EGIDE

INNOVATIVE HERMETIC SOLUTIONS

Defense
Space
Aeronautics
Security
Telecoms

REFERENCE DOCUMENT 2014

INNOVATIVE HERMETIC SOLUTIONS

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 June 5, 2015 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 €8,130,740
Registered office: Site Sactar - 84500 - Bollene - France
Avignon Companies Register (RCS) No.: 338 070 352

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Translation disclaimer: This document is a free translation of "Document de Référence 2014" 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.

Contents

1 PERSONS RESPONSIBLE

1.1 Person responsible for the original French language version of the registration document

Monsieur James F. Collins, Directeur général

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 2014 reference 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 reference document and read this entire reference document.

The statutory auditors' report on the historical financial information:

- reproduced in paragraph 20.4 of the reference 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 2012: "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 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 financial statements: "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 in the section on subsequent events in the notes.
- reproduced in paragraph 20.4 of the reference document document filed on May 13, 2014 under No. D14-0510 and include emphasis of matter paragraphs. These emphasis of matter paragraphs are presented in the report on the consolidated financial statements for 2013: "Without calling into question the opinion expressed above, we draw your attention to the uncertainty with respect to the principle of going concern presented in note 2.1 to the financial statements" and in the report on the annual financial statements for 2013. "Without calling into question the opinion expressed above, we draw your attention to the uncertainty with respect to the principle of going concern presented in notes 1.1 and 2.1."

The statutory auditors' reports on the financial information is reproduced in paragraph 20.4 in the 2014 reference document.

Trappes, June 8, 2015

James F. Collins
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.

Term expiration date: 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.

Term expiration date: 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.

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

2.3 Auditors' fees

In compliance with article 222-8 of the AMF General Regulation, fees paid to auditors excluding tax incurred by Egide Group for fiscal 2013 and 2014 are disclosed below:

	SYC S.A.S				PricewaterhouseCoopers Audit			
	Amounts in euros		%		Amounts in euros		%	
	2013	2014	2013	2014	2013	2014	2013	2014
Auditing								
- Statutory audit, certification, examination of individual and consolidated financial statements	68,400	64,300	88	97	89,900	88,200	98	100
- Other related services and audit assignments	9,363	2,000	12	3	1,500	0	2	0
Subtotal	**77,763**	**66,300**	**100**	**100**	**91,400**	**88,200**	**100**	**100**
Other services								
Legal, tax, employee-related assignments			-	-	-	-	-	-
Subtotal	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL	**77,763**	**66,300**	**100**	**100**	**91,400**	**88,200**	**100**	**100**

3 SELECTED FINANCIAL INFORMATION

3.1 Consolidated financials for FY 2012, 2013 and 2014

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, 2014.

For the purpose of simplification, these standards and their interpretations are jointly referred to as "IFRS standards" or "IFRS. The financial statements for the period ended December 31, 2014 are the tenth published by the Group according to IFRS.

For information, selected consolidated financial highlights for the 2012, 2013 and 2014 fiscal years are presented below:

(in thousands of euros)	2012 IFRS Historic financials	2012 IFRS Changes in Group structure	2012 IFRS Restated	2013 IFRS	2014 IFRS
Revenue	25,595	2,950	22,645	20,386	19,967
Operating profit/(loss)	(672)	NA	(345)	(664)	(935)
Income (loss) from discontinued operations	NA	(381)	NA	385	NA
Net income/(loss)	**(866)**	**(381)**	**(485)**	**(516)**	**(863)**
Non-current assets	4,714	766	3,947	3,500	4,751
Cash and cash equivalents	1,131	114	1,007	512	4,077
Financial liabilities	4,238	717	3,520	2,782	4,393
Financial liabilities associated with assets held for sale	0	0	0	0	0
Shareholders’ equity	4,711	NA	4,711	3,655	7,380
Total assets	**14,116**	**NA**	**14,116**	**10,487**	**15,495**

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 and 2014:

- 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).

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

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

3.2 Statutory financial information (separate annual financial statements) for FY 2012, 2013 and 2014

For information, selected statutory financial highlights for the 2012, 2013 and 2014 fiscal years are presented below:

(in thousands of euros)	2012	2013	2014
Revenue	14,031	12,869	12,982
Operating profit/(loss)	(1,673)	(1,277)	(1,365)
Net income/(loss)	**(757)**	**(389)**	**(1,204)**
Net fixed assets	2,155	2,143	2,473
Cash and cash equivalents	848	394	3,955
Financial liabilities	270	210	437
Shareholders' equity	4,056	3,667	7,259
Total assets	**8,079**	**7,289**	**10,804**

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

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

4 RISK FACTORS

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

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

4.1.1 Liquidity risk

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. The capital increase successfully completed in June 2014 for €5.1 million destined to finance the Group's strategic plan and financing linked to French tax credits (research tax credits and the CICE wage tax credit) obtained from Bpifrance eliminated the going concern risk existing at the end of 2013.

4.1.2 Foreign exchange risk

In 2014, exports accounted for 63 % of Egide's revenue, including 38 % to North America where sales are invoiced in US dollars. Concerning the 17 % of sales to non-European countries, amounts are invoiced in either euros or US dollars. In the period, Egide SA invoiced sales of US$3.5 million (exchange value of €2.6 million) and Egide USA Inc. invoiced sales of US$9.3 million (€7 million). In 2014, the US dollar/euro exchange rate (averaging 1.3288 for the year compared to 1.3281 in 2013) had no impact on Group sales

Inflows from sales in US dollars received directly by Egide SA (US$2.8 million in 2014) were used in payment of purchases for components from US suppliers (US$2.5 million in 2014). The positive balance in US dollars is maintained in dollar denominated bank accounts. 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 have been put into place as the cost of such arrangements remain too high.

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

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

(€ thousands at December 31, 2014)	USD
Foreign currency denominated assets	5,175
Foreign currency denominated liabilities	1,023
Net position before hedging (+ short, - long)	4,152
Off-balance sheet position	-
Net position after hedging	4,152
Impact of an adverse 1 centime change in the euro (- loss, + gain)	(42)
Exchange rate at December 31, 2014 (1 euro =)	1.2141
Impact in thousands of euros	(34)

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). The bank reserves the right to apply a six-point increase in the financing rate above the contractual rate should one of the covenants be breached. At the end of 2014, and despite the breach of one of the covenants, Bank of America had not exercised these rights.

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.

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.

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

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.

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

Also see section 10.7 - Commitments and other contractual obligations

4.1.4 Equity risks

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

4.2 Legal risks

See also section 20.8 - Legal and arbitration proceedings

4.2.1 Intellectual property

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

Total premium for 2014 amounted to €292,000 (€204,000 for Egide SA and €88,000 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.

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 2014, the largest customer accounted for 17% of consolidated sales compared to 13% in 2013. In 2014, the top five customers accounted for 52% and the top ten accounted for 68% of consolidated sales. However, its sales could be materially impacted by a significant reduction in the activity of one of these customers.

The company also has no relations of dependence on any of suppliers, even if certain represent strategic suppliers for the company or its customers. These suppliers are regularly monitored by the 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 11 % of sales in 2014 compared to 16 % in 2013 and 7 % in 2012) 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 exists 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 it represents a raw material that is in turn used by Egide's suppliers (machining or metal injection molding (MIM)) to manufacture our basic components (bases, basins, frames, pins, etc.). This material is an alloy of iron, nickel and cobalt generally stored as planks of 1828 x 382 mm of different thicknesses (from 7 to 16 mm) or pipes of different diameters, and does not deteriorate over time. During the market boom for telecommunications companies from 1998 to 2000, Egide used up to 3 tons of Kovar per month. After the burst of the dot-com bubble, the need for machined Kovar structures has significantly decreased and the consumption dropped to about 1 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 subpar components to bring them in line with quality standards.

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

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

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

4.3.4 Environmental risks

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

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

All production equipment used 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 suppliers combining low-cost and reliability for selected components used in the manufacture of its packages, which limits the effects of price declines on margins.

4.5 Other risks

4.5.1 New market entrants

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

4.5.2 Risks associated with the volatility of high-tech markets

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

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.

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) may have a positive or negative effect on the company's share price. At the same time, the company's share may be subject to liquidity risk, even if in 2014 average trading volume increased in relation to prior years with daily trading volume of 62,412 shares (or 1.54% of the share capital) compared to 4,544 in 2013 or 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.

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

5 INFORMATION ABOUT THE ISSUER

5.1 History and development of the company

5.1.1 Company name

EGIDE S.A.

5.1.2 Place of registration and registration number

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

5.1.3 Date of incorporation and length of life of the company

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

5.1.4 Registered office and legal form

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

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

5.1.5 Important events in the development of the business

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

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

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

1999: Egide is listed on the Paris Stock Exchange.

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

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

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

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

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

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

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

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

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

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

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

5.2 Investments

5.2.1 Main investments

Group investments concern principally the renewal of manufacturing equipment for the US and French manufacturing sites. To this was added in 2014 the acquisition of a new hyper-frequency modeling application as an investment that has been planned for a long time and the partial renewal of computer equipment. 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 2012 to 2014 were as follows:

(in thousands of euros)	2012	2013	2014
Land and buildings	1,521	55	0
Plant, machinery and equipment	309	631	170
Other tangible fixed assets	231	45	38
Total	**2,061**	**731**	**208**

5.2.2 Main current investments

The Group's budget for recurring capital expenditures in 2015 was approximately €300,000 with around 70% allocated for Egide SA (new equipment, installation security, performance improvements, building upkeep, continuing renewal of computer equipment) 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.

With respect to the strategic plan adopted in 2014 and financed by the capital increase carried out at the end of June, investments of between €2 and €3 million are planned for a new clean room in the site of the Egide USA subsidiary and the related production equipment for ceramic components. At December 31, 2014, capital expenditures of €325,000 were incurred and recognized under fixed assets under construction. The acquisition of selected equipment is also planned to modernize the Bollène production facilities along with a new ERP that should be implemented by the end of 2015.

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. 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. These investments are expected to total approximately €3 million spread over several years.

For Egide USA, significant investments will mainly concern equipment and infrastructure for the surface treatment facility and those falling under the scope of the strategic plan for ceramics (see section 5.2.2).

5.2.4 Pledging of assets

Information on assets pledged as security at December 31, 2014:

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

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

6 BUSINESS OVERVIEW

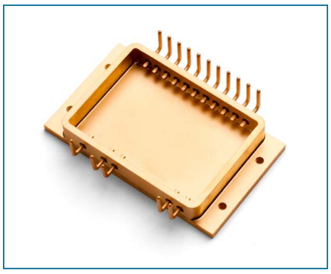
6.1 Principal activities

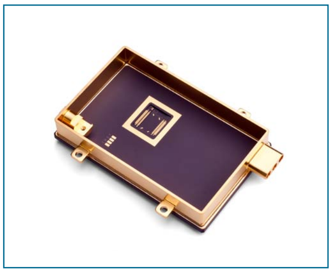
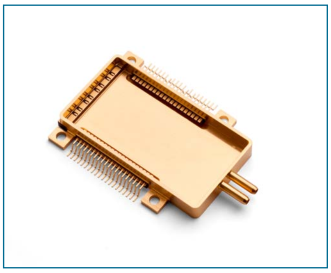
6.1.1 Hermetic packages

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[2], and hyper frequency modeling[3]. Egide is one of the few companies to master all of the technologies surrounding the two types of material used for these packages in the world today; glass-to-metal and ceramics. The company manufactures its own ceramics and glass beads internally.



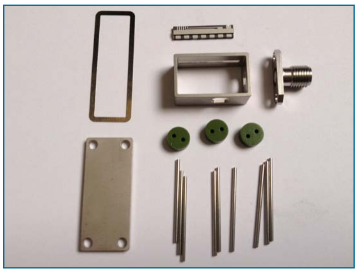
6.1.1.1 Sealing technologies

Glass-to-metal

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

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

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



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

Ceramic-to-metal

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

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

Integration of passive elements

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

6.1.1.2 Surface treatment

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

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

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

Egide's great expertise in the area of surface treatment, and the integration of the line into the 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

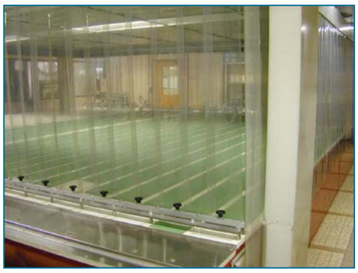
"Raw" ceramic is derived from aluminum powder and organic compounds, which, when mixed, yield a paste-like material known as a slurry or slip. The latter is poured onto plastic bands then made flexible by drying and evaporation of solvents. The bands, which are of varying thicknesses, are then cut into 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 is glass powder that is agglomerated and then heated at a high temperature (at approximately 600°) in a dedicated kiln. This activity completes the system for production integration and independent sourcing for one of the key glass-to-metal technology steps.



6.1.2 Business sales mix

Consolidated sales by business breaks down as follows:

	2012		2013		2014	
	€000s	%	€000s	%	€000s	%
Glass-to-metal products Ceramic products Engineering Other (of which the sale of gold)	13,241 8,545 512 347	58,4 37,8 2,3 1,5	13,156 6,891 314 25	64.6 33.8 1.5 0.1	12,412 7,249 190 116	62.2 36.3 0.9 0.6
Subtotal - packages (Egide SA + Egide USA)	**22,645**	**100,0**	**20,386**	**100.0**	**19,967**	**100.0**
Egide UK + Egima rental income	2,950	-	2,468	-	-	-
Total	**25,595**	-	**22,854**	-	**19,967**	-

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

	2012		2013		2014	
	€000s	%	€000s	%	€000s	%
Glass-to-metal products Ceramic products Engineering Other (of which the sale of gold)	4,578 8,545 512 346	32.7 61.1 3.7 2.5	5,611 6,891 314 24	43.7 53.7 2.5 0.1	5,400 7,249 190 116	41.7 56.0 1.4 0.9
Egide SA subtotal - packages	**13,981**	**100.0**	**12,840**	**100,0**	**12,955**	**100,0**
Glass-to-metal products Ceramic products Engineering Other	8,664 0 0 0	100.0 0.0 0.0 0.0	7,546 0 0 0	100.0 0.0 0.0 0.0	7,011 0 0 0	100.0 0.0 0.0 0.0
Egide USA subtotal - packages	**8,664**	**100.0**	**7,546**	**100.0**	**7,011**	**100.0**
Total - packages (Egide SA + Egide USA)	**22,645**	**-**	**20,386**	**-**	**19,967**	**-**

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.

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* / Infrantryman 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 wide-scale rollout of new networks with the solutions proposed by Egide 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.

Egide is a supplier of aeronautics equipment suppliers, for which it provides namely protective packaging for control units (FADEC - Full Authority Digital Engine Control) or relay bases. In this area, the company's technical capabilities allow 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).

Finally, the oil exploration market remains an area to develop as its needs for complex sensors resistant to significant constraints, in particular pressure and heat, are beginning to emerge.

6.2.4 Consolidated sales by market segment

Consolidated sales by market application breaks down as follows:

	2012		2013		2014	
	€000s	%	€000s	%	€000s	%
Defense and space Telecommunications Industrial	12,166 4,481 5,998	53.7 19.8 26.5	11,805 4,194 4,387	57.9 20.6 21.5	12,454 2,975 4,538	62.4 14.9 22.7
Subtotal - packages (Egide SA and Egide USA)	**22,645**	**100.0**	**20,386**	**100.0**	**19,967**	**100.0**
Egide UK + Egima rental income	2 950	-	2,468	-	-	-
Total	**25,595**	**-**	**22,854**	**-**	**19,967**	**-**

Consolidated sales by breaks down by segments as follows:

	2012		2013		2014	
	€000s	%	€000s	%	€000s	%
Defense and space Telecommunications Industrial	5,607 3,945 4,430	40.1 28.2 31.7	5,797 3,952 3,091	45.1 30.8 24.1	7,201 2,723 3,031	55.6 21.0 23.4
Egide SA subtotal	**13,982**	**100.0**	**12,840**	**100.0**	**12,955**	**100.0**
Defense and space Telecommunications Industrial	6,559 536 1,568	75.7 6.2 18.1	6,008 242 1,296	79.6 3.2 17.2	5,253 252 1,507	74.9 3.6 21.5
Egide USA subtotal – packages	**8,664**	**100.0**	**7,546**	**100.0**	**7,011**	**100.0**
Subtotal - packages (Egide SA and Egide USA)	**22,645**	**-**	**20,386**	**-**	**19,967**	**-**

6.2.5 Customer base

The company has an extensive customer base in its different business segments. Among those may be cited 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 2014, Egide Group's top ten customers for all segments combined accounted for 68 % of consolidated sales, the top five 52% and the Group 's largest customer 17%.. In 2013 and like-for-like (Egide SA + Egide USA), this same breakdown was 64%, 47% and 13%.

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 Italy, the United Kingdom, the United States (East and West Coast, Florida), China India and Israel. One of the strategic plan's objectives with respect to business development is to strengthen the network of agents, in particular in Germany, Spain, Scandinavia, Russia, South Korea and the United States (Texas and the Midwest). The recruitment of a chief marketing officer for the Group who will be based in France is also planned.

6.2.6 Consolidated sales by region

Consolidated sales by region breaks down as follows:

	2012		2013		2014	
	€000s	%	€000s	%	€000s	%
France	7,753	34.3	6,315	31.0	7,400	37.1
European Union (excl. France)	1,819	8.0	1,709	8.4	1,477	7.4
North America	10,168	44.9	8,401	41.2	7,600	38.1
Rest of the world	2,905	12.8	3,961	19.4	3,490	17.4
Subtotal - packages (Egide SA and Egide USA)	**22,645**	**100.0**	**20,386**	**100.0**	**19,967**	**100.0**
Egide UK + Egima rental income	2,950	-	2,468	-	-	-
Total	**25,595**	**-**	**22,854**	**-**	**19,967**	**-**

Segment breakdown of consolidated sales by region:

	2012		2013		2014	
	€000s	%	€000s	%	€000s	%
France	7,753	55.5	6,315	49.2	7,400	57.2
European Union (excl. France)	1,751	12.5	1,694	13.2	1,413	10.9
North America	1,572	11.2	889	6.9	652	5.0
Rest of the world	2,906	20.8	3,942	30.7	3,490	26.9
Egide SA subtotal	**13,982**	**100.0**	**12,840**	**100.0**	**12,955**	**100.0**
France	0	0.0	0	0.0	0	0.0
European Union (excl. France)	68	0.8	15	0.2	64	0.9
North America	8,595	99.2	7,512	99.6	6,948	99.1
Rest of the world	0	0.0	19	0.2	0	0.0
Egide USA subtotal - packages	**8,663**	**100.0**	**7,546**	**100.0**	**7,012**	**100.0**
Subtotal - packages (Egide SA and Egide USA)	**22,645**	**-**	**20,386**	**-**	**19,967**	**-**

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.

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

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

6.4 Competitive position

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

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

Main competitors:

Name	Country	Market segments	Revenue	Share listing	Market capitalization
Ametek	United States	Military aeronautics	€ 1.42 bn [1]	New York	€ 11.2 bn [2]
Kyocéra	Japan	Military aeronautics, telecom	€ 1.54 bn [3]	Tokyo	€ 17.6 bn [4]
Electrovac	Austria	Industrial	Unavailable	Privately held	-
Schott	Germany	Manufacturing, telecom	Unavailable	Privately held	-
Sinclair	United States	Military aeronautics, industrial	Unavailable	Privately held	-
NTK	Japan	Military aeronautics, industrial	€ 0.37 bn [5]	Tokyo	€ 5.6 bn [4]
Hirai	Japan	Industrial	Unavailable	Privately held	-
Metallife	South Korea	Industrial	Unavailable	Privately held	-

[1] Source: Annual report. Revenue at December 31, 2014 for the electromechanical business unit - US$ 1.60 billion compared to US$ 1.56 billion in 2013
[2] Source: New York Stock Exchange. Stock price at April 30, 2015
[3] Source: Press release of January 29, 2015. Revenue at December 31, 2014 for the semiconductors business (calendar year) - ¥ 207.9 billion compared to ¥ 179.4 billion in 2013
[4] Source: Tokyo Stock Exchange. Stock price at April 30, 2015
[5] Source: Press release of January 30, 2015. Revenue at December 31, 2014 for the ceramic components (calendar year) - ¥ 49.6 billion compared to ¥ 55.7 billion in 2013 (calendar year)

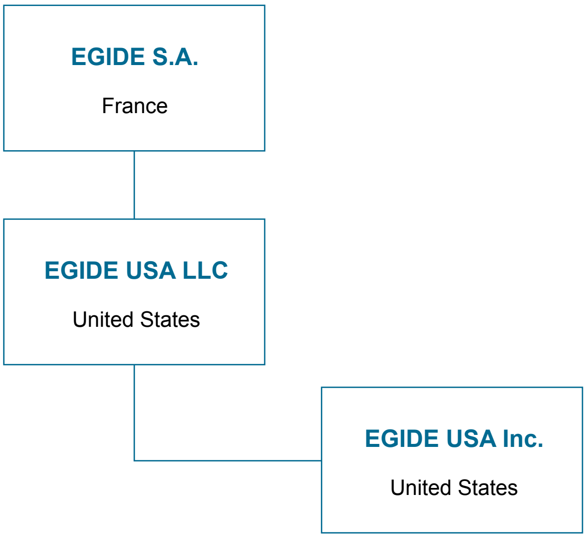
The main competitors operate in the telecommunications and defense markets, and less so for industrial applications. In contrast, competitors with whom Egide confronts on a less frequent basis are more focused on the industrial market. Owing to its plant in San Diego, USA, Kyocera can offer its ceramic products to American defense customers which is not yet available to Egide USA as it does not have the ceramic technology. The implementation of the Egide strategic plan for duplicating Egide SA's ceramic production capacity at the US site of Egide USA will in consequence enable the Group to address the US military market with customers of the sector having indicated their wish for the existence of a second source.

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

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

7 ORGANIZATIONAL STRUCTURE

7.1 Group organization



7.2 Group subsidiaries and structure

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

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

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

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

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

See section 20.3.2.4.3.22 - Information on affiliated undertakings and participating interests

8 PROPERTY, PLANT AND EQUIPMENT

8.1 Significant tangible fixed assets

8.1.1 Manufacturing sites

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

The Bollène site (Egide SA)

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

The Cambridge site, MD (Egide USA subsidiary)

In a building of 5,000 m², the site is 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. In 2015, the site will be equipped with a clean room and production equipment for ceramic package production as well as a dedicated 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],
- de machines de contrôle d'herméticité,
- de plusieurs centres d'usinage graphite,
- 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.

The equipment for ceramic production at the Cambridge site will be acquired and come on line in 2015. This includes used equipment transferred from the Bollène site.

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

See section 4.3 - Industrial and environmental risks

8.3 Environmental impact of Group operations

See section 26.2 - Environmental impact

8.4 Information relating to CSR commitments in favor of sustainable development

See section 26.3 - CSR commitments in favor of sustainable development

9 OPERATING AND FINANCIAL REVIEW

9.1 Financial position

9.1.1 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 Compétitivité 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.

9.1.2 Exercice 2014

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

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

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

9.2 Operating results

9.2.1 Historic factors impacting revenue

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

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

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

Statement of comprehensive income at December 31, 2013 and 2014 (€ millions)

€ millions	2013		2014	
REVENUE	**20.4**	**100 %**	**20,0**	**100 %**
Raw materials and consumables	8.9	44 %	8.6	43 %
Change in finished goods and work in progress	0.1		0.0	
Staff costs	8.9	44 %	8.7	43 %
External charges	3.0	15 %	3.1	16 %
Taxes other than on income	0.3	1 %	0.3	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 %	0.0	0 %
Other operating income and expenses [1]	(0.4)	1 %	(0.2)	1 %
NET OPERATING INCOME (LOSS)	**(0.7)**	**(3 %)**	**(0.9)**	**(5 %)**
Net financial expense	(0.2)	(1 %)	0.1	0 %
Income tax	0.0		0.0	
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	**(0.9)**	**(4 %)**	**(0.9)**	**(4 %)**
Income/(loss) from discontinued operations	0.4	2 %	0.0	0 %
NET INCOME/(LOSS)	**(0.5)**	**(2 %)**	**(0.9)**	**(4 %)**
Other comprehensive income	(0.4)	(2 %)	0.0	0 %
COMPREHENSIVE INCOME	**(0.9)**	**(4 %)**	**(0.9)**	**(4 %)**

[1] *of which a social security rebate of €0.1 million and research tax credits of €0.3 million in 2013 and -€0.3 million in 2014.*

Consolidated statement of financial position at December 31, 2014 (€ millions):

ASSETS		EQUITY AND LIABILITIES	
Property, plant and equipment and financial assets	3.3	Shareholders' equity	7.4
Other non-current assets	1.4	Non-current financial debt	0.6
Inventory and work in progress	2.9	Non-current provisions	0.4
Trade and other receivables	3.5	Current financial debt	3.8
Cash and cash equivalents	4.1	Trade and other payables	3.3
Others current assets	0.3	Other non-current liabilities	0.0
Total	**15.5**	**Total**	**15.5**

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

ASSETS	2013	2014
Opening cash and cash equivalents	1.1	0.5
Operating cash flows	(0.2)	(0.6)
Change in working capital requirements	0.7	(1.5)
Change in fixed assets	(0.3)	(0.5)
Change in financial debt (excluding factoring)	(0.1)	0.7
Change in factoring debt	(0.6)	0.7
Capital increase	0.0	4.8
Subtotal	0.6	4.1
Impact of the fire (Egide SA)	(0.1)	0.0
Closing cash and cash equivalents	0.5	4.1

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 Cash flow

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

10.3 Borrowing requirements and funding structure

Financial debt break down as follows:

Egide SA:

- a factoring agreement for France concluded in 2006, floating rate (Euribor + 1.20 points)
- a factoring agreement for France concluded in 2006, 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);
- a €227,000 advance from Bpifrance in 2014, renewed until July 18, 2015, floating rate based on the average Euribor one month rate plus 3 points, in exchange for the 2011 research tax receivable assigned as collateral in connection with the "Dailly" law.
- a €231,000 advance from Bpifrance in 2014, renewed until December 17, 2015, floating rate based on the average Euribor one month rate plus 3 points, in exchange for the 2012 research tax receivable assigned as collateral in connection with the "Dailly" law.
- a €123,000 advance from Bpifrance in 2014 until June 2015 (renewable), floating rate based on the average Euribor one month rate plus 3 points, in exchange for the 2013 CICE wage tax credit receivable as collateral assigned in connection with the "Dailly" law.
- a €165,000 advance from Bpifrance in 2014 until June 2015 (renewable), floating rate based on the average Euribor one month rate plus 3 points, in exchange for the 2014 CICE wage tax credit advance ("en germe") receivable assigned as collateral in connection with the "Dailly" law.

Egide USA:

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

At the end of 2014, total financial debt amounted to €4,393,000, with the current portion amounting to €3,790,000 (including loans for €1,418,000 and €2,372,000 in factoring) and the non-current portion €603,000. 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 0.64 instead of 1.20).

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

In early 2015, the company obtained an advance from Bpifrance of €209,000 in exchange for the 2013 research tax credit receivable assigned in connection with the "Dailly" law. This advance is granted until December 7, 2015 and will not be renewable. It is subject to floating-rate interest (the average Euribor one month rate plus 3 points).

It will also be possible to apply for financing for approximately 90% of the 2014 research tax credit (gross amount: €319,000) and for 80% of the 2015 CICE wage tax credit advance (estimated at approximately €150,000).

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, 2014 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 liabilities				
- Egide SA(loan)	138	53	85	0
- Egide SA (Bpifrance advance)	744	226	518	0
- Egide USA (loan)	1,139	1,139	0	0
Operating leases				
- Egide SA (Trappes real estate) [1]	247	113	134	0
- Egide SA (Bollène real estate) [2]	1,519	205	843	471
Total	**3,787**	**1,736**	**1,580**	**471**

[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 and extended for three years in May 2015 - annual rent indexed to the INSEE cost of construction index as from March 1, 2011.

Other commitments given	Total (€ thousands)	Payables by maturity (€ thousands)		
		< 1 year	1 to 5 years	> 5 years
Factoring agreements				
- Egide SA	1,870	*1,870*	0	0
- Egide USA	824	*824*	0	0
Total	**2,694**	**2,694**	**0**	**0**

11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

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

Programs undertaken or pursued in the period:

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

Package developments:
- Improvement and development of surface treatment processes
- Optimization of high-frequency performances

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 either from regional authorities, Bpifrance, ESA (European Space Agency) or the French National Research Agency (ANR or Agence Nationale de la Recherche). Projects that do not receive financing are paid for in full by Egide. R&D expenditures are not capitalized by the company and recorded as assets.

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

Egide SA	2012	2013	2014
R&D expenditures % of consolidated sales Headcount (person equivalents)	1,111 k€ 4.34 % 13.0	1,150 k€ 5.64 % 12.7	1,094 k€ 5.48 % 12.0

Egide USA does not have an R&D unit.

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

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

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

12 INFORMATION ON TRENDS

12.1 Annual operating highlights

In 2014, Egide decided to implement an ambitious strategic plan seeking to double Group sales within five years. Financed by a €5.1 million capital increase (gross amount) completed on June 30, 2014, this plan is focused on three main areas:

- Expansion into new markets in France and other countries;
- Create a ceramics manufacturing line at the Cambridge production site (United States) to better address the local defense sector.
- Improve manufacturing yields and productivity in France and the United States.

A new revamped commercial organization has been implemented with the appointment of a new sales manager for the entire Group (until then with responsibility for the Asia-Pacific region) tasked with strengthening the sales forces in the field, by focusing teams on three main regions: Europe, Asia-Pacific in North America. Executive management also decided to create a marketing and business development department in 2015 to support the existing and the future sales network to capture new markets and significantly increase Group sales.

In order to address the US military markets which are in compliance with ITAR (International Trade in Arms Regulations) for the supply of ceramic-to-metal packages, the Group has decided to replicate manufacturing the facilities of the Bollène site at the Cambridge site as local production of ceramic components is a prerequisite for supplying military customers. Egide launched this industrial project at the end of 2014 which is expected to be operational at the end of 2015. Construction work for the clean room is expected to take six months, with an additional six months for the qualification for the equipment and the initial packages. Two American engineers were recruited for that purpose and are in training for a six month period at the French site of Bollène. Three US customers have already expressed their interest in this project and have accepted to proceed with the qualification process for the ceramic products of Egide USA.

Finally, a portion of the proceeds from the capital increase will be used to modernize production facilities, and particularly at the Bollène site, with targeted investments for equipment to improve yields and productivity (machines performing automatic verifications, for example), but also software with the implementation of a new production management system (ERP) and the strengthening of hyper-frequency modeling capabilities.

12.2 Outlook

In the short-term, the implementation of the new commercial organization described above should increase sales at the Group level, enabling it to reach breakeven and achieve cash flow at a minimum neutral. The initial effects are not expected before the second half of 2015 and on that basis, Group annual sales should remain largely comparable to sales of the prior year.

Over the medium-term, the installation of a production line for ceramic products in the United States should contribute to capturing new market shares (projects for US defense markets) which cannot be addressed from France. The first customer qualifications are expected at the end of 2015 and the initial sales expected for 2016.

The Group's objective is to limit cash burn throughout 2015 which remains a decisive year and, at a minimum, achieve neutral cash flow in 2016. The capital increase carried out at the end of June 2014 and possible 2014 research tax credit financing (€0.3 million) will make it possible both to continue to roll out the strategic plan but also finance working capital requirements.

Improvements will be introduced to increase efficiencies at the two manufacturing sites to better address existing needs and to recapture market share in the telecom and industrial sectors. At the same time, the company will continue to work on new generation programs by leveraging in particular Egide's hyper frequency design and modeling capabilities.

See section 20.6 "Other financial disclosures" for the 2015 first quarter.

12.3 Events likely to have an effect on trends

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

13 PROFIT FORECASTS OR ESTIMATES

The company does not issue forecasts.

14 ADMINISTRATIVE AND EXECUTIVE BODIES AND EXECUTIVE MANAGEMENT

14.1 Board of Directors

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

Name	Office	Beginning of term	End of term
Philippe Brégi 34-36 rue de Clichy 75009 Paris	Chairman of the Board Chief Executive Officer	4/26/2005 2/2/2005	6/30/2017 4/2/2014
James F. Collins 1553 Comanche Road Arnold, MD 21012 - USA	Director Chief Executive Officer	9/11/2014 9/11/2014	6/30/2017 6/30/2020
Colette Lucas 2 avenue du Grand Mesnil 91400 Orsay	Director	7/7/2014	6/30/2020
Jean-Louis Malinge 44B rue Rouelle 75015 Paris	Director	7/7/2014	6/30/2020

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

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

Independence criteria	P. Brégi	C. Lucas	J-L. Malinge	J. F. Collins
Existence of a financial, contractual or family relationship?	No	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.

Changes to the Board of Directors in 2014 were as follows:

- On March 25, the functions of chairman and chief executive officer were separated. On that basis, Philippe Brégi, until then exercising both these functions, retained his office as chairman of the board while Eric Michel, a director, was appointed chief executive officer as from April 2.
- A proposal for renewing Albert Schune's office, expiring on June 30, was submitted at the annual general meeting of June 28, held on July 7, following the second meeting notice. Following the rejection of this proposal by the shareholders, Mr. Schune left the board of directors.
- Catherine Gerst, a member of the board since May 13, 2011, resigned from her office as director on July 28 for personal reasons.
- Sigma Gestion, which crossed the 5% and 10% capital ownership thresholds following the capital increase at the end of June, express its wish to join the Board of Directors. On August 11, it was accordingly appointed by co-optation, replacing Mrs. Gerst.
- On September 11, Eric Michel resigned for personal reasons from his functions as chief executive officer and director of the company.
- On this same date, James F. Collins, chief executive officer of Egide USA was appointed chief executive officer of Egide SA and as a director by co-optation to replace Mr. Michel. On the proposal of Mr. Collins, Philippe Lussiez, the chief administrative and financial officer, was appointed as deputy chief executive officer by the board of directors.

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

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

14.2 Conflicts of interest

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

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

14.3 List of directorships and offices

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

Abbreviations and definitions:

- Board = Board of Directors
- PR = permanent representative
- Yes = office still exercised at December 31, 2014
- No = office no longer exercised at December 31, 2014

Philippe Brégi

Company	Address	Office	2014
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	Managing Partner	No
Teem Photonics	Meylan (38)	Executive Board member	No

** companies belonging to ** or having belonged to the Egide Group.*

Ms. Colette Lucas

Company	Address	Office	2014
Egide	Bollène (84)	Director	Yes
Asymptotes SAS	Orsay (91)	Chairman	Yes

Jean-Louis Malinge

Company	Address	Office	2014
Egide	Bollène (84)	Director	Yes
Auxora Inc.	Baldwin Park (CA-USA)	Director	No
Kotura Inc.	Monterey Park (CA-USA)	Chairman and Chief Executive Officer	No
Yadais SARL	Paris (75)	Managing Partner	Yes

James F. Collins

Company	Address	Office	2014
Egide	Bollène (84)	Director	Yes
Egide USA Inc.	Cambridge (MD – USA)	Director	Yes

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

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

14.4 Information on Board members

Philippe Bregi is 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.

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

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

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

15 REMUNERATION AND BENEFITS

15.1 Compensation of directors and officers

Total compensation and benefits of any nature paid in 2014 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 2013	Fiscal 2014
Philippe Bregi - Chairman and Chief Executive Officer (until 04/02/14)		
Remuneration payable for the fiscal year (see table 2.1) Value of options granted in the period (see table 4) Value of performance shares granted in the period (see table 6)	138,131.06 € None. None.	87,083.29 € None. None.
Eric Michel - Chief Executive Officer 04/02/14 to 09/11/14)		
Remuneration payable for the fiscal year (see table 2.2) Value of options granted in the period (see table 4) Value of performance shares granted in the period (see table 6)	11,900.00 € None. None.	67,388.88 € None. None.
James F. Collins - Chief Executive Officer (since 09/11/14)		
Remuneration payable for the fiscal year (see table 2.3) Value of options granted in the period (see table 4) Value of performance shares granted in the period (see table 6)	None. None. None.	25,624.01 € None. None.
Philippe Lussiez - Deputy Chief Executive Officer (since 09/11/14)		
Remuneration payable for the fiscal year (see table 2.4) Value of options granted in the period (see table 4) Value of performance shares granted in the period (see table 6)	None. None. None.	None. None. None.
TOTAL	**150,031.06 €**	**180,096.18 €**

Table 2.1 - Summary of compensation for each executive officer				
	Fiscal 2013		Fiscal 2014	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Philippe BREGI				
Fixed compensation Variable compensation Exceptional compensation Attendances' fees Benefits in-kind: Company car - private unemployment insurance for executive officers (GSC)	133,898.28 € None. None. None. 4,232.78 €	133,898.28 € None. None. None. 4,232.78 €	82,786.33 € None. None. None. 4,296.96 €	82,786.33 € None. None. None. 4,296.96 €
TOTAL	**138,131.06 €**	**138,131.06 €**	**87,083.29 €**	**87,083.29 €**

Table 2.2 - Summary of compensation for each executive officer				
	Fiscal 2013		Fiscal 2014	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Eric MICHEL				
Fixed compensation Variable compensation Exceptional compensation Attendances' fees Benefits in-kind: Company car - private unemployment insurance for executive officers (GSC)	None. None. 8,400.00 € 7,000.00 € None.	None. None. 8,400.00 € 3,500.00 € None.	46,446.68 € None. 8,400.00 € 2,771.14 € 6,271.06 €	46,446.68 € None. 8,400.00 € 6,271.14 € 6,271.06 €
TOTAL	**15,900.00 €**	**11,900.00 €**	**63,890.88 €**	**67,388.88 €**

Table 2.3 - Summary of compensation for each executive officer				
	Fiscal 2013		Fiscal 2014	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
James F. Collins				
Fixed compensation Variable compensation Exceptional compensation Attendances' fees Benefits in kind: housing	None. None. None. None. None.	None. None. None. None. None.	22,980.95 € None. None. None. 2,643.06 €	22,980.95 € None. None. None. 2,643.06 €
TOTAL	**0.00 €**	**0.00 €**	**25,624.01 €**	**25,624.01 €**

Table 2.4 - Summary of compensation for each executive officer				
	Fiscal 2013		Fiscal 2014	
	Amounts owed	Amounts paid	Amounts owed	Amounts paid
Philippe Lussiez				
Fixed compensation Variable compensation Exceptional compensation Attendances' fees Benefits in kind: housing	None. None. None. None. None.	None. None. None. None. None.	None. None. None. None. None.	None. None. None. None. None.
TOTAL	**0.00 €**	**0.00 €**	**0.00 €**	**0.00 €**

Table 3 - Directors' fees and other remuneration received by non-executive officers		
	Amounts paid in 2013	Amounts paid in 2014
Catherine Gerst, director		
- Attendances' fees - Other compensation	10,700.00 € None.	7,194.43 € None.
Albert Schune, director		
- Attendances' fees - Other compensation	5,900.00 € None.	7,194.43 € None.
Colette Lucas, director		
- Attendances' fees - Other compensation	None. None.	2,771.14 € None.
Jean-Louis Malinge, director		
- Attendances' fees - Other compensation	None. None.	3,694.43 € None.
Sigma Gestion, director		
- Attendances' fees - Other compensation (mission)	None. None.	5,818.00 € None.
TOTAL	**16,600.00 €**	**26,672.43 €**

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 Brégi	None.					
Eric Michel	None.					
James F. Collins	None.					
Philippe Lussiez	None.					
TOTAL						

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

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

Table 7 - Bonus shares becoming available for each corporate officer			
	Plan No. and date	Number of shares becoming available in the period	Vesting conditions
Philippe Brégi	None.		
Eric Michel	None.		
James F. Collins	None.		
Philippe Lussiez	None.		
TOTAL			

Table 8 - Summary of stock option grants						
Information on options to subscribe for or purchase shares on December 31, 2014						
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	5,291	31,257	242	712	725
Of which number of shares able to be subscribed by Philippe Bregi	0	0	18,063	0	0	0
Of which number of shares able to be subscribed by James F. Collins	0	0	1,626	0	0	0
Of which number of shares able to be subscribed by Philippe Lussiez	0	0	302	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 €	€4.81	€4.68	€6.71	€3.67
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, 2014	0	0	5,442	0	0	0
Total number of stock options canceled or lapsed	5,246	5,291	1,218	0	109	0
Options outstanding at December 31, 2014	0	0	24,597	242	603	725

** 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 2013	725	3.67 €
Options exercise in 2013	-	-
Options granted in 2014	-	-
Options exercise in 2014	-	-

** after post-capital transaction adjustments.*

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

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

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

No remuneration or benefits of any kind have been received by the corporate officers of Egide SA for the 2012, 2013 and 2014 financial years from controlled companies by the latter within the meaning of article L.233-16 of the French commercial code, with the exception of James F. Collins who as from September 11, 2014 received remuneration from Egide USA for serving as the chief executive officer of Egide SA and who benefits from a company car in the United States. For information, Mr. Collins received annual compensation from Egide USA in the amount of US$185,000, with half this amount charged back to Egide SA.

The board of directors sets and modifies annual compensation paid to the chairman, chief executive officer and deputy executive officer (corporate officers without employment contracts) Until December 31, 2013, only fixed compensation was paid. As from January 1, 2014, it was decided that this compensation would be accompanied by variable compensation for up to 40% of the fixed salary, subject to achieving performance indicators (annually set revenue and EBIT targets).

When the separation of the functions of chairman and chief executive officer was decided on march 25, 2014 (effective as from April 2), the Board specified at that time that gross compensation paid to the chairman-chief executive officer would be equally divided between these two functions. This change in the organization of corporate governance did not result in any additional charges for the company. Benefits in-kind granted to the chairman (unemployment insurance for chief executives, a company car and mutual insurance coverage) were maintained and extended to the new chief executive officer (Eric Michel). As from September 11, 2014, the date of James F. Collins' appointment to the position of chief executive officer, these benefits in kind were canceled as a result of his US nationality, and replaced by benefits in the form of payment by Egide for a company apartment (and related costs) and 4 airline tickets per year for his wife.

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

No variable compensation was paid to the chairman-Chief Executive Officer (Philippe Brégi from January 1 to April 2, 2014) or the subsequent chief executive officers (Eric Michel from April 2 to September 11 and James F. Collins from September 11 to December 31) for fiscal 2014.

The corporate officers also receive profit-sharing benefits in the same manner as company employees. No profit-sharing payments were made in 2013 or 2014. The executives do not receive post-employment benefits, severance benefits or any other long-term benefits. Other than stock options, (see above), there is no share-based compensation.

With regard to stock options, given that the exercise and definitive grant of stock options to the senior executives are carried out under the same conditions as for the other employees, the exercise and allotment of share options are not contingent on criteria linked to future performances. However, in accordance with the provisions of Law No. 2006-1770 of December 30, 2006, the Board of Directors decided on March 5, 2009 that, in the case of grant of stock options to the CEO, a minimum of 20% of shares resulting from the exercise of options is to be retained in registered form until the CEO ceases to hold office. By extension, these provisions will also apply to the deputy chief executive officer. On the date of this document, 18,063 stock options (granted in March 2009) or 0.44% of the potential share capital were held by the chairman, 1,626 stock options (granted in March 2009) or 0.04% of potential share capital were held by the chief executive officer and 302 stock options (granted in March 2009) or 0.01% of potential share capital were held by the deputy chief executive officer. The directors of the company have not received stock options.

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 Accrued retirement and related post-employment benefits

No specific supplementary retirement scheme has been set up for executives. Similarly, no provisions exist 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 (with the Chairman also serving as Chief Executive Officer until April 2, 2014, the Chief Executive Officer 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. The Board of Directors meets in the capacity of audit committee exclusively for matters relating to the preparation of the annual financial statements. It is furthermore noted that when the Board meets in the capacity of audit committee, the latter is chaired by an independent director and not the Chairman of the Board or the Chief Executive Officer. In 2014, the Board of Directors met once in the capacity of audit committee. The preparation of financial information and oversight of the effectiveness of internal control and risk management systems is assured by the Board of Directors itself. Executive compensation is also defined by the Board as a Compensation Committee does not exist.

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

This report was approved by the Supervisory Board on April 29, 2015.

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. Furthermore, reference will be made in each of the relevant paragraph of this document to the 15 recommendations of this code.

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

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
James F. Collins, Chief Executive Officer	September 11, 2014
Colette Lucas	July 7, 2014
Jean-Louis Malinge	July 7, 2014

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

Changes to the Board of Directors in 2014 were as follows:

- On March 25, the functions of chairman and Chief Executive Officer were separated. On that basis, Philippe Brégi, until then exercising both these functions, retained his office as chairman of the board while Eric Michel, a director, was appointed chief executive officer as from April 2.
- The renewal of Albert Schune's office, expiring on June 30, was proposed at the annual general meeting of June 28, held on July 7, following the second meeting notice. Following the rejection of this proposal by the shareholders, Mr. Schune left the board of directors.
- Catherine Gerst, a member of the board since May 13, 2011, resigned from her office as director on July 28 for personal reasons.
- Sigma Gestion, which crossed the 5% and 10% of capital ownership thresholds following the capital increase at the end of June, expressed its wish to join the Board of Directors. On August 11, it was accordingly appointed by co-optation, replacing Mrs. Gerst.
- On September 11, Eric Michel resigned for personal reasons from his functions as chief executive officer and director of the company.
- On this same date, James F. Collins, chief executive officer of Egide USA was appointed chief executive officer of Egide SA and as a director by co-optation to replace Mr. Michel. On the proposal of Mr.Collins, Philippe Lussiez, the chief administrative and financial officer, was appointed as deputy chief executive officer by the board of directors.

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

In accordance with the Middlenext recommendation R9, information on the experience and expertise of each director whose appointment is proposed to the shareholders through a registration document filed with the AMF on May 13, 2014 (section 14.4).

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

Independence criteria	P. Brégi	C. Lucas	J-L. Malinge	J.F. Collins
Existence of a financial, contractual or family relationship?	No	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 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 reduce the terms of office to 4 years and amend the company's bylaws in consequence if the resolution is adopted.

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 their executive functions, when the Board of Directors' meeting is convened in the form of an audit committee, the Chairman and Chief Executive Officer abstain from participating. In such cases, the meeting is chaired by an independent director possessing financial and accounting expertise in view of his or her previous work experience. However, the Chairman and the Chief Executive Officer are invited to attend part of the meeting depending on the nature of the subject and details, and information they are 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, at that time a director, was tasked by the Board to assist executive management prepare and implement a shareholder strategy that would support the development of Egide Group by obtaining necessary industrial and financial resources. For that six month assignment remuneration was provided amounting to €25,000. 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 record of attendance meeting as well as all meeting reports are available at the registered office. In fiscal 2014 the Board of Directors met ten times compared with seven times in 2013 with an attendance rate of 89% for 2014 and 100% in 2013.

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 and the Chief Executive Officer, as applicable, receives attendance fees. For fiscal year 2014, a total amount of €32,000 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 paid to the chairman, chief executive officer (executive officers without employment contracts) or the deputy chief executive officer. Until 2013, this was in the form of fixed compensation only to which no variable compensation was added. As from January 1, 2014, it was decided that compensation of the chief executive officer would be accompanied by variable compensation for up to 40% of the fixed salary, subject to achieving performance indicators (annually set revenue and EBIT targets).

When the separation of the functions of chairman and chief executive officer was decided on march 25, 2014 (effective as from April 2), the Board specified at that time that gross compensation paid to the chairman-chief executive officer would be equally divided between these two functions. This change in the organization of corporate governance did not result in any additional charges for the company. Benefits in-kind granted to the chairman (unemployment insurance for chief executives, a company car and mutual insurance coverage) were maintained and extended to the new chief executive officer (Eric Michel). As from September 11, 2014, the date of James F. Collins' appointment to the position of chief executive officer, these benefits in kind specific to this position were canceled as a result of his US nationality, and replaced by benefits in the form of payment by Egide for a company apartment (and related costs) and 4 airline tickets per year for his wife.

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

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

With regard to stock options, given that the exercise and definitive grant of stock options to the senior executives are carried out under the same conditions as for the other employees, the exercise and allotment of share options are not contingent on criteria linked to future performances. However, in accordance with the provisions of Law No. 2006-1770 of December 30, 2006, the Board of Directors decided on March 5, 2009 that, in the case of grant of stock options to the CEO, a minimum of 20% of shares resulting from the exercise of options is to be retained in registered form until the CEO ceases to hold office. By extension, these provisions will also apply to the deputy chief executive officer. On the date of this document, 18,063 stock options (granted in March 2009) or 0.44% of share capital were held by the chairman, 1,626 stock options (granted in March 2009) or 0.04% of share capital were held by the chief executive officer and 300 stock options (granted in March 2009) or 0.01% of share capital were held by the deputy chief executive officer.

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

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

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

On March 25, 2014, Egide SA's Board of Directors ruled on the organization of executive management, deciding that it would be exercised by a person other than the Chairman of the Board.

Specific limitations have been imposed on the powers of the chief executive officer with respect to financial commitments and the choice of financial, legal and tax advisors.

On appointment of the new chief executive officer on September 11, 2014 (following the resignation of his predecessor), no specific restrictions were imposed on its powers that is exercised in accordance with applicable legal provisions (article L225-56 of the French commercial code): Egide's chief executive officer is vested with the broadest powers to intervene and a company's name in all circumstances. He exercises these powers within the limits of the company's corporate purpose, and subject to the powers reserved by law to shareholders meetings and to the Board of Directors. He is not limited with respect to the amount of commitments that may be incurred in connection with the company's day-to-day management. By way of exception, the amount for sureties, endorsements and guarantees that may be granted without prior authorization by the Board shall be subject to a limit of €200,000 (Board meeting of September 25, 2014), to be renewed yearly by the Board.

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

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

16.4.1.6 Participation in shareholders meetings

Procedures for participating in general meetings are set by article 25 of the company's bylaws (after being amended to comply with the provisions of current law) Any shareholder may attend meetings in person or by proxy regardless of the number of shares owned, subject to proof of identity and status as a shareholder of record in the register maintained for that purpose by the company no later than the second business day preceding the date of the Shareholders' Meeting at midnight, Paris time.

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

16.4.2 Internal control and risk management procedures adopted by the company

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

16.4.2.1 General principles of risk management system

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

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

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

Within Egide, the risk management system is based on:

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

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

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

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

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

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

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

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

With respect to communications, the finance Department is responsible for compliance with disclosure obligations as a listed company traded on a regulated market. Only the chief executive officer or the chief financial officer are authorized to proceed with such disclosures. Accordingly, every quarter, the company publishes figures for Group sales for the quarter ended. It also publishes the consolidated interim financial statements for the period ending June 30 as well as the separate annual and consolidated financial statements. These accounts are produced by the finance department and executive management and approved by the Board of Directors. Interim financial statements for the 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

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

Egide SA parent company: 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. Management is assured by the site's production manager. In the department, a financial controller and an assistant are in charge of day-to-day accounting, issuance of financial statements, and management control and reporting to their management and to the parent company. Egide's finance department regularly provides support and, once a quarter, comes on-site. As from September 11, 2014, Egide SA's executive management is assured by the former chief executive officer of Egide USA. The Group's chief executive officer who spends half his time in the United States accordingly ensures in a regular manner the application by this subsidiary of the Group's general policy.

Generally, the subsidiary applies 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 through its Chairman, of key events relating to the company' business operations and its cash position. It is also informed of major investment, divestment or financing projects and approves their completion.

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

16.4.2.5.3 Audit Committee

In light of the Board's size (four directors) and membership (with the Chairman also serving as Chief Executive Officer until April 2, 2014, the Chief Executive Officer 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 or the Chief Executive Officer. In 2014, the Board of Directors met once in the capacity of audit committee.

16.4.2.5.4 Risk manager

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

16.4.2.5.5 Internal audit

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

16.4.2.5.6 Human resources

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

16.4.2.6 Role of the statutory auditors

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

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

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

16.4.2.7 Limitations of risk management and internal control

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

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

16.5 Statutory Auditors' Statutory Auditors' report prepared in accordance with Article L. 225-235 of the French Commercial Code (*Code de commerce*) on the report prepared by the Chairman of the Board of Directors

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

"To the shareholders:

In our capacity as Statutory Auditors of Egide S.A. and in accordance with the provisions of article L225 235 of French commercial code (code de commerce), we hereby present our report on the report prepared by the Chairman of your company in accordance with Article L225 37 of the French commercial code for the fiscal year ended December 31, 2014.

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

It is our responsibility to:

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

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

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

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

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

- Obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, on which the information presented in the Chairman's report is based, as well as existing documentation;
- Obtaining an understanding of the work performed to prepare this information, as well as reviewing supporting documentation;
- Ensuring that any material weaknesses in internal control 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 L225 37 of the French commercial code.

Other disclosures

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

Neuilly-sur-Seine and Paris, May 22, 2015
French original signed by:

PricewaterhouseCoopers Audit, Matthieu Moussy	SYC SAS, Bernard Hinfray "

16.6 Executive committee

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

Name	Current office	Joined the company on
James F. Collins 1553 Commanche Road, Arnold, MD 21012, USA	Chief Executive Officer	12/29/2000
Philippe Lussiez 2 rue des Champs, 78320 La Verrière	Deputy Chief Executive Officer Chief Administrative and Financial Officer	6/9/1992
John Trader 28 Algonquin Road, Cambridge MD 21613, USA	Deputy Chief Executive Officer of Egide USA Vice President, Industrial Operations, Cambridge	11/27/2006
Fatiha Benkoussa 157 rue des Papes, 84100 Orange	Vice President, Quality, Environment and Customer Satisfaction	9/8/2008
Frédéric Disperati 3 Chemin des Passadoires, 84420 Piolenc	Chief Technical Officer	10/1/1990
Ignace Dupon 30 rue des Vignes, 78240 Aigremont	Vice President, Business Development	12/1/2006
Gérard Guiloineau 12 A route de Montfort, 78760 Jouars Pontchartrain	Vice President, Purchasing	3/15/1993
Didier Martin 33 avenue du Plan de l'Eglise, 78960 Voisins le Bretonneux	Vice President, Industrial Operations, Bollène	8/3/1992
Monsieur Wladimir MUFFATO Quartier Genève, 26130 Montségur sur Lauzon	Vice President, Ceramic Components	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, New Jersey (United States). He began his career as a Process Engineer at General Refractories in the Chicago, Illinois area, serving the steel industry. In 1983 he left this position to join Coors Ceramics Company in Golden, Colorado, where over 14 years, he held various engineering and management positions, primarily in the Electronic Ceramics industry. In 1996, he joined a division of Phillips Electronics (Cambridge, MD) where he would occupy different management positions. This division was subsequently sold to create Electronic Packaging Products which in December 2000, would become Egide USA Inc. for which he was appointed chief operating officer and vice president. In September 2014, he was appointed chief executive officer of Egide SA.

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

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

Frédéric Disperati is a materials science engineer. On joining Egide in 1990, he was responsible for the development of aluminum products, then served as product manager in the engineering department before spending a year and a half in the technical support division at the Egide USA subsidiary. On his return in March 2003, he was appointed as the chief quality officer of Egide SA. His responsibilities were subsequently expanded to cover the environment and customer satisfaction. Following the internal reorganization in June 2015, he became head of the technical department of the Bollène site, replacing Didier Martin called upon to assume other functions within the company.

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

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

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

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

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

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.

17 EMPLOYEES

17.1 Breakdown of headcount data

Headcount by function at December 31 for Egide Group:

(Headcount at December 31)	2012	2013	2014
Administration and sales Production, quality and R&D	22 234	21 209	20 206
Subtotal	**256**	**230**	**226**
Egide UK and Egima	32	0	0
Total	**288**	**230**	**226**

Headcount by Group site:

(Headcount at December 31)	2012	2013	2014
Egide Trappes and Bollène Egide USA	174 82	158 72	154 72
Subtotal	**256**	**230**	**226**
Egide UK and Egima	32	0	0
Total	**288**	**230**	**226**

Headcount by type of contract:

(Headcount at December 31)	2012	2013	2014
Fixed-term contracts Permanent contracts Apprenticeship contracts	13 241 2	2 227 1	2 219 5
Subtotal	**256**	**230**	**226**
Egide UK and Egima	32	0	0
Total	**288**	**230**	**226**

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 (valid until December 31, 2014),
- 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 2014, 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 April 30, 2015, the number of options granted to Egide SA employees and not yet exercised amounted to 23,935 and the number of options granted to Egide USA employees not yet exercised amounted to 1,868 (or a total of 25,803 options).

With the exception of the Chairman and the Chief Executive Officer, no members of the Board of Directors were granted stock options. As senior executives of the company, on April 30, 2015, the chairman held a balance of 18,063 stock options and the chief executive officer held a balance of 1,626 stock options originating from the March 5, 2009 grant (see Plan No. 5.2 in the following table). 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 and/or the Chief Executive Officer ceases to exercise their function. It is noted for the record that on April 30, 2015 the deputy chief executive officer, not a director, held a balance of 302 stock options (Plan No. 5.2).

Highlights for stock option plans in force at April 30, 2015 are presented below:

Plan No.	Plan 5.2	Plan 6.1	Plan 6.2	Plan 6.3	Total
AGM date Board meeting date	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*	26,624 *21,350* *2,774*	200 *0* *200*	600 *0* *600*	651 *0* *651*	28,075 *21,350* *4,225*
Number of shares after adjustments*	31,257	242	712	725	32,936
Starting date for the exercise of options End date for the exercise of options	3/5/2011 3/4/2016	10/18/2012 10/14/2017	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)** Sale: 2-year lock-up from the exercise date **USA employees** Sale: 1-year lock-up for the total amount + 1 year for one half from the exercise date **Corporate officers** Disposal: maximum 80 % of options exercised during the term of office				
Subscription price*	4.81 €	4.68 €	6.71 €	3.67 €	
Number of options exercised Number of options forfeited Number of options remaining to be exercised	5,442 1,218 24,597	0 242 0	0 109 603	0 122 603	5,442 1,691 25,803

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

For information, it is noted that following the completion of the capital increase dated June 30, 2014, on September 11, 2014, the Board of Directors adjusted the terms and conditions for exercising (price and quantity) the stock options existing on that date (article L.228-99, 3°of the French commercial code, in reference to article L.225-181, subsection 2 and article R.228-91, subsection 1 of said code in reference to article R.225-137).

No stock options were exercised in fiscal 2014.

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

On that basis, in 2014, 9,846 stock options were forfeited, including 435 pursuant to the resignation of two employees, 4,337 following the expiration of Plan No. 4.4 and 5,074 following the expiration of Plan No. 5.1.

Furthermore, on April 30, 2015, an employee beneficiary of 242 stock options (Plan No. 6.1) and an employee beneficiary of 122 stock options (Plan No.6.3) resigned, rendering accordingly null and void 364 options.

In light of the above, and the maximum number of stock options set at 5 % of shares making up the share capital (or 203,268 options available to be granted at April 30, 2015), there remains a balance of 177,465 options or 4.37 % of the share capital. On this date, the 25,803 unexercised stock options represent a potential dilution of 0.63 %.

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 April 30, 2015	Number of shares	Percentage of share capital	Number of voting rights	Percentage of voting rights
Philippe Brégi (registered securities) James F. Collins (bearer securities)	16,380 5,000	0.40 % 0.12 %	32,760 5,000	0.80 % 0.12 %
Total Managers	**21,380**	**0.52 %**	**37,760**	**0.92 %**
Free float (bearer securities) Free float (registered securities)	4,014,380 29,610	98.75 % 0.73 %	4,014,380 43 776	98.01 % 1.07 %
Total free float	**4,043,990**	**99.48 %**	**4,058,156**	**99.08 %**
Total	**4,065,370**	**100.00 %**	**4,095,916**	**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 April 30, 2015, shares held by other directors of the company were as follows: Colette Lucas, 100 shares and Jean-Louis Malinge, 100 shares.

No share is jointly held by employees within the meaning of article 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 April 30, 2015:

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

[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.

On July 7, 2014, Sigma Gestion informed the company that it had crossed about the 5% and 10% ownership thresholds for Egide capital and voting rights after subscribing for a capital increase (AMF notice 214C1313). On December 12, 2014, Sigma Gestion reported having crossed below the 10 % and 5 % ownership thresholds for Egide capital and voting rights, after selling shares on the market (AMF notice 214C2626).

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.

However, based on information provided in the notices reporting the crossing of ownership thresholds mentioned in the above table, and namely in terms of the number of shares and voting rights, SBD and Sopalia Compagnie financière Holding mechanically crossed below the 5% capital and voting rights thresholds. Nevertheless, no official declaration has been received by the company.

18.3 Existence of different voting rights

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

On April 30, 2015, there were 45,990 were shares in registered form of which 30,546 carried double voting rights.

19 RELATED PARTY TRANSACTIONS

19.1 Regulated agreements

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

Regulated agreements in force at December 31, 2014 are presented below:

Agreements entered into in the fiscal 2014 and previously authorized

- None.

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

- Undertaking for the benefit of chief executive officer, Eric Michel, by Egide S.A., in the form of a policy providing unemployment insurance for chief executives taken out by the company (Board of Directors' meeting of March 25, 2014). This agreement ended on September 11, 2014 following the resignation of Eric Michel from his position as chief executive officer of the company.

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

- Undertaking for the benefit of the chairman-chief executive officer, Philippe Brégi, by Egide S.A., in the form of a policy providing unemployment insurance for chief executives taken out by the company (Board of Directors' meeting of November 9, 2004). This agreement was maintained for the benefit of Philippe Brégi, having become the chairman as from April 2014 (Board of Directors' meeting of March 25, 2014)

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

- Mission whereby Eric Michel, a director of Egide, is tasked with assisting executive management in identifying potential investors and/or partners having a strategic interest to support and develop Egide Group by contributing industrial and financial resources to ensure its sustainability (Board meeting of December 16, 2013). This agreement ended on March 25, 2014 pursuant to Eric Michel's appointment to the position of chief executive officer of the company. It was furthermore decided that third installment of fees provided for this mission would not be paid (Board of Directors' meeting of March 25, 2014).

Also see section 20.3.1.5.4.18 - Related party transactions and section 20.5.1.1 - Activity of Egide SA

19.2 Statutory Auditors' special report on regulated agreements and commitments with third parties

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

"To the shareholders:

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

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

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

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

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

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

Agreements and commitments approved in the period ended

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

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

Related party: Eric Michel, director and chief executive officer of your company until September 11, 2014, the date on which he resigned from his functions.

Nature and purpose: Undertaking on behalf of the chief executive officer, Eric Michel, by Egide S.A., in the form of a policy providing unemployment insurance for chief executives taken out by the company.

This agreement was authorized by the Board meeting of March 25, 2014.

Terms and conditions: For this unemployment insurance, €2,000 in premium payments were invoiced in fiscal 2014.

2 - Agreements and commitments already approved by the general meeting

Agreements and commitments authorized in prior periods that remained in force during the period ended

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.

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

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

Nature and purpose: Engagement pris au bénéfice du président directeur général, M. Philippe Brégi, par la société Egide S.A., correspondant à la souscription d'une assurance pour perte d'emploi « Chef d'entreprise », à la date de sa nomination approuvée par le conseil d'administration du 9 novembre 2004.

Terms and conditions: Les montants facturés s'élèvent à 2 750 € sur l'exercice 2014.

Neuilly-sur-Seine and Paris, May 22, 2015

French original signed by:

PricewaterhouseCoopers Audit,
Matthieu Moussy

SYC SAS,
Bernard Hinfray "

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

20.1 Consolidated financial highlights (2012 and 2013)

The consolidated and annual financial statements for the fiscal years ended December 31, 2012 and December 31, 2013 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	2012	2013
AMF registration no:	D13-0644 of June 20, 2013	D14-0510 of May 13, 2014
Consolidated financial statements and notes	Pages 70 to 92 (section 20.3.1)	Pages 75 to 97 (section 20.3.1)
Statutory Auditors' report on the consolidated financial statements	Page 115 (section 20.4.1)	Page 117 and 118 (section 20.4.1)
Annual financial statements and notes	Pages 94 to 114 (section 20.3.2)	Pages 98 to 116 (section 20.3.2)
Auditors' report on the annual financial statements	Pages 116 to 117 (section 20.4.2)	Pages 119 to 120 (section 20.4.2)

20.2 Pro forma financial information

None.

20.3 Financial statements

20.3.1 2014 consolidated financial statements

20.3.1.1 Consolidated statement of financial position

ASSETS (€ thousands - IFRS)	Notes 20.3.1.5.	Net value at 12/31/2014	Net value at 12/31/2013
Intangible assets	4.3	32	0
Property, plant and equipment	4.3	3,122	2,679
Financial assets	4.3	192	191
Other non-current assets	4.4	1,406	630
Non-current assets		**4,751**	**3,500**
Inventories	4.5	2,886	2,830
Trade and other receivables	4.6	3,501	3,385
Cash and cash equivalents	4.7	4,077	512
Others current assets	4.8	280	259
Others current assets		**10,744**	**6,983**
TOTAL ASSETS		**15,495**	**10,487**

EQUITY AND LIABILITIES (€ thousands - IFRS)	Notes 20.3.1.5.	Values at 12/31/2013	Values at 12/31/2014
Paid-in capital	4.9	8,131	3,570
Additional paid-in capital		1,823	1,588
Legal reserve		356	356
Consolidated reserves		574	1,195
Net income/(loss)		(863)	(516)
Translation differences		(2,641)	(2,537)
Treasury shares		0	0
Shareholders' equity		**7,380**	**3,655**
Non-current provisions	4.10	430	394
Non-current financial debt	4.11	603	138
Other non-current liabilities	4.11	5	12
Non-current liabilities		**1,038**	**545**
Current provisions	4.10	0	0
Current financial debt	4.11	3,790	2,644
Trade and other payables	4.11	3,279	3,633
Other non-current liabilities	4.11	7	10
Current liabilities		**7,076**	**6,287**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**15,495**	**10,487**

20.3.1.2 Statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME (€ thousands - IFRS)	Notes 20.3.1.5.	12/31/2014	12/31/2013
Revenue		19,967	20,386
Raw materials and consumables	4.5	(8,657)	(8,870)
Change in finished goods and work in progress	4.5	(33)	(115)
Staff costs		(8,675)	(8,892)
External charges		(3,128)	(2,973)
Taxes other than on income		(331)	(332)
Depreciation, amortization and impairment of fixed assets	4.3	(292)	(318)
Allowances and reversals of impairment & provisions	4.6, 10	6	64
Other operating income	4.14	345	525
Other operating expenses	4.14	(136)	(139)
Operating profit/(loss)	**4.13**	**(935)**	**(664)**
Income from cash and cash equivalents	4.16	0	8
Gross borrowing costs	4.16	(176)	(183)
Net interest expense	4.16	(176)	(176)
Other financial income	4.16	280	46
Other financial expenses	4.16	(33)	(107)
Income before tax		(863)	(901)
Income tax	4.12	0	0
Income (loss) from continuing operations		(863)	(901)
Income (loss) from discontinued operations		0	385
Net income/(loss)		**(863)**	**(516)**
Attributable to the Group		(863)	(516)
Attributable to non-controlling interests		0	0
Earnings per share (in €)	4.17	(0.21)	(0.29)
Diluted earnings per share (in €)	4.17	(0.21)	(0.29)
Items able to be recycled in profit or loss:			
Translation differences - changes in value			34
Items unable to be recycled in profit or loss:			
Translation differences - not recycled in profit or loss (disposals of foreign subsidiaries)			(420)
Other comprehensive income			(386)
Comprehensive income		**0**	**(902)**
Attributable to the Group		(863)	(902)
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	Capital	Additional paid-in capital	Legal and consolidated reserves	Net income for the year	Other equity	Share-holders' equity
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				1			1
Impact of changes in Group structure [(1)]			(32)	(122)			(154)
Balance at 12/31/2013	**1,784,797**	**3,570**	**1,588**	**1,550**	**(516)**	**(2,537)**	**3,655**
Changes in parent company equity	2,280,573	4,561	235				4,796
Appropriation of earnings for fiscal 2013				(516)	516		0
Comprehensive income (loss) for the period					(863)		(863)
Stock options				(104)			(104)
Currency translation adjustments						(104)	(104)
Balance at 12/31/2014	**4,065,370**	**8,131**	**1 823**	**930**	**(863)**	**(2,641)**	**7,380**

There are no non-controlling interest in Egide Group.

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

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.	12/31/2014	12/31/2013
Net income of consolidated operations		(863)	(516)
Adjustments to non-cash income and expenses to net cash provided by operating activities			
- Amortization, depreciation and provisions [1]	4.3, 4.10	327	331
- Capital gains from the sale of intangible assets & property, plant and equipment		3	308
- Other		(104)	1
- Impact of changes in Group structure [3]			(657)
Change in operating working capital requirements [2]		(1,485)	683
- (increase) / decrease in inventories	4.5	46	454
- (increase) / decrease in trade receivables	4.6	(581)	581
- (increase) / decrease in other receivables	4.6, 4.8	(217)	(157)
- (increase) / decrease in trade payables	4.11	(157)	(132)
- (increase) / decrease in tax and employee-related liabilities	4.11	(182)	(3)
- (increase) / decrease in other payables	4.11	(393)	(61)
Net cash from (used in) operating activities		**(2,122)**	**150**
Acquisitions of non-current assets	4.3	(495)	(401)
Decrease in financial assets [4]			350
Impact of changes in Group structure [3]			(114)
Net cash provided by (used in) investing activities		**(495)**	**(165)**
Issue of new cash shares	4.9	4,561	
Change in other equity	4.9	235	
New borrowing from banks or finance leases	4.11	744	
Repayment of bank borrowings or finance leases	4.11	(55)	(52)
Other borrowings			
Repayment of other borrowings	4.11	(51)	(48)
Financial debt relating to factoring and revolving credit	4.11	733	(553)
Changes in pledges of mutual funds holdings			65
Net cash flows provided by (used in) financing activities		**6,168**	**(589)**
Change in cash and cash equivalents		**3,551**	**(604)**

[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.	12/31/2014	12/31/2013
Closing cash and cash equivalents*	4.7	4,077	512
Opening cash and cash equivalents*	4.7	512	1 121
Effect of changes in exchange rates		- 15	6
Change in cash and cash equivalents		**3,551**	**(604)**

* For information, cash at December 31, 2013 and December 31, 2014 broke down as follows:

	Balance at 12/31/2014	Balance at 12/31/2013
Cash and cash equivalents	4,077	512
Bank overdrafts and accrued interest		
Cash according to the cash flow statement	**4,077**	**512**

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, 2014 with a statement of financial position showing total assets of €15,495,000, a statement of comprehensive income presented in the form of a list showing a loss of €863,000, adopted by the Board of Directors on April 29, 2015.

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, 2014 to December 31, 2014.

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 1.2) presents its consolidated financial statements for the period ended December 31, 2014 in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and adopted by the European Union at December 31, 2014. Standards applied include IFRS and IAS (International Accounting Standards), and their interpretations applicable at December 31, 2014. For the purpose of simplification, these standards and their interpretations are jointly referred to as "IFRS standards" or "IFRS . These standards may be consulted at the European Commission's website at the following address: http://ec.europa.eu/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, 2014 though do not have a material impact on the Group consolidated financial statements:

<table>
<tr><th>Standard, interpretation</th><th>Subject</th><th>IASB issue date</th><th>EU adoption date</th></tr>
<tr><td>Amendments to IAS 32,</td><td>Financial instruments: presentation, offsetting financial assets and liabilities</td><td>12/16/2011</td><td rowspan="5">12/29/2012</td></tr>
<tr><td>IFRS 10</td><td>Consolidated financial statements</td><td rowspan="4">5/12/2011</td></tr>
<tr><td>IFRS 11</td><td>Joint Arrangements</td></tr>
<tr><td>IFRS 12</td><td>Disclosure of interests in other entities</td></tr>
<tr><td>IAS 27</td><td>Separate financial statements</td></tr>
<tr><td>Amendments to IFRS 10, IFRS 11 and IFRS 12</td><td>Provisional provisions</td><td>6/28/2012</td><td>4/5/2013</td></tr>
<tr><td>Amendments to IFRS 10, IFRS 12 and IAS 27</td><td>Investment entities</td><td>10/31/2012</td><td>11/20/2013</td></tr>
<tr><td>Amendments to IAS 36,</td><td>Recoverable amount disclosures for non-financial assets</td><td>5/29/2013</td><td rowspan="2">12/19/2013</td></tr>
<tr><td>Amendments to IAS 39,</td><td>Novation of derivatives and continuation of hedge accounting</td><td>6/27/2013</td></tr>
</table>

The Group's consolidated financial statements at December 31, 2014 did not include possible impacts of those standards, interpretations and amendments adopted by the European Union at December 31, 2014 but for which application was not mandatory for periods commencing on January 1, 2015. In the Group's opinion, these are not expected to have an impact on the consolidated financial statements:

Standard, interpretation	Subject	IASB issue date	EU adoption date
IFRIC 21	Levies	5/20/2013	6/13/2014
Amendments to IAS 19,	Employee contributions	11/21/2013	12/17/2014
Annual improvements (2010-2012 and 2011-2013)	Annual improvements cycle	12/12/2013	12/172014; 12/182014

Texts published by IASB at December 31, 2014 but not in effect in the European Union are not expected to have an impact on the Group's financial statements. These include the following:

Standard, interpretation	Subject	IASB issue date
Amendments to IFRS 11	Acquisitions of interests in joint operations	5/6/2014
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortization	5/12/2014
IFRS 15	Revenue from contracts with customers	5/28/2014
IFRS 9	Financial instruments (to replace IAS 39)	7/24/2014
Amendments to IAS 1	Disclosure initiative	12/18/2014
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	9/4/2014
Amendments to IFRS 10, IFRS 12 and IAS 28	Applying the consolidation exemption to investment entities	12/18/2014

Furthermore, Group operations are not affected by seasonality factors.

20.3.1.5.2.2 Consolidated companies and basis of consolidation

The following companies were consolidated by Egide Group at December 31, 2014:

Company	Place of registration or incorporation	Ownership interest (%)	Consolidation method	Date of first consolidation
Egide SA	Bollène (Vaucluse) (France)	100 %	Parent company	NA
Egide USA LLC	Wilmington - Delaware (USA)	100 %	Full consolidation	11/8/2000
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 therein.
Consolidated companies close their annual financial statements on December 31.

20.3.1.5.2.3 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.

The capital increase successfully completed in June 2014 for €5.1 million destined to finance the Group's strategic plan and financing linked to French tax credits (research tax credits and the CICE wage tax credit) obtained from Bpifrance eliminated the going concern risk existing at the end of 2013.

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 asset

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 yrs.
Software	3 to 5 yrs.
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 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.

20.3.1.5.3.6 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 that are largely independent of the cash inflows from other assets or groups of assets. For Egide Group, the following CGU have been defined:

- Egide SA
- 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 are 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 Karen 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: 1.54 % (Markit Iboxx Eur corporates AA 10+)
- Provisions are calculated excluding employer contributions

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

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

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, 2014.

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

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 €250,000. On December 31, 2014, this limit had not been applied as for the customers concern, 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 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.

20.3.1.5.4.2 Financial risk management

20.3.1.5.4.2.1 Exchange rate risk

In 2014, exports accounted for 63% of Egide's revenue, including 38% to North America where sales are invoiced in US dollars. Concerning the 17% of sales to non-European countries, amounts are invoiced in either euros or US dollars. In the period, Egide SA invoiced sales of US$3.5 million (exchange value of €2.6 million) and Egide USA Inc. invoiced sales of US$9.3 million (€7 million) In 2014, the US dollar/euro exchange rate (averaging 1.3288 for the year compared to 1.3281 in 2013, or -3%) had no impact on Group sales

Inflows from sales in US dollars received directly by Egide SA (€2.8 million dollars in 2014) were used in payment of purchases for components from US suppliers (US$2.5 million in 2014). The positive balance in US dollars is maintained in dollar denominated bank accounts. Inflows from US dollar-denominated sales received by factoring companies are converted into euros at the prevailing rate of the day while financing for invoices issued in US dollars are also obtained in euros. In consequence, the corresponding risk is therefore at the level of the exchange rate on the translation date. No specific hedging arrangement has been put into place as the cost of such arrangements remains too high.

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

20.3.1.5.4.2.2 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.

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

Finally, in May 2012, Egide USA Inc. obtained a US$1.56 million long-term loan from Bank of America to finance the acquisition of its industrial building subject to an interest rate equal to the BBA (British Bankers Association) Libor rate (Adjusted Periodically) + 3.50 points. This loan includes an early redemption clause linked to the application of a "default" clause (two covenants attached to this loan). (See section 3.11.2.).

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

20.3.1.5.4.2.3 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, 2014 were acquired and consisted of patents, licenses and software.

Line items (€ thousands)	Values at 12/31/2013	Effect of exchange rate fluctuations	Values of 12/31/2013 at 12/31/2014 exchange rates	Acquisitions, creations, line item transfers, allowances	Disposals, decommissio-ning, reversals of transfers	Values at 12/31/2014
Other intangible assets						
Gross value	347		347	33	44	336
- amortization	(346)		(346)	(2)	(44)	(304)
- impairment						
Net value	**0**		**0**	**31**	**0**	**32**
Total intangible assets	**0**		**0**	**31**	**0**	**32**
Land & fixtures						
Gross value	401	55	456			456
- amortization						
- impairment						
Net value	**401**	**55**	**456**			**456**
Buildings						
Gross value	1,106	151	1,257			1,257
- amortization	(69)	(9)	(78)	(53)		(131)
- impairment	0					0
Net value	**1,037**	**142**	**1,178**	**(53)**		**1,126**
Plant, machinery and equipment						
Gross value	13,711	494	14,205	170	203	14,172
- amortization	(11,298)	(479)	(11,777)	(201)	(196)	(11,783)
- impairment	(1,441)		(1,441)		(4)	(1,437)
Net value	**971**	**15**	**986**	**(32)**	**3**	**952**
Other PPE						
Gross value	2,378	64	2,442	38	1,161	1,319
- amortization	(2,088)	(64)	(2,152)	(44)	(1,161)	(1,034)
- impairment	(29)					(29)
Net value	**261**	**0**	**261**	**(6)**	**0**	**255**
Property, plant and equipment under construction, advances and prepayments						
PPP under construction	9		9	325	(1)	333
Advances and prepayments	0		0			0
Total	**9**		**9**	**325**	**(1)**	**333**
Total fixed assets	**2,679**	**212**	**2,890**	**235**	**(4)**	**3,122**

Allowances and reversals for amortization, depreciation and impairment are recorded under the line item "amortization, depreciation and impairment" under operating income for €292,000 and representing allowances.
Decreases reflect the updating of the inventory of fixed assets and the decommissioning of various equipment at Egide SA and USA Inc. with a carrying value that was already nil.

Fixed assets under construction at December 31, 2014 concerned equipment amounting to €325,000 (clean room and kilns in particular) ordered by Egide USA Inc. in connection with the 2018 strategic plan and financed by the capital increase of June 2014.

In application of IAS 36 an impairment charge of €3,272,000 was recorded on December 31, 2005 reflecting the sub level of activity of the Group manufacturing facilities and assumptions for future activity. Pursuant to the disposals of tangible fixed assets, and namely real estate and the Egima and Egide UK Ltd subsidiaries, €1,806,000 was reversed, thus reducing the amount of impairment to €1,466,000 at December 31, 2014.

As the present value of assets recorded in the statement of financial position at December 31, 2014 covers their net carrying value, no additional amounts were recorded for impairment.

Line items (€ thousands)	Values at 12/31/2013	Effect of exchange rate fluctuations	Values of 12/31/2013 at 12/31/2014 exchange rates	Acquisitions, creations, line item transfers, allowances	Disposals, decommissio-ning, reversals of transfers	Values at 12/31/2014
Other financial assets Loans and other financial assets	190	2	192			192

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 12/31/2014	Balance at 12/31/2013
Egide SA building debt assignment	242	238
2012 research tax credit	256	
2013 research tax credit	262	262
2014 research tax credit	319	
2013 CICE wage tax credit	129	129
2014 CICE wage tax credit	197	
Total	**1,406**	**630**

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 €242,000, or €238,000 at present value on December 31, 2014.

The CICE wage tax credits of Egide SA will be recoverable at the end of the third year following their recognition if they have not been applied to corporate income tax before that date. French tax credits (the 2012 research tax credit and 2013 and 2014 CICE wage tax credits advances, i.e. based on the receivable obtainable N+1) were assigned to Bpifrance in 2014 as collateral in exchange for financing.

The 2014 research tax credit is included in the statement of comprehensive income under "Other operating income" while the CICE 2014 wage tax credit is deducted from staff expenses.

20.3.1.5.4.5 Inventories and work-in-progress

Line items (€ thousands)	Values at 12/31/2013	Effect of exchange rate fluctuations	Values of 12/31/2013 at 12/31/2014 exchange rates	Increases, allowances	Decreases, reversals	Values at 12/31/2014
Raw materials & supplies						
Gross value	5,184	185	5,369	15		5,384
- impairment	(3,511)	(122)	(3,633)	(73)	(41)	(3,664)
Net value	**1,673**	**63**	**1,736**	**(58)**	**(41)**	**1,720**
Work in progress						
Gross value	794	38	832		18	814
- impairment	(1)		(1)	(1)	(1)	(1)
Net value	**793**	**38**	**831**	**(1)**	**(17)**	**813**
Finished goods						
Gross value	1,238	8	1,246	62		1,308
- impairment	(876)		(876)	(85)	(2)	(959)
Net value	**362**	**8**	**370**	**(23)**	**2**	**349**
Trade goods						
Gross value	52		52			52
- impairment	(49)		(49)		(2)	(48)
Net value	**3**		**3**		**2**	**4**
Total	**2,830**	**109**	**2,939**	**(82)**	**28**	**2,886**

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 12/31/2014	Balance at 12/31/2013
Advances and prepayments on orders	14	29
Accounts receivable	3,103	2,413
Employee and related-payables	1	2
VAT payables	56	69
Sundry tax receivables (RTC)	251	713
Sundry debtors	75	159
Total	**3,501**	**3,385**

At December 31, 2014, the breakdown of trade receivables by currency was €2,040,000 and US$1,291,000.

The 2011 research tax credit of Egide SA of €251,000 will be refunded by the tax authorities in mid-2015.

At December 31, 2014, the line item "Sundry debtors" included the disposal price for Egide UK of €120,000 that was received 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 12/31/2014	0-30 days	31-60 days	61-90 days	More than 90 days
Trade receivables	3,103	2,925	133	12	33

"Impairment of trade receivables" breaks down as follows:

Line items (€ thousands)	Values at 12/31/2013	Effect of exchange rate fluctuations	Values of 12/31/2013 at 12/31/2014 exchange rates	Allowances	Reversals	Values at 12/31/2014
Impairment	41		41	12	53	0

Reversals for impairment charges correspond to namely receivables 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)	12/31/2014	12/31/2013
Mutual funds (OPCVM)		65
Cash	4,077	447
Total	**4,077**	**512**

At December 31, 2014, cash balances in foreign currency of the Group were US$149,000 for Egide SA, US$136,000 for Egide USA Inc., and US$13,000 for Egide USA LLC. Cash at bank and in hand for Egide SA amounted to €3,832,000.

20.3.1.5.4.8 Others current assets

Changes in prepaid expenses break down as follows:

	12/31/2014	12/31/2013
Rent and rental charges	90	94
Insurance	98	91
Maintenance	20	
Taxes	71	17
Other		56
Total	**280**	**259**

20.3.1.5.4.9 Information on paid-in capital

The capital increase of May 28 2014 resulted in the issuance of 2,280,573 shares at €2.25 per share with a nominal value of €2. At December 31, 2014, the share capital was made up of 4,065,370 shares of €2 at par representing €8,130,740.

Share premium at December 31, 2014 amounted to €1,506,328. Pursuant to the capital increase, share premium was increased by €570,143 at June 30, 2014.

Transaction costs amounting to €335,426 were charged to share premium.

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 did not made use of this authorization.

Following the completion of the capital increase dated June 30, 2014, on September 11, 2014, the Board of Directors adjusted the terms and conditions for exercising (price and quantity) the stock options (article L.228-99, 3°of the French commercial code, in reference to article L.225-181, subsection 2 and article R.228-91, subsection 1 of said code in reference to article R.225-137). The resulting adjustments to the prices and quantities were as follows:

Price adjustments (art. R.228-91, 1°)

Plan No.	Plan 5.1	Plan 5.2	Plan 6.1	Plan 6.2	Plan 6.3
Initial subscription price	25.69 €	5.34 €	5.20 €	7.46 €	4.08 €
Adjusted subscription price	23.12 €	4.81 €	4.68 €	6.71 €	3.67 €

Quantity adjustment (art. R.225-140 and R.225-142, subsection 2)

Plan No.	Plan 5.1	Plan 5.2	Plan 6.1	Plan 6.2	Plan 6.3
Initial balance total	4,557	22,116	217	542	651
Adjusted balance total	5,074	24,597	242	603	725

Furthermore, plans 4.4 and 5.1 reached maturity on January 14, 2014 and July 23, 2014 respectively and in consequence, options not exercised by these dates were canceled by operation of law.

Year-end stock option plan highlights are presented below:

Plan No.	Plan 5.2	Plan 6.1	Plan 6.2	Plan 6.3	Total
Options granted and not exercised Subscription price	24,597 4.81 €	242 4.68 €	603 6.71 €	725 3.67 €	26,167

For information, the average price for the Egide SA share for fiscal 2014 was €2.7236 and the closing price at December 31, 2014 was €3.20.

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, 2014 a balance of 177,101 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 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 authorized issuances through public offerings as provided for by article L.411-2 of the French monetary and financial code (code monétaire et financier) with cancellation of the shareholders' pre-emptive subscription rights subject to a limit of 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.

These authorizations were partially used in 2014, with the capital increase with preferential subscription rights and the exercise of an extension clause on June 30, 2014.

20.3.1.5.4.10 Provisions

Line items (€ thousands)	Values at 12/31/2013	Translation differences	Values of 12/31/2013 at 12/31/2014 exchange rates	Allowances	Reversals (provisions used in the period)	Reversals (provisions unused in the period)	Values at 12/31/2014
Non-current provisions Provisions for employee benefits	394			49	13		430
Total	**394**			**49**	**13**		**430**
Operating allowances/reversals Financial allowances/reversals				49	13		

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 €62,000.

20.3.1.5.4.11 Accounts payable

20.3.1.5.4.11.1 Non-current debt

(€ thousands)	Balance at 12/31/2014 due from 1 to 5 yrs.	Balance at 12/31/2013 due from 1 to 5 yrs.
Borrowings and financial liabilities		
Bank borrowings	518	
Other	85	138
Total	**603**	**138**
Other non-current liabilities	5	12

At December 31, 2013 and 2014, there were no payables outstanding with terms exceeding five years.

Other bank borrowings at December 31, 2014 concerned Egide SA that assigned its 2012 research tax receivables and the 2013 and 2014 CICE wage tax receivables to Bpifrance in connection with the "Dailly" law, to guarantee a credit line in the amount of 90% of the research tax credit and a loan for 95% of the 2013 CICE wage tax credit and 85% of the 2015 CICE wage tax credit advance.

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 12/31/2014	Balance at 12/31/2013
Borrowings and financial liabilities		
Bank borrowings	1,365 [(a)]	1,056
Other financial liabilities	2,425 [(b)]	1,588
Trade and other payables		
Advances and prepayments on orders	58	220
Trade payables and related accounts	1,836	1,905
Employee and related-payables	1,107	1,246
VAT payables	19	
Other tax payables	115	166
Accrued credit notes		
Sundry creditors	85	73
Payables for fixed assets	60	22
Other non-current liabilities	5	10
Total	**7,076**	**6,287**

[(a)] including debt of Egide SA owed to Bpifrance in the amount of €226,000 pursuant to the 2011 research tax credit financing, that will be repaid after settlement by the tax authorities in mid-2015 of this unused tax credit and a 15-year loan for US$1,383,000 (€1,139,000) at BBA (British Bankers Association) Libor rate (Adjusted Periodically) + 3.50 points. At December 31, 2013, the full amount of this bank loan obtained by Egide USA Inc. in May 2012 was classified under current debt for €1,056,000 as, in accordance with IAS 1, this presentation was required following the breach of a covenant. At December 31, 2014, the situation was comparable, with the presentation of payment terms identical, showing the full amount under current debt, even if the bank did not demand prepayment or modify the rate of interest as it was entitled.

[(b)] of which €1,548,000 at a floating rate based on the Euribor three month rate (Egide SA factoring agreements), US$1,000,000 (€824,000) at a floating-rate based on BBA Libor (Egide USA Inc. factoring agreement) and €53,000 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, 2014, the amount for purchase invoice accruals included in "Trade payables and related accounts" was €266,000 and accrued expenses included in "Employee and related payables" was €691,000, €109,000 in "Other tax payables" and €67,000 in "Sundry creditors".

20.3.1.5.4.12 Tax and tax credits

Reconciliation between the theoretical tax and actual tax recognized:

(€ thousands)	12/31/2014
Pretax profit (loss) of consolidated companies	(863)
Theoretical tax income from rate of December 31, 2014	288
Impact of loss carryforwards	(288)

For information, deferred taxes at December 31, 2013 consisted of tax losses carried forward indefinitely amounting to €47,347,000 for Egide SA and €4,971,000 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 12/31/2014			At 12/31/2013		
	Egide SA	Egide USA Inc	Total	Egide SA	Egide USA Inc	Total
Revenue	12,955	7,011	19,967	12,840	7,546	20,386
Operating profit/(loss)	(907)	(27)	(935)	(739)	75	(664)
Net fixed assets	1,354	1,991	3,345	1,409	1,462	2,871
Capital expenditures for the period	124	371	495	(20)	72	51
Fixed asset impairments / IAS 36	(1,262)	(205)	(1,466)	(1,276)	(209)	(1,485)
Non-current borrowings and financial liabilities	829	0	829	138	0	138
Current borrowings and financial liabilities	1,601	1,963	3,564	790	1,854	2,644

In 2014, one customer individually accounted for more than 10% of sales (17%) compared to two in 2013.

20.3.1.5.4.14 Other operating income and expenses

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

(€ thousands)	12/31/2014		12/31/2013	
	Income	Expenses	Income	Expenses
Research tax credit - Egide SA	319		262	
Insurance payment for the fire and hail damage - Egide SA	8		52	
Business tax / CFE property tax adjustment - Egide SA				(31)
Social security rebate – Egide SA (2008 to 2010)			163	
Application of statute of limitation rules - Egide SA		(54)	31	(70)
Attendances' fees		(32)		(21)
Expenses of the prior year		(26)		
Other	17	(24)	16	(17)
Total	**345**	**(136)**	**525**	**(139)**

20.3.1.5.4.15 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)	12/31/2014		12/31/2013	
	Income	Expenses	Income	Expenses
Foreign exchange gains / (losses)	267	(33)	44	(107)
Other income and expenses	13		3	0
Total	**280**	**(33)**	**46**	**(107)**

20.3.1.5.4.16 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	Au 31/12/2014		Au 31/12/2013	
		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	1	493,080
4/4/2012	5,417	1	5,417	1	5,417
6/30/2014	2,280,573	0.5	1,140,287	-	-
Ordinary shares			**2,925,084**		**1,784,797**
Theoretical number of additional shares			0		0
Impact of dilutive instruments			**2,925,084**		**1,784,797**

20.3.1.5.4.17 Related party transactions

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

The Chairman of the Board of Directors was paid €109,000 in gross compensation for fiscal 2014 (salary of €105,000 and benefits in-kind of €4,000). This compensation includes only fixed components. The executives do not receive post-employment benefits, severance benefits or any other long-term benefits. Other than stock options, (see above), there is no share-based compensation. 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 and, like all employees of the company, profit-sharing benefits. No profit-sharing payments were made in 2014.

Gross remuneration paid for the office of Chief Executive Officer amounted to €91,000 for the period from April 2 to December 31, 2014. As from September 11, 2014, as this office will cover all Group companies, the cost of this remuneration will be equally shared by Egide SA and Egide USA Inc.

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

Directors of Egide SA did not receive stock options with the exception of the Chairman of the Board of Directors who at December 31, 2014 held 18,063 stock options, the Chief Executive Officer 1,626 stock options and the Deputy Chief Executive Officer 302 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 such date they cease to exercise their functions.

For fiscal 2014 attendance fees paid to other members of the Board of Directors totaled €43,000 (gross amount plus a fixed statutory social levy for the *"forfait social"* of €9,000 for Egide SA) including €32,000 for fiscal 2014 and €11,000 for fiscal 2013. A director was tasked with an exceptional assignment at the end of 2013 for which a second 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.

20.3.1.5.4.18 Off-balance sheet commitments

20.3.1.5.4.18.1 Commitments related to company financing activities

Commitments given:

Off-balance-sheet commitments are summarized below:

Line items (€ thousand)	12/31/2014	12/31/2013
Pledges	744	
Guarantees given	1,595	1,515
Total	**2,339**	**1,515**

In favor of affiliated companies

The company stood guarantee to the benefit of Bank of America in connection with a loan agreement obtained by Egide USA Inc. in May 2012 to finance the purchase of its industrial building for amounts owed by Egide USA Inc. representing at a maximum the amount of principal and interest remaining due, estimated at US$1,936,000 (€1,595,000) at December 31, 2014.

In favor of financial institutions
In accordance with articles L313-23 to L313-34 of the French monetary and financial code, Egide SA assigned to Bpifrance receivables represented by 2011 and 2012 research tax credits, the 2013 CICI wage tax credit and the 2014 CICI wage tax credit advance *("en germe")*. The assignment of these securitized receivables (Dailly receivables) made it possible to pledge these receivables in exchange for:

- for the grant in January 2014 of a cash credit line for 90% of the 2011 and 2012 research tax credits or €457,000.
- financing received in July 2014 representing 95% of the 2013 CICE wage tax credit and 85% of the 2014 CICE wage tax credit advance or €287,000.

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

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.

20.3.1.5.4.18.2 Commitments related to company financing activities

Commitments given:

These commitments are as follows:

Line items (€ thousands)	Values at 12/31/2014	Due within less than 1 year	Due within 1 to 5 years	Due after 5 years
Trappes property lease - Egide SA [1]	246	113	134	0
Bollène property lease - Egide SA [2]	1,519	205	843	471
Total	**1,765**	**318**	**977**	**471**

[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.

20.3.1.5.4.19 Breakdown of average headcount

	12/31/2014	12/31/2013
Executives and management staff	51	49
Supervisory staff and technicians,	26	27
Plant and office staff	164	166
Total	**240**	**243**

20.3.1.5.5 Subsequent events

None.

20.3.2 2014 annual financial statements

20.3.2.1 Balance sheet

ASSETS in euros	Gross value at 12/31/2014	Amortization, depreciation and impairment	Net value at 12/31/2014	Net value at 12/31/2013
Intangible assets	**488,328**	**456,794**	**31,534**	**190**
Start-up costs				
Research and development expenditures				
Concessions, patents, licenses	335,879	304,345	31,534	190
Goodwill	152,449	152,449	0	0
Other intangible assets				
Property, plant and equipment	**10,995,097**	**9,843,526**	**1,151,572**	**1,244,356**
Land				
Buildings				
Plant, machinery and equipment.	10,058,802	9,179,983	878,820	965,097
Other PPE	777,015	511,592	265,423	270,560
PPE under construction	159,280	151,951	7,329	8,699
Advances and prepayments				
Financial assets	**74,918,822**	**73,629,295**	**1,289,527**	**898,388**
Equity interests	72,688,338	72,688,338	0	0
Investment-related receivables	2,043,892	940,957	1,102,935	712,123
Other financial assets	186,592		186,592	186,265
NON-CURRENT ASSETS	**86,402,247**	**83,929,615**	**2,472,632**	**2,142,934**
Inventory and work in progress	**5,612,251**	**3,544,197**	**2,068,054**	**2,028,250**
Raw materials, supplies	3,796,598	2,583,732	1,212,866	1,207,800
Work-in-progress: goods	477,046	1,440	475,606	419,464
Work-in-progress: services	63,639		63,639	95,233
Intermediate and finished goods	1,223,242	911,512	311,730	303,283
Trade goods	51,726	47,513	4,213	2,500
Receivables	**542,169**		**542,169**	**593,379**
Advances and installments paid on orders	13,785		13,785	29,110
Trade receivables and related accounts	528,384		528,384	564,269
Subscribed capital - called and unpaid				
Other receivables	**1,613,703**	**86,493**	**1,527,210**	**1,889,332**
Cash at bank and in hand	**3,955,023**		**3,955,023**	**393,866**
Marketable securities				65,028
Cash at bank and in hand	3,955,023		3,955,023	328,838
Prepaid expenses	**239,311**		**239,311**	**211,589**
CURRENT ASSETS	**11,962,457**	**3,630,690**	**8,331,767**	**5,116,416**
Unrealized losses on foreign exchange				29,963
TOTAL	**98,364,704**	**87,560,304**	**10,804,399**	**7,289,313**

EQUITY & LIABILITIES in euros	Values at 12/31/2014	Values at 12/31/2013
Capital	8,130,740	3,569,594
Additional paid-in capital	1,506,328	1,271,612
Revaluation reserves		
Legal reserve	355,876	355,876
Statutory and contractual reserves		
Tax-based reserves		
Other reserves		
Retained earnings	(1,530,254)	(1,141,357)
Net income for the period	(1,203,824)	(388,898)
Investment grants		
Tax-based provisions		
SHAREHOLDERS' EQUITY	**7,258,866**	**3,666,827**
Advances on conditions	12,780	19,170
OTHER SHAREHOLDERS' EQUITY	**12,780**	**19,170**
Provisions for contingencies		29,963
Provisions for expenses	429,760	394,402
PROVISIONS	**429,760**	**424,365**
Financial liabilities	**437,352**	**210,000**
Bank borrowings	287,352	
Other financial liabilities	150,000	210,000
Advances and downpayments on orders in progress	**58,315**	**220,129**
Other payables	**2,472,658**	**2,742,270**
Trade payables and related accounts	1,151,778	1,350,817
Tax and employee-related liabilities	1,175,908	1,296,766
Payables to fixed asset suppliers	59,766	22,155
Other liabilities	85,207	72,533
Deferred income		
PAYABLES	**2,968,324**	**3,172,399**
Translation differences (liabilities)	134,669	6,552
TOTAL	**10,804,399**	**7,289,313**

20.3.2.2 Income statement

Line items	France	Export	12/31/2014	12/31/2013
Sale of goods	155,174	458,147	613,321	957,654
Sold production (goods)	6,842,113	4,924,454	11,766,567	11,205,478
Sold production (services)	403,156	198,986	602,142	706,083
NET REVENUE	**7,400,443**	**5,581,587**	**12,982,030**	**12,869,215**
Change in finished goods and in-progress inventory			68,392	53,052
Grants			4,500	2,392
Reversals of impairment & provisions - Expense reclassifications			165,950	164,172
Other income			2,229	31,787
Operating income			**13,223,101**	**13,120,619**
Purchase of trade goods			25,059	31,585
Changes in inventories of goods held for resale			218	5,665
Purchase of raw materials & other supplies			4,301,125	4,119,899
Changes in inventory (raw materials & other supplies)			27,596	314,938
Other purchases and external expenses			3,080,806	2,929,103
Taxes other than on income			294,114	296,759
Salaries and wages			4,676,758	4,599,353
Social security contributions			1,756,403	1,637,192
Allowances for amortization, depreciation & impairment of fixed assets			213,560	236,282
Allowances for impairment of current assets			59,429	72,585
Allowances for provisions			48,612	53,286
Other operating expenses			104,792	101,229
Operating expenses			**14,588,474**	**14,397,877**
OPERATING PROFIT			**(1,365,372)**	**(1,277,258)**
Interest and similar income			10,605	7,104
Reversals of impairment & provisions - Expense reclassifications			166,374	315,664
Foreign exchange gains			21,165	18,515
Net proceeds from the disposal of marketable securities			86	7,742
Financial income			**198,229**	**349,025**
D Allowances for depreciation and reserves			268,795	29,963
Interest and related expenses			58,379	52,495
Foreign exchange losses			4,473	409,686
Net proceeds from the disposal of marketable securities				
Financial expenses			**331,647**	**492,144**
NET FINANCIAL INCOME / (EXPENSE)			**(133,417)**	**(143,119)**
INCOME FROM ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS AND TAX			**(1,498,790)**	**(1,420,377)**
Exceptional income from non-capital transactions			7,711	215,498
Exceptional income on capital transactions				139,901
Other capital transactions				
Reversals of impairment & provisions - Expense reclassifications				14,792,656
Exceptional income			**7,711**	**15,148,056**
Exceptional expenses on non-capital transactions			28,893	31,412
Exceptional expenses on capital transactions				14,342,385
Allowances for depreciation and reserves			2,788	5,001
Exceptional expenses			**31,681**	**14,378,797**
NET EXCEPTIONAL ITEMS			**(23,970**	**769,259**
Income tax			(318,936)	(262,220)
Employee profit sharing				
TOTAL INCOME			**13,429,041**	**28,617,701**
TOTAL EXPENSES			**14,632,865**	**29,006,598**
NET INCOME (LOSS) FOR THE PERIOD			**(1,203,824)**	**(388,898)**

20.3.2.3 Statement of cash flows

Line items	12/31/2014	12/31/2013
Net income	(1,203,824)	(388,898)
Adjustments for non-cash income and expense or items unrelated to operating activities:		
- Amortization, depreciation and provisions (excl. impairment of current assets)	354,127	(17,105)
- Capital gains or losses from asset disposals		(585,173)
Change in working capital requirements (net values)		
- Inventories and work in progress	(39,804)	293,688
- Trade receivables	35,885	11,122
- Other receivables and prepaid expenses	379,687	(39,810)
- Trade payables	(199,039)	(4,106)
- Other payables and deferred income	(141,881)	(6,388)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(814,848)**	**(736,669)**
Fixed asset purchases		
- Tangible and intangible fixed assets	(117,297)	(321,042)
- Financial assets	(523,522)	472,143
Fixed asset disposals		
- Tangible and intangible fixed assets		23,175
- Financial assets		116,727
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(640,819)**	**291,003**
Issue of new cash shares	4,795,863	
Increases in other equity		
Decreases in other equity	(6,390)	(6,390)
Distribution of dividends		
Increase in borrowings	287,352	
Decrease in borrowings	(60,000)	(60,000)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	**5,016,824**	**(66,390)**
Change in cash at bank and on hand	3,561,157	(512,056)
Change in current bank facilities		
CHANGE IN CASH AND CASH EQUIVALENTS	**3,561,157**	**(512,056)**
Opening 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
Closing cash and cash equivalents	**3,955,023**	**393,866**
- of which available-for-sale market securities	3,955,023	65,028
- of which cash at bank and on hand		328,838
CHANGE IN CASH AND CASH EQUIVALENTS	**3,561,157**	**(512,056)**

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, 2014 with an income statement showing total assets of €7,289,313, a statement of comprehensive income presented in list form showing a loss of €1,203,824, adopted by the Board of Directors on April 29, 2015. These accounts have also been included in the consolidated financial statements of Egide SA as the parent company.

The financial period runs for twelve months from January 1 to December 31, 2014.

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, 2014 have been prepared in accordance with applicable accounting standards based on the principles of conservatism, fair presentation, consistency of presentation, the time period concept and going concern.

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

The annual financial statements have been prepared and presented in accordance with French generally accepted accounting practices (L 123-12 to L 123-28 of the French commercial code, the decree of November 29, 1983 and ANC Regulation 2014-03 issued by the French accounting standards setter on June 5, 2014.

The capital increase successfully completed in June 2014 for €5.1 million destined to finance the Group's strategic plan and financing linked to French tax credits (research tax credits and the CICE wage tax credit) obtained from Bpifrance eliminated the going concern risk existing at the end of 2013.

20.3.2.4.2.2 Intangible assets

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

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

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

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

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

Information on the impairment test is provided in section 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 amortization method, residual amounts and useful lives are reviewed at a minimum at the end of each reporting period, and may modify on a prospective basis the initial amortization schedule.

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

Information on the impairment test is provided in section 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 an impairment.

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

20.3.2.4.2.7 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: 1.54 % (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 the Incoterm definition. Revenue is recognized upon the transfer of risks either when products are shipped or from availability for shipment ex-works.

20.3.2.4.3 Additional balance sheet and income statement disclosures

20.3.2.4.3.1 Critical accounting estimates and judgments

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

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

20.3.2.4.3.2 Share capital

The capital increase of May 28 2014 resulted in the issuance of 2,280,573 shares at €2.25 per share with a nominal value of €2. At December 31, 2014, the share capital was made up of 4,065,370 shares of €2 at par representing €8,130,740.

20.3.2.4.3.3 Additional paid-in capital

Share premium at December 31, 2014 amounted to €1,506,328. Pursuant to the capital increase described in section 20.3.2.4.3.2, share premium was increased by €570,143 at June 30, 2014.
Transaction costs amounting to €335,426 were charged to share premium.

20.3.2.4.3.4 Stock option plans

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

The Board of Directors did not made use of this authorization.

Following the completion of the capital increase dated June 30, 2014, on September 11, 2014, the Board of Directors adjusted the terms and conditions for exercising (price and quantity) the stock options (article L.228-99, 3°of the French commercial code, in reference to article L.225-181, subsection 2 and article R.228-91, subsection 1 of said code in reference to article R.225-137). The resulting adjustments to the prices and quantities were as follows:

Price adjustments (art. R.228-91, 1°)

Plan No.	Plan 5.1	Plan 5.2	Plan 6.1	Plan 6.2	Plan 6.3
Initial subscription price Adjusted subscription price	25.69 € 23.12 €	5.34 € 4.81 €	5.20 € 4.68 €	7.46 € 6.71 €	4.08 € 3.67 €

Quantity adjustment (art. R.225-140 and R.225-142, subsection 2)

Plan No.	Plan 5.1	Plan 5.2	Plan 6.1	Plan 6.2	Plan 6.3
Initial balance total Adjusted balance total	4,557 5,074	22,116 24,597	217 242	542 603	651 725

Furthermore, plans 4.4 and 5.1 reached maturity on January 14, 2014 and July 23, 2014 respectively and in consequence, options not exercised by these dates were canceled by operation of law.

Year-end stock option plan highlights are presented below:

Plan No.	Plan 5.2	Plan 6.1	Plan 6.2	Plan 6.3	Total
Options granted and not exercised Subscription price	24,597 4.81 €	242 4.68 €	603 6.71 €	725 3.67 €	26,167

For information, the average price for the Egide SA share for fiscal 2014 was €2.7236 and the closing price at December 31, 2014 was €3.20.

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, 2014 a balance of 177,101 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 a overallotment (greenshoe) option in accordance with market practices. Finally, it authorized issuances through public offerings as provided for by article L.411-2 of the French monetary and financial code (code monétaire et financier) with cancellation of the shareholders' pre-emptive subscription rights subject to a limit of 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. These authorizations were partially used in 2014, with the capital increase with preferential subscription rights and the exercise of an extension clause on June 30, 2014 (see sections 2.2, 2.3 and 2.6).

20.3.2.4.3.6 Statement of changes in shareholders' equity

In euros	12/31/2014	12/31/2013
Reported net income Per share basis	(1,203,824) (0.30)	(388,898) (0.22)
Change in equity (excluding above income/loss) Per share basis	4,795,863 1.18	- -
Proposed dividend Per share basis	- -	- -
Shareholders' equity at the end of the reporting period before appropriation Impact on retained earnings of a change in accounting methods Appropriation of earnings of prior year decided by the AGM Shareholders' equity at the beginning of the period	4,055,725 - (388,898) 3,666,827	4,812,310 - (756,586) 4,055,725
Changes during the fiscal year Changes in share capital: - 6/30/2014: issuance of 2,280,573 shares at €2.25 per share - 6/30/2014: deduction of share issuance expenses	 5,131,289 (335,426)	
Reported shareholders' equity before the AGM and excluding income (loss) for the period	8,462,690	4,055,725
Total changes in shareholders' equity in the period	3,592,039	(388,898)

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)	12/31/2013	Allowances	Reversals	12/31/2014
Provisions for foreign exchange losses	29,963	21,691	51,653	0
Provisions for retirement severance payments and similar benefits	394,402	48,612	13,254	429,760
Total	**424,365**	**70,303**	**64,907**	**429,760**
Operating allowances and reversals		48,612	13,254	
Financial allowances and reversals		21,691	51,653	
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 and 20,000.

20.3.2.4.3.10 Depreciation schedule

Line items (euros)	12/31/2013	Allowances	Reversals	12/31/2014
Intangible assets	152,449			152,449
Property, plant and equipment	1,264,247		657,758	606,489
Financial assets	73,496,911	247,104	114,721	73,629,295
Inventory and work in progress	3,543,423	47,174	46,400	3,544,197
Receivables	127,784	12,255	53,546	86,493
Total	**78,584,814**	**306,533**	**872,425**	**78,018,923**

20.3.2.4.3.11 Concessions, patents, licenses

Changes in the other intangible assets break down as follows:

In euros	Gross value at 12/31/2013	Acquisitions, creations, reclassifications	Disposals, reclassifications, decommissioning	Gross value at 12/31/2014
Concessions, patents, licenses	346,546	33,064	43,731	335,879

Changes in the amortizations break down as follows:

In euros	Accumulated depreciation at 12/31/2013	Allowances	Reversals and derecognition	Accumulated depreciation at 12/31/2014
Concessions, patents, licenses	346,356	1,720	43,731	304,345

Concessions, patents and licenses are not subject to impairment.

20.3.2.4.3.12 Goodwill

In euros	12/31/2014	12/31/2013
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 12/31/2013	Acquisitions, creations, reclassifications	Disposals, reclassifications, decommissioning	Gross value at 12/31/2014
Land	0			0
Buildings	0			0
Plant, machinery and equipment	10,115,634	87,194	144,026	10,058,802
Other PPE	1,902,168	36,020	1,161,172	777,015
PPE under construction	160,650		1,370	159,280
Advances and prepayments	0			0
Total	**12,178,452**	**123,214**	**1,306,568**	**10,995,097**

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

Line items (euros)	Accumulated depreciation at 12/31/2013	Allowances	Reversals and derecognition	Accumulated depreciation at 12/31/2014
Land	0			0
Buildings	0			0
Plant, machinery and equipment	8,678,016	170,684	123,255	8,725,445
Other PPE	991,833	41,156	521,397	511,592
Total	**9,669,849**	**211,840**	**644,652**	**9,237,037**

Allowances for the depreciation of fixed assets are calculated on a straight-line basis and on that basis €211,840 was recognized under operating results..

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

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

Line items (euros)	Accumulated depreciation at 12/31/2013	Allowances	Reversals	Accumulated depreciation at 12/31/2014
Plant, machinery and equipment	472,521		17,983	454,538
Other PPE	639,775		639,775	0
Tangible fixed assets under construction	151,951			151,951
Total	**1,264,247**		**657,758**	**606,489**

The discontinuation of operations of the Trappes plant resulted in the recognition of amounts for impairment in 2001 of €455,000 for industrial equipment. This impairment charge concerns €640,000 for fixtures fully reversed in 2014 after these assets were decommissioned.

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 €1,048,000 was considered necessary. As the present value of assets recorded at December 31, 2014 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 12/31/2013	Change	Gross value at 12/31/2014	Impairment at 12/31/2013	Change	Impairment at 12/31/2014
Egide USA LLC interests	72,688,338		72,688,338	72,688,338		72,688,338
Investment-related receivables Egide USA Inc.	1,520,697	523,195	2,043,892	808,574	132,384	940,957
Other fixed securities		100	100			
Deposit guarantee	186,265	227	186,492			
Total	**74,395,300**	**523,522**	**74,918,822**	**73,496,911**	**132,384**	**73,629,295**

The increase in investment-related receivables of €523,000 concerns mainly advances to Egide USA in connection with the "2018 Commitments" plan providing for the provision of proceeds from the 2014 June capital increase needed by the subsidiary for planned capital expenditures.

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, 2014, 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 12/31/2013	Gross value at 12/31/2014	Impairment at 12/31/2013	Allowances	Reversals	Impairment at 12/31/2014
Raw materials & other supplies	3,824,194	3,796,598	2,616,394	8,793	41,455	2,583,732
Work in progress	516,136	540,685	1,469	1,440	1,469	1,440
Finished goods	1,179,399	1,223,242	876,116	36,942	1,545	911,512
Trade goods	51,944	51,726	49,444		1,931	47,513
Total	**5,571,673**	**5,612,251**	**3,543,423**	**47,175**	**46,400**	**3,544,197**

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 12/31/2013	Gross value at 12/31/2014	Impairment at 12/31/2013	Allowances	Reversals	Impairment at 12/31/2014
Trade receivables	605,560	528,384	41,291	12,255	53,546	0

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 €41,291.

Factoring has been in use since April 2006 and concerns domestic and export receivables representing 73 % of actual sales. Receivables assigned to the factor but not yet settled at December 31, 2014 amounted to €1,870,000, thus increasing the value of trade receivables in the absence of factoring to €2,377,000 on this date compared to €658,000 at December 31, 2013.

20.3.2.4.3.17 Receivables and payables

Statement of receivables (euros)	Gross amount	Less than 1 year	More than 1 year
Investment-related receivables	2,043,892		2,043,892
Other financial assets	186,592		186,592
Advances and down payments paid	13,785	13,785	
Doubtful and disputed trade receivables	0		
Other trade receivables	528,384	528,384	
Employee and related-payables	731	731	
Research tax credit receivables - 2013 and 2014	581,156	208,250	372,906
Miscellaneous tax receivables	86,493		86,493
VAT payables	56,403	56,403	
Accrued tax income (CICE 2014 wage tax credit not assigned to Bpifrance)	3,566		
Bpifrance: 2011 and 2012 research tax credits assigned and not financed			3,566
Bpifrance: 2013 CICE wage tax credit and 2014 CICE wage tax credit advance	50,766	25,124	25,643
(en germe) assigned	322,867		322,867
Factors	194,746	194,746	
Sundry debtors	316,975	74,975	242,000
Prepaid expenses	239,311	239,311	
Total	**4,625,667**	**1,341,709**	**3,283,959**

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 2014 research tax credit of €319,000 will be reimbursed in 2018. The 2010 research tax credit was refunded by the tax authorities in June 2014 in the amount of €206,000.

Research tax credits for 2010 to 2012 were assigned in January 2014 to BPI France to obtain a cash credit line which is presented under "Cash at bank and on hand" at €457,000 representing 90% of the amount of these tax credits.
D 2013 research tax credit will be assigned to Bpifrance on the same basis in early 2015

The 2014 CICE wage tax credit is accounted for the same manner as research tax credits and will be refunded in 2018. The corresponding income was recognized in the income statement as a credit to staff costs (social security expenses).
Bpifrance finance the 2013 CICE wage tax credit (95%) and the 2014 CICE wage tax credit advance (85%) in July 2014. However, the corresponding receivable of €287,000 remains under assets as a reverse entry for recognizing the liability for a debt under "Bank borrowings".

In compliance with the provisions of article 244 quater C of the French commercial code, this tax credit was used for business development efforts within the framework of the strategic plan and for selected investments (acquisition of a hyper frequency modeling application for the engineering department).

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

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

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

Statement of payables (euros)	Gross amount	Less than 1 year	More than 1 and less than 5 years	More than 5 years
Bank borrowings	287,352		287,352	
Other financial liabilities	150,000	60,000	90,000	
Customer advances and prepayments	58,315	58,315		
Trade payables and equivalent	1,151,778	1,151,778		
Employee and related-payables	520,240	520,240		
Social security and related-payables	522,483	522,483		
VAT payables	18,502	18,502		
Other tax and related payables	114,682	114,682		
Payables for fixed assets	59,766	59,766		
Other liabilities	85,207	85,207		
Total	**2,968,324**	**2,590,973**	**377,352**	

20.3.2.4.3.18 Prepaid expenses

Line items (euros)	12/31/2014	12/31/2013
Rent and rental charges	90,251	94,365
Insurance	93,844	89,095
Miscellaneous expenses (maintenance, etc.)	55,215	28,129
Total	**239,311**	**211,589**

20.3.2.4.3.19 Accrued expenses

Line items (euros)	12/31/2014	12/31/2013
Suppliers - purchase invoice accruals	257,456	316,655
Personnel - social security payments	2,935	234
Personnel - personal protection insurance payments	1,221	4,261
Personnel - accrued vacation and related expenses	640,360	598,387
Personnel - accrued bonuses and related expenses	27,024	27,152
Personnel - accrued severance benefits and related expenses	0	123,089
French government - other accrued expenses	108,647	166,441
VAT on credit notes receivable	176	251
Accrued expense voucher payments	2,772	3,336
Accrued commissions	29,726	15,201
Accrued attendance fees	0	10,500
Other accrued expenses	34,326	34,326
Total	**1,104,643**	**1,299,833**

20.3.2.4.3.20 Other accrued income

Line items (euros)	12/31/2014	12/31/2013
Suppliers - accrued credit notes	9,645	14,179
Other accrued income	301,694	242,000
Accrued insurance payments	0	14,913
Accrued VAT receivables	0	177
VAT on unbilled trade payables	41,883	50,109
French government - accrued income	3,566	129,147
Total	**356,788**	**450,525**

20.3.2.4.3.21 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)	(US$365,660)
Ownership interest (%)	100 %
Carrying value of shares:	
- Gross	72,688,338 €
- Net	€0
Loans and advances granted and not yet repaid	None.
Pledges and guaranties given by the company	None.
Sales ex-VAT for year ended	None.
Profit (loss) at closing	(US$253)
Dividends received by the company in the period	None.
Other disclosures	Creation 11/08/2000 Incorporated as holding for Egide USA Inc.

Related party receivables and payables

Line items (euros)	12/31/2014	12/31/2013
Investment-related receivables	2,043,892	1,520,697
Trade receivables and related accounts	24,128	14,256
Trade payables and related accounts	22,062	91,930

20.3.2.4.3.22 Translation differences

Relevant line item	Currency	Foreign exchange (debit balance)(euros)	Foreign exchange (credit balance) (euros)
Trade payables	YEN		2,798
Other	GBP		1
Trade payables	USD		(4,182)
Trade receivables	USD		9,066
Other	USD		126,986
Total			**134,669**

No provision was recorded unrealized foreign exchange.

20.3.2.4.3.23 Corporate income tax and tax losses

Tax loss carryforwards at the end of 2014 amounted to €48,855,783.

A research tax credit for fiscal 2014 of €318,936 and a CICE wage tax credit of €197,286 were recognized. These amounts will be refundable as from January 1, 2018.

20.3.2.4.3.24 Changes in future tax liabilities at the standard tax rate

Increases (euros)	2014	2013
Unrealized losses on foreign exchange	0	29,963
Allowances for seniority bonuses of long-service awards	0	9,029
Total	**0**	**38,992**
Tax rate	33.33%	33.33%
Increase in future tax liabilities	**0**	**12,997**

Reduction (euros)	2014	2013
Retirement severance benefits	12,966	41,344
Allowances for seniority bonuses of long-service awards	22,392	
Organic tax	20,752	20,587
Unrealized losses on foreign exchange	134,669	6,552
Provision for unrealized foreign exchange losses	21,691	29,963
Unrealized gains on UCITS funds	0	37
Tax loss carryforwards	48,865,783	47,346,641
Total	**49,078,253**	**47,445,124**
Tax rate	33.33%	33.33%
Reduction in future tax liabilities	**16,359,418**	**15,815,041**

20.3.2.4.3.25 Revenue by business segment

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

Business segment(euros)	12/31/2014	12/31/2013
Glass-to-metal	5,399,616	5,610,847
Ceramic	7,249,013	6,890,726
Engineering	190,136	314,498
Non-core activities	116,356	15,423
Group	26,910	37,722
Total	**12,982,030**	**12,869,215**

20.3.2.4.3.26 Revenue by region

Geographic segments (euros)	12/31/2014	12/31/2013
France	7,400,443	6,314,808
EEC excluding France	1,412,544	1,685,416
USA in Canada	652,070	889,412
Other countries	3,490,063	3,941,854
Group	26,910	37,722
Total	**12,982,030**	**12,869,215**

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

20.3.2.4.3.27 Net financial expense

Line items (euros)	12/31/2014	12/31/2013
Net proceeds from the disposal of marketable securities	86	9,660
Net gains (losses) from foreign currency transactions	46,654	(173,041)
Impairment of equity investments and related receivables	(132,384)	67,571
Special commission on financing/factoring	(34,495)	(29,590)
Other financial income and expenses	(13,278)	(17,719)
Total	**(133,417)**	**(143,119)**

The current account balance between Egide SA and its subsidiaries Egide USA Inc. was subject to annual interest of 0.089 %. At year-end, Egide SA recorded financial income representing €2,000 in interest income on current account balances.

20.3.2.4.3.28 Net exceptional items

Line items (euros)	12/31/2014	12/31/2013
Proceeds from the disposal of Egima and Egide UK Ltd shares		566,999
Insurance payments not allocated to expenses *	7,711	52,326
Results from the retirement and disposal of assets components	(2,788)	18,174
Social security contribution rebate (URSSAF)		163,172
Other	28,893	(31,412)
Total	**(23,970)**	**769,259**

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

20.3.2.4.3.29 Compensation of directors and officers

The Chairman of the Board of Directors was paid €109,000 in gross compensation in 2014 which included benefits in kind. This compensation also concerns his term of office as Chief Executive Officer from January 1 to April 1, 2014.

Gross remuneration paid for the office of Chief Executive Officer amounted to €91,000 for the period from April 2 to December 31, 2014.

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

Attendance fees paid in 2014 to six members of the Board of Directors amounted to €33,000 for fiscal 2013 and 2014. Remuneration of €8,000 was paid in 2014 to a member of the Board of Directors for the performance of an exceptional ad hoc mission.

20.3.2.4.3.30 Total other commitments

20.3.2.4.3.30.1 Commitments given

20.3.2.4.3.30.1.1 Commitments on behalf of affiliated companies

The company stood guarantee to the benefit of Bank of America in connection with a loan agreement obtained by Egide USA in May 2012 to finance the purchase of its industrial building for amounts owed by Egide USA Inc. representing at the maximum the amount of principal and interest remaining, estimated at US$1,936,048 (€1,594,636) at December 31, 2014.

20.3.2.4.3.30.1.2 Commitments in favor of financial institutions

In accordance with articles L313-23 to L313-34 of the French monetary and financial code, Egide assigned to Bpifrance receivables represented by 2011 and 2012 research tax credits, the 2013 CICI wage tax credit and the 2014 CICI wage tax credit advance ("en germe"). The assignment of these securitized receivables (Dailly receivables) made it possible to pledge these receivables in exchange for:

- for the grant in January 2014 of a cash credit line for 90% of the 2011 and 2012 research tax credits or €457,000.
- financing received in July 2014 representing 95% of the 2013 CICE wage tax credit and 85% of the 2014 CICE wage tax credit advance or €287,000.

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

Off-balance-sheet commitments are summarized below:

Line items (euros)	12/31/2014	12/31/2013
Pledges Guarantees given	744,247 1,594,636	 1,514,875
Total	**2,338,883**	**1,514,875**

20.3.2.4.3.30.1.3 Statutory individual training rights

182 hours of training were used in fiscal 2014 in connection with French statutory individual training rights (DIF). At December 31, 2014, total hours of statutory training benefits vested by employees amounted to 16,999 hours.

20.3.2.4.3.30.1.4 Finance lease liabilities

Finance lease liabilities relate exclusively to "Other tangible fixed assets" and break down as follows:

Vehicles (euros)	12/31/2014
Value of assets at the least inception date	17,185
Allowances for depreciation if the assets have been acquired:	
- in the period	14,067
- accumulated depreciation at opening	46,598
Lease payments:	
- in the period	12,623
- accumulated depreciation at opening	44,859
Balance of lease payments outstanding at closing	7,910
Residual purchase price	6,753

20.3.2.4.3.30.2 Commitments received

No bank guarantees were issued to the benefit of Egide.

20.3.2.4.3.30.3 Reciprocal commitments

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

20.3.2.4.3.31 Breakdown of average headcount

	2014	2013
Executives and management staff	32	32
Supervisory staff and technicians,	22	23
Employees	3	3
Workers	110	108
Total	**167**	**166**

20.3.2.4.4 Subsequent events

None.

20.4 Auditing of historical annual financial information

20.4.1 Auditors' report on the 2014 consolidated financial statements

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

"To the shareholders,

In accordance with the terms of our engagement entrusted to us by the annual general meeting, we hereby report you for the year ended December 31, 2014, on:

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

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

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit consists of examining, on the basis of tests and other selection methods, evidence supporting the amounts and disclosures in the consolidated 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.

II - Justification of our assessments

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

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 the net carrying value and the appropriate nature of disclosures provided in note 2.5.

Our assessments were made in the context of our audit of the consolidated 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 verification

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

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

Neuilly-sur-Seine and Paris, May 22, 2015

French original signed by:

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

20.4.2 Auditors' report on the 2014 annual financial statements

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

"To the shareholders:

In accordance with the terms of our engagement entrusted to us by the annual general meeting, we hereby report you for the year ended December 31, 2014, on:

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

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

1 - Opinion on the annual financial statements

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

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

2 - Justification of our assessments

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

Notes 1.6 and 2.14 on financial assets indicate that your company records amounts for the impairment of equity securities in investment-related receivables when their useful value falls below their initial acquisition cost. 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, 2014.

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

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

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

3 - Specific verifications and disclosures

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

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

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

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

Neuilly-sur-Seine and Paris, May 22, 2015

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

Notes

Note 2.5 referred to in the Auditors' report on the consolidated financial statements corresponds to section 20.3.1.5.3.5 of this registration document.

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

20.5 Other items disclosed in the Group management report

20.5.1 Review of operations

20.5.1.1 Egide SA operating highlights

Revenue in 2014 amounted to €12.98 million compared to €12.87 in 2013, or largely steady with an increase of less than 1%.

The defense and space sector advanced sharply (+24%) on revenue of €7.20 million compared to €5.80 million in 2013. This increase is mainly attributable to military infrared and electronic product sales which offset the performance of the space segment which has continued to contract.

Revenue in the telecommunications segment declined sharply to €2.72 million in 2014, down from €3.95 million in 2013. This trend reflects the significant reduction in orders at year-end by the company's largest customer, resulting from products reaching the end of their life cycle, and the bankruptcy filing of one important French customer.

The industrial segment remained relatively stable with revenue of €3.03 million in 2014 compared to €3.09 million in 2013 or a decline in the order of 2%. This sector which includes mainly infrared products for civil applications and products destined for civil aviation, unfortunately experienced a significant increase by the Group's main customer for civil aviation infrared components offset by the significant drop by Chinese customers of the sector for which expected sales should have been considerably better.

Intercompany invoicing has remained identical from one year to the next at €0.03 million in 2014 as in 2013. This represents exclusively amounts charged back for general management and financial services by Egide SA to its subsidiary, Egide USA.

At €5.40 million, the glass-to-metal technology accounted for 42 % of total revenue for the period representing a decrease from the 44 % share in the previous period. With sales of €7.25 million, ceramic-to-metal remains Egide SA's primary technology application accounting for 56 % of total revenue in 2014 (compared with 54 % in 2013). Trends for these two technologies are primarily a reflection of the product mix in the infrared sector.

The company invoiced fees of €0.19 million for engineering studies in 2014. This amount is less than the amount in 2013 of €0.31 million, reflecting the many projects that were completed in the period. Research and development efforts remained comparable with previous period.

France accounted for 57% of Egide SA's revenue in 2014 (excluding intercompany sales) compared to 49% in 2013. Europe excluding France accounts for 11 % of revenue for the period and North America 5 %. Revenue from other regions declined to 27 % in 2014 from 31 % in 2013 reflecting largely the loss of a French telecom customer going into judicial receivership (with manufacturing subcontractors in Asia) and weak sales in China.

20.5.1.2 Egide USA operating highlights

Egide USA had revenue of €7.05 million in 2014 (of which €0.04 million from Group invoicing) compared to €7.66 million in 2013. This decline of approximately 8% is primarily attributable to two military customers impacted by budget restrictions imposed on US military spending forcing them to reduce their demand in the second half. In 2014, the euro/dollar exchange rate remained stable over the period at an average rate of 1.33 and on that basis had no impact on the US subsidiary's sales.

The "defense and space" segment accounted for 75 % of 2014 revenue, compared to 80 % in 2013 with respectively €5.25 million and €6.01 million. Following significant sales growth driven by successful customer diversification, the industrial sector now accounts for 21% of total revenue (€1.51 million in 2014 compared to €1.30 million in 2013). The telecommunications sector for which Egide USA is a supplier solely for a selected number of very specific niche products remained stable at 4 % of revenue for the period compared to 3 % one year earlier (at respectively €0.25 million and €0.24 million).

Products sold make use exclusively of the glass-to-metal technology. All sales (99%) of the US subsidiary (excluding intercompany sales) originated from the US market.

20.5.2 Presentation of results

20.5.2.1 Consolidated results

At December 31, 2014, 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,

Consolidated revenue amounted to €19.97 million generating an operating loss of €0.93 million (compared to a loss of €0.66 million in 2013 on revenue of €20.39 million). In light of the exceptional items recognized under other operating income and expenses, earnings declined by 9% compared to a 2% reduction in sales. Production yields registered an improvement at Egide SA, compared with a deterioration Egide USA with problems of quality issues in the last quarter). Egide SA had an operating loss of €0.91 million and Egide USA had a loss of €0.03 million. The level of sales of the parent company was not sufficient to cover throughout fiscal 2014 its fixed costs and lower sales by Egide USA had a significant adverse effect on its earnings despite the average 7% reduction in its direct workforce despite the reduction compared to 2013.

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".

Net amortization and depreciation, impairment and provisions amounted to €0.3 million, remaining stable in relation to 2013.

Net financial expense amounted to €0.07 million (compared to an expense of €0.24 million in 2013) and includes borrowing costs (interest linked to the use of factoring by two Group entities plus interest expense on the US loan). In 2014, foreign exchange transactions generated a currency gain of €0.2 million compared to a loss of €0.06 million and 2013.

The above items resulted in a net loss for the period of €0.86 million (compared to a loss of €0.52 million in 2013).

As of December 31, 2003, the company's consolidated balance sheet no longer shows a balance of unamortized goodwill.

Current cash amounted to €4.1 million compared to €0.5 million at year-end 2013, bolstered by proceeds from the capital increase of June 2014. Long-term debt of €0.83 million (€0.14 million at the end of 2013) 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 and financing to Egide SA from Bpifrance in 2014 in exchange for the collateralization of French tax credit receivables (research tax credits and the CICI wage tax credit). Current debt represented trade receivables financing from factoring entities (€2.37 million), the non-current portion of Egide SA's PRME loan (€0.05 million) as well as the balance of the loan (€1.14 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 represented 61days of sales compared to 50 days in 2013 (57 days at June 30, 2014). This rise reflects the increase in Egide SA's trade receivables resulting from a change in the revenue mix from one period to the next and also a reduction in employee-related liabilities (namely, after settling amounts for severance amounts linked to a dismissal that have been accrued) and advances received from Egide SA in connection with contracts for engineering studies.

20.5.2.2 Parent company annual results

The annual financial statements of Egide SA for the period ended December 31, 2014 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 €12.98 million compared to €12.87 million for the previous period or marginally up 1 %. Operating income totaled €13.2 million compared to €13.12 million one year earlier.

Operating expenses for the period came to €14.59 million, up 1 % from €14.40 million in 2013. The improvement in the rate of the consumption of raw materials and supplies was to a certain extent offset by a marginal increase in personnel expenses, as the part-time operation made necessary by the level of business concerned 15 working days in 2013 compared to only 12 in 2014.

Average headcount for the period (fixed-time contracts and permanent contracts) decline from 166 in 2013 to 167 in 2014. The CICE wage tax credit was registered as a €0.2 million deduction from staff costs in 2014 compared to €0.1 million in 2013. Unless transferred to Bpifrance as a guarantee for a credit line, it cannot be refunded until January 1, 2018.

External charges declined marginally to €3.08 million from €2.93 million 2013. The main line items showing increases concerned maintenance costs for premises as well as for production equipment and travel expenses, in particular for sales personnel.

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, 2014, 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 improve output and productivity, the level of activity recorded in 2014 was not sufficient to achieve a result above breakeven in the period. Accordingly, an operating loss was recorded of €1.37 million compared to a loss of €1.28 million in the prior period.

Research and development expenditures remained stable at €1.1 million. These expenditures were not capitalized.

Net financial expense remained stable in relation to the prior year at €0.13 million and concerned primarily the impairment of investment-related receivables for holdings in Egide USA Inc.

The pretax current operating loss was €1.50 million compared to a loss of €1.42 million the prior year.

Net exceptional items in 2014 represented a loss of €0.02 million compared to a profit of €0.77 million in 2013 attributed primarily to proceeds from the disposal of the securities of the subsidiaries Egima and Egide UK Ltd last October.

The research tax credit for the period amounted to €0.32 million compared to €0.26 million for the prior period.

In light of these items, a net loss of €1.20 million was recorded for 2014 compared to a loss of €0.39 million in 2013.

At December 31, 2014, the company had total assets of €10.80 million compared to €7.29 million for 2013. At the end of the period, cash amounted to €3.96 million compared to €0.33 million on January 1, 2014, bolstered the capital increase at the end of June for a gross amount of €5.1 million. Bank borrowings amounted to €0.29 million at December 31, 2014, after receiving financing from Bpifrance in July 2014 representing 95% of the 2013 CICE wage tax credit and 85% of the 2014 CICE wage tax credit advance. This debt reaches maturity on the date the tax credits are refunded by the tax authorities in 2017 and 2018 respectively and is subject to interest of 1 month Euribor plus 3% per annum. Miscellaneous financial debt consisted of a €0.15 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 as at December 31, 2013 and 2014 is provided below:

In euros	2013	%	2014	%
Not due (purchase invoice accruals)	316,655	23.44	257,456	22.35
Past due	196,347	14.54	18,958	1.65
At 30 days	591,189	43.77	633,738	55.02
At 60 days	216,880	16.06	231,766	20.12
More than 60 days	29,746	2.19	9,860	0.86
Total	**1,350,817**		**1,151,778**	

Payables due at the end of 2014 concerned mainly invoices for components for which payment authorization vouchers have not yet been issued and which will be settled in early 2015 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, 2013 concerned mainly invoices payable in several installments. At December 31, 2014, these also concerned invoices payable in installments.

20.5.4 Five-year financial summary (Egide SA)

Closing date Length of fiscal year	12/31/2014 12 months	12/31/2013 12 months	12/31/2012 12 months	12/31/2011 12 months	12/31/2010 12 months
SHARE CAPITAL AT YEAR-END					
Share capital (€)	8,130,740	3,569,594	3,569,594	2,572,600	12,862,750
Number of shares					
- common shares	4,065,370	1,784,797	1,784,797	1,286,300	1,286,275
- preferred shares	-	-	-	-	-
Maximum number of potential shares					
- from the conversion the bonds	-	-	-	-	-
- from the exercise of subscription rights	203,268	89,239	89,239	64,315	64,313
OPERATIONS AND RESULTS (€)					
Sales ex-VAT	12,982,030	12,869,215	14,030,704	17,699,368	16,088,641
Earnings before taxes, employee profit-sharing, impairment, depreciation, amortization and provisions	(1,264,688)	(733,838)	(915,245)	(180,597)	630,581
Income tax	(318,936)	(262,220)	(256,426)	(251,235)	(205,461)
Allowances for impairment, depreciation, amortization and provisions	258,072	(82,720)	97,767	(154,390)	603,532
Net income/(loss)	(1,203,824)	(388,898)	(756,586)	225,028	232,510
EARNINGS PER SHARE (€)					
Earnings after tax but before impairment, depreciation, amortization and provisions	(0.23)	(0.26)	(0.37)	0.05	0.65
Earnings before taxes, employee profit-sharing, impairments, depreciation, amortization and provisions	(0.30)	(0.22)	(0.42)	0.17	0.18
PERSONNEL					
Average number of employees	167	166	182	224	193
Payroll(€)	4,676,758	4,599,353	5,027,992	5,886,758	5,278,210
Social charges and benefits paid(€)	1,756,403	1,637,192	1,940,840	2,284,458	2,102,063

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, 2014 is presented below:

Amounts in euros	Quantity	Net value
Fixed securities Egide USA LLC shares	-	0
Subtotal - fixed securities		**0**
Marketable securities	-	0
Subtotal - marketable securities		**0**
Total - net carrying value		**0**

20.6 Other financial disclosures

The Group reported consolidated revenue (unaudited) for the 2015 first quarter of €5 million, down 7 % in relation to the 2014 first half and up 7 % from the 2014 fourth quarter. Egide SA accounted for 61% of the first-quarter consolidated revenue and Egide USA 39 %. The breakdown of revenue by business sector was approximately 60% for defense and space, 10 % for telecommunications and 22% for industry.

The implementation of the strategic plan focusing on three major lines of action remains on track:

Commercial development
The Group is pursuing the development of its commercial network, with four new agency agreements executed in the United States (Florida), Israel, Italy and United Kingdom. Commercial operations will continue to be strengthened in Europe and the United States. The process for recruiting a Chief Marketing Officer has been launched and a new website will be online by the end of the first half.

HTCC ceramic project in the US
Two engineers of Egide USA have been in training at Bollène since the beginning of the year. The construction of a new clean room has begun and production equipment has been ordered. The surface treatment facility is in the process of being fitted out to receive specific equipment for ceramic components Discussions for obtaining future supplier qualifications are continuing with targets identified in the US defense sector.

Industrial operations
In France, production and development equipment, computer equipment and a new hyper frequency modeling application have been purchased. A new ERP will be delivered by the end of the year.

20.7 Dividend policy

No dividends have been paid for the last three financial periods. In the short-term, the company intends to continue to allocate available funds to financing operations and growth and in consequence, does not plan to distribute dividends in 2015.

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, 2014.

21 ADDITIONAL INFORMATION

21.1 Share capital

21.1.1 Number of shares and nominal value

Share capital of April 30, 2015 amounted to €8,130,740 divided into 4,065,370 shares with a nominal value of €2 per share. There was only one class of shares, excluding the specific case of shares carrying double voting rights described in section 18.3. Share capital is fully paid up. No security rights, encumbrances or pledges exist on the company's capital.

21.1.2 Unissued authorized capital

Authorizations for capital increases granted by the general meeting to the Board of Directors at April 30, 2015 are summarized below:

	Share-holders' Meeting dat	Expiry date of the authorization	Amount authorized	Use of authoriza-tions in prior periods	Authori-zations 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	Yes	**Shares** 438,854 € **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	Yes	-
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	No	4.37 % 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, or until August 25, 2016.

Information on plans in force at April 30, 2015 is provided in section 17.3 of this document.

21.1.4 Changes in share capital

Changes in share capital since the company's creation are presented below:

Date	Nature of transaction	Capital increase (€)	Share capital decrease	Prime d'émission (€)	Nombre total d'actions	Nominal des actions	Montant du 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
12/31/2012	Increase [23]	10,834		18,093	1,784,797	€2	3,569,594
6/30/2014	Increase [24]	4,561,146		570,143	4,065,370	€2	8,130,740

[1] *Cash contribution*
[2] *Of which contributions in kind: € 158,851.88 (FFR 1,042,000)*
[3] *Of which offset with debt: € 137,204.12 (FFR 900,000)*
[4] *Reduction in the par value from € 15.24 (FFR 100) to € 9.15 (FFR 60)*
[5] *Listing on the Nouveau Marché of the Paris stock exchange - COB approval No. 99-775 of June 7, 1999*
[6] *Exercise of stock options following the death of a beneficiary*
[7] *Cash capital increase - COB approval No. 00-884 of May 26, 2000*
[8] *Cash capital increase - COB approval No. 00-1844 of November 14, 2000*
[9] *Capitalization of reserves for the conversion of capital into euros increasing the par value of the share from € 9.15 (FFR 60) to € 10 (FFR 65.5957)*
[10] *Exercise of stock options for fiscal 2001*
[11] *Exercise of stock options for fiscal 2003*
[12] *Exercise of stock options for fiscal 2004*
[13] *Exercise of stock options for fiscal 2005*
[14] *Exercise of stock options on February 28, 2006*
[15] *Cash capital increase - AMF clearance (Visa) No. 06-271 of July 21, 2006*
[16] *Exercise of 36 share warrants in fiscal 2006 resulting in the creation of 9 new shares*
[17] *Exercise of 1,152 share warrants in fiscal 2007 resulting in the creation of 288 new shares*
[18] *Exercise of 12 share warrants in fiscal 2008 resulting in the creation of 3 new shares*
[19] *Exercise of 612 share warrants in fiscal 2009 resulting in the creation of 153 new shares*
[20] *Exercise of stock options on November 28, 2011*
[21] *Reduction of the par value from €10 to € 2 - EGM of November 28, 2011*
[22] *Cash capital increase - AMF approval No. 12-024 of January 17, 2012*
[23] *Exercise of stock options on December 31, 2012*
[24] *Cash capital increase - AMF approval No. 14-247 of May 28, 2014*

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 12/31/2014			Balance at 12/31/2013			Balance at 12/31/2012		
	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	0.41	0.54	16,380	0.92	0.91	16,380	0.92	0.91
J. F. Collins	5,000	0.12	0.12	0	0.00	0.00	0	0.00	0.00
Free float	4,043,990	99.47	99.34	1,768,417	99.08	99.09	1,768,417	99.08	99.09
Total	**4,065,370**	**100.00**	**100.00**	**1,784,797**	**100.00**	**100.00**	**1,784,797**	**100.00**	**100.00**

Information on the shareholder structure at April 30, 2015 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 or 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 Every director is eligible for reappointment."

If the 16th resolution is adopted by the general meeting of June 16, 2015, 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. "

If the 17th resolution is adopted by the general meeting of June 16, 2015, article 15 of the bylaws will be amended as follows: "….. No person shall be appointed Chairman of the Board of Directors that is over 67 years of age. ….. ".

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 settles through its proceedings all items of business relating thereto. The Board of Directors shall perform at any time such controls and verifications that it judges appropriate. Each director must be provided with all information necessary to perform his or her duties and may obtain from executive management all documents deemed useful for the purpose."

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 share carries one voting right. However, a voting right double that of other shares is granted in proportion to the share capital they represent to all fully paid up shares which can be demonstrated to have been registered for at least two years in the name of the same shareholder having requested for the shares to be held in registered form. Furthermore, in the event of a capital increase by the capitalization of reserves, earnings or issue premium, registered shares granted for free to a shareholder shall carry double voting right when issued, if the corresponding shares already held by the shareholder also carry double voting rights. Similarly, in the case of a change in the nominal value of existing shares, the double voting right is maintained for shares at the new nominal value replacing the previous shares. For other shares, double voting rights are acquired, cease or are transferred in the cases and conditions provided for by statute. The company is not authorized to exercise voting rights on shares it has purchased."

21.2.4 Modification of rights attached to shares of the company

Article 29 of the bylaws: "The extraordinary general meeting can modify all provisions of the bylaws and namely decide on the transformation of the company into a company with another non-trading or commercial company form. It may not, however, increase shareholder commitments, except for properly executed transactions resulting from a share consolidation. Such meetings may conduct proceedings only if shareholders present or represented own one third of the shares with voting rights and, on the second notice, one fifth of said shares. If this quorum is not reached, the second meeting may be postponed to a date no later than two months after the date for which it was called. Decisions are adopted by a majority of two thirds of the votes of the shareholders attending or represented at the meeting. As a statutory exception to the preceding provisions, the general meeting which decides to increase the share capital through the capitalization reserves, profits or issue premiums can deliberate on same the conditions as to quorum and majority voting as an ordinary general meeting. In “incorporation” types of extraordinary general meetings, i.e., those 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 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. "

The 18th resolution of the general meeting of June 16, 2015 will amend article 15 of its bylaws to comply with the provisions of current law by reducing the number of days shares must be registered in a securities account from 3 to 2 in order to demonstrate his or her status as a shareholder.

Article 27 of the bylaws (excerpt): "For ordinary and extraordinary general meetings, the quorum shall be calculated based on all shares comprising the registered capital, except at special shareholders meetings, where it shall be calculated based on all shares of the class involved, less shares without voting rights as prescribed by Law.”

Article 28 of the bylaws: "An ordinary shareholders meeting shall meet at least once per year, within six months of the close of the fiscal year, to approve the accounts of that fiscal year, subject to extension of this deadline by decision of a court of law. On the first convocation, the meeting may validly deliberate only if the shareholders present or represented by proxy represent at least one fifth of the shares entitled to vote. Upon the second convocation, no quorum is required. Decisions are adopted by a majority of votes of the shareholders attending or represented at the meeting."

Article 30 of the bylaws: "If there are several classes of shares, no change may be made to the rights of the shares of one such class, without the due vote of an extraordinary shareholders meeting open to all shareholders and, in addition, without also a duly conducted vote of a special meeting open only to the owners of the shares of the class in question. Special meetings may conduct proceedings only if shareholders present or represented own one third of the shares with voting rights and, on the second notice, one fifth of said shares for which the modification of their rights is being considered. If this quorum is not reached, the second meeting may be postponed to a date no later than two months after the date for which it was called. "

Article 31 of the bylaws: "All shareholders are entitled to access to documents necessary to allow them to have full knowledge of relevant facts and make informed judgments about the management and oversight of the company. The nature of these documents and the procedures for their transmission by mail or making them available are defined by law. "

21.2.6 Special provisions relating to a change in control

None.

21.2.7 Ownership disclosure thresholds

Article 11 of the bylaws (excerpt): "In accordance with the provisions of 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 this 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 for a period not exceeding eighteen months to purchase its own shares. This meeting must set the terms of the transaction and notably the maximum purchase price, the maximum number of shares to be acquired and the period within which the share buyback must be carried out."

On July 7, 2014, the shareholders' meeting approved in its 14th resolution, the implementation of a share buyback program, on condition that its free reserves have been replenished, in order to implement a market-making agreement. With an insufficient balance of free reserves, it was not possible to implement this market-making agreement in 2014 and it will not be possible to do so before the end of its validity period in 2015. A request to authorize the implementation of a buyback program will not be submitted at the meeting of June 16, 2015.

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 4,065,370 shares making up the capital at December 31, 2014 and a closing price on the same date of €3.20, the market capitalization was €13.01 million.

On April 30, 2015, the company's market capitalization was €15.49 million (4,065,370 shares at €3.81 per share).

Information on trading ranges and volume since January 1, 2014 is presented below (price adjusted for corporate actions carried out in June 2014 - Source: Euronext):

	Share price in euros			Average trading volume
	Low	High	Average closing price	In number of shares
January 2014	2.08	4.41	2.76	45,486
February 2014	2.86	4.42	3.22	36,285
March 2014	3.12	4.31	3.70	15,299
April 2014	3.22	4.09	3.45	9,688
May 2014	2.52	3.40	2.92	7,337
June 2014	2.13	3.06	2.62	18,711
July 2014	2.11	2.44	2.29	22,288
August 2014	2.03	2.30	2.18	6,094
September 2014	2.16	2.35	2.27	11,816
October 2014	1.80	2.30	2.03	8,278
November 2014	1.87	2.23	2.04	7,202
December 2014	2.00	6.51	3.35	566,272
January 2015	2.62	3.74	3.00	145,467
February 2015	2.55	5.22	3.58	351,769
March 2015	3.21	3.98	3.59	39,576
April 2015	3.24	4.36	3.74	114,062

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 having been executed and remaining in force on the date of this registration document are presented below:

Egide SA :

- Trappes building lease agreement executed in 2008 (see sections 8.1.1 and 20.3.1.5.4.19.2)
- Bollène building lease agreement executed in 2010 (see sections 8.1.1 and 20.3.1.5.4.19.2)

Egide USA :

- Credit line based on the trade receivables balance and inventory executed in 2012 (see section 10.3)
- Long-term loan agreement executed in 2012 with Bank of America in connection with the purchase of the industrial building (see section 10.3)

Excluding those referred to above, no material long-term contracts binding on the company or the Group have been executed in the last two years.

23 THIRD PARTY INFORMATION AND STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

None.

24 DOCUMENTS ON DISPLAY

24.1 List of documents and method of consultation

For the duration of the registration document's validity, the following documents (or copies thereof) may be consulted at the registered office or administrative offices:

- bylaws (*statuts*)
- all reports, letters and other documents, past financial data, and expert opinions or statements requested by the issuer that are included or mentioned in this registration document; and
- consolidated historical financial information on the Group for each of the two fiscal years preceding the publication of this registration document.

24.2 Annual information document

With respect to the disclosure of regulated information, since the application of the Transparency Directive of January 20, 2007, the company has used the services of a professional service for its dissemination as defined by the AMF.

24.2.1 Press releases

Press releases are available for consultation and may be downloaded in French and/or in English from the company's website (www.egide.fr) :

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
3/03/2014	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
4/03/2014	2013 annual results - 2014 first-quarter sales
5/29/2014	Launch of a capital increase
6/11/2014	Update on the capital increase in progress
6/19/2014	Report of the combined general meeting of June 18, 2014
25/06/2014	Results of the capital increase
7/8/2014	Report of the combined general meeting of July 7, 2014
8/07/2014	Appointment of two new directors
7/10/2014	2014 first-quarter sales
8/12/2014	Changes to the Board
15/09/2014	New executive management to support growth
18/09/2014	Egide announces its participation at the 4th edition of the "Large and Midcap Event" in Paris
9/29/2014	2014 first-half results
10/10/2014	2014 third-quarter sales
8/12/2014	Denial of rumor about discussions between Egide and Ekinops
15/12/2014	Egide develop its sales organization
1/13/2015	2014 annual sales
18/03/2015	Egide confirms its eligibility for French PEA-PME tax-advantaged equity savings plans
20/03/2015	Egide deploys its commercial presence in international markets
4/9/2015	2014 annual results - 2015 first-quarter sales

24.2.2 Registration documents

Registration documents may be consulted and downloaded from the company's website (www.egide.fr) :

09/28/2001	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
5/13/2014	Registration document - FY 2013

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).

5/14/2014	Preliminary notice for the combined ordinary and extraordinary general meeting
6/2/2014	Meeting notice for the combined ordinary and extraordinary general meeting
6/25/2014	Second meeting notice for the combined ordinary and extraordinary general meeting
8/4/2014	Appropriation of 2013 earnings

24.2.4 Opérations financières

28/05/2014	Securities note– Issuance of 1,983,107 shares– AMF clearance (Visa) No. 14-247 of May 28, 2014

24.3 Publication date of financial disclosures

Date	Information	Venue/Publication
April 9, 2015	Presentation of unaudited accounts for fiscal 2014	SFAF analysts meeting Press release
April 9, 2015	2015 first-quarter sales:	Press release
June 29, 2015		AGM date
July 2015	2015 second-quarter sales	Press release
September 2015	2015 first-half results	SFAF analysts meeting
October 2015	2015 third-quarter sales	Press release
January 2016	2015 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, corporate social responsibility information for the company and subsidiaries of the Egide Group on December 31, 2014, include information on the employment-related and environmental impacts of their activity and their social commitments in favor of sustainable development, as presented below: This reporting boundary includes Egide SA (parent company) and its American subsidiary, Egide USA.

In preparing this report, the company does not refer to any external guidelines but instead follows an internal reporting procedure.

26.1 Information on the employment-related impact of Group operations

Information presented herein has been collected from human resources management of each of these sites (Trappes and Bollène for Egide SA, Cambridge, MD for Egide USA).

a) Employment

Total workforce (all contracts combined)

At December 31, 2013 and 2014, total salaried employees of the Group broke down as follows (by gender and geographic region):

	At December 31, 2013			At December 31, 2014		
	Men	Women	Total	Men	Women	Total
Egide SA (France - Trappes)	12	3	15	13	4	17
Egide SA (France - Bollène)	36	107	143	35	102	137
Egide USA (United States)	22	50	72	25	47	72
Total	**70**	**160**	**230**	**73**	**153**	**226**

By age bracket, the headcount presented above break down as follows:

	At December 31, 2013			At December 31, 2014		
	18-35	36-55	56-70	18-35	36-55	56-70
Egide SA (France - Trappes)	1	12	2	1	12	4
Egide SA (France - Bollène)	33	92	18	30	89	18
Egide USA (United States)	8	33	31	13	31	28
Total	**42**	**137**	**51**	**44**	**132**	**50**

These headcount figures do not take into account long-term sick leave who continue to be counted though do not receive remuneration.

In May 2013, Egide had 21 part-time employees and 5 halftime employees (4 in Bollène, 1 in 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.

In May 2014, Egide had 23 part-time employees (21 in Bollène, 1 in Trappes, 1 in Cambridge-USA) including 6 working half-time or less (5 in Bollène and 1 in Cambridge-USA) and 17 working mainly on a 4/5th basis corresponding to 80% of a weekly working hours (16 at Bollène, 1 at Trappes). The remainder of the workforce are full-time employees.

Part-time employment is usually at the request of employees and concerns all personnel categories (engineers, technicians, equipment operators, men and women)

Average seniority is 12.9 years at Egide SA and 14.5 years at Egide USA.

Recruitments, departures and dismissals

For 2013 and 2014, Group information on recruitment is provided below :

Changes in headcount	Fiscal 2013			Fiscal 2014		
	Permanent contract	Fixed-term contracts	Other*	Permanent contract	Fixed-term contracts	Other*
Egide SA (France - Trappes)	0	0	0	3	0	0
Egide SA (France - Bollène)	2	11	0	3	27	5
Egide USA (United States)	14	0	0	5	12	0
Total	**16**	**11**	**0**	**11**	**39**	**5**

** Apprenticeship contracts*

Egide Group does not encounter any particular difficulties in terms of recruitment.

In 2013 and 2014, departures reported by the Group were as follows:

Departures (excluding dismissals)	Fiscal 2013			Fiscal 2014		
	Permanent contract	Fixed-term contracts	Other*	Permanent contract	Fixed-term contracts	Other*
Egide SA (France - Trappes)	2	0	0	1	0	0
Egide SA (France - Bollène)	2	22	1	11	27	0
Egide USA (United States)	13	0	0	8	1	0
Total	**17**	**22**	**1**	**20**	**28**	**0**

** Apprentis*

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 2014, the departure of employees at Egide SA resulted from 5 resignations, 2 parental leaves, 3 retirements, 1 sabbatical leave, and the expiration of 27 fixed-term contracts and a trial period. At Egide USA, 3 employees retired and 6 resigned.

Fixed-term contracts concern primarily temporary increases in workloads.

In 2013 and 2014, the dismissal of employees by the Group broke down as follows

Licenciements	Fiscal 2013			Fiscal 2014		
	Permanent contract	Fixed-term contracts	Other	Permanent contract	Fixed-term contracts	Other
Egide SA (France - Trappes)	0	0	0	0	0	0
Egide SA (France - Bollène)	2	0	0	3	0	0
Egide USA (United States)	11	0	0	6	3	0
Total	**13**	**0**	**0**	**9**	**3**	**0**

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.

In 2014, at Egide SA, there was 1 dismissal on personal grounds and 2 on grounds of incapacity. At Egide USA, proceedings have been initiated to address a mismatch with the position and to adapt to the level of work.

Compensation information and trends, social charges

All employees of Egide SA received monthly compensation on a 12 or 13 month basis. Employees of Egide USA are paid every two weeks. No employees of the Group are paid based on output.

Gross payroll and employer's social security contributions paid in 2013 and 2014 by Group companies break down as follows:

	Fiscal 2013		Fiscal 2014	
	Gross	Social charges	Gross	Social charges
Egide SA (France)	€ 4,599,353	€ 1,637,192	€ 4,676,758	€ 1,756,403
Egide USA (United States)	US$ 2,881,479	US$ 644,463	US$ 2,584,497	US$ 497,086

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.

In 2014, the average increase in salary in France was 1.2%, including a general increase of 1% in accordance with the wage policy agreement concluded between the company and trade union representatives including 0.2% for other salary increases (changes in grade or function, merit, promotion). No salary increase was granted in the United States in the period.

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 2014 as was the case as well for 2013.

Furthermore, all personnel of Egide SA are qualified for statutory profit-sharing determined according to the calculation base provided for by law. In light of the results, no statutory profit-sharing payments were made for 2013 and 2014. 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 and 2014, no bonus payments were made as objectives have not been reached.

b) Work organization

In France, the workweek is five days for 38 1/2 hours. Non-management personnel on hours per day basis work in reference to a 35 hour workweek to which are added two bonus hours (paid 125%) with an hour and a half break. Non-management personnel on an hourly shift basis work 35 hours per week, to which are added 3 1/2 hours for breaks. Hours for management personnel are annualized.

In the United States, the workweek is 40 hours over 4 days (Monday to Thursday). Non-management personnel benefit from a daily break of one hour (30 minutes for lunch and two 15 minute breaks)) Hours for management personnel are annualized.

Overtime

In 2013 and 2014 overtime payments broke down as follows:

	Fiscal 2013	Fiscal 2014
Egide SA (France - Trappes)	1,913	2,209
Egide SA (France - Bollène)	12,371	12,143
Egide USA (United States)	3,045	4,021
Total (hours)	**17,329**	**18,373**

For information, an overtime hour represents time worked exceeding the 35 hour workweek in France and the 40 hour workweek in the United States. The major share of overtime at Egide SA is linked to two bonus hours included for work weeks of between 35 and 37 hours.

Absenteeism

In 2013 and 2014 hours of absenteeism (excluding part-time employment) broke down as follows:

	Fiscal 2013	Fiscal 2014
Egide SA (France - Trappes)	2,836	411
Egide SA (France - Bollène)	35,606	38,272
Egide USA (United States)	1,775	250
Total (hours)	**40,217**	**38,933**

These absences were mainly due to sick leave (short and long-term) and maternity leaves. 11 employees were on long-term sick leave in 2013 in 2014 (representing 22,022 hours per year).

Use of temporary personnel

For fiscal 2014, Egide SA registered under expenses €25,803 paid to two temporary employment companies related to the replacement of employees on sick leave and an increased workload and €8,333 to two service companies that assigned personnel to the company (site security expenses), representing an equivalent of 0.73 % of the annual payroll.

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.

Egide USA did not make use of temporary personnel in fiscal 2013 and 2014.

c) Labor relations

Labor relations and collective bargaining agreements

In France, Works Committee elections were organized in 2014. Only a single Works Committee covering the two sites (Bollène and Trappes) was appointed for a four-year term. There is not any Works Committees in other countries.

Excluding formal relations with the Works Committee and labor organizations where they exist, Egide Group promotes direct dialogue between supervising line management and their staff. On that basis, in accordance with needs and current issues, meetings are organized with all or part of the personnel without this being required by a specific structure.

There is only one collective bargaining agreement between Egide SA and its employees which relates to an employee profit-sharing.

At Egide SA, two French labor unions (Tricastin SPEA (CFDT) and Force Ouvrière trade union) each have a representative at the Bollène site. At Egide USA there are no labor unions.

Territorial impact of its activity in terms of employment and general development

Egide SA has established contacts with local offices of the French employment agency. The US subsidiary works with similar organizations where they exist and gives preference to local recruitment.

Relations with social partners

Egide SA maintains contacts with organizations promoting social integration (AGEFIPH or *Association pour la GEstion du Fonds d'Insertion Professionnel des Handicapés*) or sheltered work opportunities (ESAT or *Etablissements et Services d'Aide par le Travail*). In addition, in connection with the French apprenticeship tax, the company pays a contribution to training establishments.

Similar arrangements do not exist in the US subsidiary.

Foreign subsidiaries and their impact on regional development

Egide has a subsidiary in the United States whose employees originate from the local labor force.

Public service initiatives

With respect to public service initiatives, Egide SA offers employees meal voucher contributions as well as a contribution to a mutual insurance and personal protection plans. In 2014, €134,110 was allocated by the company for meal vouchers (€126,558 in 2013), €56,810 as a partial contribution for the mutual insurance plan) €52,881 in 2013) and €46,843 as a partial contribution for the personal protection plan (€44,027 in 2013). Furthermore, the company allocates a budget to the Works Committee amounting to €55,864 for 2014 (€53,521 in 2013) 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$231,702 in 2014 (US$321,808 in 2013).

Egide USA set up a 401(k) retirement plan for its employees whereby the company covers the total amount of contributions for the first 3% of pay and one half of additional contribution amounts up to 2% of pay (or a maximum contribution by Egide USA of 4%). Its annual cost for the company in 2014 was US$47,911 (US$23,362 in 2013)

d) Health and safety

Health and safety conditions

The Health, Safety and Working Conditions Committee of Egide SA met three times at Bollène in 2014 (three times in 2013). Similar bodies do not exist at Egide USA. In 2014, the French company reported three occupational accidents affecting employees, with sick leave (compared to four in 2013, but with no sick leave). The US subsidiary reported two occupational accidents affecting its employees, with sick leave (two accidents in 2013, including one with sick leave for 3 months).
For information, no commuting accidents were reported by Egide SA in 2014 (compared to 4 in 2013).

Rates and contributions for occupational accidents:

Site	2014 rates	2014 contribution	2013 rates	2013 contribution
Trappes (FR)	1.02 %	9,797 €	1.00 %	8,689 €
Bollène (FR)	1.34 %	49,467 €	1.59 %	57,130 €
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.

Furthermore, meetings were held at Egide SA addressing the issue of occupational hardships. 5 meetings have been organized since mid-April 2014 to explain the 10 criteria for classifying occupational hardships under new French regulations, and providing details on tasks performed within the company, organizing a schedule for assessing the first 4 criteria in 2015 and the remaining 6 in 2016. It has been determined that among the first 4, only that relating to repetitive work should be assessed in connection with Egide's activity. These meetings were organized in the form of a working group with the participation of the Health, Safety and Working Conditions Committee, the human resources manager and the plant safety manager.

Report on agreements concluded relating to occupational health and safety

No specific agreements in group companies have been signed relating to occupational health and safety. Each entity applies local regulations applying in this area (for example Health, Safety and Working Conditions Committee at Egide SA). In each entity, business vehicle coverage is provided to employees who use their personal vehicle for professional purposes.

e) Training

Training policy

At Egide SA, an assessment of training needs is determined based on input provided by different departments, in general, in January, with a date for reply to each service requested by January 31. The human resources manager then transmits the requests to executive management who in turn presents a summary of the monthly executive committee meeting to be held in February. In accord with employee representation 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. Since January 1, 2015, these training benefits provided for under French law are now maintained within a so-called Personal Training Account (*Compte Personnel de Formation*).

No obligations exist with respect to training in the Group's foreign subsidiaries. However, individual requests that may arise are reviewed and handled by local management according to the same principles that apply to Egide SA.

Training hours

In 2014, total expenditures for outside training for Egide SA amounted to €31,491 (€9,781 in 2013) and for Egide USA US$1,049 (US$4,346 in 2013). Total training hours (internal and external) amounted to 822 for Egide SA (684 in 2013) and 110 for Egide USA (174 in 2013).

At Egide SA, 182 hours of training were used in 2014 in connection with French statutory individual training benefits compared to 179 hours in 2013. At December 31, 2014, the total number of hours for training vested by employees under this statutory benefit was 16,999 (17,612 at December 31, 2013).

f) Equal opportunity and non-discrimination

Gender equality in the workplace between men and women

Even though women represent the majority of plant personnel at each of the production sites, there are no positions within the Group that could give rise to unequal treatment between men and women

Employment and integration of handicapped workers

In 2014, Egide SA employed 15 persons with non-motor-based disabilities at the Bollène site (i.e. equivalent to 13.84 units) and none at the Trappes site (respectively 16 and 0 in 2013 or equivalent to 13.73 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 2014 provided for 8 units and for 2013 8 units. On that basis, the French entity was in compliance with its obligations.

No similar regulations 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 herein was collected from the plant maintenance & security manager and the quality & environment manager for the French entity and from local managers for the US subsidiary.

a) General environmental policy

Compliance by the company with environmental provisions

The activity of Egide SA is subject to a requirement for an operating authorization issued by the regional authorities (*"Préfecture"*) of Vaucluse. The company is accordingly subject to inspections by a number of regulatory agencies (DREAL, the Water Agency, 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 (valid for three years) 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 2013 and 2014 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 2013 and 2014..

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 manual and semi-automatic plating chains 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, plastic bottles and paper 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	
		2013	2014	2013	2014
Ordinary waste	Tons	22.4	20.6	NA	NA
Hazardous waste	Tons	572.6	610.0	15.0	14.8

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 are 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:

Resource	Unit	Egide SA		Egide USA	
		2013	2014	2013	2014
Water	m^3	7,810	7,336	54,222	67,729
Electricity	kWh	3,142,610	3,271,335	3,827,658	4,026,000
Gas	kWh	1,699,503	1,145,747	4,205,738	4,650,164
Hydrogen	m^3	17,857	18,185	33,042	35,554
Nitrogen	Kg	775,337	773,493	1,162,259	1,272,914

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 2014 Egide purchased only a limited quantity of kovar supply (40 kg by Egide SA). In 2013, amounts purchased totaled 111 kg for Egide SA and none for Egide USA. Alumina and tungsten are used for the manufacture of ceramic components. 200 kilos of tungsten were purchased in 2014 (225 kilos in 2013).

Egide also uses aurocyanide in its surface treatment activities. In 2014, 78 kg of aurocyanide were purchased (23 kg by Egide SA and 55 kg by Egide USA), representing the equivalent of 53 kg of gold metal with no difficulties encountered for procurement. In 2013, 99 kg of aurocyanide was purchased (44 kg by Egide SA and 55 kg by Egide USA), representing the equivalent of 68 kg of gold.

This data is analyzed in relation to the number of production units per year in order to monitor these indicators based on the company's actual output.

Soil use

No Group companies use resources originating directly from the soil. The industrial facilities cover an area of 5,700 m² in Bollène, 1,300 m² in Trappes and 5,000 m² in Cambridge MD. In 2013 and 2014, none of the sites were expanded.

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 CSR 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 resident or local populations

The French site is located in an industrial area surrounded by agricultural fields while the US site is located in a commercial area off the main road in a town environment. By their location, the impact of Group entities on resident or local populations is very limited.

b) Relations with persons or organizations interested by the activity of the company

Conditions of dialogue

All persons interested in the activity of the company may freely contact the different Group units. The relevant contact information is available from Egide website.

Corporate partnerships or sponsorship initiatives

No corporate partnerships or sponsorship initiatives have been implemented by Group companies.

c) Outsourcing and suppliers

An ethics clause is included in the charter sent by Egide SA to all suppliers and acceptance by suppliers of purchase order constitutes acceptance of the provisions of this clause. With most of the suppliers with whom Egide works from Europe or the United States, the company is overall not subject to a risk of their noncompliance with ILO conventions. With respect to suppliers, particularly in Asia where application of ILO conventions can be more random, the existence of the Egide purchasing charter helps ensure that these conventions are better applied.

Egide moreover specifically prohibits using suppliers having recourse to child labor or forced labor. By objecting in order from Egide, the supplier unconditionally undertakes to comply and ensure compliance by its own suppliers of this clause.

Egide SA on occasion users technical subcontracting for the manufacture of certain packages which in 2014 represented total expenditures of €287,350 (compared to €258,073 and 2013).

d) Fair trade practices)

Actions taken to prevent corruption

The company relies on procedures in place at each unit to prevent all risks of corruption. Otherwise, no specific measures addressing the subject have been adopted.

Consumer health and safety measures

The company has an exclusively B2B customer base and none of the products sold by the Group are destined for the consumer segment. 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. 3-1081.

This is a free translation into English of the third-party verification and independent assurance report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

"To the shareholders:

Pursuant to the request by Egide SA and in our capacity as independents assurance providers accredited by COFRAC under No. 3-1081 (for details on the scope refer to www.cofrac.fr), we hereby present our report on consolidated employment-related environmental and social information presented in the management report prepared for the period ended 12/31/2014 in accordance with the provisions of article L.225-102-1 of the French commercial code.

Responsibility of company management

The Board of Directors is responsible for the preparation of the management report including the consolidated employment-related, environmental and social 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") available on request from the Group's registered office, with a summary provided in the methodological note available at the Group's website.

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 have put into place a quality control system that includes policies and documented procedures for the purpose of ensuring compliance with conduct of business rules, professional standards and applicable laws and regulations.

Responsibility of the independent 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).

STATEMENT OF DISCLOSURE

Our engagement was performed in accordance with professional standards applicable in France:

- We compared the Information presented in the management report with the list as provided for in Article 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 these procedures, we certify that the management report includes the required Information.

REASONED OPINION ON THE FAIRNESS OF THE CSR INFORMATION

Nature and scope of work

Our work was carried out over a period of approximately 4 days between April 15, 2015 and May 4, 2015.

We performed our work in accordance with the standards applicable in France, ISAE 3000 (International Standard on Assurance Engagements) and with legal order published on May, 13 2013 determining the conditions in which the independent third party performs its engagement.

We conducted two interviews with persons responsible for preparing CSR information from the departments responsible for collecting information and, where appropriate, those in charge of internal control and risk management procedures in order to:

- Assess the suitability of the guidelines in light of their relevance, completeness, impartiality, comprehensibility, and reliability, taking industry best practices into account when necessary;
- Verify that the Company had set up a process for the collection, compilation, processing and control of the CSR Information to ensure its completeness and consistency. We examined the internal control and risk management procedures relating to the preparation of the CSR Information.

We identified the consolidated information to be tested and determined the nature and scope of the tests, taking into consideration their importance with respect to the employment-related social and environmental consequences related to the Company's business and characteristics, its CSR priorities and best industry practices.

With regard to the CSR Information that we considered to be the most important at the consolidating entity level:

- We have consulted documentary sources and conducted meetings to corroborate qualitative information (organization, policies, actions);
- We implemented analytical procedures for quantitative information and verified, using sampling techniques, calculations as well as the consolidation of data;
- We performed detailed tests based on samples, consisting in verifying calculations and reconciling data with supporting evidence and verified their consistency and concordance with the other information in the management report.

For the other CSR consolidated information published, we assessed its based on our knowledge of the Company.

Finally, also assessed the relevance of explanations given for any information not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgment, allow us to express limited assurance. A higher level of assurance would have required us to carry out more extensive work.

Our work covered more than 90% of the consolidated value of quantitative indicators for employment-related information and more than 90% for environmental-related information.

Because of the use of sampling techniques and other limitations intrinsic to the operation of any information and internal control system, we cannot completely rule out the possibility that a material irregularity in CSR information has not been detected

CONCLUSION

Based on our work described in this report, no material misstatements have come to our attention that might cause us to believe that the Information is not fairly presented, in all material respects, in accordance with the Guidelines.

Lyon, May 06, 2015

French original signed by:

Independent insurance provider
FINEXFI - Isabelle Lhoste, associée"

27 CROSS-REFERENCES WITH THE MANAGEMENT REPORT

Management report in fiscal 2014	Section of this document
Annual operating highlights	12.1
Operating highlights of the company and subsidiaries	20.5.1
Presentation of annual results for fiscal 2014	20.5.2.2
Presentation of consolidated results for fiscal 2014	20.5.2.1
Presentation of the Group’s financial position	9.1.2
Post-closing events	10.5 - 20.6
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Research and development activity	11
Statutory disclosures on the trade payables aging balance (Egide SA)	20.5.3
Information concerning officers	14.1 – 14.3 – 15.1
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Information on measures to combat discrimination and promote diversity	17.5
Environmental impact of Egide Group operations	26.2
Social commitments in favor of sustainable development	26.3
Independent assurance report on CSR	26.4
Information on subsidiaries and associates	25
Share trading information	21.3 – 21.4
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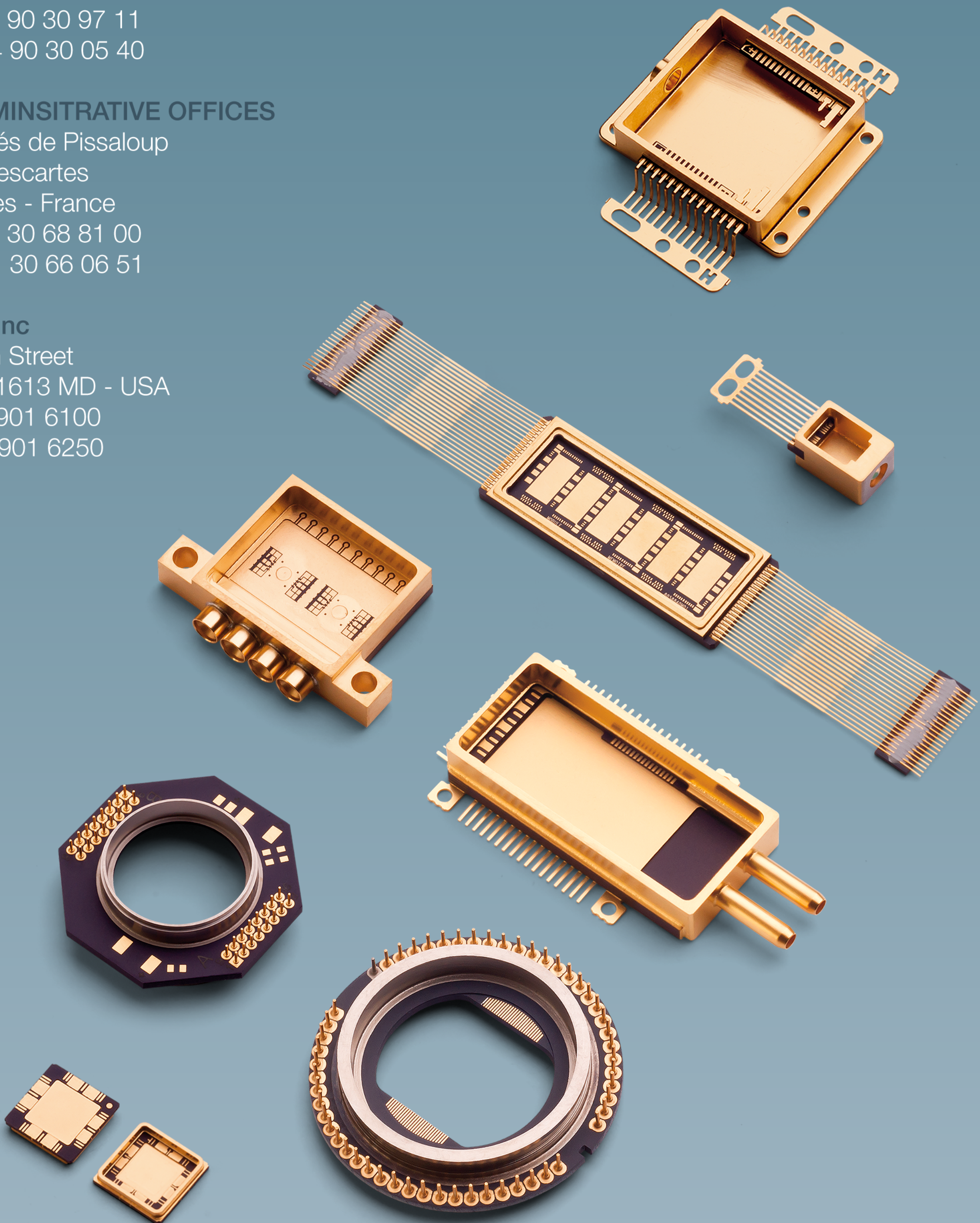
Information on the agenda of the next general meeting	27
Five-year financial summary (Egide SA)	20.5.4
Summary of authorizations granted to the Board of Directors	21.1.2
Inventory of securities	20.5.5
Collateral, pledges and guarantees given by the company	20.3.2.4.3.30

EGIDE - HEADQUARTERS
Site du Sactar - CS 20205
84505 Bollène Cedex - France
Tel. : +33 (0)4 90 30 97 11
Fax : +33 (0)4 90 30 05 40

EGIDE - ADMINSITRATIVE 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

EGIDE USA Inc
4 Washington Street
Cambridge 21613 MD - USA
Tel. : +1 410 901 6100
Fax : +1 410 901 6250



www.egide.fr