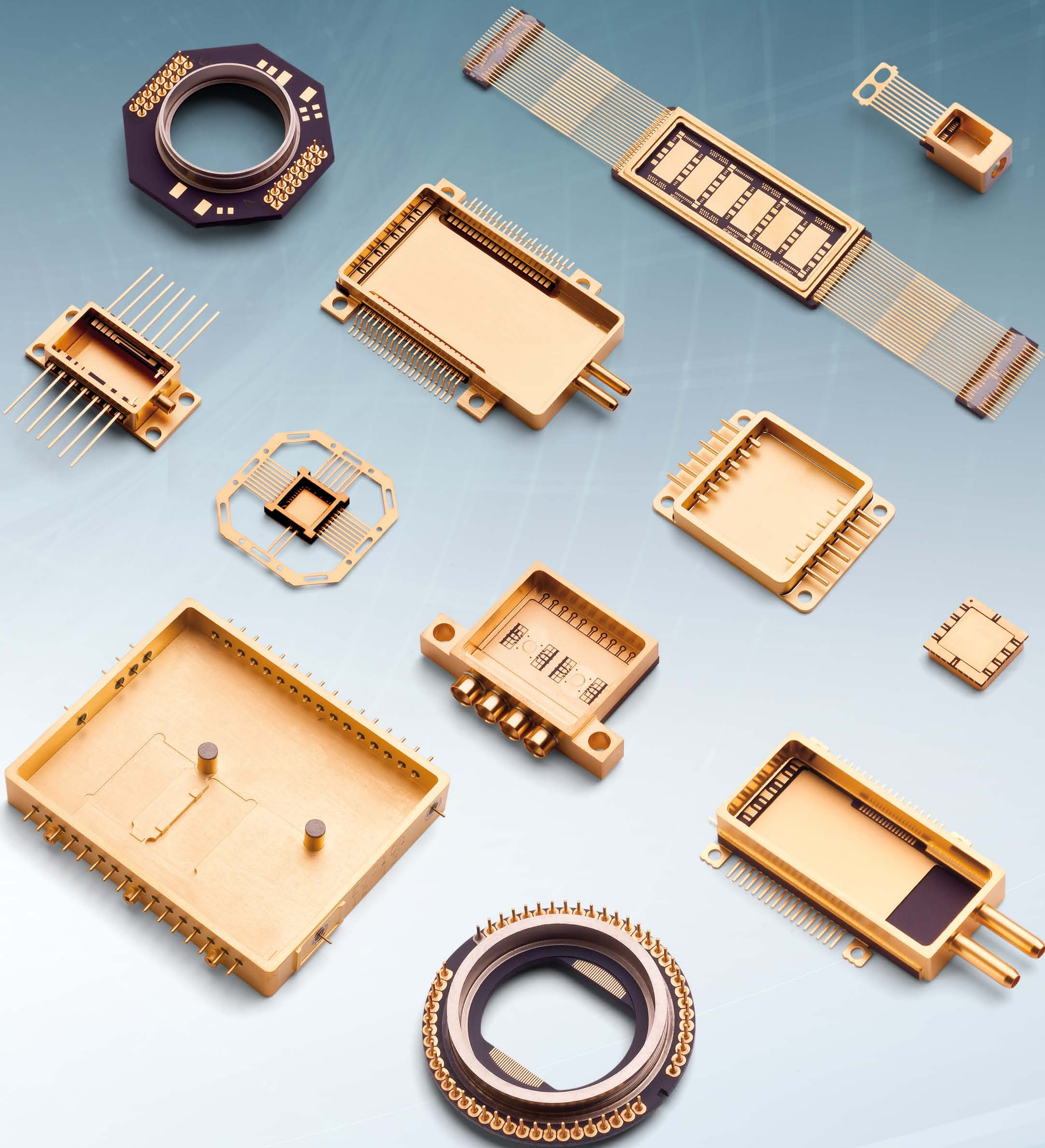
EGIDE

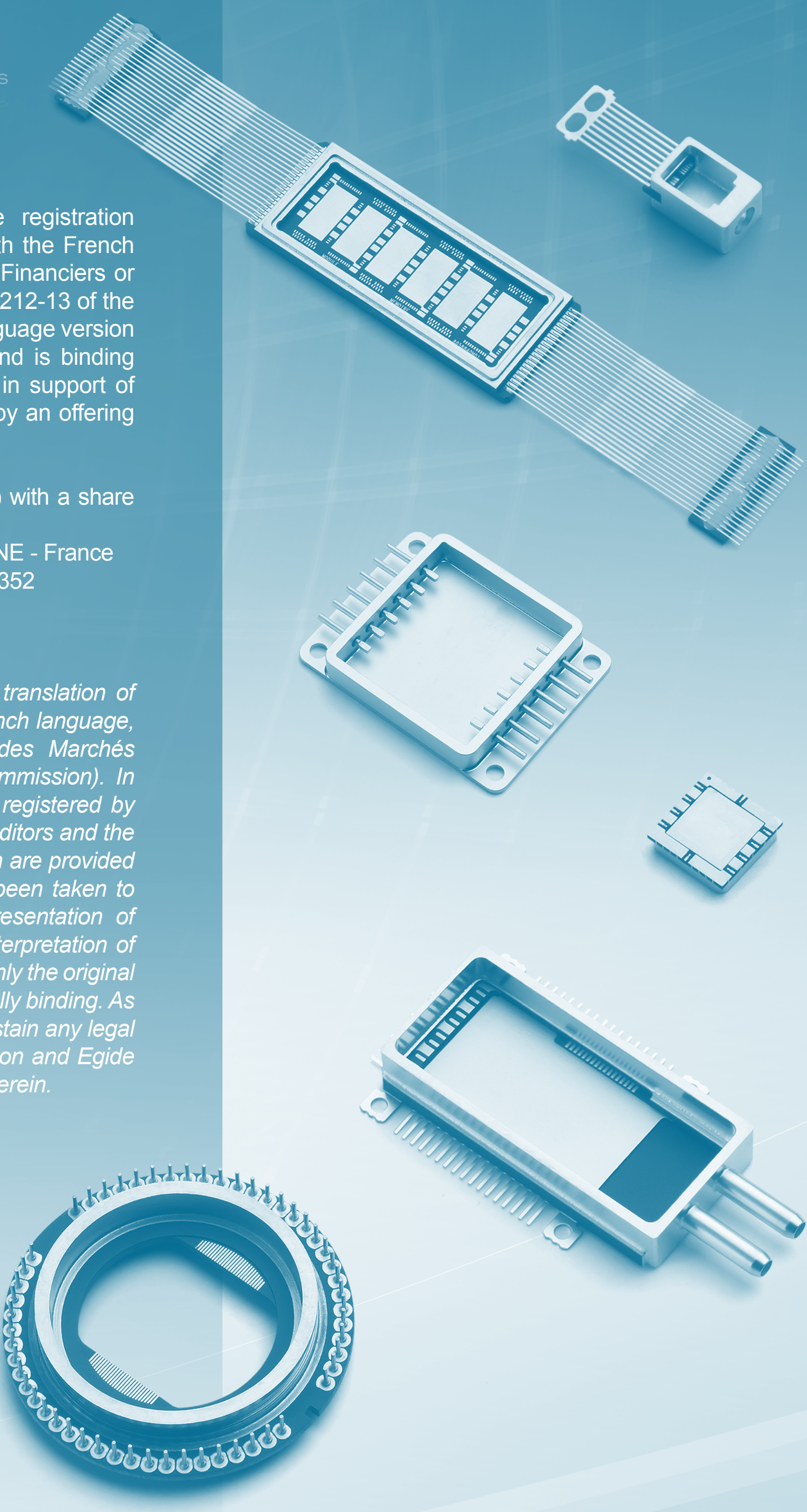
INNOVATIVE HERMETIC SOLUTIONS



2013 REGISTRATION DOCUMENT

INNOVATIVE HERMETIC SOLUTIONS

AUTORITÉ
DES MARCHÉS FINANCIERS

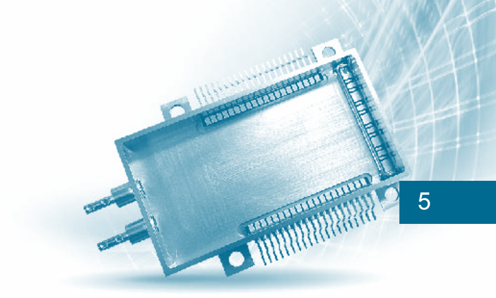


The original French language version of the registration document (document de référence) was filed with the French financial market authority (Autorité des Marchés Financiers or AMF) on May 13, 2014 in compliance with article 212-13 of the AMF General Regulation. The original French language version of this document was prepared by the issuer and is binding on its signatories. This document may be used in support of a financial transaction only if it is supplemented by an offering circular ("note d'opération") approved by the AMF.

EGIDE - A French corporation (*société anonyme*) with a share capital of €3,569,594
Registered office: Site du Sactar - 84500 - BOLLENE - France
Avignon Companies Register (RCS) No.: 338 070 352

Translation disclaimer : This document is a free translation of "Document de Référence 2013" issued in the French language, registered on May 13, 2014 by the Autorité des Marchés Financiers (French Securities and Exchange Commission). In consequence, this English version has not been registered by this Authority nor been audited by our Statutory Auditors and the English translations of their reports included herein are provided for information only. While all possible care has been taken to ensure that this translation is an accurate representation of the original French document, in all matters of interpretation of information, views or opinions expressed therein, only the original language version of the document in French is legally binding. As such, this translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and Egide expressly disclaims all liability for any inaccuracy herein.

2013 REGISTRATION DOCUMENT



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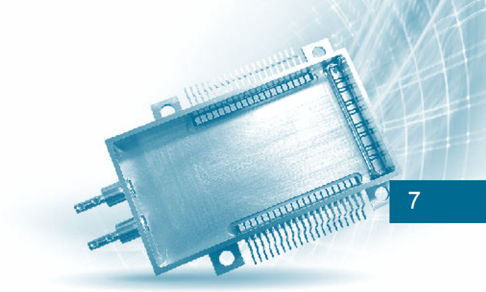
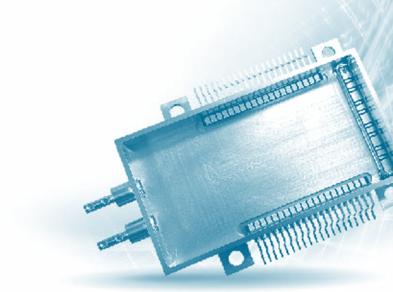




1 PERSONS RESPONSIBLE

1.1 Person responsible for the document

Eric Michel, Chief Executive Officer

1.2 Responsibility statement

“I declare, after having taken all reasonable measures in this regard that to the best of my knowledge the information presented in this 2013 registration document is accurate and there are no omissions likely to alter its import.

I declare that to the best of my knowledge, the financial statements were prepared in accordance with generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position, and earnings of the company and all entities included in the company’s scope of consolidation. I also declare that to the best of my knowledge, the management report in section 28 gives a true and fair view of the businesses, earnings, financial position, and the main risks and uncertainties of the company and all entities included in the company’s scope of consolidation.

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

The statutory auditors' report on the historical financial information reproduced in paragraph 20.4 in the 2013 registration document filed on June 20, 2013 under No. D13-0644 includes emphasis of matter paragraphs. These emphasis of matter paragraphs are presented in the report on the consolidated financial statements for fiscal 2012: "Without calling into question the opinion expressed, we draw your attention to the uncertainty with respect to the principle of going concern presented in notes 2.1 General principles, 3.1 Critical accounting estimates and judgments and in the section on Subsequent events described in the notes" and in the report on the 2012 annual consolidated financial statements: "Without calling into question the opinion expressed, we draw your attention to the uncertainty with respect to the principle of going concern presented in notes 1.1 and 2.1 in the section on Subsequent events in the notes".

The statutory auditors' report on the financial information reproduced in paragraph 20.4 in the 2013 registration document includes emphasis of matter paragraphs. These emphasis of matter paragraphs are presented in the report on the consolidated financial statements for 2013: "Without calling into question the opinion expressed, we draw your attention to the uncertainty with respect to the principle of going concern presented in note 2.1 to the financial statements" and in the report on the annual financial statements for 2013. "Without calling into question the opinion expressed above, we draw your attention to the uncertainty with respect to the principle of going concern presented in notes 1.1 and 2.1 ".

Trappes, May 12, 2014

Eric Michel
Chief Executive Officer

2 STATUTORY AUDITORS

2.1 Statutory Auditors

SYC SAS
Bernard Hinfray
39 avenue de Friedland - 75008 Paris
Member of the Paris Regional Association of Statutory Auditors

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

Renewal: combined ordinary and extraordinary general meeting of May 28, 2010.

Ordinary general meeting called to approve the financial statements for the period ending December 31, 2015

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

Date of first appointment: June 29, 2001

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

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

2.2 Deputy statutory auditors

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

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

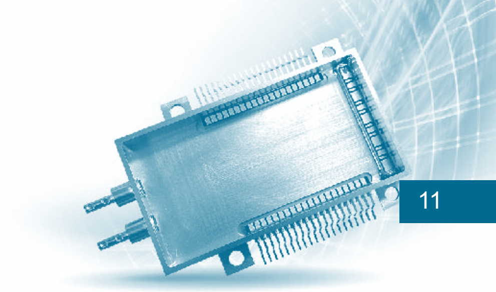
Renewal: combined ordinary and extraordinary general meeting of May 28, 2010.

Ordinary general meeting called to approve the financial statements for the period ending December 31, 2015.

Anik Chaumartin
63 rue de Villiers - 92208 Neuilly sur Seine

Date of first appointment: June 26, 2013, replacing Etienne Boris who requested that his term not be renewed.

Ordinary general meeting called to approve the financial statements for the period ending December 31, 2018.



2.3 Auditors' fees

In compliance with article 222-8 of the AMF General Regulation, fees paid to auditors excluding tax incurred by Egide Group for fiscal 2012 and 2013 are disclosed below:

	SYC S.A.S				PricewaterhouseCoopers Audit			
	Amounts in euros		%		Amounts in euros		%	
	2012	2013	2012	2013	2012	2013	2012	2013
Auditing								
- Statutory audit, certification, examination of individual and consolidated financial statements	60,000	68,400	90	88	87,700	89,900	95	98
- Other related services and audit assignments	7,000	9,363	10	12	5,000	1,500	5	2
Subtotal	**67,000**	**77,763**	**100**	**100**	**92,700**	**91,400**	**100**	**100**
Other services								
Legal, tax, employee-related assignments	-	-	-	-	-	-	-	-
Subtotal	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL	**67 000**	**77 763**	**100**	**100**	**92 700**	**91 400**	**100**	**100**

3 SELECTED FINANCIAL INFORMATION

3.1 Consolidated financials for FY 2011, 2012 and 2013

In compliance with EC regulation No. 1606/2002 of 19 July 2002, Egide Group presents its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Standards applied include IFRS and IAS (International Accounting Standards), and their interpretations applicable at December 31, 2013.

For the purpose of simplification, these standards and their interpretations are jointly referred to as "IFRS standards" or "IFRS. The financial statements for the period ended 31 December 2013 are the ninth published by the Group according to IFRS.

For information, selected consolidated financial highlights for the 2011, 2012 and 2013 fiscal years are presented below:

(in thousands of euros)	2011 IFRS	2012 IFRS historic financials	2012 IFRS Changes in Group structure	2012 IFRS restated	2013 IFRS
Revenue	26,873	25,595	2,950	22,645	20,386
Operating profit/(loss)	742	(672)	NA	(345)	(664)
Income (loss) from discontinued operations	NA	NA	(381)	NA	385
Net income before non-controlling interests	**620**	**(866)**	**(381)**	**(485)**	**(516)**
Non-current assets	1,915	4,714	766	3,947	3,500
Cash and cash equivalents	1,142	1,131	114	1,007	512
Borrowings	2,663	4,238	717	3,520	2,782
Financial liabilities associated with assets held for sale	394	0	0	0	0
Equity capital	3,435	4,711	NA	4 711	3,655
Total assets	**12,492**	**14,116**	**NA**	**14,116**	**10,487**

IFRS 5 that concerned the subsidiary Egima, for which Egide SA has sought to identify a buyer for the ownership interests or industrial assets since June 30, 2009, was not longer applied on December 31, 2012 as it was no longer possible to consider this transaction as highly probable within a period of twelve months from this date. The nature of the transaction resulted in a separate presentation in Egima's 2011 balance sheet of under "Non-current assets destined for sale". The subsidiary's debts were presented separately under "Liabilities associated with assets held for sale". Egima's earnings components were included in the corresponding line items of the 2011 comprehensive income statement.

In light of the discontinuation of the application of IFRS 5 as from December 31, 2012, from that date Egima's assets and liabilities have been presented under a specific line item heading of the balance sheet.

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

The selected financial information presented above for 2012 has been restated as follows for the purpose of comparison with 2013:

- 2012 IFRS historic financials corresponds to information presented at December 31, 2012;
- 2012 IFRS changes in Group structure includes information relating to subsidiaries sold on October 31, 2013;
- 2012 IFRS restated includes information covering companies remaining in the Group at December 31, 2013 (Egide SA, Egide USA LLC and Egide USA Inc.).

See section 20.3.1 of this document.

3.2 Parent company financials (separate annual financial statements) for FY 2011, 2012 and 2013

For information, selected statutory financial highlights for the 2011, 2012 and 2013 fiscal years are presented below:

(in thousands of euros)	2011	2012	2013
Revenue	17,699	14,031	12,869
Operating profit/(loss)	226	(1,673)	(1,277)
Net income/(loss)	225	(757)	(389)
Net fixed assets	1,368	2,155	2,143
Cash and cash equivalents	979	848	394
Financial liabilities	300	270	210
Shareholders' equity	2,544	4,056	3,667
Total assets	**7,612**	**8,079**	**7,289**

See section 20.3.2 of this document.

4 RISK FACTORS

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

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

4.1.1 Liquidity risk

As Egide currently has sufficient liquid resources to settle its debts on maturity, the company is consequently able to meet its current liabilities with its current assets. In light of cash flow forecasts and the company's strategic plan, Egide's Board of Directors intended to proceed with a €5 million capital increase through a public offering expected to be completed before June 30, 2014. This corporate action seeks to raise funds to cover investments for human resources, equipment and the financing of working capital requirements for the implementation of these investments. If the outcome of the capital increase is not successful, Egide's cash position could become constrained in the last quarter of 2014 and require the submission of applications for the pre-financing of tax credit advances (wage and research tax credits). On that basis, Egide's business continuity remains conditioned on either of the implementation of pre-financing for 2013 and 2014 wage tax credits (CICE) and the 2013 research tax credit or the successful outcome of this capital increase.

4.1.2 Foreign exchange risk

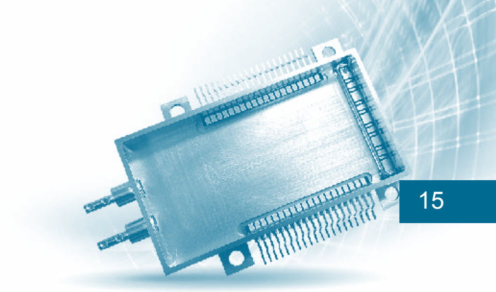
In 2013, exports accounted for 70% of Egide's revenue, including 39% to North America where sales are invoiced in US dollars. Concerning the 19% of sales to non-European countries, amounts are invoiced in either euros or US dollars. In the period, Egide SA invoiced sales of US$4.4 million (exchange value in euros of €3.3 million), Egide USA US$10 million (€7.5 million) and Egide UK £1.8 million (€2.1 million). In 2013, the US dollar/euro exchange rate (averaging 1.3282 for the year up compared to 1.2856 in 2012, or -3%) adversely impacted Group sales. The change in the exchange rate for pound sterling in 2013 (averaging 0.8517 for the year compared with 0.8111 in 2012 or -5%) as well had a negative currency effect on sales when translated into euros.

Inflows from sales in US dollars received directly by Egide SA (US$3.7 million in 2013) were used in payment of purchases for components from US suppliers (US$1.99 million in 2013). Inflows in the period from US dollar-denominated sales exceeded outflows as certain non-European customers for which the invoicing currency is the US dollar are either not financed by factoring companies or pay Egide directly. The excess amount is then converted into euros. Inflows from US dollar-denominated sales received by factoring companies are converted into euros at the prevailing rate of the day while financing for invoices issued in US dollars are also obtained in euros. In consequence, the corresponding risk is therefore at the level of the exchange rate on the translation date. No specific hedging arrangement has been put into place as the cost of such arrangements remains too high in relation to the potential benefit.

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

For Egima, as all income and expenses are denominated in dirhams, the exchange rate risk is accordingly limited to this subsidiary's profit or loss of the period converted into euros for consolidation. Since the disposal of this subsidiary in October 2013, there was no longer any foreign exchange risk associated with the valuation of the company's assets and liabilities.

Sales of the UK subsidiary Egide UK are largely denominated in pound sterling, with the balance in US dollars. This latter balance is converted into pounds as none of the company's supplies are invoiced in US dollars. The exchange rate risk is accordingly limited to the exchange rate applied for the sale of these dollars and profit or loss for the period translated into euros for consolidation. Since the disposal of this subsidiary in October 2013, there was no longer any foreign exchange risk associated with the valuation of the company's assets and liabilities.



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

(€ thousands at December 31, 2013)	USD
Foreign currency denominated assets	5,144
Foreign currency denominated liabilities	3,458
Net position before hedging (+ short, - long)	1,687
Off-balance sheet position	0
Net position after hedging	1,687
Impact of an adverse 1 centime change in the euro (- loss, + gain)	(17)
Exchange rate at December 31, 2013 (1 euro =)	1.3791
Impact in thousands of euros	(12)

Also see section 20.3.1.5.4.2 of this registration document (management of financial risks in the notes to the consolidated financial statements).

4.1.3 Interest rate risk

The 15-year US$1.56 million long-term loan obtained by Egide USA is subject to variable rate interest equal to the BBA (British Bankers Association) Libor rate (Adjusted Periodically) + 3.50 points. This loan is subject to two covenants calculated quarterly: a ratio of EBITDA to interest plus the current portion of long-term debt of at least 1.35 and a ratio of debt to equity of less than 3.75 (a limit that will gradually declined to 3.00 up until September 2015).

In connection with factoring agreements covering Egide SA's domestic and export trade receivable accounts, the monthly financing commission applied by the factors to amounts financed is based on the Euribor 3 month rate at the end of the prior month subject to a 0.60% minimum. The credit facility granted by Bank of America to Egide USA Inc. based on the value of trade receivables and inventories bears a rate of interest determined as follows: BBA Libor daily floating rate + 3.50%. This credit line is subject to two covenants identical to those applicable to the long-term loan of Egide USA described above.

The sale of the Moroccan subsidiary Egima entailed the elimination of the long-term loan that was subject to a fixed interest at 8.75%. Similarly, the sale of the UK subsidiary Egide UK resulted in the elimination of all debts of this company (the factoring agreement subject to statutory interest equal to the base rate +1.75% and medium-term financing at a base rate of +3.75%).

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

Also see section 10.7 - Commitments and other contractual obligations

4.1.4 Equity risks

As the company does not directly hold shares or treasury shares (other than those of its subsidiaries), and with a money market fund portfolio, it is not subject to equity risks.

4.2 Legal risks

See also section 20.8 - Legal and arbitration proceedings

4.2.1 Intellectual property

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

4.2.2 Specific regulations

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

4.2.3 Insurance

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

In millions	Maximum cover	
	Egide SA	Egide USA
Industrial risks	€18.4m - Deductible: €0.01m	US$14.5m
Machinery breakdown	€0.12 million	-
Business interruption	Annual gross margin - Deductible 3 d	US$2.4m
Civil liability	€10 million	US$10m
Business travel	€50 million	-
Personal automobile usage for business purposes	0.15 million	-
Auto	Unlimited	US$1m
Goods in transit	€0.15 million	-
D & O liability	€4.5 million	€4.m
Environmental civil liability	€5 million	-
Employer's liability	€0.15 million	€0.15m
Sick leave and occupational illnesses	-	US$0.5m

Total premium for 2013 amounted to €286,000 (€200,000 for Egide SA and €86,000 for Egide USA). Furthermore, policies are regularly updated by the coordinating insurance brokers.

4.2.4 Employment-related disputes

There are no employment-related disputes at Egide SA or Egide USA. The litigation involving the subsidiary Egima was settled before its disposal in 2013.

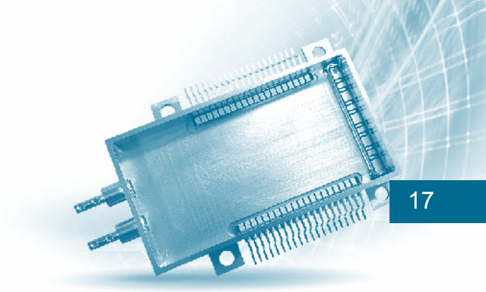
4.2.5 Risks related to dependence on third parties

Egide does not have any real relations of dependence with any of its customers. In 2013, the largest and second-largest customers accounted for 12% of consolidated sales compared to 9% in 2012. However, its sales could be materially impacted by a significant reduction in the activity of one of these customers. Accordingly, a major customer of Egide SA for civil infrared applications significantly reduced its orders which resulted in a reduction in sales by more than €1 million from one year to the next.

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

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

Sales in China and Thailand (approximately 16% of sales in 2013 compared to 7% in 2012 and 13% in 2011) are mainly with either European or US customers or with world-renowned subcontractors with local operations (such as Sanmina-SCI or Fabrinet for example). This limits its exposure to the inherent country risks. When there exist uncertainties about the customer, particularly in China where the company sells directly to local customers, prepayment or down payments are requested.



4.3 Industrial and environmental risks

4.3.1 Industrial risks

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

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

4.3.2 Raw material risks

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

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

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

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

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

4.3.3 Business risks

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

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

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

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

4.3.4 Environmental risks

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

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

All production equipment used by the Egide Group comply with applicable safety and environmental standards. The Group regularly conducts regulatory verifications using certified entities (verification of fire protection equipment, electrical installations, wastewater disposal systems, etc.). Egide SA is moreover certified ISO 14001:2004.

4.4 Technological risks

4.4.1 Launch of substitution products

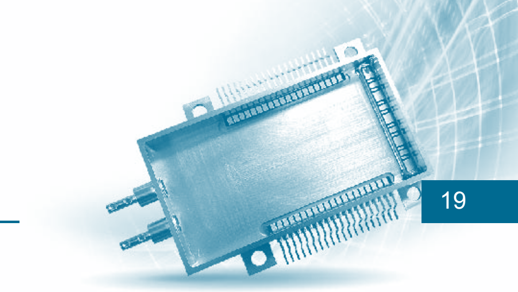
Requirements in terms of hermeticity and heat dissipation are inherent to the very existence of integrated electronic systems or complex chips extremely sensitive to the thermal or atmospheric environment. Hybrid circuits used in the defense and space industries as well as lasers for broadband telecommunications need to be hermetically sealed so that they will work reliably without risk of breakdown. The same applies to immersed or buried optoelectronic circuits since the cost of changing a defective component is prohibitive when compared with the price of the equipment. The demand for high quality also applies to products sought after by civilian sector industries such as aeronautics or, more generally, safety.

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

4.4.2 Price declines

Egide products address application positioned in "top-of-the-line" segments (optoelectronics, aeronautics and space industries, defense and security). While this significantly reduces the impact of price declines, it is nevertheless not eliminated in particular in light of the resumption of high production volumes. Regarding the most common products with a simpler technology, the Asian players tend to draw prices down. However, Egide has chosen not to seek to compete in this segment so as not to adversely affect its margin and profitability.

Whenever possible, it seeks to use reliable low-cost suppliers for selected components used in the manufacture of its packages, which limits the effects of price declines on margins.



4.5 Other risks

4.5.1 New market entrants

It is extremely difficult to acquire the expertise necessary to develop and produce hermetic packages. An ability to produce a few laboratory prototypes is not sufficient. It is necessary to be able to achieve consistent production performances in terms of output and quality in order to meet both technical but also commercial and economic requirements. These constraints constitute barriers to entry for new competitors seeking to develop into Egide's markets. Nevertheless, the phenomenon of declining prices mentioned above facilitates the market penetration of second-tier competitors for high-volume products or products involving technologies requiring to a lesser extent Egide's areas of expertise.

4.5.2 Risks associated with the volatility of high-tech markets

The company is positioned in high-tech market segments in all the sectors it addresses. None of these markets are exempt from risks of a sudden upward or downward cyclical swing as in 2001 in the telecommunications sector, 2009 for aeronautics and 2010 for space. Through its strategy of diversification in several sectors with several customers in each sector, Egide seeks to reduce the effects of this volatility on sales and earnings, even if recently, cycles have been shorter, more intense and linked to a global economic and financial environment with increasingly pronounced impacts.

4.5.3 Political risks associated with geographical locations

The Group's operating units located in France or the United States are not subject to any specific risk associated with their geographic location. As from October 31, 2013, the sites in the United Kingdom and Morocco were no longer part of Egide Group.

4.5.4 Risks associated with share price volatility

Any event concerning the company, its competitors, the market in general and one or all of the sectors in which it operates (telecommunications, defense and space, civil aviation and automobile) may have a positive or negative effect on the company's share price. Similarly, the company is subject to a confirmed liquidity risk. Accordingly, in 2013, average trading volume remained low at 4,544 shares a day (0.25% of the capital) compared with 3,537 in 2012.

4.5.5 Risks related to adverse weather conditions

The French and US production sites are not located in regions subject to the occurrence of extreme weather phenomena. However, isolated storms may cause damage to certain equipment or parts of buildings, as was the case on August 7, 2013 in Bollène (a very violent hailstorm caused damage, covered by insurance though not resulting in production downtime).

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

5 INFORMATION ABOUT THE ISSUER

5.1 History and development of the company

5.1.1 Company name

EGIDE S.A.

5.1.2 Place of registration and registration number

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

5.1.3 Date of incorporation and term

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

5.1.4 Registered office and legal form

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

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

5.1.5 Important events in the development of the business

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

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

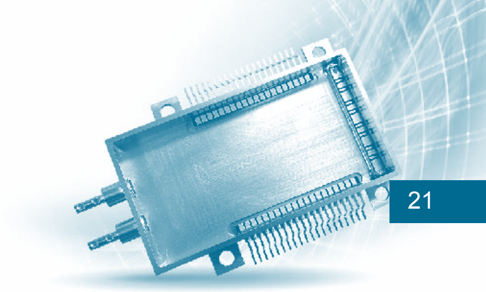
1994: Egide enters the telecommunications market (optical transmissions), which will provide the impetus for its accelerated expansion in 1998.

1999: Egide is listed on the Paris Stock Exchange.

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

2001: Burst of the Internet bubble, which will have a direct impact on company sales (with the telecommunications sector at that time accounting for 95% of total revenue).

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



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

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

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

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

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

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

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

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

5.2 Investments

5.2.1 Main investments

Group investments since 2011 concern principally the renewal of manufacturing equipment for the US and French manufacturing sites. The unit value of these investments in most cases is less than €50,000. In 2012 and 2013, two significant events impacted normal capital investment levels:

- The fire of the preprocessing chemical facility of the Bollène site that destroyed the major portion of its equipment necessitating the repurchase of new equipment (value: €0.3 million in 2012 and €0.5 million in 2013);
- The acquisition by Egide USA of its industrial building (value: €1.5 million in 2012)

Acquisitions of property, plant and equipment for 2011 to 2013 were as follows:

(in thousands of euros)	2011	2012	2013
Land and buildings	18	1 521	55
Plant, machinery and equipment	183	309	631
Other tangible fixed assets	56	231	45
Total	**257**	**2 061**	**731**

5.2.2 Principal investments in progress

The Group's budget for recurring capital expenditures was approximately €300,000 with around 70% allocated for Egide SA (new equipment, installation security, performance improvements, building upkeep) and 30% for Egide USA (installation security, building upkeep, renovation of the surface treatment area). These investments will be financed from equity or, possibly, through finance leases for the production equipment.

5.2.3 Principal future investments

At Egide SA, rapid changes in product mix toward complex ceramic components make some investments necessary to increase production capacity and keep up with demand. Some special equipment with lead times of several months (high-temperature kilns) will thus be considered in the medium term. Others, such as advanced simulation software, are becoming increasingly necessary to address client issues. Similarly, investments to automate certain production processes and lower costs will be essential to increasing the company's competitiveness. Compliance work for plant buildings will also call for investments in the medium-term. Finally, investments will be required for a new integrated computerized production management system and, more generally, modernizing the company's entire information system (servers, computers, software). These investments are expected to total approximately €1 million.

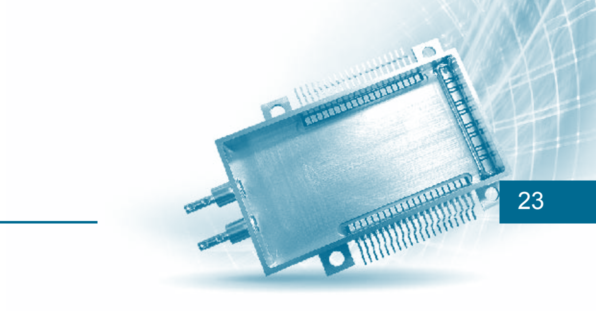
At Egide USA, significant investments will also be devoted to surface treatment equipment and infrastructure. If financing sought from the capital increase is obtained (see section 10.5), investments required for the development of ceramic technology for the US site to rapidly address local military markets will be implemented. These latter investments are estimated at €3.5 million.

5.2.4 Pledging of assets

Information on assets pledged as security at December 31, 2013:

Asset pledges:	Inception date	Maturity date	Amount of the asset pledged in € (a)	Total assets in € (b)	% (a) / (b)
Intangible assets Property, plant and equipment Financial	None				
Total					

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



6 BUSINESS OVERVIEW

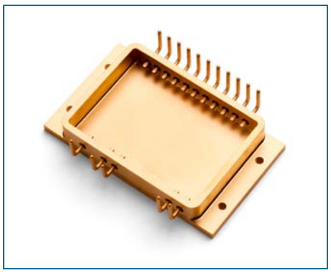
6.1 Principal activities

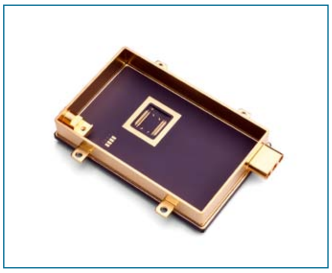
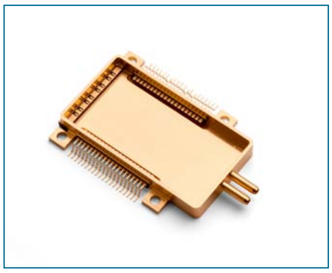
6.1.1 Hermetic packages

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

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

These components are the product of complex expertise, drawing upon several disciplines: material structure, particularly special alloys; chemistry and surface treatment; mechanics and thermodynamics, electronics; optoelectronics, and hyper frequency modeling[2,3]. Egide is one of the few companies to master all of the technologies surrounding the two types of material used for these packages in the world today; glass-to-metal and ceramics. The company manufactures its own ceramics and glass beads internally.



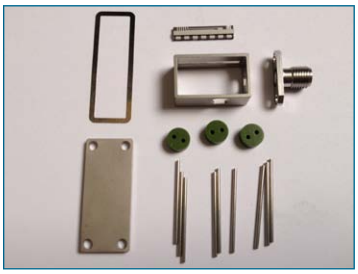
6.1.1.1 Sealing technologies

Glass-to-metal

This technology has represented the company's core business since its creation. The body of the component as well as the connection pins are made of metal. These pins are maintained and isolated by glass beads to ensure a perfect hermetic seal in the spot where the pins pierce the metal panels..

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

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



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

Ceramic-to-metal

In this technology, which is rarer and more difficult to achieve, the packages 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[4], optical). This offer is now part of the Egide range and allows the client to remain focused on its own core business.

6.1.1.2 Surface treatment

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

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

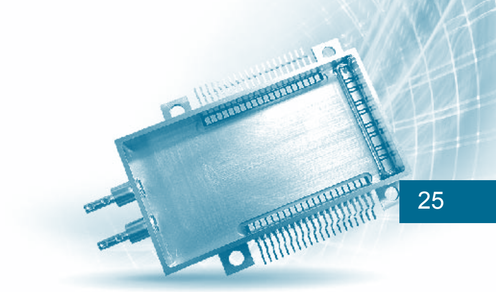
- Nickel plating of ceramic components before assembly
- Pre-treatment of metal components
- Gold plating of glass-to-metal and ceramic packaging in the final manufacture stage
- Silver plating of joints

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

6.1.1.3 Ceramics, from powder to component

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

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



Egide's expertise covers the entire manufacturing process, from powder to component:

Ceramic production or "green tape" production

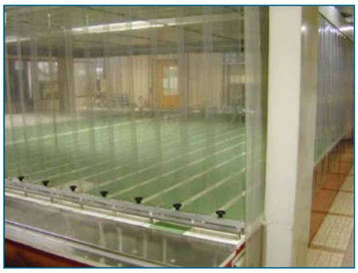
"Raw" ceramic is derived from aluminum powder and organic compounds, which, when mixed, yield a paste-like material known as a slurry or slip. The latter is poured onto plastic bands then made flexible by drying and evaporation of solvents. The bands, which are of varying thicknesses, are then cut into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

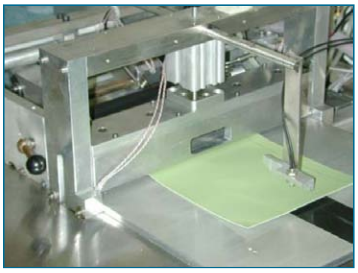
Inks

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

The High Temperature Cofired Ceramic (HTCC) process

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





6.1.1.4 Glass beads

Egide manufactures glass beads used for the glass-to-metal packages. The basic material for this process is glass powder agglomerated then cooked at a high temperature (approximately 600°) in a special kiln. This activity completes the system for production integration and independent sourcing for one of the key glass-to-metal technology steps.

6.1.2 Revenue mix by business

Consolidated sales by business breaks down as follows:

	2011		2012		2013	
	K€	%	K€	%	K€	%
Glass-to-metal products	12,442	46.3 %	13,241	58.4 %	13,156	64.6 %
Ceramic products	11,395	42.4 %	8,545	37.8 %	6,891	33.8 %
Research	363	1.4 %	512	2.3 %	314	1.5 %
Other (of which the sale of gold)	269	9.0 %	347	1.5 %	25	0.1 %
Subtotal - packages (Egide SA and Egide USA)	**24,469**	**100.0 %**	**22,645**	**100.0 %**	**20,386**	**100.0 %**
MIM products - Egide UK	2,149	-	2,565	-	2,126	-
Egima rental income	255	-	385	-	342	-
Total	**26,873**	**-**	**25,595**	**-**	**22,854**	**-**

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 the scope of its activities to civil aeronautics, security and industrial applications of infrared technology. It also addressed the automotive and medical market through its subsidiary Egide UK that was sold in 2013.

6.2.1 The defense and space industries

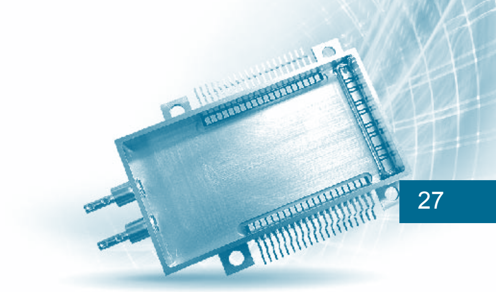
The electronics used in all military equipment mainly require hermetic packages to ensure its protection. Since its creation, Egide has naturally been a part of French and European programs. In addition, through its US subsidiary, Egide USA, with a local manufacturing base, it also addresses the needs of American defense markets.

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 cover ground installations such as radars, infrared detectors or missiles and equipment in armored vehicles, helicopters, drones and aircraft carriers. Similarly, projects to equip the infantry soldier of the future have accelerated: FELIN (Fantassin à Equipements et Liaisons Intégrés / Infantrymen with integrated equipment and links) program in France or FFW (Future Force Warrior) program in the United States and which also require packages to protect the associated electronics.

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

Europeanization for components sourcing has been expressly required by the major armed forces while the Pentagon remains intransigent requiring an American origin for sensitive military systems (ITAR – International Trade in Arms Regulation).

Space applications cover three areas: telecommunications, observation and navigation. Egide operates in this segment through its glass-to-metal or aluminum packages used for satellites and through its metal joints silvering activity as a supplier to ARIANE launcher equipment manufacturers. The market remains subject to potential uncertainties regarding the financing of large European as well as international programs. However, excluding the cyclical dimension, it remains fully aligned with Egide's skills which here as well fully meet the requirement imposing European sourcing.



6.2.2 Telecommunications

Information can be transmitted in three ways: 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 now forms the backbone of telecommunications 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 sequence of 0 and 1,
- Amplifiers, which amplify an optical signal by means of high powered lasers,
- Multiplexers, which bundle, unbundle, and route communications,
- Dispersion compensators that correct certain signal errors,
- Wavelength switches (WSS) that allow the reuse of the same wavelength by several users.

The telecom fiber optics market experienced an exceptional crisis in terms of both breadth (intense demand followed by an abrupt stop in a few months) and duration (approximately 10 years). Despite a marginal upturn in 2008, this market has unfortunately been hampered by the effects of successive global economic crisis since 2009 (subprime, Greek debt, euro zone debt). Despite this, the recovery has simply been deferred as network overcapacity that was the origin of the crisis has long since been filled while traffic, and with that data transmission needs, is constantly growing especially as smart phones and other connected devices like touchpads become increasingly prevalent. In 2012, pronouncements announcing the roll out of 40 and especially 100 Gbits/s networks became more frequent in France (France Digital 2020 Plan) and in the world.

In 2013, press releases announced improvements to existing networks (Telefonica's Brazilian network, RASCOM’s 8600-km fiber-optic network in Russia) and the installation of new networks expected to be operational at the end of 2014 (Bay of Bengal Gateway system with 8,000 kilometers of submarine cable to connect Oman, the United Arab Emirates, India, Sri Lanka and Malaysia, ARSAT that will roll out its network in Argentina or New Zealand Telecoms that will co-invest with Vodafone and Telstra to install sub-marine cable between Auckland and Sydney). The first investments are accordingly underway though the widescale rollout of new networks is still to come.

Only fiber optic connections will make it possible to meet high-bandwidth requirements. The growth of offerings bundling Internet, fixed and mobile telephony and high definition video ("quadruple play") in Europe the United States and Asia will invariably require the strengthening of long-distance connections and the adoption of fiber optics for Metropolitan area networks. Optical connections for buildings, houses and other local networks that involve many connections and, in consequence, demand for hermetic packages, have become a priority for many governments and private carriers. All this fiber optic traffic calls for chips made of sensitive complex materials for which hermetic packages are indispensable.

6.2.3 Industrial markets

Industrial markets cover all applications other than military, spatial or telecommunications. This includes civil aeronautics, civil infrared equipment or instrumentation but also the medical or automated sectors with respect to Egide UK sales.

Egide is a supplier of equipment manufacturers working for Airbus Industry, Boeing and Embraer for which it provides namely protective packaging for control units (FADEC - Full Authority Digital Engine Control) or 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 originate from military applications.

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

6.2.4 Consolidated sales by market segment

Consolidated sales by market application breaks down as follows:

	2011		2012		2013	
	K€	%	K€	%	K€	%
Defense and space	13,049	53.3 %	12,166	53.7 %	11,805	57.9 %
Telecommunications	5,665	23.2 %	4,481	19.8 %	4,194	20.6 %
Industrial	5,755	23.5 %	5 998	26.5 %	4,387	21.5 %
Subtotal - packages (Egide SA and Egide USA)	**24,469**	**100.0 %**	**22,645**	**100.0 %**	**20,386**	**100.0 %**
Industrial products - Egide UK	2,149	-	2,565	-	2,126	-
Egima rental income	255	-	385	-	342	-
Total	**26,873**	**-**	**25,595**	**-**	**22,854**	**-**

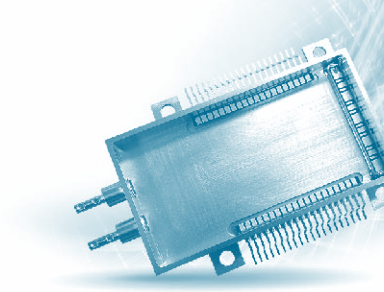
6.2.5 Customer base

The company has an extensive customer base in its different business segments. Among these may be cited 3S Photonics, CyOptics, Coset, Fabrinet, JDSU, Photop or Sanmina in the telecommunications segment, Alcatel Thales III/V Lab, Astrium, Crane, FLIR, International Rectifier, MBDA, Sagem, SCD, Snecma, Sofradir, Textron or Thales Alenia Space in the defense and space segment or Aéroflex, FLIR, Ulis or Welwyn Components in the industry segment.

In 2013, Egide Group's top ten customers for all segments combined accounted for approximately 57% of total sales, with the two largest customers each representing approximately 12% of sales. In 2012, the top 10 customers accounted for approximately 56% of total sales.

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

The Group's commercial organization relies on direct employees for each of the operating subsidiaries (Egide SA and Egide USA) as well as a network of specialized but non-exclusive agents for high-tech products covering the United States (3 persons) and Asia (2 persons). In addition, one of the company's development objectives is to strengthen the Group's commercial presence on the West Coast of the United States and in China, to pursue commercial opportunities while remaining centered on hermetic packages for sensitive electronics.



6.2.6 Consolidated sales by region

Consolidated sales by region breaks down as follows:

	2011		2012		2013	
	K€	%	K€	%	K€	%
France	8,163	33.4 %	7,753	34.3 %	6,315	31.0 %
European Union (excl. France)	1,852	7.6 %	1,819	8.0 %	1,709	8.4 %
North America	7,719	31.5 %	10,168	44.9 %	8,401	41.2 %
Rest of the world	6,735	27.5 %	2,905	12.8 %	3,961	19.4 %
Subtotal - packages (Egide SA and Egide USA)	**24,469**	**100.0 %**	**22,645**	**100.0 %**	**20,386**	**100.0 %**
Egide UK products	2,149	-	2,565	-	2,126	-
Egima rental income	255	-	385	-	342	-
Total	**26,873**	**-**	**25,595**	**-**	**22,854**	**-**

6.3 Exceptional events

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

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

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

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

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

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

6.4 Competitive position

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

Generally, US competitors operate in the glass-to-metal segment whereas the Japanese are specialized in ceramics. The other Asian competitors are more active in the segment for standard (thus simpler) low-cost products, whether glass-to-metal or ceramics.

Main competitors:

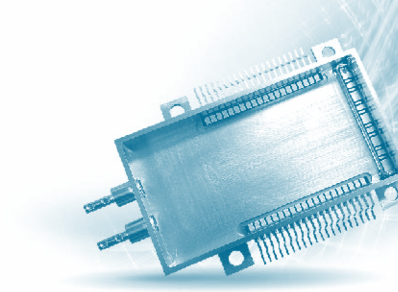
Name	Country	Market segments	Revenue	Share listing	Market capitalization
Ametek	United States	Military aeronautics	€ 1.13 bn [(1)]	New York	€ 9.2 bn [(2)]
Kyocéra	Japan	Military aeronautics, telecom	€ 1.24 bn [(3)]	Tokyo	€ 12.3 bn [(4)]
Electrovac	Austria	Industrial	Unavailable	NPrivately held	-
Schott	Germany	Manufacturing, telecom	Unavailable	Privately held	-
Sinclair	United States	Military aeronautics, industrial	Unavailable	Privately held	-
NTK	Japan	Military aeronautics, industrial	€ 0.38 bn [(5)]	Tokyo	€ 3.6 bn [(4)]
Hirai	Japan	Industrial	Unavailable	Privately held	-
Metallife	South Korea	Industrial	Unavailable	Privately held	-

[(1)] *Source : Press release of January 29, 2014. Revenue at December 31, 2013 for the electromechanical business unit - $ 1.560 billion compared to $ 1.462 billion in 2012*
[(2)] *Source : New York Stock Exchange. Stock price at March 31, 2014*
[(3)] *Source : Press release of January 29, 2014. Revenue at December 31, 2013 for the semiconductors business (calendar year) - ¥ 179.4 billion compared to ¥ 163.1 billion in 2012*
[(4)] *Source : Tokyo Stock Exchange. Stock price at March 31, 2014*
[(5)] *Source : Press release of January 31, 2014. Revenue at December 31, 2013 for the ceramic components (calendar year) - ¥ 55.7 billion compared to ¥ 52.7 billion in 2012 (calendar year)*

The main competitors operate in the telecommunications and defense markets, and less so for industrial applications. In contrast, Egide's less frequent competitors intervene in the industrial and automated markets. Owing to its plant in San Diego, USA, Kyocera can offer its ceramic products to American defense customers which is not available to Egide USA as it does not have the ceramic technology. One of the Group's development objectives is thus to duplicate the ceramic production capacity of Egide SA at the US site of Egide USA in order to address this market, with the existence of a second sourcing option always appreciated by customers.

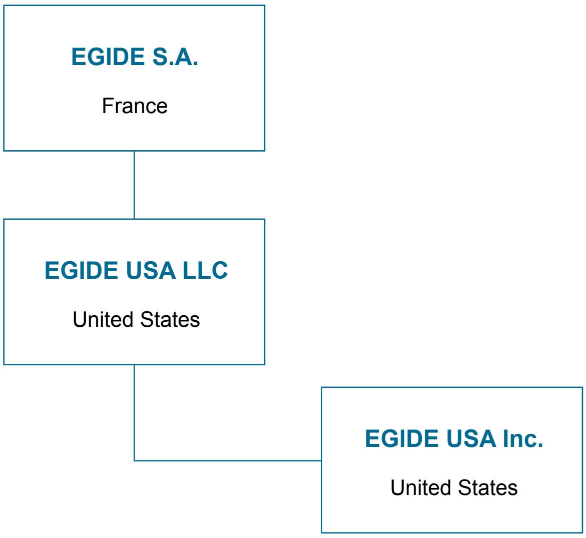
In this context, Egide is not dependent on any patents or licenses as its manufacturing processes, like those of its competitors, are generally based on the know-how and experience of its teams.

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



7 ORGANIZATIONAL STRUCTURE

7.1 Group organization



7.2 Group subsidiaries and structure

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

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

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

Egide SA and Egide USA share the same Chairman though each have their own executive management, administrative and accounting, sales, engineering, quality and production departments.

Transactions between Group companies result in inter-company billing and comply with rules governing regulated agreements between related parties (see section 19.1 - Regulated agreements).

For information, on October 31, 2013, the company sold its subsidiaries Egide UK and Egima (Morocco), that were deconsolidated in 2013 (Egima was consolidated for the first time in 2002 and Egide UK in 2004).

See section 20.3.2.4.3.22 - Information on affiliated undertakings and participating interests

8 PROPERTY, PLANT AND EQUIPMENT

8.1 Significant tangible fixed assets

8.1.1 Manufacturing sites

Egide has a significant manufacturing base structured around two sites: Bollène (France) and Cambridge (Maryland, USA). The sites of Woodbridge (Suffolk, UK) and Casablanca (Morocco) were sold on October 31, 2013.

The Bollène site (Egide SA)

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

The Cambridge site, MD (Egide USA subsidiary)

In a building of 5,000 sq.m., the site is responsible for the assembly, control, and surface treatment of glass-metal packages. It also produces glass beads. It has a glass-to-metal engineering department. The building is once again fully owned after its repurchase was negotiated at the end of May 2012. This site was previously rented to a property investor under a 10 year commercial lease that started in 2008 and was discontinued before its expiration at the lessor's request.

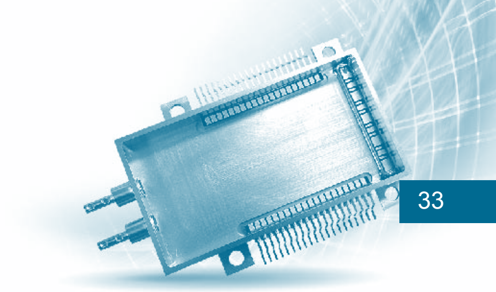
Other sites

The administrative, sales, purchasing and graphite machining departments of Egide SA are located in the Paris region (Trappes in the Yvelines department), in a building of approximately 1 300 m² leased from a real estate investor under a 9-year lease that commenced in 2008.

8.1.2 Machinery and equipment

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

- Two ceramic casting rooms with atmospheric control equipment,
- A white room containing numerous equipment for transforming raw ceramic; machines to punch out vias[5] and windows, machines for filling the vias, machines for screen printing conductors and open-vias, presses, and an automatic cutter,
- Glass beads manufacturing equipment,
- Debind ovens[6],
- Ovens for high temperature (1,600°) sintering of ceramics and molded components[7],
- Cutting machines (diamond slitting wheel),
- Machines for screen printing of tips,
- Ovens for vacuum soldering[8],
- Conveyor kilns for atmosphere-controlled soldering (medium and high temperature),
- Conveyor kilns for hermetic sealing with glass beads,
- Manually-operated or computer controlled electroplating installations[9],
- Machines for verifying hermetic sealing,
- Several graphite machining centers,
- Several metal machining centers,
- Several instruments for verifying visual and dimensional characteristics (including a 3D gauge),
- A wire bonder (cabling facility),
- Thermal cycling machines.



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

The equipment for ceramic production at the Bollène site was acquired in large part in 2000.

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

See section 4.3 - Industrial and environmental risks

8.3 Environmental impact of Group operations

See section 26.2 - Environmental impact

8.4 Information relating to societal commitments in favor of sustainable development

See section 26.3 - Societal commitments in favor of sustainable development

9 OPERATING AND FINANCIAL REVIEW

9.1 Financial condition

9.1.1 FY 2012

The following main events occurring in 2012 also impacted 2013:

- The fire at the Bollène site occurring on March 1 did not have a material effect on operations. Equipment affected was temporarily re-installed in adjacent premises and rebuilding work which started promptly made it possible for operations to return to normal at the very start of 2013. All costs connected to this incident were covered by insurance payments. The portion of such payments used to replace fixed assets, moreover almost completely depreciated, was recognized under non-recurring revenue in the income statement of the period. The impact on Group cash was limited to the effect on working capital requirements, with the balance from the insurance payment having been received in early 2013 whereas all suppliers were paid under normal conditions on the settlement date in 2012.

- Transactions with the Slicom Group relating to the sale of Egima were pursued though at a slower pace than expected. This party nevertheless confirmed its interest in the Moroccan site. At the end of April, seven out of the nine employees of the Moroccan subsidiary left the company under negotiated severance settlements. The remaining two employees were dismissed at the end of May though discussions relating to severance benefits are still in progress. 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 for by this standard at the end of fiscal 2012.

- The subsidiary Egide USA, which rented its industrial building in Cambridge (Maryland) after selling it in October 2008 for US$2 million, had the opportunity to reacquire ownership of this property for US$1.95 million. Financed by a US$1.56 million 15-year loan from Bank of America, by allocating the outstanding amount of US$0.3 million due by the owner and by recovering the rental deposit of US$0.1 million, this acquisition that was finalized on May 30, 2012 was neutral in terms of cash outflows. This will permit a reduction in future outflows, with annual loan repayments (principal and interest) representing almost half the amount of rent previously expensed and resulting in an increase in real estate assets carried in the balance sheet.

- On December 10, 2012, the Board of Directors of Egide SA approved a proposal as submitted by Arkéon Finance for a straightforward €5 million convertible bond issue. On January 30, 2013, the Board proceeded with this bond issue by means of a private placement.

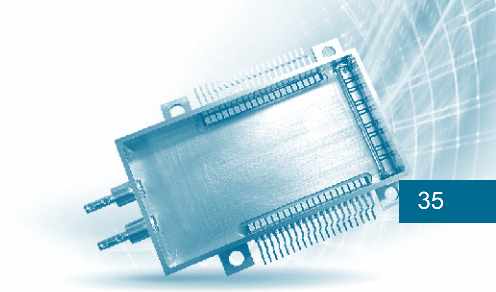
9.1.2 FY 2013

Egide signed two important telecommunications contracts at the beginning of the year. The first was for the delivery of 10,000 butterfly type 14-pin ceramic insert metal packages and the second with a leader in the market for telecommunications components with an order of more than US$1 million to provide extremely complex packages for wavelength selective switches. Egide was also selected following a call for tenders by ESA (European Space Agency) to develop a radio frequency package with a very high thermal dissipation for space application. For this large-scale project to be conducted over a 12 month period, Thales Alenia Space and the Bristol University (UK) will contribute as Egide subcontractors.

In the second quarter, the Group added an order for more than US$2 million for a US military customer and signed a contract with a French customer to deliver 2,000 new generation high-performance infrared packages.

In August, the French manufacturing site bore the full brunt of a violent and sudden hailstorm that hit the Bollène region. While material damage was caused (building, cooling equipment), it was covered by insurance, minimizing the financial impact on the company.

Discussions in connection with the disposal of the subsidiary Egima to the Slicom Aéronautique group were relaunched in April 2013 when the ACE Management acquired the entities of Slicom Group's aeronautics division. This disposal was finally completed on October 31, 2013 for a price of 1 dirham, with the buyer assuming the subsidiary's total liabilities. This transaction enabled however the Group to reduce debt and eliminate a risk, with Egide SA as the guarantor of its wholly-owned subsidiary.



In connection with the financing of the strategic plan, at the beginning of the year Egide decided to strengthen its cash position through a private placement and approved Arkéon Finance's proposal to proceed with a bond issue to be placed with qualified individual investors. In July, Arkéon Finance informed Egide of the cancellation of this placement due to market conditions, whereby it was considered that the target investors were not suited for this type of transaction.

In response, the Board of Directors explored the opportunity of proceeding with a new capital increase to support structural growth measures and, during the interim, decided to implement alternative solutions to finance the company's strategy for the short term. Accordingly, the company requested OSEO to finance research tax credits for Egide SA for 2010, 2011 and 2012 for a net amount of €616,000. Financing was obtained in early January 2014.

Finally, Egide SA took advantage of an opportunity to sell its UK subsidiary to bolster its cash position. Egide UK was accordingly sold on October 31, 2013 for £0.1 million to its management, after the company repaid £0.3 million representing a portion of its debt.

Measures taken by Egide SA to align expenses with sales that experienced sustained declines over 2013 made it possible to limit losses and their impact on cash. This was also the case for Egide USA with a result of virtually breakeven in consequence not adversely impacting the subsidiary's cash position.

Working capital requirements were effectively managed, remaining stable from one year to the other. The disposal of Egide UK strengthened the cash position of Egide SA by approximately €0.35 million in 2013, with the balance of the sale price (€0.12 million) to be paid over the twelve-month period of 2014. Egima's disposal did not generate cash inflows though did allow the Group to reduce its debt with the bank loan assumed by the buyer.

At December 31, 2013, all Group companies have positive cash balances. Cash and cash equivalents on that date amounted to €0.51 million. For 2014, Egide SA and Egide USA will continue to make use of factoring arrangements to finance their working capital requirements. Prefinancing of Egide SA's research tax credits by Bpifrance furthermore provided cash inflows of €0.62 million at the start of 2014.

At the end of 2013, Group debt (excluding factoring entities) amounted to €1.25 million (€0.19 million for Egide SA and €1.06 million for Egide USA) compared to €1.74 million at December 31, 2012. This decrease by €0.49 million reflects the elimination of the loans of Egima and Egide UK, after the subsidiaries were deconsolidated in 2013 as well as the repayment of existing loans. For information, Egide USA's loan is subject to two covenants, one of which was in breach at year-end. The bank did not exercise its option to require prepayment. However, the full amount of this debt is nevertheless presented under non-current liabilities in the consolidated statement of financial position.

Egide SA, which was a beneficiary of a CICE wage tax credit *(Crédit D'impôt pour la Compétivité et l'Emploi)* in the amount of €0.13 million and a research tax credit for €0.26 million in 2013 is not eligible to apply for an immediate refund due to its status as an "intermediate-sized enterprise" (ETI). However, the company can apply for pre-financing from Bpifrance (former OSEO) for 80% of the gross amount specified above.

9.2 Operating profit

9.2.1 Historic factors impacting revenue

The telecommunications crisis of 2001 resulted in a sharp drop in Group sales. The global economic crisis of 2009 weighed heavily on the company's development while the crisis that began in mid-2011 also impacted annual sales growth for 2012. In addition, the absence of orders from an Egide SA military export client (infrared products) in 2012 for political and economic reasons, showed that although Egide is not particularly dependent on one or more clients (see § 6.2.5), the company nonetheless remains very sensitive to such events when total sales are low. In 2013, US defense budgets were for the first time subject to restrictions which had a significant impact on sales for the subsidiary Egide USA. In response to these events, the Group structure was constantly adjusted to the level of actual sales. However, despite such measures, in light of minimum fixed costs required to operate all production sites, the level of sales remains decisive for maintaining the company's profitability.

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

- Telecommunications market trends (see sections 6.2.2 and 6.3)
- Military and space market trends (see section 6.2.1)
- Industrial market trends (see section 6.2.3)
- Foreign exchange risks (see section 4.1.2)
- Price reductions (see section 4.4.2)
- Exceptional events (see section 6.3)
- Risks related to adverse weather conditions (see section 4.5.5.)

9.2.3 Consolidated balance sheet, income statement and cash flow highlights for 2013

Statement of comprehensive income at December 31, 2013 (€ millions):

En millions d'euros	2013		2012 [2]	
REVENUE	**20,4**	**100 %**	**22,6**	**100 %**
Raw materials and consumables	8,9	44 %	10,4	46 %
Change in finished goods and work in progress	- 0.1		- 0.2	
Staff costs	8,9	44 %	9,6	42 %
External charges	3,0	15 %	3,1	14 %
Taxes other than on income	0,3	1 %	0,4	2 %
Depreciation, amortization and impairment of fixed assets	0,3	1 %	0,3	1 %
Allowances to and reversals of provisions for impairment	+ 0.1	0 %	+ 0.1	0 %
Other operating income and expenses [1]	+ 0.3	1 %	+ 0.9	4 %
NET OPERATING INCOME (LOSS)	**- 0.7**	**- 3 %**	**- 0.4**	**- 2 %**
Net financial expense	- 0.2	- 1 %	- 0.1	0 %
Income tax	0,0		0,0	
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	**- 0.9**	**- 4 %**	**- 0.5**	**- 2 %**
Income/(loss) from discontinued operations	+ 0.4	2 %	- 0.4	- 2 %
NET INCOME/(LOSS)	**- 0.5**	**- 2 %**	**- 0.9**	**- 4 %**
Other comprehensive income	- 0.4	- 2 %	+ 0.1	0 %
COMPREHENSIVE INCOME	**- 0.9**	**- 4 %**	**- 0.8**	**- 4 %**

[1] Of which €0.3 million in research tax credit for Egide SA in 2012 and 2013, and €0.6 million for insurance payments in 2012 for Egide SA.
[2] Like-for-like structure in 2013 (i.e. restated to exclude Egide UK and Egima)

Consolidated statement of financial position at December 31, 2013 (€ millions):

ASSETS		LIABILITIES	
Property, plant and equipment and financial assets	2.9	Shareholders' equity	3.7
Other non-current assets	0.6	Non-current financial debt	0.1
Inventory and work in progress	2.8	Non-current provisions	0.4
Trade and other receivables	3.6	Current financial debt	2.6
Cash and cash equivalents	0.5	Trade and other payables	3.6
Total	**10.4**	**Total**	**10.4**

Consolidated statement of cash flows at December 31, 2013 (€ millions):

ASSETS	2013	2012
Opening cash and cash equivalents	1.1	1.1
Operating cash flows	- 0.5	0.0
Change in working capital requirements	+ 0.7	- 1.1
Change in fixed assets	- 0.2	- 2.4
Change in financial debt	- 0.6	+ 3.5
Closing cash and cash equivalents	0.5	1.1

Refer to the management report in section 20.5.2 of this registration document.

10 Capital resources

10.1 Shareholders' equity

See section 20.3.1.3 - Consolidated statement of changes in shareholders' equity

10.2 Sources and amounts of the issuer's cash flows

See section 20.3.1.4 - Consolidated statement of cash flows

10.3 Borrowing requirements and funding structure

Financial debt break down as follows:

Egide SA:

- A factoring agreement for France concluded in 2006 and financed at a floating rate (Euribor + 1.20 points)
- A factoring agreement for France concluded in 2006 and financed at a floating rate (Euribor + 1.20 points)
- A €200,000 7-year interest-free loan (including a 2-year grace period) obtained in 2010 (from the PACA region);
- A €100,000 7-year interest-free loan (including a 2-year grace period) obtained in 2010 (from the Vaucluse Department).

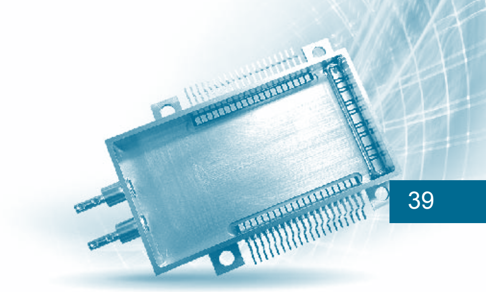
Egide USA:

- A credit line backed by trade receivables and inventories obtained in May 2012 at BBA Libor daily floating rate + 3.50 points for a maximum amount of US$1.5 million. This credit line is subject to two covenants calculated quarterly: a ratio of EBITDA to interest plus the current portion of long-term debt of at least 1.35 and a ratio of debt to equity of less than 4.1 (a limit that will gradually decline to 3.00 up until September 2015). On the signature of this loan agreement, this latter ratio was 4.0 (with a limit that declined to 2.5). It was modified by an amendment executed on May 9, 2013.
- A 15-year US$1.56 million long-term loan obtained in May 2012 subject to variable rate interest equal to the BBA (British Bankers Association) Libor rate (Adjusted Periodically) + 3.50 points. This loan is subject to two covenants calculated quarterly: a ratio of EBITDA to interest plus the current portion of long-term debt of at least 1.35 and a ratio of debt to equity of less than 4.1 (a limit that will gradually declined to 3.00 up until September 2015). On the signature of this loan agreement, this latter ratio was 4.0 (with a limit that declined 22.5). It was modified by an amendment executed on May 9, 2013.

At the end of 2013, total financial debt amounted to €2,782,000, with the current portion amounting to €2,644,000 (including a loan for €1,107,000 and €1,537,000 in factoring) and the non-current portion €138,000. For information, the Egide USA loan was classified as current debt as a result of a breach of one of the initial covenants (ratio of 1.22 instead of 1.35).

Other than those mentioned above, there are no other credit lines opened for the company or its subsidiaries.

See section 20.3.1.5.4.11 - Statement of payables



10.4 Information regarding any restrictions on the use of capital resources

See section 20.3.1.5.4.19 - Accounting methods and explanatory notes to the consolidated financial statements / Commitments given

10.5 Anticipated sources of funds

Egide SA does not meet the criteria of definition for SME and its status as an Intermediate-Sized Enterprise (ETI) does not allow it to immediately receive tax credit refunds to which it benefits, with this exemption granted solely to SMEs by the Direction des Finances Publiques.

The company applied for financing from the Bpifrance (formerly OSEO) in 2013 for the Research Tax Credits (RTC) of Egide SA which for 2010, 2011 and 2012 amounted to a total gross amount of €713,000. This financing was granted in early January 2014 in the form of two advances for a total net amount of €616,000 subject to interest at the average Euribor 1 month rate of the previous month +3% per annum. These advances are granted until December 17, 2014 and renewable on an annual basis until the government repays the research tax credits for the years covered by the financing. Other than the assignment of RTC receivables to Bpifrance, they are not subject to any other guarantee.

In 2014, Egide has the option of applying for financing from the Bpifrance for the CICE wage tax credit (Crédit D'impôt pour la Compétitivité et l'Emploi) for 2013 of Egide SA for a gross amount of €129,000. Financing would be for 85% of the amount of the CICE tax credit. Bpifrance may also finance the 2014 CICE tax credit calculated on the basis of the 2013 CICE tax credit. Finally, it is possible to apply for pre-financing for up to 80% of the RTC for fiscal 2013 (gross amount of €262,000) according to the same mechanism as in previous years.

The company's ambitious five-year development plan presented in section 12 of this document furthermore calls for financing of approximately €5 million which may be obtained through a public offering in light of financial market conditions which are at present favorable. On that basis, on February 26, 2014, the Board of Directors decided in favor of the principle of a capital increase by way of preferential subscription rights. The brokerage firm Invest Securities was selected to arrange this rights issue in the second half of the year.

There are no other financing activities currently underway.

10.6 Off-balance sheet commitments

See section 20.3.2.4.3.31.

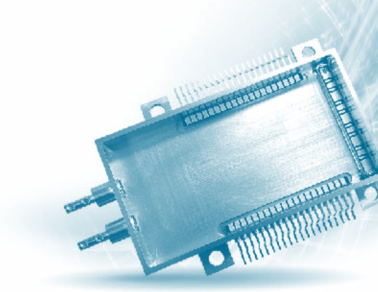
10.7 Commitments and other contractual obligations

Information at December 31, 2013 on commitments and obligations of the company and its subsidiary to make future payments pursuant to major contracts or contingent commitments are summarized below:

Contractual obligations	Total (€ thousands)	Payables by maturity (€ thousands)		
		< 1 year	1 to 5 years	> 5 years
Financial debt				
- Egide SA(loan	189	51	138	0
- Egide USA (borrowings - see 9.1.2)	1,056	1,056	0	0
Operating leases				
- Egide SA (Trappes real estate) [(1)]	368	115	253	0
- Egide SA (Bollène real estate) [(2)]	1,778	210	861	707
Total	**3,391**	**1,432**	**1,252**	**707**

[(1)] A firm 9-year lease commencing on March 5, 2008 - annual rent indexed to the INSEE cost of construction index as from April 1, 2009.
[(2)] A firm 12-year lease commencing on March 3, 2010 - annual rent indexed to the INSEE cost of construction index as from March 1 1, 2011

Other commitments given	Total (€ thousands)	Payables by maturity (€ thousands)		
		< 1 year	1 to 5 years	> 5 years
Factoring agreements				
- Egide SA	740	740	0	0
- Egide USA	798	798	0	0
Total	**1,538**	**1,538**	**0**	**0**



11 RRESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

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

Programs undertaken or pursued in the period:

Ceramic sector developments:

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

Package developments:

- Glass beads manufacturing optimization and scale up
- Optimization of low temperature sealing
- Improvement and development of surface treatment processes

Engineering study services:

- Work on soldering for GPPO and high-performance High Temperature Cofired Ceramic (HTCC) feedthroughs
- Research and selection of dissipative materials, manufacture of demonstration packages for space applications
- Development of packages for MEMS gyrometer (3-D applications in challenging environments)
- Development of a single chip 30 to 50 GHz HTCC package with high dissipating ability
- Development of technological blocks based on HTCC for power and high voltage power

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

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

Egide SA	2011	2012	2013
R&D expenditures	1,094 K€	1,111 K€	1,150 K€
% of consolidated sales	4.07 %	4.34 %	5.64 %
Headcount (person equivalents)	13,2	13,0	12,7

Egide USA does not have an R&D unit.

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

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

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

12 TREND INFORMATION

12.1 Main trend

The Board of Directors decided to develop an ambitious five-year business plan with the goal of doubling sales over the period and achieving a current operating margin of approximately 12% by the end of this period. To finance the investments estimated at approximately €5 million and permit the rapid deployment of this plan, an equity financing transaction was considered and an independent director was tasked with studying this option. The Board of Directors ultimately concluded that a capital increase through a public offering by way of preemptive subscription rights would offer the best means to raise funds required to implement this plan. The brokerage firm Invest Securities was selected to arrange this rights issue before the end of the first half of the year.

Henceforth refocused on the dual entity formed by Egide SA (France) and its subsidiary Egide USA (United States), the space and defense sectors account for more than half the Group sales. The industrial sector accounts for approximately one third of sales with telecommunications representing the balance.

The vision of the Chief Executive Officer for the future of Egide Group, based in particular on strengthening activities and the industrial and telecommunications sectors, is as follows: in the years ahead the primary market should grow in production of approximately 25% in civil and military aerospace sectors whereas the defense sector in Europe and the US is expected to remain flat (programmed withdrawals in Iraq and Afghanistan). In contrast, growth in the defense sector is expected in the near and Middle East, India, China, Russia, South Korea and Brazil (source: Deloitte study published in 2014).

For 2014, this will lead to a decline of around 5% in the military and space sectors currently covered by the Group, which will in turn accelerate commercial efforts in countries offering more robust growth prospects. The civil aeronautics and space sector is expected to show double-digit growth in 2014. Egide, already present in this market providing, inter alia, packages for FADEC (Rolls Royce) or braking systems (Crane Hydroaire), will promote its technical expertise to major decision-makers/principals of the sector to expand its product range and profit from the development of this industry in favor of all electronic interfaces (fly-by-wire). The use of drones is also not restricted to military applications and adoption for civil applications may also provide a growth driver to Group sales. Its leadership position in the field of civil and military infrared applications combined with the prospect described above should allow the Group to consolidate and develop market shares in this sector.

In the industrial segment, the growing importance of security should open up new prospects for the Group as defense specialists already Egide customers like EADS-Cassidian, Thales or DCNS are gradually building positions in this market. The medical sector, where demand for hermetic packages is still low, may also become a future growth driver if it follows the same trend. Finally, the oil and gas sector, both for exploration and production could become as well a growth driver in the medium-term.

In the area of telecommunications, Egide has leveraged its expertise to strengthen its position in high-end hermetic packages with significant technological content, whereas the low-end products produced on a volume basis are subject to competition from Asian countries. in 2004, demand is expected to increase for these complex packages from both the Group's historic customers but also Chinese prospects for whom Egide has an established reputation of technical expertise. This will in turn lead to significant production volume. Announcements of the deployment of large networks in Asia and Africa will also improve visibility for the sector and Egide's own growth prospects.

In this context, the Group's strategy will be organized according to two priorities for each of the entities:

- For Egide SA, efforts will focus on optimizing the manufacturing base and strengthening in the deployment of the sales force. Regarding this manufacturing base, in addition to maintaining and modernizing existing capabilities (including information technology), solutions were adopted in 2014 to improve flexibility of production and scalability to market needs, and by extension, competitiveness, that include for example investments in equipment to automate selected control tasks. For the salesforce, efforts will focus on acquiring new types of customers, prospecting for new manufacturing and geographic sectors, developing new products and services (for example, systematically presenting our expertise in vertical integration) and developing new commercial partnerships.

- For Egide USA, the company's positioning in the US military sector for more than 10 years and its reputation for quality and reliability will be leveraged as a means of expanding and boosting sales in the civil sector. The US subsidiary will propose glass-to-metal or ceramic-to-metal packages with the support of Egide SA who will supply the ceramic components. In time, a production line for ceramic components will be launched to service the US civil and military markets covered by ITAR (International Traffic in Arms Regulations). This will also make it possible to propose a full-fledged manufacturing base in the US dollar region and optimize manufacturing costs according to the euro/dollar exchange rate, and in that way, opening up opportunities in terms of exports.

Implementation of the strategy will be supported by an investment plan covering both people and equipment to be deployed by 2014, with its first results expected in 2015 and results above breakeven for 2016. This plan targets average growth in sales of approximately 20% per year for the first three years to achieve sales of €41 million and a current operating margin of approximately 12% in 2018, and finally employee profit-sharing payments and the distribution of a dividend to shareholders by 2017.

This plan will be accompanied the reinforcing of management teams. The financial resources required for this plan have been estimated at approximately €5 million to be used for:

- Restructuring and strengthening the commercial team,
- Acquiring new civil markets in the United States, including for ceramics using components manufactured in France,
- Optimizing our technical excellence,
- Financing the installation of ceramic production equipment in the United States,
- Financing working capital requirements needed to implement these investments.

Excerpt of the press release of April 3, 2014.

"To finance these measures, this plan will be accompanied by a public offering with preemptive subscription rights maintained expected to be implemented before June 30, 2014. For this offering, Invest Securities has been selected as the investment services provider."

Eric Michel, Chief Executive Officer commented: *"This plan is ambitious because I am confident in the Group's future, its capacity for redeployment and prospects for a return to profit within the medium term."*

12.2 Events likely to have an effect on trends

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

13 PROFIT FORECASTS OR ESTIMATES

The company does not release forecasts.

14 ADMINISTRATIVE AND EXECUTIVE BODIES AND EXECUTIVE MANAGEMENT

14.1 Board of Directors

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

Name	Office	End of term
Philippe BREGI 34-36 rue de Clichy, 75009 Paris	Chairman of the Board Since 04/26/2005 Chief Executive Officer Since 4/26/2005	6/30/2017 4/2/2014
Catherine GERST 7 rue Saint Lazare, 75009 Paris	Director Since 5/13/2011	6/30/2017
Albert SCHUNE 2 avenue du Président Franklin Roosevelt, 92320 Sceaux	Director Since 12/10/2012	6/30/2014
Eric MICHEL 93 avenue de Villiers, 75017 Paris	Director Since 1/30/2013 Chief Executive Officer Since 4/2/2014	6/30/2017 6/30/2017

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

On December 10, 2012, the Board appointed by co-optation Albert Schune to the office rendered vacant by the resignation of Antoine Dréan for the remainder of the latter's term. On January 30, 2013, the Board appointed by co-optation Éric Michel to the office rendered vacant by the resignation of Vincent Hollard for the remainder of the latter's term. These two co-options were ratified by the shareholders meeting held on June 26, 2013.

In accordance with the Middlenext recommendation R9, information on the experience and expertise of each director appointed was disclosed through a press release on February 4, 2013. With respect to these two cases of co-optation, the proposals for the ratification and appointment of Messrs. Schune and Michel were subject to distinct resolutions for each, allowing shareholders to freely vote on the makeup of the company's Board of Directors.

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

Independence criteria	P. Brégi	C. Gerst	A. Schune	E. Michel
Existence of a financial, contractual or family relationship?	No	No	No	No
Employee or corporate executive officer?	Yes	No	No	Yes
Customer, supplier or banker of the company?	No	No	No	No
Lead shareholder?	No	No	No	No
Auditor of the company?	No	No	No	No
Independent director?	**No**	**Yes**	**Yes**	**No**

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

For information, up until April 2, 2014, the Chairman of the Board of Directors also served as the company's Chief Executive Officer (Directeur Général). As from that date, and by decision of the Board of Directors on March 25, 2014, the functions of Chairman and Chief Executive Officer were separated and henceforth exercised by two distinct persons.

Regarding Board practices, readers are referred to the Chairman's report on the Board's makeup and the application of the principle of balanced representation on the Board of men and women, the preparation and organization of the Board's work, internal control and risk management procedures implemented by the company presented in section 16.4 of this document.

14.2 Conflicts of interest

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

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

14.3 List of directorships and offices

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

Abbreviations and definitions:

- Board = Board of Directors
- PR = permanent representative
- Yes = office still exercised at December 31, 2013
- No = office no longer exercised at December 31, 2013

Philippe BREGI

Company	Address	Office	2013
Egide SA	Bollène (84)	Chairman and Chief Executive Officer	Yes
Egide USA LLC *	Wilmington (Delaware)	Chairman	Yes
Egide USA Inc *	Cambridge (Maryland)	Chairman	Yes
Egide UK **	Woodbridge (Suffolk)	Chairman	No
Egima **	Casablanca - Morocco	Manager	No
Teem Photonics	Meylan (38)	Executive Board member	No

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

Catherine GERST

Company	Address	Office	2013
Egide	Bollène (84)	Director	Yes
Groupe GIAC	Paris (75)	Director	Yes
Citigate	Paris (75)	Operating Partner	Yes

Albert SCHUNE

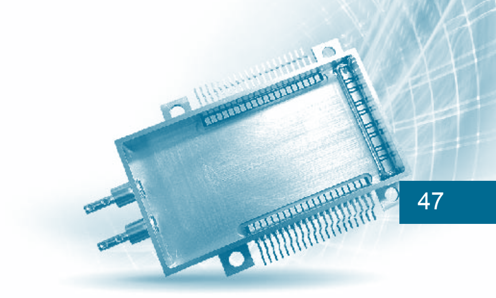
Company	Address	Office	2013
Egide	Bollène (84)	Director	Yes
TXCOM	Le Plessis Robinson (92)	Director	Yes
ASC	Sceaux (92)	Self-employed	Yes

Eric MICHEL

Company	Address	Office	2013
Egide	Bollène (84)	Director	Yes
Aforge	Paris (75)	Senior Advisor M&A	No
Baycap	Paris (75)	Operating Partner M&A	Yes
Michel Eric François	Paris (75)	Independent professional	Yes

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

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



14.4 Changes to the Board

With the objective of increasing the size of the company's board, a proposal will be submitted to the next general meeting (see Chapter 27 of this registration document) to appoint two new directors:

- Mrs. Colette Lucas, born 15 August, 1956 in Hayange (57700), residing at 2 avenue du Grand Mesnil à Orsay, France (91400). A graduate of ISEP, Colette Lucas is the founding chair of Asymptotes Conseil and responsible for relations and synergies with business for the Pierre et Marie Curie University (Paris VI). She has a double experience, technical and commercial in the international semiconductor market (Texas Instrument, ST and Atmel) and human sciences (recruitment, managerial support and team performance). She is a member of the French Institute of Independent Directors *(Institut Français des Administrateurs or IFA)*.

- Mr. Emmanuel Chiva, born June 17, 1969 in Paris (75116), residing at 42 impasse Les Enfants du Paradis à Boulogne Billancourt (92100). A graduate of Ecole Normale Supérieure (ENS Ulm), with a doctorate in biomathematics, Emmanuel Chiva began his career as vice president of the MASA Group, specialized in simulating human behavior notably for applications in the field of military simulations. He is co-founder and vice president for business development with the HPC Project, a provider of integrated IT solutions. He currently is the Deputy Chief Executive Officer of Silkan (formerly HPC Project), a company that develops and integrates leading-edge simulation-based solutions for the engineering, defense, Aeronautics, space and manufacturing sectors and for control systems/operating safety applications. He is also an auditor at the French Institute of Advanced Studies in National Defense, IHEDN (*Institut des Hautes Etudes de Défense Nationale*) for the 49th "Armement & Economie de Defense” national session.

- Mr. Jean-Louis Malinge, born August 12, 1953 at Segré (49500), residing at 44 bis rue Rouelle in Paris (75015). A graduate of INSA Rennes and holder of an Executive MBA from MIT Sloan School Boston, Jean-Louis Malinge has occupied successively different technical management responsibilities, first in France (Thomson CSF - Socapex, Allied Signal - Amphénol and Corning) and subsequently in the United States where in 1995 he became Vice President for R&D of the photonic division of Corning and from 1998 to 2002 served as Vice President & General Manager for this division. After serving as Vice President of Fountain Valley in 2003, in 2004 he became CEO of Kotura, a California startup operating in the field of silicon photonics, subsequently acquired in August 2013 by Mellanox Group.

- Philippe Dumas,born January 14, 1943 in Clamecy (58500), residing at 8 square Henry Paté in Paris (75016). A graduate of ENA, Philippe Dumas has a degree in civil engineering from Ecole Supérieure des Mines de Paris, a Masters degree in economics (Assas / Panthéon) and is also a graduate of Sciences-Po of Paris. His career began working for the French finance and tax administrations *(Inspection Générale des Finances, ministerial cabinet, Direction de la Législation Fiscale, Direction Générale des Impôts)*. After that he joined the private sector working for 16 years (vice president for banking and financial affairs with CDC, chief executive officer of GAN Group, director and chief executive officer of the CIC banking group then chairman of the central GAN company, partner with Deloitte Corporate Finance, chairman of Autoroutes de France, director of Caisse Centrale de Réassurance). Today he is and Honorary Inspector-General of Finances, consultant in strategy and management(cabinet PRD Conseil - www.prd-conseil.fr), mediator and arbitrator for conflicts between companies and director of several companies and humanitarian institutions. He is also a Controller for the Army Reserve and has served as director of the *Revue de la Défense Nationale*. He is an Officer in the Order of the Legion of Honor and a Commander in the National Order of Merit.

Each director will be appointed for a 4 year term, subject to approval of the 16th resolution proposed to the general meeting of June 18, 2014, amending the provisions of the company positive bylaws governing directors' terms.

15 REMUNERATION AND BENEFITS

15.1 Compensation of directors and officers

Total compensation and benefits of any nature paid in 2013 to each corporate officer of Egide SA is disclosed in the tables below (amounts before tax but net of social charges):

Table 1 - Summary of remuneration, stock options and bonus shares granted to each executive officer		
	Fiscal 2012	Fiscal 2013
Philippe Bregi - Chairman and Chief Executive Officer		
Remuneration payable for the fiscal year (see table 2) Value of options granted in the period (see table 4) Value of performance shares granted in the period (see table 6)	142,245.94 € None None	138,131.06 € None None
TOTAL	**142,245.94 €**	**138,131.06 €**

Table 2 - Summary of compensation for each executive officer				
	Fiscal 2012		Fiscal 2013	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Philippe Bregi - Chairman and Chief Executive Officer				
Fixed compensation Variable compensation Exceptional compensation Attendances' fees Benefits in-kind: Company car - private unemployment insurance for executive officers (GSC)	€ 137,819.02 None None None € 4,426.92	€ 137,819.02 None None None € 4,426.92	€ 133,898.28 None None None € 4,232.78	€ 133,898.28 None None None € 4,232.78
TOTAL	**142,245.94 €**	**142,245.94 €**	**138,131.06 €**	**138,131.06 €**

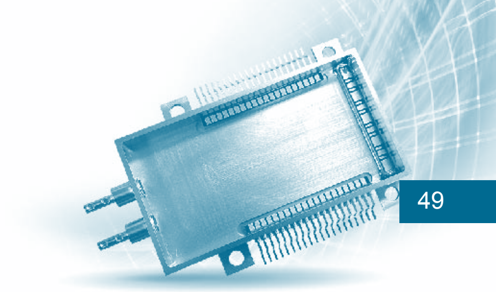


Table 3 - Directors' fees and other remuneration received by non-executive officers		
	Amounts paid in 2012	Amounts paid in 2013
Albert Zylbersztejn, director		
- Attendance fees - Other compensation	€ 3,200.00 None	€ 0.00 None
21 Centrale Partners, director		
- Attendance fees - Other compensation	€ 3,200.00 None	€ 0.00 None
Antoine Drean, director		
- Attendance fees - Other compensation	€ 8,000.00 None	2,400.00 € None
Catherine Gerst, director		
- Attendance fees - Other compensation	€ 4,800.00 None	10,700.00 € None
Vincent Hollard, director		
- Attendance fees - Other compensation	€ 4,800.00 None	12,000.00 € None
Albert Schune, director		
- Attendance fees - Other compensation	€ 0.00 None	5,900.00 € None
Eric Michel, director		
- Attendance fees - Other compensation (mission)	€ 0.00 None	3,500.00 € 8,400.00 €
TOTAL	**24,000.00 €**	**42,900.00 €**

Table 4 - Stock options granted in the period to each executive corporate officer by the issuer and by any Group company						
	Plan No. and date	Nature of options	Valuation of options	Number of options granted in the period	Exercise price	Exercise period
Philippe BREGI				None		
TOTAL			-	-	-	

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

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

Table 6 - Performance shares granted to each corporate officer						
Options granted in the fiscal year to	Plan No. and date	Number of shares granted in the period	Valuation of shares	Vesting date	Date of availability	Conditions of performance
Philippe BREGI	None					
TOTAL		-	-			

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

Table 8 - Summary of stock option grants						
Information on options to subscribe for or purchase shares on December 31, 2013						
Plan No.	4.4	5.1	5.2	6.1	6.2	6.3
General Meeting date	6/8/2004	6/20/2007	6/20/2007	5/28/2010	5/28/2010	5/28/2010
Date of the Board of Director's meeting	1/15/2007	7/24/2007	3/5/2009	10/18/2010	10/6/2011	1/30/2013
Number of shares available for subscription*	5,246	5,774	28,776	217	651	651
Of which number of shares able to be subscribed by Philippe Bregi	0	0	20,000	0	0	0
Option exercise starting date	1/15/2009	7/24/2009	3/5/2011	10/18/2012	10/6/2013	1/30/2015
Expiry date	1/14/2014	7/23/2014	3/4/2016	10/17/2017	10/5/2018	1/29/2020
Subscription price*	€ 28.75	€ 25.69	€ 5.34	€ 5.20	€ 7.46	€ 4.08
Exercise procedures	Maximum number exercised per quarter every 30 trading days					
Minimum number of shares arising from each option exercised	20	20	20	20	20	20
Number of shares subscribed at December 31, 2013	0	0	5 442	0	0	0
Total number of stock options canceled or lapsed	909	1 000	1 109	0	0	0
Options outstanding at December 31, 2013	4 337	4 774	22 225	217	651	651

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

Table 9 - Options granted to the ten non-officer employee beneficiaries receiving the largest number and exercised by the latter		
	Total number of options granted/ shares subscribed	Weighted average price
Options granted in 2012	-	-
Options exercise in 2012	-	-
Options granted in 2013	651	€ 4.08
Options exercise in 2013	-	-

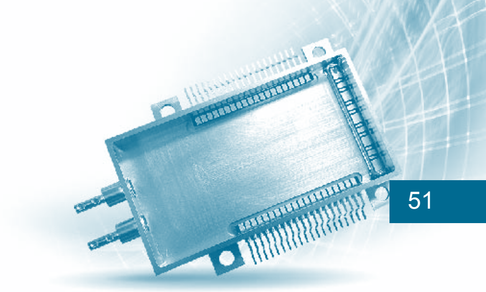


Table 10 - Bonus share grant highlights						
Information on bonus shares granted at December 31, 2013						
Plan No.	-	-	-	-	-	-
General Meeting date	-	-	-	-	-	-
Board of Directors' meeting date	-	-	-	-	-	-
Number of shares granted	None	None	None	NNone	None	None
Of which to:	-	-	-	-	-	-
Vesting date	-	-	-	-	-	-
End of the holding period	-	-	-	-	-	-
Number of shares subscribed at December 31, 2013	-	-	-	-	-	-
Total number of shares canceled or lapsed	-	-	-	-	-	-
Bonus shares granted remaining at year-end	-	-	-	-	-	-

Table 11 - Executive officers								
	Employment contract		Supplemental retirement plan		Compensation or benefits owed on termination or a change in function		Payments relating to non-compete clauses	
	Yes	No	Yes	No	Yes	No	Yes	No
Philippe BREGI		**xx**		**xx**		**xx**		**xx**

No compensation or benefits of any kind were paid to corporate officers of Egide SA for fiscal 2011, 2012 and 2013 by controlled companies within the meaning of article L.225-102-1 of the French commercial code.

Compensation of Philippe Brégi, the Chairman and Chief Executive Officer is comprised exclusively of fixed components. As a corporate officer, he is covered by a private employment insurance plan (*Garantie Sociale des Chefs et Dirigeants d'Entreprises*) with the portion paid by the company defined as a benefit in kind. He also has use of a company car (Peugeot 208) and, like all employees of the company, profit-sharing benefits. No profit-sharing payments were made in 2012 or 2013. The executives do not receive post-employment benefits, severance benefits or any other long-term benefits. Other than stock options, (see above), there is no share-based compensation.

Directors of the company did not receive stock options other than the Chairman and Chief Executive Officer who at December 31, 2013 held 16,253 stock options. In compliance with the provisions of Act 2006-1770 of December 30, 2006, at least 20% of shares issued from the exercise of options granted as from this date must be maintained in registered form until the Chairman-CEO ceases to exercise his function.

Furthermore, directors are covered for liability by a D&O policy underwritten by Chartis. Coverage under this policy is for a maximum amount of €4.5 million with a deductible for the United States of US$25,000 for annual premium of €12,939 including tax, unchanged from the previous year.

15.2 Total amounts set aside or accrued

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

In contrast, at Egide SA non-specific retirement severance benefits for which all employees qualify are accrued for in the annual and consolidated financial statements in the form of a provision calculated in accordance with IAS 19 as are long-service and special seniority benefits. These commitments result from the collective bargaining agreement that apply to each establishment and calculated using the projected benefit method prorated on seniority. (see section 20.3.1.5.3.13).

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

16 PRACTICES OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

16.1 Board of Directors

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

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

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

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

In light of the Board's size (four directors) and membership in 2013 (with the Chairman also serving as CEO and three independent directors), the creation of an independent audit committee was not considered warranted. For that reason, the Board assures the functions and responsibilities of this committee in accordance with the provisions of article L.823-20 of the French commercial code. The Board of Directors meets in the capacity of audit committee exclusively for matters relating to the preparation of the annual financial statements. It is furthermore noted that when the Board meets in the capacity of audit committee, the latter is chaired by an independent director and not the Chairman of the Board who by combining the functions of Chairman and CEO is not independent. As from April 2, 2014, the function of Chairman was separated from that of Chief Executive Officer (directeur général) without modifying the rules governing the audit committee, namely with respect to the chairmanship which remains assured by an independent director. The preparation of financial information and oversight of the effectiveness of internal control and risk management systems is assured by the Board of Directors itself. The Board also defines executive compensation.

Since the appointment of Catherine Gerst (AGM May 13, 2011) and Eric Michel (co-optation by the Board of Directors of January 30, 2013 and ratified by the AGM of June 26, 2013) as directors, two Board members possess financial expertise while remaining independent.

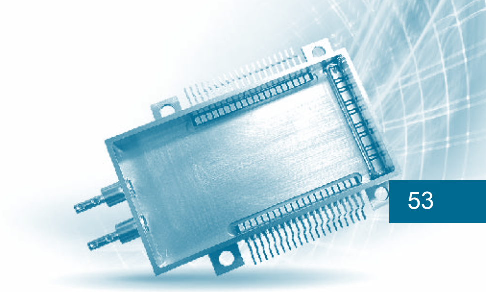
16.4 Chairman's report on internal control and risk management procedures

This report was approved by the Supervisory Board on April 25, 2014.

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

16.4.1.1 Corporate governance code

In accordance with the provisions of article L.225-37 of the French commercial code, on April 9, 2010, the Board of Directors adopted the corporate governance code for mid- and small caps established by Middlenext as a guideline for the preparation of this report, it being specified that directors duly noted the special points *("points de vigilance")* requiring attention cited in this code. No exceptions were made by the company to the 15 recommendations of the Middlenext corporate governance code with a corresponding reference provided for each relevant paragraph in this document.



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

Recommendations of the French financial market authority (AMF) made in its 2013 report on corporate governance and management compensation for small and mid caps are also taken into account, in addition to those of Middlenext.

16.4.1.2 Board of Directors

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

Directors	Since
Philippe Brégi, Chairman of the Board of Directors	April 26, 2005
Catherine Gerst	May 13, 2011
Albert Schune	December 10, 2012
Eric Michel	January 30, 2013

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

On December 10, 2012, the Board appointed by co-optation Albert Schune to the office rendered vacant by the resignation of Antoine Dréan for the remainder of the latter's term. On January 30, 2013, the Board appointed by co-optation Éric Michel to the office rendered vacant by the resignation of Vincent Hollard for the remainder of the latter's term. These two co-options were ratified by the shareholders meeting held on June 26, 2013.

In accordance with the Middlenext recommendation R9, information on the experience and expertise of each director proposed to shareholders for ratification was disclosed through a press release on February 4, 2013. Ratification of the co-optation of Albert Schune and Eric Michel was subject to a distinct resolution for each, allowing shareholders to freely vote on the makeup of the company's Board of Directors.

On March 25, 2014, the Board of Directors decided to separate the functions of Chairman and Chief Executive Officer (directeur général). Philippe Brégi was appointed Chairman of the Board of Directors (an office he already held) whereas Eric Michel was appointed Chief Executive Officer. These decisions took effect on April 2, 2014.

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

Independence criteria	P. Brégi	C. Gerst	A. Schune	E. Michel
Existence of a financial, contractual or family relationship?	No	No	No	No
Employee or corporate executive officer?	Yes	No	No	Yes
Customer, supplier or banker of the company?	No	No	No	No
Lead shareholder?	No	No	No	No
Auditor of the company?	No	No	No	No
Independent director?	**No**	**Yes**	**Yes**	**No**

Each director is a shareholder holding at least one share of the Company in accordance article 14 of the bylaws.

Each director is appointed for a term of 6 years in accordance with statute and recommendation R10 of the Middlenext code. Directors may also be reappointed (article 13 of the bylaws). With respect to the Company's activity, the duration of this term of office contributes to developing an understanding of the different businesses and monitoring strategies whose implementation often exceeds two years. However, in the interest of improving corporate governance, the Board of Directors will submit a proposal to the next general meeting (to be held on June 18, 2014) to reduce the terms of office to 4 years and amend the company's bylaws in consequence.

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

The company also complies with the provisions of articles L.225-17 subsection 2 of the French commercial code issued pursuant to Act 2011-103 of January 27, 2011 providing for balanced representation of men and women on Boards of Directors and Supervisory Boards and workplace equality.

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

The Board of Directors shall determine the business strategy of the company and ensure its implementation. To this purpose, it appoints the Chief Executive Officer who is tasked with managing the company in line with these strategic priorities. Subject to the powers expressly granted to shareholders' meetings and within the limits of the company's corporate purpose, the Board may address any matter relating to the efficient operation of the company and settles through its proceedings all items of business relating thereto. The Board of Directors ensures the quality of the information provided to shareholders and the market through financial statements, reports or publications of the company.

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

As provided in provisions of Article L.823-20 paragraph 4 of the French commercial code and recommendation R12 of the Middlenext code, it was decided that the Board of Directors would serve as audit committee in order to enable all Board members to contribute to monitoring the preparation of financial information and the efficacy of internal control procedures, and taking into account the responsibility of Board members. In the exercise of his executive functions, when the Board of Directors' meeting is convened in the form of an audit committee, the Chairman-CEO abstains from participating. In such cases, the meeting is generally chaired by Catherine Gerst, independent director 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 he is able to provide to enhance the discussions.

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

If it considers necessary, the Board of Directors may task one of its members with special ad hoc missions for which compensation is provided on a case-by-case basis falling under the scope of regulated agreements. Accordingly, in December 2013 Eric Michel was tasked by the Board of Directors to assist executive management prepare and implement a shareholder strategy to support the development of Egide Group by obtaining necessary industrial and financial resources. For this six month assignment remuneration of €25,000 will be provided. In light of Eric Michel's appointment to the office of Chief Executive Officer as from April 2, 2014, this assignment was automatically terminated and the balance of fees was not paid.

The Board of Directors usually meets in the premises of the company or those of the corporate counsels, and in compliance with recommendation R13 of the Middlenext code, at least four times per year and whenever circumstances so require. Works Committee's members systematically attend Board meetings as do Statutory Auditors when their presence is required by law. Meeting agendas are set by the Chairman. Decisions are generally made on a unanimous basis, except for those cases provided for by statute that require the Chairman to 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 registered office. In fiscal 2013 the Board of Directors met seven times compared with a 100% attendance rate compared to five times in 2012 for an attendance rate of 83%.

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

In consideration of their actual participation in the Board of Directors, each member, with the exception of the Chairman, receives attendance fees. For fiscal year 2013, a total amount of €21,000 was allocated for this purpose. In compliance with recommendation R14 of the Middlenext code, the allocation of attendance fees is based on the physical presence of directors at meetings.

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

16.4.1.4 Rules governing compensation of executive officers

The Board of Directors sets and may modify annual compensation to be paid to the Chief Executive Officer *(Directeur Général)* as a corporate officer without an employment contract. Until 2013, this was in the form of fixed compensation only to which no variable compensation was added. As from April 2, 2014, this fixed compensation was broken down with one half henceforth allocated to the Chairman and the other half to the Chief Executive Officer assuming his functions on the same date. The Board of Directors also allocated to the Chief Executive Officer a variable compensation for an amount up to 40% of his gross compensation, based on performance criteria defined and reviewed yearly by the Board. For 2014, these criteria were based on sales (a 5% bonus if greater than €24 million and a 10% bonus if greater than €26 million) and gross operating surplus (15% if greater than €0.15 million and 30% if greater than €0.65 million). In addition to this compensation, the Chairman is provided with a company car and unemployment insurance, whereby the private use of the car and the employers' insurance payment are considered a benefit in kind.

No specific supplemental retirement plan has been implemented nor has any provisions whatsoever been adopted for severance benefits. The CEO does not receive attendance fees for his position as an officer of Egide nor for any offices held in any other Group companies.

With regard to stock options, given that the exercise and definitive grant of stock options to the CEO are carried out under the same conditions as for the other employees, the exercise and allotment of share options are not contingent on criteria linked to future performances. However, in accordance with the provisions of Law No. 2006-1770 of December 30, 2006, the Board of Directors decided on March 5, 2009 that, in the case of grant of stock options to the CEO, a minimum of 20% of shares resulting from the exercise of options is to be retained in registered form until the CEO ceases to hold office. As of the date of this document, the Chairman held 16,253 stock options or 0.91% of the share capital and the Chief Executive Officer held no stock options.

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

In light of its structure and operating organization, the company has not implemented a formal external procedure to assess the Board's work. In practice, Board members exchange their views throughout the year during Board and working meetings as well through email exchanges. However, in accordance with recommendation R15 of the Middlenext code, and in the interest of continuing improvement, all directors were sent a self-assessment questionnaire in early 2014 to express their views on the operation of the Board and the preparation of its work. The conclusions from analysis of this questionnaire will be recorded in the minutes of the meeting to discuss these results.

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

On April 26, 2005, Egide SA’s Board of Directors ruled on the organization of executive management, deciding that the Chairman of the Board of Directors would exercise responsibility for management.

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

On March 25, 2014, the Board of Directors decided to separate the functions of Chairman and Chief Executive Officer to be henceforth exercised by two distinct persons. In this context, in addition to those provided for by law, the respective powers of the Chairman and the Chief Executive Officer were defined with limitations imposed in selected areas:

The Chairman of the Board of Directors will continue to:

- Serve as the main interface and representative of the company vis-à-vis competitiveness clusters, business clusters, trade associations and major government agencies,
- Also maintain direct relations with selected key accounts.

Decisions by the Chief Executive Officer shall require a meeting of the Board of Directors for:

- Granting guarantees for amounts greater than €200,000 (total annual amount)
- Commitments exceeding €1 million (per commitment)
- Modifying or setting compensation for direct reports
- Making a change to the logo and/or the graphic charter of the company
- Selecting the financial, legal, tax advisors of the company.

16.4.1.6 Participation in shareholders meetings

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

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

16.4.2 Internal control and risk management procedures adopted by the company

This report was drafted according to the guidelines set forth in the reference framework for internal control for small and mid caps published by the AMF and AMF recommendation of July 22, 2010, supplemented by AMF recommendation 2013-17 of November 4, 2013. Procedures in place and drawn up were based on the Quality and Environment Manual of the company as well as discussions with the finance department.

16.4.2.1 General principles of risk management system

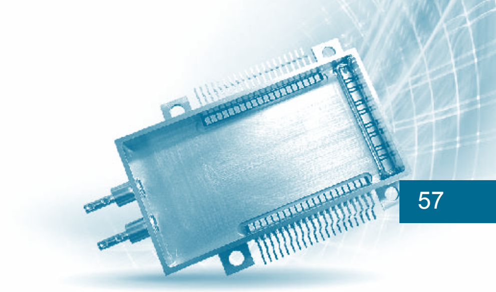
Risk management aims to provide comprehensive system that covers all activities, processes and assets of the company. It is organized as a dynamic system, defined and implemented on this basis under the company's responsibility. It includes a set of tools, practices, procedures and actions that enables executives to keep the risks to an acceptable level for the company.

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

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

Within Egide, the risk management system is based on:

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



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

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

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

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

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

Every month, a review of the results of the US subsidiary (Egide USA) is organized in the form of a telephone conference. This was also the case for the UK subsidiary (Egide UK) until it was sold at the end of October 2013. During this telephone conference, the manager of the subsidiary provides his comments to the CEO and the Chief Financial Officer on selected indicators that may be partially included in the presentations made to the directors. This also provides an opportunity to review business performance and make decisions falling under executive management's purview. For this presentation, PowerPoint tool are used. The Moroccan subsidiary (Egima), for which only one quarterly review was performed as it has had no operating activity since July 1, 2009, was sold at the end of October 2013.

Directors are regularly provided with a presentation summarizing earnings performances that includes information on actual sales, comparisons to budget and previous information on cash outflows. This data is presented on a consolidated basis with a breakdown by company. When necessary, specific information is provided to supplement this presentation (updates on financing products, specific business-related events, short-term cash forecast, etc.). Information is generally distributed through electronic mail but also may be provided to directors in the form of presentations at working meetings.

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

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

16.4.2.2 Coordination of risk management and internal control systems

The risk management and internal control systems both contribute in a complementary manner in effectively managing the Company's operations.

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

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

16.4.2.3 General principles of internal control

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

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

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

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

By addressing requirements imposed by standards ISO 9001:2008 and ISO 14001:2004, Egide is equipped with a set of procedures to ensure the effective operation of the quality system in place (contained in its quality & environment manual). The system covers all production activities of the company (commercial services, sourcing, production, shipping). Every year management undertakes to apply the quality and environmental policy set forth in this guideline. Quantified objectives are set and communicated to all personnel and action plans are monitored using process indicators and management tools. These actions are coordinated by the quality and environment department, analyzed in executive committee meetings (see 16.4.2.1 regarding its membership) or management reviews.

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

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

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

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

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

16.4.2.4 Scope of risk management and internal control procedures

The accounting and finance department complies with applicable laws and accounting standards and applies its rules for operations and control, as in contrast to other departments of the company (purchasing, sales, production, etc.), it is not yet fully integrated in the procedures implemented in connection with ISO 9001:2008 and described in the Quality and Environmental Manual (only an accounting and finance process was created).

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

Egide USA subsidiary: the company has its own accounting and finance organization. It is managed by the Chief Executive Officer also the manager of the subsidiary. In the department, a financial controller and an assistant are in charge of day-to-day accounting, issuance of financial statements, and management control and reporting to their management and to the parent company. Egide’s finance department regularly provides support and, once a quarter, comes on-site. Egide’s executive management also makes visits to the site for the purpose of conducting a commercial and strategic review.

Egide UK subsidiary: the company has its own accounting and finance organization. Day-to-day operations are managed by the accounting manager who reports directly to the subsidiary manager. She is in charge of day-to-day accounting, issuing financial statements, management control and reporting to their management and the parent company. Egide’s financial management also provided support and came on site when necessary. Egide’s executive management performed a commercial review on an off-site basis as the subsidiary was considered non-strategic (a non-core business). The subsidiary was sold on October 31, 2013 and on the date of this report was accordingly no longer included in the consolidation.

Egima subsidiary: the company's accounts were maintained by an independent accounting firm. It was directly overseen by the head of accounting at Egide SA who was in direct contact with this firm. Furthermore, only she and the Chief Executive Officer had decision-making authority with respect to the management of cash (including therefore issuing payments). The subsidiary was sold on October 31, 2013 and on the date of this report was accordingly no longer included in the consolidation.

Generally, subsidiaries apply Group accounting standards which are defined by the parent company. Information for weekly or monthly reporting to the parent company is first checked directly by the subsidiary, with a subsequent review performed, as required, by Egide’s accounting manager.

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

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

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

16.4.2.5 Parties involved in risk management and internal control procedures

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

16.4.2.5.1 Executive management

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

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

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

16.4.2.5.2 The Board of Directors

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

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

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

16.4.2.5.3 Audit Committee

In light of the Board's size (four directors) and membership (with the Chairman also serving as CEO until April 2, 2014 and three independent directors), the creation of an independent audit committee was not considered warranted. For that reason, the Board assures the functions and responsibilities of this committee in accordance with provisions of article L.823-20 of the French commercial code. It is furthermore noted that when the Board meets in the capacity of audit committee, the latter is chaired by an independent director and not the Chairman of the Board who by combining the functions of Chairman and CEO is not independent. In 2013, the Board of Directors met once in the capacity of audit committee. As from April 2, 2014, the function of Chairman was separated from that of Chief Executive Officer (Directeur Général) without modifying the rules governing the audit committee, namely with respect to the chairmanship which remains assured by an independent director.

16.4.2.5.4 Risk manager

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

16.4.2.5.5 Internal audit

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

16.4.2.5.6 Human resources

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

16.4.2.6 Role of the statutory auditors

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

In their role as responsible for producing financial statements and implementing internal controls for accounting and finance, executive management shares information with the auditors, and ensures that the auditors have access to all information needed to produce financial statements and is informed of the auditors' conclusions on their work. With respect to the Group's two main entities (Egide SA and Egide USA by themselves accounting for approximately 90% of total sales), the same firm was selected for auditing the accounts. For the subsidiary Egide UK, a local firm was selected.

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

16.4.2.7 Limitations of risk management and internal control

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

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

16.5 Statutory Auditors' report on the Chairman's report

"To the shareholders:

In our capacity as Statutory Auditors of Egide S.A. and in accordance with the provisions of article L.225-235 of French commercial code (Code de Commerce), we hereby present our report on the report prepared by the Chair of your company in accordance with Article L225-68 of the French commercial code for the fiscal year ended 31 December 2013.

It is the Chair's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.225-378 of French commercial code, particularly in terms of corporate governance.

It is our responsibility to:

- Report to you on the information contained in the Chair's report with respect to the internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and

- Certify that the report contains the other information required by article L.225-37 of the French commercial code, knowing that we are not responsible for verifying the fairness of this other information.

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

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

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

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

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

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

On the basis of these procedures, we have no matters to report in connection with the information given on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, contained in the Chairman's report, prepared in accordance with article L.225-37 of the French commercial code.

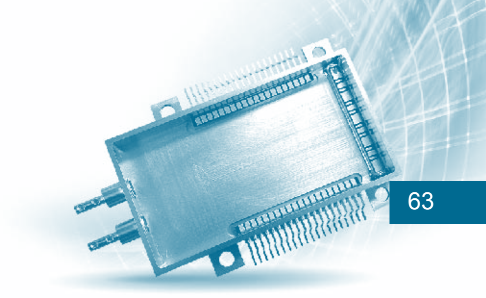
Other disclosures

We certify that the Chair of the Board's report includes the other disclosures required by article L22568 of the French commercial code.

Neuilly-sur-Seine and Paris, April 29, 2014
Statutory Auditors

PricewaterhouseCoopers Audit,
Matthieu Moussy

SYC SAS,
Bernard Hinfray "



16.6 Executive committee

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

Name	Current office	Joined the company on
Eric MICHEL 93 avenue de Villiers, 75017 Paris	Chief Executive Officer	1/30/2013
James F. COLLINS 1553 Commanche Road, Arnold, MD 21012, USA	Executive Officer of Egide USA	29/12/2000
Frédéric DISPERATI 3 Chemin des Passadoires, 84420 Piolenc	Vice President, Quality, Environment and Customer Satisfaction	10/1/1990
Philippe LUSSIEZ 2 rue des Champs, 78320 La Verrière	Chief Administrative and Financial Officer	6/9/1992
Didier MARTIN 33 avenue du Plan de l'Eglise, 78960 Voisins le Bretonneux	Vice President, Sales, Technical Support and R&D	8/3/1992
Wladimir MUFFATO Quartier Genève, 26130 Montségur sur Lauzon	Vice President, Industrial Operations (production and purchasing)	12/19/1994

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

Name	Office	Since
James F. COLLINS	Vice President, Egide USA Inc. Vice President, Egide USA LLC	12/29/2000 12/29/2000
Philippe LUSSIEZ	Corporate Secretary, Egide USA Inc. Corporate Secretary, Egide USA LLC	4/28//2005 4/28//2005

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

James F. COLLINS has a Bachelors of Science (ceramic engineering) from Rutgers University (United States). After occupying management positions with Electronic Packaging Products, he joined Egide USA as head of operations and was appointed Vice President.

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

Philippe LUSSIEZ holds an advanced degree in accounting. After joining Egide group in 1992 as accounting manager for the Bollène site, he was then named group controller responsible for financial reporting when the company was listed on the stock exchange. Since July 1, 2006, he has served as chief financial officer.

Didier MARTIN holds an engineering degree from the Ecole Nationale de Physique et de Chimie in Caen. He has extensive experience in the field of semiconductor manufacturing with a line manager profile possessing a solid understanding of manufacturing requirements.

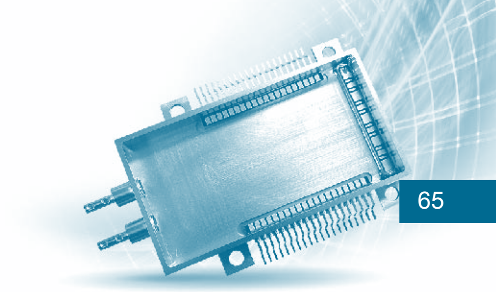
Wladimir MUFFATO has is a graduate of ENSCI ceramics engineering school *(Ecole Nationale Supérieure de Céramique Industrielle)* of Limoges. Since 1994, Egide has benefited from his experience in the domain of electronic ceramic components. In July 2003 he became head of the Bollène and Casablanca manufacturing plants.

Until October 31, 2013, the date when the Moroccan and British subsidiary were sold, Christopher Conway was the manager of Egide UK and Wladimir Muffato manager of Egima.

Michel MASSIOT, Vice President for R&D, left the company on October 1, 2013. He was not replaced and his functions were assigned to Didier Martin. Furthermore, responsibility for human resources management assured by the Chief Executive Officer was assigned to Philippe Lussiez as from October 1, 2013.

For information, until April 2, 2014, Philippe Bregi exercised both the functions of Chairman and Chief Executive Officer. On that basis, he was member of Egide SA's executive committee. From that date onwards, he has held only the office of Chairman of Egide SA and also remains the Chairman of Egide USA LLC and Egide USA Inc.

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



17 EMPLOYEES

17.1 Breakdown of headcount data

Headcount by function at December 31 for Egide Group:

(Headcount at December 31)	2011	2012	2013
Administration and sales	23	22	21
Production, quality and R&D	243	234	209
Subtotal	**266**	**256**	**230**
Egide UK and Egima	37	32	0
Total	**303**	**288**	**230**

Headcount by Group site:

(Headcount at December 31)	2011	2012	2013
Egide Trappes and Bollène	189	174	158
Egide USA	77	82	72
Subtotal	**266**	**256**	**230**
Egide UK	28	32	0
Egima	9	0	0
Total	**303**	**288**	**230**

Headcount by nature of contract:

(Headcount at December 31)	2011	2012	2013
Fixed-term contracts	32	13	2
Permanent contracts	232	241	227
Apprenticeship contracts	2	2	1
Subtotal	**266**	**256**	**230**
Egide UK and Egima	37	32	0
Total	**303**	**288**	**230**

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

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

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

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

At Egide USA, an incentive plan exists for key executives. This plan provides for the payment of variable compensation assessed on annual salary if EBITDA for the period exceeds by at least 85% the budgeted amount. For fiscal 2013, no bonus was paid.

With the exception of direct manufacturing staff of the US subsidiary, Egide USA paid based on the number of hours worked, all employees of the US subsidiary receive fixed compensation. In addition, variable compensation is paid to sales staff based on performance.

17.3 Stock option plans

Since the company's initial public offering, stock options have been granted to selected managers. At March 31, 2014, the number of options granted to Egide SA employees and not yet exercised amounted to 26,621 and the number of options granted to Egide USA employees not yet granted amounted to 1,897 (or a total of 28,518 options).

With the exception of the Chairman, no members of the Board of Directors were granted stock options. As executive officer of the company, on March 31, 2014, the latter held a balance of 16,253 options granted on March 5, 2009 (see highlights for plan 5.2 presented below). In compliance with the provisions of Act 2006-1770 of December 30, 2006, at least 20% of shares issued from the exercise of options must be maintained in registered form until the Chairman-CEO ceases to exercise his function.

Highlights for stock option plans in force at March 31, 2014 are presented below:

Plan number	Plan 5.1	Plan 5.2	Plan 6.1	Plan 6.2	Plan 6.3	Total
AGM date Board meeting date	6/20/2007 7/24/2007	6/20/2007 3/5/2009	5/28/2010 10/18/2010	5/28/2010 10/6/2011	5/28/2010 1/30/2013	
Initial number of shares *- of which to corporate officers* *- of which to the top 10 employee beneficiaries*	5,400 *0* *3,800*	26,624 *20,000* *4,124*	200 *0* *200*	600 *0* *600*	651 *0* *651*	33,475 *20,000* *9,375*
Number of shares after adjustments*	5,774	28,776	217	651	651	36,069
Starting date for the exercise of options End date for the exercise of options	7/24/2009 7/23/2014	3/5/2011 3/4/2016	10/18/2012 10/17/2017	10/6/2013 10/5/2018	1/30/2015 1/29/2020	
Exercise procedures	Maximum quantity exercisable by increments of ¼ every 30 trading days subject to a minimum of 20 shares **Egide SA employees (all plans) and Egide USA (plan 6.1)** Sale: 2-year lock-up from the exercise date **Egide USA (except plan 6.1)** Sale: 1-year lock-up for the total amount + 1 year for one half from the exercise date **Corporate Officer** Disposal for plan 5.2 : maximum 80 % of options exercised during the term of office					
Subscription price*	25.69 €	5.34 €	5.20 €	7.46 €	4.08 €	
Number of options exercised Number of options forfeited Number of options remaining to be exercised	0 1,000 4,774	5,442 1,109 22,225	0 0 217	0 0 651	0 0 651	5,442 2,109 28,518

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

No stock options were exercised in fiscal 2013.

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

Accordingly, as plan 4.4 maturing on January 14, 2014 has not been exercised, the 4,774 stocks options of this plan have been automatically canceled.

In light of the above, and the maximum number of stock options set at 5 % of shares making up the share capital (or 89,239 options available to be granted at March 31, 2014), there remains a balance of 60,721 options or 3.40% of the share capital. On this date, the 28,518.unexercised stock options represent a potential dilution of 1.60%.

The fair value measurement of stock options in the consolidated financial statements is determined using the Black & Scholes measurement model (see section 20.3.1.5.4.9.1). Options have an average life of 4 1/2 years with a volatility rate of 30%.

17.4 Social impact of Group operations

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

17.5 Information on measures to combat discrimination and promote diversity

In pursuance of the provisions of Article L.225-102-1 subsection 5 of the French commercial code as amended by Article 9 of Law No. 2011-672 of June 16, 2011, every year Egide SA submits to the Works Committee and employee representatives a single report providing information on measures to combat discrimination and promote diversity (see indicators in section 26.1 of this document). Moreover, no discrimination exists with training, professional promotion, working conditions and actual remuneration levels.

18 PRINCIPAL SHAREHOLDERS

18.1 Analysis of share capital and voting rights

Balance at March 31, 2014	Number of shares	Percentage of share capital	Number of voting rights	Percentage of voting rights
Philippe Brégi (bearer securities) Philippe Brégi (registered securities)	0 16,380	0.00 % 0.92 %	0 16,396	0.00 % 0.91 %
Total Philippe Brégi (Chairman)	**16,380**	**0.92 %**	**16,396**	**0.91 %**
Free float (bearer securities) Free float (registered securities)	1,751,553 16,864	98.14 % 0.94 %	1,751,553 31,687	97.33 % 1.76 %
Total free float	**1,768,417**	**99.08 %**	**1,783,240**	**99.09 %**
Total	**1,784,797**	**100.00 %**	**1,799,636**	**100.00 %**

This table has been produced based on information provided by CM-CIC Securities, charged with ensuring the security management services for "Egide" shares in fully registered form *(nominatif pur)*.

On March 31, 2014, shareholdings by other company directors were as follows: Catherine Gerst 1 share, Albert Schune 1 share and Eric Michel 10 shares.

No share is jointly held by employees within the meaning of article L.225-102 of the French commercial code.

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

18.2 Ownership thresholds subject to disclosure requirements

The identity of shareholders owning more than 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 33.33 %, 50 %, 66.66 %, 90 % and 95 % of the share capital or voting rights at March 31, 2014:

	More than 5 %		More than 10 %		More than 15 %		More than 25 %	
	Of the capital	Voting rights	Of the capital	Voting rights	Of the capital	Voting rights	Of the capital	Voting rights
SBD [1]	X	X	X					
Cie financière Sopalia [2]	X	X						

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

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

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

On June 25, 2013 (AMF notice 213C0748), OTC Asset Management reported having crossed below on June 18, 2013 the thresholds of 5% for capital and voting rights following the sale of Egide shares on the market. On this date, it held 89,107 shares representing 4.99% of the share capital and 4.95% of the voting rights.

On December 11, 2013 (AMF notice 213C1921), Optigestion, acting on behalf of customers and funds under its management, reported for the purpose of regularizing its situation, having crossed below on November 15, 2013 the thresholds of 5% for capital and voting rights following the sale of Egide shares on the market and revocation of its asset management mandates. On December 10, 2013, it held 64,712 shares representing 3.63 % of the share capital and 3.60 % of the voting rights.

On February 21, 2014 (AMF notice 214C0287), Sopalia Compagnie Financière Holding reported for the purpose of regularizing situation having crossed above on December 6, 2007 the thresholds of 5% for capital and voting rights following the purchase of Egide shares on the market. On February 18, 2013, it held 102,430 shares representing 5.74 % of the share capital and 5.69 % of the voting rights.

18.3 Existence of different voting rights

Double voting rights are granted to fully paid-up shares registered in the same name for at least two years (annual general meeting of January 29, 1999). This right is conferred upon all bonus shares granted to a shareholder in respect of previously existing shares.

On March 31, 2014, there were 33,244 were shares in registered form of which 14,839 carried double voting rights.

19 RELATED PARTY TRANSACTIONS

19.1 Regulated agreements

Regulated agreements in force at December 31, 2013 are presented below:

Agreements entered into in the fiscal 2013 and previously authorized

- Service agreement whereby Eric Michel, director of Egide, is tasked with assisting executive management in identifying potential investors and/or partners having a strategic interest to support and develop the Egide Group by contributing industrial and financial resources to ensure its sustainability. This mission is to be performed in exchange for consideration of €25,000 (Board meeting of December 16, 2013)

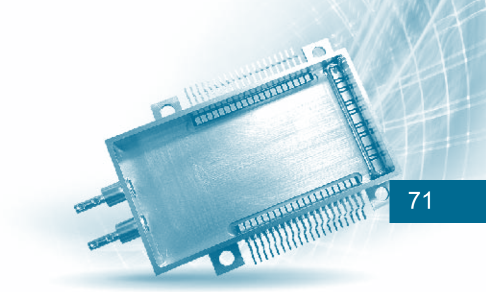
Agreements approved in prior periods with continuing effect during the year

- Current account agreement between Egide USA and Egide SA (Board meeting of October 31, 2005)
- Chargeback agreement for commercial, financial and general management services between Egide SA and its subsidiaries (Board meetings of May 2, 2002 and October 14, 2002).
- Undertaking in favor of the Chairman-CEO by the company (Board meeting of November 9, 2004)
- Guarantee agreement of Egide SA in favor of Egide USA for US$1,560,000 in connection with the loan agreement between Egide USA and Bank of America (Board meeting of May 15, 2012)

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

- Current account agreement between Egide UK and Egide SA (Board meeting of October 14, 2002 and October 31, 2005)
- Current account agreement between Egima and Egide SA (Board meeting of March 16, 2001 and October 31, 2005)
- First demand guarantee agreement in exchange for a long-term credit facility granted to Egima (Board meeting of October 30, 2001)
- Securities account pledge agreement for Egide SA in consideration for a guarantee granted in favor of Egima (Board meeting of October 27, 2003)
- Guarantee agreement of Egide SA in favor of Egide UK in connection with a factoring agreement between Egide UK and Lloyds Bank (Board meeting of April 15, 2008)
- Guarantee agreement of Egide SA in favor of Egide UK for £50,000 in connection with the overdraft facility between Egide UK and Lloyds Bank (Board meeting of October 16, 2008 - general delegation of authority)

Also see section 20.3.1.5.4.18 - Related party transactions



19.2 Auditors' report on regulated agreements

"To the shareholders:

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

Our responsibility is to report to you, based on the information provided to us, the main terms and conditions of the agreements and commitments brought to our attention or of which we may have become aware in the performance of our work, without expressing an opinion on their usefulness and appropriateness or determining the existence of any other agreements
It is your responsibility, pursuant to article R.225- 31 of the French commercial code, to assess the merits of these agreements and commitments with a view to their approval.

Furthermore, our role is also to provide you with the information required by Article R.225-31 of the French commercial code regarding the execution, during the past year, of the agreements and commitments already approved by the shareholders' meeting, if any.

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

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

Agreements and commitments approved in the period ended

Pursuant to Article L.225-40 of the French commercial code, we have been advised of the following agreements and commitments previously authorized by your Board of Directors.

Services agreement

Related party: Eric Michel, director of your company

Nature and purpose: Mission whereby Eric Michel is tasked with assisting executive management in identifying potential investors and/or partners having a strategic interest to support and develop the Egide Group by contributing industrial and financial resources to ensure its sustainability. This mission is to be performed in exchange for consideration of €25,000.

This agreement was authorized by the Board meeting of December 16, 2013.

Terms and conditions: In the period under review, no income or expenses were generated by this agreement.

2 - Agreements and commitments already approved by the general meeting

Agreements approved in prior years

Related party: Philippe Brégi, Chairman of the Board of Directors also holds the following offices:

- Chairman and Chief Executive Officer of Egide USA Inc.,
- Managing Partner of Egima SARL (until October 30 2013),
- Chairman of Egide UK (until October 30, 2013).

a) Remaining in effect during period under review

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

Guarantee agreement of your company in favor of Egide USA in connection with the loan agreement set up between Egide USA and Bank of America

Nature and purpose: In connection with the bank agreement executed by its subsidiary Egide USA. Inc. in May 2012to finance the purchase of its manufacturing building, EGIDE S.A. stood guarantee with Bank of America. The maximum guaranty at December 31, 2013 amounted to US1,560,000 or €1,131,173.

This agreement was authorized by the Board meeting of May 15, 2012.

Terms and conditions: In the period under review, no income or expenses were generated by this agreement.

Current account agreement between Egide USA Inc. and your company

Nature and purpose: Current account advances by Egide S.A. to its US subsidiary Egide USA Inc. At December 31, 2013, the current account balance amounted to €1,520,697.

An initial authorization was granted for this agreement by the Board of Directors on October 31, 2005 followed by an amendment of the terms of remuneration by the Board meeting of April 21, 2009.

Terms and conditions: These advances were subject to annual interest of 0.229%. Interest payments recorded under income for the period amounted to €3,426.

Chargeback agreement for commercial, financial and general management services between Egide SA and its subsidiaries Egide USA Inc., Egima S.A.R.L. and Egide UK Ltd.

Nature and purpose: Amounts invoiced by Egide S.A. to its US subsidiary (Egide USA Inc.), Moroccan subsidiary (Egima S.A.R.L.) and UK subsidiary (Egide UK Ltd.) for a portion of commercial, financial and general management fees.

This agreement was authorized by the Board of Directors on May 2, 2002 for chargebacks between Egide S.A. and its subsidiaries Egima S.A.R.L. and Egide USA Inc. and on October 14, 2002 for chargebacks between Egide S.A. and Egide UK Ltd.

Terms and conditions: Amounts invoiced correspond to salaries and social charges for employees concerned based on a flat rate assessment of the respective amount of time spent on each Group company. For the period ended December 31, 2013, the corresponding fees invoiced by Egide S.A. to Egide USA Inc. amounted to €29,128. Fees invoiced by Egide S.A. to Egide UK Ltd. amounted to €8,661. No fees were invoiced to Egima S.A.R.L. for fiscal 2013.

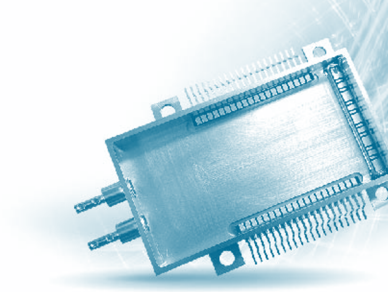
Current account agreement between Egide UK Ltd. and your company

Nature and purpose: Current account advances provided by Egide S.A. to its UK subsidiary, Egide UK Ltd. At December 31, 2013, the current account balance was nil. Egide UK was sold on October 30, 2013 in consideration for partial repayment of the current account balance.

An initial authorization was granted for this agreement by the Board of Directors on October 14, 2002 followed by an amendment of the terms of remuneration by the Board meeting of April 21, 2009.

Terms and conditions: These advances were subject to annual interest of 0.229%. Interest payments recorded under income for the period amounted to €1,333.

In light of the sale of Egide UK Ltd completed on October 30, 2013, application of this agreement was terminated in the period.



Current account agreement between Egima S.A.R.L. and your company

Nature and purpose: Current account advances provided by Egide S.A. to its Moroccan subsidiary, Egima S.A.R.L. At December 31, 2013, the current account balance was nil. Egima was sold on October 30, 2013.

An initial authorization was granted for this agreement by the Board of Directors on March 16, 2001 followed by an amendment of the terms of remuneration by the Board meeting of April 21, 2009.

Terms and conditions: This agreement did not generate any income in the period.

In light of the sale of Egima S.A.R.L completed on October 30, 2013, application of this agreement was terminated in the period.

Undertaking in favor of the Chairman-CEO by the company

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

Terms and conditions: For this policy, €2,712.80 in premium payments was invoiced in fiscal 2013.

First demand guarantee agreement in consideration for a long-term credit facility granted to Egima S.A.R.L.

Nature and purpose: Egide S.A. provided a first demand guarantee on behalf of Crédit du Maroc in consideration for a long-term credit facility granted by the latter to its Moroccan subsidiary, Egima S.A.R.L. The loan for MAD 10,678,000 was granted on March 21, 2013 for an initial period of 12 years (maturing on March 21, 2015) with a one-year grace period for the principal. The guarantee was granted by Egide S.A. for the capital and remaining interest owed by Egima S.A.R.L. within the limit of MAD 12,700,000 in principal.

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

Terms and conditions: In the period under review, no income or expenses were generated by this agreement.

In light of the sale of Egima S.A.R.L completed on October 30, 2013, application of this agreement was terminated in the period. With this sale, the guarantee was in consequence released.

Securities account pledge agreement for Egide SA in consideration for a guarantee granted on behalf of Egima S.A.R.L.

Nature and purpose: Pledge of a mutual fund portfolio for €57,447 in favor of Crédit du Nord in consideration for a guarantee given to Société Générale Marocaine de Banque granted at the request of the Moroccan subsidiary, Egima S.A.R.L. a permanent guarantee in favor of the Moroccan Customs and Excise Authority. The mutual fund assets pledged in guarantee valued at €65,017 was released at the end of the reporting period.

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

Terms and conditions: In light of the sale of Egima S.A.R.L completed on October 30, 2013, application of this agreement was terminated in the period.

Guarantee agreement in connection with a factoring agreement between Egide UK and Lloyds Bank

Nature and purpose: Under the terms of a factoring agreement, Lloyds Bank granted Egide UK Ltd. an advance, based on its trade receivables balance, for a maximum amount of £350,000. In this framework, HSBC requested Egide S.A. to stand guarantee for this amount on behalf of its subsidiary.

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

Terms and conditions: In the period under review, no income or expenses were generated by this agreement.

In light of the sale of Egide UK Ltd completed on October 30, 2013, application of this agreement was terminated in the period.

Guarantee agreement in connection with an overdraft agreement between Egide UK and Lloyds Bank

Nature and purpose: Under the terms of an overdraft agreement between Egide UK and Lloyds Bank, a guarantee agreement was concluded for £50,000.

This agreement is covered by a general authorization granted by the Board of Directors on October 16, 2008.

Terms and conditions: In the period under review, no income or expenses were generated by this agreement.

In light of the sale of Egide UK Ltd completed on October 30, 2013, application of this agreement was terminated in the period.

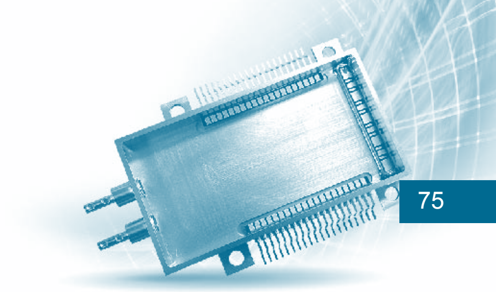
b) Without application in the period under review

None.

Neuilly-sur-Seine and Paris, April 29, 2014
Statutory Auditors

French original signed by:

PricewaterhouseCoopers Audit, Matthieu Moussy	SYC SAS, Bernard Hinfray »



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

20.1 Historical financial information (2011 and 2012)

The consolidated and annual financial statements for the fiscal years ended December 31, 2011 and December 31, 2012 as well as the corresponding Auditors' reports, reproduced in the documents mentioned in the following table are incorporated by reference in this registration document.

Printed version of the registration document	2011	2012
AMF registration reference	No. D12-0386 of April 23, 2012	No. D13-0644 of June 20, 2013
Consolidated financial statements and notes	Pages 75 to 95 (Section 20.3.1)	Pages 70 to 92 (Section 20.3.1)
Statutory Auditors' report on the consolidated financial statements	Page 115 (Section 20.4.1)	Page 115 (Section 20.4.1)
Annual financial statements and notes	Pages 96 to 114 (Section 20.3.2)	Pages 94 to 114 (Section 20.3.2)
Auditors' report on the annual financial statements	Pages 116 to 117 (Section 20.4.2)	Pages 116 to 117 (Section 20.4.2)

20.2 Pro forma financial information

None

20.3 Financial statements

20.3.1 2013 consolidated financial statements

20.3.1.1 Consolidated statement of financial position

ASSETS (€ thousands - IFRS)	Notes 20.3.1.5.	Net value at 12/31/2013	Net value at 12/31/2012
Intangible assets	4.3	0	13
Property, plant and equipment	4.3	2,679	3,551
Financial assets	4.3	191	204
Other non-current assets	4.4	630	946
Non-current assets		**3,500**	**4,714**
Inventories	4.5	2,830	3,624
Trade and other receivables	4.6	3,385	4,366
Cash and cash equivalents	4.7	512	1,131
Others current assets	4.8	259	283
Current assets		**6,983**	**9,403**
TOTAL ASSETS		**10,487**	**14,116**

EQUITY AND LIABILITIES (€ thousands - IFRS)	Notes 20.3.1.5.	Values at 12/31/2013	Values at 12/31/2012
Contributed capital	4.9	3,570	3,570
Additional paid-in capital		1,588	1,621
Legal reserve		356	356
Consolidated reserves		1,195	2,182
Net income		(516)	(866)
Translation differences		(2,537)	(2,151)
Treasury shares		0	0
Shareholders' equity		**3,655**	**4,711**
Non-current provisions	4.10	394	362
Current financial liabilities	4.11	138	363
Other non-current liabilities	4.11	12	22
Non-current liabilities		**545**	**746**
Current provisions	4.10	0	57
Current financial liabilities	4.11	2,644	3,875
Trade and other payables	4.11	3,633	4,633
Other current liabilities	4.11	10	93
Current liabilities		**6,287**	**8,659**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**10,487**	**14,116**

20.3.1.2 Statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME (€ thousands – IFRS)	Notes 20.3.1.5.	12/31/2013	12/31/2012
Revenue		20,386	22,645
Raw materials and consumables		(8,870)	(10,422)
Change in finished goods and work in progress		(115)	(170)
Staff costs		(8,892)	(9,596)
External charges		(2,973)	(3,102)
Taxes other than on income		(332)	(375)
Amortization, & depreciation, impairment of fixed assets		(318)	(264)
Allowances and reversals of impairment & provisions	4.3	64	58
Other operating income	4.5, 6, 10	525	1,085
Other operating expenses	4.14	(139)	(203)
Operating profit/(loss)	**4.13**	**(664)**	**(345)**
Income from cash and cash equivalents	4.16	8	20
Gross borrowing costs	4.16	(183)	(161)
Net interest expense	4.16	(176)	(141)
Other financial income	4.16	46	356
Other financial expenses	4.16	(107)	(355)
Income before tax		(901)	(485)
Income tax	4.12	0	0
Income (loss) from continuing operations		(901)	(485)
Income (loss) from discontinued operations	4.15	385	(381)
Net income		**(516)**	**(866)**
Attributable to the Group		(516)	(866)
Attributable to non-controlling interests		0	0
Earnings per share (in €)	4.17	(0.29)	(0.49)
Diluted earnings per share (in €)	4.17	(0.29)	(0.49)
Items able to be recycled in profit or loss:			
Translation differences - changes in value		34	26
Items unable to be recycled in profit or loss:			
Translation differences - not recycled in profit or loss (disposals of foreign subsidiaries)		(420)	0
Other comprehensive income		(386)	26
Comprehensive income		**(902)**	**(840)**
Attributable to the Group		(902)	(840)
Attributable to non-controlling interests		0	0

20.3.1.3 Consolidated statement of changes in shareholders' equity

(in € thousands, except for shares)	Number of shares	Common stock	Additional paid-in capital	Legal and consolidated reserves	Net income for the year	Other equity	Share-holders' equity
Balance at 12/31/2011	**1,286,300**	**2,573**	**349**	**2,017**	**673**	**(2,177)**	**3,435**
Changes in parent company equity	498,497	997	1,272				2,269
Appropriation of earnings for fiscal 2011				673	(673)		0
Comprehensive income (loss) for the period					(866)	26	(840)
Stock options				(153)			(153)
Balance at 12/31/2012	**1,784,797**	**3,570**	**1,621**	**2,537**	**(866)**	**(2,151)**	**4,711**
Changes in parent company equity							0
Appropriation of earnings for fiscal 2012				(866)	866		0
Comprehensive income (loss) for the period					(516)	(386)	(902)
Stock options			(32)	1			1
Impact of changes in Group structure [1]				(122)			(154)
Balance at 12/31/2013	**1,784,797**	**3,570**	**1,588**	**1,550**	**(516)**	**(2,537)**	**3,655**

[1] *Relating to the disposal of all shares of the subsidiaries Egima and Egide UK LTD*

There are no non-controlling interests in Egide Group.

Notes in section 20.3.1.5 are an integral part of the consolidated financial statements.

20.3.1.4 Consolidated cash flow statement

CONSOLIDATED STATEMENT OF CASH FLOWS (in € thousands - IFRS)	Notes 20.3.1.5.	12/31/2013	12/31/2012
Net income of consolidated operations		(516)	(866)
Adjustments to non-cash income and expenses to net cash provided by operating activities			
- Amortization, depreciation and provisions [1]	4.3, 4.10	331	1,098
- Capital gains from the sale of intangible assets & property, plant and equipment		308	18
- Other		1	(153)
- Impact of changes in Group structure [3]		(657)	
Change in operating working capital requirements [2]		683	(1,265)
- (increase) / decrease in inventories	4.5	454	469
- (increase) / decrease in trade receivables	4.6	581	(386)
- (increase) / decrease in other receivables	4.6, 4.8	(157)	(364)
- (increase) / decrease in trade payables	4.11	(132)	(551)
- (increase) / decrease in tax and employee-related liabilities	4.11	(3)	(186)
- (increase) / decrease in other payables	4.11	(61)	(247)
Net cash from (used in) operating activities		**150**	**(1,169)**
Acquisitions of non-current assets	4.3	(401)	(2,367)
Decrease in financial assets [4]	2.2	350	
Impact of changes in Group structure [3]		(114)	
Net cash flows used in investing activities		**(165)**	**(2 367)**
Issue of new cash shares	4.9		997
Change in other equity	4.9		1,272
New borrowing from banks or finance leases	4.11		1,213
Repayment of bank borrowings or finance leases	4.11	(52)	(163)
Other borrowings			
Repayment of other borrowings	4.11	(48)	(15)
Financial debt relating to factoring and revolving credit	4.11	(553)	178
Changes in pledges of mutual funds holdings		65	
Cash flows used in financing activities		**(589)**	**3,483**
Change in cash and cash equivalents		**(604)**	**(53)**

(1) Excl. impairment of current assets
(2) In net values
(3) Relating to the disposal of all shares of the subsidiaries Egima and Egide UK Ltd
(4) Repayment of Egide UK's current account balance before its disposal

	Notes 20.3.1.5.	12/31/2013	12/31/2012
Closing cash and cash equivalents*	4.7	512	1,121
Opening cash and cash equivalents*	4.7	1,121	1,177
Effect of changes in exchange rates		6	3
Net change in cash and cash equivalents		**(604)**	**(53)**

** For information, cash at December 31, 2012 and December 31, 2013 broke down as follows:*

	Balance at 12/31/2013	Balance at 12/31/2012
Cash and cash equivalents	512	1,131
Bank overdrafts and accrued interest		(10)
Cash according to the cash flow statement	**512**	**1,121**

20.3.1.5 Accounting methods and explanatory notes to the consolidated financial statements

20.3.1.5.1 Preliminary remarks

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

These notes are an integral part of the consolidated financial statements established on December 31, 2013 with a statement of financial position showing total assets of €10,487k, a statement of comprehensive income presented in the form of a list showing a loss of €516k, adopted by the Board of Directors on April 25, 2014.

The information given below is expressed in thousands of Euros, unless stated otherwise. The financial period ends on December 31 and covers a twelve-month period from January 1, 2013 to December 31, 2013.

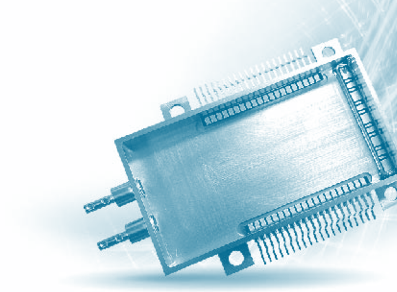
20.3.1.5.2 Information on basis of consolidation in consolidation methods

20.3.1.5.2.1 Compliance statement

In compliance with EC regulation No. 1606/2002 of July19, 2002, Egide Group (see section 20.3.1.5.2.2) presents its consolidated financial statements for the period ended December 31, 2013 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and issued by the IASB at December 31, 2013. Standards applied include IFRS and IAS (International Accounting Standards), and their interpretations applicable at December 31, 2013. These standards and their interpretations are jointly referred to as IFRS standards are "IFRS" for the purpose of simplification. These standards may be consulted at the European Commission's website at the following address: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

Application of certain standards, interpretation or amendments to existing standards is mandatory according to IFRS for periods commencing on or after January 1, 2013 though do not have a material impact on the Group consolidated financial statements:

<table>
<tr><th>Standard</th><th>Subject</th><th>IASB issue date</th><th>EU adoption date</th></tr>
<tr><td>Amendments to IAS 1</td><td>Presentation of items of other comprehensive income</td><td rowspan="2">6/16/2011</td><td rowspan="2">6/6/2012</td></tr>
<tr><td>Amendments to IAS 19</td><td>Employee benefits</td></tr>
<tr><td>Amendments to IFRS 7</td><td>Disclosures: offsetting financial assets and financial liabilities</td><td>12/16/2011</td><td rowspan="5">12/29/2012</td></tr>
<tr><td>IFRS 13</td><td>Fair value measurement</td><td>5/12/2011</td></tr>
<tr><td>Amendments to IAS 12</td><td>Deferred tax: recovery of underlying assets</td><td rowspan="2">12/20/2010</td></tr>
<tr><td>Amendments to IFRS 1</td><td>Severe hyperinflation and removal of fixed dates for first-time adopters</td></tr>
<tr><td>IAS 28</td><td>Investments in associates and joint ventures</td><td>5/12/2011</td></tr>
<tr><td>Amendments to IFRS 1</td><td>Government loans</td><td>3/13/2012</td><td>3/5/2013</td></tr>
<tr><td>Annual improvements (2009-2011)</td><td>Annual improvements cycle</td><td>5/17/2012</td><td>3/28/2013</td></tr>
<tr><td>IFRIC 20</td><td>Stripping costs in the production phase of a surface mine</td><td>10/19/2011</td><td>12/29/2012</td></tr>
</table>



The Group's consolidated financial statements at December 31, 2013 did not include possible impacts of those standards, interpretations and amendments adopted by the European Union at December 31, 2013 but for which application was not mandatory for periods commencing on January 1, 2014. In the Group's opinion, these are not expected to have an impact on the consolidated financial statements:

Standard	Subject	IASB issue date	EU adoption date
Amendments to IAS 32	Financial instruments: presentation, offsetting financial assets and liabilities	12/16/2011	12/29/2012
IFRS 10	Consolidated financial statements	5/12/2011	
IFRS 11	Partnerships		
IFRS 12	Disclosure of interests in other entities		
IAS 27	Separate financial statements		
Amendments to IFRS 10, IFRS 11 and IFRS 12	Provisional provisions	6/28/2012	4/5/2013
Amendments to IFRS 10, IFRS 12 and IFRS 27	Investment entities	10/31/2012	11/21/2013
Amendments to IAS 36	Recoverable amount disclosures for non-financial assets	5/29/2013	12/19/2013
Amendments to IAS 39	Novation of derivatives and continuation of hedge accounting	6/27/2013	

Texts published by IASB at December 31, 2013 but not in effect in the European Union are not expected to have an impact on the Group's financial statements. These include the following:

Standard	Subject	IASB issue date
Amendments to IFRS 9 and IFRS 7	Application date	12/16/2011
IFRS 9	Financial instruments (to replace IAS 39)	11/12/2009
Amendments to IAS 19	Employee contributions	11/21/2013
Annual improvements (2010-2012 and 2011-2013)	Annual improvements cycle	12/12/2013
IFRIC 21	Levies	5/20/2013

20.3.1.5.2.2 Consolidated companies and basis of consolidation

The following companies were consolidated by Egide Group at December 31, 2013:

Company	Location of registration or incorporation	Ownership interest (%)	Consolidation method	Date of first consolidation
Egide SA	Bollène (Vaucluse) (France)	100 %	Parent company	NA
Egide USA LLC	Wilmington - Delaware (USA)	100 %	Full consolidation	11/8/2000
Egide USA Inc.	Cambridge - Maryland (USA)	100 %	Full consolidation	12/29/2000

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

Consolidated companies close their annual financial statements on December 31.

Egide SA sold the total ownership interests held in its subsidiaries Egima and Egide UK Ltd on October 31, 2013 for respectively MAD 1 and GBP 100k. Furthermore, prior to the sale, Egide UK Ltd repaid Egide SA GBP 300k in connection with the current account balance existing between the two companies.

20.3.1.5.2.2 Basis of consolidation

Financial statements of subsidiaries are restated in accordance with Group accounting standards and common rules apply for measuring different line items to ensure a homogeneous presentation of financial information.

20.3.1.5.3 Significant accounting policies and valuation methods

20.3.1.5.3.1 General principles

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

As Egide currently has sufficient liquid resources to settle its debts on maturity, the company is consequently able to meet current liabilities with its current assets. In light of cash flow forecasts and the company's strategic plan, Egide's Board of Directors intends to proceed with a €5 million capital increase through a public offering expected to be completed before June 30, 2014. The purpose of this corporate action is to raise funds to cover investments for human resources, equipment and the financing of working capital requirements for the implementation of these investments. If the outcome of the capital increase is not successful, Egide's cash position could become constrained in the last quarter of 2014 and require the submission of applications for the pre-financing of tax credit advances (wage and research tax credits). On that basis, Egide's business continuity remains conditioned on either of the implementation of pre-financing for 2013 and 2014 wage tax credits (CICE) and the 2013 research tax credit or the successful outcome of this capital increase.

20.3.1.5.3.2 Revenue recognition

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

20.3.1.5.3.3 Goodwill

On the acquisition date, on initial recognition goodwill arising in a business combination is measured as the excess of the cost of the combination over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

In accordance with IAS 36, goodwill is tested for impairment at least once a year or whenever there is an indication of loss in value.

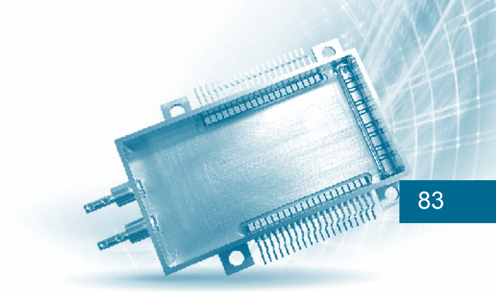
Information on the impairment test is provided in section 20.3.1.5.3.6.

20.3.1.5.3.4 Intangible assets

Intangible assets are accounted for in compliance with IAS 36 and IAS 38.

Intangible assets are measured at acquisition cost on initial recognition, plus incidental expenses required to bring the asset into usable condition.

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



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

	Straight-line
Licenses	5 to 10 years
Software	3 to 5 years
Patents	12 years

As no residual values are retained at the end of these useful lives, a corresponding deduction is not made from the amortization base. The amortization method, residual amounts and useful lives are reviewed at a minimum at the end of each reporting period, and may modify on a prospective basis the initial amortization schedule.

An impairment test is performed whenever there exists an internal or external indicator of a loss in value. An impairment loss is recognized if the recoverable value of the asset concerned is lower than the net carrying value. This impairment loss is deducted from depreciable accounting base over the asset's remaining useful life Information on the impairment test is provided in section 20.3.1.5.3.6.

20.3.1.5.3.5 Property, plant and equipment

Property, plant and equipment are accounted for in compliance with IAS 16 and IAS 36.

The gross value of asset components are measured at acquisition cost on initial recognition as assets, plus incidental expenses required to bring these assets into usable condition. Expenditures are capitalized if it is likely that the future economic benefits associated with this asset will flow to the Group and its costs can be reliably measured. Other expenditures are expensed if they do not meet this definition.

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

When significant components of tangible assets are identified with different useful lives, these components are accounted for and depreciated separately according to their own useful lives. Expenditures relating to the replacement or renewal of a tangible asset component are recognized as a distinct asset and the replaced asset is derecognized.

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

	Straight-line
Buildings	25 yrs.
Buildings fixtures and fittings	10 yrs.
Plant, machinery and equipment	3 to 10 yrs.
Office equipment and furniture, other fixtures and fittings	3 to 10 yrs.

As no residual values are retained at the end of these useful lives, a corresponding deduction is not made from the depreciation base. The amortization method, residual amounts and useful lives are reviewed at a minimum at the end of each reporting period, and may modify on a prospective basis the initial amortization schedule.

An impairment test is performed whenever there exists an internal or external indicator of a loss in value. An impairment loss is recognized if the recoverable value of the asset concern is lower than the net carrying value. This impairment loss is deducted from depreciable accounting base over the asset's remaining useful life

Information on the impairment test is provided in section 20.3.1.5.3.6.

20.3.1.5.3.6 Impairment test for non-financial assets

Cash generating units (CGU) are first identified before conducting impairment tests. A CGU is a group of homogeneous assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. For the Egide Group, the following CGU have been defined:

- La société Egide SA ;
- La société Egide USA Inc.

In effect, these profit centers reflect the smallest identifiable groups of assets generating cash flows able to be defined by the Group. The Group accordingly measures discounted future cash flow that will be generated by each CGU. Value in use is determined by comparing the present value of cash flows to the net carrying value of the corresponding intangible and tangible CGU. An impairment loss is recognized if value in use falls below the net carrying value, except if this asset or group of assets have a specific market value which is higher than the carrying value.

20.3.1.5.3.7 Inventories and work-in-progress

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

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

Changes in inventory and work in progress and allowances and reversals thereof relating to this inventory are presented under the same line item heading of the Group income statement.

20.3.1.5.3.8 Translation of financial statements stated in a foreign currency

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

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

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

20.3.1.5.3.9 Intercompany accounts and transactions

All intercompany accounts and transactions between consolidated companies are eliminated after being restated.

20.3.1.5.3.10 Payables and receivables

On initial recognition, payables and receivables are recognized at fair value, and those having maturities of less than one year are discounted as applicable. For subsequent recognition, they are measured at amortized cost using the effective interest method.

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

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

20.3.1.5.3.11 Cash and cash equivalents

Cash at bank and in hand is measured at closing value.

Marketable securities are recognized at acquisition cost and adjusted, as applicable, to reflect the net asset value at the end of the reporting period. Marketable securities are measured at fair value through profit or loss.

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

20.3.1.5.3.12 Deferred tax

Certain adjustments are made to harmonize annual financial statements with the accounting principles applicable to the consolidated financial statements, as well as certain timing differences with the annual financial statements, give rise to timing differences between the tax value and carrying value of restated assets and liabilities.

These timing differences result in the recognition of deferred taxes in the consolidated financial statements according to the liability method.

Deferred tax assets are only taken into account when their recovery is considered probable in a foreseeable future.

20.3.1.5.3.13 Provisions for pensions and similar benefits

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

- Retirement age: 65 to 67 (according to the date of birth)
- Salary escalation rate: 2 %;
- Life expectancy: based on the INSEE 2009 actuarial table
- Probability of presence determined according to internal statistics specific to each establishment
- The long-term discount rate: 3.17% (Markit Iboxx Eur corporates AA 10+)
- Provisions are calculated excluding employer contributions

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

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

20.3.1.5.3.14 Provisions

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

20.3.1.5.3.15 Stock options

The company applies IFRS 2 "Share-based payments and equivalents" to equity instruments granted after November 7, 2012 and not yet vested by December 31, 2013.

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

20.3.1.5.3.16 Factoring

Egide SA has made use of factoring since the first half of 2006 and Egide USA Inc. since the 2007 first quarter. While this has no impact on the presentation of the company's accounts receivable, it does result in a miscellaneous short-term financial liability in the statement of the financial position. This liability represents advances financed by the factor deducted from trade receivable settlements received by the factor in repayment of the subrogated claim.

Companies incur settlement delays of trade receivables whereby the financing received corresponding to an invoice exceeding 60 to 120 days is taken over by the factor after this date. However, if the nature of payment default is covered by credit insurance guarantees, companies can partially recover their trade receivable in the event of a full default by the customer, notably pursuant to compulsory liquidation.
Group factoring currently accounts for approximately 80% of sales.

The factoring company of Egide SA which handles export receivables is planning to limit outstanding receivables balances per customer financed to €250k. On December 31, 2013, this limit had not been applied as for the customers concerned, credit insurance covers a larger share of the outstanding receivables.

20.3.1.5.3.17 Segment information

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

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

20.3.1.5.4 Additional information on the statements of financial position and comprehensive income

20.3.1.5.4.1 Critical accounting estimates and judgments

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

The critical accounting estimates and assumptions that could result in a material adjustment to the carrying amount of assets and liabilities during subsequent periods concerned mainly impairment tests the Group may perform on intangible and intangible assets. In effect, in accordance with the accounting method defined in section 20.3.1.5.3.6, recoverable amounts of cash generating units are determined from calculations for value in use which call for use of estimates.

Egide's continuation as a going concern referred to in section 20.3.1.5.3.1 of "Significant accounting policies and valuation methods" is also contingent on the success of financing activities for the outcome at the end of the reporting period is currently unknown.

20.3.1.5.4.2 Financial risk management

20.3.1.5.4.2.1 Exchange rate risk

In 2013, exports accounted for 69 % of Egide's revenue, including 41 % to North America where sales are invoiced in US dollars. Concerning the 19% of sales to other non-European countries, amounts are invoiced in either euros or the US dollar. In the period, Egide SA invoiced sales of US$4.4 million (exchange value in euros of €3.3 million) and Egide USA US$10 million (€7.5 million) In 2013, the US dollar/euro exchange rate (averaging 1.3281 for the year up compared to 1.2856 in 2012, or -3%) adversely impacted Group sales.

Inflows from sales in US dollars received directly by Egide SA (US$3.87 million in 2013) were used in payment of purchases for components from US suppliers (US$1.99 million). Inflows in the period from sales in US dollars exceeded outflows as certain non-European customers for which the invoicing currency is the US dollar are either not financed by factoring companies or pay Egide SA directly. The excess amount is then converted into euros. Inflows from sales in US dollars received by factoring companies are converted into euros at the prevailing rate of the day while financing for invoices issued in US dollars are also obtained in euros. In consequence, the corresponding risk is therefore at the level of the exchange rate on the translation date. No specific hedging arrangement has been put into place as the cost of such arrangements remains too high.

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

20.3.1.5.4.2.2 Interest rate risk

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

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

Finally, in May 2012, Egide USA Inc. obtained a US$1.56 million long-term loan from Bank of America to finance the acquisition of its industrial building subject to an interest rate equal to the BBA (British Bankers Association) Libor rate (Adjusted Periodically) + 3.50 points. This loan includes an early redemption clause linked to the application of a "default" clause (two covenants attached to this loan). See section 20.3.1.5.4.11.2.)

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

Financial investments exist through capital guaranteed money market mutual funds subject to interest fluctuating in accordance with the EONIA rate. In consequence, the interest rate risk remains very low in light of the amounts invested and the applicable rates of interest for 2013.

20.3.1.5.4.2.3 Liquidity risk

See section 20.3.1.5.3.1

20.3.1.5.4.3 Fixed assets

Fixed assets recognized in the Group's balance sheet at December 31, 2013 were acquired and consisted of patents, licenses and software.

Line item (€ thousands)	Values at 12/31/2012	Changes in Group structure and translation differences *	Values of 12/31/2012 at 12/31/2013 exchange rates	Acquisitions, creations, line item transfers, allowances	Disposals, decommissio-ning reversals of transfers	Values at 12/31/2013
Other intangible assets						
Gross value	364	(17)	347			347
- amortization	(351)	5	(346)			(346)
- impairment						
Net value	**13**	**12**	**0**			**0**
Total intangible assets	**13**	**(12)**	**0**			**0**
Land & fixtures						
Gross value	419	(18)	401			401
- depreciation	0					
- impairment	0					
Net value	**419**	**(18)**	**401**			**401**
Buildings						
Gross value	2,779	(1,728)	1,051	55		1,106
- depreciation	(695)	670	(25)	(44)		(69)
- impairment	(390)	390	0			0
Net value	**1,694**	**(668)**	**1,026**	**11**		**1,037**
Plant, machinery and equipment						
Gross value	16,244	(2,968)	13,276	631	197	13,711
- depreciation	(13,022)	1,747	(11,275)	(201)	(192)	(11,284)
- impairment	(2,560)	1,105	(1,455)			(1,455)
Net value	**662**	**(116)**	**546**	**430**	**5**	**971**
Other PPE						
Gross value	2,477	(140)	2,337	45	4	2,378
- depreciation	(2,150)	132	(2,018)	(70)		(2,088)
- impairment	(29)		(29)			(29)
Net value	**298**	**(8)**	**290**	**(25)**	**4**	**261**
Property, plant and equipment under construction, advances and prepayments						
PPP under construction	452		452	13	457	9
Advances and prepayments	25		25	8	34	0
Total	**478**		**478**	**21**	**490**	**9**
Property, plant and equipment	**3,551**	**(810)**	**2,741**	**437**	**499**	**2,679**

** Changes in Group structure concern the deconsolidation of Egima and Egide UK Ltd following the disposal of the total amount of shares of these subsidiaries by Egide SA on October 31, 2013.*

Allowances and reversals for amortization, depreciation and impairment are recorded under the line item "amortization, depreciation and impairment" under operating income for €318,000 and representing allowances.

Fixed assets under construction at December 31, 2012 concerned mainly the pretreatment chemical line of Egide SA commissioned in January 2013 and replacing the previous facility destroyed by fire in March 2012.

In application of IAS 36 an impairment charge of €3,272k was recorded on December 31, 2005 reflecting the sub level of activity of the Group manufacturing facilities and assumptions for future activity. Disposals of tangible assets, namely real estate assets resulted in the reversal of a previous allowance for €682k. The impairment of €390k had been recorded for the building in 2012, thus reducing the amount of impairment to €2,980k at December 31, 2012. The deconsolidation of Egima and Egide UK Ltd reduced this amount to €1,485k at December 31, 2013.

As the present value of assets recorded in the statement of financial position at December 31, 2013 covers their net carrying value, no additional amounts were recorded for impairment.

Line item (€ thousands)	Values at 12/31/2012	Changes in Group structure and translation differences*	Values of 12/31/2012 at 12/31/2013 exchange rates	Acquisitions, creations, line item transfers, allowances	Disposals, decommissio-ning, reversals of transfers	Values at 12/31/2013
Other financial assets						
Loans and other financial assets	204	(14)	190	1		191

** LChanges in Group structure concern the deconsolidation of Egima and Egide UK Ltd following the total amount of shares of these subsidiaries by Egide SA on October 31, 2013.*

20.3.1.5.4.4 Other non-current assets

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

Line items - (€ thousands)	Balance at 12/31/2013	Balance at 12/31/2012
Egide SA building debt assignment	238	233
2010 research tax credit		206
2011 research tax credit		251
2012 research tax credit		256
2013 research tax credit	262	
2013 CICE wage tax credit	129	
Total	**630**	**946**

Total debt relating to the transfer of the Bollène building of Egide SA corresponds to deferred payment for a portion of the sale price linked to the Cofacerating score for Egide SA representing €242k, or €238k at present value.

The 2013 research tax credit for Egide SA, as well as the 2013 CICE wage tax credit will be recovered in 2017 if not allocated to corporate income tax before that date.

Research tax credits for 2010 to 2012 were transferred on December 31, 2013 to "Trade and other receivables" following their transfer in January 2014 to BPI France in exchange for a current account credit line.

In the statement of comprehensive income, the 2013 research tax credit is recognized under "Other operating income" with a corresponding deduction from personnel expenses.

20.3.1.5.4.5 Inventories and work-in-progress

Line items (€ thousands)	Values at 12/31/2012	Changes in Group structure and translation differences*	Values of 12/31/2012 at 12/31/2013 exchange rates	Increases, allowances	Decreases, reversals	Values at 12/31/2013
Raw materials & supplies						
Gross value	5,680	(158)	5,522		338	5,184
- impairment	(3,449)	36	(3,413)	(118)	(19)	(3,511)
Net value	**2,231**	**(122)**	**2,109**	**(118)**	**319**	**1,673**
Work in progress						
Gross value	1,074	(161)	913		119	794
- impairment	(3)	1	(2)	(7)	(8)	(1)
Net value	**1,071**	**(160)**	**911**	**(7)**	**111**	**793**
Finished goods						
Gross value	1,257	(50)	1,207	31		1,238
- impairment	(961)	5	(956)	(40)	(120)	(876)
Net value	**296**	**(45)**	**251**	**(9)**	**(120)**	**362**
Trade goods						
Gross value	76	(18)	58		6	52
- impairment	(50)		(50)		(1)	(49)
Net value	**26**	**(18)**	**7**		**5**	**3**
Total	**3,624**	**(345)**	**3,278**	**(134)**	**315**	**2,830**

** Changes in Group structure concern the deconsolidation of Egima and Egide UK Ltd following the total amount of shares of these subsidiaries by Egide SA on October 31, 2013.*

A depreciation rate limited to 75% is applied to stock of kovar, a raw material with possibilities for disposal by resale or incorporated into structures, regardless of the year of inception for this material.

20.3.1.5.4.6 Trade and other receivables

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

Line items (€ thousands)	Balance at 12/31/2013	Balance at 12/31/2012
Advances and prepayments on orders	29	19
Accounts receivable	2,413	3,689
Personnel expenses and equivalent	2	4
VAT receivables	69	284
Sundry tax receivables	713	104
Sundry debtors	159	265
Total	**3,385**	**4,366**

At December 31, 2013, the breakdown of trade receivables by currency was €1,532k and US$1,215k

The research tax credits for 2010 to 2012 of Egide SA included under "Other non-current assets" at December 31, 2012 were transferred to "Sundry tax receivables" after being transferred to BPI France in January 2014 in exchange for a current account credit line.

The line item "Sundry debtors" at December 31, 2012 included an insurance payment of €210k received by Egide SA in early 2013 to cover expenses following the fire of March 1, 2012. At December 31, 2013, this line item included the sale price for Egide UK or €120k that will be collected by Egide SA in 2014 through 12 monthly installments.

The aging trial balance for trade receivables breaks down as follows:

Line items (€ thousands)	Values at 12/31/2013	0-30 days	31-60 days	61-90 days	More than 90 days
Trade receivables	2,413	2,340	56	11	6

"Impairment of trade receivables" breaks down as follows:

Line items (€ thousands)	Values at 12/31/2012	Effect of exchange rate fluctuations	Values of 12/31/2012 at 12/31/2013 exchange rates	Allowances	Reversals	Values at 12/31/2013
Impairment	138		138		97	41

Reversals for impairment charges correspond to receivable classified as definitively irrecoverable following the adoption of time limit rules applicable since 2008 by Egide SA.

20.3.1.5.4.7 Cash and cash equivalents

Cash and cash equivalents break down as follows:

(€ thousands)	12/31/2013	12/31/2012
Mutual funds (OPCVM)	65	0
Medium-term notes		301
Cash	447	830
Total	**512**	**1,131**

At December 31, 2013, cash balances in foreign currency of the Group were €131k for Egide SA, US$149k for Egide USA Inc., and $13k for Egide USA LLC. Cash at bank and in hand for Egide SA amounted to €234k.

20.3.1.5.4.8 Others current assets

Changes in prepaid expenses break down as follows:

	12/31/2013	12/31/2012
Rent and rental charges	94	118
Insurance	91	21
Maintenance		14
Taxes	17	33
Other	56	31
Total	**259**	**218**

Mutual funds (sicav) amounting to €65k pledged by Egide SA as security to the benefit of Moroccan customs authorities for Egima included under this item at December 31, 2013 were presented under mutual funds (OPCVM) in "Cash and cash equivalents" at December 31, 2013 after the guarantee was canceled by the Moroccan bank for whom the guarantee was established.

20.3.1.5.4.9 Information on paid-in capital

Share capital at December 31, 2013 amounted to €3,569,594 or 1,784,797 shares with a par value of €2.

20.3.1.5.4.9.1 Stock option plans

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

The Board of Directors made use of this authorization in 2013 to create 651 options.

Year-end stock option plan highlights are presented below:

Numéro du plan	Plan 4.4	Plan 5.1	Plan 5.2	Plan 6.1	Plan 6.2	Plan 6.3	Total
Options granted and not exercised Subscription price	4,337 28.75 €	4,774 25.69 €	22,225 5.34 €	217 5.20 €	651 7.46 €	651 4.08 €	32,855

For information, the average price for the Egide SA share for fiscal 2013 was €4.20 and the closing price at December 31, 2013 was €2.77.

With the total number of options granted and not exercised set by the general meeting at a maximum of 5% of the shares making up the share capital, there remained at December 31, 2013 a balance of 56,385 options available for grants.

20.3.1.5.4.9.2 Capital increase authorizations

On June 26, 2013, the combined ordinary and extraordinary general meeting authorized the Board of Directors to issue, through one or more installments, in amounts and at such times it chooses, shares, stock warrants and more generally, all securities giving present and/or future access to shares of the company, for a maximum nominal amount of €5 million, with or without pre-emptive subscription rights for existing shareholders. It furthermore authorized the Board of Directors to increase the number of securities to be issued by up to 15% the initial issue amount for the purpose of providing for an overallotment (greenshoe) option in accordance with market practices. Finally, it authorizes issuances through public offerings as provided for by article L.411-2 of the French monetary and financial code *(code monétaire et financier)* with cancellation of the shareholders' pre-emptive subscription rights subject to a limit of 20% of the share capital per year. This authorization shall be valid for a term of 26 months from the date of this general meeting, i.e. until August 25, 2015. Since the date of the general meeting on which there were granted, these authorizations have not been used.

20.3.1.5.4.10 Provisions

Line items (€ thousands)	Values at 12/31/2012	Changes in Group struc-ture and translation differences*	At 12/31/2012 at 12/31/2013 exchange rates	Allowances	Reversals (provisions used in the period)	Reversals (provisions unused in the period)	Values at 12/31/2013
Non-current provisions							
Provisions for employee benefits	362		362	53	21		394
Current provisions							
Provisions for lawsuit contingencies	57	(57)	0				
Total	**420**	**(57)**	**362**	**53**	**21**		**394**
Operating allowances/reversals				53	21		
Financial allowances/reversals							

** Changes in Group structure concern the deconsolidation of Egima and Egide UK Ltd following the disposal of the total amount of shares of these subsidiaries by Egide SA on October 31, 2013.*

The distinction between current and non-current provisions is based on the foreseeable maturity of the Group's obligation to the relevant third-party defined as twelve months from the end of the reporting period for current provisions.

In light of the assumptions presented in section 20.3.1.5.3.13 and adopted at year end, the impact on equity of discounting to present value the provision for employee benefits was a charge of €9k.

20.3.1.5.4.11 Accounts payable

20.3.1.5.4.11.1 Non-current debt

(€ thousands)	Balance at 12/31/2013 due from 1 to 5 years	Balance at 12/31/2012 due from 1 to 5 years
Borrowings and financial liabilities		
Bank borrowings		165
Other	138	197
Other non-current liabilities	12	22

At December 31, 2012 and 2013, there were no payables outstanding with terms exceeding five years.

Bank borrowings at December 31, 2012 related to Egima.

Other borrowings represented the PRME regional loan (Prêt Régional au Maintien de l'Emploi).obtained by Egide SA in 2010 (7-year interest-free including a 2-year grace period) resulting in the recognition of a discount under "Other liabilities" in accordance with IAS 39 and IAS 20.

20.3.1.5.4.11.2 Current debt

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

Line items (€ thousands)	Balance at 12/31/2013	Balance at 12/31/2012
Borrowings and financial liabilities		
Bank borrowings	1,056 [(a)]	1,335
Other financial liabilities	1,588 [(b)]	2,540
Trade and other payables		
Advances and prepayments on orders	220	294
Trade payables and related accounts	1,905	2,314
Employee and related payables	1,246	1,292
VAT payables		154
Other tax payables	166	303
Accrued credit notes		2
Sundry creditors	73	113
Payables for fixed assets	22	160
Other current liabilities	10	93
Total	**6,287**	**8,601**

[(a)] of which a US$1,457k (€1,056k) 15-year-long at BBA Libor + 3.50%. At December 31, 2012, the full amount of this bank loan obtained by Egide USA Inc. in May 2012 was classified under current debt for €1,157k as, in accordance with IAS 1, this presentation was required following the breach of a covenant. At December 31, 2013, the situation was comparable, with the presentation of payment terms identical, showing the full amount under current debt, even if the bank notified Egide USA that it would not take into account this covenant breached at December 31, 2013.
At December 31, 2012, the balance included debts of €178k of Egima and Egide UK Ltd.

[(b)] of which €740k at a floating rate based on the Euribor three month rate (Egide SA factoring agreements), US$1,100k (€798k) floating-rate based on BBA Libor (Egide USA Inc. factoring agreement) and €51k for an interest free 7-year loan with a two-year grace period, which in accordance with IAS 39 and IAS 20, resulted in the recognition of a discount under "Other financial liabilities".
At December 31, 2012, the balance included debt of €365k for Egide UK Ltd.

At December 31, 2013, the amount for purchase invoice accruals included in "Trade payables and related accounts" was €356k and accrued expenses included in "Employee and related payables" was €864k, €166k in "Other tax payables" and €68k in “Sundry creditors".

20.3.1.5.4.12 Tax and tax credits

Reconciliation between the theoretical tax and actual tax recognized:

(€ thousands)	31/12/2013
Pretax profit (loss) of consolidated companies	(516)
Theoretical tax income from rate of December 31, 2013	172
Impact of loss carryforwards	(172)

For information, deferred taxes at December 31, 2012 consisted of tax losses carried forward indefinitely amounting to €46,030k for Egide SA and €4,393k for Egide USA Inc.

As a measure of prudence, deferred taxes correspond to losses carried forward not recognized as assets with respect to applicable accounting rules.

20.3.1.5.4.13 Segment information

Financial highlights for operating segments break down as follows:

(€ thousands)	At 12/31/2013			At 12/31/2012			
	Egide SA	Egide USA Inc	Total	Egide SA	Egide USA Inc	Egima & Egide UK	Total
Revenue	12,840	7,546	20,386	13,981	8,664	2,950	25,595
Operating profit/(loss)	(739)	75	(664)	(607)	262	(326)	(671)
Net fixed assets	1,409	1,462	2,871	1,459	1,542	766	3,768
Capital expenditures for the period	(20)	72	51	774	1,545	49	2,369
Fixed asset impairments / IAS 36	(1,276)	(209)	(1,485)	(1,276)	(209)	(1,526)	(3,010)
Non-current borrowings and financial liabilities	138	0	138	189	0	174	363
Current borrowings and financial liabilities	790	1,854	2,644	1,341	1,990	544	3,875

In 2013, two customers individually accounted for more than 10% of sales (12% each) compared to none in 2012.

20.3.1.5.4.14 Other operating income and expenses

The breakdown for this item of comprehensive income is as follows:

(€ thousands)	12/31/2013		12/31/2012	
	Income	Expenses	Income	Expenses
Research tax credit - Egide SA	262		256	
Insurance payment for the fire and hail damage - Egide SA	52		642	
Business tax / CFE adjustment - Egide SA (refunded in 2012)		(31)	119	(123)
Social security rebate - Egide SA (2008 to 2010)	163			
Application of statute of limitation rules - Egide SA	31	(70)		
Other	16	(38)	67	(80)
Total	**525**	**(139)**	**1,085**	**(203)**

20.3.1.5.4.15 Income (loss) from discontinued operations

This line item includes results from subsidiaries sold on October 31, 2013. Concerning fiscal 2013, this represented the results for the period up to the date of sale.
All adjustments relating to consolidation in 2012 and subsidiaries deconsolidated in 2013 are shown on this line regardless of their nature (operating or financial).

The main aggregates for this line item are as follows:

(€ thousands)	12/31/2013	12/31/2012
Revenue	2,469	2 950
Raw materials and consumables	(482)	(641)
Change in finished goods and work in progress	2	102
Staff costs	(998)	(1,238)
External charges	(678)	(750)
Taxes other than on income	(36)	(43)
Amortization, depreciation and impairment of fixed assets	(94)	(715)
Allowances and reversals of impairment & provisions	57	(58)
Other operating income	15,265	151
Other operating expenses	(15,274)	(85)
Gross borrowing costs	(27)	(49)
Other financial income	672	117
Other financial expenses	(490)	(121)
Income tax	(2)	(2)
Total	**385**	**(381)**

Other operating and financial income and expenses in 2013 included mainly items relating to the disposal of Egide SA securities and associated translation differences.

20.3.1.5.4.16 Net financial income/(expense)

Income from cash and cash equivalents include proceeds from the sale of marketable securities by Egide SA.
Gross borrowing costs include interest expense on loans as shown in the statement of that position and financing commissions linked to factoring.

Other financial income and expenses break down as follows:

(€ thousands)	12/31/2013		12/31/2012	
	Income	Expenses	Income	Expenses
Foreign exchange gains / (losses)	44	(107)	310	(329)
Other income and expenses	3	0	46	(26)
Total	**46**	**(107)**	**356**	**(355)**

20.3.1.5.4.17 Earnings per share

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

Basic earnings per share are determined by dividing this result by the weighted average number of shares outstanding in the period. Share issuances resulting from cash capital increases are taken into account as from the date on which the funds are available. There is only one class of shares.

Diluted earnings per share are determined by adjusting the weighted average number of shares according to the maximum impact from converting dilutive instruments into ordinary shares, using the treasury stock method. Stock options are taken into account in calculating the theoretical number of additional shares only if the exercise price is lower than the listed share price on the calculation date.

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

Date for calculation purposes	Number of shares	At 12/31/2013		At 12/31/2012	
		Prorated presence	Weighted number	Prorated presence	Weighted number
12/31/1999	643,598	1	643,598	1	643,598
4/3/2000	400	1	400	1	400
7/5/2000	91,999	1	91,999	1	91,999
12/22/2000	245,332	1	245,332	1	245,332
12/31/2001	3,458	1	3,458	1	3,458
12/31/2003	1,428	1	1,428	1	1,428
12/31/2004	7,099	1	7,099	1	7,099
12/31/2005	4,942	1	4,942	1	4,942
8/21/2006	285,738	1	285,738	1	285,738
12/31/2006	1,837	1	1,837	1	1,837
12/31/2007	288	1	288	1	288
12/31/2008	3	1	3	1	3
12/31/2009	153	1	153	1	153
6/10/2011	25	1	25	1	25
2/17/2012	493,080	1	493,080	0,9	443,772
4/4/2012	5,417	1	5,417	0,7	3,792
Ordinary shares			**1,784,797**		**1,733,864**
Theoretical number of additional shares			0		0
Impact of dilutive instruments			**1,784,797**		**1,733,864**

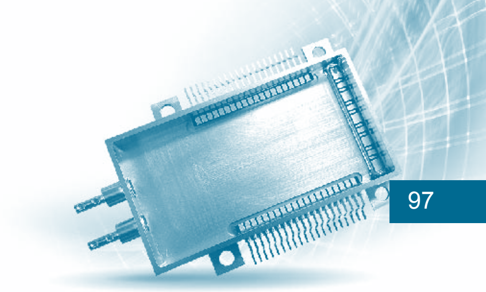
20.3.1.5.4.18 Related party transactions

Egide SA has four executive officers, including the President-CEO and three directors.
The Chairman of the Board of Directors was paid €171,000 in gross compensation for fiscal 2013 (salary of €167k and benefits in-kind of €4k). This compensation includes only fixed components. The executives do not receive post-employment benefits, severance benefits or any other long-term benefits. Other than stock options, (see above), there is no share-based compensation. As a corporate officer, he is covered by private employment insurance (Garantie Sociale des Chefs et Dirigeants d'Entreprises) with the portion paid by the company defined as a benefit in kind. He also has use of a company car and, like all employees of the company, profit-sharing benefits. No profit-sharing payments were made in 2013.
Compensation was not paid for the performance of duties as executive officer of Egide USA LLC, Egide USA Inc., Egide UK Ltd and Egima.

Directors of the Egide SA did not receive stock options other than the Chairman and Chief Executive Officer who at December 31, 2013 held 16,253 stock options. In compliance with the provisions of Act 2006-1770 of December 30, 2006, at least 20% of shares issued from the exercise of options granted as from this date must be maintained in registered form until the Chairman-CEO ceases to exercise his function.

For fiscal 2013 attendance fees paid to other members of the Board of Directors total €35,000 (gross amount plus a fixed statutory social levy for the "forfait social" of €7,000 for Egide SA) including €24,000 for fiscal 2012 and €11,000 for fiscal 2013. A director was tasked with an exceptional assignment at the end of 2013 for which a first payment of €8,000 was made in the period to which was added the corresponding statutory social levy for €2,000.

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



20.3.1.5.4.19 Off-balance sheet commitments

20.3.1.5.4.19.1 Commitments related to company financing activities

Commitments given:

Off-balance-sheet commitments are summarized below:

Line items (€ thousands)	12/31/2013	12/31/2012
Guarantees given	1,505	2,556
Total	**1,505**	**2,556**

Egide SA stood guarantee in favor of Bank of America in connection with a loan agreement obtained by Egide USA in May 2012 to finance the purchase of its industrial building for amounts owed by Egide USA Inc. representing the maximum amount of principal and interest remaining due estimated at US$2,076k (€1,505k) at December 31, 2013.

Commitments received:

- No bank guarantees were issued to the benefit of Egide

Reciprocal commitments:

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

20.3.1.5.4.19.2 Commitments related to company financing activities

Commitments given:

These commitments are as follows:

Line items (€ thousands)	Values at 12/31/2013	Due within less than 1 year	Due within 1 to 5 years	Due after 5 years
Trappes property lease - Egide SA [1] Bollène property lease - Egide SA [2]	368 1,778	115 210	253 861	0 707
Total	**2,146**	**325**	**1,114**	**707**

[1] *A firm 9-year lease commencing on March 5, 2008 – annual rent indexed to the INSEE cost of construction index as from April 1, 2009.*
[2] *A firm 12-year lease commencing on March 3, 2010 – annual rent indexed to the INSEE cost of construction index as from March 1, 201.*

20.3.1.5.4.20 Breakdown of average headcount

	12/31/2013	12/31/2012
Executives and management staff Supervisory staff and technicians, Plant and office staff	49 27 166	55 32 208
Total	**243**	**295**

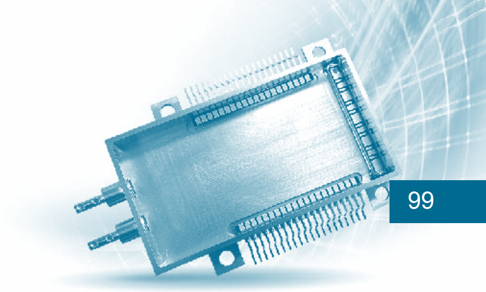
20.3.1.5.5 Subsequent events

The Board of Directors of Egide SA decided to develop an ambitious five-year business plan with the goal of doubling sales over the period and achieving a current operating margin of approximately 12% by the end of this period. To finance the investments estimated at approximately €5 million and permit the rapid deployment of this plan, an equity financing transaction was considered and an independent director was tasked with studying this option. This transaction will take the form of a capital increase through a public offering and the brokerage firm Invest Securities was selected to arrange this issue in the second half of the year.

20.3.2 2013 annual financial statements

20.3.2.1 Balance sheet

ASSETS in euros	Gross value at 12/31/2013	Amortization, depreciation and impairment	Net value at 12/31/2013	Net value at 12/31/2012
Intangible assets	**498,995**	**498,805**	**190**	**380**
Start-up costs				
Research and development expenditures				
Concessions, patents, licenses	346,546	346,356	190	380
Goodwill	152,449	152,449	0	0
Other intangible assets				
Property, plant and equipment	**12,178,452**	**10,934,096**	**1,244,356**	**1,302,001**
Land				
Buildings				
Plant, machinery and equipment.	10,115,634	9,150,537	965,097	528,072
Other PPE	1,902,168	1,631,608	270,560	296,254
PPE under construction	160,650	151,951	8,699	452,442
Advances and prepayments				25,234
Financial assets	**74,395,300**	**73,496,911**	**898,388**	**852,689**
Equity interests	72,688,338	72,688,338	0	0
Investment-related receivables	1,520,697	808,574	712,123	667,680
Other financial assets	186,265		186,265	185,009
NON-CURRENT ASSETS	**87,072,746**	**84,929,812**	**2,142,934**	**2,155,070**
Inventory and work in progress	**5,571,673**	**3,543,423**	**2,028,250**	**2,321,938**
Raw materials, supplies	3,824,194	2,616,394	1,207,800	1,529,150
Work-in-progress: goods	420,903	1,469	419,464	531,484
Work-in-progress: services	95,233		95,233	38,185
Intermediate and finished goods	1,179,399	876,116	303,283	215,899
Trade goods	51,944	49,444	2,500	7,220
Receivables	**634,670**	**41,291**	**593,379**	**594,711**
Advances and installments paid on	29,110		29,110	19,320
orders	605,560	41,291	564,269	575,391
Trade receivables and related accounts				
Subscribed capital - called and unpaid	**1,975,824**	**86,493**	**1,889,332**	**1,713,157**
Other receivables	**393,866**		**393,866**	**905,922**
Cash at bank and in hand	65,028		65,028	357,983
Marketable securities	328,838		328,838	547,939
Cash at bank and in hand	**211,589**		**211,589**	**139,614**
Prepaid expenses				
CURRENT ASSETS	**8,787,623**	**3,671,207**	**5,116,416**	**5,675,342**
Unrealized losses on foreign exchange	29,963		29,963	248,093
TOTAL	**95,890,332**	**88 ,601,019**	**7,289,313**	**8,078,504**



EQUITY & LIABILITIES in euros	Values at 12/31/2013	Values at 12/31/2012
Capital	3,569,594	3,569,594
Additional paid-in capital	1,271,612	1,271,612
Revaluation reserves		
Legal reserve	355,876	355,876
Statutory and contractual reserves		
Tax-based reserves		
Other reserves		
Retained earnings	(1,141,357)	(384,771)
Net income for the period	(388,898)	(756,586)
Investment grants		
Tax-based provisions		
SHARE CAPITAL	**3,666,827**	**4,055,725**
Advances on conditions	19,170	25,560
OTHER SHAREHOLDERS' EQUITY	**19,170**	**25,560**
Provisions for contingencies	29,963	248,093
Provisions for expenses	394,402	362,087
PROVISIONS	**424,365**	**610,180**
Financial liabilities	**210,000**	**270,000**
Bank borrowings		
Other financial liabilities	210,000	270,000
Advances and downpayments on orders in progress	**220,129**	**292,524**
Other payables	**2,742,270**	**2,809,651**
Accounts payable	1,350,817	1,354,922
Tax and employee-related liabilities	1,296,766	1,180,477
Payables to fixed asset suppliers	22,155	159,750
Other liabilities	72,533	114,502
Deferred income		
PAYABLES	**3,172,399**	**3,372,174**
Translation differences (liabilities)	6,552	14,866
TOTAL	**7,289,313**	**8,078,504**

20.3.2.2 Income statement

Line items	France	Export	12/31/2013	12/31/2012
Sale of goods	116,506	841,147	957,654	306,691
Sold production (goods)	5,855,509	5,349,970	11,205,478	12,563,114
Sold production (services)	336,250	369,833	706,083	1,160,899
NET REVENUE	**6,308,265**	**6,560,950**	**12,869,215**	**14,030,704**
Change in finished goods and in-progress inventory			53,052	(286,139)
Grants			2,392	5,799
Reversals of impairment & provisions - Expense reclassifications			164,172	590,248
Other income			31,787	12,432
Operating income			**13,120,619**	**14,353,044**
Purchase of trade goods			31,585	58,126
Changes in inventories of goods held for resale			5,665	1,324
Purchase of raw materials & other supplies			4,119,899	4,624,773
Changes in inventory (raw materials & other supplies)			314,938	549,655
Other purchases and external expenses			2,929,103	3,037,651
Taxes other than on income			296,759	335,826
Salaries and wages			4,599,353	5,027,992
Social security contributions			1,637,192	1,940,840
Allowances for amortization, depreciation & impairment of fixed assets			236,282	200,113
Allowances for impairment of current assets			72,585	90,465
Allowances for provisions			53,286	107,941
Other operating expenses			101,229	51,690
Operating expenses			**14,397,877**	**16,026,396**
RESULTAT D'EXPLOITATION			**(1,277,258)**	**(1,673,352)**
Interest and similar income			7,104	42,295
Reversals of impairment & provisions - Expense reclassifications			315,664	443,465
Foreign exchange gains			18,515	44,876
Net proceeds from the disposal of marketable securities			7,742	2,951
Financial income			**349,025**	**533,586**
Allowances for depreciation and reserves			29,963	434,076
Interest and related expenses			52,495	53,016
Foreign exchange losses			409,686	38,982
Net proceeds from the disposal of marketable securities				
Financial expenses			**492,144**	**526,073**
NET FINANCIAL INCOME / (EXPENSE)			**(143,119)**	**7,513**
INCOME FROM ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS AND TAX			**(1,420,377)**	**(1,665,839)**
Exceptional income from non-capital transactions			215,498	793,341
Exceptional income from capital transactions			139,901	
Other capital transactions				
Reversals of impairment & provisions - Expense reclassifications			14,792,656	
Exceptional income			**15,148,056**	**793,341**
Exceptional expenses on non-capital transactions			31,412	122,936
Exceptional expenses on capital transactions			14,342,385	
Allowances for depreciation and reserves			5,001	17,578
Exceptional expenses			**14,378,797**	**140,514**
NET EXCEPTIONAL ITEMS			**769,259**	**652,827**
Income tax			(262,220)	(256,426)
Employee profit sharing				
TOTAL INCOME			**28,617,701**	**15,679,971**
TOTAL EXPENSES			**29,006,598**	**16,436,557**
NET INCOME (LOSS) FOR THE PERIOD			**(388,898)**	**(756,586)**

20.3.2.3 Statement of cash flows

Line items	12/31/2013	12/31/2012
Net income	(388,898)	(756,586)
Adjustments for non-cash income and expense or items unrelated to operating activities:		
- Amortization, depreciation and provisions (excl. impairment of current assets)	(17,105)	263,629
- Capital gains or losses from asset disposals	(585,173)	17,578
Change in working capital requirements (net values)		
- Inventories and work in progress	292,688	784,564
- Trade receivables	11,122	79,599
- Other receivables and prepaid expenses	(39,810)	(673,444)
- Trade payables	(4,106)	(674,644)
- Other payables and deferred income	(6,388)	(479,956)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(736,669)**	**(1,439,260)**
Fixed asset purchases		
- Tangible and intangible fixed assets	(321,042)	(773,006)
- Financial assets	472,143	(150,449)
Fixed asset disposals		
- Tangible and intangible fixed assets	23,175	
- Financial assets	116,727	
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**291,003**	**(923,455)**
Issue of new cash shares		2,268,606
Increases in other equity		
Decreases in other equity	(6,390)	(6,390)
Distribution of dividends		
Increase in borrowings		
Decrease in borrowings	(60,000)	(30,000)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	**(66,390)**	**2,232,216**
Change in cash at bank and on hand	(512,056)	(130,500)
Change in current bank facilities		
CHANGE IN CASH AND CASH EQUIVALENTS	**(512,056)**	**(130,500)**
Opening cash and cash equivalents	905,922	1,036,421
- of which marketable securities pledged	57,447	57,447
- of which available-for-sale market securities	300,536	786,350
- of which cash at bank and on hand	547,939	192,625
Closing cash and cash equivalents	393,866	905,922
- of which marketable securities pledged		57,447
- of which available-for-sale market securities	65,028	300,536
- of which cash at bank and on hand	328,838	547,939
CHANGE IN CASH AND CASH EQUIVALENTS	**(512,056)**	**(130,500)**

20.3.2.4 Accounting methods and explanatory notes to the annual financial statements

20.3.2.4.1 Preliminary remarks

These notes are an integral part of the annual financial statements established on December 31, 2013 with an income statement showing total assets of €7,289,313, a statement of comprehensive income presented in the form of a list showing a loss of €388,898, adopted by the Board of Directors on April 25, 2014. These accounts have also been included in the consolidated financial statements of Egide SA as the parent company.

The financial period runs for twelve months from 1 January to 31 December 2013.

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

20.3.2.4.2 Significant accounting policies

20.3.2.4.2.1 Basis of preparation and compliance statement

The annual financial statements for the period ended December 31, 2013 have been prepared in accordance with applicable accounting standards based on the principles of conservatism, fair presentation, consistency of presentation, the time period concept and going concern.

As Egide currently has sufficient liquid resources to settle its debts on maturity, the company is consequently able to meet current liabilities with its current assets. In light of cash flow forecasts and the company's strategic plan, Egide's Board of Directors intends to proceed with a €5 million capital increase through a public offering expected to be completed before June 30, 2014. This corporate action seeks to cover investments for human resources, equipment and the financing of working capital requirements for the implementation of these investments. In the absence of this capital increase, Egide's cash position could become constrained in the last quarter of 2014 and require the submission of applications for the pre-financing of tax credit advances (wage and research tax credits). On that basis, Egide's business continuity remains contingent on either of the implementation of pre-financing for 2013 and 2014 wage tax credits (CICE) and the 2013 research tax credit or the successful outcome of this capital increase.

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

The annual financial statements have been prepared and presented in accordance with French generally accepted accounting practices (L 123-12 to L 123-28 of the French commercial code, the decree of November 29, 1983 and French General Chart of Accounts or *Plan Comptable Général* of 2005) (CRC Regulation No. 99-03 of April 29, 1999 as amended).

20.3.2.4.2.2 Intangible assets

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

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

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

	Straight-line
Licenses	110 to 20 %
Software	20 to 33.33 %
Patents	8.33 %

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

Information on the impairment test is provided in section 20.3.2.4.2.4.

20.3.2.4.2.3 Property, plant and equipment

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

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

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

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

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

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

As no significant residual values were identified for the company's tangible assets, the depreciation base does not take into account any residual values at the end of their period of use. The depreciation method, residual amounts and useful lives are reviewed at a minimum at the end of each reporting period, and may modify on a prospective basis the initial amortization schedule.

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

Information on the impairment test is provided in section 20.3.2.4.2.4.

20.3.2.4.2.4 Impairment test for non-financial assets

Before impairment tests, cash generating units (CGU) are first of the five. A CGU is a group of homogeneous assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets. Egide accordingly measures discounted future cash flow that will be generated by each CGU.

Value in use is determined by comparing the present value of cash flows to the net carrying value of the corresponding intangible and tangible assets of the corresponding CGU. An impairment loss is recognized if value in use falls below the net carrying value.

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

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

20.3.2.4.2.5 Equipment

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

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

20.3.2.4.2.6 Financial assets

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

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

20.3.2.4.2.7 Inventories and work-in-progress

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

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

20.3.2.4.2.8 Transactions and account balances in foreign currency

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

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

20.3.2.4.2.9 Payables and receivables

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

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

20.3.2.4.2.10 Factoring

The trade receivables account is cleared when the receivable is transferred to the factor resulting in the issuance of a subrogation receipt. The resulting receivable created in favor of the factor is extinguished when the receipt has been financed, after deducting the holdback and fees and commissions payable.

The factoring company which handles export receivables does contractually limit outstanding receivables balances per customer financed to €250,000.

20.3.2.4.2.11 Marketable securities

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

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

20.3.2.4.2.12 Capital grants

Capital grants received are transferred to exceptional income in the year obtained, without being spread over subsequent periods.

20.3.2.4.2.13 Repayable advances

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

20.3.2.4.2.14 Provisions for retirement severance payments and similar benefits

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

- Retirement age: 65 to 67 (according to the date of birth);
- Salary escalation rate: 2 %;
- Life expectancy: based on the INSEE 2009 actuarial table;
- Probability of presence determined according to internal statistics specific to each establishment;
- The long-term discount rate: 3.17% (Markit Iboxx Eur corporates AA 10+);
- Provisions are calculated excluding employer contributions as normally such obligations are not subject to social charges.

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

20.3.2.4.2.15 Provisions

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

20.3.2.4.2.16 Revenue recognition

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

20.3.2.4.3 Additional balance sheet and income statement disclosures

20.3.2.4.3.1 Critical accounting estimates and judgments

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

The critical accounting estimates and assumptions that could result in a material adjustment to the carrying amount of assets and liabilities during subsequent periods concern impairment tests the company may perform on intangible and intangible assets. In effect, in accordance with the accounting method defined in section 20.3.2.4.2.4, recoverable amounts are determined from calculations for value in use which call for use of estimates.

Egide's continuation as a going concern referred to in section 20.3.2.4.2.1 is also contingent on the success of financing activities for the outcome at the end of the reporting period is currently unknown.

20.3.2.4.3.2 Share capital

At December 31, 2013, the share capital was made up of 1,784,797 shares of €2 at par representing €3,569,594.

20.3.2.4.3.3 Additional paid-in capital

Additional paid-in capital at December 31, 2013 amounted to €1,271,612.

20.3.2.4.3.4 Stock option plans

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

The Board of Directors made use of this authorization in 2013 to create 651 options.

Year-end stock option plan highlights are presented below:

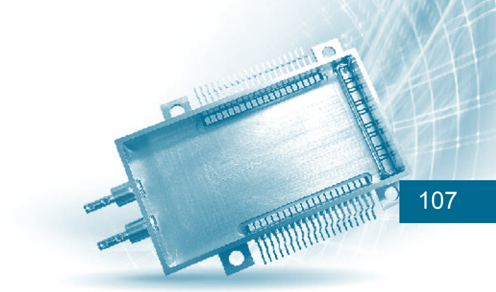
Plan No.	Plan 4.4	Plan 5.1	Plan 5.2	Plan 6.1	Plan 6.2	Plan 6.3	Total
Options granted and not exercised Subscription price	4,337 28.75 €	4,774 25.69 €	22,225 5.34 €	217 5.20 €	651 7.46 €	651 4.08 €	32,855

For information, the average price for the Egide SA share for fiscal 2013 was €4.20 and the closing price at December 31, 2013 was €2.77.

With the total number of options granted and not exercised set by the general meeting at a maximum of 5% of the shares making up the share capital, there remained at December 31, 2013 a balance of 56,385 options available for grants.

20.3.2.4.3.5 Capital increase authorization

On June 26, 2013, the combined ordinary and extraordinary general meeting authorized the Board of Directors to issue, through one or more installments, in amounts and at such times it chooses, shares, stock warrants and more generally, all securities giving present and/or future access to shares of the company, for a maximum nominal amount of €5 million, with or without preemptive subscription rights for existing shareholders. It furthermore authorized the Board of Directors to increase the number of securities to be issued by up to 15% the initial issue amount for the purpose of providing for an overallotment (greenshoe) option in accordance with market practices. Finally, it authorizes issuances through public offerings provided for by article L.411-2 of the French monetary and financial code (*code monétaire et financier*) with cancellation of the shareholders' preferential subscription rights subject to a limit of 20% of the share capital per year. This authorization shall be valid for a term of 26 months from the date of this general meeting, i.e. until August 25, 2015. Since the date of the general meeting on which there were granted, these authorizations have not been used.



20.3.2.4.3.6 Statement of changes in shareholders' equity

In Euros	31/12/2013	31/12/2012
Reported net income	(388,898)	(756,586)
Per share basis	(0.22)	(0.42)
Change in equity (excluding above income/loss)	-	2,268,606
Per share basis	-	1.27
Proposed dividend	-	-
Per share basis	-	-
Shareholders' equity at the end of the reporting period before appropriation	4,812,310	2,318,677
Impact on retained earnings of a change in accounting methods	-	-
Appropriation of earnings of prior year decided by the AGM	(756,586)	225,028
Shareholders' equity at the beginning of the period	4,055,725	2 543,705
Changes during the fiscal year		
Changes in share capital:		
- 02/16/2012: issuance of 493,080 shares at €5 per share	-	2,465,400
- 02/16/2012: deduction of share issuance expenses	-	(225,721)
- 04/052012: exercise of 5,471 stock options	-	28 927
Reported shareholders' equity before the AGM and excluding income (loss) for the period	4,055,725	4,812,311
Total changes in shareholders' equity in the period	(388,898)	1,512,020

20.3.2.4.3.7 Repayable advances

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

20.3.2.4.3.8 Provisions

Changes in the provisions break down as follows:

Line items (Euros)	12/31/2012	Allowances	Reversals	12/31/2013
Provisions for foreign exchange losses	248,093	29,963	248,093	29,963
Provisions for retirement severance payments and similar benefits	362,087	53,286	20,971	394,402
Other provisions				
Total	**610,180**	**83,249**	**269,064**	**424,365**
Operating allowances and reversals		53,286	20,971	
Financial allowances and reversals		29,963	248,093	
Exceptional allowances and reversals				

20.3.2.4.3.9 Other borrowings and financial liabilities

In connection with a regional job protection plan, in July 2010 the company received €200,000 from the Provence Alpes Côte d'Azur region and a loan of €100,000 from the Vaucluse department. These 7-year interest-free loans with a two-year grace period are repayable through annual installments of respectively €40,000 (€10,000 in 2012 for the first installment) and 20,000.

20.3.2.4.3.10 Depreciation schedule

Line items (Euros)	12/31/2012	Allowances	Reversals	12/31/2013
Intangible assets	152,449			152,449
Property, plant and equipment	1,391,825		127,578	1,264,247
Financial assets	88,357,139		14,860,227	73,496,911
Inventory and work in progress	3,517,286	72,585	46,448	3,543,423
Receivables	224,537		96,753	127,784
Total	**93,643,236**	**72,585**	**15,003,429**	**78,584,814**

20.3.2.4.3.11 Concessions, patents, licenses

Changes in the other intangible assets break down as follows:

In Euros	Gross value at 12/31/2012	Acquisitions, creations, reclassifications	Disposals, reclassifications, decommissioning	Gross value at 12/31/2013
Concessions, patents, licenses	346,546			346,546

Changes in the amortizations break down as follows:

In Euros	Accumulated amortization at 12/31/2012	Allowances	Reversals and derecognition	Accumulated amortization at 12/31/2013
Concessions, patents, licenses	346,166	190		346 356

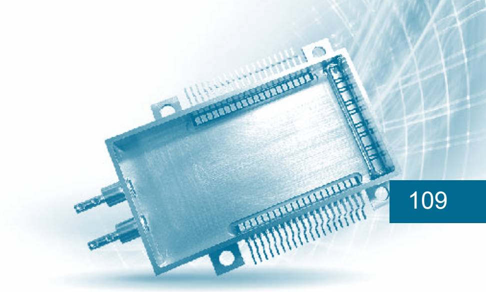
Concessions, patents and licenses are not subject to impairment.

20.3.2.4.3.12 Goodwill

In Euros	12/31/2013	12/31/2012
Bollène goodwill	152,449	152,449
Impairment	(152,449)	(152,449)
Net carrying value	0	0

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

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



20.3.2.4.3.13 *Property, plant and equipment*

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

Line items (Euros)	Gross value at 12/31/2012	Acquisitions, creations, reclassifications	Disposals, reclassifications, decommissioning	Gross value at 12/31/2013
Land	0			0
Buildings	0			0
Plant, machinery and equipment	9,700,853	611,621	196,840	10,115,634
Other PPE	1,861,365	40,803		1,902,168
PPE under construction	731,971	12,860	584,181	160,650
Advances and down payments on outstanding orders	25,234	8,411	33,645	0
Total	**12,319,423**	**673,695**	**814,666**	**12,178,452**

On March 1, 2012, the premises for the pretreatment chemical line of the Bollène plant were destroyed by a fire. The pretreatment line valued at €430k was the main equipment destroyed. Acquired at the end of 2012, this asset was commissioned in January 2013.

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

Line items (Euros)	Accumulated depreciation at 12/31/2012	Allowances	Reversals and derecognition	Accumulated depreciation at 12/31/2013
Land	0			0
Buildings	0			0
Plant, machinery and equipment	8,700,261	169,595	191,840	8,678,016
Other PPE	925,336	66,497		991,833
Total	**9,625,597**	**236,282**	**191,840**	**9,669,849**

Allowances for the depreciation of fixed assets are calculated on a straight-line basis and on that basis €189,000 was recognized under operating results..

Items derecognized related mainly to the fire.

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

Line items (Euros)	Accumulated depreciation at 12/31/2012	Allowances	Reversals	Accumulated depreciation at 12/31/2013
Plant, machinery and equipment	472,521			472,521
Other PPE	639,775			639,775
Tangible fixed assets under construction	279,529		127,578	151,951
Total	**1,391,825**		**127,578**	**1,264,247**

The discontinuation of operations of the Trappes plant resulted in the recognition of amounts for impairment in 2001 of €472k for industrial equipment and €640k for fixtures.

Following the reversal of the impairment for €128k corresponding to the sale to Egide USA of a furnace never used by Egide SA, €152k was recorded for impairment.

In connection with the impairment test performed on December 31, 2005, the company measured value in use of fixed assets based on business plans produced by management at the end of 2005 and the resulting business estimates and cash flow projections. On that basis, an impairment charge of €1,048k was considered necessary. As the present value of assets recorded at December 31, 2013 covers their net carrying value, no additional amounts were recorded for impairment.

20.3.2.4.3.14 Financial assets

Line items (Euros)	Gross value at 12/31/2012	Change	Gross value at 12/31/2013	Impairment at 12/31/2012	Change	Impairment at 12/31/2013
Egima shares	1,444,198	(1,444,198)	0	1,444,198	(1,444,198)	0
Egide USA LLC interests	72,688,338		72,688,338	72,688,338		72,688,338
Egide UK Ltd shares	971,321	(971,321)	0	971,321	(971,321)	0
Investment-related receivables Egima	11,186,307	(11,186,307)	0	11,186,307	(11,186,307)	0
Investment-related receivables Egide UK Ltd	1,210,341	(1,210,341)	0	1,210,341	(1,210,341)	0
Investment-related receivables Egide USA Inc.	1,524,314	(3,617)	1,520,697	856,634	(48,061)	808,574
Security deposit	185,009	1,256	186,265			
Total	**89,209,828**	**(14,814,528)**	**74,395,300**	**88,357,139**	**(14,860,228)**	**73,496,911**

In October 2013, Egide SA sold its shares in its subsidiaries Egima and Egide UK Ltd, for respectively 1 MAD and £100k, and collected in 2014 twelve monthly installments of £8,333.
Prior to this sale, Egide UK Ltd was able to reimburse £300k representing a portion of its debt. Also prior to their disposal, the subsidiaries carried out capital increases by the conversion of receivables held by Egide SA representing the balance of the corresponding investment-related receivables.
The net carrying value of the securities sold and recorded under extraordinary income amounted to €14,342,385.
The allowances for the impairment of the securities and corresponding receivables were accordingly reversed. To prevent a distortion in net financial income (expense), this reversal was recognized under exceptional items for €14,792,656.
Analysis of the equity interest at the end of the reporting period is based on multi-criterion approach capable of taking into account both subjective and objective criteria, and namely, net equity, recent performance, financial prospects, the relative weight in Egide's market capitalization based on sales. The weight of these different criteria may vary from one financial period to the next, in order to take into account selected specific or contextual factors.

For the period ending December 31, 2013, in light of the situation of the Group markets and recent results of Egide USA Inc., the impairment of the security was calculated from the share in equity held on this date.

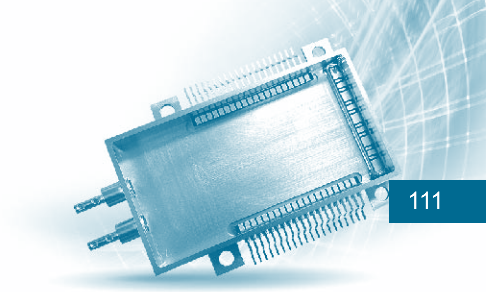
Similarly, amounts for impairment have been recorded for investment-related receivables so that allowances for impairment cover the subsidiary's negative net equity.

20.3.2.4.3.15 Inventories and work-in-progress

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

Line items (Euros)	Gross value at 12/31/2012	Gross value at 12/31/2013	Impairment at 12/31/2012	Allowances	Reversals	Impairment at 12/31/2013
Raw materials & other supplies	4,139,132	3,824,194	2,609,982	25,890	19,478	2,616,394
Work in progress	572,371	516,136	2,702	6,747	7,980	1,469
Finished goods	1,070,112	1,179,399	854,213	39,947	18,045	876,116
Trade goods	57,609	51,944	50,389		945	49,444
Total	**5,839,224**	**5,571,673**	**3,517,286**	**72,585**	**46,448**	**3,543,423**

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



20.3.2.4.3.16 Trade receivables

Changes in trade receivables break down as follows:

In Euros	Gross value at 12/31/2012	Gross value at 12/31/2013	Impairment at 12/31/2012	Allowances	Reversals	Impairment at 12/31/2013
Trade receivables	713,436	605,560	138,044		96,753	41,291

Pursuant to application of rules governing time limits in effect since 2008, the trade receivables concerned are considered irrecoverable resulting in the release of the corresponding allowances for impairment of €96,753.
Factoring has been in use since April 2006 and concerns domestic and export receivables representing 62% of actual sales. Receivables assigned to the factor but not yet settled at December 31, 2013 amounted to €1,052,000, thus increasing the value of trade receivables in the absence of factoring to €1,658,000 on this date compared to €2,313,000 at December 31, 2012.

20.3.2.4.3.17 Receivables and payables

Statement of receivables (Euros)	Gross amount	Less than 1 year	Non-current debt
Investment-related receivables	1,520,697		1,520,697
Other financial assets	186,265		186,265
Advances and down payments paid	29,110	29,110	
Doubtful and disputed trade receivables	41,291		41,291
Other trade receivables	564,269	564,269	
Personnel expenses and equivalent	2,358	2,358	
Research tax credits	975,342	713,122	262,220
Miscellaneous tax receivables	86,493		86,493
VAT receivables	69,260	69,260	
Accrued tax income (CICE wage tax credit)	129,147		129,147
Factors	312,502	312,502	
Accrued proceeds from the disposal of Egide UK Ltd	119,947	119,947	
Sundry debtors	280,775	38,775	242,000
Prepaid expenses	211,589	211,589	
Total	**4,529,046**	**2,060,932**	**2,468,113**

Research tax credit is refunded at the end of the third year following the grant if not applied until that date to corporate income tax. The 2013 research tax credit of €262k will be reimbursed in 2017. Research tax credits for 2010 to 2012 were assigned in January 2014 to BPI France to obtain a cash credit line.

The 2013 CICE wage tax credit is accounted for the same manner as research tax credits and will be refunded in 2017. The corresponding income was recognized in the income statement as a credit to staff costs (social security expenses).

The receivable represented by a €86k tax credit arising from withholding tax payable to Morocco was fully written down in light of the limited probability of its future application to income tax for Egide SA.

The receivable relating to factors represents the unfunded guarantee as well as the last receipt for the period if the factor has not yet issued its payment.

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

Statement of payables (Euros)	Gross amount	Less than 1 year	More than 1 and less than 5 years	More than 5 years
Miscellaneous loans and borrowings	210,000	60,000	150,000	
Customer advances and prepayments	220,129	220,129		
Trade payables and equivalent	1,350,817	1,350,817		
Employee and related-payables	600,833	600,833		
Social security and related-payables	529,240	529,240		
VAT payables	251	251		
Other tax and related payables	166,441	166,441		
Payables for fixed assets	22,155	22,155		
Other payables	72,533	72,533		
Total	**3,172,399**	**3,022,399**	**150,000**	

20.3.2.4.3.18 Marketable securities

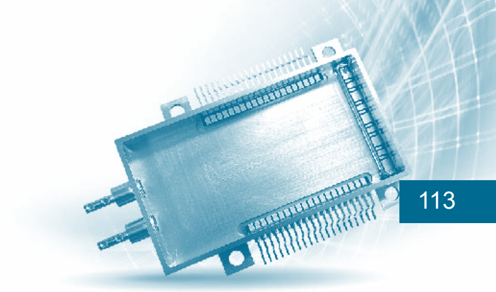
Marketable securities consist of UCITS funds with a carrying value of €65,028. The present value at December 31, 2013 of mutual funds (SICAV) showed an unrealized capital gain of €37.

20.3.2.4.3.19 Prepaid expenses

Line items (Euros)	12/31/2013	12/31/2012
Purchase of materials and other consumables		1,479
Rent	94,365	82,275
Insurance	89,095	11,403
Miscellaneous expenses (maintenance, etc.)	28,129	44,456
Total	**211,589**	**139,614**

20.3.2.4.3.20 Accrued expenses

Line items (Euros)	12/31/2013	12/31/2012
Suppliers - purchase invoice accruals	316,655	189,766
Personnel - social security payments	234	1,012
Personnel - personal protection insurance payments	4,261	5,224
Personnel - accrued vacation and related expenses	598,387	604,679
Personnel - accrued bonuses and related expenses	27,152	27,833
Personnel - accrued severance benefits and related expenses	123,089	
French government - other accrued expenses	166,441	153,234
VAT on credit notes receivable	251	2,260
Customers - accrued credit notes		2,241
Accrued expense voucher payments	3,336	3,052
Accrued commissions	15,201	15,589
Accrued attendance fees	10,500	24,000
Other accrued expenses	34,326	34,326
Total	**1,299,833**	**1,063,217**



20.3.2.4.3.21 Other accrued income

Line items (Euros)	12/31/2013	12/31/2012
Suppliers - accrued credit notes	14,179	21,467
Other accrued income	242,000	243,012
Accrued insurance payments	14,913	210,414
Accrued VAT receivables	177	107,379
VAT on unbilled trade payables	50,109	30,203
French government - accrued income	129,147	41,930
Total	**450,525**	**654,406**

20.3.2.4.3.22 Information on affiliated undertakings and participating interests

Subsidiaries and associates:

Line items (Euros)	Egide USA LLC Wilmington DE - USA
Capital	USD 66,878,828
Equity other than share capital (excluding income of the period)	(365,660) USD
Ownership interest (%)	100 %
Book value of shares:	
- Gross	€ 72,688,338
- Net	€ 0
Loans and advances granted and not yet repaid	None
Pledges and guarantees given by the company	None
Sales ex-VAT for year ended	None
Profit (loss) at closing	(231) USD
Dividends received by the company in the period	None
Other disclosure	Creation 11/08/2000 Incorporated as holding for Egide USA Inc.

Related party receivables and payables

Line items (Euros)	12/31/2013	12/31/2012
Investment-related receivables	1,520,697	13,920,962
Trade receivables and related accounts	14,256	73,056
Trade payables and related accounts	91,930	9,032

20.3.2.4.3.23 Translation differences

Relevant line item	Currency	Foreign exchange (debit balance) (Euros)	Foreign exchange (credit balance) (Euros)
Trade payables	YEN		3,332
Other	GBP		3,220
Trade payables	USD		5,932
Trade receivables	USD	1,590	
Other	USD	34,305	
Total		**35,895**	**12,484**

Provision for unrealized foreign exchange losses was recognized for €29,963.

20.3.2.4.3.24 Corporate income tax and tax losses

Tax loss carry forwards at the end of 2013 amounted to €47,346,641.

The disposal of shares of the subsidiaries Egima and Egide UK Ltd generated long-term capital gain of €494,716 taxable at 0%.

A research tax credit for fiscal 2013 of €262,220 and a CICE wage tax credit of €129,147 were recognized. These amounts will be refundable as from January 1, 2017.

Research tax credits for 2010 to 2012 for a total of €713,122 were assigned in January 2014 to BPI France for the purpose of obtaining cash credit line from this entity.

20.3.2.4.3.25 Changes in future tax liabilities at the standard tax rate

Increases (Euros)	2013	2012
Unrealized losses on foreign exchange Allowances for seniority bonuses of long-service awards	29,963 9,029	248,093
Total	**38,992**	**248,093**
Tax rate	33.33%	33.33%
Increase in future tax liabilities	**12,997**	**82,698**

Reduction (Euros)	2013	2012
Retirement severance benefits Allowances for seniority bonuses of long-service awards Organic tax Unrealized gains on foreign exchange Provision for unrealized foreign exchange losses Unrealized gains on UCITS funds Tax loss carryforwards	41,344 20,587 6,552 29,963 37 47,346,641	55,135 88,822 22,240 14,866 248,093 7,570 46,030,006
Total	**47,445,124**	**46,466,732**
Tax rate	33.33%	33.33%
Reduction in future tax liabilities	**15,815,041**	**15,488,911**

20.3.2.4.3.26 Revenue by business segment

Revenue in 2013 originated mainly from deliveries of finished products shipped in the period.

Business segment (Euros)	12/31/2013	12/31/2012
Glass-to-metal Ceramic Engineering Non-core activities Group	5,610,847 6,890,726 314,498 15,423 37,722	4,577,817 8,544,777 512,026 346,618 49,465
Total	**12,869,215**	**14,030,704**

20.3.2.4.3.27 Revenue by region

Secteurs géographiques - En euros	12/31/2013	12/31/2012
France	6,314,808	7,753,345
EEC excluding France	1,685,416	1,750,768
USA in Canada	889,412	1,572,318
Other countries	3,941,854	2,904,808
Group	37,722	49,465
Total	**12,869,215**	**14,030,704**

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

20.3.2.4.3.28 Net financial expense

Line items (Euros)	12/31/2013	12/31/2012
Net proceeds from the disposal of marketable securities	9,660	2,951
Net gains (losses) from foreign currency transactions	(173,041)	7,664
Impairment of equity investments and related receivables	67,571	7,620
Special commission on financing/factoring	(29,590)	(36,697)
Other financial income and expenses	(17,719)	25,976
Total	**(143,119)**	**7,513**

Net results from foreign currency transactions include a net expense of €120,734 relating to the disposal of Egima and Egide UK Ltd shares corresponding to translation differences arising from capital increases through the conversion of receivables.

Current account balances between Egide SA and its subsidiaries Egide USA Inc. and Egide UK Ltd were subject to annual interest of 0.229%. At year-end, Egide SA recorded financial income representing €5k in interest income on current account balances.

20.3.2.4.3.29 Net exceptional items

Line items (Euros)	12/31/2013	12/31/2012
Proceeds from the disposal of Egima and Egide UK Ltd shares	566,999	
Insurance payments not allocated to expenses	52,326	641,484
Results from the retirement and disposal of assets components	18,174	(17,578)
Social security contribution rebate (URSSAF)	163,172	32,677
Other	(31,412)	(3,756)
Total	**769,259**	**652,827**

Pursuant to the fire of March 1, 2012 and damage from the hailstorm of August 7, 2013, with respect to fixed asset replacement costs, exceptional income of €641k and €52k respectively was recognized in 2012 and 2013 resulting from claims payments by insurers.

20.3.2.4.3.30 Compensation of directors and officers

The Chairman of the Board of Directors was paid €171k in gross compensation in 2013 which included benefits in kind.

Attendance fees paid in 2013 to five members of the Board of Directors amounted to €35,000 for fiscal 2012 and 2013. Remuneration of €8,000 was paid in 2013 to a member of the Board of Directors for the performance of an exceptional ad hoc mission.

20.3.2.4.3.31 Total other commitments

20.3.2.4.3.31.1 Commitments given

20.3.2.4.3.31.1.1 Commitments on behalf of affiliated companies

- The company stood guarantee to the benefit of Bank of America in connection with a loan agreement obtained by Egide USA in May 2012 to finance the purchase of its industrial building for amounts owed by Egide USA Inc. representing at the maximum the amount of principal and interest remaining, estimated at US$2,089,164 (€1,514,875) at December 31, 2013.

Off-balance-sheet commitments are summarized below:

Line items (Euros)	12/31/2013	12/31/2012
Pledges		65,017
Guarantees given	1,514,875	2,411,522
Total	**1,514,875**	**2,476,539**

20.3.2.4.3.31.1.2 Statutory individual training rights

179 hours of training were used in fiscal 2013 in connection with French statutory individual training rights (DIF). At December 31, 2013, total hours of statutory training benefits vested by employees amounted to 17,612 hours.

20.3.2.4.3.31.1.3 Finance lease liabilities

Finance lease liabilities relate exclusively to "Other tangible fixed assets" and break down as follows:

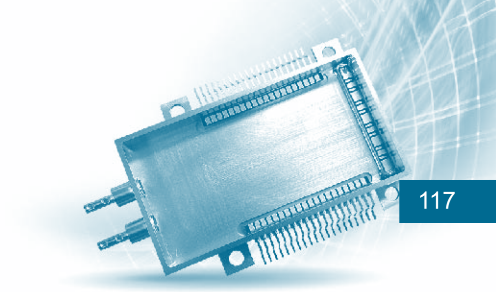
Vehicles (Euros)	12/31/2013
Value of assets at the least inception date	76,779
Allowances for depreciation if the assets have been acquired:	
- in the period	*18,606*
- accumulated depreciation at opening	*27,991*
Lease payments:	
- in the period	*16,951*
- accumulated depreciation at opening	*27,908*
Balance of lease payments outstanding at closing	26,061
Residual purchase price	30,032

20.3.2.4.3.31.2 Commitments received :

No bank guarantees were issued to the benefit of Egide.

20.3.2.4.3.31.3 Reciprocal commitments :

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



20.3.2.4.3.32 Breakdown of average headcount

	2013	2012
Executives and management staff Supervisory staff and technicians, Employees Workers	32 23 3 108	32 26 4 120
Average headcount	**166**	**182**

20.3.2.4.4 Subsequent events

The Board of Directors decided to develop an ambitious five-year business plan the goal of doubling sales over the period and achieving a current operating margin of approximately 12% by the end of this period. To finance the investments estimated at approximately €5 million and permit the rapid deployment of this plan, an equity financing transaction was considered and an independent director was tasked with studying this option. This transaction will take the form of a capital increase through a public offering in the brokerage firm Invest Securities was selected to arrange this issue in the second half of the year.

20.4 Auditing of historical annual financial information

20.4.1 Auditors' report on the 2013 consolidated financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

"To the shareholders,

In accordance with the terms of our appointment by your shareholders' meeting, we hereby submit our report for the year ended December 31, 2013 regarding:

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

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

I - Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at year-end and of the results of its operations for the year then ended in accordance with IFRS as adopted for use in the European Union.

Without calling into question the opinion expressed, we draw your attention to the uncertainty with respect to the principle of going concern presented in note 2.1 to the financial statements.

II - Justification of our assessments

In application of the terms of Article L.823-9 of the French commercial code relating to the basis of our assessments, we bring to your attention the following matters:

Based on our work and information provided to date, and as part of our assessment of the accounting principles applied by your company, we consider that the notes provide appropriate disclosures about the company's situation with respect to the uncertainty mentioned above, potentially affecting its viability as a going concern.

Furthermore, note 2.5 on property, plant and equipment indicates that an impairment test is performed whenever there exists an internal or external indicator of a loss in value. Our work has consisted in ensuring that the market value of tangible fixed assets is greater than their net carrying value and the appropriate nature of disclosures provided in note 2.5.

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

III - Specific procedures

We have also reviewed in accordance with French professional standards the information provided in the Group management report.

With the exception of the possible impact of items presented in the first part of this report, we have other matters to report as to the fair presentation and consistency of the information therein with the consolidated financial statements.

Neuilly-sur-Seine and Paris, April 29, 2014
Statutory Auditors

French original signed by:

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

20.4.2 Auditors' report on the 2013 annual financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

"To the shareholders:

In accordance with the terms of our appointment at your shareholders' meeting, we hereby submit our report for the year ended 31 December 2013 regarding:

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

Your Board of Directors has approved the annual financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

I - Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of August 31, 2010 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

Without calling into question the opinion expressed above, we draw your attention to the uncertainty with respect to the principle of going concern presented in notes 1.1 and 2.1.

II - Justification of our assessments

Pursuant to the provisions of article L.823-9 of the French commercial code regarding the basis of our assessments, we draw your attention to the following matters:

Based on our work and information provided to date, and as part of our assessment of the accounting principles applied by your company, we consider that the notes provide appropriate disclosures about the company's situation with respect to the uncertainty mentioned above, potentially affecting its viability as a going concern.

Notes 1.6 and 2.14 on financial assets indicate that your company records amounts for the impairment of equity securities in investment-related receivables when their useful value falls below their initial acquisition cost. In light of the situation of the Group's markets and recent results of subsidiaries, amounts for the impairment of these securities in investment-related receivables were determined based on the share in equity held at December 31, 2013.

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

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

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

III - Specific procedures and disclosures

We also carried out the specific verifications required by law, in accordance with professional standards applicable in France

With the exception of the possible impact of items presented in the first part of this report, we have no other matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the annual financial statements.

Regarding the information provided in accordance with the provisions of article L.225-102-1 of the French commercial code on compensation and benefits paid to corporate officers as well as commitments incurred in their favor, we have verified their consistency with the accounts or with the data used to prepare these financial statements, and when necessary, with any information obtained by your company from companies controlling your company or controlled by your company. Based on this work, we attest the accuracy and fair presentation of this information.

As required by law, we have verified that the management report contains the appropriate disclosures relating to the identity of holders of capital and voting rights.

Neuilly-sur-Seine and Paris, April 29, 2014
Statutory Auditors

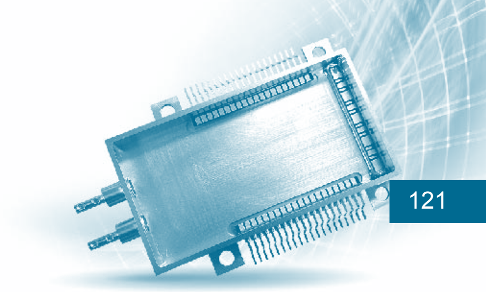
French original signed by:

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

Notes:

Notes 2.1 and 2.5 referred to in the Auditors' report on the consolidated financial statements correspond to respectively sections 20.3.1.5.3.1 and 20.3.1.5.3.5 of this registration document.

Notes 1.1, 1.3, 1.4, 1.6, 2.1, 2.13 and 2.14 referred to in the Auditors' report on the annual financial statements correspond to respectively sections 20.3.2.4.2.1, 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 registration document.



20.5 Other items disclosed in the Group management report

20.5.1 Review of operations

20.5.1.1 Egide SA

Revenue in 2013 amounted to €12.87 million compared to €14.039 in 2012, or down 8%.

The defense and space sector advanced slightly by 3% on revenue of €5.80 million compared to €5.61 million in 2012. This increase is mainly attributable to military infrared and electronic product sales which offset the performance of the space segment with lower sales compared to 2012.

Revenue for the telecommunications segment remained steady overall at €3.95 million in 2013 and in line with the previous year. The customer mix has in contrast evolved in relation to the prior year. In effect, the main telecommunications customer increased its orders for optical switches and approved Egide as a supplier for its new products whereas the second and third largest customers in 2012 significantly reduced their orders.

The industrial segment registered a sharp decline with revenue of €3.08 million in 2012 and down from €4.43 million in 2012 or more than 30%. This segment which includes infrared products for civilian applications and civil aeronautics and automotive applications, was significantly impacted by a drop in orders from the Group's main customer for infrared components for civilian applications.

Intercompany invoicing has continued to remain virtually stable from one year to the next at €0.04 million in 2013 compared to €0.05 million in 2012. These represent exclusively amounts charged back for general management and financial services by Egide SA to its subsidiaries.

With sales of €5.61 million, the glass-to-metal technology accounted for 44% of total revenue for the period representing an increase from the 33% share in the previous period. This increase results mainly from a telecommunications order. Ceramics, with sales of €6.89 million, remains Egide SA's primary technology application accounting for 54% of total revenue in 2013 (compared with 61% in 2012). This decline reflects lower demand for civilian infrared components.

The company invoiced fees of €0.31 million for engineering studies in 2013. This is lower than the amount for 2012 of €0.51 million, though reflects in fact a change in the invoicing schedule with research and development activities remaining comparable from one year to the next.

Egide SA remains heavily focused on exports with activity outside of France accounting for 51% of total revenue in 2013 (excluding intercompany sales) compared to 45% in 2012. Europe excluding France accounts for 13% of revenue for the period and North America 7%. Revenue from other regions rose to 31% in 2013 from 21% in 2012 mainly in response to the growth of a telecommunications customer whose manufacturing subcontractors are located in Asia.

20.5.1.2 Egide USA

Egide USA had revenue of €7.66 million in 2013 (of which €0.11 million from Group invoicing) compared to €8.70 million in 2012. This 12% decline in euros reflects mainly the impact of US military budget reductions (9.1% on a US dollar basis from US$11.19 million to US$10.17 million) combined with euro/US dollar exchange rate trends in 2013 (average exchange rate of 1.3281 compared to 1.2856 in 2012).

The "defense and space" segment accounted for 80% of 2013 revenue, up from 76% in 2012 with respectively €6.01 million and €6.56 million. The industrial sector remained relatively stable as a percentage of sales at 17% (€1.30 million in 2013 compared to €1.56 million for the previous period). The telecommunications sector for which Egide USA is a supplier solely for a selected number of very specific niche products registered a decline and now represents only 3% of revenue for the period compared to 6% one year earlier (at respectively €0.24 million and €0.54 million).

Products sold make use exclusively of the glass-to-metal technology. North America was the sole market for the US subsidiary in 2013 (excluding intercompany sales).

20.5.1.3 Egide UK

This subsidiary was specialized in the manufacture of molded metal and plastic components and did not manufacture hermetic packages. It was sold on October 31, 2013 and represented only 10 months of activity for the Egide group in the period. Revenue in 2012 amounted to €2.13 million, without intercompany sales.

The industrial sector accounted for 95% of its revenue (with a steady performance for the automotive and medical sectors) and the telecommunications sector 5%. The plastics technology accounted for 12% of sales with the remaining 88% from metal molding applications. Europe accounted for 74% of the subsidiary's revenue, North America 22% and the rest of the world 4%.

20.5.1.4 Egima

Egima's only customer was Egide SA which subcontracted production for a portion of its orders. As of July 1, 2009, this production entity had been mothballed and a process for the disposal of this subsidiary was initiated as the specific features of this site were not adapted to Group needs. As a result, no revenue was generated by the manufacturing activity of the site in 2013. In contrast, since April 11, 2011, Egima has rented its premises and selected assets to the company Casablanca Aéronautique which itself engaging in an industrial activity. Egima charged back selected services such as the supply of water or electricity as well as rental expenses. As the sale of Egima to Casablanca Aéronautique was finalized on October 31, 2013, revenue generated of €0.34 million accordingly corresponded to operations for the first 10 months of the year.

20.5.2 Presentation of results

20.5.2.1 Consolidated results

At December 31, 2013, the following companies were consolidated by Egide Group:

- Egide USA LLC, a direct wholly-owned subsidiary,
- Egide USA Inc., wholly-owned through Egide USA LLC,

Since October 31, 2013, the subsidiaries Egima and Egide UK Ltd were deconsolidated by Egide Group following the disposal of all shareholdings in these companies held by Egide SA.

The results (expense and income) of these subsidiaries until that date as well as all items of comprehensive income are presented separately under two bank line items: "Income (loss) from discontinued operations" and "Other comprehensive income". These items presented a profit of €0.38 million of which €0.30 million corresponded to recycled translation differences from the subsidiaries sold.

Consolidated revenue amounted to €20.39 million generating an operating loss of €0.66 million (compared to a loss of €0.35 million in 2012 on revenue of €22.65 million). Results have been stabilized from one year to the next despite the 10% decline in revenue like-for-like (Egide SA and Egide USA) through measures undertaken to reduce staff costs (elimination of fixed-term employment contracts and part-time activity at Egide SA and staff reductions at Egide USA). Production output remained under control, and even improved in certain areas at the two production sites. Egide SA had an operating loss of €0.74 million and Egide USA had an operating profit of €0.08 million. The level for sales of the parent company remained insufficient throughout 2013 to cover its fixed costs whereas Egide USA was able to more easily reduce its costs (redundancy of 10 employees and temporary wage cuts) in order to adjust to the drop in sales and maintain its results.

Egide USA's purchase of its industrial building in May 2012 that it previously rented positively impacted 2012 results as interest expenses and depreciation are significantly lower than rental expenses previously incurred. Egide USA's external charges furthermore declined in 2013 at the level of the "fees" line item as transaction fees relating to the real estate purchase paid in 2012 represented a non-recurring item.

The research tax credit of Egide SA, in compliance with IFRS, was recognized under "operating income" for €0.3 million rather than as a negative tax expense (as in the French GAAP statutory accounts). The CICE wage tax credit of Egide SA was recognized as a deduction from "staff costs".

The net amount recognized for amortizations, depreciation, impairment and provisions was €0.31 million compared to €0.98 million in 2012 (or €0.26 million like-for-like: Egide SA and Egide USA). This increase reflects the replacement of equipment at Egide SA following the fire in 2012 and the Egide USA building purchased this same year.

Net financial expense amounted to €0.24 million (compared to an expense of €0.14 million in 2012) and corresponds mainly to borrowing costs (interest linked to the use of factoring by to Group entities plus interest expense on the US loan). In 2013, the results of foreign exchange transactions remained virtually stable as in 2012.

The above items resulted in a net loss for the period of €0.52 million (compared to a loss of €0.86 million in 2012).

As of December 31, 2003, the company's consolidated balance sheet no longer shows a balance of unamortized goodwill.

Current cash amounted to €0.51 million, compared to €1.13 million at December 31, 2012. Long-term debt of €0.14 million (€0.36 million at the end of 2012) consisted of a 7-year regional PRME "job protection" loan (*Prêt Régional au Maintien de l'Emploi*) with a 2 year grace period obtained by Egide SA in 2010. For information Egima was sold in the period resulting in the derecognition of the subsidiary's bank loan from the Group's balance sheet. Current debt represented trade receivables financing from factoring entities (€1.54 million), the non-current portion of Egide SA's PRME loan (€0.05 million) as well as the balance of the loan (€1.06 million) obtained by Egide USA to finance the purchase of its industrial building, repayable in 15 years, though for which at year-end one of the covenants had been breached (application of IAS 1 resulting in the presentation of this loan under "current liabilities" even though this breach had been accepted by the creditor). It is specified that Egide does not use financial instruments giving rise to any particular risk.

Working capital remained stable at approximately 50 days of sales in relation to 2012.

20.5.2.2 Parent company results

The annual financial statements of Egide SA for the period ended December 31, 2013 have been prepared in accordance with applicable accounting standards based on the principles of conservatism, fair presentation, consistency of presentation, the time period concept and going concern.

Revenue for the period amounted to €12.87 million compared to €14.03 million for the previous period or down 8%. Operating income totaled €13.12 million compared to €14.35 million one year earlier.

Operating expenses for the period came to €14.40 million, down 10% from €16.03 million in 2012. Expenditures for raw materials benefited from the positive effect of the rise of the US dollar for supplies imported and for which the percentage relative to total purchases increased significantly. For information, the average exchange rate for the US dollar in 2012 was €1.2856 compared to €1.3281 in 2013. Furthermore, production yields registered an improvement from one year to the next.

External charges declined marginally to €2.93 million from €3.04 million 2012. The main line items showing declines concerned maintenance costs for premises as well as for production equipment. Staff costs totaled €6.24 million in 2013 compared to €6.97 million in 2012. This decline reflects measures taken in the period to adjust direct personnel (discontinuation of fixed-term contracts in the first quarter) to reduced activity. In addition, three weeks of part-time activity resulted in a reduction in personnel costs by €0.3 million. However, the weight of indirect personnel costs mechanically increased with the impact of adjustments more reduced at this level. Average headcount for the period (fixed-time contracts and permanent contracts) declined from 182 in 2012 to 166 in 2013. The CICE wage tax credit was registered as a €0.1 million deduction from staff costs in 2013. Unless transferred to Bpifrance in a guarantee for a credit line, it cannot be refunded until January 1, 2017.

An impairment test had been performed on December 31, 2005 which involved the measurement of value in use of fixed assets based on business plans produced at the end of 2005 and the resulting cash flow projections. This test resulted in the recognition of an impairment charge of €1.08 million for fiscal 2005. No additional impairment charges have been recognized since. Pursuant to the impairment test performed on December 31, 2013, no additional impairment charges were recognized in the period and the level of impairment was accordingly maintained. Amounts for the depreciation and amortization of fixed assets remained stable at €0.20 million.

Despite efforts to adjust staff costs and maintain output and productivity, the level of activity recorded in 2013 was not sufficient to achieve a result above breakeven in the period. Accordingly, an operating loss was recorded of €1.28 million compared to a loss of €1.67 million in the prior period.

Research and development expenditures remained stable at €1.2 million. These expenditures were not capitalized.

Net financial expense came to €0.14 million compared to breakeven for this item in the prior period. This result takes into account the impact of currency gains and losses on the disposal of Egima and Egide UK Ltd shares at October 31, 2013. On that basis, a corresponding financial loss of €0.1 million was recorded in the period after adjusting for the value of receivables on the disposal date.

The pretax current operating loss was €1.42 million compared to a loss of €1.67 million the prior year.

Net exceptional items include a profit of €0.6 million from the disposal of shares of subsidiaries. As Egide UK had repaid £0.3 million of its current account balance on the disposal date, the decrease in payables and the adjustment of receivables according to exchange rates prevailing on this date resulted in an amount for impairment previously recorded that exceeded the gross value of the securities and receivables owed. Furthermore, the €0.1 million sale price for Egide UK generated an exceptional profit.

Net exceptional items for 2013 thus represented a profit of €0.77 million compared to €0.65 million in 2012 that originated mainly from insurance claims payments following the fire of the pretreatment facility and allocated to fix assets.

The research tax credit for the period amounted to €0.26 million, the same amount recognized for 2012.

In light of these items, a net loss of €0.39 million was recorded for 2013 compared to a loss of €0.76 million in 2012.

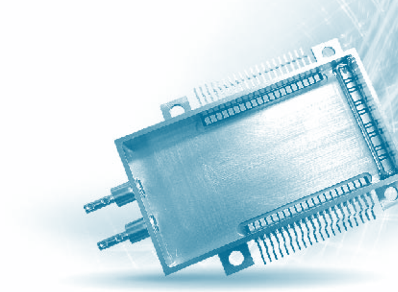
At December 31, 2013, the company had total assets of €7.29 million compared to €8.08 million for 2012. Cash at year-end amounted to €0.4 million compared to €0.91 million on January 1, 2013. Financial debt consisted of a €0.21 million loan granted in July 2010 by the Provence-Alpes-Côte d'Azur region and the Vaucluse department in connection with the PRME "job protection" loan *(Prêt Régional au Maintien de l'Emploi).* This represented a 7-year interest-free loan with a 2-year grace period. In the period, €0.06 million had been repaid.

20.5.3 Statutory disclosures on the trade payables aging balance (Egide SA)

In accordance with article L.441-6-1 of the French commercial code, information on the aging balance for trade payables of Egide SA is provided below:

In Euros	2012	%	2013	%
Not due (purchase invoice accruals)	189,766	14.01	316,655	23.44
Past due	113,796	8.40	196,347	14.54
30 days	681,640	50.31	591,189	43.77
60 days	364,915	26.93	216,880	16.06
More than 60 days	4,805	0.35	29,746	2.19
Total	**1,354,922**		**1,350,817**	

Payables due at the end of 2013 concern mainly invoices for components for which payment authorization vouchers have not yet been issued and which will be settled in early 2014 and invoices expected to be transferred to the current account balance. Egide applies contractual payment terms of 60 days from the invoice date which explains why there are payables exceeding 30 days (the French statutory payment limit). Payables exceeding 60 days at December 31, 2012 concerned mainly one invoice payable in four installments. At December 31, 2013, these also concerned invoices payable in installments.



20.5.4 Five-year financial summary (Egide SA)

Closing date Length of fiscal year	12/31/2013 12 months	12/31/2012 12 months	12/31/2011 12 months	12/31/2010 12 months	12/31/2009 12 months
SHARE CAPITAL AT YEAR-END					
Share capital (€)	3,569,594	3,569,594	2,572,600	12,862,750	12,862,750
Number of shares					
- *common shares*	1,784,797	1,784,797	1,286,300	1,286,275	1,286,275
- *preferred shares*	-	-	-	-	-
Maximum number of potential shares					
- *from the conversion the bonds*	-	-	-	-	-
- *from the exercise of subscription rights*	89,239	89,239	64,315	64,313	64,313
OPERATIONS AND RESULTS (€)					
Sales ex-VAT	12,869,215	14,030,704	17,699 368	16,088,641	13,282,064
Earnings before taxes, employee profit-sharing, impairment, depreciation, amortization and provisions	(733,838)	(915,245)	(180,597)	630,581	(1,238,511)
Income tax	(262,220)	(256,426)	(251,235)	(205,461)	(226,541)
Allowances for impairment, depreciation, amortization and provisions	(82,720)	97,767	(154,390)	603,532	2,489,675
Net income	(388,898)	(756,586)	225,028	232,510	(3,501,645)
EARNINGS PER SHARE (€)					
Earnings after tax but before impairment, depreciation, amortization and provisions	(0.26)	(0.37)	0.05	0.65	(0.79)
Earnings before taxes, employee profit-sharing, impairments, depreciation, amortization and provisions	(0.22)	(0.42)	0.17	0.18	(2.72)
PERSONNEL					
Average number of employees	166	182	224	193	168
Payroll(€)	4,599,353	5,027,992	5,886,758	5,278,210	4,675,161
Social charges and benefits paid(€)	1,637,192	1,940,840	2,284,458	2,102,063	1,938,718

20.5.5 Statutory disclosures of marketable securities (Egide SA)

Information of marketable securities presented in the balance sheet of Egide SA at December 31, 2013 is presented below:

Amounts in Euros	Quantité	Valeur nette
Fixed securities Egide USA LLC shares	-	0
Subtotal - fixed securities		**0**
Marketable securities SICAV Etoile Jour Primo	65.02785	65,028
Subtotal - marketable securities		**65,028**
Total - net carrying value		**65,028**

20.6 Other financial disclosures

In the 2014 first quarter, Egide had consolidated revenue of €5.3 million (unaudited), up 10% from the last quarter of 2013, though down 5% from the prior year's first quarter.

In the 2014 first quarter, Egide SA contributed 64 % to total consolidated revenue and Egide USA 36 %. By sector, defense and space accounted for 63% of revenue, telecoms 19% and industry 18%.

20.7 Dividend policy

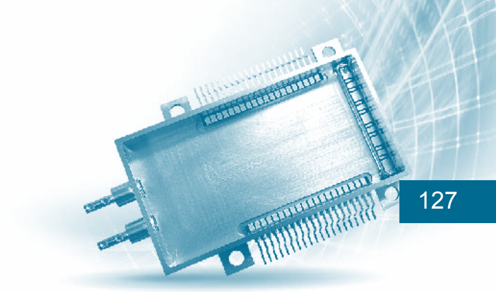
No dividends have been paid for the last three financial periods. The company intends to continue to allocate available funds to financing operations and growth and in consequence, does not plan to distribute dividends in 2014.

20.8 Legal and arbitration proceedings

There are no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the company is aware as of the date of this document) which may have or have had during the last twelve months a significant effect on the financial position or profitability of the company.

20.9 Significant change in the Company's financial or trading position

On the date of this registration document, no other significant changes to the Group's financial or trading position have occurred since December 31, 2013.



21 ADDITIONAL INFORMATION

21.1 Share capital

21.1.1 Number of shares and nominal value

Share capital of March 31, 2014 amounted to €3,569,595 divided into 1,784,797 shares with a nominal value of €2 per share. There was only one class of shares, excluding the specific case of shares carrying double voting rights described in section 18.3. Share capital is fully paid up. No security rights, encumbrances or pledges exist on the company's capital.

21.1.2 Unissued authorized capital

Authorizations for capital increases granted by the general meeting to the Board of Directors at March 31, 2013 are summarized below:

	Shareholders' Meeting date	Expiry date of the authorization	Amount authorized	Use of authorizations in prior periods	Authorizations used in the period	Residual amount on the date this summary was produced
Authorization to increase the capital maintaining preemptive subscription rights	6/26/2013	8/25/2015	**Shares** € 5,000,000 **Debt securities** € 50,000,000	No	No	**Shares** € 5,000,000 **Debt securities** € 50,000,000
Authorization to increase the capital with cancellation of preemptive subscription rights	6/26/2013	8/25/2015	**Shares** € 5,000,000 **Debt securities** € 50,000,000	No	No	**Shares** € 5,000,000 **Debt securities** € 50,000,000
Authorization to increase the number of securities to be issued in the event of a capital increase with and without preemptive subscription rights	6/26/2013	8/25/2015	15% of the initial amount of the increase	No	No	-
Authorization to increase the share capital by an offering covered by article L.411-2 II of the French monetary and financial code	6/26/2013	8/25/2015	**Maximum** 20 % of the share capital per year	No	No	-
Authorization for a capital increase to the benefit of employees with cancellation of preemptive subscription rights	6/26/2013	8/25/2015	**Maximum** 1 % of the capital	No	No	-
Authorization to issue stock options to subscribe for shares	6/26/2013	8/25/2016	5 % of the capital	Yes	Yes	3.40 % of the capital

21.1.3 Potential share capital

Authorization to issue stock options to subscribe for shares

The general meeting of June 26, 2013 authorized the Board of Directors to issue stock options within the limit of 5% of the share capital. The subscription price will be at least equal to the average weighted price of the last twenty trading sessions subject to a discount of 5%. This authorization is valid for a period of 38 months.

Information on plans in force at March 31, 2014 is provided in section 17.3 of this document.

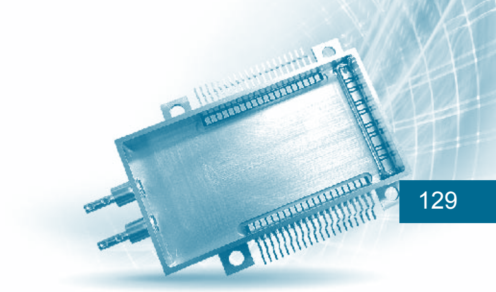
21.1.4 Changes in share capital

Changes in share capital since the company's creation are presented below:

Date	Type of transaction	Capital increase (€)	Share capital decrease (€)	Additional paid-in capital (€)	Number of shares	Par value of shares	Amount of capital (€)
10/14/1986	Incorporation	457,347			30,000	€ 15.24	457,347
12/15/1987	Increase (1)	320,143			51,000	€ 15.24	777,490
9/30/1988	Increase (1) (2)	654,311			93,920	€ 15.24	1,431,801
11/3/1988	Increase (1)	419,235		76,301	121,420	€ 15.24	1,851,036
11/9/1990	Increase (1) (3)	449,725			150,920	€ 15.24	2,300,760
4/27/1992	Reduction (4)		920,304		150,920	€ 9.15	1,380,456
5/18/1992	Increase (1)	1,829,388			350,920	€ 9.15	3,209,844
6/3/1994	Increase (1)	927,262			452,294	€ 9.15	4,137,107
6/11/1999	Increase (5)	1,749,846		1,751,013	643,598	€ 9.15	5,886,953
4/3/2000	Increase (6)	3,659		3,297	643,998	€ 9.15	5,890,612
7/5/2000	Increase (7)	841,509		11,670,355	735,997	€ 9.15	6,732,121
12/22/2000	Increase (8)	2,244,037		93,435,443	981,329	€ 9.15	8,976,159
6/29/2001	Increase (9)	837,131		(837,131)	981,329	€ 10	9,813,290
12/31/2001	Increase (10)	34,580		17,152	984,787	€ 10	9,847,870
12/31/2003	Increase (11)	14,280		7,083	986,215	€ 10	9,862,150
12/31/2004	Increase (12)	70,990		35,211	993,314	€ 10	9,933,140
12/31/2005	Increase (13)	49,420		24,512	998,256	€ 10	9,982,560
2/28/2006	Increase (14)	18,280		9,067	1,000,084	€ 10	10,000,840
8/17/2006	Increase (15)	2,857,380		2,143,035	1,285,822	€ 10	12,858,220
12/31/2006	Increase (16)	90		180	1,285,831	€ 10	12,858,310
12/31/2007	Increase (17)	2,880		5,760	1,286,119	€ 10	12,861,190
12/31/2008	Increase (18)	30		60	1,286,122	€ 10	12,861,220
12/31/2009	Increase (19)	1,530		3,060	1,286,275	€ 10	12,862,750
11/28/2011	Increase (20)	250			1,286,300	€ 10	12,863,000
11/28/2011	Reduction (21)		10,290,400		1,286,300	€ 2	2,572,600
2/16/2012	Increase (22)	986,160		1,479,240	1,779,380	€ 2	3,558,760
12/31/201	Increase (23)	10,834		18,093	1,784,797	€ 2	3,569,594

(1) Cash contribution
(2) Of which contributions in kind: € 158,851.88 (FFR 1,042,000)
(3) Of which offset with debt: € 137,204.12 (FFR 900,000)
(4) Reduction in the par value from € 15.24 (FFR 100) to € 9.15 (FFR 60)
(5) Listing on the Nouveau Marché of the Paris stock exchange – COB approval No. 99-775 of June 7, 1999
(6) Exercise of stock options following the death of a beneficiary
(7) Cash capital increase - COB approval No. 00-884 of May 26, 2000
(8) Cash capital increase - COB approval No. 00-1844 of November 14, 2000
(9) Capitalization of reserves for the conversion of capital into euros increasing the par value of the share from € 9.15 (FFR 60) to € 10 (FFR 65.5957)
(10) Exercise of stock options for fiscal 2001
(11) Exercise of stock options for fiscal 2003
(12) Exercise of stock options for fiscal 2004
(13) Exercise of stock options for fiscal 2005
(14) Exercise of stock options on February 28, 2006
(15) Cash capital increase – AMF approval No. 06-271 of July 26, 2006
(16) Exercise of 36 share warrants in fiscal 2006 resulting in the creation of 9 new shares
(17) Exercise of 1,152 share warrants in fiscal 2007 resulting in the creation of 288 new shares
(18) Exercise of 12 share warrants in fiscal 2008 resulting in the creation of 3 new shares
(19) Exercise of 612 share warrants in fiscal 2009 resulting in the creation of 153 new shares
(20) Exercise of stock options on November 28, 2011
(21) Reduction of the par value from €10 to € 2 - EGM of November 28, 2011
(22) Cash capital increase - AMF approval No. 12-024 of January 17, 2012
(23) Exercise of stock options on December 31, 2012

The company does not directly hold own shares. This also applies to subsidiaries which do not hold any shares of the parent company.



21.1.5 Changes in share capital in the last three years

The following table presents changes in share capital as a percentage of capital and voting rights for the last three years:

	Balance at 12/31/2013			Balance at 12/31/2012			Balance at 12/31/2011		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
P. Brégi	16,380	0.92	0.91	16,380	0.92	0.91	12	0.00	0.00
Free float	1,768,417	99.08	99.09	1,768,417	99.08	99.09	1,286,288	100.00	100.00
Total	**1,784,797**	**100.00**	**100.00**	**1,784,797**	**100.00**	**100.00**	**1,286,300**	**100.00**	**100.00**

Information on the situation at March 31, 2014 is provided in section 18.1 of this document.

21.2 Memorandum of incorporation and bylaws

21.2.1 Corporate purpose

The company's corporate purpose (article 2 of the bylaws) is:

- The design, manufacture, import, export and marketing of all forms of standard or custom design electronic packages,

- In the above areas, acquiring and managing interests and participating directly or indirectly through all means in any company or undertaking created or to be created, and notably by creating a company, contributions, subscribing for or acquiring shares, ownership interests or other securities, mergers, partnerships and through any other means and in any other form used in France and other countries,

- And, in general, any transaction of any nature whatsoever, including either securities and real estate transactions which may be directly or indirectly related to the above or contribute thereto.

21.2.2 Corporate governance

Article 13 of the bylaws: " The company shall be administered by a Board of Directors. The number of Directors shall not be less than three and not more than eighteen subject to exceptions provided for by statutes in the event of a merger. Directors are appointed for terms of six years which may be renewed. "

If the 16th resolution is adopted by the general meeting of June 18, 2014, article 13 of the bylaws will be amended as follows: "... Directors are appointed for terms of four years... "

Article 14 of the bylaws: "Directors must own at least one share of the company Directors appointed during the company's term are not required to be shareholders at the time of their appointment though must become so within a period of six months, failing which they shall be considered to have resigned from their office. "

Article 15 of the bylaws: "The Board of Directors may appoint from among its members who are individuals, a Chair whose term of office shall not exceed that of his/her term of office as director. No person shall be appointed Chairman of the Board of Directors that is over 65 years of age. If the Chairman exceeds this age, he or she shall be considered to have resigned at the end of the next Board meeting to be held. The Board may also appoint a secretary, who needs not necessarily be a Board member. If the Chairman is absent or prevented from attending, the Board shall appoint for each meeting one of its members to serve as chair. The Chairman and secretary of the meeting may always be reappointed. "

Article 16 of the bylaws: "The Board shall meet as often as the interests of the company require and at least once a year. Notice of Board meetings communicated to directors may be made by all means, including orally. A record of attendance is maintained that is signed by Directors participating in the Board meeting. Meetings are conducted and decisions voted according to the conditions of quorum and majority provided for by statute. In the case of a tie, the chair of the meeting shall have the deciding vote. The minutes shall be prepared, and copies or excerpts of the proceedings shall be issued as required by statute. Except when the Board meets for the purpose of transactions covered by articles L.232-1 and L.233-16of the French commercial code, the rules of procedure provide that directors who take part in a meeting of the Board by means of videoconferencing or telecommunications allowing their identification and assuring their actual participation, are deemed present, for calculating the quorum and the majority. The form and terms of application of these rules of procedure are set forth by decree of the French Council of State (*Conseil d'Etat*)."

Article 17 of the bylaws: "The Board of Directors shall determine the business strategy of the company and ensure its implementation. Subject to the powers expressly granted to shareholders' meetings and within the limits of the company's corporate purpose, the Board may address any matter relating to the efficient operation of the company and settle through its proceedings all items of business relating thereto. The Board of Directors shall perform at any time such controls and verifications that it judges appropriate. Each director must be provided with all information necessary to perform his or her duties and may obtain from executive management all documents deemed useful for the purpose."

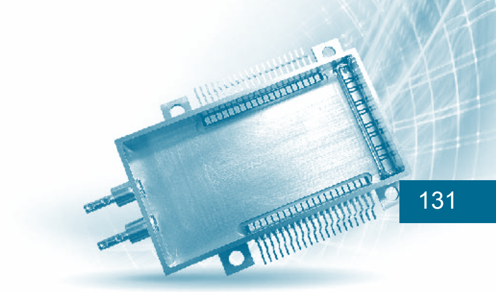
21.2.3 Rights attached to shares of the company

Article 9 of the bylaws (form of shares): "From the date they are fully paid up, shares may be in registered or bearer form, at the choice of the holder, subject to provisions set by applicable regulations."

Article 10 of the bylaws (Disposal and transfer of shares - Registration of shares - Transfer of title for shares): "The shares, regardless of their form, shall be registered in accordance with the provisions and according to procedures provided for by regulations in force. Shares are freely transferable and transferred account-to-account through a securities transfer order. The company may request at any time, in accordance with the provisions of articles L.228-2 and L.228-3 of the French commercial code, in exchange for payment at its expense, from the entity responsible for clearing securities transactions, as the case may be, for individuals or legal entities respectively, the name or company name, the nationality, the year of birth or year of incorporation and the address of holders of shares which confer present or future rights to vote in its own shareholders meetings, as well as the quantity of shares held by each and if applicable the restrictions which may apply to the securities."

Article 11 of the bylaws (excerpt): "Any share, in the absence of a distinct class of shares or any share of the same class in the contrary case, confers a right to a net share proportional to the portion of capital it represents, in the earnings and reserves or corporate assets, for any distribution, redemption or allotment, in accordance with the provisions and procedures that may moreover be provided for under these bylaws. Furthermore, each share shall entitle its holder to vote and be represented in the shareholders' meetings in accordance with statutory rules and the provisions of these by-laws. Shareholders shall only be liable up to the amount of the par value of the shares they hold, with any call for funds above this amount prohibited. The rights and obligations attached to the shares are transferred with title to the shares. Ownership of a share automatically entails acceptance of the Company's bylaws and of the resolutions of the general meeting. The heirs, creditors, legal beneficiaries and other representatives of a shareholder may not place liens on the property or securities of the company, nor request the division or public sale, nor interfere in the administration of the company. For the proper exercise of their rights, they shall refer to the corporate records and to the decisions of the shareholders' meeting. Whenever it is required to possess more than one share to exercise a right of any nature in connection with an exchange, a share consolidation or share grants, in the event of an increase or decrease in the share capital or a merger or any other corporate action, owners of individual shares or a number of shares lower than required, may exercise said rights only if they undertake at their personal initiative to combine their shares with others and, as the case may be, purchase or sell the necessary shares. Except where prohibited by statute, all tax exemptions or charges applicable to the total number of ordinary shares as well as all taxation which may be borne by the Company shall be taken into account prior to any allotment or reimbursement either within the course of the life of the Company or upon its liquidation so that, according to their respective nominal values and dates of record, all the existing shares of the same class shall receive the same net amount."

Article 27 of the bylaws (excerpt): "Voting rights attached to the capital shares and dividend-right (bonus) shares are proportional to the percentage of the share capital that such shares represent and each shared carries one voting right. However, a voting right double that of other shares is granted in proportion to the share capital they represent to all fully paid up shares which can be demonstrated to have been registered for at least two years in the name of the same shareholder having requested for the shares to be held in registered form. Furthermore, in the event of a capital increase by the capitalization of reserves, earnings or issue premium, registered shares granted for free to a shareholder shall carry double voting right when issued, if the corresponding shares already held by the shareholder also carry double voting rights. Similarly, in the case of a change in the nominal value of existing shares, the double voting right is maintained for shares at the new nominal value replacing the previous shares. For other shares, double voting rights are acquired, cease or are transferred in the cases and conditions provided for by statute. The exercise of voting rights on own shares acquired by the Company is prohibited."



21.2.4 Modification of rights attached to shares of the company

Article 29 of the bylaws: "The extraordinary general meeting can modify all provisions of the bylaws and namely decide on the transformation of the company into a company with another non-trading or commercial company form. It may not, however, increase shareholder commitments, except for properly executed transactions resulting from a share consolidation. Such meetings may conduct proceedings only if shareholders present or represented own one third of the shares with voting rights and, on the second notice, one fifth of said shares. If this quorum is not reached, the second meeting may be postponed to a date no later than two months after the date for which it was called. Decisions are adopted by a majority of two thirds of the votes of the shareholders attending or represented at the meeting. As a statutory exception to the preceding provisions, the general meeting which decides to increase the share capital through the capitalization reserves, profits or issue premiums can deliberate on same the conditions as to quorum and majority voting as an ordinary general meeting. In “incorporation” types of extraordinary general meetings, i.e., those which are called to approve a contribution in kind or the grant of a specific benefit, the contributors or beneficiaries have no right to vote either for themselves or as proxies."

21.2.5 Shareholder meetings

Article 22 of the bylaws: "The decisions of shareholders shall be made at shareholders meetings. Ordinary shareholders meetings shall be those that are held to vote on decisions that do not amend the bylaws. Extraordinary shareholders meetings shall be those called to decide or authorize direct or indirect amendments to the bylaws. Special shareholders meetings shall be held to assemble shareholders of a specific class to rule on a change in the rights pertaining to the shares in that class. Deliberations of shareholders meetings shall be binding for all shareholders, even those who are absent, in disagreement or unavailable or without legal capacity."

Article 23 of the bylaws: "General meetings are called either by the Board of Directors or, failing that, by the independent auditor(s), or by an agent designated by the commercial court in expedited proceedings in accordance with the provisions set by article L. 225-103 of the French commercial code. During the liquidation period, shareholders meetings shall be called by the liquidators. General meetings of shareholders are to be held at the registered office or at any other venue indicated in the notice of meeting. Shareholders meeting shall be called in accordance with the provisions provided for by applicable regulations. The company is required to publish a notice at least thirty-five (35) days before the meeting in the *Bulletin des Annonces Légales Obligatoires*, containing the information mentioned in article R.225-73 of the French commercial code. "

Article 24 of the bylaws: "The meeting agenda is drawn up by the author of the meeting notice. One or more shareholders, representing at least the required percentage of the registered capital, and acting according to the provisions and deadlines provided by law, shall have the authority to request by registered letter with acknowledgment of receipt, that draft resolutions be placed on the agenda, other than those concerning the submission of candidates for appointment to the Board of Directors. The meeting may not consider items which are not on the agenda. However, in any circumstances it can revoke one or more directors and have them replaced."

Article 25 of the bylaws: "Any shareholder may attend meetings in person or by proxy regardless of the number of shares owned, subject to proof of identity and registration as shareholder in the record maintained for that purpose by the company no later than the third business day preceding the date of the Shareholders' Meeting at midnight, Paris time. Any shareholder may vote by mail using a form completed and sent to the Company under the conditions provided for by law and regulations and that must be received by the Company no later than three days before the meeting date to be taken into account."

Article 27 of the bylaws (excerpt): "For ordinary and extraordinary general meetings, the quorum shall be calculated based on all shares comprising the registered capital, except at special shareholders meetings, where it shall be calculated based on all shares of the class involved, less shares without voting rights as prescribed by Law.”

Article 28 of the bylaws: "An ordinary shareholders meeting shall meet at least once per year, within six months of the close of the fiscal year, to approve the accounts of that fiscal year, subject to extension of this deadline by decision of a court of law. On the first convocation, the meeting may validly deliberate only if the shareholders present or represented by proxy represent at least one fifth of the shares entitled to vote. Upon the second convocation, no quorum is required. Decisions are adopted by a majority of votes of the shareholders attending or represented at the meeting."

Article 30 of the bylaws: "If there are several classes of shares, no change may be made to the rights of the shares of one such class, without the due vote of an extraordinary shareholder meeting open to all shareholders and, in addition, without also a duly conducted vote of a special meeting open only to the owners of the shares of the class in question. Special meetings may conduct proceedings only if shareholders present or represented own one third of the shares with voting rights and, on the second notice, one fifth of said shares for which the modification of their rights is being considered. If this quorum is not reached, the second meeting may be postponed to a date no later than two months after the date for which it was called."

Article 31 of the bylaws: "All shareholders are entitled to access to documents necessary to allow them to have full knowledge of relevant facts and make informed judgments about the management and oversight of the company. The nature of these documents and the conditions under which they are mailed or made available are set by law."

21.2.6 Special provisions relating to a change in control

None.

21.2.7 Ownership disclosure thresholds

Article 11 of the bylaws (excerpt): "In accordance with the provisions of L.233-7 of the French commercial code (*Code de Commerce*), all shareholders, natural persons or legal entities, acting alone or in concert, who cross thresholds in either direction in respect to the number of shares owned representing more than one twentieth, one tenth, three twentieths, one fifth, one quarter, three tenths, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of the capital or voting rights of the company, must notify the Company. The disclosure requirement also applies within the same time limits whenever the percentage of capital or voting rights held falls below one of the thresholds mentioned above. In the event of noncompliance with its obligation, the provisions provided for by article L.233-14 of the French commercial code will apply. "

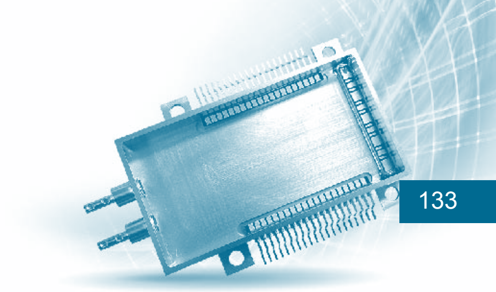
21.2.8 Special provisions relating to changes to share capital

None.

21.2.9 Purchases by the company of its own shares

Article 37 of the bylaws: "In those cases provided for by statute and/or regulations, the ordinary general meeting may grant an authorization to the company or a period not exceeding eighteen months to purchase its own shares. This meeting must set the terms of the transaction and notably the maximum purchase price, the maximum number of shares to be acquired and the period within which the share buyback must be carried out. "

On June 18, 2014, the general meeting will consider in its 14th resolution on the implementation of a share buyback program to permit the company to establish a market-making agreement for its shares.



21.3 Information on the Company's share

The company' shares were listed on the Nouveau Marché of the Paris stock exchange on June 11, 1999. The opening price for the initial public offering was set at €18.30 per share. Prior to this, the share had not been listed in any French or foreign financial market. They are currently listed in Segment C Euronext Paris, under ISIN code FR0000072373.

Based on the number of 1,784,797 shares making up the capital at December 31, 2013 and a closing price on the same date of €2.77, the market capitalization was €4,094,000.

On March 31, 2014, the company's market capitalization was €9.10 million (1,784,797 shares at €5.10 per share).

Information on trading ranges and volume since January 1, 2013 is presented below (price is adjusted for corporate actions carried out in February 2012 - Source: Euronext):

	Share price in euros			Average trading volume
	Low	High	Average closing price	In number of shares
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
May 2013	3.53	6.10	5.10	10,598
June 2013	4.60	6.00	5.61	4,450
July 2013	4.01	4.80	4.37	1,733
August 2013	4.02	4.91	4.33	2,027
September 2013	3.86	5.38	4.50	5,545
October 2013	3.60	4.17	3.90	2,724
November 2013	3.05	3.99	3.49	5,050
December 2013	2.50	3.14	2.74	6,575
January 2014	2.59	5.48	3.44	36,592
February 2014	3.55	5.50	4.00	29,191
March 2014	3.88	5.36	4.60	12,308

Egide's share is traded on Euronext Paris through the continuous trading method.

21.4 Project for the transfer to Alternext

The sixteenth resolution of the general meeting of May 28, 2010 authorized the transfer to the Alternext – NYSE Euronext multilateral trading facility and granted all powers to the Board of Directors for this purpose. As market conditions since that date have not permitted the filing of a transfer application, the Board of Directors has not yet made use of this authorization.

22 MATERIAL CONTRACTS

Long-term contracts concluded in 2012 and 2013 and/or remaining in force on the date of this registration document are presented below:

Egide SA:

- Trappes building lease agreement executed in 2008 (see sections 8.1.1 and 20.3.1.5.4.19.2)
- Bollène building lease agreement executed in 2010 (see sections 8.1.1 and 20.3.1.5.4.19.2)

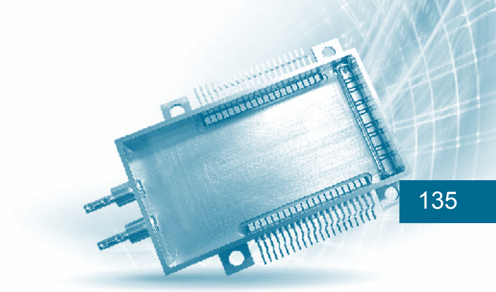
Egide USA:

- Credit line based on the trade receivables balance and inventory executed in 2012 (see section 10.3)
- long-term loan agreement executed in 2012 with Bank of America in connection with the purchase of the industrial building (see section 10.3)

Excluding those referred to above, no material long-term contracts binding on the company or the Group has been executed in the last two years.

23 THIRD PARTY INFORMATION AND STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

None.



24 DOCUMENTS ON DISPLAY

24.1 List of documents and method of consultation

For the duration of the registration document's validity, the following documents (or copies thereof) may be consulted at the registered office or administrative offices:

- Bylaws *(statuts);*
- All reports, letters and other documents, past financial data, and expert opinions or statements requested by the issuer that are included or mentioned in this registration document; and
- Consolidated historical financial information on the Group for each of the two fiscal years preceding the publication of this registration document.

24.2 Annual information document

With respect to the disclosure of regulated information, since the application of the Transparency Directive of January 20, 2007, the company has used the services of a professional service for its dissemination as defined by the AMF.

24.2.1 Press releases

Press releases are available for consultation and may be downloaded in French and/or in English from the company's website (www.egide.fr) :

1/7/2013	2012 annual sales
1/28/2013	Important contract in optical telecommunications sector
2/4/2013	Changes to the Board of Directors
2/18/2013	New contract in optical telecommunications sector
4/15/2013	2012 annual results (unaudited)
5/22/2013	2012 annual results (audited)
6/5/2013	Availability of the 2012 annual financial report
6/20/2013	Availability of the 2012 registration document
6/26/2013	Report of the AGM of June 26, 2013
7/10/2013	2013 first-quarter sales
9/30/2013	2013 first-half results
10/9/2013	Disposal of Egide UK and 2013 third-quarter sales
10/21/2013	Availability of the 2013 interim financial report
11/05/2013	Disposal of subsidiaries Egide UK and Egima
11/13/2013	Egide USA awarded by Natel
1/10/2014	2013 annual sales
1/16/2014	Egide signs first order for the 100G Gen2 optical receiver
2/17/2014	Announcement of a new South Korean customer for the first generation 100 Gb/s Gen-1 ICR receiver
3/3/2014	Egide will be present at the Laser World of Photonics China 2014 tradeshow in Shanghai
3/25/2014	Changes in corporate governance and management team
4/3/2014	2013 annual results - 2014 first-quarter sales

24.2.2 Registration documents

Registration documents may be consulted and downloaded from the company's website (www.egide.fr) :

9/28/2001	Registration document - FY 2000
7/30/2002	Registration document - FY 2001
6/5/2003	Registration document - FY 2002
7/8/2004	Registration document - FY 2003
6/14/2005	Registration document - FY 2004
6/23/2006	Registration document - FY 2005
6/6/2007	Registration document - FY 2006
7/7/2008	Registration document - FY 2007
7/29/2009	Registration document - FY 2008
5/18/2010	Registration document - FY 2009
4/21/2011	Registration document - FY 2010
1/17/2012	Registration document update - FY 2010
4/23/2012	Registration document - FY 2011
6/20/2013	Registration document - FY 2012

24.2.3 Legal announcements

The following information has been published in the French publication for legal announcements (*Bulletin des Annonces Légales Obligatoires* or BALO), and may be consulted on this publication's website (www.journal-officiel.gouv.fr). For information, since September 1, 2008 certain legal announcements published in this publication have been eliminated (Decree 2008-258 of March 13, 2008 - "*Journal Officiel*" of March 15, 2008).

5/22/2013	Preliminary notice for the combined ordinary and extraordinary general meeting
6/10/2013	Meeting notice for the combined ordinary and extraordinary general meeting
7/3/2013	Appropriation of 2012 earnings

24.2.4 Corporate actions

None.

24.3 Publication date of financial disclosures

Date	Information	Communications support
April 04, 2014	Presentation of unaudited accounts for fiscal 2013	SFAF Analysts Meeting
April 03, 2014	2014 first-quarter sales:	Press release
April 03, 2014	Publication of final accounts for fiscal 2013	Press release
June 18, 2014		General Meeting
July 2014	2014 second-quarter sales	Press release
September 2014	2014 first-half results	SFAF Analysts Meeting
October 2013	2014 third-quarter sales	Press release
January 2015	2014 fourth-quarter sales:	Press release

25 INFORMATION ON HOLDINGS

See section 7.2 - Subsidiaries

See section 20.3.2.4.3.22 - Information on affiliated undertakings and participating interests

26 CSR INFORMATION

In accordance with the provisions of article L.225-102-1 subsection 5 of the French commercial code and article R.225-105-1 of Decree 2012-557 of April 24, 2012, information on the employment-related and environmental consequences of Egide Group's' activities and their social commitments in favor of sustainable development is thus presented below: For information, the subsidiaries Egide UK and Egima were deconsolidated on October 31, 2013 pursuant to their respective sale to third parties. Data for fiscal 2012 that included the subsidiaries has accordingly been presented on a pro forma basis in this report.

In preparing this report, the company does not refer to any external guidelines but instead follows an internal reporting procedure.

26.1 Information on the employment-related impact of Group operations

Information presented herein has been collected from human resources management of each of these sites (Trappes and Bollène for Egide SA, Cambridge, MD for Egide USA).

a) Employment

Total workforce (all contracts combined)

At December 31, 2012 and 2013, total salaried employees of the Group broke down as follows (by gender and geographic region):

	At December 31, 2012			At December 31, 2013		
	Men	Women	Total	Men	Women	Total
Egide SA (France - Trappes)	13	4	17	12	3	15
Egide SA (France - Bollène)	37	120	157	36	107	143
Egide USA Inc. (United States)	24	58	82	22	50	72
Total	**74**	**182**	**256**	**70**	**160**	**230**

By age bracket, the headcount presented above break down as follows:

	At December 31, 2012			At December 31, 2013		
	18-35	36-55	56-70	18-35	36-55	56-70
Egide SA (France - Trappes)	1	14	2	1	12	2
Egide SA (France - Bollène)	42	93	22	33	92	18
Egide USA Inc. (United States)	13	39	30	8	33	31
Total	**56**	**146**	**54**	**42**	**137**	**51**

These headcount figures do not take into account long-term sick leave who continue to be counted though do not receive remuneration.

In May 2012, Egide had 23 part-time employees and 7 halftime employees (6 at Bollène and 1 at Cambridge-USA) and 16 working mainly on a 4/5th basis corresponding to an 80% of a weekly working hours at Bollène. The remainder of the workforce are full-time employees.

In May 2013, Egide had 21 part-time employees and 5 halftime employees (4 at Bollène and 1 at Cambridge-USA) and 16 working mainly on a 4/5th basis corresponding to an 80% of a weekly working hours (15 at Bollène 1 at Trappes). The remainder of the workforce are full-time employees.

Recruitments, departures and dismissals

In 2012 and 2013, Group recruitment broke down as follows:

Recruitment	Fiscal 2012			Fiscal 2013		
	Permanent contract	Fixed-term contract	Other*	Permanent contract	Fixed-term contract	Other*
Egide SA (France - Trappes)	0	1	0	0	0	0
Egide SA (France - Bollène)	4	30	1	2	11	0
Egide USA Inc. (United States)	11	7	0	14	0	0
Total	**15**	**38**	**1**	**16**	**11**	**0**

** Apprenticeship contracts*

Egide Group does not encounter any particular difficulties in terms of recruitment.

In 2012 and 2013, departures reported by the Group were as follows:

Departures (excluding dismissals)	Fiscal 2012			Fiscal 2013		
	Permanent contract	Fixed-term contract	Other*	Permanent contract	Fixed-term contract	Other*
Egide SA (France - Trappes)	0	1	0	2	0	0
Egide SA (France - Bollène)	10	32	1	2	22	1
Egide USA Inc. (United States)	5	1	0	13	0	0
Total	**15**	**34**	**1**	**17**	**22**	**1**

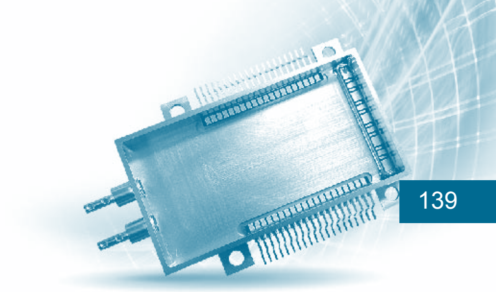
** Apprenticeship contracts*

In 2012, employees departing from Egide SA were the result of 5 dismissals, 1 parental leave, 2 retirements, the end of 1 apprenticeship contract and the termination of 35 fixed-term employment contracts or trial periods. At Egide USA, 1 employee retired and 5 resigned.

In 2013, the departure of employees from Egide SA were the result of 1 dismissal, 2 deaths, 1 retirement, 3 long-term sick leaves and the termination of 20 fixed-term employment contracts. At Egide USA, 6 employees retired and 7 resigned.

in 2012 and 2013, the dismissal of employees by the Group broke down as follows

Dismissals	Fiscal 2012			Fiscal 2013		
	Permanent contract	Fixed-term contract	Other*	Permanent contract	Fixed-term contract	Other*
Egide SA (France - Trappes)	0	0	0	0	0	0
Egide SA (France - Bollène)	3	0	0	2	0	0
Egide USA Inc. (United States)	1	1	0	11	0	0
Total	**4**	**1**	**0**	**13**	**0**	**0**



In 2012, at Egide SA, there were 2 dismissals resulting from serious misconduct and 1 on grounds of incapacity. At Egide USA, proceedings were initiated for reasons of absenteeism.

In 2013, at Egide SA, there were 2 dismissals on grounds of professional incapacity. Egide USA initiated proceedings for dismissal on grounds of professional inadequacy and in connection with the redundancy plan.

Compensation information and trends, social charges

All employees of Egide SA received monthly compensation on a 12 or 13 month basis. Employees of Egide USA are paid every two weeks. No employees of the Group are paid based on output.

Gross payroll and employer's social security contributions paid in 2012 and 2013 by Group companies break down as follows:

	Fiscal 2012		Fiscal 2013	
	Gross	Social charges	Gross	Social charges
Egide SA (France) Egide USA Inc. (United States)	€ 5,027,992 US$ 2,984,665	€ 1,940,840 US$ 655,050	€ 4,599,353 US$ 2,881,479	€ 1,637,192 US$ 644,463

In 2012, the average increase in salary in France was 2.5%, in accordance wage policy agreement concluded between the company and trade union representatives and 3% in the United States.

In 2013, there was no salary increase in France, other than the French statutory minimums (*minimas hiérarchiques*) as defined by the wage policy agreement concluded between the company and trade union representatives on June 10, 2013. In the United States, a wage freeze has been in effect as from September, all employees of the subsidiary were subject to a 5% wage cut.

Incentive, statutory profit-sharing and employee savings plans

An incentive compensation agreement was concluded on June 13, 2013 between Egide SA and personnel, represented by the secretary of the Works Committee and in the presence of trade union representatives. This agreement was concluded for a three-year period running from January 1, 2013 to December 31, 2015, replacing the previous incentive compensation plan whose term had expired. This incentive compensation is calculated annually from pretax current operating profit. This amount is allocated equally to all employees of the company with at least three months of seniority and prorated according to the number of hours worked during the year concerned. In light of the current operating loss, no incentive compensation was paid for 2013 as was the case as well for 2012.

Furthermore, all personnel of Egide SA qualified for statutory profit-sharing determined according to the calculation base provided for by law. In light of the results, no statutory profit-sharing payments were made for 2013 and 2012. A company savings plan does not exist for employees.

At Egide USA, an incentive plan exists for key executives. This plan provides for the payment of variable compensation assessed on annual salary if EBITDA for the period exceeds by at least 85% the budgeted amount. For fiscal 2013, no bonus payments were made, as the targets were not met (compared to a total gross amount of US$169,728 in 2012).

b) Work organization

In France, the workweek is five days for 38 1/2 hours. Non-management personnel on an hour per day basis work in reference to a 35 hours workweek to which are added two bonus hours (paid 125%) with an hour and a half break. Non-management personnel on an hourly shift basis work 35 hours per week, to which are added 3 1/2 hours for breaks. Hours for management personnel are annualized.

In the United States, the workweek is 40 hours over 4 days (Monday to Thursday). Non-management personnel benefit from a daily break of one hour (30 minutes for lunch and two 15 minute breaks)) Hours for management personnel are annualized.

Overtime

In 2012 and 2013 overtime payments broke down as follows:

	Fiscal 2012	Fiscal 2013
Egide SA (France - Trappes) Egide SA (France - Bollène) Egide USA Inc. (United States)	2,339 14,963 2,404	1,913 12,371 3,045
Total (hours)	**19,706**	**17,329**

For information, an overtime hour represents time worked exceeding the 35 hour workweek in France and the 40 hour workweek in the United States..

Absenteeism

In 2012 and 2013 hours of absenteeism broke down as follows:

	Fiscal 2012	Fiscal 2013
Egide SA (France - Trappes) Egide SA (France - Bollène) Egide USA Inc. (United States)	2,864 38,017 190	4,326 51,089 1,775
Total (hours)	**41,071**	**57,190**

These absences were mainly due to sick leave (short and long-term) and maternity leaves.

Use of temporary personnel

For fiscal 2013, Egide SA registered under expenses €4,288 paid to two temporary employment companies in response to a temporary surplus of work and €7,337 to two service companies that assigned personnel to the company (site security expenses), representing an equivalent of 0.25% of the annual payroll.

For fiscal 2012, Egide SA registered under expenses €11,525 paid to two temporary employment companies related to the replacement of employees on sick leave and €9,990 to two service companies that assigned personnel to the company (site security expenses), representing an equivalent of 0.43 % of the annual payroll.

Egide USA did not make use of temporary personnel in fiscal 2012 and 2013.

c) Labor relations

Labor relations and collective bargaining agreements

In France, Works Committee elections were organized in 2010. Only a single Works Committee covering the two sites (Bollène and Trappes) was appointed for a four-year term. There is not any Works Committees in other countries.

Excluding formal relations with the Works Committee and labor organizations where they exist, Egide Group promotes direct dialogue between supervising line management and their staff. On that basis, in accordance with needs and current issues, meetings are organized with all or part of the personnel without this being required by a specific structure.

At Egide SA, the labor organization Tricastin SPEA (CFDT) and the local CGT trade union each have a union representative at the Bollène site. At Egide USA there are no labor unions.

Territorial impact of its activity in terms of employment and general development

Egide SA has established contacts with local offices of the French employment agency. The US subsidiary works with similar organizations where they exist and gives preference to local recruitment.

Relations with social partners

Egide SA maintains contacts with organizations promoting social integration (AGEFIPH or Association pour la *GEstion du Fonds d'Insertion Professionnel des Handicapés*) or sheltered work organizations. In addition, in connection with the French apprenticeship tax, the company pays a contribution to training establishments.

Similar arrangements do not exist in the US subsidiary.

Foreign subsidiaries and their impact on regional development

Egide has a subsidiary in the United States whose employees originate from the local labor force.

Public service initiatives

With respect to public service initiatives, Egide SA offers employees meal voucher contributions as well as a contribution to a mutual insurance and personal protection plans. In 2013, €126,558 was allocated by the company for meal vouchers (€145,939 in 2012), €52,881 as a partial contribution for the mutual insurance plan) €49,532 in 2012) and €44,027 as a partial contribution for the personal protection plan (€48,570 in 2012). Furthermore, the company allocates a budget to the Works Committee amounting to €53,521 for 2013 (€60,248 in 2012) or 1.2% of payroll. This budget is redistributed to employees in the form of gift vouchers, outings, meals, etc.

At Egide USA, partial payment for mutual and personal protection insurance represented a cost to the company of US$321,808 in 2013 (US$307,866 in 2012).

Egide USA established a 401K retirement plan for employees with the company assuming 50% for the first 6% of the contribution (or 3% of employer's contributions) to which is added a maximum of 1 points for any contribution exceeding 6%). Its annual cost for the company in 2013 as US$23,362 (US$47,740 in 2012).

d) Health and safety

Health and safety conditions

Health, Safety and Working Conditions Committee of Egide SA met three times at Bollène in 2013 (four times in 2012), with the meeting relating to the fourth quarter, held in early January 2014. Similar bodies do not exist at Egide USA. In 2013, the French company reported two work related accidents (9 in 2012) affecting employees (not resulting in sick leave). The US company reported two work-related accidents (same as in 2012) affecting employees (one of which resulting in sick leave for three months).
For information, Egide SA reported two commuting accidents in 2013, one of which resulted in a fatality.

Rates and contributions for occupational accidents:

Site	2013 rates	2013 contribution	2012 rates	2012 contribution
Trappes (FR)	1.00 %	8,689 €	1.05 %	9,883 €
Bollène (FR)	1.59 %	57,130 €	1.88 %	85,874 €
Cambridge (USA)	N/A	-	N/A	-

Egide uses CMR products (carcinogens, mutagens and reprotoxins) in connection with its industrial operations. In France, a Works Committee meets on a quarterly basis to ensure the safe usage of such products and their replacement by non-CMR products. The list of products used and actions taken by this committee are reviewed by the executive committee at their monthly meetings and at the annual review of risks.

Report on agreements concluded relating to occupational health and safety

No specific agreements in group companies have been signed relating to occupational health and safety. Each entity applies local regulations applying in this area (for example Health, Safety and Working Conditions Committee at Egide SA).

e) Training

Training policy

At Egide SA, an assessment of training needs is determined based on input provided by different departments, in general, in January, with a date for reply to each service requested by January 31. The human resources manager then transmits the requests to executive management who in turn presents a summary of the monthly executive committee meeting to be held in February. In accord with employee representative bodies, discussions on the training plan are included in meetings organized for French annual statutory wage negotiations.

To take into account the economic uncertainties, the trend is to limit whenever possible, the inclusion of external expenditures in the training plan, develop to the extent possible internal training solutions, giving preference to group training over individual training and in consequence, strongly encourage use by employees who so wish, on fixed-term or permanent contracts, the use of their individual training entitlements.

No obligations exists with respect to training in the Group's foreign subsidiaries. However, individual requests that may arise are reviewed and handled by local management according to the same principles apply to Egide SA.

Training hours

In 2013, total expenditures for outside training for Egide SA amounted to €9,781 (€21,344 in 2012) and for Egide USA US$4,346 (US$1,583 in 2012). Total training hours (internal and external) amounted to 684 for Egide SA (1,413 in 2012) and 175 for Egide USA (66 in 2012).

At Egide SA, 179 hours of training were used in 2013 in connection with French statutory individual training benefits compared to 35 hours in 2012. At December 31, 2013, the total number of hours for training vested by employees under this statutory benefit was 17,612 (16,866 at December 31, 2012).

f) Equal opportunity and non-discrimination

Gender equality in the workplace between men and women

Even though women represent the majority of plant personnel at each of the production sites, there are no positions within the Group that could give rise to unequal treatment between men and women.

Employment and integration of disabled workers

In 2013, Egide SA employed 16 persons with non-motor-based disabilities at the Bollène site (i.e. equivalent to 13.73 "units") and none at the Trappes site (respectively 16 and 0 in 2012 or equivalent to 15 and 0 in units). No disabilities were the result of an accident occurring in relation to the company's activities. For information, the statutory obligation (law of February 11, 2005) for 2013 provided for 8 units and for 2012 9 units. On that basis, the French entity was in compliance with its obligations.

No similar regulation exist for the Group's US subsidiary which moreover does not employ any disabled workers.

Information on measures to combat discrimination and promote diversity

In pursuance of the provisions of Article L.225-102-1 subsection 5 of the French commercial code as amended by Article 9 of Law No. 2011-672 of June 16 2011, every year Egide SA submits to the Works Committee and employee representatives a single report providing information on measures to combat discrimination and promote diversity (see indicators presented above). Moreover, no discrimination exists with training, professional promotion, working conditions and actual remuneration levels.

g) Compliance with the core conventions of the International Labor Organization

Egide, a French company, and its US subsidiary respect as a matter of principle the international labor conventions.

26.2 Information on the environmental impact of operations

Information presented was selected from the plant maintenance & security manager and from the quality & environment manager for the French entity and from local managers for the US subsidiary. The Group's UK and Moroccan subsidiary were sold to third parties' on October 31, 2013. In consequence no information is provided for these entities which are no longer within the reporting boundary of the Bob Group at the end of 2013.

a) General environmental policy

Compliance by the company with environmental provisions

The activity of Egide SA is subject to a requirement for an operating authorization issued by the regional authorities ("Préfecture") of Vaucluse. The company is accordingly subject to inspections by a number of regulatory agencies (DREAL, the Water Agency, CRAM and the APAVE for waste analysis). Egide USA also requires an authorization to operate which is issued by the Maryland Department of the Environment (MDE) and the city of Cambridge in Maryland. It is subject to inspections by MDE and the Environmental Protection Agency. Quarterly waste analysis reports are transmitted to the Department of Works of the city of Cambridge.

Internal departments responsible for environmental issues

Executive management, the plant management (Bollene, Cambridge and Woodbridge) and the Quality Control and Environment department, in consultation with the Health, Safety and Working Conditions Committee for France, are directly responsible for the monitoring environmental impacts of the company's operations. The Group consults, if necessary, with relevant external organizations in the matter.

Environmental certification initiatives

Egide SA's 14001:2004 certification was renewed in November 2012. Although without environmental certification, the Group's American subsidiary complies with applicable standards in force in the United States and adhere to the provisions of its ISO 9001:2008 certification.

Employee training and information initiatives

At Egide SA, training initiatives address environmental issues and are an integral part of the annual training program negotiated with employee representative bodies. This training is provided by the plant maintenance and security manager who was assisted by the quality and environmental manager.

At Egide USA, while no specific training measures exist, information is provided to production managers when appropriate.

Expenditures incurred for the prevention of environmental impacts

Environmental issues are monitored directly by quality and environmental departments of each Group company. For 2012 and 2013 no specific expenditures were incurred other than those relating to these departments.

Provisions and guarantees for environmental risks

No provisions for costs to be incurred in relation to environmental issues have been established at the Group level.

Environmental penalties paid pursuant to a judicial decision

No environmental penalties were paid by the Group in 2012 and 2013.

Environmental objectives for subsidiaries

Prior to the acquisition of Egide USA, an environmental audit was performed at Egide's initiative which confirmed that the US subsidiary was in compliance with US laws and regulations. Since then, Egide has ensured that its subsidiary remains in compliance with applicable current and future standards.

As a general rule, Egide ensures that each Group company applies the environmental standards in force in their respective countries.

b) Pollution and waste management

Discharges in the air, water and ground causing serious environmental impacts

Egide SA and Egide USA have surface treatment equipment, composed primarily of a manual and semi-automatic plating chain as well as different types of chemical baths. All this equipment is constructed on holding tanks, linked to storage tanks, to prevent any risk of soil pollution in case of accidental overflow or spillage.

Measures for prevention, recycling and eliminating waste

The waste and by-products generated by Egide Group's production units originated mainly from surface treatment activities. When possible, liquid waste is recycled though generally, this waste is removed then disposed of by specialized waste management companies.

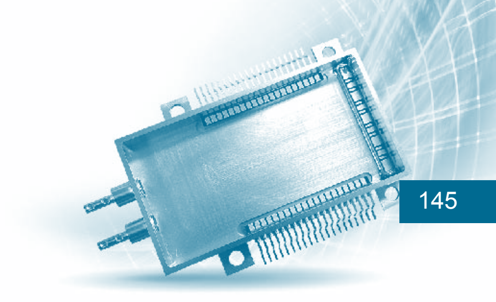
Furthermore, measures have been put into place for the collection of certain ordinary or hazardous waste. Accordingly, at Egide SA special containers are available to staff to sort paper, cardboard, wooden palettes, batteries, ink printer cartridges and used neon bulbs for the purposes of their reuse, recycling or destruction. Similarly, used computer equipment (PCs, monitors, printers) is collected for instruction through a specific channel for this purpose. At Egide USA, containers intended for recycling aluminum cans and plastic bottles are installed in the company's premises.

Certified for the ISO 14000 standard, indicators are in place at Egide SA to monitor waste. Data is not available for the American subsidiary Egide USA.

Waste	Unit	Egide SA		Egide USA	
		2012	2013	2012	2013
Ordinary waste	Tons	30,840	22,350	NA	NA
Hazardous waste	Tons	520,455	572,634	29,775	29,862

For Egide SA, data is analyzed in relation to number of production units per year in order to monitor these indicators based on the company's actual output.

The difference between levels for hazardous waste between Egide SA and Egide USA reflects the fact that the first disposes of liquid waste while the second disposes of waste concentrated in solid form (resulting from a different internal process for chemical discharges).



Noise and odor pollution

The surface treatment process may produce odors associated with the activity which are however neutralized by exhaust ventilation systems in the electroplating room. In the case of an accidental shutdown of these systems, measures exist for shutting down the production line and evacuating personnel to safety. Extracted air is filtered by equipment which traps all pollutants before being released to the outside.

Air compressors (compressed air supply system) and air cooling towers (kiln cooling) represent the only sources of external noise disturbances. Noise remains however within the limits imposed by standards in force and does not create any significant disturbances in light of the environment where the Group companies are located (rural area with agricultural fields and industrial buildings for Egide SA, urban commercial and traffic area for Egide USA).

There are no internal sound nuisances which may affect employees, other than those relating to operating the machining centers in those units thus equipped. Machine tools generate significant noise levels though comply with regulations in force and are monitored by the occupational physician in France and OHSA (Occupational Health and Safety Authority) in the United States. However, hearing protection gear is made available to Egide personnel.

c) Sustainable use of resources

Water, raw materials and energy consumption

Water consumption for Group operating activities is mainly for cooling the ovens and supplying the electroplating lines. In the interest of conservation, Egide SA and Egide USA have put into place a closed loop cooling system for the ovens with the installation of cooling towers. Egide USA has in addition equipment operating on an open loop basis hence with considerably higher water consumption. In the same spirit, surface treatment installations have switched from the current rinsing system to a "static bath" system whereby rinsing baths are changed on a periodic basis in contrast to a continually circulating open-loop system. Certain operations at Egide USA nevertheless continue to use the open-loop system.

The Group uses high temperature brazing and high temperature sintering furnaces which use significant amounts of energy. These furnaces also consume gas (nitrogen or hydrogen) obtained through regular deliveries of specialized suppliers.

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

Information on consumption is summarized below:

Resources	Unit	Egide SA		Egide USA	
		2012	2013	2012	2013
Water	m^3	8,701	7,810	43,805	54,222
Electricity	kWh	3,284,843	3,142,610	3,791,336	3,827,658
Gas	kWh	1,651,493	1,699,503	4,427,833	4,205,738
Hydrogen	m^3	22,598	17,857	34,393	33,042
Nitrogen	Kg	804,916	775,337	999,452	1,162,259

Whether with (Egide SA) or without ISO 14001 certification, the Group endeavors to ensure limited consumption of these resources in conducting its operations.

In the production processes, raw materials used by Egide include mainly kovar (or dilver P1), alumina and tungsten. Kovar is an iron, nickel and cobalt alloy entering in to the composition of metal products purchased by the Group from machinists, molders or powder suppliers. Kovar is sourced by Egide from specialized French or American companies or directly by suppliers. In 2003 Egide purchased only a limited quantity of kovar supply (111 kg by Egide SA). In 2012, amounts purchased totaled 114 kg for Egide SA and 7 kg for Egide USA. Alumina and tungsten are used for the manufacture of ceramic components. 225 kilos of tungsten were purchased in 2013 (325 kilos in 2012).

Egide also uses aurocyanide in its surface treatment activities. In 2013, 99 kg of aurocyanide were purchased (44 kg by Egide SA and 55 kg by Egide USA), representing the equivalent of 68 kg of gold metal with no difficulties encountered for procurement. In 2012, 105 kg of aurocyanide was purchased (45 kg by Egide SA and 60 kg by Egide USA), representing the equivalent of 72 kg of gold.

This data is analyzed in relation to the number of production units per year in order to monitor these indicators based on the company's actual output.

Ground use

No Group companies use resources originating directly from the ground.

d) Climate change

Greenhouse gas emissions

No procedure has been adopted to estimate the impact of possible green house gas emissions from the Group production sites.

Group entities use significant amounts of electricity to operate their equipment. For information, in France 75% of electricity is produced from nuclear energy (i.e. no greenhouse gas emissions).

Adapting to the consequences of climate change

No specific measure has been identified for the purpose of adapting Group sites to climate change.

e) Protection of biodiversity

Measures taken to limit environmental damage

Egide SA operates in an industrial zone bordered by a waste collection facility, agricultural fields, a drainage canal parallel to the Rhône and the Tricastin nuclear power plant. Egide USA is located in a commercial urban area off a road with heavy traffic. The environment of each Group company thus limits adverse impacts on the biological balance, natural habitats, and protected animal or vegetable species. Regarding effluent discharges, Egide SA has decided to store them in and installation built specifically for this purpose to be evacuated and processed on a regular basis by specialized companies. Egide USA recovers pollutants for treatment before discharging the effluents into the municipal networks (after prior pH control). Whenever possible, the Group gives preference to the regeneration of certain used chemical products.

Furthermore, with respect to Egide SA's ISO 14001 certification, a number of measures have been identified and implemented (paper and cardboard recycling, phasing out of the use of flo-pak etc.).

26.3 Information relating to societal commitments in favor of sustainable development

a) Regional, economic and social impact

Employment and regional development

Each Group company gives preference to the local labor force for the recruitment of new staff. Also, regional infrastructure resources are used when available.

Impacts on neighboring or local populations

The French site is located in an industrial area surrounded by agricultural fields while the US site is located in a commercial area off the main road in a town environment. By their location, the impact of Group entities on resident or local populations is very limited.

b) Relations with persons or organizations interested by the activity of the company

Conditions of dialogue

All persons interested in the activity of the company may freely contact the different Group units. The relevant contact information is available from Egide website.

Partnerships or corporate sponsorship initiatives

No corporate partnerships or sponsorship initiatives have been implemented by Group companies

c) Outsourcing and suppliers

With most of Egide's suppliers from Europe or the United States, the company is in principle not subject to a risk of their noncompliance with ILO conventions. Furthermore, an ethics clause is included in the charter sent by Egide SA to all suppliers (notably those in Asia for which application of conventions may be more random) and acceptance by suppliers of purchase order constitutes acceptance of the provisions of this clause. Egide prohibits using suppliers having recourse to child labor or forced labor. By objecting in order from Egide, the supplier unconditionally undertakes to comply and ensure compliance by its own suppliers of this clause.

d) Fair trade practices

Measures for preventing corruption

The company relies on procedures in place at each unit to prevent all risks of corruption. Otherwise, no specific measures addressing the subject have been adopted.

Consumer health and safety measures

The company has an exclusively B2B customer base and none of the products sold by the Group are destined for the consumer segment. With regards to health, Egide applies the laws and regulations in force in each country (for example REACH).

e) Other actions undertaken in favor of the human rights

No specific measures in this area have been adopted at Group companies.

26.4 Verification of the CSR report by an independent third-party

In compliance with the statutory provisions set forth by the legal order published on May 13 2013 determining the conditions in which the independent third party shall perform its engagement to review the CSR report, Egide's executive management appointed the firm Finexfi for that purpose. Finexfi was granted certification by the French National Accreditation Body (COFRAC) under No 03-1081.

"To the attention of Executive Management:

In accordance with your request and in our capacity as independent assurance provider of Egide, we hereby report to you on the consolidated social, environmental and societal information presented in the management report issued for the year ended December 31, 2013 in accordance with the requirements of article L. 225-102-1 of the French commercial code (*Code de Commerce*).

Responsibility of company management

The Board of Directors is responsible for the preparation of the management report including the consolidated social, environmental and societal information in accordance with the requirements of Article R. 225-105-1 of the French commercial code (hereafter the "Information"), established according to the company's internal reporting standards (the "Guidelines") and which can be obtained from the Group's Sustainable Development Department.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession (*Code de Déontologie*) and Article L.822-11 of the French commercial code. In addition, we maintain a comprehensive system of quality control including documented policies and procedures to ensure compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the independent assurance provider

On the basis of our work, it is our responsibility to:

- Attest that required Disclosures are presented in the management report or, if not presented, whether an appropriate explanation is given in accordance with the third paragraph of Article R. 225-105 of the French commercial code (Code de Commerce) and Decree no. 2012-557 24 April 2012 (Attestation of Disclosure);
- Provide limited assurance on whether the information is fairly presented in all material respects in accordance with the Guidelines adopted (Limited Assurance Report).

ATTESTATION OF DISCLOSURE

Our engagement was performed in accordance with professional standards applicable in France:

- We compared the Information presented in the management report with the list as provided for in Article R.225-105-1 of the French commercial code;
- We ensured that the Information covers the scope of consolidation, i.e., the company, its subsidiaries as defined by Article L. 233-1 and the entities it controls as defined by Article L. 233-3 of the French commercial code;
- In the event of the omission of certain consolidated information, we verified that an appropriate explanation was given in accordance with Decree no. 2012-557 dated 24 April 2012.

On the basis of our work, we attest that the required Information is presented in the management report.

LIMITED ASSURANCE REPORT

Nature and scope of work

We conducted our engagement in accordance with ISAE 3000 (International Standard on Assurance Engagements) and French professional guidance. We performed the following procedures to obtain limited assurance that nothing has come to our attention that causes us to believe that the Information is not fairly presented, in all material respects, in accordance with the guidelines. A higher level of assurance would have required procedures involving more extensive verifications.

Our work consisted in the following:

- We assessed the appropriateness of the Guidelines as regards their relevance, completeness, neutrality, clarity and reliability, taking into consideration, where applicable, the good practices in the sector.
- We verified that the Company had set up a process for the collection, compilation, processing and control of the Information to ensure its completeness and consistency. We examined the internal control and risk management procedures relating to the preparation of the Information. We conducted interviews with those responsible for employment-related and environmental reporting.
- We identified the consolidated information to be tested and determined the nature and scope of the tests, taking into consideration their importance with respect to the social and environmental consequences related to the Company's business and characteristics, as well as its societal commitments.
- Concerning quantified consolidated information that we deemed to be the most important:

- At the level of the parent company Egide S.A. and the controlled entities, we implemented analytical procedures and, based on sampling, verified the calculations and the consolidation of this information;
- At the level of the sites and subsidiaries that we selected based on their contribution to the consolidated indicators and a risk analysis:
    - we conducted interviews to verify that the procedures were correctly applied and to identify potential omissions;
    - we performed tests of detail based on sampling, consisting in verifying the calculations made and reconciling the data with the supporting documents.

The selected sample represents on average more than 50% of contributions to employment-related data in more than 50% to environmental data.

- Concerning the qualitative consolidated information we deemed to be the most important, we conducted interviews and reviewed the related documentary sources in order to corroborate this information and assess its fairness. Concerning the subject of fair trade practices, meetings were conducted exclusively at the parent company level with Egide S.A.
- As regards the other consolidated information published, we assessed its fairness and consistency in relation to our knowledge of the Company and, where applicable, through interviews or the consultation of documentary sources.
- Finally, we assessed the relevance of the explanations given in the event of the absence of certain information.

Comments on the guidelines

The CSR guidelines defined by Egide Group cover the disclosures provided for by article R. 225-105-1 of the French commercial code.

Comments on the Information

In the introduction to the section "Employment-related environmental and social responsibility", the Group notes that 2012 information is presented on a pro forma basis to ensure the comparability between 2012 and 2013.

CONCLUSION

Based on our work described in this report, no material misstatements have come to our attention that might cause us to believe that the Information is not fairly presented, in all material respects, in accordance with the Guidelines.

Lyon, April 28, 2014

Independent insurance provider
FINEXFI
Isabelle Lhoste »

27 RESOLUTIONS SUBMITTED TO THE GENERAL MEETING OF JUNE 18, 2014

ORDINARY RESOLUTIONS

RESOLUTION ONE - Approval of the separate parent company financial statements

The shareholders, after having considered the reports of the Board of Directors and the Auditors for the period ended December 31, 2013, approve the annual financial statements as presented and adopted on this date, showing a loss of €388,897.68.

The shareholders also approve the transactions reflected in said financial statements or summarized in these reports.

RESOLUTION TWO - Discharge

The shareholders grant discharge to the directors for the performance of their duties for the financial period under review. They also grants discharge to the statutory auditors for the performance of their engagement.

RESOLUTION THREE - Regulated Agreements (article l.225-235 of the French commercial code)

The shareholders, after having considered the Auditors' special report on agreements covered by the provisions of article L.225-38 of the French commercial code (code de commerce), approve each of these agreements, whereby the persons party to these agreements abstained from the vote.

RESOLUTION FOUR - Appropriation of earnings

The shareholders, acting on a proposal of the Board of Directors, decide to allocate the total amount of the loss of the period of €388,897.68

- to "Retained earnings" accordingly increasing it to an accumulated deficit of €1,530,254.49.

In compliance with the disclosure requirement provided for by article 243 bis of the French General Tax Code, readers are informed that no dividends have been paid out over the last three years.

RESOLUTION FIVE- Approval of the consolidated financial statements

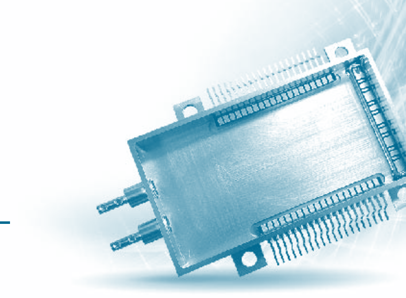
The shareholders, after having considered the reports of the Board of Directors and the Auditors for the period ended December 31, 2013, approve the consolidated statements as presented and adopted on this date, showing a loss of €516,155.97.

RESOLUTION SIX - Approval of the Chairman' report on the conditions of preparation and organization of the work of the Board of Directors and internal control and risk management procedures implemented by the company and the Auditors' report thereon prepared in compliance with the provisions of articles 225-235 of the French commercial code

The shareholders, after having considered the report of the Chairman of the Board of Directors on the conditions of preparation and organization of the work of the Board of Directors and internal control and risk management procedures implemented by the company, in accordance with the provisions of article L.225-37 subsection 6 of the French commercial code, and after considering the Auditors' report thereon, approve these reports.

RESOLUTION SEVEN - Special report of the Board of Directors on stock options

The shareholders, after having considered the report of the Chairman of the Board of Directors on stock options, approve said report.



RESOLUTION EIGHT - Renewal of the appointment of a director (A. Schune)

The shareholders, duly noting that the term of Mr. Albert Schune expires on this date, on proposal of the Board of Directors, decide to renew his appointment for a 4-year term expiring at the close of the ordinary general meeting called in 2018 to approve the financial statements for the period ending December 31, 2017.

If the 16th resolution of this general meeting proposing to modify the length of terms for directors under the bylaws is rejected, Mr. Albert Schune's appointment will then be renewed for a 6-year term expiring at the close of the ordinary general meeting called in 2020 to approve the financial statements for the period ending December 31, 2019.

RESOLUTION NINE - Appointment of a director (C Lucas)

The shareholders, acting on proposal of the Board of Directors, decide to appoint as a new director for a term of four years that will expire at the close of the ordinary general meeting called in 2018 to approve the financial statements for the period ending December 31, 2017:

Ms. Colette Lucas
Born on August 15, 1956 in Hayange (57700) – France
Residing at 2 avenue du Grand Mesnil, Orsay (91400) – France

If the 16th resolution of this general meeting proposing to modify the length of terms for directors under the bylaws is rejected, Ms. Colette Lucas' appointment will then be renewed for a 6-year term expiring at the close of the ordinary general meeting called in 2020 to approve the financial statements for the period ending December 31, 2019.

RESOLUTION TEN - Appointment of a director (J-L. Malinge)

The shareholders, acting on proposal of the Board of Directors, decide to appoint as a new director for a term of four years that will expire at the close of the ordinary general meeting called in 2018 to approve the financial statements for the period ending December 31, 2017:

Mr. Jean-Louis Malinge
Born on August 12, 1953 in Segré (49500) – France
Residing at 44 bis rue Rouelle, Paris (75015) – France

If the 16th resolution of this general meeting proposing to modify the length of terms for directors under the bylaws is rejected, Mr. Jean-Louis Malinge's appointment will then be renewed for a 6-year term expiring at the close of the ordinary general meeting called in 2020 to approve the financial statements for the period ending December 31, 2019.

RESOLUTION ELEVEN - Appointment of a director (P. Dumas)

The shareholders, acting on proposal of the Board of Directors, decide to appoint as a new director for a term of four years that will expire at the close of the ordinary general meeting called in 2018 to approve the financial statements for the period ending December 31, 2017:

Philippe Dumas
Born on January 14, 1943 in Clamecy (58500) – France
Residing at 8 square Henry Paté, Paris (75016) – France

If the 16th resolution of this general meeting proposing to modify the length of terms for directors under the bylaws is rejected, Mr. Philippe Dumas' appointment will then be renewed for a 6-year term expiring at the close of the ordinary general meeting called in 2020 to approve the financial statements for the period ending December 31, 2019.

RESOLUTION TWELVE - Appointment of a director (E. Chiva)

The shareholders, acting on proposal of the Board of Directors, decide to appoint as a new director for a term of four years that will expire at the close of the ordinary general meeting called in 2018 to approve the financial statements for the period ending December 31, 2017:

Emmanuel Chiva
Born on June 17, 1969 in Paris (75116) – France
Residing at 42 Impasse Les Enfants du Paradis à Boulogne Billancourt (92100) – France

If the 16th resolution of this general meeting proposing to modify the length of terms for directors under the bylaws is rejected, Mr. Emmanuel Chiva's appointment will then be renewed for a 6-year term expiring at the close of the ordinary general meeting called in 2020 to approve the financial statements for the period ending December 31, 2019.

RESOLUTION THIRTEEN - Allocation of attendance fees

The shareholders decide to set the total gross amount (before statutory social security contributions) for directors' attendance fees for the period in progress at €16,000, to which will be added €8,000 per director appointed by this general meeting.

RESOLUTION FOURTEEN - Share buyback authorization

The shareholders, after having considered the Board of Directors' report, authorize the company, in compliance with the provisions of articles L.225-209 and L.225-210 of the French commercial code and on condition that the voluntary reserve of the company has been refunded on the date the share buyback is implemented, to purchase its own shares on the market under the following conditions:

- Purposes (by decreasing order of priority) :
    - Facilitate the liquidity and orderly trading in the company's shares while preventing any undue share price fluctuations caused by market trends in connection with a liquidity agreement concluded with an investment service provider, in accordance with market practices admitted by the AMF (*Autorité des Marchés Financiers*),
    - Subsequent remittance of shares to be tendered in payment or exchange in connection with future acquisitions, in accordance with market practices admitted by the AMF,
    - Engage in any market practice that may be subsequently admitted by law or the AMF.

- Maximum share of capital: 1.8% % (on the date of the program's implementation)
- Number of shares (at March 31, 2014) 32,126 shares
- Maximum purchase price: € 6.50 per share
- Maximum amount of funds allotted for the execution of the program (at March 31, 2014): € 208,819
- Term: 18 months as from the general meeting of June 18, 2014

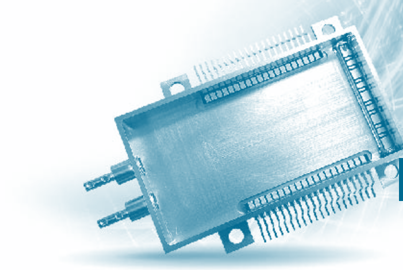
The maximum number of shares and maximum purchase price will, as required, be adjusted to take into account subsequent corporate actions of the company or decisions affecting the share capital..

The shareholders furthermore decide that the shares may be acquired, sold or transferred by any means and at any time, including over-the-counter and through block trades or recourse to derivative financial instruments, in one or more installments and in proportions and at such times as the Board of Directors chooses, and namely during takeover bids, in compliance with applicable regulations.

For the purposes set forth above, the shareholders grant all powers to the Board of Directors, which the latter may in turn further delegate in connection with the ensuring the orderly trading of the company' shares, to place all orders, conclude all agreements, proceed with filings with the AMF, fulfill all other formalities, grant all powers and in general, undertake all that is necessary.

RESOLUTION FIFTEEN (Powers for formalities)

The shareholders grant all powers to the holder of a copy or short-form certificate of these minutes for all disclosure and other formalities required by law.



EXTRAORDINARY RESOLUTIONS

RESOLUTION SIXTEEN - Amendment of the bylaws on the length of directors' terms of office

The shareholders, after having reviewed the Board of Directors' report, decide to modify article 13 of the company's bylaws as follows, in order to reduce their terms of office from six to four years:

Article 13 - Board of Directors

The company shall be administered by a Board of Directors. The number of Directors shall not be less than three and not more than eighteen subject to exceptions provided for by statutes in the event of a merger.

Directors are appointed for terms of four years

Every director is eligible for reappointment.

RESOLUTION SEVENTEEN (Powers for formalities)

The shareholders grant all powers to the holder of a copy or short-form certificate of these minutes for all disclosure and other formalities required by law.

28 CROSS-REFERENCES WITH THE MANAGEMENT REPORT

Items of the management report for fiscal 2013	Section of this document
Annual highlights	9.1.3
Operating highlights of the company and subsidiaries	20.5.1
Presentation of annual results for fiscal 2012	20.5.2.2
Presentation of consolidated results for fiscal 2012	20.5.2.1
Presentation of the Group’s financial position	9.1.3
Post-closing events	10.5 - 12.1 – 20.6
Outlook	12.1
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Research and development activity	11
Statutory disclosures on the trade payables aging balance (Egide SA)	20.5.3
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Employment-related impact of Egide Group operations	26.1
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Chairman' report on internal control	16.4
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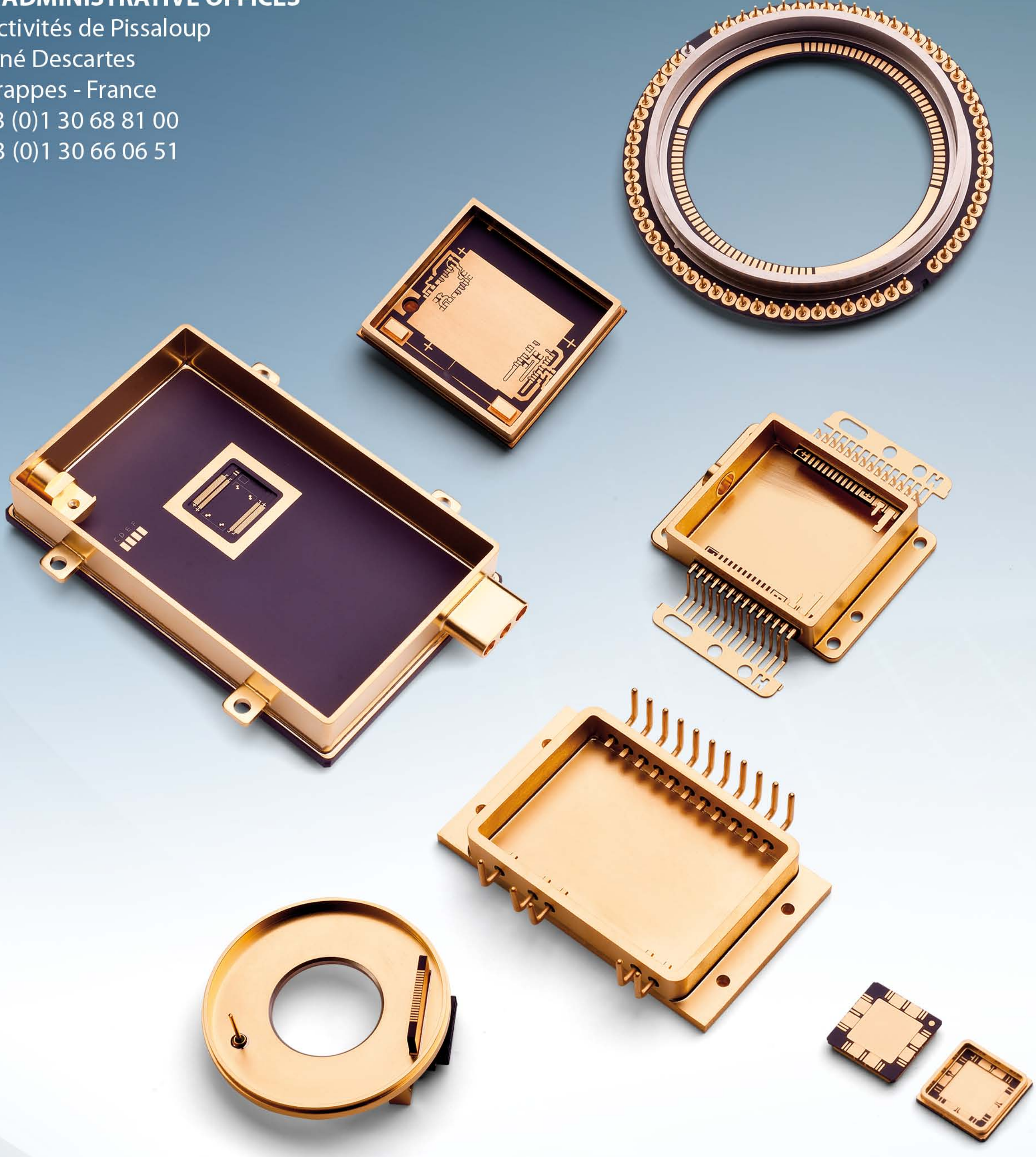
Statement of investments	20.5.5
Collateral, pledges and guarantees given by the company	20.3.2.4.3.31

EGIDE - HEAD OFFICE
Site du Sactar
84500 Bollène - France
Tel. : +33 (0)4 90 30 97 11
Fax : +33 (0)4 90 30 05 40

EGIDE - ADMINISTRATIVE OFFICES
Parc d'Activités de Pissaloup
2 rue René Descartes
78190 Trappes - France
Tel. : +33 (0)1 30 68 81 00
Fax : +33 (0)1 30 66 06 51



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