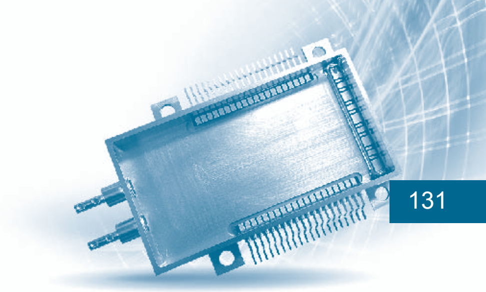
The table below shows the evolution in the rates and volume of stock transactions since 1 January 2012 (adjusted rates of financial operations carried out in February 2012 - Source: Euronext):

	Stock Rate in Euros			Transaction Volume
	Low	High	Average Closing Rate	Number of Shares
January 2012	5.27	7.99	6.19	8,060
February 2012	6.08	8.60	7.18	11,895
March 2012	6.60	7.32	6.88	2,634
April 2012	5.24	7.02	5.94	3,830
May 2012	4.50	5.68	5.03	1,184
June 2012	3.66	4.50	4.13	2,515
July 2012	3.76	4.76	4.13	1,391
August 2012	3.71	4.43	4.04	1,452
September 2012	3.62	5.25	4.41	3,449
October 2012	3.62	3.96	3.80	1,130
November 2012	3.62	4.36	3.88	1,339
December 2012	3.62	4.36	4.03	3,235
January 2013	3.95	5.20	4.33	4,982
February 2013	3.96	4.72	4.33	4,191
March 2013	3.66	4.20	3.90	5,116
April 2013	3.53	3.90	3.72	1,692

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

21.4 Transfer Project on Alternext

The General Meeting of May 28 2010 had allowed in its 16th 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 since this date not having permitted a transfer to be filed, the Board of Directors has not yet used the delegation that it was given.



22 MAJOR CONTRACTS

The following long term contracts signed in 2011 and 2012 and/or still ongoing on the date of this document are presented below:

Egide SA :

- lease agreement of the building in Trappes signed in 2008 (see § 8.1.1 and 20.3.1.5.4.19.2)
- lease agreement of the building in Bollene signed in 2010 (see § 8.1.1 and 20.3.1.5.4.19.2)

Egide USA :

- 2-year sales contract renewed in 2011with Crane Aerospace & Electronics (value 4.3 million dollars)
- line of credit based on client receivables and the inventory signed in 2012 (see § 10.3)
- long term bank loan signed in 2012 with Bank of America as part of the buy-back of the industrial building (see § 10.3)

Egide UK :

- 5-year sales contract signed in 2010 with a major player in the medical sector in the UK (value: 1.2 million pounds)
- lease agreement of the building in Woodbridge signed in 2008 (see § 8.1.1 and 20.3.1.5.4.19.2)

Egima :

- lease agreement of land signed in 2000, on which the Casablanca building is built (see § 8.1.1 and 20.3.1.5.4.19.2)

Besides the above contract, in the past two years, no other significant long term contract has been signed involving the company or the group.

23 INFORMATION ORIGINATING FROM THIRD PARTIES AND DECLARATIONS OF INTERESTS

None.

24 DOCUMENTS AVAILABLE TO THE PUBLIC

24.1 List of Documents and Consultant Methods

During the term of validity of the Annual Report, the following documents (or copies) can be consulted at the corporate headquarters:

- By-laws
- All reports, mailings, and other documents, historical financial statements, assessments and declarations made by an expert at the issuer’s request, parts of which are included or referenced in this Annual Report
- the group’s historical financial statements for each of the fiscal years preceding this Annual Report

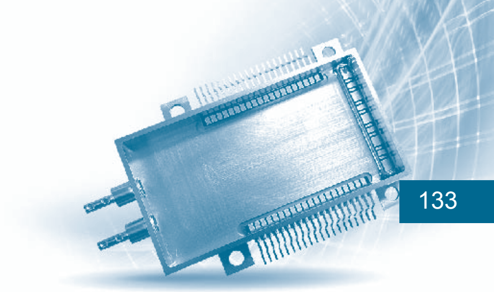
24.2 Annual Information Document

In accordance with the Transparency Directive of January 20 2007, the company uses the services of a distributor to ensure the dissemination of all its information.

24.2.1 Press Releases

Press releases are available for download, in French and/or English, on the company Web site (www.egide.fr) :

1/4/2012	Fiscal Year 2011 Sales
2/15/2012	Successful capital increase - 2.46 million Euros raised
3/1/2012	Notice of incident on the Bollene site (France)
3/6/2012	Egide introduces a complete range of solutions for optical telecommunications at the 37th OFC conference in Los Angeles
4/2/2012	2011 Annual Income
4/2/2012	2012 Quarter 1 Sales
5/15/2012	Minutes of general meeting of May 15 2012
7/9/2012	2012 Half year sales
9/24/2012	Results to 30 June 2012
10/5/2012	2012 Quarter 3 Sales
1/7/2013	2012 Fiscal Year Sales
1/28/2013	Signing of important telecoms optics contract
2/4/2013	Change in company's Board of Directors
2/18/2013	New contract in telecoms optics
4/15/2013	Non-audited results for 2012 fiscal year
5/22/2013	Audited results for 2012 fiscal year



24.2.2 Annual Reports

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

9/28/2001	Fiscal year 2000 Annual Report
7/30/2002	Fiscal year 2001 Annual Report
6/5/2003	Fiscal year 2002 Annual Report
7/8/2004	Fiscal year 2003 Annual Report
6/14/2005	Fiscal year 2004 Annual Report
6/23/2006	Fiscal year 2005 Annual Report
6/6/2007	Fiscal year 2006 Annual Report
7/7/2008	Fiscal year 2007 Annual Report
7/29/2009	Fiscal year 2008 Annual Report
5/18/2010	Fiscal year 2009 Annual Report
4/21/2011	Fiscal year 2010 Annual Report
1/17/2012	Update - Fiscal year 2010 - Annual Report
4/23/2012	Fiscal year 2011 Annual Report

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

The following information was published in the BALO (Bulletin des Annonces Légales Obligatoires) and was available on BALO's website (www.journal-officiel.gouv.fr), given that since September 1 2008 (Decree No. 2008-258 of March 13 2008 - Official Gazette of March 15 2008), certain BALO financial publications have been deleted:

4/6/2012	Prior notice to the Combined General Meeting
4/27/2012	Call for Combined General Meeting
6/6/2012	Fiscal year 2011 Profit Allocation
5/22/2013	Prior notice to the Combined General Meeting

24.2.4 Financial Operations

1/17/2012	Prospectus - Issue of 493,080 shares - Visa AMF no. 12-024, January 17 2012

24.3 Calendar of Financial Documents to Be Released

Date	Informations	Communication
15 April 2013	Non-audited accounts presentation for the fiscal year 2012	SFAF Meeting
15 April 2013	First Quarter Sales 2013	Press Release
22 May 2013	Final accounts presentation for the fiscal year 2012	Press release
26 June 2013		General Meeting
July 2013	Second Quarter Sales 2013	Press Release
September 2013	Half Year income 2013	SFAF Meeting
October 2013	Third Quarter Sales 2013	Press Release
January 2014	Fourth Quarter Sales 2013	Press Release

25 INVESTMENT INFORMATION

See § 7.2 - List of Subsidiaries

See § 20.3.2.4.3.22 - Concerning Affiliates and Investments

26 INFORMATION ON THE SUBJECT OF CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Under the provisions of Article L.225-102-1 paragraph 5 of the Commercial Code and of Article R.225-105-1 of decree No. 2012-557 of April 24 2012, information on the way in which the company and its subsidiaries take into account the social and environmental consequences of their activity and on their corporate social responsibility in favor of sustainable development are shown hereafter.

26.1 Information relating to the activity's social impact

The information presented was collected from HR managers from each site (Trappes and Bollene for Egide SA, Cambridge, MD for Egide USA, Woodbridge for Egide UK and Casablanca for Egima).

a) Employment

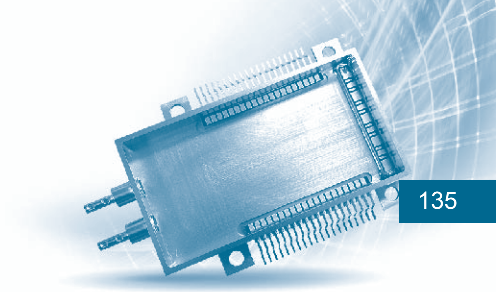
Total workforce (all contract types)

At December 31 2011 and 2012 the group's total paid workforce is as follows (breakdown by gender and by geographic area):

	At December 31 2011			At December 31 2012		
	Men	Women	Total	Men	Women	Total
Egide SA (France - Trappes)	13	4	17	13	4	17
Egide SA (France - Bollene)	40	132	172	37	120	157
Egide USA (United States)	22	55	77	24	58	82
Egide UK (Great Britain)	19	9	28	21	11	32
Egima (Morocco)	5	4	9	0	0	0
Total	**99**	**204**	**303**	**95**	**193**	**288**

The breakdown of above workforce by age group is as follows:

	At December 31 2011			At December 31 2012		
	18-35	36-55	56-70	18-35	36-55	56-70
Egide SA (France - Trappes)	1	14	2	1	14	2
Egide SA (France - Bollene)	55	96	21	42	93	22
Egide USA (United States)	10	39	28	13	39	30
Egide UK (Great Britain)	10	12	6	16	12	4
Egima (Morocco)	5	4	0	0	0	0
Total	**81**	**165**	**57**	**72**	**158**	**58**



In 2011, Egide employed a total of 6 part-time employees (4 in Bollene, 1 in Cambridge USA and 1 in Woodbridge UK) and 19 part-time employees, mostly 4/5 or 80% of the weekly hours of work (17 in Bollene and 2 in Woodbridge). The remaining staff works full time.

In 2012, Egide employed a total of 9 part-time employees (6 in Bollene, 1 in Cambridge USA and 2 in Woodbridge UK) and 19 part-time employees, mostly 6/5 or 80% of the weekly hours of work (16 in Bollene and 3 in Woodbridge). The remaining staff works full time.

Hiring and redundancies

During 2011 and 2012 the group hired the following number of staff:

	Fiscal year 2011			Fiscal year 2012		
	Open-ended contract	Fixed term contract	Other*	Open-ended contract	Fixed term contract	Other*
Egide SA (France - Trappes)	0	2	0	0	1	0
Egide SA (France - Bollene)	26	60	2	4	30	1
Egide USA (United States)	2	7	0	11	7	0
Egide UK (Great Britain)	2	0	0	1	3	0
Egima (Morocco)	0	0	0	0	0	0
Total	**30**	**69**	**2**	**16**	**41**	**1**

** Apprenticeship Contracts*

The Egide group has no particular difficulties when it comes to recruitment.

During 2011 and 2012 the group made the following number of staff redundant:

	Exercice 2011			Exercice 2012		
	Open-ended contract	Fixed term contract	Other*	Open-ended contract	Fixed term contract	Other*
Egide SA (France - Trappes)	0	0	0	0	0	0
Egide SA (France - Bollene)	0	0	0	3	0	0
Egide USA (United States)	2	0	0	1	1	0
Egide UK (Great Britain)	0	0	0	0	0	0
Egima (Morocco)	17	0	0	2	0	0
Total	**19**	**0**	**0**	**6**	**1**	**0**

In 2011 redundancy proceedings undertaken at Egide USA were taken for disciplinary reasons. At Egima a redundancy plan was negotiated and resulted in the termination of 17 open-ended contracts with the signing of an arbitration agreement on each occasion. The plan occurred in the context of the suspension of operations of the Moroccan subsidiary and it affected all employees whose position was not related to surface treatment.

In 2012 redundancy proceedings undertaken at Egide USA were taken for disciplinary reasons. At Egide SA 2 redundancies were linked to gross misconduct and 1 to unsuitability for the position. At Egima, the two remaining employees were made redundant on June 1 2012 but a dispute is ongoing regarding the amount of transactional compensation (see § Information on risks / Social risks).

Remunerations and developments, social security charges

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

The gross wage bills and employer's social security contributions paid in 2011 and 2012 by the group's companies are as follows:

	Fiscal year 2011		Fiscal year 2012	
	Gross	Charges	Gross	Charges
Egide SA (France) Egide USA (United States) Egide UK (Great Britain) Egima (Morocco)	€ 5,886,758 $ 2,611,357 £ 831,261 MAD 1,272,011	€ 2,284,458 $ 537,917 £ 86,654 MAD 317,857	€ 5,027,992 $ 2,984,665 £ 826,990 MAD 1,244,423	€ 1,940,840 $ 655,050 £ 77,994 MAD 105,824

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

In 2012 the average salary increase was 2.5% in France, in compliance with a memorandum of agreement on compensation policy, which was signed between the company and its trade union stewards, and 3% in the United States and 5% in England. The salaries of the Moroccan company have not developed.

Profit Sharing, Participation, and Savings Plan

A profit sharing agreement was signed on June 4 2010 by the company and the employees, represented by secretary of the labor-management committee and in presence of the trade union stewards. It was concluded for a period of 3 years from January 1 2010 to December 31 2012, replacing the previous agreement which had expired. This profit sharing is calculated annually from the company's operating results before tax. It is spread uniformly among employees with at least three months of seniority, prorated according to the number of hours they worked during the fiscal year concerned. In view of the current loss, no profit sharing was paid for fiscal year 2012, and this was the same for fiscal year 2012. A new profit sharing agreement will be discussed in 2013 to cover a 3-year period.

Moreover, all of Egide SA's personnel benefit from profit sharing according to basic calculations provided by law; bearing in mind the results achieved, no profit sharing was paid for fiscal years 2012 and 2011. The company does not have an employee savings plan.

At Egide USA, a profit sharing agreement is in force between the company and its key executives. It is a variable percentage of the annual salary that is paid if the EBITDA generated during the fiscal year exceeds 85% of what was budgeted. A total gross amount of $ 169,728 was paid for bonuses for fiscal year 2012 (compared to $ 126,033 in 2011).

At Egide UK, all employees benefit from a profit sharing plan according to sales realized on a monthly, quarterly and yearly basis. Fixed premiums are paid to each employee according to a scale determined every year. A total gross amount of £ 38,264 was paid for fiscal year 2012 (compared to £ 18,200 in 2011).

At Egima, no profit sharing agreement was implemented.

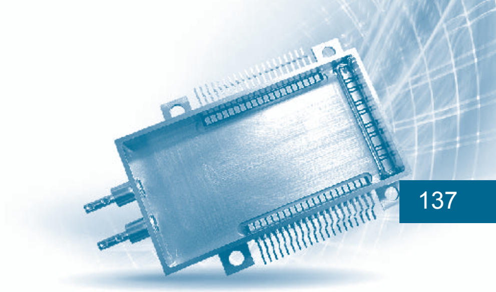
b) Organization of work

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

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

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

In Morocco, the work week was 40 hours spread over 5 days. Employees had a daily break of one hour (40 minutes for lunch and two breaks of 10 minutes each). However there is no longer any operational activity on this site



Overtime

During the fiscal years 2011 and 2012 overtime was paid as follows:

	Fiscal year 2011	Fiscal year 2012
Egide SA (France - Trappes)	2,475	2,339
Egide SA (France - Bollene)	23,094	14,963
Egide USA (United States)	587	2,404
Egide UK (Great Britain)	1,762	1,682
Egima (Morocco)	0	0
Total (hours)	**27,918**	**21,388**

It should be noted that an extra hour is the hour that exceeds the legal weekly limit of 35 hours in France, 39 hours in Britain and 40 hours in the United States and Morocco.

Absenteeism

During the fiscal years 2011 and 2012 hours of absenteeism were as follows:

	Fiscal year 2011	Fiscal year 2012
Egide SA (France - Trappes)	1,918	2,864
Egide SA (France - Bollene)	39,535	38,017
Egide USA (United States)	500	190
Egide UK (Great Britain)	520	695
Egima (Morocco)	0	0
Total (hours)	**42,473**	**41,766**

These absences were mainly due to sick leave (short and long periods) or to maternity leave.

Recourse to Temporary Agencies

For fiscal year 2012, Egide SA entered expenses of 11,525 Euros paid to three temporary employment agencies with regard to replacements due to sick leave, and 9,990 Euros to two companies that provided service personnel to the company (site guarding fees), which represents the equivalent of 0.43% of annual gross payroll.

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

The group's foreign subsidiaries did not use temporary employment agencies during the fiscal years 2011 and 2012.

c) Employment relations

Labor Relations and Collective Bargaining Agreements

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

Outside of its formal relationship with the labor-management committee and trade unions when these bodies exist, the Egide group encourages direct dialogue between managers and their personnel. Thus, depending on needs or current issues, meetings are held with all or some of the personnel, without any need for a particular structure in place for that.

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

Regional Impact of Employment and General Development

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

Relationships with Social Agencies

Egide SA maintains contact with employment integration associations such as the Association pour la Gestion du Fonds d'Insertion Professionnel des Handicapés (AGDFIPH), 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.

There are no similar links in foreign subsidiaries.

Foreign Subsidiaries and the Impact on Regional Development

Egide has 3 subsidiaries, one based in the United States, the second in England, and the third in Morocco. The employees of these subsidiaries came from the job pool in each country.

Benefits

As far as social benefits are concerned, Egide SA directly provides a restaurant ticket program as well as health insurance program and a provident fund for its employees. In 2012, the company committed 145,939 Euros for restaurant tickets (174,944 Euros in 2011) 49,532 Euros as partial contribution to the health insurance program (45,425 Euros in 2011) and 48,570 Euros as partial contribution to the provident fund (52,041 Euros in 2011). In addition, the company allocated a budget to the labor-management committee that stood at 60,248 Euros for fiscal year 2012 (70,847 Euros in 2011), that is, 1.2% of gross payroll. This budget is redistributed to the employees in the form of gift certificates, outings, meals, etc.

At Egide USA, the partial contribution to the health insurance program and provident fund cost the company $ 307,866 ($ 259,857 in 2011). At Egide UK, contributions to a health insurance program for 6 managers cost £ 4,560 (£ 4,029 in 2011). Finally at Egima, contributions to a health insurance program stood at MAD 32,232 (MAD 67,548 in 2011).

In 2012, Egide USA set up a retirement plan to benefit employees (410K - Retirement plan) in which the company is responsible for 50% of the first 6 per cent of contributions (in other words 3% of employee expenses) and adds a maximum of 1 point for every contribution over 6%. The annual cost to the company was $ 47,740.

d) Health and Safety

Industrial Hygiene and Safety Conditions

The Industrial Hygiene, Safety, and Working Conditions Committee of Egide SA met 4 times in Bollene during fiscal year 2012 (4 times in 2011). There are no similar organizations in the foreign subsidiaries. The French company experienced 9 work-related accidents (7 in 2011) and 1 commuting accident (1 in 2011), which affected employees including 6 with temporary leave without disability and 4 without any temporary leave. In 2012, the American subsidiary noted 1 work-related accident (2 in 2011) which affected its employees (without temporary leave) whereas at Egide UK no such accidents were recorded (as in 2011).

The rates and costs of industrial accidents were as follows:

Site	Rates 2011	Costs 2011	Rates 2012	Costs 2012
Trappes (FR)	1.12%	€ 10,771	1.05%	€ 9,883
Bollene (FR)	2.05 %	€ 101,318	1.88%	€ 85,874
Cambridge (USA)	N/A	-	N/A	-
Woodbridge (UK)	N/A	-	N/A	-
Casablanca (Morocco)	4.50 %	MAD 60,152	4.50 %	MAD 21,731

Summary of signed agreements on health and safety in the workplace

No specific agreement was signed with regard to health and safety in the workplace in the group's companies. Each entity applies local legislation on this subject when it exists [for example, Committee for Hygiene and Safety at Work (CHSCT) at Egide SA].

e) Training

Training policy

At Egide SA, training needs for the different departments are generally collected during January, with each department filing its requests by January 31. The HR manager then submits the list of requests to the top management who present a summary of it at the monthly management committee meeting during February. In agreement with the Employee Representative Bodies, discussions on the training schedule are included in Compulsory Annual Negotiation meetings.

To take into account economic uncertainties, the tendency is to limit, wherever possible, external expenditure on training, to develop in-house training as far as possible, to favor group training over individual training and as a result to strongly encourage employees who so wish, on fixed and open-ended contracts, to use their Individual Entitlement to Training.

There are no obligations for training in the group's foreign subsidiaries. Nevertheless, any individual requests are examined and handled by local management according to the same principles as at Egide SA.

Training hours

In 2012, Egide SA committed a total of 21,344 Euros (36,744 Euros in 2011) and Egide USA $ 1,583 ($ 1,952 in 2011) for training. There were no training expenses at Egide UK and Egima in 2011 or in 2012.

At Egide SA, 35 training hours were used during the 2012 fiscal year as part of the Individual Entitlement to Training (DIF), no hours were used in 2011. At December 31 2012, the cumulated hours earned by Egide's employees under the DIF are 16,866 hours (17,605 hours at December 31 2011).

f) Equal treatment

Male-Female Equality in the Workplace

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

Employment and Integration of Disabled Workers

In 2012, Egide SA employed 16 staff with non-motor disability at the Bollene site (that is equivalent to 15 units) and none at the Trappes site (respectively 15 and 0 in 2011, that is equivalent to 13.6 and 0 in units). In the course of the company’s activities, no handicap has ever caused an accident. It is made clear that the obligation to employ disabled workers (Law of February 11 2005) for fiscal year 2012 being of 9 units and 12 units for the fiscal year 2011, the French company has fulfilled its obligations.

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

Information on the fight against discrimination and the promotion of diversity

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

g) 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. The Moroccan entity has no industrial activity, or employees.

26.2 Information relating to the activity's environmental impact

This information was collected from the plant maintenance & safety manager and the quality control & environment manager concerning the French company, and from local managers with regard to the U.S. and UK subsidiaries. With no industrial activity since July 1 2009, no information is provided for the Moroccan company Egima.

a) General environmental policy

The Company's Compliance with Laws Affecting the Environment

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

Internal Services Responsible for Environmental Problems

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

Steps Taken in Terms of Environmental Certification

Certified 14001 2004, Egide SA obtained the renewal of its certification in November 2012. Although not certified, the group's American and English subsidiaries meet the standards in force in their respective countries and support the provisions of their ISO 9001 2008 certification.

Training actions and employee information

At Egide SA, training actions are aimed at environmental aspects and are included in the annual training schedule negotiated with Employee Representative Bodies. This training is provided by the factory's maintenance and safety manager, assisted by the quality control and environment manager.

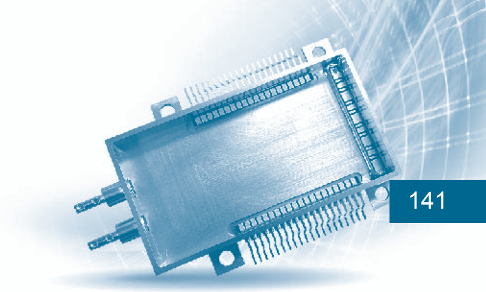
At Egide USA and Egide UK, there is no specific training but information is given by production managers at the appropriate time.

Expenditures to Prevent Damage to the Environment

The monitoring of environmental aspects is directly addressed by the Quality and Environmental Services from each of the companies of the group; no specific expenditure was incurred during the fiscal years 2011 and 2012 other than that incurred for these services.

Provisions and Guarantees Regarding the Environment

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



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

No penalty was paid by the group in this regard during fiscal years 2011 and 2012.

Objectives Assigned to the Company's Subsidiaries Regarding Environmental Matters

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

In the matter of Egima, which is a factory, 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 used by the group but is rented to a manufacturer who uses the site's facilities in accordance with environmental standards in force.

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

b) Pollution and and waste management

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

Egide SA and Egide USA have surface treatment equipment, primarily composed of a manual and semi-automatic plating chain as well as different types of chemical baths. All this equipment is constructed on holding tanks, linked to storage tanks, to prevent any risk of soil pollution in case of accidental overflow.

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

Measures for preventing, recycling and eliminating waste

The waste and by-products generated by the Egide group's production units are mainly linked to surface treatment activities. When possible, liquid waste is recycled but generally, this waste is removed then disposed of by specialist companies. Only Egima's Moroccan site has an effluent treatment facility, enabling it not to release any chemical products. Regarding metallic waste linked to production yields, it is sold by weight to recycling companies.

Furthermore, measures are put in place to have certain common or hazardous waste collected. As such, at Egide SA special containers are available to staff to sort paper, cardboard, wooden palettes, batteries, ink printer cartridges and used neon bulbs with the intention of re-using them, recycling them or destroying them. Similarly, used IT equipment (PCs, monitors, printers) are gathered together and sent away to be destroyed through a dedicated outlet. At Egide USA, containers intended for recycling aluminum cans and plastic bottles are installed in the company's premises. At Egide UK, the volume concerned is insufficient to require the application of such measures.

Acoustic and Olfactory Nuisances

The surface treatment process can be the source of odors associated with the activity, odors that are, however, neutralized by aspirations (exhaust ventilation) in the galvanoplasty room. In case of accidental stoppage of these extractions, there is a procedure in place to stop the chain and take the personnel to safety. The air extracted is filtered with equipment that traps all pollutants before releasing them outside. Discharges of ovens used by Egide UK can cause unpleasant odors in the surrounding areas, but filters and optimum position of extractions maintain the discharges within the regulations in force, controlled by SCEH (Suffolk Coastal Environmental Health).

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

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

c) Sustainable use of resources

Consumption of Water Resources, Raw Materials, and Energy

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

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

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

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

Ressource	Unit	Egide SA		Egide USA		Egide UK	
		2011	2012	2011	2012	2011	2012
Water	m3	12,831	8,701	52,848	43,805	1,228	992
Electricity	kWh	3,972,239	3,284,843	3,620,050	3,791,336	738,000	727,500
Gas	kWh	1,521,445	1,651,493	4,642,602	4,427,833	-	-
Hydrogen	m3	28,708	22,598	33,348	34,393	9,360	7,242
Nitrogen	Kg	906,020	804,916	857,960	999,452	9,672	11,278

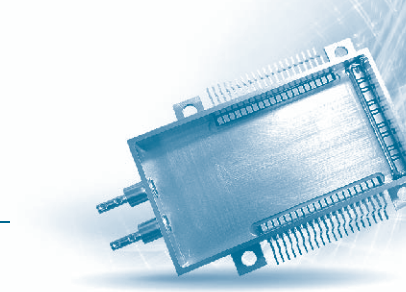
As a certified ISO 14001 company (Egide SA) or not, the group looks to limit consumption of all these resources as part of its business activity.

In the production process, Egide primarily uses kovar (or dilver P1) as a raw material. Kovar is an iron, nickel and cobalt alloy for use in metal product formulations purchased by the group from machinists, molders or powder suppliers. Kovar is supplied by Egide to French or American specialized companies or directly by suppliers. Egide purchased directly only a small quantity of gross kovar during the fiscal year 2012 (114 kg by Egide SA, 7 kg for Egide USA and none for Egide UK). In 2011, the figures were 239 kg for Egide SA, 300 kg for Egide USA and 400 kg of powder for Egide UK. The alumina and tungsten are used in the manufacture of ceramic components; 325 kilos of tungsten were purchased during the fiscal year 2012 (400 kilos in 2011). In addition, for its production of molded metal, Egide UK supplied 6.4 tones of Catamold 17-4 PHF (aggregate made up in particular of chrome, nickel and copper) in 2012, the same as in 2011.

Egide also consumes aurocyanide for its surface treatment activities. During the 2012 fiscal year, a total of 105 kg of aurocyanide were purchased (45 kg by Egide SA and 60 kg by Egide USA), representing the equivalent of 72 kg of gold metal for which no difficulty was encountered in purchasing it. Figures for 2011 were 116 kg of aurocyanide (63 kg by Egide SA and 53 kg by Egide USA), representing the equivalent of 79 kg of gold.

Use of land

None of the companies within the group use resources that come directly from the land.



d) Climate change

Greenhouse gas emissions

No measures have been put in place to estimate the possible impact of emissions connected to the group's production sites concerning greenhouse gases.

Adapting to the consequences of climate change

No specific measures have been identified in order to adapt the group's sites to climate change.

e) Protecting biodiversity

Measures Taken to Limit Damage to the Environment

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

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

26.3 Information on corporate social responsibility in favor of sustainable development

a)Territorial, economic and social impact of the company's activity

Employment and regional development

Each of the group's companies uses its local labor force when they wish to take on new staff. If regional infrastructures exist, they are put to use.

Local or resident population

The French site is established in an industrial area surrounded by agricultural fields. The American site is located in town, in a commercial area along the main road. The English site is established on an old military base. Finally, the Moroccan site is built in the industrial area of a large airport. As such, due to their location, the group's entities only have a small impact on resident or local population with regard to their neighbors.

b) Relations maintained with individuals or organizations interested in the company's activity

Conditions of dialogue

Any individual interested in the company's activity can freely contact the different units of the group, their respective details being available on the Egide website.

Partnership or sponsorship actions

No partnership or sponsorship action has been set up by the group's companies.

c) Sub-contracting and suppliers

Since the majority of sub-contractors Egide uses are European or American, the company is already shielded from their non-compliance with the International Labor Organization (ILO) agreements. An ethical clause is included in the charter that Egide SA sends to all its suppliers (namely Asian supplier for whom the application of agreements could be more aleatory) whereby the acceptance of an order by the latter constitutes acceptance of the conditions of said agreement. Under no circumstances will Egide use suppliers involved in child or forced labor. By accepting an order from Egide, the supplier unconditionally undertakes to comply with and ensure compliance with this clause by its own suppliers.

d) Fair practice

Actions taken to prevent corruption

The company relies on procedures set up within each unit to prevent any risk of corruption. However, no action specifically dealing with the subject is in place.

Measures taken in favor of consumer health and safety

The company’s clients are all professionals; none of the products sold by the group are intended for consumers. With regard to health, Egide applies the legal provisions in force in each country (for example, REACH regulations).

e) Other actions taken in favor of human rights

No specific action on this subject has been put in place within the group's companies.

27 RESOLUTIONS PROPOSED AT THE GENERAL MEETING OF JUNE 26 2013

TEXT FOR ORDINARY RESOLUTIONS

FIRST RESOLUTION - Approval of the Corporate Financial Statements

The general meeting, after having heard the reading of the reports of the Board and the auditors on fiscal year ending December 31 2012, approves, as presented, the annual corporate financial statements closed on that date, culminating in a loss of 756,585.75 Euros.

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

SECOND RESOLUTION - Discharge

The general meeting discharges the Board Members upon the execution of duties for the past fiscal year. It also discharges the auditors upon the accomplishment of their mission.

THIRD RESOLUTION- Agreements of Article L.225-38 of the Commercial Code

The general meeting, after having heard the reading of the auditors' special report on agreements within the scope of the provisions of Article L.225-38 of the Commercial Code, approves each one of these agreements, the persons concerned not having taken part in the voting.

FOURTH RESOLUTION - Result Appropriation Approval

The general meeting, at the recommendation of the Board of Directors, has decided to appropriate the fiscal year loss of 756,585.75 Euros in the following manner:

- allocation under item "Balance Carried Forward" for the totality, of which the aggregate amount now stands at 1,141,356.51 Euros.

In compliance with the provisions of Article 243 bis of the French Tax Code, it is noted that no dividend has been paid for the three preceding fiscal years.

FIFTH RESOLUTION - Approval of the consolidated accounts

The general meeting, after having heard the reading of the reports of the board and the auditors on fiscal year ending December 31 2012, approves, as presented, the annual consolidated statements closed on that date, culminating in a loss of 865,948.92 Euros.

SIXTH RESOLUTION - Approval of the president's report on the preparation and organization conditions of the Board of Directors' work and on the internal control and risk management 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

The General Meeting, after having heard the reading of the President of the Board of Directors' report on the conditions for preparation and organization of the Board of Directors' activities and the internal control and risk management procedures implemented by the company, in accordance with the provisions of Article L.225-37, paragraph 6 of the Code of Commerce, and of the auditors' report on said report, approves said reports.

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

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

EIGHTH RESOLUTION - Ratification of co-optation of a Board Member (A. Schune)

The general meeting decides to ratify the co-optation of Mr. Albert SCHUNE (born on July 31 1936 and living at 2 avenue du Président Franklin Roosevelt, Sceaux - 92320) as the new Board Member, as a replacement for Mr. Antoine DREAN, who has resigned. This co-optation was decided by the Board of Directors, at their meeting on December 10 2012 for the remaining period of the previous Board Member's mandate, that is until the end of the ordinary general meeting to be held in the year 2014 to adjudicate the financial statements for the fiscal year ending December 31 2013.

NINTH RESOLUTION - Ratification of co-optation of a Board Member (E. Michel)

The general meeting decides to ratify the co-optation of Mr. Eric MICHEL (born on August 16 1961 and living at 93, avenue de Villiers, Paris - 75017) as the new Board Member, as a replacement for Mr. Vincent HOLLARD, who has resigned. This co-optation was decided by the Board of Directors, at their meeting on January 30 2013 for the remaining period of the previous Board Member's mandate, that is until the end of the ordinary general meeting to be held in the year 2017 to adjudicate the financial statements for the fiscal year ending December 31 2016.

TENTH RESOLUTION - Allocation of Board Members' Fees

The general meeting decides to set the total amount of attendance fees to be apportioned among the Board Members for the current fiscal year at 21,000 Euros.

ELEVENTH RESOLUTION - Renewal of mandate of a co-statutory auditor

The general meeting, noting that the mandate of the company PriceWaterhouseCoopers Audit, co-statutory auditors, expires on this day, decides to renew the mandate of the company PriceWaterhouseCoopers Audit (co-statutory auditors) for a period of six (6) fiscal years, that is until the end of the ordinary annual general meeting called to adjudicate the financial statements of the 6th fiscal year starting from this day.

TWELFTH RESOLUTION - Appointment of a deputy co-statutory auditor

The general meeting, noting that the mandate of Mr. Etienne BORIS, deputy co-statutory auditor, expires on this day, and that he does not seek to have his mandate renewed, decides to appoint Ms. Anik CHAUMARTIN, born on June 19 1961 in Lyon, living at 63 rue de Villiers, 92208, Neuilly-sur-Seine, deputy co-statutory auditor of the company for a period of six (6) fiscal years, that is until the end of the ordinary annual general meeting called to adjudicate the financial statements of the 6th fiscal year starting from this day.

THIRTEENTH RESOLUTION - Formality Powers

The General Meeting confers all powers on the bearer of a copy or an extract of the minutes of these deliberations to accomplish all legal publication formalities.

Text for extraordinary resolutions

FOURTEENTH 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 Commercial Code:

- delegates to the Board of Directors, the necessary authority to increase the capital, on one or more occasions, to the extent and at the times 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 this delegation, cannot exceed five million (5,000,000) Euros or a countervalue 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 the right 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 shares issued or to be issued will be applied against this authorized amount, pursuant to the 15th Resolution of this meeting,

- it also decides that the nominal amount of the debt securities providing access to shares and likely to be issued pursuant to this delegation cannot exceed fifty million (50,000,000) Euros or the countervalue 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 15th Resolution of this 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 conferring the right to shares and irrespective of the overall ceilings of the fixed capital increases as per this Resolution and the 15th Resolution of this 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 to which they could irrevocably subscribe, 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 that is 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 where required, that this delegation duly carries with it, to the benefit of the security holders giving access to shares in the company, likely to be issued, the waiver by the shareholders of their preferential subscription right to shares to which these securities provide entitlement,

- decides that the Board of Directors will have all the powers, with an option of sub-delegating to the Executive Director, according to the conditions provided by the law, to implement this 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 this delegation and correspondingly amends the By-Laws.

In the event of a debt securities issue, the Board of Directors will have all the powers to, for instance, decide whether they are subordinated or not, 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 this meeting and replaces this delegation authorized by the combined general meeting of May 13 2011.

FIFTEENTH RESOLUTION - Delegation of authority for capital increase with the removal of the preferential subscription right

The General Meeting has heard the Board of Directors' report and the auditors' special report and in accordance to the provisions of Articles L.225-129 L. 225-129-2, L.225-135 and L.228-92 of the Commercial Code:

- delegates the necessary authorities to the Board of Directors for the purpose of a capital increase by way of a public offer, on one or more occasions, to the extend and at the times 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 this delegation, cannot exceed five million (5,000,000) 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 the right to the company's stock, according to the law and the applicable contractual terms and conditions, if need be. It is made clear that this amount will be applied against the overall ceiling amount provided in the 14th Resolution of this 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 this delegation, cannot exceed fifty million (50,000,000) Euros or the counter value of this amount in the event of the issuance in other currencies. It is made clear that this amount will be applied against the overall ceiling amount provided in the 14th Resolution of this meeting,

- decides to remove the 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 upon 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 where required, that this delegation duly carries with it, to the benefit of the security holders giving access to shares in the company, likely to be issued, the waiver by the shareholders of their preferential subscription right to shares to which these securities provide entitlement,

- 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 shares issued within the framework of this 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 this delegation, if it be different,

- decides that the Board of Directors will have all the powers, with an option of sub-delegating to the Executive Director, according to the conditions provided by the law, to implement this 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 this delegation and correspondingly amends the By-Laws.

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 this meeting and replaces this delegation authorized by the combined general meeting of May 13 2011.

SIXTEENTH RESOLUTION - Delegation of authority to give to the Board of Directors for the purpose 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 Commercial Code:

1. delegates to the Board of Directors its authority with the option to sub-delegate in compliance with the terms prescribed by the law, to decide to increase 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 awarding an over-allocation option as per market practices;

2. decides that the nominal amount for the capital increases decided within this Resolution will be applied against the applicable overall ceiling amount at the initial issue and on the overall ceiling provided in the 14th Resolution of this 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 this meeting and replaces this delegation authorized by the combined general meeting of May 13 2011.

SEVENTEENTH RESOLUTION – Delegation of authority to the Board of Directors in order to issue shares or securities, through an offer pursuant to Article L.411-2 II of the Monetary and Financial Code, giving access to the capital of the company with the removal of the preferential subscription right

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

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

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

  (i) may not exceed the nominal amount of the maximum increases of capital without a preferential subscription right pursuant to the 15th Resolution adopted by this general meeting, or, if applicable, the nominal amount of the cap set by the ejusdem generis resolutions that could possibly succeed the said resolution during the period of validity of this delegation,
  (ii) shall be deducted from the maximum nominal amount of increases of capital without a preferential subscription right as per the 15th Resolution adopted by this general meeting or, if applicable, the amount of the cap set by the ejusdem generis resolutions that could possibly succeed the said resolution during the period of validity of this delegation; given that the possible nominal amount of shares to be issued will be added to these caps, where applicable, in the event of new financial transactions, to preserve the rights of holders of securities giving access to the capital, and in any case, the issues of securities effected by virtue of this delegation are limited in accordance with the law,
  (iii) cannot exceed 20% of the share capital per annum,

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

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

- takes note of the fact that this delegation duly carries with it, to the benefit of the holders of securities issued giving access to the company's capital, the express waiver by the shareholders of their preferential subscription right to shares to which the securities will confer the right, immediately or in the long run,

- decides that:

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

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

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

- notes that this delegation, being limited to the capital increase through issues without a preferential subscription right by one or more offers referred to in Article L.411-2 II of the Monetary and Financial Code, does not have the same object as in the 15th Resolution of this extraordinary general meeting, as a consequence, it acknowledges that this delegation does not render ineffective, if applicable, up to the unused portion, the 15th Resolution adopted by this general meeting, the validity and duration of which are not affected by this delegation,

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

The delegation thus conferred to the Board of Directors is valid for a period of twenty six months with effect from this general meeting.

EIGHTEENTH RESOLUTION - Authorization given to the Board of Directors to grant stock options

Having considered the Board of Directors' report and the auditors' special report, the general meeting delegates to the Board of Directors pursuant to Articles L.225-177 et seq. of the Commercial Code the necessary powers to consent options, to the benefit of certain employees and senior executives of the Company or its subsidiaries directly or indirectly owned in accordance with the provisions of Article L.225-180 of the Commercial Code, conferring the right to to the subscription of stock to be issued as increase of its capital.

The total number of options granted and not yet exercised will not give the right to subscribe to more than 5% of the number of shares that make up the capital stock on the day of the allotment.

This delegation will be executed on one or more occasions on such terms and conditions prescribed by the law and by the regulations in force.

Accordingly, the Board of Directors will determine the conditions under which the options are granted; such conditions may include clauses prohibiting the immediate resale of all or part of the shares, without having the deadline imposed for the custody of securities exceed the maximum period authorized by law.

The subscription price of shares at the exercise of options will be determined by the Board of Directors according to the terms and within the limits authorized by the legislation in force on the day of the allotment of these options. However, this price must be at least equal to the average of the prices quoted during the last 20 stock market sessions prior to the allotment date reduced by a 5% discount.

The options must be exercised within a maximum period of seven years with effect from the day they are granted. All powers will be granted to the Board of Directors to determine, if necessary, an initial period of option lock-up.

If the company carries out one of the transactions under Article L.225-181 of the Commercial Code, the Board of Directors will take the necessary measures, in accordance with the terms provided in the regulations in force, to protect the interests of the beneficiaries, including if applicable, to adjust the number of shares that may be obtained through the exercise of options granted to the beneficiaries to factor in the effect of this transaction.

This authorization includes express waiver options by the shareholders in favor of the beneficiaries of their preferential subscription right to shares that will be issued during the exercise of options.

The share capital increase resulting from the exercise of options will definitely be met by reason only of the subscription of new shares accompanied by the declarations of the exercise of option and the payment in full that can be made in cash or by the compensation of claims made against the company.

The Board of Director will have all the necessary powers to finalize the list of beneficiaries of options and the number of options allocated to each of them; it will define any other terms of the transaction, in particular those pertaining to the paying up of shares and their fruition; if necessary, it will limit, suspend, restrict or prohibit the exercise of options or the assignment or conversion to bearer shares obtained by exercising options during certain periods or effective from certain events; its decision may cover all or part of the options or shares or cover all or part of the beneficiaries; it will establish the successive stock capital increases and complete the consecutive formalities and in particular, it will make the necessary changes to the By-Laws in accordance with Article L.225-178, paragraph 3 of the Commercial Code with the power to delegate to its Chief Executive Officer.

This delegation is valid for a period of thirty-eight (38) months effective from the date of this general meeting and renders the authorization on the same subject granted by the combined general meeting of May 28 2010 ineffective.

NINETEENTH RESOLUTION – Delegation of authority to increase the capital for the benefit of the employees

The general meeting, as a result of the proposed delegations of authority set out in the 14th, 15th 16th, 17th and 18th Resolutions mentioned above, after having heard the Board of Directors' report and the auditors' special report, within the framework of the provisions of Articles L.3332-18 to 24 of the Labor Code and of Article L.225-138-1 of the Commercial Code, and in compliance with the provisions of Articles L.225-129-2 and L.225-129-6 of the Commercial Code, authorizes the Board of Directors to increase the company's capital, on one or several occasions, and by its own decisions, with the issue of shares issued for cash reserved to employees who are members of the corporate savings plan set up by the company.

It determines the maximum ceiling for an increase in capital that could be of 1% of the company's current capital, making clear that this amount will be applied against the maximum ceiling of the capital increase set out in the 15th Resolution mentioned above.

The subscription price will be fixed by the Board of Directors, without exceeding the average of the prices quoted in the last 20 Stock Market sessions preceding the day of the Board of Directors' decision, nor being lower than 20% at most of this average.

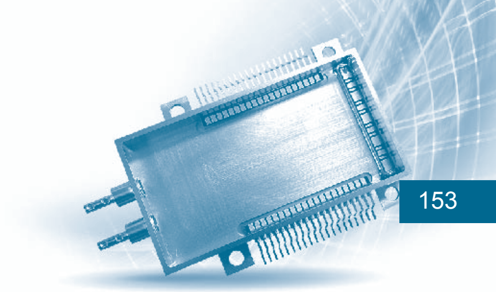
The meeting decides to remove the shareholders' preferential subscription right to new shares to be issued for the benefit of employees who accede to the company's savings plan.

This authorization is valid for a period of twenty-six months with effect from the date of this general meeting.

The general meeting hereby gives full power to the Board of Directors, with the right of sub-delegation to the Executive Director under the conditions laid down by law, for the purpose 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 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 this delegation.

TWENTIETH RESOLUTION - Formality Powers

The General Meeting confers all powers on the bearer of a copy or an extract of the minutes of this deliberations to accomplish all legal publication formalities.



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